

## ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Tuesday, 12 <sup>th</sup> November 2024
<b>Report Subject</b>	Budget 2025/26 – Stage 2
<b>Cabinet Member</b>	<p>Cabinet Member for Planning, Public Health and Public Protection</p> <p>Cabinet Member for Economy, Environment and Climate</p> <p>Cabinet Member for Streetscene and Transportation</p> <p>Cabinet Member for Finance and Social Value</p>
<b>Report Author</b>	Corporate Finance Manager, Chief Officer (Planning, Environment and Economy) and Chief Officer (Streetscene and Transportation)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

As in past years, the budget for 2025/26 will be built up in stages.

The first stage has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops and individual Group Briefings to ensure that Members had a full understanding of the Council's concerning overall financial position.

In September 2024, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2025/26, which showed that we had an additional revenue budget requirement estimated at £38.420m which presents a serious and major budget challenge for the Council – proposed solutions to bridge this gap are currently being developed and will be shared with members in due course.

This review by Overview and Scrutiny Committees throughout October and November 2024 is aimed at reviewing and scrutinising the portfolio cost pressures to provide assurance that they are an essential requirement for the 2025/26 budget and ensure that there is no scope to remove / defer them to assist with dealing with the budget challenge.

The draft Welsh Government Budget is scheduled to be announced on 10 December 2024 and the Provisional Welsh Local Government Settlement is expected to be received on 11 December 2024.

Stage 3 of the budget process will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set in line with the Council's overall available funding envelope.

The details of the cost pressures and proposed efficiency options for the Planning, Environment and Economy Portfolio and the Streetscene and Transportation portfolio, which fall within the remit of this Committee, are included within this report. The Committee is invited to review and comment on these cost pressures, and associated risks.

## RECOMMENDATIONS

1	Review and comment on the Planning, Environment and Economy portfolio's cost pressures.
2	Review and comment on the Streetscene and Transportation portfolio's cost pressures.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BUDGET POSITION 2025/26</b>
1.01	The first stage of the 2025/26 budget process has been concluded by the establishment of a robust baseline of cost pressures together with Member workshops and individual Group Briefings to ensure that Members had a full understanding of the Council's concerning overall financial position.
1.02	In September 2024, Cabinet and Corporate Resources Overview and Scrutiny Committee received an updated position on the budget for 2025/26, which showed that we had an additional revenue budget requirement estimated at £38.420m, which presents a serious and major budget challenge for the Council – proposed solutions to bridge this gap are currently being developed and will be shared with members in due course.
1.03	This review by Overview and Scrutiny Committees throughout October and November 2024 is aimed at reviewing and scrutinising the portfolio cost pressures to provide assurance that they are an essential requirement for the 2025/26 budget and ensure that there is no scope to remove / defer them to assist with dealing with the budget challenge.
1.04	The draft Welsh Government Budget is scheduled to be announced on 10 December and the Provisional Welsh Local Government Settlement is expected to be received on 11 December.

Stage 3 of the budget process will be the identification of the full set of budget solutions required to ensure a legal and balanced budget is set in line with the Council's overall available funding envelope.

**1.04 Planning, Environment and Economy – Cost pressures**

These are set out in the paragraphs which follow.

**1.05 Table 1: Planning, Environment and Economy – Cost Pressures**

<b>Cost Pressure Title</b>	<b>£m</b>	<b>Note</b>
Specialist Legal Expenses	0.040	1.
Empty Homes Welsh Government Grant Contribution	0.025	2.
<b>Total Cost Pressures</b>	<b>0.065</b>	

Notes:

**1. Specialist Legal Expenses £0.040m**

Due to the limited capacity within FCC Legal Services, on occasion external legal support has had to be sought by the Community and Business Protection service when specialist advice has been required. In 2023/24 this expenditure amounted to approximately £46,000 in legal costs paid for by the Planning, Environment and Economy Portfolio. The majority of this sum was due to prosecution costs and specialist advice in areas such as residential mobile home licensing. It is likely that similar levels of support will be required in 2025/26 unless the capacity of Legal Services can be permanently increased.

