



Environment and Climate Change Committee

14 March 2023

Title	Environment and Climate Change Forecast Financial Outturn at Month 10 (January 2023)
Report of	Chair of the Environment and Climate Change Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None.
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Summary

This report contains a summary of the Committee's revenue and capital forecast outturn for the financial year 2022-23 as at Month 10 (31 January 2023).

Recommendations

That the committee notes:

1. the current forecast financial outturn for 2022-23, for capital and revenue budgets.
2. the projected use of reserves as they relate to this committee's budgets.

1 Summary

1.0 This report sets out the forecast outturn position for the 2022-23 financial year as at 31st January 2023 for the services which fall within the Environment and Climate Change Committee. This now includes a report on the financial performance on the sustainability delivery service.

1.1 At month 10, the forecast General Fund revenue financial outturn is:

- A forecast overspend of £1.959m
- A forecast net use of reserves of £2.103m.

2. Forecast Position at Month 10

2.1 As at month 10, the forecast revenue outturn is a £1.959m overspend against the approved budget for 2022-23. This is outlined in Table 1 below.

Table 1: Forecast Revenue Outturn at Month 10

Environment & Climate Change Committee	2022-23 Budget	Month 10 (Forecast outturn before reserves)	Month 10 Variance	Reserves applied	Month 10 Forecast outturn after reserves	Month 10 variance after reserves	Month 8 variance after reserves	Reporting Change
	£m	£m	£m	£m	£m	£m	£m	£m
Green Spaces & Leisure	1.653	2.426	0.773	(0.720)	1.706	0.053	0.056	(0.003)
Mortuary	0.569	0.724	0.155	-	0.724	0.155	0.140	0.016
Street scene	14.427	15.211	0.784	0.438	15.649	1.222	1.644	(0.422)
Sustainability	0.501	0.854	0.353	(0.353)	0.501	-	-	-
Guaranteed Income	(12.765)	(12.765)	-	-	(12.765)	-	-	-
Re Managed Budgets	2.878	4.876	1.997	(1.468)	3.408	0.529	0.568	(0.039)
RE Management Fee	18.896	18.896	-	-	18.896	-	-	-
Total - Environment and Climate Change Committee	26.159	30.222	4.063	(2.103)	28.119	1.959	2.408	(0.449)

2.2 Table 2 provides a breakdown of the variances as at Month 10 and underlying budget position.

Table 2: Month 10 variance detailed commentary

Service Areas	Month 10 variance after reserves	Commentary
	£m	
Green Spaces & Leisure	0.053	This is due to increase in costs in the servicing of parks and open spaces. Energy costs have increased and car park income in parks is now forecast to be lower than expected.
Mortuary and Coroner's Services	0.155	Mortuary services are provided by Brent Council as part of an inter-authority agreement. Costs are based on population per capita. Increased costs at Month 10 relate to increased utility costs and the use of off-site provision to support operational capacities through winter pressures.
Street scene	1.221	The forecast represents a £0.422m favourable movement from last reported position at month 8. This is made up of: £0.314m overspend forecasted for the Direct Labour Organisation (DLO). This includes an income shortfall from the minor works and sign shop as a result of works now being contracted to Conway Aecom and Kier Tarmac which was previously done by DLO. £0.106m income shortfall in commercial waste. The impact of regulation and the pandemic resulted in lower-than-expected uptake. £0.165 provision made for 6 months HGV driver recruitment and retention payment in order to compete with the private sector in a market where there is a shortage of HGV drivers.

