

PART 1 - PUBLIC

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**Decision Maker:** Environment Portfolio Holder

**For Pre-decision scrutiny by the Environment PDS  
Committee on 1st March 2011**

**Date:** 1 March 2011

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

**Title:** BUDGET MONITORING REPORT 2010/11

**Contact Officer:** Claire Martin, Head of Finance  
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**Chief Officer:** Nigel Davies, Director of Environmental Services

**Ward:** Boroughwide

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1. Reason for report

This report provides an update of the latest budget monitoring position for 2010/11 for the Environment Portfolio based on expenditure and activity levels up to December 2010. There are significant variations highlighted in the report relating to waste tonnages, parking income and winter maintenance. After allowing for the transfers to and from the central contingency there will be a projected overspend of £743k for controllable budgets and an under achievement of income on non-controllable budgets of £46k.

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2. **RECOMMENDATION(S)**

That the Environment Portfolio Holder:

2.1 Endorses the latest budget projection for the Environment Portfolio.

## Corporate Policy

1. Policy Status: Existing policy. Sound financial management
  2. BBB Priority: Excellent Council.
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## Financial

1. Cost of proposal: N/A
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: All Environment Portfolio Budgets
  4. Total current budget for this head: £37.6m
  5. Source of funding: Existing revenue budgets
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## Staff

1. Number of staff (current and additional): 225
  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: Call-in is applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (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? N/A.
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

- 3.1 The 2010/11 projected outturn is detailed in Appendix 1, with a forecast of projected spend for each Division compared to latest approved budget and identifies in full the reason for any variances.
- 3.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. 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. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance. These variations will include the costs related to the recession.
- 3.3 The controllable budget for the Environment Portfolio is expected to be overspent by £743k at the year end after allowing for the transfers to and from the central contingency for the waste underspend of Cr £756k and the recession monies to cover the £400k net shortfall of income in parking. The reason for the large overspend for winter maintenance is that the UK experienced the coldest December in 31 years, the South East in particular suffered two main snow events with as much as 60cm falling in some parts of the Borough.

### **4. POLICY IMPLICATIONS**

- 4.1 The Resources Portfolio Plan for 2010/11 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Building a Better Bromley refers to the Council’s intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2010/11 to minimise the risk of compounding financial pressures in future years.
- 4.4 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.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 The table below summarises the financial position for the controllable budget of the Environment Portfolio and takes account of the savings in waste tonnage transferred to the central contingency sum as well as the utilisation of the central contingency sum for the recession related costs (parking): -

<b>SUMMARY OF VARIATION</b>	<b>£'000</b>
Shortfall of parking income due to the recession	348
Reduction of waste tonnage partly due to the recession and Recycling & Composting for all'	(912)
Impact of snowfall on winter mainetnace and waste collection service	816
Other minor variations	83
	<u>335</u>
Savings in waste tonnage transferred to Council's central contingency	756
Shortfall of parking income to be met from Council's recession fund	(348)
<b>Net variation after allowing for transfers to and from the central contingency</b>	<u><u>743</u></u>
Variation in non-controllable budgets	46
<b>Net variation projected for overall Environment Portfolio Budget (Appendix 1)</b>	<u><u><u>789</u></u></u>

5.2 Refuse disposal tonnages continue to drop which is due to a combination of factors including for example, the impact of the recession and greater public awareness of the benefits of recycling. This will also include the impact of any further reduction in disposal tonnage compared with the savings assumed in the 'Recycling and Composting for All: Phase 2 Business case' report to a previous Executive meeting.

<b>Non-Applicable Sections:</b>	Legal , Personnel
Background Documents: (Access via Contact Officer)	2010/11 budget monitoring files within ES finance section