

## REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 26 NOVEMBER 2020

### FINANCIAL PERFORMANCE REPORTING TO 30 SEPTEMBER 2020

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital budget monitoring information to 30 September 2020 for consideration.

#### 2 Recommendations

**The Committee is recommended to:**

- 2.1 Consider and discuss the revenue and capital budget monitoring to 30 September 2020;**
- 2.2 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 2020/21 was agreed on 18 March 2020 at £62.340 million, this has increased to £62.499 million as a result of transfers from reserves. Further details can be found in **Appendix 2**. A number of transfers from reserves and virements require approval and explanations of these are included in **Appendix 3**.
- 4.2 The planned budgeted expenditure on service delivery to the end of September 2020 was £30.330 million, the actual expenditure incurred within this period was £34.757 million. **Appendices 1a and 1b** show the position at September 2020, along with a breakdown of these figures.
- 4.3 The outturn position for 2020/21 as at 30 September 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:
- **Building Standards** - income from building warrant fees is lower due to Covid-19 impact but the under recovery position will improve in the final 2 quarters of 2020/21.

- **Environment** – expenditure on Historic Environment and Footpath & Open Space projects is within budget due to impact of Covid-19 on workplans.
- **Economic Development** – the Coastal Communities Fund funding has been received from Marine Scotland and will be committed by the end of 2020/21.
- **Environmental Health** – expenditure in relation to Water Improvement grants is under budget and there are staffing vacancies within the Public Health team.
- **Harbours** – within budget position in relation to repairs, alterations & maintenance of buildings budget, equipment, and dredging work due to impact of Covid-19.
- **Roads Maintenance and Highways** – Road Maintenance Programme has been suspended apart from critical activities resulting in limited income for Highways. A number of team members are working on other duties in Waste. Trading account target surplus will not be met in 2020/21 and a review is ongoing between Finance and Roads Management regarding the ongoing requirement of trading accounts.
- **Quarries** - reduced demand due to Covid-19 impact on internal and external sales whilst continuing fixed cost elements, resulting in target surplus not being met.
- **Parks and Open Spaces** - Landscape Maintenance Programme suspended apart from critical activities resulting in limited income for Highways. Some team members are working on other duties in Waste. Trading account target surplus will not be met in 2020/21 as a result.
- **Waste Collection** - Overtime, agency staff and fuel costs (fuel prices are currently low) are lower than budget profile due to impact of Covid-19 because of redeployment of staff from other teams, such as Highways and Grounds. Billing for financial year 2020/21 to customers has been delayed as a result of the impact of Covid-19 but will be completed prior to the next report to Committee.
- **Transportation** - Demand Responsive Transport costs are reduced due to impact of Covid-19.
- **Car Parks** - impact of reduced income due to impact of Covid-19 across all sites. A report to the Adaptive Services Board has provided an update on the progression from lockdown.
- **Covid-19 - IS** - Covid-19 costs of £453,000 have been incurred split over supplies and services £310,000, transportation £98,000 and staff £44,000.

- **Expenditure Funded from Borrowing** – this budget relates to a review of financing options as part of the Medium Term Financial Strategy (MTFS) which resulted in revenue expenditure that can be defined as capital. It was anticipated, pre Covid-19, that more expenditure of this nature would be undertaken. Provision was made through the inclusion of a new budget line for the capitalisation of these projects in the Capital budget. Given the restrictions on planned expenditure within Infrastructure Services due to Covid-19 it is anticipated that the identification of £7.0m of revenue spend to be capitalised will not be possible. This will also require to be considered as part of MTFS2.

- 4.4 The emerging issues identified above will continue to be monitored as we progress through the financial year, move between the Covid-19 lockdown phases and prioritise services provided. Further updates will be reported to the Committee throughout 2020/21.
- 4.5 This report continues the focus on the management of expenditure against a phased budget which for 2020/21 has been based on previous years expenditure profiles. This process builds on the Council’s already robust financial governance. This approach 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.

#### Capital Budget Monitoring

- 4.6 Infrastructure Services Revised Capital Budget for the year 2020/21 is £99.439 million plus £0.102 million for the City Region Deal (CRD) and is detailed in **Appendix 4**.
- 4.7 To the end of September 2020, actual capital expenditure was £12.556 million with no spend to date for the CRD. Variances of £21.581 million are projected to the end of financial year 2020/21 due to the implications relating to Covid-19 and the delay in project progression. 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 The work and outcomes delivered through the various services reporting to the Infrastructure Committee helps in the delivery of the following council priorities:

<b>Pillar</b>	<b>Priority</b>
Our People	<ul style="list-style-type: none"> <li>• Education</li> <li>• Health &amp; Wellbeing</li> </ul>
Our Environment	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Resilient Communities</li> </ul>
Our Economy	<ul style="list-style-type: none"> <li>• Economy &amp; Enterprise</li> <li>• Estate Modernisation</li> </ul>

5.2 This report sets out the financial resources which have been used to deliver the priorities of Infrastructure Committee and as such link into the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within the Committee’s remit.

5.3 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

5.4 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.

5.5 There are no staffing or children and young people’s wellbeing implications arising from this report.

5.6 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 Chris Smith, 4 November 2020

### List of Appendices

Appendix 1a and 1b – Revenue Monitoring as at 30 September 2020

Appendix 2 – Budget Movements

Appendix 3 – Budget Movement Details

Appendix 4 – Capital Performance

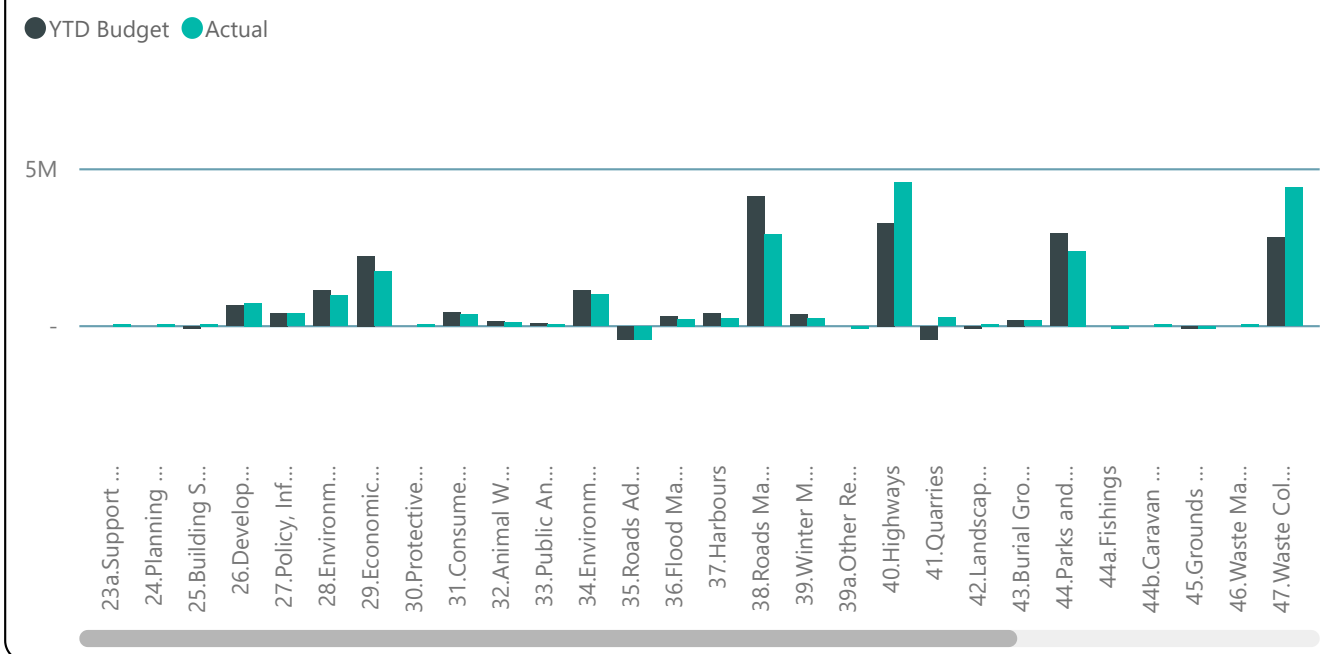


Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	62,499,350	30,330,382	34,303,635	(3,973,253)
Infrastructure Services - Covid	-	-	453,117	(453,117)
<b>Total</b>	<b>62,499,350</b>	<b>30,330,382</b>	<b>34,756,752</b>	<b>(4,426,370)</b>

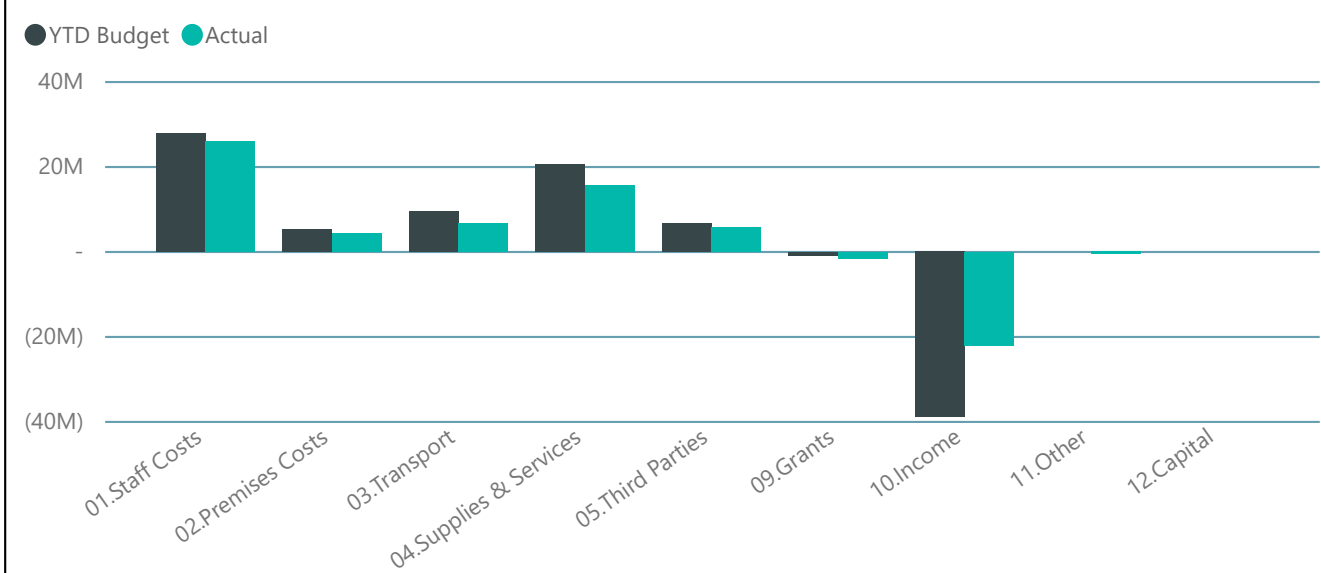
Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Infrastructure Services	62,499,350	30,330,382	34,303,635	(3,973,253)
Infrastructure Services - Covid	-	-	453,117	(453,117)
<b>Total</b>	<b>62,499,350</b>	<b>30,330,382</b>	<b>34,756,752</b>	<b>(4,426,370)</b>

Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	55,336,035	27,829,135	25,906,661	1,922,474
02.Premises Costs	12,389,850	5,349,137	4,473,751	875,387
03.Transport	21,313,551	9,648,461	6,638,483	3,009,978
04.Supplies & Services	45,209,449	20,512,732	15,695,374	4,817,358
05.Third Parties	13,589,446	6,767,574	5,718,198	1,049,376
06.Central	194,300	-	-	-
09.Grants	(1,426,423)	(897,057)	(1,584,262)	687,205
10.Income	(85,800,858)	(38,879,600)	(22,088,115)	(16,791,486)
11.Other	-	-	(3,337)	3,337
12.Capital	1,694,000	-	-	-
<b>Total</b>	<b>62,499,350</b>	<b>30,330,382</b>	<b>34,756,752</b>	<b>(4,426,370)</b>

YTD Budget and Actual by Budget Report Page No

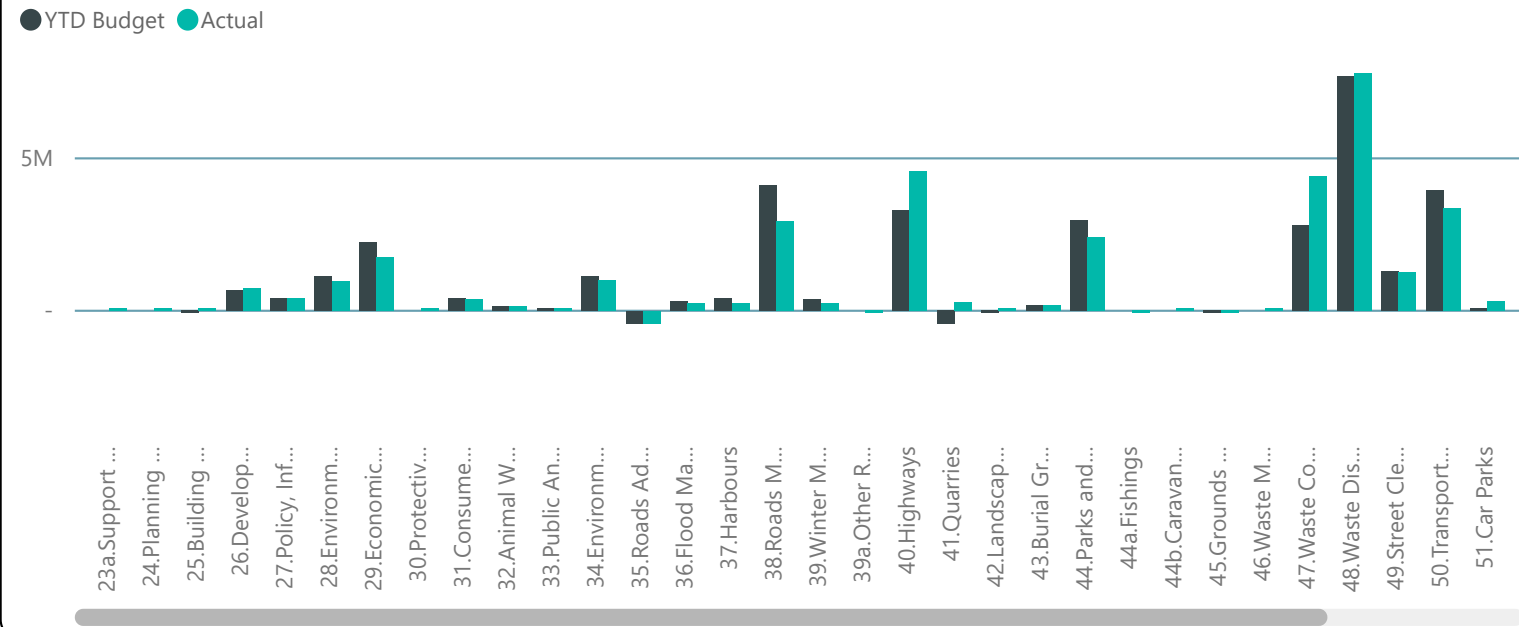


YTD Budget and Actual by Type of Spend

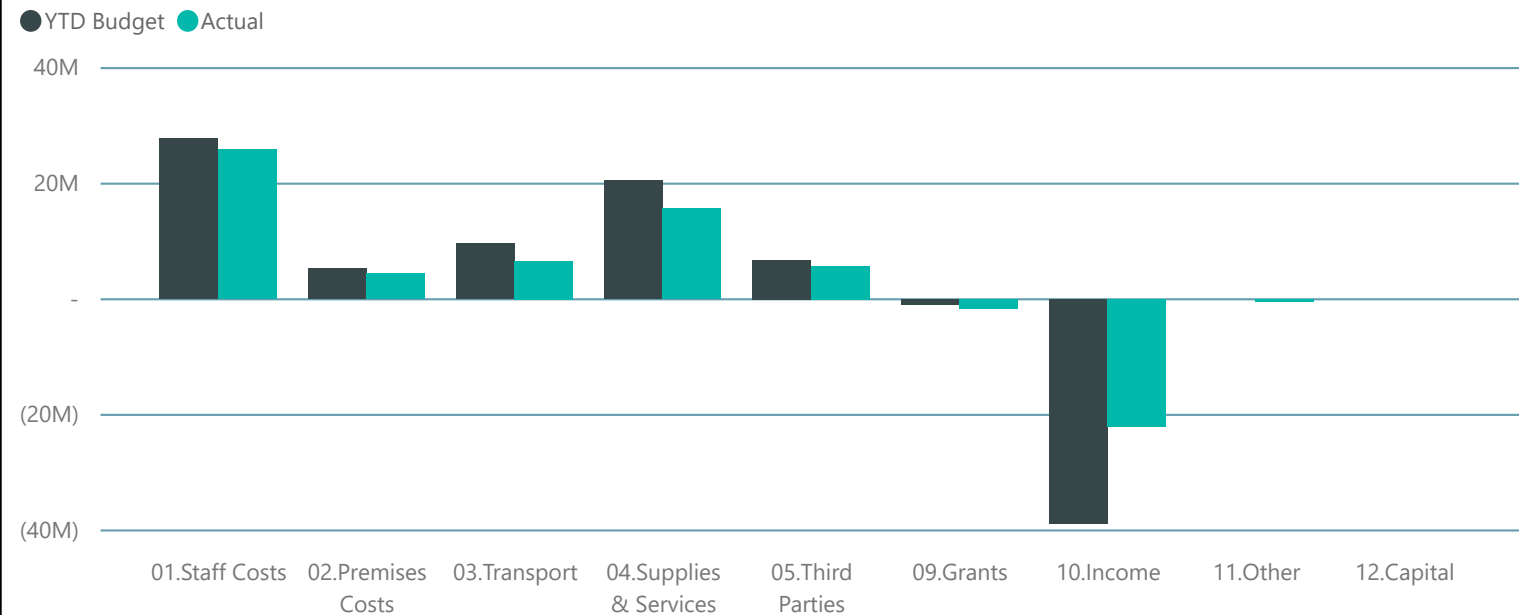


Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
23a.Support Services (Infrastructure)	-	-	2,852	(2,852)
24.Planning Administration	-	-	5,510	(5,510)
25.Building Standards	(75,000)	(41,303)	60,011	(101,314)
26.Development Management	1,490,000	666,536	739,658	(73,122)
27.Policy, Information and Delivery	958,000	423,918	402,215	21,703
28.Environment	2,117,025	1,138,775	983,766	155,009
29.Economic Development	4,388,546	2,239,252	1,741,064	498,188
30.Protective Services Administration	-	-	167	(167)
31.Consumer Protection	862,000	425,738	380,872	44,866
32.Animal Welfare	289,000	145,356	133,690	11,666
33.Public Analyst	280,000	93,332	45,942	47,390
34.Environmental Health	1,924,000	1,141,116	998,874	142,242
35.Roads Administration and Management	(839,005)	(418,492)	(418,701)	209
36.Flood Management	648,334	301,118	230,564	70,554
37.Harbours	747,801	407,745	259,550	148,196
38.Roads Maintenance - Expenditure and Income	10,304,844	4,123,808	2,924,303	1,199,505
39.Winter Maintenance - Expenditure	4,899,026	366,815	243,692	123,123
39a.Other Recoverable Works - Roads Client	-	-	(30,281)	30,281
40.Highways	530,000	3,292,544	4,576,339	(1,283,795)
41.Quarries	(816,000)	(429,388)	275,070	(704,458)
42.Landscape Services - Administration	(19,000)	(10,000)	7,797	(17,797)
43.Burial Grounds	216,000	192,290	176,346	15,944
44.Parks and Open Spaces	5,980,000	2,961,683	2,395,925	565,758
44a.Fishings	-	-	(20)	20
44b.Caravan Parks	-	-	14,757	(14,757)
45.Grounds Maintenance	(279,000)	(40,480)	(5,296)	(35,183)
46.Waste Management	-	-	47,191	(47,191)
47.Waste Collection	7,878,000	2,819,685	4,411,909	(1,592,224)
48.Waste Disposal	16,184,000	7,694,238	7,785,500	(91,262)
49.Street Cleansing	2,800,000	1,308,381	1,270,625	37,756
50.Transportation	8,003,000	3,953,028	3,373,073	579,955
51.Car Parks	(2,000)	89,177	299,272	(210,095)
52.Internal Transport	-	170,333	225,493	(55,160)
53.Vehicle Maintenance Services	101,000	372,161	364,163	7,998
60.Area Managers - Kincardine, Mearns and Marr	928,779	445,015	381,744	63,271
Covid-19 Infrastructure Services	-	-	453,117	(453,117)
Expenditure funded from borrowing - IS	(7,000,000)	(3,502,000)		(3,502,000)
<b>Total</b>	<b>62,499,350</b>	<b>30,330,382</b>	<b>34,756,752</b>	<b>(4,426,370)</b>

YTD Budget and Actual by Budget Report Page No



YTD Budget and Actual by Type of Spend





Budget Report Page No	Base Budget as at Mar 2020 Committee	Budget Adjustments	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
23a.Support Services (Infrastructure)	-	-				-
