

REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 12 March 2020

FINANCIAL REPORTING TO 31 JANUARY 2020

1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital budget monitoring information to 31 January 2020 for consideration.

2 Recommendations

The Committee is recommended to:

- 1. Consider and discuss the revenue and capital budget monitoring to 31 January 2020;**
- 2. Approve the budget movements as set out in Appendix 2, with further details in Appendix 3;**

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 has increased to £68.212 million as a result of virements, Scottish Government funding and transfers from reserves. Further details can be found in **Appendix 2**. A number of virements and transfers from reserves require approval today and explanations of these are included in **Appendix 3**.
- 4.2 The planned budgeted expenditure on service delivery to the end of January 2020 was £56.608 million, the actual expenditure incurred within this period was £56.645 million. **Appendices 1a and 1b** show the position at January 2020, along with a breakdown of these figures.
- 4.3 The outturn position for 2019-20 as at 31 January 2020 includes several over and within budget positions. Within these budgets there are several emerging issues, some of which are consistent with previous financial years. The issues are highlighted as follows:
- **Quarries** – Income from sales to private parties is predicted to be less than the budgeted position which is a follow on from the trend that emerged in 2018-19. Income levels in the current financial year are at the

same level as 2018-19 but the budget target is not attainable in 2019-20. This pressure has been adjusted for in the draft budget for 2020-21.

- **Grounds Maintenance** – The predicted over budget position is in part due to current staffing levels, including the seasonal staff requirements over the summer period lasting, in some cases, longer than the budgeted six month period. Transport costs are predicted to be above budgeted levels with the main overspend being on other transport costs, which includes spot hires and out with contract repairs.
- **Waste Collection** - Agency costs are predicted to be above budget due to service requirements of this front line service. Out with contract vehicle costs are increasing as fleet is ageing and Trade Waste income is not expected to reach budgeted levels. These pressures have been adjusted for in the draft budget for 2020-21.
- **Waste Disposal** – The predicted within budget outturn position is due in part to an underspend in staff costs as a result of delays in recruiting to the new recycling centre posts. Transport costs are likely to be below budget based on actuals to date and glass income is likely to be above budget due to new contract rates. This position has been adjusted for in the draft budget for 2020-21.
- **Transportation** - The expected within budget positions relate in the main to Cycling & Walking and Payments to Supported Local Bus Services. There will also be other areas where additional costs are negated by additional income e.g. Grasshopper Multi Ticketing, Cycle Parking equipment and EV Chargers.

The emerging issues identified above will continue to be monitored as we progress through the financial year and an update will be reported to the next Committee. In addition, the potential impact on the budget setting position for 2020-21 of these emerging issues has been factored into the budget setting process and will continue to be reviewed as part of this process.

- 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.

- 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 as detailed in **Appendix 4**.

Capital Budget Monitoring

- 4.7 Infrastructure Services Revised Capital Budget for the year 2019/20 is £97.736m plus £2.050m for the City Region Deal (CRD) and is detailed in **Appendix 5**.
- 4.8 To the end of January 2020, actual capital expenditure was £48.124m and £2m for the CRD. Variances of £29.410m are projected and the reasons behind the variances are detailed in **Appendix 6**. Any movements to this position will be reported back to a future Committee meeting as and when identified.
- 4.9 The delivery arrangements for the Kintore Station project were changed, as previously reported to Infrastructure Services Committee on 20 June 2019. Transport Scotland are acting as Principal Sponsor with the Railway Station being delivered by Network Rail. As a result, it would be prudent to amend the Capital Plan and remove the gross funding and financing totals that were previously added to the Plan and reflect the Council's contribution of £1,913,000 as Grant Funders to Transport Scotland.

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.

