
Report To:	Environment & Regeneration Committee	Date:	31 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/47/23/AP/MT
Contact Officer:	Julie Ann Wilson	Contact No:	01475 712636
Subject:	2023/24 Environment & Regeneration Revenue Budget at 30 June 2023		

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 Environment & Regeneration Revenue Budget outturn 2022/23 and the 2023/24 projected position at 30 June 2023.

1.3 In 2022/23, excluding the carry forward of Earmarked Reserves, there was an underspend of £707,000 within the Environment and Regeneration Committee. This was a decrease in expenditure of £510,000 from the Period 11 projected outturn reported to Committee in March and was largely due to increases in income for Roads and Environmental Services and increased turnover offset by increased waste disposal. More details are provided in section 3 and the appendices.

1.4 The revised 2023/24 Revenue Budget for the Environment and Regeneration Committee is £23,164,550, which excludes Earmarked Reserves. The latest projection is an overspend of £351,000 (1.54%) largely due to an overspend in agency costs, and a projected under recovery in parking and PCNs due to low levels of activity following the reintroduction of charging post to Covid-19 pandemic. More details are provided in section 4 and the appendices.

1.5 The Director and his senior management team are reviewing the 2022/23 outturns to identify potential virement opportunities to reduce the projected overspend and updates will be given throughout the year.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee notes outturn for 2022/23, and that the Committee's Revenue Budget is currently projected to overspend in 2023/24 by £351,000 based on figures at 30 June 2023 and the action being taken by the Director to reduce the projected overspend.

2.2 It is recommended that the Committee approved the virement set out in Appendix 5.

Alan Puckrin
Chief Financial Officer

Stuart Jamieson
Director Environment &
Regeneration

3.0 BACKGROUND AND CONTEXT

3.1 2022/23 OUT-TURN (£707,000 Underspend – 3.05%)

The main variations from budget and movements from the projected outturn position at Period 11 for 2022/23, reported to the Committee in March, were as follows:

Service	Revised Budget 2022/23 £000	Outturn 2022/23 £000	Variance to Budget £000	Variance to Budget %	Movement since P11 £000
Regeneration, Planning & Public Protection	6,558	6,016	(542)	(8.26%)	(186)
Property Services	2,282	2,200	(82)	(3.59%)	(194)
Environmental & Roads	14,196	14,226	30	0.21%	(139)
Corporate Director	158	44	(114)	(71.89%)	9
TOTAL NET EXPENDITURE	23,194	22,486	(707)	(3.05%)	(510)

3.2 The actual out-turn, excluding Earmarked Reserves, was £22,486,000 which represents an underspend of £707,000. This is a decrease in spend of £510,000 from the position reported to Committee in March 2023. The main reasons for the movement of £510,000 from Period 11 was largely due to increases in income for Roads and Environmental Services and increased turnover offset by increased waste disposal. The main variances contributing to the net underspend are listed below.

- a) £177,000 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 remained in line with 2021/22. A budget pressure of £125,000 was approved from 2023/24.
- b) £94,000 shortfall in burials and cremation income. This was after the allocation of £50,000 to reduce the income target as part of the 2022/23 Budget. A further budget pressure of £125,000 was approved from 2023/24.
- c) £59,000 shortfall in Trade Waste Income which is in line with previous years. Trade waste was reviewed as part of the Delivering Differently Programme. An increase in external charges of 10% was agreed to address the shortfall.
- d) A projected underspend in the workforce development fund of £58,000 due to the availability of external grants. The full budget has been taken as a saving from 2023/24.
- e) An underspend in Tourism grants of £44,000 due to decrease in the number of applications. A saving of £24,000 was approved from 2023/24.
- f) £110,000 shortfall in parking and PCN income due an ongoing reduction in the use of Council car parks following reintroduction of charging post to Covid-19 pandemic.
- g) Over recoveries in waste across scrap metal and tipping charges £167,000.
- h) An overspend in refuse collection agency costs of £125,000 partly offset by a reduction in overtime and turnover from vacant posts.
- i) An overspend in residual waste disposal charges of £177,000 due to an increase in tonnages and the contracted rate.
- j) An overspend in central repairs of £149,000 due to rising prices for construction materials.
- k) An over recovery in Roads income of £171,000 for construction consents, grant fees and TROs.
- l) An over recovery of £944,000 against the turnover target due to delays in recruiting posts.

The above figures exclude the significant increase in utility costs which were being managed and reported in 2022/23 via the Policy & Resources Committee.

3.3 2023/24 PROJECTED OUT-TURN (£351,000 Overspend – 1.54%)

The revised 2023/24 budget for Environment and Regeneration, excluding earmarked reserves, is £23,165,550. This is an increase of £328,000 from the approved budget, prior to transfers to earmarked reserves. Appendix 1 gives details of this budget movement.

