

Agenda Item	5.
Report No	CP/19/22

THE HIGHLAND COUNCIL

Committee: Communities and Place

Date: 16 November 2022

Report Title: Revenue Budget Monitoring Report: 2022/23 Quarter 2

Report By: Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

- 1.1 This report provides Members with the 22/23 outturn forecast as at the end of Quarter 2 for the Communities and Place Service.
- 1.2 As at the end of quarter 2, the 22/23 Revenue budget forecasted outturn position is £1.150m overspend compared to £1.225m overspend as at end Quarter 1. The remainder of this report provides further information on the estimated outturn.

2. Recommendations

- 2.1 Members are asked to note:
 - i. the forecasted outturn for the 22/23 Revenue budget for the Communities and Place Service as at Quarter 2 is £1.150m overspend;
 - ii. higher costs pertaining to fuel and parts including vehicle components, spares and tyres are placing significant pressures on the budget

3. Implications

- 3.1 Resource implications: these are described throughout the report in discussing the latest budget position and forecasted outturns.
- 3.2 Legal implications: the service runs many statutory services across all teams. Fee and grant income are permitted for some of these services.
- 3.3 Community (Equality, Poverty, Rural and Island) implications: support from the Community Support Co-ordinators continues to support communities assisting with the ongoing recovery.

- 3.4 Climate Change implications: business miles in grey fleet and car club are increasing although this is primarily due to the relaxation of rules pertaining to COVID. Conversely, fleet use is decreasing compared to the peaks of the COVID pandemic when additional vehicles were needed for social distancing and in the use of our mobile units supporting vaccination and community testing programmes. Where possible electric vehicles for light fleet continue to be used to avoid any increase in carbon emissions.
- 3.5 Risk implications: a risk to the revenue budget remains the reliance on approximately £11m of external income to balance including £6m for waste services.
- 3.6 Gaelic implications: there are no Gaelic implications arising from this report.

4. 22/23 Revenue budget - forecast outturn as at end Quarter 2

- 4.1 The forecasted outturn as at end Quarter 2 is £1.150m overspend compared to £1.225m forecasted at end of Quarter 1. Mitigation will continue to be taken to manage budgets as tightly as possible including focusing on income achievement and control of expenditure.
- 4.2 The service budget as at Q2 is shown in **Appendix 1** for the net position and **Appendix 2** for the gross position including more detailed information on variances against each activity as requested at Communities and Place Committee in August 22. The outturn forecast includes the delivery of all approved savings of £1.190m Further information is shown at **Appendix 3**.
- 4.3 The current forecast outturn includes overspends in Kerbside Refuse collections, Public Conveniences, Waste Management Services, Community Spaces, Fleet & Plant and Administration. These are partially offset by underspends in the other sections in the Service including Waste disposal & recycling and customer contact.
- 4.4 As per the Service structures the Council has in place, the budget and responsibility for other aspects of the costs of service sit outwith the budgets shown above. Examples include property rates, energy, maintenance, servicing, facilities management, cleaning etc. which sit within the Property and Housing Service budget. Similarly, support services and central teams including Finance, HR, legal, ICT sit within their respective budgets. The costs in these instances will often not be readily allocated down to Communities and Place service level, nor is there any need to do so for internal Council budget management. These costs of course form part of the overall cost of any particular service function/area service irrespective the Service or budget in which they are held.

5. Budget Variances

- 5.1 The waste budget is forecasted to overspend by £121k. Higher fuel costs are affecting many sections across the Service and whilst price, at the time of writing appears to be reducing, these are significant cost rises for what are essential supplies & services to maintain critical services such as bin collections. Cost pressures are being partly offset by staff underspends and by the increase in commercial waste income as a result of the proactive and successful work being undertaken securing new commercial opportunities.
- 5.2 In public health and bereavement services a small overspend of £17k is forecasted. Higher fuel costs and public convenience repair costs are the primary pressures and

are partly offset by staff underspends and the staff successfully new commercial business (new income of £20k per annum) to deliver air quality services.

- 5.3 The community spaces budget is currently forecasting a £205k overspend which is primarily due to higher fuel costs and parts. Building on the recent investment of improved equipment such as the provision of bagging mowers and hedge trimmers, work has been undertaken reviewing the equipment provided looking to the future. Battery-operated equipment for example offers benefits for our staff welfare and health & safety, the environment and budget. Further information on this matter will be reported to future Committees.
- 5.4 The various budgets associated with ward management, community support, service points and registrars are forecast to underspend by 378k, largely due to unfilled vacancies and the time taken to recruit to vacant posts. Further information on staff vacancies across the Service is shown later in this report.
- 5.5 For Stores and Logistics, an overspend of £1,117k is forecasted. Higher fuel costs and higher costs of parts including vehicle components, spares and tyres are the 2 main reasons for this overspend. Given that fuel and vehicle components, spares and tyres play such an important role in the delivery of services, mitigating such cost pressures are extremely challenging. Furthermore, the factors causing the price rises are out with the control of the Council. The Service continues to look at all options available including procurement and contracts management to mitigate such pressures, however options are limited to mitigate such significant cost increases.
- 5.6 An overspend of 68k is forecasted for the Administration heading. This is predominantly attributable to an under achievement of income and relates to assumed surcharges from non-payment or late payment of invoices.
- 5.7 The table below provides information pertaining to vacancies across the Service.

