

Agenda Item	5.a
Report No	RES/01/23

THE HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 22 February 2023

Report Title: Corporate Revenue Monitoring report to 31 December 2022

Report By: Head of Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report provides a summary of the actual spend in the first three quarters of financial year 2022/23 together with a forecast year end outturn position.
- 1.2 Net spend on services in the first three quarters of financial year 2022/23 totalled £438.1m.
- 1.3 Based on present expenditure trends a net year end overspend of £3.268m is forecast, a £5.679m improvement from quarter 2 when an overspend of £8.947m was forecast. This significant improvement reflects both the impact of the expenditure controls around staffing and non-staffing expenditure put in place earlier in the year (as reported to the meeting of full Council in December 2022), as well as a number of individual items which have impacted positively on the overall position. More detail on these movements is provided in section 5 of this report.
- 1.4 A significant element of the residual forecast overspend relates to the increased cost of the staff pay award, in excess of the budgeted level of 2%. It should be noted that whilst agreement on the 2022/23 pay award has been reached with the SJC unions, the pay award for teachers has not yet been concluded. Other significant overspends relate to the increase in school transport contracts, continued increases in fuel and utility prices, rising inflationary costs seen across service budgets and income shortfalls in specific service areas.
- 1.5 The Council continues to face a number of financial risks in relation to contractual inflationary increases, increasing demand for services, utilities cost and consumption, and the conclusion of the outstanding pay awards. Whilst budget provision was made for these items wider macroeconomic circumstances suggest that all factors may be more

significant than the budgeted level. The crystallisation of any of these risks will have an adverse impact on the forecast position currently reported for 2022/23.

- 1.6 It is important to note that nearly all of the cost pressures seen in the current year will recur into 2023/24 and in all likelihood costs will increase further. Both of these factors will contribute to the significant budget gap for 2023/24 which is far in excess of those seen in more normal times. A number of the mitigating factors in the 22/23 financial forecast are one-off in nature only, meaning the net effect of 2022/23 cost pressures that will recur into 2023/24 is larger than the 2022/23 forecast outturn position suggests. These factors, and the options available to address them, will be dealt with at the Council meeting on 2 March 2023 when the budget for 2023/24 will be decided.
- 1.7 The forecast year end overspend of £3.268m will require to be funded from the Council's general fund non earmarked reserve. At 2022/23 year end after funding the forecast overspend this reserve is forecast to sit at £11.913m. A reserve at this level is around 1.75% of the Council's annual revenue budget and below the medium-term target level for this reserve of 3% of the annual revenue budget. Wherever possible services are continuing to reduce all in year overspends by the end of the financial year to help ease some of the pressures going forward and bring the reserves back to a suitable level.
- 1.8 The report also provides a summary of the delivery of the approved budget savings required to deliver a balanced budget in 2022/23 along with an explanation of the forecast position of the Council's key reserves at the year end.

2. Recommendations

2.1 Members are asked to:

- i. Consider the financial position of the General Fund and HRA revenue budgets as at 31st December 2022 and note the estimated year end forecast;
- ii. Note the status of budgeted savings in the year.

3. Implications

- 3.1 Resource implications are as noted in this report. If an overspend position is reported at year end this will need to be funded from the Council's reserves. Section 7 of this report provides more information on the Council's reserves position.
- 3.2 There remains a significant risk that unforeseen events may occur which carry an additional cost burden. Services that are demand-led, such as social care or winter maintenance may see significant moves in cost forecast over the year from that currently forecast. Other risks relating to unexpected items, such as adverse weather, may emerge during the year for which no specific contingencies are held.

There are three key areas of financial risk which the council faces in relation to staff pay awards, non-staffing cost inflation and rising utility costs.

Firstly, the teaching staff pay award for 2022/23 has not been agreed. National discussions to reach a conclusion on the pay award are continuing but it is uncertain when agreement will be reached. The forecast outturn position included in this report reflects the current offer that has been made by COSLA which, at the time of writing, had been rejected by the unions. Any final settlement with an overall cost in excess of the current offer will increase the pressure forecast for the current year.

The second specific risk relates to utility costs. A budget pressure of £3m was built into the budget workings for 2022/23 but this sum does not appear to be sufficient to meet the increased costs being incurred. Forecast overspends in relation to utility costs are included in the outturn position for relevant services and against the unallocated budget. The overall position in relation to utility costs has been reviewed by the energy team and an updated position has been reported in the quarter 3 committee position for Housing and Property. Due to the timing of information receipt and the committee report being issued the forecast overspend in respect of Education properties has been included against the unallocated budget line. Total utilities spend for the year will also depend on consumption levels which will be influenced by the weather over the winter.

The third specific risk relates to non-staffing cost inflation. Inflation continues to remain high with no sign of any decrease soon. Many contracts that have been reprocured over the last few months have experienced considerable cost rises due to inflation. Any further contracts required to be reprocured in the current year, are likely to be at risk of significant cost increases. This potential magnitude of this risk does reduce as the financial year end nears.

