

North Somerset Council

Report to the Placemaking, Economy and Planning Policy and Scrutiny Panel

Date of Meeting: 6 March 2024

Subject of Report: Place Finance Update

Town or Parish: All

Officer/Member Presenting: Jo Jones (Finance Business Partner)

Key Decision: No

Recommendations

That the Panel notes the current forecast against budget for Place.

1. Summary of Report

- 1.1 This report summarises and discusses the current forecast against budget for Place, highlighting key variances.
- 1.2 The overall projected year end position for Place, as at the end of month 8, is a **£2.635m** overspend on a net budget of £39.001m.
- 1.3 There are a number of material issues that are contributing towards the large overspend this year, these include inflation on contracts, pressures on home to school transport budgets, reduction in recycling materials income and an increase in waste disposal costs.
- 1.4 The 2023/24 net budget includes savings of £2.808m to be achieved in the financial year, good progress is being made against these savings, with the majority are on track to be achieved by the end of the financial year.

2. Policy

The council's budget monitoring is an integral feature of its overall financial processes, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives.

3. Details

3.1 Budget Monitor

The overall forecast for the Place directorate is a net over spend of £2.635m.

The table below shows the net projected variance by service within the directorate:

PLACE DIRECTORATE	Revised Budget	Out-turn	Variance
	Net	Net	Net
	£	£	£
Environment and Safer Communities	14,795,063	16,230,626	1,435,563
Highway & Parking Operations	4,816,327	4,766,834	(49,493)
Highway Technical Services	93,602	32,283	(61,319)
Libraries & Community	2,512,452	2,679,243	166,791
Open Space, Natural Environment & Leisure	4,358,449	4,584,895	226,445
Regulatory Services	(601,560)	(664,727)	(63,167)
Transport Planning	10,159,608	11,362,442	1,202,834
Neighbourhoods & Transport	36,133,941	38,991,595	2,857,655
Property Asset & Projects	489,170	569,161	79,991
Economy	402,367	329,433	(72,934)
Major Projects	(190,482)	(125,786)	64,696
Placemaking & Development	620,229	644,298	24,069
Planning Service	421,237	150,054	(271,183)
Placemaking & Growth	1,742,522	1,567,161	(175,362)
Place Directorate Management	788,767	721,227	(67,540)
Place Central Recharges	266,000	285,985	19,985
Directorate Overheads	1,054,767	1,007,212	(47,555)
Special Expenses	69,410	69,410	0
Overall Total	39,000,640	41,635,378	2,634,738

The main areas of pressures are:

- Environment and Safer Communities:
 - Waste disposal increase in tonnage and costs £1,226k
 - Reduction in recycling materials income £419k
 - Contract pressures & inflation £601k
- Highway & Parking Operations – Mipermit transaction costs £55k
- Transport Planning: Home to school transport inflationary and demand pressures £1,517k
- Libraries & Community – income shortfall £100k

These are offset by:

- One-off use of reserves £637k
- Reduction in composting scheme costs £150k
- Reduction in provisions held for Planning of £305k

Areas of particular note are explained in more detail below.

3.1.1 Waste disposal costs

The latest budget forecast for this area is an overspend of £1.226m. Historically there had been a reduction in residual waste tonnages despite the growing number of properties which resulted in a saving on disposal costs and in previous years this has helped to offset some of the inflation costs.

Unfortunately, the waste service is forecasting for the waste tonnages to plateau and potentially grow meaning that it will no longer be possible to absorb the inflation on the cost of disposal. Inflation on residual waste disposal was 11% in 2023/24.

The council is actively looking into ways that it can encourage residents to recycle more of their waste to reduce disposal costs, which will not only improve the budget position, but it will be better for the environment as less waste would need to go to landfill.

3.1.2 Recycling materials income

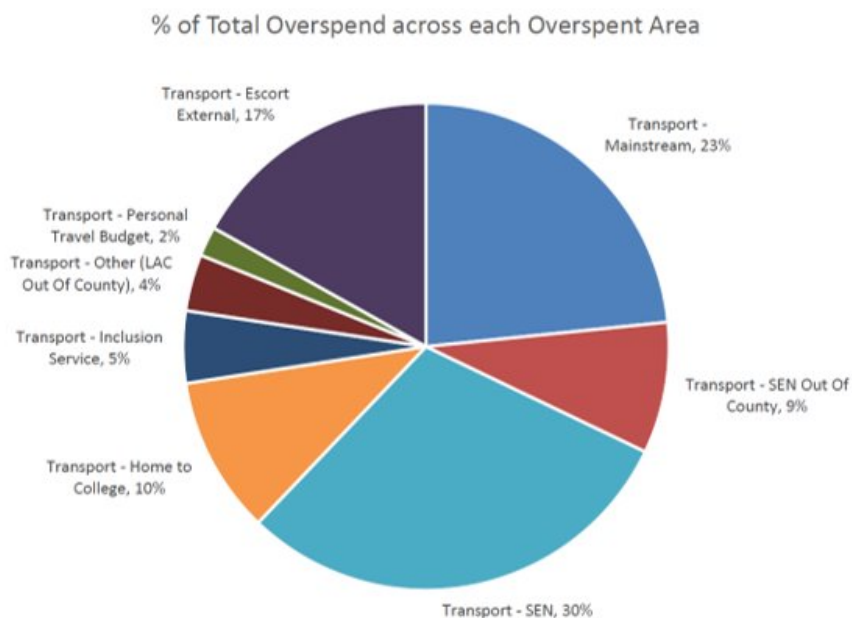
Some of the materials collected at kerbside can be sold and generate an income to the council. The market is volatile which makes predicting income levels extremely difficult, in the current financial year we are forecasting to have a shortfall of £419k.

