

Report No.
FSD23040

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: ENVIRONMENT AND COMMUNITY SERVICES POLICY
DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 29th June 2023

Decision Type: Non-Urgent Executive Non-Key

Title: PROVISIONAL OUTTURN 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 provisional outturn position for 2022/23 for the Environment & Community Services Portfolio.

2. **RECOMMENDATION(S)**

The Portfolio Holders are requested to:

2.1 Endorse the 2022/23 outturn position 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: £39.9m
 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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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 provides the provisional outturn position for the Environment and Community Services Portfolio for 2022/23, which is broken-down in detail in Appendix 1, along with explanatory notes. The final outturn report will be considered by the Executive at its meeting on 5th of July.
- 3.2 The final outturn for the “controllable” element of the Environment and Community Services budget in 2022/23 is a net underspend of £200k compared to the last reported figure of a net underspend of £416k which was based on activity at the end of December 2022.

Carry Forward Requests

- 3.3 On the 5th of July, the Executive will be requested to approve several carry forward requests relating to either unspent grant income, or delays in expenditure where cost pressures will follow through into 2023/24.
- 3.4 Appendix 2 provides a detailed breakdown of all the carry forward requests for the Environment and Community Services Portfolio. Future reports to the Portfolio Holder will be required to approve their release from the 2023/24 Central Contingency.

4. CHIEF OFFICER COMMENTS

- 4.1 Over the year we have seen the vast majority of services return to what we would describe as pre Covid levels with perhaps exceptions in areas such as Parking, where the volume of parking continues to be a challenge and in areas such as street trading. It may well be the case that these service areas off the back of Covid are now affected by the wider economic challenges affecting the UK and therefore recovery in these areas will be slower than originally anticipated.
- 4.2 The weather over the last year impacted heavily on service delivery with the hottest summer on record impacting on a range of front-line operations and then, albeit a short but very cold winter spell that again disrupted front line operations.
 - Although Parking enforcement activity had largely returned to pre-Covid levels, staffing issues had an adverse impact on income from PCN's in December and January. Furthermore, the income target from the introduction this year of Moving Traffic Contraventions was not achieved. Car volumes are increasing though and the expectation is that income from parking fees and charges will start to pick up as we move into the first quarter of the new year.
 - Income from other fees and charges is also affected across all services to some degree with marked reductions in income from street traders' licences as market trading numbers struggle to return to pre Covid levels.
 - The trend in the reduction in waste volumes has continued with waste officers confirming that waste volumes have continued to hold at pre-Covid levels. This along with the over achievement of income through recycled material income have meant that there has been a reduction in waste costs over the year. Caution is though required as financial rates for recycled material varies and whilst high at the moment, this position cannot be guaranteed going forward. New outlets for wastepaper and measures taken at the Central Depot to reduce water ingress have resulted in no paper loads being rejected because of high moisture content which in turn contributed to the higher income.

- 4.3 Many of the Portfolio's services can be affected by severe weather events which cannot be predicted. In particular, the highways winter service, grounds maintenance and trees.
- 4.4 There is still some uncertainty with regard to TFL funding. Limited short-term grant was allocated during 2021/22 which resulted in some unfunded staffing costs as well as impacting on projects that could be delivered. Whilst some limited funding has been provided for 2023/24, the longer-term funding of either staff costs or projects remains challenging.

5. POLICY IMPLICATIONS

- 5.1 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.’
- 5.2 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.
- 5.3 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

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, there was an underspend of £200k in the 2022/23 financial year.
- 6.3 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1A. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications
Background Documents: (Access via Contact Officer)	2021/22 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 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	1,151	379	1	185	0
-164	Business Support and Markets	-64	-5	92	97	2	148	0
200	Senior Management	1,134	1,250	1,189	-61	3	0	0
1,417	Performance Management and Business Support	439	209	211	2		0	0
6,039	Parks and Green Spaces	6,073	6,350	6,439	89	4	85	0
0	Carbon Management	0	107	79	-28	5	0	0
18,582	Waste Services	19,654	19,195	18,503	-692	6	-1,080	0
5,789	Neighbourhood	6,223	6,572	6,491	-81	7	0	0
32,945		34,216	34,450	34,155	-295		-662	0
	Transport Operations and Depot							
504	Transport Operations and Depot Management	594	654	552	-102	8	0	0
504		594	654	552	-102		0	0
	Traffic, Parking and Highways							
248	Traffic & Road Safety	133	145	-140	-285	9	-179	0
-6,967	Parking	-9,462	-8,950	-8,209	741	10	488	0
6,072	Highways (including London Permit Scheme)	8,813	9,238	8,979	-259	11	-196	0
-647		-516	433	630	197		113	0
32,802	TOTAL CONTROLLABLE	34,294	35,537	35,337	-200		-549	0
2,630	TOTAL NON-CONTROLLABLE	6,689	2,173	2,173	0		0	0
2,449	TOTAL EXCLUDED RECHARGES	2,336	2,284	2,284	0		0	0
37,881	PORTFOLIO TOTAL	43,319	39,994	39,794	-200		-549	0

