



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: ECONOMY AND ENVIRONMENT 2021/22 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 2021/22 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 2021/2022 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

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 1d.

- 5.1.2 The table 1 below summarises the present budget monitoring position, with an overall Directorate underspend of £377k, but exclusive of ring-fenced budgets is projecting an overspend of £8k. Appendices 1a to 1d provide more detail on the budget variation projections for each Service Division.

TABLE 1	Estimate 2021/2022	Revised Estimate 2021/2022	Outturn 2021/2022	Variance 2021/2022
Regeneration & Planning Division	2,866	2,866	2,821	45
Infrastructure Division	20,694	20,694	20,286	408
Public Protection Division	7,543	7,543	7,449	95
Community & Leisure Services Division	22,284	22,284	22,456	(172)
Directorate General	178	178	177	1
NET DIRECTORATE	53,565	53,565	53,189	377
Home to School Transport - ring fenced under spend				113
Social Services Transport – ring fenced under spend				187
Cemeteries Task & Finish – ring fenced under spend				85
NET DIRECTORATE over spend (excluding ring fenced budgets)				(8)

5.2 INFRASTRUCTURE DIVISION

- 5.2.1 Infrastructure is overall reporting an underspend of £408k, after excluding budget variations in relation to Home to School Transport (£113k underspend) and Social Services Transport (£187k under spend) which will be ring fenced and appropriated back to the Service Directorates, there is an underspend of £108k, this includes WG funding for lost income in some service areas.
- 5.2.2 Highway Services is reporting an underspend of £85k. This is due in the main to highway core services projecting an underspending of £83k mainly due to delays in filling vacant posts, street lighting energy together with contractor/consultants' costs (partly due to backlog from covid delays). SAB (sustainable drainage) is projecting a small underspend of £2k at this time due in the main to some salary savings and underspend on contractor payments offsetting the small reduction in 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 underspend of £10k with reductions in fee income being more than offset by reduced salary costs, agency costs and travel.
- 5.2.4 Transportation Engineering overall is projecting a net overspend of £28k after adjusting for the agreed use of the Covid 19 reserve to fund the Car Park income loss endorsed by Cabinet on 24th March 2021. This overspend is due in the main to a shortfall in income for On-Street Car Parking of £30k, Shortfalls in income generated from Civil Parking Enforcement (CPE) of £50k (after WG funding for lost income and a reduction in CPE operational costs) along with £29k grant fee income. There are also underspends in relation vacant posts in Traffic Management £24k (which offsets most of the grant fee income shortfall) along with school crossing patrols of £51k due to vacant posts linked to sites not meeting Road Safety GB criteria.
- 5.2.5 Passenger Transport is reporting an under spend of £41k, with underspend in relation to bus subsidies and operator payments after grant income of £61k due to reduced service operation

and additional grant income (Covid). Also, underspend in staffing costs of £30k and management fee income of £10k, which is offset by an overspend on Bus Shelter/Bus Station costs of £38k. Bus Station Departure income has a net overspend of £20k which assumes WG funding for the first six months.

5.2.6 At this stage Network Contracting Services (NCS) is anticipating a breakeven budget this will be monitored closely during the year.

5.2.7 Home to School Transport is presently projecting underspend of £113k on a £7.9million budget, in the main due to a £100k underspend in contractor costs linked to reduced service operation and WG funding for PPE costs assumed for the first 6 months.

5.2.8 Social Services Transport is projecting under spend of £186k including £7k on salaries and £180k for service operators offset by additional costs to support agile working offset by a small overspend in vehicle costs £1k. 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.

5.3 PUBLIC PROTECTION

5.3.1 Public Protection is presently projecting underspend of £95k on their overall revenue budget details below.

5.3.2 Environmental Health is currently projecting a net underspend of £159k. The main variances are: -

- Community Safety Wardens is forecasting a £12k underspend mainly due to salary underspends for reduced hours and Airwave contract savings.
- Enforcement is forecasting an underspend of £7k mainly due to salary underspend from staff on reduced hours and delayed filling of vacant posts, along with vehicle costs, which are more than offsetting reduction in income/fees.
- Food Team is predicting a small underspend of £39k due to salary underspend from staff on reduced hours and delayed filling of vacant posts.
- Pollution Control are predicting an underspend of £111k partly due to vacant posts, but primarily due to £92.5k 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 of 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.
- Health Division is predicting an underspend of £9k due in the main to reduced staff cost for additional hours.
- Community Safety Partnership is predicting an overspend of £20k due in the main to a loss of grant income to fund staff. It is hoped to obtain further grants to compensate.
- Emergency Planning is predicting a £1k underspend.

5.3.3 Trading Standards (including Corporate and Democratic Services costs) are projecting a £19k (£17k Trading Standards & £2k Corporate and Democratic Services costs) underspend due in the main to delays in filling vacant posts and staff not at the top of the incremental scale.

5.3.4 Licensing are projecting a £17k underspend mainly due to Staffing underspends of £28k partly offsetting reduced net income of £12k (assumes WG fund lost income for first six months) due to reductions in numbers of temporary events notices and changes to Premises and Personal licences associated with pubs and clubs and street trading applications.

- 5.3.5 Registrars are projecting a £14k underspend mainly due to reduced running costs of £34k that has been offsetting net reduced income or £20k (assumes WG fund lost income for the first six months), which is based on 2019-20 comparison.
- 5.3.6 CCTV services are projecting an underspend of £2k with salary underspend offsetting additional infrastructure cost.
- 5.3.7 Catering Services are projecting an overspend of £116k. This is due in the main to the additional uptake on FSM as a result of Covid. There are ongoing discussions with WG to try and secure additional grant to cover the increased take. The income will be monitored during the year especially as WG have lifted some of the restrictions in schools. There have been no amendments for loss of income from September as the guidance at present is unclear but as this is updated this will be addressed in future monitoring reports.

5.4 COMMUNITY & LEISURE SERVICES

- 5.4.1 The Community & Leisure Division is presently projecting overall a net overspend of £172k, this overspend is noted below.
- 5.4.2 Waste Management is overall presently reporting an overspend of £705k on a £10m budget. There is a possibility that some of the overall increased tonnage costs shown below can be claimed back via WG Hardship fund at year end.
- Residual Waste is projecting an overspend of £400k due in the main to additional vehicles costs, increased costs of waste treatments (£250K) and increased staff costs due to redeployments from cleansing see 5.5.3 below.
 - Organic recycling is projecting a £26k underspend due to salary savings on vacant posts offset by additional agency staff, together with savings on contractor payments for treatment costs.
 - CA sites are projecting a £329k underspend due in the main to ongoing proof of residency policies and significant reductions in out of County waste, which has resulting in ongoing reduced treatment cost.
 - Waste Transfer Station is projecting a £6k overspend due in the main to increased transport costs
 - Dry Recycling is forecasting a £716k overspend due in the main to increased costs (£321k) due to the fire at the recycling depot and vehicle costs (£112k) due to damage and vehicle repairs.
 - RCCO (revenue contribution to capital outlay) is forecast to be £78k underspend due to no anticipated expenditure on vehicle acquisitions.
 - Bulky Waste is projecting a £10k overspend
 - Commercial Waste is projecting a £86k overspend due in the main to underachievement of income.
 - Other Waste is projecting a small £16k underspend.
 - Trehir is projecting a £5k underspend due in the reduced maintenance costs
 - Sustainable Waste Management Grant (SWMG) from WG is showing a £16k overspend as a result of revisions to WG allocations.
 - HQ staff predicted an underspend of £77k which is due to a vacant posts and reduced vehicle costs.
- 5.4.3 Cleansing Services is overall presently reporting an underspend of £481k. This is due in the main to a combination of staff vacant posts and staff continuing to be redirected to help cover waste collection rounds due to covid related and general sickness absence combined with reduced vehicle and treatment costs.
- 5.4.4 An underspend of £280k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.

