

Agenda item	<b>19</b>
Report no	<b>EDI 18/17</b>

## **HIGHLAND COUNCIL**

**Committee:** Environment, Development and Infrastructure Committee

**Date:** 8 November 2017

**Report Title:** Community Services Revenue Budget Monitoring Report  
1 April 2017 to 30 September 2017

**Report By:** Director of Community Services

### **1. Purpose/Executive Summary**

- 1.1 This report invites Members to approve the revenue budget monitoring position for the period from 1 April 2017 to 30 September 2017.

### **2. Recommendations**

- 2.1 Members are invited to approve the revenue budget position for 1 April 2017 to 30 September 2017.

### 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 2017. In total, the expenditure is currently in line with the budget outturn target and has improved by £300,000 from Q1 due to management of staff vacancies and other income. As the winter months approach there will be increased costs associated with the roads winter maintenance budget. Pressures have been identified against public conveniences, lighting services, and car parks. These are detailed at section 7. The Service will work towards delivering a balanced budget.
- 4.2 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 service and the financial position for the period to 30 September 2017. The position overall for roads and amenity services is showing a balanced budget. It is critical the £27m disaggregated in this way returns a balanced budget as this element of flexibility no longer exists to help balance the overall Service budget. At the end of quarter 2 there remains £15.7m to be spent over the remaining 6 months.

### 5. Budget Savings

- 5.1 All of the savings, both Service specific, and corporate and transformational, have been reflected in the Community Services 2017/18 budget, and have been allocated across all parts of the Service, where appropriate.
- 5.2 An updated Red/Amber/Green (RAG) analysis of Service-specific agreed budget savings for the current financial year is set out in **Appendix 3**. This statement reflects the position for the first quarter of the financial year.
- 5.3 **Appendix 3** also sets out the corporate and transformational savings for the current financial year and reflects the position for the first quarter of the financial year. The RAG status is based on achieving the saving based on the proposal.

### 6. Year-End Projection

- 6.1 The year to date actual figures represents the transactions for the second quarter of 2017/18. The Service continues to work hard to deliver a balanced budget but this represents a significant challenge.

### 7. Major Issues and Variances

#### 7.1 Public Conveniences

- 7.1.1 The performance and value for money provided by the previous service provider, VPS, had been under review since the end of 2016. Both issues had been identified as unsatisfactory by officers and elected Members prior to this. In addition, VPS had indicated that they would be seeking an uplift of 31% in their contract costs from 1 May 2017 onwards.

7.1.2 As a result of this, the service was in-sourced on 3 July 2017. The aim of this was to reduce the budget pressure to a one off figure of £177,000 for 2017/18, and improve operational performance. The in-house service is sustainable and can continue to be provided on budget from 2018/19 onwards.

## 7.2 Street Lighting

7.2.1 Accelerated spend on the replacement project of sodium lanterns with LED lanterns, linked to the capital investment, is contributing to a pressure of £365,000. Savings will be delivered in future years but any further increases to the unit cost of electricity will increase this pressure.

7.2.2 During July to September 2017 (Q2) energy consumption has been reduced by 12% against the same period in 2016 (3.45 M kwh to 3.05 M Kwh). The previously approved increases in resources are expected to increase the energy consumption savings for 2017/18 to above 10%. In 2016/17 energy consumption was reduced by 8.5%. Ongoing above inflation increases in energy and energy distribution costs are impacting the savings secured.

Further options to reduce energy consumption are currently being assessed.

## 7.3 Car Parking

7.3.1 The estimated pressure of £400,000 is based on over-ambitious targets set in previous years and the loss of income from selling the top deck of the Inverness multi-story car park in 2016. Income from decriminalised parking enforcement with the displacement of parking to Council owned car parks will help alleviate part of the pressure.

7.4 The Service will work with the Council's Finance Service to identify how these budget pressures can be met over the remainder of this Financial Year.

## 8. **Implications**

8.1 Resource: Implications are discussed in the report.

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

8.3 Community (Equality, Poverty and Rural), Legal, Climate Change/Carbon Clever, Gaelic: There are no known implications arising as a direct result of this report.

