

Decision Maker: PORTFOLIO HOLDERS FOR ENVIRONMENT AND
COMMUNITY SERVICES

Date: Thursday 16th March 2023

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2022/23

Contact Officer: Murad Khan, Head of Finance (Environment and Community Services)
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Chief Officer: Director of Environment and Public Protection

Ward: (All Wards);

1. Reason for decision/report and options

This report provides the revenue budget monitoring position for 2022/23 for the Environment & Community Services Portfolio based on expenditure and activity levels for the second quarter of the financial year.

2. **RECOMMENDATION(S)**

The Portfolio Holders are requested to:

2.1 Endorse the 2022/23 revenue budget monitoring for the Environment & Community Services Portfolio.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None directly from this report.
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Transformation Policy

1. Policy Status: Existing Policy: Further Details
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: All Environment & Community Services Portfolio Budgets
 4. Total current budget for this head: £35.9m
 5. Source of funding: Controllable revenue budgets 2022/23
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Personnel

1. Number of staff (current and additional): 145.6 FTE
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: N/A
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Property

1. Summary of Property Implications: N/A
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications:
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Customer Impact

1. Estimated number of users or customers (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 This report sets out the results of the quarterly revenue budget monitoring exercise for the 2022/23 financial year for the Environment and Community Services Portfolio.
- 3.2 The position for quarter three for the Portfolio was a projected overall underspend of £549k based on financial information available at that time.
- 3.3 The projected outturn is detailed in Appendix 1A, which shows the forecast spend for each division within the Portfolio compared to the latest approved budget.
- 3.4 Appendix 1B provides further detail and commentary on each of the projected variations within each service.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

N/A

5. TRANSFORMATION IMPLICATIONS

N/A

6. FINANCIAL IMPLICATIONS

- 6.1 A detailed breakdown of the projected outturn by service area is shown in Appendix 1A with explanatory notes in Appendix 1B.
- 6.2 Overall, an underspend of £549k is projected to the year-end based on the information available for the third quarter of the year.

7. PERSONNEL IMPLICATIONS

N/A

8. LEGAL IMPLICATIONS

N/A

9. PROCUREMENT IMPLICATIONS

N/A

10. PROPERTY IMPLICATIONS

N/A

11. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

N/A

12 CUSTOMER IMPACT

- 12.1 To meet the ambitions for residents, the Council must use available resources deploy its workforce wisely. This is reflected in the “Making Bromley Even Better” ambition of Service Efficiency - ‘To manage our resources well, providing value for money, and efficient and effective services for Bromley’s residents’.
- 12.2 The “2022/23 Council Tax” report highlighted the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised to minimise the risk of compounding financial pressures in future years.
- 12.3 Chief Officers and Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

13 WARD COUNCILLOR VIEWS

N/A

Non-Applicable Headings:	4, 5, 7, 8, 9, 10, 11, 12, 13
Background Documents: (Access via Contact Officer)	2022/23 budget monitoring files within E&CS Finance section

Environment & Community Portfolio Budget Monitoring Summary

2021/22 Actuals £'000	Service Areas	2022/23 Original Budget £'000	2022/23 Latest Approved £'000	2022/23 Projected Outturn £'000	Variation £'000	Notes	Variation Last Reported £'000	Full Year Effect £'000
	ENVIRONMENT & COMMUNITY PORTFOLIO							
	Street Scene & Green Spaces							
1,082	Arboriculture Management	757	772	957	185	1	0	0
-164	Business Support and Markets	-64	-23	125	148	2	106	0
200	Senior Management	1,134	1,251	1,251	0		0	0
1,417	Performance Management and Business Support	439	207	207	0		0	0
6,039	Parks and Green Spaces	6,073	6,182	6,267	85	3	0	0
0	Carbon Management	0	147	147	0		0	0
18,582	Waste Services	19,654	20,152	19,072	-1,080	4	-788	-800
5,789	Neighbourhood	6,223	6,572	6,572	0		0	0
32,945		34,216	35,260	34,598	-662		-682	-800
	Transport Operations and Depot							
504	Transport Operations and Depot Management	594	594	594	0		0	0
504		594	594	594	0		0	0
	Traffic, Parking and Highways							
248	Traffic & Road Safety	133	133	-46	-179	5	-87	0
-6,967	Parking	-9,462	-8,962	-8,474	488	6-13	647	1,000
6,072	Highways (including London Permit Scheme)	8,813	8,813	8,617	-196	14	0	0
-647		-516	-16	97	113		560	1,000
32,802	TOTAL CONTROLLABLE	34,294	35,838	35,289	-549		-122	200
2,630	TOTAL NON-CONTROLLABLE	6,689	6,712	6,712	0		0	0
2,449	TOTAL EXCLUDED RECHARGES	2,336	2,336	2,336	0		0	0
37,881	PORTFOLIO TOTAL	43,319	44,886	44,337	-549		-122	200

