

## REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 23 AUGUST 2018

### FINANCIAL MONITORING AS AT 30 JUNE 2018

#### 1 Recommendations

The Committee is recommended to:

- 1.1 Note the revenue and capital budget monitoring as at 30 June 2018; and
- 1.2 Note the revenue budget virements set out in Appendix 3.

#### 2 Background / Discussion

- 2.1 The Council's Scheme of Governance aligns service budget responsibility with Policy Committee responsibility. This report covers the forecasted outturn for the period ended 30 June for both Revenue and Capital Budget monitoring.

##### Revenue Budget Monitoring

- 2.2 Infrastructure Services revenue budget for monitoring purposes in 2018/19 was agreed at Full Council on 8 February 2018 at £69,269,000. The proposed virements and transfers from reserves will increase the budget to £73,204,000.
- 2.3 The expenditure forecast position to the end of June 2018 is on budget. The financial position is shown in more detail in **Appendix 1**, along with any reasons behind variances for each service, which are detailed in **Appendix 2**.
- 2.4 Whilst the forecast is on budget there are a number of areas of risk, particularly Winter Maintenance where there is a high risk that total expenditure will exceed the budget available. In the case of a mild winter the pressure could be £200,000 rising to as much as £3 million in the event of a severe winter, similar to that experienced in 2017/18. This has not been reflected in the current forecast expenditure for the year, on the basis that it is a relative "unknown" at this stage in the financial year and that the Council holds sufficient reserves that would be utilised in the event of an overspend that could not be absorbed within the Council's overall revenue budget for 2018/19.
- 2.5 In addition to this there are other specific areas of budget pressure, which are forecast to be managed within the overall budget for Infrastructure Services, that are worthy of specifically noting, in order to fully comprehend the challenges faced in maintaining a balanced budget position. These are externally driven and are therefore largely outwith the control of the services:
  - Pressures from recent price increases in the disposal of co-mingled recyclates £250,000.
  - Pressure from income generation from Car Parks being insufficient to cover all costs £184,000.
  - Planning income under Development Management being £100,000 below budget due to a continued slump in the property industry.

- Pressure from a drop in Trade Waste income of £327,000 (£187,000 relating to collection and £140,000 relating to disposal) which is suspected to be as a result of the cessation of providing skip hire & collection, and as an alternative providing collection of separated recyclates, which has had a detrimental effect on the overall levels of income.

- 2.6 A range of actions are being pursued by Infrastructure Services to address these areas of risk and achieve a balanced budget overall. Committee will be briefed on any action that may have any significant impact on the delivery of services before such action is implemented.
- 2.7 A number of budget virements have been proposed for approval by the appropriate Officers and Full Council and these are detailed in **Appendix 3** for noting by the Committee. There are none which would require Infrastructure Services Committee approval in the first quarter of the financial year.

### Capital Budget Monitoring

- 2.8 Infrastructure Services Revised Capital Budget for the year 2018/19 is £55,791,000 plus £16,035,000 for the City Region Deal (CRD) and is detailed in **Appendix 4**. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted for.
- 2.9 This is because the Capital budget is set over a long term, multiple year timeframe, as the projects will often take more than one financial year to complete or will start in one financial year and end in the next. Consequently there is the need to re-profile the capital expenditure on a continual basis.
- 2.10 The overall capital expenditure for the year 2018/19 is forecasted to be £58,609,000 which is £2,818,000 higher than the revised budget figure and £16,035,000 for CRD, which is on budget. 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.
- 2.11 The Monitoring Officer has been consulted and her comments have been incorporated in the report and is satisfied that the report complies with the Scheme of Governance and relevant legislation.

## **3 Scheme of Governance**

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section C.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.

## **4 Implications and Risk**

- 4.1 An Equalities Impact Assessment and a Town Centre First 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.

- 4.2 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 paragraph(s) 2.4 and 2.5 of the report.

