

## REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 3<sup>rd</sup> OCTOBER 2019

### FINANCIAL REPORTING TO 31 AUGUST 2019

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital budget monitoring information to 31 August 2019 for consideration.

#### 2 Recommendations

The Committee is recommended to:

**2.1 Consider and discuss the revenue and capital budget monitoring to 31 August 2019; and**

**2.2 Approve the budget movements as set out in Appendix 2.**

#### 3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with financial monitoring in relation to budgets within their remit.
- 3.2 The Committee will receive further reports on financial monitoring when appropriate.

#### 4 Discussion

- 4.1 Infrastructure Services revenue budget for 2019/20 was agreed on 14 February 2019 at £66.711 million, this increased to £66.85 million as a result of virements of £139,000 that were approved by Committee in the last quarter of 2018/19 (see **Appendix 2**). **Appendix 2** also details virements and drawdown of reserves that require approval. Explanations of these are included in **Appendix 3** for noting.
- 4.2 The planned budgeted expenditure on service delivery to the end of August 2019 was £29.070m, the expenditure incurred within this period was £29.580m. However, £749,000 has been requested from reserves, bringing the Service to a within budget position of £239,000. **Appendices 1a and 1b** show the position at August 2019, along with a breakdown of these figures.
- 4.3 The measurement of the income and expenditure against the budget has previously taken the format of a budget monitoring report showing the annual forecast position compared to the annual budget. Whilst forecasting can be a realistic projection of expenditure and income, in practice however there is a risk that forecasting creates a focus on the management of the actual budget under consideration and therefore impacts on the services being delivered.
- 4.4 This report represents the new approach to the reporting of financial information and sees a focus on the management of expenditure against a phased budget

which for 2019/20 has based on previous years expenditure profiles. This process builds on the Council's already robust financial governance. This change allows financial performance and trends to be shown in a meaningful, fluid way to help facilitate discussion, and provide better information for decision making in order to scrutinise, challenge and discuss emerging issues highlighted through the financial reporting, linking to service delivery and then agreeing a course of action.

- 4.5 As this is the first year using this method, information is still being built up in the format required to allow accurate yearly comparisons and analysis. The risk around some figures being reported inaccurately should be noted in the short term. On this basis the emerging issues will be more accurately identified as we progress through the financial year and reported at the next Committee.
- 4.6 As part of the Medium-Term Financial Strategy agreed on 14 February 2019, the Service accepted a number of savings to be implemented in this financial year. There are no emerging issues in terms of achieving these savings and an update will be presented to this Committee at a later date.

#### Capital Budget Monitoring

- 4.7 Infrastructure Services Revised Capital Budget for the year 2019/20 is £108.157m plus £2.050m for the City Region Deal (CRD) and is detailed in **Appendix 4**.
- 4.8 To the end of August 2019, actual capital expenditure was £22,012,000 and £500,000 for the CRD. Variances of £10,968,000 are projected and the reasons behind the variances are detailed in **Appendix 5**. Any movements to this position will be reported back to a future Committee meeting as and when identified.

### **5 Council Priorities, Implications and Risk**

- 5.1 This report helps deliver Council Priority 9 - Deliver responsible, long-term financial planning
- 5.2 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

<b>Subject</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Financial	<b>X</b>		
Staffing		<b>X</b>	
Equalities			<b>X</b>
Fairer Scotland Duty			<b>X</b>
Town Centre First			<b>X</b>
Sustainability			<b>X</b>
Children and Young People's Rights and Wellbeing			<b>X</b>

- 5.3 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.
- 5.4 There are no staffing or children and young people's wellbeing implications arising from this report.
- 5.5 The following Risks have been identified as relevant to this matter on a The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures (*Corporate Risk Register*). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books (*Directorate Risk Registers*). Actions being taken to mitigate these risks are set out in the report.

