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The following reports are Information Items for the Environment & Sustainability Scrutiny Committee.

- 1 Economy and Environment 2022/2023 Budget Monitoring Report (Period 5)



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – 6TH DECEMBER 2022

**SUBJECT: ECONOMY AND ENVIRONMENT 2022/2023 BUDGET MONITORING
REPORT (PERIOD 5)**

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY & ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To inform members of projected revenue expenditure for the Economy & Environment Directorate for the 2022/2023 financial year. Service Divisions include Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

2. SUMMARY

- 2.1 The report summarises the most recent budget monitoring projections for 2022/2023 based on the latest available financial information.
- 2.2 The attached appendices outline more detailed budget monitoring figures for each of the Council Fund Services outlined in paragraph 1.1 above that fall within the remit of this Scrutiny.

3. RECOMMENDATIONS

- 3.1 Environment & Sustainability Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of the Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division which all fall within the remit of this Scrutiny.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Council Budget is based on the achievement of both expenditure and income targets. To ensure that these are met, and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

5. THE REPORT

5.1 INTRODUCTION

- 5.1.1 The report outlines the revenue budget position for each of the service Divisions that form part of the Economy & Environment Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in

the appendices 1A to 1C.

5.1.2 The table 1 below summarises the present budget monitoring position, with an overall Directorate overspend of £262k, but exclusive of ring-fenced budgets is projecting an overspend of £254k. Appendices 1A to 1C provide more detail on the budget variation projections for each Service Division, that falls within the remit of this Scrutiny.

TABLE 1	Estimate 2022/23	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
Regeneration & Planning Division	3,163	3,163	3,045	117
Infrastructure Division	22,059	22,231	21,820	411
Public Protection Division	8,631	8,631	8,414	217
Community & Leisure Services Division	23,496	23,496	24,503	(1,007)
Directorate General	259	259	259	0
NET DIRECTORATE	57,608	57,780	58,041	(262)
Home to School Transport - ring fenced over spend				(257)
Social Services Transport – ring fenced under spend				232
Cemeteries Task & Finish – ring fenced under spend				17
NET DIRECTORATE over spend (excluding ring fenced budgets)				(254)

5.2 INFRASTRUCTURE DIVISION

5.2.1 Infrastructure is overall reporting an underspend of £411k. When adjusting for the budget variations in relation to Home to School Transport (£28k overspend) and Social Services Transport (£252k under spend) which will be ring fenced and appropriated back to the Service Directorates, this also accounts for the agreed use of the Covid reserve to fund Car Park income loss to September 2022, the net underspend is £436k.

5.2.2 Highway Services is reporting an underspend of £319k. The main variances are:

- Due to delays in filling vacant posts.
- Vehicle Hire.
- One off additional grant income.
- At present winter maintenance costs are difficult to predict but it is assumed the full budget of £1.16 million) will be spent.

5.2.3 EPG (Engineering Projects Group) is reporting an underspend of £13k. This is due in the main to savings on salaries offset by reduced income levels.

5.2.4 Transportation Engineering overall is projecting a small net overspend of £19k after adjusting for the agreed use of the Covid 19 reserve to fund the Car Park income to September as well as the Cabinet agreement to fund the additional £171k loss of income of implementing the revised Parking charges. The main reason for variances is reduced income levels offset by reduces staff costs due to vacancies.

5.2.5 Passenger Transport is reporting an underspend of £112k, this is due in the main to reduced salary costs offset by reduced income levels.

5.2.6 Home to School Transport is presently projecting net overspend of £257k on a £8.5M budget, this is due in the main due to additional contractor costs. Funding for this overspend is being sort via reserves for 2022-23.

- 5.2.7 Social Services Transport is projecting underspend of £231k including £105k on salaries, £126k for service operators. There is risk of operator failure leading to increased cost in future although this is partly an in-house operator function rather than private contractor.
- 5.2.8 At this stage Network Contracting Services (NCS) is anticipating an underspend of £6k due in the main to additional income, this will be monitored closely during the year.
- 5.2.9 Engineering General are projecting a small underspend of £5k.

