

Agenda Item	7.
Report No	CP/10/22

THE HIGHLAND COUNCIL

Committee: **Communities and Place**

Date: **17 August 2022**

Report Title: **Revenue Budget Monitoring Report: 2021/22 outturn and 2022/23 Quarter 1**

Report By: **Executive Chief Officer, Communities and Place**

1. Purpose/Executive Summary

- 1.1 This report provides Members with the final Revenue budget outturn position for the Communities and Place Service for 21/22, and the 22/23 outturn forecast as at the end of Quarter 1.
- 1.2 The Service delivered a £691k Revenue budget underspend for 21/22, an improved position on the Quarter 3 forecasted outturn of £288k overspend. As at the end of quarter 1, the 22/23 Revenue budget outturn position is £1.225m overspend. The remainder of this report provides further information on both the 21/22 final outturn and 22/23 estimated outturn.

2. Recommendations

- 2.1 Members are asked to note:
 - i. the final outturn for the 21/22 Revenue budget for the Communities and Place Service of £691k underspend;
 - ii. the forecasted outturn for the 22/23 Revenue budget for the Communities and Place Service as at Quarter 1 is £1.225m overspend;
 - iii. the principal reasons for the 22/23 forecasted overspend are higher costs pertaining to fuel and parts including vehicle components, spares and tyres.

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. 21/22 Revenue budget outturn

- 4.1 The final outturn position is detailed in **Appendix 1** for the net position and **Appendix 2** for the gross position. A £691k underspend was delivered.
- 4.2 This performance included the delivery of £505k savings against an approved savings target of £567k. The savings not achieved were: 1) the £45k new income target in the Registrar service was not achieved as the fee set by the National Records of Scotland (NRS) was not increased as anticipated and 2) the sale of wheelie bins at £17k.
- 4.3 **Appendix 1** reports the net position. All sections report an underspend with the exception of small overspends at Public Health & Bereavement Services (20k) and Administration (£10k). Stores & Logistics reported a £233k overspend.
- 4.4 **Appendix 2** provides further information including gross budgets and income.
- 4.5 The final outturn position of £691k underspend represents a movement of £979k from the estimated £288k overspend at the end of Quarter 3. The principal reasons for this movement are that income was higher than expected and some non-staff spend areas were lower than estimated following a mini review of spend and budgets.

5. 22/23 Revenue budget - forecast outturn as at end Quarter 1

- 5.1 The forecasted outturn as at end Quarter 1 is £1.225m overspend. Mitigation will continue to be taken to manage budgets as tightly as possible including focusing on income achievement and control of expenditure.
- 5.2 The service budget as at Q1 is shown in **Appendix 3** for the net position and **Appendix 4** for the gross position. The outturn forecast includes the delivery of all approved savings of £1.1m Further information is shown at **Appendix 5**.
- 5.3 The current forecast outturn includes overspends in Kerbside Refuse collections, Bereavement Services, Public Conveniences, Waste Management Services,

Community Spaces and Fleet & Plant. These are partially offset by underspends in the other sections in the Service including Waste Disposal and customer contact.

- 5.4 As reported at 3.5, the Service's budget does include approximately £11m external income to balance the budget. Work has been undertaken reviewing such income on a "line-by-line" basis and will help to review individual budget lines to help the budget provided on the financial systems most closely reflects estimated actuals. This can aid the budget monitoring process in terms of time taken to undertake such too as well as support future forecasting.

6. Budget variances

- 6.1 The waste budget is forecasted to overspend by £182k. Although landfill tax is projected to be £150k underspent and income anticipated to be higher of £306k, fuel costs in particular are resulting in an overall spend for the waste budget. 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.
- 6.2 In public health and bereavement services an overspend of £90k is forecasted which are primarily attributable to higher fuel costs (approx. £65k) and public convenience repair costs are also under pressure (approx. 25k).
- 6.3 The community spaces budget is currently forecasting a £132k overspend which is primarily due to higher fuel costs (approx. £130k). Building on the recent investment of improved equipment such as the provision of bagging mowers (delivered / now in use) and hedge strimmers (due to be delivered September) we are also 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.
- 6.4 The various budgets associated with ward management, community support, service points and registrars are forecast to underspend by 299k, largely due to unfilled vacancies and the time taken to recruit to vacant posts.
- 6.5 For Stores and Logistics, an overspend of £1,124k 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 prices rises are outwith 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.

7. Resource Management

- 7.1 In addition to the work outlined at 5.4, work continues reviewing many resourcing aspects across the Service such as staffing / vacancies, overtime, agency, income, absence management, flexible retirement and an overall review of the (number of) cost centres we have across the Service to support the management of the budget and performance management / financial management.

