

Agenda Item	6
Report No	EDI 41/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 15 August 2019

Report Title: Development and Infrastructure Service Revenue Budget 2019/2020

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 2019 to 30 June 2019.
- 1.2 This report also invites Members to approve a budget allocation of £0.030m, as match funding with HIE, from the Service's feasibility budget towards the continuation of feasibility works at Eden Court.

2. Implications

- 2.1 Resource - Resource implications are discussed in the report.
- 2.2 Risk - Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.
- 2.3 Community (Equality, Poverty and Rural), Climate change/ Carbon Clever, Legal, Gaelic there are no implications arising as a direct result of this report.

3. Recommendations

- 3.1 Members are invited to approve:
 - (i) the revenue monitoring position for the period 1 April 2019 to 30 June 2019, and the actions which have been put in place to manage the budget over the remainder of the financial year; and
 - (ii) approve the allocation of £0.030m from the D&I Service feasibility budget towards the continuation of feasibility works at Eden Court.

4. Background

- 4.1 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.

5. Revenue Monitoring

- 5.1 The overall budget for Development and Infrastructure in financial year 2019/20 is £48.130m. The revenue expenditure monitoring statements, appended to this report **Appendix 1**, show the financial position to 30 June 2019. In total, the expenditure is estimated to be £0.450m underspent at the end of the financial year.

6. Budget Savings

- 6.1 All of the savings, both Service specific and corporate and transformational, have been reflected in the Development and Infrastructure 2019/20 budget, and have been allocated across all parts of the Service, where appropriate.
- 6.2 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.

7. Year - End Projection

- 7.1 The year to date actual figures represent the transactions for the three months ended 30 June 2019. The Service will continue to manage expenditure in order to maintain this position to the year end.
- 7.2 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 underspent.

8. Major Issues and Variances

- 8.1 Project Design Unit: The under-recovery of income in technical, design and projects teams is due to staff vacancies.
- 8.2 Environment: As in the previous year, the Service predicts a underspend of £0.096m, due to staff vacancies.
- 8.3 Economy and Regeneration: As in the previous year, the Service predicts a underspend of £0.296m, due to staff vacancies and reduced payments to external organisations.
- 8.4 PPP and Wick SFT: The Service predicts a overspend of £0.562m, due to a combination of contract indexation not being fully funded, increase in pension provision and projected shortfall on the savings allocated to the contracts.
- 8.5 Catering, Cleaning and Facilities Management: A shortfall in income of £0.065m is estimated, a number of initiatives are being considered to address the income gap.
- 8.6 Housing Development and Private Sector Housing Grant: As in the previous year, the Service predicts a underspend of £0.224m, due to increased recharges.

- 8.7 Investment Properties: The Service predicts a surplus from investment properties of £0.249m, due to increased rental income.
- 8.8 Technical, Design and Projects: The under-recovery of income in technical, design and projects teams is due to staff vacancies.
- 8.9 Income: As in the previous year, income from planning and building warrant fee income is better than expected, therefore this is reflected in the outturn.
- 8.10 At present there are no other major issues or variances to be highlighted.

9. Feasibility Study Eden Court

- 9.1 Eden Court Highlands is seeking support for costs associated with continued feasibility works into necessary redevelopment, refurbishment and change-of-use to its facilities. The building, in its entirety, is category A listed with Historic Environment Scotland.
- 9.2 Eden Court Highlands needs to improve its financial sustainability. The potential capital works will ensure the buildings and facilities are fit-for-purpose for 21st century live performance ensuring the Highland capital can attract world-class public performance. This will benefit the people of the Highlands and visitors to the region, and also assist with talent attraction and inward investment. Eden Court's contribution to the local economy is significant.
- 9.3 An initial conceptual study, funded by HIE and the Inverness Common Good Fund, has supported the future vision for the venue. HIE has indicated that they can provide support to the next stage of the feasibility work, if this support can be matched by the Highland Council. Additional investment is now required to fully cost the potential project and commission various consultants including structural engineering, cost, fire safety and architects.
- 9.4 Eden Court is seeking £0.030m from Highland Council, as match funding with HIE, towards the continuation of feasibility works. Approval is sought to allocate £0.030m from the Development and Infrastructure Service feasibility budget.

10. Actions Proposed

- 10.1 The Service has contributed a significant underspend to assist the Council's overall financial position by reducing expenditure in all areas of the budget and will continue to maintain this until the end of the financial year.
- 10.2 Budgets will continue to be closely managed and any underspends will be used to offset overspends and pressures within the overall Development and Infrastructure and wider Council budget.

