

The Highland Council
Resources Committee – 24 August 2016

Agenda Item	7
Report No	RES/42/16

Finance Service – Final Outturn and Revenue Monitoring to 30 June 2016

Report by Director of Finance

Summary

This report comments on the final outturn for the Revenue Budget for the year to 31 March 2016 and the Revenue Monitoring position for the period to 30 June 2016.

1. Finance Revenue Budget 2015/16 Out-turn

- 1.1 **Appendix 1** is the monitoring statement showing actual expenditure against budget to 31st March 2016.
- 1.2 The net annual budget for Finance in 2015/16 was £15.454m. This reflects the increased funding for the additional costs incurred as a result of the Voluntary Severance Scheme. Actual expenditure during the financial year was £15.452m, producing a slight under spend of £0.002m. Reasons for variances are largely in line with those previously reported, with further detail provided below where necessary.

2. Variances

- 2.1 The slight overspend in Procurement relates to the costs associated with the early release of staff out with the Voluntary Severance Scheme.
- 2.2 The increased underspend in Revenues and Business Support is due to the continued management of staff vacancies but also increased funding received from the Department of Work and Pensions (DWP) for work undertaken on Benefit changes.
- 2.3 The Corporate Finance overspend relates to the previously reported one-off IT costs of the FMIS system, and the costs of financial advice to ensure HMRC compliance. The overspend has increased by £0.064m on that previously reported following the early release of staff (as in Procurement).
- 2.4 Internal Audit is also underspent as a result of the management of staff vacancies.
- 2.5 As previously reported, the Payroll, Pensions and Creditors overspend is as a result of unanticipated one-off IT costs such as server upgrades and duplicate payment software.

2.6 During the year the Service faced unanticipated additional costs relating to core IT systems and also funded system developments to deliver further efficiencies to allow work to be undertaken more effectively with fewer staff resources. The service also incurred professional fees to allow it to successfully defend an HMRC claim relating to construction industry tax deduction scheme. All these additional costs were managed within the overall budget.

3. Finance Revenue Budget 2016/17

3.1 **Appendix 2** is the monitoring statement showing actual expenditure against budget to end June 2016.

3.2 **Appendix 2** shows that the Service has incurred net expenditure of £3.670m against an annual budget of £11.961m. At this point in the year an underspend of £0.462m is anticipated.

3.3 The underspend relates to management of staff vacancies (£0.362m); and increased income (£0.100m) from penalties on outstanding council tax and NDR debt, and a one off payment from the Department of Work and Pensions (DWP) to cover the work undertaken on benefit changes.

3.4 The Service continues to review every vacancy that arises. It is encouraging that the largest proportion of vacancies that arise are due to staff moving to promoted posts, principally within the Council.

3.5 The Service will continue to develop new ways of working and technology changes to reduce costs further, recognising the needs to deliver additional savings whilst maintaining the principles of strong financial management. The Service performance report, later in this agenda, provides reassurance of the ongoing success of this strategy.

3.6 The Service is continuing to maintain a high profile at a national level, particularly in Revenues and Benefits. This is reflected in the additional grant funding received from DWP.

4. Implications

4.1 Resource implications are noted in this report.

4.2 There are no Legal, Equalities, Climate Change/Carbon Clever, Rural, Gaelic or Risk implications arising as a direct result of this report.

Recommendations

It is recommended that the Committee :

- **Note** the Finance Budget outturn position for 2015/16
- **Agree** the monitoring report to the end of June 2016

Designation: Director of Finance

Date: 12 August 2016

Author: Victoria MacDonald, Accountant

Background Papers: None

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2015 to 31 March 2016

Finance Service

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	3,197	3,211	3,197	(14)
Procurement	530	520	530	10
Revenues and Business Support	7,999	8,164	7,999	(165)
Corporate Finance	2,488	2,369	2,488	119
Internal Audit & Risk Management	491	526	491	(35)
Payroll, Pensions & Creditors	747	664	747	83
	15,452	15,454	15,452	(2)
BY SUBJECTIVE				
Staff Costs	18,869	19,430	18,869	(561)
Other Costs	2,704	2,365	2,704	339
Gross Expenditure	21,573	21,795	21,573	(222)
Grants	(1,364)	(1,210)	(1,364)	(154)
Other Income	(4,757)	(5,131)	(4,757)	374
Total Income	(6,121)	(6,341)	(6,121)	220
	15,452	15,454	15,452	(2)

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2016 to 30 June 2016

Finance Service

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	101	220	220	0
Revenues and Business Support	2,145	8,154	7,723	(431)
Corporate Finance	1,264	2,942	2,939	(3)
Corporate Audit and Performance	160	645	617	(28)
	3,670	11,961	11,499	(462)
BY SUBJECTIVE				
Staff Costs	3,869	15,861	15,499	(362)
Other Costs	897	2,283	2,283	0
Gross Expenditure	4,766	18,144	17,782	(362)
Grants	(381)	(1,018)	(1,118)	(100)
Other Income	(715)	(5,165)	(5,165)	0
Total Income	(1,096)	(6,183)	(6,283)	(100)
	3,670	11,961	11,499	(462)