Abstract:
This report apprises members of the actual expenditure compared with budget in respect of the Infrastructure Services department for the period 1 April 2010 to 31 December 2010, together with the anticipated year end position.

1 RECOMMENDATION

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

2 INTRODUCTION

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 Committee at key points during the financial year.

This report sets out the actual net expenditure position for the period 1 April 2010 to 31 December 2010 (9 months) and the projected outturn for each division.

3 CAPITAL MONITORING

Table 1 below summarises the net capital position:-
Table 1 – Infrastructure Services Net 2010/11 Capital Budget

<table>
<thead>
<tr>
<th>Capital Programme</th>
<th>Net Budget 2010/11</th>
<th>Actual to 31/12/10 £000's</th>
<th>Budget Balance at 31/12/10 £000's</th>
<th>Projected Outturn £000's</th>
<th>Projected Over / (Under) Spend £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS Directorate</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Economic Development and Environmental &amp; Consumer Protection</td>
<td>1,224</td>
<td>577</td>
<td>647</td>
<td>1,086</td>
<td>(138)</td>
</tr>
<tr>
<td>Planning &amp; Transport</td>
<td>693</td>
<td>427</td>
<td>266</td>
<td>693</td>
<td>0</td>
</tr>
<tr>
<td>Roads</td>
<td>8,269</td>
<td>3,836</td>
<td>4,433</td>
<td>8,146</td>
<td>(123)</td>
</tr>
<tr>
<td>Infrastructure Services Total</td>
<td>10,186</td>
<td>4,840</td>
<td>5,346</td>
<td>9,925</td>
<td>(261)</td>
</tr>
</tbody>
</table>

In overall terms, at 31 December there is actual spend of £4,840 million (48%) against a net annual budget of £10.186 million, leaving a balance of budget of £5,346 million in 2010/11. The department is projecting a capital underspend of £261,000 at the year end. A brief commentary for each division is set out below:-

**Economic Development and Environmental & Consumer Protection Division**

The division’s capital expenditure to the end of December equates to 47% of annual budget. The Provision of Services to Orchardbank, Forfar project is projecting an overspend of around £32,000, due to unanticipated costs associated with essential works on the foul drainage system and a share of pending retention costs. This is to be met from slippage within Economic Development’s capital programme. At this stage, after allowing for the £32,000 overspend on the Orchardbank project, it is predicted that the overall Economic Development and Environmental & Consumer Protection Division 2010/11 net capital budget will underspend by around £138,000 primarily due to slippage; on the Angus Portal upgrade works (£50,000) and provision of services to Employment Land, Forties Rd, Montrose (£70,000).

**Planning & Transport Division**

The division’s capital budget currently has a 62% spend against the net budget. At this point it is anticipated that Planning’s capital expenditure for 2010/11 will be on budget.

It should be noted that some Planning projects are classified as non-enhancing expenditure for capital accounting purposes. This is because the expenditure is more revenue in nature, or is capital on a third party’s asset, and therefore must be transferred back to revenue at the year end. These projects are monitored outwith the net budget noted in Table 1. The Brechin THI project comes under this prescribed non-enhancing criteria. Due to the nature of the Brechin THI project it has encountered slippage of £232,000 on a limited number of projects (since being last being reported in report 65/11). These projects will now commence in the early months of 2011/12.
**Roads Division**

The division’s capital expenditure to the end of December equates to 46% of annual budget, at this stage it is predicted that the Roads net capital budget will underspend by £123,000 due to:

- **Road Structure Repairs / Strengthening** - slippage of £77,000 has been identified on this block heading. One project has been delayed to 2011/12 to allow it to be undertaken in conjunction with a planned road maintenance scheme whilst another has been delayed due to protracted negotiations with landowners.

- **Arbroath Harbour Infrastructure Repairs** - expenditure of £29,000 has been slipped in order to accommodate other cost commitments within the harbour infrastructure repair programme.

- **Brechin Flood Prevention Scheme** - slippage of £59,000 is projected due to a reduction in fees associated with developing the specific scheme and a delay in incurring consultants costs subject to a wider project review.

- **Coastal Protection / River Flood Alleviation** - projected overspend of £42,000 is anticipated due to the tender for groyne works at Monifieth (the works for which are due to start on 7 February) coming in higher than budgeted.

In addition, a potential gross underspend of some £500,000 on has been anticipated due to slippage in carriageway / footway reconstruction (£250,000) and roads infrastructure supplementary budget allocation (£250,000) in the current financial year. This has arisen due to a combination of the recent severe weather conditions causing a delay in the programme of works, as well as issues regarding contractors work capacity. While it may have been possible to recover part of this slippage in the current financial year this option has not been pursued given the significant budget pressures on winter maintenance and associated repair work. It is proposed to use this slippage to partially offset the projected Roads winter maintenance revenue budget issue. On a net basis however this underspend across these projects is zero as CFCR (£500,000) has been redirected to the division’s revenue budget.

**4 REVENUE MONITORING**

Table 2 below summaries the net revenue expenditure position for the period ended 31 December 2010.
Table 2 – Infrastructure Services Net 2010/11 Revenue Budget

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Revenue Budget 2010/11 (excluding Central Support Recharge)</th>
<th>Net Vired Budget £000’s</th>
<th>Profiled Monitoring Budget to 31/12/10 £000’s</th>
<th>Actual to 31/12/10 £000’s</th>
<th>Variance Profile v Actual Over / (Under) £000’s</th>
<th>Variance Vired Budget v Outturn Over / (Under) £000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.S. Directorate</td>
<td>445</td>
<td>325</td>
<td>302</td>
<td>(23)</td>
<td>470</td>
<td>25</td>
</tr>
<tr>
<td>Environmental &amp; Consumer Protection</td>
<td>2,450</td>
<td>1,906</td>
<td>1,856</td>
<td>(50)</td>
<td>2,400</td>
<td>(50)</td>
</tr>
<tr>
<td>Economic Development</td>
<td>1,554</td>
<td>997</td>
<td>933</td>
<td>(64)</td>
<td>1,385</td>
<td>(169)</td>
</tr>
<tr>
<td>Planning &amp; Transport</td>
<td>3,654</td>
<td>2,613</td>
<td>2,121</td>
<td>(492)</td>
<td>3,421</td>
<td>(233)</td>
</tr>
<tr>
<td>Roads</td>
<td>15,034</td>
<td>9,401</td>
<td>9,020</td>
<td>(381)</td>
<td>15,774</td>
<td>740</td>
</tr>
<tr>
<td>Infrastructure Services Total</td>
<td>23,137</td>
<td>15,242</td>
<td>14,232</td>
<td>(1,010)</td>
<td>23,450</td>
<td>313</td>
</tr>
<tr>
<td>100% carry forward requests approved (Economic Development)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>58</td>
</tr>
<tr>
<td><strong>Infrastructure Services budget overspend to be funded in 2010/11</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>371</strong></td>
</tr>
</tbody>
</table>

There is currently an underspend of £1,010,000 compared to the profiled monitoring budget at this stage in the year. The year end gross outturn for the department i.e. after adjusting for approved 100% carry forward requests, is an overspend of £371,000. Set out below is a brief commentary on each division:-

**Directorate**

Infrastructure Services Directorate is currently below the profiled monitoring budget by £23,000, due to the lower than anticipated level of property maintenance transactions processed to date.

Infrastructure Services Directorate is currently predicting an overspend of £25,000 pertaining to directorate property (rates, water and maintenance) and suppliers & services costs (telecommunications). This budget overspend was being proactively managed to be contained within the overall Infrastructure Services departmental 2010/11 revenue budget. However, the winter maintenance budget overspend has impacted on the overall Infrastructure Services year-end outcome

**Environmental & Consumer Protection**

There is an underspend of £50,000 on the profiled monitoring budget as at the end of December, which primarily results from underspends to date on supplies & services and current income levels being above profiled budget.