**2. Empty Homes Welsh Government Grant Contribution £0.025m**

Welsh Government has made grants of up to £25,000 available to renovate empty properties for the purpose of making them safe to live in and also to improve their energy efficiency. The grant is available in instalments as the work is undertaken. A minimum 15% contribution is required from the applicant and 10% contribution from the participating local authority. Currently there is no budget available to cover the local authority contribution. Based on the assumption that Flintshire CC could support 10 properties in 2025/26 (which is the final year of the grant) a budget of £25,000 is required.

**1.06 Streetscene and Transportation (S&T) – Cost pressures**

These are set out in the paragraphs which follow.

**1.07 Table 2: Streetscene and Transportation – Cost Pressures**

<b>Cost Pressure Title</b>	<b>£m</b>	<b>Note</b>
Public Health Burials	0.020	1.
Memorial Safety Programme Cemeteries*	0.017	2.
Hawarden Cemetery Extension. – Maintenance Cost *	0.015	3.
Connah's Quay Cemetery Fence Replacement *	0.040	4.
School Transport	0.350	5.

Local Bus Services *	0.150	6.
Recycling Income *	0.150	7.
Residual Waste Indexation	0.080	8.
Contractor Price Increase Materials Recovery *	0.019	9.
Drainage – Storm Events	0.150	10.
Security Costs Depot and Greenfield *	0.150	11.
Replacement Heavy Plant (Transfer Station) *	0.180	12.
Potential Reduced Income via NMWTRA	0.100	13.
Replacement Ancillary Equipment HRC *	0.050	14.
Alltami Depot Maintenance	0.160	15.
Replacement Recycling Receptacles *	0.160	16.
Winter Maintenance Weather Stations *	0.050	17.
Winter Maintenance Costs Increases	0.200	18.
Additional Infrastructure	0.010	19.
Mayrise Replacement Licences/IT	0.030	20.
<b>Total Cost Pressures</b>	<b>2.081</b>	

*NB. \*The items highlighted with an asterisk above could be removed as pressures, which total £0.981m overall. See further notes below for explanation.*

Notes:

**1. Public Health Burials £0.020m**

The budget is based on 6 public health burials per annum and has not increased in line with inflation. Due to the cost-of-living crisis, we have seen the number of public health burials increase to around 20 public health burials per annum year on year, as people cannot afford to pay the costs for funerals. This is likely to continue to increase in the coming years.

**2. Memorial Safety Programme £0.017m**

In December 2023, approval was given by Cabinet for a programme of work to stabilise those memorials deemed to be structurally unsafe when the grave owners cannot be traced and reposition all kerb sections within the structure of the grave. This approach will address the ongoing health and safety risk associated with unsafe memorials that only currently receive a temporary short-term fix. The estimated additional cost for delivering this programme of work is £0.017m. *\*Options to fund this from the Capital Programme are being explored and therefore this pressure can be removed.*

**3. Hawarden Cemetery Extension – Maintenance Cost £0.015m**

It is anticipated that, once extended, there will be additional costs for maintaining Hawarden Cemetery, equivalent to 0.5FTE. *\*Options are being explored to fund this through a commuted sum for the overall scheme and it is expected that this cost pressure can be removed.*

**4. Connah’s Quay Cemetery Fence Replacement £0.040m**

Maintenance of the existing fencing within Connah’s Quay cemetery is no longer sustainable, both due to the current state of disrepair, and detrimental impact on existing habitats and adjacent communities. Without funding to replace the fence will incur additional repairs and maintenance costs of £0.040m. *\*A bid has been submitted to the Capital Programme to replace the fence in 2025/26 as part of a wider bid for environmental improvements*

at all cemeteries across the county and it is intended that this pressure can be removed.

**5. School Transport £0.350m**

Significant variances are being experienced due to transport contractor costs increasing driven by inflation and the cost of living (fuel, energy, insurance, wages) following the re-procurement of routes. In addition to this, we have seen an increased demand for school transport since September 2024 i.e. 10 additional routes, which is also having a budgetary impact. The budget is based on 190 school days and in 2024/25 the number of school days is 195, which again is having an impact on the level of expenditure.