## **6 Scheme of Governance**

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section F.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

### **Stephen Archer Director of Infrastructure Services**

Report prepared by Shirley-Ann Gordon and Chris Smith  
26 September 2019

### **List of Appendices**

- Appendix 1a and 1b – Revenue Monitoring as at 31<sup>st</sup> August 2019
- Appendix 2 – Budget Movements
- Appendix 3 – Budget Movement Analysis
- Appendix 4 - Capital Performance
- Appendix 5 – Capital Variance Analysis

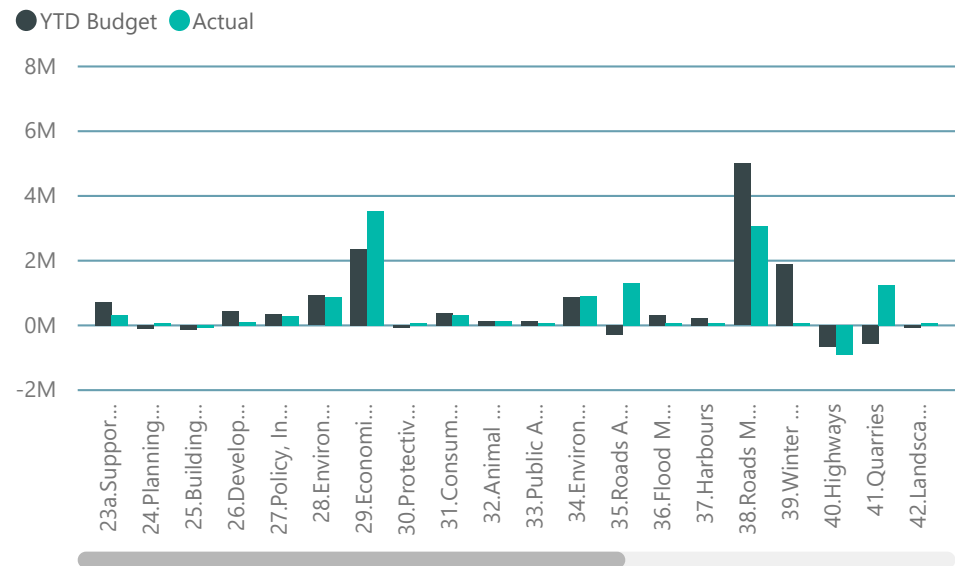


Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	67,666,000	29,819,228	29,579,889	239,339

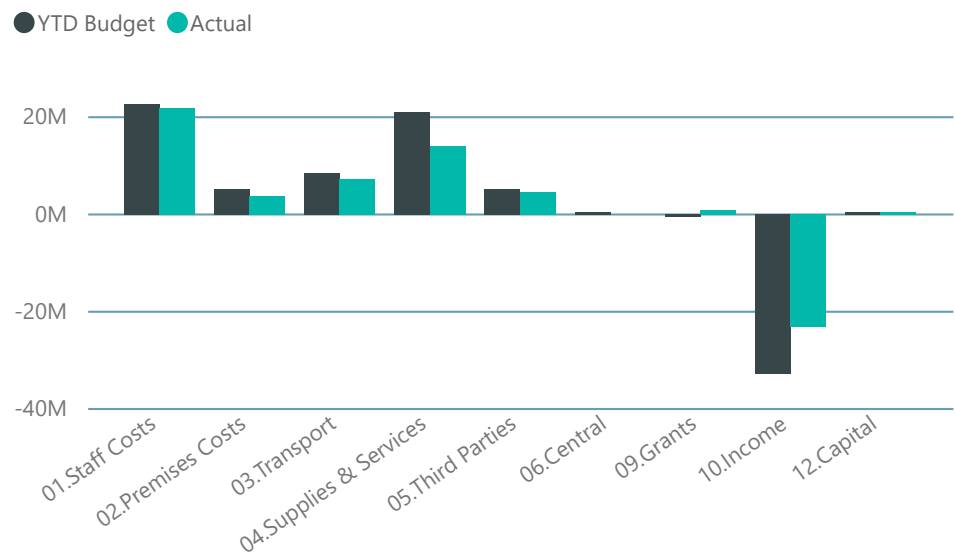
Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	67,666,000	29,819,228	29,579,889	239,339
<b>Total</b>	<b>67,666,000</b>	<b>29,819,228</b>	<b>29,579,889</b>	<b>239,339</b>

Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	54,167,008	22,637,175	21,951,358	685,817
02.Premises Costs	11,419,988	5,263,110	3,812,090	1,451,020
03.Transport	21,755,944	8,443,561	7,287,302	1,156,259
04.Supplies & Services	51,008,540	21,108,730	14,016,671	7,092,059
05.Third Parties	12,402,500	5,191,504	4,682,810	508,694
06.Central	996	415	415	
09.Grants	-563,000	-49,245	986,784	-1,036,029
10.Income	-83,176,976	-32,777,022	-23,157,844	-9,619,178
11.Other	0			
12.Capital	651,000	1,000	719	281
99.Close?	0			
<b>Total</b>	<b>67,666,000</b>	<b>29,819,228</b>	<b>29,579,889</b>	<b>239,339</b>

YTD Budget and Actual by Budget Report Page No

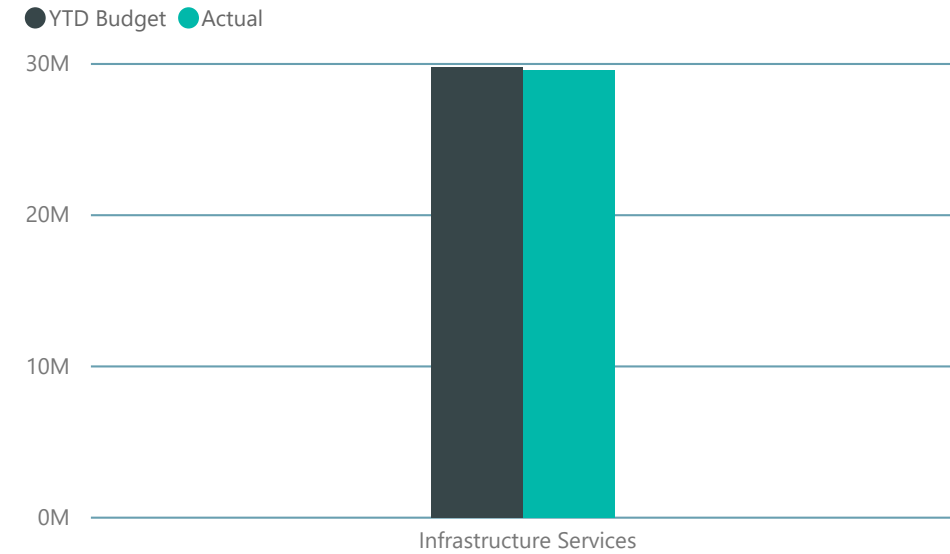


YTD Budget and Actual by Type of Spend

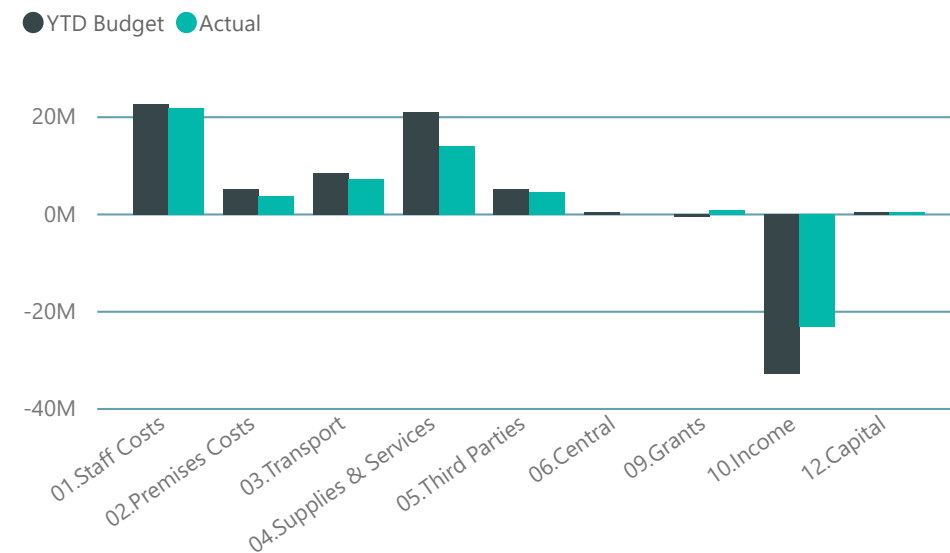


Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
23a.Support Services (Infrastructure)	1,732,000	721,670	331,723	389,947
24.Planning Administration	-266,000	-110,835	62,848	-173,683
25.Building Standards	-260,000	-125,503	-88,817	-36,686
26.Development Management	1,257,000	444,003	113,061	330,942
27.Policy, Information and Delivery	936,000	352,730	296,518	56,212
28.Environment	2,113,000	923,900	867,177	56,723
29.Economic Development	5,126,000	2,351,404	3,529,060	-1,177,656
30.Protective Services Administration	-33,000	-13,755	678	-14,433
31.Consumer Protection	934,000	386,830	309,152	77,678
