

Agenda Item	5
Report No	CP/2/23

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 23 February 2023

Report Title: Revenue Budget Monitoring Report: 2022/23 Quarter 3

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 3 for the Communities and Place Service.
- 1.2 As at the end of quarter 3, the 22/23 Revenue budget forecasted outturn position is £1.210m overspend compared to £1.150m overspend as at end Quarter 2. 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 3 is £1.210m overspend;
 - ii. higher costs pertaining to fuel, parts including vehicle components, spares and tyres and leasing 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 3 is £1.210m overspend compared to £1.150m forecasted at end of Quarter 2. 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 Q3 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. 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, 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 £222k. Higher fuel costs are affecting many sections across the Service and these are significant cost pressures 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 an underspend of 79k is forecasted. Within public conveniences, higher fuel and repair costs are the primary pressures

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

- 5.3 The community spaces budget is currently forecasting a £45k overspend which is primarily due to higher fuel costs and parts. Building on the investment such as the provision of bagging mowers and hedge trimmers during 22/23, work has also been undertaken reviewing existing equipment. Battery-operated equipment for example offers benefits for our staff welfare and health & safety, the environment and budget.
- 5.4 The various budgets associated with ward management, community support, service points and registrars are forecast to underspend by £547k, largely due to unfilled vacancies and the time taken to recruit to vacant posts.
- 5.5 For Stores and Logistics, an overspend of £1,257k is forecasted. Higher fuel costs and higher costs of parts including vehicle components, spares and tyres are significant cost pressures. 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. Operator Leasing costs pertaining to new refuse collection vehicles are also forecasting an overspend of £360k and can reflect the impact of the financial challenges, increased inflation etc., faced by businesses and organisations across the public and private sector. The Service continues to look at all options available for procurement including different contracts management models to mitigate such pressures, however options can be limited to mitigate such significant cost increases.
- 5.6 An overspend of £312k is forecasted for the Administration heading. This is attributable to efficiency savings yet to be allocated to other budget headings in the Service and an under achievement of income and relates to assumed surcharges from non-payment or late payment of invoices
- 5.7 With a total establishment of 766.3fte, the latest available data on the number of vacancies is equivalent to 11% and there will always be some level of vacancy as part of normal staff turnover. The vacancies shown are 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. It also includes approximately 30fte seasonal staff where the recruitment process for 23/24 has commenced.
- 5.9 As has been previously reported, 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 continue in respect of recruitment, resource management, job design/redesign working closely with HR colleagues including reviewing seasonal posts and, to support Talent Attraction, advertising some posts on a permanent basis.

Designation: Executive Chief Officer, Communities and Place

Date: 8 February 2023

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Finance Business Partners

COMMUNITIES AND PLACE SERVICE BUDGET 2022/23 - DECEMBER MONITORING

	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Waste Management Services	23,833	14,769	24,055	222
Public Health & Bereavement Services	2,765	2,008	2,686	(79)
Community Spaces	2,139	3,385	2,184	45
Community Support, Contact & Engagement	4,954	4,346	4,407	(547)
Stores & Logistics	6,787	8,035	8,044	1,257
Administration	125	542	437	312
TOTAL	40,603	33,085	41,813	1,210
BY SUBJECTIVE				
Staff Costs	35,925	26,519	33,347	(2,578)
Other Expenditure	29,516	22,801	32,801	3,285
Gross Expenditure	65,441	49,320	66,148	707
Grant Income	(390)	201	(547)	(157)
Other Income	(24,448)	(16,436)	(23,788)	660
Total Income	(24,838)	(16,235)	(24,335)	503
NET TOTAL	40,603	33,085	41,813	1,210

COMMUNITIES AND PLACE SERVICE BUDGET 2022/23 - DECEMBER MONITORING

BY ACTIVITY	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
Waste Management Services														
Kerbside Refuse Collections	9,362	7,505	10,243	881	381	500	(5,243)	(4,680)	(5,654)	(411)	4,119	2,825	4,589	470
Waste Disposal (Transfer, Haulage & Landfill)	13,629	8,080	13,512	(117)	(154)	37	(559)	(364)	(544)	15	13,070	7,716	12,968	(102)
Recycling Centres, Transfer & Treatment	4,788	3,368	5,277	489	0	489	(249)	(583)	(792)	(543)	4,539	2,785	4,485	(54)
Street Cleaning	2,156	1,446	2,064	(92)	(174)	82	(51)	(3)	(51)	0	2,105	1,443	2,013	(92)
Public Health and Bereavement Services														
Environmental Health & Regulation	3,319	2,368	3,215	(104)	(84)	(20)	(844)	(618)	(879)	(35)	2,475	1,750	2,336	(139)
Bereavement Services, Burials & Cremations	5,554	3,766	5,260	(294)	(478)	184	(6,236)	(4,317)	(5,963)	273	(682)	(551)	(703)	(21)
Public Conveniences	1,170	966	1,252	82	60	22	(198)	(157)	(199)	(1)	972	809	1,053	81
Community Spaces														
Grounds Maintenance & Play Areas	8,290	6,199	7,829	(461)	(899)	438	(6,151)	(2,814)	(5,645)	506	2,139	3,385	2,184	45
Community Support, Contact and Engagement														
Ward & City Management	653	684	615	(38)	(29)	(9)	(17)	(36)	(35)	(18)	636	648	580	(56)
Ward Discretionary Grant	2,056	518	2,056	0	0	0	0	0	0	0	2,056	518	2,056	0
Policy & Community Support Co-ordination	792	976	656	(136)	(95)	(41)	(8)	635	(15)	(7)	784	1,611	641	(143)
Customer Contact (Service Points, Service Centre & Registrars)	2,116	2,057	1,766	(350)	(367)	17	(638)	(488)	(636)	2	1,478	1,569	1,130	(348)
Stores and Logistics														
Fleet & Plant	9,512	9,173	10,230	718	(859)	1,577	(3,426)	(2,204)	(2,858)	568	6,086	6,969	7,372	1,286
Stores	1,509	1,419	1,437	(72)	(53)	(19)	(1,051)	(556)	(996)	55	458	863	441	(17)
Travel Desk	243	203	231	(12)	(16)	4	0	0	0	0	243	203	231	(12)
Administration														
Service Leadership	292	592	505	213	204	9	(167)	(50)	(68)	99	125	542	437	312
TOTAL	65,441	49,320	66,148	707	(2,563)	3,270	(24,838)	(16,235)	(24,335)	503	40,603	33,085	41,813	1,210

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	