



HOUSING AND ENVIRONMENT SCRUTINY COMMITTEE – INFORMATION ITEM - 26TH MARCH 2024

**SUBJECT: ECONOMY AND ENVIRONMENT 2023/2024 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 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 and 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 and 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 and 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 £2.164m, but exclusive of ring-fenced budgets is projecting an overspend of £1.823m. 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 £'m	Revised Estimate 2023/24 £'m	Anticipated Outturn 2023/24 £'m	Variance 2023-24 £'m
Regeneration and Planning Division	3.713	3.796	4.025	(0.229)
Infrastructure Division	25.200	25.317	25.737	(0.420)
Public Protection Division	10.409	10.554	10.370	0.185
Community and Leisure Services Division	28.259	28.620	30.318	(1.698)
Directorate General	0.195	0.192	0.193	(0.001)
NET DIRECTORATE	67.776	68.479	70.643	(2.164)
Home to School Transport - ring fenced over spend				0.950
Social Services Transport – ring fenced under spend				(0.609)
Cemeteries Task and Finish – ring fenced under spend				
NET DIRECTORATE under spend (excluding ring fenced budgets)				(1.823)

5.2 INFRASTRUCTURE DIVISION

- 5.2.1 Infrastructure is overall reporting an overspend of £0.420m. When adjusting for the budget variations in relation to Home to School Transport (£0.950m overspend) and Social Services Transport (£0.609m underspend) which will be ring fenced and appropriated back to the Service Directorates, the net overspend is £0.079m.
- 5.2.2 Highway Services is reporting a net overspend of £0.349m. The main reason for the overspends are additional Statutory Maintenance (£1.130m), Street Lighting non routine maintenance (£0.150m) along with a shortfall in income (£0.175m) partially offset by salary savings due to delays in filling vacant posts (£0.208m), reduced Street Lighting energy costs (£0.800m) and Gully Cleansing (£0.270m). 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 £0.104m. This is due in the main to savings on salaries (£0.384m) partially offset by reduced income levels (£0.294m).
- 5.2.4 Transportation Engineering overall is projecting a net underspend of £0.018m after adjusting for the agreed use of the reserves.
- 5.2.5 Passenger Transport is reporting a nett underspend of £0.199m due in the main to salary savings (£0.095m) and Private Contractor costs (£0.124m) partly offset by reduced income levels (£0.110m).
- 5.2.6 Home to School Transport is presently projecting an overspend of £0.950m due in the main to additional contractor costs.
- 5.2.7 Social Services Transport is projecting underspend of £0.609m including £0.171m on salaries, £0.427m 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 overspend of £0.069m due in the main to additional contractor costs (£0.256m), additional hire charges (£0.291m) and reduced income (£0.271m) offset by salary savings (£0.281m), reduced material costs (£0.142m) and reduced tipping costs (£0.114m), the income will be monitored closely during the year.
- 5.2.9 Engineering General are projecting a small underspend of £0.017m, this is in the main due to reduced Postage, Printing and Computer costs.

5.3 PUBLIC PROTECTION

- 5.3.1 Public Protection is presently projecting an underspend of £0.185m on their overall revenue budget details below.
- 5.3.2 Environmental Health is currently projecting a net underspend of £0.143m. The main variances are: -
- Community Safety Wardens is forecasting an underspend of £0.072m due in the main to delays in filling vacant posts.
 - Health Division is predicting a net underspend of £0.014m after taking into account the agreed use of reserves for the software upgrade.
 - Community Safety Partnership is predicting a small underspend of £0.012m due to delays in filling a vacant post.
 - Enforcement is forecasting an underspend of £0.035m mainly due to salary savings (£0.042m), reduced fees (£0.013m) along with some additional income (£0.014m) and partially increased contract costs and (£0.032m).
 - Pollution Control are predicting a net overspend of £0.074m due in the main to additional Fencing costs (£0.061m) and increased cost of equipment linked to testing (£0.078m) partially offset by savings due to vacant posts (£0.042m). 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 an underspend of £0.082m due to staff costs (£0.096m) offset by reduced income levels (£0.018m).
 - Emergency Planning is predicting a small underspend of £0.001m.
- 5.3.3 Trading Standards are projecting a net overspend of £0.078m, due in the main to increased kennelling costs (£0.093m) after an enforcement action partially offset by reduced salary costs (£0.012m).
- 5.3.4 Core and Democratic costs are projecting a small overspend of £0.002m.
- 5.3.5 Licensing are projecting an underspend of £0.040m due in the main to reduced salary costs (£0.066m) partially offset by reduced income levels (£0.029m). The income levels are volatile and will be monitored during the course of the year.
- 5.3.6 Registrars are projecting a net £0.008m overspend mainly due to various small overspends linked to cover for staff absences, the 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 breakeven position.