32.Animal Welfare	339,000	141,255	134,999	6,256
33.Public Analyst	322,000	134,165	66,773	67,392
34.Environmental Health	1,715,000	871,600	913,933	-42,333
35.Roads Administration and Management	-732,016	-305,020	1,304,749	-1,609,769
36.Flood Management	743,996	310,000	77,666	232,334
37.Harbours	577,020	240,425	6,566	233,859
38.Roads Maintenance - Expenditure and Income	11,998,996	4,999,580	3,072,156	1,927,424
39.Winter Maintenance - Expenditure	4,529,004	1,887,085	16,623	1,870,462
40.Highways	-1,578,000	-657,520	-904,610	247,090
41.Quarries	-1,404,000	-584,980	1,249,091	-1,834,071
42.Landscape Services - Administration	-21,000	-11,000	65,688	-76,688
43.Burial Grounds	135,000	119,350	68,396	50,954
44.Parks and Open Spaces	5,549,000	2,808,925	2,215,730	593,195
45.Grounds Maintenance	-617,000	-1,065,988	203,378	-1,269,366
46.Waste Management	0	0	204,133	-204,133
47.Waste Collection	7,467,000	3,758,961	3,506,538	252,423
48.Waste Disposal	15,834,000	7,252,390	6,439,172	813,218
49.Street Cleansing	2,841,000	1,159,858	1,032,618	127,240
50.Transportation	7,693,000	3,100,695	3,992,277	-891,582
51.Car Parks	0	177,490	173,217	4,273
52.Internal Transport	25,000	-12,032	-183,840	171,808
53.Vehicle Maintenance Services	-155,000	201,050	146,070	54,980
60.Area Managers - Kincardine, Mearns and Marr	865,000	362,495	357,164	5,331
<b>Total</b>	<b>67,666,000</b>	<b>29,819,228</b>	<b>29,579,889</b>	<b>239,339</b>