- 7.2 This work will include critical analysis as appropriate – also referred as a “line by line analysis” – of budgets which can offer many benefits including supporting Workforce Planning and help some of the budgets, at a *subjective* level held on the Council’s financial system, Integra.

Designation: Executive Chief Officer, Communities and Place

Date: 5 August 22

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Business Partners

COMMUNITIES AND PLACE SERVICE REVENUE BUDGET 2021/22 - FINAL OUTTURN

	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Waste Management Services	23,529	23,250	23,250	(279)
Public Health & Bereavement Services	2,431	2,451	2,451	20
Community Spaces	2,359	2,103	2,103	(256)
Community Support, Contact & Engagement	4,022	3,603	3,603	(419)
Stores & Logistics	6,807	7,040	7,040	233
Administration	646	656	656	10
TOTAL	39,794	39,103	39,103	(691)

BY SUBJECTIVE				
Staff Costs	34,082	32,508	32,508	(1,574)
Other Expenditure	28,492	30,811	30,811	2,319
Gross Expenditure	62,574	63,319	63,319	745
Grant Income	(351)	(1,919)	(1,919)	(1,568)
Other Income	(22,429)	(22,297)	(22,297)	132
Total Income	(22,780)	(24,216)	(24,216)	(1,436)
NET TOTAL	39,794	39,103	39,103	(691)

Appendix 2

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COMMUNITIES AND PLACE SERVICE BUDGET 2022/23 - JUNE MONITORING

	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Waste Management Services	22,616	2,679	22,798	182
Public Health & Bereavement Services	2,377	640	2,467	90
Community Spaces	1,885	1,034	2,017	132
Community Support, Contact & Engagement	2,863	1,640	2,564	(299)
Stores & Logistics	6,568	3,355	7,692	1,124
Administration	237	146	233	(4)
TOTAL	36,546	9,494	37,771	1,225
BY SUBJECTIVE				
Staff Costs	33,982	7,923	32,240	(1,742)
Other Expenditure	27,406	6,574	29,291	1,885
Gross Expenditure	61,388	14,497	61,531	143
Grant Income	(390)	497	(530)	(140)
Other Income	(24,452)	(5,500)	(23,230)	1,222
Total Income	(24,842)	(5,003)	(23,760)	1,082
NET TOTAL	36,546	9,494	37,771	1,225

COMMUNITIES AND PLACE SERVICE BUDGET 2022/23 - JUNE 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	8,802	2,094	9,620	818	(5,243)	(1,749)	(5,428)	(185)	3,559	345	4,192	633
Waste Disposal (Transfer, Haulage & Landfill)	13,578	1,321	13,199	(379)	(559)	(89)	(543)	16	13,019	1,232	12,656	(363)
Recycling Centres, Transfer & Treatment	4,456	883	4,576	120	(250)	(151)	(385)	(135)	4,206	732	4,191	(15)
Street Cleaning	1,882	371	1,811	(71)	(50)	(1)	(52)	(2)	1,832	370	1,759	(73)
Public Health and Bereavement Services												
Environmental Health & Regulation	3,180	764	3,094	(86)	(844)	(49)	(765)	79	2,336	715	2,329	(7)
Bereavement Services, Burials & Cremations	5,367	1,074	5,189	(178)	(6,236)	(1,396)	(6,021)	215	(869)	(322)	(832)	37
Public Conveniences	1,112	291	1,138	26	(202)	(44)	(168)	34	910	247	970	60
Community Spaces												
Grounds Maintenance & Play Areas	8,036	1,935	7,765	(271)	(6,151)	(901)	(5,748)	403	1,885	1,034	2,017	132
Community Support, Contact and Engagement												
Ward & City Management	631	193	622	(9)	(17)	(96)	(29)	(12)	614	97	593	(21)
Ward Discretionary Grant	336	256	336	0	0	0	0	0	336	256	336	0
Policy & Community Support Co-ordination	565	281	522	(43)	(8)	682	(15)	(7)	557	963	507	(50)
Customer Contact (Service Points, Service Centre & Registrars)	1,994	589	1,782	(212)	(638)	(265)	(654)	(16)	1,356	324	1,128	(228)
Stores and Logistics												
Fleet & Plant	9,379	3,837	9,888	509	(3,426)	(749)	(2,821)	605	5,953	3,088	7,067	1,114
Stores	1,443	373	1,455	12	(1,052)	(177)	(1,052)	0	391	196	403	12
Travel Desk	224	71	222	(2)	0	0	0	0	224	71	222	(2)
Administration												
Service Leadership	403	164	312	(91)	(166)	(18)	(79)	87	237	146	233	(4)
TOTAL	61,388	14,497	61,531	143	(24,842)	(5,003)	(23,760)	1,082	36,546	9,494	37,771	1,225

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	