Activity	Vacancies (fte)	Posts/roles
Community Operations and Logistics	21	Amenities and Grounds Maintenance (6fte), Transport and Logistics (15fte)
Waste Management	34.1	Refuse and Recycling (27.6fte), Street Cleaning (6.5fte)
Community Support and Engagement	9	Community Support (8fte), Contact and Engagement (1fte)
Public Health & Bereavement	1.3	Environmental Health
Total	65.4	

- 5.8 With a total establishment of 766.3fte, the number of vacancies is equivalent to 8.5%.
- 5.9 The data reflects a point in time and it must be acknowledged that there will always be some level of vacancy as part of normal staff turnover. Across the Council, turnover is 7%-8%. The vacancies shown can be a combination of posts, some of which are currently advertised for the first time; some that are being re-advertised due to unsuccessful previous recruitment attempts; and those not yet advertised and are still subject to recruitment scrutiny processes.

5.10 There are some recruitment challenges across the Service, a challenge unfortunately being experienced by many businesses and organisations across Highland and beyond. Overtime and agency are required to ensure critical service delivery continues. Efforts will continue in respect of recruitment, resource management, job design/redesign working closely with HR colleagues. It is also important that relevant to all vacancies, the Council approved a report titled 'Financial Crisis – Our Council and Our Communities' at its meeting on 27 September 2022, which included agreement of a number of strategies, including a 'People Strategy - reduce, reshape, reprioritise'. That report was clear that a reduction in overall Council headcount was a key part of that strategy. Council also considered and approved the Council's People Strategy on 27 October 22.

6. Cost of Living support – Community-led initiatives

6.1 At the meeting of The Highland Council on 22 September 2022, Councillors approved the creation of a Highland-wide grant fund of up to £450,000 to help alleviate the cost-of-living crisis for vulnerable households through community-led initiatives. Third Sector voluntary and community organisations have been invited to apply for grants under the value of £10,000.

6.2 All applications pertaining to their ward are shared with local Members for review and feedback before being considered by senior officers. Highland Council also agreed that to enable grants to be issued at pace, grant fund decisions are delegated to the ECO – Communities & Place, supported by Ward Managers and the Community Support and Engagement team.

6.3 The fund opened on 10 October and at the time of writing 37 applications have been received. The applications seek funding for a range of activities including extending opening hours of existing clubs/centres, providing food alongside existing activities or provision and developing food larder/food table provision. Reports will be presented to future Communities and Place Committees on applications and spend and will be as a stand-alone item.

Designation: Executive Chief Officer, Communities and Place

Date: 30 October 2022

Author: Allan Gunn, Executive Chief Officer, Communities and Place
Finance Business Partners

COMMUNITIES AND PEOPLE / PLACE SERVICES BUDGET 2022/23 - SEPTEMBER MONITORING				
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Waste Management Services	22,609	8,185	22,730	121
Public Health & Bereavement Services	2,403	1,251	2,420	17
Community Spaces	1,877	2,371	2,082	205
Community Support, Contact & Engagement	3,067	2,906	2,689	(378)
Stores & Logistics	6,563	5,958	7,680	1,117
Administration	215	327	283	68
TOTAL	36,734	20,998	37,884	1,150
BY SUBJECTIVE				
Staff Costs	33,982	16,691	32,107	(1,875)
Other Expenditure	27,590	15,005	29,703	2,113
Gross Expenditure	61,572	31,696	61,810	238
Grant Income	(390)	461	(518)	(128)
Other Income	(24,448)	(11,159)	(23,408)	1,040
Total Income	(24,838)	(10,698)	(23,926)	912
NET TOTAL	36,734	20,998	37,884	1,150