YTD Budget and Actual by Service



YTD Budget and Actual by Type of Spend




**Movements in the Base Budget  
From Agreed Budget at 14th February 2019 to 31st August 2019**

## Appendix 2

Budget Report Page No	Base Budget as at 14th Feb 2019 Committee	Pre-Approved Virements	Virements to be Approved	Reserves to be Approved	Revised Base Budget
23a.Support Services (Infrastructure)			1,732,000		1,732,000
24.Planning Administration	0		-266,000		-266,000
25.Building Standards	-257,000	-3,000			-260,000
26.Development Management	1,497,000	-40,000	-200,000		1,257,000
27.Policy, Information and Delivery	938,000	-2,000			936,000
28.Environment	2,055,000			58,000	2,113,000
29.Economic Development	4,206,000	280,000	-51,000	691,000	5,126,000
30.Protective Services Administration	0		-33,000		-33,000
31.Consumer Protection	985,000	-3,000	-48,000		934,000
32.Animal Welfare	339,000				339,000
33.Public Analyst	322,000				322,000
34.Environmental Health	1,800,000	-5,000	-80,000		1,715,000
35.Roads Administration and Management	-722,016	-10,000	0		-732,016
36.Flood Management	843,996		-100,000		743,996
37.Harbours	451,020	-1,000	127,000		577,020
38.Roads Maintenance - Expenditure and Income	12,234,996		-236,000		11,998,996
39.Winter Maintenance - Expenditure	4,529,004				4,529,004
40.Highways	-1,327,000	-15,000	-236,000		-1,578,000
41.Quarries	-1,383,000		-21,000		-1,404,000
42.Landscape Services - Administration	-21,000		0		-21,000
43.Burial Grounds	171,000		-36,000		135,000
44.Parks and Open Spaces	5,665,000		-116,000		5,549,000
45.Grounds Maintenance	-481,000	0	-136,000		-617,000
46.Waste Management	0		0		0
47.Waste Collection	7,526,000		-59,000		7,467,000
48.Waste Disposal	15,913,000	-30,000	-49,000		15,834,000
49.Street Cleansing	2,856,000		-15,000		2,841,000
50.Transportation	7,784,000	-14,000	-77,000		7,693,000
51.Car Parks	0		0		0
52.Internal Transport	30,000		-5,000		25,000
53.Vehicle Maintenance Services	-127,000		-28,000		-155,000
60.Area Managers - Kincardine, Mearns and Marr	883,000	-18,000			865,000
<b>Total</b>	<b>66,711,000</b>	<b>139,000</b>	<b>67,000</b>	<b>749,000</b>	<b>67,666,000</b>

Budget Movements to be approved by the Policy Committee

Reference	Description and Budget Pages	Amount
<b>1 Support Services Review - Removal from Service Pages</b>		
	Policy Committee (Comm & ISC) - Permanent budget movement to reflect changes resulting from Support Services Review (removal from Service pages)	
	Landscape Services Administration	(119,000)
	Landscape Services Administration	(10,000)
	Landscape Services Administration	(23,000)
	Landscape Services Administration	152,000
	Burial Grounds	(36,000)
	Parks & Open Spaces	(116,000)
	Waste Management	(213,000)
	Waste Management	(13,000)
	Waste Management	(41,000)
	Waste Management	267,000
	Waste Collection	(128,000)
	Waste Disposal	(107,000)
	Street Cleansing	(32,000)
	Protective Services Admin	(26,000)
	Protective Services Admin	(2,000)
	Protective Services Admin	(5,000)
	Consumer Protection	(38,000)
	Consumer Protection	(3,000)
	Consumer Protection	(7,000)
	Environmental Health	(229,000)
	Environmental Health	(20,000)
	Environmental Health	(44,000)
	Planning Admin	(721,000)
	Planning Admin	(63,000)
	Planning Admin	(139,000)
	Development Management	(156,000)
	Development Management	(14,000)
	Development Management	(30,000)
	Housing - Homelessness	(777,000)
	Housing - Homelessness	(68,000)
	Housing - Homelessness	(150,000)
	Highways	(185,000)
	Highways	(15,000)
	Highways	(36,000)
	Roads A&M	(185,000)
	Roads A&M	(15,000)
	Roads A&M	(36,000)
	Roads A&M	236,000
	Roads Maintenance	(236,000)
	Quarries	(16,000)
	Quarries	(2,000)
	Quarries	(3,000)
	Car Parks	(13,000)
	Car Parks	(3,000)
	Transportation	(99,000)
	Transportation	(9,000)
	Transportation	(19,000)
	Internal Transport	(4,000)
	Internal Transport	(1,000)
	VMS	(22,000)
	VMS	(1,000)
	VMS	(5,000)
	Economic Development	(40,000)
	Economic Development	(3,000)
	Economic Development	(8,000)
	Grounds Maintenance	(106,000)
	Grounds Maintenance	(10,000)
	Grounds Maintenance	(20,000)
	Support Services (Infrastructure)	2,949,000
	Support Services (Infrastructure)	248,000
	Support Services (Infrastructure)	570,000



**2 Support Services Review - allocation to embedded teams**

Appendix 3

Policy Committee (Comm & ISC) - Permanent budget movement to reflect changes resulting from Support Services Review (allocation to embedded teams)

