

Agenda Item	8
Report No	RES/56/17

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 15 November 2017

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

Report By: Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 This report comments on the Revenue monitoring position for the period to 30 September 2017.
- 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.
- 1.3 As from 1st October 2017 the new Corporate Resources Service comes into effect, replacing and merging Finance and Corporate Development Services.

2. Recommendations

2.1 Members are asked to:

- Consider the Revenue Monitoring position for the period to 30 September 2017.

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 September 2017. The Service projects an outturn of £11.525m against a net annual budget of £11.533m, which represents an underspend of £0.008m.
- 3.2 The expected underspend reported today has reduced from that previously reported largely as a result of unanticipated IT costs. Although underspends are still predicted in both staffing and non-staff costs, and increased insurance commission; these will be offset by the expected increase in IT costs. In addition to being advised that the existing chip and pin devices require to be replaced to continue to comply with PCI standards during 2018, the Service is now also advised that a major database upgrade is also required.
- 3.3 The expected overspend of £0.311m in the Directorate Section includes unallocated savings required to be met in 2017/18, and historical bank charges. These remain to be allocated to the various sections of the Service.
- 3.4 The Committee is reminded that the Service had a savings target of £0.765m for 2017/18 arising from a number of efficiency measures that enabled the Service to reduce staffing levels through the non-filling, and then deletion, of posts as they fell vacant.
- 3.5 The unallocated savings referred to in paragraph 4.1 are in addition to the savings target, and are a result of the corporate decision not to fund salary increments, some corporate savings, and underlying pressures within the budget. In essence this means that the Service has to deliver savings of over £1m in the current year.
- 3.6 This therefore shows that the Service is on target to deliver the full savings target which will be a tremendous achievement. However this again stresses the pressure that the Service is under, and its ability to maintain savings of this 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 September 2017. The Service projects an outturn of £17.318m against a net annual budget of £17.382m 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, Climate Change/Carbon Clever, Rural, Risk or Gaelic implications arising as a direct result of this report

Designation: Director of Corporate Resources

Date: 2 November 2017

Author: Vicki MacDonald, Accountant

Background Papers: None

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2017 to 30 September 2017

Finance Service

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	206	4	315	311
Revenues and Business Support	4,575	7,785	7,617	(168)
Corporate Finance	2,085	3,107	2,976	(131)
Audit & Performance	310	637	617	(20)
	7,176	11,533	11,525	(8)
BY SUBJECTIVE				
Staff Costs	7,503	15,315	15,231	(84)
Other Costs	1,433	2,719	2,795	76
Gross Expenditure	8,936	18,034	18,026	(8)
Grant Income	(578)	(1,085)	(1,085)	0
Other Income	(1,182)	(5,416)	(5,416)	0
Total Income	(1,760)	(6,501)	(6,501)	0
	7,176	11,533	11,525	(8)

Notes

1. %age of Annual Expenditure	This Year	62%
	Last Year	62%

WELFARE Revenue Expenditure Monitoring Report
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01 April 2017 to 30 September 2017	Finance Service
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	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Housing Benefit	22,234	46,191	46,191	0
Council Tax Reduction Scheme	12,060	12,200	12,200	0
Scottish Welfare Fund				
- Community Care Grants	364	746	746	0
- Crisis Grants	114	246	246	0
	478	992	992	0
Discretionary Housing Payments	1,102	1,493	1,493	0
Educational Maintenance Allowances	345	850	850	0
School Clothing Grants	296	331	347	16
Advice Services				
- Citizens Advice Bureau	575	1,276	1,276	0
	575	1,276	1,276	0
GROSS WELFARE BUDGET	37,090	63,333	63,349	16
Income				
DWP - HB Subsidy	(22,473)	(44,947)	(45,027)	(80)
DWP - Discretionary Housing Payments	(18)	(18)	(18)	0
Educational Maintenance Allowances	(338)	(850)	(850)	0
Advice & Information Services	(136)	(136)	(136)	0
	(22,965)	(45,951)	(46,031)	(80)
NET WELFARE BUDGET	14,125	17,382	17,318	(64)

Finance Service 2017/18 Savings

Savings directly affecting the Finance Service budget

Date Agreed	Ref.	Activity Heading
HC 18/12/14	3	Corporate Finance
HC 25/02/16	4	Payroll/Creditors
HC 25/02/16	10	Senior Management savings
HC 16/02/17	7	Service-wide
Total		

Savings affecting other budgets for which the Finance Service

Date Agreed	Ref.	Activity Heading
HC 18/12/14	6	Revenues & Business Support
HC 16/02/17	1	Revenues and Business Support
HC 16/02/17	2	Corporate Finance
HC 16/02/17	3	Revenues and Business Support
Various	5	Corporate Finance
HC 16/02/17	6	Corporate Finance
Total		

Appendix 3

Savings Proposal	2017/18 Saving £m	Saving RAG
Process efficiencies following the introduction of new Financial Management Information System (FMIS)	0.168	G
Net efficiency savings arising from ResourceLink and FMIS Projects through move to online forms reducing manual input and checking	0.015	G
Restructuring of Corporate Finance & Procurement	0.026	G
Delete current vacant posts and vacancy management	0.556	G
	0.765	

e has delivery responsibility

Savings Proposal	2017/18 Saving £m	Saving RAG
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
Remove 10% council tax discount currently available for Second Homes	0.500	G
Insurance Services - increased self-insurance	0.579	G
Debt control charging & Business Rates Incentivisation Scheme	0.200	G
Procurement	1.352	A
Treasury Management - Investment	0.150	G
	2.791	