

Agenda Item	4
Report No	HP/35/25

The Highland Council

Committee: Housing and Property

Date: 5 November 2025

Report Title: Property and Facilities Management Services Revenue Budget: Financial Monitoring Statement to 31 August 2025

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report covers the Property, Catering, Cleaning and Facilities Management Budgets, and provides Members with the financial monitoring statement to the end of August 2025.
- 1.2 The report also provides a forecast position regarding budget savings within the remit of the Service.
- 1.3 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: *"to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee's remit and monitor and control these budgets, including dealing with any projected over-expenditure."*
- 1.4 This report provides Members with commentary on any material variances within the forecast, and actions taken or proposed in relation to variances.

2 Recommendations

- 2.1 Members are asked to:-
 - i. **Scrutinise and approve** the budget position to the end of August 2025/26 (Period 5), and the estimated year-end position, as detailed in **Appendices 1 and 2**; and
 - ii. **Consider** the update provided regarding budget savings delivery as set out at **Appendix 3**.

3 Implications

- 3.1 **Resource** - This report provides key financial information regarding the Service budget and forecast financial performance against that budget, including progress with Service delivery.
- 3.2 **Legal** - The Service budget supports delivery of a range of statutory services. Income generation is permitted and is an integral part of the service budget.
- 3.3 **Risk** - There are no new risks arising as a direct result of this report.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - Much of the Service activity and spend is related to Health and Safety requirements as regards the safe operation and management of Council assets.
- 3.5 **Gaelic** - There are no implications arising as a direct result of this report.

4 Impacts

- 4.1 In Highland, all policies, strategies, or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring report and therefore an impact assessment is not required.

5 2025/2026 - Property and FM Services - Budget Monitoring Overview to Period 5

- 5.1 **Appendix 1** sets out the monitoring position for the period to end of August 2025. As can be seen from the Appendix, against a net budget for the year of £86.114m, the forecast is currently an overall budget overspend of £0.781m, (just under 1% of the net budget). This is a significant improvement from the Q1 monitoring position where the budget variance was £1.851m.

The forecast overspend can be attributed to the challenging budget savings targets that the Service has been allocated and are working on to deliver.

- 5.1.1 **Appendix 2** provides more information on the net revenue budget by showing the different service areas in more detail. Service managers and the Service Accountant will continue to review and analyse the complete budget, on a line-by-line basis, with a view to reducing the forecast budget overspend including achieving allocated savings and by financial year end bringing in a balanced budget.
- 5.1.2 **Appendix 3** contains the list and summary detail of the Corporate and Service budget savings that the Service has responsibility for.

To date savings totalling £1,873,725 have been achieved, with work ongoing to maximise savings by year end in regard to the remaining two budget savings.

5.2 **2025/2026 Budget - Period 5 - End of August 2025 Budget Position Commentary on Budget Line Variances**

5.2.1 As can be seen from **Appendix 1** at Period 5, the combined **Project Delivery** budget line is forecasting a year end underspend of **£0.444m**, this as a result of a reduction in staff costs due to vacancies within the design team as well as an increase in Renewable Heat Incentive payments for the year to date.

Commentary on the remaining budget variances at Period 5, from **Appendix 1**, is as follows:

5.2.2 **CCFM Budget:** This budget line (£27.028m), is being **forecast to underspend by £0.207m** at year end due in the main to the turnover of frontline operational posts and subsequent recruitment challenges throughout the year.

5.2.3 **PPP and Wick SFT Budget:** This budget line (£33.716m), covers the management of the contracts and annual payments for the Council's PPP school properties and the Wick Community Campus. This budget line is being **forecast to be balanced** at year-end with no variance.

5.2.4 **Property Revenue Maintenance Budget:** This budget line (£9.057m), covers the delivery of statutory, reactive, and planned maintenance works including essential engineering servicing works to the General Fund built estate in particular schools, nurseries, offices, and High Life Highland properties. This budget line is being **forecast to be balanced** at year-end with no variance.

A budget mitigation plan and budget monitoring controls have been applied via the Service managers and maintenance staff including the Service Accountant to bring this budget line in at year end with no variance.

5.2.5 **Combined Properties Budget:** This combined budget line (£16.453m), supports the delivery of the following areas of work: -

- Property Asset Management
- Depots
- HLH Properties
- Other Offices & Properties
- Non-Domestic Rates, and includes
- Reconfiguring Schools - Asset Savings; and
- Asset Management Savings

These combined budgets (£16.453m), are being **forecast to have a negative variance of £1.432m** at year-end due in the main to the two specific budget savings not being fully achieved.