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

- a) Refuse Collection agency costs of £98,000 to cover food waste collection, sickness, holidays, and delays in filling vacancies, partly offset by reduced overtime.
- b) Property Services agency costs of £48,000 partly offset by turnover to cover the skills gap which is expected to end in December 2023 when the new structure will be fully in place.
- c) A shortfall of £193,000 in Parking income and £50,000 shortfall PCN income due to less activity following reintroduction of charging post to Covid-19 pandemic.
- d) An underspend in utilities across the Committee of £32,000 due to a reduction in wholesale prices since the budget was finalised. These savings will be treated as a windfall and the excess budget returned to the non-pay inflation contingency.

3.4 EARMARKED RESERVES

Appendix 4 gives an update on the operational Earmarked Reserves, i.e. excluding strategic funding models. Spend to 30 June 2023 on these operational Earmarked Reserves is £488,000 (15.37% of projected spend).

4.0 PROPOSALS

- 4.1 The above figures for 2023/24 include the additional cost in 2023/24 of £331,000 transferred from the inflation contingency in relation to the increase in the Council's waste contract. There is also an additional virement to address pressures on various budget lines within waste which requires approval.

5.0 IMPLICATIONS

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

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

5.2 Finance

Appendix 5 contains a number of virement requests which will address some regular under/overspends and the transfer of budget responsibility for a facility in Port Glasgow to the Education & Communities Committee.

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

There are no legal implications arising from this report.

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 figures in this report are based on the discussions with budget holders.

7.0 BACKGROUND PAPERS

7.1 None.

Environment & Regeneration Budget Movement - 2023/24**PERIOD 3: 1st April 2023 - 30th June 2023**

Service	Approved Budget		Movements			Revised Budget
	2023/24 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2023/24 £000
Regeneration, Planning & Public Protection	6,325		(181)			6,144
Property Services	2,464		137			2,601
Roads	3,272					3,272
Environmental	10,296	331	41			10,668
Corporate Director	148					148
Totals	22,505	331	(3)	0	0	22,833

Movement Details

£000

External Resources

0

Inflation

Residual Waste

331,000

331,000

Virements

Property Services Energy Team

58,220

Management restructure - Phase 2 - delete Planning Policy team Leader post

(59,000)

Management restructure - Phase 2 - reduction in Manager costs following end of Shared Services

(16,000)

Management restructure - Phase 2 - 0.5 FTE Head of Service

57,000

Management restructure - Phase 2 - Physical Regeneration Manager Post

79,000

Externally funded post inflation returned to contingency

(2,170)

Transfer 7 1/2 John Wood St to CLD

(120,000)

Address various pressures in Environmental Services:-

Green waste disposal

39,000

Green waste permits income

42,000

Tipping income

(81,000)

Scrap metal income

(19,600)

Refuse Collection agency costs

19,600

Burial grounds cleaning

(3,430)

Burial grounds materials

3,430

(2,950)

Supplementary Budgets

0

328,050

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****SUBJECTIVE ANALYSIS****PERIOD 3: 1st April 2023 - 30th June 2023**

Subjective Heading	Approved Budget 2023/24 £000	Revised Budget 2023/24 £000	Projected Out- turn 2023/24 £000	Projected Over/(Under) Spend	Percentage Variance %
Employee Costs	17,061	17,256	17,186	(70)	-0.40%
Property Costs	4,438	4,442	4,449	7	0.16%
Supplies & Services	3,852	3,849	4,015	166	4.31%
Transport & Plant Costs	2,710	2,710	2,671	(39)	-1.44%
Administration Costs	461	461	689	228	49.55%
Payments to Other Bodies	7,012	7,363	7,351	(12)	-0.16%
Other Expenditure	2,056	1,965	1,969	4	0.20%
Income	(15,085)	(15,212)	(15,146)	67	-0.44%
TOTAL NET EXPENDITURE	22,505	22,833	23,185	351	1.54%
Transfer to Earmarked Reserves *	0	0	0	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	22,505	22,833	23,185	351	1.54%

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****OBJECTIVE ANALYSIS****PERIOD 3: 1st April 2023 - 30th June 2023**

Objective Heading	Approved Budget 2023/24 £000	Revised Budget 2023/24 £000	Projected Out- turn 2023/24 £000	Projected Over/(Under) Spend	Percentage Variance %
Regeneration, Planning & Public Protection	6,325	6,144	6,079	(65)	-1.05%
Property Services	2,464	2,601	2,483	(118)	-4.54%
Roads Services	3,272	3,272	3,637	365	11.15%
Environmental Services	10,296	10,668	10,830	162	1.52%
Corporate Director	148	148	155	7	4.73%
TOTAL NET EXPENDITURE	22,505	22,833	23,185	351	1.54%
Transfer to Earmarked Reserves *	0	0	0	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	22,505	22,833	23,185	351	1.54%

