

THE HIGHLAND COUNCIL

Resources Committee

14th June 2006

Agenda Item	
Report No	

Near Final Outturns for Financial Year 2005/06

Report by the Director of Finance

SUMMARY

The purpose of this report is to present the Near Final Outturn position in respect of the Revenue Budget for the financial year to 31st March 2006.

1. Introduction

- 1.1 This report sets out the overall revenue budget monitoring position for the Council for the year to 31st March 2006 The figures **are not final** as the Accounts closedown process is ongoing and adjustments may still be required. There may also be further adjustments as a result of the external audit process.
- 1.2 The report provides a commentary on the financial performance against budget for each Service in the same format as the regular monitoring reports.

2. Overview

- 2.1 A corporate outturn statement is attached as an appendix. It shows, for the General Fund the total annual budget of £437.141m, and actual expenditure of £436.114m, with a consequent year end underspend of £1.027m.
- 2.2 The reported overall year end variance for the General Fund is more positive than the £0.510m predicted in the monitoring statement at the end of February. A further improvement in the Loan Charges position and increased income generated by Central Services from non General Fund Clients is main reason for the change. Underspend positions have also been retained and in some cases improved in a effort to deal with the traditional upsurge in year end spending
- 2.3 The statement also shows a balanced position on Council's Housing Revenue Account.

3. Main Variances

- 3.1 The following section sets out the financial position for each service with an accompanying commentary on the performance against budget.

Education, Culture and Sport

- 3.2 The ECS budget comprises the Devolved School Management Scheme and a Non Devolved element incorporating Culture and Sport Services.
- 3.3 Devolved School Management expenditure has been contained within the resources available. These resources incorporate both budget and available carry forward under the scheme. There is an overall balance on the scheme of £0.326m, which represents a use of balances for 2005/06 amounting to £0.776m. The major cost pressure for schools was increased energy costs of £0.761m. Each school of course has its own individual surplus or deficit to carry forward to next financial year.
- 3.4 The near final position for the non devolved element of the budget is above the target by £0.594m. As previously reported School Transport contributed around £0.230m to the overspend position. Leisure Centres due to the closure of the Nairn pool, provision for a VAT repayment and increased energy costs have exceeded budget by around £0.255m. Other pressures have been offset by not automatically filling vacant posts and a saving of £0.330m was made in the Special Educational Needs budget by this measure.
- 3.5 The only significant change from the overspend of £0.411m predicted in February has been the inclusion of the VAT provision.

Other Housing (Non-HRA)

- 3.6 Overspending on Non HRA services during the year related to increased expenditure on Homelessness. This overspend has been financed by a year end transfer from HRA balances and therefore a near final balanced position is shown.

Building Maintenance DLO

- 3.7 The Building Maintenance DLO's annual budget target is for income to exceed expenditure by £0.463m. The actual surplus is shown at £0.453m a negative variance of only £0.010m.

Planning and Development

- 3.8 The near final outturn for this service is an underspend of £0.024m. Additional expenditure on consultants, particularly, in respect of the Renewable Energy Strategy has reduced the predicted underspend of £0.15m at February.

Social Work

- 3.9 The service has an overall near final year end adverse variance of £0.568m. Members are aware of the pressure on the Community Care Sector budgets, particularly Home Care and the Independent Care Sector but other underspends were captured and retained by the year end and the figure is an improvement on the predicted overspend at February of £0.751m

Transport Environmental and Community Services

- 3.10 TECS' near final overspend at the year end is shown as £0.649m. Although a balanced position was predicted at February, this was on the basis that increased Road Maintenance expenditure had been incurred to avoid an underspend on Winter Maintenance as a result of the mild winter. Members will be aware that there was significant snowfall in March thereby creating an overspend on cyclical maintenance of around £0.5m. Higher than anticipated electricity costs for street lighting and waste disposal contract charge increases take the figure to the total shown.

Chief Executive's Office

- 3.11 The near final outturn position for the Chief Executive's office shows an underspend of £0.28m, however £0.272m of this figure will be carried forward as an earmarked balance in respect of the IT investment fund leaving a small underspend of £0.008m. The position at February was an estimated £0.043m under budget.

