

APPENDIX G

Place & Infrastructure Revenue Budget Revised Approved Budget for 2020/21: £33.698 million Period 3 Forecast: **Net Overspend of £1.064 million**

The position to date:

1. The department is currently forecasting an over spend of £1.064 million against the revised emergency budget for 2020/21. The variations reported at Quarter 1 are explained below, with a summary position for each Service Directorate. This includes any changes in the impacts from the corona virus, from what was originally initially estimated within the revised emergency budget approved in July 2020.

| Total Department | Variations at Quarter 1 £'000 | | Change Since Q £'000 |
|---|----------------------------------|-------------------|----------------------------|
| | Expenditure Changes | Income Changes | |
| + = overspend or income shortfall - = saving or income increase | | | |
| Corona Virus Impacts | 289 | 1223 | 1512 |
| Other Budget Pressures | 308 | -756 | -448 |
| Total Variations | 597 | 467 | 1064 |

Property & Construction Services Directorate – Summary & Context

2. The directorate is reporting an overspend of £0.477m at quarter 1. The main budget pressures reported relate to
 - a. Additional income from investment properties of £0.8m due mainly to the purchase of properties that have only recently completed or where rent uplifts have been negotiated.
 - b. A reduction of £0.176m in trading income of the Design and Maintenance team largely due to the impact of Covid-19 which has slowed progress on projects;
 - c. An overspend of £0.24m in repairs and maintenance costs related to operational buildings. This is currently forecast to be significantly lower than the level of spend incurred in recent years.
 - d. Additional one-off costs of £0.8m related to works required to make Council buildings Covid-19 safe and compliant with Government requirements

The high level breakdown includes:

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+ = overspend or income shortfall / - = saving or income increase

| | Variations at Quarter 1 £'000 | | | |
|---------------------------------------|--|---------------------------|---------------------------------|--|
| Service Area(s) & Activity | Expenditure Changes | Income Changes | Change Since Q £'000 | Reason(s) for Variation |
| Investment Properties | | -821 | -821 | Net additional income from investment properties |
| Traded Design & Maintenance | | 176 | 176 | Income from school and external trading reduced due to Covid-19, offset partly by Corporate and HRA capital income |
| Operational Properties | 240 | | 240 | Repairs and maintenance costs associated with operational properties |
| Operational buildings | 800 | | 800 | One-off costs to make Council buildings Covid-19 secure and compliant |
| Inspire Sports Village | 76 | | 76 | Annual Service Charge costs |
| Office Car Parks | | 6 | 6 | Loss of income due to Covid-19 |
| Total Variations | 1116 | -639 | 477 | |

Public Protection Directorate – Summary & Context

3. The directorate is reporting an overspend of £0.603m at quarter 1. The main budget pressures reported relate to :
- Parking services – an additional reduction in income of £0.167m on top of the £1.06m reduction due to Covid-19 assumed as part of the emergency budget. The majority of this additional loss is Covid-19 related. On top of this, the service is also reporting an overspend in costs of £0.03m.
 - Environmental Health including Food – Income is down in relation to Primary Authority activity and Food Hygiene courses. This is partly due to Covid-19, particularly the food hygiene courses where it has not been possible to run the courses. The service has also had to deploy additional resources to ensure compliance and undertake enforcement, particularly in relation to an increase in the number of new food related businesses
 - Public Burials and Coroners – the cost of a public burial has increased and the increase in deaths due to Covid-19 has resulted in an increase in Coroners costs.
- The high level breakdown includes:

+ = overspend or income shortfall / - = saving or income increase

| | Variations at Quarter 1 £'000 | | |
|--|--|--|--|
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| Service Area(s) & Activity | Expenditure Changes | Income Changes | Change Since Q £'000 | Reason(s) for Variation |
|---|---------------------|----------------|----------------------|--|
| Parking Services | 30 | 162 | 192 | Loss of income is mainly Covid-19 related |
| Environmental Health incl. Food | -5 | 107 | 102 | Reduction in Primary Authority income and Food Hygiene courses |
| Environmental Health incl. Food | 75 | | 75 | Equivalent of 2 additional employees to ensure compliance and enforcement |
| Neighbourhood Delivery | 29 | | 29 | Overspend relating mainly to employee costs (savings may not be fully achieved) |
| Public Burials & Coroners | 51 | 30 | 81 | Cost of public burials is increasing and the increase in deaths has resulted in an increase in Coroners costs (Covid-19 related) |
| Licensing | 63 | 8 | 71 | 1 additional officer to address increase in workload plus minor variations across the service |
| Trading Standards | 43 | 2 | 45 | Overspend on employees and subscription cost |
| Other variations across the directorate | 50 | -42 | 8 | Minor variations across service |
| Total Variations | 336 | 267 | 603 | |

Corporate Director Place & Infrastructure Directorate – Summary & Context

4. The directorate is reporting an underspend of £0.186m at quarter 1. The main budget pressures reported relate to the
- LLAL – the budget for the Corporate Director was erroneously omitted from the budget, and therefore needs to be reported as an overspend.
 - The departmental contingency included as part of the Emergency Budget is held under the Corporate Director. Of a total contingency of £1.55m, £0.393m is being applied against the additional property repairs and maintenance costs reported.

