

Agenda Item	<b>7.</b>
Report No	<b>RES/04/18</b>

## HIGHLAND COUNCIL

**Committee:** Corporate Resources Committee

**Date:** 28 February 2018

**Report Title:** Corporate Resources Service and Welfare Budget – Revenue Monitoring to 31 December 2017

**Report By:** Depute Chief Executive / Director of Corporate Resources

### **1. Purpose / Executive Summary**

**1.1** This report is the first report that consolidates all of Corporate Resources which was previously Finance and Corporate Development and comments on the Revenue monitoring position for the period to 31 December 2017.

**1.2** The report covers the Corporate Resources 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 and agree the Revenue Monitoring position for the period to 31 December 2017

### **3. Corporate Resources Service Revenue Budget 2017/18**

- 3.1 **Appendix 1** is the monitoring statement showing actual expenditure and the anticipated outturn against the budget at 31 December 2017. The Service projects an outturn of £27.929m against a net annual budget of £27.892m, which represents an overspend of £0.037m.
- 3.2 The expected overspend reported today has reduced from the combined outturn previously reported for Finance and Corporate Development, moving closer towards a balanced budget position, largely as a result of vacancy management to address the inherited issues within Corporate Development. Known pressures are still present in Customer Services and the Service continues to address these.
- 3.3 As reported previously the Directorate Section included unallocated savings required to be met from within the Service in 2017/18 of £0.311m, and historical bank charges of £0.02m. This pressure has now been allocated in the presentation of the statement to represent individual sections' contribution to the savings in this financial year so far. Individual service variances are therefore net of this contribution.
- 3.4 In response to a question at the last Committee the adjustment for bank charges relates to the cancellation of a lease payment in 2014/15. Due to the transition to a new ledger system this refund to High Life Highland was overlooked and has now been corrected.
- 3.5 The Committee is reminded that the New Service had a combined savings target of £1.199m 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, as well as review of operations and merging of teams.
- 3.6 The unallocated savings referred to in paragraph 3.3 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 £1.5m in the current year.
- 3.7 This therefore shows that the Service is virtually on target to deliver the full savings target which will be a tremendous achievement given that Corporate Resources took a disproportionate hit in savings making it more difficult to achieve a balanced budget. 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 31 December 2017. The Service projects an outturn of £16.628m against a net annual budget of £17.382m which represents an underspend of £0.754m.

- 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 An underspend is predicted of £0.690m due to the delays in roll-out of Universal Credit (all Job Centres in Highland are now full service) and from work undertaken by officers at a national level which has contributed to a greater proportion of national funding coming to Highland for Homelessness for Universal Credit customers, previously paid through the Housing Benefit scheme funded by the Department for Work and Pensions.

## **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: Depute Chief Executive / Director of Corporate Resources

Date: 19 February 2018

Author: Rachel Rae, Trainee Accountant

Background Papers: None

<b>CORPORATE RESOURCES SERVICE Revenue Expenditure Monitoring Report</b>
--

<b>1 April 2017 to 31 December 2017</b>
---

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>				
Directorate	479	(656)	(656)	-
People	1,589	1,809	1,762	(47)
ICT Services	9,505	12,945	12,945	-
Revenues and Business Support	6,693	7,974	7,915	(59)
Customer Services	1,821	1,130	1,341	211
Corporate Finance & Commercialism	3,799	4,079	4,025	(54)
Audit & Performance	462	611	597	(14)
<b>Total Corporate Resources</b>	<b>24,347</b>	<b>27,892</b>	<b>27,929</b>	<b>37</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	15,733	21,082	20,842	(240)
Other Costs	13,539	16,896	17,283	387
<b>Gross Expenditure</b>	<b>29,272</b>	<b>37,977</b>	<b>38,124</b>	<b>147</b>
Grants	(623)	(1,049)	(1,049)	-
Other Income	(4,302)	(9,037)	(9,147)	(110)
<b>Total Income</b>	<b>(4,925)</b>	<b>(10,086)</b>	<b>(10,196)</b>	<b>(110)</b>
	<b>24,347</b>	<b>27,892</b>	<b>27,929</b>	<b>37</b>