**Stephen Archer**

**Director of Infrastructure Services**

Report prepared by Ruth Taylor, Principal Accountant  
10 August 2018



Appendix 1

SUMMARY OF REVENUE MONITORING 2018/19 TO 30/06/2018 - INFRASTRUCTURE SERVICES COMMITTEE

	Original Budget 2018/19 £000	Approved Virements 2018/19 £000	Virements to be approved 2018/19 £000	Revised Budget 2018/19 £000	Forecast 2018/19 £000	Variance £000	Funded from Reserves £000	Net Variance £000
<b>INFRASTRUCTURE SERVICES COMMITTEE</b>								
<u>Planning</u>								
- Planning Administration	14	0	(14)	0	0	0	0	0
- Building Standards	(328)	0	31	(297)	(322)	(25)	0	(25)
- Development Management	1,340	0	61	1,401	1,370	(31)	0	(31)
- Policy, Information and Delivery (PID)	934	0	61	995	1,018	23	0	23
- Environment	2,005	0	4	2,009	2,229	220	(192)	28
	3,965	0	143	4,108	4,295	187	(192)	(5)
<u>Economic Development &amp; Protective Services</u>								
- Economic Development	4,195	0	(6)	4,189	6,913	2,724	(2,775)	(51)
- Protective Services Administration	0	0	0	0	0	0	0	0
- Consumer Protection	959	0	3	962	921	(41)	0	(41)
- Animal Welfare	333	0	1	334	333	(1)	0	(1)
- Public Analyst	322	0	0	322	300	(22)	0	(22)
- Environmental Health	1,765	0	10	1,775	1,692	(83)	0	(83)
	7,574	0	8	7,582	10,159	2,577	(2,775)	(198)
<u>Roads, Landscape Services &amp; Waste Management</u>								
- Roads - Administration and Management	(801)	0	(39)	(840)	(840)	0	0	0
- Flood Management	836	0	0	836	836	0	0	0
- Harbours	453	0	6	459	450	(9)	0	(9)
- Road Maintenance - Expenditure & Income	15,357	0	(10)	15,347	15,763	416	(410)	6
- Winter Maintenance - Expenditure	4,396	0	0	4,396	4,697	301	(303)	(2)
- Other Recoverable Works - Roads Client	0	0	0	0	0	0	0	0
- Highways	(1,460)	0	70	(1,390)	(1,388)	2	0	2
- Quarries	(1,395)	0	6	(1,389)	(1,385)	4	0	4
- Landscape Services Administration	(10)	0	(12)	(22)	(22)	0	0	0
- Burial Grounds	347	0	62	409	418	9	0	9
- Caravan Parks	0	0	0	0	0	0	0	0
- Parks	5,486	0	207	5,693	5,705	12	0	12
- Fishings	0	0	0	0	17	17	0	17
- Landscape Services Funds	0	0	0	0	0	0	0	0
- Grounds Maintenance	(361)	0	(216)	(577)	(498)	79	0	79
- Waste Management	0	0	0	0	0	0	0	0
- Waste Collection	6,998	0	197	7,195	7,491	296	0	296
- Waste Disposal	15,868	0	(131)	15,737	15,737	0	0	0
- Street Cleansing	2,795	0	(37)	2,758	2,725	(33)	0	(33)
	48,509	0	103	48,612	49,706	1,094	(713)	381

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	Original Budget 2018/19 £000	Approved Virements 2018/19 £000	Virements to be approved 2018/19 £000	Revised Budget 2018/19 £000	Forecast 2018/19 £000	Variance £000	Funded from Reserves £000	Net Variance £000
<u>Transportation</u>								
- Transportation	8,336	0	(60)	8,276	7,848	(428)	0	(428)
- Car Parks	(7)	0	(1)	(8)	176	184	0	184
- Internal Transport	28	0	(2)	26	23	(3)	0	(3)
- Internal Transport - VRF Interest	0	0	0	0	0	0	0	0
- Vehicle Maintenance Services	(229)	0	6	(223)	(176)	47	0	47
	8,128	0	(57)	8,071	7,871	(200)	0	(200)
Area Managers (Kincardine & Mearns and Marr)	851	0	45	896	893	(3)	(12)	(15)
Leisure - Visitor Attractions	242	0	1	243	243	0	0	0
<b>NET EXPENDITURE INFRASTRUCTURE SERVICE:</b>	<b>69,269</b>	<b>0</b>	<b>243</b>	<b>69,512</b>	<b>73,167</b>	<b>3,655</b>	<b>(3,692)</b>	<b>(37)</b>

