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

- 1 Economy and Environment 2023/2024 Budget Monitoring Report (Period 3).

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INFORMATION REPORT - HOUSING AND ENVIRONMENT SCRUTINY COMMITTEE

SUBJECT: ECONOMY AND ENVIRONMENT 2023/2024 BUDGET MONITORING REPORT (PERIOD 3)

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

1.1 To inform members of projected revenue expenditure for the Economy and Environment Directorate for the 2023/2024 financial year. Service Divisions include Regeneration and Planning Division, Infrastructure Services Division, Public Protection Division and Community and Leisure Services Division.

2. SUMMARY

2.1 The report summarises the most recent budget monitoring projections for 2023/2024 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 Housing & Environment 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 underspend of £188k, but exclusive of ring-fenced budgets is projecting an overspend of £151k. 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 2023/24	Revised Estimate 2023/24	Anticipated Outturn 2023/24	Variance 2023-24
Regeneration & Planning Division	3,713	3,713	3,685	28
Infrastructure Division	25,200	25,200	24,702	499
Public Protection Division	10,409	10,409	10,320	89
Community & Leisure Services Division	28,287	28,287	28,718	(431)
Directorate General	195	195	191	3
NET DIRECTORATE	67,804	67,804	67,616	188
Home to School Transport - ring fenced over spend				12
Social Services Transport – ring fenced under spend				(351)
Cemeteries Task & Finish – ring fenced under spend				
NET DIRECTORATE under spend (excluding ring fenced budgets)				(151)

5.2 INFRASTRUCTURE DIVISION

- 5.2.1 Infrastructure is overall reporting an underspend of £499k. When adjusting for the budget variations in relation to Home to School Transport (£12k overspend) and Social Services Transport (£351k underspend) which will be ring fenced and appropriated back to the Service Directorates, the net underspend is £160k.
- 5.2.2 Highway Services is reporting a net underspend of £26k. The main reason for the underspends are salary savings due to delays in filling vacant posts (£238k), reduced Street Lighting costs (£67k) reduced utilities (£6k) along with Embankment costs (£14k) these are offset by additional agency staffing (£252k) additional Statutory Maintenance (£34k) along with a shortfall in income (£30k). 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 £50k. This is due in the main to savings on salaries (£389k) offset by additional computer costs (£50k), mileage costs (13k) and reduced income levels (£277k).
- 5.2.4 Transportation Engineering overall is projecting a net overspend of £60k after adjusting for the agreed use of the reserves. The main reason for variances are increased contractor costs (£840k) increased agency costs (£144k) offset by reduces staff costs (£419k) along with additional income (£518k), The increased income if due to additional grant income (£750k) offset by reduced income levels relating to parking and traffic management of (232k).
- 5.2.5 Passenger Transport is reporting a net underspend of £75k after adjusting for the agreed use of reserves, this is due in the main to salary savings (£120k) contractor costs (£1,344k) offset by reduced income levels (£1,396k). The majority of the underspend on contractors is linked to reduced grant on the Concessionary Fares Scheme.
- 5.2.6 Home to School Transport is presently projecting small overspend of £12k due in the main to additional contractor costs.

- 5.2.7 Social Services Transport is projecting underspend of £351k including £132k on salaries, £219k 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 £65k due in the main to salary savings (£273k), Transport related expenditure (£50k) and agency savings (£29k) offset by additional contractor costs (£181k) and reduced income (£119k), the income will be monitored closely during the year.
- 5.2.9 Engineering General are projecting a small underspend of £5k, this is in the main due to reduces Postage, Printing, Subscriptions and Computer costs.

5.3 PUBLIC PROTECTION

- 5.3.1 Public Protection is presently projecting an underspend of £89k on their overall revenue budget details below.
- 5.3.2 Environmental Health is currently projecting a net underspend of £94k. The main variances are: -
- Community Safety Wardens is forecasting an underspend of £19k due in the main to delays in filling vacant posts.
 - Health Division is predicting a net underspend of £7k after taking into account the agreed use of reserves for the software upgrade.
 - Community Safety Partnership is predicting a small underspend of £11k due to delays in filling a vacant post.
 - Enforcement is forecasting an underspend of £20k mainly due to salary savings (£37k) partially offset by reduced income/fees (£5k) and increased contract costs (15K)
 - Pollution Control are predicting a net underspend of £25k partly due to vacant posts (£49K) offset by increased cost of equipment linked to testing (£24k). 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 £13k due to staff costs (£28k) offset by reduced income levels (£15k).
 - Emergency Planning is predicting a net breakeven position.
- 5.3.3 Trading Standards are projecting a net overspend of £78k, due in the main to increased kennelling costs (£86k) after an enforcement action along with increased mileage (£11k) partially offset by reduced salary costs (£14k).
- 5.3.4 Core and Democratic costs are projecting a small underspend of £4k.
- 5.3.5 Licensing are projecting an underspend of £28k due in the main to salary costs (£36k) partially offset by reduced income levels (£11k). The income levels are volatile and will be monitored during the course of the year.
- 5.3.6 Registrars are projecting a net £18k underspend mainly due a temporary increase in ceremony numbers and associated income. This is after the applied use of reserves for the new Wedding Ceremony Software.
- 5.3.7 CCTV services are projecting a slight underspend of £14k with salary (£28k) offsetting additional cost for contractor payments (£10k) and a slight reduction in income (£6k).

