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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE  
SERVICES COMMITTEE ON 11 JUNE 2019**

**SUBJECT: DIRECT SERVICES AND DEVELOPMENT  
SERVICES (ECONOMIC DEVELOPMENT) CAPITAL AND  
REVENUE BUDGET MONITORING TO 31 MARCH 2019**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,  
PLANNING & INFRASTRUCTURE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of the current position regarding Direct Services and Development Services (Economic Development) Capital and Revenue 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 Capital and Revenue 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 2019.**

**3. BACKGROUND**

- 3.1 The revised Performance Management Framework February 2013 agreed by The Moray Council on 22 May 2013 (paragraph 8 (iii) of the Minute refers) requires that progress against Capital and Revenue Expenditure and the Capital Plan is reported to the relevant Service Committee every Committee cycle. Expenditure is reported in the first instance to Policy and Resources Committee quarterly.
- 3.2 The Capital Plan for 2018/19 was approved by a meeting of Moray Council on 14 February 2018 (para 6 of the minute refers). Financial Regulations approved by Moray Council on 28 February 2018 allow for the review of the Capital Plan when half year estimates are being considered. Amendments approved by Council and by Policy and Resources Committee since this date have been incorporated into this report.

- 3.3 The Capital Plan reflects the Council's priorities and is developed adhering to the Council's Capital Strategy. Regular monitoring reports are provided to Policy and Resources Committee and this Committee. Policy and Resources Committee on 10 May 2016 agreed to amendments to the information provided in response to the Audit Scotland report "Major Capital Investment in Councils" (para 7 of the minute refers). Accordingly, this report will give details of expenditure on projects which span more than one financial year, as set out in **APPENDIX IV**. Proposed carry forwards of capital budget to 2019/20 will be reported to Moray Council Committee on 27 June 2019.
- 3.4 The Revenue budget was approved at a meeting of the Council on 14 February 2018 (para 10 of the minute refers). The current total Revenue budget for Direct Services is £24.414million in 2018/19.

#### **4. DIRECT SERVICES REVENUE BUDGET**

4.1 **APPENDIX I** details the Direct Services Revenue Budget position to 31 March 2019.

#### **4.2 REVENUE BUDGET POSITION 31 MARCH 2019**

<b>Annual Budget</b>	<b>Actual &amp; Committed 2018-19</b>	<b>Variance 2018-19</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
24,414	24,448	(34)

4.3 Direct Services actual and committed budget has an overall overspend to budget, of £34,000 (1.4% variance of total budget) for the period to 31 March 2019. The position is shown in **APPENDIX I** and summarised in the table below with major revenue variances described in para 4.4 - 4.7 of this report. Underspends or overspends are against projected budgets for the period only. The full year end position will be reported to Moray Council on 27 June 2019.

#### **Position at 31 March 2019**

<b><u>Service</u></b>	<b>Ref Para</b>	<b>Overspend</b>	<b>Underspend</b>
		<b>£000s</b>	<b>£000s</b>
Building Cleaning & Catering	<b>4.4</b>	(55)	
Waste Management	<b>4.5</b>	(404)	
Roads Management	<b>4.6</b>	(62)	
Fleet Services	<b>4.7</b>	(66)	
Traffic and Transportation Management	<b>4.8</b>		367
Consultancy /FRM	<b>4.9</b>		61
Staff Savings Targets	<b>4.10</b>		120