5.3.8 Catering Services are projecting a net underspend of £0.090m after the agreed use of reserves. The underspend is due in the main to additional one-off income being received from WG (£0.198m), additional costs have been incurred for both staffing, food and equipment which have been offset by the additional grant for the UFSM roll out for primary schools. Any income will be monitored during the year especially as WG committed to a phased roll out of UFSM for all Primary pupils.

5.4 COMMUNITY and LEISURE SERVICES

5.4.1 The Community and Leisure Division is presently projecting overall a net overspend of £1.698m, this overspend is noted below.

5.4.2 Waste Management (Managed by Head of Infrastructure) is overall presently reporting a nett underspend of £0.073m due in the main to: -

- Residual Waste is projecting an overspend of £0.010m due in the main to additional purchase of Bins (£0.012m), additional costs of vehicle repairs (£0.188m), vehicle overhead costs (£0.006m) and Vehicle Hire (£0.164m). partially offset by reduced contractor payments (£0.328m), reduced fuel costs (£0.080m) and additional replacement Bin Charges (£0.008m)
- Organic recycling is projecting a nett £0.173m overspend due in the main vehicle maintenance costs (£0.111m), additional salary costs (£0.071m) additional Agency costs (£0.054m) partially offset by reduced fuel costs (£0.026m) along with vehicle overhead costs (£0.016m) after adjusting for the agreed use of reserves for the Waste Project.
- CA sites are projecting a £0.028m overspend due in the main to the additional site maintenance (£0.010m), additional cleaning (£0.006m), vehicle Repairs and Maintenance (£0.049m), additional agency costs (£0.040m) and additional contractor payments (£0.070m), partially offset by reduced Plant purchases (£0.030m), reduced Fuel costs (£0.045m) vehicle Hire (£0.017m) along with additional income for vehicle sales (£0.015m) after adjusting for the agreed use of reserves for the Waste Project.
- Waste Transfer Station is projecting a £0.021m underspend due in the main reduces fuel costs (£0.006m), reduced Vehicle repairs (£0.006m) along with reduced staff costs (£0.007m).
- Dry Recycling is forecasting a £0.005m overspend due in the main to vehicle repairs (£0.113m), additional salary costs (£0.013m), vehicle overhead costs (£0.018m) and additional Agency costs (£0.49m) partially offset by a reduction in fuel costs (£0.056m) together with savings on contractor payments (£0.101m) and additional income for replacement bins (£0.028m)
- Bulky Waste is projecting a £0.008m overspend due in the main to additional salary costs (£0.013m) along with additional contractor costs (£0.014m) partially offset by reduced fuel costs (£0.006m) reduced services costs (£0.010m) and some additional income (£0.002m).
- Commercial Waste is projecting a £0.023m overspend due in the main to additional bins (£0.011m) along with reduced income forecasts (£0.014m).
- Other Waste is projecting a £0.016m underspend due a Supplies and Services costs being lower than expected.
- Trehir is projecting a £0.0378m underspend due to reduced maintenance costs and a reduction in sewage charges.
- Sustainable Waste Management Grant (SWMG) from WG is £0.002m higher than expected.
- HQ staff predicted a nett underspend of £0.243m which is due in the main to vacant posts (£0.249m), partially offset by additional material costs (£0.038m), protective clothing (£0.029m), stationary costs (£0.020m) after adjusting for the agreed use of reserves for the Waste Project.
- 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 (Managed by Head of Infrastructure) is overall presently reporting a net underspend of £0.173m. This is due in the main to staff vacant posts (£0.286m) and reduced contractor costs (£0.059m) partially offset by vehicle repairs (£0.052m), additional Hire charges (£0.020m), additional fuel charges (£0.013m), Street Sweeping charges (£0.010m), additional agency costs (£0.048m), along with reduced income (£0.032m).
- 5.4.4 A net overspend of £0.794m is projected for Parks and Countryside, Outdoor Facilities and Cemeteries.
- Cemeteries is reporting a £0.007m underspend, the underspend in relation to cemeteries is ring fenced and will be transferred to the ringfenced reserve.
 - Allotments are projecting an underspend of £0.016m due in the main to reduced maintenance and contractor costs.
 - Parks are projecting a net £0.759m 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 (£0.378m), increased agency costs (£0.186m), Contractor payments (£0.261m), vehicle hire costs (£0.019m), vehicle repairs and maintenance (£0.047m), Planned plant servicing (£0.016m) and cleansing (£0.047m) partially offset by salary savings (£0.131m), Rights of Way (£0.039m), Purchase of Materials (£0.047m) and Plant and Equipment (£0.033m).
 - Playgrounds are reporting a slight overspend of £0.011m.
 - Outdoor facilities are reporting £0.048m overspend in the main due to utility costs (£0.046m) additional cleaning costs (£0.024m) along with reduced income levels (£0.021m) partly offset by savings on salaries (£0.042m).
 - Countryside is reporting an overspend of £0.006m.
 - HQ is projecting an underspend of £0.013m primarily due to reduced property costs including energy (£0.005m), supplies and services (£0.003m), transport costs (£0.006m), administrative costs (£0.009m) and contractor costs (£0.005m) partly offset by increased salary costs (£0.012m)
- 5.4.5 Leisure Centres and HQ are reporting overspend of £0.573m. The main reasons for this are the increased utility costs (£0.255m) in running the centres, increased staffing costs in the centres (£0.090m), increased Supplies and Services (£0.055m) along with reduced income levels on the Leisure Centres (£0.090m) and the new Athletics Hub (£0.042m)
- 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 £0.011m. This is due in the main to income levels not being achieved (£0.090m) partially offset by savings in salaries (£0.072m) and reduced transport costs (£0.008m).
- 5.4.8 Sports and Health Development is projecting a small overspend of £0.024m 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 and Fleet Management is currently projecting overspend of £0.500m. 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 are 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 (Managed by Head of Infrastructure) is at present reporting an overspend of £0.043m.

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 and Environment: -

Section	Agreed MTFP Savings	Progress against Savings	Variance
	£'m	£'m	£'m
<u>Economy & Environment</u>			
Infrastructure	1.161	1.118	0.043
Public Protection	0.060	0.051	0.009
Community & Leisure	0.254	0.147	0.106
Regeneration & Planning	0.364	0.276	0.088
Director	0.000	0.000	0.000
Grand Total	1.839	1.592	0.246

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 £0.043m in Infrastructure is due to: -

- £0.040m for the Rail Bus link not achieving a full year's worth of savings due to implementation delays.
- £0.003m from various sections mileage reductions not being achieved.

5.5.4 The variance of £0.009m in Public Protection is due to: -

- £0.004m for the CCTV Camera, due to delays in the roll out.
- £0.005m from various sections mileage reductions not being achieved.

5.5.5 The variance of £0.106m in Community and Leisure is due to: -

- £0.005m for the closure of Ty Fry Farm.
- £0.004m from various sections mileage reductions not being achieved.
- £0.005m from increased income from MOT fees.
- £0.075m from increased fee income in Leisure Centres.
- £0.017m from the tapered withdrawal of Caretaker subsidy in Community Centres.

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

5.6 Conclusion

5.6.1 Members are advised that Economy and Environment Directorate provides a very diverse range of front-line services to residents and businesses. The overall Directorate has a budget totalling £68.749m, with a projected net overspend of £2.164m (3.16% 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 December 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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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