

Agenda Item	7
Report No	RES/34/17

HIGHLAND COUNCIL

Committee: Corporate Resources

Date: 30 August 2017

Report Title: Finance Service and Welfare Budget – Revenue Monitoring to 30 June 2017

Report By: Director of Finance

1. Purpose/Executive Summary

- 1.1 This report comments on the Revenue monitoring position for the period to 30 June 2017 and confirms that the Service is on track to deliver all agreed budget savings for the year.
- 1.2 The report covers the Finance and Welfare Budgets, showing the areas of Council income and expenditure for which the Service has direct responsibility. Other areas, such as Loans Fund and Council Tax, are contained within the Corporate Revenue Report which is a separate item on this agenda.

2. Recommendations

2.1 Members are asked to:

- Consider the Revenue Monitoring position for the period to 30 June 2017;
- Note that the Service is on track to deliver the full savings target required to achieve a balanced budget;
- Note concerns about the ability to maintain savings of this magnitude in future years without impacting on the financial stewardship of the Council.

3. Finance Service Revenue Budget 2017/18

3.1 **Appendix 1** is the monitoring statement showing actual expenditure and the anticipated outturn against the budget at 30 June 2017. The Service projects an outturn of £11.496m against a net annual budget of £11.539m, which represents an underspend of £0.043m.

3.2 The expected overspend of £0.311m in the Directorate Section includes £0.291m of unallocated savings required to be met in 2017/18, and £0.020m of unanticipated historical bank charges. These remain to be allocated to the various sections of the Service.

Despite this the Service is expected to achieve an underspend of £0.043m due to the following –

- Robust management of staff vacancies (enabled by continuing to review existing business processes and ways of working);
- Insurance commission expected in excess of budget;
- Minor underspends in non-staff budgets.

3.3 The unallocated savings referred to in paragraph 3.2 are in addition to the service specific savings approved by Council as part of the annual budget process, and are a result of the corporate decision not to fund salary increments, some corporate savings, and underlying pressures within the budget.

3.4 **Appendix 3** provides the detail of the savings the Finance Service is expected to deliver in 2017-18. These have been split into two sections - those that directly affect the Service budget and those that the Finance Service is responsible for delivering but where budgets sit across other areas of the Council.

3.5 All savings directly affecting the Finance Service budget are rated as Green and will be fully delivered. When these savings of £0.765m are combined with the unallocated savings referenced in paragraph 3.2 this means that the Service has to deliver savings of over £1m in the current year.

3.6 Of the savings the Service has responsibility to deliver all but one are rated as Green. The Procurement saving is ranked as Amber as at this stage full delivery of the saving during financial year 2017-18 cannot be guaranteed.

3.7 Overall the Service is on target to deliver a slight underspend in 2017-18. This will be a tremendous achievement given the budget reductions made, but again stresses the pressure that the Service is under, and its ability to maintain savings of the same magnitude in future years without a serious and detrimental impact on financial stewardship and service delivery.

4. Welfare Budget 2017/18

4.1 **Appendix 2** is the monitoring statement showing actual expenditure and the anticipated outturn against the budget at 30 June 2017. The Service projects an outturn of £17.336m against a net annual budget of £17.4m, which represents an underspend of £0.064m.

- 4.2 Members will be aware from the previous meeting that managing a gross budget of £63.3m is extremely challenging given the demand led nature of benefits claims. The subsidy regime is difficult and penalises poor performance or errors.
- 4.3 Similar to previous years the Service is continuing to review the administration of Housing Benefit and Council Tax Reduction. Continued improvements in administration and debt recovery, and a proactive recovery of overpayments, is projected to deliver a small saving of £0.08m as a result of additional subsidy. This is supported by the performance report which is a separate item on this agenda. Improved processing times results in less error and overpayment, thereby increasing the level of subsidy that the Council can claim from DWP.
- 4.4 A £0.016m overspend on school clothing grants is estimated. This is a reflection of a policy review to increase award levels, and an increase in take-up as a result of increased awareness of the grant and a single service delivery team delivering all of its financial benefits such as Housing Benefit, Council Tax Reduction, and School Clothing Grant information sharing.
- 4.5 The Committee may wish to note the recent media coverage of this subject area that illustrates that Highland is now paying the fifth (equal) highest School Clothing Grant rate in Scotland.

