

## **Appendix 4 – Climate & Place, (including Accountable Bodies)**

### **Climate & Place**

#### Lead Members:

- Environment & Climate Change: Cllr Dixie Darch
- Transport & Digital: Cllr Richard Wilkins
- Economic Development, Planning & Assets: Cllr Ros Wyke

Executive Director: Mickey Green

#### Service Directors:

- Climate, Environment & Sustainability: Kirsty Larkins
- Infrastructure & Transport: Mike O'Dowd-Jones
- Economy, Employment & Planning: Paul Hickson

### **Accountable Bodies**

#### Lead Members:

- Transport & Digital: Cllr Richard Wilkins
- Economic Development, Planning & Assets: Cllr Ros Wyke
- Environment & Climate Change: Cllr Dixie Darch

Executive Director: Mickey Green

#### Service Directors:

- Somerset Rivers Authority: Kirsty Larkins
- Local Enterprise Partnership and Connecting Devon & Somerset: Paul Hickson

## 2023/24 Climate & Place as at the end of March 2024 (Month 12)

2023/24 final net budget £90.9m, outturn variance of £14.1m underspend, favourable movement £6.8m from month 10.

| Service Area                                     | Current Expenditure Budget | Current Income Budget | Current Net Budget | Full Year Projection | Month 12 Variance | A/(F)      | RAG Status   | Movement From Month 10 |
|--|----------------------------|-----------------------|--------------------|----------------------|-------------------|------------|--------------|------------------------|
|  | £m                         | £m                    | £m                 | £m                   | £m                |            |              | £m                     |
| <b>Climate, Environment &amp; Sustainability</b> |                            |                       |                    |                      |                   |            |              |                        |
| Climate & Place Management                       | 0.6                        | (0.1)                 | 0.5                | 0.5                  | 0.0               | -          | Green        | 0.0                    |
| Business Support                                 | 1.0                        | 0.0                   | 1.0                | 0.9                  | (0.1)             | (F)        | Green        | (0.1)                  |
| Somerset Waste                                   | 52.5                       | (6.6)                 | 45.9               | 45.2                 | (0.7)             | (F)        | Green        | (0.7)                  |
| Drainage Board Levy                              | 2.3                        | 0.0                   | 2.3                | 2.2                  | (0.1)             | (F)        | Green        | (0.1)                  |
| Climate Change Costs                             | 1.0                        | (0.2)                 | 0.8                | 0.7                  | (0.1)             | (F)        | Green        | 0.0                    |
| Emergency Planning                               | 0.4                        | 0.0                   | 0.4                | 0.6                  | 0.2               | A          | Red          | 0.2                    |
| Flood & Water                                    | 0.9                        | 0.0                   | 0.9                | 1.1                  | 0.2               | A          | Red          | 0.1                    |
| Countryside                                      | 1.2                        | (0.7)                 | 0.5                | 0.5                  | 0.0               | -          | Green        | 0.0                    |
| Mendips AONB                                     | 0.3                        | (0.2)                 | 0.1                | 0.1                  | 0.0               | -          | Green        | 0.0                    |
| Quantock AONB                                    | 0.4                        | (0.3)                 | 0.1                | 0.1                  | 0.0               | -          | Green        | 0.0                    |
| Ecology  | 0.2                        | 0.0                   | 0.2                | 0.3                  | 0.1               | A          | Red          | 0.1                    |
| <b>sub total</b>                                 | <b>60.8</b>                | <b>(8.1)</b>          | <b>52.7</b>        | <b>52.2</b>          | <b>(0.5)</b>      | <b>(F)</b> | <b>Green</b> | <b>(0.5)</b>           |
| <b>Infrastructure &amp; Transport</b>            |                            |                       |                    |                      |                   |            |              |                        |
| Highways & Transport Commissioning               | 2.4                        | (0.5)                 | 1.9                | 1.5                  | (0.4)             | (F)        | Green        | (0.4)                  |
| Infrastructure Programmes Group                  | 0.8                        | (0.8)                 | 0.0                | 0.2                  | 0.2               | A          | Red          | 0.2                    |
