

Agenda Item	<b>4</b>
Report No	<b>EDI/01/18</b>

## HIGHLAND COUNCIL

**Committee:** Environment, Development and Infrastructure

**Date:** 1 February 2018

**Report Title:** Revenue Budget Monitoring Report  
1 April 2017 to 31 December 2017

**Report By:** Director of Development and Infrastructure

### **1. Purpose/Executive Summary**

- 1.1 This report invites Members to approve the revenue monitoring position for the Development and Infrastructure Service for the period 1 April 2017 to 31 December 2017.

### **2. Recommendations**

- 2.1 Members are invited to approve the revenue monitoring position for the period 1 April 2017 to 31 December 2017, and the actions which have been put in place to manage the budget over the remainder of the financial year.

### **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. Revenue Monitoring**

- 4.1 The overall budget for Development and Infrastructure in financial year 2017/18 is £49.528m. The annual budget now includes the property functions plus PPP/SFT transferred from C&L. The revenue expenditure monitoring statements, appended to this report at **Appendix 1**, show the financial position to 31 December 2017. In total, the expenditure is estimated to be £0.027m underspent at the end of the financial year.

### **5. Budget Savings**

- 5.1 All of the savings, both Service specific and corporate and transformational, have been reflected in the Development and Infrastructure 2017/18 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 and corporate and transformational agreed budget savings for the current financial year is set out on **Appendix 2**. This statement reflects the position for the financial year. The Renewables saving measure marked 'red' totalling £0.050m, will be met from elsewhere within the Service.
- 5.3 The Property Assets £0.115m and Income Generation £0.180m saving measures marked 'amber' are being monitored and there is currently no indication that the targets will not be achieved. The Asset Management Team continue to progress property revenue savings across a number of property rationalisation projects that are forecast to generate an annual equivalent revenue saving from FY1819 onwards of £181k against the annual property rationalisation target of £150k. Income generation now sits with the Commercial board chaired by the Director of Corporate Resources.

### **6. Year - End Projection**

- 6.1 The year to date actual figures represent the transactions for the nine months ended 31 December 2017 and are generally in line with management expectations.
- 6.2 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.

### **7. Major Issues and Variances**

- 7.1 Property Asset Management: Due to a reduction in property costs and increase in rechargeable income the Service predicts an estimated underspend of £0.091m.
- 7.2 Revenue Maintenance: The maintenance budget is under pressure due to compliance and service contracts and at this stage in the financial year the Service predicts an overspend of £0.106m. This will be monitored closely over the remainder of the financial year.

- 7.3 Catering, Cleaning and Facilities Management (CCFM): A shortfall in income of £0.350m is estimated as a result of the reduction in secondary school week to 4.5 days. The catering income position is worse than previously reported and is a concern going forward into the new financial year. A number of initiatives are being considered to address the income gap.
- 7.4 Investment Properties: The Service predicts a surplus from investment properties of £0.196m, due to increased rental income.
- 7.5 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.

## **8. Actions Proposed**

- 8.1 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.
- 8.2 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall Development and Infrastructure budget.

## **9. Implications**

- 9.1 Resource - Resource implications are discussed in the report.
- 9.2 Risk - Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.
- 9.3 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: 19 January 2018

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 31/12/2017 and the Highland Council Financial Ledger

<b>DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report</b>
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<b>1 APRIL 2017 - 31 DECEMBER 2017</b>
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<b>Summary</b>
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	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>				
<b>Directorate</b>				
Director & Business Team	269	948	983	35
<b>Planning &amp; Building Standards</b>	3,525	4,606	4,690	84
<b>Infrastructure</b>				
Project Design Unit	(125)	(940)	(1,015)	(75)
Flood Risk Assessment	134	164	164	0
<b>Environment &amp; Economic Development</b>				
Environment	544	1,337	1,268	(69)
Economy & Regeneration	1,222	1,605	1,615	10
Employability Service	1,509	731	679	(52)
<b>Property</b>				
Energy & Sustainability	95	(1,303)	(1,296)	7
Property Asset Management	2,079	2,484	2,393	(91)
Revenue Maintenance	4,443	5,786	5,892	106
PPP and Wick SFT	17,831	26,899	26,899	0
Catering, Cleaning & Facilities Management	11,538	15,064	15,414	350
Housing Development & Private Sector Housing Grant	1,370	1,679	1,694	15
Investment Properties	(1,600)	(2,120)	(2,316)	(196)
Technical, Design & Projects	(2,343)	(2,738)	(2,764)	(26)
<b>Income</b>				
Planning Fee Income	(1,908)	(2,696)	(2,721)	(25)
Building Warrant Fee Income	(2,087)	(1,978)	(2,078)	(100)
	<b>36,496</b>	<b>49,528</b>	<b>49,501</b>	<b>(27)</b>

