

Agenda Item	5.a
Report No	RES/10/22

THE HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 8th September 2022

Report Title: Corporate Revenue Monitoring report to 30th June 2022

Report By: Head of Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report provides a summary of the actual spend in the first quarter of financial year 2022/23 together with a forecast year end outturn position.
- 1.2 Net spend on services in the first quarter of financial year 2022/23 totalled £130.7m.
- 1.3 Based on present expenditure trends a year end overspend of £9.628m is forecast. A significant element of the forecast overspend relates to the potential increased cost of the staff pay award, rising from a budgeted 2% to a potential 5%. A forecasted cost at this level reflects the current offer made by COSLA to the trade unions albeit that offer has been rejected. A higher offer would increase the forecast overspend if further government funding support is not forthcoming. Other overspends relate to the increase in fuel prices, rising inflationary costs seen across service budgets and income shortfalls in specific service areas.
- 1.4 The Council faces a number of financial risks in relation to staff pay increases, contractual inflationary increases and increasing demand for services. Whilst budget provision has been made for all of these items wider macroeconomic circumstances suggest that all factors may be more significant than the budgeted level. The crystallisation of any of these risks will have an adverse impact on the forecast position currently reported for 2022/23.
- 1.5 It is important to note that nearly all of the cost pressures seen in the current year will recur into 2023/24 and in all likelihood costs will increase further. Both of these factors will contribute to the budget gap for 2023/24 which is likely to be far in excess of those seen in more normal times. A financial outlook report summarising the challenges that lie ahead will be presented to the full Council meeting in September but extremely challenging financial times lie ahead for the Council.

- 1.6 The forecast year end overspend of £9.628m will require to be funded from the Council's general fund non earmarked reserve. At 2022/23 year end after funding the forecast overspend this reserve is forecast to sit at £9.269m, effectively halving this reserve from the level at the start of the year. A reserve at this level is just under 1.5% of the Council's annual revenue budget and below the medium-term target level for this reserve of 3% of the annual revenue budget.
- 1.7 The report also provides a summary of the delivery of the approved budget savings required to deliver a balanced budget in 2022/23 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 30th June 2022 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 7 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 social care or winter maintenance may see significant moves in cost forecast over the year from that currently forecast. Other risks relating to unexpected items, such as adverse weather, may emerge during the year for which no specific contingencies are held.

There are two key areas of risk which may have a significant impact on the forecast outturn position. Firstly, the staff pay award for 2022/23 has not yet been agreed. The overall forecast position reflects the cost of the current offer made by COSLA which is for an overall 5% award, with 1.5% being funded by the Scottish Government. In its 2022/23 budget setting the Council had provided for a 2% award and as such a pressure in excess of £5m is showing in relation to this item. Any pay award that is agreed in excess of 5% will increase the forecast pressure.

The second specific risk relates to non-staffing cost inflation. Inflation remains high and there is no sign of any decrease in the coming months. High inflation is having a significant impact on all Service budgets across the Council. Whilst many contracts are uplifted annually at the start of the year to reflect inflation some costs may be more directly exposed to fluctuating costs and others may have clauses to cover exceptional in-year cost moves. Any contracts requiring to be reprocured in the current year, such as those relating to schools and public transport, are likely to be at the risk of significant cost increases. Other areas seeing significant non-staffing financial pressures include

independent sector care homes which may place an increased financial burden on the budget for commissioned adult services.

A number of the risks referenced above were specifically considered when identifying budget pressures and setting a target level for reserves in March 2022 as part of the budget process. In relation to any of these risks it is important to note that whilst there may be a financial impact in the current financial year which would 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. The high inflationary environment is also likely to mean the Council faces further significant pay and non-pay cost increases in 2023/24 and beyond.

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 2022/23

4.1 The table below provides a summary of the figures in **Appendix 1** to give an overall forecast position for the 2022/23 year-end outturn.

