

# The Highland Council

Agenda Item	<b>7a</b>
Report No	<b>RES/22/25</b>

**Committee:** Corporate Resources

**Date:** 28 August 2025

**Report Title:** Corporate Revenue Budget Monitoring report. Out-turn for 2024/25 and Quarter 1 for 2025/26, the period ending 30<sup>th</sup> June 2025.

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

## 1. Purpose/Executive Summary

- 1.1 This report sets out the Corporate revenue budget monitoring forecast for the period ended 30<sup>th</sup> June 2025, the first Quarter of the 2025/26 financial year. The report consolidates the individual Service forecasts as considered at respective Strategic Committees, to provide an overall forecast for the Council as a whole. The report also provides members with a summary of the 2024/25 final out-turn, as had been previously reported to the June Council meeting.
- 1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: *"to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee's remit and monitor and control these budgets, including dealing with over- expenditure."*
- 1.3 This report provides members with commentary on any material variances within the forecast, and actions taken or proposed by Services in relation to variances. The report also provides a summarised position in relating to savings delivery, based upon detailed forecasts considered at respective Strategic Committees.
- 1.4 The forecast reflects a net deficit or overspend of **£12.554m** at year end. This is driven by a number of factors including legacy pressures from the previous financial year, some of which were known or expected to continue into 2025/26 and require ongoing action to address, plus some additional or emerging pressures including the impact of an unexpected £2.5m reduction in levy funding for the waste extended producer responsibility levy (pEPR scheme). Projected overspends are partly mitigated by projected underspend in loan charges and additional forecast council tax income.
- 1.5 The report references a number of changes made to budget control and monitoring arrangements for this year, which were implemented given the level of overspend reported in 2024/25. Furthermore, there are already actions in place regarding the forecast overspend, with a number of focus areas for review commenced in advance of the Quarter 1 period, including Children's Services/Looked After Children and

Fleet. At Officer level there is a clear understanding, and associated actions being taken, recognising the need to address the forecast position. Budget recovery action plans are being developed for particular pressure areas and this approach will be used elsewhere as required. Reporting on actions being taken will be considered at respective Strategic Committees. It is expected that the effect of actions being taken should see improvement in the forecast position as the year progresses, with some tangible improvement already seen e.g. in the fleet budget due to actions now in place.

- 1.6 It is essential that the effect of the actions described and planned, take effect and result in an improvement in the financial position. The risk to the organisation of overspends is a reduction in reserves available, including those to support agreed change and investment plans, a risk to those plans, and an increased need for budget savings in the next financial year. Those risks remain until further progress with, and effect of budget recovery action plans, are seen in future reports.

## 2. Recommendations

- 2.1 Members are asked to:

- i. Consider the forecast financial position for the year as set out in this report and appendices;
- ii. Consider the explanations provided for any material variances and actions taken or proposed;
- iii. Consider the update provided regarding savings delivery.

## 3. Implications

- 3.1 **Resource:** This report provides key financial information regarding the Council's budget and forecast financial performance against that budget, including progress with saving delivery. The report reflects forecasts and actions being taken to address variances and forecast overspends.
- 3.2 **Legal:** The contents of this report aim to satisfy the requirement of Sections 6 and 7 of the CIPFA Financial Management Code- 'Monitoring financial performance' and 'External financial reporting'.
- 3.3 **Risk:** There is a risk to the Council's financial position, level of reserves and forward plans if overspending is not addressed over the course of the year. The Council holds reserves in excess of its policy target of 3%, however any overspend would impact on existing investment and change plans (supported by earmarked reserves) or the 3% reserve target. For the purposes of this report, Appendix 5 reflects the forecast effect on the 3% target with those General Reserves reducing from £24.5m (the 3% target) to £11.999m (1.5%). There is a risk that where budget recovery plans are in place, they may still take time to implement and take effect, such that actions taken does not wholly address the position in year. There remain some risks and uncertainty around pay settlements for some staff groups which could still impact the financial position for the year. The reported level of overspend in NHS Highland's Adult Social Care budget is also considered a significant risk, with this also recently commented on by Audit Scotland in their Best Value 3 thematic report.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** No particular implications to highlight.

3.5 **Gaelic:** No particular implications to highlight.

#### 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. Overview

5.1 The out-turn for 2024/25 was reported to Council in June of this year, and Strategic Committees are receiving their own reports on this position in this cycle of Committees. **Appendix A** provides the out-turn position for the General Fund and HRA as reported to June and reflected again here for members. The net deficit for the year was £5.818m.

5.2 Turning to 2025/26, the table below provides a summary of the figures in **Appendix 1** to give an overall forecast position for Quarter 1 of the 2025/26 financial year. This reflects the under-lying Service Quarter 1 forecasts already considered by Strategic Committees.

	2025/26 Annual Budget £m	2025/26 Year-end forecast £m	2025/26 Year-end variance £m
<b>Expenditure</b>			
Service budgets (Appendix 1, Table A- top half)	708.719	725.763	17.044
Other budgets (Appendix 1, Table A- bottom half)	94.680	91.638	-3.042
Contribution to investment funds and other reserves (Appendix 1, Table C)	4.806	4.806	0.000
<b>Total (X)</b>	<b>808.205</b>	<b>822.207</b>	<b>14.002</b>
<b>Income (Table D- top part)</b>			
Government income	634.802	634.802	0.000
Budgeted Council tax income	164.426	165.874	1.448
Confirmed use of earmarked and other reserves	8.977	8.977	0.000
<b>Total (Y)</b>	<b>808.205</b>	<b>809.653</b>	<b>1.448</b>
<b>Difference between expenditure and income to be funded from non-earmarked reserves- 'Budget (surplus)/deficit' (=X-Y)</b>	<b>0.000</b>	<b>12.554</b>	<b>12.554</b>

- 5.3 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 £12.554m which if not addressed over course of the year, will need to be funded from the Council's non-earmarked reserve. This being over and above planned or any further use of reserves over the course of the year.
- 5.4 As shown in the top row of the table at 5.1, net service expenditure is forecast to be overspent by £17.044m with variances across a number of service areas. Section 6 of this report provides more details of the forecast service budget variances.
- 5.5 The second row of the table comprises a number of other budget lines and shows a positive variance (underspend against budget) of £3.042m.
- 5.6 The third row of the table shows contributions to investment funds and other reserves. A break-even position has been forecast.
- 5.7 The first row in the income section of the table at 5.1 reflects the funding the Council receives from government. In any year this may change as the year progresses, with additional or revised allocations of funding being confirmed.
- 5.8 An over-achievement of council tax income against budget is being forecast.
- 5.9 The third row of the income section of the table shows the draw-down of Earmarked balances to support in-year expenditure.
- 5.10 Overall, the combined impact of the net service overspend plus other budget pressures less excess corporate income gives a forecast £12.554m overspend for the year. It can also be noted from **Appendix 1** (table B) to this report that the overspends are primarily in the 'other costs' category of Council spend, with a grant income shortfall related to the Waste pEPR scheme as referenced in this report. With these overspends being partly mitigated by an underspend on 'staff costs' across Council Services. This report provides further narrative on the actions being taken to address that forecast overspend position, and in the expectation that such actions would see improvement in the position as the year progresses. **Appendix 5** and section 8 of this report provide more detail on the Council's reserves position.

## **6. General Fund - Service Budget Variances**

- 6.1 **Appendix 1** provides the usual monitoring statement format with Table A providing variance detail by service and other significant budget headings. Details of individual service positions are reported to the respective Strategic Committees. Overall, the Council is reporting a net overspend of £17.044m against service budgets.
- 6.2 At Quarter 1 an underspend of £3.000m is being shown against the Loan Charge budget line. This takes account of capital expenditure and treasury management forecasts. Members will be aware from past reports to Council which have highlighted the expected 'lag' between HIP revenue budget funding decisions, HIP capital priority decisions, and then the resulting capital expenditure and borrowing requirements. Over the short to medium term a level of underspend in Loan Charges is expected as a result. This is expected to be a temporary position given the Council has agreed its HIP priorities and in due course the level of capital spending, and borrowing to support this, will utilise the full level of revenue funding requirement. In the short-term

forecast underspends on loan charges are partly mitigating some of the overspends occurring in service budgets.

- 6.3 **Appendix 2** provides a summary of forecast variances by service and expenditure and income type. Forecast overspends mainly relate to non-staffing (other cost) expenditure and income shortfalls.
- 6.4 The Communities and Place service is forecasting an overspend of £2.580m against the core service budget which is in the main due to overspends within Fleet (£2.575m) and Waste (£0.534m) offset by underspends in other service areas. Due to the level of overspend within the Fleet service a full review has been commenced with a budget recovery plan put in place. This includes a full review of fleet and vehicles operated by Highland Council to reduce the number of assets. The fleet review includes staffing and vacancies within the workshop which is a direct impact on external contractors. There are already positive early signs, since the Q1 forecasts for that Service were completed, of the impact of actions being taken, with an estimated up to £1.1m of improvement in the position from actions identified to date, and further recovery work ongoing.
- 6.5 Accounted for separately, and highlighted in the Communities and Place monitoring, is the income predicted for the packaging extended producer (pEPR scheme) funding. Whilst the total income notified as coming to the Council last year was £9.500m and had been accounted for as such in the budget setting process and in the service budget, recent communication has indicated this sum to now be £7m. This shortfall is out with the service and the Council's control. Action is being taken to engage directly with UK Government/DEFRA, and via Cosla, to understand the reasons and rationale for the change and escalate matters given the financial impact on the Council.
- 6.6 The Business Solutions service (former Depute Chief Executive service) is forecasting an underspend of £0.037m. This is due to staff vacancies, additional income from service recharges, and increased contract prices which are necessary as the service works towards fully delivering the IT provision inhouse.
- 6.7 The Education and Learning service is forecasting an underspend of £0.318m. The main variances within that position are continuing pressures in terms of the legacy staffing positions for special schools £0.851m, this pressure has been offset by underspends in staff turnover in the Early Learning and Childcare budget; and part year vacancies in Schools General as part of the on-going service restructure, recruitment is expected to be completed within the current financial year.
- 6.8 The Health and Social Care service is forecasting an overspend of £4.118m. This is due in the main to the underlying pressures and overspends which impacted in 2024/25, and were largely as a result of pressure in the Looked After Children budget which accounts for £4.1m of the Service forecast variance. A recovery Plan is being developed by the Service recognising the need to take action to address the forecast overspend. The forecast position for the Service is based on an assumed Nil variance on Adult Social Care (ASC), i.e. the Council's funding contribution is expected to be limited to the budget available. There remains a clear risk to this assumption given the level of pressure and overspend being reported by NHS Highland on ASC functions. As set out within the monitoring report to the Council's Health Social Care and Wellbeing Committee, NHSH have reported an underlying ASC pressure and overspend of £19.8m within their own budget report, this being after assumed delivery of a targeted level of savings.