| Highways   | 17.9                       | (0.7)                 | 17.2               | 16.3                 | (0.9)             | (F)        | Green        | (1.7)                  |
| Traffic Management                               | 5.2                        | (4.7)                 | 0.5                | 0.0                  | (0.5)             | (F)        | Green        | (0.1)                  |
| Transporting Somerset                            | 14.4                       | (6.0)                 | 8.4                | 7.5                  | (0.9)             | (F)        | Green        | (0.8)                  |
| Car Parks  | 4.4                        | (10.9)                | (6.5)              | (6.6)                | (0.1)             | (F)        | Green        | (0.1)                  |
| Fleet Management                                 | 1.0                        | (0.3)                 | 0.7                | 1.1                  | 0.4               | A          | Red          | 0.4                    |
| Community Infrastructure                         | 0.0                        | 0.0                   | 0.0                | 0.0                  | 0.0               | -          | Green        | 0.0                    |
| <b>sub total</b>                                 | <b>46.1</b>                | <b>(23.9)</b>         | <b>22.2</b>        | <b>20.0</b>          | <b>(2.2)</b>      | <b>(F)</b> | <b>Green</b> | <b>(2.5)</b>           |
| <b>Economy, Employment &amp; Planning</b>        |                            |                       |                    |                      |                   |            |              |                        |
| Economy & Planning                               | 0.0                        | 0.0                   | 0.0                | 0.0                  | 0.0               | -          | Green        | 0.0                    |
| Commissioning Development                        | 0.0                        | 0.0                   | 0.0                | 0.0                  | 0.0               | -          | Green        | 0.0                    |
| Development Control                              | 7.8                        | (5.0)                 | 2.8                | 2.6                  | (0.2)             | (F)        | Green        | (1.0)                  |
| Planning Policy                                  | 3.4                        | (0.1)                 | 3.3                | 2.0                  | (1.3)             | (F)        | Green        | (0.5)                  |
| Economic Development                             | 7.9                        | (2.1)                 | 5.8                | 4.0                  | (1.8)             | (F)        | Green        | (1.2)                  |
| Building Control                                 | 2.2                        | (1.5)                 | 0.7                | 0.5                  | (0.2)             | (F)        | Green        | (0.2)                  |
| Regeneration and Major Projects                  | 0.2                        | 0.0                   | 0.2                | 0.3                  | 0.1               | A          | Red          | 0.1                    |
| <b>sub total</b>                                 | <b>21.5</b>                | <b>(8.7)</b>          | <b>12.8</b>        | <b>9.4</b>           | <b>(3.4)</b>      | <b>(F)</b> | <b>Green</b> | <b>(2.8)</b>           |
| <b>Accountable Bodies</b>                        |                            |                       |                    |                      |                   |            |              |                        |
| Somerset Rivers Authority                        | 2.5                        | 0.0                   | 2.5                | 2.5                  | 0.0               | -          | Green        | 0.0                    |
| Local Enterprise Partnership                     | 2.6                        | (2.4)                 | 0.2                | 0.2                  | 0.0               | -          | Green        | 0.0                    |
| Connecting Devon & Somerset (CDS)                | 1.0                        | (0.5)                 | 0.5                | (7.5)                | (8.0)             | (F)        | Green        | (1.0)                  |
| <b>sub total</b>                                 | <b>6.1</b>                 | <b>(2.9)</b>          | <b>3.2</b>         | <b>(4.8)</b>         | <b>(8.0)</b>      | <b>(F)</b> | <b>Green</b> | <b>(1.0)</b>           |
| <b>Climate &amp; Place Total</b>                 | <b>134.5</b>               | <b>(43.6)</b>         | <b>90.9</b>        | <b>76.8</b>          | <b>(14.1)</b>     | <b>(F)</b> | <b>Green</b> | <b>(6.8)</b>           |

## Climate & Place - key explanations, actions, & mitigating controls

Climate and Place outturn position is currently forecasting a favourable variance of £14.1m, this is a variance of £6.8m since month 10. The variances across Climate and Place are due to the following:

## Climate, Environment and Sustainability

**Somerset Waste's** outturn position is an underspend of £0.7m, this is a favourable movement of £0.7m from the reported forecast at month ten. The favourable movement can be explained by the following:

- There was a change in legislation implemented on the 1 January 2024 allowing for free disposal of DIY waste at recycling sites. It was anticipated that this would generate a spike in tonnages and associated costs. The actual cost impact was £0.1m less than forecast at month 10.
- Income from Garden Waste subscriptions was greater than anticipated for February and March with actual income £0.2m higher than previously forecast.
- The contractor performance attracted additional default deductions of £0.1m in the final months of the year.
- The financial emergency drive to reduce spending resulted in savings against non-contractual budgets this includes the legal budget in relation to contractual support which was less than previously anticipated in the financial year.

**Flood and Water's** outturn position was an overspend of £0.2m an adverse movement from month 10. The overspend relates to salary forecasts and increased costs for Perfect Circle. Although Flood and Water was overspent, Climate Change salary costs had been identified to mitigate some of the pressure for Climate, Environment and Sustainability. Climate Change was underspent by £0.1m.

**Emergency Planning's** outturn position was an overspend of £0.2m an adverse movement from month 10. The movement was due to an SRA Claim not approved in 23-24 and Head of Service costs with no budget.

**Ecology** was overspent by £0.1m due to agency staff costs and income budgets transferred from the districts being lower than the actual costs. If we had recharged based on actual work, we would have received £0.03m more than budget received.

## Infrastructure and Transport

**Highways** outturn position is an underspend of £0.9m a favourable movement of £1.7m from month 10. The favourable movement can be explained by:

- Safety defects costs were £0.1m lower than forecasted in month 10
- Street Lighting energy costs were £0.9m lower than budgeted and £0.5m lower than forecasted in month 10. Due to the supplier issuing credits and re-invoicing during the year it was difficult to forecast costs to the end of the year.
- Due to a milder winter, Winter Maintenance and Salt purchases were £0.1m lower than forecasted.
- Vacant posts, staff costs to Capital meant a favourable underspend within staffing budgets.
- Emergency Works were £0.2m higher than forecasted in month 10 and £0.5m overspent.

- Other favourable movements were Trees Maintenance £0.05m, Bridges Vegetation Clearance £0.1m and Contract Rebate being higher than budgeted/forecasted by £0.06m

**Traffic Management** is showing a favourable variance of £0.5m at outturn, this is a favourable movement of £0.1m since month ten. This is due to receiving higher than anticipated income within the service relating to Temporary Traffic Regulation Orders (TTRO) and Section 74 income.

**Transporting Somerset** has an underspend of £0.9m outturn, which is a favourable movement of £0.8m since month ten. After an extensive review of the budget, it was highlighted that the forecast outturn position did not include a draw from the Bus Service Improvement Programme for activities included in the project. This contributed to the underspend by £0.5m, further underspends had been identified on Accessible Transport, Park and Ride and Concessionary Fares Management costs.

### Economy, Employment and Planning

At year-end, this service has an improved outturn position from month 10 with an increase in the favourable variance from £0.6m to £3.4m; a movement of £2.8m. There were some generic issues within all service areas which can account for this movement e.g. late postings of income and correction of purchase orders and delayed budget virements re staff costs but what follows is a more detailed explanation for the various services outturn movements from month 10.

**Building Control** is showing a net favourable variance of £0.2m, a favourable movement of £0.2m from month 10. This is mainly due to staff turnover. Various officers have left the service during 2023/24 and though agency staff has been used this has been reducing as the year has progressed.

