



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 14 AUGUST 2018.**

**SUBJECT: DIRECT SERVICES AND DEVELOPMENT
SERVICES (ECONOMIC DEVELOPMENT) CAPITAL AND
REVENUE BUDGET MONITORING TO 30 JUNE 2018**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND 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 2018.**

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 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 and carry forwards from 2017/18 project budgets, approved by a special meeting of Moray Council on 28 June 2018 (para 9 of the draft minute refers) 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 14 February 2018 (para 10 of the minute refers) giving a total Revenue budget for Direct Services of £23,169 million in 2018/19.

4. DIRECT SERVICES REVENUE BUDGET

- 4.1 **APPENDIX I** details the Direct Services Revenue Budget position to 30 June 2018. **The full budget statement with projections will be reported later in the year.**

4.2 REVENUE BUDGET POSITION 30 JUNE 2018

Annual Budget	Budget Year to Date	Actual & Committed Year to Date	Variance Year to Date
£000s	£000s	£000s	£000s
23,169	4,684	4,827	(143)

- 4.3 Direct Services actual and committed budget has an overall overspend to budget, of £143,000 for the period to 30 June 2018. This amounts to only 0.6% of the annual budget. The position is summarised in the table below and major variances described in para 4.4 of this report. Underspends or overspends are against projected budgets for the period only, with the aim to be on budget at year end.

<u>Service</u>	Ref Para	Overspend £000s	Underspend £000s
Waste Management	4.4	-155	

- 4.4 **Major Variance - Waste Management** has an overall overspend of £155,000 however this equates to only 2.14% of the overall yearly budget. Most of the overspends are variable and difficult to forecast due to circumstances out with our control such as weather. Main variances are:-

Income Shortfall: Tipping income is £15,000 underachieved due to income generated by tipping charges. This is something there is little control over as there are other landfill operators within a reasonable distance of Moray. This has been an ongoing pressure as people recycle or find other methods of diverting waste. A provision of £100,000 in the budget was agreed for this at the Council’s meeting on 14th February 2018, (Appendix 2, Item 18 tipping charges, recommendation 2.1 (11) or the agenda refers and item 10 (i) of the minute confirms) It is proposed that this may be drawn down after quarter 2

once the full extent of the expected overspend is known. (Item 18 tipping charges, recommendation 2.1 (11) or the agenda refers and item 10 (i) of the minute confirms.) The recycling income budget is currently under pressure due to market fluctuations in the price of wastepaper and cardboard recycling. The Council previously budgeted for an income of £209,000 per annum from this but now has to pay a fee per tonne to have the recyclates taken away. Prices fluctuate monthly, but the cost of recycling and loss of income has resulted in a £61,000 overspend on recycling income at period 3.

Expenditure Overspends: Leachate costs under Waste Management continue to be under pressure and are £21,000 overspent at the end of June 2018. Landfill Tax is overspent by £22,000 and fuel costs are overspent by £31,000 at the end of quarter 1.

These will be monitored closely and reported to Committee as the year progresses.

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

5.1 **REVENUE BUDGET POSITION 30 JUNE 2018**

Annual Budget	Budget Year to Date	Actual & Comm Year to Date	Variance Year to Date
£000s	£000s	£000s	£000s
758	258	260	(2)

5.2 Development Services - Economic Development, the variance to projection is a minor overspend of £2,000.

6. **DIRECT SERVICES CAPITAL BUDGET TO 30 JUNE 2018**

6.1 **APPENDIX II** details the Direct Services Capital Budget position to 30 June 2018. The total Capital Plan budget of £19.601M has an actual spend at the end of June of £1.828M **The full budget statement with projections will be reported later in the year.**

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

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. 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 2018 is £4,827,000 against a projection of £4,684,000 giving an overspend of £143,000.
Development Services - Economic Development revenue spend to 30 June 2018 is £260,000 against a projection of £258,000 giving a variance of £2,000 overspend.

Direct Services capital spend is £1,828 million to 30 June 2018 .

(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 Paul Connor, Principal Accountant, Head of Direct Services, Head of Development Services, Legal Service Manager (Property and Contracts), Lissa Rowan, Committee Service Officer and Direct 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 Direct Services and Development Services (Economic Development) Capital and Revenue Budget for the period to 30 June 2018. The full budget statement with projections will be reported later in the year.

Author of Report: Nichola Urquhart, Quality Management Systems Officer

Background Papers:

Ref: