

The Highland Council
Planning, Development and Infrastructure Committee
25 January 2017

Agenda Item	4
Report No	PDI 01/17

Revenue Budget Monitoring Report - 2016/17

Report by Director of Development and Infrastructure

Summary

This report invites Members to approve the revenue budget monitoring position for the period 1 April 2016 to 31 December 2016.

1. Background

- 1.1 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.

2. Current Position

- 2.1 The revenue expenditure monitoring statements, appended to this report (**Appendix 1**), show the financial position to 31 December 2016. In total, the expenditure is estimated to be £0.234m (2.9%) overspent at the end of the financial year.
- 2.2 There has been a net increase in the budget of £0.053m from that reported at 30 September 2016 of £8.094m to £8.147m. The budget was increased by £0.045m to meet the cost of flooding support grant claims; £0.005m for the cost of the rationalisation project at Osprey House, Invergordon; and £0.003m for refunds in the ICT contract.

3. Budget Savings

- 3.1 All of the savings, both Service specific, and corporate and transformational, have been reflected in the Development and Infrastructure 2016/17 budget, and have been allocated across all parts of the Service, where appropriate.
- 3.2 An updated Red/Amber/Green (RAG) analysis of Service specific agreed budget savings for the current financial year is set out on **Appendix 2**. This statement reflects the position for the third quarter of the financial year.
- 3.3 **Appendix 3** sets out the corporate and transformational savings for the current financial year, and reflects the position for the third quarter of the financial year. The RAG status is based on achieving the saving based on the proposal e.g. capital investment in renewable projects aligned to generating electricity and selling to the market directly linked to a budget income target. The four savings measures

marked 'red', totalling £0.411m, will not be achieved in the way they were originally intended. The social impact bonds will not be implemented, however budget provision has been allowed for in the Employability budget. The Directorate budget has made provision for both information management and entitlements, and digital services savings measures. Given the change to subsidy requirements, the saving of £0.234m attributed to supporting Council renewable projects will not be achieved. The Service is continuing to have discussions to identify where this saving is to come from. However, given the point in the financial year, it is likely this will be difficult to achieve.

4. Year-End Projection

- 4.1 The year-to-date actual figures represent the transactions for the nine months ended 31 December 2016, and are generally in line with management expectations.
- 4.2 Members will note that, based on the financial performance to date, it is predicted that at the end of the financial year the budget as a whole will be overspent. The Service will continue to manage all outputs with the aim being to recover this position by the year end.

5. Major Issues and Variances

- 5.1 Environment and Economic Development
 - 5.1.1 Staff vacancies accounted for the bulk of the environment underspend.
 - 5.1.2 Grant income received in the current financial year, relating to 2015/16 expenditure will result in an underspend in the economy and regeneration budget.
- 5.2 Property
 - 5.2.1 As highlighted at paragraph 3.3 above, the saving attributed to supporting Council renewable projects is not achievable and is the main reason for the overspend on the energy and sustainability budget. The Service remains confident that the £1m income target for Renewable Heat Incentive will be achieved for this financial year.
 - 5.2.2 Staff vacancies accounted for the bulk of the property asset management underspend.
 - 5.2.3 The Service continues to have budget pressures in relation to property revenue Maintenance, and at this stage in the financial year the Service predicts an overspend of £0.301m. This is an ongoing issue, and as part of the budget process, a budget pressure has been submitted to cover statutory and regulatory requirements.
 - 5.2.4 The underspend in housing development is due to recovering staff costs legitimately chargeable in delivering this function.
 - 5.2.5 The targeted surplus for rental income from the Council's investment properties will be exceeded this financial year, due to renegotiating a number of leases.

- 5.2.6 Due to the number of vacancies within Technical, Design and Projects sections there was insufficient works carried out in the year to generate the level of income required to meet the budgeted surplus.

6. Actions Proposed

- 6.1 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.
- 6.2 Budgets will be closely managed and any underspends will be used to offset overspends and pressures within the overall Development and Infrastructure budget.

7. Implications

- 7.1 Resource implications are discussed in the report.
- 7.2 Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.
- 7.3 There are no legal, equality, climate change/Carbon Clever, Gaelic or rural implications arising as a direct result of this report.

Recommendations

Members are invited to approve the report and the attached monitoring statements which show the revenue position for the period 1 April 2016 to 31 December 2016, and the actions which have been put in place to manage the budget over the remainder of the financial year.

Designation: Director of Development and Infrastructure

Date: 17 January 2017

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statement 31/12/16 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2016 - 31 DECEMBER 2016

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	1,380	1,414	1,432	18
Planning & Building Standards	3,407	4,662	4,663	1
Infrastructure				
Project Design Unit	(197)	(1,177)	(1,157)	20
Flood Risk Assessment	192	316	283	(33)
Environment & Economic Development				
Management	0	0	0	0
Environment	1,052	1,794	1,712	(82)
Economy & Regeneration	657	1,530	1,460	(70)
Employability Service	894	1,770	1,770	0
Property				
Energy & Sustainability	1,503	(1,012)	(748)	264
Property Asset Management	1,899	2,695	2,550	(145)
Revenue Maintenance	2,880	4,073	4,374	301
Housing Development & Private Sector Housing Grant	1,572	1,680	1,487	(193)
Investment Properties	(1,569)	(2,085)	(2,306)	(221)
Technical, Design & Projects	(1,529)	(3,034)	(2,698)	336
Income				
Planning Fee Income	(1,792)	(2,564)	(2,469)	95
Building Warrant Fee Income	(1,503)	(1,915)	(1,972)	(57)
	8,846	8,147	8,381	234

BY SUBJECTIVE

Staff Costs	14,090	20,198	18,854	(1,344)
Other Costs	15,119	13,389	14,573	1,184
Gross Expenditure	29,209	33,587	33,426	(160)
Grants	(3,579)	(1,616)	(1,705)	(89)
Other Income	(16,784)	(23,824)	(23,341)	483
Total Income	(20,363)	(25,440)	(25,046)	394
	8,846	8,147	8,381	234

Notes

1. Percentage of annual budget

Expenditure

Income

This year

87%80%

Last year

84%67%**2. Appeals, Public Local Inquiries and Court Cases
(included above in Planning & Building Standards)**Actual Year
to Date

£000

PLIs General

12

Tain PLI

1

Cairn Duhie Wind Farm

14

Glenmorie Wind Farm

1

Tom Na Clach Wind Farm

1

West Garty Wind Farm

3

Dell of Inshes

50

Millenium Wind Farm

12

Tesco Ness Side

(36)

TOTAL

58

Service	Saving owner	Activity Heading	Saving category	Savings Proposal	Savings		
					2016/17 £m	Saving RAYG (enter R, A, Y, or G)	Projected saving- red amber yellow
TSP	SB	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	0.234	R	Timescale in achieving and change to subsidy requirements
TSP	SB	Employability	New initiatives	Social Impact Bonds	0.15	R	Difficult to implement.
D&I	SB	Housing Development	Income generation	Increased Industrial Development Charges	0.026	G	
D&I	SB	Planning & Building Standards	Income generation	Planning & Building Standards Fees	0.05	G	
D&I	SB	Industrial & Investment	Income generation	Industrial Property Rental Income	0.05	G	
D&I	SB	Environmental Studies	Service reviews	Provision of Advice in-house (consultancy cost saving)	0.05	A	Assumed level of work will generate the saving, however there has been a delay in implementation
D&I	SB	Planning & Building Standards	Income generation	Increased Planning & Building Standards Fees	0.025	G	
D&I	SB	Housing Development	Income generation	Housing Development Charges	0.025	G	
D&I	SB	Review Work for Common Good	Service reviews	Review Charges Common Good	0.02	G	
D&I	SB	Planning & Building Standards	Income generation	Permitted Development Enquiries Fee Income	0.01	G	
TSP	SB	Fort William Office Review	Efficiencies	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	0.105	G	
TSP	SB	Income Generation - Planning	Income generation	Introduce charge for local pre-application advice packs	0.045	G	
D&I	SB	Access/ Rangers	Service reviews	Review of countryside provision for 16/17	0.381	G	
TSP	SB	Income Generation	Income generation	Opportunities to be identified	0.18	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Management Savings - 1 post at HC12 ; 1 post at HC13	0.145	G	
TSP	SB	Inverness Service Point Relocation	Efficiencies	Inverness Service Point Relocation	=0.115+0.023	G	
D&I	SB	Property	Service reviews	Reduction in use of consultants	0.1	G	
D&I	SB	HOL/Business Gateway	Service reviews	Review of activity	0.1	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Vacancy Management	0.1	G	
D&I	SB	Coastal & Aquaculture	Service reviews	Review of Function/Activity	0.095	G	
D&I	SB	Property	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.07	G	
D&I	SB	Management and staffing savings	Management and staffing savings	Management Review	0.06	G	
D&I	SB	Employability	Efficiencies	Efficiency from Employability Service Budget by utilising EU funding to replace direct Council support	0.05	G	
TSP	SB	Invergordon SW Office Relocation	Efficiencies	Invergordon SW Office Relocation	0.05	G	
D&I	SB	Film & Tourism	Service reviews		0.05	G	
TSP	SB	Planning & Development Services	Income generation	Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	0.04	G	
D&I	SB	Property	Efficiencies	Reduction of K2/IT Development Budget	0.04	G	
D&I	SB	Visit Scotland	Third parties	Reduce contribution	0.035	G	
D&I	SB	Biodiversity	Management and staffing savings	Reduction in Biodiversity	0.03	G	
D&I	SB	Project Design Unit	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.01	G	