5.3.8 Catering Services are projecting a net underspend of £17k. The underspend is due in the main to reduced property costs (£39k), reduces Supplies & Services (£87k) partially offset by increased transport costs including vehicle hire (£25k) and agency payments (£74k net of grant income and reserves). Any 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 £431k, this overspend is noted below.

5.4.2 Waste Management is overall presently reporting an underspend of £297k due in the main to :-

- Residual Waste is projecting an underspend of £58k due in the main to reduced contractor payments (£354k) and reduced fuel costs (£85k) partially offset by additional salary costs (£98k), additional costs of vehicle repairs (£87k), vehicle overhead costs (£12k) and Vehicle Hire (£185K).
- Organic recycling is projecting a £40k overspend due in the main to contractor payments for treatment costs (£19K) vehicle maintenance costs (£10K) and additional salary costs (£50k) partially offset by reduced fuel costs (£40k).
- CA sites are projecting a £120k underspend due in the main to the reduced salary costs (£24k), reduced Plant purchases (£30k), reduced Fuel costs (£17k) vehicle Hire (£6k) along with reduced contractor costs (£33k) partially offset by reduced income levels (£4k).
- Waste Transfer Station is projecting a £10k underspend due in the main reduces fuel costs (£9k)
- Dry Recycling is forecasting a £133k overspend due in the main to vehicle repairs (£126k), additional salary costs (87k) partially offset by a reduction in fuel costs (£60k) together with savings on contractor payments (£16k)
- Bulky Waste is projecting a £23k overspend due in the main to additional salary costs (£6k) along with additional contractor costs (£24k) partially offset by reduced fuel costs (£6k).
- Commercial Waste is projecting a £10k overspend due in the main to additional bins(2k) along with reduced income forecasts (£8k).
- Other Waste is projecting a £16k underspend due a Supplies & Services costs being lower than expected.
- Trehir is projecting a £37k underspend due to reduced maintenance costs and a reduction in sewage charges.
- Sustainable Waste Management Grant (SWMG) from WG is expected to breakeven.
- HQ staff predicted an underspend of £262k which is due in the main to vacant posts (£246K), non-salary costs relating to these vacant posts (such as photocopying) (£4k) reduced vehicle costs (£17k) partially offset by reduced income (£5k).
- Public Conveniences is projecting an overspend of £1k, 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 £301k. This is due in the main to staff vacant posts (£368k) along with reduced Supplies & Services (£14k), reduced contractor costs (£84k) and reduced Tipping Charges (£13k) partially offset by vehicle Hire cost (£4K) vehicle repairs (£5K), fuel costs (4k) additional agency costs (£156K), disposal costs (£60K) additional fuel costs (£42K) along with reduced income (£18k).

5.4.4 An underspend of £252k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.

- Cemeteries is reporting a £110k underspend, this is due in the main some salary savings (£30k) repairs & Maintenance (£82k) Grounds Maintenance & Trees (£260k) War Memorial/Cenotaph Maintenance (£32k), tipping charges (£30k) partially offset by

additional agency staff (£126k), Private contractor costs (£79k) additional vehicle hire costs (£25k), Fuel costs (£10k) and reduced income levels (£136k). Any underspend in relation to cemeteries is ring fenced and will be transferred to the ringfenced reserve.

- Allotments are projecting a breakeven position.
- Parks are projecting a net £151k 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 (£553k), increased agency costs (£106k), vehicle hire costs (£44k) partially offset by salary savings (£258k), Rights of Way (£39k), vehicle repairs & maintenance (£41k), Plant & Equipment (£33k) and contractors (170k).
- Playgrounds are reporting an underspend of £16k due mainly to salary savings (£19k) and equipment (£42k) partially offset by additional vehicle hire costs (£19k) and contractor costs for installation (£19k).
- Outdoor facilities are reporting £104K underspend in the main due to reduced utility costs (£130k), partially offset by reduced income levels (£22k).
- Countryside is reporting an underspend of £221k in the main due to increased fee income levels, along with staff vacancies and private contractor costs.
- HQ is projecting an underspend of 651k primarily due to property costs including energy costs (£26k), transport costs (£32k) and administrative costs (£7k).

