

Agenda Item	9.
Report No	RES/20/17

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 14 June 2017

Report Title: Finance Service – Revenue Monitoring to 31 March 2017

Report By: Director of Finance

1. Purpose/Executive Summary

- 1.1 This report comments on the near final outturn for the Revenue Budget for the year to 31 March 2017. The report includes the Welfare Budget, for which the Finance Service has responsibility, as well as its main operational budget.

2. Recommendations

2.1 Members are asked to:

- **Consider** the Finance Budget near final outturn position for 2016/17.

3. Finance Operational Revenue Budget 2016/17 Out-turn

- 3.1 **Appendix 1** is the monitoring statement showing actual expenditure against budget to 31 March 2017.
- 3.2 The net annual budget for 2016/17 was £13.035m, with an outturn of £12.252m, resulting in a final underspend of £0.783m.

4. Variances

- 4.1 This is an improved position to that previously reported due to continued robust management of staff vacancies, including vacant posts which are being deleted as part of the 17-18 budget savings, and increased income from penalties on outstanding council tax and NDR debt, along with a one off payment from DWP to cover work on benefit changes. The underspend has further increased as the costs of the shared procurement service were less than anticipated in 2016/17 due to a number of posts in the new structure not being filled by 31 March 2017.
- 4.2 As reported to previous Resources Committees during 2016/17, 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.
- 4.3 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 prejudicing the overall strength of financial management within the Council.
- 4.4 **Appendix 3** provides the detail of all of the budget savings removed from the Finance Service budget in 2016/17. In addition to the underspend for the year the service has delivered just under £5m of budget savings. Those savings ranked as red have not been delivered in the intended way but the service has been able to find alternatives.

5. Welfare Budget 2016/17 Out-turn

- 5.1 **Appendix 2** details the near final position for the Welfare Budget. It reports an overall underspend of £0.028m.
- 5.2 Housing Benefit reports a £0.130m underspend. Whilst Housing Benefit is generally funded by the Department for Work and Pensions (DWP), it is not fully funded. For example, where Housing Benefit has been overpaid as the customer has not advised the Council timeously of a material change in their circumstances. The prompt processing of change in circumstances when notified supports this budget and maximises DWP subsidy.

- 5.3 Processing times for 16/17 were 3.2 days, which is nearly twice as prompt as just 2 years ago where 14/15 was 6 days. Scotland performance – and therefore rankings - for 16/17 are not yet available but it is estimated that 3.2 days will be close to, if not the, best in Scotland. Performance against this service area (and other areas such as new claims processing) is reported in more detail later in the agenda.
- 5.4 Collection of overpaid Housing Benefit also continues to show improvement supporting this budget heading. The latest data from DWP (15/16 to 16/17, Sep 16) for example reports that Highland is now the second best performing council in Scotland in this area.
- 5.5 Council Tax Reduction (CTR) is a demand-led reduction which is funded by the Scottish Government, working to a national framework (rules) that is also determined by the Scottish Government. Comparing 16/17 to 15/16, CTR caseload is down 0.8% and is mainly attributable to increased employment. However, expenditure is actually down 3.6%. Reasons for this less generous scheme include the higher rate of increase in state benefits for example compared to the notional figure (known as the Applicable Amount) to which incomes are compared to calculate CTR entitlement, that the Council is then allowed to pay.
- 5.6 Scottish Welfare Fund reports a £0.056m overspend. The demand for this service continues to grow and the roll-out of Universal Credit Full Service from July 2017 will only add further pressure to that fund. Following positive work by the Finance Service's Council's Business Development & Support Manager with COSLA and the Scottish Government, a review of the fixed £35m national sum for the Scottish Welfare Fund will see Highland Council's allocation increase to £0.992m in 2017/18, from the figure of £0.801m in 2016/17.
- 5.7 Advice and information services continue to see increase in demand for some claim types including supporting customers to claim benefits to which they are entitled. Common reasons cited are the impact of the Welfare Reforms and customers who require translation support to complete the state benefit claim processes.
- 5.8 School clothing grants reports a small overspend of £0.016m. Members may recall increasing the grant from £81 in 2015/16 to £90 2016/17.
- 5.9 The number of awards for 2015/16 was approximately 3,670 resulting in grants of £0.297m being awarded. During 2016/17 the number of awards increased to 3,850 totalling £0.347m. When one considers that school clothing grant awards were £0.197m just 2 years ago, this policy review has delivered positive impacts for hard pressed families.
- 5.10 The reason for the increase in awards include the increased awareness of this grant and that the Council now has single service delivery team delivering all of its financial benefits such as Housing Benefit, Educational Maintenance Allowance, School Clothing Grants, etc. This single team – and therefore single information source - not only can support the deterrence of fraud but it can also support maximising the legitimate take-up of benefits that the Council administers.

- 5.1 Educational Maintenance Allowance (EMA) is fully funded by the Scottish Government. Discretionary Housing Payments are, in the main, too with funding provided by the DWP and Scottish Government.

6. Implications

- 6.1 Resource implications are noted in this report.
- 6.2 There are no Legal, Climate Change/Carbon Clever, Rural, Risk or Gaelic implications arising as a direct result of this report
- 6.3 In terms of Equalities, the Welfare Budget illustrates how the Council is utilising resources to meet demand for financial support by supporting families and individuals and ensuring take-up of available benefits.

Designation: Director of Finance

Date: 14 June 2017

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Background Papers: None

FINANCE SERVICES Revenue Expenditure Monitoring Report

01 April 2016 to 31 March 2017

Finance Service

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Variance
BY ACTIVITY			
Directorate	1,463	1,462	1
Revenues and Business Support	7,603	8,225	(622)
Corporate Finance	2,653	2,712	(59)
Audit & Performance	533	636	(103)
	12,252	13,035	(783)
BY SUBJECTIVE			
Staff Costs	16,333	17,175	(842)
Other Costs	2,099	2,053	46
Gross Expenditure	18,432	19,228	(796)
Grants	(1,282)	(1,018)	(264)
Other Income	(4,898)	(5,175)	277
Total Income	(6,180)	(6,193)	13
	12,252	13,035	(783)

WELFARE BUDGET 1/4/16 to 31/3/17 (near final)	NET BUDGET	NEAR FINAL EXPENDITURE	NEAR FINAL INCOME	NEAR FINAL OUTTURN
Housing Benefits	121	47,883	47,892	-130
Council Tax Reduction Scheme	11,400	11,374	11,400	-26
Scottish Welfare Fund				
- Community Care Grants	555	600	555	45
- Crisis Grants	246	257	246	11
	801	857	801	56
Discretionary Housing Payments	286	1,771	1,485	0
Advice Services				
Advice and Information	1,151	1,343	136	56
	1,151	1,343	136	56
Educational Maintenance Allowance				
EMA	0	805	805	0
	0	805	805	0
School Clothing Grants				
SCG	331	347	0	16
	331	347	0	16
NEAR YEAR FINAL	14,090	64,380	62,519	-28

Activity Heading	Savings Proposal	2016/17 £m	Saving RAYG
Council Tax	Efficiency saving - more targeted approach to prior year debt resulting in improved collection and reduction in bad debts provision	0.915	G
Council Tax	Council Tax Reduction Scheme	0.383	G
Welfare	Reduction in budget to reflect current cost of Council Tax Reduction Scheme, net of DWP Grant cut	0.279	G
Corporate Finance	Reduction in external FMIS costs following implementation of new system	0.263	G
Council Tax	Amendment to base assumptions of growth in tax base, following work on reassessing single person discounts and property growth	0.250	G
Management and staffing savings	Restructuring of service- Business Support	0.205	G
Revenues & Business Support	Efficiency savings through the introduction of electronic processing and rationalisation of structure following the merger of the two services	0.200	G
Management and staffing savings	Restructuring of Corporate Finance & Procurement	0.164	G
Revenues & Business Support	Increased collections, particularly in respect of Council Tax and overpaid Housing Benefit collections, due to the introduction of more effective ways of working	0.138	G
Money Advice	Review provision of internal & external services	0.130	G
Treasury Management	Extension of investment period for cash balances	0.065	G
Payroll/Creditors	Net efficiency savings arising from ResourceLink and FMIS Projects through move to online forms reducing manual input and checking	0.030	G
Audit	Deletion of 1 FTE vacant clerical post, reduction of hours, and minor budget adjustment to grade. No impact to Audit Plan.	0.029	G
Share Support Services – Finance & Housing	Opportunity to eliminate duplication between two internal services and provide more effective and targeted service to customers	0.025	G

2016/17 Corporate & Transformation Savings removed from Finance Service Budget

Activity Heading	Savings Proposal	2016/17 £m	Saving RAYG
Voluntary Severance	Voluntary Severance	0.753	G
Treasury Management	Tactical borrowing including continuation of existing practice of utilising cash balances as an alternative to new borrowing	0.778	G
Recruitment Freeze	Recruitment freeze for non-exempt posts	0.060	G
Procurement	Procurement Shared Service & Collaborative Spend	0.013	R
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	0.140	G
Information Management	Information Management	0.031	R
Salary Sacrifice	Savings from salary sacrifice schemes	0.033	G
Management and staffing savings	Agency Staff	0.004	G
Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	0.009	G
Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	0.004	G