

REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 8 JUNE 2022

FINANCIAL PERFORMANCE AS AT 31 MAY 2022

Executive Summary/Recommendations

1.1 This report presents the revenue and capital financial performance information pertaining to Infrastructure Services as of 31 May 2022.

1.2 The Committee is recommended to:

1.2.1 Note the Revenue budget position as at 31 May 2022 and the potential risks;

1.2.2 Note the Capital budget position as at 31 May 2022.

2. Decision-Making Route

2.1 The purpose of this report is to provide the Committee with the financial information in relation to expenditure and income for the services for which the Committee has responsibility.

2.2 The information contained within this report will be reported to Full Council on 30 June 2022.

2.3 The Committee will receive further reports on the financial performance at each Committee cycle and elected members will be able to access financial information out with the Committee cycle through a set of high-level interactive reports that have been developed.

2.4 Full Council will receive Financial Performance Reports at the end of each quarter.

3. Discussion

3.1 The table below provides a summary of the revenue, capital, and reserves allocations for Infrastructure Services as agreed at Council on 9 March 2022.

	Council Budget £'000	Infrastructure Services Budget £'000	Infrastructure Services Forecast £'000	Infrastructure Services Variance £'000
Gross Revenue Budget	673,166	61,648	61,648	-
Service Savings	(11,603)	(1,519)	(1,519)	-
Net Revenue Budget	661,563	60,129	60,129	-
Infrastructure Fund 1		4,340	4,340	

	Council Budget £'000		Infrastructure Services Budget £'000	Infrastructure Services Forecast £'000	Infrastructure Services Variance £'000
Infrastructure Fund 2			6,690	6,690	
Infrastructure Services			76,199	76,199	
Total Capital	136,063		87,229	87,229	-
Reserves	81,513*		7,789*	7,789	-

*Draft figure for 2022/23. Final figures to be confirmed once 2021/22 Annual Accounts finalised.

Revenue Budget

3.2 The revenue budget for 2022/23 for Infrastructure Services Committee is £60.129 million. **Appendix 1** details the Infrastructure Service Budget allocation by budget page. **Appendix 2** presents the budget allocation by Type of Spend. At present there are no identified pressures on the budget however some risks have been identified which may affect the outturn position at the end of the financial year.

3.2.1. Pay Award – Public Sector pay awards from 2022/23 onwards will be decided by Scottish Government as part of the national pay discussions. The 2022/23 budget included provision for a pay award of up to 3%. Anything over and above this would result in a budget pressure which would require to be funded in-year. In the absence of additional Scottish Government funding, any additional pay awards would require to be funded from Council reserves.

3.2.2. The energy market remains volatile with the risk that costs will exceed budget. The Energy Management Team continue to monitor the position and provide regular updates to the Strategic Leadership Team.

3.2.3. Waste Service – Building construction delays in the completion of the new NESS energy project for waste disposal may mean that waste that would have been processed there may have to be treated by an external contractor which would cost more than planned.

3.2.4. White diesel - Although budgets were increased for a rise in the price of diesel for the vehicles used by the Infrastructure Service there is a risk that the increase is insufficient to cover the current high costs of fuel. Red diesel was banned in construction and manufacturing and replaced with white diesel. This change has also seen an increase in excise duty and cost of this increase is being reflected in higher prices in the supply chain and construction contracts. The Service are monitoring this area.

3.2.5. Passenger Transport Contracts - Transport inflation is applied to the Bus Operators Contracts annually in August, based on the preceding 12 months. There is a financial risk due to the increasing cost of fuel that the rise in contracts will exceed budget. Officers are still working on the final percentage uplift.

Capital

- 3.3 The Revised Capital Budget for Infrastructure Services agreed at Full Council on 9 March 2022 is £87.229 million. **Appendix 3** details the Capital Projects.
- 3.4 At present there are no confirmed movements on the Capital Budget, however six projects are at risk as per the undernoted table.