**6. Local Bus Services £0.150m**

A report was presented to Cabinet in October 2024 on the revenue pressures associated with the local bus service discretionary budget for the 2025/2026 financial year, whilst also informing of an in-year shortfall in BNG funding along with proposals to mitigate these pressures. \*Proposals were put forward to mitigate the current pressures, which have since increased to £0.270m and these have now been approved for implementation. Therefore, this cost pressure can now be removed.

**7. Recycling Income £0.150m**

Due to the volatility of the external markets for recyclable materials, a pressure of £0.150m has been put forward. Unfortunately, this is outside the council's control and recently, we have seen the prices for some materials (tins and plastics) reduce significantly and suddenly. \*A recent exercise to re-procure some materials (glass and cardboard) has yielded higher rebate rates which has offset the loss of income and further procurement exercise for other waste streams will follow over the coming months to provide some stability. Therefore, this cost pressure can now be removed.

**8. Residual Waste Indexation £0.080m**

This pressure is for the contractual inflationary increases for Parc Adfer, the regional Energy from Waste facility and is unavoidable.

**9. Contractor Price Increase Materials Recovery £0.019m**

This is the increase in costs for processing all recyclable materials collected at the kerbside. The increase in costs is due to additional waste handling movements being incurred by the contractor, which reflects their additional operating costs for providing the service. \*Work is ongoing to identify whether these costs can be mitigated through operational changes, and it is anticipated that this pressure can be removed.

**10. Drainage – Storm Events £0.150m**

The current revenue budget for responding to storm events in respect of drainage and flooding is £0.221m. However, over the last number of years, this has been exceeded due to the increased frequency and severity of storms, both in the summer and over the winter periods. In previous years, the portfolio has been able to supplement the budget with the use of contingency reserves, but this is no longer an option.

**11. Security Costs – Alltami Depot and Greenfield £0.150m**

A budget pressure was put forward earlier in the year due to the increasing costs of providing security at the Alltami depot, Greenfield waste transfer station and other operational sites by way of a manned patrol and dog handler. Subsequently, this has been reviewed and the costs reduced significantly with introduction of monitored CCTV 24/7 and a key-holder service to respond to any intrusions. \*This pressure could therefore be removed.

**12. Replacement Heavy Plant (Transfer Station) £0.180m**

In the past, grant funding has been provided to replace some of the heavy plant and machinery for our operational waste transfer stations (e.g. composting facility) via the Circular Economy Fund provided by Welsh Government. This fund has not been available since 2021/22. Some of the items of plant and machinery are nearing the end of their economic life and will need to be replaced in the next 1-2 years, due to the increasing costs for maintenance and repairs to keep them operational. \*Options are being explored to confirm whether this can be funded through prudential borrowing repayments from service budgets in the future, in which case the pressure could be withdrawn.

**13. Potential Reduced Income via the North & Mid-Wales Trunk Road Agency (NMWTRA) £0.100m**

- NMWTRA operates on the basis of a partnership between all North and Mid-Wales Unitary Authorities with Gwynedd Council acting as lead Authority. NMWTRA acts as Agent for Welsh Government and undertakes the operation, maintenance and improvement of the trunk road network in North and Mid-Wales on behalf of Welsh Government (WG). All participating Unitary Authorities undertake the role of service provider. Flintshire County Council is a Partner Authority (PAs) within the North and Mid-Wales Trunk Road Agency and delivers the agreed work areas and activities stipulated within the agreements and programme. Although routine programmed maintenance of the network is continuing, NMWTRA's capital programme has been reduced this year, which is likely to impact any potential income received.

**14. Replacement Ancillary Equipment at Household Recycling Centres (HRCs) £0.050m**

- No budget is available within existing revenue budgets for the replacement of ancillary equipment, such as skips and specialist containers for paints, oils, Waste from Electrical and Electronic Equipment (WEEE) at the HRCs, which are in need of replacement or installation following compliance audits by NRW. The cost of maintaining and repairing skips is continuing to increase as equipment ages and deteriorates over time. \* Options are being explored to confirm whether this can be funded through prudential borrowing repayments from service budgets in the future to replace 12 skips and introduce new containers for WEEE in 2025/2026 (subject to approval) and, if awarded, this pressure could be withdrawn.

