

The Highland Council

Transport, Environmental and Community Services Committee 19 September 2013

Agenda Item	13
Report No	TEC 73/13

Revenue Budget Monitoring Report – 1 April 2013 to 31 July 2013

Report by Director of Transport, Environmental and Community Services

Summary

This report invites Members to approve the revenue budget monitoring position for the period 1 April 2013 to 31 July 2013.

1. Current Position

- 1.1 The revenue expenditure monitoring statements, appended to this report, show the financial position to 31 July 2013. In total, the expenditure is estimated to be £0.288m (0.5%) overspent at the end of the financial year.
- 1.2 This report is produced in support of the Council's corporate governance process, which in turn is designed to support/augment the Council's overall/corporate delivery of all of its obligations in terms of the Single Outcome agreement.

2. Year-End Projection

- 2.1 The year to date actual figures represent the transactions for the four months ended 31 July 2013, and are generally in line with management expectations. The Service is aware of some anomalies that will distort the financial position for the current financial year, and these are highlighted under major issues and variances.
- 2.2 Members will note that based on the financial performance to date, it is predicted, that at the end of the financial year the budget as a whole will be overspent, however managers are currently looking for compensatory savings to reduce any overspend.

3. Major Issues and Variances

- 3.1 As part of the budget setting process for 2013/14 various savings were identified to allow the Service to deliver a balanced budget. A suite of savings totalling £1.492m were identified across the Service, however there are areas of concern around some of these savings.
- 3.2 Reduction in contract costs for waste treatment through reductions in waste arisings was identified as one of the waste management savings. The saving was based on the reducing trend of overall waste arisings and waste going to landfill. The long term trend has flattened out in the first quarter 2013/14, and waste arisings increased in July, and there is concern that this trend will continue. The position will be closely monitored and will be reported to each TECS Committee.

- 3.3 £0.100m saving was to be generated through establishing a green waste composting facility at Longman, Inverness. The initial estimate for this facility was £600k, however following detailed design work and consultation with SEPA the estimate has increased to £1.2million which cannot be justified in terms of the resultant savings. There are also concerns in relation to odour problems, as recently demonstrated by the closure of a similar facility operated by Scottish Water following enforcement action by SEPA.
- 3.4 By transferring residual waste from Ross & Cromarty to the Council's Seater landfill site in Caithness a saving of £0.100m was identified, however due to complex contractual delays there is concern that the full saving may not be achieved in this financial year. Other proposals to achieve the same outcome are being pursued, but there will be delays in implementing the saving.
- 3.5 Implementation of a new fares structure for the Corran Ferry was estimated to generate increased income of £0.100m, however the revised fares structure (which is the subject of another report on this Agenda) will not now be introduced until November, thus reducing the increased level of income in the current year.
- 3.6 A saving of £0.272m is expected to come from vacancy and absence management across the Service. Some of the anticipated vacancies have not so far materialised. The Service is currently reviewing options for other staff savings.
- 3.7 The subsidies and concessionary fares budget is estimated to be overspent this financial year. There is a budget shortfall of £0.390m, and a budget pressure of £0.050m due to price changes as a result of retendering some of the public service bus contracts. Planning gain monies of the order of £0.152m were due to offset bus contract costs in 2012/13. These monies were not fed into the subsidies and concessionary fares budget in 2012/13, however the 2013/14 will be adjusted to reflect these sums resulting in the budget pressure reducing to £0.288m.

4. Actions Taken / Proposed

- 4.1 A review is currently underway on the Roads and Community Works function, both trading account and activity budgets. Area Managers are working closely with the Finance to profile the more variable costs, including overtime, hired plant, materials and contractors. The Areas have also developed an improved system for budget planning, in consultation with Finance, and this will be used to identify the budget allocations between activities and to monitor expenditure.
- 4.2 Managers are currently reviewing their respective parts of the Service to identify where costs can be reduced without affecting service delivery, with a view to managing overspends, or approved savings measures that may not be fully achieved.
- 4.3 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall TEC Services budget.

5. Implications

- 5.1 Resource implications are discussed in the report.
- 5.2 There are no legal implications arising as a direct result of this report.
- 5.3 There are no equality implications arising as a direct result of this report.
- 5.4 There are no climate change implications arising as a direct result of this report.
- 5.5 There are no risk implications arising as a direct result of this report.

