

## REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 24 AUGUST 2017

### FINANCIAL MONITORING FOR THE PERIOD ENDED 30 JUNE 2017

#### 1. Recommendations

##### 1.1 It is recommended that the Committee:

1. Note the revenue and capital budget monitoring as at 30 June 2017.
2. Approve the revenue budget virements set out in Appendix 3 and note the revenue budget adjustments, some of which will be reported to Full Council for approval.

#### 2. Discussion

- 2.1 The Council's Scheme of Governance aligns service budget responsibility with Policy Committee responsibility. This report covers the 2017/18 forecast position as at 30 June 2017 for both Revenue and Capital Budget monitoring.

#### Revenue Budget Monitoring

- 2.2 Infrastructure Services revenue budget for monitoring purposes in 2017/18 for net revenue expenditure is £70,426,000, which includes Leisure Visitors Attractions, which are managed by Education & Children's Services, but excludes Housing General Fund, which is reported to Communities committee.
- 2.3 The forecast revenue expenditure to the end of the financial year is £70,493,000 which is in excess of budget by £67,000. This contributes to the overall position of the Council, which is £3,026,000 in excess of budget. The financial position is shown in more detail in **Appendix 1** with accompanying narrative detailing the reasons for major variances on **Appendix 2**.
- 2.4 It should be noted that although Infrastructure Services overall is forecasting to be in excess of budget, it is not material at 0.1% of budget. Therefore Managers will ensure that appropriate controls are put in place so that this is addressed within the financial year.
- 2.5 In addition to this pressure Managers are currently forecasting Winter Maintenance and Other Emergencies expenditure at £5,308,000, which if it transpires will require a draw down from the Winter Maintenance Fund of £977,000, which has a current balance of £2,566,000.
- 2.6 The Roads works programme for revenue, as reported to the individual area committees, if completed in full, will result in a requirement to draw down from the Roads Maintenance Fund of £226,000, which has a current balance of £887,000. The remaining balance after this draw down would still maintain the closing balance at an acceptable level.

- 2.7 For 2017/18 the budget pages within Planning have been realigned to better reflect the current management structure. Planning previously had six monitoring pages, three of which remain unchanged. However the following monitoring pages; Policy & Environment, Sustainability, Information & Research and Rangers, have been restructured to become Policy, Research & Delivery and Environment. Virements for these changes are proposed and included in **Appendix 3**.
- 2.8 A number of budget virements are proposed for approval. Details of these are shown in **Appendix 3**. **Appendix 3** also includes a reconciliation of the original budget approved by Full Council in February 2017 to the Revised Budget in this report. The Revised Budget is subject to the approval of the virements in the reconciliation by the appropriate Committees and officers.

### Capital Budget Monitoring

- 2.9 Infrastructure Services Revised Capital Budget for the year 2017/18 is currently £66,032,000. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted.
- 2.10 This is because the Capital Budget is set over a long term, multiple year timeframe, as the projects will often take more than one financial year to complete, or will start in one financial year and end in the next. Consequently there is the need to reprofile the capital expenditure and so the revised capital budget for the current year 2017/18 will be updated to reflect the latest alterations in timings as set out in **Appendix 4**, subsequent to this Committee noting them.
- 2.11 The current forecast capital expenditure for 2017/18 is £63,430,000, which is £2,602,000 less than the revised budget figure and this will mean that budget from 2017/18 of the capital plan will need to be carried forward into future years. The reasons for the major variances are detailed on **Appendix 5**.
- 2.12 The Monitoring Officer has been consulted and her comments have been incorporated in the report and is satisfied that the report complies with the Scheme of Governance and relevant legislation.

### **3. Scheme of Governance**

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section F.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

### **4. Equalities, Financial and Staffing Implications**

- 4.1 An Equalities Impact Assessment is not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the reprofiling of some expenditure.
- 4.2 The monitoring position for revenue is £67,000 in excess of budget for 2017/18 and capital expenditure is £2,602,000 lower than the revised budget, with details and explanation of variances contained within the appendices to this report.

4.3 There are no direct staffing implications arising from this report.

**Stephen Archer**

**Director of Infrastructure Services**

Report prepared by Tina Wight, Accountant

9 August 2017

## Appendix 1

SUMMARY OF REVENUE MONITORING 2017/18 TO 30/6/2017 - INFRASTRUCTURE SERVICES COMMITTEE

	Revised Budget 2017/18 £000	Forecast 2017/18 £000	Forecast Higher than Budget £000	Lower than Budget £000	Net Variance £000	NOTES
<b>INFRASTRUCTURE SERVICES COMMITTEE</b>						
<u>Planning</u>						
- Planning Administration	0	0	0	0	0	
- Building Standards	(357)	(326)	31	0	31	
- Development Management	886	1,225	339	0	339	
- Sustainability, Information and Research (SIR)	921	930	9	0	9	A
- Policy and Environment	2,042	1,981	0	(61)	(61)	
- Rangers Service	0	0	0	0	0	
	3,492	3,810	379	(61)	318	
<u>Economic Development &amp; Protective Services</u>						
- Economic Development	4,894	4,894	0	0	0	
- Protective Services Administration	0	0	0	0	0	
- Consumer Protection	938	885	0	(53)	(53)	
- Animal Welfare	327	325	0	(2)	(2)	
- Public Analyst	319	319	0	0	0	
- Environmental Health	1,724	1,703	0	(21)	(21)	
	8,202	8,126	0	(76)	(76)	
<u>Roads, Landscape Services &amp; Waste Management</u>						
- Roads - Administration and Management	(862)	(861)	1	0	1	
- Flood Management	828	828	0	0	0	
- Harbours	461	463	2	0	2	
- Road Maintenance - Expenditure & Income	16,716	16,716	0	0	0	
- Road Maintenance - Fund Interest	0	(5)	0	(5)	(5)	
- Winter Maintenance - Expenditure	4,331	4,331	0	0	0	
- Winter Maintenance - Fund Interest	0	(9)	0	(9)	(9)	
- Coastal Protection - Fund Interest	0	0	0	0	0	
- Other Recoverable Works - Roads Client	0	0	0	0	0	
- Highways	(1,726)	(1,720)	6	0	6	
- Quarries	(1,400)	(1,401)	0	(1)	(1)	
- Landscape Services Administration	(33)	(33)	0	0	0	
- Burial Grounds	563	555	0	(8)	(8)	
- Caravan Parks	0	0	0	0	0	
- Parks	5,448	5,478	30	0	30	
- Fishings	0	10	10	0	10	
- Landscape Services Funds	0	0	0	0	0	
- Grounds Maintenance	(456)	(452)	4	0	4	
- Waste Management	(16)	(16)	0	0	0	
- Waste Collection	7,355	7,258	0	(97)	(97)	
- Waste Disposal	15,628	15,622	0	(6)	(6)	
- Street Cleansing	2,740	2,741	1	0	1	
	49,577	49,505	54	(126)	(72)	

## Appendix 1

**SUMMARY OF REVENUE MONITORING 2017/18 TO 30/6/2017 - INFRASTRUCTURE SERVICES COMMITTEE**

	Revised Budget 2017/18 £000	Forecast 2017/18 £000	Forecast Higher than Budget £000	Lower than Budget £000	Net Variance £000	NOTES
<u>Transportation</u>						
- Transportation	8,232	8,142	0	(90)	(90)	
- Car Parks	43	164	121	0	121	
- Internal Transport	25	25	0	0	0	
- Internal Transport - VRF Interest	0	0	0	0	0	
- Vehicle Maintenance Services	(281)	(387)	0	(106)	(106)	
	8,019	7,944	121	(196)	(75)	
Area Managers (Kincardine & Mearns and Marr)	899	906	7	0	7	
Leisure - Visitor Attractions	237	202	0	(35)	(35)	
<u>Political Priorities</u>						
- Traffic Calming and Speeding Reduction	0	0	0	0	0	
- Active Travel	0	0	0	0	0	
- Waste Management	0	0	0	0	0	
	0	0	0	0	0	
<b>TOTAL IS COMMITTEE</b>	<b>70,426</b>	<b>70,493</b>	<b>561</b>	<b>(494)</b>	<b>67</b>	

**Appendix 2 - Variance Analysis**

<u>Note</u>	<u>Forecast</u>	<u>Narrative</u>
	<u>Over (within) budget</u>	
	<u>2017/18</u>	
	£'000	
A	339	<p><b><i>Development Management</i></b> - Is forecast to be over budget by £339,000. This is mainly due to planning application income being lower than budget due to the continued effects of a downturn in the economy.</p> <p>Discussions have been held with the Director of Infrastructure Services and assurance has been given that all pressures identified within Infrastructure Services will be contained within the budget available.</p>

**Appendix 3****SUMMARY OF REVENUE MONITORING VIREMENTS**

£'000's

<b>1</b>	<b>R&amp;M Contributions to Property</b>	
	Transfer of budgets which relate to the service contributions to the Repairs and Maintenance Fund. Full budget to be transferred to Business Services - Repairs and Maintenance Account. This virement also requires to be approved by the Business Services Committee, Communities Committee and Education and Children's Services Committee. This virement will apply to future years.	
	Administration and Management	(42)
	Area Managers (Banff & Buchan and Garioch)	(8)
	Nursery Education	(41)
	Primary Education	(2,056)
	Secondary Education	(1,142)
	Special Education	(107)
	Community Learning & Development	(139)
	Children Community Care	(9)
	Children Residential Care	(27)
	Arts Development	(15)
	Visitor Attractions	(40)
	Libraries	(87)
	Museums	(154)
	Sports & Leisure Management Client	(350)
	Consumer Protection	(2)
	Landscape Services Administration	(9)
	Burial Grounds	(39)
	Parks & Open Spaces	(57)
	Waste Management	(16)
	Area Managers (Kincardine & Mearns and Marr)	(6)
	Woodhill House	(123)
	Office Accommodation	(311)
	Public Conveniences	(118)
	Halls	(209)
	Estates	(22)
	Property Building Repairs & Maintenance Account	5,592
	Area Managers (Buchan & Formartine)	(8)
	Integration Joint Board	(455)
<b>2</b>	<b>Payments to Museums</b>	
	Transfer of Budget from Visitor Attractions to Museums to reflect payments in respect of Duff House, Museums of Scottish Lighthouses and Grampian Transport Museum. This virement also requires to be approved by the Education and Children's Services Committee. This virement will apply to future	
	Visitor Attractions	(210)
	Museums	210

3

**Waste Savings**

Proposed budget saving not approved during budget process 2017/18, therefore budget reinstated. This virement applies to 2017/18 only.

Waste Collection	155
Waste Disposal	60
Waste Management	(215)

4

**Traffic Calming Initiative**

Transfer of budget for Traffic Calming and Speeding Reduction as agreed during 2017/18 budget process. This virement applies to 2017/18 only.

Transportation	150
Traffic Calming and Speeding Reduction	(150)

5

**Active Travel**

Transfer of budget for Active Travel as agreed during 2017/18 budget process. This virement applies to 2017/18 only.

Transportation	125
Active Travel	(125)

6

**Fairer Scotland Fund**

Transfer of Budget from Community Planning to Economic Development for European Social Fund Grant Awards. This virement also requires to be approved by the Communities Committee. This virement applies to 2017/18

Economic Development	471
Community Planning	(471)

7

**Savings - Infrastructure Services**

Transfer to reflect the re-alignment of approved budget savings and allocate these to the correct budget pages. This virement will apply to future years.

Landscape Services Administration	2
Caravan Parks	2
Parks & Open Spaces	222
Fishings	(26)
Grounds Maintenance	(200)
Waste Collection	45
Waste Disposal	(45)



## Reconciliation of Budget

<b>Opening Budget</b>	<b>68,963</b>
<b>Cross-Service Virements (as above)</b>	92
<b>Permanent Virements approved in 2016/17 after 2017/18 budget set</b>	920
<b>Additional Budgets to be Approved by Full Council from Earmarked Reserves:</b>	
Economic Development (Regeneration Reserve)	50
Planning - Environment (Land Use Strategy)	5
Area Managers (Revenue Grants)	5
Planning - Environment (Regeneration Reserve)	5
Economic Development (Regeneration Reserve)	216
<b>Additional Virements to be Approved by Full Council:</b>	
Inflation and Non Pay Inflation	165
<b>Virements Approved by the Director:</b>	
Planning Administration	(12)
Building Standards	3
Development Management	5
Policy, Information & Delivery	1
Environment	3
Economic Development	(4)
Protective Services Administration	44
Consumer Protection	(7)
Animal Welfare	(3)
Environmental Health	(75)
Burial Grounds	1
Parks & Open Spaces	(1)
Waste Management	45
Waste Collection	(258)
Waste Disposal	99
Street Cleansing	153
Transportation	25
Area Managers	11
Active Travel	(25)
<b>Virements to be Approved by the Head of Finance:</b>	
Development Management (Access Panel Co-ordinator)	(15)
Economic Development (Admin Officer)	(10)
Car Parks (On Street Parking - Rates Relief)	50
Area Managers (Adjust budget allocation)	(44)
Area Managers (Community Planning)	17
Rounding Adjustments	2
<b>Closing Budget</b>	<b><u><u>70,426</u></u></b>

Appendix 4

**INFRASTRUCTURE SERVICES CAPITAL BUDGET 2017/18 MONITORING & CAPITAL PLAN 2016-2032 UPDATE - 30 JUNE 2017**

	Revised Budget 2017/18 £'000	Forecast Outturn 2017/18 £'000	Variance 2017/18 £'000	Changes to Future Years £'000	Note
<b>PLANNED EXPENDITURE</b>					
<u>Planning</u>					
Access/Environment Projects	130	130	0	0	
<u>Roads, Landscape Services &amp; Waste Management</u>					
Aberdeen Western Peripheral Route	30,241	30,241	0	0	
Aberdeen Western Peripheral Route (Funded from Nestrans)	30	30	0	0	
Bridges & Structures	3,467	2,846	(621)	621	1
Burial Grounds	812	812	0	0	
Cycling and Walking	1,292	1,733	441	0	2
Harbours, Coast & Flooding	3,848	2,500	(1,348)	1,348	3
Landfill, HWRC	1,254	1,254	0	0	
Nestrans Contribution	2,469	2,469	0	0	
Parks & Open Spaces	816	816	0	0	
Quarries	255	255	0	0	
Roads Resurfacing/Reconstruction	8,492	8,791	299	0	4
Safety Initiatives	638	918	280	0	5
Storm Frank Works Funded By Grant - Bridges and Flooding	1,309	1,309	0	0	
Street Lighting	1,999	1,999	0	0	
Waste Collection Service	325	325	0	0	
<u>Transportation</u>					
Public Transport	3,738	2,085	(1,653)	1,653	6
Vehicles	4,917	4,917	0	0	
<b>TOTAL PLANNED EXPENDITURE</b>	<b>66,032</b>	<b>63,430</b>	<b>(2,602)</b>	<b>3,622</b>	

## INFRASTRUCTURE SERVICES CAPITAL BUDGET 2017/18 MONITORING &amp; CAPITAL PLAN 2016-2032 UPDATE - 30 JUNE 2017

Significant Variance Analysis

<u>Note</u>	<u>Budget</u>	<u>Variance</u> <u>Revised Budget</u> <u>2017/18</u>	<u>£'000</u>	<u>Narrative</u>
1	Bridges & Structures	(621)		Re-profiling of budget to distribute schemes over the next 3 financial years. This is to incorporate 49 Road Bridge Structural Safety Defect Remedial Schemes in 2017/18, 39 in 2018/19 and 26 in 2019/20
2	Cycling and Walking	441		Forecast has been adjusted to reflect a £50,000 contribution from Nestrans towards various Cycling projects and a grant of £391,000 from Sustrans.
3	Harbours, Coast & Flooding	(1,348)		<b>Huntly Flood Scheme</b> - The project was late starting and the contractor's programme has dictated the spend profile. Several complex/expensive items relate to the reservoir and headwall construction, which have come later in the programme than expected.
4	Roads Resurfacing/Reconstruction	299		<b>Stonehaven Flood Scheme</b> - All small elements of the detailed design are running under forecast expenditure and consequently Mott MacDonald fees less than forecast in January. Public Hearing costs significantly less than expected, Ground Investigation outturn costs less than forecast.
5	Safety Initiatives	280		Forecast has been adjusted to reflect a £299,000 contribution from Nestrans towards Roads Resurfacing/Reconstruction projects
6	Public Transport	(1,653)		Forecast has been adjusted by a £280,000 contribution from Nestrans towards Safety Initiatives schemes The projected underspend is due to the construction of the School Park and Choose being unlikely to progress in the current financial year pending clarification on the full scheme funding.