**15. Alltami Depot Maintenance £0.160m**

The costs associated with running and maintaining the Alltami Depot have historically been underfunded and the available budget has not been sufficient for a number of years. Ongoing repairs and cyclical service costs have increased through inflation and the budget has not been increased to match. Cuts to security and cleaning provision have been introduced in-year and, in order to reduce the pressure, the portfolio is currently reviewing the

cleaning and security provision again, along with all other maintenance arrangements, with a view to further reducing the operating costs. However, some depot maintenance costs are continuing to increase and are outside our control.

**16. Replacement Recycling Receptacles £0.160m**

Increased focus on meeting the statutory recycling targets has resulted in an increased uptake of the compostable food waste bags and other receptacles. In the previous three years 2020/21, 2021/22 and 2022/23, the increase in costs for these receptacles had been claimed through the Covid hardship fund, due to more people being at home, which has masked the lack of budget in this area. Work is ongoing to mitigate this pressure through procurement (via our managed stores contract) and as modelled in the recent exercise undertaken to review waste and recycling collections, with options to fund the increase in demand for recycling receptacles from Capital Programme prudential borrowing repayments in the future. \*

**17. Winter Maintenance Weather Stations £0.050m**

A report was presented to Cabinet and approved in September 2024 to introduce to transition to a domain-based approach for decision making for gritting action. \*Originally, it was anticipated that this would have required investment in new weather stations; however, following the review that was undertaken by the weather forecast provider, this is no longer deemed to be necessary, as several other stations located on the periphery to the county boundary, which are available and accessible by the Duty Officers and could be used for route treatment decision making.

**18. Increased cost of delivering Winter Maintenance Service £0.200m**

The winter maintenance service is designed to cope with an average winter, but also have the capability to be extended or adapted when winters become more severe or of a longer duration than average and the revenue budget for the service is based on expenditure in an average winter with annual fluctuations catered for by the contingency reserve fund. The revenue budget of £0.846m for winter maintenance consists of fixed and variable costs, which are dependent on the weather conditions throughout the season. The winter maintenance reserve of £0.0250m was drawn down last financial year (2023/24) and has not been replenished, which creates a financial risk to the authority. Winter maintenance expenditure in any single financial year is subject to the variations of the winter weather from season to season. As a result, there can be significant unpredictable fluctuations between years. The normal practice has been that, in a severe, extreme or prolonged winter season, for the excess expenditure over the average year budget to be financed from the reserve fund and, in a mild winter, the savings used to replenish the reserve. However, this is becoming less and less commonplace as the climate changes. Costs for the 2024/25 season are anticipated to increase by £0.345m overall, due to increased contractor costs, vehicle costs, and salt price increases.

**19. Additional Infrastructure £0.010m**

A pressure is being put forward for grant funded infrastructure schemes that do not bring commuted sums to support future maintenance of highway infrastructure, for example, new pedestrian crossings, such as zebra crossings or replacement traffic signals. Without a commuted sum to fund

the future maintenance of such infrastructure, this revenue pressure will continue to present itself and could potentially increase as the number of assets multiply.

**20. Mayrise Replacement Licences/IT £0.030m**

Funding has already been granted for 2024/25 to replace the existing Mayrise IT system within Streetscene & Transportation and procurement is underway; however, it has been identified that additional IT equipment and licences will be required for users once the replacement system has been procured and implemented, which had not been apparent until the pre-market testing exercise was undertaken.

1.08

**Ongoing Risks**

A number of ongoing risks, outlined below, are being monitored and given further consideration, which may change the additional budget forecast requirement further.