5.3 PUBLIC PROTECTION

- 5.3.1 Public Protection is presently projecting underspend of £217k on their overall revenue budget details below.
- 5.3.2 Environmental Health is currently projecting a net underspend of £230k. The main variances are: -
 - Community Safety Wardens is forecasting an underspend of £114k due in the main to delays in filling vacant posts.
 - Health Division is predicting an underspend of £12k due in the main to reduced staff cost.
 - Community Safety Partnership is predicting a small underspend of £17k due to delays in filling a vacant post.
 - Enforcement is forecasting an underspend of £30k mainly due to reduced travel, vehicle and external agency costs, partially offset by reduced income/fees.
 - Pollution Control are predicting a net underspend of £19k partly due to vacant posts, but primarily due to grant received from WG to fund staffing costs linked to Hafodyrynys. At this stage it is unlikely this will be required to fund any shortfall in the purchase/compensation Capital grant received from WG to fund the acquisition and payment of compensation for the houses at Hafodyrynys, as this was practically completed in 2020/21. Hafodyrynys Compensation/Acquisition has been funded by a ring-fenced reserve of £268k (from prior to 2020/21 grant) and an RCCO in 2020/21 of £34k (from 2020/21 grant). There are also a number of other ongoing issues in respect of air quality, pollution, and contaminated land and these are being closely monitored as any increases in this area would impact on the overall financial position.
 - Food Team is predicting a small net underspend of £11k after taking into account the use of reserves.
 - Emergency Planning is predicting a £26k underspend due in the main to a delay in filling a vacant post.
- 5.3.3 Trading Standards (including Corporate and Democratic Services costs) are projecting a net breakeven position.
- 5.3.4 Licensing are projecting a breakeven position. The income levels are volatile and will be monitored during the course of the year.
- 5.3.5 Registrars are projecting a £11k underspend mainly due to an upturn in income more than offsetting increased costs.
- 5.3.6 CCTV services are projecting a slight underspend of £4k with salary and line rental underspends offsetting additional infrastructure cost.
- 5.3.7 Catering Services are projecting a net overspend of £29k. The underspend is due in the main to reduced income levels offset by salary underspends due to delays in filling vacant posts and reduced supplies and services. This is after adjusting for the agreed use of reserves for the Cashless Catering Invoicing post. The income will be monitored during the year especially as WG committed to a phased role out of FSM for all Primary pupils.

5.4 COMMUNITY AND LEISURE SERVICES

5.4.1 The Community & Leisure Division is presently projecting overall a net overspend of £1,007k, this overspend is noted below.

5.4.2 Waste Management is overall presently reporting an overspend of £364k on a £10m budget due in the main to:-

- Residual Waste is projecting an overspend of £1k due in the main to additional costs of vehicle repairs (£62k), fuel (£6k) and tonnage costs (£35K) offset by savings on staff costs.
- Organic recycling is projecting a £74k underspend due to salary savings on vacant posts, reduced vehicle costs together with savings on contractor payments for treatment costs.
- CA sites are projecting a £265k overspend due in the main to the additional wood treatment costs.
- Waste Transfer Station is projecting a £36k overspend due in the main to increased transport costs.
- Dry Recycling is forecasting a £598k overspend due in the main to increased tonnage costs (£366k) along with vehicle costs (£202k) due to additional hire costs, vehicle repairs (£46k) and fuel costs (£7K) and additional salary costs (£13K). These have been partially offset with additional income from replacement bins.
- RCCO (revenue contribution to capital outlay) is forecast to be £81k underspend due to no anticipated expenditure on vehicle acquisitions.
- Bulky Waste is projecting a £32k underspend due in the main to lower tonnages being sent to the contractor. Additional vehicle hire and salary costs are offset by additional income from Special Collections.
- Commercial Waste is projecting a £80k underspend due in the main to overachievement of income.
- Other Waste is projecting a £23k underspend due a costs being lower than earlier predictions.
- Trehir is projecting a £75k underspend due to reduced maintenance costs and a reduction in sewage charges.
- Sustainable Waste Management Grant (SWMG) from WG is showing an overspend of £17k due to a reduction in the grant awarded.
- HQ staff predicted an underspend of £188k which is due in the main to vacant posts and non-salary costs relating to these vacant posts (such as photocopying).

5.4.3 Cleansing Services is overall presently reporting an overspend of £86k. This is due in the main to a combination of additional agency costs, disposal costs, Fuel and additional vehicle hire costs partially offset by staff vacant posts.