	Annual Budget £m	Year-end forecast £m	Year-end variance £m
Expenditure			
Service budgets (Appendix 1, Table A- top half)	£588.7m	£592.3m	£3.6m
Other budgets (Appendix 1, Table A- bottom half)	£71.5m	£77.8m	£6.3m
Contribution to investment funds and other reserves (Appendix 1, Table C)	£3.7m	£3.7m	£0m
Total (X)	£663.9m	£673.8m	£9.9m
Income (Table D- top part)			
Government income	£515.8m	£515.8m	£0m
Budgeted Council tax income	£135.9m	£136.2 m	£0.3m
Confirmed use of earmarked reserves	£12.2m	£12.2m	£0m
Total (Y)	£663.9m	£664.2m	£0.3m
Difference between expenditure and income to be funded from non-earmarked reserves- 'Budget (surplus)/deficit' (=X-Y)	£0m	£9.6m	£9.6m

- 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 £9.6m 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 4.1, net service expenditure is forecast to be overspent by £3.6m 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 pressure of £6.3m. This pressure has four main elements:
- A net pay pressure of £5m that reflects the unbudgeted cost of the current pay offer to staff
 - A pressure of £1m in relation to unbudgeted utility cost increases, in particular relating to increases in the cost of the contract for biomass
 - A pressure of £0.6m from a delay in delivering savings relating to asset management
 - A benefit of £0.3m from budget pressure funding provided in the 2022/23 budget but not required for its identified purpose in 2022/23
- 4.5 The third row of the table shows contributions to investment funds and other reserves. By far the largest element of this (£3.3m) reflects income from second homes Council Tax payable into the Landbanking fund to be used to support the delivery of affordable housing. A break even position has been forecast.
- 4.6 The first row in the income section of the table at 4.1 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 2022/23.
- 4.7 An surplus against budget of £0.3m for Council Tax income is forecast on the second row of the income table. 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.
- 4.8 The third row of the income section of the table shows the confirmed use of £12.2m of earmarked reserves to support in-year expenditure. Of this total sum £5.7m reflects reserve funding agreed in March to meet the continuing impact of Covid on the Council's income and expenditure budgets and balance the revenue budget for 2022/23. **Appendix 8** to the report shows the detail of the movements in the Council's earmarked reserves in the year to date and illustrates other earmarked reserves where funding has been drawn down for its intended purpose.
- 4.9 Overall, the combined impact of the net service overspend plus other budget pressures less excess corporate income gives a forecast £9.6m overspend for the year. This overspend will need to be funded from the Council's non-earmarked general fund reserve. **Appendix 5** and section 7 of this report provide more detail on the Council's reserves position.

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 are reported to the respective strategic committees. Overall the Council is reporting a net overspend of £3.649m 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. Whilst service budgets are all generally showing underspends against staffing budgets this is more than offset by the forecast cost of the staff pay award leading to a net overspend being forecast against staffing costs.
- 5.3 The Communities and Place budget is forecasting an overspend of £1.225m. The current forecast reflects overspends in fuel and parts including vehicle components, spares and tyres. Although fuel prices at the time of writing this report are reducing this is still a significant cost rise on a key commodity required to deliver critical services. Mitigation will continue to be taken to manage budgets as tightly as possible as the year progresses.
- 5.4 A near balanced position is forecast for the Depute Chief Executive service which covers the Council's ICT and Transformation functions.
- 5.5 The Education and Learning service is showing a £0.353m forecast overspend. The main areas of overspend are in relation to school hostels and special schools, partly offset by an underspend in Early learning and childcare. It is anticipated that the service's share of corporate staff savings will be delivered across the service budget by the end of the year.
- 5.6 The Health and Social Care budget is showing a nil variance against budget at quarter 1 after the required savings have been accounted for. Although at this stage in the year, it is difficult to predict out-turns with a high degree of certainty, the Service is seeing a positive trend in relation to reduced secure care and out of area residential placements. If this trend continues and can be sustained, this should reflect positively within financial forecasts over the remainder of the year. Whilst currently forecast a balanced position the budget for Adult Social Care may come under increasing pressure due to sustainability issues within the independent sector for care homes. A report on this topic was provided to the NHH/HC Joint monitoring committee in early August.
- 5.7 The Infrastructure, Environment and Economy service is forecasting an overspend of £1.580m which is mainly due to forecast income shortfalls. One particular area of risk in this service's budgets relates to the retendering of bus contracts which will take effect from January 2023- where there is potential for significant cost increases.
- 5.8 As reported elsewhere on this Committee's agenda the Performance and Governance service is forecasting an underspend of £0.057m, primarily due to forecast underspends in the democratic services, elections and trading standards areas of the budget.
- 5.9 The Property and Housing service is forecasting a £0.986m overspend, the largest elements of which are attributable to repairs and maintenance, homelessness and other rent void losses. Labour and material costs for housing repairs continue to be affected by rising inflation, along with difficulties in recruitment to the in-house building maintenance trades teams which has resulted in greater use of external contractors where costs are generally higher. Homelessness and other rent income are affected by increased numbers of properties being used as temporary accommodation, and also reflect some of the increasing costs for setting up, furnishing and maintaining properties.