24.Planning Administration	-					-
25.Building Standards	(75,000)					(75,000)
26.Development Management	1,490,000					1,490,000
27.Policy, Information and Delivery	958,000					958,000
28.Environment	2,059,000				58,025	2,117,025
29.Economic Development	4,288,000				100,546	4,388,546
30.Protective Services Administration	-					-
31.Consumer Protection	862,000					862,000
32.Animal Welfare	289,000					289,000
33.Public Analyst	280,000					280,000
34.Environmental Health	1,924,000	-				1,924,000
35.Roads Administration and Management	(839,005)	-				(839,005)
36.Flood Management	774,000	(125,666)				648,334
37.Harbours	833,000	(85,199)				747,801
38.Roads Maintenance - Expenditure and Income	11,684,005	320,839		(1,700,000)		10,304,844
39.Winter Maintenance - Expenditure	5,009,000	(109,974)				4,899,026
39a.Other Recoverable Works - Roads Client	-	-				-
40.Highways	(1,170,000)	-		1,700,000		530,000
41.Quarries	(816,000)	-				(816,000)
42.Landscape Services - Administration	(19,000)					(19,000)
43.Burial Grounds	216,000	-				216,000
44.Parks and Open Spaces	5,980,000	-				5,980,000
45.Grounds Maintenance	(279,000)	-				(279,000)
46.Waste Management	-	-				-
47.Waste Collection	7,878,000	-				7,878,000
48.Waste Disposal	16,184,000	-				16,184,000
49.Street Cleansing	2,800,000					2,800,000
50.Transportation	8,003,000	-				8,003,000
51.Car Parks	(2,000)	-				(2,000)
52.Internal Transport	-	-				-
53.Vehicle Maintenance Services	101,000					101,000
60.Area Managers - Kincardine, Mearns and Marr	928,000	779				928,779
<b>Total</b>	<b>62,340,000</b>	<b>779</b>		<b>-</b>	<b>158,571</b>	<b>62,499,350</b>