- Cemeteries is reporting a £85k underspend mainly on cemetery maintenance. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery infrastructure.
- Parks, Allotments and Playgrounds are reporting underspend of £110k due to vacant posts in parks.
- Outdoor facilities are reporting £20K underspend in the main due to reduced staff costs, includes pavilion attendants' costs and reduced pavilion maintenance costs
- Countryside is reporting an underspend of £50k due in the main to a member of staff on a career break that has not been replaced plus some other small areas of underspends.
- HQ is projecting a small underspend of £14k primarily due to lower plant repair costs after the purchase of new machines in March 2021.

- 5.4.5 Leisure Centres are reporting overspend of £136k. The leisure centres have had limited opening this year to date due to Covid restriction. This is accentuated by the fact that staffing costs are still being incurred and an element of other operating expenditure is fixed cost in nature and cannot easily be reduced while the centres have been closed. The overspend projection does however include WG funding for net lost income, assumed to year end based on 2019-20 net figures. This overspend is still anticipated because historically over the past few year's leisure centres have underachieved income budget although budget growth and lifting of restrictions may aid the overspend. This will be monitored during the year. The overspend on Leisure Centres is part offset by a £38k underspend in Leisure HQ, primarily due to vacant posts and reduced spend on marketing and training.
- 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 £22k.
- 5.4.8 Sports Development is projecting a slight overspend of £14k due in the main to reduced numbers of direct GP referrals. As restrictions are lifted it is hoped the income levels will increase. There maybe an opportunity to seek WG lost income funds nearer year end.
- 5.4.9 Vehicle Maintenance & Fleet Management is currently projecting overspend of £140k, primarily due to a reduction in repair work. 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 underspend of £49k. Building Cleaning work has been affected by the Covid 19 crisis, with limited or no cleaning for a period being undertaken at Council buildings such as schools, leisure centres, tourism venues and libraries. However, building cleaning have needed to provide enhanced cleaning to school hubs and corporate offices and increased cleaning regimes at schools in preparation for schools reopening for the autumn term and during the autumn term. The decision was also made for all Council internal charges to be levied, so Building Cleaning services are still generating the income needed to cover staffing costs.

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 £53.565m. with a projected net overspend of £8k in a very turbulent year where service provision and ability to achieve income has been significantly disrupted. Financial pressures this year, have been further significantly increased by the impact the Covid 19 crisis has had on service provision, with a number of services not being provided or being significantly curtailed and some services experiencing significant reductions in income generation. The operational managers will endeavour to ensure however that service net

expenditure does not exceed the budget available and where applicable income loss claims will be submitted to WG.

6. **ASSUMPTIONS**

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 24th February 2021.
- 6.2 The projected outturn position is based on actual income and expenditure details to the end of June 2021.
- 6.3 Forecasts have been made following discussions with Managers based on current information available.
- 6.4 All assumptions are linked to Covid 19 and the possible lifting of any restrictions that take place.
- 6.5 An exercise took place to advise WG of net external income losses for April to June 2021, in the context that these will be funded by WG. Further claims are expected and projections are included where applicable in this report.

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.

Author: D. Roberts – Interim Finance Manager (Corporate & Communities).
roberda@caerphilly.gov.uk Tel: 01443 863342

Consultees

Councillor D.T Davies Chair Environment & Sustainability Scrutiny Committee
 Councillor A Hussey Vice Chair Environment & Sustainability Scrutiny Committee
 Christina Harry, Chief Executive
 Mark S Williams, Corporate Director for Economy & Environment
 Robert Hartshorn, Head of Community & Leisure, Policy and Public Protection
 Marcus Lloyd, Head of Infrastructure

Steve Harris, Head of Financial Services & S151 Officer
Jane Southcombe, Education Financial Services Manager
Sue Richards, Head of Education Planning & Strategy
Paul Adams, Senior Assistant Accountant
Mike Jones, Interim Financial Services Manager Social Services
Cllr J. Pritchard, Deputy Leader & Cabinet Member for Infrastructure & Property
Cllr N. George, Cabinet Member for Waste, Public Protection & Street Scene
Cllr R. Whiting, Cabinet Member for Learning & Leisure
Cllr A. Whitcombe, Cabinet Member for Sustainability, Planning & Fleet

Appendices:

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

Background Papers:

[Council \(24/02/21\) – Budget Proposals for 2021/22 and Medium-Term Financial Outlook](#)