The high level breakdown includes:

+ = overspend or income shortfall / - = saving or income increase

| | Variations at Quarter 1 £'000 | | | |
|----------------------------|--|----------------|----------------------|---|
| Service Area(s) & Activity | Expenditure Changes | Income Changes | Change Since Q £'000 | Reason(s) for Variation |
| London Luton Airport Ltd | 207 | | 207 | LLAL Corporate Director budget omitted from budget in error |

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| Departmental Contingency | -393 | | -393 | Emergency budget contingency applied against property savings that are not expected to be achieved this year |
| Total Variations | -186 | 0 | -186 | |

Inclusive Growth Directorate – Summary & Context

5. The directorate is reporting an overspend of £0.011m at quarter 1. The main budget pressures reported relate to additional agency costs being mainly offset by management action to hold two Procurement Manager posts vacant. The high level breakdown includes:

+ = overspend or income shortfall / - = saving or income increase

| Service Area(s) & Activity | Variations at Quarter 1 £'000 | | Change Since Q £'000 | Reason(s) for Variation |
|----------------------------|----------------------------------|-------------------|-------------------------|---|
| | Expenditure Changes | Income Changes | | |
| Procurement | 11 | | 11 | Agency costs of £84k offset by employee underspends of £73k |
| Total Variations | 11 | 0 | 11 | |

Planning & Transport Directorate – Summary & Context

6. The directorate is reporting an overspend of £0.064m at quarter 1. The main budget pressures reported relate to
- Development Management – income has been affected by Covid-19 and is projected to be £0.12m below budget. Whilst this income may be recoverable in the longer term, the position will not be fully recovered in year. The service is also moving its planning functions to a new system which is expected to result in longer term savings
 - Passenger Transport Unit – the income target for the service was adjusted as part of the emergency budget in July. However, as the service has been largely unable to operate it is also reporting a reduction in costs, employees and vehicle costs, of £0.07m.

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The high level breakdown includes:

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| Service Area(s) & Activity | Variations at Quarter 1 £'000 | | Change Since Q £'000 | Reason(s) for Variation |
|---|----------------------------------|-------------------|-------------------------|--|
| | Expenditure Changes | Income Changes | | |
| Development Management | 85 | 120 | 205 | Loss of income due to Covid-19; additional costs due to system migration and agency costs to cover maternity leave |
| Passenger Transport Unit | -80 | 0 | -80 | Reduced costs associated with the impact of Covid-19 |
| Local Lead Flood Authority | -43 | 0 | -43 | Post kept vacant within the team |
| Other variations across the directorate | -18 | 0 | -18 | Minor variations across service |
| Total Variations | -56 | 120 | 64 | |

Public Realm Directorate – Summary & Context

7. The directorate is reporting an overspend of £0.094m at quarter 1. The main budget pressures reported relate to
- Crematorium - Despite the additional income of £100k related to additional Covid-19 deaths, the service is still estimating that it will be £50k short of its income target for the year. The additional deaths have also resulted in additional costs, including an increase in medical fees.
 - Fleet Transport – the service has been significantly affected by Covid-19. Income has suffered and is £0.504m down against target; however the service has also looked at how costs can be controlled to compensate this loss and through management action, including posts vacant, has also reduced costs by £0.642k
 - Streetworks – due to Covid-19 the level of streetworks undertaken across the town has reduced significantly resulting in a shortfall in income of £0.2m.

The high level breakdown includes:

+ = overspend or income shortfall / - = saving or income increase

| Service Area(s) & Activity | Variations at Quarter 1 £'000 | | Change Since Q £'000 | Reason(s) for Variation |
|----------------------------|----------------------------------|-------------------|-------------------------|-------------------------|
| | Expenditure Changes | Income Changes | | |
| | | | | |

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|---|-------------|------------|-----------|---|
| Crematorium | 58 | 50 | 108 | Income shortfall against target + additional Covid-19 related costs |
| Fleet transport | -642 | 503 | -139 | Net reduction in costs as a result of Covid-19 |
| Streetworks | | 200 | 200 | Loss of income due to Covid-19 |
| Other variations across the directorate | -69 | -6 | -75 | Minor variations across service |
| Total Variations | -653 | 749 | 94 | |

Recovery Actions or Mitigation for the Department:

8. The department has been significantly affected by Covid-19, particularly in relation to income generation in traded services such as Design & Maintenance Services in Property & Construction and Fleet Management and Streetworks in Public Realm.
9. Design & Maintenance Services have a well developed workplan that will form the basis of income projections going forward, and will support Foxhall Homes and LLAL developments.
10. Fleet Transport has lost a couple of commercial contracts which at this stage appear unlikely to be replaced. The mitigation to this has been to hold posts vacant and reduce other operational costs where possible. However, once Council operations return back to normal, the service will need to ensure that sufficient staff are employed to maintain the Council's fleet of frontline vehicles.
11. The Property & Construction Services Directorate, whilst delivering additional income from investment properties, continues to incur expenditure over and above the budget on repairs and maintenance of the Council's property estate. Overall, the Directorate is reporting an underspend, but the ongoing cost pressure associated with property repairs and maintenance needs to be addressed. The Service Director is continually reviewing ways in which the Council's property estate can be rationalised without impacting on service delivery, either by transferring buildings to other organisations or by selling and/or redeveloping property. The impact of Covid-19 has meant that a large number of the Council's buildings have been underutilised for long periods, and with the likelihood that staff may be required to work from home more frequently in the future, the opportunity may present itself to reduce the property stock and help to reduce the budgetary burden.