3.1.3 Home to school transport costs

There continues to be significant pressure within the Home to School Transport service as a result of a growth in demand specifically for SEND transport and market factors driving increases in contract prices.

Whilst the service continues to do everything possible to contain the costs, ultimately providing the transport is a statutory service.

The chart below shows a breakdown of the pressure across each area of spend:



The service has been modelling transformation opportunities to help manage demand and costs. A transformation programme is now underway following this exercise.

3.2 Risks

The directorate continues to face financial risks which are being monitored as part of a MTFP risk register.

These risks have been reviewed and assessed to identify and quantify potential financial impacts on the budget, and where appropriate have either been provided for, or aligned to resources held by the council within its reserves.

The spending pressures around home to school transport and waste disposal have been taken into account in the medium-term financial plan for 2024/25.

3.3 Medium Term Financial Plan Savings 2023/24

The 2023/24 budget approved by Full Council in February 2022 included £2.808m of savings to be achieved in the current financial year.

Positive progress is being made and a number of the savings have now been delivered or are on track to be delivered by the end of the financial year.

The savings approved as part of the 2023/24 budget are detailed in appendix one along with the delivery progress.

4. Consultation

Not applicable.

5. Financial Implications

Financial implications are contained throughout the report.

6. Legal Powers and Implications

The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs, although further details and requirements are contained within related legislation. The setting of the council's budget for the forthcoming year, and the ongoing arrangements for monitoring all aspects of this, is an integral part of the financial administration process.

7. Climate Change and Environmental Implications

There are no direct or specific climate change and environmental implications associated with the recommendations within this report although they remain an important factor in many areas of the council's revenue and capital budgets and are considered and integrated where appropriate.

8. Risk Management

See paragraph 3.2.

9. Equality Implications

There are no specific equality implications with regard to the recommendations contained within this report.

Individual savings proposals incorporated into the revenue budget are supported by an Equality Impact Assessment.

10. Corporate Implications

With continuing financial pressures and demands for services, it is essential that the councils' limited resources continue to be prioritised and allocated in line with the identified priorities.

11. Options Considered

Not applicable

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Appendices:

Appendix 1 – MTFP Savings 2023/24 – Progress update

Ref	Savings plans included within the revenue budget	Budget	RAG
		Change in 2023/24 £000	
PD1	Increase recycling materials income budget	-900	A
PD3	Garden waste inflation charge	-150	G
PD21	Bus lane enforcement income	-100	G
PD28	Filming income	-10	G
PD28	S106 recharge	-6	G
PD24	Increase income target from affordable housing	-28	G
PD22	Reduction in revenue structures repairs	-25	G
PD15	Reduce budget for curatorial service	-5	G
PD11	Reduce the budget of free access to leisure centres for forces personnel in line with cut spending levels	-15	G
PD25	Delete Development Officer post	-37	G
PD36	Reduce consultancy support	-3	G
PD26	Levelling Up & Regeneration Bill suggests an increase to planning application fees nationally	-16	G
PD27	Delete Access Officer post	-19	G
PD13	Increase crematorium income generation to current levels (previously Seafront Restructure)	-40	G
PD37	Increase scope of LED rollout programme to include Port Marine lanterns and Non-LED zebra floodlights to reduce energy consumption	-70	G
PD38	Realign income budget for Land Charges & Street Numbering to reflect an increase in fees to offset the cost of providing the service	-19	R
PD39	Increase the vacancy management target within Place staffing budgets	-70	G
PD7	Campaigns to increase recycling and reduce disposal costs	-50	A
PD4	Garden waste optimisation of rounds	-50	A
PD5	Waste efficiencies within waste collection contract - could include residents sort recycling containers correctly	-150	G
PD6	Implement charges for replacement/additional bins/containers	-50	R
PD9	Income from public surveillance cameras and private CCTV monitoring	-10	G
PD10	Fixed penalty notices revenue for anti social behaviour	-30	R
PD10	CCTV involved in issuing of FPN for highways and public space protection order breaches	-20	R
PD20	Moving traffic violations	-100	G
PD14	Transfer Somerset Hall to community ownership	-38	A
PD12	Transfer Churchill Sports Centre	-117	A
PD14	Transfer Playhouse Theatre	-25	A
PD14	Transfer Tropicana	-57	A
PD14	Transfer Bay cafe	-126	A
PD23	Consultant fee diversion	-200	A
PD17	Improved commissioning with a council-wide transport function.	-50	A
PD18	Revisit safe home to schools transport routes	-100	R
PD36	Annual inflationary uplift to fees and charge budgets	-122	G
	Totals re Place Directorate budgets	-2,808	