

Agenda Item	7
Report No	HP/04/26

The Highland Council

Committee: **Housing and Property**

Date: **28 January 2026**

Report Title: **Property and Facilities Management Services Revenue Budget:
Financial Monitoring Statement to 30 November 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 November 2025.
- 1.2 The report also provides a forecast position regarding budget savings within the remit of the Property and Assets 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.
- 1.5 As will be noted from **Appendix 1**, against a net budget for the year of £86.114m, the year-end forecast is currently an **overall budget underspend of £0.128m**. This is a significant improvement from the previous monitoring position at period 5 where the budget variance forecast was an overspend of £0.781m.

2 Recommendations

- 2.1 Members are asked to:-
 - i. **Scrutinise and approve** the budget position to the end of November 2025/26 (Period 8), and the estimated year-end position, as detailed in **Appendices 1 and 2**.
 - 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 8

- 5.1 **Appendix 1** sets out the monitoring position for the period to end of November 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 underspend of £0.128m**. This is a significant improvement from the previous monitoring position at period 5 where the budget variance was £0.781m.

The positive forecast year end position, in the main, can be attributed to specific underspends within the following budget lines, offset with overspends elsewhere within the Property and FM Services, the main contributing overspend factor being the Asset Rationalisation savings target of £1.461m:-

- (£0.486m) - Project Delivery – Fee income being achieved and an increase in Biomass RHI Income
- (£1.377m) - CCFM – Staff vacancies due to vacancy churn and difficulty in filling posts, however a recruitment drive is underway
- (£0.045m) - Property Asset Management – Single post vacancy
- (£0.348m) - Non-Domestic Rates – Increased rates relief credits being achieved

- 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 bringing in a balanced budget or better at year end.
- 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 8 - End of November 2025 Budget Position Commentary on Budget Line Variances**

5.2.1 **Project Delivery Budget**

This budget line (-£0.223m), is forecasting a year end underspend of **£0.486m**, 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.

5.2.2 **CCFM Budget**

This budget line (£27.028m), is being **forecast to underspend by £1.337m** at year end due in the main to the turnover of frontline operational posts and subsequent recruitment challenges throughout the year. A recruitment drive is underway with 62 posts currently going out to advert. CCFM Management teams are working with recruitment on how best to reach the employment market. Other options are being explored to review the hard to fill positions by looking at flexible working hours and potential to link this with existing school posts in our rural areas. There is a commitment by officers to strive towards improving both the working culture and flexibility to make these positions more attractive to potential candidates.

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 Properties Budget (£16.537m), is being **forecast to have a negative overall variance of £1.734m** at year end with further detail set out in paragraphs 5.2.6 to 5.2.11 below.

5.2.6 **Property Asset Management**

This budget line (£1.326m) covers the cost of running our key area office accommodation as well as funding the Asset Management Team. This budget line is **forecast to be underspent by £0.045m** at year end, primarily due to a staff vacancy.

5.2.7 **Depots**

This budget line (£0.934m) covers the cost of utilities and jobbing material costs for Council services working out of depots. This budget line is **forecast to be overspent by £0.217m** at year end, primarily due to increased utility costs and essential jobbing material purchases by operational staff.

5.2.8 **HLH Properties**

This budget line (£2.528m) covers the cost of utility costs for HLH facilities. This budget line is **forecast to be overspent by £0.381m** at year end, due to the increased cost of utilities across the HLH estate.

5.2.9 **Other Offices & Properties**

This budget line (£0.280m) covers the cost of utilities for a number of small operational office/facilities. This budget line is **forecast to be overspent by £0.069m** at year end, due to the increased cost of utilities across these office/facilities.

5.2.10 **Non-Domestic Rates**

This centralised budget line (£12.930m) covers the cost of paying all non-domestic rates bills for the Councils General Fund estate. This budget line is **forecast to be underspent by £0.348m** at year end, primarily due to a number of one-off rates relief credits being achieved via our estates team.

5.2.11 **Asset Management Savings**

These combined savings now total £1.461m. The Asset Management Team is currently reviewing all assets held on the General Fund Account to identify where further savings can be achieved during 2026/27.

Designation: Assistant Chief Executive – Place

Date: 7 January 2026

Authors: Finlay MacDonald, Chief Officer Property & Assets
Luke McColl, Accountant – Corporate Finance Service

Background Papers: None

Appendices: Appendix 1 – Monitoring of Revenue Expenditure to 30 November 2025 – Summary
Appendix 2 - Monitoring of Revenue Expenditure to 30 November 2025 – Detailed
Appendix 3 - Budget Savings - Property and FM Service - RAG Assessment - Period 8 - 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 08				
BY ACTIVITY				
Project Delivery	(635)	(223)	(709)	(486)
CCFM	15,572	27,028	25,651	(1,377)
PPP & Wick SFT	22,168	33,716	33,716	0
Revenue Maintenance	7,538	9,057	9,057	0
Properties	15,966	16,537	18,271	1,734
Grand Total Property & Facilities Management	60,610	86,114	85,986	(128)
BY SUBJECTIVE				
Staff Costs	22,921	37,441	35,307	(2,133)
Other Expenditure	50,476	69,180	72,238	3,058
Gross Expenditure	73,398	106,621	107,545	925
Grant Income	(3,611)	(5,835)	(6,116)	(281)
Other Income	(9,177)	(14,671)	(15,443)	(772)
Total Income	(12,788)	(20,506)	(21,559)	(1,053)
NET TOTAL	60,610	86,114	85,986	(128)

