

Agenda Item	5
Report No	EDI 01/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 31 January 2019

Report Title: Development and Infrastructure Service Revenue Budget – Monitoring 2018/19

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 2018 to 31 December 2018.

2. Recommendations

- 2.1 Members are invited to approve the revenue monitoring position for the period 1 April 2018 to 31 December 2018, 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 and 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 2018/19 is £48.743m. The revenue expenditure monitoring statements, appended to this report **Appendix 1**, show the financial position to 31 December 2018. In total, the expenditure is estimated to be £0.771m 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 2018/19 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.

6. Year - End Projection

- 6.1 The year to date actual figures represent the transactions for the nine months ended 31 December 2018. The Service will continue to manage expenditure in order to maintain this position to the year end.
- 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 underspent.

7. Major Issues and Variances

- 7.1 Planning and Building Standards: The Service predicts a overspend of £0.156m, due to expenditure on dangerous buildings, Public Local Inquiries and offset by staff vacancies.
- 7.2 Environment: The Service predicts a underspend of £0.090m, due to staff vacancies.
- 7.3 Economy and Regeneration: The Service predicts a underspend of £0.304m, due to staff vacancies, Castle Viewing Tower income and reduced payments to external organisations.
- 7.4 Energy and Sustainability: An income target of £0.250m was set in 2017/18, to be achieved through grant funding under the Scottish Energy Efficiency Programme, however this was not achieved. The target has been rolled forward to 2018/19, however it will not be achieved and the Service will have to fund this from underspends elsewhere in the budget. The underspends will have to be recurring to allow the £0.250m to be removed from the 2019/20 budget. Also the electricity recoveries budget £0.050m is not likely to be achieved.

- 7.5 Revenue Maintenance: The Service predicts a overspend of £0.238m, due to servicing contracts in schools and insufficient budget transferred from Care & Learning.
- 7.6 PPP & Wick SFT: The underspend of £0.233m is due to a combination of grant income and utility pressures.
- 7.7 Catering, Cleaning & Facilities Management: A shortfall in income of £0.241m is estimated as a result of the reduction in secondary school week to 4.5 days. A budget feed of £0.148m was received however this was insufficient to cover the projected shortfall in this financial year. A number of initiatives are being considered to address the income gap.
- 7.8 Investment Properties: The Service predicts a surplus from investment properties of £0.258m, due to increased rental income.
- 7.9 Income: As in the previous year, income from building warrants is better than expected. The increase can be attributed to a combination of increased charges, a more buoyant economy, increased tourism, increase in affordable housing and general increase in both the construction industry and housing market.
- 7.10 At present there are no other major issues or variances to be highlighted.

8. Actions Proposed

- 8.1 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.
- 8.2 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.

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: 14 January 2019

Author: Ailsa Mackay, Business Manager

Background Papers: Monitoring Statement 31/12/2018 and the Highland Council Financial Ledger

DEVELOPMENT AND INFRASTRUCTURE Revenue Expenditure Monitoring Report

1 APRIL 2018 - 31 DECEMBER 2018

Summary

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate				
Director & Business Team	643	(9)	44	53
Planning & Building Standards	3,580	4,511	4,667	156
Infrastructure				
Project Design Unit	(237)	(947)	(980)	(33)
Flood Risk Assessment	45	24	45	21
Environment & Economic Development				
Environment	520	1,007	917	(90)
Economy & Regeneration	1,975	1,968	1,664	(304)
Property				
Energy & Sustainability	(1,621)	(1,998)	(1,705)	293
Property Asset Management	1,717	2,115	2,083	(32)
Revenue Maintenance	5,210	6,921	7,159	238
PPP and Wick SFT	19,766	27,269	27,036	(233)
Catering, Cleaning & Facilities Management	11,732	15,913	16,154	241
Housing Development & Private Sector Housing Grant	1,275	1,683	1,592	(91)
Investment Properties	(2,509)	(2,184)	(2,442)	(258)
Technical, Design & Projects	(26)	(2,776)	(2,807)	(31)
Income				
Planning Fee Income	(2,079)	(2,649)	(2,679)	(30)
Building Warrant Fee Income	(2,292)	(2,105)	(2,776)	(671)
	37,699	48,743	47,972	(771)
BY SUBJECTIVE				
Staff Costs	26,371	36,359	35,375	(984)
Other Costs	40,581	54,031	56,346	2,315
Gross Expenditure	66,952	90,390	91,720	1,331
Grants	(6,735)	(10,566)	(11,224)	(658)
Other Income	(22,518)	(31,081)	(32,525)	(1,444)
Total Income	(29,253)	(41,647)	(43,749)	(2,102)
	37,699	48,743	47,972	(771)

