



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: ECONOMY AND ENVIRONMENT 2021/22 BUDGET MONITORING
REPORT (PERIOD 9)**

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To inform members of projected revenue expenditure for the Economy & 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 £788k, but exclusive of ring-fenced budgets is projecting an underspend of £189k. 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	2,212	654
Infrastructure Division	20,694	20,694	20,219	475
Public Protection Division	7,543	7,543	7,434	109
Community & Leisure Services Division	22,284	22,284	22,683	(399)
Directorate General	178	178	229	(51)
NET DIRECTORATE	53,565	53,565	52,777	788
Home to School Transport - ring fenced under spend				316
Social Services Transport – ring fenced under spend				157
Cemeteries Task & Finish – ring fenced under spend				126
NET DIRECTORATE under spend (excluding ring fenced budgets)				189

5.2 INFRASTRUCTURE DIVISION

5.2.1 Infrastructure is overall reporting a net underspend of £475k, after excluding budget variations in relation to Home to School Transport (£316k underspend) and Social Services Transport (£157k under spend) which will be ring fenced and appropriated back to the Service Directorates, there is a small underspend of £2k, this includes WG funding for lost income in some service areas.

5.2.2 Highway Services is reporting an overspend of £68k. The main variances are:

- This is due in the main to highway core services projecting an overspend of £43k mainly due increased contractor costs, reductions in income on permits offset partially by delays in filling vacant posts, street lighting energy costs.
- SAB (sustainable drainage) is projecting an overspend of £25k at this time due in the main to reduction in income which is partially offset by savings on contractor payments. 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 £24k 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 small net overspend of £10k after adjusting for the agreed use of the Covid 19 reserve to fund the Car Park income loss endorsed by Cabinet. The main variances are:

- Traffic Management & Road Safety are projecting a small underspend of £4k. This is due in the main to underspends in relation vacant posts of £20k along with school crossing patrols vacancies of £51k linked to sites not meeting Road Safety GB criteria This is partially offset by increased contractor payments (£38k) and supplies and services (12K) along with a shortfall in income for On-Street Car Parking of £8k.
- Civil Parking Enforcement is projecting a breakeven position. This position is taking into account the savings on vacant posts along with reduced contractor payments offset by a shortfall in fee income generated from Civil Parking Enforcement (CPE) of £60k (after WG funding for lost income).
- Highways Development & Strategy is projecting an overspend of £16K due in the main

to a shortfall in fee income generated of £30k offset by reduced staffing costs.

- 5.2.5 Passenger Transport is reporting an underspend of £15k, this is due in the main to reduced salary costs of £49k and increased income of £112k (Concessionary Fares Operator grant) offset by the cost of a replacement vehicle (£42k) and increased contractor payments of £100k, these payments are a result of the additional grant income.
- 5.2.6 At this stage Network Contracting Services (NCS) is anticipating an underspend of £40k due in the main to additional external income, this will be monitored closely during the year.
- 5.2.7 Home to School Transport is presently projecting underspend of £316k on a £7.9million budget, in the main due to a £303k underspend in contractor costs linked to reduced service operation and WG funding for PPE costs.
- 5.2.8 Social Services Transport is projecting under spend of £158k including £36k on salaries, £120k for service operators and a small underspend in vehicle costs of £4k offset by additional costs to support agile working. 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 £109k on their overall revenue budget details below.
- 5.3.2 Environmental Health is currently projecting a net underspend of £41k. The main variances are: -
- Community Safety Wardens is forecasting an overspend of £35k due in the main to contract extensions of 2 posts to 31st March 2022.
 - Enforcement is forecasting an underspend of £24k mainly due to reduced travel, vehicle and external agency costs, partially offset by reduced income/fees.
 - Food Team is predicting a small underspend of £24k due to salary underspend from staff on reduced hours and delayed filling of vacant posts.
 - Pollution Control are predicting a net underspend of £44k 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 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. This also takes into account the agreed RCCO (Revenue Contribution to Capital Outturn) of £37k.
 - Health Division is predicting an underspend of £8k due in the main to reduced staff cost offset by reductions in income from court cases.
 - Community Safety Partnership is predicting a small underspend of £10k.
 - Emergency Planning is predicting a £1k underspend.
 - It has been agreed that £35k of the underspend be earmarked to extend Covid Enforcement Agency Staff contracts for 3months. This has been factored into the overall underspend.
- 5.3.3 Trading Standards (including Corporate and Democratic Services costs) are projecting a £17k (£13k Trading Standards & £4k 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 £27k underspend mainly due to Staffing underspends of £22k and other cost savings of £11.5k (Travel, Vehicles etc.) more than offsetting the £11k increase in IT costs. The reduced income has been covered by WG Covid Lost Income Grant (Taxi Licenses and Events notices in the main).
- 5.3.5 Registrars are projecting a £5k underspend mainly due to an upturn in income more than offsetting increased costs. The service income and costs can be greatly affected by Covid Restriction changes if the current covid level (Zero) is raised during the year.
- 5.3.6 CCTV services are projecting an underspend of £21k with salary and line rental underspends offsetting additional infrastructure cost.
- 5.3.7 Catering Services are projecting a net underspend of £2k. The underspend is due in the main to salary underspends due to delays in filling vacant posts offset by reduced income levels. This is after adjusting for the agreed use of reserves for the Cashless catering system and an officer post. The income will be monitored during the year especially as WG have lifted some of the restrictions in schools.