6. Recommendation

- 6.1 Members are invited to approve the report and the attached monitoring statements which show the revenue position for the period 1 April 2013 to 31 July 2013, and the actions which have been put in place to manage the budget over the remainder of the financial year.

Designation: Director of Transport, Environmental and Community Services

Date: 6 September 2013

Author: Mike Mitchel, Service Finance Manager

Background Papers: Monitoring Statement 31/07/13 and Highland Council Financial Ledger

TRANSPORT, ENVIRONMENTAL AND COMMUNITY SERVICES
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Revenue Expenditure Monitoring Statement

1 April 2013 to 31 July 2013

Service Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Roads and Community Works	7,591	24,016	24,016	0
Environmental Health	679	1,919	1,919	0
Trading Standards	278	776	776	0
Emergency Planning & Oil Pollution	63	164	164	0
Waste Management	8,969	29,408	29,408	0
Transport and Infrastructure	2,117	7,712	8,000	288
Administration	114	559	559	0
CLIENT SERVICES TOTAL	19,811	64,553	64,841	288
TRADING OPERATIONS				
Roads & Community Works	139	(766)	(766)	0
Waste Management	(529)	(2,803)	(2,803)	0
Vehicle Maintenance	(258)	(324)	(324)	0
Piers & Harbours	510	(1,588)	(1,588)	0
Project Design Unit	(66)	(472)	(472)	0
SERVICE TOTAL	19,607	58,601	58,889	288
BY SUBJECTIVE				
Staff Costs	21,303	71,086	71,086	0
Other Costs	30,653	90,404	90,692	288
Gross Expenditure	51,956	161,490	161,778	288
Grants	(29)	(206)	(206)	0
Other Income	(32,320)	(102,683)	(102,683)	0
Total Income	(32,349)	(102,889)	(102,889)	0
	19,607	58,601	58,889	288

% of Budget Spent

This Year	33%
Last Year	37%
2011/12	30%

TRANSPORT, ENVIRONMENTAL AND COMMUNITY SERVICES
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Revenue Expenditure Monitoring Statement

1 April 2013 to 31 July 2013

Financial Detail

Client Services
2.1 Roads & Community Works

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Winter Maintenance	223	4,713	4,713	0
Structural Maintenance	323	2,341	2,341	0
Surface Dressing	1,299	2,181	2,181	0
Watercourse Maintenance	76	665	665	0
Cyclical Maintenance	2,587	6,188	6,188	0
Public Conveniences	231	1,258	1,258	0
Burials and Cremations	270	1,173	1,173	0
Grounds Maintenance	942	2,629	2,629	0
Engineering Services	184	1,258	1,258	0
Community Works Services	1,066	1,387	1,387	0
Coast Protection	337	57	57	0
Flood Alleviation	53	167	167	0
	7,591	24,016	24,016	0

2.2 Waste Management

Refuse Collection	547	4,594	4,594	0
Waste Disposal	4,004	11,496	11,496	0
Recycling	3,238	9,593	9,593	0
Street Cleaning	1,105	3,438	3,438	0
Pest Control	75	287	287	0
	8,969	29,408	29,408	0

2.3 Transport & Infrastructure

Lighting Services	(260)	3,513	3,513	0
Integrated Transport Services	352	1,015	1,015	0
Subsidies and Concessionary Fares	2,037	3,430	3,718	288
Flood Risk Management	90	255	255	0
Ferries	(79)	29	29	0
Airstrips	9	13	13	0
Car Parks	(32)	(543)	(543)	0
	2,117	7,712	8,000	288

2.4 Business Support

Management Overheads	(70)	667	667	0
Fleet Management	184	(108)	(108)	0
	114	559	559	0

Trading Operations
2.5 Roads and Community Works

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Income - Council	(6,438)	(21,222)	(21,222)	0
Income - Other	(70)	(524)	(524)	0
	(6,508)	(21,746)	(21,746)	0
Direct Costs				
Labour	3,805	11,924	11,924	0
Materials & Other	155	743	743	0
Plant	2,030	6,343	6,343	0
	5,990	19,010	19,010	0
Indirect				
Management Costs	358	1,073	1,073	0
Apportioned Costs	299	896	896	0
	657	1,970	1,970	0
(Surplus)/Deficit before Depreciation	139	(766)	(766)	0
Depreciation	272	815	815	0
(Surplus)/Deficit after Depreciation	411	49	49	0

