

Agenda Item	<b>4</b>
Report No	RES/34/21

## THE HIGHLAND COUNCIL

**Committee:** Corporate Resources Committee

**Date:** 24<sup>th</sup> November 2021

**Report Title:** Corporate Revenue Monitoring report to 30<sup>th</sup> September 2021

**Report By:** Executive Chief Officer- Resources and Finance

### 1. Purpose/Executive Summary

- 1.1 This report provides a summary of the actual spend in the first half of financial year 2021/22 together with a forecast year end outturn position.
- 1.2 Net spend on services in the first half of financial year 2021/22 totalled £232.6m.
- 1.3 Based on present expenditure trends a year end overspend of £1.471m is forecast. A significant factor relates to High Life Highland, with the forecast deficit due to the impact of Covid-19 on their business being anticipated and planned for in the March Council budget. The Council did set aside reserves to address this and other budget risks, but with these held corporately and only to be drawn down at year end if required the deficit translates to an overspend against the Council's annual budget. Section 5 of the report provides an explanation of this and all other significant variances. With the exception of the pressure in relation to High Life Highland, which was expected, the Council would be reporting an overall underspend of £1.195m.
- 1.4 The Council faces a number of financial risks in relation to staff pay increases, the requirement to deliver additional services as defined by the Scottish Government as well as more general risks in incurring additional costs in respect of Covid response and recovery. The crystallisation of any of these risks will have an adverse impact on the position reported.
- 1.5 The report also provides a summary of the delivery of the approved budget savings required to deliver a balanced budget in 2021/22 along with an explanation of the forecast position of the Council's key reserves at the year end.

## **2. Recommendations**

### **2.1 Members are asked to:**

- i. Consider the financial position of the General Fund and HRA revenue budgets as at 30<sup>th</sup> September 2021 and note the estimated year end forecast;
- ii. Note the status of budgeted savings in the year;

## **3. Implications**

3.1 Resource implications are as noted in this report. If an overspend position is reported at year end this will need to be funded from the Council's reserves. Section 6 of this report provides more information on the Council's reserves position.

3.2 At this stage in the year there is a risk that unforeseen events occur which carry an additional cost burden. Services that are demand-led, such as looked after children or winter maintenance may see significant moves in cost forecast over the year from that currently forecast. The ongoing impact of Covid may also impact the Council in ways previously unidentified or have a greater or lesser impact in certain areas than currently forecast. Other risks relating to unexpected items, such as adverse weather, may emerge during the year for which no specific contingencies are held.

At this stage of the year there are two specific risks which may have a significant impact on the forecast outturn position. Firstly, the staff pay award for 2021/22 has not yet been agreed. Provision has been made in the budget for a 2% pay award and this sum is included in the overall forecast position. Discussions between COSLA and the trade unions on the pay award continue- the cost of the current offer made by COSLA is in line with the Council's budgetary provision. If that offer is not accepted by the unions and an increased pay award is agreed this would likely create a budget pressure. An additional 1% on the pay award would cost in the region of £3.5m.

The second specific risk relates to commitments made by the Scottish Government as part of their 'First 100 days' pledge- a number of aspects of which will need to be implemented by local authorities. Many of these commitments will likely have a financial impact and at this stage it remains unclear whether sufficient additional funding will be received from Government to offset that impact. Most particularly the overall quantum made available to offset the impact of removing instrumental music tuition fees does not suggest that Highland will receive enough to offset the local financial impact. For other commitments made by the Government in areas such as Free School Meals, Early Years, clothing and food grants there is a higher degree of confidence that sufficient funding will be received.

A number of the risks referenced above were specifically considered when setting a target level for reserves in March 2021 as part of the budget process. In relation to any of these risks, but the pay award one specifically, it is important to note that whilst there may be a financial impact in the current financial year which will likely need to be managed through the use of reserves there could also be an ongoing impact on the baseline budget with the budget gap for future years widening by an equivalent amount.

That ongoing impact will need to be managed by finding additional revenue budget savings.

- 3.3 Legal- The contents of this report and the annual accounts aim to satisfy the requirement of Sections 6 and 7 of the CIPFA Financial Management Code- 'Monitoring financial performance' and 'External financial reporting'.
- 3.4 There are no specific equality, climate change/Carbon Clever, rural or Gaelic implications arising as a direct result of this report.

#### 4. Overall position 2021/22

4.1 The table below provides a summary of the figures in **Appendix 1** to give an overall forecast position for the 2021/22 year-end outturn.

	Annual Budget £m	Year-end forecast £m	Year-end variance £m
<b>Expenditure</b>			
Service budgets (Appendix 1, Table A- top half)	£562.7m	£567.1m	£4.4m
Other budgets (Appendix 1, Table A- bottom half)	£72.7m	£70.2m	-£2.5m
Contribution to investment funds and other reserves (Appendix 1, Table C)	£21.4m	£21.6m	£0.2m
<b>Total (X)</b>	<b>£656.7m</b>	<b>£658.8m</b>	<b>£2.1m</b>
<b>Income (Table D)</b>			
Government income	£498.5m	£498.8m	£0.3m
Budgeted Council tax income	£130.7m	£131.0 m	£0.3m
Confirmed use of earmarked reserves	£12.2m	£12.2m	£0m
Confirmed use of non-earmarked funds (creation of phase 2 and 3 investment funds)	£15.3m	£15.3m	£0m
<b>Total (Y)</b>	<b>£656.7m</b>	<b>£657.3m</b>	<b>£0.6m</b>
<b>Difference between expenditure and income- 'Budget (surplus)/deficit' (=X-Y)</b>	<b>£0</b>	<b>£1.5m</b>	<b>£1.5m</b>

4.2 The bottom line of the table above shows that the current forecast for the overall year end position is for a deficit (or net overspend) of £1.5m which will need to be funded from the Council's non-earmarked reserve. The paragraphs below, and subsequent sections of this report, will provide an explanation of the elements making up that deficit.

4.3 As shown in the top row of the table at 5.1, net service expenditure is forecast to be overspent by £4.4m with variances across a number of service areas. Section 5 of this report provides more details of the forecast service budget variances.

4.4 The second row of the table comprises a number of other budget lines and shows a forecast £2.5m underspend. This underspend principally reflects additional funding received from government to address the overall financial impact of Covid (as opposed to funding provided for specific response activity) which was confirmed after the Council had set its budget. This additional income has not been allocated to any specific service budget and sits as an 'unallocated budget' which offsets some of the service budget pressures from the line above.

- 4.5 The third row of the table shows contributions to investment funds (including the Phase 2 investment fund) and other reserves. A variance of £0.2m is showing against this line as the income forecast from second homes Council Tax is higher than the budgeted level and will require to be paid into Landbanking Fund for investment in affordable housing.
- 4.6 The first row in the income section of the table above reflects the funding the Council receives from government. The budget for this row reflects the confirmed level of funding that the Council will receive from the Scottish Government for financial year 2021/22. The excess income forecast on this line reflects the Council's claim to government under the Bellwin scheme in relation to the impact of winter weather in late 2020 and early 2021 for which no accrual was made in the 2020/21 financial year. This funding has been received by the Council but the claim remains subject to external audit.
- 4.7 An increased surplus against budget of £0.3m for Council Tax income is forecast. This surplus reflects increasingly positive collection rates of current and prior year Council Tax and a higher than anticipated rate of growth in the Council Tax base, albeit the budget reflects a slightly lower overall collection rate and base growth than pre-Covid levels.
- 4.8 The third and fourth rows of the income section of the table show the confirmed use of earmarked and non-earmarked reserves to support in-year expenditure and the creation of the phase 2 and 3 investment funds. As this is the planned use of reserves no variance is shown. **Appendix 4** to the report shows the detail of the movements in the Council's reserves in the year to date.
- 4.9 Overall, the combined impact of the net service overspend plus excess corporate income gives a forecast budget deficit of £1.5m for the year.

## **5. Service budget variances**

- 5.1 **Appendix 1** provides the usual monitoring statement format with **Table A** providing variance detail by service and other significant budget heads. Details of individual service positions will be reported to the respective strategic committees. Overall the Council is reporting a net overspend of £4.376m against service budgets.
- 5.2 **Appendix 2** provides a summary of forecast variances by service and expenditure and income type. Forecast overspends mainly relate to non-staffing expenditure and income shortfalls with some mitigation from underspends against staffing budgets.
- 5.3 The Communities and Place budget is forecasting an overspend of £0.414m, an improvement from the previously reported position of a £0.792m overspend. The current forecast reflects overspends in bereavement services, maintenance of community spaces, stores and fleet and some administration budgets which can only partially be offset by underspends forecast for waste, community support, contact and engagement.
- 5.4 The Education and Learning service is showing a £2.529m forecast overspend, an improvement from the £3.287m overspend forecast at quarter 1. Contained within the overall position is a forecast £2.7m pressure in relation to the impact of Covid on HighLife Highland (HLH). As part of the budget agreed in March Members were warned of a substantial financial risk in respect of HLH with the following narrative:

*'A risk of £3.4m has been identified in relation to Highlife Highland, whose business*

*model has been severely impacted by the Covid pandemic. HighLife continue to actively manage their budget to mitigate the financial impacts of Covid but are expecting substantially reduced levels of income in financial year 2021/22 due to lockdown restrictions. The Council is committed to supporting HighLife during the coming year and will look to underwrite any year-end deficit the charity may return, providing the charity with a letter of comfort to that effect if required. Based on current forecasts HighLife are projecting a £3.4m reasonable worst-case deficit which will be closely monitored over the course of the year ahead.'*

HLH continue to work to reduce this deficit which has reduced by £0.5m from the £3.2m reported at quarter 1 but it is likely that the Council will need to provide some additional funding to HLH this year. This need was recognised when agreeing the Council's reserves strategy with an element of the non-earmarked reserve anticipated to be required for this purpose.

- 5.5 A forecast underspend of £1.403m is showing against the Health and Social Care budget- compared to a forecast £2.183m underspend at quarter 1. This movement reflects the ongoing impact of Covid-19 on the Health and Social Care budget, including an increase in Out of Authority (OOA) placements and Fostering and Adoption, both impacting on the financial position. This change illustrates what is considered to be a time-lag effect of Covid impacts resulting in increasing service demand.
- 5.6 The Infrastructure, Environment and Economy service is forecasting an overspend of £1.618m with a number of factors underpinning that position. Covid related pressures exist in relation to school transport costs, and there are income pressures in relation to car parking and the Corran Ferry. Smaller pressures exist in the Infrastructure and Engineering budget headings.
- 5.7 The Performance and Governance service is forecasting an underspend of £0.350m, primarily due to forecast underspends in the Members budget and underspends arising from the time-lag in recruiting to new and vacant posts.
- 5.8 The Property and Housing service is forecasting a £1.553m overspend, the largest element of which is attributable to income across a number of headings being lower than budget. These income shortfalls encompass recharge income, RHI income and catering income. An expenditure pressure is forecast in respect of property running costs for leisure and cultural properties.
- 5.9 The Resources and Finance service is forecasting a year end underspend of £0.199m, primarily in relation to staffing vacancies. The time lag in recruiting to new and vacant posts also contributes to a £0.131m underspend in the Transformation service.
- 5.10 The Welfare budget is forecasting an overspend of £0.345m. The largest element of this variance relates to a forecast £0.3m overspend as a result of the volume of applications to the scheme set up to help alleviate fuel poverty arising as a result of the Covid pandemic.
- 5.11 At this mid-point of the year no variance is being forecast against the non-domestic rates relief or Loans charges budgets with a small underspend being forecast against the budget for the Valuation Joint Board.
- 5.12 The unallocated budget line is showing a forecast underspend of £2.689m. This is almost entirely due to two elements of the local government funding settlement from Government which were determined after the Council had set its budget. Firstly the

Council received a higher than budgeted share of a national £259m allocated to local authorities in 21/22 on a one off basis to help alleviate pressures arising as a result of Covid. Secondly a late amendment to the local government settlement saw the addition of £40m to the overall settlement sum described as 'Funding for Pressures'. Highland's share of this £40m is £1.860m. It is expected (although not confirmed by Government) that this funding will also be one-off for 2021/22 and not baselined into the overall settlement for 2022/23 and beyond

Part of this additional funding will be used to address the excess cost of the holiday pay backpay, the cost of which was £0.137m greater than the funds earmarked for this purpose. A further £0.4m of this government funding will be used to supplement the adult social care budget. As reported to the Health and Social Care Committee the Council will be funding £2m of the £8m additional funding secured for adult social care in 2021/22, with £1.6m of that amount already set aside as an earmarked fund and available for draw down.

- 5.13 The pressure showing on the unallocated savings line reflects the budget saving in relation to Property Asset Management. Whilst a clear plan for asset rationalisation is developing the realisation of any significant element of saving in 2021/22 is looking increasingly unlikely.

## **6. Housing Revenue Account**

- 6.1 As shown in **Appendix 3** the Housing Revenue Account (HRA) is forecast to deliver a net overspend of £1.195m. This overspend will, as agreed by the Housing and Property Committee, be funded by the HRA reserve which is sitting at an increased level due to Covid impacts in 2020/21. That increased reserve is being used to fund 'catch up repairs' and other work that could not be undertaken as planned in 2020/21. Further details on the HRA position will be reported to the Property and Housing Committee in December.

## **7. Reserves and Balances**

- 7.1 **Appendix 5** summarises the movements on the Council's earmarked and non-earmarked balances during the course of the year and the impact of the forecast revenue budget outturn position on reserves.
- 7.2 At this stage of year there does remain the opportunity to recover the current forecast position. Any year end overspend will however require to be funded from the Council's non-earmarked balances.
- 7.3 The Council's non-earmarked general fund reserve is expected to sit at £26.636m at 2021/22 year end if the Q2 forecast of a £1.471m overspend transpires. A reserve of this level equates to just over 4% of the Council's revenue budget and is in excess of the £24.7m minimum level for this reserve agreed by Council as part of the March budget.
- 7.4 Given the short-term uncertainties around pay awards, other financial risks, the Government funding settlement for 2022/23 and the medium to long term financial outlook Members will note that even a reserve at the current level may be very quickly depleted if in-year risks crystallise and sustainable revenue budgets for future years cannot be agreed. More context on these matters was included in the Medium Term Financial Plan update report to Council in late October.

7.5 Earmarked reserves, which are reserves held for specific, already committed, spend currently sit at £53.104m. A significant element of that sum will be drawn down at financial year end to match expenditure incurred in the year across a number of areas, principally Phases 1, 2 and 3 investment, Covid business grants and other Covid response funding, and delivering change and other investment. The remainder of that earmarked sum will be used to meet existing expenditure commitments that extend into 2022/23 and beyond.

## 8. Budget savings

8.1 In order to deliver a balanced budget for the year budget savings of £10.781m were approved in March 2021. A summary of the delivery of those savings can be seen at **Appendix 6**. Savings ranked as Green are expected to be delivered in full, those as Amber have some challenges to the full delivery of the saving, and those as Red have substantial challenges and are not expected to be fully delivered. **Appendix 7** provides the detail of the specific savings rated as Amber or Red.

8.2 As part of the current committee cycle services will be reporting the detail of the delivery of their savings. The full delivery of all approved budget savings is essential given the continuing squeeze on the Council's revenue budget.

Designation: Executive Chief Officer- Finance and Resources

Date: 11<sup>th</sup> November 2021

Author: Edward Foster, Head of Corporate Finance

Background Papers:

[https://www.highland.gov.uk/download/meetings/id/78408/9i\\_medium\\_term\\_financial\\_planning\\_and\\_health\\_and\\_prosperity\\_strategy\\_investment](https://www.highland.gov.uk/download/meetings/id/78408/9i_medium_term_financial_planning_and_health_and_prosperity_strategy_investment)

[https://www.highland.gov.uk/download/meetings/id/78893/9\\_medium\\_term\\_financial\\_plan\\_update\\_revised](https://www.highland.gov.uk/download/meetings/id/78893/9_medium_term_financial_plan_update_revised)

[https://www.highland.gov.uk/download/meetings/id/78409/9ii\\_annual\\_accounts\\_202021\\_and\\_revenue\\_and\\_capital\\_budget\\_out-turn\\_figures](https://www.highland.gov.uk/download/meetings/id/78409/9ii_annual_accounts_202021_and_revenue_and_capital_budget_out-turn_figures)

[https://www.highland.gov.uk/download/meetings/id/77933/14\\_revenue\\_budget\\_202122\\_to\\_202324\\_update](https://www.highland.gov.uk/download/meetings/id/77933/14_revenue_budget_202122_to_202324_update)



[https://www.highland.gov.uk/download/meetings/id/77862/item\\_4\\_revenue\\_budget\\_202122\\_to\\_202324](https://www.highland.gov.uk/download/meetings/id/77862/item_4_revenue_budget_202122_to_202324)

[https://www.highland.gov.uk/download/meetings/id/78588/3\\_corporate\\_revenue\\_monitoring\\_report\\_to\\_30\\_june\\_2021](https://www.highland.gov.uk/download/meetings/id/78588/3_corporate_revenue_monitoring_report_to_30_june_2021)

