

Transport and Environment Committee

10.00am, Thursday, 8 December 2022

Revenue Monitoring Update –2022/23 Month five position

Executive/routine Wards Council Commitments	Routine All
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1. Recommendations

- 1.1 Transport and Environment Committee are asked to note that:
- 1.1.1 The Place revenue budget position for the 2022/23 financial year at month five is a projected £2.7m overspend (excluding COVID-19 impact). Services within the remit of the Committee are forecasting an overspend of £1.785m reflecting the combined impact of inflationary pressures in excess of those for which corporate budgetary provision has been made;
 - 1.1.2 General Fund COVID-19 costs of £8.292m are forecast for the Place Directorate at month five, with £7.042m relating to services within the remit of the Committee. At this stage the approved level of budget provision for COVID-19 financial effects in 2022/23 is assessed to be sufficient; and
 - 1.1.3 The Executive Director of Place is taking measures to address budget pressures. Progress will be reported to Committee at agreed frequencies.

Paul Lawrence

Executive Director of Place

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Revenue Monitoring Update –2022/23 Month five position

2. Executive Summary

- 2.1 The report sets out the 2022/23 projected month five revenue monitoring position for Place Directorate services which are under the remit of this Executive Committee. This is based on an analysis of actual expenditure and income to the end of August 2022 with expenditure and income projections for the remainder of the 2022/23 financial year.
- 2.2 At month five, the 2022/23 overall Place gross budget pressure (excluding COVID-19 impact) is currently forecast to be £2.720m.
- 2.3 At month five, services within the remit of this Committee are forecasting a business as usual overspend in 2022/23 of £1.785m which is largely representative of emerging inflationary pressures. This is an improvement of £0.757m from the position reported at month three and is largely attributable to a reduction of circa £0.3m regarding the impact of fuel cost inflation and a series of additional small net improvements spread across services within the remit of this Committee.
- 2.4 At month five, the GF COVID-19 impact for Place Directorate has been forecast to be a net cost in the region of £8.292m with circa £7.042m of this relating to projected lost income and additional costs incurred in services within the remit of this Committee, largely reflecting reductions in parking income. At this stage, the approved level of budget provision for COVID-19 financial effects in 2022/23 is assessed to be sufficient.
- 2.5 This report will focus on the aspects of Place revenue budgets which are within the remit of the Transport and Environment Committee.

3. Background

- 3.1 This report provides an update on financial performance regarding the revenue budget 2022/23 forecast at month five. A separate report to the Council's Finance and Resources Committee on 10 November 2022 set out the projected position on the Capital Investment Programme.
- 3.2 COVID-19 identified net costs have been separated from the 'business as usual' in order to facilitate understanding of the drivers of risks, cost pressures and mitigating actions where applicable.

4. Main report

Place Directorate – 2022/2023 Month five forecast

- 4.1 At month five, the 'business as usual' forecast for Place Directorate is a £2.720m overspend with £1.785m relating to services within the remit of this Committee. This is an improvement of £0.757m from the position reported at month three and is largely attributable to a reduction of circa £0.3m regarding the impact of fuel cost inflation with a number of additional small net improvements within the Waste and Cleansing, Network and Enforcement and Placemaking and Mobility services.
- 4.2 Emergent pressures have been identified in respect of 'business as usual' and are in the main driven by the impact of higher than budgeted inflation on services with £1.8m of the forecast overspend falling into this category; circa £1m on additional uplifts to inflation linked contracts in Waste Services and Parking and circa £0.800m on the increased cost of fuel. A provision has been made in the Council's budget for specific inflationary pressures, however these additional costs are currently out-with this scope and require to be mitigated by other means. When inflationary and COVID-19 pressures are excluded, services within the remit of the Committee are projecting an overall balanced position at month five. Forecast pressures within the Cleansing Service; Roads, Transport and Infrastructure; and Placemaking and Mobility are currently projected to be fully offset through mitigations elsewhere within the combined budget.
- 4.3 At month five, COVID-19 costs across Place Directorate have been forecast at £8.292m with £7.042m relating to services within the remit of this Committee. The largest component of this relates to £6.296m of lost income within Network and Enforcement Services, although at month five there are signs of recovery which will be closely monitored. At month five, it is anticipated that the reported costs of COVID-19 can be accommodated within the approved budget provision made for this purpose.
- 4.4 The positions set out in 4.1 to 4.3 are incorporated into the overall budget position projected for the Council as reported to Finance and Resources Committee, 10 November 2022.

2022/23 Budget – Approved Savings Delivery

- 4.5 The specific approved budget savings for Place Directorate in 2022/23 total £0.542m. £0.160m of the approved savings are within the remit of this Committee and the full year impact of the 2021/22 increase in garden waste charges is expected to be realised in full.
- 4.6 In addition a £0.825m uplift on fees and charges has been approved for 2022/23. £0.610m of this relates to services within the remit of this Committee and is attributable to increases in charges levied by parking services.

2022/23 Budget – Approved Service Investment

- 4.7 In February 2022, as part of the 2022/23 budget process the Council approved £9.860m of investment to deliver priority Council objectives. The approved investments relevant to services within the remit of this Committee total £3.322m and relate to; deep cleaning the city, graffiti removal and street cleaning, £1.072m; neighbourhood action team, £0.250m; road and pavements maintenance £1m; 20 minute neighbourhood £0.500m and net zero communities £0.500m. It should be noted that some of these investments are cross Directorate and will affect multiple Executive Committees.

5. Next Steps

- 5.1 Place Directorate is committed to delivering mitigating management action to address identified budget pressures and risks on an ongoing basis and will continue to report on progress towards the delivery of a balanced budget for the Directorate.
- 5.2 In addition to the introduction of realigned budgets and half-year reviews, a more strategic approach is being implemented in terms of budget management. The Place Senior Management Team (SMT) is looking to the 2023/24 budget management strategy as part of a rolling process not confined to the current financial year.
- 5.3 The forecast costs in relation to Covid-19 can currently be contained within existing Council budgets, however Place SMT will continue to monitor post Covid-19 recovery plans and implications of inflationary pressures, reporting budgetary impacts as appropriate. It should be noted that the budget provision made in respect of the net costs of Covid-19 reduces significantly in future years and recovery plans must take this into account. Particular to the remit of this Committee, the £6m budget provision for parking services in 2022/23 reduces to £3m in 2023/24 and £2m the year thereafter. The financial implications of the City Centre Transformation proposals including George Street will also need to be considered.

6. Financial impact

- 6.1 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets. The position set out in the report indicates pressures emerging within the Place Directorate which require to be addressed.

7. Stakeholder/Community Impact

- 7.1 Consultation was undertaken as part of the budget setting process.

8. Background reading/external references

- 8.1 Month five report 2022/23 - Finance and Resources Committee, [10 November 2022](#)

- 8.2 Capital Investment update 22/23 - Finance and Resources Committee, [10 November 2022](#)
- 8.3 Routine Monitoring Update 2022/23 – Provisional Out-turn 2021/22 and 2022/23 month three forecast – Transport and Environment Committee, [6 October 2022](#)

9. Appendices

None.