

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

Date: Tuesday 23rd January 2024

Decision Type: Non-Urgent Non-Executive Non-Key

Title: ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO
DRAFT BUDGET 2024/25

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Chief Officer: Director of Finance
Director of Environment & Public Protection

Ward: All

1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2024/25 Budget which incorporates future cost pressures, any planned mitigation measures and savings from transformation and other budget options which were reported to Executive on 17th January 2024.
 - 1.2. Members are requested to consider the initial draft budget being proposed and identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
 - 1.3. Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2024/25 Council Tax levels.
 - 1.4. There may be still some outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2024/25 Council Tax report to the next meeting of the Executive.
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2. **RECOMMENDATION(S)**

2.1 The Environment and Community Services PDS Committee is requested to:

- i) Consider the update on the financial forecast for 2024/25 to 2027/28;
- ii) Consider the initial draft 2024/25 budget as a basis for setting the 2024/25 budget; and
- iii) Provide comments on the initial draft 2024/25 budget for the February meeting of the Council's Executive.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: Existing Policy
 2. MBEB Priority: Managing Our Resources Well; A Safe, Clean and Green Environment and a Sustainable Future
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Environment and Community Services portfolio budgets
 4. Total current budget for this head: £52m (draft budget 2024/25)
 5. Source of funding: Draft revenue budget for 2024/25
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Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2024/25 Financial Control Budget to be published in March 2024.
 2. If from existing staff resources, number of staff hours: Not Applicable
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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 Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2024/25 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council taxpayers) and users of the services.
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Ward Councillor Views

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

3. COMMENTARY

3.1. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1.1. The Draft 2024/25 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning. Early decisions should be considered which impact on the medium-term financial plan within the context of meeting 'Making Bromley Even Better' priorities.
- 3.1.2. The Council continues to deliver key services and 'live within its means.' Forward financial planning and financial management is a key strength at Bromley. This report continues to forecast the financial prospects for the next four years and includes the outcome of the Provisional Local Government Finance Settlement 2024/25. It is important to note that some caution is required in considering any projections for 2025/26 to 2027/28 as this depends on the outcome of the Government's next Spending Review as well as the impact of the Fair Funding Review (likely to be from 2026/27, at the earliest).
- 3.1.3. A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. The slowing down of the global economy and many sources of uncertainty had previously resulted in a downgrading of the level of economic growth in the UK economy. It is important to consider the key national issues that could impact on public finances over the next four years. The Covid situation had a dramatic impact on public finances. Not since the second world war has a national emergency affected every business and household in the UK. The economic shock has had no comparisons for over 300 years. As part of the Office for Budget Responsibility report, published with the Autumn Statement, government overall debt rises from 84.9% of Gross Domestic Product (GDP) in 2022/23 and is expected to continue to increase and peak at 93.2% in 2026/27 and fall to 92.8% by 2028/29, maintaining a level not seen since the early 1960s. The next few years remain uncertain economically and fiscally. GDP is expected to be 0.6% in 2023/24 rising to 2% in 2026/27 and 1.9% in 2027/28. These economic factors could impact on the funding available for local government. The Provisional Local Government Finance Settlement 2024/25 provides a one-year settlement only which leaves considerable uncertainties over future years. The Institute for Fiscal Studies (IFS) forecast that the latest plans (Autumn Statement) provides real term cuts for unprotected budgets (mainly local government) of 3.4% for period 2024/25 to 2028/29 – additional funding of £20bn would be required to avoid cuts by 2028/29.
- 3.1.4. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure from 2009/10 to 2019/20 (10 years) and had a 'rollover plus one-year financial settlement for 2020/21, 2021/22 and 2022/23. For 2023/24 and 2024/25 the Council has received a more generous settlement which includes additional funding for social care, including the repurpose of Adult Social Care Reform monies and the new Adult Social Care Grant. However, this needs to be considered in the context of the 'new normal' (post Covid), significant increases in inflation since 2022/23 and the considerable cost pressures across service areas facing local government. The risk of austerity measures for future years, from 2025/26, will be a consideration but this will depend on the need for a sustainable economic recovery. Therefore 'flat' real terms funding for councils may be the best-case scenario from 2025/26. The Government will need to address the impact of the public finances from the Covid situation. Even if funding levels are maintained, the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.
- 3.1.5. The Budget Strategy has to be set within the context of ongoing cost and demographic pressures not being matched by Government or other external funding with potential

Government funding reductions in the medium and longer term. There is an on-going need to transform the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the medium-term budget gap as the gap could increase further.

- 3.1.6. Bromley has the second lowest settlement funding per head of population in 2024/25 for the whole of London, giving us £123 per head of population compared with the average in London of £330 – the highest is £556. Despite this, Bromley has retained the fourth lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). Using 2024/25 funding information, if Bromley's received the average grant funding for London, its annual income would increase by £53.7m. If the council tax were the average of the four other low grant funded boroughs, our income would increase by £31.9m. The lower council tax level has been achieved by having a below average cost per head of population in outer London. The Council continues to express concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents. Despite being a low-cost authority, Bromley has achieved general savings of over £130m since 2011/12 but it becomes more challenging to achieve further savings with a low-cost base.

3.2. SUMMARY OF FINANCIAL FORECAST

- 3.2.1. Details of the financial forecast are provided in the Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28 report to the Executive on 17th January 2024.
- 3.2.2. Even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £38.7m per annum by 2027/28. Without any action to address the budget gap in future years additional reserves will need to be used with the risk of the budget gap increasing in future years and becoming unsustainable.
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes there is an unfunded budget gap from 2025/26 partly due to net service growth/cost pressures. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the Council can afford and the need for significant mitigation or alternative transformation options.

3.3. CHANGES SINCE THE 2023/24 BUDGET THAT IMPACT ON THE DRAFT 2024/25 BUDGET AND FINANCIAL FORECAST 2025/26 to 2027/28

- 3.3.1. The 2023/24 Council Tax report reported to Executive in February 2023 identified a significant "budget gap" over the four-year financial planning period. Some key changes are summarised below.
- 3.3.2. The Local Government Finance Settlement 2024/25 includes increase in core funding to reflect inflation (CPI annual increase in Sept '23). The additional social care grant, which was originally planned as indicated by the Local Government Finance Settlement 2023/24, of £2.65m reflects the impact of the Council's ability to raise funding through the Adult Social Care precept – the more that can be raised the lower level of funding provided. Additional new homes bonus of £0.4m is available and the core spending power overall increase of 6.2% assumes council tax and ASC precept increase of 4.99%. The settlement includes a reduction in Services Grant from £1.5m to £0.2m (reduction of £1.3m) which is disappointing. Although the settlement broadly recognises the impact of inflation it does not reflect the scale of cost/growth pressures facing the Council for 2024/25. Uncertainty remains on the level of funding from 2025/26. The forecast assumes that the level of core grant funding will not

reduce, in real terms, from 2025/26. The additional funding is welcomed but this must be considered against the highest inflation levels for 41 years and ongoing cost/service pressures. Uncertainty remains on the level of funding beyond 2024/25. The forecast assumes that the level of core grant funding will not reduce from 2025/26.