Designation: Director of Community Services

Date: 18 October 2017

Authors: Caroline Campbell, Head of Performance and Resources  
Mike Mitchell, Finance Manager

Background Papers: Monitoring Statements 30/09/17 and the Highland Council Financial Ledger

<b>COMMUNITY SERVICES</b>
---------------------------

<b>Revenue Expenditure Monitoring Statement</b>
---

<b>1 April 2017 to 30 September 2017</b>
--

<b>Financial Detail</b>
-------------------------

**BY ACTIVITY****Roads and Transport**

	£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Winter Maintenance	575	4,582	4,582	0
Roads Maintenance	4,541	6,037	6,037	0
Engineering Services	669	1,632	1,602	(30)
Flood Alleviation	8	57	42	(15)
Lighting Services	457	3,285	3,650	365
Integrated Transport Services	364	697	657	(40)
Subsidies and Concessionary Fares	3,275	5,998	5,998	0
School Transport	2,934	9,849	9,849	0
Car Parks	(345)	(1,235)	(835)	400
	<b>12,478</b>	<b>30,902</b>	<b>31,582</b>	<b>680</b>

**Environmental and Amenity Services**

Refuse Collection	(327)	700	655	(45)
Waste Disposal	5,235	12,744	12,728	(16)
Recycling	4,733	8,725	8,773	48
Street Cleaning	1,031	2,240	2,243	3
Public Conveniences	613	809	986	177
Burials and Cremations	(551)	(777)	(779)	(2)
Grounds Maintenance	1,718	1,881	1,891	10
Amenity Services	410	867	827	(40)
Environmental Health	890	2,159	2,084	(75)
	<b>13,752</b>	<b>29,348</b>	<b>29,408</b>	<b>60</b>

**Trading Operations**

Harbours and Ferries	(2,412)	(2,097)	(2,197)	(100)
	<b>(2,412)</b>	<b>(2,097)</b>	<b>(2,197)</b>	<b>(100)</b>

**Administration**

Management Overheads	503	640	640	0
Stores and Depots	1,245	1,787	1,815	28
Vehicle Maintenance Trading Account	(84)	(307)	(307)	0
	<b>1,664</b>	<b>2,120</b>	<b>2,148</b>	<b>28</b>

**SERVICE TOTAL**

<b>25,482</b>	<b>60,273</b>	<b>60,941</b>	<b>668</b>
---------------	---------------	---------------	------------

**BY SUBJECTIVE**

Staff Costs	28,207	60,906	60,751	(155)
Other Costs	39,172	89,757	90,310	553
Gross Expenditure	67,379	150,663	151,061	398
Grants	(28)	(156)	(156)	0
Other Income	(41,869)	(90,234)	(89,964)	270
Total Income	(41,897)	(90,390)	(90,120)	270

<b>25,482</b>	<b>60,273</b>	<b>60,941</b>	<b>668</b>
---------------	---------------	---------------	------------

## COMMUNITY SERVICES - Summary

## DISAGGREGATED AREA BUDGETS 2017/18

## REAL CASH BUDGETS ONLY

Monitoring Statement for the 6 months ended 30 September 2017

## FUNCTION/ACTIVITY

## Roads and Amenity Services

Area	Total Budget £	Actual 30/09/2017 £	Budget Left £	Estimated Outturn £	(Under)/ Over £
Badenoch & Strathspey	1,666,604	615,579	1,051,025	1,666,604	-
Caithness	3,290,856	1,418,193	1,872,663	3,290,856	-
Inverness	5,044,452	2,399,885	2,644,567	5,044,452	-
Lochaber	2,697,430	1,172,346	1,525,084	2,697,430	-
Nairn	1,108,178	461,686	646,492	1,108,178	-
Ross & Cromarty	5,833,116	2,427,764	3,405,352	5,833,116	-
Skye	2,812,691	962,703	1,849,988	2,812,691	-
Sutherland	4,449,087	1,767,507	2,681,580	4,449,087	-
<b>Total</b>	<b>26,902,414</b>	<b>11,225,663</b>	<b>15,676,751</b>	<b>26,902,414</b>	<b>-</b>

Service	Saving Owner	Agreed Date	Ref.	Activity Heading	Saving Category	Savings Proposal	2017/18 £m	Saving RAYG (enter R, A, Y or G)	Projected Saving - Red, Amber, Yellow £m
CS	WG	18/12/14	4	Increase Income	Income generation	Increase income from applications and inspections - roads inspectors	0.010	G	
CS	WG	18/12/14	12	Revision of Working Hours	Efficiencies	Reduction in overtime in 2015/16 with wider review including consideration of annualised; overtime; shift; and enhanced hours provision going forward - this will require a 2 year lead in period	0.100	G	
CS	WG	18/12/14	37	Recycling	Service reviews	Review of Recycling Centres Opening Hours	0.024	G	
CS	WG	18/12/14	2	Grounds Maintenance	Cessation/reduction of service	Reduced contractor costs from a review of maintained areas	0.040	G	
CS	WG	18/12/14	23 (PROC 7(b))	Lighting	Efficiencies	Street lighting - energy, LEDs, timings, spacings, controls <i>Savings increased HC 16/02/17</i>	0.184	A	
CS	WG	18/12/14	7A	Burials and Cremations <i>See also HC 25/02/16 Ref 28</i>	Income generation	Increase interment charges by 10% pa for 4 years	0.100	A	
CS	WG	18/12/14	7B	Burials and Cremations <i>See also HC 25/02/16 Ref 28</i>	Income generation	Increase interment charges to equal cremation charges in year 1 (+15%) and add 5% pa thereafter. <i>This is additional to 7a.</i>	0.050	A	
CS	WG	18/12/14	7C	Burials and Cremations <i>See also HC 25/02/16 Ref 28</i>	Income generation	Increase cremation charges by 10% pa for 4 years	0.070	G	
CS	WG	18/12/14	7D	Burials and Cremations <i>See also HC 25/02/16 Ref 28</i>	Income generation	Increase lair purchase charges by 12% in year 1 and 10% pa for the next 3 years	0.096	A	
CS	WG	25/02/16	2	Public Conveniences	Service reviews	Review of provision of public conveniences <i>Savings reduced HC 16/02/17</i>	0.172	R	
CS	WG	25/02/16	12	Interments	Cessation/reduction of service	Interments to take place within 7 days unless there are traditional or religious reasons for not doing so	0.044	G	
CS	WG	25/02/16	28	Burials and Cremations	Income generation	Accelerate agreed increase (increase agreed HC 18/12/14)	-0.252	G	
CS	WG	16/02/17	1	Street Cleaning		Reduction in street cleaning resources	0.220	G	
CS	WG	16/02/17	2	Grounds Maintenance		5% reduction in grass cutting	0.115	G	
CS	WG	16/02/17	3	Stores and Depots		Rationalisation of stores and depots	0.035	G	
CS	WG	16/02/17	5	Harbours and Ferries		Increase in harbour dues	0.042	G	
CS	WG	16/02/17	6	Harbours and Ferries		Increase margin on marine fuel sales	0.240	A	
CS	WG	16/02/17	8	Stores and Depots		Income generation through carrying out work with third parties and partners	0.060	G	
CS	WG	16/02/17	9	Stores and Depots		Increase fees for the work of the Bio-Hazard team by 10%	0.008	G	
CS	WG	16/02/17	10	Recycling		Introduction of £30 charge per participating household for garden waste collection	0.660	G	
CS	WG	16/02/17	11	Refuse Collection		Increased charges associated with commercial waste collections	0.260	G	
CS	WG	16/02/17	13	Flood Alleviation		Reduction in Flood Alleviation budget	0.100	G	
CS	WG	16/02/17	14	Fleet		Reduction in vehicle idling to save fuel costs	0.050	G	
CS	WG	16/02/17	15	Environmental & Amenity Services		Alternative medium term arrangements for the treatment of residual waste	0.096	G	
CS	WG	16/02/17	16	Environmental & Amenity Services		Introduction of charges for providing wheeled bins at residential properties	0.033	G	
CS	WG	16/02/17	17	Environmental & Amenity Services		Introduction of new and increase in existing charges for Environmental Health Services	0.093	G	
CS	WG	16/02/17	21	Transport		Reduction in support for concessionary rail fares	0.120	G	

TSP	WG	18/12/14	PIM16	Transport Programme	Efficiencies	Seeking contract variation opportunities for school and public bus services provision; home-to-school transport efficiencies; future services provision re-tendering	0.767	G	
TSP	WG	18/12/14	PIM27	Reduction in Light Vehicles and Plant	Efficiencies	3 year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	0.133	G	
TSP	WG	18/12/14	PIM5	Centralise Stores	Service reviews	Centralise stores under one management structure and use suppliers	0.060	G	