5. Implications

- 5.1 Resource implications are noted in this report.
- 5.2 As stated in paragraph 4.4 above the single service delivery team are achieving positive outcomes and increasing take-up of available financial support. This supports the improvement of Equalities and assists in addressing poverty.
- 5.3 There are no Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever, Gaelic implications arising as a direct result of this report.

Designation: Director of Finance

Date: 21 August 2017

Author: Vicki MacDonald, Accountant

Background Papers: None

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2017 to 30 June 2017

Finance Service

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	112	98	409	311
Revenues and Business Support	2,273	7,717	7,473	(244)
Corporate Finance	632	1,769	1,719	(50)
Audit & Performance	152	638	628	(10)
	3,604	11,539	11,496	(43)
BY SUBJECTIVE				
Staff Costs	3,664	15,631	15,287	(344)
Other Costs	850	2,410	2,721	311
Gross Expenditure	4,514	18,041	18,008	(33)
Grant Income	(351)	(1,085)	(1,085)	0
Other Income	(559)	(5,417)	(5,427)	(10)
Total Income	(910)	(6,502)	(6,512)	(10)
	3,604	11,539	11,496	(43)

Notes

1. %age of Annual Expenditure	This Year	31%
	Last Year	31%

WELFARE Revenue Expenditure Monitoring Report
--

01 April 2017 to 30 June 2017	Finance Service
--------------------------------------	------------------------

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Housing Benefit	11,568	46,191	46,191	0
Council Tax Reduction Scheme	12,110	12,200	12,200	0
Scottish Welfare Fund				
- Community Care Grants	163	746	746	0
- Crisis Grants	57	246	246	0
	220	992	992	0
Discretionary Housing Payments	553	1,493	1,493	0
Educational Maintenance Allowances	248	850	850	0
School Clothing Grants	13	331	347	16
Advice Services				
- Citizens Advice Bureau	362	1,276	1,276	0
	362	1,276	1,276	0
GROSS WELFARE BUDGET	25,074	63,333	63,349	16
Income				
DWP - HB Subsidy	(11,237)	(44,947)	(45,027)	(80)
DWP - Discretionary Housing Payments	94	0	0	0
Educational Maintenance Allowances	(172)	(850)	(850)	0
Advice & Information Services	0	(136)	(136)	0
	(11,315)	(45,933)	(46,013)	(80)
NET WELFARE BUDGET	13,759	17,400	17,336	(64)

Finance Service 2017/18 Savings

Appendix 3

Savings directly affecting the Finance Service budget

Date Agreed	Ref.	Activity Heading	Savings Proposal	2017/18 Saving £m	Saving RAG
HC 18/12/14	3	Corporate Finance	Process efficiencies following the introduction of new Financial Management Information System (FMIS)	0.168	G
HC 25/02/16	4	Payroll/Creditors	Net efficiency savings arising from ResourceLink and FMIS Projects through move to online forms reducing manual input and checking	0.015	G
HC 25/02/16	10	Senior Management savings	Restructuring of Corporate Finance & Procurement	0.026	G
HC 16/02/17	7	Service-wide	Delete current vacant posts and vacancy management	0.556	G
Total				0.765	

Savings affecting other budgets for which the Finance Service has delivery responsibility

Date Agreed	Ref.	Activity Heading	Savings Proposal	2017/18 Saving £m	Saving RAG
HC 18/12/14	6	Revenues & Business Support	Increased collections, particularly in respect of Council Tax and overpaid Housing Benefit collections, due to the introduction of more effective ways of working	0.010	G
HC 16/02/17	1	Revenues and Business Support	Remove 10% council tax discount currently available for Second Homes	0.500	G
HC 16/02/17	2	Corporate Finance	Insurance Services - increased self-insurance	0.579	G
HC 16/02/17	3	Revenues and Business Support	Debt control charging & Business Rates Incentivisation Scheme	0.200	G
Various	5	Corporate Finance	Procurement	1.352	A
HC 16/02/17	6	Corporate Finance	Treasury Management - Investment	0.150	G
Total				2.791	