

The Highland Council
Community Services Committee

5 February 2015

Agenda Item	4
Report No	COM 1/15

Revenue Budget Monitoring Report – 1 April 2014 to 31 December 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 31 December 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 31 December 2014. In total, the expenditure is currently in line with the budget outturn target.
- 1.3 This report covers the period to 31 December 2014, however members will be aware of the storm event which took place in January, and potentially this may have a significant impact on the financial outturn for 2014/15. Specific codes have been set up to capture all costs associated with this event, and a verbal update will be given at the Committee.
- 1.4 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.
- 1.5 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.

- 1.6 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.
- 1.7 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.
- 1.8 Included in roads maintenance costs is expenditure totally £0.604m for costs associated with recent weather events, excluding the January storm event. 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.
- 1.9 At the date of writing this report, the winter maintenance budget is showing a spend of £2.879m against an annual budget of £5.494m. At present the Service is cautious and is predicting the budget will be fully utilised by the end of the financial year. At present there is approximately in excess of 40,000 tonnes of salt held at the Council's strategic depots and salt piles.

2. 2015/16 Budget Position

- 2.1 The overall budget for Community Services in financial year 2015/16 is £58.803m. Included within this sum is a budget feed of £1.256m to cover the pressure on the public bus contract (£0.456m) and the unachieved savings on the waste contracts (£0.800m).
- 2.2 £1.990m has been removed from the 2015/16 budget as a result of a one-off budget feed in respect of the "Roads Innovation Fund" (£1.250m) and a salt underspend, due to the mild weather, in 2013/14 (£0.740m). Any underspend in the Innovation Fund in 2014/15 will be carried forward to the new financial year.
- 2.3 After allowing for these adjustments, there remains a budget pressure of the order of £1.2m for 2015/16. This is in respect of piers and harbours, waste management, car park income and income at the Corran Ferry. The Service will again request the respective Heads of Service to manage these pressures down, by a combination of identifying new savings, holding vacant posts or curtailing unnecessary expenditure.

3. Year-End Projection

- 3.1 The year to date actual figures represent the transactions for the nine months ended 31 December 2014, and are 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.

3.2 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.

4. Major Issues and Variances

4.1 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.

4.2 Various underspends have been identified to meet the additional £0.800m budget pressure highlighted at 1.5 above.

4.3 A combination of staff vacancies and increased income in respect of road consents will result in an underspend in engineering services.

4.4 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.

4.5 Staff vacancies accounts for the Environmental Health underspend.

4.6 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.

5. Actions Proposed

5.1 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.

5.2 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall Community Services budget.

6. Housing Revenue Account

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

7. Implications

7.1 Resource implications are discussed in the report.

7.2 Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.

7.3 There are no legal, equalities, climate change/carbon clever, Gaelic and rural

implications arising as a direct result of this report.

8. Recommendations

- 8.1 Members are invited to approve the report and the attached monitoring statements which show the revenue position for the period 1 April 2014 to 31 December 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 January 2015

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statements 31/12/14 and the Highland Council Financial Ledger