The division is anticipating a year end underspend of £50,000, after accounting for a £60,000 virement to Economic Development to partially cover the cost of Property staff
costs in respect of the abortive Brechin Town Centre Regeneration project at 79/81 High Street. This underspend position has arisen as a result of a combination of staff slippage, and a net underspend on general supplies and services. The staff slippage position is after applying the £32,000 of staff savings pertaining to the 2010/11 supplementary savings target for Infrastructure Services department. In addition, the division has received additional Scottish Government grant income pertaining to private water supplies works.

Economic Development

Economic Development is currently £64,000 under the profiled budget at this stage. This is primarily due to staff slippage and increased property rental income. Third Party Payments are above budget at this time mainly as a result of increased claims expenditure against the Leader programme, but this will be offset by relevant income received prior to the year end (reimbursed by the Scottish Government). Angus Grants Scheme expenditure, also incurred through third party payments will be offset by a corresponding year end draw down of funds from balances.

After the virement of £60,000 from Environmental & Consumer Protection outlined above Economic Development is currently projecting an underspend of £169,000 for the year.

Three 100% carry forward requests have been submitted to the Head of Finance for £58,000 and these were approved by the Strategic Policy Committee on 1 February 2011. The balance of the underspend, £111,000, relates to Fairer Scotland Fund projects.

Planning & Transport

The division is currently showing an underspend of £492,000 against profiled budget. This is mainly attributable to four factors; staff slippage (£79,000); total income (£155,000); timing of invoices received/paid for third party payments (£34,000); and an underspend on supplies and services (£189,000); which is attributable to a variety of areas across the division. Notably where there are currently supplies and services underspends commitments have been made or will be made in the near future that will fully utilise the budget allocation.

The 2010/11 Planning & Transport divisional outturn is a net underspend of £233,000 for the financial year. This can be broken down into two main elements:

- an underspend on staff costs as result of slippage where a management decision not to fill vacant posts has been applied (£87,000). This is partially offset by additional managed spend of £54,000 on one off I.T. projects within the Planning & Transport division.

- at this point it is viewed that additional planning income (from planning applications and building warrants) for the full year of £200,000 will be achieved and this is reflected in the outturn position.
Roads

Roads are currently £381,000 below the profiled monitoring budget. Staff slippage has resulted in a saving to date of £64,000. In addition, total income is £187,000 higher than profiled at present, primarily due to rechargeable capital & Renewal & Repair Fund works fees income. Third party payments are £122,000 under profiled budget.

The Roads division are currently projecting a gross overspend of £1,967,000 on winter maintenance based on the estimated current position to end January and cost projections to the financial year end based on past trends. However, having regard to the severity of the recent winter weather and the prospect of more to come it is considered prudent to allow for a further £297,000 overspend risk which would result in a projected winter maintenance overspend of £2,264,000 for 2010/11.

As has been the case in past years the Director of Infrastructure Services has sought to manage this position as fully as possible and has through proactive engagement identified a number of compensating funding options to offset this projected overspend on winter maintenance. These funding options as outlined in Report 65/11 but subsequently updated comprise:-

1. £100,000 - due to additional capital fee income.

2. £100,000 - underspend on Lighting third party works costs.

3. £500,000 - the Roads 2010/11 capital plan is currently showing managed slippage of £250,000 on supplementary capital projects and £250,000 on carriageway & footway reconstruction projects. This £500,000 slippage can be used to fund £500,000 of 2010/11 Capital From Current Revenue works which allows the release of £500,000 revenue budget resources.

   Note: applying 2010/11 supplementary & capital slippage of £500,000 in 2010/11 will have a significant consequent impact onto the Roads capital programme in 2011/12 since these slipped works will now require to be funded from within the resources available to Roads in 2011/12.

4. £160,000 - retained winter maintenance contingency within the Roads and Transport Renewal and Repairs Fund.

5. £100,000 – utilise the de minimis balance with the Roads and Transport Renewal and Repairs Fund.

6. £100,000 - the release of a proportion of the accrued provision currently provided for A92 land assembly payments that is now not required.

7. £464,000 – allocation from the £15 million of Scottish Government additional resources in respect of winter maintenance costs and emergency pothole repairs.

The corrective action by the Roads division noted above will provide £1,524,000 of funding to address the projected winter maintenance underspend and thus results in a net projected overspend on the Roads 2010/11 revenue budget of £740,000.
As detailed above, the Council has now received confirmation from the Scottish Government that our allocation of the additional £15 million will be £464,000 which is £64,000 higher than the £400,000 previously assumed (Report 65/11 refers). These additional monies could be used to reduce the current level of projected overspend and the subsequent call on the corporate provisions underspend within the Other Services 2010/11 budget. However in view of the ongoing uncertainty with regard to the winter maintenance spend in the current financial year these resources (£64,000) have been added to the winter maintenance contingency provision. No change to the previously reported net Roads outturn position of a £740,000 overspend (Report 65/11 refers) is therefore projected at this time.

This projected net Roads overspend of £740,000 already accounts for £100,000 of additional emergency pothole repairs projected to be undertaken in the current year. However, greater instances of potholes are not likely to be the only impact on the roads network due to the severe weather as more significant infrastructure repairs will be necessary. The full impact and cost cannot be fully assessed until the end of the winter period.

Infrastructure Services Departmental Summary

Overall the Infrastructure Services department is anticipated to be overspent by £313,000 in 2010/11 on their revenue budget. After accounting for approved 100% carry forward requests of £58,000 from Economic Development, the gross departmental overspend rises to £371,000.

Report 65/11 confirmed that this overspend will be met from the projected underspends on corporate provisions within the 2010/11 Other Services revenue budget.

5 Roads & Transport Renewal and Repairs Fund 2010/11

Table 3 below summarises the position on the Roads and Transport Renewal & Repairs Fund as at 31 December 2010.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>£000’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total R&amp;R Fund as at 1 April 2010</strong></td>
<td>3,028</td>
</tr>
<tr>
<td>Total expenditure to 31 December 2010</td>
<td>(1,233)</td>
</tr>
<tr>
<td><strong>Total R&amp;R Fund as at 31 December 2010</strong></td>
<td>1,795</td>
</tr>
<tr>
<td>Total committed expenditure outstanding</td>
<td>(1,795)</td>
</tr>
<tr>
<td><strong>Uncommitted Fund balance as at 31 December 2010</strong></td>
<td>0</td>
</tr>
<tr>
<td>Less de minimis Fund balance</td>
<td>(0)</td>
</tr>
<tr>
<td><strong>Available Fund balance as at 31 December 2010</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

The Head of Roads has utilised the agreed contribution in 2010/11 of £160,000 from the Fund pertaining to the overspend within the Roads revenue winter maintenance budget. In addition, committee approval was given to utilise the de minimis balance of £100,000
towards the 2010/11 winter maintenance budget overspend, subject to the de minimis balance being reinstated to £100,000 from any contribution made to the Fund as part of the 2011/12 budget setting process (report 65/11 refers).

6 FINANCIAL IMPLICATIONS

There are no financial implications arising directly as a result of the recommendations contained in this report.

Overall the department is projecting a gross revenue budget overspend of £371,000 position at the year end and an underspend of £261,000 on net capital expenditure. As detailed in report 65/11, the projected overspend of £371,000 will be met from underspends on corporate provisions within the Other Services 2010/11 revenue budget.

7 HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising from this Report.

8 EQUALITIES IMPLICATIONS

The issues dealt with in this report have been the subject of consideration from an equalities perspective. An equalities impact assessment is not required.

9 CONSULTATION

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

10 CONCLUSION

It will be noted from the information set out above that in the main, revenue and capital expenditure is currently behind the phased budget and a gross revenue budget overspend of £371,000 at the year end is anticipated. It is anticipated that this revenue budget overspend is met from underspends on corporate provisions within the 2010/11 Other Services revenue budget. (report 65/11 refers).

ERIC LOWSON  COLIN McMAHON
DIRECTOR OF INFRASTRUCTURE SERVICES  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.

ESL/IA/RT