- 3.3.3. This is the sixth one-year settlement in a row for councils, despite requests for multi-year settlement to assist in financial planning and to aid the delivery of financial sustainability.
- 3.3.4. Historically, the main measure of inflation for annual price increases for the Council's contracted out services was Retail Price Index (excluding mortgage interest rates) i.e., RPIX. However, more recent contracts use Consumer Price Index (CPI). The RPIX is normally at least 1% above the Consumer Price Index (CPI) level. The Draft 2024/25 Budget assumes overall price increases, including a cash limit, of 3.5% in 2024/25 reducing to 2.5% in 2025/26 and 2% per annum from 2026/27, which compares with the existing CPI of 3.9% (4.1% for RPIX). Although inflation is expected to reduce further some volatility remains. It is important to note that the rate of 3.5% in 2024/25 is consistent to an approach taken by many other local authorities but it creates a challenge during a period of cost pressures across services - the alternative is more savings to address the alternative increased budget gap.
- 3.3.5. The Draft 2024/25 Budget and financial forecast includes significant growth/cost pressures, with the net impact reduced to reflect mitigation assumed of £16.6m in 2024/25 rising to £38.7m per annum from 2027/28. Any reduction in the delivery of the mitigation savings could have a significant detrimental impact on the Council's budget gap and the contingency sum provides some funding support towards delivering a balanced budget in the medium term. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, effect of ongoing population changes and the potential impact of other public agencies identifying savings or new cost burdens which impact on the Council's costs it is essential to retain an adequate sum to partly mitigate such cost risks, without relying on the drawdown of one off reserves.
- 3.3.6. The ongoing transformation review will be a key consideration in addressing the budget gap over the next four years.
- 3.3.7. The current Environment and Community Services Portfolio budget includes the full year effect of Phase 3 Transformation Savings combined with new changes, totalling £1.15m in 2024/25 increasing to £1.24m per annum from 2027/28. A summary of the savings is provided below with more details within Appendix 1.

Transformation Savings

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Fees & Charges Review	Cr 588	Cr 588	Cr 588	Cr 588
JC Decaux Street Advertising	Cr 233	Cr 233	Cr 233	Cr 233
Veolia 1% Contract Reduction	Cr 200	Cr 200	Cr 200	Cr 200
Parking Charges	Cr 132	Cr 153	Cr 167	Cr 167
Dedicated Commercial Waste Enforcement Taskforce	0	Cr 25	Cr 50	Cr 50
Total	Cr 1,153	Cr 1,199	Cr 1,238	Cr 1,238

- 3.3.8. This key work continues, and further proposals will be reported to Members in the future as part of addressing the four-year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

3.3.9. There remain significant cost/growth pressures for the Council as well as opportunities for the mitigation of costs. For this Portfolio, there has been growth awarded for temporary and permanent losses of income within parking. In addition, there is a phased reinstatement of the pre-Covid car parking income target as well as growth in future years for various contract renewals across the portfolio. This is summarised below.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Partial reinstatement of the Car Parking income target	Cr 500	Cr 500	Cr 500	Cr 500
Loss of Income Street Trading / Markets	80	80	80	80
Temp loss of income West Wickham Car Park	84	0	0	0
Arboriculture Contract	0	0	0	500
Highways Contract	0	0	0	500
Grounds Maintenance Contract	0	0	0	750
Parking Contract	0	0	0	250
Total Growth	Cr 336	Cr 420	Cr 420	1,580

3.3.10. It remains essential that there is the ongoing scrutiny and review of growth/cost pressures, which are mainly unfunded beyond 2025/26 with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

3.4 REVIEW OF FEES AND CHARGES

3.4.1 As part of the Transformation Programme, to help partly offset the impact of the financial challenges facing the Council, a comprehensive review of fees and charges was undertaken. The aim was to identify opportunities for cost savings by implementing increased charges, surpassing the annual inflationary adjustments. The review observed that most services conduct regular price evaluation, accommodating inflation adjustments wherever feasible. Through this exercise an extra £632k in income was realised as part of the Draft 2024/25 Budget of which £588k was delivered by this portfolio and can be seen in the transformation table above. Chief Officers will continue to review fees and charges for 2025/26 and beyond to identify opportunities to reduce the future years 'budget gap'.