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2014 to 31 December 2014

Financial Detail

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
2.1 Roads and Transport				
Winter Maintenance	1,227	5,494	5,494	0
Roads Innovation Fund	995	1,250	1,250	0
Roads Maintenance	4,888	9,327	7,361	(1,966)
Public Conveniences	752	1,160	1,142	(18)
Burials and Cremations	642	991	1,006	15
Grounds Maintenance	2,732	2,571	2,618	47
Engineering Services	401	1,251	979	(272)
Community Works Services	837	1,465	1,465	0
Coast Protection	6	57	15	(42)
Flood Alleviation	5	157	35	(122)
Lighting Services	2,109	4,130	4,179	49
Integrated Transport Services	575	957	953	(4)
Subsidies and Concessionary Fares	4,922	3,303	3,759	456
Car Parks and Airstrips	(381)	(739)	(444)	295
Emergency Planning and Oil Pollution	146	201	199	(2)
	19,856	31,575	30,011	(1,564)
2.2 Environmental and Regulatory Services				
Refuse Collection	2,322	4,141	4,048	(93)
Waste Disposal	8,055	11,962	13,179	1,217
Recycling	7,767	9,516	9,728	212
Street Cleaning	2,387	3,411	3,445	34
Environmental Health	1,585	2,339	2,246	(93)
	22,116	31,369	32,646	1,277
2.3 Non-Housing Revenue Account				
Homelessness	1,445	1,074	1,172	98
Supporting People	1,616	1,822	1,822	0
Anti Social Behaviour	192	324	306	(18)
Gypsy Traveller Sites	(1)	(1)	(4)	(3)
	3,252	3,219	3,296	77
2.4 Trading Operations				
Roads and Community Works	1,359	(276)	(276)	0
Waste Management	(1,597)	(2,978)	(3,265)	(287)
Harbours and Ferries	(1,333)	(1,500)	(1,000)	500
Vehicle Maintenance	(196)	(227)	(260)	(33)
Building Maintenance	2,490	0	0	0
	723	(4,981)	(4,801)	180
2.5 Administration				
Management Overheads	110	(390)	(342)	48
Stores and Depots	1,476	1,939	1,921	(18)
	1,586	1,549	1,579	30

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2014 to 31 December 2014

Financial Detail

2.6 Housing Revenue Account
Expenditure:-

Supervision and Management
 Tenant Participation
 Sheltered Housing
 Homelessness
 Repairs and Maintenance
 House Rent Voids
 Other Rent Voids
 Central Support
 Loan Charges
 Capital Funded from Current Revenue

Gross Expenditure
Income:-

House Rents
 Other Rents
 Other Income
 Interest on Revenue Balances

Gross Income

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Supervision and Management	3,819	5,886	5,856	(30)
Tenant Participation	130	205	190	(15)
Sheltered Housing	488	725	727	2
Homelessness	349	558	557	(1)
Repairs and Maintenance	9,246	15,577	15,617	40
House Rent Voids	522	659	691	32
Other Rent Voids	198	82	129	47
Central Support	0	3,544	3,544	0
Loan Charges	0	17,347	17,347	0
Capital Funded from Current Revenue	0	4,325	4,325	0
Gross Expenditure	14,752	48,908	48,983	75
Income:-				
House Rents	(34,958)	(46,913)	(46,888)	25
Other Rents	(1,083)	(1,615)	(1,657)	(42)
Other Income	(1,160)	(300)	(358)	(58)
Interest on Revenue Balances	0	(80)	(80)	0
Gross Income	(37,201)	(48,908)	(48,983)	(75)
	(22,449)	0	0	0

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2014 to 31 December 2014

Service Summary

	£000 Actual Year To Date		£000 Annual Budget		£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY						
Roads and Transport	19,856	2.1	31,575		30,011	(1,564)
Environmental and Regulatory Services	22,116	2.2	31,369		32,646	1,277
Non-Housing Revenue Account	3,252	2.3	3,219		3,296	77
Trading Operations	723	2.4	(4,981)		(4,801)	180
Administration	1,586	2.5	1,549		1,579	30
SERVICE TOTAL	47,533		62,731		62,731	0
BY SUBJECTIVE						
Staff Costs	49,822		72,754		72,203	(551)
Other Costs	77,402		109,317		108,889	(428)
Gross Expenditure	127,224		182,071		181,092	(979)
Grants	(188)		(196)		(196)	0
Other Income	(79,503)		(119,144)		(118,165)	979
Total Income	(79,691)		(119,340)		(118,361)	979
	47,533		62,731		62,731	0
BY ACTIVITY						
Housing Revenue Account	(22,449)	2.6	0		0	0
BY SUBJECTIVE						
Staff Costs	3,167		5,040		5,000	(40)
Other Costs	11,585		43,868		43,983	115
Gross Expenditure	14,752		48,908		48,983	75
Grants	0		0		0	0
Other Income	(37,201)		(48,908)		(48,983)	(75)
Total Income	(37,201)		(48,908)		(48,983)	(75)
	(22,449)		0		0	0

% of Budget Spent

This Year

76%