		<p>£0.059 additional cost for waste collection services. £0.099m overspend in refuse as a result of unplanned bank holiday costs £0.039m shortfall in advertising income £0.071m overspend across a number of different activities £2.317m shortfall in parking services because of an ongoing impact of the COVID 19 pandemic on travel patterns and parking behaviours and delay in implementation of the Controlled Parking Zone (CPZ) programme. A further breakdown is in Table 6.</p> <p>The service also has a number of underspends or positive income actuals: £0.342m from garden waste income following increased subscription to the service. £0.343m rebate from North London Waste Authority (NLWA) on the commercial waste levy due to tonnages being lower than anticipated. £0.841 financial penalty payment by street lighting contractor for not meeting performance standards. £0.167m favourable variance in ground maintenance from additional income and reduced staff cost forecast. £0.174m reduction in forecast staff cost for management and support £0.082m overachievement in off street parking income against expectations.</p>
Guaranteed Income	0.000	The part of the Guaranteed Income reported in this committee is forecast to come in on budget
Re Managed Budgets	0.529	£0.0.185m overspend arising from the unexpected cost of repairing a significant sinkhole on the A5 road in the routine works budget. Management fees from Regional Enterprise (RE) for the LIP programmes are £0.150m lower than expected because of lower resource demands. Consequently, the charge back income to the capital projects (which is what is reported here) will be lower as it will be based on actuals. There is also no current indication of LBB being awarded an additional 15% management fee for the LIP projects further reducing the expected LIP income by c£0.200m
RE Management Fee	0.000	Forecast on budget
Total	1.959	

Application of Reserves

- 2.3 The council holds reserves to deal with future pressures where the value or the timing of the pressure is uncertain, or where the funding can only be spent on specific objectives (e.g., grant funding). Reserves are divided into 'earmarked' reserves, where the spending objective is known with some clarity (as is the case with grants issued for a specific purpose), and 'general' reserves, intended to mitigate the impact of wholly unforeseeable costs. Section 25 of the Local Government Act 2003 requires the s.151 officer to report to the authority on the adequacy of the proposed financial reserves during the budget-setting process. Earmarked reserves are usually held by specific services, while general reserves are held corporately.
- 2.4 The use of reserves is not intended to replace savings or income generation opportunities as part of the MTFS. Reserves can only be used once and then they are gone. Any use of reserves to replace savings or income generation opportunities is a delaying action, storing up pressures into future years. This could be part of investing in transformational service delivery and is the ultimate last resort during budget setting when a gap cannot be bridged despite best efforts.
- 2.5 This report sets out anticipated use of or top up of earmarked service reserves within the service. The table below provides further detail. All items of expenditure being funded by reserves at this stage are expected to be one-off in nature.

Table 3 Use of or top-up of reserves at Month 10

Service Areas	Forecast (drawdown)/ top-up to reserves	Commentary
	£m	
Green Spaces & Leisure	(0.720)	£0.421m Earmarked reserve drawdown to support 5-year Tree planting program. £0.299m Earmarked reserve funded Pleasant Park Program to deal with increased demand and environmental related issues.
Mortuary and Coroner's Services	0.000	

Street scene	0.438	From carried forward Covid-19 funding £0.150m for the loss of commercial waste income due to businesses no longer operating at the same level as pre pandemic £0.095m from agency costs for additional vehicle cleansing in the first half of the year. The following from associated General Fund reserves. £0.122m for Street Scene agency cover for employed staff who are absent. £0.350m from Neighbourhood Community Infrastructure Levy (NCIL) for the roll out of community skips service £0.300m from NCIL for the roll out of residential roads deep cleansing £0.050m from NCIL for roll out of invasive weed control There is also a transfer to reserve of £1.5m from contract settlement payout for street lighting services
Sustainability	(0.353)	To fund the council's new sustainability projects.
Guaranteed Income	0.000	
Re Managed Budgets	(1.468)	£0.359m earmarked flood grant from Environment Agency £0.262m allowance for pending commercial claims from Term Maintenance contractor £0.030m feasibility study for A1000 cycle way £0.500m final additional top-up to fund Capital Betterment lump sum £0.072m reactive maintenance from earmarked maintenance reserves.
RE Management Fee	0.000	
Total - Environment and Climate Change Committee	(2.103)	

Savings

2.6 The committee's budget for 2022-23 includes planned savings of £2.054m; of which it is current forecast that £1.983m of these savings will be achieved. Table 4 below outlines these savings.

