

Agenda Item	6
Report Number	RES/04/17

**CORPORATE DEVELOPMENT REVENUE EXPENDITURE MONITORING APRIL-
DECEMBER 2016**

Report by the Depute Chief Executive and Director of Corporate Development

SUMMARY

This report provides information on the revenue monitoring position for the Corporate Development Service revenue budget for the period 1 April 2016 to 31 December 2016.

1. Introduction

1.1 The attached appendices show: (i) the revenue monitoring position for the Corporate Development Service 2016/17 revenue budget for the period to 31 December 2016; and the status of (ii) Service specific savings; and (iii) corporate and transformational savings for the third quarter of the 2016/17 financial year.

2. 2016/17 Revenue Monitoring

2.1 **Appendix 1** shows the Revenue Monitoring position for 2016/17 for year to 31 December 2016. The Corporate Development Service annual net revenue budget is £17.075m. Actual expenditure incurred in the period is £15.107m.

3. Budget Variances

3.1 There are a number of pressures across the various budget heads which have been reported to committee previously. In summary these include:

- A pressure on the Licensing budget due to the under-achievement of income, including an income target of £0.092m which cannot be achieved because licensing costs are set nationally, through legislation. This figure is shown 'below the line' in the monitoring statement to differentiate it from the core budget and will be removed from the 2017/18 roll forward budget;
- A pressure of £0.019m in the Elections Budget due to costs arising from the by-election for Ward 18, Culloden and Ardersier. At the last meeting of Resources Committee members approved a budget feed of £0.019m to cover this cost if the Service is unable to offset this pressure by the end of the financial year;
- A pressure of £0.09m in the Customer Services budget arising from a range of income and expenditure pressures;
- A pressure of £0.080m in the Workforce Planning, Learning and Development budget as a consequence of shortfalls in the income target.

All of these have been reported in detail to Resources Committee previously and significant work is ongoing to reduce these pressures by the end of the financial year.

3.2 There are also a number of underspends predicted across a range of budget headings as follows:

- £0.68m underspend in the ICT budget. This is subject to significant change as the Council undertakes extensive reconciliation of accounts with Fujitsu for both the end of the year and also the end of the contract;
- Democratic Services (£0.050m); Trading Standards (£0.030m); HR Services (£0.035m); Legal Services (£0.010m) largely as a consequence of vacancy management and successful income generation in Democratic Services.

4. **Budget Movements**

4.1 The net Service budget has increased from £16.976m for the period up to 30 September 2016, to £17.075m for the period ending 31 December 2016. This increase has been caused by a series of planned budget movements within the ICT Services budget, including the draw down of funds from earmarked ICT funds for PSN.

5. **Budget Savings**

5.1 All of the savings, both Service specific, and corporate and transformational, have been reflected in the Corporate Development 2016/17 budget, and have been allocated across all parts of the Service, where appropriate.

5.2 An updated Red/Amber/Green (RAG) analysis of Service specific budget savings for the current financial year is set out on **Appendix 2**. This statement reflects the position for the third quarter of the financial year and is unchanged from the position reported to Committee for the previous quarter.

5.3 **Appendix 3** sets out the corporate and transformational savings for the current financial year, and reflects the position for the third quarter of the financial year.

6. **Predicted End of Year Position 2016/17**

6.1 The Corporate Development Service is projecting a net year-end overspend of £0.106m which is a slight improvement on the position reported at the end of quarter 2. There are pressures across a number of budgets due in part to an under-achievement of income and also the un-budgeted pressure arising from the recent by-election. In addition, there is the pressure arising from the misallocation of £0.092m additional income to the Licensing budget. Whilst this is shown 'below the line' in the Service budget, it is included in the total budget line reported in the Corporate Revenue Monitoring report, which reports a total pressure of £0.198m against the Corporate Development Service. The Service will continue to maximise all income generation opportunities to reduce these pressures as much as possible. In addition, all vacancies will be reviewed and expenditure managed across all budgets to help to offset any remaining pressures in order to achieve a balanced budget by the end of financial year.

7. Implications

- 7.1 Resources - There are no resource implications other than those already set out.
- 7.2 Legal - there are no legal implications for The Highland Council.
- 7.3 Equalities and Climate Change - there are no negative equality or climate change implications arising from this report.
- 7.4 Risk, Gaelic and Rural - there are no risk, Gaelic or rural implications to The Highland Council.

8. Recommendation

Members are invited to consider the revenue monitoring report for the period 1 April 2016 to 31 December 2016.

Signature: Michelle Morris

Designation: Depute Chief Executive and Director of Corporate Development

Report Author: Kate Lackie, Business Manager

Date: 29 January 2017

CORPORATE DEVELOPMENT SERVICE Revenue Expenditure Monitoring Report

1 April 2016 to 31 December 2016

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Depute Chief Executive	157	(2,085)	(2,085)	-
Corporate Improvement Team	529	548	548	-
Corporate Governance:				
Legal Services	515	327	317	(10)
Licensing	(712)	(696)	(576)	120
Democratic Services	455	625	575	(50)
Elections	105	105	124	19
Trading Standards	410	634	604	(30)
Digital Transformation:				
ICT Services	10,692	13,766	13,698	(68)
Customer Services	1,715	2,130	2,220	90
People & Performance:				
HR Services	609	887	852	(35)
Workforce Planning, Learning & Development	248	240	320	80
Health, Safety & Wellbeing	384	594	584	(10)
Total Corporate Development	15,107	17,075	17,181	106
CIT savings (income generation) Note 1	0	(92)	0	92
Revised Corporate Development Total	15,107	16,983	17,181	198
BY SUBJECTIVE				
Staff Costs	6,513	8,080	7,953	(127)
Other Costs	14,064	14,275	14,344	69
Gross Expenditure	20,577	22,355	22,297	(58)
Grants	(114)	-	-	-
Other Income	(5,356)	(5,280)	(5,116)	164
Total Income	(5,470)	(5,280)	(5,116)	164
Total Corporate Development	15,107	17,075	17,181	106
CIT savings (income generation) Note 2	0	(92)	0	92
Revised Corporate Development Total	15,107	16,983	17,181	198

Notes

1. Misallocation of CIT income generation target

Service	Saving owner	Activity Heading	Saving category	Savings Proposal	Savings				Saving RAYG (enter R, A, Y, or G)	Projected saving- red amber yellow
					2016/17 £m	2017/18 £m	2018/19 £m	3 Year Total £m		
CD	MM	ICT	Efficiencies	Reduction in costs targeted from the new ICT Contract due to be awarded in July 2016 with commencement of delivery of service from early 2017. Savings for 2016/17 will be achieved by moving to the new Managed Print Service early.	0.250	0.170	0.170	0.590	G	The Council will move to the new MPS Contract on 1 January 2017 and so only part year savings can be achieved.
CD	MM	ICT	Efficiencies	Re-procurement of mobile/landline telephony and SWAN savings	0.300			0.300	A	SWAN saving RED due to delays in the implementation; Telephony saving is green hence total saving being Amber
CD	MM	Management and staffing savings	Management and staffing savings	Reduction in staffing across all Services including management positions. Will be achieved through re-structuring and targeted use of Early Retirement and Voluntary Severance.	0.380			0.380	G	
CD	MM	Management and staffing savings	Management and staffing savings	Reduction in staffing across Corporate Development Service	0.143	0.143	0.143	0.429	G	
CD	MM	Trading Standards	Management and staffing savings	Re-structure to support development	0.130			0.130	G	
CD	MM	Performance	Management and staffing savings	25% reduction in Performance Team	0.040			0.040	G	

2016/17 - 2018/19 Corporate & Transformation Savings

APPENDIX 3

Ref.	Activity Heading	Savings Proposal	16/17 Allocation Comments	2016/17						
				2016/17 Agreed HC 18/12/14 & HC 25/02/16 £m	2016/17 Reprofitting & Other Adjustments £m	Add : C/fwd from 2015/16 £m	2016/17 after Adjustments & C/fwd	2016/17 Service Allocations £m	2016/17 Service Allocations CD £m	Saving RAYG (enter R, A, Y, or G)
Corp 5	Voluntary Severance	Voluntary Severance	Allocation agreed 30/05/16 (includes £300k for ASN)	5.900			5.900	-5.900	-0.459	G
Corp 6	Recruitment Freeze	Recruitment freeze for non-exempt posts	Allocation agreed 30/05/16	0.575			0.575	-0.575	-0.033	G
Corp 4, TSP Proc 1 & 3, TSP WPP4-SSJV9	Procurement	Procurement Shared Service & Collaborative Spend	Allocation agreed 30/05/16	0.653		0.047	0.700	-0.700	-0.062	G
Corp 2	Fees & Charges	10% increase on all fees and charges that are not nationally set, or a different amount has already been agreed	Allocation already included within HC 25/02/16 Service budgets; Based on actual % increases for individual fees & charges budgets	0.487			0.487	-0.487	-0.069	G
PIM1 & PIM20	Entitlements & Digital Services	Simplifying & streamlining entitlements applications processes Channel shift activity - increase the number of services accessible on-line, via the Council's website, and via the Council's Service Centre	Allocation agreed 30/05/16	0.340		0.095	0.435	-0.466	-0.093	G
Corp 3	Energy	Reduced consumption, pricing & behavioural change	Allocation agreed 30/05/16	0.250			0.250	-0.250	-0.001	G
	Information Management		Allocation agreed 30/05/16		0.232		0.232	-0.250	-0.114	G
TN008	ICT	Develop ICT architecture & related efficiencies	Allocate against ICT budget	0.200			0.200	-0.200	-0.200	G
Corp 1	Salary Sacrifice	Savings from salary sacrifice schemes	Allocate proportionate to take up of schemes in year to date	0.200	0.004		0.204	-0.204	-0.008	G
Corp 7	Management and staffing savings	Agency Staff	Allocation agreed 30/05/16	0.168			0.168	-0.168	-0.010	G
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	Allocation agreed 30/05/16	0.148		-0.001	0.147	-0.147	-0.005	G
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	Allocation agreed 30/05/16	0.124			0.124	-0.124	-0.004	G
Total				13.164	-0.285	1.165	14.044	-12.439	-1.058	