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2023 - 30th June 2023**

<u>Out Turn</u> <u>2022/23</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Subjective Head</u>	<u>Budget</u> <u>2023/24</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-23</u> <u>£000</u>	<u>Projection</u> <u>2023/24</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							
718	Planning Overall	Employee Costs	926	218	151	864	(62)	(6.70)%
568	Economic Development - admin	Employee Costs	569	140	139	444	(125)	(21.97)%
							(187)	
0	Regen - SG - Externally funded posts	Income	(85)	(20)	0	0	85	(100.00)%
							85	
	PROPERTY SERVICES							
962	BSU	Employee Costs	1,040	234	214	960	(80)	(7.69)%
862	Technical Services	Employee Costs	596	134	155	571	(25)	(4.19)%
							(105)	
1	Surplus Properties - Gas	Property Costs	19	61	0	2	(17)	(89.47)%
35	Office Accommodation - Water	Property Costs	65	16	36	36	(29)	(44.62)%
192	Office Accommodation - Gas	Property Costs	180	45	15	153	(27)	(15.00)%
							(73)	
88	Technical Services - Agency Costs	Administration Costs	0	0	22	48	48	0.00%
							48	
	ROADS SERVICES							
1,414	Roads Client	Employee Costs	1,242	280	317	1,298	56	4.51%
							56	
0	Roads Client - Gas	Property Costs	21	4	0	0	(21)	(100.00)%
66	Roads Client - Other Property Costs	Property Costs	45	11	27	75	30	66.67%
							9	
349	Roads Operations Unit - Subcontractors	Supplies and Services	227	29	46	294	67	29.52%
							67	
(211)	Roads Parking - Income (PCNS)	Income	(231)	(58)	(26)	(181)	50	(21.65)%
(34)	Roads Parking - Sales, Fees and Charges	Income	(261)	(65)	(18)	(68)	193	(73.95)%
							243	

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2023 - 30th June 2023**

<u>Out Turn</u> <u>2022/23</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Subjective Head</u>	<u>Budget</u> <u>2023/24</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-23</u> <u>£000</u>	<u>Projection</u> <u>2023/24</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
	ENVIRONMENTAL SERVICES							
1,496	Env Services - Mangement	Employee Costs	1,481	333	355	1,516	35	2.36%
							35	
64	Env Services - Water	Property Costs	39	10	6	53	14	35.90%
115	Env Services - Gas	Property Costs	92	23	6	114	22	23.91%
							36	
125	Env Services - Ref Coll - Agency Costs	Administration Costs	0	0	33	98	98	
							98	
91	Env Services - Management - PTOB	PTOB	0	0	19	19	19	
19	Env Services - Waste Strategy - Food Waste	PTOB	57	49	5	27	(30)	(52.63)%
							(11)	#DIV/0!
(492)	Env Services - RTS- Scrap Metal & Tipping	Income	(329)	(82)	(133)	(349)	(20)	6.08%
							(20)	#DIV/0!
	CORPORATE DIRECTOR							
							0	
Total Material Variances							281	

EARMARKED RESERVES POSITION STATEMENT

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>P3</u>	<u>Spend</u>	<u>Spend</u>	<u>Earmarked for</u>	
	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2023/24</u>	<u>2024/25</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>& Beyond</u>	
					<u>£000</u>	
Renewal of Clune Park Area	2,802	15	15	250	2,552	Spend to date relates to legal support and security costs. £500k added in 23/24 to create a contingency to fund potential CPO/purchase costs. Phasing of spend under review.
Winter Maintenance	68	0	0	0	68	Budget will be utilised during prolonged winter conditions if required.
Repopulating/Promoting Inverclyde/ Group Action Plan	95	0	0	95	0	Proposals to be developed and reported to Policy & Resources Committee.
COVID - Jobs Recovery	2,427	460	459	1,733	694	Existing MA, Kickstart, graduate, Future Jobs, part contribution to new MA programme and apprentice wage subsidy programme.
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 - Business Support Initiatives	526	18	12	54	472	Original report approved at ER Aug 22. Update on progress will be provided on future report.
Local Plan Preparation	5	0	0	0	5	Smoothing EmR for local plan preparation to be utilised when required.
Business Loans Scotland - SME Activities	230	0	0	230	0	Funding for SME activities
Shared Prosperity Fund/Projects	544	0	2	544	0	Will be spent per in full Project Table of Share Prosperity Fund
LHEES Funding - 2022/23	75	0	0	75	0	Subject to on-going consultant procurement.
Net Zero Action Plan	3,300	0	0	170	3,130	Total allocation £3.65m -initial £350k to spend first.
Employability Smoothing Reserve	400	0	0	0	400	Support to smooth the impact of the employability saving approved December 2022.
Total Category C to E	10,495	493	488	3,174	7,321	

ENVIRONMENT AND REGENERATION COMMITTEE**VIREMENT REQUESTS****PERIOD 3: 1st April 2023 - 30th June 2023**

Budget Heading	Increase Budget	(Decrease) Budget
	£	£
Regeneration PTOB - Transfer 7 1/2 John Wood St to CLD CLD PTOB - Transfer 7 1/2 John Wood St to CLD	120,000	(120,000)
Regeneration Basic - Externally funded post inflation returned to contingency		(2,170)
Inflation - Externally funded post inflation returned to contingency	2,170	
Environmental Services - Green waste disposal	39,000	
Environmental Services - Green waste permits income	42,000	
Environmental Services - tipping income		(81,000)
Environmental Services - scrap metal income		(19,600)
Environmental Services - refuse collection agency costs	19,600	
Environmental Services - burial grounds materials		(3,430)
Environmental Services - burial grounds cleaning	3,430	
Total	226,200	(226,200)

Note