

Scrutiny Report

Committee: Climate and Place Scrutiny
Meeting – 11th November 2024
Key Decision – no



2024/25 General Fund Budget Monitoring Report Communities – Month 5 (End of August 2024)

Chair of Committee: Cllr Martin Dimery

Executive Member(s): Cllr Liz Leyshon Deputy Leader of the Council and Lead Member for Finance, Procurement and Performance. Cllr Mike Rigby, Lead Member for Economic Development, Planning and Assets. Cllr Richard Wilkins, Lead Member for Transport & Waste Services. Cllr Graham Oakes Lead Member for Public Health, Climate Change and Environment.

Local Member(s) and Division(s) affected: All

Executive Director: Maria G Christofi – Interim Chief Financial Officer (S151)

Executive Summary

1. This report is the General Fund Revenue Monitoring Report for the end of August 2024 (Month 5) for Climate and place. This report was included in the General Fund Revenue Monitoring Report presented to Corporate and Resources Scrutiny on 28th October 2024 and was presented to the Executive on 4th November 2024.

Recommendations

That Scrutiny considers

1. If there are any general comments or observations that they would like to consider making to the Executive on the report.
2. If actions set out in the report are appropriate and if there were any further actions that should be included in the report.

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Climate & Place

Lead Members:

- Public Health, Climate Change and Environment: Cllr Graham Oakes
- Transport and Waste Services: Cllr Richard Wilkins
- Economic Development, Planning & Assets: Cllr Mike Rigby

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 and Waste Services: Cllr Richard Wilkins
- Economic Development, Planning & Assets: Cllr Mike Rigby
- Public Health, Climate Change and Environment: Cllr Graham Oakes

Executive Director: Mickey Green

Service Directors:

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

2024/25 Climate & Place, (including Accountable Bodies) as at the end of August 2024 (Month 5)

- 2024/25 Current net budget £94.232m, is forecasting an overspend of £4.295m, a decrease of £0.105m from Month 4
- 2023/24 Final net budget £90.9m, outturn underspend of £14.1m

Service Area	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 5 Variance £m	Overspend / (Underspend)	RAG Status	Movement From Month 4 £m
Climate, Environment & Sustainability								
Climate & Place Management	0.304	-	0.304	0.304	-	On-budget	Green	-
Business Support	0.976	(0.018)	0.958	0.958	-	On-budget	Green	-
Waste Services	58.103	(6.769)	51.334	54.434	3.100	Overspend	Red	-
Drainage Board Levy	2.295	-	2.295	2.295	-	On-budget	Green	-
Climate & Natural Environment	4.089	(2.071)	2.018	1.980	(0.038)	Underspend	Green	(0.038)
Resilience & Adaptation	1.248	(0.041)	1.207	1.207	-	On-budget	Green	-
sub total	67.015	(8.899)	58.116	61.178	3.062	Overspend	Red	(0.038)
Infrastructure & Transport								
Highways & Transport Commissioning	2.167	(0.735)	1.432	1.432	-	On-budget	Green	-
Infrastructure Programmes Group	1.293	(1.061)	0.232	0.507	0.275	Overspend	Red	(0.025)
Highways	18.604	(0.832)	17.772	18.432	0.660	Overspend	Red	(0.040)
Traffic Management	5.167	(4.668)	0.499	0.499	-	On-budget	Green	-
Transporting Somerset	15.568	(6.277)	9.291	9.291	-	On-budget	Green	-
Car Parks	6.008	(13.042)	(7.034)	(7.034)	-	On-budget	Green	-
Fleet Management	0.881	(0.345)	0.536	0.536	-	On-budget	Green	-
sub total	49.688	(26.960)	22.728	23.663	0.935	Overspend	Red	(0.065)
Economy, Employment & Planning								
Development Control	7.849	(5.351)	2.498	2.498	-	On-budget	Green	-
Planning Policy	3.313	(0.139)	3.174	3.174	-	On-budget	Green	-
Economic Development	5.724	(2.005)	3.719	3.663	(0.056)	Underspend	Green	(0.056)
Building Control	2.187	(1.533)	0.654	0.653	(0.001)	Underspend	Green	(0.001)
Regeneration and Major Projects	0.389	(0.157)	0.232	0.287	0.055	Overspend	Red	0.055
Land Charges	0.645	(1.132)	(0.487)	(0.187)	0.300	Underachievement	Red	-
sub total	20.107	(10.317)	9.790	10.088	0.298	Overspend	Red	(0.002)
Accountable Bodies								
Somerset Rivers Authority	3.079	(0.020)	3.059	3.059	-	On-budget	Green	-
Connecting Devon & Somerset (CDS)	1.078	(0.539)	0.539	0.539	-	On-budget	Green	-
sub total	4.157	(0.559)	3.598	3.598	-	On-budget	Green	-
Climate & Place Total	140.967	(46.735)	94.232	98.527	4.295	Overspend	Red	(0.105)

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

Climate and Place (including Accountable Bodies) provisional outturn shows a projected overspend of £4.295m at Month 5, this has reduced by £0.105m since Month 4.

