



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 18 JUNE 2024

SUBJECT: ENVIRONMENTAL AND COMMERCIAL SERVICES AND ECONOMIC GROWTH AND DEVELOPMENT SERVICES (ECONOMIC DEVELOPMENT) REVENUE AND CAPITAL BUDGET MONITORING TO 31 MARCH 2024

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of the current position regarding Environmental and Commercial Services and Economic Growth and Development Services (Economic Development) Revenue and Capital Budgets.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration relating to the consideration of Revenue and Capital Budgets and long term financial plans.

2. RECOMMENDATION

- 2.1 **It is recommended that Committee considers and notes the budget monitoring report for the period to 31 March 2024 (QTR 4).**

3. BACKGROUND

- 3.1 The Performance Management Framework 2020 (page 27) requires that progress against Capital and Revenue Expenditure and the Capital Plan is reported to the relevant Service Committee every Committee cycle. This service committee level monitoring has not been undertaken for 9 months due to a combination of staff absence and resourcing issues within services, although corporate level monitoring of material variations has continued. Improving financial reporting and forecasting is a key aspect of the Best Value Action Plan and work is ongoing to improve consistency of approach in financial monitoring across service committees and to clarify the interplay between services and service accountancy support in preparing monitoring reports for service committees.
- 3.2 The information in this report was correct at the time of writing but may be subject to minor amendments and variation as the year end figures are

finalised. The final information is being prepared for the meeting of Full Council on 26 June 2024.

4. ENVIRONMENTAL AND COMMERCIAL SERVICES REVENUE BUDGET

- 4.1 The revenue budget for 2023/24 was approved by Moray Council on 1 March 2023 (paragraph 5 of the minute refers).

Annual Budget	Actual	Variance
£30,017k	£30,252k	-£235k (0.78%)

Environmental Protection

Service Area	Budget	Actual	Variance
Waste Management	£8585k	£8226k	£359k
Open Spaces	£1851k	£1758k	£93k
Building Cleaning & Catering	£7643k	£7467k	£176k

- 4.3 The key variances to the budgets within Environmental Protection are as follows: With regards Waste Management a number of budget lines were underspent such as leachate extraction (£146k), ground water monitoring (£21K), advertising (£20K) and waste deposition costs (£24K). A number of income lines over achieved the predicted budget, including the income from gas extraction at Dallachy landfill (£24K), recycling materials (£29K), bulky waste (£24K) and the sale of wheeled bins (£23K).

A number of budget lines were overspent including £91K on internal fleet charges, £61k under achievement in garden waste income (permit sales numbers) and £82K in trade waste income. Investigations are being undertaken to understand the reason for the under achievement in trade waste income and what can be done to address this.

- 4.4 An additional £24K income in tipping charges at Dallachy and the unanticipated income (£118K) from the use of Dallachy Landfill, as a contingency facility for Energy from Waste, significantly contributed in achieving an overall underspend in 2023/24.
- 4.5 In relation to Building Cleaning and Catering the main contributing factor to achieving an underspend was reduced food costs of £52K (due to withdrawal from Food for Life) and increased income from food sales (£100k). This is positive and reflects the good work done by the Catering Team to increase uptake within secondary schools. There was also of £34K underspend on replacement equipment. There was overspend with the budget lines relating to increase in transport cost (£4K), due to in part to increased taxi charges for transportation of meals from production kitchens to serveries, and a £12K overspend on the HQ/Annexe tea service. The possibility of a budget pressure if sales did not reach pre covid levels was flagged when a decision was made to reintroduce the service with a view to this covering costs. The viability of tea service is currently being reviewed to determine the long term future of this service.

- 4.6 Although Open Spaces achieved an overall underspend of £93k, a number of budget lines were overspent, as well as under spent. Under achievement in income (£66k) from the sale of lairs was predicted, following cessation of pre-purchasing of lairs. Some of the underspends were due to the planned work activities not being carried out due to resource pressures. Consequently, carry forwards will be requested (£67k for Tree Inspections and £10k for headstone inspections) to support service delivery in 2024/25.
- 4.7 Other underspends in Open Spaces include a £39K Dornell contribution (Core Path Ranger service) and £30K Rothes Way Grant. These amounts will be moved to earmarked reserves for use in 2024/25. There was also a combined underspend of £52K on tools, horticultural supplies and materials. There was an overspend of £56K in transport and plant costs (contributed significantly by unavoidable vehicle hire charges following accident damage to vehicles) and a £14K overspend in the maintenance of war memorials.