A number of the risks referenced above were specifically considered when identifying budget pressures and setting a target level for reserves in March 2022 as part of the budget process.

- 3.3 Legal- The contents of this report and the annual accounts aim to satisfy the requirement of Sections 6 and 7 of the CIPFA Financial Management Code- 'Monitoring financial performance' and 'External financial reporting'.
- 3.4 There are no specific equality, climate change/Carbon Clever, rural or Gaelic implications arising as a direct result of this report.

4. Overall position 2022/23

- 4.1 The table below provides a summary of the figures in **Appendix 1** to give an overall forecast position for the 2022/23 year-end outturn.

	Annual Budget £m	Year-end forecast £m	Year-end variance £m
Expenditure			
Service budgets (Appendix 1, Table A- top half)	£608.7m	£610.2m	£1.5m
Other budgets (Appendix 1, Table A- bottom half)	£70.4m	£72.9m	£2.5m
Contribution to investment funds and other reserves (Appendix 1, Table C)	£8.8m	£8.8m	£0m

Total (X)	£687.9m	£691.9m	£4.0m
Income (Table D- top part)			
Government income	£530.1m	£530.1m	£0m
Budgeted Council tax income	£135.9m	£136.6 m	£0.7m
Confirmed use of earmarked reserves	£17.8m	£17.8m	£0m
Total (Y)	£683.8m	£684.5m	£0.7m
Difference between expenditure and income to be funded from non-earmarked reserves- 'Budget (surplus)/deficit' (=X-Y)	£4.1m	£7.4m	£3.3m

- 4.2 The bottom line of the table above shows that the current forecast for the overall year end position is for a deficit (or net overspend) of £3.3m which will need to be funded from the Council's non-earmarked reserve. In addition to the in-year overspend Members agreed at the September meeting of full Council to provide £3.2m of cost of living support to be funded from non-earmarked reserves. As detailed in **Appendix 4** further formal approvals to date of the use of non-earmarked balances include additional Car Park Income from previous years given to the wards, ELC one off meals and Partner Provider rate increases, and funds to Highlife Highland to support their forecast deficit. These factors combined will see non-earmarked reserves reduce by £7.4m at year end. The paragraphs below, and subsequent sections of this report, provide an explanation of the elements making up the forecast in year deficit.
- 4.3 As shown in the top row of the table at 4.1, net service expenditure is forecast to be overspent by £1.5m with variances across a number of service areas. Section 5 of this report provides more details of the forecast service budget variances.
- 4.4 The second row of the table comprises a number of other budget lines and shows a pressure of £2.5m. This pressure has five main elements that are covered in greater detail in section 5:
- A net pay pressure of £4.1m that reflects the unbudgeted cost of the current pay offer to staff
 - A pressure of £0.6m from a delay in delivering savings relating to asset management
 - A benefit of £1.2m from an anticipated VAT refund
 - A benefit of £0.5m from budget pressure funding provided in the 2022/23 budget but not required for its identified purpose in 2022/23
 - An underspend of £0.5m against the loans charges budget
- 4.5 The third row of the table shows contributions to investment funds and other reserves. The largest elements of this (£3.3m) reflect income from second homes Council Tax payable into the Landbanking fund to be used to support the delivery of affordable housing (£3.3m), Crown Estate funding received and paid directly into an earmarked balance for that funding (£2.9m), and funding received for the Whole Family Wellbeing project (£1.4m). All these funds have been put into specific and earmarked reserves as spend against them will take place in future financial years. A break-even position has been forecast.

- 4.6 The first row in the income section of the table at 4.1 reflects the funding the Council receives from government. The budget for this row reflects the confirmed level of funding that the Council will receive from the Scottish Government for financial year 2022/23.
- 4.7 A surplus against budget of £0.7m for Council Tax income is forecast on the second row of the income table. This surplus reflects increasingly positive collection rates of current and prior year Council Tax and a higher than anticipated rate of growth in the Council Tax base.
- 4.8 The third row of the income section of the table shows the confirmed use of £17.8m of earmarked reserves to support in-year expenditure. Of this total sum £5.7m reflects reserve funding agreed in March to meet the continuing impact of Covid on the Council's income and expenditure budgets and balance the revenue budget for 2022/23. **Appendix 8** to the report shows the detail of the movements in the Council's earmarked reserves in the year to date and illustrates other earmarked reserves where funding has been drawn down for its intended purpose.
- 4.9 Overall, the combined impact of the net service overspend plus other budget pressures less excess corporate income gives a forecast £3.3m overspend for the year. This overspend will need to be funded from the Council's non-earmarked general fund reserve. **Appendix 5** and section 7 of this report provide more detail on the Council's reserves position.