Corporate Services

- 3.12 Corporate Services have a near final £0.396m underspend at the year end. The underspend is due to increased licensing income, staff vacancies and greater than anticipated chargeable time. The movement from the predicted underspend in February of £0.262m is mainly due to the increased time spent by the service on chargeable business areas such as the Community Ownership programme resulting in higher than anticipated income to the service.

Members Expenses

- 3.13 An underspend of £0.067m is the near final result at the year end for this budget

Finance Service

- 3.14 The Finance Services near final outturn is £0.387m less than budget mainly as a result of staff vacancies and council tax warrant income being greater than anticipated. The movement from the figure of £0.262m predicted in February is as with Corporate Services due to increased time spent on chargeable business areas resulting in higher than anticipated income to the service.

Housing Benefits

- 3.15 Near final expenditure on Housing Benefits is under budget at the end of the financial year by £0.154m mainly due to a reduction in the amount due to be repaid to DWP for 2004/05 and an increase in overpayment recoveries.

Property and Architectural Services

- 3.16 The Service reports a near final year end overspend position of £0.130m due in the main to increased use of Consultants and Agency Staff reflecting the services recruitment difficulties. The near final position has moved some £0.031m from that predicted at February.

Northern Joint Police Board

- 3.17 The near final position for the Police Board is on budget. The reserves currently held by the Board will ensure that any variations during the closedown process will have no adverse impact on the Council.

Highland and Islands Fire Board

- 3.18 The Fire Board has a near final position close to budget and as with Police; reserves available will ensure that any variations during the closedown process will have no adverse impact on the Council.

Loans Charges

- 3.19 General Fund loan charges are £1.622m less than budget at the end of the financial year, due to savings arising from ongoing debt restructuring, continuing historically low interest rates and improved cash flow as a result of capital programme slippage. The near final position represents an additional underspend of £0.346m on the prediction at February.

Housing Revenue Account

- 3.20 The HRA has achieved a balanced position at the year end. The original budget anticipated the use of £0.6m from balances to finance anticipated capital expenditure being met from revenue, however increased capital receipts means that no such transfer has been required

4 Final Accounts

- 4.1 The final statutory accounts require to be completed by 30th June 2006. They will be made available to Members as soon as possible thereafter and presented to the next meeting of the Committee. A provision for payments made in respect of the Equal Pay settlement will be included in these accounts.

RECOMMENDATION

Members are invited to note the near final outturn position for financial year 2005/06.

Signature:

Designation: Director of Finance

Date: 2nd June 2006

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Revenue Expenditure Monitoring Report - Service Summary

1 April 2005 to 31 March 2006 Near Final

SERVICE	£000 Annual Budget	£000 Year End Actual	£000 Year End Variance
Education Culture & Sport - DSM	115,328	115,328	0
Education Culture & Sport	72,085	72,679	594
Other Housing (Non HRA)	2,705	2,705	0
Building Maintenance DLO	(463)	(453)	10
Planning & Development	5,575	5,551	(24)
Social Work	74,388	74,956	568
Transport Environmental & Community Services	52,609	53,258	649
Chief Executive's Office	16,461	16,181	(280)
Corporate Services	4,426	4,030	(396)
Members Expenses	1,464	1,396	(67)
Finance Service	6,099	5,712	(387)
Housing Benefit	-	(154)	(154)
Property & Architectural Services	5,461	5,592	130
Service Total	356,138	356,781	643
Services Provided By Joint Boards:			
Police	20,652	20,648	(4)
Fire	18,098	18,098	(0)
Valuation	2,101	2,064	(37)
Non Domestic Rates Relief	450	443	(7)
Net Cost of Services	397,439	398,034	595
Loan Charges	39,702	38,080	(1,622)
Total General Fund	437,141	436,114	(1,027)
BY SUBJECTIVE			
Staff Costs	274,337	270,510	(3,827)
Other Costs	389,534	412,963	23,429
Gross Expenditure	663,871	683,473	19,602
Grants	(76,951)	(81,835)	(4,884)
Other Income	(149,779)	(165,524)	(15,745)
Total Income	(226,730)	(247,360)	(20,629)
	437,141	436,114	(1,027)
% of Annual Expenditure			
This year	99.77%		
Last year	99.67%		
Housing Revenue Account	0	0	0