

Agenda Item	5
Report No	CP/21/25

The Highland Council

Committee: **Communities and Place**

Date: **6 November 2025**

Report Title: **Revenue Budget Monitoring Report to 31 August 2025/26**

Report By: **Assistant Chief Executive – Place**

1 Purpose/Executive Summary

1.1 This report sets out the end of year revenue monitoring position for the Communities and Place Service for 2025/26 for the period from 1 April to 31 August 2025. The quarter 2 period has been estimated as at 31 August as a result of the timing of the Committee. The Service budget is £38.352m with a current predicted year end overspend of £4.951m. This primarily relates to overspends related to fleet and waste, and lower than anticipated income achieved.

1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes:-

“to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee’s remit and monitor and control these budgets, including dealing with over- expenditure.”

1.3 This report provides Members with commentary on any material variances within the forecast, and actions taken or proposed in relation to variances.

1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service. Most of the savings are forecast to be delivered during 2025/26 although for some savings, the mechanism for achieving them, or time period, is currently under review.

2 Recommendations

2.1 Members are asked to:-

- i. **Scrutinise and approve** the current financial position for Quarter 2 2025/26 as set out in the report and Appendices 1 and 2;
- ii. **Scrutinise and approve** the forecast financial position for 2025/26 as set out in the report and Appendices 1 and 2;

- iii. **Consider and note** the explanations provided for any material variances and actions taken or proposed; and
- iv. **Consider and note** the update provided regarding savings delivery.

3 Implications

- 3.1 **Resource** – this report provides key financial information regarding the Service budget and forecast financial performance against that budget. This is detailed in the report.
- 3.2 **Legal** - This report contributes to the Council's statutory duties to report performance and secure best value in terms of; Section 1(1)(a) of the Local Government Act 1992, and Section 1 of the Local Government in Scotland Act 2003, respectively.
- 3.3 **Risk** – The forecasted position for 2025/26 highlights several areas of overspend. As detailed in the report, the service is taking decisive action to address these areas of overspend. In some service areas, this represents a complete change to how the service will be delivered. Without fundamental change, the risk is that overspend in key areas will continue in 2025/26.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no significant implications arising from this report.
- 3.5 **Gaelic** – There are no significant implications arising from this report.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring report and therefore an impact assessment is not required.

5 Overview

- 5.1 This report presents the Quarter 2 monitoring statement for the 2025/26 for the Communities and Place Service. The quarter 2 period has been estimated as at 31 August as a result of the timing of the Committee.
- 5.2 As of 31 August 2025, the Quarter 2 monitoring for 2025/26 predicts an overspend of £4.951m against the budget. The reasons for this, including actions being taken by the service, can be found in section 6.
- 5.3 Some service areas are reporting a forecasted overspend – waste, community support, contact and engagement, stores and logistics – whilst public health and bereavement and community spaces are reporting an underspend.

- 5.4 Overspends remain forecasted however, budget recovery plans are being developed and implemented, and the expectation is to see the forecast position improve as the year progresses.
- 5.5 Accounted for separately, and highlighted in the monitoring, is the income predicted for the packaging extended producer funding. Whilst the total income notified as coming to the Council last year was £9.500m and had been accounted for as such in the budget setting process and in the service budget, recent communication has indicated this sum to now be £7m. This shortfall is out with the service and the Council's control. Action is being taken to engage directly with DEFRA to understand the reasons and rationale for the change.

6 Quarter 2 2025/26 Commentary on Variances

6.1 Waste

Overspend of £0.977m is forecasted Quarter 2. As outlined in section 8.2, delivery of just under £1.9m savings for this part of the service is on track. However, a new income target, based on previous year's market rates in relation to recycling, is at present tracking behind target. Current conditions are variable and therefore, at this stage, it is not expected to achieve the level of income against target. The team are making every effort to focus on income generation to meet the targets identified.

6.2 Public Health and Bereavement Services

There is a forecast underspend against the Environmental Health and Bereavement Services functions of the service. This primarily relates to underspends in staffing within the service. There is a forecast overspend of £0.177m for public conveniences, which relates to an expected under recovery for income, due to the removal of formal charging. Income received is from honesty boxes and is not guaranteed. Actions being taken by the service to mitigate this under-recovery of income include reductions in overtime and an increase in shower charging.

6.3 Community Spaces

This area of the service is forecasting at Quarter 2 an underspend of £0.196m. This is primarily related to underspends in staffing which offsets under recovery of income in other areas of the budget.