5.4.4 An overspend of £451k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.

- Cemeteries is reporting a £16k underspend, this is due in the main some salary savings and non-salary related costs. Any underspend in relation to cemeteries is ring fenced and will be transferred to the ringfenced reserve.
- Allotments are projecting a small underspend of £11k, due in the main to small savings on salaries and contractor payments.
- Parks are projecting a net £257k overspend after taking into account the use of agreed reserves to fund "Ash-Die Back" and Cleaner Greener Schemes. This overspend is due in the main to reduced income levels, increased costs for transport related expenditure (Additional Hires, fuel and equipment maintenance) partially offset by salary savings and some non-salary related savings.
- Playgrounds are reporting a £35k underspend due in the main to salary savings.
- Outdoor facilities are reporting £5K overspend in the main due to increased utility costs, reduced income levels partially offset by savings on salaries.

- Countryside is reporting an overspend of £178k in the main due to reduced income levels, which also includes costs from the service area double billing another authority, partially offset by staff vacancies and private contractor costs.
- HQ is projecting an overspend of £57k primarily due to additional salary costs and non-salary related expenditure, mainly energy costs.

5.4.5 Leisure Centres are reporting overspend of £181k. The main reasons for this are the increased utility costs in running the centres, the loss of income from the use of Pontllanfraith LC as a mass vaccination centre, there are ongoing discussions as to the funding of income. Additional costs have been incurred on the new Athletics Hub, Caerphilly 10K event and software costs. This is after taking into account of the agreed use of the ringfenced reserve for the replacement seats in the Centre of Sporting Excellence.

5.4.6 Community Centres are at present projecting a breakeven position with any reductions in operating costs they hope to utilise to bring forward maintenance on these buildings.

5.4.7 Caerphilly Adventures is reporting an underspend of £4k.

5.4.8 Sports Development is projecting a small underspend of £8k.

5.4.9 Vehicle Maintenance & Fleet Management is currently projecting underspend of £102k, primarily due to a staff vacancies within the workshop. The outturn position will be dependent on the value of work through the workshop over the next few months and the ability to finance fixed overheads.

5.4.10 Building Cleaning is at present reporting an overspend of £38k. The overspend in the main is due to increased staffing levels due to the increased cleaning partially offset by increased income levels.

5.5 Conclusion

5.5.1 Members are advised that Economy & Environment Directorate provides a very diverse range of front-line services to residents and businesses. The overall Directorate has a budget totalling £57.780m after the in-year virement, with a projected net overspend of £254k (0.4% of total budget). The operational managers will endeavour to ensure that service net expenditure does not exceed the budget available.

6. ASSUMPTIONS

6.1 Assumptions linked to this report were detailed in the budget report to Council on 24th February 2022.

6.2 The projected outturn position is based on actual income and expenditure details to the end of August 2022.

6.3 Forecasts have been made following discussions with Managers based on current information available.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An IIA is not necessary for this Information Only Report.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER.

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Cllr P Leonard, Cabinet Member for Planning and Public Protection
Cllr C Andrews, Cabinet Member for Education and Communities

Appendices:

Appendix 1A Budget Monitoring Report - Infrastructure Services Division
Appendix 1B Budget Monitoring Report - Public Protection Division
Appendix 1C Budget Monitoring Report - Community and Leisure Services

Background Papers:

Council (24/02/22) – Budget Proposals for 2022/2023 and Medium-Term Financial Outlook

Economy and Environment Directorate	Page No	Estimate 2022/2023	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
<u>INFRASTRUCTURE DIVISION</u>					
HIGHWAY SERVICES		9,973,586	9,973,586	9,654,781	318,805
ENGINEERING PROJECTS GROUP		(103,661)	(103,661)	(117,067)	13,406
TRANSPORTATION ENGINEERING		651,818	651,818	1,141,762	(489,944)
Agreed Use of Covid 19 Reserve to fund Car Park income		0	0	(300,000)	300,000
Proposed Use of Reserves		0	0	(171,000)	171,000
PASSENGER TRANSPORT		1,702,711	1,702,711	1,590,389	112,322
HOME TO SCHOOL TRANSPORT		8,332,247	8,504,247	8,760,947	(256,700)
SOCIAL SERVICES TRANSPORT		1,583,356	1,583,356	1,351,854	231,502
Agreed RCCO - Vehicle		42,625	42,625	42,625	0
NETWORK CONTRACTING SERVICES		(144,195)	(144,195)	(150,073)	5,878
ENGINEERING - GENERAL		20,262	20,262	15,410	4,852
TOTAL NET EXPENDITURE		22,058,749	22,230,749	21,819,628.13	411,121

