Agenda Item	8
Report No	RES/48/26

The Highland Council

Committee: **Corporate Resources**

Date: **19 November 2026**

Report Title: **Corporate Cluster Revenue Budget Monitoring report - forecast as at Quarter 2 for 2026/27**

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

1. Purpose/Executive Summary

1.1 This report sets out the revenue budget monitoring out-turn for the Corporate Cluster for 2026/27 for the period ended 30 September 2026 (Q2).

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 in relation to variances.

1.4 The report also provides a forecast position regarding all budget savings within the remit of the Service.

1.5 As at quarter 2 the forecasted year-end position for the Services within the Corporate Cluster is a £0.912 underspend, compared to a £0.715m underspend forecasted at Quarter 1. The 2026/27 forecasted year-end position for the Welfare Budget is a £0.116m underspend, compared to £0.376m underspend forecasted at Quarter 1. Further information is provided later in this report.

2. Recommendations

2.1 Members are asked to:

i. Scrutinise and **approve** the forecast financial position for 2026/27 as set out in this report and **Appendix 1**;
ii. Consider and **note** the explanations provided for any material variances and actions taken or proposed; and
iii. Consider and **note** the Corporate Cluster Financial Strategy 26/27 (**Appendix 2)**.

3. Implications

3.1 **Resource:** This report provides key financial information regarding the Service budget and forecast financial performance against that budget, including progress with Service delivery.

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.

3.2.1 For the provision of welfare support, the Council has a legal duty to provide such services for specified groups, which, as detailed in the Welfare Budget, includes for example the outsourced services delivered by Citizens Advice. These duties are specified in the Social Work (Scotland) Act 1968, the Carers (Scotland) Act 2016 and the Child Poverty (Scotland) Act 2017.

3.2.2 The Corporate Cluster is also responsible for ensuring policies are in place, and support is provided for managers and employees to ensure the Council continues to comply with all employment and health and safety requirements.

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. Overview

5.1 This report presents Quarter 2 monitoring statement for 2026/27 for the Corporate Cluster and the Welfare Budget. The forecasts as at Quarter 2 for 2026/27 at detailed **Appendix 1.**

5.2 For 2026/27, as at quarter 2 the forecasted year-end position for the Corporate Cluster is a £0.912m underspend, and for the Welfare Budget a £0.116m underspend is forecasted.

6. Commentary on Variances – forecast for 2026/27 as at Quarter 2

6.1 The forecast for 2026/27 as at Quarter 2 is a £0.912m underspend, which is 2.4% of the total budget. The material variances are overspends pertaining to the delivery of Procurement savings in Council Services, an underachievement in tourism-related income and general costs pressures including ICT-related contract costs. These are offset by staff underspends delivered through workforce planning and ongoing process review and system improvements. As reported to this Committee in June 26, staff turnover has reduced from 8.4% in 24/25 to 7.5% in 25/26 reflecting ongoing efforts to improve Talent Attraction. Against a budgeted establishment of 786fte, there are 25fte (3%) vacant posts (on a substantive basis). The remainder of this section discusses in more detail the forecasts including mitigation.

6.2 **Business Solutions:** the forecast year-end position for 2026/27 as at Quarter 2 is for £0.218m underspend with some increasing contract costs offset by staff underspends. Members will be aware from previous reports of the successful implementation of the SWAN2 and that Business Solutions plays an important enabling role in transformation across the Council. A key feature of digital transformation is that, while the costs of implementation and ongoing digital capability typically sit within Business Solutions, the operational and financial benefits are often realised within Services. As the Council increases its use of digital technologies, demand for corporate systems, platforms and support services continues to grow, creating additional contractual and resource pressures. These investments are essential to continue the efforts to a modern, digitally enabled and data-driven organisation. It is important that investments continue to be informed by detailed Business Cases, robust governance and detailed financial impact assessments to inform and support decision-making.

6.3 **Digital Week 2026:** building on the success and learning from the inaugural Digital Week in 2025, Digital Week 2026 provides a further programme of activity to strengthen digital awareness, capability and engagement across the Council. The week brings colleagues together to explore how digital, data and technology can support service improvement, innovation and transformation, while showcasing practical examples of progress and encouraging wider participation in the Council's digital journey. At the time of writing this report there were over 750 signups across the 17 different sessions planned for the week which is over double when compared to Digital Week 2025. An update on the outcomes from Digital Week 2026, including key learning, engagement and next steps, will be brought forward as part of the next Corporate Resources Committee cycle.

6.4 **Performance & Governance:** the forecast is a small underspend of £0.002m with no material variances. Members are reminded of the introduction of the new Global Internal Audit Standards that were implemented during the latter half of 2026 that has resulted in more onerous compliance requirements both for the provision of internal audit services and for internal auditors.

6.5 **Resources & Finance:** the forecast year-end position for 2026/27 as at Quarter 2 is for £0.692m underspend. The forecasts include staff underspends delivered through workforce planning and ongoing process review and system improvement including within Revenues and Benefits where staff continue to identify opportunities in the processing of benefit claims, using existing ICT technology. Principal cost pressures arise from increasing bank and debt collection charges, delivery and management of occupational health referrals and ICT-related contract costs.

6.6 **Tourism Income** This matter is discussed in more detail in the Delivery Plan - Income Generation report on today's agenda. Infrastructure developments in respect of black waste disposal and freshwater replenishment facilities continue and will also offer income generation opportunities. The year two annual report in respect of The Storr operations was considered by the Isle of Skye & Raasay Committee on 31 August 2026. The Redesign Board, which meets later today will also consider delivering unique visitor experience opportunities at Smoo Cave.

6.7 **Procurement:** Against a target of £1.839m, the forecasted Procurement savings are £1.070m. Positively, pipeline opportunities are £2.2m on a full-year basis. However, adjusting for risk and profile (including part-year effect) a lower forecast is shown Although this level of savings is positive compared to prior years, work continues across all Services and the Shared Procurement Service to identify further savings.

6.8 **Welfare Budget:** The demand-led welfare gross budget of £52.96m is reporting a projected underspend of £0.116m, which is mainly attributable to the Housing Benefit budget. The Housing Benefit budget also continues to be closely monitored. Prompt processing of customer's Change in Circumstances can also support the management of this budget. As reported to today's agenda, performance in this service continues to be very positive. Led by the CO Revenues and Commercialisation and supported by our partner colleagues at Citizens Advice, a targeted benefit take-up campaign is underway for a range of benefits including the Council Tax Reduction Scheme, Pension Credit, Free School Meals and School Clothing Grants. Using data analytics, around 1,500 households have been contacted to highlight potential entitlements they may be due and to encourage them to apply directly or with the support of the Council's Welfare Team or Citizens Advice.

7. Corporate Cluster Financial Strategy 26/27

7.1 The purpose of the strategy is to establish clear expectations, responsibilities & governance for Senior Leadership to ensure effective financial management, accountability and alignment with organisational. It supports strong financial stewardship, informed decision making and compliance with internal policies and external. The strategy includes information on budget and the latest position on savings and investments.

Designation: Assistant Chief Executive – Corporate

Date: 3 November 2026

Author: Allan Gunn, Assistant Chief Executive – Corporate
Sheila Armstrong, Chief Officer – Revenues & Commercialisation

Appendices: Appendix 1 – Revenue Monitoring Statements for 26/27
Appendix 2 – Corporate Cluster Financial Strategy 26/27

Appendix 1 – REVENUE MONITORING STATEMENTS 26/27 to 30 September 26

Business Solutions

Sep-26	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Digital Innovation Savings	0	(222)	(222)	0
ICT Services	10,003	14,048	13,830	(218)
Grand Total Depute Chief Executive	**10,003**	**13,826**	**13,608**	**(218)**
BY SUBJECTIVE				
Staff Costs	4,546	9,352	8,989	(362)
Other Expenditure	4,691	4,915	6,290	1,375
Gross Expenditure	**9,237**	**14,267**	**15,280**	**1,013**
Grant Income	0	0	0	0
Other Income	767	(441)	(1,672)	(1,231)
Total Income	**767**	**(441)**	**(1,672)**	**(1,231)**
NET TOTAL	**10,003**	**13,826**	**13,608**	**(218)**

Business Solutions

Sep-26	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Digital Innovation Savings	0	0	0	0	(222)	0	(222)	0	0	0	0	0	0	0	0	0	(222)	0	(222)	0
ICT Services	9,352	4,546	8,989	(362)	5,137	4,691	6,512	1,375	0	0	0	0	(441)	767	(1,672)	(1,231)	14,048	10,003	13,830	(218)
Grand Total Depute Chief Executive	**9,352**	**4,546**	**8,989**	**(362)**	**4,915**	**4,691**	**6,290**	**1,375**	**0**	**0**	**0**	**0**	**(441)**	**767**	**(1,672)**	**(1,231)**	**13,826**	**10,003**	**13,608**	**(218)**