- 4.4 **Major Variance – Building Cleaning and Catering** has an overall overspend of £55,000. Details of variances :-  
**Income shortfall** - £16,000 catering and food supplies as a result of a decrease in uptake leading to less food purchase, £31,000 equipment, maintenance and repair, £13,000 materials and £7,000 underspend on tools and equipment.  
**Overspends** - £41,000 redundancy payments and £15,000 functions income due to a drop in function demand due to central budget saving advice. £61,000 overspend on school meals income was a result of a drop in uptake of primary paid school meals, this could be due to the impact of I Pay system and will be investigated further. Overspend of £2,000 in unpaid school meals. Overspend of £3,000 travel and subsistence which includes a travel allowance for two redeployed staff members from Inveravon Primary (closed) to travel to Glenlivet and Dufftown Community centre to Speyside High.
- 4.5 **Waste Management** – has an overall overspend of £404,000.  
Details of variances :-  
**Expenditure Underspends** Landfill Tax (monthly) £88,000, Waste Strategy Revenue fund £29,000. Transfer of wheeled bin costs to capital budget £29,000. Green Waste set up costs £7,000.  
**Overspends** - £92,000 redundancies, £68,000 Leachate, Landfill tax charge £145,000, recycling contracts £218,000, Trade waste income £51,000 and Bad debts £13,000.  
**Income:** £12,000 bulky uplift income and bulky uplift (VAT) refund £16,000.
- 4.6 **Roads Management** has an overspend of £62,000 due to winter maintenance.
- 4.7 **Fleet Services** has an overspend of £66,000. This is due to vehicle running costs trackers £22,000, road fund licenses £25,000, accident damage £10,000 and other minor variances £10,000.
- 4.8 **Traffic and Transportation Management** has an overall underspend of £367,000. Main variances are:  
**Underspends** to the budget target by £43,000 in car park maintenance, £20,000 in car park software, £43,000 in harbours infrastructure maintenance relating to timing of works, £12,000 non-domestic rates for harbours, and £26,000 in school transport.  
**Income surplus:** £88,000 in Car Parks income, £72,000 additional harbours income, £30,000 in road construction consent / road closures /reinstatements and £27,000 from Public Transport Unit income.
- 4.9 **Consultancy / FRM** has an overall underspend of £61,000 in infrastructure maintenance.
- 4.10 **Staff savings targets** were underspent by £120,000 due to over recovery of staff vacancy factor.
- 5.1 **DEVELOPMENT SERVICES (ECONOMIC DEVELOPMENT) REVENUE BUDGET**

**REVENUE BUDGET**                      **Position 31 March 2019**

<b>Annual Budget</b>	<b>Actual &amp; Committed 2018-19</b>	<b>Variance 2018-19</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
775	738	37

5.2 Development Services - Economic Development, the variance to budget is an underspend of £37,000. This underspend comprises of £5,000 Moray Growth deal. £6,000 Moray Economic Partnership, £13,000 Business Gateway, £10,000 Pipe band Championship grant £10,000 and museums £7,000.

**5. DIRECT SERVICES CAPITAL BUDGET TO 31 MARCH 2019**

6.1 **APPENDIX II** details the Direct Services Capital Budget position to 31 March 2019. The total Capital Plan budget of £11.843 million has an actual spend at the end of March 2019 of £10.097million.

6.2 **APPENDIX III** shows the individual projects within the Capital Budget

6.3 A summary of the variances at end of March 2019 from the approved capital programme 2018/19 is as detailed in the table below. Many variances are requested carry forwards to 2019/20 and will be subject to approval from Moray Council Committee on 27 June 2019. Major variances have been further explained in para 6.4 of this report.

<b>Description</b>	<b>Para ref</b>	<b>Underspend / (Overspend) £000</b>
<b>Land &amp; Buildings</b>		
Dallachy Landfill Site		27
Integrated Waste Facility Moycroft	6.4.	366
NESS Energy		(15)
Upgrade recycling centre facilities	6.5	77
Replacement burial grounds – ground investigation Elgin site		10
Replace waterproofing and expansion joints at multi-storey car parks		(1)
<b>Infrastructure</b>		
Road Safety provision	6.6	85
Disability adaptations		0
Road safety barrier provision	6.6	89
New road signs and markings		(6)
Cycling Walking Safer Streets CWSS		0
Carriageway resurfacing/ reconstruction/ surface dressing	6.7	77