5. Service budget variances

- 5.1 **Appendix 1** provides the usual monitoring statement format with **Table A** providing variance detail by service and other significant budget heads whilst **Appendix 2** provides a summary of forecast variances by service and expenditure and income type. Details of individual service positions are reported to the respective strategic committees. Overall the Council is reporting a net overspend of £1.494m against service budgets.
- 5.2 The Communities and Place budget is forecasting an overspend of £1.210m, an increase of £0.060m from Q2. The current forecast outturn includes overspends in Kerbside Refuse collections, Public Conveniences, Waste Management Services, Community Spaces, Fleet & Plant, Environmental and Administration. This is in the main due to fuel and parts including vehicle components, spares and tyres and unachieved income targets due to time recording and vacant posts. Although fuel prices have remained fairly static between Qtr. 1 and 3 this is still a significant cost rise on a key commodity required to deliver critical services. The service has entered into a lease agreement for waste vehicles that would have previously been purchased and paid for by capital. These are partially offset by underspends in waste disposal and recycling and customer contact.
- 5.3 An underspend of £0.608m is forecast for the Depute Chief Executive service which covers the Council's ICT and Transformation functions, this is mainly due to staff vacancies predominantly in the ICT team.
- 5.4 The Education and Learning service is showing a £1.716m forecast underspend. This contrasts with an underspend of £0.050m at Quarter 2. The main reasons for movement between quarters is the impact of teaching union industrial action with the report reflecting days of action which have taken place up to the date of this report, estimated as producing an underspend of £1m. This is an estimate with the actual impact only be known once changes have been processed through payroll for these dates. No financial assumption has been made for further planned industrial action days at this time. The remainder of the movement in quarter relates to underspends from staff vacancy

management and cost control, as part of the Service and Council's overall budget strategy measures to address the Council's in-year overspend. The main areas of overspend are in relation to school hostels, crossing patrollers and school escorts and special schools, which is offset by underspends in all other areas within Education and Learning.

- 5.5 The Health and Social Care budget is forecasting a £2.315m underspend. The major component of that underspend relates to a forecast below budget spend against the Covid pressure funding for out of area placements for looked after children. Much of the budget realignment work referred to in the quarter 2 report has been concluded, areas still ongoing are Looked after Children, Family teams and some other Children's Services, this will be concluded by the end of quarter 3.
- 5.6 The Infrastructure, Environment and Economy service is forecasting an overspend of £2.706m which is due to increases in the new bus contracts which take effect from January 2023, forecast income shortfalls and a deficit related to the Corran Ferry. It should be noted that the pressure in relation to bus contracts is a part-year only effect with the full year impact of this item contributing to the 2023/24 forecast budget gap.
- 5.7 The Performance and Governance service is forecasting an underspend of £0.176m, primarily due to forecast underspends in staffing due to vacant posts.
- 5.8 The Property and Housing service is forecasting a £2.591m overspend, the largest elements of which are attributable to repairs and maintenance where labour and materials costs remain high, homelessness and other rent void losses, utilities and staff vacancies which has a direct impact on the service meeting its income targets.
- 5.9 The Resources and Finance service is forecasting a year end underspend of £0.263m, primarily in relation to staffing vacancies mainly due to the time lag in recruiting to new and vacant posts.
- 5.10 The Welfare budget is forecasting a near breakeven position however given the rising cost of living it is expected that this service will face increasing demands over the remainder of the year.
- 5.11 At the third quarter of the year no variance is being forecast against the non-domestic rates relief or Valuation Joint Board budgets. The loans charges budget is showing an underspend of £0.5m. This underspend has arisen as a result of the beneficial effect of low interest rates on both short- and long-term loans taken out during financial year 2021/22. This beneficial effect is temporary in nature as those short-term loans are being refinanced during 2022/23 at significantly higher interest rates. By way of illustration at the start of the current financial year the Council had £112m of short-term debt at an average interest rate of 0.45%. The quarterly treasury transactions report elsewhere on this agenda provides that latest figures regarding the Council's borrowing position.
- 5.12 The unallocated budget line is showing a £2.3m variance. In the main this is due to the additional, unbudgeted cost of the staff award offset by a one-off VAT refund.

Overall a budget pressure of just over £4m is included in this line of the monitoring statement in relation to the cost of the 2022/23 pay award. The budget set in March 2022 made allowance for a 2% pay award. An agreement on the 2022/23 pay award has been reached with the SJC trade unions however discussions with the teaching unions remains ongoing. The budget pressure here reflects the cost of the agreed SJC award and the latest offers made to the teaching staffing group, net of additional funding

confirmed from the Scottish Government. The cost of this pay award has been partly offset by a saving relating to the reversal of the National Insurance increase from November onwards.

In late January a long-running test case relating to VAT on sporting services provided to individuals concluded in the courts. The outcome of the case means the Council is due a refund of incorrectly paid tax over a number of years. Whilst this outcome means the Council expects to receive a refund of around £1.2m no recurring benefit is anticipated.

An element of the unallocated budget line relates to funding held to support the impact of utilities cost inflation. This funding will be allocated out to service budgets by the close of the year. An overspend in energy costs for Property and Housing has been shown within the service budget line, but due to timing, a pressure of £0.800 for Education energy costs has been included in the unallocated budget line.

- 5.13 The pressure showing on the unallocated savings line reflects the budget saving in relation to Property Asset Management. Whilst a clear plan for asset management is developing the majority of the savings target of £0.813m for 2022/23 will not be realised in year.

6. Housing Revenue Account

- 6.1 As shown in **Appendix 3** the Housing Revenue Account (HRA) is forecast to deliver a net overspend of £2.875m. Overspends are currently projected on housing repairs, homelessness, and other rent void loss. As reported to the Housing and Property committee, action is being taken by suspending non-essential repairs in order to reduce the net overspend and return a balanced budget by year end.

7. Reserves and Balances

- 7.1 **Appendix 5** summarises the movements on the Council's earmarked and non-earmarked balances during the course of the year and the impact of the forecast revenue budget outturn position on reserves. Services are endeavouring to mitigate any in year overspends to help recover the reserves levels back to that at the start of the year. Any year end overspend will however require to be funded from the Council's non-earmarked balances.
- 7.2 The Council's non-earmarked general fund reserve is expected to sit at £11.913m at 2022/23 year end if the Q3 forecast of a £3.268m overspend transpires. A reserve of this level equates to 1.75% of the Council's revenue budget and is below the medium-term target level for this reserve of 3% of the Council's revenue budget.
- 7.3 Given the short-term uncertainties around pay awards, other financial risks and the medium to long term financial outlook, Members will note that a reserve at the current level may be very quickly depleted if in-year risks crystallise and sustainable revenue budgets for future years cannot be agreed.
- 7.4 Earmarked reserves, which are reserves held for specific, already committed, spend currently sit at £87.169m. **Appendix 8** provides details of those reserves and it should be noted that further drawdowns from a large number of these funds will be required at financial year end to match expenditure incurred in the year across a number of areas, principally Phases 1, 2, 3 and 4 investment, Covid response funding, and delivering change and other investment. Further expenditure commitments that extend into 2023/24 and beyond may already have been made against these funds.

7.5 The Council is facing a very challenging medium term financial outlook with financial sustainability remaining the highest ranking risk on the Council's risk register. The Council meeting of the 2 March will look to set a budget for financial year and consider the medium term outlook for the Council. Given the size of the anticipated budget gap it is highly likely that the Council will need to use a significant proportion of its reserves over the coming years in order to balance its budgets. In order to do that the repurposing of earmarked reserves will be required.

8. Budget savings

8.1 In order to deliver a balanced budget for the year savings of £17.728m need to be delivered. A summary of the delivery of those savings can be seen at **Appendix 6**. Savings ranked as Green are expected to be delivered in full, those as Amber have some challenges to the full delivery of the saving, and those as Red have substantial challenges and are not expected to be fully delivered. **Appendix 7** provides the detail of the specific savings rated as Amber or Red.

8.2 As part of the current committee cycle services will be reporting the detail of the delivery of their savings. The full delivery of all approved budget savings is essential given the continuing squeeze on the Council's revenue budget.

Designation: Head of Corporate Finance

Date: 08th February 2023

Author: Edward Foster, Head of Corporate Finance; Carolyn Moir, Service Finance Manager

Background Papers:

[https://www.highland.gov.uk/download/meetings/id/81136/item_8 -
_rev budget and perf monitoring %E2%80%93 q3 for 2022-23](https://www.highland.gov.uk/download/meetings/id/81136/item_8_-_rev_budget_and_perf_monitoring_%E2%80%93_q3_for_2022-23)

[https://www.highland.gov.uk/download/meetings/id/81047/item_4_revenue_and_perfor
mance monitoring quarter 3 to 31 december 2022](https://www.highland.gov.uk/download/meetings/id/81047/item_4_revenue_and_performance_monitoring_quarter_3_to_31_december_2022)

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onitoring and service performance reporting for quarter 3](https://www.highland.gov.uk/download/meetings/id/81163/item_12_revenue_budget_monitoring_and_service_performance_reporting_for_quarter_3)

[https://www.highland.gov.uk/download/meetings/id/81044/item_6_property_and faciliti
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[https://www.highland.gov.uk/download/meetings/id/81042/item_4_housing_revenue ac
count hra and non-hra revenue monitoring statement to 31 december 2022](https://www.highland.gov.uk/download/meetings/id/81042/item_4_housing_revenue_account_hra_and_non-hra_revenue_monitoring_statement_to_31_december_2022)

