

**Special Development Committee****20 November 2013****Management Accounts for Development Committee:
2013/14 – Projected Outturn at Quarter 2****F-063-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 as at the end of the first quarter for revenue and capital.
- 1.2 The projected outturn position for Development Committee is to be £79k underspent on revenue, and £322k underspend on capital for 2013/14.

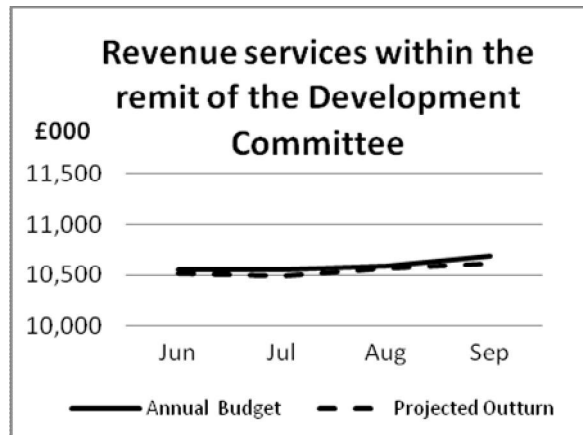
2.0 Decision Required

- 2.1 The Development Committee is asked to RESOLVE to:
- review the Management Accounts showing the projected outturn position at Quarter 2.

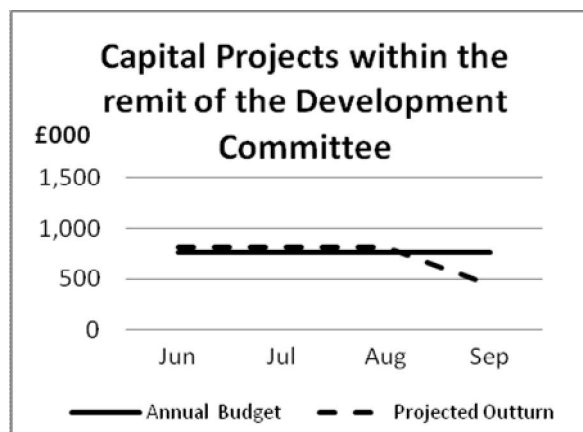
3.0 Detail

- 3.1 On 20 February 2013 (SIC Min Ref: 9/13) the Council approved the 2013/14 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account, Trading Accounts and Spend to Save) requiring a draw from reserves of £27.768m. This is still at an unsustainably high level and will need to be reduced to ensure that the Council's reserves are not depleted further in the short term.

- 3.2 All charts in this report show a scale range of £1.5m which increases in increments of £500k; therefore they show variances for each service at the same scale, regardless of the size of budget, and the “at a glance” variance position can be compared between charts.
- 3.3 The projected revenue outturn position for services within the remit of the Development Committee is an underspend of £79k (0.74%), shown on the following chart:



- 3.4 The projected capital outturn position for projects within the remit of the Development Committee is an underspend of £322k (42.31%), shown on the following chart:



- 3.5 Appendix 1 attached shows the projected revenue outturn position as at the end of the second quarter by service area, along with explanations of the projected outturn variance position.
- 3.6 Appendix 2 attached shows the projected capital outturn position as at the end of the second quarter by service area, along with explanations of the projected outturn variance position.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “Living within our means” with a range of measures which will enable the Council to achieve financial sustainability over the next 4 years, and line up spending with priorities and continue to have significant reserves.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of this Council.

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 both revenue and capital budgets for the 2013/14 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 – None.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

4.7.1 At present the Council's level of expenditure is not sustainable and, if left unchecked, will result in reserves continuing to decrease further, eventually becoming fully depleted.

4.7.2 Any instances whereby a budget is overspent, savings targets are not being achieved, or there is growth in a budget, will have a direct impact on the Council's reserves. It is therefore vital to the future economic wellbeing of the Council that its budget is delivered in full with no further growth.

4.7.3 The projected outturn revenue position for services within the remit of the Development Committee is an underspend of £79k.

4.7.4 The projected outturn for capital projects within the remit of the Development Committee is an underspend of £322k.

4.7.5 The Development Services Management Team are closely monitoring the position and a continued downward pressure on spending throughout the rest of the year will be maintained.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The outturn position for services within the remit of the Development Committee is a projected underspend of £79k on revenue, and a projected underspend of £322k on capital projects.

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List of Appendices

Appendix 1 - Development Committee – Projected Revenue Outturn Position for 2013/14

Appendix 2 – Development Committee – Projected Capital Outturn Position for 2013/14

Background documents:

Approved Budget Report, SIC 20 February 2013

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=14165>

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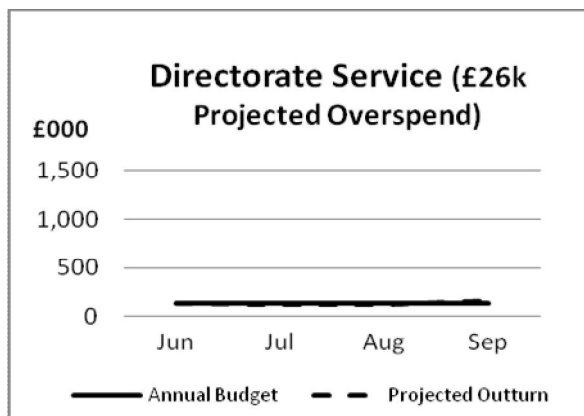
Development Committee – Development Services**Projected Revenue Outturn Position 2013/14**

Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Director of Development Services	133	159	(26)
Community Planning and Development	1,037	1,037	-
Economic Development	2,922	2,713	210
Planning	1,164	1,285	(121)
Transport Planning	5,433	5,416	17
Total Controllable Costs	10,690	10,611	79

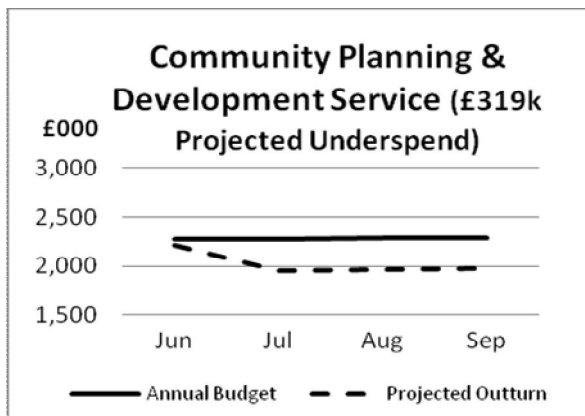
The projected outturn for 2013/14 is £79k less than budget. The reasons for the outturn variance are explained below:

Explanation of Projected Outturn Variances:

- **Director of Development Services** – £26k (19.89%) projected outturn overspend. This relates to the Tertiary Education Review. It is anticipated that the Director of Development Services will make an application to the Change Programme.

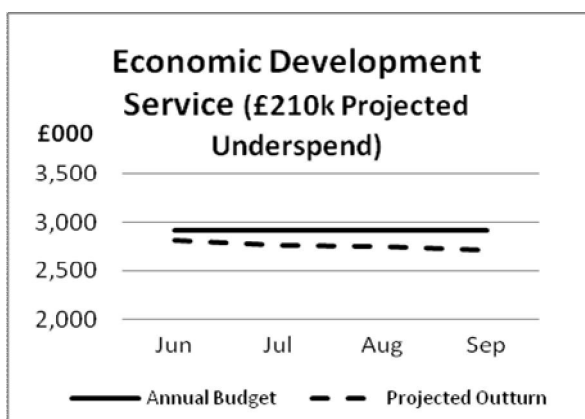


- **Community Planning & Development (Museum and Archives)** – projected outturn on target.

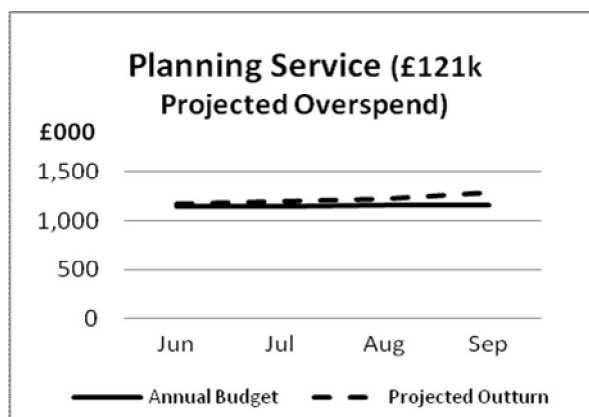


* Please note, the above chart is for the whole of Community Planning & Development, not just the part under the remit of the Development Committee.

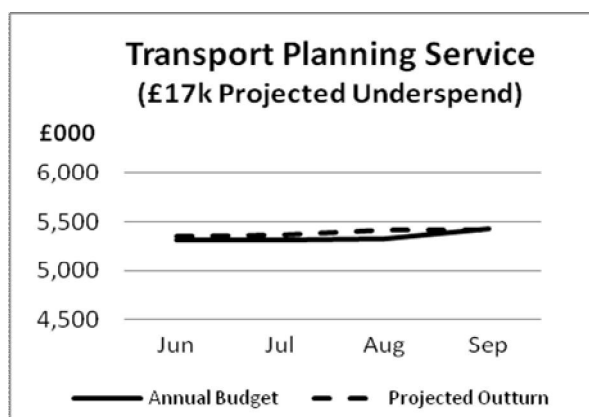
- **Economic Development** - £210k (7.18%) projected outturn underspend – this is due to a late income contribution of £25k from HIE which relates to costs in 2012/13. In addition, £80k underspend on grants is predicted due to slippage of payments to 2014/15 and a decrease in grant applications. Shetland Telecom are estimating a net contribution of £98k as a result of increased business opportunities in the current year.



- **Planning** - £121k (10.41%) projected outturn overspend – It is estimated that there will be a downturn of Building Warrant income in 2013/14 resulting in an outturn variance of £73k. £25k relates to an unbudgeted SLA and £11k to unbudgeted Nuclear Policy information services costs. Further to this the services has taken on a member of staff to assist with statutory work on Flood Risk Prevention.



- **Transport Planning** - £17k (0.31%) projected outturn underspend – Education Transport costs are less than anticipated due to a reduction in feeder runs.



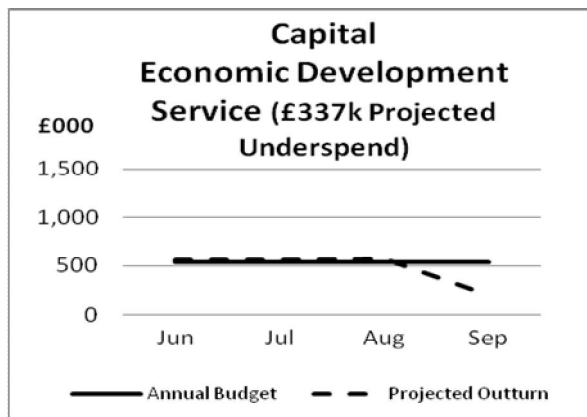
Development Committee – Development Services

