

1 Executive Summary

- 1.1 At month 3 the forecast outturn position for 2020/21 is an overspend of £12.806m against a budget of £9.381m, which includes estimated additional pressures totalling £11.973m Environment will incur due to Covid-19, and the use of £0.581m reserves for the Tree programme, therefore the budget position excluding the Covid impact is a £0.833m overspend.
- 1.2 The overall position is an improvement of £0.237m for Environment from Month 2 as £0.600m from garden waste was earmarked towards enhancing street cleansing services within the Month 2 report but due to timing this was not reflected within the figures.
- 1.3 Table 1 provides a summary of the overall position. Table 2 provides a breakdown of the movement between the Month 3 and Month 2 underlying position.

Table 1 Environment Month 3 Forecast Outturn

Service	20/21 Budget	Reserve movements	Forecast after reserve movement	Variance after reserve movements	COVID impact	Variance to budget excluding COVID impact	Previous month variance	Movement in Variance
	£	£	£	£	£	£	£	£
Street Scene	15,665,326	0	17,173,596	1,508,270	1,899,420	(391,150)	(1,028,373)	637,223
Greenspaces Development	1,023,901	(581,000)	1,780,984	757,083	213,000	544,083	535,489	8,594
Parking & Infrastructure	(10,133,156)	0	(982,592)	9,150,564	8,535,743	614,821	892,025	(277,204)
Environment Management	1,852,360	0	2,928,330	1,075,970	1,011,144	64,826	64,826	0
Environment Subtotal	8,408,431	(581,000)	20,900,318	12,491,887	11,659,307	832,580	463,967	368,613
Re managed Budgets	972,022	0	1,285,522	313,500	313,500	0	0	0
Total	9,380,453	(581,000)	22,185,840	12,805,387	11,972,807	832,580	463,967	368,613

- 1.4 Table 2 provides a breakdown of the movement between the Month 3 and Month 2 underlying position.

Table 2 Month 2 to Month 3 movement in variance

Service	Month 3 variation to budget	Month 2 variation to budget	Movement Increase / (Decrease)	Explanation of significant movements
	£	£	£	
Street Scene	(391,150)	(1,028,373)	637,223	As highlighted in Month 2 £0.600m additional income from Garden Waste has been earmarked towards an enhanced Street Cleansing service and training. Due to timing it was not included within the forecast in month 2 and is now reflected within the figures.
Greenspaces Development	544,083	535,489	8,594	
Parking & Infrastructure	614,821	892,025	(277,204)	Parking Income assumptions have been revised upwards based on the latest activity data received as parking enforcement has now resumed. This increase is partially offset by revising forecast savings that can be achieved in year.
Environment Management	64,826	64,826	0	
Re Managed Budgets	0	0	0	
Total	832,580	463,967	368,613	

1.5 The total Covid-19 impact current forecast for the directorate is £11.973m. The full details of this is broken down in Table 3.

Table 3 Covid-19 Service Impact

Directorate	Service	COVID-19 Impact	Commentary
		£0	
Street scene	Refuse Vehicles	360	Additional vehicle hire costs required within Recycling and Waste due to the delay in the delivery of new vehicles, as the current fleet is not LEZ-compliant.
	Refuse Agency Costs	169	Additional agency staff required cover for sickness due to Covid-19.
	Street Cleansing Agency Costs	115	Additional agency staff required cover for sickness due to Covid-19.
	CSI- Commercial Waste	1,220	Estimated loss of commercial waste collection income
	Auxiliary Service	22	Loss of bulky waste income loss over 6 month period
	Transport	13	Loss of MOT income
Street Scene		1,899	
Greenspaces Development	Parks & Open Spaces	213	Loss of income received from rents and sporting events.
Greenspaces Development		213	
Parking & Infrastructure	SPA	7,452	Potential loss of income from PCN's, Bus Lanes, Permits, suspensions, Moving Camera and P & D On-Street
	Off Street Parking	594	Potential loss of income from P & D Off-Street
	Advertising	490	Potential loss of income from Advertising income
Parking & Infrastructure		8,536	
Re Managed Budgets	RE- Managed Budgets	314	Level of LIP funding required as a result of Covid-19, it has been assumed that TFL funding won't be available to cover these fees.
RE- Managed Budgets		314	
Environment Management	Mortuary	1,011	Expenditure collectively incurred in respect of activating enhanced capacity for excess mortality management.
Environment Total		11,973	

1.6 Street Scene budget has an underspend of £0.391m mainly due to an overachievement within the Garden Waste service of £0.390m and the review of staffing costs. Additional income generated from the Chargeable Garden Waste service has been earmarked for the enhancement of the Street Cleansing service.

1.7 Greenspaces Development has an overspend of £0.545m mainly due to the service being unable to meet savings targets set in previous years totalling £0.600m. The forecast outturn position includes reserve funding for the tree planting programme of £0.581m.

1.8 Parking & Infrastructure budget has an overspend of £0.615m. This is mainly to due additional costs of £0.176m for unfunded maintenance works and Non-Domestic Rates within Car parks, £0.150m for Winter Maintenance and £0.186m for additional staffing costs, in addition there are also contract and minor works costs.

1.9 Environment Management has an overspend of £0.065m due to estimated additional mortuary contract costs.

1.10 RE Managed Budgets is reporting to budget excluding the covid financial impact due to loss of LIP funding from TFL.

Special Parking Account (SPA) analysis

1.11 Activity in certain areas has seen a very large initial reduction followed by a significant recovery. While there is an expectation for further recovery in all areas, it appears highly likely that within the year activity and income will remain below previous levels.

1.12 Given the massive volatility in activity, forecasting is currently being made based on activity levels in areas where income is not received up-front. There is a strong chance that recovery rates may be affected by the emergency, associated regulatory change and economic damage, this is reported as a risk rather than an element of the forecast.

1.13 All forecast assumes a recovery based on current expectations and does not assume any delay to release of restrictions or re-imposition of restrictions.

