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The following report is an Information Item for the Environment and Sustainability Scrutiny Committee.

- 1 Economy and Environment 2022/2023 Budget Monitoring Report (Period 7).



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE - 7TH FEBRUARY 2023

**SUBJECT: ECONOMY AND ENVIRONMENT 2022/2023 BUDGET MONITORING
REPORT (PERIOD 7)**

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 £573k, but exclusive of ring-fenced budgets is projecting an overspend of £808k. 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	3,079	84
Infrastructure Division	22,059	22,231	21,849	382
Public Protection Division	8,631	8,631	8,511	120
Community & Leisure Services Division	23,496	23,496	24,655	(1,159)
Directorate General	259	259	259	0
NET DIRECTORATE	57,608	57,780	58,353	(573)
Home to School Transport - ring fenced over spend				0
Social Services Transport – ring fenced under spend				221
Cemeteries Task & Finish – ring fenced under spend				14
NET DIRECTORATE over spend (excluding ring fenced budgets)				(808)

5.2 INFRASTRUCTURE DIVISION

5.2.1 Infrastructure is overall reporting an underspend of £382k. When adjusting for the budget variations in relation to Home to School Transport (breakeven) and Social Services Transport (£221k 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 £161k.

5.2.2 Highway Services is reporting a net underspend of £137k after adjusting for the agreed use of reserves. 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 £27k. 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 £28k 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 a net overspend of £30k, this is due in the main to clawback of “Concessionary Fares/Hardship/BES grants” offset by reduced salary costs.

5.2.6 Home to School Transport is presently projecting net breakeven position after adjusting for the agreed use of reserves to fund the additional contractor costs.

- 5.2.7 Social Services Transport is projecting underspend of £221k including £97k on salaries, £122k 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 £44k 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 £9k.

5.3 PUBLIC PROTECTION

- 5.3.1 Public Protection is presently projecting underspend of £120k on their overall revenue budget details below.
- 5.3.2 Environmental Health is currently projecting a net underspend of £174k. The main variances are: -
- Community Safety Wardens is forecasting an underspend of £85k due in the main to delays in filling vacant posts.
 - Health Division is predicting a net overspend of £4k due after taking into account the agreed use of reserves for the software upgrade.
 - Community Safety Partnership is predicting a small underspend of £5k due to delays in filling a vacant post.
 - Enforcement is forecasting an underspend of £22k mainly due to reduced travel, vehicle and external agency costs, partially offset by reduced income/fees.
 - Pollution Control are predicting a net underspend of £9k 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 £20k after taking into account the use of reserves.
 - Emergency Planning is predicting a £36k 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 underspend of £41k, after accounting for the agreed use of reserves. This underspend is due in the main to salary savings.
- 5.3.4 Licensing are projecting a slight overspend of £7k due in the main to reduced income levels. The income levels are volatile and will be monitored during the course of the year.
- 5.3.5 Registrars are projecting a £8k underspend mainly due a temporary increase in ceremony numbers and associated income.
- 5.3.6 CCTV services are projecting a slight underspend of £19k with salary and line rental underspends offsetting additional infrastructure cost.
- 5.3.7 An Agreed Revenue Contribution to Capital Outlay (RCCO) has been agreed via delegated powers for £75k to fund works at Ty Llwyd.
- 5.3.8 Catering Services are projecting a net overspend of £41k. 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 £1,159k, this overspend is noted below.

5.4.2 Waste Management is overall presently reporting an overspend of £384k on a £10m budget due in the main to:-

- Residual Waste is projecting an overspend of £19k due in the main to additional costs of vehicle repairs (£63k), fuel (£7k) and tonnage costs (£19K) offset by savings on staff costs.
- Organic recycling is projecting a £48k 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 £103k overspend due in the main to the additional wood treatment costs.
- Waste Transfer Station is projecting a £86k overspend due in the main to increased transport costs.
- Dry Recycling is forecasting a £594k overspend due in the main to increased tonnage costs (£289k) along with vehicle costs (£245k) due to additional hire costs, vehicle repairs (£49k) and fuel costs (£7K) and additional salary costs (£29K). 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 £52k 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 £54k 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 £71k 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 £109k which is due in the main to vacant posts and non-salary costs relating to these vacant posts (such as photocopying).
- Public Conveniences is projecting an overspend of £3k, costs for these buildings are still being generated without any budget provision as this was previously removed as part of the MTFP savings.

