

ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	12 th October 2021
Report Subject	Budget 2022/23 – Stage 2
Cabinet Member	Cabinet Member for Finance, Procurement and Social Value Cabinet Member for Planning and Public Protection Cabinet Member for Economic Development and Countryside Cabinet Member for Streetscene and Transportation
Report Author	Corporate Finance Manager, Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

As in past years, the budget for 2022/23 will be built up in stages.

The first stage was concluded in July where we established a robust baseline of cost pressures. The review by Overview and Scrutiny Committees throughout September and October will form Stage 2, with Stage 3 being the identification of the funding solutions to ensure a legal and balanced budget.

In July, Cabinet and Corporate Resources Overview and Scrutiny Committee received the updated position on the budget for 2022/23, which showed that we have a minimum additional revenue budget requirement of an estimated £16.750m. The cost pressures identified were referred to the respective Overview and Scrutiny Committees with a request that they all undergo a rigorous review.

The details of the cost pressures for Planning, Environment and Economy and for Streetscene and Transportation, which fall within the remit of this Committee - are included within this report. The Committee is invited to review these cost pressures and risks, and to advise on any areas of cost efficiency it believes should be explored further and the reasoning behind the request.

A slide presentation will be made at the meeting.

RECOMMENDATIONS

1	That the Committee reviews and comments on the Planning, Environment and Economy cost pressures.
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2	That the Committee reviews and comments on the Streetscene and Transportation cost pressures.
3	That the Committee advises on any areas of cost efficiency it believes should be explored further.

REPORT DETAILS

1.00	EXPLAINING THE BUDGET POSITION 2022/23																																					
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1.03	The purpose of this report is to set out in detail the cost pressures for Planning, Environment and Economy and for Streetscene and Transportation, which are included within the minimum budget requirement.																																					
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• Senior Conservation Planner	0.047	9.
• Digital Connectivity Officer	0.042	10.
• Social Enterprise Development Officer	0.043	11.
Total Cost Pressures	0.772	

1. Investing in Parks – This reflects a pressure to support basic infrastructure or renewal of existing features. Ditches, footpaths, steps etc. are approaching end of life and this investment would ensure parks are safe and fit for purpose following a resurgence in the public visitor numbers to the Council’s greenspaces resulting from the pandemic.
2. Wales Rally GB – A proposal to create a dedicated funding stream to ensure the Council holds an attractive and high profile role in showcasing the County; promoting tourism to an event that attracts in excess of 100,000 and is a major boost to the local economy.
3. Carbon Reduction Officer – The provision of additional capacity to the Energy Conservation Team will not only benefit and support the Climate Change Programme Manager and the development of a Climate Change Strategy, but will provide a business development role in the generation of new renewable energy projects, assessing and identifying potential funding sources.
4. Regeneration Team – An additional post with high level property development skills is required to successfully deliver the Regeneration Programme and manage risk to the Council. A qualified and experienced Manager role will drive forward the programme releasing resource within the existing team for project delivery.
5. Environmental Health – The pressure represents the addition of two professionally qualified officers to increase resilience and support the Council’s ongoing response to the pandemic and to ensure that existing service demands continue to be met.
6. Drainage / Flood Prevention – The Council has statutory responsibilities for Flood Risk Management as the Lead Local Flood Authority and is responsible for managing flood risk from all sources, surface water, ground water and ordinary water courses. The requirement for the Council to act as a SuDS Approving Body (SAB) in relation to surface water management in new developments have increased the pressure to both strengthen and add to the present capacity. The present resource is increasingly vulnerable in terms of ability to respond to climate change in general which is increasing the frequency of severe weather events, most recently Storm Christoph. The requirement to increase the strategic capacity of the Flood and Coastal Erosion Risk Management Team and dedicated role within the SAB.
7. Empty Homes – Additional Pressures to support the delivery of the digital strategy including connectivity upgrades, software and additional resources.

8. Additional Licencing Scheme for Houses in Multiple Occupation (HMO's) – The pressure represents the introduction of a new scheme that would require HMO's under 3 storeys to be licensed. The new scheme would be consistent with the Housing Strategy and form part of a coordinated approach to homelessness, empty homes and anti-social behaviour.
9. Senior Conservation Planner – An additional post to strengthen and build resilience in the Development Management Service in dealing with a complex area of planning. To provide specialist application advice and enforcement in relation to Listed Buildings, Conservation and other Built Heritage Designations for the County.
10. Digital Connectivity Officer – This pressure represents the increasing customer expectation of digitally available services across the Portfolio. To meet this demand, development of an improved online presence, through website design, communications and marketing opportunities. The benefit to customers being direct access to services on line rather than face to face or telephone contact.
11. Social Enterprise Development Officer – This pressure represents permanent funding for the existing post currently funded through the Welsh Government Communities First programme Legacy Funding. It is expected that the Legacy Fund will not continue beyond the 2021/22 financial year putting this important work stream at risk. Support for the growth of the social enterprise sector is a priority in the Council Plan.

As set out in section 1.08, a number of requests for additional posts have been prioritised and were included in an accelerated approvals report to Cabinet in September. These include the posts identified in Notes, 4, 5, 6 and 11 above.

1.06

Streetscene & Transportation Portfolio – Cost Pressures

These are set out in the paragraphs which follow.

1.07

Table 2: Streetscene & Transportation – Cost Pressures

Cost Pressure Title	£m	Note
Loss of Income		
• Car Parking Income Post COVID	0.150	1.
• Garden Waste Income - Static Price	0.050	2.
Legislative/Unavoidable Indexation Pressures		
• Parc Adfer Contract Inflation	0.033	3.
• Rising Fuel Costs	0.100	4.
Strategic Decisions		
• Electric/Hydrogen Vehicles Revenue Costs	0.050	5.
• Re-procurement of Transport Tender post COVID	0.185	6.

New Posts		
• Flooding & Drainage	0.050	7.
Total Cost Pressures	0.618	

1. Parking has been free in Council operated car parks since March 2020 in response to the pandemic. The charges remained suspended to help local businesses as they came out of lockdown last summer and this continued into the autumn and winter. This was extended subsequently to September 2021 to support the gradual opening and recovery of the town centres and to encourage footfall.

During this period, there has been a downturn in utilisation of town centre car parking spaces by between 50 - 68%. This downturn would have a significant impact on income received if it were to continue. Following the reopening of all town centre businesses and hospitality venues, parking charges are being reintroduced from 1st October, which will also help to ease any potential congestion and ensure fair access to parking spaces in the short-stay car parks. With the relaxation of restrictions, utilisation levels are expected to increase, but to what extent is unknown. With the switch to digital shopping, more people working from home and the closure of some businesses, it is unlikely that town centre footfall will return to pre-pandemic levels for some time. This may have a further direct affect on income.

2. We are not increasing the charges for garden waste in 2022-2023 (owing to the suspension of the collection service in 2020-2021 due to the pandemic), consequently there is a pressure as a result of this.
3. The NWRWTP's contract with Parc Adfer specifies the base gate fee price for each tonnage banding built into the contract will be indexed each year, using the average of values published for the Retail Price Indexation (RPI) from the indexation date and each anniversary after. 1.3% inflation is built in for each year, which is half indexed where necessary for bandings,
4. Following Transport Federation advice around the market volatility, a level of increase in fuel prices over the next ten years is anticipated. The pressure value has been determined by applying this advice to current budgeted fuel costs. In addition, allowance has been made for increased usage due to the transfer of use to lower emission producing vehicles. Despite the production of lower emissions, fuel is combusted at a higher temperature and therefore increased volumes. The increase in temperature burns away a higher level of toxins than less emission efficient engines.
5. Electric/Hydrogen Vehicles Revenue Costs due to a growing demand for charging points.
6. The school transport route optimisation and re-procurement exercise was completed in September 2017. The routes procured in 2017 were awarded for a period of 4 years and, whilst some routes have naturally come to an end, been reviewed and where appropriate, re-procured, approximately 200 contracted routes were due for renewal in July 2021 (extended to July 2022). Currently the transport operators are in a difficult position following

