

# The Highland Council

Agenda Item	<b>7.a</b>
Report No	<b>RES/20/24</b>

**Committee:** Corporate Resources

**Date:** 11 September 2024

**Report Title:** Depute Chief Executive Service Revenue Monitoring Near Final Outturn 2023/24

**Report By:** Assistant Chief Executive - Corporate

## 1. Purpose/Executive Summary

- 1.1 This report provides Members with the 2023/24 final outturn monitoring statement for the Depute Chief Executive Service ('the Service'). The Service budget for 2023/24 was £13.920m with a year-end overspend of £0.186m.
- 1.2 No Quarter 1 2024/25 financial information is provided within this report. Members will recall that the Council went live with a new corporate financial system in April of this year, and at go-live there remained ongoing development work in a number of areas, including budgeting and reporting. Good progress has been made in development work over the summer period and this will be rolled out from August, and in turn will support improved budget monitoring and committee reporting, over the remainder of this financial year.
- 1.3 The content and structure are intended to:
  - assist Member scrutiny and performance management
  - inform decision making to aid continuous improvement, and
  - provide transparency and accessibility

## 2. Recommendations

- 2.1 Members are asked to:
  - i. **Consider** and **note** the revenue monitoring position for the Service.

## 3. Implications

- 3.1 **Resource:** The budget available to the Service in 2023/24 was £13.920m. The Service has a budgeted staffing establishment of circa 175 FTEs with circa 15 FTEs fixed term supporting, and funding by, various corporate programmes and projects. Key responsibilities of the Service include corporate leadership on climate change and energy, provision of corporate ICT, strategic improvement and digital transformation.

- 3.2 **Legal:** This report contributes to the Council's statutory duties to report performance and secure best value in terms of; Section 1(1)(a) of the Local Government Act 1992, and Section 1 of the Local Government in Scotland Act 2003, respectively.
- 3.3 **Risk:** There are no risk implications arising as a direct result of this report.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no immediate health and safety implications arising from this report.
- 3.5 **Gaelic:** There are no implications for Gaelic arising from this report.

#### **4. Impacts**

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring report and therefore an impact assessment is not required.

#### **5. Service Revenue Budget – Out-turn 23/24**

- 5.1 Revenue monitoring statements for 23/24 showing the net and gross position are set out in **Appendix 1** and **Appendix 2** respectively.
- 5.2 The Depute Chief Executive Service final position at year end was £14.106m against a budget of £13.920m which represents an overspend of £0.186m. The Depute Chief Executive budget in 2023/24 was split across three areas – Depute Chief Executive core, ICT & Transformation and Climate Change – and details of these individual areas are given below.
- 5.3 Expenditure in the core was £0.201m against a budget of £0.183m, representing an overspend of £0.019m.
- 5.4 Expenditure in ICT and Transformation was £12.566m against a budget of £13.103 representing an underspend of £0.537m. This underspend is largely due to vacancy management. This is a combination of continuing delays to recruit to some new specialist posts but also reflects high levels of internal movement of team members into promoted posts, leaving their former posts vacant. This is in line with the team approach to Workforce Planning of "growing our own" but does lead to new gaps in the team that still need to be filled.
- 5.5 Expenditure in Climate Change and Energy & Sustainability was £1.339m against a budget of £0.634m representing an overspend of £0.705m, primarily attributed to three factors.
- 5.6 The Energy Efficient Scotland Area Based Scheme (EES:Abs) Team, fully funded by the Scottish Government, is dedicated to reducing fuel poverty among private homeowners in the Highland region. Income targets for the EES:Abs Team are

extremely challenging due to the fact that they are 100% externally funded and their work is externally focused.

- 5.6.1 Despite this, the EES:Abs Team's practical success has been positive in attracting additional investment, which enhances the Council's ability to support homeowners facing fuel poverty in the region.
- 5.6.2 Beyond managing their allocated budget effectively, the team actively seeks further investment to enhance domestic energy efficiency. During the 2023/24 period, with £2.400m in funding from the Scottish Government, the team successfully secured a total investment of £7.100m for the Highland region. This substantial investment has made a significant impact, helping over 300 households escape fuel poverty by providing warmer, more energy-efficient homes.
- 5.6.3 As part of the Highland Delivery Plan, the team is also working to secure additional funding to support projects aimed at tackling fuel poverty and improving energy efficiency within the Council's housing stock.
- 5.7 A projected income of £0.180m, anticipated from solar PV generation through the Feed-in Tariff (FIT), has not yet been realized. This delay is partly due to the sale of Scottish and Southern Electric's retail arm to OVO Energy, but also because the Council has not submitted any FIT claims since 2019. As a result, the Council has had to undergo a prolonged process to be recognised as the FIT owner, which is still ongoing. This process is determined largely by provider-imposed timeframes. In the 2023/24 period, CCET agreed to take on the management of these claims. The Energy team has since been actively working with Scottish and Southern, as well as OVO Energy, to complete the required audit. Once this process is concluded, it is intended that the funds will be recovered.
- 5.8 The remaining overspend of £0.305m is linked to an historical income generation target set for the energy team. The team has since been repurposed to focus on enhancing the analytical understanding of energy operations across the estate and more recently, the improvement of the council's self-generation capabilities, and delivering option appraisals to support the council's decarbonisation and net-zero ambitions. Given the current remit, which prioritises long term financial and environmental benefits, the scope of providing a chargeable service is more challenging. Further, the 2024/25 budget strategy has committed to reducing internal recharge over a 3-year period and accordingly such targets will be kept under review.

