

The Highland Council
Community Services Committee
6 November 2014

Agenda Item	5
Report No	COM 31/14

Revenue Budget Monitoring Report – 1 April 2014 to 30 September 2014

Report by Director of Community Services

Summary

This report invites Members to approve the revenue budget monitoring position for the period from 1 April 2014 to 30 September 2014.

1. Current Position

- 1.1 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.
- 1.2 The revenue expenditure monitoring statements, appended to this report, show the financial position to 30 September 2014. In total, the expenditure is currently in line with the budget outturn target.
- 1.3 Members will recall, as reported to the first Community Services Committee, there are pressures and unachieved savings, in both 2013/14 and 2014/15 which have an impact on the 2014/15 budget. The combined waste management pressure, due to the continued increase in waste arisings, is of the order of £1.510m (2013/14 £0.865m and 2014/15 £0.645m), and the pressure on the public bus contract is of the order of £0.456m. The waste pressure is compounded by the unachieved saving of £0.400m for 2014/15 and the pressure of £0.245m for disposing of the increase in tonnages going to landfill. As a result of retendering the waste contracts, new prices have been negotiated which will result in a net saving to the Council. The new prices came into effect on 1 October 2014. The savings are heavily dependent on the number of tonnes sent to landfill, however indications are showing the number of tonnes are increasing slightly.
- 1.4 Community Services face additional pressures of the order of £0.800m, particularly around piers and harbours, waste management, car park income and income at the Corran Ferry. The Service has requested the respective Heads of Service to manage these pressures down, by a combination of identifying new savings, holding vacant posts or curtailing unnecessary expenditure.
- 1.5 The total combined pressure for 2014/15 is £2.766m. £1.966m has been deducted from the roads maintenance budget, as this is the main part of uncommitted spend in the overall budget, with £0.800m to be contained and managed within the remainder of the Service budget.

- 1.6 The drop in road maintenance expenditure of £1.966m is mitigated by the Roads Innovation Fund (£1.250m), and additional £0.740m for surface dressing work funded from the winter salt underspend in 2013/14. However, both these amounts are one-off sums for 2014/15 financial year.
- 1.7 Included in roads maintenance costs is expenditure totally £0.304m for costs associated with recent weather events. At present these costs can be accommodated within the overall roads maintenance budget. Roads maintenance expenditure is currently in line with the spend profile; however any further significant weather events will put strain on this budget.
- 1.8 As winter approaches, there has been very little expenditure from the winter maintenance budget. At present there is in excess of 50,000 tonnes of salt held at the Council's strategic depots and salt piles. This level of salt is sufficient to meet the demands of an average winter.

2. Year-End Projection

- 2.1 The year to date actual figures represents the transactions for the six months ended 30 September 2014, and is generally in line with management expectations. The service will endeavour to manage down the pressures highlighted above. This will help the Service with budget planning in future years, and alleviate the pressure on the roads maintenance budget.
- 2.2 Members will note that based on the financial performance to date, and the actions already taken, it is predicted, that at the end of the financial year the budget as a whole will be balanced.

3. Major Issues and Variances

- 3.1 At present, other than those mentioned above, there are no further major issues or pressures to be highlighted, however a slight estimated overspend in the Homelessness is giving cause for concern.
- 3.2 Various underspends have been identified to meet the additional £0.800m budget pressure highlighted at 1.4 above.
- 3.3 A combination of staff vacancies and increased income in respect of road consents will result in an underspend in engineering services.
- 3.4 At present no further expenditure is committed against the coast protection and flood alleviation budgets, however if there are any further weather events that warrant expenditure from these budget lines then the anticipated underspend will be reduced accordingly.
- 3.5 Staff vacancies accounts for the Environmental Health underspend.
- 3.6 Waste Management trading account will be underspent at the end of the financial year due to vacant posts arising routinely and the subsequent delay in the recruitment process.

4. Actions Proposed

- 4.1 Managers will review 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.
- 4.2 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall Community Services budget.

5. Housing Revenue Account

- 5.1 At this stage of the year no major variations are predicted against the main budget headings.

6. Implications

- 6.1 Resource implications are discussed in the report.
- 6.2 Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.
- 6.3 There are no legal, equalities, climate change/carbon clever, Gaelic and rural implications arising as a direct result of this report.

7. Recommendations

- 7.1 Members are invited to approve the report and the attached monitoring statements which show the revenue position for the period 1 April 2014 to 30 September 2014, and the actions which have been put in place to manage the budget over the remainder of the financial year.

Designation: Director of Community Services

Date: 27 October 2014

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statements 30/09/14 and the Highland Council Financial Ledger

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2014 to 30 September 2014
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Service Summary

	£000		£000		£000	£000
	Actual		Annual		Year End	Year End
	Year To Date		Budget		Estimate	Variance
BY ACTIVITY						
Roads and Transport	12,681	2.1	31,472		29,849	(1,623)
Environmental and Regulatory Services	15,093	2.2	31,365		32,770	1,405
Non-Housing Revenue Account	3,111	2.3	3,143		3,167	24
Trading Operations	1,680	2.4	(4,982)		(4,782)	200
Administration	1,350	2.5	1,589		1,583	(6)
SERVICE TOTAL	33,915		62,587		62,587	0

BY SUBJECTIVE

Staff Costs	33,321		72,715		72,351	(364)
Other Costs	53,892		109,457		108,772	(685)
Gross Expenditure	87,213		182,172		181,123	(1,049)
Grants	(137)		(196)		(196)	0
Other Income	(53,161)		(119,389)		(118,340)	1,049
Total Income	(53,298)		(119,585)		(118,536)	1,049
	33,915		62,587		62,587	0

BY ACTIVITY

Housing Revenue Account	(15,703)	2.6	0		0	0
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BY SUBJECTIVE

Staff Costs	2,092		5,040		5,015	(25)
Other Costs	7,072		43,868		43,964	96
Gross Expenditure	9,164		48,908		48,979	71
Grants	0		0		0	0
Other Income	(24,867)		(48,908)		(48,979)	(71)
Total Income	(24,867)		(48,908)		(48,979)	(71)
	(15,703)		0		0	0

% of Budget Spent

This Year

54%