

Environmental Services - Variations – 31 March 2011**1. Bus Lane Enforcement Dr £17k**

Actual income is £17k below budget. This is made up of £5k less income from a reduced number of contraventions occurring during the year and £12k less income being received for tickets issued in previous years.

2. Off Street Car Parking Dr £497k

Off street car parking income is £470k below budget due to the continuing effects of the economic climate. There was a shortfall of £425k for the Hill, Westmoreland and Civic Centre car parks compared to budget and only £5k below the income received for 2009/10. Income from the other surface car parks is also below budget by £23k mainly due to a loss of income from West Wickham car parks totalling £14k and £7k from the part year closure of the Orpington College car park due to the college building works. The effect of the increase in VAT of 2.5% since January has meant that income has fallen by £22k.

There is also a small overspend on specialist equipment £10k and £16k for additional emergency maintenance works required for some car parks..

3. On Street Car Parking Cr £49k

There was a surplus of £123k received from the extra temporary spaces provided for Orpington which offset the deficit of £70k within Bromley CPZ . There was also a shortfall of income from parking dispensations for the year.

4. Parking Enforcement Cr £266k

A surplus in income of £254k has been achieved for 2010/11. There was a small increase in tickets issued from the mobile and static CCTV cameras due to more effective utilisation of resources £134k partly offset by a less income (Dr £15k) received for tickets issued last year. The performance of the parking contractor has improved significantly during the year and has led to a surplus of £150k being achieved partly offset by £15k less income being received for tickets issued in previous years.

Other minor variations total Cr £12k.

5. Permit parking and disabled parking Cr £14k

The permit parking system has been upgraded which has led to an overspend of £5k which has been more than offset by additional income of £19k.

Summary of variations within Parking	
Reasons	£'000
Deficit in income from off street parking	471
Surplus income within on-street parking	(49)
Deficit in bus routes enforcement	17
Surplus income within parking enforcement - PCN numbers	(254)
Variation in running expenses	19
Resident's and disabled permit income	(19)
Total reported variation	185

The recession fund held within the central contingency has met the shortfall of income for parking.

6. Support Services Cr £17k

This variance is made up of an underspend of £10k on staffing due to vacancies occurring during the year and other minor variations on running expenses of £7k.

7. Other areas Cr £15k

This variation is the result of defaults issued to the parking contractor for school crossing patrols (Cr £11k), lower postage costs (Cr £6k) and other minor variations totalling Dr £2k).

8. Area Management Cr £28k

A combination of a reduced contract and a decrease in the number of abandoned vehicle has led to an underspend of £20k together with an underspend on advertising of staff (£8k) has resulted in a total variation of Cr £28k for Area Management.

9. Markets Cr £6k

Income from outstanding invoices was received during the year which has released a provision for bad debt resulting an overall underspend of £6k for markets.

10. Parks and Green Space Dr £16k

Increase in costs is due to the receipt of backdated bills for gas and water which were previously estimated.

11. Waste Management Cr £405k

Disposal

Refuse disposal tonnage finished the year 9,700 below budget resulting in an underspend of £701k . This is lower than the previously projected variation of 12,700 and £931k. For the first time in the year tonnage was over 1,250 tonnes above budget for both months.

However, higher than budgeted inflation of 5.1% (2.3% budgeted) chargeable from February 2011 is expected to result in an additional £20k of costs. Therefore the net projected underspend from tonnage will be £682k.

It should be noted that income received as a result of the payment mechanism built into the contract was £337k, £23k lower than budget.

Collection

There is an overspend of £126k within the collection contract.

This is due to overspends within green waste satellite sites £27k, and emergency depot works £40k.

It also includes £77k additional collection costs as a result of the December snowfalls – please see table below for further details.

There are other minor variations totalling £18k across various other items within the contract which partly offset these deficits.

Roll Out of Kitchen Waste Service

Overspend as a result of hire vehicles charges for roll out of £26k.

Due to a higher level of demand than originally anticipated, there is an overspend on purchasing liners for libraries of £37k.

APPENDIX 1

Additional missed bin collections have resulted in an additional cost of £26k – the service was originally anticipated to run for 6 weeks, but was extended to 3 months.

Other items

£20k additional costs were incurred for business rates at the incineration site following legislative changes.

£58k extra income was received for trade waste delivered and collected, which partly offsets the £9k income deficit from special and clinical collections.

£8k additional costs incurred in respect of staff overtime, associated with the roll-out of the kitchen waste service.

£72k relates to general overspends within running expense budgets. Of this, £64k relates to an overspend on additional & replacement bins.

There is also an underspend of £13k from reduced expenditure on hazardous waste and non-contract items.

Summary of variations within Waste Services	
Reasons	£'000
<u>Disposal Contract</u>	
Reduction in disposal tonnages	(701)
Impact of 5.1% inflation in February 2011	20
Payment mechanism	23
<u>Collection Contract</u>	
Green waste satellite sites	27
Emergency Depot Works	40
Additional costs due to snow	77
Various underspends across contract	(18)
<u>Roll-Out of Kitchen Waste Service</u>	
Retainer cost for vehicle hire	26
Additional liners in libraries	37
Missed bin vehicles	26
<u>Other items</u>	
Business rates at incineration site	20
Additional income for trade waste collected & delivered	(58)
Deficit on other income	9
Overtime - kitchen waste service	8
Other items within running expenses	72
Underspends on hazardous waste & non-contract items	(13)
	(405)
Balance returned to central contingency	701
Total reported variation	296

	Projected Spend £'000
Snow waste collection costs	
Redeployment of collection staff to snow clearance	17
Additional loaders deployed on rounds to facilitate collection of outstanding waste	60
Total	77

12. Highways Dr £625k

Agreement has now been reached with Thames Water about the level of sample inspection billing for last year (2009/10) and as a result the bad debt provision raised for 2009/10 is not sufficient to cover the full loss of income, leaving a shortfall of income for 2009/10 of £52k since invoices were revised.

A surplus in NRSWA income of £61k is due to an increase in defect notices, S74 notices and Fixed Penalty Notices.

There is also a small surplus for other income of £3k which includes a £22k deficit within skip licence income as a result of fewer building improvement works being undertaken, £13k deficit from miscellaneous income which is offset by £38k surplus from street traders licences and advertising.

There is an underspend on staffing of £29k due to vacancies occurring during the year and other variations in general running expenses have resulted in an underspend of £45k due to delays in ordering updated Confirm software caused by the need to confirm compatibility with current systems. Other minor underspends across various running expenses total £30k.

Street lighting energy is purchased through a flexible contract which means that the price is not fixed. For administration purposes a billing rate is fixed for each year and a rebate is calculated at the year end. The rebate is the difference between the billing rate and the actual price of the delivered electricity during the 12 months. Latest indications show that the rebate for 2010/11 will be £32k.

Planned footway schemes were suspended later on in the year to prioritise carriageway repairs due to the impact of the snow. This has led to a variance of Cr £90k on footway repairs partly offsetting £121k overspend on carriageway pothole repairs, drainage and road markings renewals.

Reasons	£'000
Winter maintenance	741
Planned footway repairs	(90)
Carriageway pothole repairs, drainage & road markings	121
Staffing	(29)
Other running expenses	(75)
Income	(11)
Underspend on street lighting electricity	(32)
	625

Costs relating to winter maintenance due to the snow during December have resulted in an overspend of £741k. The table below gives a breakdown of winter maintenance budgets and the projected variances: -

Winter Maintenance	Budget	Projected Spend	Projected Variance
	£'000	£'000	£'000
Gritting and Snow Clearance	207	638	431
Met Office Costs	32	23	(9)
Salt Usage	32	150	118
Vehicle/plant maintenance & repairs	106	162	56
Salt Barn improvements	0	110	110
Total Winter Maintenance costs	377	1,083	706
Additional emergency tree works		35	35
Total additional highways costs due to the snow	377	1,118	741

The reason for the large overspend for winter maintenance is that the UK experienced the coldest December in 31 years, the South East suffered from two main snow events, with as much snow as 60cm falling in some parts of the Borough.

Due to the high demand of salt during the latter part of the fiscal year, the average purchase price per tonne increased by £5.80. 4,830 tonnes were used during December, January and February costing £150k, an additional £34k compared to 2009/10.

The salt barn at Shire Lane needed to be re-surfaced and improved in order to better preserve the salt and to provide more efficient and adequate storage facilities.

Due to the high volume of snow, the weight caused significant damage to the Borough's trees and additional works to the value of £35k have been carried out. The current contractor is continuing to assess and remedy all emergency safety works to the trees and more costs may be incurred as the works are progressed throughout the Borough.

Breakdown of gritting and snow clearance expenditure	£'000
Additional labour and plant for footway clearance	213
Primary routes 1 and 2 operation	168
JCBs and demounts for areas outside Primary routes 1/2 network	106
Salt transfer from Shire Lane to Baths Road	24
Salt bin filling (x3 Oct-Jan)	8
Farmers' snow clearance	13
Standby, overtime, training and other costs	106
	638

13. London Permit Scheme Dr £9k

The financing of the London Permit is expected to break even. Although the controllable budgets show a deficit of £9k, the non-controllable budgets show a credit of £9k therefore making the scheme self-financing.

14. Non-controllable variations Dr £6,126k

A breakdown of the Dr £6,126k variation in non-controllable budgets is shown in the table below: -

Non-controllable Variations

	£'000	£'000
Non-controllable budgets		
FRS17 adjustments	829	
Landlord repairs and maintenance	(298)	
Insurance	380	
Capital Charges	5,867	
Property Rental Income	<u>(12)</u>	6,766
Excluded Recharges		
Support Service recharges	(172)	
Admin Buildings	(276)	
Computer charges	(55)	
Other net recharges	<u>(137)</u>	(640)
		<u><u>6,126</u></u>

FRS17 adjustments Dr £829k

An actuarially assessed adjustment to the employer's pension fund contribution is required to be made under FRS17. This is to reflect the Current Service Cost (the cost of the extra accrual of benefit for active members net of employee contributions, based on assumptions at the start of the year) in our accounts rather than the actual employer contributions. This has resulted in an overall variation of Dr £829k for this portfolio.

Variation in repairs and maintenance Cr £298k

For operational reasons and client unit requirements a number of repair and maintenance projects that were scheduled for completion by 31 March 2011 will not be complete until sometime later in 2011. A carry forward request has been made for £748k to continue funding on-going works in the new financial year.

The Property and Finance Sub-Committee in December 2001 agreed for a carry forward to be made at the end of each financial year of revenue underspends on landlord building maintenance on the basis that the Chief Property Officer will continue to seek to contain total expenditure within approved annual budgets.

Insurances Dr £380k

Insurance recharges are partly based on actual premiums paid in the year and partly on the actual claim payments made. While the premium-based element is known in advance and does not produce significant variations, the claims-based element can vary significantly between years. This has resulted in an overall variation of Dr £380k for this portfolio.

Variation in capital charges, etc Dr £5,867k.

Various entries relating to capital expenditure and fixed assets are required to be charged to service revenue accounts, although it is important to note that these are all reversed out and are therefore cost-neutral.

These comprise:

- Depreciation – variations in the charge for the depreciation of fixed assets arise from revaluations carried out during the year. This has resulted in an overall variation of Cr £219k for this portfolio.
- Revenue expenditure funded by capital under statute - capital expenditure on assets over which the Council has no direct control or which does not add value to the Council's fixed asset base is shown as a charge to revenue services. Variations mainly arise due to re-phasing of expenditure between years or as the result of new expenditure / grant funding. This has resulted in an overall variation of Dr £1,619k for this portfolio.
- Capital grants and contributions – prior to 2010/11, a credit was allocated to revenue services in respect of capital grant income and contributions receivable and matched with fixed assets. Due to a technical accounting change, however, this is now no longer credited to services, but is instead credited to the general "taxation and non-

specific grant income” line in the Comprehensive Income and Expenditure Statement. This has resulted in an overall variation of Dr £4,352k for this portfolio.

- Fixed asset impairment – all of the Council’s fixed assets are re-valued by the Property Division at least every 5 years and an impairment charge is made to revenue services in respect of downward revaluations. These revaluations are completed towards the end of the financial year and no budgetary provision is made for them. Impairment losses totalling Dr £115k have been charged to this portfolio.

Variation in rental income Cr £12k:

For information here, the variations relate to a small surplus within property rental income budgets across the division. Property department are accountable for these variations.

Excluded recharges Cr £640k

Variations in cross-departmental recharges are offset by corresponding variations within other portfolio budgets and have no impact on the overall position.