

Agenda item	<b>4</b>
Report no	<b>EDI 01/17</b>

## **HIGHLAND COUNCIL**

**Committee:** Environment, Development and Infrastructure Committee

**Date:** 8 November 2017

**Report Title:** Development and Infrastructure Service Revenue Budget – Monitoring 2017/18

**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 2017 to 30 September 2017.

### **2. Recommendations**

- 2.1 Members are invited to approve the revenue monitoring position for the period 1 April 2017 to 30 September 2017, 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/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 2017/18 is £21.314m. The revenue expenditure monitoring statements, appended to this report at **Appendix 1**, show the financial position to 30 September 2017. In total, the expenditure is estimated to be £0.064m underspent at the end of the financial year.

### **5. Budget Savings**

- 5.1 All of the savings, both Service specific and corporate and transformational, have been reflected in the Development and Infrastructure 2017/18 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. The Renewables saving measure marked "red" totalling £0.050m, will be met from elsewhere within the Service. The Property Assets £0.115m and Income Generation £0.180m saving measures marked "amber" are being monitored and there is currently no indication that the targets will not be achieved.

### **6. Year - End Projection**

- 6.1 The year to date actual figures represent the transactions for the six months ended 30 September 2017, and are generally in line with management expectations.
- 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 Property Asset Management: Due to a reduction in property costs and increase in rechargeable income the Service predicts an estimated underspend of £0.209m.
- 7.2 Revenue Maintenance: The maintenance budget is under pressure due to compliance and service contracts and at this stage in the financial year the Service predicts an overspend of £0.224m. This will be monitored closely over the remainder of the financial year.
- 7.3 Catering, Cleaning and Facilities Management (CCFM): A shortfall in income of £0.148m is estimated as a result of the reduction in secondary school week to 4.5 days. This means there is no lunch provision on Fridays.
- 7.4 Investment Properties: The Service predicts a surplus from investment properties of £0.139m, due to increased rental income.

7.5 At present there are no other major issues or variances to be highlighted. However, all income streams have been increased, some considerably, and they will be closely monitored on a month-by-month basis to ensure the targets are achievable.

## **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: 25 October 2017

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 30/9/2017 and the Highland Council Financial Ledger

<b>DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report</b>
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<b>1 APRIL 2017 - 30 SEPTEMBER 2017</b>
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<b>Summary</b>
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	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>				
<b>Directorate</b>				
Director & Business Team	817	948	964	16
<b>Planning &amp; Building Standards</b>	2,367	4,606	4,640	34
<b>Infrastructure</b>				
Project Design Unit	1	(940)	(960)	(20)
Flood Risk Assessment	86	164	164	0
<b>Environment &amp; Economic Development</b>				
Environment	87	1,337	1,322	(15)
Economy & Regeneration	839	1,605	1,605	0
Employability Service	1,162	731	683	(48)
<b>Property</b>				
Energy & Sustainability	446	(1,303)	(1,296)	7
Property Asset Management	1,721	2,479	2,270	(209)
Revenue Maintenance	1,732	4,440	4,664	224
Catering, Cleaning & Facilities Management	7,621	15,100	15,248	148
Housing Development & Private Sector Housing Grant	1,565	1,679	1,679	0
Investment Properties	(1,037)	(2,120)	(2,259)	(139)
Technical, Design & Projects	(876)	(2,738)	(2,740)	(2)
<b>Income</b>				
Planning Fee Income	(1,450)	(2,696)	(2,721)	(25)
Building Warrant Fee Income	(1,069)	(1,978)	(2,013)	(35)
	<b>14,012</b>	<b>21,314</b>	<b>21,250</b>	<b>(64)</b>

<b>BY SUBJECTIVE</b>				
Staff Costs	17,297	35,576	35,615	39
Other Costs	10,466	21,250	20,982	(268)
<b>Gross Expenditure</b>	<b>27,763</b>	<b>56,826</b>	<b>56,596</b>	<b>(229)</b>
Grants	(230)	(4,311)	(4,254)	57
Other Income	(13,521)	(31,201)	(31,093)	108
<b>Total Income</b>	<b>(13,751)</b>	<b>(35,512)</b>	<b>(35,347)</b>	<b>165</b>
	<b>14,012</b>	<b>21,314</b>	<b>21,250</b>	<b>(64)</b>

## Notes

**1. Percentage of annual budget**

	Expenditure	Income
This year	<u>49%</u>	<u>39%</u>
Last year	<u>57%</u>	<u>45%</u>

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

	Actual Year to Date £000
PLIs General	7
Druim Ba Wind Farm	27
Glenmorie Wind Farm	1
Cnoc an Eas Wind Farm	18
West Garty Wind Farm	13
Caplich Wind Farm	20
Culachy Wind Farm	17
<b>TOTAL</b>	<u>103</u>

Service	Saving Owner	Agreed Date	Ref.	Activity Heading	Saving Category	Savings Proposal	2017/18 £m	Saving RAYG (enter R, A, Y or G)	Projected Saving - Red, Amber, Yellow £m
D&I	SB	18/12/14	3	Planning & Building Standards	Income generation	Increased Planning & Building Standards Fees	0.025	G	
D&I	SB	18/12/14	4	Project Design Unit	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.010	G	
D&I	SB	18/12/14	5	Property	Service reviews	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme <i>Savings reduced HC 16/02/17</i>	0.035	G	
D&I	SB	18/12/14	6	Housing Development	Income generation	Increased Industrial Development Charges	0.027	G	
D&I	SB	16/02/17	1	Environment		Reduction in countryside rangers service and Access team and restructuring of Environmental Projects team	0.371	G	
D&I	SB	16/02/17	2	Economy & Regeneration		Revise European, Business Gateway and Tourism Services	0.305	G	
D&I	SB	16/02/17	3	Employability Service		Reduction in employability team and grants to third parties	0.331	G	
D&I	SB	16/02/17	4	Energy & Sustainability		Generate additional Scottish Energy Efficiency Income (SEEPS) by coordinating Highland-wide programmes of work	0.250	G	
D&I	SB	16/02/17	5	Property Asset Management		Reduce the number of Property Assets held on the Property Office Accommodation Account <i>Included as Corporate saving for allocation across Services</i>			
D&I	SB	16/02/17	6	Flood Risk Management		Reduce the revenue budget for flood risk management	0.100	G	
D&I	SB	16/02/17	7	Service-wide		P & B S Income - increase charges : £100k Property Principal PM(HC10) : £53k Property Efficiencies : £145k Director /Business Team : £131k <del>Deletion of vacant posts across the service : £240k</del>	0.669	G	
Corp	SB	16/02/17	D&I/5	Property Asset Management		Reduce the number of Property Assets held on the Property Office Accommodation Account <i>Original agreed savings of £0.150m less £0.035m shown separately as 2017/18 TSP savings for Inverness Property Rationalisation</i>	0.115	A	
TSP	SB	18/12/14	CIP IG /7	Income Generation	Income generation	Opportunities to be identified	0.180	A	
TSP	SB	18/12/14	IG10	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	0.050	R	Nil achieved 16/17 - no permanent alternative, so £234k budget pressure 17/18; Position likely to remain for 17/18 saving as well
TSP	SB		Agreed HC 13/03/14	Fort William Office Review	Efficiencies	Savings as included in HC report 13 March 2014, based on report to 27 November 2013 FHR Committee		G	