6.4 Community Support

The forecasted position at Quarter 2 in community support is an overspend of £0.101. This is as a result of a combination of a previously reported undelivered staff saving and an under-recovery of central support charges. The staff saving is currently being managed in year with underspends in the staffing budget. In relation to central support charges, this appears to be the result of a recalculation in central support charges which has left a deficit in the Community Support budget. Work is ongoing with finance colleagues to understand the reason for the change and seek a solution.

6.5 Stores and Logistics

The forecasted position in Quarter 2 within Fleet and Plant is shown an overspend of £2.333m. Stores is forecasted in Quarter 2 to have an overspend £0.040m and the hire desk forecasted in Quarter 2 to have an underspend of £0.032m. Budget recovery actions are in place across Stores and Logistics. Work is underway in phases, and an improved position is expected in Quarter 3.

7 2025/26 Savings Delivery

7.1 Communities and Place (C&P) has just under £2.6m savings to deliver in 2025/26. This is set out in **Appendix 3**. Of the 10 separate savings lines, 5 are on track to deliver, 4 are anticipated to be delivered but the mechanism for achieving them or time period is currently under review and 1 is currently not anticipated to be delivered.

7.2 The majority of the C&P savings £1.869m, sits within the Waste section of the service. £1.695m of the saving is connected to the RIF service redesign, this is above the already achieved saving of £0.365m in 2024/25 from the part roll-out of the new service. The 2025/26 waste savings are on target and will continue to be carefully tracked throughout the remainder of the year.

7.3 £0.144m efficiency savings have now been allocated across the service functions. These are anticipated to deliver during 2025/26 and are now marked as green. As reported in section 6.4, the saving attributed to the Community Support and Engagement team requires to be reprofiled within the service to ensure delivery within the 2025/26 period.

7.4 Several savings are attributed to the Fleet section of the service. The Fleet review put in place to mitigate the overspend is currently at Phase 1. Phase 1 has identified £0.293m worth of lease agreements that can be redeployed or returned. Due to a skill shortage within key workshops Highland Council utilised external contractors to repair, maintain and inspect fleet. As of Monday 11 August 2025, the workshop team has employed 6 agency mechanics to workshops in Aviemore, Inverness, Dingwall and Brora. This will allow work to be completed in house and a new process put in place if external contractors are required. It is estimated that this will give a reduction in overspend on external contractors of £0.300m. Phase 2 will commence thereafter looking at owned fleet and HGVs. This phase is likely to identify a further reduction in fleet with an income of £0.400m through sales at Auction.

Designation:

Assistant Chief Executive - Place

Date:

06 October 2025

Author:

Alison Clark, Chief Officer - Housing and Communities

Paul Reid, Chief Officer – Facilities and Fleet

Management

Debbie Sutton, Chief Officer – Operations and Maintenance

Alan McKinnie, Strategic Lead - Waste Strategy and Operations

Alan Yates, Strategic Lead – Environmental Health and Bereavement Services

Background Papers:

None

Appendices:

Appendix 1 – Monitoring Statement Q2 2025/26

Appendix 2 – Detailed Monitoring Statement Q2 2025/26

Appendix 3 – C&P Savings 2025/26

COMMUNITIES AND PLACE MONITORING STATEMENT 2025-26

APPENDIX 1

31/08/25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Waste Management Services	9,941	26,921	27,898	977
Public Health and Bereavement Services	1,989	4,656	4,348	(308)
Community Spaces	2,305	3,113	2,917	(196)
Community Support, Contact and Engagement	1,732	2,705	2,806	101
Stores & Logistics	8,193	9,151	11,492	2,341
Future Operating Model	0	500	37	(463)
Administration	248	806	805	(1)
Total Communities & People/Place	24,408	47,852	50,303	2,451
Packaging Extended Producer Responsibility Funding	0	(9,500)	(7,000)	2,500
Grand Total Communities & People/Place	24,408	38,352	43,303	4,951
BY SUBJECTIVE				
Staff Costs	17,323	43,488	41,992	(1,496)
Other Expenditure	16,601	32,483	35,544	3,061
Gross Expenditure	33,924	75,971	77,536	1,565
Grant Income	(51)	(9,783)	(7,548)	2,235
Other Income	(9,465)	(27,836)	(26,685)	1,151
Total Income	(9,516)	(37,619)	(34,233)	3,386
NET TOTAL	24,408	38,352	43,303	4,951