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

- 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 are 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
6 February 2020

List of Appendices

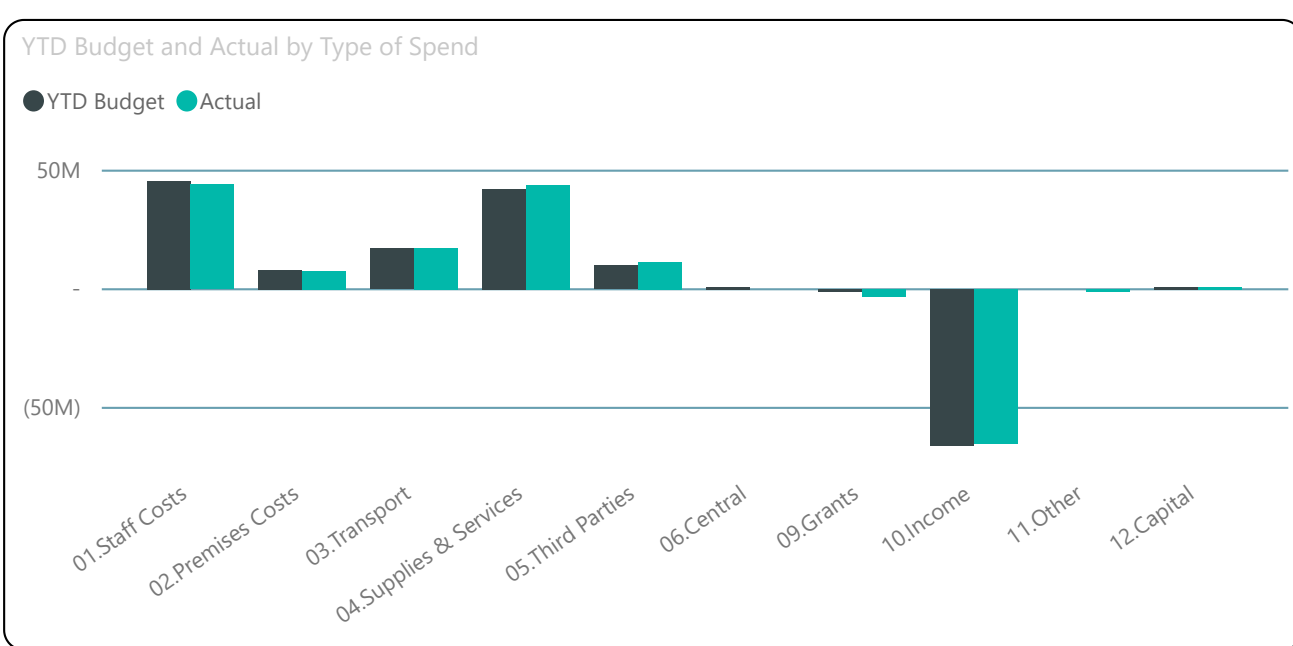
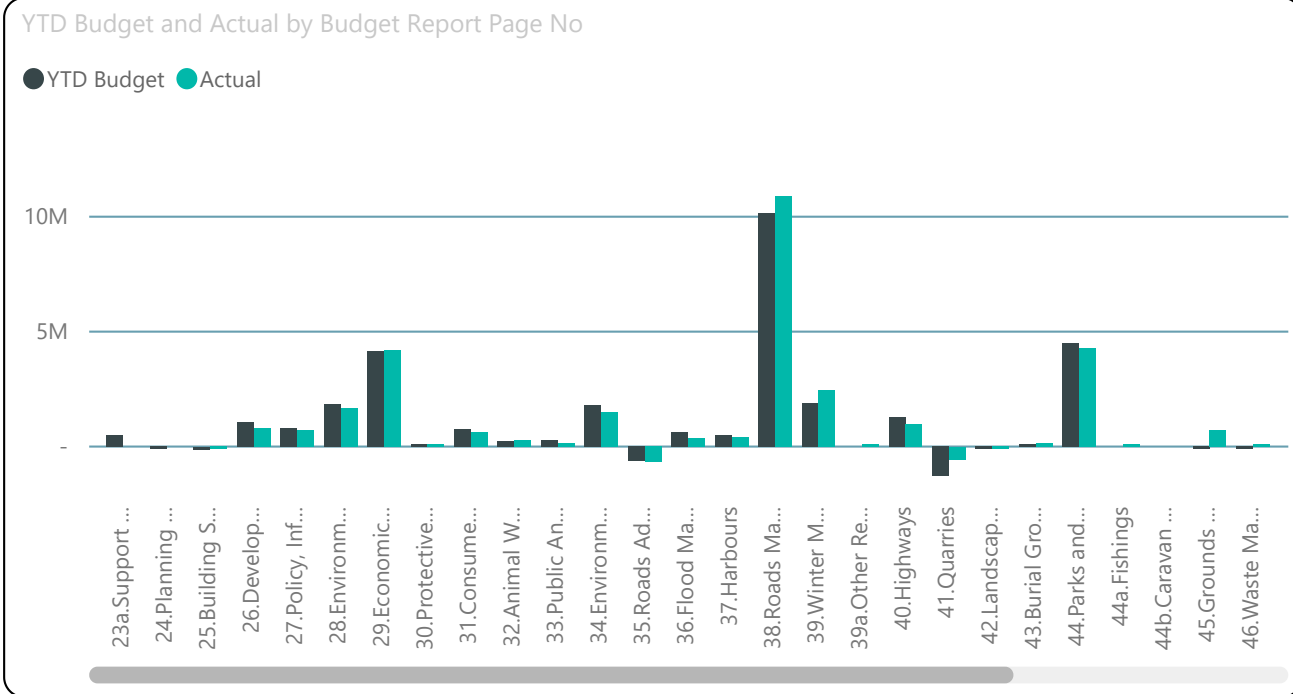
- Appendix 1a and 1b – Revenue Monitoring as at 31 January 2020
- Appendix 2 – Budget Movements
- Appendix 3 – Budget Movement Details
- Appendix 4 – Savings Agreed at Full Council February 2019
- Appendix 5 – Capital Performance
- Appendix 6 – Capital Variance Analysis



Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	68,211,561	56,608,103	56,645,261	(37,158)

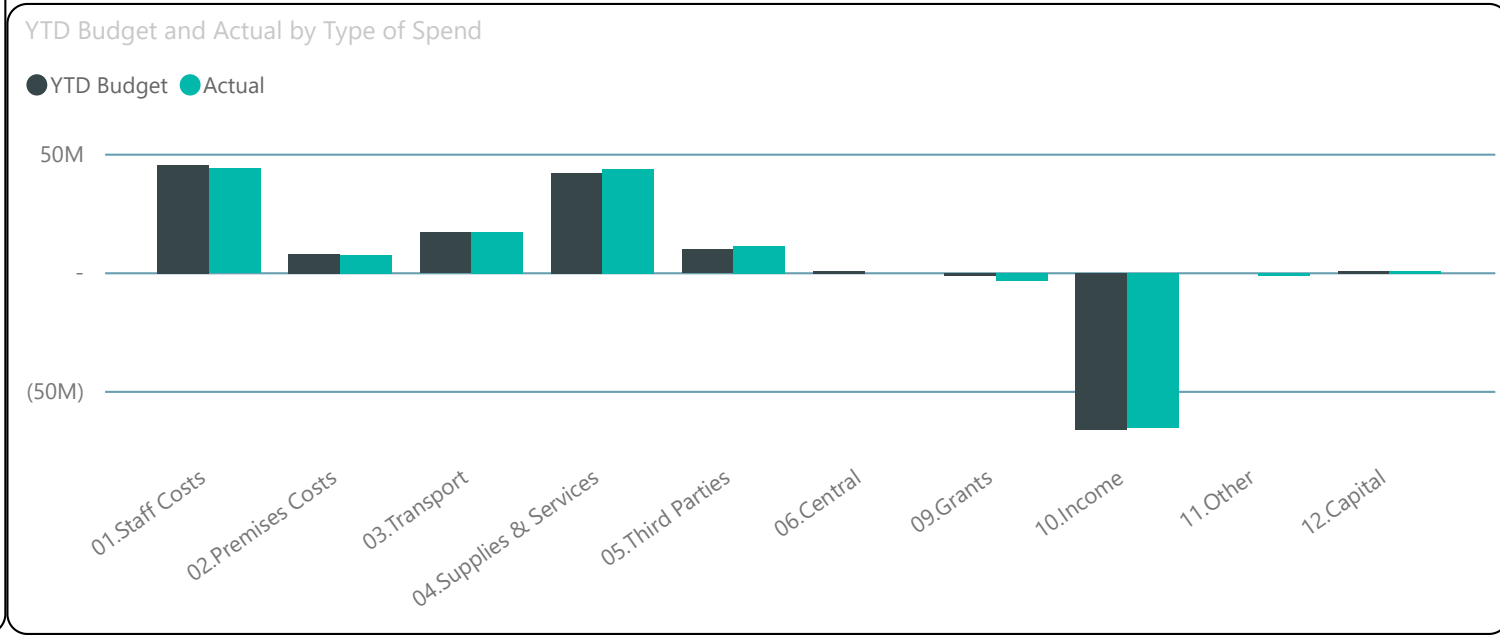
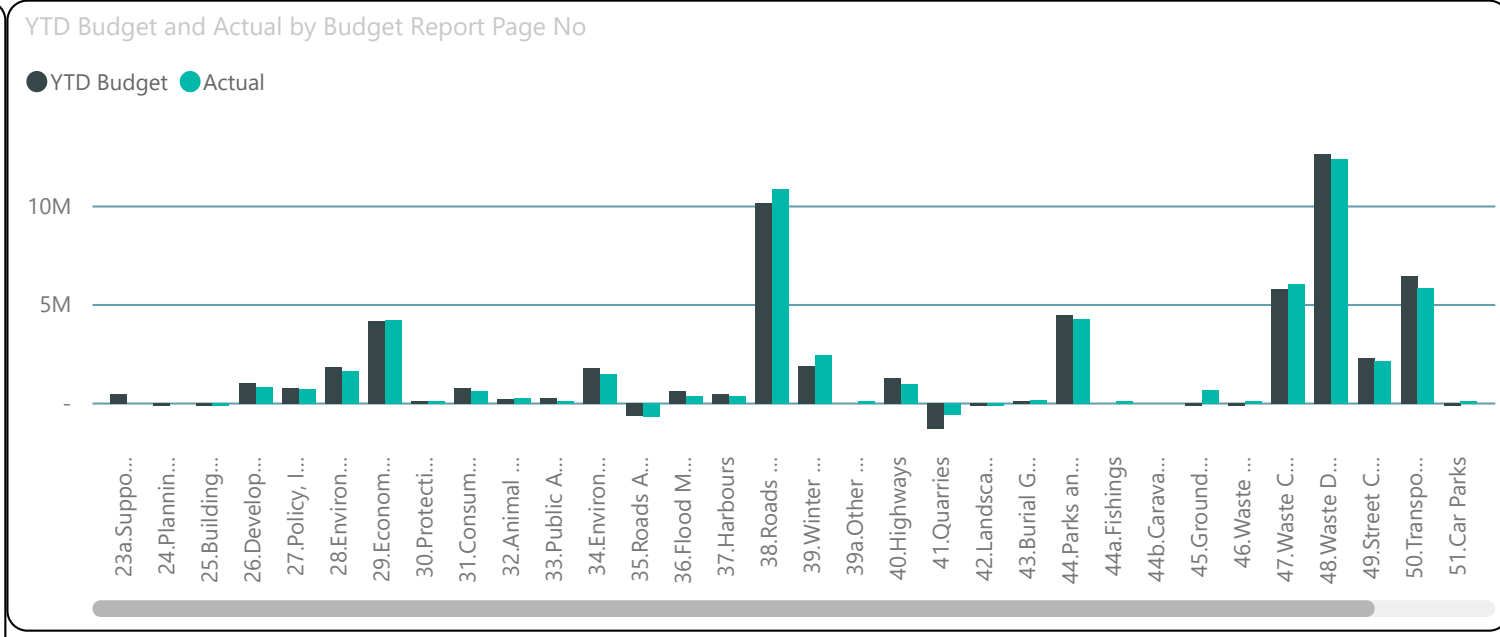
Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	68,211,561	56,608,103	56,645,261	(37,158)
Total	68,211,561	56,608,103	56,645,261	(37,158)

Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	54,808,681	45,701,103	44,217,921	1,483,181
02.Premises Costs	11,143,028	8,157,407	7,812,883	344,524
03.Transport	21,759,871	17,174,497	17,445,387	(270,889)
04.Supplies & Services	52,298,623	42,263,972	43,920,283	(1,656,310)
05.Third Parties	12,481,727	9,937,218	11,466,822	(1,529,604)
06.Central	996	830	830	
09.Grants	(891,340)	(593,830)	(3,186,284)	2,592,455
10.Income	(84,040,025)	(66,173,094)	(65,178,853)	(994,241)
11.Other	-		(1,473)	1,473
12.Capital	650,000	140,000	148,575	(8,575)
Total	68,211,561	56,608,103	56,645,261	(37,158)





Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
23a.Support Services (Infrastructure)	582,000	485,344	0	485,344
24.Planning Administration	-	(2,004)		(2,004)
25.Building Standards	(204,000)	(128,697)	(75,838)	(52,859)
26.Development Management	1,225,000	1,057,154	824,488	232,666
27.Policy, Information and Delivery	951,000	794,814	728,726	66,088
28.Environment	2,217,218	1,852,579	1,657,632	194,946
29.Economic Development	5,163,343	4,171,984	4,212,915	(40,931)
30.Protective Services Administration	-	154	391	(237)
31.Consumer Protection	941,000	780,160	614,785	165,375
32.Animal Welfare	294,000	244,510	261,923	(17,413)
33.Public Analyst	322,000	268,330	138,528	129,802
34.Environmental Health	2,021,000	1,804,354	1,495,799	308,555
35.Roads Administration and Management	(732,016)	(610,040)	(665,865)	55,825
36.Flood Management	746,996	622,000	358,756	263,244
37.Harbours	581,020	483,850	397,499	86,351
38.Roads Maintenance - Expenditure and Income	12,203,996	10,170,660	10,902,027	(731,367)
39.Winter Maintenance - Expenditure	4,531,004	1,905,619	2,450,849	(545,230)
39a.Other Recoverable Works - Roads Client	-	-	1,631	(1,631)
40.Highways	(1,278,000)	1,305,065	994,684	310,381
41.Quarries	(1,382,000)	(1,273,460)	(562,032)	(711,428)
42.Landscape Services - Administration	(21,000)	(22,000)	(10,628)	(11,372)
43.Burial Grounds	153,000	48,717	173,308	(124,591)
44.Parks and Open Spaces	5,679,000	4,493,632	4,296,574	197,058
44a.Fishings	-	-	7,797	(7,797)
44b.Caravan Parks	-	-	-	-
45.Grounds Maintenance	(495,000)	(63,369)	701,204	(764,573)
46.Waste Management	-	(2,000)	308	(2,308)
47.Waste Collection	7,535,000	5,793,981	6,071,223	(277,242)
48.Waste Disposal	15,752,000	12,683,536	12,424,186	259,350
49.Street Cleansing	2,850,000	2,294,105	2,172,076	122,029
50.Transportation	7,783,000	6,491,292	5,876,833	614,459
51.Car Parks	1,000	(26,420)	84,592	(111,012)
52.Internal Transport	31,000	214,337	175,020	39,317
53.Vehicle Maintenance Services	(111,000)	70,920	249,808	(178,888)
Total	68,211,561	56,608,103	56,645,261	(37,158)