The key explanation, actions and mitigating controls are as follows:

Climate, Environment and Sustainability

Waste Service is forecasting to be £3.100m overspent at outturn, due to the pressure on the service via the negotiations with the Waste collection contract. The settlement will include increased contractor payments for the remaining six years of the contract totalling £47.000m, this is currently an unfunded pressure for the service. Work will continue to understand how this will be funded, and a pressure bid will be included in the Medium-Term Financial Plan (MTFP).

It is worth noting that the service is volatile and is subject to fluctuating demands with outside influences such as the weather, impacting the volumes of waste presented at both the kerbside, and recycling centres.

It is important to note that the Waste Services budget includes an MTFP saving of £0.883m, and work is ongoing to identify this saving. It is currently unknown if the full saving will be achieved in this financial year. If this is not achieved the forecasted overspend will increase, and the Finance team will continue to work with the service and highlight the additional pressure as early as possible.

Infrastructure and Transport

Highways is forecasting an overspend of £0.660m. In the main, this is due to forecasted overspends within the safety defects budget, increased vehicle costs, and an increase to the Insurance Premium for Public Liability. The service can slightly offset the overspend due to forecasted underspends in Street Lighting, and an updated forecast for staff costs.

It is important to note that winter maintenance, salt purchase, and emergency budgets are all currently forecast as on budget. The budgets are impacted by extreme weather throughout the year, and it is difficult to know the true impact until later on in the year. Finance will continue to monitor these budgets with the service and will adjust forecasts accordingly.

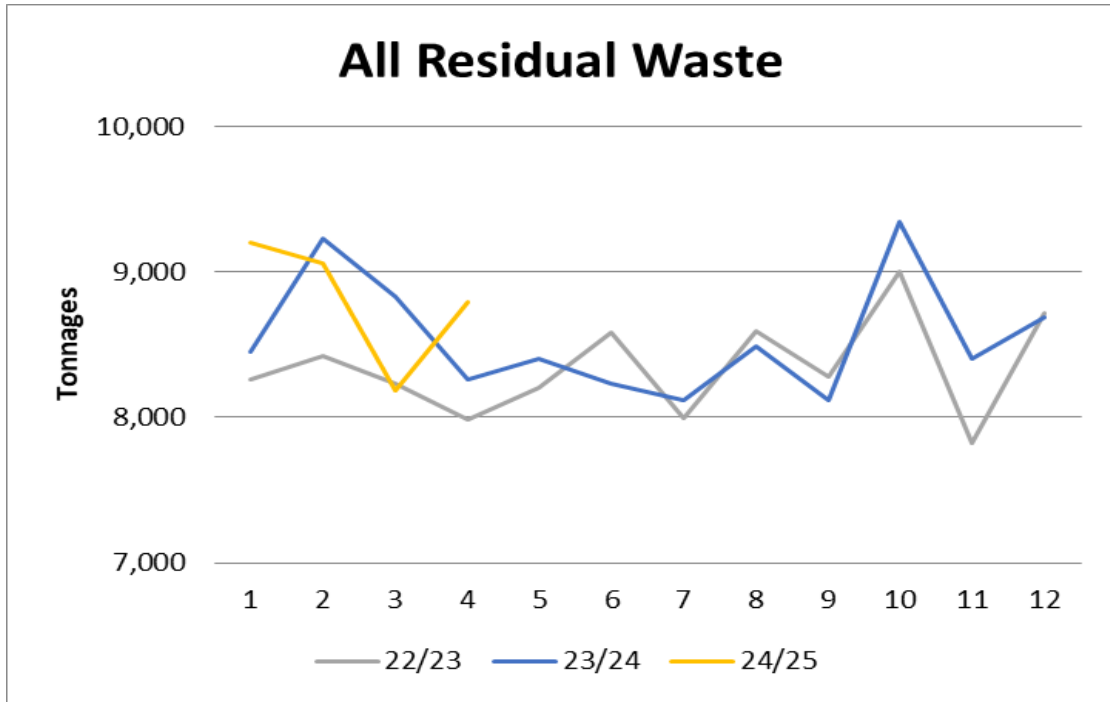
Infrastructure Programmes Group is forecasting an overspend of £0.275m. The service currently has an MTFP saving of this value to capital salary costs against projects. The service and Finance are currently reviewing what salary costs can be truly capitalised and until the work is completed it is not possible to confirm how much of this MTFP is achievable.