- 6.9 The Infrastructure, Environment and Economy service is forecasting an overspend of £5.597m. The main areas contributing to this overspend are Trading Operations (£1.526m), Climate Change and Energy (£1.821m), and Roads and Transport (£2.189m). Trading Operations (Harbours and Ferries) is currently forecasting an overspend of £1.526m this is due to a pressure in relation to achievement of income targets in respect of Harbour Dues and Ferry fare income. In addition, there are costs to be met as a result of essential repair works at the Corran ferry slipway. The Climate Change and Energy service overspend (£1.821m) is projected due to slippage in savings delivery, officers are working to consider actions to be taken in this area. Roads and Transport is currently predicting an overspend of £2.189m, this is primarily due to income targets for the Skye Quarry, Engineering Services (RCC Income) and Car Parks. In addition, an overspend of £0.370m is currently forecast for integrated transport services arising from increased staff costs and consultant/software costs associated with a new IT system. A variance of £0.286m for School Transport is also forecast arising from increased demand for ASN Transport. Every effort is being made to reduce this level of forecast overspend and future monitoring reports will provide a more up to date assessment. Mitigation plans will be prepared to detail how the income targets can be achieved through increasing revenue sales and reviewing sales margins, increasing fees and charges, and reviewing the potential for increased car parking patrols.
- 6.10 The Performance and Governance service is forecasting an underspend of £0.031m, this is as a result of staff vacancies, offset by income tracking below target.
- 6.11 The combined Property and Housing service (excluding HRA) is forecasting an overspend of £2.450m which is due to unachieved savings within the Project Delivery section and Asset Rationalisation, and income from leased properties behind target. This is partly offset with an underspend in CCFM due to staff turnover and recruitment challenges through the year. Further actions are being progressed to take a budget recovery plan approach to some of the issues reflected in the Q1 forecasts.
- 6.12 The Resources and Finance service is forecasting an overspend of £0.175. While the Core Service budget is underspent, primary due to staffing and vacancies, this is offset by the overspend resulting from slippage in achievement of tourism income and procurement savings. Progress on tourism income is being reported and monitored at the Income Generation Board.
- 6.13 The Welfare budget is forecasting a small overspend of £0.010m. This is in respect of overheads associated with benefit take-up. Members are advised that the Council Tax Reduction budget is forecasting a £0.645m underspend and this is reported within the Council Tax income line for the Council separately on the statement.
- 6.14 At this point of the year there is no variance anticipated for Non Domestic Rates Reliefs. No variance is being forecast against the Valuation Joint Board budget.
- 6.15 The unallocated budget line is showing a small net underspend of £0.042m. This budget consists of a number of elements which are held centrally pending allocation out to Services as a result of certain matters being clarified. The majority of agreed pressure funding has been allocated to Service budgets, and over the course of the year the amount held centrally will reduce and by year end the budget would be expected to be at or near Nil. The main elements held unallocated at this time include:

- Pay award funding (pending confirmation of Scottish Government funding in support and agreement of outstanding pay claims).
- Utilities pressure funding agreed by Council, held centrally until later in year and clearer picture on utility costs and forecasts available.
- Various other agreed pressures and savings, held centrally pending discussion with Services.

6.16 The net underspend shown reflects assessment of the expected year end position, considering risks and pressures against these budget elements.

## **7. Housing Revenue Account**

7.1 As shown in **Appendix 3** the Housing Revenue Account (HRA) is forecast to deliver a net underspend of £0.166m. This is across a number of areas and will be closely monitored through the year.

## **8. Actions Taken or Proposed**

8.1 A number of actions and improvements in budget monitoring and control are already in place and have been implemented from the start of this financial year. This was in recognition of the overspends which had arisen in 2024/25, and the expectation that some of these were likely to continue unless action was taken. While through this report members will be seeing first reports on the 2025/26 budget position and actions being taken, members can be assured that many plans have been enacted in advance of Quarter 1 and taking a pro-active approach.

8.2 Some of the improvements and actions put in place include:

- the reversion back to standalone budget monitoring reports on Committee agendas (separate from performance reports) to provide the opportunity for greater focus on budget monitoring;
- refinement and improvement to budget monitoring report templates, including a greater focus on actions being taken or proposed by Services to address variances and overspends;
- further developments and improvements to financial system reports and dashboards available to budget holders and senior management to support monitoring;
- a focused approach to budget recovery plans in targeted areas, supported by the Council's senior officer team. Ensuring a corporate support and challenge approach to budget recovery.