<b>BY SUBJECTIVE</b>				
Staff Costs	27,067	36,159	36,261	102
Other Costs	34,800	53,395	53,585	190
<b>Gross Expenditure</b>	<b>61,867</b>	<b>89,554</b>	<b>89,845</b>	<b>292</b>
Grants	(3,175)	(9,714)	(9,787)	(73)
Other Income	(22,196)	(30,312)	(30,558)	(246)
<b>Total Income</b>	<b>(25,371)</b>	<b>(40,026)</b>	<b>(40,345)</b>	<b>(319)</b>
	<b>36,496</b>	<b>49,528</b>	<b>49,501</b>	<b>(27)</b>

## Notes

**1. Percentage of annual budget**

This year

Expenditure

Income

69%63%**2. Appeals, Public Local Inquiries and Court Cases  
(included above in Planning & Building Standards)**Actual Year  
to Date

£000

PLIs General

12

Druim Ba Wind Farm

27

Glenmorie Wind Farm

1

Cnoc an Eas Wind Farm

18

West Garty Wind Farm

13

Caplich Wind Farm

9

Culachy Wind Farm

17

Limekiln 2 / Drum Hollistan

11

TOTAL

108

Service	Saving Owner	Agreed Date	Ref.	Activity Heading	Saving Category	Savings Proposal	2017/18 £m	Saving RAYG (enter R, A, Y or G)	Projected Saving - Red, Amber, Yellow £m
D&I	SB	18/12/14	3	Planning & Building Standards	Income generation	Increased Planning & Building Standards Fees	0.025	G	
D&I	SB	18/12/14	4	Project Design Unit	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.010	G	
D&I	SB	18/12/14	5	Property	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme <i>Savings reduced HC 16/02/17</i>	0.035	G	
D&I	SB	18/12/14	6	Housing Development	Income generation	Increased Industrial Development Charges	0.027	G	
D&I	SB	16/02/17	1	Environment		Reduction in countryside rangers service and Access team and restructuring of Environmental Projects team	0.371	G	
D&I	SB	16/02/17	2	Economy & Regeneration		Revise European, Business Gateway and Tourism Services	0.305	G	
D&I	SB	16/02/17	3	Employability Service		Reduction in employability team and grants to third parties	0.331	G	
D&I	SB	16/02/17	4	Energy & Sustainability		Generate additional Scottish Energy Efficiency Income (SEEPS) by coordinating Highland-wide programmes of work	0.250	G	
D&I	SB	16/02/17	5	Property Asset Management		Reduce the number of Property Assets held on the Property Office Accommodation Account <i>Included as Corporate saving for allocation across Services</i>			
D&I	SB	16/02/17	6	Flood Risk Management		Reduce the revenue budget for flood risk management	0.100	G	
D&I	SB	16/02/17	7	Service-wide		P & B S Income - increase charges : £100k Property Principal PM(HC10) : £53k Property Efficiencies : £145k Director /Business Team : £131k <del>Deletion of vacant posts across the service : £240k</del>	0.669	G	
Corp	SB	16/02/17	D&I/5	Property Asset Management		Reduce the number of Property Assets held on the Property Office Accommodation Account <i>Original agreed savings of £0.150m less £0.035m shown separately as 2017/18 TSP savings for Inverness Property Rationalisation</i>	0.115	A	
TSP	SB	18/12/14	CIP IG /7	Income Generation	Income generation	Opportunities to be identified	0.180	A	
TSP	SB	18/12/14	IG10	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	0.050	R	Nil achieved 16/17 - no permanent alternative, so £234k budget pressure 17/18; Position likely to remain for 17/18 saving as well
TSP	SB		Agreed HC 13/03/14	Fort William Office Review	Efficiencies	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee		G	