Performance & Governance

Sep-26	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Members	1,224	2,622	2,554	(67)
Performance & Governance Corporate	716	1,126	1,160	34
Performance & Governance Directorate	269	186	217	30
Corporate Communications	286	540	501	(39)
Legal	792	763	795	33
Licensing	(1,572)	(787)	(823)	(36)
Democratic Services	351	744	654	(91)
Elections	179	330	332	2
Trading Standards	418	671	710	39
Corporate Audit & Performance	4,022	1,173	1,268	94
Grand Total Performance & Governance	**6,686**	**7,369**	**7,368**	**(2)**
BY SUBJECTIVE				
Staff Costs	5,316	9,603	9,899	296
Other Expenditure	4,157	1,170	1,246	76
Gross Expenditure	**9,474**	**10,773**	**11,145**	**372**
Grant Income	0	(50)	(50)	0
Other Income	(2,788)	(3,354)	(3,728)	(374)
Total Income	**(2,788)**	**(3,404)**	**(3,777)**	**(374)**
NET TOTAL	**6,686**	**7,369**	**7,368**	**(2)**

Performance & Governance

Sep-26	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
BY ACTIVITY	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
Members																				
Members	2,475	1,162	2,453	(22)	175	62	130	(45)	0	0	0	0	(28)	0	(28)	0	2,622	1,224	2,554	(67)
Performance & Governance Corporate																				
Performance & Governance Corporate	880	469	913	34	266	247	266	0	0	0	0	0	(20)	0	(20)	0	1,126	716	1,160	34
Performance & Governance Directorate																				
Performance & Governance Directorate	250	201	215	(36)	(64)	68	2	66	0	0	0	0	0	0	0	0	186	269	217	30
Communications & Resilience																				
Corporate Communications	530	267	491	(39)	20	20	20	0	(2)	0	(2)	0	(8)	(0)	(8)	0	540	286	501	(39)
Corporate Governance																				
Legal	1,083	734	1,049	(33)	(53)	94	(2)	51	0	0	0	0	(267)	(37)	(252)	15	763	792	795	33
Licensing	1,401	877	1,755	354	188	54	187	(1)	0	0	0	0	(2,376)	(2,503)	(2,764)	(389)	(787)	(1,572)	(823)	(36)
Democratic Services	779	341	683	(96)	27	10	32	5	(48)	0	(48)	0	(14)	0	(14)	0	744	351	654	(91)
Elections	224	120	225	1	106	58	107	1	0	0	0	0	0	0	0	0	330	179	332	2
Trading Standards	913	478	953	40	(2)	46	(3)	(1)	0	0	0	0	(240)	(105)	(240)	0	671	418	710	39
Corporate Audit & Performance																				
Corporate Audit & Performance	1,068	667	1,162	94	506	3,498	506	0	0	0	0	0	(401)	(143)	(401)	0	1,173	4,022	1,268	94
Grand Total Performance & Governance	**9,603**	**5,316**	**9,899**	**296**	**1,170**	**4,157**	**1,246**	**76**	**(50)**	**0**	**(50)**	**0**	**(3,354)**	**(2,788)**	**(3,728)**	**(374)**	**7,369**	**6,686**	**7,368**	**(2)**

Resources & Finance

Sep-26	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Directorate	375	323	260	(62)
Tourism Income	295	(633)	(498)	135
Corporate Procurement Savings	0	(1,784)	(1,070)	714
People	2,471	5,055	4,527	(529)
Revenues & Commercialisation	6,080	10,468	10,185	(283)
Corporate Finance	2,440	4,075	3,408	(667)
Grand Total Resources & Finance	**11,661**	**17,504**	**16,812**	**(692)**
BY SUBJECTIVE				
Staff Costs	11,911	19,759	18,640	(1,119)
Other Expenditure	1,670	1,248	1,720	472
Gross Expenditure	**13,581**	**21,007**	**20,360**	**(648)**
Grant Income	(399)	(745)	(745)	1
Other Income	(1,521)	(2,758)	(2,803)	(45)
Total Income	**(1,920)**	**(3,503)**	**(3,548)**	**(45)**
NET TOTAL	**11,661**	**17,504**	**16,812**	**(692)**

