

Agenda Item	10
Report No	CP/07/21

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 24.2.21

Report Title: Communities and Place Revenue Monitoring Report to 31st December 2020

Report By: ECO Communities and Place

1. Purpose/Executive Summary

- 1.1 This report details the revenue budget monitoring for Q3. It shows income and expenditure budgets and the forecast out-turn for 2020/21. It also describes progress being made with the savings agreed for the service this year. The Service budget gap forecast to year end has reduced considerably.
- 1.2 Covid disruption to expenditure, income and savings continues to be seen in Q3 monitoring. Expenditure is below profile at £54.009m. Income is also below profile at £24.654m. The revised budget gap forecast to the year end has reduced from £3.272m reported in Q2 to £1.005m as at the end of December.
- 1.3 Work continues to apportion budgets and savings to the new service structure. Work continues in the income project to understand the profile of external income and internal re-charge for services. In this last Quarter expenditure controls will continue, income will continue to be pursued and further Government grant funding is expected.

2. Recommendations

- 2.1 Members are asked to note:
 - i. the improved outturn forecast from Q2 with the budget gap forecast to reduce from £3.272m to £1.005m;
 - ii. that the budget gap reported is associated mainly with shortfalls in income, disrupted by Covid and forecast to amount to £2.6m of external income. Government grant for income recompense will help reduce income shortfalls across the Council and is held corporately and not allocated to individual Services;
 - iii. the budget gap has reduced because of further income recovery for grounds maintenance, Government Covid grant received and ongoing expenditure controls; and

- iv. on-going mitigation continues in Quarter 4 and includes ongoing expenditure controls, further income recovery where possible and claiming all potential Government grant.

3. Implications

3.1 Resource

This report describes the revenue budget position, the revised budget gap, achievement with savings and the management action underway to try and mitigate the gap further. Significant disruption to income has been experienced arising from Covid and Brexit impacts. Expenditure has been disrupted too, with additional costs in some areas (fleet and other Covid costs) and reduced costs in others (reduced workforce costs among amenities and waste teams and reduced waste disposal costs affected by Lockdown). Some Covid Government grant streams have been paid and others are to be claimed in Quarter 4.

3.2 Legal

The service runs many statutory services across all teams. Fee and grant income are permitted for some of these services. The service continues to respond to Covid as part of our statutory resilience approach.

3.3 Community (Equality, Poverty, Rural and Island)

Our humanitarian response to covid is aligned to the work of the welfare benefits team. The service budget will be adjusted in Quarter 4 to include the additional Covid Ward Discretionary Fund (£240k) agreed by the Council in January 2021. Community bodies have been notified about the fund.

3.4 Climate Change / Carbon Clever

Q3 staff travel remains lower than the same period last year due to Covid restrictions and the new legal requirement for staff to work from home where that is possible. This will mean carbon emissions associated with staff travel will be lower this year. This will be reported corporately. Some additional fleet has been deployed to support social distancing in the manual workforce and to support food distribution. Fleet costs and emissions may be higher this year.

3.5 Risk

The biggest risk to the C&P service budget is the reliance on income to off-set costs. Although the budget gap has reduced (from £4.84m in Q1), it is not likely that all external income budgeted will be recovered. Where internal income is not recovered, this will mean a saving in other Service budgets and should not impact on the corporate revenue position. Work continues to complete the apportionment of budgets and savings to the new ECO structure.

3.6 Gaelic

There are no risks associated with Gaelic arising from this report.

4. The improved Quarter 3 position and budget variances

4.1 The position at the end of Quarter 3 is shown on Appendix 1 for the net budget. Further detail on income and expenditure is provided at Appendix 2.

4.2 The reason for the improved forecast position, with the budget gap reducing from £3.272m as reported in Q2 to £1.005m in Q3 is largely due to income recovery for grounds maintenance, Government Covid grant received and ongoing expenditure controls.

- 4.3 As reported in November, the greatest risk to the Service budget is underachievement of income. The income project reported previously is ongoing. Appendix 2 shows the total income budgeted for the service is £52.364m this year.
- 4.4 Currently around £10.6m is external income. The forecast shortfall in external income by end March 2021 overall is £2.6m; with most of that shortfall found in the range of commercial waste services amounting to £1.8m. The budgeted external income for waste services amounts to £5.8m and £4m is expected to be achieved due to the diligence of the team in pursuing that and in sustaining as many income generating services as possible. Expenditure in waste services was also affected by Covid disruption with disposal costs and some workforce costs reduced so the waste budget gap forecast is reduced to £604k as reported.
- 4.5 Currently around £330k of external income is not expected to be achieved in the public health the bereavement services budgets. Covid impacts are seen in the disruption to income in public conveniences and to Environmental Health licensing, also impacted by Brexit and as reported separately to this Committee. The bereavement services budget is also forecast to underachieve income and further work is underway to understand the reasons for that budget pressure.
- 4.6 Internal income of over £41m is managed through re-charge for services. The forecast shortfall for stores and logistics of £882k is due to under use of fleet and plant across Services, due to Lockdown. However, this means other service budgets will show a saving or surplus so this budget gap will not affect the corporate revenue position. The income project will also involve reviewing the current arrangements for re-charging across Services to support budget management and reduce administrative effort and time involved.
- 4.7 Government grant received in the last Quarter includes:
- £651k for Covid humanitarian assistance; and
 - £10k from Zero Waste Scotland for Covid compliant waste services.
- 4.8 Government grant expected to be received in Q4 includes:
- £90k for the Environmental Health Team to support business compliance with Covid restrictions (a further £128k is awarded for 2021-22);
 - £15.6k for fishing vessel inspections conducted prior to 31.12.20;
 - £3k from Food Standards Scotland for export attestations for national hubs;
 - £98k for the Local Self-Isolation Assistance Service - provision of outbound calls to people self-isolating;
 - £26k Support for People Grant for provision of assistance to people seeking support to isolate;
 - eligible costs to be claimed for supporting NHS Highland's vaccination programme (for this financial year and next); and
 - support for the Council as we moved into Tier 4. This is £712k and will support a range of teams and not only those in the communities and Place Service, with grant still to be allocated to service budgets.

Government grant is provided for income recompense. This is held corporately and not allocated to Services at this time. Other Services are affected by income disruption too.

5. Savings

- 5.1 Savings agreed for the service for 2020/21 are shown at Appendix 3. Some savings are to be aligned to the new ECO structure and these are identified in the appendix. Savings

not expected to be achieved this year because of Covid impacts are being reviewed for deliverability next year.

6. On-going mitigation

6.1 To try and reduce the budget gap even further, within the Service we are:

- continuing to try to recover internal and external income;
- continuing to control expenditure, including on recruitment;
- claiming all appropriate Government grants;
- pursuing savings where possible; and
- undertaking the income project described above.

6.2 There are ongoing risks in the budget, and these include any further disruption that may arise from our response to Covid and EU exit impacts, particularly in relation to income for the Environmental Health team.

Designation: ECO Communities and Place

Date: 6.2.21

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Communities and Place Service Net Budget 2020/21 – September Monitoring

	£'000	£'000	£'000	£'000
	Annual	Actual	Year	Year
	Budget	YTD	End	End
			Estimate	Variance
BY ACTIVITY				
Waste Management Services	24,997	13,772	25,601	604
Public Health & Bereavement Services	2,238	1,666	2,632	394
Community Spaces	2,235	2,551	1,709	(526)
Community Support, Contact & Engagement	2,977	3,184	2,896	(81)
Stores & Logistics	533	7,501	1,415	882
Administration	547	681	279	(268)
TOTAL	33,527	29,355	34,532	1,005
BY SUBJECTIVE				
Staff Costs	45,563	30,563	43,424	(2,139)
Other Expenditure	40,328	23,446	42,026	1,698
Gross Expenditure	85,891	54,009	85,450	(441)
Grant Income	(248)	(35)	(1,067)	(819)
Other Income	(52,116)	(24,619)	(49,851)	2,265
Total Income	(52,364)	(24,654)	(50,918)	1,446
NET TOTAL	33,527	29,355	34,532	1,005

Communities and Place Service Budget (income and expenditure) 2020/21 – September Monitoring

	GROSS EXPENDITURE				GROSS INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Annual Budget	Actual YTD	Year End Estimate	Year End 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	11,780	7,367	11,754	(26)	(11,814)	(7,413)	(9,941)	1,873	(34)	(46)	1,813	1,847
Waste Disposal (Transfer, Haulage & Landfill)	16,666	9,158	15,400	(1,266)	(2,979)	(1,779)	(2,648)	331	13,687	7,379	12,752	(935)
Recycling Centres, Transfer & Treatment	17,725	10,556	17,614	(111)	(8,455)	(5,087)	(8,287)	168	9,270	5,469	9,327	57
Street Cleaning	4,959	2,717	4,927	(32)	(2,885)	(1,747)	(3,218)	(333)	2,074	970	1,709	(365)
Public Health and Bereavement Services												
Environmental Health & Regulation	3,098	2,134	3,105	7	(804)	(495)	(645)	159	2,294	1,639	2,460	166
Bereavement Services, Burials & Cremations	4,696	3,081	4,653	(43)	(5,728)	(3,642)	(5,488)	240	(1,032)	(561)	(835)	197
Public Conveniences	1,178	675	1,106	(72)	(202)	(87)	(99)	103	976	588	1,007	31
Community Spaces												
Grounds Maintenance & Play Areas	7,693	4,676	7,471	(222)	(5,458)	(2,125)	(5,762)	(304)	2,235	2,551	1,709	(526)
Community Support, Contact and Engagement												
Ward & City Management	627	651	587	(40)	0	(29)	(28)	(28)	627	622	559	(68)
Ward Discretionary Grant	872	326	872	0	0	0	0	0	872	326	872	0
Policy & Community Support Co-ordination	363	387	307	(56)	12	267	(9)	(21)	375	654	298	(77)
Customer Contact (Service Points, Service Centre & Registrars)	1,720	1,823	1,541	(179)	(617)	(241)	(374)	243	1,103	1,582	1,167	64
Stores and Logistics												
Fleet & Plant	11,915	7,978	12,795	880	(12,095)	(1,255)	(12,058)	37	(180)	6,723	737	917
Stores	1,329	1,389	1,881	552	(882)	(763)	(1,406)	(524)	447	626	475	28
Travel Desk	266	152	203	(63)	0	0	0	0	266	152	203	(63)
Administration												
Service Leadership	1,004	612	917	(87)	(457)	(258)	(294)	163	547	354	623	76
COVID-19	0	327	317	317	0	0	(661)	(661)	0	327	(344)	(344)
TOTAL	85,891	54,009	85,450	(441)	(52,364)	(24,654)	(50,918)	1,446	33,527	29,355	34,532	1,005

Service savings 2020/21: progress against target

Appendix 3

Service Ref (24/12/19 Version)	Theme Ref	Service - New Structure	Saving Owner	Budget Area	Savings Description	2020/21 Savings £m	Service Ragging Jan 2021
CS/23 (HC140219)	2.9 (HC140219)			Community Services Increase all other charges	Graduated % increases in fees and charges within the CS service £636,000		
	2.9 (a)	C&P	Alan McKinnie	Waste Management Services	Commerial waste collection, bulky uplifts, garden waste, scrap metal and sale of wheelie bins	0.233	
	2.9 (b)	C&P	Alan Yates	Public Health & Bereavement Services	Burial and cremation fees, sale of lairs and foundations and fish export licenses	0.097	
	2.9 (d)	To be confirmed	Various		Miscellaneous income	0.146	
CS/4	1.11			Community Services - Service wide	Review of several contracts and services £263,000		
	1.11 (a)	C&P	Alan Yates	Public Health & Bereavement Services	Pest Control & kennel charges	0.006	
	1.11(b)	C&P	Caroline Campbell	Amenity Services	Garden & horticultural supplies	0.009	
	1.11 (e)	To be confirmed	Various		Tools, materials, water coolers, PPE and postages & printing	0.168	
CS/8	3.8	C&P	Caroline Campbell	Amenities	Review of amenities and grounds maintenance functions	0.200	
CS/21 (HC140219)	2.21 (HC140219)	C&P	Alan McKinnie	Waste Management - Restrictions on accepted waste	Restrictions in place at Household Waste Recycling Centres (HWRCs) to prohibit vans, trailers and other large vehicles from using HC centres.	0.150	
CS/7	3.10	C&P	Caroline Campbell	Stores	Review of stores function	0.100	
CS/22 (HC140219)	1.24 (HC140219)	C&P	Alan McKinnie	Waste Haulage/Processing Contracts	To be reviewed from Sept 19. Potential to bring some of this back in-house.	0.075	
CS/20 (HC140219)	1.9 (HC140219)	C&P	Alan McKinnie	Waste Management - Route Optimisation	Full implementation of Route Optimisation	0.050	Budget Feed approved 2020/21
CS/6	3.4	C&P - to be apportioned	Caroline Campbell	Fleet	White fleet review	0.064	
CR/7	3.2	C&P - to be moved to R&F	Sheila McKandie	Online Forms Review	Support for online forms	0.025	
CR/8	3.3	To move to P&H service	Mark Rodgers	Service points	Review of customer service provision	0.050	
CS/2	2.8	C&P	Alan McKinnie	Waste Management	Renegotiated glass recycling contract	0.035	
CS/35	3.1	C&P	Alan McKinnie	Compactors for waste	Compact waste to reduce contract cost	0.026	
CR/19	2.4	C&P	Caroline Campbell	Registrars	Marriage, Civil Ceremonies and Re-naming registration review	0.025	
CS/28 (HC140219)	2.5 (HC140219)	C&P	Alan McKinnie	Income from targeting commercial waste customers	Development of business case to maximise income generation opportunities	0.020	
CS/18 (HC140219)	1.18 (HC140219)	C&P	Alan McKinnie	Waste Management - Increase Recycling	Reduce waste arising from internal practices (especially schools, harbours, workshops)	0.015	
CEO/17	4.3	C&P	Alison Clark	Policy	Reduce interpreter's fees budget	0.005	
CEO/11	4.3	C&P - to be moved to P&G	Kate Lackie	Policy/CLS	Restructure following ECO appointments	0.050	