

Somerset Council  
Scrutiny Committee  
20<sup>th</sup> March 2024



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2023-24 Budget Monitoring Report – Month 10

Lead Officer: Jason Vaughan, Executive Director Resources and Corporate (S151)

Author: Christian Evans, Head of Business Partnering

Contact Details: [Christian.evans@somerset.gov.uk](mailto:Christian.evans@somerset.gov.uk)

Executive Lead Member:

Division / Local Member:

## 1. Summary

**1.1.** Month 10 budget monitoring in full has been reviewed in Corporate and Resources Scrutiny on the 7<sup>th</sup> March 2024. This report provides details of the Climate and Place (including Accountable Bodies) extract of the full budget monitoring report.

## 2. Issues for consideration / Recommendations

**2.1.** Scrutiny is asked to consider: -

- a. If there are any general comments or observations that they would wish to make to the Executive on the reports.
- b. If actions set out in the report are appropriate, and if any further actions should be included in the report.

## 3. Budget monitoring Report

### **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

Table 1: 2023/24 Climate & Place (including Accountable Bodies) as at the end of January 2024 (Month 10)

- Climate and Place (including Accountable Bodies) 2023/24 net budget £90.9m, projected favourable variance £7.3m, favourable movement £0.3m from month nine.

(Scrutiny Committee Climate and Place – 20<sup>th</sup> March 2024)

Service Area	Current	Current	Current Net	Full Year	Month	A/(F)	RAG	Movement					
	Expenditure	Income							Budget	Projection	10	Status	From
	Budget	Budget							£m	£m	Variance	£m	Month 9
	£m	£m					£m						
<b>Climate, Environment &amp; Sustainability</b>													
Climate & Place Management	0.8	(0.1)	0.7	0.7	0.0	-	Green	0.0					
Business Support	0.8	0.0	0.8	0.8	0.0	-	Green	0.1					
Somerset Waste	55.5	(6.6)	48.9	48.9	0.0	-	Green	(0.2)					
Drainage Board Levy	2.3	0.0	2.3	2.3	0.0	-	Green	0.0					
Climate Change Costs	0.7	0.0	0.7	0.6	(0.1)	(F)	Green	(0.1)					
Emergency Planning	0.4	0.0	0.4	0.4	0.0	-	Green	0.0					
Flood & Water	0.8	0.0	0.8	0.9	0.1	A	Red	0.1					
Countryside	1.1	(0.7)	0.4	0.4	0.0	-	Green	0.0					
Mendips AONB	0.2	(0.2)	0.0	0.0	0.0	-	Green	0.0					
Quantock AONB	1.1	(1.0)	0.1	0.1	0.0	-	Green	0.0					
Ecology	0.2	0.0	0.2	0.2	0.0	-	Green	0.0					
<b>sub total</b>	<b>63.9</b>	<b>(8.6)</b>	<b>55.3</b>	<b>55.3</b>	<b>0.0</b>	<b>-</b>	<b>Green</b>	<b>(0.1)</b>					
<b>Infrastructure &amp; Transport</b>													
Highways & Transport Commissioning	2.2	(0.6)	1.6	1.6	0.0	-	Green	0.0					
Infrastructure Programmes Group	1.2	(0.8)	0.4	0.4	0.0	-	Green	0.0					
Highways	17.0	(0.6)	16.4	17.2	0.8	A	Red	0.0					
Traffic Management	4.9	(4.6)	0.3	(0.1)	(0.4)	(F)	Green	(0.3)					
Transporting Somerset	15.4	(6.0)	9.4	9.3	(0.1)	(F)	Green	0.0					
Car Parks	5.8	(12.3)	(6.5)	(6.5)	0.0	-	Green	0.0					
Fleet Management	1.0	(0.3)	0.7	0.7	0.0	-	Green	0.0					
Community Infrastructure	0.0	0.0	0.0	0.0	0.0	-	Green	0.0					
<b>sub total</b>	<b>47.5</b>	<b>(25.2)</b>	<b>22.3</b>	<b>22.6</b>	<b>0.3</b>	<b>A</b>	<b>Red</b>	<b>(0.3)</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	6.4	(5.0)	1.4	2.2	0.8	A	Red	0.1					
Planning Policy	3.6	0.0	3.6	2.8	(0.8)	(F)	Green	0.0					
Economic Development	6.2	(1.8)	4.4	3.8	(0.6)	(F)	Green	0.0					
Building Control	2.0	(1.5)	0.5	0.5	0.0	-	Green	0.0					
<b>sub total</b>	<b>18.2</b>	<b>(8.3)</b>	<b>9.9</b>	<b>9.3</b>	<b>(0.6)</b>	<b>(F)</b>	<b>Green</b>	<b>0.1</b>					
<b>Accountable Bodies</b>													
Somerset Rivers Authority	3.0	0.0	3.0	3.0	0.0	-	Green	0.0					
Local Enterprise Partnership	2.0	(2.3)	(0.3)	(0.3)	0.0	-	Green	0.0					
Connecting Devon & Somerset (CDS)	1.2	(0.5)	0.7	(6.3)	(7.0)	(F)	Green	0.0					
<b>sub total</b>	<b>6.2</b>	<b>(2.8)</b>	<b>3.4</b>	<b>(3.6)</b>	<b>(7.0)</b>	<b>(F)</b>	<b>Green</b>	<b>0.0</b>					
<b>Climate &amp; Place Total</b>	<b>135.8</b>	<b>(44.9)</b>	<b>90.9</b>	<b>83.6</b>	<b>(7.3)</b>	<b>(F)</b>	<b>Green</b>	<b>(0.3)</b>					

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

Climate and Place is currently forecasting a favourable variance of £7.3m at outturn, a favourable movement of £0.3m since month nine. The variances across Climate and Place are due to the following:

### Climate, Environment and Sustainability

**Waste Services** is forecasting to be within budget at outturn, a favourable variance of £0.2m reported between month nine and month ten. The favourable movement can be explained by the following:

- Total waste volumes to the end of month nine showed an increase of 2.7% compared to last year. However, the variance in waste tonnages is an improving position, moving from 4.1% at the end of month seven to 2.7% at the end of Month 9. The rise in tonnages is ascribed to unusually high tonnages of garden waste (+17%) and residual waste above expected levels at +2% to the end of

month nine. This trend has been forecast to continue for the remainder of the year for budget monitoring. The impact of increased waste volumes has been partially offset by a lower than budgeted inflationary increase to contractor rates.

- Income from Garden Waste subscriptions continues to be higher than anticipated.
- The performance of Recycling centres has been reviewed and forecasts have been updated.

**Flood and Water** is forecasting to an overspend of £0.1m at outturn, an adverse movement of £0.1m between month nine and month ten. The overspend relates to updated salary forecasts and increased costs for Perfect Circle. Although Flood and Water is forecasting this overspend it is important to note that underspends in Climate Change salary costs have been identified to mitigate this pressure for Climate, Environment and Sustainability.

### Infrastructure and Transport

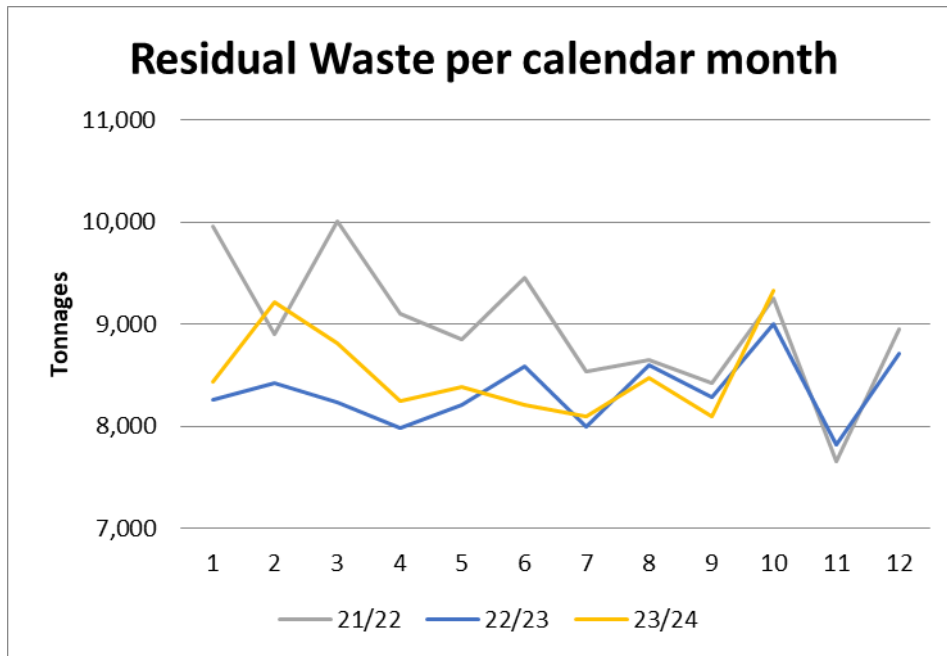
**Highways** is forecasting an adverse variance of £0.8m at outturn due primarily to an increase in Safety defects across the road network causing significant pressures on the service due to more extreme weather events. The service continues to work hard to successfully complete the investigation and repair works whilst trying to manage and control the overspend.

**Traffic Management** is forecasting a favourable variance of £0.4m at outturn, this is a favourable movement of £0.3m since month nine. This is due to receiving higher than anticipated income within the service relating to Temporary Traffic Regulation Orders (TTRO).

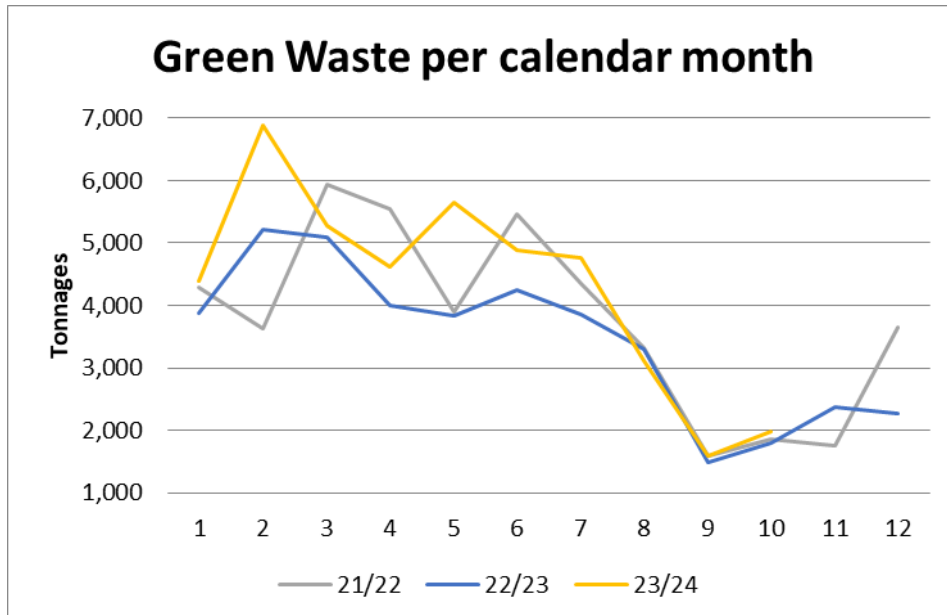
### Economy, Employment and Planning

**Development Control** is forecasting an adverse variance of £0.8m at outturn, an adverse movement of £0.1m since month nine. There are several considerations here including ongoing reconciliation of income, income estimates for 2023/24 from legacy councils overestimating realistic annual income likely to be achieved and the current economic climate. It is likely that economic factors in recent quarters in line with the national picture has resulted in lower levels of planning applications and that, in the short term, the national increase in planning fees on the 06 December 2023 may be having an impact on the anticipated budgeted income for the last quarter. This will be monitored, and the service will look at mitigating factors to offset the pressure in this area.

### **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 from July to December have reduced and are more aligned to 2022 levels.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23 for the early months of 2023/24, this has been driven by the unusually mild, damp, weather this year propagating plant growth and increasing the moisture content of the material.

## **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 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 is currently reporting to be within budget and are not anticipating any draws from or to reserves.

### Local Enterprise Partnership (LEP)

LEP is currently reporting to be within budget in this financial year, this includes contributing a further £0.4m to the reserve.

### 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 likely to be in the region of £7 million although this is subject to potential change.

## **Accountable Bodies - key risks, future issues & opportunities**

Somerset Council acts as the accountable body for the Heart of the Southwest LEP, providing a service across the core functions of the LEP and its programmes. This is in the context of an assurance framework for this programme funding meeting Government principles and expectations. In performing these functions, Somerset Council works closely with the LEP core team, and the services Somerset Council provides are specified and resourced via a service level agreement between the LEP and Somerset Council.

LEP performance is subject to periodic assessment and an annual formal review by Government – the most recent of these for 2022/23 looked positively on Somerset Council's accountable body services to the LEP.

Somerset Council, working with Plymouth Torbay and Devon County Councils, has submitted an integration plan to Government outlining proposals for how LEP functions are transferred and conducted by the authorities post the Government ceasing to fund LEPs post March 2024 and how revenue funding balances and legacy capital funds held by the LEP are managed post this date. Government sign-off of the proposals in the plan are awaited and dialogue with the LEP Board advised by the Council's Section 151

(Scrutiny Committee Climate and Place – 20<sup>th</sup> March 2024)

Officers are ongoing and will determine the position regarding the division of these funds in due course.