**Aberdeenshire Council - Infrastructure Services Committee  
Financial Performance - Revenue Budget**

**Appendix 3**

**Virements for approval by Policy Committee**

<b>Reference Description and Budget Pages</b>	<b>Amount</b>
<b>Total for approval by Committee</b>	<b>0</b>
<b><u>Reconciliation of Virements to 30 September 2020</u></b>	
Head of Finance Virements	(7,400)
<b>Agreed to Appendix 2</b>	<b><u>(7,400)</u></b>

**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 to 30 September 2020

Renewable Energy Reserve	25,506
Regeneration Reserve	328,525
Government Grants	600
<b>Agreed to Appendix 2</b>	<b><u>354,631</u></b>



INFRASTRUCTURE SERVICES COMMITTEE - FINANCIAL PERFORMANCE: 2020/21 NON-HRA CAPITAL PERFORMANCE Q2 (SEPTEMBER 2020)

APPENDIX 4

	APPROVED BUDGET MAR '20 2020/21 £000	BUDGET Incl. 19/20 Final Outturn 2020/21 £000	REPORT UPDATES 2020/21 £000	REVISED BUDGET 2020/21 £000	Par.	Q2 ACTUAL EXPENDITURE 2020/21 £000	20/21 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000
<b>INFRASTRUCTURE SERVICES</b>								
1 Aberdeen Western Peripheral Route	7,000	9,561	0	9,561		818	8,743	(2,561)
2 Access/Environment Projects	50	201	0	201		0	201	(172)
3 Bridges & Structures	2,267	2,449	0	2,449		639	1,810	(793)
4 Burial Grounds	344	822	0	822		331	491	(699)
5 Cycling and Walking	1,696	2,226	0	2,226		304	1,922	(1,321)
6 Drainage	2,293	2,276	0	2,276		8	2,268	(923)
7 Energy from Waste	32,292	32,688	0	32,688		4,392	28,296	(1,688)
8 Gypsy Traveller Site Upgrades	0	0	141	141	x.x	0	141	0
9 Harbours, Coast & Flooding	3,537	4,101	0	4,101		81	4,020	(1,486)
10 Capitalisation of Revenue Projects	7,000	7,000	0	7,000		0	7,000	(3,500)
11 Kintore Station	151	1,551	0	1,551		17	1,534	(194)
12 Landfill, HWRC	882	1,109	0	1,109		174	935	(469)
13 Nestrans Contribution	1,694	1,759	0	1,759		112	1,647	(771)
14 Parks & Open Spaces	1,300	1,207	0	1,207		1	1,206	(1,137)
15 Public Transport	3,361	2,856	0	2,856		94	2,762	(895)
16 Quarries	735	735	0	735		0	735	0
17 Roads Resurfacing/Reconstruction	11,750	11,750	0	11,750		765	10,985	(5,050)
18 Safety Initiatives	814	848	0	848		41	807	(738)
19 Stonehaven Flooding Scheme Storm Frank Works Funded By Grant - Bridges and	6,642	5,600	0	5,600		3,846	1,754	2,042
20 Flooding	257	260	0			0	260	36
21 Street Lighting	1,429	1,585	0	1,585		15	1,570	(256)
22 Town Centre Fund (Council Projects)	1,668	1,725	1,179	2,904	x.x	191	2,713	(752)
23 Vehicles	5,766	5,810	0	5,810		727	5,083	(120)
<b>Infrastructure Services Total</b>	<b>92,928</b>	<b>98,119</b>	<b>1,320</b>	<b>99,439</b>		<b>12,556</b>	<b>86,883</b>	<b>(21,447)</b>
<b>CITY REGION DEAL</b>								
Strategic Transport				102				
24 Appraisal (City Region Deal)	55	102	0			0	102	(134)
<b>City Region Deal Total</b>	<b>55</b>	<b>102</b>	<b>0</b>	<b>102</b>		<b>0</b>	<b>102</b>	<b>(134)</b>