Reconciliation of Latest Approved Budget

£'000

Original Budget 2022/23

43,319

Carry Forward Requests approved from 2021/22

Central Contingency Adjustments

Contract Inflation

Waste Collection & Disposal

810

Neighbourhood

107

Parks Management & Grounds Maintenance

153

Arboricultural Services

14

1,084

Parking income

500

Other

Repairs and Maintenance

23

Provision for agency workers contract savings

-23

Adj to NI budget following reversal of 2022-23 increase in November

-17

Latest Approved Budget for 2022/23

44,886

REASONS FOR VARIATIONS

1. Arboriculture Management £185k

There is a total of £4k overspend on staffing salaries which has arisen as a result of a higher than anticipated inflationary uplift on posts funded through the earmarked reserve for the Tremendous project.

There is a projected overspend of £181k on tree maintenance which has arisen as a result of works being instructed following cyclical inspections of trees in the borough, with works necessary to manage risk in relation to health and safety and potential future insurance claims. Historically, there have been in-year overspends of between £200 – 300k.

2. Business Support & Markets Dr £148k

Street trading income remains affected by the continuation, under the Business and Planning Act 2020 (Pavement Licences) (Coronavirus) (Amendment) Regulations 2021, of pavement licences. This was a temporary measure, originally introduced during the Covid pandemic but now extended into 2023 with a view to being made permanent, which allows businesses to apply for a pavement licence for a £100 administration fee with no ongoing charges. This is a significant reduction compared to the permanent street trading licence scheme where the fees charged are significantly higher and are subject to periodic renewal. The estimated net impact on the Council this year remains a net loss of c£80k. January 2023 fees are down lightly on comparable years, while always subdued in January, the strong retail headwinds may mean traders are less keen to resume their full trading bookings as early in the year as normal and we may see the depressed income continue in February and March.

Market income is also still anticipated to be under budget by c£76k this year. This continues the trend over the last two years which has seen a decline in the number of market traders following the initial impact of the Covid pandemic. Skip licenses will underachieve the annual budget by £7k as currently the skip numbers are down on previous comparable years. The licenses are strongly connected to general building works and home improvements. Such projects are either reduced or postponed due to the current economic situation (cost of living and increased building supplies costs). Cleaning costs for Bromley market will overspend by £2k.

There is a projected overspend on staff salaries of £23k, an agency supervisor is still in position until a permanent officer will be recruited. A £40k underspend declared on the staff advertising and the assembly and disassembly of markets, as number of stalls is reduced.

3. Parks and Green Spaces, Dr 85k

A total of £38k has been spent on countryside stewardship, with this due to be reimbursed by the Rural Payments Agency. £24k was incurred as a result of the safety measures taken following the urgent removal of floodlights in Crystal Palace Park by the Greater London Authority; this is due to be reimbursed.

An overspend of £10k has been incurred for pest control in parks. This was previously delivered as a benefit of a concessionary arrangement with a provider which was decommissioned in 2022.

An overspend of £13k relates to ecological oversight required for improvements at Scadbury Park.

4. Waste Services Cr £1,080k

In setting the budget for 2022/23, account was taken of the significant increase in waste volumes collected from residential properties that had occurred since 2020. This was explained mainly as more people working from home following Covid restrictions, as well as an increase in the amount of waste generated from more home deliveries. As 2021 progressed, it appeared that this would be a long term and permanent change in domestic habits with a corresponding long term increase in recycling processing and waste handling costs, and the 2022/23 budget therefore was increased by £800k.

However, as previously reported, it became apparent in the final quarter of 2021/22 and into the first quarter of 2022/23 that waste volumes had moderated and even declined and the increased budget provision of £800k was not required. This trend has been sustained into the second quarter of this financial year with waste officers confirming that waste volumes have continued to be at pre-Covid levels.

The recent review of property numbers from which waste is collected has identified an overall increase which will result in an increase in the LOT 2 core invoice for waste collection services. The value of this increase between October and the end of the financial year is £12k (i.e £2k per month) with a full year cost of c£24k which will need to be reflected in next year's financial forecast.

On the income side, there is a net £252k overachievement between Trade and Commercial Waste income generated (for collected and hired waste, £48k underachievement of the budget) and the overall recycling income generated by the service (£300k overachievement of the budget).

