
Report To: Environment & Regeneration Committee **Date:** 25 August 2022

Report By: Interim Director Finance & Corporate Governance and Interim Director Environment & Regeneration **Report No:** FIN/50/22/AP/MT

Contact Officer: Julie Ann Wilson **Contact No:** 01475 712636

Subject: Environment and Regeneration 2021/22 Revenue Out-Turn and 2022/23 Revenue Budget as at 30 June, 2022

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to advise the Committee of the 2021/22 Revenue Budget out-turn and the 2022/23 Revenue Budget projected position at 30 June 2022.
- 1.3 In 2021/22, excluding the carry forward of Earmarked Reserves, there was an overspend of £123,000 within the Environment and Regeneration Committee Revenue Budget. This was an increase in expenditure of £7,000 from the Period 9 projected outturn reported to Committee in January with more details provided in section 3 of the report.
- 1.4 The revised 2022/23 Revenue Budget for the Environment and Regeneration Committee is £21,968,000, which excludes Earmarked Reserves. The latest projection is an overspend of £283,000 (1.33%) with the main factor being projected shortfalls in income. More details are provided in section 3 and the appendices.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the outturn for 2021/22 and the current projected overspend for 2022/23 of £283,000 as at 30 June 2022.
- 2.2 It is recommended that the Committee note that the Interim Director Regeneration & Environment and Heads of Service will review areas where non-essential spend can be reduced in order to reduce the projected overspend. Progress against this and other proposals to bring the budget back on track will be reported at the next Committee.

Alan Puckrin
Interim Director Finance &
Corporate Governance

Stuart Jamieson
Interim Director Environment &
Regeneration

3.0 BACKGROUND AND CONTEXT

3.1 The purpose of this report is to advise the Committee of the current position of the 2022/23 budget as well as the 2021/22 out-turn and to highlight the main issues contributing to the overspend in 2021/22 and the projected overspend in 2022/23.

3.2 The revised 2022/23 budget for Environment and Regeneration, excluding earmarked reserves, is £22,553,000. This is an increase of £208,000 from the approved budget, prior to transfers to earmarked reserves. Appendix 1 gives details of this budget movement.

3.3 2021/22 OUT-TURN

The main variations from budget and movements from the projected outturn position at Period 9 for 2021/22, reported to the Committee in January, were as follows:

	Revised Budget 2021/22	Outturn 2021/22	Variance to Budget	Percentage Variance to Budget	Movement since Period 9
Regeneration & Planning	4,529	4,365	-164	-3.62%	-316
Property Services	2,114	2,302	188	8.90%	276
Environmental & Roads	12,789	13,209	420	3.28%	145
Public Protection & Recovery	3,000	2,817	-183	-6.11%	-95
Corporate Director	153	15	-138	-89.96%	-3
TOTAL NET EXPENDITURE	22,585	22,708	123	0.54%	7
Earmarked Reserves	-372	-372	0	0.00%	0
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	22,213	22,336	123	0.54%	7

3.4 The actual out-turn, excluding Earmarked Reserves, was £22,336,000 which represents an overspend of £123,000. This is an increase in spend of £7,000 from the position reported to Committee in January 2022.

The major variances making up this overspend were as follows:

- i. Turnover Savings across the Committee (not offset by other variances or income) of £886,000, due to delays and difficulties in filling vacant posts.
- ii. Agency costs of £301,000 required to cover vacant posts and skills gaps.
- iii. Increases transport costs of £245,000 due to social distancing measures and increased fuel costs.
- iv. Overspend on Central Repairs due to rising prices for construction materials.
- v. An under recovery in Planning income of £185,000 partly due to Covid and partly due to existing pressures.
- vi. An under recovery in Cremations income of £121,000 due to a decrease in the number of cremations taking place.

3.5 2022/23 PROJECTED OUT-TURN (£283,000 Overspend- 1.33%)

The main variances contributing to the projected net overspend are listed below.

- a) £200,000 shortfall in Planning Income. This is a combination of historical trends and current staffing shortages. £110,000 was allocated as part of the 2022/23 Budget to reduce the income target but the shortfall in income remains in line with 2021/22
- b) £193,000 shortfall in Burials and Cremation Income This is after the allocation of £50,000 to reduce the income target as part of the 2022/23 Budget
- c) £60,000 shortfall in Trade Waste Income which is in line with previous years. Trade Waste is being reviewed as part of the Delivering Differently Programme with a report due from officers later this year.
- d) £30,000 overspend in fuel for vehicles. It is hoped this overspend will reduce now that fuel prices are reducing. £200,000 has been allocated to this budget from the Non-Pay Inflation Contingency Budget in 2022/23.
- e) The above are partially offset by a £261,000 projected over-recovery against the turn-over target due to delays in recruiting certain posts.

3.6 EARMARKED RESERVES

Appendix 4 gives an update on the operational Earmarked Reserves, ie excluding strategic funding models. Spend to date on these operational Earmarked Reserves is £417,000 (7.1% of projected spend). Expenditure levels are being reviewed to ensure that all expenditure is being allocated correctly.

4.0 PROPOSALS

- 4.1 The above figures for 2022/23 exclude any financial implications which may arise from a recent Tax Tribunal case involving the Council's residual waste contractor. A report on the potential implications is included in the private part of the Committee's agenda.
- 4.2 The projected over spend of £283,000 requires to be addressed via a report to the next meeting of the Committee. In the meantime the Interim Director will ensure that steps are taken to reduce expenditure where this will not have a direct impact on service delivery.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO	N/A
Financial	X		
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)		X	
Equalities & Fairer Scotland Duty			X
Children & Young People's Rights & Wellbeing			X
Environmental & Sustainability			X
Data Protection			X

5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

The approved Governance Documents set out the roles and responsibilities of Committees and officers in ensuring budgets are not overspent and the process to be followed in the event an overspend is unavoidable.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

There are no Strategic implications arising from this report.

6.0 CONSULTATION

6.1 The Interim Director and other budget holders have been consulted on the projections included in this report and have confirmed that these represent the best projections at this early part of the Financial Year.

7.0 BACKGROUND PAPERS

7.1 None.

Environment & Regeneration Budget Movement - 2022/23**PERIOD 3: 1st April 2022 - 30th June 2022**

Service	Approved Budget	Movements			Revised Budget	
	2022/23 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2022/23 £000
Regeneration, Planning & Public Protection	6,602		6		(265)	6,343
Property Services	2,124	50	(46)			2,128
Roads & Environmental	12,543	99				12,642
Corporate Director	154					154
Totals	21,424	149	(40)	0	(265)	21,268

Movement Details

£000

External ResourcesInflation

Roads Client - external power	49,140
Roads	50,000
Property	50,000
Vehicle Maintenance - Fuel expenditure	200,000
Vehicle Maintenance - Fuel income	(200,000)
CCTV Contract from AMP	
	<u>149,140</u>

Virements

AMP	(46,000)
CCTV Contract from AMP	6,000
	<u>(40,000)</u>

Supplementary Budgets0109,140

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTSUBJECTIVE ANALYSISPERIOD 3: 1st April 2022 - 30th June 2022

Subjective Heading	Approved Budget 2022/23 £000	Revised Budget 2022/23 £000	Projected Out-turn 2022/23 £000	Projected Over/(Under) Spend	Percentage Variance %
Employee Costs	16,945	16,945	16,737	(208)	-1.23%
Property Costs	3,812	3,822	3,800	(22)	-0.58%
Supplies & Services	4,131	4,230	4,861	631	14.92%
Transport & Plant Costs	2,385	2,585	2,817	232	8.98%
Administration Costs	557	557	726	169	30.35%
Payments to Other Bodies	6,586	6,586	6,562	(24)	-0.36%
Other Expenditure	1,827	1,827	1,826	(1)	-0.05%
Income	(14,820)	(15,020)	(15,514)	(494)	3.29%
TOTAL NET EXPENDITURE	21,424	21,533	21,816	283	1.32%
Transfer to Earmarked Reserves *	0	(265)	(265)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	21,424	21,268	21,551	283	1.33%

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTOBJECTIVE ANALYSISPERIOD 3: 1st April 2022 - 30th June 2022

Objective Heading	Approved Budget 2022/23 £000	Revised Budget 2022/23 £000	Projected Out-turn 2022/23 £000	Projected Over/(Under) Spend	Percentage Variance %
Regeneration, Planning & Public Protection	6,602	6,608	6,733	125	1.89%
Property Services	2,124	2,128	2,067	(61)	-2.87%
Roads & Environmental	12,543	12,642	13,009	367	2.90%
Corporate Director	154	154	7	(148)	-95.68%
TOTAL NET EXPENDITURE	21,424	21,533	21,816	283	1.32%
Transfer to Earmarked Reserves *	0	(265)	(265)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	21,424	21,268	21,551	283	1.33%

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCESPERIOD 3: 1st April 2022 - 30th June 2022

<u>Out Turn</u> <u>2021/22</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Subjective Head</u>	<u>Budget</u> <u>2022/23</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-22</u> <u>£000</u>	<u>Projection</u> <u>2022/23</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
	REGENERATION, PLANNING & PUBLIC PROTECTION							
905	Planning Overall	Employee Costs	946	215	156	838	(108)	(11.42)%
							(108)	
(422)	Planning sales, fees & charges	Income	(627)	(157)	(98)	(427)	200	(31.90)%
							200	
	PROPERTY SERVICES							
937	BSU	Employee Costs	988	225	200	954	(34)	(3.44)%
754	Technical Services	Employee Costs	913	208	161	798	(115)	(12.60)%
							(149)	
33	Office Accommodation - Water	Property Costs	61	61	6	36	(25)	(40.98)%
							(25)	
114	Technical Services - Agency Costs	Administration Costs	0	0	21	80	80	
							80	
	ROADS & ENVIRONMENTAL							
731	Roads Operations	Employee Costs	729	166	142	700	(29)	(3.98)%
1,425	Env Services - Street Cleaning	Employee Costs	1,480	340	298	1,430	(50)	(3.38)%
882	Env Services - Vehicle Maintenance	Employee Costs	1,010	236	156	951	(59)	(5.84)%
1,474	Env Services - Management	Employee Costs	1,394	317	340	1,453	59	4.23%
							(79)	
41	Roads Parking Electricity	Property Costs	8	2	2	40	32	400.00%
							32	
285	Roads Operations Unit - Subcontractors	Supplies and Services	227	29	30	282	55	24.23%
1,018	Roads Operations Unit - Materials	Supplies and Services	1,005	54	157	1,365	360	35.82%
							415	