Revenue Expenditure Monitoring Report -General Fund Summary

1 April to 31 December 2022

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Table A: By Service				
Communities & Place	33,085	40,603	41,813	1,210
Depute Chief Executive	11,685	12,614	12,006	(608)
Education & Learning	153,561	233,031	231,315	(1,716)
Health, Wellbeing & Social Care	124,979	181,294	178,979	(2,315)
Infrastructure & Environment and Economy	22,727	34,057	36,763	2,706
Performance & Governance	4,602	6,010	5,834	(176)
Property & Housing	58,817	72,238	74,829	2,591
Resources & Finance	11,927	14,096	13,833	(263)
Welfare Services	16,762	14,777	14,842	65
Service Total	438,145	608,720	610,214	1,494
Valuation Joint Board	2,523	3,140	3,140	0
Non Domestic Rates reliefs	648	671	671	0
Loan Charges	0	58,295	57,795	(500)
Unallocated Budget	0	9,595	11,937	2,342
Unallocated Corporate Savings	0	(1,316)	(686)	630
Total General Fund Budget	441,316	679,105	683,071	3,966

Table B: By Subjective

Staff Costs	291,297	397,524	392,731	(4,793)
Other Costs	327,335	488,055	516,011	27,956
Gross Expenditure	618,632	885,579	908,742	23,163
Grant Income	(93,117)	(94,544)	(111,215)	(16,671)
Other Income	(84,119)	(111,930)	(114,456)	(2,526)
Total Income	(177,236)	(206,474)	(225,671)	(19,197)
Total Revenue Expenditure	441,396	679,105	683,071	3,966

Table C: Appropriations to Reserves

Contribution to earmarked balances	0	5,446	5,446	0
Contribution to non-earmarked balances	0	0	0	0
Affordable housing contribution from 2nd homes council tax	0	3,296	3,296	0
Contribution to Other reserves	0	19	19	0
Total Contributions to Balances	0	8,761	8,761	0

Table D: Financed By

Aggregate External Finance as notified	319,064	514,084	514,084	0
Additional resources	0	15,940	15,940	0
Council Tax	122,252	135,941	136,639	698
Use of earmarked balances	0	17,825	17,825	0
Use of non earmarked balances	0	4,076	7,344	3,268
Use of other reserves	0	0	0	0
Total General Fund Budget	441,316	687,866	691,832	3,966

Revenue Expenditure Monitoring Report - General Fund Summary

1 April to 31 December 2022

Staff Costs Variance £000	Other Costs Variance £000	Grant Income Variance £000	Other Income Variance £000	Total Variance £000
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Table A: By Service

Communities & Place	(2,578)	3,285	(157)	660	1,210
Depute Chief Executive	(1,051)	1,632	0	(1,189)	(608)
Education & Learning	(1,887)	143	18	10	(1,716)
Health & Social Care	(2,171)	(147)	0	3	(2,315)
Infrastructure, Environment & Economy	(1,472)	8,923	(1,350)	(3,395)	2,706
Performance & Governance	417	2,219	(2,734)	(78)	(176)
Property & Housing	323	1,242	(188)	1,214	2,591
Resources & Finance	(476)	(6)	(20)	239	(263)
Welfare	0	12,295	(12,240)	10	65
Valuation Joint Board	0	0	0	0	0
Non Domestic Rates reliefs	0	0	0	0	0
Loan Charges	0	(500)	0	0	(500)
Unallocated Budget	4,102	(1,760)	0	0	2,342
Unallocated Corporate Savings	0	630	0	0	630
Total General Fund Budget	(4,793)	27,956	(16,671)	(2,526)	3,966

Revenue Expenditure Monitoring Report - Housing Revenue Account Summary

1 April to 31 December 2022

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Staff Costs	9,614	13,701	13,403	(298)
Other Costs	18,079	22,846	25,683	2,837
Loan charges and interest	0	23,441	23,441	0
Gross Expenditure	27,693	59,988	62,527	2,539
House Rents	(40,608)	(56,093)	(55,993)	100
Other rents	(2,278)	(3,497)	(3,242)	255
Other income	(303)	(337)	(356)	(19)
Interest on Revenue Balances	0	(61)	(61)	0
Gross Income	(43,189)	(59,988)	(59,652)	336
Total HRA	(15,496)	0	2,875	2,875