- 5.10 The Resources and Finance service is forecasting a year end underspend of £0.432m, primarily in relation to staffing vacancies mainly due to the time lag in recruiting to new and vacant posts.
- 5.11 As reported elsewhere on this Committee's agenda the Welfare budget is forecasting a breakeven position. Given the rising cost of living it is expected that this service will face increasing demands over the remainder of the year.
- 5.12 At this mid-point of the year no variance is being forecast against the non-domestic rates relief, Loans charges or Valuation Joint Board budgets.
- 5.13 The unallocated budget line is showing a £5.7m variance. This is due to the additional, unbudgeted cost of the latest pay offer and increases in energy costs.

The budget set in March 2022 made allowance for a 2% pay award. The latest offer made by COSLA to the trade unions is for a 5% award with 1.5% being funded by additional grant from the Scottish Government. The current offer therefore requires the Council to fund a further 1.5% uplift for which no budgetary provision has been made. The financial impact of this is estimated at £5.5m although this is slightly offset by a reduction in the forecast cost of the consolidation of living wage into the Council's pay scales.

A £1.5m cost pressure is forecast in relation to the extension of the contract for biomass to the end March 2023. No budgetary provision was made for this specific item although a £3m budget provision for wider energy cost increases was allocated in the original budget- around £0.5m of that funding can contribute to this pressure. Overall a net pressure of £1m is forecast in relation to this issue.

The two pressures reported above are marginally mitigated by a benefit of £0.3m from budget pressure funding provided in the 2022/23 budget but not required for its identified purpose in-year.

- 5.14 The pressure showing on the unallocated savings line reflects the budget saving in relation to Property Asset Management. Whilst a clear plan for asset management is developing the in-year realisation of the majority of the savings target of £0.813m for 2022/23 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 £0.886m. Overspends are currently projected on housing repairs, homelessness, and other rent void loss. This is partially mitigated by Council house rent income in excess of budget, mainly due to rent income from new build property being above estimated levels following improved progress in the new build programme against original estimates. Action is being taken to reduce the net overspend and return a balanced budget by year end.

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 £9.629m at 2022/23 year end if the Q1 forecast of a £9.628m overspend transpires. A reserve of this level equates to just under 1.5% of the Council's revenue budget and is below the medium-term target level for this reserve of 3% of the Council's revenue budget.
- 7.4 Given the short-term uncertainties around pay awards, other financial risks and the medium to long term financial outlook Members will note that 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 will be included in a Medium Term Financial Plan update report to Council in September.
- 7.5 Earmarked reserves, which are reserves held for specific, already committed, spend currently sit at £87.690m. A significant element of that sum may be drawn down at financial year end to match expenditure incurred in the year across a number of areas, principally Phases 1, 2, 3 and 4 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 2023/24 and beyond. Given the challenging financial outlook the Council may, where possible, need to reprioritise some of the individual reserve items.

