

Agenda Item	<b>10.</b>
Report No	<b>RES/21/17</b>

## **HIGHLAND COUNCIL**

**Committee:** Corporate Resources Committee

**Date:** 14<sup>th</sup> June 2017

**Report Title:** Corporate Development Service Near-Final Revenue Monitoring Report for 2016/17

**Report By:** Depute Chief Executive/Director of Corporate Development

### **Purpose/Executive Summary**

This report provides a summary of the 'near-final' revenue budget position for the Corporate Development Service for 2016-17. This position and the Council's corporate accounts will be subject to external audit scrutiny over the coming months so there is the possibility that any issues identified as part of the audit process may change this figure.

Overall there was a net underspend of £0.025m- this represents a considerable improvement on the position reported at the end of quarter 3 (a £0.106m overspend).

The report also provides a summary of the delivery of £1.243m of approved Service savings required to deliver a balanced budget in 2016-17 and the corporate and transformational savings for the 2016/17 financial year.

### **Recommendations**

Members are asked to:

- consider and agree the financial position of the Corporate Development budget as at 31 March 2017; and
- note the status of budgeted savings in the year.

## **2. Budget Variances in 2016/17**

- 2.1 **Appendix 1** shows the near final out-turn position for the Corporate Development Service 2016/17 revenue budget. It shows that the total budget was £17.969m and that at the year-end the budget was underspent by £0.025m. This represents a considerable improvement on the position reported to Resources Committee in February 2017 when the Service was reporting a predicted overspend of £0.106m at the end of quarter 3.
- 2.2 Although underspent overall, the budget is showing a pressure of £0.139m against the top line. This reflects the savings made from the VR scheme that have yet to be allocated to the specific budget headings from where posts were removed. This pressure is wholly offset by the vacancy savings made across a number of Service budget headings including Health Safety and Wellbeing and HR Services.
- 2.3 As agreed by Committee, a budget feed was provided to cover costs arising from the by-election for Ward 18, Culloden and Ardersier and the Local Government Elections in May 2017 which has meant that the overspend against this line is less than had been predicted in February 2017.
- 2.4 In addition, underspends increased due to vacancy management and managers' focused attention to minimise expenditure across all budget headings in order to deliver a balanced budget position at the year end.

## **3 Savings**

- 3.1 An updated Red/Amber/Green (RAG) analysis of Service specific budget savings for the 2016/17 financial year is set out on **Appendix 2**. This statement reflects the position for the fourth quarter of the financial year and is unchanged from the position reported to Committee for the previous two quarters. The only area where savings have been slower to achieve than originally planned is in the roll out of the Scottish Wide area Network (SWAN). Resources Committee Members have received detailed reports on this project throughout the year and will know that this position was expected.
- 3.2 **Appendix 3** sets out the corporate and transformational savings for the 2016/17 financial year, and reflects the position for the fourth quarter of the financial year. This is also unchanged from the position reported to Resources Committee previously.

4.       **Implications**

- 4.1       Resources - There are no resource implications other than those already set out.
- 4.2       There are no risk, legal, equality, climate change/Carbon Clever, rural or Gaelic implications arising as a direct result of this report.

Designation:     Michelle Morris

Depute Chief Executive and Director of Corporate Development

Report Author:   Kate Lackie, Business Manager

Date:             5 June 2017

# CORPORATE DEVELOPMENT SERVICE Revenue Expenditure Monitoring Report

1 April 2016 to 31 March 2017

		£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>					
Depute Chief Executive	1	(1,539)	(1,678)		139
Corporate Improvement Team	2	628	682		(54)
<b>Corporate Governance:</b>					
Legal Services	3	292	327		(35)
Licensing	4	(610)	(789)		179
Democratic Services	5	531	625		(94)
Elections	6	196	194		2
Trading Standards	7	515	634		(119)
<b>Digital Transformation:</b>					
ICT Services		14,156	14,156		-
Customer Services	8	2,154	2,099		55
<b>People &amp; Performance:</b>					
HR Services	9	815	887		(72)
Workforce Planning, Learning & Development	10	290	239		51
Health, Safety & Wellbeing	11	516	593		(77)

**Total Corporate Development**

**17,944**

**17,969**

**- (25)**

## BY SUBJECTIVE

Staff Costs	9,117	9,085	32
Other Costs	20,419	14,251	6,168
<b>Gross Expenditure</b>	<b>29,536</b>	<b>23,336</b>	<b>6,200</b>
Grants	(625)	-	(625)
Other Income	(10,967)	(5,367)	(5,600)
<b>Total Income</b>	<b>(11,592)</b>	<b>(5,367)</b>	<b>(6,225)</b>

**Total Corporate Development**

**17,944**

**17,969**

**- (25)**

## Notes

1. %age of Annual Expenditure

Jan-17 **100%**

Jan-16 **98%**

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 &amp; 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
<b>Total</b>				<b>13.164</b>	<b>-0.285</b>	<b>1.165</b>	<b>14.044</b>	<b>-12.439</b>	<b>-1.058</b>	