Revenue Expenditure Monitoring Report - General Fund Budget

1 April to 31 December 2022

	£m	£m
Budget as Agreed by Highland Council on 3 March 2022 *		675.046
Less : Contributions to Reserves included in Agreed Budget		
Contribution to earmarked balances (Elections Fund)	(0.085)	
Contribution to earmarked balances (SALIX)	(0.210)	
Contribution to other reserves	(0.007)	
Affordable housing contribution from 2nd homes council tax	<u>(3.296)</u>	(3.598)
Less : Ring-fenced Grants (Gaelic, Criminal Justice, PEF Attainment Funding, Early Years)		(32.673)
Grant Funding Redeterminations		
Discretionary Housing Payments 80%	0.661	
Scottish Child Payment Bridging Payments	1.517	
Removal of Curriculum Charges	0.145	
Removal of Music Tuition Charges	0.453	
FSM expansion P4/IP5 and special schools	0.603	
FSM school holidays	0.014	
Additional Investment in Health & Social Care (January SDG)	8.941	
Additional In Year Funding	0.000	
Social Work Capacity in Adult Services	0.978	
Covid : Test & Protect Funds - Self-Isolation Assistance - April 2022	0.033	
Estimated Funding for FYE of 2021/22 Teachers Pay Award	1.492	
Supporting Information Requests - Adult Disability Payment	0.134	
Support for Ferries (RF Grant)	0.207	
Summer Holiday Provision	0.465	
Easter Study Support	0.128	
SCNT Pay	(0.048)	
Pupil Equity Funding (RF Grant)	0.344	
Local Government Pay Award	11.796	
Whole Family Wellbeing	1.420	
Green Growth Accelerator programme	0.026	
Teacher Induction Scheme	0.494	
	29.803	
Less : Redeterminations of Ring-fenced Grants	<u>(0.551)</u>	29.252
Use of Non-earmarked Balances		
Cost of Living Support	2.523	
Welfare Support	0.700	
Islands Emergency Cost Crisis	(0.115)	
Car Park Income	0.105	
ELC Meals	0.098	
ELC Partner Providers	0.365	
HLH	<u>0.400</u>	4.076
Use of Earmarked Balances		
DSM Balances - Counselling	0.706	
Additional Teachers & Support Staff (First 100 Days)	1.632	
Summer of Hope 21/22	0.480	
Developing the Young Workforce	0.035	
Whole Family Welfare Fund	0.105	
Salix Management Fee	0.054	
<i>Phase 2 Investment Fund</i>		
Corran Ferry	0.043	
<i>Phase 3 Investment Fund</i>		
Achmelvich Car Park	0.003	
Glenceo Car Park	0.003	
<i>Phase 4 Investment Fund</i>		
Innovation in Education	0.240	
<i>Covid-19 Earmarked Balance</i>		
Support for Schools - Additional Staff	1.086	
Additional Education - Digital inclusion	0.562	
Additional Education - Home Learning Support Fund	0.400	
Education Recovery	0.878	
Children and young people's mental health	0.570	
Business Grants	0.002	
LACER	3.429	
Covid Test and Protect	0.029	
Level 4 Community Support	0.187	
Ward Budgets	1.720	
Salix	0.000	
		12.163
Use of Other Reserves		0.000
Contribution to Non earmarked Balances		0.000
Contribution to Earmarked Balances		
Salix Recycling Fund	(0.338)	
Car Park Income	(0.105)	
HLH	(0.400)	
Whole Family Wellbeing	(1.420)	
Crown Estate Income	<u>(2.887)</u>	(5.151)
Contribution to Other Reserves		
Hydro Ness Maintenance	(0.010)	(0.010)
Presentational Adjustments		0.000
Total General Fund Budget at 30 December 2022		679.105

target
679.105

* Agreed budget includes £5.662m use of earmarked balances for 2022/23 non-recurring pressures

Revenue Expenditure Monitoring Report - General Fund Budget

1 April to 31 December 2022

General Fund Balance

	Earmarked balances £m	Non- earmarked balances £m	Total £m
General Fund Balance at 1 April 2022 (unaudited)	99.548	19.257	118.805
(Use of)/contribution to balances included in budget as agreed by Highland Council on 3 March 2022	(5.367)	0.000	(5.367)
Use of balances per Appendix 4	(12.163)	(4.076)	(16.239)
Contribution to balances per Appendix 4	5.151	0.000	5.151
Movement in balance per Appendix 1	(12.379)	(4.076)	(16.455)
Net service Overspend per Appendix 1	0.000	(3.966)	(3.966)
Appropriations to other reserves	0.000	0.000	0.000
Additional resources	0.000	0.000	0.000
Council tax	0.000	0.698	0.698
General Fund Balance at 30 September 2022	87.169	11.913	99.082

Delivery of Agreed Savings 2022/23- RAG analysis

Appendix 6

Service	Total Approved Savings 2022/23 £m
Communities & Place	1.340
Depute Chief Executive	2.107
Education & Learning	4.836
Health & Social Care	1.586
Infrastructure, Environment & Economy	2.601
Performance & Governance	0.259
Property & Housing	1.686
Resources & Finance (including Welfare)	0.938
Service Savings Total	15.353
Add : Corporate Savings	2.375
Total	17.728

Green £m	Amber £m	Red £m
1.340	0.000	0.000
2.107	0.000	0.000
4.736	0.100	0.000
1.436	0.150	0.000
1.845	0.511	0.245
0.259	0.000	0.000
1.513	0.173	0.000
0.938	0.000	0.000
14.174	0.934	0.245
1.585	0.790	0.000
15.759	1.724	0.245