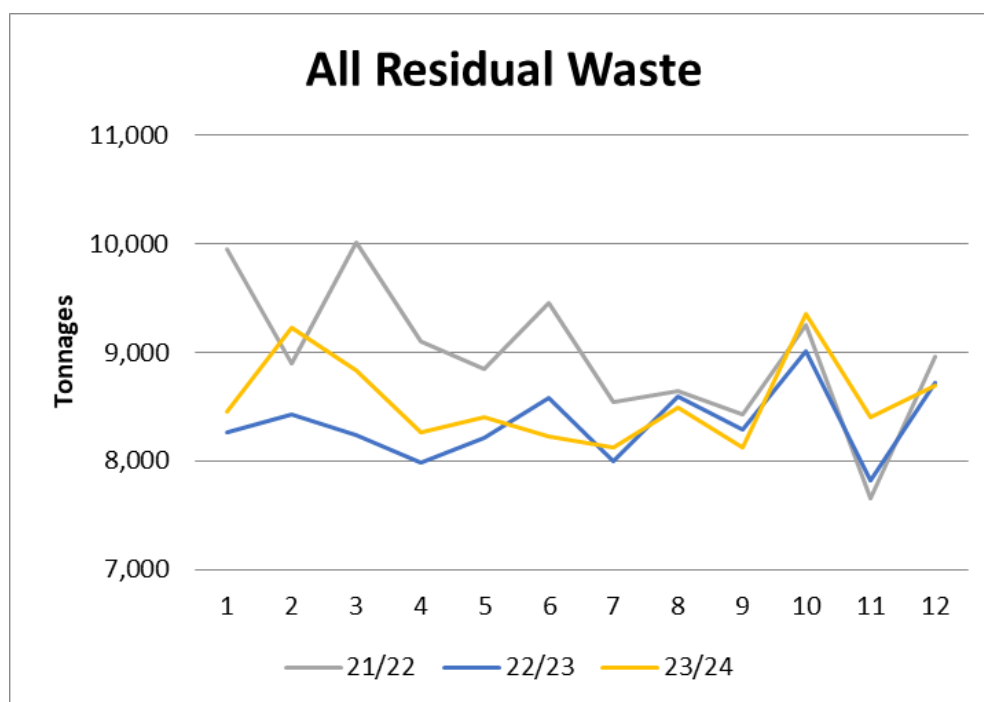
**Economic Development** is showing a net favourable variance of £1.8m, a favourable movement of £1.2m from month 10. The enterprise centres came back in house on 1<sup>st</sup> December 2024 (previously managed by Torbay Council) therefore, most of the income and expenditure fell in to quarter 4 and had not been previously budgeted for. The outturn position for these centres including the innovation centres was a favourable variance of £0.6m. The remaining movement of £0.6m from month 10 relates mainly to additional external funding for staff of £0.15m (through the Council maximising external funding of post by mechanisms including UKSPF in the context of the financial emergency), an underspend on staffing costs of £0.35m due to vacant posts and other underspends – some of which have been identified as 2024/25 MTFP savings for the service.

**Development Control** is showing a net favourable variance of £0.2m, a favourable movement of £1m from month 10. The previously reported adverse variance of £0.8m from month 10 was based on projected under recovery of income (in recognition of ongoing issues with reconciliation of income, estimates for 2023/24 from legacy

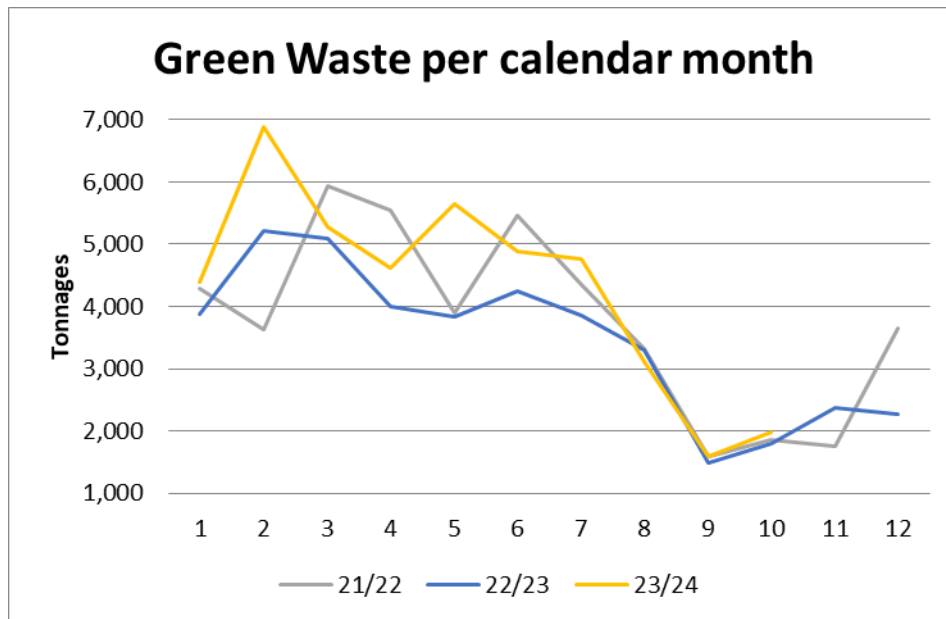
councils overestimating annual income likely to be achieved, and the current economic climate resulting in fewer applications). The outturn figure reflects improved income recovery (mainly due progress with income reconciliation across council budgets) and the impact of staff vacancy rates in the service have steadily increased during the year due to the ongoing challenges in planning with retention and recruitment.