5.4 COMMUNITY & LEISURE SERVICES

- 5.4.1 The Community & Leisure Division is presently projecting overall a net overspend of £399k, this overspend is noted below.
- 5.4.2 Waste Management is overall presently reporting an overspend of £719k 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 £49k 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 £202k underspend due to salary savings on vacant posts, reduced additional agency staff, reduced vehicle costs together with savings on contractor payments for treatment costs.
 - CA sites are projecting a £35k overspend due in the main to ongoing proof of residency policies and significant reductions in out of County waste, this has been more than offset by the additional wood treatment costs and additional hire costs due to breakdowns.
 - Waste Transfer Station is projecting a £20k overspend due in the main to increased transport costs
 - Dry Recycling is forecasting a £986k overspend due in the main to increased costs (£321k) due to the fire at a contractor recycling depot, increased staffing costs (£125K) to cover sickness and absence together with vehicle costs (£591k) due to additional hire costs and vehicle repairs. These have been partially offset with some additional income and savings on non-salary related costs.
 - 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 due to additional staff costs to cover staff absences and vehicle hire costs partially offset by increased income.
 - Commercial Waste is projecting a £12k overspend due in the main to underachievement of income.
 - Other Waste is projecting a £26k underspend due a costs being lower than earlier predictions.
 - Trehir is projecting a £39k underspend due to reduced maintenance costs and a reduction in sewage charges.
 - 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 £64k which is due to a vacant posts and reduced vehicle and PPE costs.

- 5.4.3 Cleansing Services is overall presently reporting an underspend of £564k. 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 £112k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.
- Cemeteries is reporting a £126k underspend, this underspend in the main is due to increased income levels. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery development and infrastructure improvements.
 - Parks, are projecting a net £70k 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 additional agency staff being extended to try to reduce the backlog and reduced income levels.
 - Allotments are projecting a small underspend of £9k.
 - Playgrounds are reporting breakeven position.
 - Outdoor facilities are reporting £13k underspend in the main due to reduced staff costs, includes pavilion attendants’ costs and reduced pavilion maintenance costs
 - Countryside is reporting an underspend of £63k in the main due to staff vacancies and career break that have not yet been replaced and reduced seasonal staff costs.
 - HQ is projecting an overspend of £29k primarily due to additional external plant repair costs and hire costs of the units at Tiryberth.
- 5.4.5 Leisure Centres are reporting overspend of £100k. 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 years 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 overspend of £8k.
- 5.4.8 Sports Development is projecting a slight overspend of £10k due in the main to reduced numbers of direct GP referrals. The National Exercise Referral Scheme (NERS) online live virtual sessions have not been chargeable, as restrictions are lifted and with additional referrals from DWP it is hoped the income levels will increase. There may be an opportunity to seek WG lost income funds nearer year end.
- 5.4.9 Vehicle Maintenance & Fleet Management is currently projecting overspend of £290k, primarily due to a combination of reduced income levels and increased costs associated with the outsourcing of some repair works due to a lack of staff capacity within the workshop. This is offset by underspends in staffing due to a delay in filling vacant posts. 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 £53k. 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 underspend of £189k 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 December 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 December 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.

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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 Public Protection, Community & Leisure Services
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
Gareth Williams, 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:

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