5.4.5 Leisure Centres and HQ are reporting overspend of £332k. The main reasons for this are the increased utility costs (£189k) in running the centres, increased staffing costs in the centres (£41k) along with supplies and services in the centres (£13k), reduced income levels on the new Athletics Hub (£48k) along with additional staff costs for the Hub (£7k) and resurfacing at Nelson Handball Court (£16k)

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 overspend of £33k. This is due in the main to income levels not being achieved (£49k) partially offset by savings in salaries (£18k).

5.4.8 Sports & Health Development is projecting a small overspend of £17k due in the main to a reduced fees due to staffing issues. This is after the agreed use of reserves for a Rugby Officer in Trinity Fields to be part funded by reserves.

5.4.9 Vehicle Maintenance & Fleet Management is currently projecting overspend of £899k. The Fleet Management and Vehicle Maintenance service has experienced difficulties over the last few years successfully recruiting and retaining qualified and experienced Vehicle Technicians. To ensure vehicles are repaired and maintained in accordance with the Councils Operator's Licence, the service has had no alternative but to engage the services of third parties to assist in this regard. The hourly labour rate charges by these external providers is significantly more than that the council charges its managed service provider for this facility, consequently this has affected our levels of income and resulted in a significant projected overspend. The service is working through a number of potential solutions to reduce this predicted overspend by the end of this financial year.

5.4.10 Building Cleaning is at present reporting a net breakeven position.

5.5 **Medium Term Financial Plan Savings**

5.5.1 The following table provides a summary of progress in delivering agreed 2023/24 savings for the Directorate of Economy & Environment: -

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
<u>Economy & Environment</u>			
Infrastructure	1,160,663.00	1,115,190.00	45,473.00
Public Protection	59,827.00	44,193.02	15,633.98
Community & Leisure	253,577.00	245,212.00	8,365.00
Regeneration & Planning	363,713.00	353,320.00	10,393.00
Director	242.00	242.00	0.00
Grand Total	1,838,022.00	1,758,157.02	79,864.98

5.5.2 Details of the projected unachieved savings for the services that fall within the remit of this scrutiny are detailed below: -

5.5.3 The variance of £45k in Infrastructure is due to: -

- £40k for the Rail Bus link.
- £5k from various sections mileage reductions not being achieved.

5.5.4 The variance of £16k in Public Protection is due to: -

- £4k for the CCTV Camera, due to delays in the roll out.
- £12k from various sections mileage reductions not being achieved.

5.5.5 The variance of £8k in Community & Leisure is due to: -

- £5K for the closure of Ty Fry Farm.
- £3k from various sections mileage reductions not being achieved.

5.5.6 It is expected that the unachieved MTFP savings will be covered by other budget savings in the service areas.

5.6 Conclusion

5.6.1 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 £67,804m, with a projected net overspend of £151k (0.22% 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 23rd February 2023.

6.2 The projected outturn position is based on actual income and expenditure details to the end of June 2023.

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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Robert Hartshorn, Head of Public Protection, Community and Leisure Services
Marcus Lloyd, Head of Infrastructure
Steve Harris, Head of Financial Services and S151 Officer
Jane Southcombe, Education Financial Services Manager
Sue Richards, Head of Education Planning and Strategy
Paul Adams, Senior Assistant Accountant
Mike Jones, Financial Services Manager Social Services
Cllr N. George, Cabinet Member for Corporate Services, Property and Highways
Cllr J. Simmonds, Cabinet Member for Highways and Transportation
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

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<i>Economy and Environment Directorate</i>	Page No	Estimate 2023/24	Revised Estimate 2023/24	Anticipated Outturn 2023/24	Variance 2023-24
<u>INFRASTRUCTURE SERVICES DIVISION</u>					
HIGHWAY SERVICES		11,053,569	11,053,569	11,027,970	25,599
ENGINEERING PROJECTS GROUP		18,168	18,168	(31,634)	49,802
TRANSPORTATION ENGINEERING		819,024	819,024	1,018,091	(199,067)
Agree use of Reserves - Car Park Repairs (Inc review Emporium Car Park)				(98,852)	98,852
Agree use of Reserves - Signal Maintenance				(40,000)	40,000
PASSENGER TRANSPORT		1,730,783	1,730,783	1,696,534	34,249
Agree use of Reserves - Blackwood Bus Station Maintenance & Repairs				(40,607)	40,607
HOME TO SCHOOL TRANSPORT		9,639,854	9,639,854	9,651,573	(11,719)
SOCIAL SERVICES TRANSPORT		1,753,733	1,753,733	1,402,707	351,026
Agreed RCCO - Vehicle		44,756	44,756	44,756	0
NETWORK CONTRACTING SERVICES		119,325	119,325	54,808	64,517
INFRASTRUCTURE - GENERAL		21,276	21,276	16,588	4,688
TOTAL NET EXPENDITURE		25,200,488	25,200,488	24,701,934	498,554