Roads Maintenance

Service Area	Budget	Actual	Variance
Roads Maintenance	£5,627k	£6,187k	£560k
Fleet Services	-£1,840k	-£1,545k	-£295k

- 4.8 The overall overspend of £560k principally relates to a £569k overspend on winter maintenance as the budget for winter maintenance is based on a mild winter, and the costs for each year vary on the prevailing weather conditions.
- 4.9 The general maintenance budget was underspent by £375k. There were other overspends on energy costs (£22k), vehicle running costs (£278k), energy costs (£22k) and software licenses (£19k).
- 4.10 Insurance excess payments were £16k over budget and relate to claims. Traffic signal maintenance was £20k over budget and reflects a growing pressure on this budget with increased numbers of traffic signals to be maintained.
- 4.11 For Fleet Services, income was £461k greater than forecast due to increased external hires which were recharged to other departments – with the cost being reflected in the service user budgets. Energy costs were under budget by £35k. There were however overspends relating to spares (£255k), running costs (£40k), accident damage (£49k), external vehicle hires (£324k) and supplies and services (£26k), which all reflect the challenging market conditions and increased costs relating to outsourcing and workshop staff shortages.

Transportation

Service Area	Budget	Actual	Variance
Transportation	£6,281k	£6,633	£352k

- 4.15 Public Transport Unit; Community Bus fund revenue income was underspent by £8K due to the procurement process with the network review report coming in under expected price. The Home to School transport budget was overspent by 1.3% (£58k), largely on account of requiring an additional contract to Lossiemouth High School due to pupil numbers, and unanticipated additional support needs, pupil movements between various schools. m.connect was over budget by £85k, principally relating the longstanding position where a specific employer opportunity was forecast but not materialised. Work is ongoing to address this shortfall before the next phase of the project is rolled out. The Liftango app is under budget due to external funding covering costs.
- 4.16 Traffic underspent £32k on road safety revenue, where work was impacted by staff absences. The Development Plan work is underspent by £4k, however, there is a request to carry this forward into 24/25 for conclusion of the traffic modelling work. There was an income shortfall of £99k relating to reduction in Roads Construction Consent inspections, due to long term sickness. EV charging was overspent by £18k relating to energy price increases and issues with non-payments, not being collected as debts, from current back-office provider. EV Tariffs were increased in January 2024 to better reflect the operational costs. The way the council and other neighbouring local authorities run EV chargers is likely to change with the upcoming EV charger tender and procurement process, so this is unlikely to be an issue in the future.
- 4.17 There was a £51k shortfall in car park income, this directly relates to transfer of car park income across to beneficiary trusts, but reflects the longer-term recovery from Covid in terms of overall town centre and seasonal use, with the uplift in car park charges from January 2024 tracking as budgeted.
- 4.18 Harbour Income is better than budget by £88k particular in relation to Pilotage Fees and Cargo Movements. The dredger maintenance costs were £35k less than budget. Staffing overspend of £26k relates to long-term sickness cover to enable the harbour office to remain open 24 hours per day. The occupation of Pier 3 by Ocean Winds commenced in July 2023, rather than April 2023 as originally budgeted, meaning the full budget was not realised for the year in this regard.

Service Area	Budget	Actual	Variance
Consultancy	£983k	£835k	£148k

- 4.20 There is no significant under or overspend on the Bridges Revenue budget. There was a small net overspend of £10k on the Flood Risk Management Revenue Budget, which was due to the significant cost of clearing up after a flood event at Aberlour. The bulk of the underspend relates to the SSSEN grant which will be spent during 24/25 principally on generators for resilience. There has been a longer lead in time on these works than originally anticipated. This will be requested as a carry forward as it relates to ring-fenced grant funding.

5. ENVIRONMENTAL AND COMMERCIAL SERVICES CAPITAL BUDGET

5.1 The Capital Plan for 2023/24 was approved by a meeting of Moray Council on 1 March 2023 (paragraph 5 the minute refers). The approved 2023/24 Capital Plan for Environmental and Commercial services is £30,005,000.

5.2 Facilities Management

Budget: £15k, Actual; £2k, variance £13k.