Economy, Employment and Planning

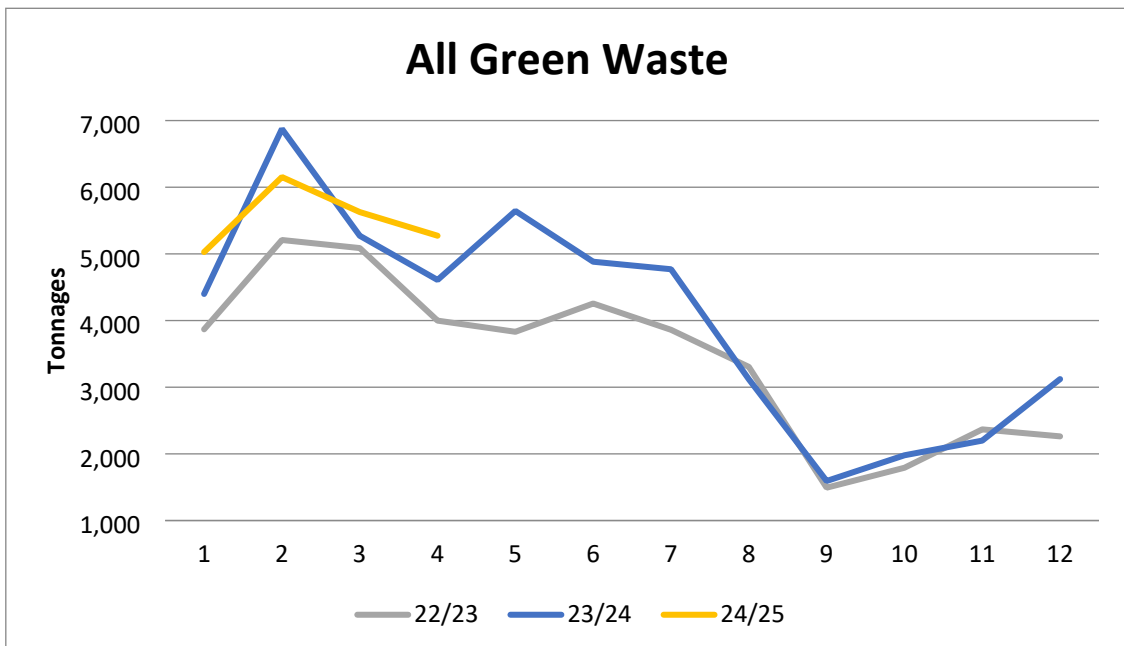
Land Charges is currently forecasting an overspend of £0.300m, this is due a recurring structural pressure in the budget resulting from ambitious income expectations for the service. Land Charges has moved into the service from April 2024 and had a similar under recovery of income in 2023/24 which was mostly likely due to Covid-19 and the artificial inflation of the housing market. Work has started to look at this area, but it is dependent on the number of applications received so it is difficult to increase income easily.

Building Control - fee income is still slightly lower than the anticipated budget for the period, if this continues it may be possible to mitigate this by reducing expenditure within the building control service.

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 shows a reduction in tonnages for June with a “bounce back” in July.



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. The trends for the current year are higher than budgeted.

Climate & Place – Mitigations, 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.
- **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 several sectors.
- **Income generation.** Many Climate and Place services are financed wholly or in part by fees and charges. Throughout the MTFP process savings have been based on additional income projections. These services are typically demand driven and dependant and, in many cases, influenced by the economic cycle and construction rates. In some cases, changes to government policy have given users and customers of the services additional powers to seek the return of income linked to service delivery timescales. All these factors imply risks for climate and place services meeting income targets.
- **Commercial viability of public transport services.** The future financial sustainability of public transport bus services remains uncertain. Any reduction in public transport grants by the incoming Government could trigger significant withdrawal of commercial services and increase pressure on the council to subsidise services that are no longer commercially viable.

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)

Current forecasts suggest that the SRA are to be within budget, any overspends will be funded from the SRA reserve.

Local Enterprise Partnership (LEP)

The LEP disbanded in April 2024 and will now report under Economy, Employment and Planning, the service is forecasting to be within budget.

Connecting Devon & Somerset (CDS)

The Connecting Devon and Somerset (CDS) programme expects to be on budget. CDS are continuing to monitor and review their position as the Superfast Contracts move forward:

- The contract with Wessex Internet is continuing to move at pace with most of the remaining milestones planned for technical and financial assurance in this financial year. To expedite the remaining M0 and M1 milestones regular onsite meetings are taking place to enable CDS and Wessex to work through any issues together. The remaining 10 M0 milestones and 2 further M1's are currently expected to go through Technical and Financial assurance in the next 4 weeks.
- Contractor Airband has been through a period of restructure and the CDS team are working with Airband to determine the timeline for this contract. 1 milestone has recently been through financial assurance with a further 3 expected to go through Technical and Financial assurance in the next 4-6 weeks.
- Build recently completed on the Openreach contract and it is going through the final closure process, CDS are working with the contractor and BDUK on this process. The final position on the clawback position from this contract will be known shortly as the contract moves towards closure.
- The next phase of the Mobile Booster scheme has launched and is expected to run until late 2024/25.
- The CDS Team continue to work closely with the external funders to ensure delivery targets are met.