[https://www.highland.gov.uk/download/meetings/id/79013/8\\_revenue\\_monitoring\\_report\\_202122\\_quarter\\_2](https://www.highland.gov.uk/download/meetings/id/79013/8_revenue_monitoring_report_202122_quarter_2)

[https://www.highland.gov.uk/download/meetings/id/78996/item\\_9\\_-\\_revenue\\_budget\\_monitoring](https://www.highland.gov.uk/download/meetings/id/78996/item_9_-_revenue_budget_monitoring)

[https://www.highland.gov.uk/download/meetings/id/79071/item\\_11\\_revenue\\_budget\\_monitoring\\_for\\_quarter\\_2\\_of\\_202122](https://www.highland.gov.uk/download/meetings/id/79071/item_11_revenue_budget_monitoring_for_quarter_2_of_202122)

<b>Revenue Expenditure Monitoring Report -General Fund Summary</b>
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<b>1 April to 30 September 2021</b>
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	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
<b>Table A: By Service</b>				
Communities & Place	18,970	39,911	40,325	414
Education & Learning	78,701	215,856	218,385	2,529
Health & Social Care	56,507	158,504	157,101	(1,403)
Infrastructure, Environment & Economy	11,514	32,807	34,425	1,618
Performance & Governance	2,359	5,354	5,004	(350)
Property & Housing	38,846	72,256	73,809	1,553
Resources & Finance	7,585	13,691	13,492	(199)
Transformation	7,261	13,663	13,532	(131)
Welfare Services	8,731	10,640	10,985	345
<b>Service Total</b>	<b>230,474</b>	<b>562,682</b>	<b>567,058</b>	<b>4,376</b>
Valuation Joint Board	1,539	3,091	3,000	(91)
Non Domestic Rates reliefs	651	671	671	0
Loan Charges	0	58,130	58,130	0
Unallocated Budget	0	12,378	9,689	(2,689)
Unallocated Corporate Savings	0	(1,614)	(1,291)	323
<b>Total General Fund Budget</b>	<b>232,664</b>	<b>635,338</b>	<b>637,257</b>	<b>1,919</b>

**Table B: By Subjective**

Staff Costs	179,725	374,585	367,143	(7,442)
Other Costs	221,360	479,408	537,773	58,365
<b>Gross Expenditure</b>	<b>401,085</b>	<b>853,993</b>	<b>904,916</b>	<b>50,923</b>
Grant Income	(111,794)	(93,129)	(148,091)	(54,962)
Other Income	(56,627)	(125,526)	(119,568)	5,958
<b>Total Income</b>	<b>(168,421)</b>	<b>(218,655)</b>	<b>(267,659)</b>	<b>(49,004)</b>
<b>Total Revenue Expenditure</b>	<b>232,664</b>	<b>635,338</b>	<b>637,257</b>	<b>1,919</b>

**Table C: Appropriations to Reserves**

Contribution to earmarked balances	0	15,642	15,642	0
Contribution to non-earmarked balances	0	0	0	0
Affordable housing contribution from 2nd homes council tax	0	3,000	3,200	200
Contribution to Other reserves	0	2,716	2,716	0
<b>Total Contributions to Balances</b>	<b>0</b>	<b>21,358</b>	<b>21,558</b>	<b>200</b>

**Table D: Financed By**

Aggregate External Finance as notified	153,709	484,702	484,702	0
Additional resources	0	13,853	14,145	292
Council Tax	78,955	130,654	131,010	356
Use of earmarked balances	0	12,187	12,187	0
Use of non earmarked balances- creation of Phase 2 & 3 investment fund	0	15,300	15,300	0
Use of non earmarked balances	0	0	1,471	1,471
Use of other reserves	0	0	0	0
<b>Total General Fund Budget</b>	<b>232,664</b>	<b>656,696</b>	<b>658,815</b>	<b>2,119</b>

<b>Revenue Expenditure Monitoring Report - General Fund Summary</b>
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<b>1 April to 30 September 2021</b>
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**Table A: By Service**

