

Agenda Item	6
Report No	HP/19/26

The Highland Council

Committee: **Housing and Property**

Date: **12 August 2026**

Report Title: **Property and Facilities Management Services Revenue Budget:
Final Outturn 2025/26 and Quarter 1 Reporting to 31 May.**

Report By: **Assistant Chief Executive - Place**

1 Purpose/Executive Summary

- 1.1 This report sets out the revenue budget monitoring for the Property and Facilities Management budgets comprising the final outturn figures for 2025/26 and the Quarter 1 monitoring report for 2026/27.
- 1.2 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."*
- 1.3 This report provides Members with commentary on any material variances within the 2025/26 outturn and reporting until 31 May 2026/27, and actions taken or proposed in relation to the variances.

2 Recommendations

- 2.1 Members are asked to:-
 - i. **Consider and approve** the final outturn figures for the 2025/26 Property and Facilities Management Services Revenue Budget;
 - ii. **Consider and approve** the forecast financial position for 2026/27 as set out in this report and appendices; and
 - iii. **Consider and approve** the explanations provided for any material variances and actions taken or proposed.

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 Budget Monitoring – 2025/26

- 5.1 **Appendices 1 and 2** set out the final monitoring position for last financial year. The overall net budget for the year was £87.491M with the final position being an overspend of £0.087M. This year end position has been achieved despite no savings being reported against the Asset Rationalisation Savings target of £1.466M and is due to various underspends being delivered across the other budget headings. This includes the Project Delivery budgets where additional project fee income was recovered along with an increase in income from the Biomass Renewable Heat Incentive.

6 Budget Monitoring – 2026/27

- 6.1 **Appendices 3 and 4** set out the position at the end of Quarter 1, and the projected final position at the end of this financial year. Across the various budget headings, excluding Asset Rationalisation Savings, there is a forecast underspend of £0.157M. This position is being closely monitored to ensure that the final outturn is delivered within the overall annual budget.
- 6.2 **Asset Rationalisation Savings**
The combined budget target for 2026/27 of £1.438M, which includes the unachieved savings target carried forward from 2025/26, does not currently report any savings being achieved. However, based on the full range of asset rationalisation activities undertaken to date, currently in progress, and planned for delivery, it is considered that savings of around £400,000 could be achieved during the current financial year. A detailed update will be provided to the next meeting of this Committee.

- 6.3 In parallel, a programme of Area Business Meetings is underway to engage Members in identifying future opportunities for asset efficiencies and savings. Area-Based Asset Masterplans are also being developed, setting out short, medium and long-term priorities for investment, service delivery requirements, and asset rationalisation.
- 6.4 Further detail on the proposed approach to identifying and delivering savings is provided within the Delivery Plan report, which is presented separately to this meeting of the Committee.
- 6.5 Initial mitigation measures have been implemented across the entire budget by the various teams to address identified pressures and there remains a requirement to continue to carefully monitor expenditure across all budget headings in 2026/27.

Designation: Assistant Chief Executive – Place

Date: 29 July 2026

Authors: Robert Campbell, Strategic Lead – Investment Strategy and Planning
Scott Dalgarno, Strategic Lead, Property and Asset Management
Carolyn Pieraccini, Strategic Lead Finance (Place)

Background Papers: None

Appendices: Appendix 1 – Summary Monitoring Statement 2025/26
Appendix 2 – Detailed Monitoring Statement 2025/26
Appendix 3 – Summary Monitoring Statement Q1 2026/27
Appendix 4 – Detailed Monitoring Statement Q1 2026/27