Programme	Budget £'000	Risk
Aberdeen Western Peripheral Route	5,700	Dependent upon third parties claiming land compensation.
Bridges & Structures	4,167	Detail behind programme of works awaited, including funding from IF1/IF2 to assess deliverability.
Cycling and Walking	1,592	Details of programme of works awaited to utilise capital grant available
Stonehaven Flooding Scheme	3,240	Several claims have been submitted for weather events and changes to legislation for tax on diesel increases risk that project could overspend.
Street Lighting	800	Service advise that their programme of works may exceed budget provision .
Infrastructure 2 Projects	12,878	Current forecasts suggest that the budget provision for the year may not be required in full.

- 3.5 Despite a return to normal following the pandemic the construction industry is still dealing with logistics and material supplies issues. The conflict in Ukraine and increasing energy costs are resulting in material price increases, the construction industry is warning of a skilled labour shortage and contractors and suppliers are reluctant to provide fixed rate prices.
- 3.6 In light of the above risks the capital projects planned for 2022/23 are currently being considered for affordability and deliverability as part of a review of the capital plan to ensure value for money and service delivery.

Material deferral of budget to later years adds to the risk that the Capital Plan becomes unaffordable in a specific year in which case future years phasing and prioritisation of projects may require to be revisited.

Reserves

- 3.7 There are seven earmarked reserves, which fall within the remit of Infrastructure Services Committee to scrutinise the use of:

Reserve	Draft Balance 31 May 2022 £'000
Regeneration and Priority Town Reserve	2,561,803
AWPR Reserve	1,318,559
CCI	29,341
Road Maintenance Fund	2,500,000
Rural Development Partnership Fund	37,152
Carbon Budget Tool Reserve	42,259
Winter Road Maintenance Fund	1,300,000
Total	7,789,114

The Regeneration and Priority Town Reserve was created to focus on the economic regeneration of Fraserburgh, Peterhead, Banff, and Macduff. This funding is fully committed.

The AWPR Reserve is to fund the restoration of non-trunk roads in Aberdeenshire as a result of AWPR construction. This funding was received from Transport Scotland and the Service are working on plans to utilise these funds.

The CCI (Corporate Communications) is a restricted reserve. The funding is for the work of Invest Aberdeen, the regional inward investment hub covering Aberdeenshire and Aberdeen City. The funds are to be used on the project for Inward Investment per agreement with Partners.

The Road Maintenance Fund is in place to alleviate any pressures arising in year for any unplanned but essential emergency repairs.

The Rural Development Partnership Fund is to support Aberdeenshire's six Rural Partnerships with Covid recovery.

The Carbon Budget Tool Reserve is fully committed on a programme for expert consultancy services.

The Winter Road Maintenance Fund was created to provide for unexpected pressures on the roads winter maintenance budget.

4. Council Priorities, Implications and Risk

4.1 The work and outcomes delivered through the various services reporting to the Infrastructure Services Committee helps in the delivery of the following council priorities:

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

Underpinning the Priorities are a number of key principles. This report helps deliver the Strategic Priority of “Economy and Enterprise” within the Pillar of “Our Economy” and the key principle of responsible finances.

- 4.2 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 and Fairer Duty Scotland			X
Children and Young People’s Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

- 4.3 The financial implications have been discussed throughout the report. There are no direct staffing implications.
- 4.4 The screening section as part of Stage One of the Integrated Impact Assessment process has not identified the requirement for any further detailed assessments to be undertaken. The report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure. There will be no differential impact, as a result of the report, on people with protected characteristics.
- 4.5 The following risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)). On a Directorate level the following risk has been identified: We live within our means and use public money to maximise outcomes for communities ([Directorate Risk Register](#)). Actions being taken to mitigate these risks are set out in the report.

5. Scheme of Governance

- 5.1 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.
- 5.2 The Committee can 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 the scrutiny of financial performance information in respect of functions that have been delegated to the Committee.

Alan Wood
Director of Environment & Infrastructure Services

Report Prepared by: Moira Beverley, Team Manager
Date: 24 May 2022

Appendix 1 – Revenue Budget for Infrastructure Services 2022/23 by budget page.
Appendix 2 – Revenue Budget for Infrastructure Services 2022/23 by spend classification.
Appendix 3 – Capital Budget for Infrastructure Services 2022/23

Appendix 1 - Infrastructure Services Budget 2022/23 as agreed at Full Council 9th March 2022

	Infrastructure Services Budget £'000	Forecast £'000	Variance £'000
31.Support Services	0	0	0
32.Planning Administration	0	0	0
33.Building Standards	(90)	(90)	0
34.Development Management	1,682	1,682	0
35.Policy, Information and Delivery	1,049	1,049	0
36.Environment	1,902	1,902	0
37.Economic Development	3,863	3,863	0
38.Protective Services Administration	0	0	0
39.Consumer Protection	903	903	0
40.Animal Welfare	265	265	0
41.Public Analyst	266	266	0
42.Environmental Health	1,991	1,991	0
43.Roads Administration & Management	(905)	(905)	0
44.Flood Management	783	783	0
45.Harbours	675	675	0
46.Roads Maintenance - Expenditure & Income	12,517	12,517	0
47.Winter Maintenance - Expenditure	4,919	4,919	0
48.Other Recoverable Works - Roads	0	0	0
49.Highways	(2,059)	(2,059)	0
50.Quarries	(1,127)	(1,127)	0
51.Landscape Services - Administration	82	82	0
52.Bereavement Services	(100)	(100)	0
53.Parks & Open Spaces	6,199	6,199	0
54.Grounds Maintenance	(501)	(501)	0
55.Waste Management	0	0	0
56.Waste Collection	8,255	8,255	0
57.Waste Disposal	14,604	14,604	0
58.Street Cleansing	2,765	2,765	0
59.Transportation	7,802	7,802	0
59b.Sustainability	613	613	0
60.Car Parks	(3)	(3)	0
61.Internal Transport	0	0	0
62.Vehicle Maintenance Services	(143)	(143)	0
69.Area Managers - Kincardine, Mearns & Marr	922	922	0
70.Expenditure to be funded from borrowing - IS	(7,000)	(7,000)	0
	60,129	60,129	0

Appendix 2 - Infrastructure Services Budget 2022/23 as agreed at Full Council 9th March 22

Type of Spend	Infrastructure Services		
	Budget £'000	Forecast £'000	Variance £'000
01.Staff Costs	58,014	58,014	0
02.Premises Costs	13,042	13,042	0
03.Transport	22,032	22,032	0
04.Supplies & Services	47,869	47,869	0
05.Third Parties	11,188	11,188	0
06.Central	196	196	0
09.Grants	-578	-578	0
10.Income	-93,306	-93,306	0
12.Capital	1,672	1,672	0
	60,129	60,129	0

Appendix 3 - Infrastructure Services Capital Budget as agreed at Full Council 9th March 2022

	Infrastructure	Forecast	Variance
	Services Budget		
	2022/23	2022/23	2022/23
	£000's	£000's	£000's
Infrastructure Services			
Aberdeen Western Peripheral Route	5,700	5,700	-
Aberdeen Western Peripheral Route - De-trunking Fund	1,679	1,679	-
Access/Environment Projects	50	50	-
Bin Collection 3-weekly System	302	302	-
Bin Replacement Strategy (Council Funded)	1,778	1,778	-
Bin Replacement Strategy (ZWS Funded)	3,439	3,439	-
Bin Collection In-Cab Communications Upgrade (ZWS Funded)	250	250	-
Bridges & Structures	4,167	4,167	-
Burial Grounds	313	313	-
Capitalisation of Other Projects	7,000	7,000	-
Cycling and Walking	1,592	1,592	-
Draining	1,500	1,500	-
Energy from Waste	17,967	17,967	-
Harbours, Coast & Flooding	4,391	4,391	-
Landfill , HRC	549	549	-
Nestrans Contribution	1,172	1,172	-
Parks and Open Spaces	571	571	-
Public Transport	2,801	2,801	-
Quarries	940	940	-
Roads Resurfacing/Reconstruction	11,750	11,750	-
Safety Initiatives	284	284	-
Stonehaven Flood Scheme	3,204	3,204	-
Street Lighting	800	800	-
Vehicles	4,000	4,000	-
Infrastructure Services Total	76,199	76,199	-
Infrastructure Fund 1			
Bridges & Infrastructure Services Projects	4,340	4,340	-
	4,340	4,340	-
Infrastructure Fund 2			
Env & Infrastructure Projects	6,690	6,690	-
	6,690	6,690	-
Overall Total	87,229	87,229	-