TRANSPORT, ENVIRONMENTAL AND COMMUNITY SERVICES
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Revenue Expenditure Monitoring Statement

1 April 2013 to 31 July 2013

Financial Detail

Trading Operations

2.6 Waste Management

Income - Council	(6,537)	(21,070)	(21,070)	0
Income - Other	0	(19)	(19)	0
	(6,537)	(21,089)	(21,089)	0
Direct Costs				
Labour	3,417	11,521	11,521	0
Materials & Other	22	103	103	0
Plant	1,762	4,242	4,242	0
	5,201	15,866	15,866	0
Indirect				
Management Costs	308	923	923	0
Apportioned Costs	499	1,498	1,498	0
	807	2,421	2,421	0
(Surplus)/Deficit before Depreciation	(529)	(2,803)	(2,803)	0
Depreciation	440	1,319	1,319	0
(Surplus)/Deficit after Depreciation	(89)	(1,484)	(1,484)	0

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
(6,537)	(21,070)	(21,070)	0
0	(19)	(19)	0
(6,537)	(21,089)	(21,089)	0
3,417	11,521	11,521	0
22	103	103	0
1,762	4,242	4,242	0
5,201	15,866	15,866	0
308	923	923	0
499	1,498	1,498	0
807	2,421	2,421	0
(529)	(2,803)	(2,803)	0
440	1,319	1,319	0
(89)	(1,484)	(1,484)	0

2.7 Vehicle Maintenance

Income - Council	(1,747)	(6,288)	(6,288)	0
Income - Other	(1)	(2)	(2)	0
	(1,748)	(6,290)	(6,290)	0
Direct Costs				
Labour	783	3,633	3,633	0
Materials	441	1,346	1,346	0
Plant & Other	243	916	916	0
	1,467	5,895	5,895	0
Indirect				
Management Costs	4	12	12	0
Apportioned Costs	19	58	58	0
	23	71	71	0
(Surplus)/Deficit before Depreciation	(258)	(324)	(324)	0
Depreciation	7	20	20	0
(Surplus)/Deficit after Depreciation	(251)	(304)	(304)	0

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
(1,747)	(6,288)	(6,288)	0
(1)	(2)	(2)	0
(1,748)	(6,290)	(6,290)	0
783	3,633	3,633	0
441	1,346	1,346	0
243	916	916	0
1,467	5,895	5,895	0
4	12	12	0
19	58	58	0
23	71	71	0
(258)	(324)	(324)	0
7	20	20	0
(251)	(304)	(304)	0

TRANSPORT, ENVIRONMENTAL AND COMMUNITY SERVICES
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Revenue Expenditure Monitoring Statement

1 April 2013 to 31 July 2013

Financial Detail

Trading Operations

2.8 Piers and Harbours

Income - Sale of Materials
Income - Other

Direct Costs

Labour
Materials
Plant & Other

Indirect

Management Costs
Apportioned Costs

(Surplus)/Deficit before Depreciation

Depreciation

(Surplus)/Deficit after Depreciation

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
(4,310)	(15,131)	(15,131)	0
(892)	(3,148)	(3,148)	0
(5,202)	(18,279)	(18,279)	0
264	882	882	0
4,968	14,736	14,736	0
428	915	915	0
5,660	16,533	16,533	0
23	70	70	0
29	88	88	0
52	158	158	0
510	(1,588)	(1,588)	0
217	650	650	0
727	(938)	(938)	0

2.9 Project Design Unit

Income - Council
Income - Other

Direct Costs

Labour
Supplies
Plant

Indirect

Management Costs
Apportioned Costs

(Surplus)/Deficit before Depreciation

Depreciation

(Surplus)/Deficit after Depreciation

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
(1,430)	(4,500)	(4,500)	0
(28)	(294)	(294)	0
(1,458)	(4,794)	(4,794)	0
1,158	3,868	3,868	0
129	151	151	0
42	116	116	0
1,329	4,135	4,135	0
37	110	110	0
26	77	77	0
63	187	187	0
(66)	(472)	(472)	0
0	0	0	0
(66)	(472)	(472)	0