Waste Management	113,000
Waste Management	9,000
Waste Management	22,000
Waste Management	(144,000)
Waste Collection	69,000
Waste Disposal	58,000
Street Cleansing	17,000
Environmental Health	146,000
Environmental Health	14,000
Environmental Health	29,000
Roads A&M	21,000
Roads A&M	2,000
Roads A&M	4,000
Roads A&M	(27,000)
Harbours	27,000
Housing - Homelessness	364,000
Housing - Homelessness	31,000
Housing - Homelessness	70,000
Planning Admin	471,000
Planning Admin	41,000
Planning Admin	91,000
Support Services (Infrastructure)	(1,116,000)
Support Services (Infrastructure)	(97,000)
Support Services (Infrastructure)	(215,000)

**3 Support Services Review - allocation for temporary posts**

Policy Committee (Comm & ISC) - One-off budget movement to reflect changes resulting from Support Services Review (allocation for temp posts)

Environmental Health	18,000
Environmental Health	2,000
Environmental Health	4,000
Housing - Homelessness	74,000
Housing - Homelessness	6,000
Housing - Homelessness	14,000
Planning Admin	42,000
Planning Admin	4,000
Planning Admin	8,000
Support Services (Infrastructure)	(134,000)
Support Services (Infrastructure)	(12,000)
Support Services (Infrastructure)	(26,000)

**4 Support Services Review - recharge to Car Parks**

Policy Committee (Comm & ISC) - Permanent budget movement to reflect changes resulting from Support Services Review (recharge to Car Parks)

Car Parks	16,000
Transportation	50,000
Support Services (Infrastructure)	(66,000)
Housing - Homelessness	369,000
Support Services (Infrastructure)	(369,000)

**Budget Movements to be approved by Service Director ISC (For noting at Committee)**

**5 Harbours**

Service Director (ISC) - Permanent budget movement to transfer budget from flooding to harbours, as this was a saving in 18/19

Flooding	(100,000)
Harbours	100,000

**6 Waste to Landfill**

Service Director (ISC) - Permanent budget movement to reflect HWRC changes agreed at Committee to reduce waste to landfill

Waste Disposal	253,000
Waste Disposal	20,000
Waste Disposal	49,000
Waste Disposal	(7,000)
Waste Disposal	(5,000)
Waste Disposal	(4,000)
Waste Disposal	(6,000)
Waste Disposal	(14,000)
Waste Disposal	(89,000)
Waste Disposal	25,000
Waste Disposal	(222,000)

Appendix 3

Reserve Movements to be approved by Full Council (For noting at Policy Committee)

The following values have been drawn down from Earmarked Reserves to match expenditure incurred during 2019/20

Renewable Energy Reserve	296,000.00
Support for Community Groups	50,000.00
Regeneration Reserve	400,000.00
Revenue Grants Unconditional, expenditure not incurred	3,000.00

ABERDEENSHIRE COUNCIL - 2019/20 INFRASTRUCTURE SERVICES CAPITAL PERFORMANCE (AUGUST 2019)