3.5 DETAILED DRAFT 2024/25 BUDGET

3.5.1 Detailed draft 2024/25 Budgets are attached in Appendix 1 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets have been forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

3.5.2 Appendix 1 sets out:

- A summary of the Draft 2024/25 Revenue Budget for the Portfolio showing actual 2023/24 expenditure, 2023/24 budget, 2024/25 budget and overall variations in planned spending between 2023/24 and 2024/25.
- A summary of the main reasons for variations per Portfolio in planned spending between 2023/24 and 2024/25 together with supporting notes.
- A high-level subjective summary for the Portfolio showing expenditure on employees, premises etc.

3.6 IDENTIFYING FURTHER SAVINGS/MITIGATION

- 3.6.1 The scale of savings required in future years are unlikely to be met by efficiency alone – there may need to be a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services. A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of ‘unintended consequence’ of reducing discretionary services adversely impacting on the cost of statutory services. The Draft 2024/25 Budget represents the fifth year of savings from the Transformation Programme.

3.7 POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 3.7.1 There remain risks in meeting the ‘budget gap’ arising from budget savings, mitigation options to address cost pressures, as well as ongoing cost pressures arising from new burdens, implications of the post Covid situation and the impact of Government policy changes. Action will need to be taken to contain, where possible these cost pressures, managing the implementation of savings, generate income or seeking alternative savings where required. The Council’s Corporate Risk Register shows that ‘Failure to deliver a sustainable financial strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget’ is the highest risk the Council is facing.

- 3.7.2 In addition to the issues shown above, a further list of the potential risks which will be faced in future years that Members should consider arising from the assumptions made are shown in Appendix 2. The level of balances held, and provisions set aside in the central contingency provide significant safeguards against any adverse financial pressures..

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The draft 2024/25 Budget reflects the Council’s key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

5. POLICY IMPLICATIONS

- 5.1 The Draft 2024/25 Budget enables the Council to continue to deliver on its ‘Making Bromley Even Better’ key priorities and the financial forecast enables medium term financial planning allowing for early decisions to be made which impact on the medium-term financial plan. The Council continues to deliver key services and lives within its means.

6. FINANCIAL IMPLICATIONS

- 6.1 Financial implications are contained within the overall body of the report.

7. PERSONNEL IMPLICATIONS

- 7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2024/25 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

8. LEGAL IMPLICATIONS

- 8.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. In coming to decisions in relation to the revenue budget (and the Council Tax), the Council and its officers have various statutory

duties. In general terms, the Council is required by the Local Government Finance Act 1992 to make estimates of gross Revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget (and Council Tax). The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget.

- 8.2 Schedule 72 to the Localism Act 2011 inserted a new section IVZA in the Local Government Finance 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.
- 8.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 8.4 Executive is being requested to delegate the setting of the schools' budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.
- 8.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both considered. The Council has a number of statutory duties which it must fulfil by law. Although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties, however, it may be bound contractually to do so. A decision to cease or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the Council must have due regard to elimination of discrimination, harassment and victimisation, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 8.4 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, further decisions may be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision-making process as required to implement the proposed budget.
- 8.5 Further a significant number of these decisions are by law for the Executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the Executive. Decision makers (usually Executive, Portfolio Holders or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains, however.

8.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that Act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2024/25 Council Tax report to be reported to the February meeting of the Executive.

8.7 Section 106, Local Government Finance Act 1992, applies to Members where:

- They are present at a meeting of the Council, the Executive, or a committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

8.8 In these circumstances, any such Members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. Such Members are not debarred from speaking. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

Non-Applicable Sections:	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28, Executive 17 th January 2024.

ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO

DRAFT REVENUE BUDGET 2024/25 - SUMMARY

2022/23 Actual	Service Area	2023/24 Budget	Increased costs	Other Changes	2024/25 Draft Budget
£		£	£	£	£
	Street Scene & Green Spaces				
1,151,000	Arboriculture Management	814,160	26,910	7,490	848,560
92,000	Business Support and Markets	25,700	1,480	74,535	101,715
1,189,000	Senior Management	1,330,700	46,580	0	1,377,280
79,000	Carbon Management	155,680	5,460	0	161,140
211,000	Performance Management and Business Support	223,900	7,840	0	231,740
6,439,000	Parks and Green Space	6,854,440	254,880	280,220	7,389,540
6,491,000	Neighbourhood Services	6,961,350	243,670	124,640	7,329,660
18,503,000	Waste Services	20,722,120	727,240	371,910	21,821,270
34,155,000		37,088,050	1,314,060	858,795	39,260,905
	Traffic, Parking & Highways				
8,979,000	Highways (Including London Permit Scheme)	9,339,020	343,470	568,460	10,250,950
0	Highways Planning	0	0	0	0
(8,209,000)	Parking	(9,186,200)	175,320	(537,300)	(9,548,180)
(140,000)	Traffic & Road Safety	161,100	49,435	(234,900)	(24,365)
630,000		313,920	568,225	(203,740)	678,405
	Transport Operations and Depot Management				
552,000	Transport Operations and Depot Management	631,230	24,230	74,250	729,710
552,000		631,230	24,230	74,250	729,710
35,337,000	TOTAL CONTROLLABLE	38,033,200	1,906,515	729,305	40,669,020
1,673,000	TOTAL NON CONTROLLABLE	6,743,090	54,260	2,248,870	9,046,220
2,284,000	TOTAL EXCLUDED RECHARGES	2,343,260	0	0	2,343,260
39,294,000	PORTFOLIO TOTAL	47,119,550	1,960,775	2,978,175	52,058,500

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SUMMARY OF BUDGET VARIATIONS 2024/25

Ref		VARIATION IN 2024/25		ORIGINAL BUDGET
		£'000	£'000	2023/24 £'000
1	2023/24 BUDGET			
			47,120	
2	Increased Costs		1,961	
	Full Year Effect of Allocation of Central Contingency			
3	Energy Contract Inflation	840		1,533
4	Contract Inflation Uplifts across ECS	924		40,281
5	Removal of contribution from Earmarked Reserves	<u>400</u>	2,164	Cr 800
	Real Changes			
	<i>Other Real Changes</i>			
6	Absorption of inflation increases for statutory NRSWRA income	42		Cr 314
7	Increase in refuse/recycling collection to reflect additional units	60		
8	Increase in refuse/recycling disposal to residual waste to reflect additional units	48		
9	Increase in refuse/recycling disposal of recyclate waste to reflect additional units	21		
10	Income on sale of recyclates	<u>Cr 100</u>	71	Cr 18,220
	<i>Growth</i>			
11	Revenue Impact of Capital Financing Programme	180		Cr 180
12	Permanent loss of income in street trading and markets	<u>80</u>	260	Cr 232
	<i>Mitigation</i>			
13	Car parking income	Cr 500		
14	Temporary loss of income due to West Wickham car park closure	<u>84</u>	Cr 416	Cr 14,587
	<i>Transformation Programme Savings</i>			
15	JC Decaux Street Advertising-Traffic and Road Safety	Cr 233		Cr 38
16	Veolia contract 1% reduction on the remaining life of the contract- Waste	Cr 200		18,220
17	Fees and Charges review	Cr 588		Cr 7,077
18	Full year effect of Parking Transformation savings	<u>Cr 132</u>	Cr1,153	Cr 14,587
19	Variations in Capital Charges		2,000	0
20	Variations in Recharges		Cr 17	Cr 317
21	Variations in Insurances		69	1,103
22	2024/25 DRAFT BUDGET		<u>52,059</u>	

ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO

Notes on Budget Variations in 2024/25

Ref Comments

Full Year Effect of Allocation of Central Contingency

- 3 Energy Contract Inflation (Dr £840k)
This is to recognise cost pressures arising from the current state of the energy market.
- 4 Contract inflation uplifts within Street Scene, Parks and Waste Services (Dr £924k)
Full year effect of the inflation allocation in 2023/24 for the Waste contract.
- 5 Removal of Covid related Earmarked Reserve Funding (Dr £400k)
Contingency budget has been allocated to remove temporary Covid grant funding from reserves which has now come to an end.