PROPERTY & HOUSING MONITORING STATEMENT 2025-26

APPENDIX 1

To 31 March 2026	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Project Delivery	(894)	(112)	(894)	(781)
CCFM	27,082	27,146	27,082	(65)
PPP & Wick SFT	32,997	33,716	32,997	(720)
Revenue Maintenance	9,961	9,961	9,961	0
Properties	18,433	16,780	18,433	1,653
Grand Total Property & Housing	87,579	87,491	87,579	87
BY SUBJECTIVE				
Staff Costs	36,622	37,684	36,622	(1,063)
Other Expenditure	75,671	70,314	75,671	5,358
Gross Expenditure	112,293	107,998	112,293	4,295
Grant Income	(6,839)	(5,835)	(6,839)	(1,004)
Other Income	(17,875)	(14,671)	(17,875)	(3,205)
Total Income	(24,715)	(20,506)	(24,715)	(4,208)
NET TOTAL	87,579	87,492	87,579	87

To 31 March 2026	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	£'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	8,600	7,667	7,667	(933)	(144)	633	633	777	(1,630)	(2,707)	(2,707)	(1,077)	(6,050)	(5,371)	(5,371)	679	776	222	222	(554)
Project Management	696	951	951	255	(79)	12	12	92	0	0	0	0	(1,814)	(2,388)	(2,388)	(574)	(1,197)	(1,424)	(1,424)	(227)
Property Support	422	423	423	0	172	223	223	51	0	0	0	0	(285)	(338)	(338)	(52)	309	309	309	(1)
CCFM																				
CCFM Business Support	471	382	382	(89)	45	73	73	28	0	0	0	0	(36)	0	0	36	480	455	455	(25)
Catering	13,187	13,311	13,311	124	5,964	6,336	6,336	372	0	0	0	0	(4,218)	(4,753)	(4,753)	(535)	14,933	14,894	14,894	(39)
Cleaning & Facilities Management	12,836	12,781	12,781	(55)	572	622	622	50	0	0	0	0	(1,675)	(1,670)	(1,670)	4	11,733	11,733	11,733	(0)
PPP & Wick SFT																				
PPP & Wick SFT	268	0	0	(268)	37,672	37,126	37,126	(546)	(4,102)	(4,129)	(4,129)	(28)	(123)	(0)	(0)	123	33,716	32,997	32,997	(720)
Revenue Maintenance																				
Property Maintenance	336	330	330	(6)	7,804	10,513	10,513	2,710	0	0	0	0	0	(2,857)	(2,857)	(2,857)	8,140	7,987	7,987	(153)
School Maintenance	0	33	33	33	1,384	1,693	1,693	309	0	0	0	0	(10)	(3)	(3)	7	1,373	1,723	1,723	350
Snow Clearing & Gritting	0	0	0	0	25	251	251	226	0	0	0	0	0	0	0	0	25	251	251	226
EMR Drawdown	0	0	0	0	423	0	0	(423)	0	0	0	0	0	0	0	0	423	0	0	(423)
Properties																				
Property Asset Management	806	709	709	(96)	1,002	1,129	1,129	127	0	0	0	0	(238)	(296)	(296)	(58)	1,570	1,542	1,542	(27)
Depots	62	35	35	(28)	958	1,247	1,247	290	0	(3)	(3)	(3)	(86)	(66)	(66)	20	934	1,213	1,213	279
HLH Properties	0	0	0	0	2,677	2,863	2,863	186	(87)	0	0	87	(63)	(91)	(91)	(28)	2,528	2,772	2,772	244
Other Offices & Properties	0	0	0	0	370	398	398	29	(17)	0	0	17	(72)	(42)	(42)	30	280	356	356	76
Non Domestic Rates	0	0	0	0	12,935	12,550	12,550	(384)	0	0	0	0	0	0	0	0	12,935	12,550	12,550	(384)
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	(1,066)	0	0	1,066	0	0	0	0	0	0	0	0	(1,066)	0	0	1,066
Grand Total Property & Facilities Management	37,684	36,622	36,622	(1,063)	70,314	75,671	75,671	5,358	(5,835)	(6,839)	(6,839)	(1,004)	(14,671)	(17,875)	(17,875)	(3,205)	87,492	87,579	87,579	87