	Staff Costs Variance £000	Other Costs Variance £000	Grant Income Variance £000	Other Income Variance £000	Total Variance £000
Communities & Place	(3,045)	173	(10)	3,296	414
Education & Learning	(1,701)	4,172	(3)	61	2,529
Health & Social Care	(692)	(721)	0	10	(1,403)
Infrastructure, Environment & Economy	(2,114)	56,794	(55,162)	2,100	1,618
Performance & Governance	(142)	(45)	(20)	(143)	(350)
Property & Housing	451	(1,302)	223	2,181	1,553
Resources & Finance	(109)	(163)	4	69	(199)
Transformation	(90)	(41)	0	0	(131)
Welfare	0	1,955	6	(1,616)	345
Valuation Joint Board	0	(91)	0	0	(91)
HiTrans Requisition	0	0	0	0	0
Non Domestic Rates reliefs	0	0	0	0	0
Loan Charges	0	0	0	0	0
Unallocated Budget	0	(2,689)	0	0	(2,689)
Unallocated Corporate Savings	0	323	0	0	323
<b>Total General Fund Budget</b>	<b>(7,442)</b>	<b>58,365</b>	<b>(54,962)</b>	<b>5,958</b>	<b>1,919</b>

<b>Revenue Expenditure Monitoring Report - Housing Revenue Account Summary</b>
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<b>1 April to 30 September 2021</b>
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	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Staff Costs	5,556	12,724	11,493	(1,231)
Other Costs	10,505	22,032	24,486	2,454
Loan charges and interest	0	23,375	23,375	0
<b>Gross Expenditure</b>	<b>16,061</b>	<b>58,131</b>	<b>59,354</b>	<b>1,223</b>
House Rents	(27,010)	(54,416)	(54,332)	84
Other rents	(1,724)	(3,286)	(3,381)	(95)
Other income	(1)	(367)	(384)	(17)
Interest on Revenue Balances	0	(62)	(62)	0
<b>Gross Income</b>	<b>(28,734)</b>	<b>(58,131)</b>	<b>(58,159)</b>	<b>(28)</b>
<b>Total HRA</b>	<b>(12,673)</b>	<b>0</b>	<b>1,195</b>	<b>1,195</b>

<b>Revenue Expenditure Monitoring Report - General Fund Budget</b>
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<b>1 April to 30 September 2021</b>
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	£m	£m
<b>Budget as Agreed by Highland Council on 5 March</b>		<b>647.965</b>
Less : Contributions to Reserves included in Agreed Budget		
Contribution to earmarked balances (Elections Fund)	(0.085)	
Contribution to other reserves	(2.709)	
Affordable housing contribution from 2nd homes council tax	<u>(3.000)</u>	(5.794)
Less : Ring-fenced Grants (Gaelic, Criminal Justice, PEF Attainment Funding, Early Years)		(33.620)
<b>Grant Funding Redeterminations</b>		
Additional funding for pressures	1.860	
Covid-19 : Consequential funding in excess of estimate	1.432	
Covid-19 : Test and Protect - Local Self-Isolation Assistance	0.098	
Covid-19 : Get into Summer	0.721	
Covid-19 : Education Recovery	2.608	
Covid-19 : Family Pandemic Payments	0.747	
Covid-19 : Low Income Pandemic Payments	2.428	
Free School Meals - School Holidays	0.722	
Free School Meals - P4 & P5	1.255	
Music Tuition in Schools	0.146	
First 100 days - teacher/Pupil support assistant commitment	2.306	
R-71a (Grants)	0.794	
R-71b (Admin)	0.013	
Covid-19 Tenant Grant Fund	0.312	
Covid-19 Local Self Isolation Assistance Service	0.098	
	<u>15.540</u>	
Less : Redeterminations of Ring-fenced Grants		15.540
<b>Use of Non-earmarked Balances</b>		
<i>Transfer to earmarked balances</i>		
Phase 2 Investment - approved by Highland Council June 2021	10.000	
Phase 3 Investment - approved by Highland Council June 2021	5.300	
		<u>15.300</u>
<b>Use of Earmarked Balances</b>		
NHS Highland Adult Services	4.000	
Additional Support for Learning	1.000	
Counselling in Schools	0.731	
Covid-19 : Children and young people's mental health	0.163	
Covid-19 : Tackling financial insecurity	0.764	
Covid-19 : Ward budgets	0.467	
Change Fund	1.318	
Phase 1 Investment - Ward Discretionary Budgets	0.210	
Phase 1 Investment - Place-based Investment	2.100	
World Heritage Centre	0.076	
Core Paths Network	0.062	
R-11 - Recovery Funding Drawdown	1.176	
Brexit Co-ordination	0.011	
Developer Contributions	0.110	
		<u>12.187</u>
<b>Use of Other Reserves</b>		
		<u>0.000</u>
<b>Contribution to Non earmarked Balances</b>		
		<u>0.000</u>
<b>Contribution to Earmarked Balances</b>		
Salix	(0.210)	
Phase 2 Investment - approved by Highland Council June 2021	(10.000)	
Phase 3 Investment - approved by Highland Council June 2021	(5.300)	
1 + 2 Languages	(0.047)	
		<u>(15.557)</u>
<b>Contribution to Other Reserves</b>		
Repairs and Renewal Fund	(0.007)	
		<u>(0.007)</u>
<b>Presentational Adjustments</b>		
Additional CTR funding offset against council tax budget	(0.676)	
		<u>(0.676)</u>
<b>Total General Fund Budget at 30 September 2021</b>		<u><u><b>635.338</b></u></u>

