

Report for: Environment and Community Safety Scrutiny Committee
16th October 2018

Title: 2018/19 Quarter 1 (to June 2018) Financial Report for Priority 3
(Safe and Sustainable Places)

Report authorised by : Stephen McDonnell, Director of Commercial and Operations

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Not a key decision

1. Describe the issue under consideration

This report provides an overview of the financial performance of the services within Priority 3 (A clean and safe borough where people are proud to live) as at the end of quarter 1, 2018/19.

2. Cabinet Member Introduction

N/A

3. Recommendations

That Members note the financial position of Priority 3 services.

4. Reasons for decision

In October 2015 the main Overview and Scrutiny Committee agreed each scrutiny panel could during the course of each year undertake a review of their areas overall service and financial performance, taking into account previous years' performance, the current year's estimated outturn position and future changes as set out in the Council's MTFs (medium term financial strategy).

5. Alternative options considered

This is the 2018/19 quarter 1 financial report as such there are no alternative options.

6. Background information

6.1. Introduction

This is the first quarterly financial report for the 2018/19 financial year covering both revenue and capital.

6.2. Priority 3 services are those relating to Commercial and Operations Services as well as Emergency Planning Services.

6.3. Table 1 sets out the variances for each service.

Table 1: Forecast Outturn Variance as at Period 3 (June 2018)

Summary Forecast Position			
Services	Revised Budget	Quarter 1 Forecast	Variance to budget at Quarter 1
	£'000	£'000	£'000
Commissioning & Client	14,587	15,140	553
Operations	8,004	8,245	241
Community Safety & Enforcement	2,978	2,971	-7
Strategic Procurement	-43	-36	7
AD for Commercial & Operations	1,480	1,480	0
Operational Resilience	251	451	200
Commissioning	710	710	0
Chief Finance Officer	1,900	1,902	2
Total for Priority 3	29,867	30,863	996

6.4. Table 1 summarised

6.5. The above table shows the break down by service of the total priority 3 budget of £29.867m; forecasted expenditure of £30.863 and the projected overspend of £0.996m. There are three main areas of overspend which are detailed in the following sections.

6.6. Commissioning & Client £553k overspend

The reported overspend relates to two areas.

Firstly, £213k contractual inflation cost pressure on the Veolia contract will be borne by the service in 2018/19 and the base budget will be increased in 2019/20 to accommodate the increased inflationary cost pressure.

Secondly, there is a £340k one off cost pressure due to the difference in the level of waste provision services provided to Homes for Haringey and the agreed recharge in 2018/19. Discussions are in place to match overall services provided and the appropriate recharge for 2019/20 onwards.

6.7. Operations £241k overspend

Of the £241k overspend, £80k relates to an unachievable income budget which will be removed in 2019/20, £70 inflation cost pressure with will be addressed in 2019/20 and a further £91k arising from salary pressures and vehicle cost pressures arising from leasing vehicles to replace vehicles beyond economic repair.

6.8. Operational Resilience £200k overspend

This arises from a dispute of £200k with Amey. Amey have challenged the original specification for cleaning and citing that the areas to be cleaned were larger than specified. Management are looking to resolve this via arbitration

or adjudication. The impact could be spread across other services as the recharges are

7. Monitoring of MTFP savings

7.1. As at the end of Period 3, the overall position on Priority 3 savings is as set out in Table 2 below

Table 2: MTFP status – June 2018 (Period 3)

	New MTFP	Old MTFP	Total	Savings Achieved 2018/19	Savings Shortfall	% Achieved
	£ '000	£ '000	£ '000	£ '000	£ '000	%
Priority 3	1,660	75	1,735	1,585	150	91
Total	1,660	75	1,735	1,585	150	91

7.2. The above table shows MTFP savings of £1.66m for 2018/19 and a brought forward target of £75k for the delayed implementation of cashless parking. The combined total saving for 2018/19 is £1.735m.

7.3. There is a reported savings shortfall of £150k and 91% of the savings are reported as being achieved. There are two elements to the shortfall in savings.

7.4. £100k relates to reduced uptake of expected demand after introducing charges for the collection and disposal of bulky household waste.

7.5. Similarly, a further £50k will not be achieved from the budgeted income target after introducing charges for replacement domestic waste bins.

7.6. Given the level of savings proposals identified to be delivered in 2018/19, there is a RAG rating specifically related to the delivery of the savings. The RAG status takes account of risk of delivering the full savings in the year and risk of delay to give an overall risk rating. The rating is as follows:

Green: The risk is tolerable and requires no action unless status increases.

Amber/Green: The risk requires active monitoring but does not currently require mitigating action.

Amber/Red: Mitigating action is required and active monitoring should take place with immediate escalation if the position does not improve or deteriorates.

7.7. Of the above MTFP saving the status is as follows: £1.585m is rated green and £150k is rated amber/red

7.8. Details of each savings and their status is attached at Appendix 1.

8. Capital Expenditure

8.1. At quarter 1, the capital programme of £20.1m is forecasting an underspend of £856k representing a reprofiling of the schemes between years for asset management of council buildings.

8.2. There is a net credit on the capital programme of actual spend at present of £611k. This is due to year end accruals for works completed in 2017/18 but not yet invoiced by the main contractor.

8.3. Details of the individual capital projects are outlined in appendix 2.

9. Contribution to strategic outcomes

9.1. Adherence to strong and effective financial management will enable the Council to deliver all of its stated objectives and priorities. This report deals with the financial position of those services which are contributing to the Council's Priority 3: A clean and safe borough where people are proud to live.

10. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

10.1. Finance and Procurement

This report is primarily financial in nature and no additional comments are required from the Chief Financial Officer.

10.2. Legal

Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the approved budget. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

The Council must act reasonably and in accordance with its statutory duties.

11. Equality

11.1. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

11.2. Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;

11.3. Advance equality of opportunity between people who share those protected characteristics and people who do not;

- 11.4. Foster good relations between people who share those characteristics and people who do not.
12. This report provides an update on the current position in relation to planned MTFS savings. Given the impact on services of savings targets, all MTFS savings were subject to equalities impact assessment as reported to Full Council on 26th February 2018.
13. **Use of Appendices**
Appendix 1 – Quarter 1 monitoring of MTFP savings for 2018/19
Appendix 2 – Quarter 1 detailed Capital Programme for 2018/19
14. **Local Government (Access to Information) Act 1985**
- 14.1. 2018/19 Quarter 1 finance budget monitoring working papers
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- 2018/19 Quarter 1 budget monitoring report to Cabinet
<http://www.minutes.haringey.gov.uk/mgConvert2PDF.aspx?ID=103421&ISA TT=1#search=%22budget%20report%22>

MTFS Savings - P3 - Cleaner and Safer Communities

Appendix 1

Ref	Proposal	2018-19 B/fwd £000's	2018-19 £000's	2018-19 Total £000's	Overall risk RAG	Firm Commitment for savings achievable for 2018/19 £	Details of impact of under achievement of savings and mitigating actions
P3 - Cleaner and Safer							
3.1	Charge Green Waste - income generation		375	375	GREEN		As of 25 June subscriptions for the green garden waste collection were 7067. Subscriptions in the last financial year fell just short of the income target of 375,000 pounds per year. We missed the target by 10,000 pounds and would likely have met it if we had not had such a cold start to Spring. The target for the current financial year is to double the amount of subscriptions and reach an annual income of 750,000 pounds per year. Current projections suggest we will fall short of this target by 100,000 pounds though we are likely to reach it in the following financial year. We have identified some one-off measures to bridge the gap.
3.2	Charging for Bulky Household Waste		100	100	AMBER		We are likely to fall short of this target and officers are preparing mitigating measures in-year and going forward to address this. We project we will miss the bulky waste income target of £400,000 by £200,000.
3.3	Charging for Replacement Wheelie Bins		50	50	AMBER		We project we will miss the replacement bin income target of £50,000 by £40,000. A further contract saving of £150,000 has been agreed as a consequence of having a replacement bin charge.
3.4	Charging for recycling bins and increasing residual bins for RSLs, Managing Agents, Developers etc...		50	50	GREEN		
3.5	Flats Above Shops - Provision of bags - Service reduction		-	-	GREEN		
3.6	Reduce Outreach/ Education team - Service reduction		65	65	GREEN		
3.7	Closure of Park View Road R&R - Service reduction		115	115	GREEN		
3.8	Veolia Operational Efficiencies		-	-	GREEN		
3.9	Rationalisation of Parking Visitor Permits		225	225	GREEN		
3.11	Relocation of Parking/CCTV processes and appeals		380	380	GREEN		
3.12	Move to Cashless Parking	75		75	GREEN		
3.13	Move to Online Parking Permit Applications & Visitor Permits			-	GREEN		
3.14	Parking New IT Platform		-	-	GREEN		
3.15	Increase in CO2 Parking Permit Charge		300	300	GREEN		
Subtotal (New MTFS)		75	1,660	1,735		-	

Capital Expenditure for Priority 3

Appendix 2

2018/19 Capital Monitoring Quarter 1 (June 2018)		18/19 Full year Revised Budget	Actual Spend to Date (Jun. 18)	2018/19 Forecast Outturn	Variance (Underspend) / Overspend	
SCHEME REF	SCHEME NAME	£,000	£,000	£,000	£,000	Scheme Progress Comments
301	Street Lighting	1,225	(34)	1,225	0	On target: awaiting invoicing by the contractor for works delivered
302	Borough Roads	3,448	93	3,448	0	On target: awaiting invoicing by the contractor for works delivered
303	Structures (Highways)	1,264	9	1,264	0	Main works are not due on site until quarter 4.
304	Flood Water Management	560	(84)	560	0	On target: awaiting invoicing by the contractor for works delivered
305	Borough Parking Plan	407	2	407	0	On target: awaiting invoicing by the contractor for works delivered
307	CCTV	0	0	0	0	It is likely that spend this year will be limited to consultancy fees for feasibility and scheme design. The actual scheme will be delivered next year and is likely to exceed the budget allocation. A paper outlining this will be brought to Capital Board later this year.
309	Local Implementation Plan(LIP)	3,199	56	3,199	0	On target: awaiting invoicing by the contractor for works delivered
310	Developer S106 / S278	750	54	754	4	On target: awaiting invoicing by the contractor for works delivered
311	Parks Asset Management:	312	0	312	0	All works are planned and scheduled to be completed by end of financial year. All schemes have a predominance to be delivered in the second six months of the year.
313	Active Life in Parks:	431	(1)	431	0	All works are planned and scheduled to be completed by end of financial year. All schemes have a predominance to be delivered in the second six months of the year.
314	Parkland Walk Bridges	1,373	11	1,373	0	All works are planned and scheduled to be completed by end of financial year. All schemes have a predominance to be delivered in the second six months of the year.
316	Asset Management of Council Buildings	4,583	(18)	3,800	(783)	
317	Down Lane MUGA	420	0	420	0	All works are planned and scheduled to be completed by end of financial year. All schemes have a predominance to be delivered in the second six months of the year.
319	Bull Lane MUGA	720	0	720	0	Scheme paused at present pending discussion about possible purchase of New River by Football Foundation.
320	LCP - Dynamic Purchasing System	918	2	871	(47)	Project on track, project activity focusing on establishing the DPS phase 1 end of September. OJEU notice to be published August, pending finalisation of documentation
419	NPD Phase 2 LBH Match Funding	498	18	497	0	On target: awaiting invoicing by the contractor for works delivered
399	P3 Other	0	(720)	0	0	Accrual for works completed in 2017/18 and either awaiting invoice or the invoice is in dispute.
Priority 3 - total		20,108	(611)	19,282	(826)	