

The Highland Council

Agenda Item	8b
Report No	JMC-08-25

Committee: **Joint Monitoring Committee**

Date: **12 June 2025**

Report Title: **Finance Report – Highland Council**

Report By: **Chief Officer – Corporate Finance**

1. Purpose/Executive Summary

- 1.1 This report sets out for members of the Joint Monitoring Committee (JMC), an update on the Council's overall financial position, and that related to Integrated Children's Services functions delivered by the Council through the Lead Agency arrangement.
- 1.2 This report includes a particular focus on the £20m fund held by the Council to support the Adult Social Care budget on a multi-year basis, and the process of change and transformation. Reflecting recent reports to Council which have formalised a number of matters relating to use of that fund in 2024/25.
- 1.3 This includes confirmation that from within that £20m, £7.9m has been drawn down in 2024/25, with £2.3m used to support ASC change and transformation, and £5.6m to support the NHS Highland Adult Social Care budget and year end position.
- 1.4 Due to the timing of this JMC meeting, no traditional financial monitoring reports for the Council are included. The Council's Annual Accounts for 2024/25 will not be concluded until end June and considered by the Council meeting of 26 June. The relevant information will be reported to the next JMC. It is also too early in the year for new 2025/26 financial year budget monitoring, with this commencing for Quarter 1 the period to 30 June.

2. Recommendations

- 2.1 Members are asked to:
 - i. Note this report and update provided.
 - ii. Note that of the £20m Council earmarked fund to support Adult Social Care, £7.9m has been drawn down in 2024/25 leaving an estimated balance of £12m.
 - iii. Note the update provided regarding the Council's Delivery Plan.

3. Implications

- 3.1 Resource – there are no specific recommendations with resource implications in this report.

- 3.2 Legal – no particular implications to highlight.
- 3.3 Risk – the report references, in the context of the £20m earmarked fund, ongoing risk and financial challenges in relation to Adult Social Care. More detailed information is included within the NHS Highland financial paper also on this agenda.
- 3.4 Health and Safety (risks arising from changes to plant, equipment, process, or people) – no particular implications to highlight.
- 3.5 Gaelic – no implications.

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 and update report and therefore an impact assessment is not required.

5. Out-turn for 2024/25

- 5.1 The Highland Council's statutory deadline for preparation of Annual Accounts is 30 June and due to timing of this May Joint Monitoring Committee (JMC), the final out-turn position and Annual Accounts are not as yet complete and will only be in time for the Council meeting of 26 June to comply with the statutory deadline.
- 5.2 The final out-turn position is therefore not ready or available for this meeting. As set out below, the forecast position as at Quarter 3 was as follows:
 - £2.2m Q3 Forecast net overspend on Integrated Childrens Services
 - £14.3m Q3 Forecast net overspend on all Council Services
 - £4.5m Q3 Forecast net deficit for Council as a whole

If the final out-turn is in line with predictions, this will result in a £4.5m deficit position and a reduction in available reserves. The Council's budget for 2025/26 was set with this scenario considered, and plans in place to address where required. Ultimately a lower level of reserves than assumed, would require re-assessment of the reserves held and their intended purposes and plans for use.

6. Council Delivery Plan and Earmarked Reserves

- 6.1 The Council on 15 May 2025 considered a report on the Council's Operational Delivery Plan and a Progress Report for 2024/25, the first year of that plan. That report covered the broad range of change, transformation and saving activity encompassed within that plan, and also included some specific recommendations regarding Adult Social Care (ASC) and drawdown of funds from the £20m set aside to support ASC.

6.2 In relation to key headlines regarding the Council's Operational Delivery Plan:

- The plan included a target £27.6m of savings delivery for 2024/25.
- Against that target £22.2m was forecast to be delivered, being 80%.
- Recognising some of the slippage in relation to saving delivery against the £7m Adult Social Care saving target, excluding that there was forecast to be 95% delivered across all other parts of the Plan.
- 51 updates have been presented to the respective Council Strategic Committees since March 2024 to support governance, transparency and scrutiny of Plan delivery which has included work carried out in partnership with NHS Highland in terms of the delivery of adult social care.
- The report noted that the Council had made provision within its 2025/26 – 2027/28 budget for a re-profile of some savings recognising some of the slippage in delivery.

6.3 With regard to the £20m earmarked fund set aside by the Council to support the Adult Social Care budget on a multi-year basis, and the process of change and transformation, the May Council report also set out the following matters.

- £2.271m of drawdown was expected in 2024/25 to support ASC change and transformation.
 - £2.161m of which was drawn down by NHS Highland
 - £0.110m of which was drawn down to support ASC change management staffing and advisory costs being accounted for by the Council.
- £5.6m was agreed to be drawn down by NHS Highland to support the 2024/25-year end Adult Social Care position and reduce the forecast deficit and associated risks and implications.
- As a result, £12m of the earmarked fund was forecast to be available into 2025/26 and beyond, for Adult Social Care.

6.4 The report provided further information and context related to the Adult Social Care position, considering in particular the ongoing financial pressures and challenges faced, the risks in 2025/26 regarding the financial position and, the need for a renewed pace in the development and delivery of ASC change and transformation. JMC are receiving a separate update report on this agenda related to NHS Highland financial position.

Designation: Chief Officer - Corporate Finance

Date: 21 May 2025

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Background Papers:

[https://www.highland.gov.uk/download/meetings/id/84950/item_3_operational_delivery_plan_2024-2027 - annual report](https://www.highland.gov.uk/download/meetings/id/84950/item_3_operational_delivery_plan_2024-2027_-_annual_report)