

Agenda Item	18
Report No	EDI/78/18

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 8 November 2018

Report Title: Revenue Budget Monitoring Report
1 April 2018 to 30 September 2018

Report By: Director of Community Services

1. **Purpose/Executive Summary**

- 1.1 This report invites Members to approve the revenue budget monitoring report for the period 1 April 2018 to 30 September 2018.

2. **Recommendations**

- 2.1 Members are invited to approve the revenue budget monitoring report for 1 April 2018 to 30 September 2018.

3. Background

- 3.1 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.

4. Current Position

- 4.1 The revenue expenditure monitoring statements, appended to this report (**Appendix 1**), show the financial position to 30 September 2018.
- 4.2 The Service is identifying pressures against car parks, public conveniences and recycling.
- 4.3 A summary of the disaggregated budgets to the eight Local Committees is shown in **Appendix 2**. The monitoring statement highlights revenue and capital expenditure, for both roads and amenity services and the financial position for the period 1 April to 30 September 2018.

5. Budget Savings

- 5.1 **Appendix 3** sets out the Service savings for the current financial year and reflects the position for the first quarter. The RAG status is based on achieving the saving based on the proposal. Savings in relation to redesign and property asset management have yet to be allocated to the Service.

6. Major Issues and Variances

6.1 Lighting Services

- 6.1.1 Work is continuing as per the replacement programme and at the end of September 47% of street lighting units were LED.
- 6.1.2 Energy consumption for Q2 to end of September 2018 (1 July 2018 to 30 September 2018) was **2,666,512 KWh** representing a reduction of **13 %** over the same period in 2017 (**3,049,393 KWh**). Due to increases in the unit cost of electricity this reduction in energy consumption equated to a **3%** cost saving in Q2 2018 (**£328,998**) compared to Q2 2017 (**£338,495**).
- 6.1.3 While reporting no significant pressures at this time in the year, Members are reminded that savings will be delivered in future years and that any increase to the unit cost of electricity may well create a pressure.

6.2 Car Parks

- 6.2.1 Lower than expected income; delays in implementing some charges and new services; income assumptions; changes in driver behaviour; and tariff reviews have led to a forecast shortfall of £0.721m
- 6.2.2 Work continues in local areas to roll out car parking charges and it is hoped this will deliver savings before the end of the financial year.

6.3 Recycling

- 6.3.1 The year end variance of £125,000 is in relation to an increase in fuel prices. The Service is currently procuring a new route optimisation IT system and this will help minimise fuel usage once implemented.

6.4 **Public Conveniences**

A delay in implementing the rationalisation programme has created a pressure of £213,000, as reported to Council on 25 October. This has reduced from £338,000 reported in Q1. A full review of all PCs has been completed and recommendations agreed at Council on 25 October.

7. **Implications**

- 7.1 Resource – implications are as discussed in the report. The Service will continue to exert management controls to achieve a balanced position at the year end. However the impact of winter is an unknown factor in achieving this.
- 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 Community (Equality, Poverty and Rural), Legal, Risk, Climate Change / Carbon Clever, Gaelic – There are no implications arising as a direct result of this report.

Designation: Director of Community Services

Date: 30 October 2018

Authors: Mike Mitchell, Service Finance Manager
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Background Papers: Monitoring Statements 30 September 2018 and Highland Council Financial Ledger

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2018 to 30 September 2018
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Financial Detail

BY ACTIVITY**Roads and Transport**

Winter Maintenance	720
Roads Maintenance	3,931
Engineering Services	1,341
Flood Alleviation	11
Lighting Services	300
Integrated Transport Services	375
Subsidies and Concessionary Fares	2,701
School Transport	2,813
Car Parks	(504)

Environmental and Amenity Services

Refuse Collection	(547)
Waste Disposal	4,644
Recycling	4,564
Street Cleaning	1,009
Public Conveniences	728
Burials and Cremations	(542)
Grounds Maintenance	1,645
Amenity Services	456
Environmental Health	825

Trading Operations

Harbours and Ferries	(1,852)
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Administration

Management Overheads	807
Stores and Depots	1,316
Vehicle Maintenance Trading Account	(141)

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Roads and Transport			
Winter Maintenance	4,481	4,481	0
Roads Maintenance	5,886	5,886	0
Engineering Services	1,965	1,965	0
Flood Alleviation	30	30	0
Lighting Services	3,556	3,506	(50)
Integrated Transport Services	901	817	(84)
Subsidies and Concessionary Fares	7,188	7,188	0
School Transport	8,611	8,611	0
Car Parks	(2,270)	(1,549)	721
11,688	30,348	30,935	587
Environmental and Amenity Services			
Refuse Collection	472	452	(20)
Waste Disposal	12,867	12,874	7
Recycling	9,049	9,174	125
Street Cleaning	2,126	2,120	(6)
Public Conveniences	579	792	213
Burials and Cremations	(908)	(956)	(48)
Grounds Maintenance	1,759	1,626	(133)
Amenity Services	961	961	0
Environmental Health	2,202	2,128	(74)
12,784	29,107	29,171	64
Trading Operations			
Harbours and Ferries	(3,121)	(3,247)	(126)
(1,852)	(3,121)	(3,247)	(126)
Administration			
Management Overheads	615	583	(32)
Stores and Depots	1,937	1,937	0
Vehicle Maintenance Trading Account	(269)	(269)	0
1,982	2,283	2,251	(32)
24,602	58,616	59,109	493