Detail of Savings Ranked as Red and Amber

Appendix 7

Service	Service Ref	Budget Area	Savings Description	2022/23 £m	Saving RAG
I&E&E	CS/19c	Transport Section	Review of school transport contracts and arrangements - Gaelic medium	0.245	R
Corporate	P&H/14	Asset Management	Further asset management saving in addition to the £0.25m saving already agreed in March 2021	0.250	A
Corporate	Corp/9	Asset Management	Property Asset Management - Further review the occupation of all operational assets (both leased and owned) including offices, schools and HLH premises to establish where effective rationalisation can be deployed to allow us to reduce the number of operational buildings across the Council estate.	0.250	A
Corporate	Asset Mgt c/fwd	Asset Management	Balance of asset management saving brought forward from 2021/22	0.313	A
E&L	Corp/26 - Allocation	Corporate- full cost recovery	Full cost recovery and commercialisation	0.100	A
H&SC	H&SC/2	Third Sector Contracts	Review of priorities and delivery and reduction in payment subject to negotiation and member agreement	0.150	A
I&E&E	I&E&E/2	Roads & Transport	Fares and Other Charges Increase	0.100	A
I&E&E	CS/14	Car Parks	Roll out of car parking charges	0.411	A
P&H	P&H/13	Cleaning & FM Services	Review of Lets	0.150	A

1.969

Description	Service	Earmarked Balance in Accounts Note	2022/23 Opening Balance £	2022/23 New Earmarking to Date £	2022/23 Drawdowns to Date £	Updated Balance £
Covid19 Funding						
Business Grants (B-14)	I&E&E	Covid-19	3,093,758		-2,000	3,091,758
<i>Schools & Learning</i>						
Additional Education - Teachers (R-35)	E&L	Covid-19	1,086,000		-1,086,000	0
Additional Education - Digital inclusion (R-44b)	E&L	Covid-19	562,000		-562,000	0
Additional Education - Home Learning Support Fund (R-37)	E&L	Covid-19	400,000		-400,000	0
Education Recovery (R-47)	E&L	Covid-19	878,061		-878,061	0
<i>Welfare</i>						
Additional Free School Meals Easter (R-19)	Welfare	Covid-19	88,582			88,582
Spring Hardship £100 payments - Admin (R-44b)	Welfare	Covid-19	13,000			13,000
Test and Protect Funds - Support for People (R-23)	C&P	Covid-19	23,099			23,099
Test and Protect Funds - Local Self-Isolation Assistance (R-24)	C&P	Covid-19	98,000		-29,043	68,957
Test & Protect Expansion (R-49)	C&P	Covid-19	86,000			86,000
Test and Protect Funds - Local Self-Isolation Assistance (R-55, R-69, R-73, R-78)	C&P	Covid-19	331,552			331,552
Flexible Fund to Support People Impacted by Restrictions (R-31)	C&P	Covid-19	909,415		-187,211	722,204
<i>LACER</i>						
Environmental Health & Trading Standards (R-81)	C&P	Covid-19	210,000			210,000
Support for Low Income Families (R-81)	Welfare	Covid-19	3,429,000		-3,429,000	0
<i>Other</i>						
Environmental Health Officers (R-22)	C&P	Covid-19	67,629			67,629
Mental Health (R-26 & R-27)	E&L	Covid-19	569,766		-569,766	0
PESF Boost (R-52)	I&E&E	Covid-19	191,000			191,000
Ward Discretionary Funds (Covid-19)	C&P	Covid-19	265,454		-265,454	0
CO2 Monitors	P&H	Covid-19	140,000			140,000
Covid-19 Funding Sub-total			12,442,316	0	-7,408,535	5,033,781
Phase 1 Investment Fund (HC 04/03/21)						
Economic Prosperity Fund (£6m)	I&E&E/E&L	Phase 1 Investment Fund	5,533,281			5,533,281
Place-Based Investment (£2.1m)	C&P	Phase 1 Investment Fund	1,380,915		-1,380,915	0
Visitor Management Strategy (Phase 1) (£1.5m)	C&P/I&E&E	Phase 1 Investment Fund	435,342			435,342
Ward Discretionary Funds (Phase 1 Investment) (£0.210m)	C&P	Phase 1 Investment Fund	73,430		-73,430	0
Phase 1 Investment Fund Sub-total			7,422,968	0	-1,454,345	5,968,623
Phase 2 Investment Fund (HC 24/06/21)						
Corran Ferry (£1.6m)	I&E&E	Phase 2 Investment Fund	1,600,000		-42,785	1,557,215
Environment/Climate Change - Renewables (£0.1m)	P&G	Phase 2 Investment Fund	100,000			100,000
Roads Investment (£5.5m)	I&E&E	Phase 2 Investment Fund	2,876,915		188,467	3,065,382
Burials & Cremations (£0.4m)	C&P	Phase 2 Investment Fund	388,805			388,805
Supporting Safe & Effective working (ICT) (£0.8m)	H&P	Phase 2 Investment Fund	800,000			800,000
Phase 2 Investment Fund Sub-total			5,765,720	0	145,682	5,911,402
Phase 3 Investment Fund (HC 09/09/21)						
Green Energy Hub (£2.8m)	C&P	Phase 3 Investment Fund	2,799,872			2,799,872
Visitor Management Strategy (Phase 3) (£1.5m)	C&P/I&E&E	Phase 3 Investment Fund	1,500,000		-5,600	1,494,400
Community Loans Fund (£1m)	I&E&E	Phase 3 Investment Fund	1,000,000			1,000,000
Phase 3 Investment Fund Sub-total			5,299,872	0	-5,600	5,294,272
Phase 4 Investment Fund (HC 03/03/22)						
Roads (£3.5m)	I&E&E	Phase 4 Investment Fund	3,500,000		-188,467	3,311,533
Climate Action, Green Energy and Jobs (£2m)	Corporate	Phase 4 Investment Fund	2,000,000			2,000,000
Families First (£1m)	HW&SC	Phase 4 Investment Fund	1,000,000			1,000,000
Innovation in Education (£1m)	E&L	Phase 4 Investment Fund	1,000,000		-239,729	760,271
Rural Transport (£0.5m)	I&E&E	Phase 4 Investment Fund	500,000			500,000
Phase 4 Investment Fund Sub-total			8,000,000	0	-428,196	7,571,804
Other Funds						
NHS Highland - Covid Response Fund & Investment Fund	HW&SC	NHS Highland - Covid Response Fund & Investment Fund	16,396,000			16,396,000
Developing the Young Workforce	E&L	Developing the Young Workforce	35,000		-35,000	0
Elections	P&G	Elections	840,000	85,000		925,000
Grants & Match Funding						
Brexit	P&G	Grant & Match Funding	21,455			21,455
Community Justice	HW&SC	Grant & Match Funding	23,697			23,697
Learning & Teaching (1+2 Languages)	E&L	Grant & Match Funding	122,616			122,616
Deprived Areas Projects	I&E&E	Grant & Match Funding	67,117			67,117
K2 System	P&H	Grant & Match Funding	209,857			209,857
RRTP Homelessness	P&H	Grant & Match Funding	652,456			652,456
Whole Family Wellbeing	HW&SC	Grant & Match Funding	105,000	1,420,000	-105,000	1,420,000
National Trauma Training	HW&SC	Grant & Match Funding	50,000			50,000
Mental Health Officers	HW&SC	Grant & Match Funding	139,000			139,000
Summer of Hope	E&L	Grant & Match Funding	479,591		-479,591	0
Period Poverty	C&P	Grant & Match Funding	109,000			109,000
FWES Employability	I&E&E	Grant & Match Funding	2,082,256			2,082,256

