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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 10 SEPTEMBER 2019**

**SUBJECT: DIRECT SERVICES AND DEVELOPMENT SERVICES (ECONOMIC DEVELOPMENT) CAPITAL AND REVENUE BUDGET MONITORING TO 30 JUNE 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 30 June 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 2019/20 was approved by a meeting of Moray Council on 27 February 2019 (para 4 of the minute refers). 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**.
- 3.4 The Revenue budget was approved at a meeting of the Council on 27 February 2019 (para 10 of the minute refers). The current total Revenue budget for Direct Services is £21.832 million in 2019/20.

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

4.1 **APPENDIX I** details the Direct Services Revenue Budget position to 30 June 2019.

#### **4.2 REVENUE BUDGET POSITION 30 JUNE 2019**

<b>Annual Budget</b>	<b>Budget to 30 June 2019</b>	<b>Actual to 30 June 2019</b>	<b>Variance 2019-20</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
21,832	4,630	4,513	117

4.3 Direct Services actual and committed budget has an overall underspend to budget, of £117,000, 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.

#### **Position at 30 June 2019**

<b><u>Service</u></b>	<b>Ref Para</b>	<b>Overspend</b>	<b>Underspend</b>
		<b>£000s</b>	<b>£000s</b>
Lands and Parks/ Countryside Amenities / Access	<b>4.4</b>		12
Fleet Services	<b>4.5</b>		77
Traffic and Transportation Management	<b>4.6</b>		31

4.4 **Major Variance – Lands and Parks** has an overall underspend of £12,000 which is due to burial grounds maintenance (routine and internments) being under budget to date, income is on budget.

- 4.5 **Fleet Services** has an overall underspend of £77,000 made up of the following major variances:- energy costs of £12,000 due to a timing issue of electricity bills. Transport & plant costs £24,000 due to the phasing of tyre road fund and spare part spending, reduced vehicle hire and increased fleet internal recharge income £40,000.
- 4.6 **Traffic and Transportation Management** has an overall underspend of £31,000. The main underspend variance is due to harbours income surplus.

## 5. DEVELOPMENT SERVICES (ECONOMIC DEVELOPMENT) REVENUE BUDGET

REVENUE BUDGET		Position 30 June 2019	
Annual Budget	Budget to 30 June 2019	Actual to 30 June 2019	Variance 2019-20
£000s	£000s	£000s	£000s
798	262	258	4

- 5.1 Development Services - Economic Development, the variance to budget is a minor underspend of £4,000.

## 6. DIRECT SERVICES CAPITAL BUDGET TO 30 JUNE 2019

- 6.1 **APPENDIX II** details the Direct Services Capital Budget position to 30 June 2019. The total Capital Plan budget of £30.191 million has an actual spend at the end of June 2019 of £1.758 million against a projection for the period of £1.767 million.
- 6.2 **APPENDIX III** shows the individual projects within the Capital Budget.
- 6.3 Expenditure on Direct Services - Land and Buildings to 30 June totals £257,000. Expenditure of £230,000 has been incurred for the ongoing project to provide integrated waste facilities at Moycroft in Elgin.
- 6.4 Expenditure on Direct Services – Infrastructure assets to 30 June totals £1,017,000. The major items of expenditure are £427,000 on carriageway resurfacing/ reconstruction, £92,000 for new LED street lighting and £330,000 for Portknockie Landslip works.
- 6.5 Expenditure on vehicles, plant and equipment to 30 June totals £484,000. The major item of expenditure being £441,000 on the vehicle replacement programme

## 7. **PROJECTED OUTTURN**

- 7.1 Budget managers have been requested to update projected estimates of expenditure on capital projects in 2019/20. Projects are graded for confidence of achieving projected expenditure with high confidence rated as green, medium confidence as amber and low confidence as red. A summary of the ratings is given in the table below.

<b>Risk status</b>	<b>RAG</b>	<b>No. of projects</b>	<b>Projected expenditure 2019/20 £000s</b>
High confidence of spend to estimate	G	40	19,175
Medium confidence spend to estimate	A	4	10,159
Low confidence of spend to estimate	R	0	0
		<hr/>	<hr/>
		44	<b>29,334</b>

## 8. **RISK AND EMERGING ISSUES**

- 8.1 Budget managers have been requested to identify any specific areas of risk for the projects in the Capital Plan for which they are responsible.
- 8.2 The main risk for the vehicle replacement programme is that due to ongoing budget uncertainty some user departmental managers have been unable to commit to the number and specification of vehicles and plant due for replacement. This can lead to manufacturers being unable to deliver within the current financial year.
- 8.3 Land compensation claims remain a risk for the major flood alleviation scheme at Forres.
- 8.4 Poor weather conditions can impact project timescales.
- 8.5 Lack of staff resources and staff turnover can impact on project timescales.
- 8.6 Other emerging work priorities can impact on scheduled works.
- 8.7 No other project risks have been specifically identified by budget managers

## 9. **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 30 June 2019 is £4,513,000 against a budget of £4,630,000 giving an underspend of £117,000.

Development Services - Economic Development Revenue spend to 30 June 2019 is £262,000 against a budget of £258,000 giving a minor overspend variance of £4,000.

Direct Services Capital spend is £1.758 million to 30 June 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.

**10. CONCLUSION**

**10.1 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 30 June 2019.**

Author of Report: Nichola Urquhart, Quality Management Systems Officer

Background Papers:

Ref: