

Agenda Item	5.
Report No	RES/16/20

THE HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 12 August 2020

Report Title: Resources and Finance Service, Performance and Governance Service and Transformation Service – Revenue Monitoring to 30 June 2020

Report By: Executive Chief Officer Resources and Finance; Executive Chief Officer Performance and Governance; Executive Chief Officer Transformation

1. **Purpose/Executive Summary**

- 1.1 This report comments on the Quarter 1 Revenue monitoring position for the period to 30 June 2020.
- 1.2 The report covers the Resources and Finance, Performance and Governance and Transformation Budgets, and comments on the main budget variances for which these Services have direct responsibility. Other areas, such as Loans Fund and Council Tax, are contained within the Corporate Revenue Monitoring Report which is a separate item on this agenda.

2. **Recommendations**

- 2.1 Members are asked to:
 - i. Consider the Revenue Monitoring position for the period to 30 June 2020.

3. **Implications**

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

4. Resources and Finance Service Revenue Budget 2020/21

- 4.1 **Appendix 1** is the monitoring statement showing actual expenditure and the estimated year-end outturn against the budget at 30 June 2020. The Service is showing an outturn of £24.581m against a net annual budget of £24.002m, representing an overspend of £0.579m. This is excluding Welfare section, see 5.0 and Appendix 2 for the Welfare budget 20/21.
- 4.2 From the 1 April 2020, the Service has taken steps to achieve the 2020/21 savings through vacant posts and spending controls, however due to COVID this year has become very uncertain and pressures have arisen as a result that were not foreseen. The Service remains focussed on minimising expenditure through vacancy controls and by minimising discretionary expenditure where possible in order to help with the pressures from COVID and also to achieve the budget savings allocated where possible.
- 4.3 The Directorate Section includes all of the Service's unallocated efficiency savings from previous years which are yet to be allocated permanently to other budget headings in the Service. However, the service is looking to allocate this to Heads of Service to manage in their budgets throughout the year.
- 4.4 ICT have a forecasted overall overspend of £0.044m. This is made up of a forecasted COVID overspend of £0.133m offset partially by underspends in staffing.
- 4.5 In Revenues and Business Support, the forecasted overspend is £0.419m. This is predominantly based on a forecast pressure on Warrant income as a result of COVID offset partly by some staffing underspends.
- 4.6 The underspend in Corporate Finance of £0.048m is mainly arising from underspends in staffing.

5. Welfare Budget 2020/21

- 5.1 **Appendix 2** shows actual expenditure and the outturn against the budget at 30 June 2020. The Section is showing an outturn of £20.692m against a net annual budget of £18.931m, representing an overspend of £1.761m
- 5.2 An overspend of £0.562m is anticipated for the Council Tax Reduction Scheme (CTRS) due to COVID. This overspend reflects the net position after assumed further funding that will be received by government. Whilst the allocation of this funding has not been confirmed the Scottish Government set aside £25m nationally to cover the expected additional costs of the scheme, Highland expects to receive £0.86m of this funding based on previous allocation methodologies for similar funding. CTRS is a demand-led adjustment to council tax bills, funded by the Scottish Government, which sets the rules for the scheme. As reported to previous committees, excellent processing times and benefits promotion including those delivered by Welfare Support and Advice staff across Highland supports a positive share of the national fund.
- 5.3 Housing Benefit reports a balanced position at this stage in the financial year. 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.

- 5.4 The Food Fund expenditure forecast of £1.199m is showing here against a zero budget however the budget for this is included in the unallocated budget shown in the Corporate Monitoring.
- 5.5 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 later in this agenda in the Service's Performance report. Collection of overpaid Housing Benefit also shows positive performance supporting this budget heading.

6.0 Performance and Governance Service Revenue Budget 2020/21

- 6.1 **Appendix 3** is the monitoring statement showing actual expenditure and the estimated year-end outturn against the budget at 30 June 2020. The Service is showing an outturn of £4.868m against a net annual budget of £4.378m, representing an overspend of £0.490m.
- 6.2 The pressure is almost entirely Covid-19 related and, of this, most is due to lost income. This is the case for most of Corporate Communications pressure of £0.118m; all of the Licensing overspend of £0.414m and all of the Trading Standards overspend of £0.040m.
- 6.3 The Directorate line is showing an overspend of £0.128m due to staffing budget pressures and pressures from income in relation to surcharges. Budget realignments are still to take place for senior staffing across the Council which explains the majority of the overspend in this section and so it is expected that this will reduce significantly by the end of the year.
- 6.4 Elections are forecasting a £0.065m overspend due to the anticipated costs of an upcoming by-election later in the year. The costs of delivering the by- election reflect anticipated increased expenditure arising from having to accommodate new ways of operating as a consequence of Covid-19.
- 6.5 There are a range of underspends across the rest of the Service which are helping to offset these pressures to some degree. Underspends in Legal Services (£0.165m) and Democratic Services (£0.059m) are predominantly due to staffing underspends with vacant posts not currently being filled. Underspends in Emergency Planning (£0.011m) and Corporate Audit and Performance (£0.040m) are mainly due to tight spending controls. It is also expected that there will be an underspend in the Members' budget due to reductions in travel and subsistence costs (2019/20 full year's costs totalled £0.157m). Estimated figures for this will be reflected in the next quarter's monitoring report.
- 6.6 If the Covid-related costs and income losses were removed, the Service would be on target to at least break even by the year end and most likely deliver an underspend.

7.0 Transformation Service Revenue Budget 2020/21

- 7.1 **Appendix 4** is the monitoring statement showing actual expenditure and the estimated year-end outturn against the budget at 30 June 2020. The Service is showing a forecasted balanced budget. The Transformation budget includes the 2020/21 Change Fund which at this stage is anticipated to be fully spent as any uncommitted funds at year end will be added to the Change Fund earmarked balance as happened in 2019/20.

Designation: Executive Chief Officer Resources and Finance; Executive Chief Officer Performance and Governance; Executive Chief Officer Transformation

Date: 30/07/2020

Author: Rachel Rae, Trainee Accountant

Background Papers: None

RESOURCES AND FINANCE SERVICE Revenue Expenditure Monitoring Report

1 April 2020 to 30 JUNE 2020

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	15	107	386	279
Resources & Finance - COVID	5	-	8	8
People	404	1,884	1,760	(124)
ICT Services	3,806	10,994	10,906	(88)
ICT Services - COVID	23	-	133	133
Revenues & Business Support	2,241	7,609	8,028	419
Corporate Finance	621	3,408	3,360	(48)
Total	7,115	24,002	24,581	579
BY SUBJECTIVE				
Staff Costs	4,381	15,272	15,218	(54)
Other Costs	2,787	12,981	12,711	(270)
Gross Expenditure	7,168	28,253	27,929	(324)
Grants	(203)	(754)	(720)	34
Other Income	151	(3,497)	(2,628)	869
Total Income	(53)	(4,251)	(3,348)	903
Total	7,115	24,002	24,581	579

Notes

1. %age of Annual Expenditure	Jun 2021	30%
	Jun 1920	23%

WELFARE BUDGET		ACTUAL	ANNUAL	YEAR END	VARIANCE
1 April to 30th June 2020		YTD	BUDGET	OUTTURN	
		£000	£000	£000	
Housing Benefits		10,518	38,418	38,418	0
Council Tax Reduction Scheme		13,991	12,569	13,131	562
Scottish Welfare Fund					
- Community Care Grants		171	1,500	1,500	0
- Crisis Grants	awarded	53	429	429	0
	Paypoint prepayment*	92			
		<u>316</u>	<u>1,929</u>	<u>1,929</u>	<u>0</u>
Educational Maintenance Allowances		276	689	689	0
School Clothing Grants	awarded	53	565	565	0
	Paypoint prepayment*	158			
		<u>211</u>	<u>565</u>	<u>565</u>	<u>0</u>
Advice Services					
- Citizens Advice Bureau		573	1,146	1,146	0
		<u>573</u>	<u>1,146</u>	<u>1,146</u>	<u>0</u>
Milton Holiday Hub Grant		0	0	68	68
		<u>0</u>	<u>0</u>	<u>68</u>	<u>68</u>
Food Fund - COVID		943	0	1,199	1,199
		<u>943</u>	<u>0</u>	<u>1,199</u>	<u>1,199</u>
GROSS WELFARE BUDGET		<u>26,828</u>	<u>55,316</u>	<u>57,145</u>	<u>1,829</u>
Income					
DWP - HB Subsidy		(8,415)	(35,560)	(35,560)	0
Educational Maintenance Allowances		0	(689)	(689)	0
Advice & Information Services		0	(136)	(136)	0
Milton Holiday Hub Grant		(68)	0	(68)	(68)
		<u>(8,483)</u>	<u>(36,385)</u>	<u>(36,453)</u>	<u>(68)</u>
NET WELFARE BUDGET		<u><u>18,345</u></u>	<u><u>18,931</u></u>	<u><u>20,692</u></u>	<u><u>1,761</u></u>

PERFORMANCE & GOVERNANCE SERVICE Revenue Expenditure Monitoring Report

1 April 2020 to 30 June 2020

	Notes	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY					
Members		318	1,695	1,695	0
Directorate		181	677	805	128
Emergency Planning		21	50	39	(11)
Corporate Communications		86	117	235	118
Legal Services		210	342	177	(165)
Licensing		(180)	(483)	(69)	414
Democratic Services		165	639	580	(59)
Elections		35	115	180	65
Trading Standards		174	546	586	40
Corporate Audit & Performance		167	680	640	(40)
Total		1,177	4,378	4,868	490

BY SUBJECTIVE

Staff Costs		1,452	5,325	5,227	(98)
Other Costs		59	662	589	(73)
Gross Expenditure		1,511	5,987	5,816	(171)
Grants		0	(25)	(13)	12
Other Income		(334)	(1,584)	(935)	649
Total Income		(334)	(1,609)	(948)	661
Total		1,177	4,378	4,868	490

Notes

1. %age of Annual Expenditure	Jun 20/21	27%
	Jun 19/20	24%

TRANSFORMATION SERVICE Revenue Expenditure Monitoring Report

1 April 2020 to 30 June 2020

	Notes	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY					
Change Fund		455	2,260	2,260	0
Commercial and Efficiency Team		108	510	510	0
Total		563	2,770	2,770	0
BY SUBJECTIVE					
Staff Costs		563	501	501	0
Other Costs		17	2,268	2,268	0
Gross Expenditure		579	2,770	2,770	0
Grants		0	0	0	0
Other Income		(16)	0	0	0
Total Income		(16)	0	0	0
Total		563	2,770	2,770	0

Notes

1. %age of Annual Expenditure Jun 20/21 **20%**