Reconciliation of Latest Approved Budget		£'000
Original Budget 2022/23		43,319
Carry Forward Requests approved from 2021/22		
Central Contingency Adjustments		
Electricity budget adjustments		
Parks	168	
Business Support and Markets	17	
Highways	425	
Transport Op and Depot Management	60	
Parking	9	
Merit Awards		
Performance Management and Business Support	2	
Business Support and Markets	1	
Traffic and Road Safety (12 traffic, 3 Parking)	15	
Waste	3	
Reductions		
Reduction of Waste budgets	-1,000	
Contract Inflation		
Waste Collection & Disposal	810	
Neighbourhood	107	
Parks Management & Grounds Maintenance	153	
Arboricultural Services	14	784
Parking income		500
Restructure Street Scene and Green Spaces		
Arboriculture		1
Markets		41
Performance Management and Business Support		-232
Parks		-44
Neighbourhoods Restructure		242
Waste Restructure		-272
Carbon Management		147
Senior Management		117
Other		
Provision for agency workers contract savings		-23
Adj to NI budget following reversal of 2022-23 increase in November		-17
Non-Controllable		
Support Services		-53
Premises related		15
Insurance		548
Capital Charges		-5,192
Rent & commercial income		34
Parks and Green Spaces restructure		80
Latest Approved Budget for 2022/23		39,994

REASONS FOR VARIATIONS

1. Arboriculture Management £379k

This overspend has arisen as a result of tree maintenance works, which following a cyclical inspection of trees in the borough showed the need for additional works 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. A total of £522k was drawn down from reserves for the Tree planting project.

2. Business Support & Markets Dr £97k

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 net impact on the Council this year remains a net loss of £97k.

3. Senior Management Cr £61k

The service incurred an underspend of £61k on the employee related expenses. This is due to existing vacancies that could not be filled throughout the financial year.

4. Parks and Green Spaces, Dr 89k

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. Park income generated across the service underachieved by £89k.

5. Carbon Management Cr £28k

The service incurred an underspend of £28k on the employee related expenses. This is due to existing vacancies that could not be filled throughout the financial year.

6. Waste Services Cr £692k

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 continue to be at pre-Covid levels.

The bulk of the underspends in Waste comes from the Contract Incentive Payment related to the recycles pricing adjustment that Veolia granted the Council for a total of £625k. Other underspends in the service are recorded on the ICT Software and Maintenance and Membership and Subscriptions lines, a total of £67k.

7. Neighbourhood Services Cr £81k

The service underspent £47k on employee related expenses, as staff vacancies could not be filled during the year. The income generated from the Environmental Penalty Charge Notices overachieved the budget by £34k.

8. Transport Operations and Depot Management Cr £102k

The service incurred underspends on employee related costs due to vacancies that could not be filled during the year (£65k) and £42k underspends on premises related expenditure (cleaning services, security of premises, tenant maintenance costs).

9. Traffic & Road Safety Cr £285k

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.

Total income overachieved by the service in 2022-2023 is £214k. Advertising income from JD Decaux overachieved the budget by £62k. Similarly for Road Closure Charges (Temporary Traffic Orders), the income levels were maintained as in the previous two financial years, the budget overachieved by £138k with Other Fees and Charges overachieving by £14k. Other budgets that incurred underspends are on the employee related costs.

10. Parking Dr £741k

Summary of Key Variations	Total £'000
Car Parks	162
On Street	-240
RingGo fees	-231
Enforcement PCNs issued by CEOs	-97
Moving Traffic Contraventions (MTCs)	1,652
Bus Lanes	312
School Keep Clear Markings	-77
Parking Shared Services	-288
Traffic committee	-46
Central Contingency	-500
Other Variations	94
Total variations	£741

10a. Car Parks (off street and multistorey car parks) Dr £162k

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. There is an improvement from Q3 by £153k.

10b. On Street Car Parks Cr £240k

On street parking income has overachieved the budget by £240k, an improvement of £230k from Q3.

10c. Ringo Fees, Cr £231k

The amount that the Council receives from RingGo fees continued to be buoyant into the fourth 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 £231k

10d. Car Parking Enforcement by CEOs Cr £97k

Based on activity levels in the year to date, particularly in the third quarter to December, there is an income overachievement of £97k from PCN's issued by enforcement officers. This is an unfavourable variation of £227k from the Q3 projections because... EXPLANATION NEEDED

10e. Moving Traffic Contraventions (MTCs), Dr £1652k

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 pandemic, alongside the Borough's fair approach to enforcement. The final shortfall for the year is £1,652k.

10f. Bus Lanes, Dr £312k

As has been reported previously, compliance of Bus Lanes continues to improve and therefore this income budget underachieved by £312k this year, this is a worsening of the position from last year.

10g. School Keep Clear Markings, Cr £77

There is an overachievement of £77k 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.

10h. Parking Shared Service Cr £288k

The final position is an underspend of £288k 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.

10i. Traffic Committee for London fees Cr £46k

There is an underspend of £46k on this budget in 2022/23, a similar figure to the 2021-2022 financial year.

10j. 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.

11. Highways, including London Permit Scheme Cr £259k

The Highways service is underspending by £259k, an improvement from Q3 by £174k. The underspends include a carry forward of £245k that will be utilised in 2023-2024 for Highways Maintenance.

Highways are overachieving on income in the areas of Defect Notices, Section 74 Notices, Fixed Penalty Notices by £255k. The service is also underspending on employee expenses.

A carry forward request of this underspend has been made for approval at executive, this will create an earmarked reserve to conduct essential repairs and maintenance works on our highways.

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.

ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO C/F REQUESTS

Other Carry Forward Requests

1. Highways income £245,000

The amount will be carried forward into 23-24 to be used for Highways maintenance and repairs. In 22-23 the supplier, JB Riney had difficulties in completing the work due to staff shortages.