Notes

1. Percentage of annual budget

	Expenditure	Income
This year	<u>74%</u>	<u>70%</u>

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

	Actual Year to Date £000
PLIs General	34
Tain	1
Glenmorrie Wind Farm	(16)
Golliclay Wind Farm	42
TOTAL	<u>61</u>

**2018/19 Savings Proposals
Development & Infrastructure**

APPENDIX 2

Date Agreed	Ref.	Budget Heading	Name of Savings Proposal	Agreed Savings £m	Category R A G	Comments
HC 18/12/14	3	Planning & Building Standards	Increased Planning & Building Standards Fees	0.025	G	
HC 18/12/14	4	Project Design Unit	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.005	G	
HC 18/12/14 Amended HC 16/02/17	5	Property	Increased in-house professional staffing to reduce need of consultancy support to deliver capital programme	0.035	G	
HC 18/12/14	6	Housing Development	Increased Industrial Development Charges	0.027	G	
HC 16/02/17	2	Economy & Regeneration	Revise European, Business Gateway and Tourism Services	0.135	G	
HC 16/02/17	3	Employability Service	Reduction in employability team and grants to third parties	0.270	G	
HC 15/02/18	DI1	Service-wide	Efficiencies	0.068	G	
HC 15/02/18	DI3	Flood Risk Assessment	Reduce revenue budget for flood risk management	0.140	G	
HC 15/02/18	DI5	Planning & Building Standards	Uplift Current Fees & Charges - Planning Fees Advertising 10%	0.015	G	
HC 15/02/18	DI6	Property Estates	Uplift Current Fees & Charges - Rents 2%	0.075	G	

HC 15/02/18	DI8	Property Asset Management	Reduce Council property assets			Transferred to corporate savings - any individual Service allocations to be categorised by appropriate Service
HC 15/02/18	DI9	Service-wide	Uplift Current Fees & Charges - Photocopies Sale 10%	0.003	G	
HC 15/02/18	DI11	Energy & Sustainability	Increase in Renewable Heat Incentive budget to reflect current income and new projects	0.400	A	
HC 15/02/18	DI12	Service-wide	Deletion of vacant posts and vacancy management	0.338	A	£0.174m achieved to 31December
HC 15/02/18	DI13	Planning & Building Standards	Planning and building standards- fee income	0.150	G	
HC 15/02/18	DI14	Property	Redesign of property services	0.192	A	
HC 15/02/18	CL13	PPP Contracts	Negotiate savings from contracts with regard to service standards and access times	0.100	G	
Total				1.978		

Allocation of TSP & Corporate Savings

Date Agreed	Ref.	Description	Total Savings (inc 17/18 c/fwd) £m	D&I Allocations to Date £m	Category R A G	Comments
HC 15/02/18		Redesign	2.290	0.000		
HC 15/02/18	CR9	Insurance	0.311	-0.001	G	Net insurance savings overall but budget increase for D&I

HC 15/02/18	CS31	Travel Desk	0.060	0.008	G	
HC 15/02/18	DI8	Property Asset Management (including £0.076m c/fwd from 2017/18)	0.226	0.000	G	
		Procurement (c/fwd from 2017/18)	1.126	0.017	G	
Total			4.013	0.024		