Appendix 2

COMMUNITIES AND PEOPLE / PLACE SERVICES BUDGET 2022/23 - SEPTEMBER MONITORING														
	GROSS EXPENDITURE				VARIANCE ANALYSIS		GROSS INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Staff Costs Variance	Other Costs Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance
BY ACTIVITY														
Waste Management Services														
Kerbside Refuse Collections	8,762	4,504	9,602	840	427	413	(5,243)	(3,440)	(5,541)	(298)	3,519	1,064	4,061	542
Waste Disposal (Transfer, Haulage & Landfill)	13,455	4,720	13,352	(103)	(89)	(14)	(559)	(214)	(543)	16	12,896	4,506	12,809	(87)
Recycling Centres, Transfer & Treatment	4,498	2,085	4,528	30	91	(61)	(250)	(323)	(510)	(260)	4,248	1,762	4,018	(230)
Street Cleaning	1,996	855	1,894	(102)	(144)	42	(50)	(2)	(52)	(2)	1,946	853	1,842	(104)
Public Health and Bereavement Services														
Environmental Health & Regulation	3,173	1,452	3,079	(94)	(101)	7	(844)	(189)	(829)	15	2,329	1,263	2,250	(79)
Bereavement Services, Burials & Cremations	5,391	2,364	5,180	(211)	(343)	132	(6,236)	(2,882)	(6,006)	230	(845)	(518)	(826)	19
Public Conveniences	1,117	622	1,171	54	36	18	(198)	(116)	(175)	23	919	506	996	77
Community Spaces														
Grounds Maintenance & Play Areas	8,028	4,326	7,809	(219)	(642)	423	(6,151)	(1,955)	(5,727)	424	1,877	2,371	2,082	205
Community Support, Contact and Engagement														
Ward & City Management	625	428	601	(24)	(8)	(16)	(17)	(30)	(29)	(12)	608	398	572	(36)
Ward Discretionary Grant	336	342	336	0	0	0	0	0	0	0	336	342	336	0
Policy & Community Support Co-ordination	778	635	678	(100)	(59)	(41)	(8)	662	(15)	(7)	770	1,297	663	(107)
Customer Contact (Service Points, Service Centre & Registrars)	1,991	1,324	1,764	(227)	(231)	4	(638)	(455)	(646)	(8)	1,353	869	1,118	(235)
Stores and Logistics														
Fleet & Plant	9,377	6,765	9,835	458	(794)	1,252	(3,426)	(1,363)	(2,783)	643	5,951	5,402	7,052	1,101
Stores	1,440	787	1,411	(29)	(76)	47	(1,052)	(357)	(1,002)	50	388	430	409	21
Travel Desk	224	126	219	(5)	(6)	1	0	0	0	0	224	126	219	(5)
Administration														
Service Leadership	381	361	351	(30)	64	(94)	(166)	(34)	(68)	98	215	327	283	68
TOTAL	61,572	31,696	61,810	238	(1,875)	2,113	(24,838)	(10,698)	(23,926)	912	36,734	20,998	37,884	1,150

C&P Service Savings 22/23 to be delivered				
Service Ref	Budget Area	Savings Description	2022/23 £m	Saving RAG
C&P/3	Environmental Health	Bereavement services - develop a wider range of services for remembrance	0.012	G
C&P/5	Environmental Health	New cost recovery for EH licensing	0.003	G
C&P/1	Waste disposal	Reduced residual waste transfer costs.	0.043	G
C&P/2	Waste disposal	Remove surplus in the budget for household waste recycling centres following already implemented efficiencies and controls.	0.130	G
C&P/3	Business waste income	Developing new income streams - 1. New Bulky Uplift Service for Businesses 2. Events Waste Service	0.020	G
C&P/4	Waste income from householders	Increase Household Bulky Uplift Collection charges by 3%	0.005	G
C&P/5	Business waste collections	Increase income from Business Waste Collection Service by 3%	0.106	G
C&P/8	Amenities - grounds maintenance	Reduction in amenities spaces maintained. Increase in set aside areas for biodiversity and for communities for food growing.	0.100	G
C&P/6	Household waste collections	Garden Waste Collection Service- below inflation increase in brown bin charges	0.036	G
C&P/10	Communication Support	Remove the surplus in the budget to take account of income generation. No reduction to service	0.020	G
R&F/8 - Allocation	Finance	Salary sacrifice saving from newly introduced AVC scheme	0.022	G
Corp/2 - Allocation	Managed Print Service (MPS)	Reductions in printing Printing/Photocopying and reduce Multi-Function Devices (MFDs) in offices and schools	0.018	G
Corp/21 - Allocation	Corporate- staffing	Staff alignment, agility and redesign	0.353	G
Corp/22 - Allocation	Corporate- staffing	Reduction in overtime	0.040	G
Corp/23 - Allocation	Corporate- staffing	Recruitment timelines- removal of budget to reflect recruitment process timelines	0.136	G
Corp/24 - Allocation	Corporate- non staffing	A review of non-staffing spend has identified opportunities for savings across services from improved contract management, stopping/reducing demand, alternative delivery, and actions relating to suppliers, specification, productivity, process, negotiation, contracts and analysis	0.015	G
Corp/26 - Allocation	Corporate- full cost recovery	Full cost recovery and commercialisation	0.131	G
Total			1.190	