There are other underspends in the service on the ICT Software and Maintenance lines, a total of £40k.

5. Traffic & Road Safety Cr £179k

The Assistant Director for Traffic and Parking anticipates that all staffing costs this year can be fully funded and managed within the service's budget and from the LIP grant funding and no variation in this respect is being projected.

Advertising income from JD Decaux is predicted to overachieve the budget by £61k, assuming current trends continue to the end of the financial year. Similarly for Road Closure Charges (Temporary Traffic Orders), if income levels are maintained as in the previous two financial years, the budget will overachieve by £118k.

Parking, Dr £489k

Summary of variations within Parking	Total £'000
Car Parks	315
On Street	-10
Permits	-264
RingGo fees	-218
Parking fees total:	-177
Enforcement PCNs issued by CEOs	-324
Moving Traffic Contraventions (MTCs)	1,600
Bus Lanes	220
School keep clear markings	-30
Enforcement total:	1,466
Parking Shared Services	-250
Traffic committee	-50
Central Contingency	-500
Total variations	<u>489</u>

6. Car Parks (off street and multistorey car parks) Dr £315k

In recent years there has been a marked change in the use of vehicles for trips to town centres and for commuting. This has had an impact on the use of off-street car parking spaces, resulting in a lower income to the Council.

7. On Street Car Parks Cr £10k

On street parking income is projected to overachieve the budget by £10k.

8. Permit Parking Cr £264k

A surplus is now anticipated for permit parking with strong activity in the third quarter; the projected overachievement is £264k.

9. Ringo Fees, Cr £218k

The amount that the Council receives from RingGo fees continues to be buoyant into the third quarter of the financial year, as the increased use of this payment method to pay for parking fees appears to be sustained and an overachievement of £218k is projected.

10. Car Parking Enforcement Dr £1,446k

Enforcement PCNs by CEOs, Cr £324k

Based on activity levels in the year to date, particularly in the third quarter to December, there is now a projected income overachievement of £324k from PCN's issued by enforcement officers.

Moving Traffic Contraventions (MTCs), Dr £1,600k

Since the introduction of enforcement of moving traffic contraventions in October 2021, the actual number of tickets issued has been significantly lower than anticipated. Officers believe that this has been the result of changes in traffic patterns post Covid-19

Bus Lanes, Dr £220k

As has been reported previously, compliance of the Bus Lanes continue to improve and therefore this income budget underachieved by £224k in 2021/22. It is projected to be underachieved by £220k this year.

Schools keep clear markings and Bus Stops, Cr £30k

There is a projected overachievement of £30k from this budget due to a new camera at a bus stop that had a known enforcement problem and was causing problems to the bus network.

11. Parking Shared Service Cr £250k

The position remains unchanged and there is a net projected underspend of £250k for the Parking Shared Service mainly due to underspends on staffing as a result of vacancies across both boroughs as well as a reduction in the number of agency staff employed. Officers plan to recruit to some of these posts in 2023/24.

12. Traffic Committee for London fees Cr £50k

There was an underspend of £50k on this budget in 2021/22 and a similar variation continues to be anticipated this year.

13. Central Contingency Cr £500k

As previously reported, in setting the budget for 2022/23, the Executive took into account the risk of possible continuing losses and set aside a further provision of £500k in the Central Contingency budget. As agreed by the Executive in October, this amount has now been drawn down to the Parking income budget. The situation remains under constant review.

14. Highways, including London Permit Scheme Cr 196k

The payments for the Traffic signal maintenance underspends by £86k this quarter. These costs vary year by year and are determined by TfL.

Staffing incurs an underspend of £40k across the service (Street Lighting, London Permits and Highways).

Highways are overachieving on income in the areas of Defect Notices, Section 74 Notices, Fixed Penalty Notices by £70k.

Waiver of Financial Regulations:

The Council's Contract Procedure Rules state that where the value of a contract exceeds £50k and is to be exempt from the normal requirement to obtain competitive quotations the Chief Officer has to obtain the agreement of the Director of Corporate Services, the Director of Finance and the Director of Commissioning and (where over £100,000) approval of the Portfolio Holder and report use of this exemption to Audit Subcommittee bi-annually. Since the last report to the Executive, no waivers over £50k have been actioned.

Virements Approved to date under Director's Delegated Powers

Details of virements actioned by Chief Officers under delegated authority under the Financial Regulations "Scheme of Virement" will be included in financial monitoring reports to the Portfolio Holder. Since the last report to Executive, no virements have been actioned.