8. Budget savings

- 8.1 In order to deliver a balanced budget for the year savings of £17.728m need to be delivered. 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: Head of Corporate Finance

Date: 24th August 2022

Author: Edward Foster, Head of Corporate Finance; Carolyn Moir, Service Finance Manager

Background Papers:

https://www.highland.gov.uk/download/meetings/id/80294/item_7_revenue_budget_monitoring_report_202122_outturn_and_202223_quarter_1

https://www.highland.gov.uk/download/meetings/id/80306/item_9_revenue_budget_monitoring_august_2022

https://www.highland.gov.uk/download/meetings/id/80330/item_7_revenue_monitoring_final_outturn_2022_and_quarter_1_to_30_june_2022

https://www.highland.gov.uk/download/meetings/id/80363/item_7_property_and_facilities_management_services_revenue_budget_final_outturn_for_202122_and_monitoring_statement_to_30_june_2022

https://www.highland.gov.uk/download/meetings/id/80361/item_5_housing_revenue_account_hra_and_non-

[hra_budget_final_outturn_202122_and_monitoring_statement_to_30_june_2022](https://www.highland.gov.uk/download/meetings/id/80361/item_5_housing_revenue_account_hra_and_non-hra_budget_final_outturn_202122_and_monitoring_statement_to_30_june_2022)

Revenue Expenditure Monitoring Report -General Fund Summary

1 April to 30 June 2022

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Table A: By Service				
Communities & Place	9,494	36,546	37,771	1,225
Depute Chief Executive	4,947	11,584	11,578	(6)
Education & Learning	53,610	228,058	228,411	353
Health, Wellbeing & Social Care	34,513	179,854	179,854	0
Infrastructure & Environment and Economy	4,413	35,143	36,723	1,580
Performance & Governance	1,744	5,316	5,259	(57)
Property & Housing	12,640	70,163	71,149	986
Resources & Finance	3,444	13,650	13,218	(432)
Welfare Services	4,330	8,388	8,388	0
Service Total	129,135	588,702	592,351	3,649
Valuation Joint Board	900	3,140	3,140	0
Non Domestic Rates reliefs	668	671	671	0
Loan Charges	0	58,145	58,145	0
Unallocated Budget	0	12,104	17,818	5,714
Unallocated Corporate Savings	0	(2,525)	(1,962)	563
Total General Fund Budget	130,703	660,237	670,163	9,926

Table B: By Subjective				
Staff Costs	91,040	378,688	380,142	1,454
Other Costs	96,502	485,230	504,773	19,543
Gross Expenditure	187,542	863,918	884,915	20,997
Grant Income	(30,180)	(91,244)	(104,124)	(12,880)
Other Income	(26,659)	(112,437)	(110,628)	1,809
Total Income	(56,839)	(203,681)	(214,752)	(11,071)
Total Revenue Expenditure	130,703	660,237	670,163	9,926

Table C: Appropriations to Reserves				
Contribution to earmarked balances	0	392	392	0
Contribution to non-earmarked balances	0	0	0	0
Affordable housing contribution from 2nd homes council tax	0	3,296	3,296	0
Contribution to Other reserves	0	9	9	0
Total Contributions to Balances	0	3,697	3,697	0

Table D: Financed By				
Aggregate External Finance as notified	98,142	514,084	514,084	0
Additional resources	0	1,659	1,659	0
Council Tax	32,561	135,941	136,239	298
Use of earmarked balances	0	12,250	12,250	0
Use of non earmarked balances	0	0	9,628	9,628
Use of other reserves	0	0	0	0
Total General Fund Budget	130,703	663,934	673,860	9,926

Revenue Expenditure Monitoring Report - General Fund Summary

1 April to 30 June 2022

Staff Costs	Other Costs	Grant Income	Other Income	Total
Variance	Variance	Variance	Variance	Variance
£000	£000	£000	£000	£000