**1. Highways Maintenance - Indirect Costs £0.420m**

We have a statutory obligation to maintain the highway and the costs associated are unavoidable for a local authority. Historic underfunding of programmed highway maintenance has resulted in an increase demand for reactive repairs and maintenance. Whilst Service Delivery are constantly looking for more efficient ways to deliver the work, inflation, material costs and contractor costs are outside our control. There has also been an increase in the need to provide traffic management more frequently to ensure the safety of staff and contractors. The recent HAMP review is intended to present a clear strategy for managing our assets within the available resources, in the landscape of increasing costs and static or diminishing funding of both revenue and capital, and ageing infrastructure. The revised strategy was approved in October 2024 by Cabinet.

**2. Streetlighting Energy Costs - £0.100m**

Energy costs have surged due to significant volatility in the energy market over recent years, making increases unavoidable despite ongoing mitigation efforts. Flintshire County Council has worked to manage these costs through various strategies, including cost-avoidance schemes, infrastructure updates like LED installations, dimming, and part-night lighting. A dedicated technician ensures that the Mayrise system is updated in near real-time, enabling timely amendments to the energy profile and reducing cost exposure. Additionally, participation in a Crown Commercial Services procurement framework for energy with other North Wales authorities has helped secure better rates. However, these combined measures have not offset the overall budget constraints that have remained static over time, placing a financial burden on the service. Operational and Street Lighting Managers continuously monitor and adapt systems to incorporate cost-saving innovations.

**3. Public Conveniences - £0.035m**

The day-to-day operation, which includes daily cleansing for the three retained public convenience facilities in Mold, Holywell and Talacre is contracted to a third-party provider. Due to the deteriorating condition and age of the facilities, the portfolio is experiencing increasing costs for maintaining the facilities amounting to £35k over budget, as well as ongoing



	reactive repairs for damage and vandalism. The budget provision for cleansing, general maintenance, utility costs, consumables, and repairs for all three facilities is £0.078m.																		
1.09	<p><b>Budget Timeline</b></p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><b><u>Table 5: Budget Timeline</u></b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>October/November 2024</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>10/11 December 2024</td> <td>Draft Welsh Government Budget and Provisional Local Government Settlement</td> </tr> <tr> <td>17 December 2024</td> <td>Cabinet</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>16 January 2025</td> <td>Overview and Scrutiny Committees – as required</td> </tr> <tr> <td>21 January 2025</td> <td>Cabinet – Budget Review</td> </tr> <tr> <td>18 February 2025</td> <td>Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td>February 2025</td> <td>Welsh Government Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	October/November 2024	Overview and Scrutiny Committees	10/11 December 2024	Draft Welsh Government Budget and Provisional Local Government Settlement	17 December 2024	Cabinet			16 January 2025	Overview and Scrutiny Committees – as required	21 January 2025	Cabinet – Budget Review	18 February 2025	Cabinet and Council – Final Budget Setting	February 2025	Welsh Government Final Budget/Settlement
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Revenue:</b> the revenue implications for the 2025/26 budget are set out in the report.</p> <p><b>Capital:</b> there are no new implications for the approved capital programme for either the current financial year or for future financial years – the capital programme will be subject to a separate report</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<ul style="list-style-type: none"> <li>• Cabinet</li> <li>• Member Budget Briefings July and October 2024</li> <li>• Specific Overview and Scrutiny Committees</li> <li>• Corporate Resource Overview and Scrutiny Committee Meetings</li> </ul>

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• MTFS and Budget 2025/26 Cabinet Report July 2024 <a href="#">Agenda - Cabinet 23.07.2024</a></li> <li>• MTFS and Budget 2025/26 Cabinet Report September 2024 <a href="#">Agenda - Cabinet 25.09.2024</a></li> <li>• Member Briefing Slides</li> </ul>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Medium Term Financial Strategy (MTFS):</b> a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p><b>Revenue:</b> a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p><b>Budget Requirement:</b> The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p><b>Forecast:</b> An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p><b>Capital:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset.</p> <p><b>Revenue Support Grant:</b> the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p>

**Specific Grants:** An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.

**Welsh Local Government Association:** the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.

**Financial Year:** the period of 12 months commencing on 1 April.

**Local Government Funding Formula:** The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.

**Aggregate External Finance (AEF):** The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.

**Provisional Local Government Settlement:** The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.

**Funding Floor:** a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.