

**Special Development Committee****31 January 2013****Management Accounts for Development Committee:
2012/13 - Quarter 3 (April - December 2012)****F-002-F****Report Presented by Executive Manager -
Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Development Committee to monitor the financial performance of services within its remit to ensure that expenditure incurred and income generated has been delivered within the approved budget, so that timely action can be taken when required to mitigate projected overspends. The focus of this report is on the projected outturn position for the year.
- 1.2 The projected outturn position for Development Committee is to be £1.070m under the budget for 2012/13, after adjustments for carry forwards. There is no further action required by the Director other than to ensure that the projected outturn is achieved at the year-end or exceeded.

2.0 Decision Required

- 2.1 The Development Committee is asked to RESOLVE to:
- review the Revenue Management Accounts, from 1 April 2012 – 31 December 2012, including the projected outturn position;
 - Instruct the Director of Development Services to ensure that the projected outturn is achieved at the year-end or exceeded.

3.0 Detail

- 3.1 The budgeted expenditure and savings levels included in the services within the remit of the Development Committee were approved by the Council on 9 February 2012. As such, they form part of the Council's objectives of reducing General Fund expenditure to £119.9m in

2012/13, which includes the requirement to make savings of £15.6m across the Council this year. This is necessary to move the Council towards a position of financial sustainability.

At present the Council's level of expenditure is not sustainable and if left unchecked will result in reserves becoming fully depleted by 2017/18.

Any instances whereby a budget is overspent, or savings targets are not being achieved, have a direct impact on the Council's reserves. It is therefore vital to the future economic wellbeing of the Council that its budget, incorporating that of the services within the remit of the Development Committee, are delivered in full.

- 3.2 Appendix 1 shows the projected outturn position for the third quarter by service area along with explanations of the major variances. The Medium Term Financial Plan allows services to carry forward budget into 2013-14, therefore budgets for 2012-13 have been adjusted accordingly. This appendix shows the services under the remit of the Development Committee are under the budget.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Improvement Action plan to ensure that, "the Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves Best Value".

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved a budget on 9 February 2012 for the 2012/13 financial year. This Report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

There is a risk that services will not be delivered within the approved 2012 budget resulting in an additional draw on reserves, which is unsustainable.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

The projected spend to the end of the year is £12.265m. This is under the budget for this Committee.

Up to period 9 the services reporting to this Committee were under the YTD budget by £1.214m, including adjustments for carry forwards.

Under this Committee savings projects of £2.816m were included as part of the budget, to date £2.079m has been achieved. The shortfall will be achieved either through ongoing or one-off savings.

The Director of Development Services is working to ensure that the projected outturn is achieved.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The outturn position is projected to be under budget by £1.070m.

5.2 Of the savings proposals included in the budget £2.079m have been achieved and the remainder is on target to be achieved by the end of the year.

For further information please contact:
Shelley Humphray, Senior Assistant Accountant
01595 744676
shelley.humphray@shetland.gov.uk

List of Appendices

Appendix 1 - Development Services - Outturn Position for 2012/13

Background documents:

Approved Budget Report, SIC 9 February 2012

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3449>

END

Development Services

Projected Outturn 2012/13

Description	Annual Outturn 2011/12 £000	Annual Budget 2012/13 £000	Projected Outturn 2012/13 £000	Budget v Proj. Outturn Variance £000
Community Planning	1.190	1.088	1.077	0.011
Directorate	0.101	-0.184	0.106	(0.290)
Economic Development	6.827	5.310	3.758	1.552
Planning	1.515	1.690	1.637	0.052
Transport Planning	5.648	5.431	5.686	(0.255)
Total Controllable Costs	15.281	13.335	12.265	1.070

The projected outturn for 2012/13 is £3.017 less than last year's actual outturn demonstrating a significant decrease in expenditure since 2011/12.

Explanation of Projected Outturn Variances:

- **Directorate** - £0.290m overspend outturn variance - This overspend relates to the allocation of Council Wide savings to directorates. The majority of the Development Services allocation (£0.289m) is accounted for under the Directorate. This overspend is offset by underspends elsewhere within the service.
- **Economic Development** - £1.552m underspend outturn variance - This underspend relates to £1.028m of NAFC Grant, which is being part funded from Shetland Development Trust surpluses in 2012/13, £0.165m is due to recovered investments and investment management, £0.083m relates to the Flavour of Shetland event, and the remaining underspend is a result of reduced spend across the service.

The total budget for Economic Development has been reduced by £0.389m in line with the request for carry forwards into 2013-14. This has reduced the projected outturn variance by the same amount.

- **Planning** - £0.052m underspend outturn variance - relates to vacancies and efficiencies across the service.
- **Transport Planning** - £0.255m overspend outturn variance - £0.250m of this overspend relates to the Committee decision (Min Ref: 52/12) to include Rural Transport in the wider transport network redesign process, which means that savings cannot be achieved in the current year. Alternative savings have been made within Economic Development to offset this overspend.



Special Development Committee

31 January 2013

**2013-14 Budget and Charging Proposals
Development Committee**

F-006-F

**Report Presented by Executive Manager –
Finance**

Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to enable the Development Committee to consider the controllable budget proposals for the services within the committee’s remit, which will in turn contribute towards ensuring that the Development directorate meets its Target Operating Budgets, as set out in the Medium Term Financial Plan.
- 1.2 The summary budget proposals and carry-forwards for the services in Development Committee are:

Service	2013-14 Proposed Budget £000
Community Planning & Development (part)	1,037
Development Directorate	126
Economic Development	2,623
Planning	1,142
Transport Planning	5,314
SUB-TOTAL	£10,242
Carry-forwards	389
TOTAL	£10,631

2.0 Decision Required

- 2.1 The Development Committee is asked to RESOLVE to:
 - Recommend approval of the budget proposals and carry-forwards for 2013-14 included within this report and set out in detail in the budget activity sheet (Appendix 2 – electronic format only) and

charging sheet (Appendix 3) to the Special Executive Committee to be held on 14 February 2013.

3.0 Background

- 3.1 The Council agreed its Medium Term Financial Plan on 20 September 2012 (min ref 85/12), which sets out an integrated budgeting and reserves strategy for the lifetime of the current Council.
- 3.2 As part of the budgeting strategy, each of the Council's directorates was provided with a Target Operating Budget. Each Director has subsequently developed their directorate budget proposals within these targets for 2013-14.
- 3.3 The Target Operating Budgets for 2013-14 were set as follows:

2012-13 £000	Directorate		2013-14 £000
17,545	Development Services	Target Operating Budget	15,685*
		Budget gap	(1,860)

* Including adjustments where service provision has been transferred between directorates, which does not affect the overall total.

- 3.4 By adhering to these Target Operating Budgets, Members will ensure that the organisation takes a significant step towards achieving a financially sustainable position within the lifetime of the current Council.
- 3.5 The Development Committee oversees the following Council Services:
- Community Planning and Development (part)
 - Development Directorate
 - Economic Development
 - Planning
 - Transport Planning
- 3.6 Appendix 1 contains a reconciliation of how the budget proposals for the services within Directorates are aligned to the remit of this Committee.
- 3.7 The approach taken to develop these budget proposals was a zero based methodology, which means that the costs of each service were built up by activity from a zero-base instead of using existing budgets as the base-line. At all times ensuring activities are to be carried out in the most efficient way. Where the service has been subject to a SOFIE (Sussing Out Further Internal Efficiencies) review, the recommendations have been included in the budget proposals where possible. Any SOFIE review savings not included in 2013/14 will be incorporated in future years' budgets.
- 3.8 An exercise was then undertaken to prioritise the activities undertaken by the Council according to how they contribute to the approved

outcomes in the Single Outcome Agreement and the Council's desire to run the organisation well.

- 3.9 The results of this detailed budget work have been captured in the budget activity sheets at Appendix 2 – electronic format only.
- 3.10 The proposed charging structure included in the budget proposals for the Development Directorate is attached as Appendix 3.
- 3.11 The next section of this report summarises the key budgetary information that is included in the detailed Directorate budget activity sheet.

4.0 2013-14 Budget Proposals

4.1 Community Planning and Development (part)

2012-13 Budget £000	2013-14 Proposed Budget £000	Budget Reduction/(Increase) £000
1,088	1,037	51

The proposed total budget for the whole of the Community Planning and Development service area identifies a budget reduction of £0.4m from £2.5m in 2012-13 to £2.1m in 2013-14.

The proposed 2013-14 budget for the area of Community Planning and Development which reports to Development Committee (activities relating to culture), identifies a budget reduction of £51k. Some progress to meet this budget reduction has already been undertaken during 2012-13. Further measures which have been incorporated to achieve the proposed 2013-14 budget are detailed as follows:

Service level reductions

- A 10% reduction in payment to Shetland Amenity Trust for Museum and Archive Services phased over 3 years.

4.2 Development Directorate

2012-13 Budget £000	2013-14 Proposed Budget £000	Budget Reduction/(Increase) £000
(184)	126	(310)

The proposed 2013-14 budget for Development Directorate identifies an increased budget requirement of £310k, however this is due to the allocation of Council Wide savings of £289k to this service area in 2012-13. Measures which have been incorporated to achieve the proposed 2013-14 budget are detailed as follows:

Service re-design

- PA services will be shared with the Infrastructure Directorate.

4.3 Economic Development

2012-13 Budget £000	2013-14 Proposed Budget £000	Budget Reduction/(Increase) £000
5,588	2,623	2,965

The proposed 2013-14 budget for Economic Development identifies a budget reduction of £2,965k. Some progress to meet this budget reduction has already been undertaken during 2012-13. Further measures which have been incorporated to achieve the proposed 2013-14 budget are detailed as follows:

Service level reductions

- The package of support measures offered by the Economic Development Service is being reviewed. Some schemes will be discontinued at least until the Council's reserves have recovered, others will be refocused on priority areas and all support measures will have a higher emphasis on the need for support.

4.4 Planning

2012-13 Budget £000	2013-14 Proposed Budget £000	Budget Reduction/(Increase) £000
1,527	1,142	385

The proposed 2013-14 budget for Planning identifies a budget reduction of £385k. Some progress to meet this budget reduction has already been undertaken during 2012-13. Further measures which have been incorporated to achieve the proposed 2013-14 budget are detailed as follows:

Increased/new charges for services

- Minimal increases in Search Fees etc
- Charges for Application Fees are set by the Scottish Government

Service level reductions

- A number of work streams will look at service revisions and levels of provision

4.5 Transport Planning

2012-13 Budget £000	2013-14 Proposed Budget £000	Budget Reduction/(Increase) £000
5,348	5,314	34

The proposed 2013-14 budget for Transport Planning identifies a budget reduction of £34k. Upward cost pressures have suppressed the level of reduction that can be realised, with £500k having been removed from the 2012-13 approved operating budget. Budget reduction measures which have been incorporated to achieve the proposed 2013-14 budget are detailed as follow:

Service re-design

- Air services to Fair Isle, Foula, Papa Stour and Skerries have been retendered with some contract redesign,
- Redesign work on the Bus Services Network is ongoing and will report separately to the Development Committee and then, following the tender exercise, to Council,
- Transitional arrangements for service users with additional support needs are being examined to increase independence and reconfigure transport provision.

Service level reductions

- Air service grants to airstrips on Fair Isle, Foula and Skerries have been reduced,
- Strict application of the School Transport Policy has highlighted some services that will not be retendered,
- Potential alteration to the School Transport Policy will reduce the number of additional seasonal services,
- Allocation of community ferry runs will be reduced,
- Allocation of transfers between schools and leisure facilities will be reduced.

4.6 Carry-forwards

The carry-forwards below are in line with the approved carry forward scheme set out in the Medium Term Financial Plan.

Service Area	Carryforward Description	Carry-forward £000
Economic Development	Committed Grants	359
Economic Development	Budget Carryforward for Foula Electricity Trust	30

5.0 Implications

Strategic

5.1 Delivery On Corporate Priorities

The budget has been produced bearing in mind the Single Outcome Agreement states that there is to be financial sustainability and balance across all sectors with efficient and responsive public services and a reduced reliance on the public sector.

5.2 Community /Stakeholder Issues

Planning – A reduction in posts may have an impact on the speed of service delivery.

Economic Development – There will be a general reduction in the availability of grant support to client groups, particularly agriculture.