	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL				
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	
31/08/25																					
BY ACTIVITY																					
Waste Management Services																					
Kerbside Refuse Collections	9,402	3,862	10,228	826	1,794	705	1,776	(18)	0	0	0	0	(6,358)	(3,257)	(6,435)	(77)	4,838	1,310	5,569	731	
Waste Disposal (Transfer, Haulage & Landfill)	2,368	930	2,344	(24)	13,842	4,833	13,241	(601)	0	0	0	0	(561)	(209)	(547)	14	15,649	5,554	15,038	(511)	
Recycling Centres, Transfer & Treatment	1,361	574	1,375	14	4,508	1,765	4,866	358	0	0	0	0	(1,960)	(235)	(1,446)	514	3,909	2,104	4,795	886	
Street Cleaning	2,348	858	2,262	(86)	227	119	285	58	0	0	0	0	(51)	(4)	(52)	(1)	2,524	973	2,495	(29)	
Public Health and Bereavement Services																					
Environmental Health & Regulation	3,459	1,424	3,066	(393)	460	215	573	112	(131)	0	0	(124)	7	(655)	(168)	(694)	(38)	3,133	1,471	2,821	(312)
Bereavement Services, Burials & Cremations	6,303	2,248	5,622	(681)	991	456	1,189	198	0	0	(9)	(9)	(7,064)	(2,664)	(6,745)	319	230	40	57	(173)	
Public Conveniences	881	339	917	36	517	172	644	127	0	0	0	0	(104)	(33)	(90)	14	1,294	478	1,471	177	
Community Spaces																					
Grounds Maintenance & Play Areas	7,354	3,007	6,947	(407)	1,689	959	1,840	151	0	0	0	0	(5,930)	(1,661)	(5,870)	60	3,113	2,305	2,917	(196)	
Community Support, Contact and Engagement																					
Policy & Community Support Co-ordination	1,473	589	1,546	73	427	118	512	85	(82)	(51)	(130)	(48)	(1)	(5)	(1)	0	1,817	651	1,927	110	
Customer Contact (Service Points, Centre & Registrars)	1,554	1,218	1,512	(42)	196	171	170	(25)	0	0	0	0	(862)	(307)	(803)	58	888	1,082	879	(9)	
Stores and Logistics																					
Fleet & Plant	4,602	1,582	4,380	(222)	7,555	7,245	10,143	2,588	(70)	0	0	(285)	(215)	(3,782)	(844)	(3,600)	182	8,305	7,983	10,638	2,333
Stores	1012	371	964	(48)	101	(159)	91	(10)	0	0	0	0	(461)	(60)	(363)	98	652	152	692	40	
Travel Desk	194	61	162	(32)	0	(4)	0	0	0	0	0	0	0	0	0	0	194	57	162	(32)	
Future Operating Model																					
Administration																					
Service Leadership	500	0	35	(465)	0	0	2	2	0	0	0	0	0	0	0	0	500	0	37	(465)	
Total Communities & People/Place	43,488	17,323	41,992	(1,496)	32,483	16,601	35,544	3,061	(283)	(51)	(548)	(265)	(27,836)	(9,465)	(26,685)	1,151	47,852	24,408	50,303	2,451	
Packaging Extended Producer Responsibility Funding	0	0	0	0	0	0	0	0	(9,500)	0	(7,000)	2,500	0	0	0	0	(9,500)	0	(7,000)	2,500	
Grand Total Communities & People/Place	43,488	17,323	41,992	(1,496)	32,483	16,601	35,544	3,061	(9,783)	(51)	(7,548)	2,235	(27,836)	(9,465)	(26,685)	1,151	38,352	24,408	43,303	4,951	

	Budget Savings - Communities and Place - RAG Assessment - Q2 2025/26			APPENDIX 3
Saving Ref'	Saving Description	Annual Target for 25/26	Latest RAG	Comments
CP:6	Redesign of service delivery - recycling services	-1,695,000	Green	
CS:4	Strategic operating model - community engagement area structure	-90,000	Yellow	This is a corporate saving from 2024/25 budget. This cannot be taken from the CSE budget due to a previously agreed £100k saving and therefore service delivery consequences. An alternative saving requires to be found from within the service.
CP:7	Light fleet redesign	-285,000	Yellow	Overall fleet and plant review is being carried out. With this in mind there will be an overall saving across Highland Council fleet. Phase 1 is currently being carried out
CS:35	1% efficiency savings	-144,000	Green	These savings have been allocated across service functions and are expected to be delivered over 2025/26.
CP:18	Garden waste collections	-40,000	Green	
CP:17	Business waste collections	-134,000	Green	
C&P:4	Mobile mechanics x 3	-60,000	Yellow	Mobile Mechanic to commence middle of August 2025, this will be in the Caithness area with monitoring put in place
C&P:6	Staff travel utilisation, grey fleet and car club	-100,000	Red	Work is being done on this area to review current car club utilisation and pool car mileage.
C&P:2	Increase shower charging	-2,000	Green	
C&P:3	Disposal by sale/lease of vacant properties	-10,000	Green	