Description	Para ref	Underspend / (Overspend) £000
Footways	6.8	108
Drainage and other works	6.8	157
Timber traffic structural works		15
Bridges strengthening and replacement – Tomliath Bridge		9
Bridges strengthening and replacement – Glenlivet Bridge		4
Bridges strengthening and replacement – New Craigellachie Bridge	6.9	(50)
Bridges strengthening and replacement – Glenernie Bridge		5
Logie Bridge		21
Bridges strengthening and replacement – Arthurs Bridge		6
Remote footbridges		24
Seatown Bridge		30
Elgin Transport Strategy		0
Sustainable Travel ERDF Speyside Way		0
Sustainable Travel ERDF Electric Car Charge Points		0
Street Lighting – Replace SOX and SON street lights with LED lights	6.10	112
Replacement columns and lights		18
Flood Risk Management FRM - Portgordon	6.11	24
FRM – Lossiemouth Seatown	6.11	53
FRM – Dallas	6.11	(24)
FRM – Newmill		(1)
FRM – Elgin FAS	6.11	113
Forres ( River Findhorn & Pilmuir) FAS	6.11	128
Harbours – replacement of life expired elements and upgrade - Buckie	6.12	(171)
Harbours – replacement of life expired elements and upgrade - Burghead		(2)
Harbours – replacement of life expired elements and upgrade - Findochty		16
Harbours – replacement of life expired elements and upgrade – Portknockie Landslip	6.12	144
Harbours – Economic Development	6.13	28
Buckie Harbour Infrastructure Improvement – Buckie Ice Plant	6.13	132
<b>Vehicles, Plant and Equipment</b>		
Vehicle & plant replacement programme	6.14	126
G- PaTRA		7
Childrens Play Areas(Parkland)		1
Facilities Management Equipment		(12)
Domestic & Trade Waste Bins		0
Upgrade of containers at recycling centres		0
New Car Parking machines		5
Traffic Data Collection Equipment		1

Description	Para ref	Underspend / (Overspend) £000
Traffic Signal Replacement Forres		5
Pool car Booking System		5
Electric car Charge Points		0
<b>TOTAL VARIANCE FROM CAPITAL PLAN</b>		<b>1,746</b>

- 6.4. Moycroft Integrated Waste Facility is a project spanning more than 1 financial year and further details of spend are shown in **APPENDIX IV** of this report.
- 6.5. Upgrading Recycling Centre facilities has an underspend of £77,000. Upgrade projects were put on hold due to possible closure of Gollachy recycling Centre which is in need of an upgrade.
- 6.6. Road safety provision has an underspend of £85,000. Transportation – traffic had intended to use some of this budget to match fund with grant funding from Sustrans on delivering a signalised junction in Lossiemouth. However, during the course of scheme development agreement could not be reached on the detail of the scheme and it is intended that allocated budget will be carry forward to 2019/20 subject to agreement of Council on 27 June 2019. Also, a vehicle activated sign warning of pedestrians crossing on the B9040 was expected to be installed, but delays with the manufacturer have also meant expected deferral to 2019/20. Road safety barriers has an underspend of £89,000. A new model for reprioritising repairs and replacement barriers has been developed and a prioritised list was finalised early this year. It is intended that the full budget variance will be carried forward to 2019/20, subject to agreement of Council on the 27 June 2019 and spent in full that year.
- 6.7. Carriageway resurfacing / reconstruction/ surface dressing budget has a small underspend of £77,000 against a budget of over £2million. This is attributed to the fact that we carried out less pre patching across some of the sites than originally forecast. A number of forestry funded recycled roads have been surface dressed this year which didn't require any pre patching prior to the surfacing works being completed.
- 6.8. The reported underspends in the footways and drainage works is mainly down to works being prioritised as much as possible during the year to ensure works were completed on our carriageways. Footway maintenance will be given greater priority in 2019/10. We also received additional grant funding from STTS Strategic Timber Transport Scheme of £394,000 which has been invested into our road network and complimented our own carriageway budget.
- 6.9. Tenders for the work to refurbish Craigellachie Bridge are currently being assessed and work is expected to start on site in August this year. An overspend of £50,000 for 2018/19 is shown in Section 6.3. This money was used to cover the cost of early work to jack up the bridge to make it fully operational after a fractured bearing was identified. Based on the tender

assessment, the overall cost of the refurbishment, including the early spend, is expected to be within the original budget.

- 6.10 Street Lighting – The budget for the replacement of SOX and SON streetlights with energy efficient LED units has an underspend of £112,000. This is as a result of installing slightly less units during the year (4,751) against the predicted target of 5,000. In addition, operational efficiencies through buying the units in bulk has led to a reduced unit price per lantern.
- 6.11 The studies undertaken to investigate the potential of providing Flood Protection Schemes at Lossiemouth Seatown and Portgordon are complete and the findings of these studies is the subject of a separate report to this Committee. Construction of the Flood Protection Schemes at Dallas and Newmill is complete and these schemes are now operational. The Schemes at Elgin and Forres (River Findhorn and Pilmuir) are operational but there are compensation claims that need to be agreed before these budgets can be closed.
- 6.12 The work to the North Pier at Buckie Harbour is ongoing. £251,000 of the budget for this work was deferred from 2018/19 into this financial year but due to agreement of Compensation Events in late March this is showing as an overspend of £171,000 in section 6.3. The work at Buckie is still within the original budget and this is not expected to change. The work to repair landslips at Portknockie started approximately one month later than planned, which is why an underspend of £144,000 for 2018/19 is shown in section 6.3. The work at Portknockie is expected to be complete by the end of August and is currently expected to be within the original budget.
- 6.13 Harbours Economic Development has an underspend of £28,000. Works to refurbish guttering and trims at Buckie Fishmarket Building which are being carried out by the Property section are still not complete. However works are expected to be completed by the end of June 2019. Buckie Harbour Infrastructure Improvement –Buckie Ice Plant has an underspend of £132,000 as no decision has been taken on the European Maritime and Fisheries Fund (**EMFF**) funding application. If approval is given, the budget allocation will be requested to be carry forward to 2019/20 subject to approval by Moray Council on 27 June 2019.
- 6.14 The vehicle plant and replacement programme has an underspend of £126,000. This is due to late delivery of 3 items of plant that were ordered in 2018. These items have now just been delivered so the capital is requested to be carried forward to 2019/20 subject to approval by Moray Council on 27 June 2019.

## **7. RISK AND EMERGING ISSUES**

- 7.1 Budget managers have been requested to identify any specific areas of risk for the projects in the Capital Plan for which they are responsible.
- 7.2 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales.

- 7.3 Land compensation claims remain a risk for the major flood alleviation scheme at Forres.
- 7.4 Poor weather conditions can impact project timescales, as identified for Roads Drainage works and harbours renovation works.
- 7.5 Lack of staff resources and staff turnover can impact on project timescales.
- 7.6 Other emerging work priorities can impact on scheduled works.
- 7.7 Some projects have been deferred in response to the council's financial situation. There is a risk that contract inflation might increase the eventual cost of these projects and a risk that any deferment of projects relating to asset condition might result in element failure.

## **8. 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. This report was informed by Moray 10 Year plan and provides support to enable the following priorities to be delivered: Growing diverse and sustainable economy, Building a better future for our children and young people in Moray, Empowering and connecting communities and working towards a financially stable council that provides valued services to our communities

### **(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 and detailed in **APPENDICES I – IV**.

Direct Services Revenue spend to 31 March 2019 is £24,448,000 against a budget of £24,414,000 giving an overspend of £34,000.

Development Services - Economic Development Revenue spend to 31 March 2019 is £738,000 against a budget of £775,000 giving a underspend variance of £37,000.

Direct Services Capital spend is £10.097 million to 31 March 2019.

### **(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) Consultations**

This report has been prepared in consultation with the Corporate Director (Economic Development, Planning and Infrastructure), Paul Connor, Principal Accountant, Head of Direct Services, Head of Development Services, Legal Service Manager, Lissa Rowan, Committee Service Officer and Direct Services Management Team and Budget Managers. Any comments have been taken into consideration.

**9. CONCLUSION**

**9.1 This report sets out the budget monitoring position and comments on variances for the Direct Services and Development Services (Economic Development) Capital and Revenue Budget for the period to 31 March 2019.**

Author of Report: Nichola Urquhart, Quality Management Systems Officer

Background Papers:

Ref: