

The Highland Council

Finance, Housing and Resources Committee - 5 June 2013

Agenda Item	3.b
Report No	FHR/65/13

Finance Service Revenue Monitoring Report to 30 April 2013

Report by Director of Finance

Summary

This report provides Members with information on the revenue monitoring position for the Finance Service for the period 1 April to 30 April 2013. A review of Business Support, detailing the achievements to date is also provided.

1. Financial Year 2013-14

1.1 Attached as Appendix 1 is the revenue monitoring statement for the period to 30 April 2013; it shows that the Service has incurred net expenditure of £1.357m against an annual budget of £11.408m. At this point in the year an over spend of £0.628m is projected.

2. Variances

2.1 The Service has an adverse variance of £0.265m in the Exchequer section due to a reduction in DWP grant of £0.310m. In response to this reduction the Service has been able to identify savings of £0.045m elsewhere in the budget to partly compensate. The grant reduction is part of DWP's efficiency savings target which has been achieved by reducing the administration grant paid to Councils. The total reduction of £0.310m represents 18% funding reduction. The Service has already been required to achieve efficiency savings of 5% to meet Council targets and this impact is effectively a double counting of efficiency savings required albeit in the form of a cut to the grant. The Service will attempt to find compensating savings as the year progresses to address this issue.

2.2 The budget for the Business Support section includes a saving target of £0.865m but due to various constraints explained more fully in section 3 of this report, it is likely that only £0.502m will be achieved, creating an expected under achievement of savings of £0.363m.

3. Business Support Review

3.1 The Business Support review is one of the projects within the Council's Corporate Improvement Programme (CIP). The savings target from the Business Support review is £2.455m, equivalent to a 20% cost reduction.

3.2 The new Business Support model was approved in August 2010 with the Head of Business Support appointed with effect from April 2011. In the 2 years to 31 March 2013, savings of £1.590m have been delivered. A further £0.502m

savings is estimated to be delivered to 31 March 2014 giving a savings total of £2.092m, equivalent to a 17% cost reduction.

- 3.3 At 31 March 2014, the balance savings remaining to be delivered is therefore estimated to be £0.363m.
- 3.4 Savings within the sphere of Business Support were predicated on the implementation of new ways of working (business process re-engineering) enabled by technical solutions. Unfortunately, the pace of being able to introduce all the new ways of working has been slower than anticipated, principally due to delays in implementing *ResourceLink*. Further delays will only add additional pressure on the ability to deliver savings.
- 3.5 There has been some progress on new ways of working being implemented by the Corporate Improvement Programme. Mainly, these are the migration of call handling for Planning to the Service Centre; the recent introduction of the National Recruitment Portal (NRP) (6 Council Services at the time of writing); the recent introduction of conducting business on-line for 5 TECS services; and e-Invoicing for the Council's stationery provider.
- 3.6. The Business Support efficiencies to 31 March 2013 have been substantially delivered by effective resource management. Some examples are reported below:
 - Training Programme completed for Business Support;
 - Effective staff communication;
 - Effective engagement with customers;
 - Effective Change Management;
 - Strong working relationships with the Trade Unions;
 - Co-locating of staff;
 - Providing an effective and supportive environment for staff. 2 examples are:
 - digitising Educational Maintenance Allowance claims; and
 - "bulk uploads" to Oracle rather than all via individual entry.
 - shared learning, shared resource allocation and increase service delivery resilience.
- 3.7 Whilst the new ways of working are being designed to enable efficiencies to be achieved overall, it is likely that there will be some increased responsibilities for Business Support arising from the Council's *ResourceLink* system, in particular. However this will be fully compensated by savings elsewhere as work is transferred or realigned. Savings across all relevant sections/teams will

therefore be captured, including Business Support.

3.8 In addition to Business Support, there are benefits to other stakeholders arising from the Business Support review. 2 examples are:

- NRP
 - HR Services – increased provision of, and ease of accessibility to, improved HR management information
 - Council Managers – real-time access to applications and improved short-leeting process
 - Customers – able to submit applications electronically and to do so 24/7 and the opportunity to set job alerts for post when they are advertised thereby increasing the market scope.
- E-Invoicing (suppliers submitting invoices in an electronic format to enable electronic upload to the Council's financial systems)
 - Suppliers – reduced administration effort, and subject to the on-going rigorous controls, increased speed of payment (& cash flow)
 - Corporate Procurement Unit - increased provision of, and ease of accessibility to, improved financial information

4. Recommendation

Members are asked to:

- (i) consider and approve the Finance Service Revenue Monitoring Report for the period to 30 April 2013; and
- (ii) note the progress on the Business Support review project.

Designation: Director of Finance

Date: 24 May 2013

Author: Margaret Grigor

Background Papers: None

FINANCE SERVICE Revenue Expenditure Monitoring Report
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01 April 2013 to 30 Apr 2013	Finance Service
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£000
Actual
Year To Date

£000
Annual
Budget

£000
Year End
Estimate

£000
Year End
Variance

BY ACTIVITY

Directorate	23	(217)	(217)	0
Procurement	54	551	551	0
Business Support	693	5,282	5,645	363
Accounting & Budgeting	(91)	1,774	1,774	0
Internal Audit & Risk Management	201	435	435	0
Payroll, Pensions & Creditors	282	754	754	0
Exchequer	185	2,827	3,092	265
	1,347	11,408	12,036	628

BY SUBJECTIVE

Staff Costs	1,384	17,014	17,377	363
Other Costs	434	1,601	1,601	0
Gross Expenditure	1,818	18,615	18,978	363
Grants	(139)	(958)	(958)	0
Other Income	(332)	(6,250)	(5,985)	265
Total Income	(471)	(7,208)	(6,943)	265
	1,347	11,408	12,036	628