

Agenda item	7.
Report no	RES/22/18

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 24 May 2018

Report Title: Corporate Resources Service and Welfare Budget – Near Final Revenue Monitoring to 31 March 2018

Report By: Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 This report comments on the Near Final Revenue monitoring position for the period to 31 March 2018
- 1.2 The report covers the Corporate Resources and Welfare Budgets, and comments on the main budget variances for which the Service has direct responsibility. Other areas, such as Loans Fund and Council Tax, are contained within the Corporate Revenue Report which is a separate item on this agenda.

2. Recommendations

- 2.1 Members are asked to:
 - Consider the Revenue Monitoring position for the period to 31 March 2018.

3. Corporate Resources Service Revenue Budget 2017/18

- 3.1 **Appendix 1** is the monitoring statement showing actual expenditure and the near final outturn against the budget at 31 March 2018. The Service projects an outturn of £26.752m against a net annual budget of £27.047m, which represents an underspend of £0.295m.
- 3.2 The underspend reported today has increased from the forecast previously reported for Corporate Resources, largely as a result of vacancy management and income pressures being less than previously anticipated. The overspend in Customer Services is more than offset by vacancy management elsewhere in the service.
- 3.3 As reported previously the Directorate Section included unallocated savings required to be met from within the Service in 2017/18 of £0.311m, For the purposes of this statement, the unallocated savings have now been allocated across the sections and are reflected in the variances shown. The position in the Directorate Section has therefore moved to an underspend position and has also been impacted by a reduction in the bad debt provision of £0.050m.
- 3.4 In People the movement and underspend is due to vacancies being higher than anticipated; income received being greater than expected; and an underspend on the Occupational Health Contract due to some performance issues with the Contract.
- 3.5 In Revenues and Business Support there has been a one-off payment from the DWP received in March 2018 regarding additional Universal Credit Full Service Transition Costs. As well as the DWP income, the overall variance in the section is due to savings from vacancy management supported by ongoing process improvements.
- 3.6 Customer Services reports an improved position from Quarter 3 where an overspend of £0.211m was estimated to a year end overspend of £0.153m. This improved position is due to vacancy management and Registration Service income being above target. The overspend overall was attributable to unbudgeted costs related to IT and accommodation, and a temporary staffing pressure.
- 3.7 The underspend of £0.035m in the Corporate Finance and Commercialism service reflects the net position of a number of minor under and overspends across the service. The most significant underspends reflect an unbudgeted one off recharge of project costs from the Commercial and Efficiency team to the Housing Revenue Account and commission from community schemes insurance in excess of budget. Neither of these underspends is likely to recur in 2018/19.
- 3.8 In Audit and Performance the movement has been due to one-off income, reducing expenditure and continuing vacancies.
- 3.9 The Committee is reminded that the new Service had a combined savings target of £1.199m for 2017/18 arising from a number of efficiency measures that enabled the Service to reduce staffing levels through the non-filling, and then deletion, of posts as they fell vacant, as well as review of operations and merging of teams.

- 3.10 The unallocated savings referred to in paragraph 3.3 are in addition to the savings target, and are a result of the corporate decision not to fund salary increments, some corporate savings, and underlying pressures within the budget. In essence this means that the Service has to deliver savings of £1.510m in the current year.
- 3.11 The Service has delivered the full savings target in-year which is a tremendous achievement given that Corporate Resources took a disproportionate hit in savings. Although there is an underspend in this financial year, one off savings and underspends have contributed to this and so the Service will continue to face pressures in its ability to maintain savings of this magnitude in future years without a serious and detrimental impact on financial stewardship and service delivery.