Real Changes

Other Real Changes

- 6 Absorption of inflation increases for statutory NRSWRA income (Dr £42k)
Estimates are prepared on the basis that inflation is added to both income and expenditure. As income under the New Roads & Street Works Act (NRSWA) are statutory fees set by the Government, inflation has been absorbed as part of the budget setting process.
- 7,8,9 Increase in refuse/recycling collection and disposal to reflect additional units (Dr £129k)
The refuse and recycling collection contract is based on the number of residential premises rather than bins or volumes collected. The additional costs reflect the anticipated increase in new properties in 2024/25.
- 10 Income on sale of recyclates (Cr £100k)
Increased income from the sale of recyclates to reflect additional housing units.
- Growth*
- 11 Revenue Impact of Capital Financing Programme (Dr £180k)
This represents the loss of rental income due to the the transfer of the Crystal Palace Park to the Crystal Palace Park Trust.
- 12 Permanent loss of income in street trading and markets (Dr £80k)
Street trading income has been affected by the continuation of temporary measures originally introduced during the Covid pandemic, these measures have now been made permanent, therefore a growth in budget has been awarded to mitigate the permanent loss of income.

Mitigation

- 13** Car parking income (Cr £500k)
Removal of one-off contingency funded mitigation for reduced parking income levels post pandemic equates in an increase in income of £500k in 24/25 following a £500k increase in the previous year.
- 14** Temporary loss of income due to West Wickham car park closure (Dr £84k)
The West Wickham car park is temporarily closed due to refurbishment of the leisure centre.
- Transformation Programme Savings*
- 15** JC Decaux Street Advertising (Cr £233k)
Planned increases in advertising screens across the borough will generate additional income of £233k per annum for the Council.
- 16** Veolia contract 1% reduction on the remaining life of the Waste contract (Cr £200k)
Due to contractual issues with Veolia, it is anticipated that a 1% reduction on the remaining life of the contract can be achieved, subject to negotiations with the contractor.
- 17** Fees and Charges review (Cr £588k)
This is an agreed increase to the services' fees and charges budgets following a Council wide review of their current fees and charges.
- 18** Full year effect of Parking Transformation savings(Cr £132k)
This represents the full year impact of several parking transformation savings proposals from 23/24 that are now coming into fruition. This includes the removal of all pay and display machines, the charging of various free car parks, implementation of more TESLA charging points, changing limited time wait to cashless and changing of Sunday and evening parking tariffs.
- 19** Variations in Capital Charges (Dr £2,000k)
Revenue Expenditure Funded by Capital Under Statute (REFCUS) – these are schemes in the capital programme that do not add value to the Council's fixed asset base. It is the nature of the capital programme that the projects covered will change from year to year. The amounts shown are for our current best understanding of the relevant schemes for
- 20** Variations in Recharges (Cr £17k)
The variations in recharges include a Cr £17k for inflation in services that are recharged to Public Health.
- 21** Variations in Insurance (Dr £69k)
Insurance recharges to individual portfolios also have changed between years, in some cases significantly, partly due to the changing profile of actual claims in the recent past. Inflation has also had an impact, both on the projected policy costs, and the costs of delivering the service

ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO
DRAFT REVENUE BUDGET 2024/25 - SUBJECTIVE SUMMARY

Service area	Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Transfer Payments £	Government Grants £	Other Grants Reimbursements and Contributions £	Customer and Client Receipts £	Controllable Recharges	Net Interest Income	Transfers to/from Earmarked Reserves	Total Controllable £
Street Scene & Green Spaces													
Arboriculture Management	291,060		7,760	601,140								Cr 51,400	848,560
Business Support and Markets	354,790	66,735	800	176,170					Cr 496,780				101,715
Senior Management	1,369,140		3,800	4,340									1,377,280
Carbon Management	134,190		450	26,500									161,140
Performance Management and Business Support	224,250		310	7,180									231,740
Parks and Green Space	99,030	5,235,240	5,600	58,430	2,556,670			Cr 61,250	Cr 230,420	Cr 273,760			7,389,540
Neighbourhood Services	663,550	13,250	43,590	133,820	6,491,640			Cr 16,190	Cr 8,536,470	Cr 59,600			7,329,660
Waste Services		38,980		11,669,380	19,108,980			Cr 8,536,470	Cr 59,600	Cr 59,600	Cr 400,000		21,821,270
	3,136,010	5,354,205	62,310	12,676,960	28,157,290	0	0	Cr 61,250	Cr 9,279,860	Cr 333,360	0	Cr 451,400	39,260,905
Traffic, Parking & Highways													
Highways (Including London Permit Scheme)	1,658,920	1,869,450	33,740	7,867,420					Cr 1,129,090	Cr 47,890	Cr 1,600		10,250,950
Highways Planning													0
Parking	903,950	1,291,460	2,480	551,100	2,983,550			Cr 155,240	Cr 15,209,300	Cr 91,140		Cr 7,320	Cr 9,548,180
Traffic & Road Safety	1,749,735		8,060	58,170				Cr 588,940	Cr 1,251,390	Cr 1,251,390			Cr 24,365
	4,312,605	3,160,910	44,280	8,476,690	2,983,550	0	0	Cr 155,240	Cr 16,927,330	Cr 1,208,140	Cr 1,600	Cr 7,320	678,405
Transport Operations and Depot Management													
Transport Operations and Depot Management	333,300	417,250	24,780	37,010				Cr 82,630					729,710
	333,300	417,250	24,780	37,010	0	0	0	Cr 82,630	0	0	0	0	729,710
	7,781,915	8,932,365	131,370	21,190,660	31,140,840	0	0	Cr 299,120	Cr 26,207,190	Cr 1,541,500	Cr 1,600	Cr 458,720	40,669,020

Service area	Premises Related Expenditure	Insurance Charges	Property Rental Income	Investment Property Income	Capital Charges /Financing	Total Non Controllable	Excluded Recharges	Total Net Budget
	£							£
Street Scene & Green Spaces								
Arboriculture Management		327,590				Cr 139,260	Cr 466,850	709,300
Business Support and Markets		840				Cr 38,590	Cr 39,430	63,125
Senior Management		1,790				Cr 937,280	Cr 939,070	440,000
Carbon Management		390				Cr 39,190	Cr 39,580	121,950
Performance Management and Business Support		390				Cr 98,610	Cr 99,000	133,130
Parks and Green Space	747,460	134,820	Cr 158,430		2,290,000	2,644,400	Cr 369,450	10,033,940
Neighbourhood Services	4,890	5,280			39,000	314,130	264,960	7,643,790
Waste Services		0			20,000	1,465,400	1,445,400	23,286,670
	752,350	471,100	Cr 158,430	0	2,349,000	3,171,000	Cr 243,020	42,431,905
Traffic, Parking & Highways								
Highways (Including London Permit Scheme)		675,640	Cr 22,340		4,379,000	7,304,320	2,272,020	17,555,270
Highways Planning					10,000	10,000	0	10,000
Parking	14,010	42,740	Cr 56,520		421,000	1,104,060	682,830	Cr 8,444,120
Traffic & Road Safety		3,550				333,910	330,360	309,545
	14,010	721,930	Cr 78,860	0	4,810,000	8,752,290	3,285,210	9,430,695
Transport Operations and Depot Management								
Transport Operations and Depot Management	127,860	17,340	Cr 13,080		33,000	Cr 533,810	Cr 698,930	195,900
	127,860	17,340	Cr 13,080	0	33,000	Cr 533,810	Cr 698,930	195,900
	894,220	1,210,370	Cr 250,370	0	7,192,000	11,389,480	2,343,260	52,058,500