Table A: By Service

Communities & Place	(1,742)	1,885	(140)	1,222	1,225
Depute Chief Executive	(371)	746	0	(381)	(6)
Education & Learning	333	(172)	(10)	202	353
Health & Social Care	0	0	0	0	0
Infrastructure, Environment & Economy	(730)	3,359	(329)	(720)	1,580
Performance & Governance	90	52	(40)	(159)	(57)
Property & Housing	(567)	97	(132)	1,588	986
Resources & Finance	(593)	131	(17)	47	(432)
Welfare	0	12,202	(12,212)	10	0
Valuation Joint Board	0	0	0	0	0
Non Domestic Rates reliefs	0	0	0	0	0
Loan Charges					
Unallocated Budget	5,034	680	0	0	5,714
Unallocated Corporate Savings	0	563	0	0	563
Total General Fund Budget	1,454	19,543	(12,880)	1,809	9,926

Revenue Expenditure Monitoring Report - Housing Revenue Account Summary

1 April to 30 June 2022

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Staff Costs	2,794	13,701	12,255	(1,446)
Other Costs	6,972	22,846	25,078	2,232
Loan charges and interest	0	23,441	23,441	0
Gross Expenditure	9,766	59,988	60,774	786
House Rents	(11,544)	(56,093)	(56,245)	(152)
Other rents	(798)	(3,497)	(3,354)	143
Other income	(107)	(337)	(228)	109
Interest on Revenue Balances	0	(61)	(61)	0
Gross Income	(12,449)	(59,988)	(59,888)	100
Total HRA	(2,683)	0	886	886

Revenue Expenditure Monitoring Report - General Fund Budget		
1 April to 30 June 2022		
	£m	£m
Budget as Agreed by Highland Council on 3 March 2022 *		675.046
Less : Contributions to Reserves included in Agreed Budget		
Contribution to earmarked balances (Elections Fund)	(0.085)	
Contribution to earmarked balances (SALIX)	(0.210)	
Contribution to other reserves	(0.007)	
Affordable housing contribution from 2nd homes council tax	<u>(3.296)</u>	(3.598)
Less : Ring-fenced Grants (Gaelic, Criminal Justice, PEF Attainment Funding, Early Years)		(32.673)
Grant Funding Redeterminations		
Discretionary Housing Payments 80%	0.661	
Scottish Child Payment Bridging Payments	1.517	
Removal of Curriculum Charges	0.145	
Removal of Music Tuition Charges	0.453	
FSM expansion P4/P5 and special schools	0.603	
FSM school holidays	0.014	
Additional Investment in Health & Social Care (January SDG)	8.941	
Additional In Year Funding	0.000	
Social Work Capacity in Adult Services	0.978	
Covid : Test & Protect Funds - Self-Isolation Assistance - April 2022	0.033	
Estimated Funding for FYE of 2021/22 Teachers Pay Award	1.492	
Supporting Information Requests - Adult Disability Payment	0.134	
Support for Ferries (RF Grant)	0.207	
	<u>15.178</u>	
Less : Redeterminations of Ring-fenced Grants	<u>(0.207)</u>	14.971
Use of Non-earmarked Balances		
		<u>0.000</u>
Use of Earmarked Balances		
DSM Balances - Counselling	0.706	
Additional Teachers & Support Staff (First 100 Days)	1.632	
Summer of Hope 21/22	0.480	
Developing the Young Workforce	0.035	
<i>Phase 4 Investment Fund</i>		
Innovation in Education	0.240	
<i>Covid-19 Earmarked Balance</i>		
Support for Schools - Additional Staff	1.086	
Additional Education - Digital inclusion	0.562	
Additional Education - Home Learning Support Fund	0.400	
Education Recovery	0.878	
Children and young people's mental health	0.570	
		<u>6.588</u>
Use of Other Reserves		
		<u>0.000</u>
Contribution to Non earmarked Balances		
		<u>0.000</u>
Contribution to Earmarked Balances		
Salix Recycling Fund	(0.097)	
		<u>(0.097)</u>
Contribution to Other Reserves		
		<u>0.000</u>
Presentational Adjustments		
		<u>0.000</u>
Total General Fund Budget at 30 June 2022		<u>660.237</u>

