

**The Highland Council**  
**Resources Committee – 8 February 2017**

Agenda Item	<b>5</b>
Report No	<b>RES/ 03/17</b>

**Finance Service – Revenue Monitoring to 31 December 2016**

**Report by Director of Finance**

**Summary**

This report comments on the Revenue Monitoring position for the period to 31 December 2016.

**1. Finance Revenue Budget 2016/17**

- 1.1 **Appendix 1** is the monitoring statement showing actual expenditure and the anticipated outturn against the budget at 31 December 2016.
- 1.2 **Appendix 1** shows that the Service projects an outturn of £12.607m against an annual budget of £13.061, which represents an underspend of £0.454m.

**2. Variances**

- 2.1 As previously reported, the underspend relates to the continued management of staff vacancies, (£0.337m); and increased income (£0.117m) 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.
- 2.2 As part of the Procurement Shared Services Project with Aberdeen City and Aberdeenshire Councils, all Procurement staff transferred to Aberdeen City Council on 15<sup>th</sup> January 2017. The cost of the Service Fee payable to the project is reflected in the expected outturn for Corporate Finance, resulting an anticipated overspend in this area. This cost will be absorbed by the Finance Service in 2016/17 with full budget provision being made from 1 April. Members will recall approving the Business Case at their meeting last August, and agreeing investment of £0.49m to deliver anticipated annual savings of £1.346m.
- 2.3. A review of Central Support Costs is currently underway to determine the impact, if any, of the 2016 Voluntary Severance Scheme on the year-end recharges to other council services. As this review is not yet complete, no adjustment to the outturns reported today has been made.
- 2.4 As Members will be aware, the Council has recently launched an Employee Early Release Scheme for all staff. At the time of writing, the result of this scheme and any implications on the Finance Service staffing are not known.

- 2.5 As previously indicated, the Service is continuing to proactively review its staffing requirements in respect of current and anticipated workload, but recognising the need to deliver further savings to achieve a balanced budget for 2017/18 and beyond. The Quarterly Performance Report, later on this agenda, highlights continuing strong performance across the Service, with particular reference to improved revenue collection and benefits administration. These represent the areas where most staff reductions have been achieved, with strong staff support for a strategy of implementing process improvements and digital transformation as a way of improving performance with fewer staff resources.
- 2.6 The Service does however need to move increasingly to a risk based approach to financial management, which will allow further savings to be achieved whilst ensuring that statutory responsibilities are maintained. Vacancy management is a key element of this strategy, and will enable further savings to be achieved without additional cost.

### **3. Implications**

- 3.1 Resource implications are noted in this report.
- 3.2 There are no Legal, Equalities, Climate Change/Carbon Clever, Rural or Risk implications arising as a direct result of this report

#### **Recommendation**

It is recommended that the Committee:

- Consider and agree the monitoring report to the end of December 2016.

Designation: Director of Finance

Date: 27 January 2017

Author: Victoria MacDonald, Accountant

Background Papers: None

<b>FINANCE SERVICES Revenue Expenditure Monitoring Report</b>
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<b>01 April 2016 to 31 Dec 2016</b>	<b>Finance Service</b>
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	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>				
Directorate	1,318	1,235	1,235	0
Revenues and Business Support	6,613	8,239	7,735	(504)
Corporate Finance	3,423	2,951	3,041	90
Audit & Performance	450	636	596	(40)
	<b>11,804</b>	<b>13,061</b>	<b>12,607</b>	<b>(454)</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	12,519	16,954	16,617	(337)
Other Costs	2,045	2,300	2,300	0
<b>Gross Expenditure</b>	<b>14,564</b>	<b>19,254</b>	<b>18,917</b>	<b>(337)</b>
Grants	(1,044)	(1,018)	(1,135)	(117)
Other Income	(1,716)	(5,175)	(5,175)	0
<b>Total Income</b>	<b>(2,760)</b>	<b>(6,193)</b>	<b>(6,310)</b>	<b>(117)</b>
	<b>11,804</b>	<b>13,061</b>	<b>12,607</b>	<b>(454)</b>