Budget Report Page No	Base Budget as at 14th Feb 2019 Committee	Pre-Approved Virements	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 19/20
23a.Support Services (Infrastructure)				568,000	14,000	582,000
24.Planning Administration	-			-	-	-
25.Building Standards	(257,000)	(3,000)		43,000	13,000	(204,000)
26.Development Management	1,497,000	(40,000)		(259,000)	27,000	1,225,000
27.Policy, Information and Delivery	938,000	(2,000)		9,000	6,000	951,000
28.Environment	2,055,000			36,000	126,218	2,217,218
29.Economic Development	4,206,000	280,000	50,000	(324,000)	951,343	5,163,343
30.Protective Services Administration	-			-	-	-
31.Consumer Protection	985,000	(3,000)		(48,000)	7,000	941,000
32.Animal Welfare	339,000			(47,000)	2,000	294,000
33.Public Analyst	322,000					322,000
34.Environmental Health	1,800,000	(5,000)		206,000	20,000	2,021,000
35.Roads Administration and Management	(722,016)	(10,000)		-	-	(732,016)
36.Flood Management	843,996			(100,000)	3,000	746,996
37.Harbours	451,020	(1,000)		127,000	4,000	581,020
38.Roads Maintenance - Expenditure and Income	12,234,996			(59,000)	28,000	12,203,996
39.Winter Maintenance - Expenditure	4,529,004			-	2,000	4,531,004
39a.Other Recoverable Works - Roads Client	-					-
40.Highways	(1,327,000)	(15,000)		(7,000)	71,000	(1,278,000)
41.Quarries	(1,383,000)			(6,000)	7,000	(1,382,000)
42.Landscape Services - Administration	(21,000)			-	-	(21,000)
43.Burial Grounds	171,000			(19,000)	1,000	153,000
44.Parks and Open Spaces	5,665,000			9,000	5,000	5,679,000
45.Grounds Maintenance	(481,000)	-		(62,000)	48,000	(495,000)
46.Waste Management	-			-	-	-
47.Waste Collection	7,526,000			(41,000)	50,000	7,535,000
48.Waste Disposal	15,913,000	(30,000)		(158,000)	27,000	15,752,000
49.Street Cleansing	2,856,000			(20,000)	14,000	2,850,000
50.Transportation	7,784,000	(14,000)		(24,000)	37,000	7,783,000
51.Car Parks	-			-	1,000	1,000
52.Internal Transport	30,000			(1,000)	2,000	31,000
53.Vehicle Maintenance Services	(127,000)			(5,000)	21,000	(111,000)
60.Area Managers - Kincardine, Mearns and Marr	883,000	(18,000)			6,000	871,000
Total	66,711,000	139,000	50,000	(182,000)	1,493,561	68,211,561

**Aberdeenshire Council
Financial Performance - Revenue Budget
Budget Movements to be approved**

Appendix 3

Budget Movements to be approved by the Policy Committee

Reference	Description and Budget Pages	Amount
1 Support Services Review		
	Policy Committee (Comm & ISC) - Permanent budget movement to reflect changes resulting from Support Services Review	
	Waste Management	(5,000)
	Waste Management	5,000
	Waste Collection	8,000
	Waste Disposal	(87,000)
	Street Cleansing	(8,000)
	Support Services (Infrastructure)	(1,253,000)
	Building Standards	16,000
	Development Management	(86,000)
	Policy, Information & Delivery	37,000
	Environment	36,000
	Environmental Health	286,000
	Grounds Maintenance	102,000
	Highways	178,000
	Burial Grounds	27,000
	Parks	79,000
	Country Parks	8,000
	Quarries	15,000
	Roads	177,000
	Internal Transport	4,000
	Vehicle Maintenance Services	23,000
	Transportation	53,000
	Economic Development	54,000
	Animal Welfare	(47,000)
	Protective Services Admin	33,000
	Planning Admin	320,000
	Policy, Info & Delivery	(28,000)
2 Support Services Review		
	Policy Committee (Comm & ISC) - One-off budget movement to reflect changes resulting from Support Services Review	
	Support Services (Infrastructure)	89,000
	Planning Admin	(54,000)
	Building Standards	27,000
	Development Management	27,000
3 Conditional Surveys		
	Policy Committees (BS, IS, Comm, ECS) - permanent movement of budgets to Estates to reflect the cost of conditional surveys as agreed at Full Council June 2018	
	Waste Disposal	(9,000)
4 Carbon Reduction		
	Policy Committees (BS and IS) - permanent virement to reflect carbon commitment reduction	
	Economic Development	(280,000)
	Total to be agreed by Committee 12/03/20	(253,000)
	Reconciliation of Virements to 31 January 2020	
	Virements approved 03/10/19	67,000
	Virements for approval 12/03/20	(253,000)
	Head of Service/Director Virements	4,000
	Agreed to Appendix 2	(182,000)
Additional Scottish Government Funding to be approved by Full Council (For noting at Policy Committee)		
	The following additional funding has been received from the Scottish Government	
	Brexit Activity	50,000
		50,000
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	320,988
	Support for Community Groups	37,821
	Regeneration Reserve	691,268
	Revenue Grants Unconditional, expenditure not incurred	484
	Pay Strategy	443,000
		1,493,561