Table 4 Savings Delivery 2022-23

Savings Reference	Opportunity By Area	Description of saving	2022-23 Savings £m	Forecast Achievable £m	Unachievable £m	RAG Rating
ENV29	Street Scene- Parking	Rebanding. Assumes approved (GLA) and implemented for full year (https://www.london.gov.uk/decisions/md2875-lb-barnet-request-change-penalty-charge-notice-levels)	(0.966)	(0.966)	0	Delivered
ENV30	Street Scene- Waste	Lower than expected operating cost of travelling to new disposal points due to use of alternative operational model. .	(0.412)	(0.412)	0	Green
ENV31	Street Scene- Environment Management	Senior Management Review	(0.200)	(0.200)	0	Delivered
ASU_ NewIncome1	Community Safety	FPN / Enforcement penalties by CST (littering Fly tipping trade waste etc) estimated	(0.431)	(0.360)	0.071	Amber
ENV14	Greenspaces	Improvement plan for tennis delivery and facilities within Barnet. Introduction of booking system and programme of investment in facilities, with the intention of establishing sustainable, revenue-generating model.	(0.020)	(0.020)	0	Green
			(2.054)	(1.983)	0.071	

Risks and opportunities

- 2.7 In preparing the report for month 10, a number of overall (corporate) and service-specific risks have been identified. There are no significant changes to the risks and opportunities. These are set out overleaf.

Table 5 Risks 2022-23

Risk	Description of Risk	Mitigating actions	Likelihood
Winter Gritting Service Risk	Cost of winter gritting operations exceeds available budgeted resources.	The service will seek to manage from its overall budget envelope in the first instance. The impacts modelled of a severe winter may see additional expenditure though it is expected that most of the risk is already factored into the latest forecast position.	Medium
Parking and Traffic income - changed patterns of behaviour	Income – Forecasts are based on the current level of activity which are subject to change even at this late stage.		High
CPZ Programme - professional services	Programme dependent on availability of professional services through partner organisations	Development of super SPIR with RE, recruitment of agency staff to support programme activities	
Parking products and penalties - Cost of living impact on ability to pay	Risk to parking income from reduction in discretionary spending and increase in debt delinquency	Continuation and review of hardship policies already in place. Consideration of mechanisms for addressing hardship in any review of policy, services, and products	
Parking Staff - Labour market effect on recruitment and retention (NSL employed)	Changes to the labour market and working patterns may affect supply of labour for frontline and back office workers with consequent effects on revenue	Regular engagement with suppliers in order to ensure that all recruitment avenues are being followed and to review ways of making roles more attractive to potential candidates.	
Reduced utility company parking suspension	Reduced year on year income from utility company parking suspensions	Uneven income through year not unusual. Monitoring of activity ongoing.	
New MTC sites – professional services	Significant delays to receipt of survey data and implementation of the sites	Senior officers are engaged with supplier to facilitate resolution as a matter of urgency	
Bus Lanes – suspensions	Rolling suspensions of bus lanes for utility works supporting developments on A5	Details of work schedule has been requested from TTRO team. NSL have been tasked with daily monitoring of bus lane suspensions	
West Hendon development – disruption to MTC enforcement	Delayed junction works at West Hendon may disrupt enforcement at several locations	Long term engagement between Parking /MSL/Videalert regarding relocation of cameras	
Debt recovery – integration issues with court bulk centre	Debt and warrant registration delays from June due to file formatting mismatch with court bulk centre. Delays to debt recovery. If sustained will affect recovery rates	Escalated with NSL/WSP and Northgate. Test batch successful land will be monitored over coming months	

3 Ringfenced funding

Special Parking Account

- 3.1 Income received from parking charges is paid into a Special Parking Account (SPA) to comply with legislative requirements. Any surplus is appropriated into the General Fund at year end. The act requires any surplus to be spent on specified traffic and highways management objectives. Table 6 illustrates the month 10 forecast outturn position for the SPA and the appropriation to the general fund. It is currently forecast to be in deficit by £2.317m because of shortfall in projected income.

- 3.2 The deficit consists of two elements:

3.2.0 A shortfall on business-as-usual activity around penalty charge notices, permits, on and off-street parking. This reflects parking activity returning to c.80%-85% of the activity seen in 2019-20 due to long-term habits around use of vehicles changing because of the Covid-19 pandemic. We believe this is mirrored across neighbouring boroughs and nationally. As a result of the macro-economic environment with CPI at 11.1% and both fuel and electricity costs remaining high, affecting travel patterns and associated parking behaviours. This represents £0.750m of the overall deficit.

3.2.1 A delay in the delivery of the Controlled Parking Zones (CPZ) programme has arisen due to an extension of some consultations to facilitate greater community engagement. Time was also taken to work with the project delivery partner on development of the contractual, resourcing, and associated matters. The cost of this delay represents £1.500m of the overall deficit and increase of £0.500 from last reported pressure.

3.3 A senior officer governance board now oversees the delivery of the CPZ programme to ensure the plan can meet its revised expectation to bring the CPZ programme back on track by the end of the next financial year. Updates will be provided to the cabinet.

Table 6 SPA Forecast

SPA Accounts	2022-23 Budget	Estimated 2022-23 Outturn	
	£m	£m	£m
Income	Budgeted SPA Account	M10 Outturn	M10 Variance
Penalty Charge Notices	(12.977)	(10.586)	2.391
Residents Permits	(3.232)	(3.356)	(0.124)
Pay & Display	(3.725)	(3.476)	0.249
CCTV Bus lanes	(1.110)	(0.937)	0.173
Total Income	(21.044)	(18.355)	2.689
Total Income after adj.	(21.044)	(18.355)	2.689
Operating Expenditure (running costs)	7.730	7.357	(0.372)
Net Operating Surplus	(13.314)	(10.998)	2.317
Appropriation to General Fund	(13.314)	(10.998)	2.317

2 Capital Programme

2.1 The capital forecast outturn at month 10 for 2022-23 is £22.798m which suggests a reprofiling into future years of £10.674m

Table 7 Current Financial Year Forecast Capital Outturn at Month 10

Service Area	2022-23 Budget	Additions/ (Deletions) Since last report	2022-23 Forecast	Variance from Approved Budget	Expenditure to date
	£m	£m	£m	£m	£m

Street Scene	10.504	-	7.499	-3.005	2.790
Highways Non-TFL	17.892	-	12.244	-5.648	4.525
Highways TFL	-	-	-	-	0.046
Re (Environment)	2.669	-1.500	0.534	-0.635	0.239
Greenspaces	3.907	-	2.521	-1.386	0.797
Total	34.972	-1.500	22.798	-10.674	8.397

Street Scene

- 2.2 Street Scene: Vehicles is expected to reprofile £2.480m into future years as result of re-emergence of supply chain issues.
- 2.3 The Barnet EV 500 project with a budget of £4.8m is expected to be completed by the year end. There are currently no reported issues with delivery plans.
- 2.4 LED Lighting – This Programme is currently at 90% completion in terms of assets converted to LED, the remaining assets are expected to be completed in line with the delivery plan by year-end.

Highways Non-TFL

- 2.5 The Highways Improvement programme is forecasting to reprofile £2.409m of budget into future years project assessments were undertaken following the challenges from socio-economic factors. Some projects may now only be delivered in the following year.
- 2.6 The Network Recovery Programme phase two is forecast to re-profile £1.657 into future years.
- 2.7 The Strategic Capital Investment Levy funded projects are also forecast to reprofile £1.582m into future years.

Highways TFL

- 2.8 Highways TFL: The programme is forecast to budget with no reported issues at M10

RE (Environment)

- 2.9 Re (Environment): Colindale Parks, Open Spaces and Sports – The majority of construction costs for the project will be incurred from 2023-24 onwards. As a result, £1.5m will be reprofiled into the next financial year, leaving £0.5m-£1.0m available for in-year costs. Work on Colindale Park has been completed, with any outstanding work for this project only related to Rushgrove Park.

Greenspaces

- 2.10 Greenspaces Development Project - relates to a series of strategic proposals (eg masterplan developments, quality / value category site investment) which are in line with delivering the Parks & Open Spaces Strategy
- 2.11 £3.750m allocation under Parks & Open Spaces SCIL for Parks Infrastructure and Improving Quality for valued Parks has been provided in Greenspaces Development to fund the expenditure.
- 2.12 £2.000m expenditure is projected for 2022-23 on Tennis Courts, play areas and general parks improvements. Reprofiled necessary to future years relates to delays in some workstreams that have arisen due to procurement delays and funding applications.

