

THE HIGHLAND COUNCIL

PLANNING, ENVIRONMENT AND DEVELOPMENT COMMITTEE

23 September 2009

Agenda Item	
Report No	

Revenue Budget Monitoring Statement to July 2009

Report by Director of Planning and Development

SUMMARY

This report comments on the Revenue Monitoring Statement for the period to the end of July 2009 and also explores the way in which the Planning and Development Service is funded with a high reliance on fee income.

1. Introduction

- 1.1 The statement attached as an appendix shows the financial position to end July 2009. Members will recall that the Council gave P&D an additional £0.592m for 2009/2010 to offset the fall in fee income (compared to a supplementary budget for 2008/09 only of £0.758m).
- 1.2 The percentage of annual **expenditure** at 25% is 2% lower than at this time last year. The level of **income** to date at 27% is 10% below the figure for June last year.

Actual cumulative fee income to the end of July 09 compared to the two previous years was as follows:

	Planning Fees £m	Building Warrant Fees £m	Total £m
July 2009	0.634	0.578	1.212
July 2008	0.812	0.919	1.731
July 2007	0.911	1.065	1.976

2. Year-End Projection

- 2.1 At this stage in the financial year the Service predicts a year end position of £0.517m overspend due mainly to falling fee income and also a projected overspending of £0.050m on the Planning Local Inquiries budget with the start of a joint Inquiry into the Sutherland and West Highland and Islands Local Plans.

3. Comment on Variances in 2009/10

- 3.1 Fee income at the end of July 2009 looks like being considerably below budget at the year end, perhaps in the order of around £1m (Planning £0.4m and Building Standards £0.6m) although this is a very difficult estimate to predict given the current economic climate. The situation will be closely monitored each month.
- 3.2 The small budget of £0.050m for PLIs also looks like it will be overspent by an estimated £0.050m by the year end given the information currently know about the cost of Inquiries currently in progress.
- 3.3 Meantime Senior Management has identified the following 'savings' or delays to expenditure to try to reduce the projected end of year overspend:
- Staff savings in the order of £0.282m arising from the management of vacant posts
 - Under-spend on the Outdoor Access budget of £0.100m
 - Under-spend on the revenue funding for CH&NR projects of £0.100m
 - Under-spend on the Fishery projects budget of £0.020m
 - Unbudgeted one off grant for staffing relating to 2008/09 of £0.036m

Service Management will continue to monitor the situation and look for other savings or delays in expenditure which can be made in the current financial year to help close the projected budget overspend of £0.517m.

4. Budget Savings

- 4.1 The attached monitoring statement takes full account of all budget savings in 2009/10 which the P&D Service was asked to make by the Council. These are being implemented and generating the expected level of savings.

5. Planning and Development Revenue Budget and the Impact of Variations in Fee Income

- 5.1 At previous Committee meetings Members noted the considerable impact which variations in fee income had on the overall P&D Revenue Budget and the ability of the Senior Management to bring it in on target at the year end. This is due to fee income being such a large proportion of the net revenue budget e.g. in 2009/10 fee income is budgeted at £4.434m (after the budget pressure feed of £0.592m from the Council) and is more than half of the overall net budget of £7.116m.
- 5.2 Members asked officials to look at the possibility of fee income being extracted from the P&D Revenue Budget and being dealt with separately by the Council. In reviewing the current situation, officials met with officials from the Finance Service and also asked counterparts in other planning authorities how their fee income was dealt with.

- 5.3 Finance officials confirmed that as per standard accounting practices they wished to continue to see fee income contained within the P&D revenue budget because they did not wish to see fee income separated from the cost of delivering the services. They also pointed out that any change to the current situation would require approval by the Resources Committee and Council.
- 5.4 We received responses from 10 other planning authorities that all confirmed that their fee income, like ours, was incorporated within the overall Service budget. They also confirmed that because of the decline in fee income for both planning and building standards, they had received assistance from their Councils to bring their budget in on target last year and that in many instances they were hoping that the same would apply this year. They have also confirmed that their fee income has fallen by a much greater percentage than the fall in the number of applications; that the workload has not diminished as much and that there is a recognition of how over pressed officers were previously and the downturn has allowed them to catch up on backlogs and concentrate on improving performance targets. This scenario supports our own experience.
- 5.5 While members' support is very welcome in trying to mitigate the impact of a substantial fall in fee income on the overall P&D revenue budget, it would appear that the suggestion of separating fee income from the overall budget is not recommended by Finance in terms of best accounting practice and that this is borne out by evidence from the financing of planning services in other local authorities.

6. RECOMMENDATIONS

It is recommended that Committee :

- **Note** the monitoring report to end of July 09 and **Agree** the management action which has been taken to date to reduce the projected over-spend against budget to £0.517m at the year end.
- **Note** the explanation as to why fee income should not be separated from the overall P&D revenue budget.

This report is produced in support of the Council's corporate governance process, which in turn is designed to support the Council's delivery of all of the Single Outcome Agreement.

Signature:

Designation: Director of Planning & Development

Date: 15 September 2009

Author: Sheila Lunn, Business Support Manager (2294)

PLANNING & DEVELOPMENT Revenue Expenditure Monitoring Report

1 APRIL- 31 JULY 2009

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Director & Business Support				
Director & Business Team	89	732	696	(36)
Geographical Information Systems	91	344	344	0
E-Planning	(31)	117	7	(110)
Environment & Development				
Management	96	341	341	0
Countryside, Heritage & Natural Resources	518	2,368	2,095	(273)
Economy & Regeneration	509	3,062	3,047	(15)
Planning & Building Standards				
Management	69	133	133	0
Planning & Building Standards HQ	93	221	221	0
Development Plans	204	782	782	0
Area Planning & Building Standards	1,200	3,400	3,301	(99)
Public Local Inquiries	33	50	100	50
Income				
Planning Fee Income	(634)	(2,202)	(1,802)	400
Building Warrant Fee Income	(578)	(2,232)	(1,632)	600
	1,659	7,116	7,633	517

BY SUBJECTIVE

Staff Costs	2,333	7,729	7,447	(282)
Other Costs	838	4,917	4,752	(165)
Gross Expenditure	3,171	12,646	12,199	(447)
Grants	(167)	(715)	(715)	0
Other Income	(1,345)	(4,815)	(3,851)	964
Total Income	(1,512)	(5,530)	(4,566)	964
	1,659	7,116	7,633	517

Notes

1. Percentage of annual budget

	Expenditure	Income
This year	<u>25%</u>	<u>27%</u>
Last year	<u>27%</u>	<u>37%</u>

2. Actual expenditure - Public Local Inquiries

	£000
Baillie Hill Wind Farm	<u>33</u>
Total	<u>33</u>

3. Projects (overleaf)

3. Projects	ACTUAL TO DATE £000
14BH - NPP2	(400)
14DB006 - SMR Development	(1)
14ED009 - TC - Income	(194)
14LB003 - EMIRES	41
14LB004 - Leonardo Programme - CIELI Skills	(16)
14LB005 - Transport to Employment - ESF Project	83
14LB006 - T2E 07/08 PROJECT	9
14LG - BAP Implementation Programme, General	19
14LG101 - Inshes Wood, Westhill (WIAT projec	9
14LG102 - Maggie's Wood, Dingwall	45
14LG103 - Millburn Escarpment (Ph2)	1
14MA - Wick THI	(96)
14MB - Small Town Networks 2	(75)
14MD - Highland Marine Resources & Communities Sc	(94)
14ME - HC - External Experts & Consultants	(17)
14MG001 - Highland Housing Fair	(67)
14MH001 - Conservation Areas Regeneration Sch	37
14MH002 - Wick CARS General	(10)
14MH003 - Wick CARS Small Grants Scheme	(111)
14N - LEADER	(451)
Total	<u>(1,288)</u>