

THE HIGHLAND COUNCIL
RESOURCES COMMITTEE

11th June 2008

Agenda Item	
Report No	

Near Final Revenue Monitoring Statement to 31st March 2008

Report by the Depute Chief Executive and Director of Finance

SUMMARY

The purpose of this report is to present the near final outturn position of the Revenue Budget for the financial year to 31st March 2008.

1. Introduction

- 1.1 This report sets out the overall revenue budget monitoring position for the Council for the financial year to 31st March 2008. The figures are not yet final as the accounts closedown process is still ongoing and further adjustments may be required. There may also be further adjustments as a result of the external audit process.
- 1.2 The final outturns for the Service Budgets will be reported in more detail to the relevant Strategic Committee following completion of the closedown process.
- 1.3 The report provides a commentary on the financial performance of each Service Revenue Budget, based on comments received from Directors and Service Finance Managers.

2. Overview

- 2.1 A corporate outturn statement is attached as an appendix. It shows, for the General Fund the total annual budget allocated to Services of £474.888m, near final actual expenditure of £472.122m. Consequently the year end variance is an under spend of £2.766m (0.5%).
- 2.2 The statement also analyses the General Fund position by staff costs, other costs, grant income and other income.
- 2.3 A graph showing budget in 2007/2008 and 2006/2007 and actual spend in 2007/2008 is attached as an appendix.
- 2.4 The reported overall year end variance for the General Fund is more positive than the £2.216m under spend predicted on the February 2008 corporate monitoring presented at the April Resources Committee meeting. The main reason for the movement from the February predicted position is the higher than anticipated saving in loan charges and interest on revenue balance of £1.850m, this improved position has been countered by the outturn position in other services being less

favourable. The other factors contributing to the movement are explained in the body of the report.

- 2.5 The statement also shows a balanced position on the Council's Housing Revenue Account.

3. Main Variances

- 3.1 The following section details the financial position for each service, with commentary on the near final financial position compared to the annual budget.

3.2 Education Culture and Sport

The ECS budget comprises the Devolved School Management Scheme and a Non Devolved element incorporating Culture and Sport Services. In this statement the Service position is an overspend of £0.874m. This is significantly higher than the position at the April meeting of this Committee.

- i) The main pressures contributing to this overspend are in: Schools General £0.772m, due to Supply Cover Top Up required for schools, which has increased in the final part of the year; Additional Support Needs Sector, £0.187m, due to ongoing budget pressures as a result of an increased demand for teaching input; Administration Sector, £0.457m due to budget pressures in the Staffing Unit with regard to increased removal expense costs; also the costs of retrospective disclosure checks on all teachers which were unbudgeted but necessary to carry out in 2007/08. There are higher than anticipated costs associated with the ECS contribution towards early retirement of former employees. In addition a debit balance of £0.098m previously carried forward in respect of Caledonia Community leisure Ltd has been incorporated within the ECS over spend.

Compensatory under spends in Community Learning and Development £0.378m; and Leisure Facilities £0.086m offset the over spends.

3.3 Joint Children's Committee (JCCYP)

The near final under spend for the Joint Committee for Children and Young People is £1.224m. This reflects various measures taken over the year to mitigate a possible overspend on Early Education and out-of-authority placements. In particular, planned vacancy management and delays inherent in the implementation of reorganisation resulted in a staffing under spend of £0.784m. In addition the late receipt of a 2006/07 grant in respect of Intensive Support and Monitoring Service from the Scottish Government generated unplanned income of £0.356m.

3.4 Other Housing and Property (Non HRA)

The near final position on the Other Housing and Property (Non HRA) heading shows an over spend of £0.127m. This compares to a predicted position in February of a £0.489m under spend. The main factors contributing to the change in the variance are a £0.280m reduction in the expected fee income in Property section as a result of project slippage; a higher than expected "year end" charge to the service for bad debt provision on income recovery (£0.146m) and the saving

on homelessness costs not being as high as previously expected.

3.5 Other Housing Public Sector Housing Grant (PSHG)

PSHG of £4.765m was spent in the year, against income of £4.912m; allowing £0.147m to be carried forward to be used in next financial year. The excess income was largely the result of the carry forward of the previous year's balance.

3.6 Building Maintenance DLO

The Building Maintenance DLO's annual budget target is for income to exceed expenditure by £0.421m. The actual surplus is shown at £0.451m: a positive variance of £0.030m.

3.7 Planning Development Europe and Tourism

The near final position for the Planning and Development service shows an under spend of £0.090m. This is a decrease from the February position of a £0.478m under spend, which is mainly due to projected income being £0.306m less than anticipated and previously unexpected systems related costs being charged to the service (£0.060m).

3.8 Social Work

At the end of 2007/08 The Social Work Service (excluding the Social Work Service element of the Joint Committee for Children and Young People - JCCYP) is £0.674m over budget. There are several factors contributing to this position.

The under spend in Children and Families was £0.397m, partly arising from savings due to staff vacancies.

The Community Care budget is over spent by £1.324m, equivalent to 1.7% of the budget for this part of the Service. Of this sum; £0.820m relates to independent sector care homes. Other independent sector care also has an overspend, notably People with a Mental Illness (£0.438m) and People with a Learning Disability (£0.260m). This latter figure is considerably reduced from earlier reports as a budget review undertaken by the service lead to a budget virement of £1.629m from Elderly Care Homes. Full details of the virement and any others in the intervening period, will be outlined and explained to the next Housing and Social Work Committee.

Corporate and Central services were also under spent by small amounts in each activity heading.

3.9 Transport Environmental and Community Services

The Service returned an over spend of £0.337m (0.6%) for the year. The predicted outturn at the end of February was an under spend of £0.066m. The overspend situation has arisen due to an unforeseen late adjustment in respect of leasing charges for the vehicle fleet between 2006/07 and 2007/08 amounting to £0.321m; and increased costs in recycling due to increased activity to meet the Council's recycling targets.

3.10 Chief Executive's Service

The near final position for the Chief Executive's Service shows the service to be under budget by £0.339m. A range of year end variances across the service have contributed to this but it results mainly from savings due to staff vacancies.

3.11 Finance Service

The Finance Service near final budgetary position shows an under spend of £0.470m. This can be almost entirely attributed to staffing vacancies.

3.12 Housing Benefits

Net expenditure on Housing Benefits for the year is £0.220m.

3.13 Northern Joint Police Board and Highland and Islands Fire and Rescue Service

Adjusted near final figures are not yet available for the Highland Councils proportion of the Police or Fire Service costs but the latest estimate is that the Police requisition will be under by £0.048m and the Fire requisition will be under by £0.292m.

3.14 Highland and Western Isles Joint Valuation Board

The near final position for the Valuation Board costs attributable to the Highland Council is £2.237m, this represents a £0.037m under spend.

3.15 Loans Charges

Earlier in the year an anticipated under spend of £1.000m was reported on the loan charges budget. The near final position shows an improvement with the budget saving now reported as £1.931m. This is a result of slippage on the Council's capital programme; the Council having been able to take advantage of favourable long term borrowing rates and undertake debt rescheduling; good returns on investments; and an improved cash flow throughout the year.

3.16 Interest on Revenue Balances

The budget for income from interest on revenue balances shows a favourable near final position: the general fund having received £0.919m more interest than budgeted.

3.17 Provision for Restructuring Costs

Following a Council decision in 2006/07 to reorganize service management; a provision, based on estimated costs for the forthcoming reorganisation was charged to the accounts. The restructure took place during 2007/08 and the actual costs of the exercise were £0.308m less than the provision. This has had a favourable impact on the 2007/08 financial position.

3.18 Single Status and Equal Pay Provision

A provision of £4.045m was created in 2006/07 for the potential outcome of the job

evaluation process which may have been applicable in that financial year. An estimate for the additional level of the provision required for 2007/08 has been derived and a further £0.683m has been added to the provision.

3.19 Housing Revenue Account

The HRA has achieved a balanced position at the year end. The original budget anticipated the use of balances of £0.135m but as a result of favourable variances on both Loan Charges (£0.345m) and Interest on Revenue balances (£0.321m) which counter-balance the adverse variances on rental income lines (£0.319m); only £0.089m was required from balances.

4. **Final Accounts**

- 4.1 The Council's final draft accounts have a planned completion date of the 26th of June 2008 (The statutory completion date is the 30th June), this should allow them to be available for the Council meeting on the 26th June.

RECOMMENDATIONS

Members are invited to agree that the near final outturn position for 2007/08 is an under spend of £2.766m.

Signature:

Designation: Depute Chief Executive and Director of Finance

Date: 2nd June 2008

Authors: Margaret Grigor, Service Finance Manager

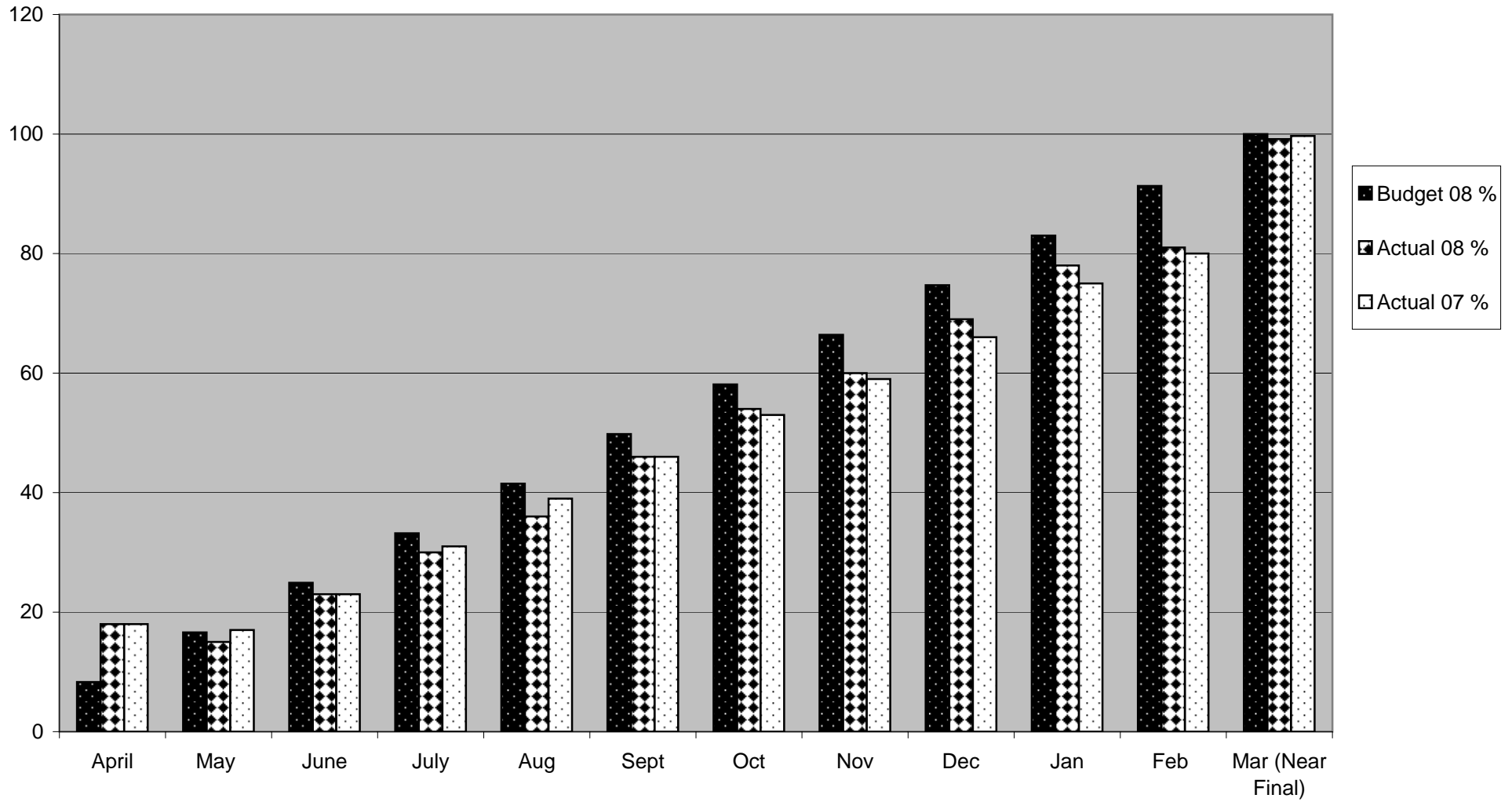
Author's Tel No.: 01463 702421

Revenue Expenditure Monitoring Report - Service Summary

1 April 2007 - 31 March 2008

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Outturn	£000 Year End Variance
SERVICE				
Education Culture & Sport - DSM	131,869	131,869	131,869	(0)
Education Culture & Sport	58,170	57,297	58,170	874
Joint Children's Committee (JCCYP)	17,166	18,390	17,166	(1,224)
