

Transport and Environment Committee

10.00am, Thursday, 2 March 2023

Revenue Monitoring Update –2022/23 Month eight 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 eight is a projected £2.382m overspend (excluding COVID-19 impact). Services within the remit of the Committee are forecasting an overspend of £1.852m, 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 £8.150m are forecast for the Place Directorate at month eight, with £6.948m 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 eight position

2. Executive Summary

- 2.1 The report sets out the 2022/23 projected month eight 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 November 2022 with expenditure and income projections for the remainder of the 2022/23 financial year.
- 2.2 At month eight, the 2022/23 overall Place gross budget pressure (excluding COVID-19 impact) is currently forecast to be £2.382m.
- 2.3 At month eight, services within the remit of this Committee are forecasting a business as usual overspend in 2022/23 of £1.852m which is largely representative of emerging inflationary pressures. This position is largely as reported at month five with a £0.067m deterioration in the overall forecast.
- 2.4 At month eight, the General Fund (GF) COVID-19 impact for Place Directorate has been forecast to be a net cost in the region of £8.150m with circa £6.948m 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 eight. A separate report to the Council's Finance and Resources Committee on [26 January 2023](#) 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 eight forecast

- 4.1 At month eight, the 'business as usual' forecast for Place Directorate is a £2.382m overspend with £1.852m relating to services within the remit of this Committee. The projection in respect of this Committee is a small deterioration on the £1.785m forecast overspend reported at month five and continues to reflect emergent inflationary pressures.
- 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 eight. Forecast pressures within the Cleansing Service; Roads and Infrastructure; and Placemaking and Mobility are currently projected to be fully offset through mitigations elsewhere within the combined budget.
- 4.3 At month eight, COVID-19 costs across Place Directorate have been forecast at £8.150m with £6.948m relating to services within the remit of this Committee. The largest component of this relates to £6.103m of lost income within Network and Enforcement Services, although at month eight there are signs of recovery which will be closely monitored. At month eight, it is anticipated that the reported costs of COVID-19 can be accommodated within the approved budget provision made for this purpose.
- 4.4 Committee should note that the provision made within the 2023/24 budget framework for loss of parking income pertaining to COVID-19 impact is £3m. However, should the full approved sum for cross Council COVID-19 impacts not be required in full in 2022/23 it has been recommended to Finance and Resources Committee that an element of the unallocated funds be earmarked to offset future income losses in this area. Management action will require to be implemented wherever possible to bring costs back in line with the available financial envelope.
- 4.5 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 on [26 January 2023](#).

2022/23 Budget – Approved Savings Delivery

- 4.6 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.

- 4.7 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

- 4.8 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.

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 Revenue Monitoring Update 2022/23 – Month five forecast – Transport and Environment Committee [8 December 2022](#)

9. Appendices

None.