**Appendix 2 - Variance Analysis - Infrastructure Services Committee**

<u>Budget Page</u>	<u>Over (within) budget 2018/19 £'000</u>	<u>Comment</u>
<u>Roads, Landscape Services &amp; Waste Management</u>		
- Waste Collection	296	£187k of this pressure is due to a forecast drop in income from Trade Waste, which saw a decline during 2017/18 and has shown no indications so far in 2018/19 of picking back up. At this stage there is further analysis required to fully understand the reasons behind this drop, however, initial investigation indicates it is due to the cessation of offering chargeable skip hire and collections to businesses, and instead providing a chargeable collection of recyclates in line with the Waste Scotland Regulations. The remaining £109k mainly relates to Staff Costs, which is due to a delay in changing collection patterns which were expected to realise savings from the beginning of the financial year.
<u>Transportation</u>		
- Transportation	(428)	There is a forecast underspend of £109k due to Staff Vacancies. A drop of £290k (split £260k of Local Bus contracts and £30k of Demand Responsive Transport services). There has been a forecast in Local Bus Support Payments due to the withdrawal of 11 contracts and the variation of a number of other routes. This was due to a £225k reduction in budget for 2018-19. In addition there has been a marked increase, over the last few years, in the public's take up of the Grasshopper scheme. This scheme allows tickets to be used on buses and routes belonging to different providers. However this has a net nil effect on the budget page, as the expenditure is offset by income.
- Car Parks	184	Income levels remain lower than budgeted due to the impact of the change to free car parking for short periods that was agreed in Dec 2014. The scale of this pressure was partly addressed in the 17/18 budget setting process, however, a continuing pressure exists. A Members Officers Working Group (MOWG) is currently reviewing this and revised tariffs will be presented to Committee in due course for consideration and approval.

**Appendix 3**

**SUMMARY OF REVENUE MONITORING VIREMENTS**

£'000's

No Virements for Committee Approval 0

**Reconciliation of Budget**

**Opening Budget 69,269**

**Virements to be approved by Infrastructure Services Committee (as above) 0**

**Additional Virements to be Approved by Full Council:**

Apprenticeship Levy Budget Allocated to Services 208

**Virements to be Approved by the Director:**

Car Parks	-2
Grounds Maintenance	-236
Highways	33
Internal Transport	-3
Landscape Services Administration	-16
Quarries	2
Roads Administration and Management	-57
Transportation	-76
VMS	-3
Waste Management	-9
LS Burial Grounds	62
LS Parks and Open Spaces	207
Street Cleansing	-44
Waste Collection	177
Waste Disposal	-138
Harbours	6
Planning - Environment	-2
Building Standards	26
Policy, Information and Delivery	59
Planning - Administration	-14
Protective Services Administration	-4
Environmental Health	1
Development Management	4
Area Managers	42
Economic Development	-2
Roads Maintenance - Exp and Income	-10

**Virements to be Approved by the Head of Finance:**

Development Management (Budget vired from Property Construcion Services)	45
Economic Development (Budget vired from Fairer Scotland Fund)	35
Economic Development (Budget vired from Customer Communications & Improvement)	-48

