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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE  
SERVICES COMMITTEE ON 21 JANUARY 2020**

**SUBJECT: ENVIRONMENTAL AND COMMERCIAL SERVICES / ECONOMIC  
GROWTH AND DEVELOPMENT BUDGET MONITORING TO 31  
OCTOBER 2019**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT &  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of the current position regarding Environmental and Commercial Services / Economic Growth and Development 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 October 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 Environmental and Commercial Services is £21.748 million in 2019/20.

#### **4. ENVIRONMENTAL AND COMMERCIAL SERVICES REVENUE BUDGET**

- 4.1 **APPENDIX I** details the Environmental and Commercial Revenue Budget position to 31 October 2019.

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

<b>Annual Budget</b>	<b>Budget to 31 October 2019</b>	<b>Actual to 31 October 2019</b>	<b>Variance 2019-20</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
21,748	11,296	11,237	59

- 4.3 Environmental and Commercial Revenue Budget actual and committed budget has an overall underspend to budget, of £59,000, 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 31 October 2019**

<b><u>Service</u></b>	<b>Ref Para</b>	<b>Overspend</b>	<b>Underspend</b>
		<b>£000s</b>	<b>£000s</b>
Waste Management	<b>4.4</b>	86	
Lands and Parks / Countryside Amenities Access	<b>4.5</b>		31
Fleet Services	<b>4.6</b>		151
Traffic & Transportation Mgt	<b>4.7</b>	35	

#### **Major Variance**

- 4.4 **Waste Management** has an overall overspend of £86,000 which is due to:

**Underspends** in Net gas income (£13,000), Energy costs (£16,000), landfill tax (£38,000), leachate (£45,000), tipping income surplus (£18,000), recycling costs (£9,000) and green waste income surplus (£54,000). This totals a £193,000 underspend.

**Overspends** in Fuel (£56,000), Internal Fleet recharges (£62,000), Recycling Income shortfall (£104,000), Trade waste income shortfall (£51,000) and Equipment and furniture (£6,000). This totals a £279,000 overspend.

- 4.5 **Lands and Parks/ Countryside Amenities Access** has an overall underspend of £31,000 mainly due to the following major variances:-  
**Income surplus** – this is due to additional income from Flood Alleviation and Housing revenue account and projected to be £60,000 above budget by year end.  
**Expenditure Overspends:** £23,000 Fleet Services Transport Costs; Burial Ground property costs £3,000 which includes gantry purchased for headstone stabilisation and more internments than traditionally expected.  
**Expenditure Underspends:** £28,000 supplies and services; £10,000 property costs, Burial Ground Maintenance of Ground £8,000 War Memorials £12,000 other GM £6,000.  
Income Underachievement Burial Income has now reduced and sale of lairs is currently underachieved by £10,000.
- 4.6 **Fleet Services** has an overall underspend of £151,000 due to an underspend on transport costs of £67,000, that can be attributed to the number of external hire cars reducing during the period, internal vehicle parts spend is under budget due to work that has been subcontracted. Vehicle tyres and road fund licences are underspent due to phasing of budgets. There was also an overachievement of recharges to other departments of £84,000.
- 4.7 **Traffic and Transportation** have an overspend of £35,000 – less than 2% of budget. Due to timing differences between income and expenditure there is a temporary overspend £85,000 on dredger maintenance and running costs. This will duly be offset by income received from commercial work carried out for Forth Ports. There is also an underspend (positive variance) of about £50,000 due to car park income being higher than budgeted.

5. **ECONOMIC GROWTH AND DEVELOPMENT (ECONOMIC DEVELOPMENT) REVENUE BUDGET**

REVENUE BUDGET		Position 31 October 2019	
Annual Budget	Budget to 31 October 2019	Actual to 31 October 2019	Variance 2019-20
£000s	£000s	£000s	£000s
735	426	430	-4

- 5.1 Economic Growth and Development (Economic Development) has a minor overspend variance to budget of £4,000.

6. **ENVIRONMENTAL AND COMMERCIAL SERVICES CAPITAL BUDGET TO 31 OCTOBER 2019**

- 6.1 **APPENDIX II** details the Environmental and Commercial Services Capital Budget position to 31 October 2019. The total Capital Plan budget of £27.442 million has an actual spend at the end of October 2019 of £9.774 million.
- 6.2 **APPENDIX III** shows the individual projects within the Capital Budget.

- 6.3 Expenditure on Environmental and Commercial Services - Land and Buildings to 31 October totals £4,277,000. Expenditure of £1,107,000 has been incurred for the ongoing project to provide integrated waste facilities at Moycroft in Elgin and £3,075,000 has been spent on the NESS energy from waste project.
- 6.4 Expenditure on Environmental and Commercial Services – Infrastructure assets to 31 October totals £4,613,000. The major items of expenditure are £1,611,000 on carriageway resurfacing /reconstruction, £349,000 for new LED street lighting and £712,000 for Portknockie Landslip works. £89,000 was spent on bridge repairs at New Craigellachie Bridge and Arthur’s bridge and £182,000 on the B9136 Glenlivet Bridge. £132,000 was spent on upgrading Buckie Harbour for the period.
- 6.5 Expenditure on vehicles, plant and equipment to 31 October totals £884,000. The major item of expenditure being £812,000 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 and **Appendix III**. There are three projects currently rated amber - Replacement burial grounds, Roads - drainage and other works and Buckie Harbour infrastructure improvements.

<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	46	26,405
Medium confidence spend to estimate	A	3	1,058
Low confidence of spend to estimate	R	0	0
		<u>49</u>	<u>27,463</u>

## 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**.

Environmental and Commercial Services Revenue spend to 31 October 2019 is £11,237,000 against a budget of £11,296,000 giving an underspend of £59,000.

Development Services – (Economic Growth and Development) Revenue spend to 31 October 2019 is £430,000 against a budget of £426,000 giving a minor variance.

Direct Services Capital spend is £9.774 million to 31 October 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 Depute Chief Executive (Economy, Environment and Finance), Paul Connor, Principal Accountant, Head of Environmental and Commercial Services, Head of Economic Growth and Development, Legal Services 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 Environmental and Commercial Services and Development Services (Economic Growth and Development) Capital and Revenue Budget for the period to 31 October 2019.**

Author of Report: Nichola Urquhart, Quality Management Systems Officer

Background Papers:

Ref: