

**Special Development Committee****30 January 2014****Management Accounts for Development Committee:  
2013/14 – Projected Outturn at Quarter 3****F-004-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 third quarter for revenue and capital.
- 1.2 The projected outturn position for Development Committee is to be £643k underspent on revenue, and £328k underspent on capital for 2013/14 as a result of careful management of budgets throughout the year.

**2.0 Decision Required**

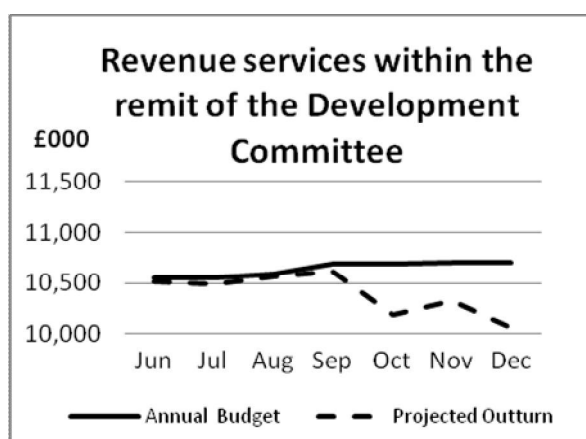
- 2.1 The Development Committee is asked to RESOLVE to:
- review the Management Accounts showing the projected outturn position at Quarter 3.
  - instruct the Director of Development to ensure that the projected outturn is achieved by the end of the year

**3.0 Detail**

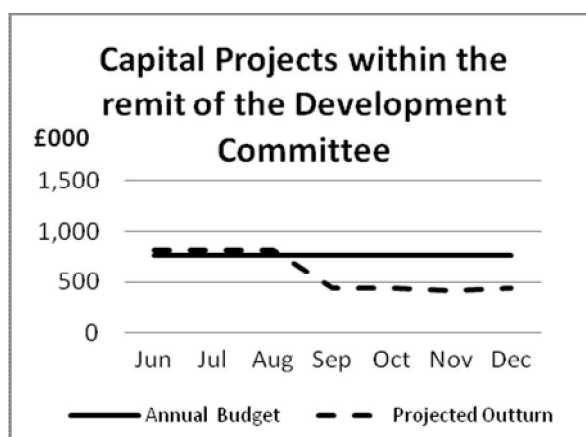
- 3.1 On 20 February 2013 (SIC Min Ref: 9/13) the Council approved the 2013/14 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account, Trading Accounts and Spend to Save) requiring a draw from reserves of

£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 £643k (6.0%), 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 £328k (43.0%), shown on the following chart:



- 3.5 Appendix 1 attached shows the projected revenue outturn position as at the end of the third 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 third 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 £643k.

4.7.4 The projected outturn for capital projects within the remit of the Development Committee is an underspend of £328k.

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 £643k on revenue, and a projected underspend of £328k 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>

Management Accounts for Development Committee: 2013/14 - Projected Outturn at Quarter 1

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=15011>

Management Accounts for Development Committee: 2013/14 - Projected Outturn at Quarter 2

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=15297>

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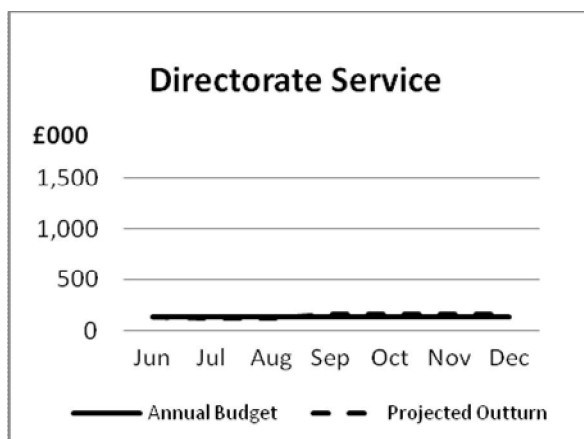
**Development Committee – Development Services****Projected Revenue Outturn Position 2013/14**

Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Director of Development Services	133	161	(28)
Community Planning and Development	1,037	1,037	-
Economic Development	2,927	2,221	706
Planning	1,174	1,195	(20)
Transport Planning	5,436	5,451	(15)
<b>Total Controllable Costs</b>	<b>10,707</b>	<b>10,064</b>	<b>643</b>

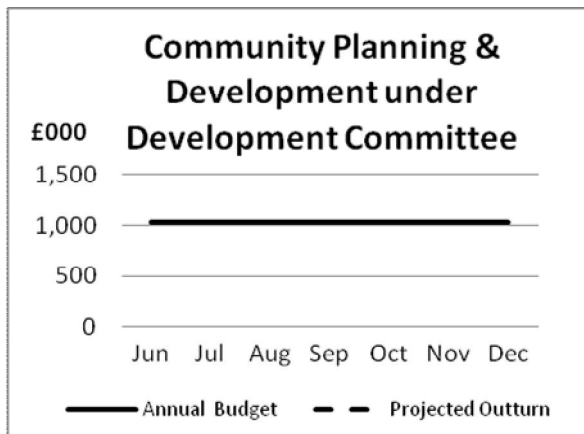
The projected outturn for 2013/14 is £643k less than budget. The reasons for the outturn variance are explained below:

**Explanation of Projected Outturn Variances:**

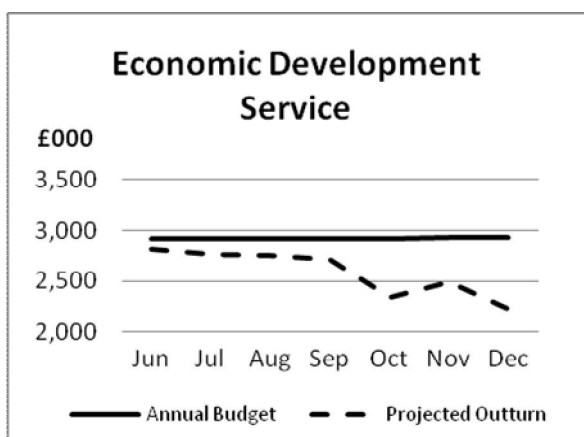
- **Director of Development Services** – £28k (21.0%) projected outturn overspend. This relates to the Tertiary Education Review, which is now underway.



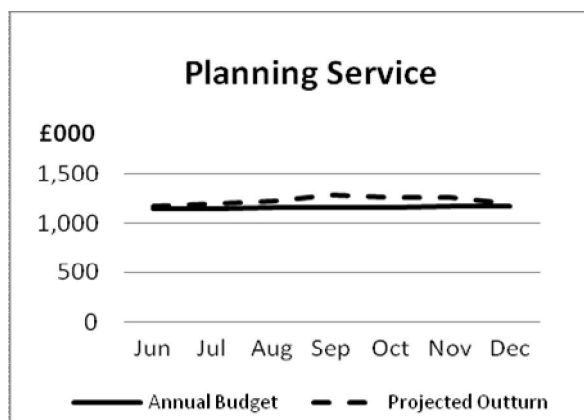
- **Community Planning & Development (Museum and Archives)** – projected outturn on target.



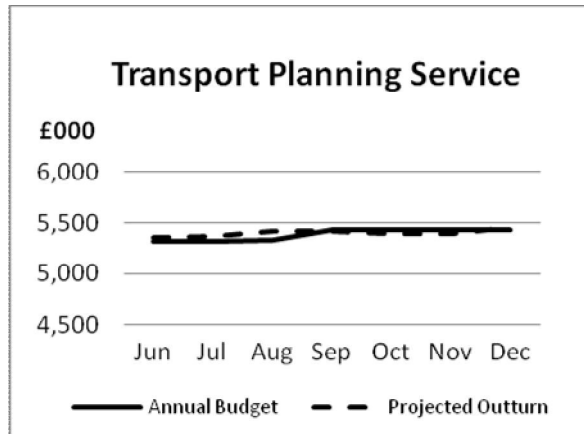
- **Economic Development** - £706k (24.1%) projected outturn underspend – £561k of the underspend is due the low level of interest shown in grant schemes, however the service plan to promote all grant schemes to increase awareness and applications in future years. Shetland Telecom will be underspent by £62k due to slippage on the Fetlar Broadband project and additional income generated from the wholesale of broadband capacity. Staff costs are underspent by £42k due to maternity leave/retirement, and a late HIE contribution, which relates to costs in 2012/13 provides an additional £25k to the underspent position.



- **Planning** - £20k (1.7%) projected outturn overspend – This projected overspend has decreased since Q2 due to an increase in projected Marine Permission income (£62k) as a result of larger developments applying which attract higher fees and an underspend of £59k for vacancies which are in the process of being filled. A deficit of £107k is projected for Building Warrant income.



- **Transport Planning** - £15k (0.3%) projected outturn overspend – Public Transport costs will be overspent by £142k, and Education Transport will be underspent by £195k as a result of the Transport Network Redesign project, and a reduction in school feeder runs. Special Needs School and Social Work transport will be overspent by £34k due to delays in the implementation of SOFIE savings as a result of the Transport Network Redesign project. Air Services will be overspent by £34k as budgets were set before the new contract costs were known.



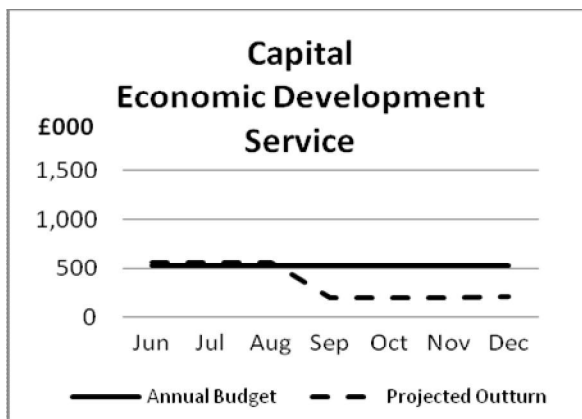
## Development Committee – Development Services

### Projected Capital Outturn Position 2013/14

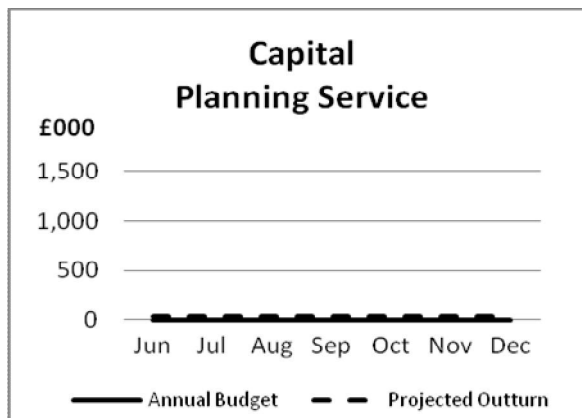
Description	Annual Budget 2013/14 £000	Projected Outturn 2013/14 £000	Budget v Proj. Outturn Variance £000
Economic Development	532	211	321
Planning		31	(31)
Transport Planning	230	192	38
<b>Total Controllable Costs</b>	<b>762</b>	<b>434</b>	<b>328</b>

#### Explanation of Projected Outturn Position:

- **Economic Development** – £321k (60.3%) 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 caused by adverse weather in late March.





- **Transport Planning** – £38k (16.5%) projected outturn under spend – this relates to the Skerries dredging project. The main contract works were completed in June with the final dive and report completed in December. The projected underspend is due to contingencies not being used as a result of a period of good weather and the final dive survey costs being less than anticipated.