<b>Revenue Expenditure Monitoring Report - General Fund Budget</b>
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<b>1 April to 30 September 2021</b>
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**General Fund Balance**

	Earmarked balances £m	Non- earmarked balances £m	Total £m
General Fund Balance at 1 April 2021 (unaudited)	53.562	43.407	96.969
(Use of)/contribution to balances included in budget as agreed by Highland Council on 4 March 2021	0.085	0.000	0.085
Use of balances per Appendix 4	(12.187)	(15.300)	(27.487)
Contribution to balances per Appendix 4	15.557	0.000	15.557
Movement in balance per Appendix 1	3.454	(15.300)	(11.846)
Net service Overspend per Appendix 1	0.000	(1.919)	(1.919)
Appropriations to other reserves	0.000	(0.200)	(0.200)
Additional resources	0.000	0.292	0.292
Council tax	0.000	0.356	0.356
General Fund Balance at 30 September 2021	57.016	26.636	83.652

**Delivery of Agreed Savings 2021/22- RAG analysis**

Appendix 6

<b>Service</b>	<b>Total approved savings 2021/22 £m</b>
Communities & Place	0.567
Education & Learning	5.498
Health & Social Care	0.816
Infrastructure, Environment & Economy	0.733
Performance & Governance	0.128
Property & Housing	0.314
Resources & Finance (including Welfare)	0.448
Transformation	0.438
<b>Service Savings Total</b>	<b>8.942</b>
Add : Corporate Savings	1.839
<b>Total</b>	<b>10.781</b>

<b>Green £m</b>	<b>Amber £m</b>	<b>Red £m</b>
0.354	0.168	0.045
5.498	0.000	0.000
0.816	0.000	0.000
0.633	0.100	0.000
0.128	0.000	0.000
0.121	0.193	0.000
0.448	0.000	0.000
0.438	0.000	0.000
<b>8.436</b>	<b>0.461</b>	<b>0.045</b>
1.503	0.337	0.000
<b>9.939</b>	<b>0.798</b>	<b>0.045</b>

Detail of savings ranked as Red and Amber- Q2

Appendix 7

Service	Savings Description	2021/22 Approved Saving £m	Update	Status R A G
C&P	Waste Management Services - Increase charges including commercial waste, garden waste, bulky uplifts, scrap metal and wheelie bin sales	0.168	Garden waste (£35k), commercial waste collection (£93k), bulky uplifts (£3k) on target and green. Elements relating to scrap metal (£20k) and sale of wheelie bins (£17k) at risk and rated amber.	<b>A £37k at risk</b>
I&E&E	Corran Ferry - Fares Income	0.100	Fares income will continue to be monitored throughout the remainder of the year	<b>A</b>
P&H	HLH - Reduce energy costs	0.093	Utility consumption targets to be reviewed with HLH	<b>A</b>
P&H	Rates Relief Savings	0.100	Saving subject to rates reviews being successful	<b>A</b>
Corporate	Property Asset Management - Further review the occupation of all operational assets (both leased and owned) including offices, schools and HLH premises to establish where effective rationalisation can be deployed to allow us to reduce the number of operational buildings across the Council estate.	0.313	Work ongoing in relation to property rationalisation and new ways of working with plans for office staff to return in a hybrid working pattern.	<b>A</b>
C&P	Registrar Service Income Increase fee charge (income) Statutory Fees (set by NRS)	0.045	NRS are not increasing the statutory fees until Dec/Jan at the earliest	<b>R</b>