Designation: Assistant Chief Executive - Place

Date: 20 October 2025

Author: Finlay H MacDonald, Chief Officer, Property & Assets
Luke McColl, Accountant, Corporate Finance Service

Appendices: Appendix 1: Monitoring of Revenue Expenditure to 31 August 2025:
Summary
Appendix 2: Monitoring of Revenue Expenditure to 31 August 2025:
Detailed
Appendix 3: Budget Savings – Property & FM Service – RAG
Assessment – Period 5 – 2025/26: Detailed

PROPERTY & FACILITIES MANAGEMENT MONITORING STATEMENT 2025-26

APPENDIX 1

	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
Up to Period 05				
BY ACTIVITY				
Project Delivery	(833)	(140)	(583)	(444)
CCFM	9,752	27,028	26,821	(207)
PPP & Wick SFT	14,989	33,716	33,716	(0)
Revenue Maintenance	4,431	9,057	9,057	0
Properties	14,587	16,453	17,885	1,432
Grand Total Property & Facilities Management	42,926	86,114	86,895	781
BY SUBJECTIVE				
Staff Costs	13,809	38,215	37,083	(1,133)
Other Expenditure	35,421	68,405	70,964	2,559
Gross Expenditure	49,231	106,621	108,046	1,426
Grant Income	(1,334)	(5,835)	(6,162)	(326)
Other Income	(4,971)	(14,671)	(14,990)	(319)
Total Income	(6,305)	(20,506)	(21,151)	(645)
NET TOTAL	42,926	86,114	86,895	781

PROPERTY & FACILITIES MANAGEMENT MONITORING STATEMENT 2025-26

Appendix 2

Up to Period 05	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	Annual	Actual	Year End	Year End	Annual	Actual	Year End	Year End	Annual	Actual	Year End	Year End	Annual	Actual	Year End	Year End	Annual	Actual	Year End	Year End
Budget	YTD	Estimate	Variance	Budget	YTD	Estimate	Variance	Budget	YTD	Estimate	Variance	Budget	YTD	Estimate	Variance	Budget	YTD	Estimate	Variance	
BY ACTIVITY																				
Project Delivery																				
Technical Design & Projects	7,807	3,050	7,286	(522)	(233)	164	365	598	(1,630)	(1,333)	(2,039)	(410)	(6,550)	(2,250)	(6,755)	(205)	(606)	(370)	(1,144)	(538)
Project Management	1,513	377	1,508	(5)	(79)	1	1	80	0	0	0	0	(1,230)	(1,138)	(1,230)	0	204	(760)	279	75
Property Support	422	174	424	2	126	124	120	(5)	0	0	0	0	(285)	(1)	(263)	22	263	297	281	19
CCFM																				
CCFM Business Support	471	185	472	1	24	35	(25)	(50)	0	0	0	0	(36)	0	0	36	459	220	447	(12)
Catering	13,187	4,910	12,968	(220)	5,964	1,291	6,478	514	0	0	0	0	(4,218)	(1,210)	(4,565)	(347)	14,933	4,991	14,881	(52)
Cleaning & Facilities Management	13,586	4,504	13,356	(230)	(275)	100	(242)	33	0	0	0	0	(1,675)	(63)	(1,620)	55	11,636	4,541	11,493	(143)
PPP & Wick SFT																				
PPP & Wick SFT	268	0	234	(35)	37,672	14,989	37,683	12	(4,102)	0	(4,102)	0	(123)	0	(100)	23	33,716	14,989	33,716	(0)
Revenue Maintenance																				
Property Maintenance	336	143	251	(85)	7,630	4,182	7,508	(122)	0	0	0	0	0	(218)	0	0	7,966	4,106	7,759	(207)
School Maintenance	0	19	0	0	1,076	260	1,050	(26)	0	0	0	0	(10)	(1)	(10)	0	1,065	278	1,039	(26)
Snow Clearing & Gritting	0	0	0	0	25	47	259	233	0	0	0	0	0	0	0	0	25	47	259	233
Properties																				
Property Asset Management	562	398	555	(7)	1,002	282	965	(37)	0	0	0	0	(322)	(59)	(292)	30	1,242	620	1,228	(14)
Depots	62	38	29	(33)	958	493	1,144	186	0	(1)	(4)	(4)	(86)	(1)	(84)	2	934	530	1,085	151
HLH Properties	0	11	0	0	2,677	685	2,703	26	(87)	0	0	87	(63)	(12)	(32)	31	2,528	685	2,671	144
Other Offices & Properties	0	0	0	0	370	166	309	(61)	(17)	0	(17)	0	(72)	(16)	(38)	34	280	149	254	(27)
Non Domestic Rates	0	0	0	0	12,947	12,602	12,647	(300)	0	0	0	0	0	0	0	0	12,947	12,602	12,647	(300)
Reconfiguring School Assets Saving	0	0	0	0	(400)	0	0	400	0	0	0	0	0	0	0	0	(400)	0	0	400
Asset Rationalisation Saving	0	0	0	0	(1,077)	0	0	1,077	0	0	0	0	0	0	0	0	(1,077)	0	0	1,077
Grand Total Property & Facilities Management	38,215	13,809	37,083	(1,133)	68,405	35,421	70,964	2,559	(5,835)	(1,334)	(6,162)	(326)	(14,671)	(4,971)	(14,990)	(319)	86,114	42,926	86,895	781