**Closing Budget 69,512**

69,512

**0**



Appendix 4

INFRASTRUCTURE SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £'000	Forecast Outturn 2018/19 £'000	Variance 2018/19 £'000	Changes to Future Years £'000	Note
<b>PLANNED EXPENDITURE</b>						
<u>Planning</u>						
Access/Environment Projects	50	185	185	0	0	
<u>Roads, Landscape Services &amp; Waste Management</u>						
Aberdeen Western Peripheral Route	0	18,673	18,673	0	0	
Aberdeen Western Peripheral Route (Funded from Nestrans)	0	14	14	0	0	
Bridges & Structures	2,635	2,801	2,801	0	0	
Burial Grounds	751	946	946	0	0	
Cycling and Walking	673	1,680	2,017	337	0	1
Drainage	0	0	1,000	1,000	0	7
Harbours, Coast & Flooding	5,348	5,690	1,995	(3,695)	(638)	2
Stonehaven Flooding Scheme	0	0	4,553	4,553	12,510	3
Landfill, HWRC	1,000	1,000	1,000	0	0	
Nestrans Contribution	1,172	2,385	2,385	0	0	
Parks & Open Spaces	600	1,028	1,028	0	0	
Quarries	260	215	215	0	0	
Roads Resurfacing/Reconstruction	8,750	8,806	8,841	35	(35)	
Safety Initiatives	644	986	1,081	95	(95)	
Storm Frank Works Funded By Grant - Bridges and Flooding	0	544	544	0	0	
Street Lighting	1,400	1,977	2,100	123	(123)	4
Waste Collection Service	0	268	268	0	0	
<u>Transportation</u>						
Public Transport	3,916	3,005	3,375	370	(370)	5
Kintore Station	0	1,791	2,791	1,000	0	6
Vehicles	4,179	3,797	3,797	0	0	
<b>TOTAL PLANNED EXPENDITURE</b>	<b>31,378</b>	<b>55,791</b>	<b>59,609</b>	<b>3,818</b>	<b>11,249</b>	
<u>City Region Deal</u>						
Aberdeen Harbour Expansion (City Region Deal)	2,000	2,000	2,000	0	0	
Strategic Transport Appraisal (City Region Deal)	60	60	60	0	0	
Digital Infrastructure (City Region Deal)	2,500	2,575	2,575	0	0	
Grant Funded Projects (City Region Deal)	0	11,400	11,400	0	0	
City Region Deal Total	<b>4,560</b>	<b>16,035</b>	<b>16,035</b>	<b>0</b>	<b>0</b>	

Appendix 5

INFRASTRUCTURE SERVICES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

Significant Variance Analysis

<u>Note</u>	<u>Budget</u>	<u>Variance</u> <u>Revised Budget</u> <u>2018/19</u>	<u>Comment</u>
	<u>£'000</u>		
1	Cycling and Walking	337	Additional projects to be undertaken funded from Nestrans contributions of £127,000 and Sustrans contributions of £210,000.
2	Harbours, Coast & Flooding	(3,695)	Subject to Full Council approval a new budget line will be created to separate the Stonehaven Flooding Scheme from the Harbours, Coast & Flooding line and budget totalling £4,333,000 requires to be vired to the new line, including £3,695,000 of 2018/19
3	Stonehaven Flooding Scheme	4,553	Subject to Full Council approval a new budget line will be created to show major project spend separately from Harbours, Coast & Flooding line. Total budget will amount to £17,063,000 funded partially by a virement of £4,333,000 from Harbours, Coast & Flooding budget line and also grant funding of £12,730,000.
4	Street Lighting	123	A re-profile of the budget was undertaken to align with the 2018/19 work plan and later years including an acceleration of budget to fund the works to be undertaken this financial
5	Public Transport	370	Additional projects to be undertaken funded from Nestrans contributions of £370,000.
6	Kintore Station	1,000	Additional works on the project which are funded from a Nestrans contribution of £1,000,000 in 2018/19.
7	Drainage	1,000	A £200,000 virement to the loans fund budget will allow borrowing to be undertaken in 2018/19. This will be reported to Full Council on 27 September 2018.