

Agenda Item	5.
Report No	CP/02/26

# The Highland Council

**Committee:** **Communities and Place**

**Date:** **29 January 2026**

**Report Title:** **Revenue Budget Monitoring Report to 30 November 2025/26**

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

## **1 Purpose/Executive Summary**

- 1.1 This report sets out the revenue monitoring position for the Communities and Place Service for 2025/26 for the period from 1 April to 30 November 2025. The quarter 3 period has been estimated as at 30 November as a result of the timing of the Committee. The Service budget is £37.690m with a current predicted year end overspend of £5.913m. 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 3 2025/26 as set out in the report and Appendices 1 and 2 of the report;
- ii. **Scrutinise and approve** the forecast financial position for 2025/26 as set out in the report and Appendices 1 and 2 of the report;
- 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 3 monitoring statement for the 2025/26 for the Communities and Place Service. The quarter 3 period has been estimated as at 30 November 2025 because of the timing of the Committee.

- 5.2 As of 30 November 2025, the Quarter 3 monitoring for 2025/26 predicts an overspend of £5.913m 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 3 2025/26 Commentary on Variances**

### **6.1 Waste**

An Overspend of £1.240m is forecasted at the end of Quarter 3. The delivery of service change savings of £2.06m (saving over 2 years, 2024/25 £0.365m and 2025/26 £1.695m) are partially on track. The savings being achieved are mainly through a combination of rebate from twin stream recycling (income), reduced costs from processing comingled recycling and a reduction of residual waste tonnage.

- 6.1.1 The value of recycling is subject to market conditions and is therefore variable. A downturn in the market is resulting in achieving less income than what was forecasted. A new income target, based on previous year's market rates in relation to recycling is at present tracking behind target. The waste 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 budget which mainly relates to underspends in staffing costs. The team have been progressing workforce planning in 2025/26 including holding some vacant posts. Full expenditure is expected in 2026/27.

Bereavement Services are now forecasting an overspend of £51k due to burial rates in 2025/26 being lower than in previous years.

There is a forecast overspend of £0.159m 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 3 an underspend of £0.268m. 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 3 in community support is an overspend of £0.006. This is an improved position from Quarter 2, with underspends in staffing in the Community Support and Engagement section off-setting re-calculated central support changes, as reported to the November committee. Work is ongoing with finance colleagues to understand the reason for the change and seek a solution. Within Customer Contact, underspends in staffing are off-setting under-recovery of income from Registrars activity. Income is similar to that achieved last financial year; however a revised income target means that currently, this is not being realised. Targets will be reviewed as part of the budget setting process for 2026/27.

### **6.5 Stores and Logistics**

The forecasted position in Quarter 3 within Fleet and Plant is showing an overspend of £2.940m. Stores is forecasted in Quarter 3 to have an overspend £0.045m and the hire desk forecasted in Quarter 3 to have an underspend of £0.031m. Budget recovery actions are in place across Stores and Logistics. Work is underway in phases, and an improved position is expected in Quarter 4.

### **6.6 Future Operating Model**

The forecasted position in Quarter 3 within the Future Operating Model project is £0.451m. This is due to an on-going process to recruit into key positions.

## **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, 6 are on track to deliver, 3 forecast to partially deliver and 1 not be achieved and is being reprofiled.
- 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 partially on target (as outlined in section 6.1) 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 so as not to impact upon service delivery however it will achieve in 2025/26 due to underspends elsewhere in the budget.

7.4 Several savings are attributed to the Fleet section of the service to mitigate the forecasted overspend of £2.953. This includes reduction in fleet size, reduce the ongoing high spend using external contractors whilst maintaining a high level of compliance. This work is ongoing and will be progressed at pace over the next number of months to have a vastly improved quarter 4 position.

Designation: Assistant Chief Executive - Place

Date: 22 December 2025

Author: Debbie Sutton, Chief Officer Operations & Maintenance  
Alison Clark, Chief Officer Housing & Communities  
Paul Reid, Chief Officer Facilities & Fleet Management  
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 Q3 2025/26  
Appendix 2 – Detailed Monitoring Statement Q3 2025/26  
Appendix 3 – C&P Savings 2025/26

COMMUNITIES AND PEOPLE/PLACE MONITORING STATEMENT 2025-26

APPENDIX 1

Nov-25	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
<b>BY ACTIVITY</b>				
Waste Management Services	17,151	26,909	28,149	1,240
Public Health and Bereavement Services	3,228	4,654	4,589	(66)
Community Spaces	1,619	3,112	2,844	(268)
Community Support, Contact and Engagement	2,839	2,781	2,787	6
Stores & Logistics	12,407	9,151	12,104	2,953
Future Operating Model	7	500	49	(451)
Administration	439	821	820	(1)
<b>Total Communities &amp; People/Place</b>	<b>37,690</b>	<b>47,928</b>	<b>51,341</b>	<b>3,413</b>
Packaging Extended Producer Responsibility Funding	0	(9,500)	(7,000)	2,500
<b>Grand Total Communities &amp; People/Place</b>	<b>37,690</b>	<b>38,428</b>	<b>44,341</b>	<b>5,913</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	28,758	43,488	41,783	(1,705)
Other Expenditure	26,974	32,763	36,510	3,747
<b>Gross Expenditure</b>	<b>55,732</b>	<b>76,251</b>	<b>78,293</b>	<b>2,042</b>
Grant Income	(90)	(9,783)	(7,540)	2,243
Other Income	(17,952)	(28,041)	(26,413)	1,628
<b>Total Income</b>	<b>(18,042)</b>	<b>(37,824)</b>	<b>(33,953)</b>	<b>3,871</b>
<b>NET TOTAL</b>	<b>37,690</b>	<b>38,428</b>	<b>44,341</b>	<b>5,913</b>