* Agreed budget includes £5.662m use of earmarked balances for 2022/23 non-recurring pressures

Revenue Expenditure Monitoring Report - General Fund Budget

1 April to 30 June 2022

General Fund Balance

	Earmarked balances £m	Non- earmarked balances £m	Total £m
General Fund Balance at 1 April 2022 (unaudited)	99.548	19.257	118.805
(Use of)/contribution to balances included in budget as agreed by Highland Council on 3 March 2022	(5.367)	0.000	(5.367)
Use of balances per Appendix 4	(6.588)	0.000	(6.588)
Contribution to balances per Appendix 4	0.097	0.000	0.097
Movement in balance per Appendix 1	(11.858)	0.000	(11.858)
Net service Overspend per Appendix 1	0.000	(9.926)	(9.926)
Appropriations to other reserves	0.000	0.000	0.000
Additional resources	0.000	0.000	0.000
Council tax	0.000	0.298	0.298
General Fund Balance at 30 June 2022	<u>87.690</u>	<u>9.629</u>	<u>97.319</u>

Delivery of Agreed Savings 2022/23- RAG analysis

Appendix 6

Service	Total Approved Savings 2022/23 £m
Communities & Place	1.340
Education & Learning	4.836
Health & Social Care	1.586
Infrastructure, Environment & Economy	2.601
Performance & Governance	0.259
Property & Housing	1.686
Resources & Finance (including Welfare)	0.938
Transformation	2.107
Service Savings Total	15.353
Add : Corporate Savings	2.375
Total	17.728

Green £m	Amber £m	Red £m
1.340	0.000	0.000
4.836	0.000	0.000
0.017	1.569	0.000
2.256	0.100	0.245
0.259	0.000	0.000
1.686	0.000	0.000
0.938	0.000	0.000
2.107	0.000	0.000
13.439	1.669	0.245
1.562	0.813	0.000
15.001	2.482	0.245

Detail of Savings Ranked as Red and Amber

Appendix 7

Service	Service Ref	Budget Area	Savings Description	2022/23 £m	Saving RAG
I&E&E	CS/19c	Transport Section	Review of school transport contracts and arrangements - Gaelic medium	0.245	R
Corporate	P&H/14	Asset Management	Further asset management saving in addition to the £0.25m saving already agreed in March 2021	0.250	A
Corporate	Corp/9	Asset Management	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.	0.250	A
Corporate	Asset Mgt c/fwd	Asset Management	Balance of asset management saving brought forward from 2021/22	0.313	A
H&SC	H&SC/2	Third Sector Contracts	Review of priorities and delivery and reduction in payment - subject to negotiation and member agreement	0.150	A
H&SC	H&SC/4	Health and Social care- service wide	Through critical analysis of the HSC budget, savings have been identified. Overprovision within many budget lines have now been re-aligned with no impact on staffing numbers or service provision	0.500	A
H&SC	Corp/21 - H&SC Allocation	Corporate- staffing	Staff alignment, agility and redesign	0.519	A
H&SC	Corp/22 - H&SC Allocation	Corporate- staffing	Reduction in overtime	0.006	A
H&SC	Corp/23 - H&SC Allocation	Corporate- staffing	Recruitment timelines- removal of budget to reflect recruitment process timelines	0.354	A
H&SC	Corp/24 - H&SC Allocation	Corporate- non staffing	A review of non-staffing spend has identified opportunities for savings across services from improved contract management, stopping/reducing demand, alternative delivery, and actions relating to suppliers, specification, productivity, process, negotiation, contracts and analysis	0.040	A
I&E&E	I&E&E/2	Roads & Transport	Fares and Other Charges Increase	0.100	A