<b>Notes</b>
--------------

1. %age of Annual Expenditure	Dec 1718	<b>87%</b>
	Dec 1617	<b>89%</b>

<b>WELFARE Revenue Expenditure Monitoring Report</b>
--

01 April 2017 to 30 December 2017

Corporate Resources Service

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>Housing Benefit</b>	32,123	45,718	45,718	0
<b>Council Tax Reduction Scheme</b>	12,060	12,200	12,200	0
<b>Scottish Welfare Fund</b>				
- Community Care Grants	586	746	746	0
- Crisis Grants	282	246	246	0
	868	992	992	0
<b>Discretionary Housing Payments</b>	1,102	1,966	1,966	0
<b>Educational Maintenance Allowances</b>	345	850	850	0
<b>School Clothing Grants</b>	509	331	347	16
<b>Advice Services</b>				
- Citizens Advice Bureau	965	1,276	1,276	0
	965	1,276	1,276	0
<b>GROSS WELFARE BUDGET</b>	<b>47,971</b>	<b>63,334</b>	<b>63,349</b>	<b>16</b>
<b>Income</b>				
DWP - HB Subsidy	(32,158)	(44,947)	(45,717)	(770)
DWP - Discretionary Housing Payments	(18)	(18)	(18)	0
Educational Maintenance Allowances	(338)	(850)	(850)	0
Advice & Information Services	(136)	(136)	(136)	0
	(32,651)	(45,952)	(46,721)	(770)
<b>NET WELFARE BUDGET</b>	<b>15,320</b>	<b>17,382</b>	<b>16,628</b>	<b>(754)</b>

## Corporate Resources 2017/18 Savings

## Appendix 3

Savings directly affecting the Corporate Resources 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
HC 18/12/14	1	Staffing	Reduction in staffing across Service	0.143	G
HC 16/02/17	1	Customer Services	Review of Service Centre operations	0.057	G
HC 16/02/17	2	Customer Services & Corporate Improvement Team	Merger of Digital Teams	0.060	G
HC 16/02/17	3	People & Transformation	Service Review - HR Services and Organisational Development	0.112	G
HC 16/02/17	4	Corporate Governance	Identify savings from non-staffing budgets across Legal, Democratic Services and Trading Standards and increase income	0.062	G
<b>Total</b>				<b>1.199</b>	

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

<b>Date Agreed</b>	<b>Ref.</b>	<b>Activity Heading</b>	<b>Savings Proposal</b>	<b>2017/18 Saving £m</b>	<b>Saving RAG</b>
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
<b>Total</b>				<b>2.791</b>	

Ref.	Activity Heading	Savings Proposal	2017/18 Allocations CD £m	Saving RAG
CIP IG/7	Income Generation	opportunities to be identified	0.008	A
PIM1 & PIM20	Entitlements and Digital Services	Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	0.09	R
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	0.002	G
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	0.002	G
TN005	PFN - SWAN	Scottish Wide Area Network to replace the Pathfinder North Network	0.354	G
	Information Management		0.009	G
Corp 4, TSP Proc 1 & 3, TSP WPP4-SSJV9,	Procurement	Procurement Shared Service & Collaborative Spend - Occ Health	0.006	G
TN008	ICT	Develop ICT architecture & related efficiencies	0.200	G
Corp/8	Sickness Absence / Attendance Management		0.003	G
Corp/1 HC 16/02/16	Fees & Charges		0.010	G
Corp/2 HC 16/02/16	Service Redesign	Part year saving on reduction in Executive Leadership Team costs	0.078	G
CD/4 (2016/17)	ICT Contract - Managed Print Service	ICT Contract - Managed Print Service	0.012	G
FIN/2	Corporate Finance	Insurance Services - increased self-insurance	0.010	G
<b>Total Corporate Savings</b>			<b>0.784</b>	