RISK AREAS WITHIN ENVIRONMENT & COMMUNITY SERVICES PORTFOLIO FOR 2024/25 ONWARDS

Waste Services

Increasing property numbers Growth in the number of properties incurs additional expenditure, as extra collections are required, and additional waste is generated. An increase in relevant property numbers, after a full review in 2020, has resulted in a projected cost pressure of £120k relating to the domestic waste collection costs.

Negotiations are currently underway with the Service Provider to examine whether the risk of increased costs can be built into contract extension costs as part of an early settlement of contract extension.

Legislative changes to DIY waste may have an impact on income streams leading into 2024/25 and the impact of these changes is currently being modelled and will be tabled at a ECS PDS early in 2024.

Waste Tonnages

The quantity of municipal waste collected in Bromley in recent years had been stable with comparatively minor fluctuations.

However, waste tonnages have been affected by changes to consumerism/ societal behaviour due to the global pandemic. Changes include:

- More people being based at home and therefore generating more waste from their home e.g., from cooking at home, working at home.
- More online deliveries and associated packaging, with less shops being open during pandemic lockdowns.
- The transition to reusable items slowing down as single use viewed as cleaner and it has become more difficult to access refillable stations or packaging free shops.
- Businesses and households conducting household clear outs during the pandemic lockdowns.

Waste tonnage has now returned to pre COVID levels, based on current costs each 1% increase in waste tonnage would increase disposal costs by £166k per annum.

National waste policies, embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste.

Green Garden Waste

Customer numbers continue to increase resulting in additional projected income of £549k. However, this is offset by projected increased collection and disposal costs of £668k. Purchase and delivery costs of green garden waste bins to new customers are projected to exceed budget by £201k.

Replacement bins are only required every 3 to 4 years and therefore requirements should be contained within budget in future years when it is expected customer numbers will plateau.

Recycling Income

Recycling prices remain depressed with no significant recovery expected. This has an impact on recycling income, since recycle income rates are updated to reflect market indices every 6 months.

Winter Service

The budgets for this service have been realigned to reflect average patterns of spend for precautionary salting, primarily for frost or ice, in recent years. There has been little actual snow clearance over that time, except during the winter of 2017/18 which saw prolonged sub-zero temperatures. Therefore, there is a risk of incurring additional costs in the event of a severe weather event for which funding will need to be drawn down from Central Contingency.

TfL Funding

Uncertainty remains regarding TFL funding and whilst it is anticipated to cover the costs of providing road safety and improvement schemes, this again for 2024/25 will be based on a slimmed down programme compared to pre COVID levels.

Parking

While there has been a good level of recovery in recent months, use of surface and multi-storey car parks remains lower than budgeted. However, enforcement activity has now returned to pre-Covid levels and income from PCN's is now projected to overachieve.

The review of Parking and the move to 'cashless' parking is likely to mitigate some of the reduction in income following reviews undertaken in 2023/24.

Moving Traffic Contravention income remains down on projected levels due in part to lower traffic numbers brought about by COVID.

Pressures from Public Demand

Apart from the identifiable financial pressures arising from such items as contract costs and price increases, as well as the longer-term impact of Covid-19, there are other pressures due to growing public expectations, social change, and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.

Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets, and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and

anti-social behaviour; and the Department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.

In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

Carbon Emissions

The Council's commitment to a zero net carbon target by 2027 for direct emissions will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments. However, action taken as part of the Carbon Management Programme for direct emissions should lead to cost efficiencies for the Council in the longer term, and the Carbon Neutral Initiative Fund was established in 2020/21 to provide further investment for new schemes that generate a revenue saving.

However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require significant investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant investment from central government.