Additional Teachers & Support Staff (First 100 Days)	E&L	Grant & Match Funding	1,632,280		-1,632,280	0
Regional Economic Partnership Fund (Western Isles)	I&E&E	Grant & Match Funding	107,000			107,000
Highlife Highland	E&L	Highlife Highland	1,000,000	400,000		1,400,000
IT Investment Fund	Trans-formation	IT Investment Fund	1,078,383			1,078,383
Lease Premium	I&E&E	Lease Premium Windfall	265,000			265,000
SALIX Recycling Fund	P&H	Salix Recycling Fund	241,685	548,178	-104,074	685,789
SALIX Recycling Fund - Management Fees	P&H	Salix Recycling Fund	58,246		49,492	107,738
Staffing Conditions and Development Fund			3,402,829			3,402,829
Scottish Crown Estate	I&E&E	Scottish Crown Estate	5,412,661	2,887,398		8,300,059
Skye Airstrip	I&E&E	Skye Airstrip	187,000			187,000
Walks to Water	I&E&E	Walks to Water	75,544			75,544
DSM Balances	E&L	Devolved School Management	3,870,324			3,870,324
DSM Balances - Counselling	E&L	Devolved School Management	705,606		-705,606	0
Badaguish Outdoor Centre	E&L	Badaguish Outdoor Centre	459,692			459,692
Change Fund			3,244,268		0	3,244,268
Commercial Investment Fund	Corporate	Commercial Investment Fund	74,000			74,000
Car Parking Income (Areas)	I&E&E		0	104,953		104,953
Welfare Issues			613,246			613,246
Property (health & safety) (HC 04/03/21 one-off budget uplift)	P&H	Property (Health & Safety Issues etc)	2,400,000			2,400,000
Funding for 2022/23 Non-recurring Budget Pressures	Corporate	Funding for 2022/23 Non-recurring Budget Pressures	5,662,000		-5,662,000	0
Developers' Contributions	Corporate	Developers' Contributions	8,793,918			8,793,918
Other Funds Sub-total			60,616,727	5,445,529	-8,674,059	57,388,197
GRAND TOTAL			99,547,603	5,445,529	-17,825,053	87,168,079

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