Up to Period 2	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Project Delivery	608	(2,282)	(2,369)	(88)
CCFM	3,565	27,675	27,620	(55)
PPP & Wick SFT	5,555	33,984	33,984	0
Revenue Maintenance	1,243	8,634	8,633	(0)
Properties	13,828	17,124	18,547	1,424
Grand Total Property & Facilities Management	24,798	85,135	86,416	1,281
BY SUBJECTIVE				
Staff Costs	4,895	38,749	38,055	(694)
Other Expenditure	21,538	65,965	69,403	3,438
Gross Expenditure	26,433	104,715	107,459	2,744
Grant Income	(1,248)	(5,835)	(6,752)	(916)
Other Income	(388)	(13,745)	(14,291)	(547)
Total Income	(1,635)	(19,580)	(21,043)	(1,463)
NET TOTAL	24,798	85,135	86,416	1,281

Up to Period 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	£'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	8,266	1,361	7,892	(374)	(3,453)	229	(2,371)	1,082	(1,630)	(1,247)	(2,630)	(1,000)	(5,723)	(15)	(5,057)	666	(2,540)	327	(2,166)	374
Project Management	1,074	179	1,074	(0)	(79)	3	9	88	0	0	0	0	(1,056)	0	(1,593)	(538)	(61)	182	(510)	(450)
Property Support	434	73	438	4	170	26	184	14	0	0	0	0	(285)	0	(315)	(30)	319	99	307	(12)
CCFM																				
CCFM Business Support	1,260	49	1,134	(126)	44	19	61	17	0	0	0	0	(36)	0	0	36	1,268	69	1,195	(73)
Catering	13,454	1,756	13,370	(85)	5,782	545	6,269	486	0	0	0	0	(4,378)	(309)	(4,920)	(542)	14,859	1,993	14,719	(140)
Cleaning & Facilities Management	12,782	1,383	13,144	362	441	122	340	(100)	0	0	0	0	(1,675)	(2)	(1,779)	(104)	11,548	1,503	11,706	158
PPP & Wick SFT																				
PPP & Wick SFT	268	0	268	0	37,940	5,555	37,940	0	(4,102)	0	(4,102)	0	(123)	0	(123)	0	33,984	5,555	33,984	0
Revenue Maintenance																				
Property Maintenance	336	0	160	(176)	7,207	1,225	7,158	(49)	0	0	0	0	0	(10)	0	0	7,543	1,214	7,318	(225)
School Maintenance	0	0	0	0	1,076	16	1,076	0	0	0	0	0	(10)	(1)	(10)	0	1,065	16	1,065	0
Snow Clearing & Gritting	0	0	0	0	25	12	250	225	0	0	0	0	0	0	0	0	25	12	250	225
Properties																				
Property Asset Management	814	90	540	(274)	928	338	1,131	203	0	0	0	0	(238)	(39)	(296)	(58)	1,504	389	1,375	(128)
Depots	60	3	35	(26)	876	106	886	9	0	(1)	(3)	(3)	(86)	(0)	(66)	20	851	108	851	0
HLH Properties	0	0	0	0	2,640	158	2,599	(41)	(87)	0	0	87	(63)	(6)	(92)	(29)	2,490	152	2,506	16
Other Offices & Properties	0	0	0	0	348	92	413	65	(17)	0	(17)	0	(72)	(6)	(40)	32	258	87	355	97
Non Domestic Rates	0	0	0	0	13,487	13,092	13,487	0	0	0	0	0	0	0	0	0	13,487	13,092	13,487	0
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	(1,066)	0	(27)	1,038	0	0	0	0	0	0	0	0	(1,066)	0	(27)	1,038
Grand Total Property & Facilities Management	38,749	4,895	38,055	(694)	65,965	21,538	69,403	3,438	(5,835)	(1,248)	(6,752)	(916)	(13,745)	(388)	(14,291)	(547)	85,135	24,798	86,416	1,281