	<p>the pandemic and we are observing a significant increase in contract prices and low returns for bids and reduced competition during re-procurement of routes. Additionally, no inflationary increases have been applied to contracted routes over the last four years and this may have a further effect on tender prices from suppliers.</p> <p>7. During periods of adverse weather, the county is being impacted by widespread flooding on a more frequent basis, which causes the network's drainage system to become overwhelmed. This inevitably leads to response, clean-up, repair and recovery costs. When this is above the current available budget limits, it is intended to fund this through reserves. During the years when the service is not adversely affected by weather events the reserves would be replenished.</p>
1.08	<p>Organisational Capacity</p> <p>The capacity of the organisation has been reduced over a number of years, in some areas of service management and operations, due to the need to reduce budget overheads to achieve our efficiency targets. The experience of managing the pandemic and endemic situation over the past 18 months has led to some increases in workload in certain areas, and the Council has set out some priorities which will require additional capacity in the Council Plan and through the leadership of the Council.</p> <p>The Chief Executive and Chief Officer Team have reviewed these capacity needs in depth. We have prioritised a number of requests for additional posts to supplement operational teams for consideration by the Overview and Scrutiny Committees as potential cost pressures for 2022/23 onwards. These requests are all supported by business cases. Our recommendation to Council will be that these requests are supported in order of priority. The extent to which this list of requests can be funded will depend on the financial "headroom" we will have when we are on the verge of setting the annual budget in the new year.</p> <p>From amongst this set of requests a small number have been prioritised for accelerated approval within 2021/22 and in advance of the annual budget setting. This accelerated approval was the subject of a separate report to Cabinet in September 2021.</p>

1.09	<p>Budget Timeline</p> <p>An outline of the local budget timeline at this stage is set out in the table below:</p> <p><u>Table 3: Budget Timeline</u></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Event</th> </tr> </thead> <tbody> <tr> <td>September/October</td> <td>Overview and Scrutiny Committees</td> </tr> <tr> <td>20/21 December</td> <td>WG Draft Budget/Provisional Settlement</td> </tr> <tr> <td>14 December</td> <td>Cabinet</td> </tr> <tr> <td>18 January</td> <td>Cabinet</td> </tr> <tr> <td>15 February</td> <td>Cabinet and Council</td> </tr> <tr> <td>1 March</td> <td>WG Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	September/October	Overview and Scrutiny Committees	20/21 December	WG Draft Budget/Provisional Settlement	14 December	Cabinet	18 January	Cabinet	15 February	Cabinet and Council	1 March	WG Final Budget/Settlement
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2022/23 budget are set out in the report.</p> <p>Capital: 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>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<ul style="list-style-type: none"> • Member and Group Leader Briefings June/July 2021 • Corporate Resource Overview and Scrutiny Committee • Individual Scrutiny Meetings September/October

4.00	RISK MANAGEMENT
4.01	As set out in the report.

5.00	APPENDICES
5.01	No appendices

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • MTFs and Budget 2022/23 Cabinet Report 13th July 2021 • Presentation to CROSC July 2021 • Summary Budget 2022/23 report to Corporate Overview and Scrutiny Committee 16th September 2021

7.00	GLOSSARY OF TERMS
7.01	<p>Medium Term Financial Strategy (MTFS): 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>Revenue: 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>Budget: 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>Budget Requirement: The amount of resource required to meet the Councils financial priorities in a financial year.</p> <p>Forecast: An estimate of the level of resource needed in the future based on a set of demands or priorities.</p> <p>Capital: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset.</p> <p>Revenue Support Grant: 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> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>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.</p> <p>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.</p>

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.