



<b>Title of Report:</b>	<b>Period 7 ES Management Accounts and Financial Positions 2023/24</b>
<b>Committee Report Submitted To:</b>	<b>Environmental Services Committee</b>
<b>Date of Meeting:</b>	<b>12<sup>th</sup> December 2023</b>
<b>For Decision or For Information</b>	<b>For Information</b>

<b>Linkage to Council Strategy (2019-23)</b>	
Strategic Theme	Leader and Champion
Outcome	Provide Civic Leadership
Lead Officer	Director of Environmental Services

<b>Budgetary Considerations</b>	
Cost of Proposal	N/A
Included in Current Year Estimates	<b>YES/NO</b>
Capital/Revenue	Revenue
Code	
Staffing Costs	

<b>Screening Requirements</b>	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

## 1.0 Purpose of Report

The purpose of this report to provide Members with information on the current financial position of Environmental Services Directorate at the end of Period 7.

## 2.0 Background

Council has approved the annual budget for Environmental Service and delegated authority to officers to utilise this budget in the provision of services to the rate payers. ES budget for 2023/24 is **£ 28,731,095.78**. This is based on expenditure budget of **£34,228,754.98** and income budget of **£5,497,659.20**

The Environmental Services position at Period 7 shows a **£464,973.78 positive variance**. This includes predicted increases in employee costs based on the proposed National Pay Award which is greater than the predicted budget increase.

**The Chief Finance Officer has stated that Council is currently adverse against budget in terms of staffing, and this is expected to be the case as the current pay award offered to employees exceeds the budgetary provision included by Council in the rates estimates. An accrual has been included in these accounts for the pay award based on the current employer's side offer, it is vital to estimate what the eventual effect will be and include in the accounts to avoid significant false positive variances at this stage which would become significant negative variances once the pay award is implemented.**

The main costs and income attributing to the ES P7 position are summarised as follows as variances against budget.

Head of Service Description	2024 Spend YTD	2024 Budget YTD	2024 Budget Variance	Sum of Annual Budget 2024
Estates	2,872,331.41	3,555,059.34	682,727.93	6,160,075.00
Health and Built Environment	1,291,232.32	1,436,832.05	145,599.73	2,422,277.12
Infrastructure	(543,399.41)	(58,107.00)	485,292.41	112,563.66
Operations	11,523,477.41	10,708,927.98	(814,549.43)	19,254,231.00
ES Business Support	411,739.99	372,601.00	(39,138.99)	639,662.00
ES Centrally Managed	73,551.83	78,593.96	5,042.13	142,287.00
	<b>15,628,933.55</b>	<b>16,093,907.33</b>	<b>464,973.78</b>	<b>28,731,095.78</b>

### Estates.

P7 Actual Expenditure	P7 Budget Expenditure	P7 Actual Income	P7 Budget Income	Net Expenditure Variance
3,089,270.42	3,678,837.36	(216,939.01)	(123,778.02)	<b>682,727.93</b>

£683k favourable mainly due to Employee costs which are £408k favourable. This is a result of difficulty in recruiting the number of seasonal grounds maintenance staff. A number of vacant posts within the Estates section remain unfilled. Income is positive by £93k.

## Health and Built Environment.

P7 Actual Expenditure	P7 Budget Expenditure	P7 Actual Income	P7 Budget Income	Net Expenditure Variance
2,276,788.42	2,233,278.99	(985,556.10)	(796,446.94)	<b>145,599.73</b>

£146k positive. Employee costs are £48k favourable. Fee Income is favourable by £189k including £98k from Building Control and £55k grant from Consumer Protection at P7.

## Infrastructure.

P7 Actual Expenditure	P7 Budget Expenditure	P7 Actual Income	P7 Budget Income	Net Expenditure Variance
947,916.24	1,280,718.20	(1,491,315.65)	(1,338,825.20)	<b>485,292.41</b>

£485k favourable mainly due to income favourable by £152k. Car Park income is favourable by £107k and Harbour and Marina income is favourable by £49k. Employee costs are £72k favourable mainly due to the Asset Realisation Officer post not having been filled and Harbour and Marina structure not permanently filled.

## Operations.

P7 Actual Expenditure	P7 Budget Expenditure	P7 Actual Income	P7 Budget Income	Net Expenditure Variance
13,041,008.74	11,804,029.51	(1,517,531.33)	(1,095,101.53)	<b>(814,549.43)</b>

£815k adverse variance in Period 7. Employee costs are adverse by £546k as per Section 2.0 above in bold. However, this includes an accrued pay award which was underprovided for in the budget estimates agreed by Members as per Section 2.0 above in bold. Seasonal profiling has not been completed. A breakdown of the variances are as follows

Function	Variance	Comments
Waste Collection & Street Cleansing	£47.5k Adverse	Employee cost pay award increase and profiling not complete.
Landfill & Compost Site	£447k Adverse	Increased 3 <sup>rd</sup> party waste and Council waste being landfilled so increased HMRC costs. 3 <sup>rd</sup> party income for Letterloan did not materialise. (£100k)
HRC's	£275k Adverse	Employee cost pay award increase and profiling not complete.
Waste Disposal Contracts	£325k Favourable <ul style="list-style-type: none"> <li>o Black Bin Contract - £16k (fav)</li> <li>o Blue Bin Contract - £8k (adv)</li> </ul>	On target Variations on predicted tonnages and price increases due to energy costs.

	<ul style="list-style-type: none"> <li>○ Brown Bin Contract £180k (fav)</li> <li>○ Other Waste Contracts - £136k (fav)</li> </ul>	
Transfer Stations	£18k Adverse	On target
Depots	£19k Adverse	On target
Public Conveniences	£49k Adverse	Employee cost pay award increase and profiling not complete.
Ops Management	£155k Adverse	Employee cost pay award increase.

ES Business Support.

£30k adverse due to increased employee costs.

ES Centrally Managed.

£5k positive variance.

**3.0 In-year Savings**

Officers have and will continue to manage and scrutinise the budget to identify opportunities for reducing expenditure and increasing income. This includes

- not filling vacant posts,
- reducing season staff durations,
- not filling staff on sick leave in all non-essential service areas.
- completing only essential maintenance on ES properties.

Therefore, at Period 7 ES financial position has a positive variance of **£464,973.78**.

**4.0 Recommendation**

Members are requested to note the paper.