8.3 As referred to in the previous section, and based on reports to Strategic Committees, there is already budget recovery planning activity in place in a number of areas, including within Children's Services/Looked After Children, and Fleet. The latter of which is already seeing early signs of impact with around £1.1m of improvement actions identified from the initial phase of activity. Further recovery planning activity is underway and scheduled for other key budget risk areas, the effect of which is intended to ensure that as the year progresses, and actions are taken forward, improvement in the forecast financial position is seen.

8.4 It is essential that the Council takes action to address forecast overspends, and avoid a net deficit position and resulting impact on reserves and future plans. As outlined in this report, early action is being taken and the measure of the effect of this activity will

be reflected in future reports. There remains the risk, despite actions being taken, that an overspend position remains. This could be as a result of actions not fully addressing the overspend position in-year, and/or the risks associated with the Adult Social Care position as described in this report.

## **9. Reserves**

- 9.1 **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. The level of overspend forecast will further reduce reserves from earlier estimates unless addressed over the remainder of the year.
- 9.2 The Council's non-earmarked general fund reserve is expected to sit at £11.999m at 2025/26 year end.
- 9.3 Earmarked reserves, which are reserves held for specific and agreed purposes, currently sit at £91.799m. A significant element of that sum may still be drawn down at financial year end to match expenditure incurred in the year across a number of areas, principally delivering change and delivery plan and other investment. The remainder of that earmarked sum will be used to meet existing expenditure commitments that extend into 2026/27 and beyond. A review of Earmarked Balances is underway and will support an updated assessment as the year progresses. As noted earlier, a net deficit as forecast could put at risk and necessitate review of existing planned uses of reserves, unless the overspend is addressed.

## **10. Savings Delivery**

- 10.1 In order to deliver a balanced budget for the year approved savings of £12.943m, agreed in February 2024 and March 2025, for 2025/26 need to be delivered. Slippage, carry forward and adjustment of saving targets from prior years, the majority of which related to Adult Social Care, have also been added to the savings targets being tracked for delivery in this year. Taking the total tracked savings for 2025/26 to £25.720m. A summary of the delivery of those savings, can be seen at **Appendix 6**. Each Strategic Committee receives their own forecast and summary of progress with savings delivery, covering both Delivery Plan and other agreed budget savings. Within this report a consolidated overview of those reported position is set out. As noted in earlier comments in section 6, where there is forecast slippage in savings delivery this will be reflected in the forecast Service positions, and part of Service action planning to address overspends will of course focus on increasing the pace of savings delivery.



Designation: Chief Officer – Corporate Finance

Date: 21 August 2025

Authors: Brian Porter, Chief Officer - Corporate Finance  
Carolyn Pieraccini, Strategic Lead Corporate Finance (Place)  
Jennifer McGonagle, Strategic Lead Corporate Finance (People),  
Alison McDonald, Principal Accountant

Appendices: Appendix A – 2024/25 Out-turn  
Appendix 1 – 2025/26 Forecast General Fund summary  
Appendix 2 – 2025/26 Forecast General Fund by Spend Type  
Appendix 3 – 2025/26 Forecast – HRA  
Appendix 4 – 2025/26 Budget movements/reconciliation  
Appendix 5 – 2025/26 General Fund reserves and balances forecast  
Appendix 6 – 2025/26 Summary of forecast savings delivery

**Revenue Expenditure Monitoring Report - General Fund Summary**
**1 April to 31 March 2025**

	Annual Budget £000	Outturn £000	Year End Variance £000
<b>Table A: By Service</b>			
Communities & Place	44,659	48,241	3,582
Business Solutions (Former Depute Chief Executive)	14,345	14,802	457
Education & Learning	289,584	289,147	(437)
Health, Wellbeing & Social Care	201,742	205,754	4,012
Infrastructure & Environment and Economy	45,155	52,160	7,005
Performance & Governance	10,536	10,484	(52)
Property & Housing	84,384	85,677	1,293
Resources & Finance	16,266	16,691	425
Welfare Services	7,916	7,761	(155)
<b>Service Total</b>	<b>714,587</b>	<b>730,717</b>	<b>16,130</b>
Valuation Joint Board	3,296	3,230	(66)
Hi Trans Requisition	91	91	0
Green Freeport	458	458	0
Non Domestic Rates reliefs	1,725	2,196	471
Loan Charges	67,696	62,099	(5,597)
Unallocated Budget	4,220	0	(4,220)
Unallocated Corporate Savings	(502)	0	502
<b>Total General Fund Budget</b>	<b>791,571</b>	<b>798,791</b>	<b>7,220</b>