Designation: Assistant Chief Executive - Corporate

Date: 21 August 2024

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Appendices: Appendix 1: DCE Revenue Expenditure Monitoring to 31.03.24  
Appendix 2: DCE Budget 2023/24 – March Monitoring

## Appendix 1

<b>DEPUTE CHIEF EXECUTIVE Revenue Expenditure Monitoring Report</b>					
<b>1 April 2023 to 31 March 2024</b>					
	£000	£000	£000	£000	
	Actual	Annual	Year End	Year End	
	Year To Date	Budget	Estimate	Variance	
<b>BY ACTIVITY</b>					
Recovery, Improvement & Transformation Fund	496	496	496	0	
Strategic Improvement & Redesign	1,449	1,651	1,449	(203)	
Depute Chief Executive	201	183	201	19	
ICT Services (Central)	5,747	5,507	5,747	240	
ICT Operations (Service)	2,087	2,346	2,087	(259)	
ICT Operations (Technical)	1,298	1,480	1,298	(182)	
ICT Operations (Applications)	1,489	1,622	1,489	(133)	
Climate Change	525	630	525	(105)	
Energy & Sustainability	814	4	814	810	
<b>Total</b>	<b>14,106</b>	<b>13,920</b>	<b>14,106</b>	<b>186</b>	
<b>BY SUBJECTIVE</b>					
Staff Costs	8,760	9,559	8,760	(799)	
Other Costs	12,385	7,398	12,385	4,987	
<b>Gross Expenditure</b>	<b>21,145</b>	<b>16,957</b>	<b>21,145</b>	<b>4,188</b>	
Grants	0	0	0	0	
Other Income	(3,739)	(2,943)	(3,739)	(796)	
<b>Total Income</b>	<b>(3,739)</b>	<b>(2,943)</b>	<b>(3,739)</b>	<b>(796)</b>	
	17,406	14,014	17,406	3,393	
<b>Notes</b>					
1. %age of Annual Expenditure	Dec 23/24	101%			
	Dec 22/23	96%			

## Appendix 2

### DEPUTE CHIEF EXECUTIVE BUDGET 2023/24 - MARCH MONITORING

	GROSS EXPENDITURE				VARIANCE ANALYSIS		GROSS INCOME				NET TOTAL				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Staff Costs Variance	Other Costs Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	Annual Budget	Actual YTD	Year End Outturn	Year End Variance	
<b>BY ACTIVITY</b>															
<b>Recovery, Improvement &amp; Transformation (RIT)</b>															
RIT Fund Projects	496	496	496	0	(0)	0	0	0	0	0	0	496	496	496	0
<b>Strategic Improvement &amp; Redesign</b>	1,651	1,449	1,449	(203)	(198)	(5)	0	0	0	0	0	1,651	1,449	1,449	(203)
<b>Depute Chief Executive</b>	183	201	201	19	18	1	0	0	0	0	0	183	201	201	19
<b>ICT Services</b>															
ICT Services (Central)	7,081	8,664	8,664	1,583	(122)	1,705	(1,574)	(2,917)	(2,917)	(1,343)		5,507	5,747	5,747	240
ICT Operations (Service)	2,346	2,087	2,087	(259)	(206)	(53)	0	0	0	0	0	2,346	2,087	2,087	(259)
ICT Operations (Technical)	1,480	1,298	1,298	(182)	(175)	(7)	0	0	0	0	0	1,480	1,298	1,298	(182)
ICT Operations (Applications)	1,622	1,489	1,489	(133)	(135)	2	0	0	0	0	0	1,622	1,489	1,489	(133)
<b>Energy &amp; Sustainability</b>															
Climate Change	686	591	591	(95)	(108)	13	(56)	(66)	(66)	(10)		630	525	525	(105)
Energy & Sustainability	1,411	4,870	4,870	3,459	(170)	3,629	(1,407)	(4,056)	(4,056)	(2,649)		4	814	814	810
<b>TOTAL</b>	16,957	21,145	21,145	4,188	(1,096)	5,284	(3,038)	(7,039)	(7,039)	(4,002)		13,920	14,106	14,106	186