**Planning Policy** is showing a net favourable variance of £1.3m, a favourable movement of £0.5m from month 10. The main reasons for this are an increased underspend on the local plan budget of £0.15m which was predicted to be £0.8m with the remainder relating to an underspend on staff.

### Climate & Place - key performance cost drivers



The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages in the early months for 2023/24. Residual Waste volumes from July onward have reduced and are more aligned to 2022 levels. There is an upswing in February which is due to the extra day for a leap year (21 collection days compare to the normal 20 days).



The above graph shows the green waste (per tonnage) per month. Green waste volumes are significantly impacted by the weather conditions during the growing season and the graph highlights the higher tonnages in the early months of 2023/24. Tonnages for the second part of the year are in line with previous years' trends.

### Climate & Place - key risks, future issues & opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.
- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.
- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible agencies have been used to fill critical roles. However, this has a financial impact as generally, the cost of these staff is higher than budgeted for. This reflects the national picture and is the same across a number of sectors.
- **Systems and Reporting.** Finance is continuing to work with the service to bring together and understand five legacy authority budgets. There is a great deal of work to do to understand, relocate and align the legacy information to make one budget for Climate and Place. This work runs alongside the implementation

of the new MS Dynamics finance system and Solver budget monitoring interface. It is there important to note that this may result in unknown under or overspends for the service.

Risks can be identified due to the change in climate. It is exceedingly difficult to be able to identify financially what the impact of climate change will be year-on-year, but risks with a potential financial impact include:

- Icy conditions will see a high demand on the Highways service to grit primary and secondary routes.
- Increased rainfall which has raised the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

## **Accountable Bodies**

### Somerset Rivers Authority (SRA)

Somerset Rivers Authority was underspent by £0.5m and was moved to the reserve.

### Local Enterprise Partnership (LEP)

The outturn position is a net contribution to the earmarked reserve held for the LEP of £0.2m. Government confirmed in 2023/24 its intention to cease funding and recognition of LEPs. Somerset Council worked with Devon, Plymouth, and Torbay Councils and the LEP Board in 2023/24 to agree and implement a planned wind down of the LEP and establish arrangements for the proportionate transfer of residual LEP budgets (including the earmarked revenue reserve) to the four local authorities.

### Connecting Devon & Somerset (CDS)

The Connecting Devon and Somerset (CDS) programme included a phase one contract with British Telecommunications plc. To meet state aid requirements that contract included provisions which allowed for "clawback" of public subsidy where take up of services exceeded the levels which the supplier had modelled. Delivery has completed and the contractual monitoring period to calculate amounts of clawback is now operational. The supplier is contracted to provide its calculation of the final clawback amount as of 31 March 2024, after which date relevant clawback funds are to be returned to CDS.

The CDS collaboration will process any clawback so that collaborating public sector funders receive a proportionate return based on their original investment. At this initial stage it is estimated that the sum accruing to Somerset Council is £7,974,859.09. Final figures will be agreed in 2024/25 as the final clawback is agreed. The further £70,198.39 underspend is largely due to the movement in timelines for the consultancy and legal contracts, the milestones have not been realised at the pace expected and therefor the cost of assurance has been less than forecasted.