**Table B: By Subjective**

Staff Costs	458,685	448,278	(10,407)
Other Costs	570,777	596,394	25,617
<b>Gross Expenditure</b>	<b>1,029,462</b>	<b>1,044,672</b>	<b>15,210</b>
Grant Income	(88,124)	(91,040)	(2,916)
Other Income	(149,767)	(154,841)	(5,074)
<b>Total Income</b>	<b>(237,891)</b>	<b>(245,881)</b>	<b>(7,990)</b>
<b>Total Revenue Expenditure</b>	<b>791,571</b>	<b>798,791</b>	<b>7,220</b>

**Table C: Appropriations to Reserves**

Contribution to earmarked balances	16,325	16,325	0
Contribution to non-earmarked balances	0	0	0
Affordable housing contribution from 2nd homes council tax	9,708	9,985	277
Contribution to Other reserves	2,013	2,013	0
<b>Total Contributions to Balances</b>	<b>28,046</b>	<b>28,323</b>	<b>277</b>

**Table D: Financed By**

Aggregate External Finance as notified	579,924	580,277	353
Additional resources	24,301	24,301	0
Additional resources - GCG - Pay award	3,000	3,000	0
Council Tax	151,789	153,234	1,445
Use of earmarked balances	33,379	33,379	0
Use of non earmarked balances	16,938	22,756	5,818
Use of other reserves	10,286	10,167	(119)
<b>Total General Fund Budget</b>	<b>819,617</b>	<b>827,114</b>	<b>7,497</b>

<b>Revenue Expenditure Monitoring Report - Housing Revenue Account Summary</b>
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<b>1 April to 31 March 2025</b>
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	Annual Budget £000	Outturn £000	Year End Variance £000
Staff Costs	15,612	15,142	(470)
Other Costs	23,456	25,283	1,827
Loan charges and interest	29,500	28,835	(665)
<b>Gross Expenditure</b>	<b>68,568</b>	<b>69,260</b>	<b>692</b>
House Rents	(64,875)	(65,017)	(142)
Other rents	(3,281)	(3,024)	257
Other income	(351)	(958)	(607)
Interest on Revenue Balances	(61)	(656)	(595)
<b>Gross Income</b>	<b>(68,568)</b>	<b>(69,655)</b>	<b>(1,087)</b>
<b>Total HRA</b>	<b>0</b>	<b>(395)</b>	<b>(395)</b>

<b>Revenue Expenditure Monitoring Report - General Fund Summary</b>
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<b>1 April to 30 June 2025</b>
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	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
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**Table A: By Service**

Communities & Place	14,632	46,536	49,116	2,580
C&P Packaging Extended Producer Responsibility Funding	0	-9,500	-7,000	2,500
Business Solutions	6,665	13,164	13,127	-37
Education & Learning	67,049	296,438	296,120	-318
Health, Wellbeing & Social Care	44,877	199,652	203,770	4,118
Infrastructure & Environment and Economy	9,354	45,124	50,721	5,597
Performance & Governance	2,509	6,609	6,578	-31
Property & Housing	23,712	87,907	90,357	2,450
Resources & Finance	5,424	14,476	14,651	175
Welfare Services	3,833	8,313	8,323	10
<b>Service Total</b>	<b>178,055</b>	<b>708,719</b>	<b>725,763</b>	<b>17,044</b>
Valuation Joint Board	970	3,626	3,626	0
Green Freeport		0	0	0
Non Domestic Rates reliefs	1,450	1,247	1,247	0
Loan Charges	0	72,782	69,782	-3,000
Unallocated Budget	0	17,025	16,983	-42
<b>Total General Fund Budget</b>	<b>180,475</b>	<b>803,399</b>	<b>817,401</b>	<b>14,002</b>

**Table B: By Subjective**

Staff Costs	112,696	478,989	470,627	-8,362
Other Costs	117,809	543,412	563,951	20,539
<b>Gross Expenditure</b>	<b>230,505</b>	<b>1,022,401</b>	<b>1,034,578</b>	<b>12,177</b>
Grant Income	-21,081	-77,505	-74,936	2,569
Other Income	-28,949	-141,497	-142,241	-744
<b>Total Income</b>	<b>-50,030</b>	<b>-219,002</b>	<b>-217,177</b>	<b>1,825</b>
<b>Total Revenue Expenditure</b>	<b>180,475</b>	<b>803,399</b>	<b>817,401</b>	<b>14,002</b>

**Table C: Appropriations to Reserves**

Contribution to earmarked balances	0	922	922	0
Contribution to non-earmarked balances	0	0	0	0
Affordable housing contribution from 2nd homes council tax	0	3,873	3,873	0
Contribution to Other reserves	0	11	11	0
<b>Total Contributions to Balances</b>	<b>0</b>	<b>4,806</b>	<b>4,806</b>	<b>0</b>

**Table D: Financed By**

Aggregate External Finance as notified	120,494	627,540	627,540	0
Additional resources	0	7,262	7,262	0
Additional resources - GCG - Pay award	0	0	0	0
Council Tax	59,981	164,426	165,874	1,448
Use of earmarked balances	0	2,848	2,848	0
Use of non earmarked balances	0	0	12,554	12,554
Use of other reserves	0	6,129	6,129	0
<b>Total General Fund Budget</b>	<b>180,475</b>	<b>808,205</b>	<b>822,207</b>	<b>14,002</b>

<b>Revenue Expenditure Monitoring Report - General Fund Summary</b>
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<b>1 April to 30 June 2025</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	-1,400	2,145	-131	1,966	2,580
C&P Packaging Extended Producer Responsibility Funding	0	0	2,500	0	2,500
Business Solutions (Former Depute Chief Executive)	-821	1,734	0	-950	-37
Education & Learning	-1,135	784	36	-3	-318
Health & Social Care	-1,767	5,861	0	24	4,118
Infrastructure, Environment & Economy	-1,291	5,901	548	439	5,597
Performance & Governance	-94	-9	-58	130	-31
Property & Housing	-1,457	6,699	-242	-2,550	2,450
Resources & Finance	-397	466	-94	200	175
Welfare	0	0	10	0	10
Valuation Joint Board	0	0	0	0	0
Non Domestic Rates reliefs	0	0	0	0	0
Loan Charges	0	-3,000	0	0	-3,000
Unallocated Budget	0	-42	0	0	-42
<b>Total General Fund Budget</b>	<b>-8,362</b>	<b>20,539</b>	<b>2,569</b>	<b>-744</b>	<b>14,002</b>

Revenue Expenditure Monitoring Report - Housing Revenue Account Summary				
1 April to 30 June 2025				
	Actual Year to Date £000	Annual Budget £000	Final Outturn £000	Year End Variance £000
Staff Costs	3,607	16,531	15,989	(542)
Other Costs	6,195	32,500	32,500	0
Loan charges and interest	0	25,943	26,356	413
Gross Expenditure	9,802	74,974	74,845	(129)
House Rents	(16,305)	(71,081)	(71,179)	(98)
Other rents	(850)	(3,464)	(3,407)	57
Other income	(212)	(367)	(363)	4
Interest on Revenue Balances	0	(62)	(62)	0
Gross Income	(17,367)	(74,974)	(75,011)	(37)
Total HRA	(7,565)	0	(166)	(166)

