

The Highland Council
Finance, Housing and Resources Committee –
26 February 2014

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| Agenda Item | 4 |
| Report No | FHR/26/14 |

Finance Service Revenue Monitoring Report to 31 December 2013

Report by Director of Finance

Summary

This report provides Members with information on the revenue monitoring position for the Finance Service for the period 1 April to 31 December 2013.

1. Financial Year 2013-14

- 1.1 Attached as Appendix 1 is the revenue monitoring statement for the period to 31 December 2013; it shows that the Service has incurred net expenditure of £7.713m against an annual budget of £11.840m. At this point in the year an over spend of £0.405m is projected.

2. Variances

- 2.1 The budget for the Business Support section includes a saving target of £0.865m. Due to various constraints previously reported, mainly relating to IT technical issues thereby delaying the implementation of some new ways of working than originally planned, it is likely £0.282m will be achieved creating an expected under achievement of savings of £0.583m in 13/14. With Business Support savings of £1.590m already delivered from the start of the review (1 April 2011) to 31 March 13, the total savings due to be delivered from Business Support in the 3 years to 31 March 14 is therefore £1.872m.
- 2.2 A pressure of £0.028m is still expected in Payroll in respect of ICT charges resulting from changes in the legislative requirements regarding the submission of information to HMRC. This has been partially offset by staff related savings of £0.018m to leave a net pressure of £0.010m.
- 2.3 The Council is currently in discussion, through COSLA, with the Scottish Government and DWP regarding the cost of administering the various benefits funds. Whilst some of these funds are currently showing an underspend against budget, administration budgets do not reflect the true cost of the increasing workload and are expected to be reduced further by DWP. The Finance Service are currently reviewing all aspects of the budget in order to consider a realignment of budgets for 2014/15 and thereafter. It is expected that this can be achieved within the overall total budget that falls within the management responsibility of the Director of Finance.

- 2.4 The Service has also delivered savings of £1.400m in loan charges through the proactive management of borrowings, and is exploring options to achieve further savings.
- 2.5 To date, savings from staff turnover and vacancy management are estimated to deliver savings of £0.206m in excess of budget of £0.656m, and this has been allocated across the Service in proportion to where the savings were achieved.
- 2.6 There has been a minor change to the overall forecast caused by a shortfall in the provision for the direct service costs of pension auto-enrolment, partly offset by further savings from vacancy management.

3. Recommendation

Members are asked to:-

1. approve the Finance Service Revenue Monitoring Report for the period to 31 December 2013;
2. note the action being taken to address the current forecast overspend.

Designation: Director of Finance

Date: 3 February 2014

Author: Fiona Callum

Background Papers: None

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2013 to 31 December 2013
Finance Service

| | £000 Actual Year To Date | £000 Annual Budget | £000 Year End Estimate | £000 Year End Variance |
|----------------------------------|--------------------------------|--------------------------|------------------------------|------------------------------|
| BY ACTIVITY | | | | |
| Directorate | 320 | (181) | (181) | 0 |
| Procurement | 512 | 551 | 544 | (7) |
| Business Support | 5,882 | 5,314 | 5,897 | 583 |
| Accounting & Budgeting | 1,490 | 1,797 | 1,788 | (9) |
| Internal Audit & Risk Management | 386 | 405 | 390 | (15) |
| Payroll, Pensions & Creditors | 1,359 | 753 | 763 | 10 |
| Exchequer | (2,236) | 3,201 | 3,044 | (157) |
| | 7,713 | 11,840 | 12,245 | 405 |
| BY SUBJECTIVE | | | | |
| Staff Costs | 12,644 | 17,065 | 17,442 | 377 |
| Other Costs | 1,850 | 1,663 | 1,691 | 28 |
| Gross Expenditure | 14,494 | 18,728 | 19,133 | 405 |
| Grants | (5,499) | (1,404) | (1,404) | 0 |
| Other Income | (1,282) | (5,484) | (5,484) | 0 |
| Total Income | (6,781) | (6,888) | (6,888) | 0 |
| | 7,713 | 11,840 | 12,245 | 405 |

Notes

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|-------------------------------|-----------|------------|
| 1. %age of Annual Expenditure | This Year | 65% |
| | Last Year | 95% |