2.727

Earmarked Balances

Appendix 8

Description	Service	Earmarked Balance in Accounts Note	2022/23 Opening Balance £	2022/23 New Earmarking to Date £	2022/23 Drawdowns to Date £	Updated Balance £
Covid19 Funding						
Business Grants (B-14)	I&E&E	Covid-19	3,093,758			3,093,758
<i>Schools & Learning</i>						
Additional Education - Teachers (R-35)	E&L	Covid-19	1,086,000		-1,086,000	0
Additional Education - Digital inclusion (R-36)	E&L	Covid-19	562,000		-562,000	0
Additional Education - Home Learning Support Fund (R-37)	E&L	Covid-19	400,000		-400,000	0
Education Recovery (R-47)	E&L	Covid-19	878,061		-878,061	0
<i>Welfare</i>						
Additional Free School Meals Easter (R-19)	Welfare	Covid-19	88,582			88,582
Spring Hardship £100 payments - Admin (R-44b)	Welfare	Covid-19	13,000			13,000
Test and Protect Funds - Support for People (R-23)	C&P	Covid-19	23,099			23,099
Test and Protect Funds - Local Self-Isolation Assistance (R-24)	C&P	Covid-19	98,000			98,000
Test & Protect Expansion (R-49)	C&P	Covid-19	86,000			86,000
Test and Protect Funds - Local Self-Isolation Assistance (R-55, R-69, R-73, R-78)	C&P	Covid-19	331,552			331,552
Flexible Fund to Support People Impacted by Restrictions (R-31)	C&P	Covid-19	909,415			909,415
<i>LACER</i>						
Environmental Health & Trading Standards (R-81)	C&P	Covid-19	210,000			210,000
Support for Low Income Families (R-81)	Welfare	Covid-19	3,429,000			3,429,000
<i>Other</i>						
Environmental Health Officers (R-22)	C&P	Covid-19	67,629			67,629
Mental Health (R-26 & R-27)	E&L	Covid-19	569,766		-569,766	0
PESF Boost (R-52)	I&E&E	Covid-19	191,000			191,000
Ward Discretionary Funds (Covid-19)	C&P	Covid-19	265,454			265,454
CO2 Monitors	P&H	Covid-19	140,000			140,000
Covid-19 Funding Sub-total			12,442,316	0	-3,495,827	8,946,489
Phase 1 Investment Fund (HC 04/03/21)						
Economic Prosperity Fund (£6m)	I&E&E/E&L	Phase 1 Investment Fund	5,533,281			5,533,281
Place-Based Investment (£2.1m)	C&P	Phase 1 Investment Fund	1,380,915			1,380,915
Visitor Management Strategy (Phase 1) (£1.5m)	C&P/I&E&E	Phase 1 Investment Fund	435,342			435,342
Ward Discretionary Funds (Phase 1 Investment) (£0.210m)	C&P	Phase 1 Investment Fund	73,430			73,430
Phase 1 Investment Fund Sub-total			7,422,968	0	0	7,422,968
Phase 2 Investment Fund (HC 24/06/21)						
Corran Ferry (£1.6m)	I&E&E	Phase 2 Investment Fund	1,600,000			1,600,000
Environment/Climate Change - Renewables (£0.1m)	P&G	Phase 2 Investment Fund	100,000			100,000
Roads Investment (£5.5m)	I&E&E	Phase 2 Investment Fund	2,876,915			2,876,915
Burials & Cremations (£0.4m)	C&P	Phase 2 Investment Fund	388,805			388,805
Supporting Safe & Effective working (ICT) (£0.8m)	H&P	Phase 2 Investment Fund	800,000			800,000
Phase 2 Investment Fund Sub-total			5,765,720	0	0	5,765,720