SERVICE TOTAL**BY SUBJECTIVE**

Staff Costs	28,689	63,020	62,810	(210)
Other Costs	39,805	85,337	85,272	(65)
Gross Expenditure	68,494	148,357	148,082	(275)
Grants	(156)	(48)	(48)	0
Other Income	(43,736)	(89,693)	(88,925)	768
Total Income	(43,892)	(89,741)	(88,973)	768
24,602	58,616	59,109	493	

COMMUNITY SERVICES - Summary

DISAGGREGATED AREA BUDGETS 2018/19

REAL CASH BUDGETS ONLY

Monitoring Statement for the period ended 30 September 2018

FUNCTION/ACTIVITY

Roads and Amenity Services

Area	Total Budget £	Actual 30/06/2018 £	Budget Left £	Estimated Outturn £	(Under)/ Over £
Badenoch & Strathspey	1,818	734	1,084	1,823	5
Caithness	3,376	1,157	2,219	3,385	9
Inverness	5,338	2,772	2,566	5,352	14
Lochaber	2,870	1,194	1,676	2,877	7
Nairn	1,218	668	550	1,221	3
Ross & Cromarty	6,271	3,538	2,733	6,287	16
Skye	2,965	1,558	1,407	2,973	8
Sutherland	4,544	2,220	2,324	4,556	12
Total	28,400	13,841	14,559	28,474	74

**2018/19 Savings Proposals
Community Services**

Date Agreed	Ref.	Budget Heading	Name of Savings Proposal	Agreed Savings £m	Category R A G	Comments
HC 18/12/14	2	Grounds Maintenance	Reduced contractor costs from a review of maintained areas	0.040	G	
HC 18/12/14	4	Increase Income	Increase income from applications and inspections - roads inspectors	0.010	G	
HC 18/02/14 & HC 25/02/16 Amended HC 15/02/18	7 & 28	Burials & Cremations	Inflationary increases	0.019	G	
HC 18/12/14	12	Revision of Working Hours	Reduction in overtime in 2015/16 with wider review including consideration of annualised; overtime; shift; and enhanced hours provision going forward	0.100	A	
HC 15/02/18	CS1	Amenity Services	Review all play areas	0.212	A	
HC 15/02/18	CS2	Anti Social Behaviour	Anti social behaviour budget reductions	0.162	G	
HC 15/02/18	CS5	Car Parks	Charging for parking and services	1.407	R	£0.721m predicted income shortfall at 30 September
HC 15/02/18	CS9	Environmental Health	Uplift current environmental health Fees & Charges by 10%	0.046	G	
HC 15/02/18	CS12	Harbours and Ferries	Uplift current fees & charges - Ferry Dues 3.9% (RPI as at Sep 17)	0.174	G	

HC 15/02/18	CS13	Harbours and Ferries	Uplift current fees and charges – Pier/Harbour dues, Hire of Plant and other Sales Materials	0.073	G	
HC 15/02/18	CS15	Integrated Transport Services	New Charges - Establish a MOT test centre	0.010	A	
HC 15/02/18	CS16	Lighting Services	Communities to provide their own Christmas Lights'	0.035	G	
HC 15/02/18	CS17	Public Conveniences	Review of public conveniences	0.301	R	£0.213m overspend at 30 September
HC 15/02/18	CS18	Refuse Collection	Uplift Current Fees & Charges within Waste Services	0.233	A	
HC 15/02/18	CS19	Refuse Collection	Introduction of Waste Collection Charges to Previously Exempt Premises	0.025	A	
HC 15/02/18	CS20	Refuse Collection	Improved controls for waste currently received at our Household Waste Recycling Centres that is classified as Commercial/Industrial	0.006	G	
HC 15/02/18	CS22	Refuse Collection	Waste collection service changes	0.090	A	
HC 15/02/18	CS23	Refuse Collection	Reduction in awareness and education budget for Waste Services	0.040	G	
HC 15/02/18	CS25	Service-wide	Uplift current Fees & Charges - Various miscellaneous fees & charges	0.145	A	
HC 15/02/18	CS29	Supporting People	Reduce tenancy support services for homelessness	0.057	G	
HC 15/02/18	CS30	Waste Disposal	Uplift current Fees & Charges by 10% - Waste tipping fees, cardboard recycling and scrap metal	0.012	G	

HC 15/02/18	CS31	Travel Desk	Travel & subsistence savings			Transferred to corporate savings - individual Service allocations to be categorised by appropriate Service
HC 15/02/18	CS32	Flood Alleviation	Reduce flood alleviation budget	0.027	G	
Total				3.224		

Allocation of TSP & Corporate Savings

Date Agreed	Ref.	Description	Total Savings (inc 17/18 c/fwd) £m	CS Allocations to Date £m	Category R A G	Comments
HC 15/02/18		Redesign	2.290	0.000		
HC 15/02/18	CR9	Insurance	0.311	0.117	G	
HC 15/02/18	CS31	Travel Desk	0.060	0.007	G	
HC 15/02/18	DI8	Property Asset Management (including £0.076m c/fwd from 2017/18)	0.226	0.000		
		Procurement (c/fwd from 2017/18)	1.126	0.032	G	
Total			4.013	0.156		