Other Housing and Property (Non HRA)	7,996	7,869	7,996	127
Other Housing (PSHG)	0	0	0	0
Building Maintenance DLO	(451)	(421)	(451)	(30)
Planning & Development	5,700	5,790	5,700	(90)
Social Work	81,509	80,836	81,509	674
Transport Environmental & Community Services	56,033	55,696	56,033	337
Chief Executive's Service	23,734	24,074	23,734	(339)
Members Expenses	2,403	2,403	2,403	0
Finance Service	5,904	6,374	5,904	(470)
Housing Benefit	220	0	220	220
Service Total	390,253	390,177	390,253	76
Services Provided By Joint Boards:				
Police	23,505	23,553	23,505	(48)
Fire	16,236	16,528	16,236	(292)
Valuation	2,237	2,274	2,237	(37)
Non Domestic Rates	460	450	460	10
Net Cost of Services	432,691	432,982	432,691	(291)
Loan Charges	40,875	42,806	40,875	(1,931)
Interest on Revenue Balances	(1,819)	(900)	(1,819)	(919)
06/07 Provision for Restructuring Costs	(308)	0	(308)	(308)
07/08 Single Status and Equal Pay Provision	683	0	683	683
Total General Fund	472,122	474,888	472,122	(2,766)
BY SUBJECTIVE				
Staff Costs	323,794	328,037	323,794	(4,243)
Other Costs	428,845	423,020	428,845	5,825
Gross Expenditure	752,639	751,057	752,640	1,582
Grants	(75,919)	(74,163)	(75,919)	(1,756)
Other Income	(204,598)	(202,006)	(204,598)	(2,592)
Total Income	(280,517)	(276,169)	(280,517)	(4,348)
	472,122	474,888	472,122	(2,766)
% of Annual Expenditure				
This year	99.42%			
Last year	99.69%			
Housing Revenue Account	(0)	(0)	0	0

Actual spend in 06/07 and 07/08 compared to Budget 07/08



	Budget 08 %	Actual 08 %	Actual 07 %
April	8.3	18	18
May	16.6	15	17
June	24.9	23	23
July	33.2	30	31
Aug	41.5	36	39
Sept	49.8	46	46 Est
Oct	58.1	54	53
Nov	66.4	60	59 Est
Dec	74.7	69	66
Jan	83	78	75
Feb	91.3	81	80 Est
Mar (Near Final)	100	99.14	99.67