Resources & Finance

Sep-26	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Directorate																				
Directorate	294	242	266	(29)	28	198	28	(0)	0	0	0	0	0	(33)	(33)	(33)	323	407	260	(62)
Salary Sacrifice	0	(0)	(0)	(0)	0	(95)	0	0	0	0	0	0	0	0	0	0	0	(95)	(0)	(0)
Tourism Income	(97)	116	(144)	(47)	164	602	412	248	0	0	0	0	(700)	(359)	(766)	(66)	(633)	359	(498)	135
Corporate Procurement Savings	0	0	0	0	(1,784)	0	(1,070)	714	0	0	0	0	0	0	0	0	(1,784)	0	(1,070)	714
People																				
HR Services	1,547	773	1,315	(233)	229	88	59	(171)	0	0	0	0	7	0	7	0	1,783	861	1,380	(403)
Future Operating Model	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25	0	0
Learning & Development	768	480	837	69	88	98	71	(17)	0	0	0	0	(240)	(177)	(297)	(57)	616	401	611	(5)
Health, Safety & Wellbeing	661	218	436	(224)	299	173	361	62	0	0	0	0	0	0	0	0	959	391	798	(162)
Emergency Planning	98	83	158	60	3	2	3	(0)	0	0	0	0	(36)	(75)	(79)	(43)	64	10	81	17
Payroll	1,355	724	1,402	47	122	49	102	(20)	0	0	0	0	(43)	(18)	(45)	(3)	1,434	755	1,459	25
Trade Union Reps – HR	54	27	54	0	145	0	145	(0)	0	0	0	0	0	0	0	0	199	27	199	(0)
Revenues & Commercialisation																				
Revenues	4,405	2,520	4,344	(61)	849	444	710	(139)	(745)	(399)	(745)	1	(1,575)	(859)	(1,410)	165	2,933	1,707	2,898	(35)
Commercialisation	185	248	184	(2)	0	(1)	2	2	0	0	0	0	0	0	0	0	185	247	186	0
Business Support	7,172	4,023	7,207	35	(44)	215	(287)	(244)	0	0	0	0	(17)	0	(33)	(16)	7,111	4,239	6,886	(225)
Creditors	224	123	220	(4)	14	(204)	27	13	0	0	0	0	0	0	0	0	238	(81)	247	9
Corporate Finance																				
Accounting & Insurance	3,093	1,339	2,323	(770)	401	(127)	420	19	0	0	0	0	(153)	0	(145)	8	3,341	1,212	2,598	(743)
Procurement	0	36	36	36	734	221	741	7	0	0	0	0	0	0	0	0	734	258	777	43
Pensions	0	933	3	2	(0)	5	(3)	(2)	0	0	0	0	0	0	0	0	0	938	(0)	(0)
Grand Total Resources & Finance	**19,759**	**11,911**	**18,640**	**(1,119)**	**1,248**	**1,670**	**1,720**	**472**	**(745)**	**(399)**	**(745)**	**1**	**(2,758)**	**(1,521)**	**(2,803)**	**(45)**	**17,504**	**11,661**	**16,812**	**(692)**

Welfare

Sep-26	£'000 Actual YTD	£'000 Annual Budget	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Housing Benefit	2,315	1,615	1,475	(141)
Discretionary Housing Payment	1,419	3,268	3,268	0
Council Tax Reduction Scheme	15,510	15,685	15,685	0
Scottish Welfare Fund Grants	902	1,357	1,357	0
Educational Maintenance Allowances	3	0	0	0
School Clothing Grants	754	872	872	0
Advice Services	899	1,055	1,075	20
Other Welfare	460	932	937	5
Grand Total Welfare	**22,262**	**24,784**	**24,667**	**(116)**
Other Expenditure	34,305	53,096	49,271	(3,824)
Gross Expenditure	**34,334**	**53,096**	**49,338**	**(3,757)**
Grant Income	(12,072)	(28,176)	(24,545)	3,631
Other Income	0	(136)	(126)	10
Total Income	**(12,072)**	**(28,312)**	**(24,671)**	**3,641**
NET TOTAL	**22,262**	**24,784**	**24,667**	**(116)**

