

The Highland Council
Planning, Development and Infrastructure Committee

Agenda Item	4
Report No	PDI/ 57/16

2 November 2016

Revenue Budget Monitoring Report - 2016/17

Report by Director of Development and Infrastructure

Summary

This report invites Members to approve the revenue budget monitoring position for the period 1 April 2016 to 30 September 2016.

1. Background

- 1.1 This report is produced in support of the Council's corporate governance process, which, in turn, is designed to support/augment the Council's overall/corporate delivery of all of its obligations in terms of the Single Outcome agreement.

2. Current Position

- 2.1 The revenue expenditure monitoring statements, appended to this report (**Appendix 1**), show the financial position to 30 September 2016. In total, the expenditure is currently in line with the budget outturn target.
- 2.2 There has been a net decrease in the budget of £0.283m from that reported at 30 June 2016 of £8.377m to £8.094m. The budget was increased by £0.221m to meet the cost of the strain on the pension fund as a result of voluntary severance; £0.107m for the transfer of the Sustainable Development Team from the Chief Executive's Service; £0.021m for auto enrolment of staff into the pension fund; a budget feed of £0.020m for the Invergordon rationalisation project; and a developer's contribution of £0.012m for the Munloch Road junction. The budget was reduced by £0.634m in respect of the transfer of Trading Standards to Corporate Development; £0.005m for Development & Infrastructure share of the corporate fuel saving; £0.003m transfer of budget for Business Support; and £0.022m for a reduction in the ICT contract.

3. Budget Savings

- 3.1 All of the savings, both Service specific, and corporate and transformational, have been reflected in the Development and Infrastructure 2016/17 budget, and have been allocated across all parts of the Service, where appropriate.
- 3.2 An updated Red/Amber/Green (RAG) analysis of Service specific agreed budget savings for the current financial year is set out on **Appendix 2**. This statement reflects the position for the second quarter of the financial year.

3.3 **Appendix 3** sets out the corporate and transformational savings for the current financial year, and reflects the position for the second quarter of the financial year. The RAG status is based on achieving the saving based on the proposal i.e. capital investment in renewable projects aligned to generating electricity and selling to the market directly linked to a budget income target. The savings marked “red” totalling £0.411m, will not be achieved in the way they were originally intended. Discussions are ongoing within the Service to identify where these savings are to come from.

4. Year-End Projection

4.1 The year-to-date actual figures represent the transactions for the six months ended 30 September, and are generally in line with management expectations. To deliver a balanced budget will be a challenge.

4.2 Members will note that, based on the financial performance to date and the actions already taken, it is predicted that at the end of the financial year the budget as a whole will be balanced.

5. Major Issues and Variances

5.1 Members will be aware of the financial issues relating to the Council’s Renewable Heating Incentive (RHI) Scheme, in particular the delays in receiving income due from Ofgem, the Government Regulator of the Scheme. Improvement actions are now in place and include:

- a full-time dedicated post of RHI Data Co-ordinator is now a permanent post;
- monthly meetings have been set up between the Head of Property Services, Service Finance Manager and Principal Engineer Energy and Sustainability to receive updates and progress reports from the RHI Data Co-ordinator;
- set in place a periodic audit/verification process to be carried out at least once annually. A report will be compiled on the status of each site, any findings and modifications made, along with details of any action planned and completed from the inspection; and
- a governance team of the above to instigate a set review of the RHI programme, including receipt of RHI income, culminating in an annual report to the Planning, Development and Infrastructure Committee. The report will include the system performance and outline RHI data and compliance.

5.2 The receipt of income for the current financial year is behind profile due to the switching off of heating systems over the summer period, however, given the actions taken, the Service is confident that the £1m income target will be achieved for this financial year.

5.3 At present there are no other major issues or variances to be highlighted. However, all income streams have been increased, some considerably, and they will be closely monitored on a month-by-month basis to ensure the targets are achievable.

6. Actions Proposed

6.1 Managers will review their respective parts of the Service to identify where costs can be reduced without affecting service delivery, with a view to managing overspends, or approved savings measures that may not be fully achieved.

6.2 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall Development and Infrastructure budget.

7. Implications

7.1 Resource implications are discussed in the report.

7.2 Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.

7.3 There are no legal, equality, climate change/carbon clever, Gaelic and rural implications arising as a direct result of this report.

Recommendations

Members are invited to approve the report and the attached monitoring statements which show the revenue position for the period 1 April 2016 to 30 September 2016, and the actions which have been put in place to manage the budget over the remainder of the financial year.

Designation: Director of Development and Infrastructure

Date: 24 October 2016

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statement 30/09/16 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2016 - 30 SEPTEMBER 2016

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	822	1,448	1,446	(2)
Planning & Building Standards	2,172	4,662	4,655	(7)
Infrastructure				
Project Design Unit	120	(1,177)	(1,196)	(19)
Flood Risk Assessment	126	271	271	0
Environment & Economic Development				
Management	12	0	0	0
Environment	732	1,736	1,740	4
Economy & Regeneration	375	1,589	1,618	29
Employability Service	432	1,770	1,770	0
Property				
Energy & Sustainability	1,518	(1,089)	(1,089)	0
Property asset management	1,681	2,933	2,884	(49)
Revenue Maintenance	1,864	4,065	4,065	0
Housing Development & Private Sector Housing Grant	684	1,680	1,680	0
Investment Properties	(959)	(2,085)	(2,115)	(30)
Technical, Design & Projects	422	(3,230)	(3,187)	43
Income				
Planning Fee Income	(1,168)	(2,564)	(2,504)	60
Building Warrant Fee Income	(1,012)	(1,915)	(1,944)	(29)
	7,821	8,094	8,094	0

BY SUBJECTIVE				
Staff Costs	9,197	19,543	18,805	(738)
Other Costs	10,131	14,235	14,400	165
Gross Expenditure	19,328	33,778	33,204	(573)
Grants	(2,617)	(1,616)	(1,941)	(325)
Other Income	(8,890)	(24,068)	(23,170)	898
Total Income	(11,507)	(25,684)	(25,111)	573
	7,821	8,094	8,094	0

Notes

1. Percentage of annual budget

	Expenditure	Income
This year	<u>57%</u>	<u>45%</u>
Last year	<u>51%</u>	<u>29%</u>

**2. Appeals, Public Local Inquiries and Court Cases
(included above in Planning & Building Standards)**

	Actual Year to Date £000
PLIs General	7
Tain PLI	1
Cairn Duhie Wind Farm	14
Glenmorie Wind Farm	1
Tom Na Clach Wind Farm	1
Tesco Ness Side	7
TOTAL	<u><u>31</u></u>

2016/17 Savings

APPENDIX 2

Service	Saving owner	Activity Heading	Saving category	Savings Proposal	Savings		
					2016/17 £m	Saving RAYG (enter R, A, Y, or G)	Projected saving- red amber yellow
TSP	SB	Support for Council Renewable Projects	New initiatives	Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	0.234	R	Timescale in achieving and change to subsidy requirements
TSP	SB	Employability	New initiatives	Social Impact Bonds	0.150	R	Difficult to implement.
D&I	SB	Housing Development	Income generation	Increased Industrial Development Charges	0.026	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
D&I	SB	Planning & Building Standards	Income generation	Planning & Building Standards Fees	0.050	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
D&I	SB	Industrial & Investment	Income generation	Industrial Property Rental Income	0.050	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
D&I	SB	Environmental Studies	Service reviews	Provision of Advice in-house (consultancy cost saving)	0.050	A	Assumed level of work will generate the saving, however there has been a delay in implementation
D&I	SB	Planning & Building Standards	Income generation	Increased Planning & Building Standards Fees	0.025	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.

2016/17 Savings

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					2016/17 £m	Saving RAYG (enter R, A, Y, or G)	Projected saving- red amber yellow
D&I	SB	Housing Development	Income generation	Housing Development Charges	0.025	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
D&I	SB	Review Work for Common Good	Service reviews	Review Charges Common Good	0.020	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
D&I	SB	Planning & Building Standards	Income generation	Permitted Development Enquiries Fee Income	0.010	A	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year.
TSP	SB	Fort William Office Review	Efficiencies	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	0.105	G	
TSP	SB	Income Generation - Planning	Income generation	Introduce charge for local pre-application advice packs	0.045	G	
D&I	SB	Access/ Rangers	Service reviews	Review of countryside provision for 16/17	0.381	G	
TSP	SB	Income Generation	Income generation	Opportunities to be identified	0.180	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Management Savings - 1 post at HC12 ; 1 post at HC13	0.145	G	
TSP	SB	Inverness Service Point Relocation	Efficiencies	Inverness Service Point Relocation	0.138	G	
D&I	SB	Property	Service reviews	Reduction in use of consultants	0.100	G	
D&I	SB	HOL/Business Gateway	Service reviews	Review of activity	0.100	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Vacancy Management	0.100	G	
D&I	SB	Coastal & Aquaculture	Service reviews	Review of Function/Activity	0.095	G	

