

Agenda Item	5
Report No	EDI/67/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 7 November 2019

Report Title: Revenue Budget – Monitoring 2019/2020

Report By: Executive Chief Officer Transformation and Economy

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 September 2019.

2. Recommendations

2.1 Members are invited to approve the revenue monitoring position for the period 1 April 2019 to 30 September 2019, and the actions which have been put in place to manage the budget over the remainder of the financial year.

3. Implications

3.1 Resource - Resource implications are discussed in the report.

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

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

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.

5. Revenue Monitoring

- 5.1 The overall budget for Development and Infrastructure in financial year 2019/20 is £57.326m. There has been a net increase in the budget of £9.196m from that reported at 30 June 2019 of £48.130m to £ 57.326m. The budget was increased due to the centralisation of the non-domestic rates budgets. The revenue expenditure monitoring statements, appended to this report **Appendix 1**, show the financial position to 30 September 2019. In total, the expenditure is estimated to be £0.458m 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 six months ended 30 September 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 Planning and Building Standards: The Service predicts a underspend of £0.201m, due to staff vacancies and acting up arrangements currently in place.
- 8.2 Project Design Unit: The over-recovery of income of £0.092m, is due to revised projections being better than previously reported, however, residual staff vacancies may still cause concern.
- 8.3 Economy and Regeneration: The Service predicts a underspend of £0.112m, due to staff vacancies.
- 8.4 Energy and Sustainability: The under-recovery of income of £0.196m, is due to a shortfall in Renewable Heat Incentive (RHI) income. RHI income is subject to seasonal variations and mild weather to date is impacting on the year-end target being achieved.
- 8.5 Property Asset Management: The Service predicts a underspend of £0.134m, due to staff vacancies and increased fee income.

- 8.6 PPP and Wick SFT: The Service predicts a overspend of £0.367m, due to a combination of contract indexation not being fully funded and projected shortfall on the savings allocated to these school provision contracts.
- 8.7 Catering, Cleaning and Facilities Management: A shortfall in income of £0.126m is estimated, due in the main to rising food costs and fluctuations in footfall across school dining rooms.
- 8.8 Housing Development and Private Sector Housing Grant: The Service predicts an underspend of £0.224m, due to increased recharges.
- 8.9 Investment Properties: The Service predicts a surplus from investment properties of £0.221m, due to increased rental income.
- 8.10 Technical, Design and Projects: The under-recovery of income of £0.324m, is due to increased savings targets and a number of staff vacancies resulting in a reduction in fee income.
- 8.11 Income: Planning and building warrant fee income is on target for the period to 30 September 2019. Therefore, as in 2018/19 the year end estimate should be achieved, subject to the number and scale of applications continuing at present rates.
- 8.12 At present there are no other major issues or variances to be highlighted.

9. Actions Proposed

- 9.1 The Service has contributed an underspend to assist the Council's overall financial position by controlling expenditure in all areas of the budget particularly training, travel and subsistence and will continue to maintain this until the end of the financial year.
- 9.2 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: Executive Chief Officer Transformation and Economy

Date: 22 October 2019

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 30/09/2019 and the Highland Council Financial Ledger

DEVELOPMENT & INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 April 2019 to 30 September 2019

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	823	642	662	20
Planning & Building Standards	2,248	4,880	4,679	(201)
Infrastructure				
Project Design Unit	299	(901)	(993)	(92)
Flood Risk Assessment	15	24	24	0
Environment & Economic Development				
Environment	660	1,016	983	(33)
Economy & Regeneration	2,087	2,000	1,888	(112)
Property				
Energy & Sustainability	(1,350)	(2,532)	(2,336)	196
Property Asset Management	535	1,215	1,081	(134)
Revenue Maintenance	2,586	6,843	6,843	0
PPP and Wick SFT	13,023	27,441	27,808	367
Catering Cleaning and Facilities Management	8,415	16,340	16,466	126
Housing Development & Private Sector Housing Grant	546	1,620	1,396	(224)
Investment Properties	(1,644)	(2,840)	(3,061)	(221)
Technical Design & Projects	10,553	7,274	7,598	324
Income				
Planning Fee Income	(1,432)	(2,907)	(3,114)	(207)
Building Warrant Fee Income	(1,495)	(2,789)	(3,056)	(267)
	35,869	57,326	56,868	(458)
BY SUBJECTIVE				
Expenditure				
Staff Costs	18,097	39,081	36,918	(2,163)
Other Costs	34,987	58,487	60,163	1,676
Gross Expenditure	53,084	97,568	97,081	(487)
Income				
Grants	(3,645)	(8,070)	(8,142)	(72)
Other Income	(13,570)	(32,172)	(32,071)	101
Total Income	(17,215)	(40,242)	(40,213)	29
SERVICE TOTAL	35,869	57,326	56,868	(458)

Notes

1. Percentage of Annual Budget

Expenditure

Income

54%

43%

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

PLIs General	(16)
Dell Wind Farm	17
Coul Links Golf Course	11
Golticlay	2
TOTAL	<u>14</u>

Savings Proposals 2019/20 - 2021/22

Appendix 2

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	R
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	R
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	R
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