

HIGHLAND COUNCIL

Agenda Item	5
Report No	RES/03/19

Committee: Corporate Resources Committee

Date: 27 February 2019

Report Title: Corporate Resources Service and Welfare Budget – Revenue Monitoring to 31 December 2019

Report By: Depute Chief Executive /Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 This report comments on the Quarter 3 Revenue monitoring position for the period to 31 December 2018
- 1.2 The report covers the Corporate Resources and Welfare Budgets, and comments on the main budget variances for which the Service has direct responsibility. Other areas, such as Loans Fund and Council Tax, are contained within the Corporate Revenue Monitoring 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 31 December 2018.

3. Corporate Resources Service Revenue Budget 2018/19

- 3.1 **Appendix 1** is the monitoring statement showing actual expenditure and the near final outturn against the budget at 31 December 2018. The Service projects an outturn of £26.392m against a net annual budget of £27.063m, representing an underspend of £0.671m.
- 3.2 During the last financial quarter, the Service in general has focussed on minimising expenditure for the remainder of the year by holding back on filling vacant posts and by minimising discretionary expenditure. As a result of these measures there has been a significant increase in the underspend compared to that previously reported in Quarter 2. It is important to reflect that it may not be possible to continue to deliver all of these savings into the future as some of this has been derived from parts of the Service for which there has been no delivery in the second half of the year.
- 3.3 The Directorate Section includes all of the Service's unallocated efficiency savings for 2018/19 of £0.280m whilst recurring efficiencies to deliver these savings are developed. Also included here are savings targets from previous years which are yet to be allocated permanently to other budget headings in the Service. However, where possible service savings targets have been allocated to Heads of Service to manage in their budgets throughout the year. The improvement in this section from the previous Quarter relates to greater underspends on other expenditure within the Directorate Section as explained in 3.2
- 3.4 The underspend in People is now forecast at £0.124m. As previously reported there are underspends in staffing, training and consultants. This has increased significantly since Quarter 2 due in the main to underspends on training related expenditure following the decision to freeze discretionary spend.
- 3.5 ICT are now forecasting an underspend of £0.150m. There are variances across the department, the most significant example being an underspend on SWAN caused by overall lower circuit rental charges than originally budgeted for and the lag in billing for bandwidth increases in a number of schools. There are also savings from staff turnover as well as reductions in discretionary spend.
- 3.6 In Revenues, Business Support and Customer Services the forecasted underspend has increased by £0.138m to £0.391m. This has been due to ICT costs being £0.070m less than forecasted for this year, a further £0.040m in staffing due to the additional recruitment controls and a £0.028m saving from other expenditure such as stationary and postages. The £0.200m Customer Services efficiency savings continues to be achieved across the whole section.
- 3.7 The movement in the underspend in Corporate Finance and Commercialism has improved by £0.070m due to a further reduction in staffing expenditure and other expenditure resulting from the measures explained in 3.2 above.
- 3.8 From a previously reported nil variance in Quarter 2 Audit and Performance are now reporting a £0.043m underspend. The movement reflects a vacancy saving of £0.021m; forecasted underspend of £0.016m in other expenditure and one-off unbudgeted income in the year of £0.006m.

3.9 Whilst Corporate Services appears to have delivered over and above the full savings target, many of underspends contributing to this position are one-off in nature and as a result of recently introduced spending controls. Consequently the balance of the budget savings still to be allocated in the directorate will remain a challenge and expect to be delivered in the next financial year as long term efficiencies are realised.

4. Welfare Budget 2018/19

4.1 **Appendix 2** is the monitoring statement and shows actual expenditure and the anticipated outturn against the budget at 31 December 2018. At this stage in the year, it is predicted this budget will deliver a £0.755m underspend, increasing from £0.655m at Quarter 2 due to further underspends in Council Tax Reduction (CTR).

4.2 CTR is a demand-led adjustment to council tax bills, funded by the Scottish Government, which sets the rules for the scheme. As reported to previous committees, excellent processing times and benefits promotion including those delivered by Welfare Support and Advice staff across Highland supports a positive share of the national fund.

4.3 Housing Benefit reports an anticipated outturn of £0.444m underspend. Whilst Housing Benefit is generally funded by the Department for Work and Pensions (DWP), it is not fully funded. For example, where Housing Benefit has been overpaid as the customer has not advised the Council timeously of a material change in their circumstances.

4.4 The prompt processing of change in circumstances when notified supports this budget and maximises DWP subsidy. Highland Council delivers very good Housing Benefit processing times as reported later in this agenda in the Service's Performance report. Collection of overpaid Housing Benefit also shows positive performance supporting this budget heading.

5. Implications

5.1 Resource implications are noted in this report.

5.2 In terms of Equalities, the Welfare Budget illustrates how the Council is utilising resources to meet demand for financial support by supporting families and individuals and ensuring take-up of available benefits.

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: 05 February 2019

Author: Rachel Rae, Trainee Accountant

Background Papers: None

CORPORATE RESOURCES SERVICE Revenue Expenditure Monitoring Report

1 April 2018 to 31 December 2018

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	751	(492)	(174)	318
People	1,437	1,869	1,745	(124)
ICT Services	10,421	12,508	12,358	(150)
Revenues, Business Support & Customer Services	8,253	8,832	8,441	(391)
Corporate Finance & Commercialism	3,280	3,801	3,520	(281)
Audit & Performance	487	545	502	(43)
Total Corporate Resources	24,629	27,063	26,392	(671)
BY SUBJECTIVE				
Staff Costs	15,182	20,741	20,195	(546)
Other Costs	14,201	16,509	16,482	(27)
Gross Expenditure	29,383	37,250	36,677	(573)
Grants	(810)	(879)	(879)	-
Other Income	(3,944)	(9,308)	(9,406)	(98)
Total Income	(4,754)	(10,187)	(10,285)	(98)
	24,629	27,063	26,392	(671)

Notes

1. %age of Annual Expenditure	Dec 1819	91%
	Dec 1718	87%

WELFARE BUDGET 1 April to 31st December 2018	ACTUAL YTD £000	ANNUAL BUDGET £000	ESTIMATED OUTTURN £000	VARIANCE
- Rent Rebates	14,743	18,743	18,743	0
- Rent Allowances	14,663	19,707	19,707	0
Housing Benefits	29,407	38,450	38,450	0
Council Tax Reduction Scheme	11,972	12,366	12,036	(330)
Scottish Welfare Fund				
- Community Care Grants	587	860	860	0
- Crisis Grants	140	246	246	0
	727	1,106	1,106	0
Discretionary Housing Payments	1,473	2,244	2,244	0
Educational Maintenance Allowances	493	835	835	0
School Clothing Grants	701	526	545	19
Advice Services				
- Citizens Advice Bureau	1,161	1,161	1,161	0
	1,161	1,161	1,161	0
GROSS WELFARE BUDGET	45,933	56,688	56,377	(311)
Income				
DWP - HB Subsidy	(29,025)	(37,935)	(38,379)	(444)
Educational Maintenance Allowances	(431)	(835)	(835)	0
Advice & Information Services	0	(136)	(136)	0
	(29,456)	(38,906)	(39,350)	(444)
NET WELFARE BUDGET	16,477	17,782	17,027	(755)

**2018/19 Savings Proposals - Quarter 3 Monitoring
Corporate Resources (including Welfare)**

Appendix 3

Date Agreed	Ref.	Budget Heading	Name of Savings Proposal	Agreed Savings £m	Category R A G	Comments
HC 15/02/18	CR2	Customer Services	Customer Services efficiency savings	0.200	G	
HC 15/02/18	CR3	Service-wide	Efficiencies across the new enlarged Service delivered by process improvements including the more effective use of IT	0.280	A	
HC 15/02/18	CR5	Non Domestic Rates (Business Rates)	Reduction in Discretionary Reliefs	0.030	G	Savings allocated against budget for NDR reliefs
HC 15/02/18	CR7	ICT Services	ICT Development Fund	0.479	G	
HC 15/02/18	CR8	Service-wide	Reduction in professional training	0.020	G	
HC 15/02/18	CR9	Insurance	Increase in self-insurance			Transferred to corporate savings - individual Service allocations to be categorised by appropriate Service
HC 15/02/18	CR10	Corporate Audit & performance	Citizens' Panel annual survey assessment	0.025	G	
HC 15/02/18	CR11	Welfare	Efficiency gains	0.330	G	
Total				1.364		

Allocation of TSP & Corporate Savings

Date Agreed	Ref.	Description	Total Savings (inc 17/18 c/fwd) £m	CR Allocations to Date £m	Category R A G	Comments
HC 18/12/14	WPP9	Money advice	0.065	0.065	G	Allocated to "Other Welfare Services" budget
HC 16/02/17		Service redesign - review of management (c/fwd from 2017/18)	0.165	0.165	G	Full year effect savings for Director of Corporate Development, Head of Digital Transformation & Director's Secretary posts and additional payment for Depute Chief Executive
HC 15/02/18		Redesign	2.290	-0.001	G	NDR savings - net savings overall but budget increase for CR
HC 15/02/18	CR9	Insurance	0.311	0.008	G	
HC 15/02/18	CS31	Travel Desk	0.060	0.004	G	
HC 15/02/18	DI8	Property Asset Management (including £0.076m c/fwd from 2017/18)	0.226	0.000		
		Procurement (c/fwd from 2017/18)	1.126	0.087	G	
Total			4.243	0.328		