PROPERTY & FACILITIES MANAGEMENT MONITORING STATEMENT 2025-26																		Appendix 2			
	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		
Up to Period 08	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	8,352	5,026	7,428	(924)	(209)	665	714	923	(1,630)	(1,575)	(1,995)	(365)	(6,550)	(3,897)	(6,755)	(205)	(37)	218	(607)	(571)	
Project Management	943	613	943	(0)	(79)	6	10	89	0	0	0	0	(1,314)	(1,897)	(1,314)	0	(450)	(1,277)	(361)	89	
Property Support	422	282	424	2	126	144	120	(6)	0	0	0	0	(285)	(2)	(285)	0	263	424	259	(4)	
CCFM																					
CCFM Business Support	471	281	414	(57)	45	49	59	14	0	0	0	0	(36)	0	(36)	0	480	331	437	(43)	
Catering	13,187	8,208	13,003	(184)	5,964	2,027	6,108	144	0	0	0	0	(4,218)	(2,627)	(4,494)	(276)	14,933	7,609	14,617	(316)	
Cleaning & Facilities Management	12,836	7,606	11,840	(996)	453	200	416	(38)	0	0	0	0	(1,675)	(174)	(1,658)	17	11,615	7,632	10,598	(1,017)	
PPP & Wick SFT																					
PPP & Wick SFT	268	0	268	0	37,672	24,203	37,649	(23)	(4,102)	(2,034)	(4,102)	0	(123)	(0)	(100)	23	33,716	22,168	33,716	0	
Revenue Maintenance																					
Property Maintenance	336	251	398	62	7,630	7,103	7,816	186	0	0	0	0	0	(481)	(481)	(481)	7,966	6,873	7,734	(232)	
School Maintenance	0	26	31	31	1,076	563	1,038	(37)	0	0	0	0	(10)	(2)	(3)	7	1,065	587	1,066	0	
Snow Clearing & Gritting	0	0	0	0	25	77	258	232	0	0	0	0	0	0	0	0	25	77	258	232	
Properties																					
Property Asset Management	562	572	525	(37)	1,002	550	951	(51)	0	0	0	0	(238)	(47)	(195)	43	1,326	1,075	1,281	(45)	
Depots	62	37	33	(29)	958	567	1,146	188	0	(2)	(2)	(2)	(86)	(1)	(25)	61	934	601	1,151	217	
HLH Properties	0	19	0	0	2,677	1,580	2,942	264	(87)	0	0	87	(63)	(21)	(33)	30	2,528	1,578	2,908	381	
Other Offices & Properties	0	0	0	0	370	239	429	59	(17)	0	(17)	0	(72)	(29)	(63)	9	280	210	349	69	
Non Domestic Rates	0	0	0	0	12,930	12,502	12,582	(348)	0	0	0	0	0	0	0	0	12,930	12,502	12,582	(348)	
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	(1,061)	0	0	1,061	0	0	0	0	0	0	0	0	(1,061)	0	0	1,061	
Grand Total Property & Facilities Management	37,441	22,921	35,307	(2,133)	69,180	50,476	72,238	3,058	(5,835)	(3,611)	(6,116)	(281)	(14,671)	(9,177)	(15,443)	(772)	86,114	60,610	85,986	(128)	

Budget Savings - Property and FM Service - RAG Assessment - Period 8 - 2025/26							APPENDIX 3
	Saving Ref'	Saving Description	Annual Target for 25/26	Latest Annual Forecast Delivery	Forecast Under Target	Latest RAG	Comments
1	Corp. 25/26	Technical Design & Projects Team - Vacancies	£409,251	£409,251	£0	Green	Budget has been removed
2	Corp. 25/26	Project Management Team - Vacancies	£83,752	£83,752	£0	Green	Budget has been removed
3	Corp. 25/26	Property Support Team - Budget	£21,809	£21,809	£0	Green	Budget has been removed
4	Corp. 25/26	Cleaning & Facilities Management - Vacancies	£588,299	£588,299	£0	Green	Budget has been removed
5	Corp. 25/26	Catering - Vacancies	£107,093	£107,093	£0	Green	Budget has been removed
6	Corp. 25/26	CCFM Business Support - Budget	£21,379	£21,379	£0	Green	Budget has been removed
7	Corp. 25/26	PPP & Wick SFT - Budget	£47,832	£47,832	£0	Green	Budget has been removed
8	Corp. 25/26	Property Revenue Maintenance - Budget	£364,397	£364,397	£0	Green	Budget has been removed
9	Corp. 25/26	Depots - Budget	£41,570	£41,570	£0	Green	Budget has been removed
10	Corp. 25/26	Property Asset Management - Budget	£65,080	£65,080	£0	Green	Budget has been removed
11	Corp. 25/26	HLH Properties - Budget	£107,911	£107,911	£0	Green	Budget has been removed
12	Corp. 25/26	Other Offices & Properties - Budget	£15,352	£15,352	£0	Green	Budget has been removed
		Savings Achieved to Date - Sub Total	£1,873,725	£1,873,725			
		Ongoing Savings Targets					
13		Property Asset Management	£1,201,000	£140,000	-£1,061,000	Amber	Property Reviews Underway to Identify Further Savings
14		Reconfiguring School Assets	£400,000	£0	-£400,000	Red	Property Reviews Underway to Identify Further Savings
		Overall Totals	£3,474,725	£2,013,725	-£1,461,000		