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2022 - 30th June 2022**

<u>Out Turn</u> <u>2021/22</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Subjective Head</u>	<u>Budget</u> <u>2022/23</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-22</u> <u>£000</u>	<u>Projection</u> <u>2022/23</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
272	Roads Operations - External Hires	Transport	286	37	41	395	109	38.11%
63	Roads Operations - Non - Routine	Transport	24	6	17	68	44	183.33%
38	Env Services - Street Cleaning - Non-routine maintenance	Transport	13	3	10	41	28	215.38%
13	Env Services - Cab/MOT - Non-routine maintenance	Transport	45	11	3	13	(32)	(71.11)%
351	Env Services - Overall- Fuel	Transport	286	72	96	327	41	14.34%
							190	
77	Roads Operations - Agency	Administration Costs	0	0	0	30	30	
							30	
454	Env Services - Waste Strategy - DMR	PTOB	463	116	74	498	35	7.56%
119	Env Services - Waste Strategy - Green Waste	PTOB	80	34	33	115	35	43.75%
27	Env Services - Waste Strategy - Food Waste	PTOB	54	14	4	26	(28)	(51.85)%
							42	
(763)	Roads Operations Unit - Recharges at Dayworks	Income	(580)	(74)	(104)	(632)	(52)	8.97%
(2,039)	Roads Operations Unit - Recharges at Schedule of Rates	Income	(2,256)	(287)	(250)	(2,677)	(421)	18.66%
(278)	Roads Parking - Income (PCNS)	Income	(231)	(58)	(26)	(200)	31	(13.42)%
(7)	Roads Parking - Other Income	Income	(2)	0	0	(24)	(22)	1100.00%
(232)	Env Services - Burial Grnds - Interment Income	Income	(262)	(63)	(26)	(227)	35	(13.36)%
(79)	Env Services - Burial Grnds - Sale of Lairs	Income	(111)	(27)	(10)	(78)	33	(29.73)%
(614)	Env Services - Crem - Cremations Income	Income	(743)	(156)	(74)	(596)	147	(19.78)%
(658)	Env Services - Refuse Collection- Trade Income	Income	(649)	(227)	(202)	(589)	60	(9.24)%
(23)	Env Services - Veh Main- Tyre Recharges	Income	0	0	(4)	(22)	(22)	0.00%
(69)	Env Services - RTS- Scrap Metal	Income	(31)	(8)	(15)	(71)	(40)	129.03%
(340)	Env Services - RTS- Tipping charges	Income	(298)	(75)	(54)	(327)	(29)	9.73%
(348)	Env Services - Waste Strategy Green Waste	Income	(370)	(370)	(337)	(348)	22	(5.95)%
							(258)	#DIV/0!
0	CORPORATE DIRECTOR CORPORATE DIRECTOR	Employee Costs	148	34	0	0	(148)	(100.00)%
							(148)	
Total Material Variances							222	

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Environment & Regeneration

<u>Project</u>	<u>Total</u>	<u>Phased Budget</u>	<u>Actual</u>	<u>Projected</u>	<u>Amount to be</u>	<u>Lead Officer Update</u>
	<u>Funding</u>	<u>To Period 3</u>	<u>To Period 3</u>	<u>Spend</u>	<u>Earmarked for</u>	
	<u>2022/23</u>	<u>2022/23</u>	<u>2022/23</u>	<u>2022/23</u>	<u>2023/24</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>& Beyond</u>	
					<u>£000</u>	
Renewal of Clune Park Area	2,417	10	10	180	2,237	Expenditure in 2022/23 is over & above the expenditure reported through the Capital Programme. A report elsewhere on the agenda provides Committee with an update on progress.
Youth Employment	180	23	45	180	0	Continuing the graduate and Modern Apprentice programmes
Repopulating/Promoting Inverclyde/ Group Action Plan	257	12	12	257	0	Action plan under review and to be reported to the CMT.
Employability Initiatives	133	39	39	133	0	Continuing with the awards of contracts to local organisations and individuals for employability.
Climate Change	231	0	0	50	181	Future use linked to the Net Zero Action Plan due to go to Committee in October.
Resilience & Insurance Claims - Black Start Equipment	23	0	0	23	0	Contribution to purchase of Generator, Pottery St, tender issued August 2022.
Roadside Trees	31	5	5	31	0	Ongoing programme of works currently suspended due to nesting season, due to recommence and complete by October 2022.
COVID - Jobs Recovery	3,077	98	98	3,077	0	Committed on various posts/projects . Detailed update report on progress is to go to E&R.
Roads Assessments due to parking prohibitions contained in the Transport Scotland Act 2019.	23	0	0	23	0	Planned programme this financial year.
Omicron Business Support Funding - Parking	170	84	84	170	0	Budget utilised to cover suspension of parking charges to 30/09/22.
Project Resource	150	0	0	150	0	Full spend anticipated. Some to be used to support the task force.
Omicron Business Support Funding - Business Support Initiatives	579	0	0	579	0	Allocation approved by the P&R Exec Sub-Committee April, 2022. Report elsewhere on the agenda seeks approval for planned uses.
Employability Grant Funding 21/22 Allocation	1,035	124	124	1,035	0	Carry forward of 21/22 Employability grant funding. Will be spent in full.
Total Category C to E	8,306	395	417	5,888	2,418	