This budget relates to the provision and repairing of cleaning equipment in support of the cleaning functions across the Councils estate, including schools. Unfortunately there has been limited spend (£2K) on this budget in 2023/24 due to the post which uses this budget being vacant. A new post holder is now in place and it is anticipated that an increased number of repairs/replacements will be experienced in 2024/25 following the inspection process being restarted.

5.3 Dallachy Landfill

Budget: £468k, Actual £19k, variance £449k.

This budget primarily relates to the capping of Dallachy Landfill site. Dallachy has been operational in 2023/24 and has been used as a short term contingency site for the disposal of the Council's mixed municipal waste when the Energy from Waste Facility has been on shutdown. There has been limited spend in 2023/24 (19K on the capital budget. Due to ongoing use of the site, it is anticipated that final capping will take place in 2024/25 so the remaining budget of £449K will be requested as a carry forward for 2024/25.

5.4 Waste Management

Budget: £143k; Actual: £128k; Variance: £15k.

The budgeted spend relates to provision of domestic and trade waste bins, replacement of containers at recycling centres and the provision of gull proof bins. The trial of an alternative supplier for wheeled bins delivered an underspend of £15k.

5.5 Cemetery Infrastructure

Budget: £2,280k; Actual: £151k, Variance: £2,116k.

The bulk of this budget relates to the provision of the new cemetery at Elgin. There is a significant underspend on the budget but progress is being made. The legal negotiation on the land purchase have been more complex than anticipated thus delaying progress. It is anticipated that the land acquisition and build will commence in 2024/25 so the remaining £2,116K will be requested to be carried forward into 2024/25. The budget area also includes modest provision for planned and emerging infrastructure issues – primarily safety related works at cemeteries.

5.6 Parks and Open Space Infrastructure

Budget: £388K Actual: £285k, Variance £103k

This budget includes the funding from the Scottish Government for the renewal of play parks. There was a committed underspend of £80K which is requested to be carry forward into 2024/25 for upgrades to the play areas at Netherha and Tomnavoulin (which were earmarked for upgrades in 2023/24). Typically, the upgrade to new play areas can take 18 months to complete due to the need to undertake consultations as part of the participatory budget process and lead times for procuring and installing equipment. There is also a modest budget which is used to ensure any emerging infrastructure issues, which present a health and safety concern, can be addressed. The funds are used to undertake both planned and emergency works. The projects identified for 2023/24 were concluded..

5.7 Roads Maintenance and Fleet

Budget (Roads Maintenance) £5,648k Actual: £5,234k; Variance: £414k
Budget (Fleet) £5,798k Actual: £4,807k; Variance £991k.

Within the overall roads maintenance capital there was an overspend on planned carriageway resurfacing and surface dressing works, because of a combination of inflationary increases on planned works, and also some additional works that were added to the programme mid-year. However, this was offset by underspends in drainage, footways, kerb replacement and other works which were underspent due to ongoing staff resource issues. The underspend in fleet replacement reflects the impact of resourcing issues, and market conditions in terms of targeting best value purchases.

5.8 Consultancy – Bridges and Flood Risk Management

Budget (Bridges): £1,778k; Actual: £1,135k; Variance: £643k
Budget (FRM): £679k; Actual: £660k; Variance: £19k

The majority of the capital programme for Flood Risk Management, which consisted of significant maintenance to flood schemes, is complete. Due to adverse weather conditions some of the work to the Elgin Flood Scheme was delayed and a carry forward of £130,000 will be requested to cover the cost of the remaining work under this contract. There is unplanned cost of £365k relating to the compensation for Forres flood scheme which has now been settled. Work to Viewmill Bridge did not begin until May 2024, due to delays in completing the design, as such a carry forward of £270,000 will be requested to construct these works. The feasibility study for Arthurs Bridge was not completed until May 2024, therefore a carry forward of £40,000 will be requested to cover the cost of this work. The Business Case for Cloddach Bridge was completed with £120,000 funded by Heldon Community Council and £67,000 funded by Moray Council. The Business Case was submitted to Department for Transport in April 2024. Carry forward of £38,000 will be requested for Lea Bridge in Forres, to allow for a structural assessment, this work was delayed due to the need for site investigation works to inform the

assessment. A £29,000 carry forward will be requested for Bridge of Slateford, to undertake remedial works to repair erosion that occurred due to very heavy rainfall immediately after construction.

5.9 Transportation – Road Safety and Sustainable Travel

Budget: £1,152k; Actual: £1,086k; Variance: £66k.

Half of this budget relates to the Scottish Government Cycling Walking and Safer Routes Grant, the remainder being road safety, traffic signs / markings and monitoring equipment. There was a net underspend principally relating to road safety and the CWSR grant.

5.10 Transportation - Harbours

Budget: £2,112k; Actual £2,416k, Variance £304k.

This budget breaks down across dredging (including rock-cutting dredging partially carried out in 23/24) expenditure of £866k, Substation Power Upgrade expenditure of £723k, Harbour Infrastructure works of £662k, and the Weighbridge replacement spend along with other subsidiary capital costs of specialist advice and legal fees of £161k. Although there is a net overspend of £304k there is also a contribution of £300k due relating to the substation upgrade at Buckie harbour which will be received in 24/25.

6. **ECONOMIC GROWTH AND DEVELOPMENT SERVICES (ECONOMIC DEVELOPMENT) REVENUE BUDGET**

Element	Service	Budget	Actual	Variance
PL540	Economic Development	£1,216	£1,068	£148

6.1 Business Gateway – the Business Gateway annual budget of £32k was increased in 23/24 with £59k carried forward from the Economic Recovery Fund. This has resulted in underspend of £57k in 23/24 which can be returned as a saving. This is an exceptional one year underspend due to increased budget. The full Business Gateway Budget of £32k is required annually to provide specialist services and workshops (already procured for 24/25).

6.2 Growth Deal – £30k was available for specialist services related to the development of the Moray Growth Deal. Services were to be procured for the development of an economic benefit realisation plan however market response was less than ideal requiring a second procurement and successful appointed in early Q1 24/25. There will be a request for the full budget to be carried forward to the next financial year.

- 6.3 Moray Gift Card (initiative started by Scotland Loves Local) -£45K budget over 2 years returned from the Business Loan Scheme to continue administration of the Moray Gift Card into 2023-2024 and 2024-2025 (£26k) and to use the balance to develop further promotional incentives. Funds can only be spent as intended and must be carried forward until spent in full. Administration fee due November 24 and November 25.
- 6.4 Maintenance of projects – £9k budget for match funding as required and ongoing maintenance costs associated with projects including Castle to Cathedral to Cashmere and Discover Moray’s Great Places. Actual was £1k with £8k underspend in 23/24 due to limited project activity – will request to carry forward underspend but no commitment yet. Full £9k budget for 24/25 is already committed to activity in relation to Forres Town Centre Improvement.
- 6.5 Supplies and services - £12k budget for fees, charges and subs (SLAED, HIREP, SDP) and general office costs etc. Actual was £4k with £8k underspend in 23/24 (Business Gateway funded SDP for one year only) – no request to carry forward underspend. It is anticipated that the full £12k budget for 24/25 will be required.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan, (Local Outcomes Improvement Plan (LOIP))

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

The capital plan is one of the vehicles through which the Council’s priorities can be delivered. The approved capital plan for 2024/25 and the outline ten year plan incorporates measures designed to address the LOIP priorities of building a better future for our children and young people, empowering and connecting communities and developing a diverse, inclusive and sustainable economy.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial implications

The financial implications are highlighted within the report

(d) Risk Implications

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from Committee in line with the Financial Regulations.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no Property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities implications arising from this report because the report informs the Committee on budget monitoring.

(h) Climate Change and Biodiversity Impacts

There are no climate change or Biodiversity impacts arising from this report. Achieving net zero will have significant implications for future planned capital expenditure.

(i) Consultations

This report has been prepared in consultation with Depute Chief Executive (Economy, Environment & Finance), Head of Environmental and Commercial Services, Head of Economic Growth and Development Services, Chief Financial Officer, Legal Services Manager, Committee Services Officer (L Rowan) and Environmental and Commercial Services Management Team and Budget Managers. Any comments have been taken into consideration.

8. CONCLUSION

8.1 This report sets out the budget monitoring position and comments on variances for the Environmental and Commercial Services and Economic Growth and Development Services (Economic Development) Capital and Revenue Budgets for the period to 31 March 2024.

Author of Report: Nicola Moss, Head of Environmental and Commercial Services & Beverly Smith, Acting Head of Economic Growth & Development

Background Papers:
Ref:

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