## Revenue Expenditure Monitoring Report - General Fund Budget

1 April to 30 June 2025

	£m	£m
2025/26 Budget as Agreed by Highland Council on 6 March 2025		818.423
Less : Contributions to Reserves included in Agreed Budget		
Affordable housing contribution from 2nd homes council tax	(3.873)	
Contribution to earmarked balances (Elections Fund)	(0.085)	
Contribution to earmarked balances (SALIX)	(0.745)	
Contribution to other reserves	(0.011)	(4.714)
Less : Ring-fenced Grants (Gaelic, Criminal Justice, PEF Attainment Funding, Support for Ferries*)		(9.959)
<b>Grant Funding Redeterminations</b>		
Nature Restoration Fund	0.001	
Employer NIC	0.001	
CJSW (ring-fenced grant)	(0.020)	
Prisoners (Early Release) (Scotland)	0.034	
Holiday Playschemes and Activities for Disabled Children	0.037	
Employability - Child Poverty Co-ordinators	0.088	
Children's Social Care Pay Uplift in Commissioned Services	0.503	
Islands Cost Crisis Emergency Fund	0.107	
	0.751	
Adjust : Ring-fenced Grant Changes	0.020	0.771
<b>Use of Non-earmarked Balances</b>		
		0.000
<b>Use of Earmarked Balances</b>		
Northern Meeting Park (Economic Prosperity Fund - Levelling-up Funding)	0.125	
Comms and Engagement Officer - Gaelic	0.052	
		0.177
<b>Use of Other Reserves</b>		
		0.000
<b>Contribution to Non earmarked Balances</b>		
		0.000
<b>Contribution to Earmarked Balances</b>		
SALIX	(0.092)	
2025/26 One-off Pressures - HLH - agreed in budget	(0.894)	
2025/26 One-off Pressures - SW Case Mgt System	(1.884)	
		(2.870)
<b>Contribution to Other Reserves</b>		
		0.000
<b>Presentational Adjustments</b>		
Transfer of Ferries Grant from Ring-fenced Grant to GRG	1.521	
Debt Management arrangements (HC 29/02/24 savings R&F-3 50%) *	0.050	1.571
<b>Total General Fund Budget at 30 June 2025</b>		<b>803.399</b>

\* Included as a reduction in budgeted expenditure in the HC 06/03/25 budget report but incorporated into the budget as an increase in council tax income

<b>Revenue Expenditure Monitoring Report - General Fund Balances</b>
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<b>1 April to 30 June 2025</b>
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**General Fund Balance**

	Earmarked balances £m	Non- earmarked balances £m	Total £m
General Fund Balance at 1 April 2025	93.725	24.553	118.278
Use of balances included in budget as agreed by Highland Council on 6th March 2025	(2.848)	0.000	(2.848)
Contribution to balances included in budget as agreed by Highland Council on 6th March 2025	0.922	0.000	0.922
Use of balances per Appendix 4	0.000	0.000	0.000
Contribution to balances per Appendix 4	0.000	0.000	0.000
Removal of earmarking	0.000	0.000	0.000
Budget movement in balance per Appendix 1	(1.926)	0.000	(1.926)
Net service underspend/(overspend) per Appendix 1	0.000	(14.002)	(14.002)
Appropriations to other reserves	0.000	0.000	0.000
Appropriations from other reserves	0.000	0.000	0.000
Additional resources	0.000	0.000	0.000
Council tax	0.000	1.448	1.448
Rounding			0.000
General Fund Balance at 30 June 2025	91.799	11.999	103.798



Revenue Expenditure Monitoring Report - Savings Delivery
1 April to 30 June 2025

	£m Excl ASC	£m Incl ASC
Green	13.299	13.299
Amber	0.445	0.445
Red	4.976	11.976
Total	18.720	25.720

Reflecting position including/excluding the £7m Adult Social Care saving carried forward from 2024/25.