5.4.3 Cleansing Services is overall presently reporting a net underspend of £21k after adjusting for the agreed use of reserves. This is due in the main to staff vacant posts being partially offset by a combination of additional agency costs, disposal costs, fuel and additional vehicle hire.

5.4.4 An overspend of £460k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.

- Cemeteries is reporting a £14k 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 £1k.
- Parks are projecting a net £226k 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 breakeven position.
- Outdoor facilities are reporting £104K overspend in the main due to increased utility costs, reduced income levels partially offset by savings on salaries.
- Countryside is reporting an overspend of £85k in the main due to reduced income levels, partially offset by staff vacancies and private contractor costs.
- HQ is projecting an overspend of £49k primarily due to additional salary costs and non-salary related expenditure, mainly energy costs.

5.4.5 Leisure Centres are reporting overspend of £441k. 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 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 £7k.

5.4.8 Sports Development is projecting a small underspend of £4k.

5.4.9 Vehicle Maintenance & Fleet Management is currently projecting underspend of £77k, 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 a net underspend of £47k after the agreed use of reserves. This underspend is in the main due to 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 £808k (1.4% 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 October 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 C. Morgan, Cabinet Member for Waste, Leisure and Green Spaces
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
<i>INFRASTRUCTURE DIVISION</i>					
<i>HIGHWAY SERVICES</i>					
Agreed Use of Reserves - Highway Inspection Backlog		9,973,586	9,973,586	10,212,828	(239,242)
Agreed Use of Reserves - Canal Refurbishment		0	0	(120,000)	120,000
Agreed Use of Reserves - A469 Llanabradach Bypass road stud replacement		0	0	(200,000)	200,000
		0	0	(57,000)	57,000
ENGINEERING PROJECTS GROUP		(103,661)	(103,661)	(130,206)	26,545
<i>TRANSPORTATION ENGINEERING</i>					
Agreed Use of Covid 19 Reserve to fund Car Park income		651,818	651,818	1,290,476	(638,658)
Proposed Use of Reserves		0	0	(300,000)	300,000
Agree use of Reserves - Emporium Car Park Repairs		0	0	(171,000)	171,000
Agree use of Reserves - Signal Maintenance		0	0	(100,000)	100,000
		0	0	(40,000)	40,000
PASSENGER TRANSPORT					
Agree use of Reserves - Blackwood Bus Station Maintenance & Repairs		1,702,711	1,702,711	1,782,340	(79,629)
		0	0	(50,000)	50,000
HOME TO SCHOOL TRANSPORT					
Agreed Use of Reserves - Home to School Transport		8,332,247	8,504,247	8,816,620	(312,373)
Agreed Use of Reserves - Taxi Contracts		0	0	(218,373)	218,373
		0	0	(94,000)	94,000
<i>SOCIAL SERVICES TRANSPORT</i>					
Agreed RCCO - Vehicle		1,583,356	1,583,356	1,361,984	221,372
		42,625	42,625	42,625	0
NETWORK CONTRACTING SERVICES					
		(144,195)	(144,195)	(188,460)	44,265
ENGINEERING - GENERAL					
		20,262	20,262	11,382	8,880
TOTAL NET EXPENDITURE		22,058,749	22,230,749	21,849,216.00	381,533