APPENDIX 4

SUMMARY	APPROVED	BUDGET Incl.	REPORT	REPORT	REVISED	ACTUAL	19/20 BUDGET	PROJECTED	Note
	BUDGET FEB '19 2019/20 £000	18/19 FINAL O/T 2019/20 £000	UPDATES 2019/20 £000	UPDATES LATER YEARS £000	BUDGET 2019/20 £000	EXP. (AUGUST) 2019/20 £000	REMAINING +/- £000	YEAR END VARIANCE £'000	
<b>TOTAL PLANNED EXPENDITURE</b>									
<b>INFRASTRUCTURE SERVICES</b>									
1 Aberdeen Western Peripheral Route	-	13,903	-	-	13,903	1,848	12,055		
2 Aberdeen Western Peripheral Route (Funded from Nestrans)	22	68	-	-	68	-	68		
3 Access/Environment Projects	50	184	-	-	184	64	120		
4 Bridges & Structures	1,750	2,097	-	-	2,097	147	1,950	(247)	A
5 Burial Grounds	335	978	-	-	978	14	964		
6 Cycling and Walking	628	1,232	-	-	1,232	48	1,184		
7 Drainage	1,200	1,407	-	-	1,407	56	1,351		
8 Energy from Waste	-	30,467	-	-	30,467	8,639	21,828	(8,022)	B
9 Greenbanks Travellers Site	360	356	-	-	356	-	356		
10 Harbours, Coast & Flooding	2,150	2,678	-	-	2,678	142	2,536	(400)	C
11 Kintore Station	11,821	11,821	-	-	11,821	-	11,821		
12 Landfill, HWRC	2,000	2,222	-	-	2,222	51	2,171		
13 Nestrans Contribution	650	1,325	-	-	1,325	-	1,325		
14 Parks & Open Spaces	200	600	-	-	600	174	426		
15 Public Transport	4,500	4,538	-	-	4,538	67	4,471		
16 Quarries	475	475	-	-	475	-	475		
17 Roads Resurfacing/Reconstruction	11,750	11,756	-	-	11,756	6,066	5,690		
18 Safety Initiatives	295	488	-	-	488	74	414		
19 Stonehaven Flooding Scheme	13,054	13,567	-	-	13,567	3,130	10,437	(2,028)	D
20 Storm Frank Works Funded By Grant - Bridges and Flooding	110	282	-	-	282	5	277	(141)	E
21 Street Lighting	1,334	1,510	-	-	1,510	365	1,145	(130)	F
22 Town Centre Fund	-	-	1,892	-	1,892	222	1,670		
23 Vehicles	4,500	4,311	-	-	4,311	900	3,411		
<b>Infrastructure Services Total</b>	<b>57,184</b>	<b>106,265</b>	<b>1,892</b>	<b>-</b>	<b>108,157</b>	<b>22,012</b>	<b>86,145</b>	<b>(10,968)</b>	
<b>CITY REGION DEAL</b>									
24 Aberdeen Harbour Expansion (City Region Deal)	2,000	2,000	-	-	2,000	500	1,500		
25 Strategic Transport Appraisal (City Region Deal)	50	50	-	-	50	-	50		
<b>City Region Deal Total</b>	<b>2,050</b>	<b>2,050</b>	<b>-</b>	<b>-</b>	<b>2,050</b>	<b>500</b>	<b>1,550</b>		

ABERDEENSHIRE COUNCIL - 2019/20 NON-HRA CAPITAL PERFORMANCE Q1 (August 2019)

APPENDIX 5

**Significant Variance Analysis**

<b><u>Note</u></b>	<b><u>Budget</u></b>	<b>Variance 2019/20 £,000</b>	<b><u>Narrative</u></b>
A	Bridges and Structures	(247)	Miltown of Towie (C67M) demolition postponed to 2020 and Marnoch Bridge (A97) refurbishment postponed to 2020 means forecast expenditure will be £247,000 lower than budgeted.
B	Energy From Waste	(8,022)	Milestone payments were agreed and signed off in August 2019 which was later than originally planned. Expenditure in 2019/20 is expected to be £8,022,000 lower than forecast.
C	Harbours, Coast & Flooding	(400)	£400,000 had been set aside for additional soil nails at Gardenstown. Following a detailed review of the Phase 1 works it was recommended that the solid nails were not necessary. The Service will progress with monitoring and inspection of Phase 1 works including drainage improvements which will be met from the existing Flood Management revenue budget.
D	Stonehaven Flooding Scheme	(2,028)	Zone 1B is behind programme due to problems establishing the temporary works due to the lack of space available, the proximity of buildings, and poor ground conditions. The project partners have been working together to establish a viable solution to enable the permanent works to be delivered.
E	Storm Frank Works Funded By Grant - Bridges and Flooding	(141)	The Cambus O' May timescale has been revised to allow local fundraising to be undertaken to fund the difference in cost. Works originally planned this financial will now take place in 2020/21.
F	Street Lighting	(130)	Delays associated with tender submissions leading to a 5 week delay in appointing a supplier together with unexpected work flow increases from other areas resulted in resources being redirected to undertake revenue works resulting in income generation from third parties employing Aberdeenshire Council services means forecast expenditure will be lower than originally forecast.