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Appendix 1B

<i>Economy and Environment Directorate</i>	Page No	Estimate 2023/24	Revised Estimate 2023/24	Anticipated Outturn 2023/24	Variance 2023-24
<u>PUBLIC PROTECTION DIVISION</u>					
TRADING STANDARDS		951,650	951,650	1,029,916	(78,266)
CORPORATE AND DEMOCRATIC COSTS (CDC)		78,673	78,673	82,351	(3,678)
LICENSING		208,160	208,160	179,748	28,412
REGISTRARS		91,306	91,306	85,791	5,515
<i>Agreed Use of Reserves - Wedding Ceremony Software</i>		0	0	(12,000)	12,000
CCTV		505,269	505,269	491,372	13,897
COMMUNITY WARDENS		411,093	411,093	392,023	19,070
HEALTH DIVISIONAL BUDGET		358,437	358,437	466,474	(108,037)
<i>Agreed Use of Reserves - Software Upgrade</i>		0	0	(115,000)	115,000
COMMUNITY SAFETY PARTNERSHIP		117,480	117,480	106,104	11,376
ENFORCEMENT		869,398	869,398	849,215	20,183
POLLUTION		538,045	538,045	513,196	24,850
FOOD TEAM		808,779	808,779	796,055	12,724
EMERGENCY PLANNING		120,552	120,552	121,319	(767)
CATERING		5,350,126	5,350,126	6,233,048	(882,922)
<i>Agreed Use of Reserves - FSM Summer Holiday Voucher scheme</i>		0	0	(900,000)	900,000
TOTAL NET EXPENDITURE		10,408,968	10,408,968	10,319,611	89,357

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Appendix 1C

<i>Economy and Environment Directorate</i>	Page No	Estimate 2023/24	Revised Estimate 2023/24	Anticipated Outturn 2023/24	Variance 2023-24
<u>COMMUNITY & LEISURE SERVICES</u>					
WASTE MANAGEMENT					
<i>Residual Waste</i>		3,687,296	3,687,296	3,629,504	57,792
<i>Organics recycling</i>		1,310,317	1,310,317	1,350,673	(40,356)
<i>Civic Amenity Sites</i>		3,361,468	3,361,468	3,241,388	120,080
<i>Waste Transfer Station</i>		173,779	173,779	163,630	10,149
<i>Dry Recycling</i>		3,971,030	3,971,030	4,104,248	(133,218)
<i>Bulky Waste</i>		89,794	89,794	113,245	(23,451)
<i>Commercial Waste</i>		(320,384)	(320,384)	(310,278)	(10,106)
<i>Other Waste</i>		24,306	24,306	8,250	16,056
<i>Treher</i>		135,000	135,000	98,068	36,932
<i>Sustainable Waste Management Grant</i>		(824,804)	(824,804)	(824,804)	0
<i>HQ Staff</i>		1,627,323	1,627,323	1,364,399	262,924
<i>Public Conveniences</i>		0	0	689	(689)
CLEANSING					
<i>Street Cleansing</i>		3,601,314	3,601,314	3,300,012	301,302
GROUND MAINTENANCE AND PARKS					
<i>Cemeteries</i>		(162,625)	(162,625)	(273,178)	110,553
<i>Cemeteries Earmark reserves</i>		0	0	110,553	(110,553)
<i>Allotments</i>		41,592	41,592	41,592	0
<i>Parks and Playing Fields</i>		2,177,746	2,177,746	2,397,625	(219,879)
<i>Agreed use of reserves for Ash Dieback</i>		0	0	(69,216)	69,216
<i>Playgrounds</i>		316,978	316,978	301,249	15,729
<i>Outdoor facilities</i>		448,442	448,442	344,533	103,909
<i>Countryside</i>		1,130,065	1,130,065	908,189	221,876
<i>HQ Staffing</i>		1,143,650	1,143,650	1,082,263	61,387
LEISURE SERVICES					
<i>Leisure Centres</i>		4,283,458	4,283,458	4,615,462	(332,004)
<i>Sports & Health Development</i>		78,705	78,705	95,815	(17,110)
<i>Agreed funding from reserves - Rugby Officer Trinity Fields</i>		27,489	27,489	27,489	0
<i>Outdoor Education</i>		307,627	307,627	340,681	(33,054)
<i>Community Centres</i>		410,305	410,305	410,305	0
		27,039,871	27,039,871	26,572,386	467,485
<i>Building Cleaning</i>		1,388,939	1,388,939	1,388,536	403
<i>Vehicle Maintenance & Fleet Management</i>		(141,921)	(141,921)	757,228	(899,149)
Total net expenditure Community & Leisure Services		28,286,889	28,286,889	28,718,150	(431,261)

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