4. Welfare Budget 2017/18

- 4.1 **Appendix 2** details the near final position for the Welfare Budget. It reports an overall underspend of £0.942m.
- 4.2 Housing Benefit reports a £0.746m 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.
- 4.3 The prompt processing of change in circumstances when notified, supports this budget and maximises DWP subsidy. Highland Council delivers very good Housing Benefit processing times as reported in a later item to this agenda, Corporate Resources Quarterly Performance Report. The report includes that Highland Council is ranked 1st/1st= in Scotland for each of the first 3 quarters in 17/18 for changes in circumstances processing.
- 4.4 Collection of overpaid Housing Benefit also shows positive performance supporting this budget heading. Highland Council is in the top 5 Councils in Scotland as reported by the latest data from DWP (June 2017).
- 4.5 In addition, due to the delays in roll-out of the Universal Credit (all Job Centres in Highland are now full service) and from work undertaken by officers at a national level which has contributed to a greater proportion of the national funding coming to Highland for Homelessness for Universal Credit customers previously funded by the DWP, has contributed £0.690m to this overall underspend.
- 4.6 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 17/18 to 16/17, CTR expenditure increased by £0.608m with the main reasons being: the 3% increase in Council Tax which was agreed for 17/18 as part of the Council's budget setting process; the change in calculations for claims with families by an increase in the child premiums (as determined by the Scottish Government), and a small increase in caseload.

- 4.7 Data reported by the Scottish Government includes a 3% decrease in Council Tax Reduction recipients in Scotland comparing the end of Quarter 1 16/17 to the end of Quarter 3 17/18 (the latest Quarter data available at the time of writing). In December 2017, there were 483,980 CTR recipients of which 17,500 in Highland.
- 4.8 3 Councils report an increase over this period. Highland (1.1% increase), Aberdeen City (1.7%) and Aberdeenshire (2.7%). All other Councils in Scotland report a decrease.
- 4.9 One reason for this reduction can be explained by the impact of 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. The impact of the challenges within the oil industry in Aberdeen can also explain the reported increases in recipients for the 2 Councils in close proximity.
- 4.10 As for the increase at Highland Council, it reasonable to conclude that the excellent processing times, the promotion of the scheme and services delivered by Welfare Support and Advice staff will have contributed to Highland Council's performance here which also then supports a positive share of the national fund available.
- 4.11 Scottish Welfare Fund reports a £0.013m overspend. The demand for this service continues to grow and the roll-out of Universal Credit Full Service from only adds further pressure to that fund. Following positive work by the 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 £1.106m from £0.992m in 2017/18 (and £0.801m in 2016/17).
- 4.12 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. The small overspend of £0.003m is in respect of customers who require translation support to complete the state benefit claim processes.
- 4.13 School clothing grants reports a small overspend of £0.006m. This is a reflection of a policy review to increase award levels supported by a single service delivery team administering the financials benefits such as Housing Benefit, Council Tax Reduction and School Clothing Grant including information sharing.
- 4.14 Educational Maintenance Allowance (EMA) is fully funded by the Scottish Government. Discretionary Housing Payments are, in the main, too with funding provided by the Scottish Government.

5. Implications

- 5.1 Resource implications are noted in this report.
- 5.2 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.
- 5.3 There are no Legal, Climate Change/Carbon Clever, Rural, Risk or Gaelic implications arising as a direct result of this report

Designation: Director of Corporate Resources

Date: 16 May 2018

Author: Rachel Rae, Trainee Accountant

Background Papers: None

CORPORATE RESOURCES SERVICE Revenue Expenditure Monitoring Report
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1 April 2017 to 31 March 2018

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Variance
BY ACTIVITY			
Directorate	(1,057)	(973)	(83)
People	1,677	1,810	(132)
ICT Services	12,970	12,970	-
Revenues and Business Support	7,725	7,869	(144)
Customer Services	1,288	1,135	153
Corporate Finance & Commercialism	3,633	3,668	(35)
Audit & Performance	515	568	(53)
	-	-	-
Total Corporate Resources	26,752	27,047	(295)
BY SUBJECTIVE			
Staff Costs	20,989	21,265	(276)
Other Costs	18,657	15,857	2,800
Gross Expenditure	39,645	37,122	2,524
Grants	(1,082)	(1,049)	(34)
Other Income	(11,811)	(9,026)	(2,785)
Total Income	(12,894)	(10,075)	(2,819)
	26,752	27,047	(295)

Notes

1. %age of Annual Expenditure	Mar 1718	99%
	Mar 1617	97%

WELFARE Revenue Expenditure Monitoring Report
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01 April 2017 to 31 March 2018	Corporate Resources Service
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	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Variance
Housing Benefit	41,962	45,718	(3,756)
Council Tax Reduction Scheme	11,982	12,200	(218)
Scottish Welfare Fund			
- Community Care Grants	768	746	22
- Crisis Grants	237	246	(9)
	1,005	992	(3,962)
Discretionary Housing Payments	2,296	1,966	330
Educational Maintenance Allowances	756	835	(79)
School Clothing Grants	337	331	6
Advice Services			
- Citizens Advice Bureau	1,279	1,276	3
	1,279	1,276	(71)
GROSS WELFARE BUDGET	59,616	63,318	(3,702)
Income			
DWP - HB Subsidy	(41,874)	(44,947)	3,073
DWP - Discretionary Housing Payments	(411)	(18)	(392)
Educational Maintenance Allowances	(756)	(835)	79
Advice & Information Services	(136)	(136)	0
	(43,178)	(45,937)	2,759
NET WELFARE BUDGET	16,439	17,382	(943)

Corporate Resources 2017/18 Savings

Appendix 3

Savings directly affecting the Corporate Resources budget

Date Agreed	Ref.	Activity Heading	Savings Proposal	2017/18 Saving £m	Saving RAG
HC 18/12/14	3	Corporate Finance	Process efficiencies following the introduction of new Financial Management Information System (FMIS)	0.168	G
HC 25/02/16	4	Payroll/Creditors	Net efficiency savings arising from ResourceLink and FMIS Projects through move to online forms reducing manual input and checking	0.015	G
HC 25/02/16	10	Senior Management savings	Restructuring of Corporate Finance & Procurement	0.026	G
HC 16/02/17	7	Service-wide	Delete current vacant posts and vacancy management	0.556	G
HC 18/12/14	1	Staffing	Reduction in staffing across Service	0.143	G
HC 16/02/17	1	Customer Services	Review of Service Centre operations	0.057	G
HC 16/02/17	2	Customer Services & Corporate Improvement Team	Merger of Digital Teams	0.060	G
HC 16/02/17	3	People & Transformation	Service Review - HR Services and Organisational Development	0.112	G
HC 16/02/17	4	Corporate Governance	Identify savings from non-staffing budgets across Legal, Democratic Services and Trading Standards and increase income	0.062	G
Total				1.199	

Savings affecting other budgets for which the Finance Service has delivery responsibility

Date Agreed	Ref.	Activity Heading	Savings Proposal	2017/18 Saving £m	Saving RAG
HC 18/12/14	6	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	0.010	G
HC 16/02/17	1	Revenues and Business Support	Remove 10% council tax discount currently available for Second Homes	0.500	G
HC 16/02/17	2	Corporate Finance	Insurance Services - increased self-insurance	0.579	G
HC 16/02/17	3	Revenues and Business Support	Debt control charging & Business Rates Incentivisation Scheme	0.200	G
Various	5	Corporate Finance	Procurement	1.352	A
HC 16/02/17	6	Corporate Finance	Treasury Management - Investment	0.150	G
Total				2.791	

Ref.	Activity Heading	Savings Proposal	2017/18 Allocation s CD £m	Saving RAG
CIP IG/7	Income Generation	opportunities to be identified	0.008	A
PIM1 & PIM20	Entitlements and 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	0.090	A
PIM2	Attendance Management	Reduction in sickness absence by continuing to adopt a robust and consistent approach to attendance management	0.002	G
PIM2A	Travel, Subsistence and Overtime	Reduction in the costs of staff travel, subsistence and overtime through management action and greater use of technology	0.002	G
TN005	PFN - SWAN	Scottish Wide Area Network to replace the Pathfinder North Network	0.354	G
	Information Management		0.009	G
Corp 4, TSP Proc 1 & 3, TSP WPP4- SSJV9,	Procurement	Procurement Shared Service & Collaborative Spend - Occ Health	0.006	G
TN008	ICT	Develop ICT architecture & related efficiencies	0.200	G
Corp/8	Sickness Absence / Attendance Management		0.003	G
Corp/1 HC 16/02/16	Fees & Charges		0.010	G
Corp/2 HC 16/02/16	Service Redesign	Part year saving on reduction in Executive Leadership Team costs	0.078	G
CD/4 (2016/17)	ICT Contract - Managed Print Service	ICT Contract - Managed Print Service	0.012	G
FIN/2	Corporate Finance	Insurance Services - increased self- insurance	0.010	G
Total Corporate Savings			0.784	