	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
Nov-25																				
<b>BY ACTIVITY</b>																				
<b>Waste Management Services</b>																				
Kerbside Refuse Collections	9,402	6,527	10,329	927	1,786	1,171	1,733	(53)	0	0	0	0	(6,358)	(4,906)	(6,442)	(84)	4,830	2,792	5,620	790
Waste Disposal (Transfer, Haulage & Landfill)	2,368	1,498	2,325	(43)	13,840	8,332	13,303	(537)	0	0	0	0	(561)	(365)	(609)	(48)	15,647	9,465	15,020	(627)
Recycling Centres, Transfer & Treatment	1,361	918	1,383	21	4,507	3,090	4,884	377	0	0	0	0	(1,959)	(686)	(1,274)	685	3,909	3,322	4,993	1,084
Street Cleaning	2,348	1,428	2,285	(63)	226	195	283	57	0	0	0	0	(51)	(51)	(52)	(1)	2,523	1,572	2,516	(7)
<b>Public Health and Bereavement Services</b>																				
Environmental Health & Regulation	3,459	2,258	3,024	(435)	460	377	659	199	(131)	(18)	(125)	6	(655)	(277)	(701)	(46)	3,133	2,340	2,857	(276)
Bereavement Services, Burials & Cremations	6,303	3,808	5,660	(643)	990	755	1,253	263	0	0	0	0	(7,064)	(4,516)	(6,633)	431	229	47	280	51
Public Conveniences	881	568	890	8	516	335	651	135	0	0	0	0	(104)	(63)	(89)	15	1,293	840	1,452	159
<b>Community Spaces</b>																				
Grounds Maintenance & Play Areas	7,354	4,958	6,828	(526)	1,893	1,463	1,903	10	0	0	0	0	(6,135)	(4,802)	(5,887)	248	3,112	1,619	2,844	(268)
<b>Community Support, Contact and Engagement</b>																				
Policy & Community Support Co-ordination	1,473	947	1,457	(16)	502	278	573	71	(81)	(72)	(130)	(49)	(1)	(5)	(1)	0	1,893	1,148	1,899	6
Customer Contact (Service Points, Centre & Registrars)	1,554	1,941	1,484	(70)	196	208	175	(21)	0	0	0	0	(862)	(457)	(772)	90	888	1,692	887	(1)
<b>Stores and Logistics</b>																				
Fleet & Plant	4,602	2,750	4,320	(282)	7,555	10,248	10,749	3,194	(70)	0	(285)	(215)	(3,782)	(1,692)	(3,539)	243	8,305	11,306	11,245	2,940
Stores	1012	619	973	(38)	101	477	96	(5)	0	0	0	0	(461)	(104)	(373)	88	652	992	696	45
Travel Desk	194	104	162	(31)	0	5	0	0	0	0	0	0	0	0	0	0	194	109	162	(31)
<b>Future Operating Model</b>																				
500	7	48	(452)	0	0	1	1	0	0	0	0	0	0	0	0	0	500	7	49	(451)
<b>Administration</b>																				
Service Leadership	677	427	615	(62)	191	40	246	55	0	0	0	0	(47)	(28)	(41)	6	821	439	820	(1)
<b>Total Communities &amp; People/Place</b>	<b>43,488</b>	<b>28,758</b>	<b>41,783</b>	<b>(1,705)</b>	<b>32,763</b>	<b>26,974</b>	<b>36,510</b>	<b>3,747</b>	<b>(283)</b>	<b>(90)</b>	<b>(540)</b>	<b>(257)</b>	<b>(28,041)</b>	<b>(17,952)</b>	<b>(26,413)</b>	<b>1,628</b>	<b>47,928</b>	<b>37,690</b>	<b>51,341</b>	<b>3,413</b>
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
<b>Grand Total Communities &amp; People/Place</b>	<b>43,488</b>	<b>28,758</b>	<b>41,783</b>	<b>(1,705)</b>	<b>32,763</b>	<b>26,974</b>	<b>36,510</b>	<b>3,747</b>	<b>(9,783)</b>	<b>(90)</b>	<b>(7,540)</b>	<b>2,243</b>	<b>(28,041)</b>	<b>(17,952)</b>	<b>(26,413)</b>	<b>1,628</b>	<b>38,428</b>	<b>37,690</b>	<b>44,341</b>	<b>5,913</b>

	Budget Savings - Communities and Place - RAG Assessment - Q3 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. The saving will be made this year due to underspends elsewhere in the budget.
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		
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	