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	933,895	(48,620)
<i>Agreed Use of Reserves - Kennelling Costs</i>		0	0	(77,883)	77,883
<i>Agreed Use of Reserves - Training</i>		0	0	(22,000)	22,000
CORPORATE AND DEMOCRATIC COSTS (CDC)		78,321	78,321	88,145	(9,824)
LICENSING		145,909	145,909	153,288	(7,379)
REGISTRARS		65,411	65,411	57,194	8,217
CCTV		440,532	440,532	421,447	19,085
COMMUNITY WARDENS		373,220	373,220	287,724	85,496
HEALTH DIVISIONAL BUDGET		323,634	323,634	442,273	(118,639)
<i>Agreed Use of Reserves - Software Upgrade</i>		0	0	(115,000)	115,000
COMMUNITY SAFETY PARTNERSHIP		99,862	99,862	94,970	4,892
ENFORCEMENT		801,220	801,220	779,621	21,599
POLLUTION		416,513	416,513	407,182	9,331
FOOD TEAM		767,899	767,899	713,034	54,865
<i>Agreed Use of Reserves for EHO</i>		(52,728)	(52,728)	(17,576)	(35,152)
EMERGENCY PLANNING		163,043	163,043	126,733	36,311
<i>Agreed RCCO via Delegated Decision - Ty Llwyd</i>		0	0	75,000	(75,000)
CATERING		4,151,994	4,151,994	4,163,044	(11,050)
<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	8,511,090	119,526

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	2,592,847	(18,722)
<i>Organics recycling</i>		790,475	790,475	742,120	48,355
<i>Civic Amenity Sites</i>		3,321,179	3,321,179	3,424,705	(103,526)
<i>Waste Transfer Station</i>		135,891	135,891	221,871	(85,980)
<i>Dry Recycling</i>		2,657,477	2,919,477	3,513,326	(593,849)
<i>RCCO</i>		81,050	81,050	0	81,050
<i>Bulky Waste</i>		145,619	145,619	94,050	51,569
<i>Commercial Waste</i>		(348,867)	(348,867)	(402,368)	53,501
<i>Other Waste</i>		23,149	23,149	524	22,625
<i>Trehir</i>		135,500	135,500	64,446	71,054
<i>Sustainable Waste Management Grant</i>		(849,804)	(849,804)	(832,800)	(17,004)
<i>HQ Staff</i>		1,372,169	1,372,169	1,262,493	109,676
<i>Public Conveniences</i>		0	0	3,164	(3,164)
CLEANSING					
<i>Street Cleansing</i>		4,654,069	4,654,069	4,729,525	(75,456)
<i>Agreed use of Reserves - Additional Drivers</i>		0	0	(96,750)	96,750
GROUND MAINTENANCE AND PARKS					
<i>Cemeteries</i>		(202,695)	(202,695)	(217,174)	14,479
<i>Cemeteries Earmark reserves</i>		0	0	14,479	(14,479)
<i>Allotments</i>		39,612	39,612	38,124	1,488
<i>Parks and Playing Fields</i>		1,887,049	1,887,049	2,348,773	(461,724)
<i>Agreed use of reserves for Ash Dieback</i>		0	0	(233,411)	233,411
<i>Agreed use of reserves for Cleaner Greener Scheme</i>		0	0	(2,129)	2,129
<i>Playgrounds</i>		289,057	289,057	289,057	0
<i>Outdoor facilities</i>		247,812	247,812	351,321	(103,509)
<i>Countryside</i>		995,092	995,092	1,080,420	(85,328)
<i>HQ Staffing</i>		1,002,761	1,002,761	1,049,577	(46,816)
LEISURE SERVICES					
<i>Leisure Centres</i>		3,089,138	3,139,138	3,580,543	(441,405)
<i>Agreed use of reserves for CSE Seating</i>		0	(50,000)	(50,000)	0
<i>Sports & Health Development</i>		24,368	24,368	20,615	3,753
<i>Outdoor Education</i>		255,732	255,732	255,732	0
<i>Community Centres</i>		375,317	375,317	368,293	7,024
		22,957,275	22,957,275	24,211,372	(1,254,097)
<i>Building Cleaning</i>		722,058	722,058	704,135	17,923
<i>Agreed Use of Reserves - Additional Costs for Cleaning</i>		0	0	(28,740)	28,740
<i>Vehicle Maintenance & Fleet Management</i>		(183,481)	(183,481)	(260,671)	77,190
Total net expenditure Community & Leisure Services		23,495,852	23,495,852	24,654,837	(1,158,985)