Projected Capital Outturn Position 2013/14

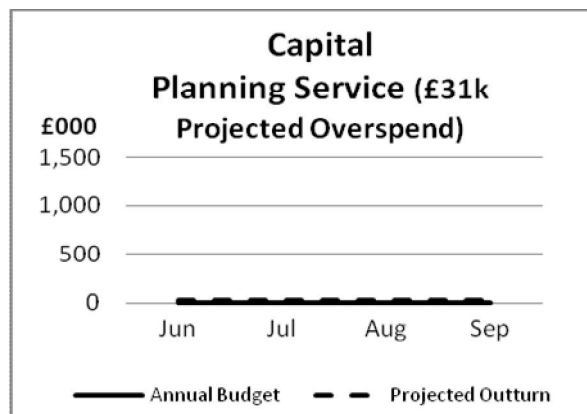
Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Economic Development	532	195	337
Planning		31	(31)
Transport Planning	230	214	16
Total Controllable Costs	762	440	322

Explanation of Projected Outturn Position:

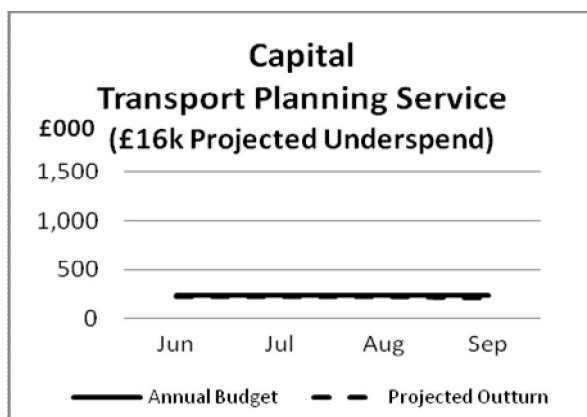
- **Economic Development** – £337k (5.6%) projected outturn underspend – The Fibre Optic cable project has slipped into 2014/15 due to delays with regards to consents and other legal implications.



- **Planning** – £31k projected outturn overspend – this is in relation to works carried out at Harrison Square. It was fully funded in prior years and this slippage to 13/14 is due to delays in 2012/13.



- **Transport Planning** – £16k (4.3%) projected outturn under spend – this relates to the Skerries dredging project and is due to contingencies in the project contract not being used. Good weather meant that there were no delays in the project. There will however be a cost to repositioning the channel marker.



**Special Development Committee****20 November 2013****2014-15 Budget and Charging Proposals
Development Committee****F-052-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 for the services under the remit of the Development Committee are £9.903m, split by service area as follows:

Service	2014-15 Proposed Budget £000
Development Directorate	841
Economic Development	3,152
Planning	1,202
Transport Planning	4,708
TOTAL	9,903

2.0 Decision Required

2.1 The Development Committee is asked to RESOLVE to:

- Recommend approval of the budget proposals 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 Executive Committee to be held on 2 December 2013.

3.0 Background

3.1 The Council agreed its Medium Term Financial Plan on 28 August 2013 (min ref 71/13), 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 2014-15.

3.3 The Target Operating Budget for 2014-15 was set as follows:

Directorate	Original Target 2014-15 £000	Budget Transfers £000	Cost Pressures £000	Revised Target 2014-15 £000
Development Services	12,039	702	325	13,066

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:

- 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 incremental budgeting, which means that the costs of each service were built up using existing budgets as the base-line. At all times ensuring activities are to be carried out in the most efficient way.

3.8 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 2014/15 will be incorporated in future years' budgets.

- 3.9 An exercise was then undertaken to prioritise the activities undertaken by the Council according to how they contribute to the Council's Corporate Plan.
- 3.10 The results of this detailed budget work have been captured in a detailed Budget Activity Sheet - Appendix 2.
- 3.11 The proposed charging structure included in the budget proposals for the Development Directorate is attached as Appendix 3.
- 3.12 The next section of this report summarises the key budgetary changes which are detailed in the Directorate Budget Activity Sheet.

4.0 2014-15 Budget Proposals

The following sections describe the proposed budget for 2014/15 which has been adjusted for cost pressures and service transfers.

4.1 Development Directorate – Proposed Budget - £841k

There are no new measures which have been incorporated to achieve the proposed Development Directorate Budget.

4.2 Economic Development – Proposed Budget - £3.152m

New measures which have been incorporated to achieve the proposed Economic Development budget are detailed as follows:

- Reduction in grant schemes;
- Reduction in NAFC Grant;
- Increase in income from Shetland Telecom;

4.3 Planning – Proposed Budget - £1.202m

New measures which have been incorporated to achieve the proposed Planning budget are detailed as follows:

- Reduction in Ranger Service;
- Increase in building warrant fees;

4.4 Transport Planning – Proposed Budget - £4.708m

New measures which have been incorporated to achieve the proposed Transport Planning budget are detailed as follows:

- Implementation of review of School and Public Transport;
- Review of ASN and Social Care Transport;

5.0 Implications

Strategic

5.1 Delivery On Corporate Priorities

The budget has been produced bearing in mind the Corporate Plan which 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

Consultation and communication with relevant groups and individuals as appropriate to the proposals being considered as part of this report.

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 28 August 2013. This set the parameters for the 2014-15 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 and Socio-Economic Impact Assessment will be conducted to identify risks of equalities, poverty, health, early intervention and prevention, economic, community and cumulative impacts where appropriate.

5.6 Environmental

There are none.

Resources

5.7 Financial

5.7.1 This report presents budget proposals that are consistent with the budget strategy included within the Medium Term Financial Plan. The services under the remit of the Development Committee is proposing an overall budget of £9.903m which is on target.

5.7.2 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.

5.7.3 Any in-year costs associated with early retirements or redundancies arising from the 2014-15 budget proposals will be

met from a central contingency budget which will be addressed in the overall budget report to Council.

5.8 Legal

The proposals in this report will allow the Council to meet its statutory requirements and to ensure that those services meet the appropriate legislative requirements. Overall priority has been given to services which the Council has a statutory requirement to provide with a lower priority being given to those services which are discretionary services.

5.9 Human Resources

The service levels proposed for 2014/15 will result in a reduction in overall staffing levels within the Development Directorates. The processes outlined within the Council's 'Policy for Re-organisational Restructure' will be applied when dealing with the staffing implications of any decisions taken affecting staffing structures.

5.10 Assets And Property

Where possible unused assets will be disposed of to reduce ongoing revenue costs and maximise the capital receipts for the Council.

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 These proposals will enable the Development Directorate to move towards meeting the requirements of the Medium Term Financial Plan in future years within the term of this Council.

6.3 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.

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List of Appendices

Appendix 1 – 2014-15 Reconciliation of Directorates' Proposed Budgets to Committees (attached)

Appendix 2 – 2014-15 Development Committee Budget Activity Sheets

Appendix 3 – 2014-15 Schedule of Charges

END

2014-15 Reconciliation of Directorates' 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					11,596	11,596
Children's		1,360	39,124			40,484
Com Care		19,953				19,953
Development	9,903	2,436	727			13,066
Infrastructure				20,601		20,601
TOTAL	9,903	23,749	39,851	20,601	11,596	105,700

Service	Activity	FTE	Proposed Budget £	Red Amber Green	Proposed Service Level
Development Directorate	Directorate	1.62	840,673	G	No change, College & NAFC lease and maintenance budgets transferred from Corporate
Economic Development	Economic Development Projects	6.86	920,883	A	Grant budgets reduced to minimum
Economic Development	Museum and Archives	0.00	1,015,060	A	Year 2 of 3 year funding reduction
Economic Development	Business Gateway	1.45	146,077	G	No change, SLA with Scot Gov
Economic Development	LEADER	2.60	106,401	G	No change.
Economic Development	European Function	0.68	57,305	G	No change
Economic Development	Economic Research	1.75	102,328	G	No change
Economic Development	NAFC	0.02	11,463	A	£350k reduction in core funding, as part of Three year funding reduction. Implementation plan requested from NAFC.
Economic Development	Promotional Activities	0.08	398,303	G	Promote Shetland contracts being retendered
Economic Development	Shetland Telecommunications	2.35	76,554	G	Increase in income from trading
Economic Development	Investments	1.37	-55,838	G	Investments budget retained
Economic Development	Industry Support	0.13	253,481	G	Support to industry bodies such as SSMO, SSQC (Animal health scheme budgets transferred to Infrastructure.
Economic Development	Architectural Heritage	0.01	85,422	A	Year 2 of 3 year funding reduction to £0
Economic Development	Pensioners	0.00	34,456	G	No change
Planning	Coastal Zone Management	5.56	227,920	G	No change
Planning	Building Standards	16.4 3	533,172	G	No change
Planning	Development Management	1.39	-78,647	G	No change

Planning	Natural Heritage	0.00	14,767	G	No change
Planning	Flooding	0.10	7,615	G	Increased resources to meet Flood Risk Prevention Plan
Planning	Development Plans	11.3	487,881	G	No change
Planning	Secretariat to KIMO	0.00	-34,552	G	No change
Planning	Outdoor Access	0.00	44,037	A	Reduction in Ranger service
Transport Planning	Delivery of Local Bus services	0.00	1,446,000	A	Bus services are due to be retendered for a service start date in August 2014 – service levels may reduce line with available budget
Transport Planning	Services to ZetTrans	2.94	28,992	G	No change
Transport Planning	Inter Island Air Services	0.24	835,873	G	No change
Transport Planning	Education Transport	0.54	1,479,541	A	Stricter application of policy and National standards
Transport Planning	Taxi Licensing Function	1.08	15,954	G	No change
Transport Planning	Foula Ferry Service	0.24	324,147	G	No change
Transport Planning	Blue Badge (Disabled parking) scheme	0.18	2,514	G	No change
Transport Planning	Additional Support Needs School and Social Care Transport	7.19	536,926	A	Review
Transport Planning	Inter Island Ferry Service	0.30	37,856	G	No change

TRANSPORT SERVICES		2013/14 CHARGE (ex VAT) £	2014/15 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
<u>Inter-Island Air Services</u>					
Lerwick - Foula	Single fare	38.00	39.50	3.9	N
Lerwick - Foula Island Resident	Return fare	38.00	39.50	3.9	N
Lerwick - Skerries	Single fare	32.00	33.00	3.1	N
Lerwick - Skerries Island Resident	Return fare	25.50	26.50	3.9	N
Lerwick - Papa Stour	Single fare	33.00	34.00	3.0	N
Lerwick - Papa Stour - Island Resident	Return fare	25.50	26.50	3.9	N
Lerwick - Fair Isle	Single fare	40.00	41.50	3.8	N
Lerwick - Fair Isle - Island Resident	Return fare	38.00	39.50	3.9	N
Note, Discounted Island resident fares are unchanged					
<u>Taxi Licensing Charges</u>					
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		90.00	90.00	0.0	N
Taxi or Private Hire Car Licence (grant)		410.00	410.00	0.0	N
Taxi or Private Hire Car Licence (renewal)		137.00	137.00	0.0	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		7.00	7.00	0.0	N
Replacement Licence (Driver or Car)		7.00	7.00	0.0	N
<u>Bus Services To: (note these fares are applicable up to and including Sunday 3 August 2014)</u>					
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					
<u>Bus Services To: (note these fares are applicable from Monday 4 August 2014)</u>					
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					
<u>Disabled Parking Badge (Blue Badge) Charges</u>					
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		16.00	16.00	0.0	Y

PLANNING SERVICES	2013/14 CHARGE (ex VAT) £	2014/15 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
SEARCH OF RECORDS First 15 minutes free, charge thereafter per hour or part thereof	85.00	90.00	5.9	Y
PLANNING ADVERTS Charge	140.00	145.00	3.6	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.				