5.3 Policy And/Or Delegated Authority

The Development Committee has delegated authority to advise the Executive Committee and the Council in the development of service, objectives, policies and plans concerned with service delivery. The Council approved the Medium Term Financial Plan on 20 September 2012. This set the parameters for the 2013-14 revenue budget and allocated the available resources amongst directorates. Approval of the revenue budget requires a decision of the Council, in terms of Section 2.1.3 of the Council's Scheme of Delegations.

5.4 Risk Management

A failure to meet the challenging reductions in overall budget spending levels will result in the Council utilising all of its reserves.

5.5 Equalities, Health And Human Rights

An Integrated Impact Assessment is being conducted to identify risks of equalities, poverty, health, early intervention and prevention, economic, community and cumulative impacts for each of the activity areas, and cumulatively. The sifting part of this assessment is now complete which has identified actions to be followed up.

A Socio-Economic Impact Assessment of the proposed budget reductions overall has also been conducted and will form the basis of a monitoring process as agreed actions are implemented.

5.6 Environmental - None

Resources

5.7 Financial

This report presents budget proposals that are consistent with the budget strategy included within the Medium Term Financial Plan. Any decision to recommend changes to the proposals in this report will result in an increased or decreased draw on reserves, and may result in not meeting the targets in the Medium Term Financial Plan. This will require a formal amendment and be fully quantified in the Committee decision.

Any in-year costs associated with early retirements or redundancy arising from the 2013-14 budget proposals will be met from a central contingency budget which will be addressed in the overall budget report to the Council.

5.8 Legal - None

5.9 Human Resources

The framework contained within the Council's Organisational Restructure Policy will be applied where the impact of change results in restructuring proposals.

5.10 Assets And Property - None

6.0 Conclusions

6.1 The proposals contained within this report meet the target operating budgets as set out in the Medium Term Financial Plan for the areas of the Development Directorate which are within the remit of this Committee

6.2 The budgets have been prioritised according to how they contribute to the approved outcomes in the Single Outcome Agreement and the Council's desire to run the organisation well.

6.3 The budget carry-forwards meet the approved carry forward scheme conditions set out in the Medium Term Financial Plan.

For further information please contact:

James Gray Executive Manager - Finance

01595 744607

James.gray2@shetland.gov.uk

List of Appendices

Appendix 1 – Reconciliation of Directorates 2013-14 Proposed Budgets to Committees

Appendix 2 – Development Directorate Budget Activity Sheets (available from Committee Services on request)

Appendix 3 – Schedule of Charges 2013-14

END

Reconciliation of Directorates 2013-14 Proposed Budgets to Committees

Directorate	Development Committee £000	Social Services Committee £000	Education & Families Committee £000	Environment & Transport Committee £000	Executive Committee £000	Total £000
Executive & Corporate					12,940	12,940
Children's		1,393	40,365			41,758
Com Care		20,661				20,661
Development	10,631	5,065	1,003			16,699
Infrastructure				21,530		21,530
TOTAL	10,631	27,119	41,368	21,530	12,940	113,588

TRANSPORT SERVICES	2012/13 CHARGE (ex VAT) £	2013/14 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
Inter-Island Air Services				
Lerwick - Foula Single fare	35.00	38.00	8.6	N
Lerwick - Foula Island Resident Return fare	40.00	38.00	-5.0	N
Lerwick - Skerries Single fare	32.00	32.00	0.0	N
Lerwick - Skerries Island Resident Return fare	27.00	25.50	-5.6	N
Lerwick - Papa Stour Single fare	32.00	33.00	3.1	N
Lerwick - Papa Stour - Island Resident Return fare	27.00	25.50	-5.6	N
Lerwick - Fair Isle Single fare	37.30	40.00	7.2	N
Lerwick - Fair Isle - Island Resident Return fare	41.51	38.00	-8.5	N
Note, Discounted Island resident fares are unchanged				
Taxi Licensing Charges				
In accordance with the provision of the Civic Government (Scotland) Act 1982, the scale of fees requires to be sufficient to meet the expenses incurred by the licensing authority in carrying out their function in terms of the above Act and are reviewed each year as part of the department's budgetary process.				
Taxi or Private Hire Car Drivers Licence	50.00	90.00	80.0	N
Taxi or Private Hire Car Licence (grant)	410.00	410.00	0.0	N
Taxi or Private Hire Car Licence (renewal)	88.00	137.00	55.7	N
Deposit on Taxi/PHC Licence Plates	32.00	32.00	0.0	N
Vehicle Inspection	35.00	35.00	0.0	Y
Re - Test	11.00	11.00	0.0	Y
Installation of meter	35.00	35.00	0.0	Y
Check and Calibrate meter	17.00	17.00	0.0	Y
Replacement drivers I.D. Badge	5.50	7.00	27.3	N
Replacement Licence (Driver or Car)	5.50	7.00	27.3	N
Bus Services To: (note these fares are applicable up to and including Sunday 11 August 2013)				
Sumburgh Airport	3.00	3.00	0.0	N
Sumburgh	2.60	2.60	0.0	N
Sandwick	2.00	2.00	0.0	N
Cunningsburgh	2.00	2.00	0.0	N
Walls/Skeld/Aith	2.90	2.90	0.0	N
Bixter	2.10	2.10	0.0	N
Weisdale	1.90	1.90	0.0	N
Hillswick/Mossbank/Toft	2.90	2.90	0.0	N
Brae	2.70	2.70	0.0	N
Scalloway	1.90	1.90	0.0	N
Lerwick Town Service	0.80	0.80	0.0	N
North Isles Integrated Service	4.60	4.60	0.0	N
Note, Discounted multi travel tickets are available offering 20% reduction on fares				
The National Concessionary Travel Scheme provides Scotland-wide free bus travel for elderly and disabled persons.				
Also Young Persons 16 to 18 years receive one third off full adult fare on all Scotland-wide bus services				
Half fares are payable by children aged between 5 and 16 years old				
Bus Services To: (note these fares are applicable from Monday 12 August 2013)				
Sumburgh Airport	3.00	2.50	-16.7	N
Sumburgh	2.60	2.50	-3.8	N
Walls/Skeld/Aith	2.90	2.50	-13.8	N
Mossbank/Toft	2.90	2.80	-3.4	N
Hillswick	2.90	3.40	17.2	N
Brae	2.70	2.50	-7.4	N
Scalloway	1.90	1.40	-26.3	N
Lerwick Town Service	0.80	0.80	0.0	N
North Isles Integrated Service	4.60	4.00	-13.0	N
Note, Discounted multi travel tickets are available offering 20% reduction on fares				
The National Concessionary Travel Scheme provides Scotland-wide free bus travel for elderly and disabled persons.				
Also Young Persons 16 to 18 years receive one third off full adult fare on all Scotland-wide bus services				
Half fares are payable by children aged between 5 and 16 years old				
Hire of Council buses (Lerwick)				
Hire of Council buses (Lerwick)		£1.50 per mile for all hires plus		N
9am to 5pm - Monday to Friday	£15.44 - £25.36 per hour	£11.50 per hour		N
5pm to 10pm - Monday to Friday and 9am to 10pm - Saturday		£17.00 per hour		N
10pm to 9am - Monday to Saturday and all day Sunday		£21.00 per hour		N
Disabled Parking Badge (Blue Badge) Charges				
New Badge Issue	13.50	13.50	0.0	Y
Badge Renewal	13.50	13.50	0.0	Y
Replacement for Lost/Stolen Badge	5.00	5.00	0.0	Y
Fast Tracked Badge	15.95	16.00	0.3	Y

PLANNING SERVICES	2012/13 CHARGE £	2013/14 CHARGE £	VARIANCE %	Vatable (Y/N)
SEARCH OF RECORDS				
First 15 minutes free, charge thereafter per hour or part thereof	80.00	85.00	6.3	Y
LETTER OF COMFORT Issued in respect of no appropriate documentation being available	235.00	250.00	6.4	Y
SITE VISIT To confirm compliance, etc, the following charge will be applicable in addition to the above (per visit)	160.00	200.00	25.0	Y
PLANNING ADVERTS Charge	135.00	140.00	3.7	Y
NOTES Planning Fees and Building Warrant Fees are currently set by Central Government and not therefore subject to this review. Map Extract Scheme Fees are set by Ordnance Survey and a reasonable Administration Charge will be added to recover costs.				