

Agenda Item	5
Report No	EDI/66/18

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 8 November 2018

Report Title: Revenue Budget – Monitoring 2018/19

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 2018 to 30 September 2018.

2. Recommendations

- 2.1 Members are invited to approve the revenue monitoring position for the period 1 April 2018 to 30 September 2018, 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 and 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 2018/19 is £48.782m. The revenue expenditure monitoring statements, appended to this report (**Appendix 1**), show the financial position to 30 September 2018. In total, the expenditure is currently in line with the budget outturn target.

5. Budget Savings

- 5.1 All of the savings, both Service specific and corporate and transformational, have been reflected in the Development and Infrastructure 2018/19 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.

6. Year - End Projection

- 6.1 The year to date actual figures represent the transactions for the six months ended 30 September 2018, and are generally in line with management expectations. To deliver a balanced budget will be a challenge.
- 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 Energy and Sustainability: An income target of £0.250m was set in 2017/18, to be achieved through grant funding under the Scottish Energy Efficiency Programme, however this was not achieved. The target has been rolled forward to 2018/19, however it will not be achieved and the Service will have to fund this from underspends elsewhere in the budget. The underspends will have to be recurring to allow the £0.250m to be removed from the 2019/20 budget.
- 7.2 Environment: The Service predicts a underspend of £0.102m, due to additional income from Castle Viewing Tower and staff vacancies.
- 7.3 Catering, Cleaning & Facilities Management: A shortfall in income of £0.241m is estimated as a result of the reduction in secondary school week to 4.5 days. A budget feed of £0.148m was received, however this was insufficient to cover the projected shortfall in this 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 £0.183m, due to increased rental income.

- 7.5 Income: As in the previous year, income from building warrants is better than expected. The increase can be attributed to a combination of increased charges, a more buoyant economy, increased tourism, increase in affordable housing and general increase in both the construction industry and housing market.
- 7.6 Revenue Maintenance: The Service predicts a overspend of £0.227m, due to servicing contracts in schools and insufficient budget transferred from Care & Learning.
- 7.7 At present there are no other major issues or variances to be highlighted.

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: 29 October 2018

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 30/9/2018 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2018 - 30 SEPTEMBER 2018

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	643	(20)	17	37
Planning & Building Standards	2,412	4,550	4,552	2
Infrastructure				
Project Design Unit	(256)	(1,035)	(1,020)	15
Flood Risk Assessment	41	124	86	(38)
Environment & Economic Development				
Environment	778	1,013	911	(102)
Economy & Regeneration	1,979	1,941	1,885	(56)
Property				
Energy & Sustainability	(1,493)	(1,996)	(1,746)	250
Property Asset Management	1,624	2,372	2,326	(46)
Revenue Maintenance	3,399	6,881	7,108	227
PPP and Wick SFT	12,470	27,269	27,315	46
Catering, Cleaning & Facilities Management	7,919	15,881	16,122	241
Housing Development & Private Sector Housing Grant	657	1,661	1,574	(87)
Investment Properties	(1,313)	(2,223)	(2,406)	(183)
Technical, Design & Projects	546	(2,769)	(2,765)	4
Income				
Planning Fee Income	(1,454)	(2,762)	(2,762)	0
Building Warrant Fee Income	(1,554)	(2,105)	(2,555)	(450)
	26,398	48,782	48,642	(140)

BY SUBJECTIVE				
Staff Costs	17,340	36,336	35,352	(984)
Other Costs	23,308	54,077	54,580	503
Gross Expenditure	40,648	90,413	89,931	(481)
Grants	(1,295)	(10,566)	(10,115)	451
Other Income	(12,955)	(31,065)	(31,175)	(110)
Total Income	(14,250)	(41,631)	(41,290)	341
	26,398	48,782	48,642	(140)

Notes		
1. Percentage of annual budget	Expenditure	Income
This year	<u>45%</u>	<u>34%</u>
2. Appeals, Public Local Inquiries and Court Cases (included above in Planning & Building Standards)	Actual Year to Date	
	£000	
PLIs General	20	
Golticlay Wind Farm	15	
TOTAL	<u>35</u>	

Date Agreed	Ref.	Budget Heading	Name of Savings Proposal	Agreed Savings £m	Category R A G	Comments
HC 18/12/14	3	Planning & Building Standards	Increased Planning & Building Standards Fees	0.025	G	
HC 18/12/14	4	Project Design Unit	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.005	G	
HC 18/12/14 Amended HC 16/02/17	5	Property	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.035	G	
HC 18/12/14	6	Housing Development	Increased Industrial Development Charges	0.027	G	
HC 16/02/17	2	Economy & Regeneration	Revise European, Business Gateway and Tourism Services	0.135	G	
HC 16/02/17	3	Employability Service	Reduction in employability team and grants to third parties	0.270	G	
HC 15/02/18	DI1	Service-wide	Efficiencies	0.068	G	
HC 15/02/18	DI3	Flood Risk Assessment	Reduce revenue budget for flood risk management	0.140	G	
HC 15/02/18	DI5	Planning & Building Standards	Uplift Current Fees & Charges - Planning Fees Advertising 10%	0.015	G	
HC 15/02/18	DI6	Property Estates	Uplift Current Fees & Charges - Rents 2%	0.075	G	£0.055m achieved to 30 June
HC 15/02/18	DI8	Property Asset Management	Reduce Council property assets			Transferred to corporate savings - any individual Service allocations to be categorised by appropriate Service
HC 15/02/18	DI9	Service-wide	Uplift Current Fees & Charges - Photocopies Sale 10%	0.003	G	
HC 15/02/18	DI11	Energy & Sustainability	Increase in Renewable Heat Incentive budget to reflect current income and new projects	0.400	A	
HC 15/02/18	DI12	Service-wide	Deletion of vacant posts and vacancy management	0.338	A	£0.128m achieved to 30 September
HC 15/02/18	DI13	Planning & Building Standards	Planning and building standards- fee income	0.150	G	
HC 15/02/18	DI14	Property Asset Management	Redesign of property services	0.192	A	
HC 15/02/18	CL13	PPP Contracts	Negotiate savings from contracts with regard to service standards and access times	0.100	A	
Total				1.978		

Allocation of TSP & Corporate Savings

Date Agreed	Ref.	Description	Total Savings (inc 17/18 c/fwd) £m	D&I Allocations to Date £m	Category R A G	Comments
HC 15/02/18		Redesign	2.290	0.000		
HC 15/02/18	CR9	Insurance	0.311	-0.001	G	Net insurance savings overall but budget increase for D&I
HC 15/02/18	CS31	Travel Desk	0.060	0.008	G	
HC 15/02/18	DI8	Property Asset Management (including £0.076m c/fwd from 2017/18)	0.226	0.000		
		Procurement (c/fwd from 2017/18)	1.126	0.017	G	
Total			4.013	0.024		