Designation: Director of Development and Infrastructure

Date: 5 August 2019

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 30/06/2019 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2019 - 30 JUNE 2019

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	(200)	588	604	16
Planning & Building Standards	1,301	4,833	4,868	35
Infrastructure				
Project Design Unit	176	(899)	(653)	246
Flood Risk Assessment	10	24	24	0
Environment & Economic Development				
Environment	758	1,021	925	(96)
Economy & Regeneration	1,266	2,032	1,736	(296)
Property				
Energy & Sustainability	439	(2,487)	(2,457)	30
Property Asset Management	104	2,097	2,051	(46)
Revenue Maintenance	1,052	6,846	6,846	0
PPP and Wick SFT	5,419	27,441	28,003	562
Catering, Cleaning & Facilities Management	4,096	16,318	16,383	65
Housing Development & Private Sector Housing Grant	212	1,620	1,396	(224)
Investment Properties	(787)	(2,751)	(3,000)	(249)
Technical, Design & Projects	1,732	(2,905)	(2,723)	182
Income				
Planning Fee Income	(643)	(2,907)	(3,205)	(298)
Building Warrant Fee Income	(711)	(2,741)	(3,118)	(377)
	14,224	48,130	47,680	(450)
BY SUBJECTIVE				
Staff Costs	8,577	38,946	36,775	(2,171)
Other Costs	12,641	49,700	51,413	1,713
Gross Expenditure	21,218	88,646	88,188	(458)
Grants	(253)	(8,076)	(8,254)	(178)
Other Income	(6,741)	(32,440)	(32,254)	186
Total Income	(6,994)	(40,516)	(40,508)	8
	14,224	48,130	47,680	(450)

Notes

1. Percentage of annual budget

This year

Expenditure

Income

24%17%**2. Appeals, Public Local Inquiries and Court Cases
(included above in Planning & Building Standards)**Actual Year
to Date

£000

PLIs General

(23)

Dell Wind Farm

17

Coul Links Golf Course

11

TOTAL

5

Savings Proposals 2019/20 - 2021/22

Red-	significant challenges in delivery of saving
Amber-	some challenges to full delivery of saving
Green-	full delivery of saving expected

Service	Responsible Officer	Service Ref	Theme Ref	Budget Area	(Brief description - should clearly state how savings will be generated) Savings Description	Savings	
						2019/20 £m	Service RAG
D&I	Nicole Wallace	D&I/4	2.17	Planning & Environment	Planning & Building Warrant Fee Income - Increase income target	0.600	G
D&I	Carron McDiarmid	D&I/1	3.2	Property	Efficiencies in future delivery of property maintenance works. Develop an in-house property/engineering service contracts team, with less reliance on external contractors.	0.600	G
D&I	Stuart Black	D&I/9	4.8	Development & Infrastructure Service Wide	Vacancy Management - Flexible retirement and further posts to be identified during the year	0.182	G
D&I	Finlay MacDonald	D&I/3	3.1	Property	Cleaning and FM - Further efficiencies to be achieved in the management and delivery of the CFM teams	0.160	G
D&I	Finlay MacDonald	D&I/11	2.1	Property	C&L Estates Team - Efficiencies in future fee recovery for the team working on chargeable capital projects	0.150	G
D&I	Finlay MacDonald	D&I/16	2.14	Property	Increase income target Property Design & PM Teams	0.150	G
D&I	Allan Maguire	D&I/6	2.7	Development & Regeneration	Efficiencies in the management of the Industrial and Investment Portfolio	0.118	G
D&I	Allan Maguire	D&I/7	1.3	Development & Regeneration	Economy & Regeneration - Efficiencies in annual programmes and services	0.100	G
D&I	Allan Maguire	D&I/8	3.5	Development & Regeneration	Housing Development - Identify efficiencies in delivery of affordable homes. Efficiencies in services for home adaptations for older people and disabled people by making changes to the delivery team.	0.051	G
D&I	Finlay MacDonald	D&I/17	2.12	Property	Increase income from additional external catering contracts	0.050	A
D&I	Finlay MacDonald	D&I/15	2.13	Property	Increase income from School/Facility lets	0.050	A
D&I	Colin Howell	D&I/12	2.15	Project Design Unit	Increase income target	0.050	A
D&I	Finlay MacDonald	D&I/10	2.2	Property	Catering Service - Redesign School Meals	0.050	A
D&I	Nicole Wallace	D&I/14	2.11	Planning & Environment	Increase Development Management Charges	0.044	G
D&I	Stuart Black	D&I/13	1.4	Development & Infrastructure Service Wide	Efficiencies Identified in service budgets	0.040	G
D&I	Nicole Wallace	D&I/5	2.8	Planning & Environment	Environment - Increase Environment Advice & Consultancy Team income target	0.010	G

2.405