2016/17 Corporate & Transformation Savings

APPENDIX 3

2016/17					
Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17 Service Allocations D&I £m	Saving RAYG (enter R, A, Y, or G)
Corp 5	Voluntary Severance	Voluntary Severance	Allocation agreed 30/05/16 (includes £300k for ASN)	-1.417	G
Corp 6	Recruitment Freeze	Recruitment freeze for non-exempt posts	Allocation agreed 30/05/16	-0.066	G
Corp 4, TSP Proc 1 & 3, TSP WPP4-SS, IV9	Procurement	Procurement Shared Service & Collaborative Spend	Allocation agreed 30/05/16	-0.071	A
Corp 2	Fees & Charges	10% increase on all fees and charges that are not nationally set, or a different amount has already been agreed	Allocation already included within HC 25/02/16 Service budgets; Based on actual % increases for individual fees & charges budgets	-0.013	G
PIM1 & PIM20	Entitlements & Digital Services	Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	Allocation agreed 30/05/16	-0.014	R
PIM22	Mobile Technology	Roll out of processes developed for Housing in support of mobile working, scheduling and appointments	Allocation agreed 30/05/16	-0.100	G
Corp 3	Energy	Reduced consumption, pricing & behavioural change	Allocation agreed 30/05/16	-0.027	G
IG10	Support for Council Renewable Projects	Capital investment in wind farms, solar panels and exploitation of methane gas from Longman landfill site to generate electricity	Allocated in full to D&I budget	-0.234	R
	Information Management		Allocation agreed 30/05/16	-0.013	R
PIM8	Fuel Procurement	Rationalise arrangements for fuel procurement	Agreed to allocate 30/05/16; WG to confirm sums per service	-0.005	G
Corp 1	Salary Sacrifice	Savings from salary sacrifice schemes	Allocate proportionate to take up of schemes in year to date	-0.027	G

2016/17 Corporate & Transformation Savings

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				2016/17	
Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17 Service Allocations D&I £m	Saving RAYG (enter R, A, Y, or G)
Corp 7	Management and staffing savings	Agency Staff	Allocation agreed 30/05/16	-0.041	G
PIM27	Reduction in Light Vehicles and Plant	3 year programme to reduce the number of items of light vehicles and plant utilised full-time by the Council	Allocation agreed 30/05/16	-0.019	G
WCG6	Employability	Social Impact Bonds	Allocated in full to D&I budget	-0.150	R
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Allocation agreed 30/05/16	-0.009	A
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	Allocation agreed 30/05/16	-0.011	G
Agreed Resources 26/05/15	Inverness Service Point Relocation	Inverness Service Point Relocation	Allocated in full to D&I budget	-0.138	G
Agreed HC 13/03/14	Fort William Office Review	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee	Allocated in full to D&I budget	-0.105	G
IG4	Income Generation - Planning	Introduce charge for local pre-application advice packs	Allocated in full to D&I budget	-0.045	G
PIM17	Planning & Development Services	Levy a fee for accelerating the delivery of discharge of conditions for large scale projects (generally renewables) within specified timescales	Allocated in full to D&I budget	-0.040	G
Total				-2.545	