Economy and Environment Directorate

	Page No	Estimate 2022/2023	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023`
<u>PUBLIC PROTECTION DIVISION</u>					
TRADING STANDARDS		885,275	885,275	875,082	10,193
CORPORATE AND DEMOCRATIC COSTS (CDC)		78,321	78,321	88,318	(9,997)
LICENSING		145,909	145,909	144,981	928
REGISTRARS		65,411	65,411	54,833	10,578
CCTV		440,532	440,532	436,905	3,627
COMMUNITY WARDENS		373,220	373,220	258,997	114,223
HEALTH DIVISIONAL BUDGET		323,634	323,634	311,548	12,086
COMMUNITY SAFETY PARTNERSHIP		99,862	99,862	82,958	16,904
ENFORCEMENT		801,220	801,220	770,935	30,285
POLLUTION		416,513	416,513	397,095	19,418
FOOD TEAM		767,899	767,899	756,534	11,365
<i>Agreed Use of Reserves for EHO</i>		(52,728)	(52,728)	(52,728)	0
EMERGENCY PLANNING		163,043	163,043	136,977	26,066
CATERING		4,151,994	4,151,994	4,151,657	337
<i>Approved Use of Reserves -Cashless Catering Invoicing Officer</i>		(29,489)	(29,489)	0	(29,489)
TOTAL NET EXPENDITURE		8,630,616	8,630,616	8,414,091	216,525

Economy and Environment Directorate	Page No	Estimate 2022/2023	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
<u>COMMUNITY & LEISURE SERVICES</u>					
WASTE MANAGEMENT					
<i>Residual Waste</i>		2,836,125	2,574,125	2,575,556	(1,431)
<i>Organics recycling</i>		790,475	790,475	716,401	74,074
<i>Civic Amenity Sites</i>		3,321,179	3,321,179	3,587,118	(265,939)
<i>Waste Transfer Station</i>		135,891	135,891	172,092	(36,201)
<i>Dry Recycling</i>		2,657,477	2,919,477	3,516,984	(597,507)
<i>RCCO</i>		81,050	81,050	0	81,050
<i>Bulky Waste</i>		145,619	145,619	113,685	31,934
<i>Commercial Waste</i>		(348,867)	(348,867)	(428,897)	80,030
<i>Other Waste</i>		23,149	23,149	64	23,085
<i>Treher</i>		135,500	135,500	60,646	74,854
<i>Sustainable Waste Management Grant</i>		(849,804)	(849,804)	(832,800)	(17,004)
<i>HQ Staff</i>		1,372,169	1,372,169	1,183,241	188,928
CLEANSING					
<i>Street Cleansing</i>		4,654,069	4,654,069	4,739,984	(85,915)
GROUND MAINTENANCE AND PARKS					
<i>Cemeteries</i>		(202,695)	(202,695)	(219,197)	16,502
<i>Cemeteries Earmark reserves</i>		0	0	16,502	(16,502)
<i>Allotments</i>		39,612	39,612	28,124	11,488
<i>Parks and Playing Fields</i>		1,887,049	1,887,049	2,387,338	(500,289)
<i>Agreed use of reserves for Ash Dieback</i>		0	0	(224,456)	224,456
<i>Agreed use of reserves for Cleaner Greener Scheme</i>		0	0	(18,369)	18,369
<i>Playgrounds</i>		289,057	289,057	253,878	35,179
<i>Outdoor facilities</i>		247,812	247,812	253,260	(5,448)
<i>Countryside</i>		995,092	995,092	1,173,009	(177,917)
<i>HQ Staffing</i>		1,002,761	1,002,761	1,059,628	(56,867)
LEISURE SERVICES					
<i>Leisure Centres</i>		3,089,138	3,139,138	3,320,464	(181,326)
<i>Agreed use of reserves for CSE Seating</i>		0	(50,000)	(50,000)	0
<i>Sports & Health Development</i>		24,368	24,368	16,742	7,626
<i>Outdoor Education</i>		255,732	255,732	251,558	4,174
<i>Community Centres</i>		375,317	375,317	375,317	0
		22,957,275	22,957,275	24,027,871	(1,070,596)
<i>Building Cleaning</i>		722,058	722,058	759,726	(37,668)
<i>Vehicle Maintenance & Fleet Management</i>		(183,481)	(183,481)	(285,041)	101,560
Total net expenditure Community & Leisure Services		23,495,852	23,495,852	24,502,556	(1,006,704)