2016/17 Savings

APPENDIX 2

Service	Saving owner	Activity Heading	Saving category	Savings Proposal	Savings		Projected saving- red amber yellow
					2016/17 £m	Saving RAYG (enter R, A, Y, or G)	
D&I	SB	Property	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.070	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Management Review	0.060	G	
D&I	SB	Employability	Efficiencies	Efficiency from Employability Service Budget by utilising EU funding to replace direct Council support	0.050	G	
TSP	SB	Invergordon SW Office Relocation	Efficiencies	Invergordon SW Office Relocation	0.050	G	
D&I	SB	Film & Tourism	Service reviews		0.050	G	
TSP	SB	Planning & Development Services	Income generation	Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	0.040	G	
D&I	SB	Property	Efficiencies	Reduction of K2/IT Development Budget	0.040	G	
D&I	SB	Visit Scotland	Third parties	Reduce contribution	0.035	G	
D&I	SB	Biodiversity	Management and staffing savings	Reduction in Biodiversity	0.030	G	
D&I	SB	Project Design Unit	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.010	G	

2016/17 Corporate & Transformation Savings

				2016/17	
Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17 Service Allocations D&I £m	Saving RAYG (enter R, A, Y, or G)
Corp 5	Voluntary Severance	Voluntary Severance	Allocation agreed 30/05/16 (includes £300k for ASN)	-1.417	G
Corp 6	Recruitment Freeze	Recruitment freeze for non-exempt posts	Allocation agreed 30/05/16	-0.066	G
Corp 4, TSP Proc 1 & 3, TSP WPP4-SSJV9	Procurement	Procurement Shared Service & Collaborative Spend	Allocation agreed 30/05/16	-0.071	A
Corp 2	Fees & Charges	10% increase on all fees and charges that are not nationally set, or a different amount has already been agreed	Allocation already included within HC 25/02/16 Service budgets; Based on actual % increases for individual fees & charges budgets	-0.013	A
PIM1 & PIM20	Entitlements & Digital Services	Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	Allocation agreed 30/05/16	-0.014	R

2016/17 Corporate & Transformation Savings

				2016/17	
Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17 Service Allocations D&I £m	Saving RAYG (enter R, A, Y, or G)
PIM22	Mobile Technology	Roll out of processes developed for Housing in support of mobile working, scheduling and appointments	Allocation agreed 30/05/16	-0.100	A
Corp 3	Energy	Reduced consumption, pricing & behavioural change	Allocation agreed 30/05/16	-0.027	G
IG10	Support for Council Renewable Projects	Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	Allocated in full to D&I budget	-0.234	R
	Information Management		Allocation agreed 30/05/16	-0.013	R
PIM8	Fuel Procurement	Rationalise arrangements for fuel procurement	Agreed to allocate 30/05/16; WG to confirm sums per service	-0.005	G
Corp 1	Salary Sacrifice	Savings from salary sacrifice schemes	Allocate proportionate to take up of schemes in year to date	-0.027	G
Corp 7	Management and staffing savings	Agency Staff	Allocation agreed 30/05/16	-0.041	G
PIM27	Reduction in Light Vehicles and Plant	3 year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	Allocation agreed 30/05/16	-0.019	G
WCG6	Employability	Social Impact Bonds	Allocated in full to D&I budget	-0.150	R
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Allocation agreed 30/05/16	-0.009	A
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	Allocation agreed 30/05/16	-0.011	G
Agreed Resources 26/05/15	Inverness Service Point Relocation	Inverness Service Point Relocation	Allocated in full to D&I budget	-0.138	G

2016/17 Corporate & Transformation Savings

				2016/17	
Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17 Service Allocations D&I £m	Saving RAYG (enter R, A, Y, or G)
Agreed HC 13/03/14	Fort William Office Review	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	Allocated in full to D&I budget	-0.105	G
IG4	Income Generation - Planning	Introduce charge for local pre-application advice packs	Allocated in full to D&I budget	-0.045	A
PIM17	Planning & Development Services	Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	Allocated in full to D&I budget	-0.040	A
Total				-2.545	