Phase 3 Investment Fund (HC 09/09/21)					
Green Energy Hub (£2.8m)	C&P	Phase 3 Investment Fund	2,799,872		2,799,872
Visitor Management Strategy (Phase 3) (£1.5m)	C&P/I&E&E	Phase 3 Investment Fund	1,500,000		1,500,000
Community Loans Fund (£1m)	I&E&E	Phase 3 Investment Fund	1,000,000		1,000,000
Phase 3 Investment Fund Sub-total			5,299,872	0	5,299,872
Phase 4 Investment Fund (HC 03/03/22)					
Roads (£3.5m)	I&E&E	Phase 4 Investment Fund	3,500,000		3,500,000
Climate Action, Green Energy and Jobs (£2m)	Corporate	Phase 4 Investment Fund	2,000,000		2,000,000
Families First (£1m)	HW&SC	Phase 4 Investment Fund	1,000,000		1,000,000
Innovation in Education (£1m)	E&L	Phase 4 Investment Fund	1,000,000	-239,729	760,271
Rural Transport (£0.5m)	I&E&E	Phase 4 Investment Fund	500,000		500,000
Phase 4 Investment Fund Sub-total			8,000,000	0	-239,729
Other Funds					
NHS Highland - Covid Response Fund & Investment Fund	HW&SC	NHS Highland - Covid Response Fund & Investment Fund	16,396,000		16,396,000
Developing the Young Workforce	E&L	Developing the Young Workforce	35,000	-35,000	0
Elections	P&G	Elections	840,000	85,000	925,000
Grants & Match Funding					
Brexit	P&G	Grant & Match Funding	21,455		21,455
Community Justice	HW&SC	Grant & Match Funding	23,697		23,697
Learning & Teaching (1+2 Languages)	E&L	Grant & Match Funding	122,616		122,616
Deprived Areas Projects	I&E&E	Grant & Match Funding	67,117		67,117
K2 System	P&H	Grant & Match Funding	209,857		209,857
RRTP Homelessness	P&H	Grant & Match Funding	652,456		652,456
Whole Family Wellbeing	HW&SC	Grant & Match Funding	105,000		105,000
National Trauma Training	HW&SC	Grant & Match Funding	50,000		50,000
Mental Health Officers	HW&SC	Grant & Match Funding	139,000		139,000
Summer of Hope	E&L	Grant & Match Funding	479,591	-479,591	0
Period Poverty	C&P	Grant & Match Funding	109,000		109,000
FWES Employability	I&E&E	Grant & Match Funding	2,082,256		2,082,256
Additional Teachers & Support Staff (First 100 Days)	E&L	Grant & Match Funding	1,632,280	-1,632,280	0
Regional Economic Partnership Fund (Western Isles)	I&E&E	Grant & Match Funding	107,000		107,000
Highlife Highland	E&L	Highlife Highland	1,000,000		1,000,000
IT Investment Fund	Trans-formation	IT Investment Fund	1,078,383		1,078,383
Lease Premium	I&E&E	Lease Premium Windfall	265,000		265,000
SALIX Recycling Fund	P&H	Salix Recycling Fund	241,685	307,000	548,685
SALIX Recycling Fund - Management Fees	P&H	Salix Recycling Fund	58,246		58,246
Staffing Conditions and Development Fund			3,402,829		3,402,829
Scottish Crown Estate	I&E&E	Scottish Crown Estate	5,412,661		5,412,661
Skye Airstrip	I&E&E	Skye Airstrip	187,000		187,000
Walks to Water	I&E&E	Walks to Water	75,544		75,544
DSM Balances	E&L	Devolved School Management	3,870,324		3,870,324
DSM Balances - Counselling	E&L	Devolved School Management	705,606	-705,606	0
Badaguish Outdoor Centre	E&L	Badaguish Outdoor Centre	459,692		459,692
Change Fund			3,244,268		3,244,268
Commercial Investment Fund	Corporate	Commercial Investment Fund	74,000		74,000
Welfare Issues			613,246		613,246
Property (health & safety) (HC 04/03/21 one-off budget uplift)	P&H	Property (Health & Safety Issues etc)	2,400,000		2,400,000
Funding for 2022/23 Non-recurring Budget Pressures	Corporate	Funding for 2022/23 Non-recurring Budget Pressures	5,662,000	-5,662,000	0
Developers' Contributions	Corporate	Developers' Contributions	8,793,918		8,793,918
Other Funds Sub-total			60,616,727	392,000	-8,514,477
GRAND TOTAL			99,547,603	392,000	-12,250,033
					87,689,570