1.14 PCNs: Figure 1 below shows the no. of PCNs issued so far this year compared with 2018/19 and 2019/20.

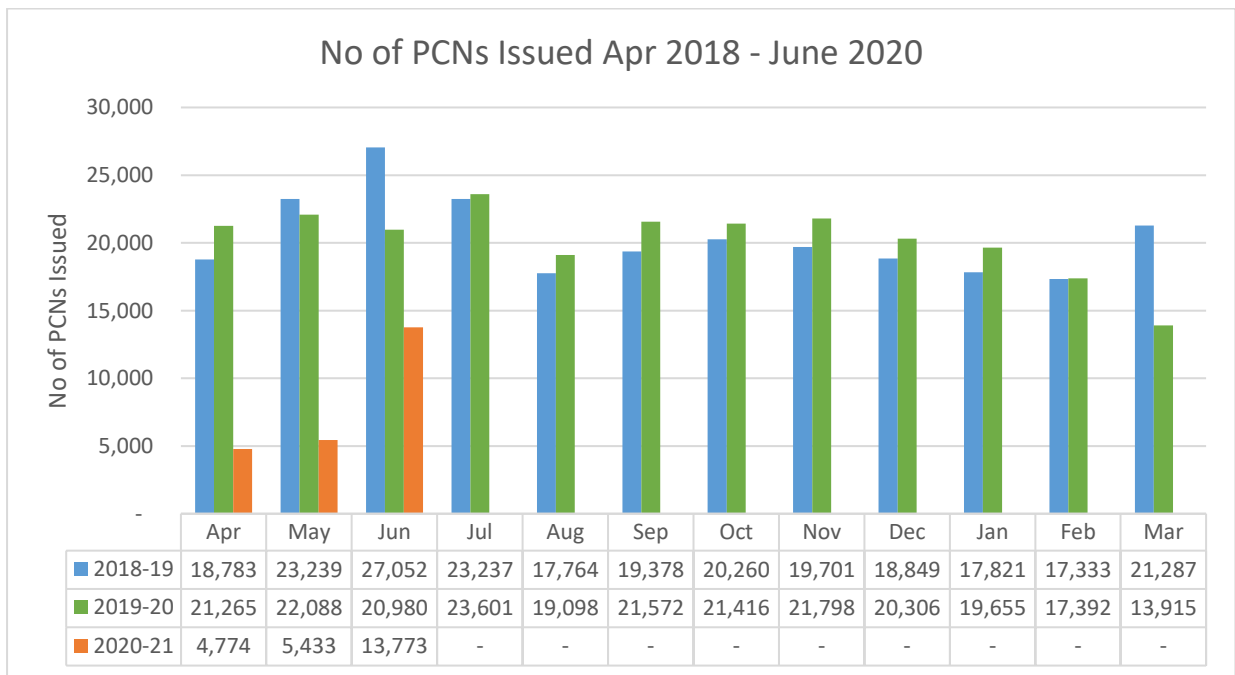


Figure 1 No of PCNs Issued 2018/19 – M3 2020/21

1.15 There has been a significant drop in PCNs issued in the first two months of the year. Full parking. The graph above illustrates the notable increase in PCNs issued since full levels of enforcement resumed on 10th June. Activity levels have returned to 85% of normal.

1.16 Bus Lane activity, which had been slightly lower than usual in February and March has remained at relatively high levels throughout.

1.17 Paid Parking: Figure 2 and 3 below show the gross income received in 2018/19 and 2019/20 compared to the first three months of 2020/2.

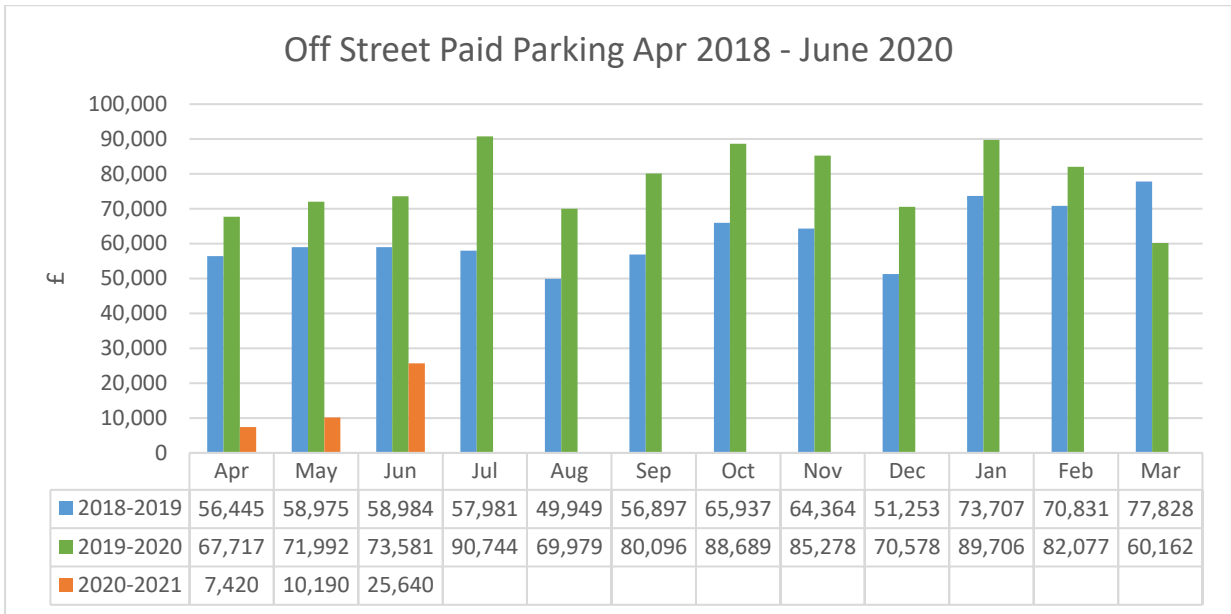


Figure 2 Gross Income Analysis from Off Street Parking

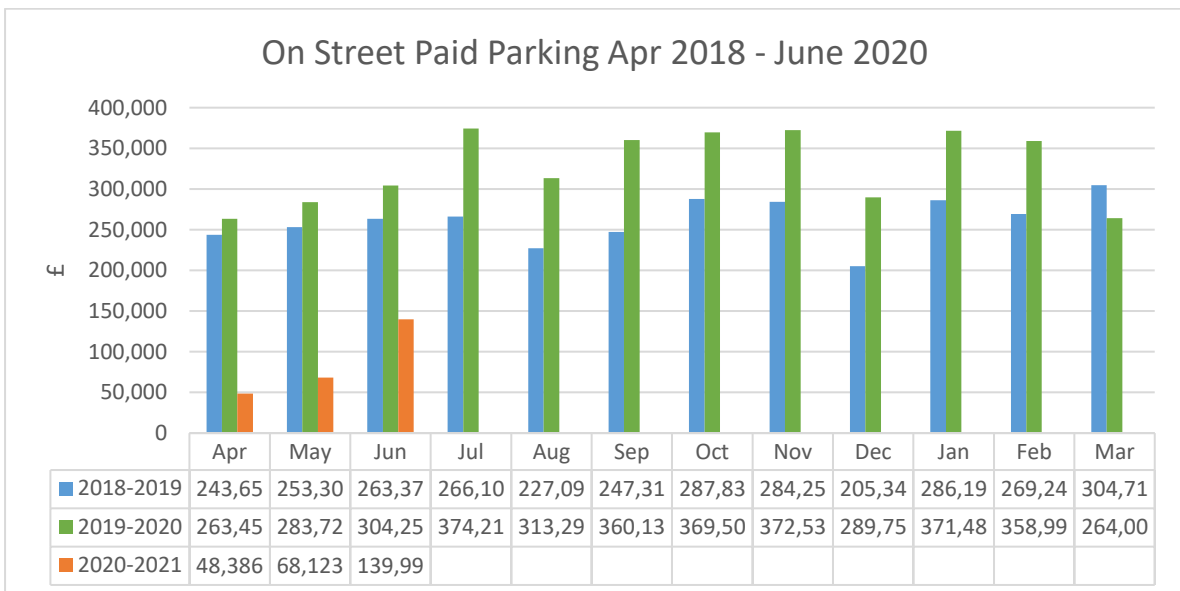


Figure 3 Gross Income Analysis On Street Parking

- 1.18 There has clearly been a significant drop in the gross income received from paid parking during 2020/21 due to Covid -19. For Off Street Parking there has been an 80% drop in income for the first three months of the year when compared with the first three months of 2019/20 and for On Street Parking this drop is 70%.
- 1.19 Permit Income has seen an initial decline as delayed purchases have been made following easing of lockdown restrictions and the return to full enforcement. Visitor vouchers however have not seen the same recovery to normal levels.
- 1.20 Following an initial freeze on suspension for non-urgent work and reduction of associated activity suspensions have recovered strongly. There is a risk that economic downturn may have a further effect later in the year, but this is not currently reflected in the Month 3 projections.

1.21 A key area of uncertainty is box junctions, which in normal times accounted for a substantial income for moving traffic income, contravention of these restrictions happens largely when traffic reaches a critical mass, if traffic levels remain lower overall, more dispersed through the day, and if measures are put in place to keep traffic on major routes, compliance at these sites may be maintained at a higher level.

2 Savings

Table 4 Savings 2020/21

Ref	Opportunity Area	Description of Saving	2020/21 Savings £000	Forecast Achievable £000	Unachievable £000	RAG Rating
R5	Street Scene	Chargeable garden waste collections: delivery of savings through the introduction of charges for this non-statutory service, which will encourage more residents to compost at home and will reduce collection costs and vehicle emissions.	(800)	(800)	0	Green
P2	Advertising	Advertising: Review and re-procurement of the current bus shelter advertising contract. New provision of advertising and sponsorship across the public realm; including new developments, highways, parks and open spaces, town centres, and additional Council assets and infrastructure (e.g. bridges and roundabouts).	(100)	0	(100)	Red
P3	Street Lighting	Street Lighting: Proposed LED retrofit of street lighting across the borough to improve energy efficiency, light quality, and value for money.	(600)	(600)	0	Green
P4	EV Charging	Smart Cities: Opportunities to positively impact residents and businesses by providing better access to emerging technologies whilst also reviewing opportunities for commercialisation; such as electric vehicle infrastructure and 5G capacity.	(50)	0	(50)	Amber
P5	Parking	Parking: A review of services and policies to ensure a consistent, fair approach to improving traffic, highway air quality and road safety. Unlocking under-used potential from Council assets and meeting existing unaddressed needs and demands on the highway.	(2,600)	(455)	(2,145)	Red
Overall Savings			(4,150)	(1,855)	(2,295)	

- 2.1 Street Scene R5: £0.800m Savings for Chargeable garden waste collections has been fully achieved.
- 2.2 Parking & Infrastructure P2: £0.100m savings for the review and re-procurement of the advertising contract- currently unable to deliver this savings due to the impact of Covid -19.
- 2.3 Parking & Infrastructure P3: £0.600m savings for Street Lighting, LED retrofit expected to be fully met.
- 2.4 Parking & Infrastructure P4: £0.050m savings for Electric Vehicle and 5G capacity- unlikely to be able to be achieved.
- 2.5 Parking and Infrastructure P5: £2.6m savings related to additional parking income. Currently unable to fully achieve this due to impact Covid-19 Works and plans for new sites for moving camera's and CPZ sites are still under review and are in consultation stage, The Service is working on mitigating actions to achieve outstanding savings targets. The outstanding savings are likely to be delivered in future years, as at Month 3 an estimated £0.455m is expected to be achieved.

3 Reserves and Provisions

Table 5 Forecast reserves position

Title & Description	Reserves B/fwd from 2019-20	Applied Expenditure 2020-21	Projected spend in year	2020-21 Budget
	£	£	£	£
Parking Reserve	1,389,005	-	0.00	1,389,005
Trees	1,262,272	-	581,000	681,672

3.1 Parking Reserve – As at month 3 there are no reserve drawdown requests.

3.2 Trees Reserve – The tree planting programme commenced in 2018-19 for a total of five years, spend to date is £0.924m, the projected reserve drawdown for 20-21 is £0.581m.

4 Risks & Assumptions

Table 6 Environment Risks

Risk	Description of Risk	Mitigating actions
Oakleigh Road Remedial works	Oakleigh depot has had a severe operational impact on waste collection and other environment services. Remedial works commenced on 18th November 2019 resulting in significant service disruption. The works are expected to take 26 weeks to complete. There is likely to be significant service disruption until late 2020.	Unable to confirm any mitigating actions at present. Work is on-going to refine cost estimates.
Winter Maintenance	Current forecast is based on an average winter, as this risk is associated with the potential additional costs if we were to experience a severe winter additional costs could be up to £1m	To be included with the 20-21 pressure bids at budget setting.
LED Lighting	The LED Project installation works were suspended for two months due to COVID-19 and therefore progress has been delayed, however actions are being taken to mitigate this delay and to ensure that the programme is completed before the winter months when the maximum energy savings are derived.	A plan is being constructed that will ensure the delivery of the required savings via a combination of LED energy reduction and operational efficiencies.
Parking	Bad debt provision – Parking Income. The expectation is that the immediate effect will be an improved position, however there is also a strong possibility that there will be slower long-term recovery overall.	The service will be able to provide a more up to date position at Month 3, but will not be until Month 6, at least, before there will be noticeable trends developing in the longer-term effect.
Commercial Waste	There is noticeable downward trend of total outstanding is still £1.3m for outstanding customer recipients for the collection to commercial waste. When debt recovery is reinstated this situation is likely to improve noticeably.	The financial modelling will be further refined for subsequent monthly monitoring using the latest data available as well as factoring the latest plan from the government to lift restrictions