

Agenda Item	6
Report No	PLA 05/17

HIGHLAND COUNCIL

Committee: Places Committee

Date: 15 June 2017

Report Title: Development & Infrastructure Service Revenue Budget – Final Outturn 2016/17

Report By: Director of Development & Infrastructure

1. Purpose/Executive Summary

- 1.1 This report invites Members to approve the revenue budget outturn position for the Development and Infrastructure Service for the year ended 31 March 2017.

2. Recommendations

- 2.1 Members are invited to approve the revenue budget outturn position for the year ended 31 March 2017.

3. Background

- 3.1 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.

4. Final Outturn 2016/17

- 4.1 The Service returned an underspend of £0.145m (2.0%) for the year ended 31 March 2017 out of a net budget of £7.421m. The predicted outturn, previously reported to Committee, was an overspend of £0.234m.
- 4.2 The Service summary statement, shows the final position for the year ended 31 March 2017, is contained in **Appendix 1**.
- 4.3 There has been a net decrease in the budget of £0.726m from that reported at 31 December 2016 of £8.147m to £7.421m. The budget was increased by £0.484m to take account of the employees early release scheme (£0.079m); budget feed for central energy efficiency fund (£0.186m); business loans Scotland (£0.116m); budget feed for property office rationalisation projects (£0.065m); and to meet the cost of early retirements (£0.038m). The budget was reduced by £1.210m in respect of transferring the budget for purchase of allowances for carbon reduction commitment scheme (£0.721m) to Care & Learning and Community Services; earmarking of funds for specific projects (£0.394m); transfer of the Council's requisition to HITRANS (£0.091m); and a reduction for ICT contracts (£0.004m).

5. Budget Savings

- 5.1 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.
- 5.2 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 financial year.
- 5.3 **Appendix 3** sets out the corporate and transformational savings for the current financial year and reflects the position for the financial year. The RAG status is based on achieving the saving based on the proposal ie capital investment in renewable projects aligned to generating electricity and selling to the market directly linked to a budget income target. The two savings measures marked "red" totalling £0.384m, will not be achieved in the way they were originally intended. The social impact bonds will not be implemented, however budget provision has been allowed for in the Employability budget. Given the change to subsidy requirements, the saving of £0.234m attributed to supporting Council renewable projects was not achieved.

6. Notes on Variances

6.1 The following is a summary of the movement on variances between 31 December 2016 figures as reported to the January Committee and the outturn at 31 March 2017:

Activity	December £000	March £000	Movement £000
Directorate	18	13	(5)
Planning & Building Standards	1	107	106
Infrastructure	(13)	(64)	(51)
Environment & Economic Development	(152)	(285)	(133)
Property	342	18	(324)
Planning Fee & Building Warrant Income	38	66	28
Total	234	(145)	(379)

6.2 Planning and Building Standards

6.2.1 Part of the overspend (£0.032m) is attributable to costs associated with Public Local Inquiries. The budget is set at the same level each year, £0.050m. However given the nature of the unpredictability of the costs incurred, this line may overspend.

6.2.2 The remainder of the overspend is due to the delay in staff leaving the Council as a consequence of the voluntary severance scheme. Crucial to maintaining service delivery a handover period of duties had to be actioned.

6.3 Environment & Economic Development

To enable the Service to deliver a balanced budget, expenditure was curtailed in the Employability budget.

6.4 Property

After a review of the charges for the Technical, Design and Projects team this section returned a much improved bottom line. The charges review will allow a more robust budget to be set for 2017/18 and future years.

7. Implications

7.1 Resource - Resource implications are discussed in the report.

7.2 Risk - 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 Community (Equality, Poverty and Rural), Climate change/ Carbon Clever, Legal, Gaelic – there are no implications arising as a direct result of this report.

Designation: Director of Development and Infrastructure

Date: 5 June 2017

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statement 31/3/17 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2016 - 31 MARCH 2017

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	1,728	1,715	1,728	13
Planning & Building Standards	4,577	4,470	4,577	107
Infrastructure				
Project Design Unit	(1,199)	(1,177)	(1,199)	(22)
Flood Risk Assessment	274	316	274	(42)
Environment & Economic Development				
Management	0	0	0	0
Environment	1,610	1,699	1,610	(89)
Economy & Regeneration	1,770	1,669	1,770	101
Employability Service	1,186	1,483	1,186	(297)
Property				
Energy & Sustainability	(1,355)	(1,766)	(1,355)	411
Property Asset Management	2,638	2,704	2,638	(66)
Revenue Maintenance	4,581	4,259	4,581	322
Housing Development & Private Sector Housing Grant	1,779	1,689	1,779	90
Investment Properties	(2,349)	(2,085)	(2,349)	(264)
Technical, Design & Projects	(3,551)	(3,076)	(3,551)	(475)
Income				
Planning Fee Income	(2,389)	(2,564)	(2,389)	175
Building Warrant Fee Income	(2,024)	(1,915)	(2,024)	(109)
	7,276	7,421	7,276	(145)
BY SUBJECTIVE				
Staff Costs	19,380	20,357	19,380	(977)
Other Costs	21,985	12,962	21,985	9,023
Gross Expenditure	41,365	33,319	41,364	8,046
Grants	(7,863)	(2,069)	(7,863)	(5,794)
Other Income	(26,226)	(23,829)	(26,226)	(2,397)
Total Income	(34,089)	(25,898)	(34,089)	(8,191)
	7,276	7,421	7,276	(145)

Notes

1. Percentage of annual budget

	Expenditure	Income
This year	<u>124%</u>	<u>132%</u>
Last year	<u>115%</u>	<u>121%</u>

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

	Actual Year to Date £000
PLIs General	21
Tain PLI	2
Cairn Duhie Wind Farm	14
Glenmorrie Wind Farm	1
Tom Na Clach Wind Farm	1
West Garty Wind Farm	3
Dell of Inshes	64
Millenium Wind Farm	12
Tesco Ness Side	(36)
TOTAL	<u>82</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	G	
D&I	SB	Planning & Building Standards	Income generation	Planning & Building Standards Fees	0.050	G	
D&I	SB	Industrial & Investment	Income generation	Industrial Property Rental Income	0.050	G	
D&I	SB	Environmental Studies	Service reviews	Provision of Advice in-house (consultancy cost saving)	0.050	A	£41k achieved for 6 months - delay in implementation.
D&I	SB	Planning & Building Standards	Income generation	Increased Planning & Building Standards Fees	0.025	G	
D&I	SB	Housing Development	Income generation	Housing Development Charges	0.025	G	
D&I	SB	Review Work for Common Good	Service reviews	Review Charges Common Good	0.020	G	
D&I	SB	Planning & Building Standards	Income generation	Permitted Development Enquiries Fee Income	0.010	G	
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	

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	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	
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	G
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	G

2016/17 Corporate & Transformation Savings

APPENDIX 3

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	G
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	G
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	G
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	G
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	G
Total				-2.545	