5. REASONS FOR RECOMMENDATIONS

- 5.1 This report contains a summary of the forecast revenue and capital outturn for the services within the Environment Committee, for the financial year 2022-23, as at month 10 (January 2023).

6. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 6.1 None

7. POST DECISION IMPLEMENTATION

- 7.1 None

8. IMPLICATIONS OF DECISION

8.1 Corporate Priorities and Performance

- 8.1.1 This supports the council's priorities for the environment and sustainability.

8.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 8.2.1 This report considers the forecast position of the services under the remit of the Environment and Climate Change Committee at the end of the financial year.

8.3 Legal and Constitutional References

- 8.3.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

- 8.3.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

- 8.3.3 The council's current Financial Regulations governing the reporting of financial matters can be found at:

<https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD349&ID=349&RPID=638294>

- 8.3.4 Article 7 of Barnet's Constitution outlines the Committee's Terms of Reference; (1) Responsibility for all borough-wide or cross-area matters relating to the local environment including:

- Air Quality
- Cycling, Walking and Healthy Streets
- Biodiversity
- Transport and Public Transport
- Grounds Maintenance
- Highways
- On-Street and Off-Street Parking

- Road Safety
- Lighting
- Street Cleaning
- Environmental Crime (including littering, fly-tipping fly-posting, and graffiti)
- The Council's Fleet
- Waste and Recycling
- Waterways
- Parks and Open Spaces (including allotments and trees)
- Cemeteries, Crematoria and Mortuary
- Trading Standards and Environmental Health (except Environmental Health functions relating to housing and fire safety)

(2) Responsibility for the council's response to the climate emergency including:

- Setting and overseeing implementation of carbon reduction targets, both in relation to the council as an organisation and Barnet as a place
- Developing strategies to meet those carbon reduction targets
- Developing strategies for the mitigation of the impacts of climate change, both on the council as an organisation and Barnet as a place
- Implementing the elements of those strategies that relate to functions listed in (1) above.

(3) To submit to the Policy and Resources Committee proposals relating to the Committee's budget (including fees and charges) for the following year in accordance with the budget timetable.

(4) To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.

(5) To receive reports on relevant revenue and capital expenditure, contracts, performance information and risk on the services under the remit of the Committee.

8.4 Insight

8.4.1 Whilst not specifically applicable to this report, insight is used to support the financial position forecasted in this report through activity drivers and place-based understanding.

8.5 Social Value

8.5.1 None applicable to this report.

8.6 Risk Management

8.6.1 Regular monitoring of financial performance is a key part of the overall risk management approach of the Council.

8.7 Equalities and Diversity

8.7.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties, they are not duties to secure a particular outcome. Consideration of these duties should precede the decision. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

8.7.1.1 A public authority must, in the exercise of its functions, have due regard to the need to:

- 8.7.1.1.1 eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- 8.7.1.1.2 advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- 8.7.1.1.3 Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.7.1.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- 8.7.1.3 remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- 8.7.1.4 take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- 8.7.1.5 Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 8.7.1.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

8.7.1.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

8.7.1.8 Tackle prejudice and promote understanding.

8.7.1.9 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- 8.7.1.9.1 Age
- 8.7.1.9.2 Disability
- 8.7.1.9.3 Gender reassignment
- 8.7.1.9.4 Pregnancy and maternity
- 8.7.1.9.5 Race
- 8.7.1.9.6 Religion or belief
- 8.7.1.9.7 Sex
- 8.7.1.9.8 Sexual orientation
- 8.7.1.9.9 Marriage and Civil partnership

8.7.2 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

8.7.3 Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

8.7.4 Measures undertaken as part of the Council's response to the Covid-19 pandemic have been undertaken in full awareness of the Council's commitment and responsibility to act in accordance with its own Equalities Policy and wider legislation. It is notable that the virus does appear to affect some parts of the community more than others, and the Council's actions have been informed by its commitment to mitigate impacts in all areas, and to appropriately protect or shield especially vulnerable individuals, in accordance with national guidelines.

8.8 Corporate Parenting

8.8.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

8.9 Consultation and Engagement

8.9.1 None in the context of this report

8.10 Environmental Impact

8.10.1 None in the context of this report

9. BACKGROUND PAPERS

9.1 None