Welfare

Sep-26	STAFF COSTS				OTHER COSTS				GRANT INCOME				OTHER INCOME				NET TOTAL			
	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY																				
Housing Benefit	0	0	0	0	29,371	14,301	25,600	(3,772)	(27,756)	(11,986)	(24,125)	3,631	0	0	0	0	1,615	2,315	1,475	(141)
Discretionary Housing Payment	0	0	0	0	3,268	1,419	3,268	0	0	0	0	0	0	0	0	0	3,268	1,419	3,268	0
Council Tax Reduction Scheme	0	0	0	0	15,685	15,510	15,685	0	0	0	0	0	0	0	0	0	15,685	15,510	15,685	0
Scottish Welfare Fund																				
Community Care Grants	0	0	0	0	966	600	966	0	0	0	0	0	0	0	0	0	966	600	966	0
Crisis Grants - awarded	0	0	0	0	391	302	391	0	0	0	0	0	0	0	0	0	391	302	391	0
Educational Maintenance Allowances	0	0	0	0	420	90	420	0	(420)	(86)	(420)	0	0	0	0	0	0	3	0	0
School Clothing Grants Awarded	0	0	0	0	872	754	872	0	0	0	0	0	0	0	0	0	872	754	872	0
Advice Services																				
Citizens Advice Bureau	0	0	0	0	1,191	899	1,201	10	0	0	0	0	(136)	0	(126)	10	1,055	899	1,075	20
Other Welfare																				
Free School Meals Holidays	0	0	0	0	736	402	736	0	0	0	0	0	0	0	0	0	736	402	736	0
Families Distress & Trauma Fund	0	2	2	2	0	3	3	3	0	0	0	0	0	0	0	0	0	5	5	5
Universal Period Products	0	27	65	65	196	26	131	(65)	0	0	0	0	0	0	0	0	196	53	196	(0)
Grand Total Welfare	**0**	**29**	**67**	**67**	**53,096**	**34,305**	**49,271**	**(3,824)**	**(28,176)**	**(12,072)**	**(24,545)**	**3,631**	**(136)**	**0**	**(126)**	**10**	**24,784**	**22,262**	**24,667**	**(116)**

The Highland Council

Financial Strategy for the Period 1st April 2026 - 31st March 2029

Cluster: Corporate

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1. Financial Strategy

1.1. Purpose

The purpose of this strategy is to establish clear expectations, responsibilities & governance for Senior Leadership to ensure effective financial management, accountability and alignment with organisational objectives.

1.2. Scope

This strategy applies to Chief Officers and other members of the Extended Core Management Team as appropriate. It supports strong financial stewardship, informed decision making and compliance with internal policies and external regulations.

1.3. Strategic Objectives

- Promote a culture of ownership and financial accountability
- Ensure organisational funds are used efficiently, appropriately and in line with strategic priorities in support of the Operational Delivery Plan.
- Strengthen financial forecasting and reduce the risk of overspend.
- Improve transparency and consistency in financial management practices.
- Enable proactive identification and management of financial risks.

1.4. Roles & Responsibilities

Senior Leaders will:

- Support the Section 95 Officer in maintaining the proper administration of the Council's affairs.
- Contribute to the preparation of robust, achievable budgets via the Medium-Term Financial Plan, ensuring alignment with operational requirements and the priorities set out in the Operational Delivery Plan.
- Strive to secure Best Value by way of economic, efficient and effective use of resources.
- Strengthen accountability among cluster budget holders by establishing clear expectations and governance.
- Monitor Financial Performance regularly including reviewing actuals, commitments and forecasts.
- Investigate variances and implement corrective actions where required.
- Approve expenditure in line with delegated budget limits and procurement procedures.
- Escalate emerging pressures, risks or significant variances in a timely manner.
- Engage with Finance to support accurate forecasting and financial reporting.

The Corporate Finance Team will:

- Provide timely, accurate financial information and reporting tools including a suite of Financial Insights Dashboards.
- Offer guidance and challenge where appropriate to support sound financial management.
- Support budget managers with forecasting, profiling and variance analysis.
- Ensure compliance with financial regulations

1.5. Governance & Oversight

Financial performance will be monitored regularly through the Strategic Committees, Corporate Resources Committee, and the Budget Review Group. All material variances must be fully explained and supported by documented recovery plans where required.

1.6. Monitoring & Reporting

The quarterly monitoring cycle will include:

- Year to Date Expenditure & Income position
- Forecast Year End Outturn
- Commentary on material Variances
- Mitigating actions taken or proposed
- Commentary on Savings Delivery

This approach enables early intervention and supports financial resilience.

1.7. Capability & Support

Appropriate training, guidance materials and access to financial systems will be provided to ensure responsible officers have the skills and tools required to fulfil their responsibilities.

These materials are signposted in the Reference Documents section of this paper.

1.8. Continuous Improvement

This strategy will be reviewed periodically to reflect organisational changes, regulatory requirements and best practice in financial management.

1.9. Accountability Statement

Senior leaders are entrusted with public funds and are expected to exercise professional judgment due diligence and responsible stewardship in every financial decision in accordance with the Financial Regulations.

2. Budget Information

2.1. Prior-Year Financial Pressures: Budget Responses & Ongoing Service Management

This section provides an overview of the key financial pressure areas from the previous year, outlines the actions incorporated within the MTFP 26/27 to 28/29 to address these pressures, and sets out the service-level measures in place to manage any remaining risks throughout the year.

For the remainder of this document, the following key applies:

CO – R & F: Chief Officer Revenues and Commercialisation
CO – CF: Chief Officer Corporate Finance
CO – HR & Comms: Chief Officer HR and Communications
CO – BS: Chief Officer Business Solutions
CO – L&CG: Chief Officer Legal and Corporate Governance

Pressure Area	Prior Year Variance Q3 (£'000)	Budget Mitigation March 2026 (£'000)	Residual Pressure to be Managed via Service Intervention (£'000)	Responsible Officer
Tourism Income	0.567m	0.000m	0.000m	CO – R&C
Corporate Procurement Savings	0.812m	0.000m	0.000m	CO - CF

Tourism Income

As reported regularly to the Corporate Resources Committee, work continues to implement infrastructure to support black waste disposal across Highland. Implementation is taking longer than originally forecasted due to the complexity of design and the requisite approvals. The voluntary Motorhome and Campervan Scheme has been implemented for costs less than £2k with no operational overheads as using existing technologies. Take-up, such as £19k since Scheme launch, is lower than target. Members will also be aware of the successes at The Storr visitor attraction, and as reported elsewhere to today's agenda, progress is being made to develop a destination site at Smoo Cave, as well as other sites across Highland using The Storr as benchmark template. The Redesign Board will consider the final Business Case for Smoo Cave on 27 August 2026.

Corporate Procurement Savings

This is a council-wide saving that for presentation purposes sits in the Corporate Cluster until the savings have been delivered. Procurement savings achieved in the year were £0.908m, but below the target for the year by £0.812m. This was as a result of slippage in relation to some saving opportunities being realised, some savings being retained within other Service budgets (fleet) in recognition of some of the pressures being faced, and only part year effect of some savings applying in 2025/26 (but with full year effect applying in 2026/27). The balance of saving carries forward into 2026/27 and with focused effort to recover the position, with a pipeline of saving opportunities being progressed in the new year.

2.2. Revenue Budget as at Q1 26/27 Including Budgeted FTE

The table below reflects the Opening Budget for the 26/27 Financial Year with the associated FTE where applicable.

Budget Heading (per Revenue Monitoring Report)	Budgeted £'000	Budgeted FTE	Responsible Officer
Directorate	(216)	6.0	ACE (Corporate)
Tourism Income	(684)	6.0	CO – R&C
Corporate Procurement Savings	(1,839)	0.0	CO - CF
HR & SHEP	5,232	80.72	CO – HR & Comms
Revenues & Business Support and Commercialisation	10,325	314.24	CO – R&C
Corporate Finance	4,597	93.56	CO - CF
Digital Innovation Savings	(222)	0.0	CO – BS
ICT Services	13,718	155.86	CO – BS
Members	2,622	73	CO – L&CG
Performance & Governance Corporate	1,126	4	CO – L&CG
Performance & Governance Directorate	186	5.93	CO – L&CG
Corporate Communications	453	9	CO – HR & Comms
Legal	703	18.92	CO – L&CG
Licensing	(787)	38.38	CO – L&CG
Democratic Services	744	14.6	CO – L&CG
Elections	330	3	CO – L&CG
Trading Standards	671	13.6	CO – L&CG
Corporate Audit & Performance	1,173	20	CO – L&CG
Total	**38,314**	**856.81**	

3. Savings Delivery

3.1. Approved Savings per Medium Term Financial Plan

The table at 3.2 below sets out the approved savings per the March 2026 Budget.

3.2. Progress towards Savings Delivery

Progress towards savings delivery will be monitored throughout the year, with each service providing a quarterly update detailing the actions underway, the mitigations being applied, and the current RAG status for each savings measure.

PRMS records all savings to be delivered and, similar to the approach for recording progress updates for the Operational Delivery Plan, updates will be available for staff and Members. This will also highlight areas of achievement, emerging risks to delivery, and any further interventions required to ensure savings remain on track.

Budget Ref.	Saving / Income Generation	Responsible Officer	Annual Target £'000	Latest RAG
(Corporate/1)	Removal of vacant ICT Manager post (HC10)	**CO - BS**	**0.068**	
(Corporate/10)	Reduce Data Centre contract costs	**CO - BS**	**0.075**	
(Corporate/12)	Re-tender for Employee Assistance Programme	**CO-HR & Comms**	**0.005**	
(Corporate/2)	Direct Debit Bank Checker	**CO – R&C**	**0.010**	
(Corporate/4)	Advertising and sponsorship income, plus Modern Apprentice	**CO-HR & Comms**	**0.045**	
(Corporate/8)	Review of loans fund expenses and cost recovery	**CO- CF**	**0.050**	
(Corporate/9)	Action to significantly reduce breakages re. Chromebooks	**CO - BS**	**0.120**	
(HC 050326 Strategic/3)	Reduction in overtime and agency spend	**CO – R&C** **CO - CF**	**0.009**	
(HC 060325 DCE:1)	Review of management structure & future Data Centre provision	**CO - BS**	**0.150**	
(HC 060325 R&F:1)	HR and Payroll process redesign and new ways of working	**CO-HR & Comms**	**0.050**	
(HC 060325 R&F:7)	Review of operational and service management structures	**All**	**0.083**	
(HC 290224 Corp-1 & HC 060325 R&F:6)	Procurement saving opportunities ***(Note 1)***	**CO - CF**	**1.839**	
(HC 290224 CS:34)	Digital Innovation - DB41 Using AI to Automate SARS and FOI Requests	**CO - BS**	**0.021**	
(HC 290224 CS:35)	1% efficiency target from relevant service budgets	**All**	**0.103**	

(HC 290224 DCE-1)	New SWAN contract - revenue saving net of capital investment required	**CO - BS**	**0.593**	
(HC 290224 PG:2)	Primary Partnership Model - Trading Standards	**CO – L&CG**	**0.020**	
(HC 290224 RF:3)	Corporate Debt Management arrangements & scope to increase collection	**CO – R&C**	**0.030**	
(Strategic/1)	Targeted reduction of staffing budgets	**All**	**0.172**	
(Strategic/2)	Senior leadership restructure	**CEO**	**0.151**	
Total			**3.594**	

Note 1

Pipeline/opportunities total £2.2m on a full year basis. However, adjusting for risk and profile of delivery (including part year effect) a lower in year forecast is shown. Focus on progressing/maximising delivery and identifying other opportunities to increase forecast. Current forecast is £1.070m.

4. Tracking Investment

4.1. Summary of Investments & Plans/Actions

The table below reflects the Investments made as part of the Medium-Term Financial Plan.

Investment (Recurring)	Investment Value (26/27) £'000	Forecast spend 26/27 £'000	Comments	Responsible Officer
INV/1: Poverty & Equality	0.500m	0.500m	The Highland Council considered and approved the recommendations in respect of the £0.500m annual recurring budget as presented in the report at THC 17 Sep 26. **£0.200k annual recurring budget targeted as follows**: Led by the CO for Housing & Communities, £0.050m annual recurring funding from 2026/27 will be available to test a rural fuel support scheme model. The work of the Fuel Poverty Working Group will assist in directing funds and test approaches. Led by the CO Revenues & Commercialisation, £0.150m annual recurring funding from 2026/27 will be split equally between Highland Council's Welfare Team and our advice services delivery partner to increase income maximisation for households. **£0.300k to support review of school lets in order to increase usage of Council assets by communities.** In September 2026 work commenced to review School let charges and to explore Technology Solutions that allow keyless entry to specific sites to reduce staff costs associated to operating let schemes. As part of the review of let charges, consideration is being given to offer reduced rates for a trial period to the end of March 2027. This would allow the opportunity to gather data on uptake and impact on communities whilst ongoing work is concluded on technology solutions to support keyless entries.	CO – Hsg & Communities CO – R&C CO – Facs. & Fleet
Total	**0.500m**	**0.500m**		

The table below reflects the Earmarked Reserves that are led by the Corporate Cluster.

Investment (Earmarked Reserves)	Investment Value £'000 (April 26)	Forecast Balance £'000 (Mar 27)	Governance	Resp. Officer
Budget 2024-25 - Savings & Transformation - Tourism Income - Motorhomes	0.725	0.525	Embedded within the Council's Operation Delivery Plan. Managed through the Income Generation Board. Reports presented to Corporate Resources Committee	CO – R&C
Budget 2024-25 - Savings & Transformation - Tourism Income - Unique Visitor Experiences	1.023	0.793	Embedded within the Council's Operation Delivery Plan. Managed through Redesign Board and Income Generation Board. Reports presented to Corporate Resources Committee	CO – R&C
Budget 2026-27 - HRP Project implementation costs	1.092	0.150	Managed through the HRP Programme Board. Reports presented to Corporate Resources Committee	CO – HR & Comms
IT Investment Fund	1.167	1.009	Managed through ICT Strategy Board and related-project Boards. 3 substantive projects over next 2/3 years: Replacement of Licensing system (Short-term Lets) (£0.344m); Mobile phone technology (£0.154m); ICT general investment, projects to be determined (£0.669m). Reports will be presented to Corporate Resources Committee as required.	CO - BS
Budget 2024-25 - Savings & Transformation - Digital Innovation (My Council)	0.018	0.000	Embedded within the Council's Operation Delivery Plan. Managed through the Redesign Board Corporate Solutions Board. Reports presented to Redesign Board and Corporate Resources Committee. Residual balance (underspend) from *My Council* Programme that will support delivery of other ICT projects.	CO - BS
Future Investment Capacity Fund - Corporate Solutions - Data Foundations	0.312	0.100	Embedded within the Council's Operation Delivery Plan. Managed through the Corporate Solutions Board. Reports presented to Corporate Resources Committee.	CO - BS
Future Investment Capacity Fund - Corporate Solutions -	0.103	0.000	Embedded within the Council's Operation Delivery Plan. Managed through the Corporate Solutions Board.	CO - BS

Digital Foundations			Reports presented to Corporate Resources Committee.	
Future Investment Capacity Fund - Cross Portfolio Programme & Project Management Resources	0.157	0.050	Corporate Cluster Leadership Team.	CO - BS
Budget 2025-26 - Investment - INV13 Leadership & Management Capacity	0.162	0.080	Corporate Cluster Leadership Team. One-off investment for Project and Change Management Training to support Operational Delivery Plan.	CO - BS
Elections	0.670	0.670	Election Programme Delivery Board (chaired by CEO). 6 May 27 Local Government Elections – Highland.	CO – L&CG
Legal Services	0.060	0.000	One-off staff investment via prior year underspends.	CO – L&CG
Total	**5.489**	**3.377**		

5. Value for Money

5.1. Defining Value for Money

Best Value (BV) in Scottish local authorities is a statutory duty under the Local Government in Scotland Act 2003 to ensure continuous improvement in performance, balancing quality, cost, and sustainability. It mandates that councils deliver effective services through, efficiency, equality, and community collaboration.

5.2 Delivering Best Value within Highland

Chief Officers will provide narrative demonstrating how Best Value is being delivered within the Highland context, drawing on key returns relevant to their areas of service delivery.

Examples of data sources to assist in analysing Value for Money include;

- Annual Accounts
- Local Government Benchmarking Framework
- Local Financial Returns (LFR's)

As part of the Medium Term Financial Plan 2026/27 to 2028/29 considered at Council on 5 March 2026, saving proposals into 2027/28 and 2028/29 were agreed to improve value for money through service review processes. This involves critical review and benchmarking of Local Financial Returns, other data returns and performance metrics such as the Local

Benchmarking Framework, which aims to identify and inform the delivery of service efficiencies.

The Corporate Cluster provides a key role including analysis and critical analysis (also known as a "deep dive") of various financial and non-financial returns. Review are led by the respective Services CO's, supported by the Corporate Cluster.

The initial reviews are Education (Early Years, Transport and Food) and Waste (collection/disposal). Analysis has also commenced in respect of ICT (with that review also being led by the Corporate Cluster reflecting its role / responsibilities.)

It is anticipated that progress on these reviews will be reported through the Redesign Board, Strategic Committees and Corporate Resources Committees, as and where appropriate.

6. Reference Documents

6.1. Medium Term Financial Plan per March 2026 Council

6.2 CIA Finance System

6.2.1. CIA Resources Site

6.2.2. CIA Finance System CIA Sign in Page

6.3. Financial Regulations

6.4. Procurement Guidance

Procurement Information & Guidance
Contract Standing Orders

Local Government Benchmarking Framework

Traineasy