Abstract:
This report apprises members of the actual expenditure compared with budget in respect of the Neighbourhood Services department (non-Housing Revenue Account) for the period 1 April 2010 to 31 December 2010, together with the anticipated year end position.

1 RECOMMENDATION

1.1 It is recommended that the Committee note the contents of this report for its interest.

2 INTRODUCTION

2.1 The responsibilities of chief officers with regard to revenue monitoring are set out in Section 3 of the Council's Financial Regulations. To ensure that budgetary control is exercised in accordance with these regulations, reports on budget monitoring covering revenue, capital and renewal and repair fund expenditure are presented to the Neighbourhood Services and Corporate Services Committees at key points during the financial year.

2.2 This report sets out the actual net expenditure position for those parts of the Neighbourhood Services department which are funded through the General Fund revenue or capital budget (i.e. all parts of the department except the Housing Revenue Account which is subject of a separate report) for the period 1 April 2010 to 31 December 2010 (9 months) and the projected outturn for each division.

3 CAPITAL MONITORING

3.1 Table 1 below summarises the net capital position. In overall terms, at 31 December 2010 there is actual spend of £724,000 (21.9%) against a net budget of £3.300m, leaving a balance of £2.576m in 2010/11. The department is currently projecting an overall year end spend of £1.712m (51.9%) which means an estimated underspend of £1.588m at the year end. The actual spend to 31 December represents 42.3% of the estimated outturn position.
Table 1 – Neighbourhood Services Net Capital Budget

<table>
<thead>
<tr>
<th>Capital Programme 2010/11</th>
<th>Net Budget £000’s</th>
<th>Actual to 31 Dec 10 £000’s</th>
<th>Budget Balance At 31 Dec 10 £000’s</th>
<th>Projected Outturn £000’s</th>
<th>Projected Over / (Under) Spend £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cultural Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>2,527</td>
<td>503</td>
<td>(2,024)</td>
<td>1,693</td>
<td>(834)</td>
</tr>
<tr>
<td>Leisure Services</td>
<td>773</td>
<td>221</td>
<td>(552)</td>
<td>19</td>
<td>(754)</td>
</tr>
<tr>
<td>Other Housing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Neighbourhood Services</td>
<td>3,300</td>
<td>724</td>
<td>(2,576)</td>
<td>1,712</td>
<td>(1,588)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.2 A brief commentary on each division is set out below.

3.3 **Headquarters / Cultural Services**
The Headquarters and Cultural Services divisions of the department have capital programmes in 2010/11, however these are fully funded from revenue and external funding. Consequently there is no net spend to report in the above table for these areas.

Members should note however that within the Cultural Services capital programme, the Year of Light project is currently projecting slippage of £250,000 (both in expenditure and funding terms) into 2011/12 following a reassessment of the time it is anticipated it will take to complete the internal display / fit-out works now that the construction works have been concluded. This has necessitated the submission of a carry forward request for approval by Strategic Policy Committee on 1 February 2011 in respect of the revenue funding that was provided on a one-off basis in the 2010/11 revenue budget for this project.

3.4 **Environmental Management**
The projected underspend of £834,000 in respect of Environmental Management primarily relates to the following projects:

- Waste Vehicle Replacement Programme 2010/11 – this programme has been reviewed during the 2011/12 budget preparation process in order to smooth out the capital financing cost impact on the division’s revenue budget of the associated borrowing. The procurement timescale of a number of vehicles over the next 4 to 5 years has been revised, including slipping 3 refuse collection vehicles from 2010/11 to 2011/12.
- General Vehicle Replacement Programme 2010/11 – the purchase of 2 replacement mobile library vans has been delayed pending the outcome of the ongoing rural service provision consultation.
- Brechin / Forfar Depots – Provision of Welfare and Drying Facilities – this project has been delayed pending the outcome of the ongoing joint depots review.
- Provision of Powered Spray Vehicle Wash at Restenneth Landfill Site – procurement issues have necessitated the slipping of this project into 2011/12. The Council did not receive any tenders for the supply and installation of the equipment, but having assessed its options in this regard the department re-advertised for this equipment and are now assessing four returned tenders.

3.5 **Leisure Services**
The projected underspend of £754,000 relates primarily to external funding received towards the replacement of Montrose Swimming Pool. Grant funding of £1.0m was recently awarded by SportScotland towards the replacement pool and it has been confirmed that the full amount will be
passed to the Council in the current financial year. The part use of this funding (£620,000) has been reflected in the projected outturn, reducing the net expenditure on this project in 2010/11 to nil.

3.6 Other Housing

The Other Housing capital programme consists entirely of Private Sector Housing Grants which are fully funded from Scottish Government general capital grant. Whilst a gross underspend of some £248,000 is currently anticipated based on the current throughput of referrals, the net underspend is nil due to the in year application of grant funding.

4 REVENUE MONITORING

4.1 Table 2 below summarises the net revenue position for the period ended 31 December 2010. In overall terms, there is currently an underspend of £3.610m compared to the profiled monitoring budget at this stage in the year. The year end outturn for the department is projected to be under budget by £2.194m. However, 100% budget carry forward requests totalling £1.181m were approved at the Strategic Policy Committee on 1 February 2011 thereby reducing the underspend projection to £1.013m.

Table 2 – Neighbourhood Services Net Revenue Budget

<table>
<thead>
<tr>
<th>Revenue Budget 2010/11 (excluding Central Support Recharge)</th>
<th>Net Vired Budget £000’s</th>
<th>Profiled Monitoring Budget to 31 Dec 10 £000’s</th>
<th>Actual to 31 Dec 10 £000’s</th>
<th>Variance Profile v Actual Over / (Under) £000’s</th>
<th>Outturn £000’s</th>
<th>Variance Budget v Outturn Over / (Under) £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>NON-TRADING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Directorate / Support &amp; Resources</td>
<td>518</td>
<td>858</td>
<td>836</td>
<td>(22)</td>
<td>468</td>
<td>(50)</td>
</tr>
<tr>
<td>- Leisure Services</td>
<td>4,648</td>
<td>1,087</td>
<td>1,086</td>
<td>(1)</td>
<td>4,642</td>
<td>(6)</td>
</tr>
<tr>
<td>- Cultural Services</td>
<td>3,222</td>
<td>2,417</td>
<td>2,016</td>
<td>(401)</td>
<td>3,086</td>
<td>(136)</td>
</tr>
<tr>
<td>- Environmental Management</td>
<td>14,862</td>
<td>6,421</td>
<td>5,877</td>
<td>(544)</td>
<td>13,821</td>
<td>(1,041)</td>
</tr>
<tr>
<td>- Access</td>
<td>504</td>
<td>1,016</td>
<td>973</td>
<td>(43)</td>
<td>520</td>
<td>16</td>
</tr>
<tr>
<td>- Other Housing</td>
<td>3,211</td>
<td>2,408</td>
<td>(267)</td>
<td>(2,675)</td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>TOTAL NON-TRADING</td>
<td>26,965</td>
<td>14,207</td>
<td>10,521</td>
<td>(3,686)</td>
<td>24,937</td>
<td>(2,028)</td>
</tr>
<tr>
<td>TRADING SURPLUSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ground Operations</td>
<td>(378)</td>
<td>2,322</td>
<td>2,421</td>
<td>99</td>
<td>(478)</td>
<td>(100)</td>
</tr>
<tr>
<td>- Sports Services</td>
<td>(358)</td>
<td>1,680</td>
<td>1,657</td>
<td>(23)</td>
<td>(424)</td>
<td>(66)</td>
</tr>
<tr>
<td>TOTAL TRADING SURPLUSES</td>
<td>(736)</td>
<td>4,002</td>
<td>4,078</td>
<td>76</td>
<td>(902)</td>
<td>(166)</td>
</tr>
<tr>
<td>NEIGHBOURHOOD SERVICES TOTAL</td>
<td>26,229</td>
<td>18,209</td>
<td>14,599</td>
<td>(3,610)</td>
<td>24,035</td>
<td>2,194</td>
</tr>
</tbody>
</table>

4.2 Set out below is a brief commentary on each division.

4.3 Directorate / Support & Resources

Neighbourhood Services Directorate and Support & Resources are projecting an underspend of £50,000. Revenue funding of £50,000 was made available in 2010/11 for relocating the Kirriemuir
Access Office to the local police station. Delays in progressing this project have necessitated the submission of a 100% carry forward request to the Head of Finance so that funds are available when required in 2011/12.

4.4 **Leisure Services**
An underspend of £6,000 is anticipated for Leisure Services due to staff slippage on vacant posts. Whilst this underspend has been identified to be utilised towards the funding of the Angus Glens Ranger Base Interpretative Signage Scheme, it is not needed in the current financial year and a 100% carry forward request into 2011/12 has been submitted to the Head of Finance.

4.5 **Cultural Services**
Whilst an underspend of £136,000 is currently projected, the ongoing Year of Light capital project has had a significant impact on the revenue budget outturn. With revenue funding having been set aside to fund this project (via CFCR) in 2010/11, expenditure slippage of some £250,000 has arisen, reflecting the capital expenditure slippage reported through the ongoing capital monitoring process. A formal 100% carry forward request for the revenue funding has been made in this regard in order to allow this high priority project to be completed in 2011/12 (the actual carry forward request totals £260,000, being the reported £250,000 expenditure slippage and £10,000 set aside for retention monies that was always to be expended in 2011/12).

Taking the £260,000 CFCR underspend out of the equation, the projected outturn for Cultural Services moves to an overspend position of £124,000 including:

- Transport Costs – overspend of £39,000 due to rising fuel and pooled vehicle costs
- Supplies & Services (excluding payments to exhibitors which are offset by income from exhibitors sales) – overspend of £68,000 with the single biggest areas being telecommunications (£18,000), library internet costs (£21,000) and computer consumables (£8,000)
- Income (excluding exhibitors sales) - projecting £12,000 below budget due to lower than anticipated facilities hire, book / publication sales and fines.

The ongoing exercise to realign the 2010/11 revenue budgets of some Neighbourhood Services divisions will see the transfer of revenue resources from Environmental Management to Cultural Services. Whilst all options available to reduce the projected £124,000 overspend from within Cultural Services will be looked at, any amount which cannot be contained by the division will be offset through the budget realignment process.

4.6 **Environmental Management**
As at the end of December the Environmental Management division is projecting an overall underspend of £1.041m at the end of the financial year, comprising of the following individual variances:

- Waste Management is predicting an underspend of £1.029m, with some £754,000 of this relating specifically to the Strategic Waste Fund (and for which a 100% carry forward request has been approved). Additional income from the increased sale of recyclates has also contributed significantly towards the underspend.
- Fleet Services is anticipated to overspend by £27,000 due to tyre purchase / maintenance and non-rechargeable workshop costs.
- Parks & Gardens are projecting an underspend of £59,000 due to additional income.
- Burial Grounds are projecting an overspend of £19,000 due to lower than budgeted income on the sale of lairs, internments and rents.

4.7 **ACCESS**
An overspend of £16,000 is anticipated within the ACCESS function mainly due to higher than anticipated telecommunications costs and banking fees.
4.8 **Other Housing**
An underspend of £811,000 is currently projected within the Other Housing revenue account, in the main due to higher than expected Private Landlord Registration fee income (£118,000), Community Safety (£54,000) and a slow take up of Private Sector Housing Grants (£558,000). A 100% carry forward request for £111,000 has been approved in respect of the Private Sector Housing Grants.

4.9 **Ground Operations (Trading Account)**
The Trading Account for Ground Operations is on target to achieve its financial objective as determined in the budget setting process. As at the end of December, it is projected that surpluses will exceed the budgeted requirement by £100,000 by the financial year end, mainly due to additional income from winter maintenance duties. This represents an increase of £56,000 from that reported as part of the regular revenue monitoring report to the Corporate Services Committee on 27 January 2011 (report 65/11 refers) and reflects the availability of further information regarding the impact of the increased levels of winter maintenance duties.

4.10 **Sports Services (Trading Account)**
The Sports Services Trading Account is on target to achieve its financial objective as determined in the budget setting process. As at the end of December, it is projected that surpluses will exceed the budgeted requirement by £66,000 after making provision for CFCR to fund the projected outturn expenditure in respect of the capital programme.

4.11 **OVERALL POSITION**
Overall, the Neighbourhood Services department (non-Housing Revenue Account) is projecting an underspend of £2.194m at the year end. As noted earlier, 100% carry forward requests were considered by the Strategic Policy Committee of 1 February 2011 (report 75/11 refers) for Kirriemuir ACCESS Office / Police Station (£50,000), Year of the Light (£260,000), Strategic Waste Fund (£754,000), Angus Glens Interpretative Signage (£6,000) and Private Sector Housing Grants (£111,000). These requests (totalling £1.181m) were approved and can be seen therefore to partly utilise the projected overall departmental underspend.

5 **RECREATION RENEWAL AND REPAIRS FUND 2010/11**

5.1 Table 3 below summarises the position on the Recreation Renewal & Repair Fund as at 31 December 2010.

<table>
<thead>
<tr>
<th>Description</th>
<th>£000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total R&amp;R Fund as at 1 April 2010</td>
<td>688</td>
</tr>
<tr>
<td>Total expenditure to 31 Dec 2010</td>
<td>(424)</td>
</tr>
<tr>
<td>Total R&amp;R Fund as at 31 Dec 2010</td>
<td>264</td>
</tr>
<tr>
<td>Total committed expenditure outstanding</td>
<td>(214)</td>
</tr>
<tr>
<td>Uncommitted Fund balance as at 31 Dec 2010</td>
<td>50</td>
</tr>
<tr>
<td>Less minimum Fund balance</td>
<td>(15)</td>
</tr>
<tr>
<td>Available Fund balance as at 31 Dec 2010</td>
<td>35</td>
</tr>
</tbody>
</table>

5.2 The committed expenditure outstanding of £214,000 shown above relates to expenditure on R&R projects which are already underway or approved and in the main these projects are progressing to plan. Projects undertaken using funding from the R&R Fund include Kirriemuir Hill, East Greens, Forfar and Strathmartine Park playpark.
6 FINANCIAL IMPLICATIONS

6.1 The financial implications are as set out in the body of the report and there are no additional financial implications arising directly as a result of the recommendation in this report.

6.2 Overall the department is projecting an underspend of £2.194m at the year end for net revenue expenditure. However 100% budget carry forward requests totalling £1.181m were agreed by the Strategic Policy Committee on 1 February 2011 (report 75/11 refers) thereby reducing the projected revenue budget variance at year end to £1.013m.

6.3 An underspend of £1.588m is projected in respect of net capital expenditure, although it should be noted that this is not all due to unplanned slippage. Additional external funding and managed procurement deferrals have also contributed significantly towards the underspend position.

6.4 These positions will continue to be closely monitored and any alterations will be reported as part of the regular revenue and capital monitoring reports presented to each cycle of the Corporate Services Committee.

7 HUMAN RIGHTS IMPLICATIONS

7.1 There are no Human Rights implications arising from this Report.

8 EQUALITIES IMPLICATIONS

8.1 The issues contained in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

9 CONSULTATION

9.1 The Chief Executive, Head of Finance and Head of Law & Administration have been consulted in the preparation of this report.

10 CONCLUSION

10.1 It will be noted from the information set out above that the Neighbourhood Services department is projecting underspends in respect of both revenue (£2.194m) and capital (£1.588m) expenditure. The projected revenue budget underspend has been partly utilised in the form of adjusted 100% budget carry forward requests agreed by the 1 February 2011 Strategic Policy Committee (report 75/11 refers). There are no particular concerns arising from these matters at present but the position will continue to be monitored closely during the remainder of the financial year.

RON ASHTON
DIRECTOR OF NEIGHBOURHOOD SERVICES

COLIN McMAHON
DIRECTOR OF CORPORATE SERVICES
NOTE
No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.