

**THE HIGHLAND COUNCIL**

**RESOURCES COMMITTEE**

**15<sup>th</sup> April 2009**

Agenda Item	
Report No	

**Corporate Revenue Monitoring Statement 2008/09**

**Report by the Depute Chief Executive & Director of Finance**

**SUMMARY**

The purpose of this report is to present the revenue budget monitoring position for the period to 28 February 2009 and the projected year end position for 2008/09.

**1. Introduction**

- 1.1 This report sets out the overall revenue budget monitoring position for the Council for the period to 28 February 2009. It also shows, at appendix 1 the Services' estimated year end position and the Council's overall predicted year end over or underspend.
- 1.2 The purpose of the report is to advise members of the anticipated financial position of the Council at the end of the financial year 2008/09. The report includes commentary from the Service Directors on their predicted year end variances.
- 1.3 Appendix 2 to the report is a graphical presentation of the expenditure in 2008/09 compared to budget and expenditure in 2007/08.

**2. Overview**

- 2.1 A corporate monitoring statement is attached at appendix 1. The statement shows that the General Fund has a total annual budget allocated to Services of £539.104m, year to date actual of £441.200m and an estimated year end position of £537.485m giving a predicted year end under spend of £1.620m.
- 2.2 The total budget figure reported to this committee is £0.060m greater than that reported at the February meeting. The increase is the net effect of increases in the budget from balance transfers relating to the cost of early retirements in ECS (£0.185m) and the approved supplementary estimate for Planning and Development Service (£0.758m). Set off against these increases are decreases resulting from transfer of £0.867m from the Police requisition budget resulting from the Police ICT function moving to SPSA, and a transfer of £0.018m budget into the unallocated budget following receipt of contract refunds on the office supplies contract.
- 2.3 The report at appendix 1 also analyses the General Fund position by staff costs, other costs, grant income and other income.

### **3. Service Commentaries**

- 3.1 The ECS Revenue Budget is projected to overspend by £2.154m mainly because of difficulties in delivering savings measures agreed as part of the 2008/09 budget. In particular the measures to save on energy costs (£0.420m); review administrative and clerical functions (£0.310m) and change cleaning arrangements during school holidays (£0.235m) have been difficult to implement in full. Other factors impacting on the budget performance are pressures from: transferred budgets in relation to funding unitary charge payments; school transport; absence cover for specialist peripatetic specialist teachers and devolved school budgets, in particular those schools carrying forward a deficit from last financial year.
- 3.2 The management action put in place in order to address the significant issues identified includes: no additional or unnecessary expenditure to be incurred per the Director's letter to the ECS Management Team; strict vetting of all staffing appointments; the redeployment of staff at the earliest opportunity throughout the review of administrative and clerical support staff; and where there is a shortfall in projected savings targets budget holders have been instructed to identify alternative savings.
- 3.3 Even with these measures it will not be possible to fully recover this overspend position. Consequently, a request for a supplementary estimate for this budget will be considered in a separate report to this committee.
- 3.4 A net under spend of £0.628m is anticipated in the Joint Children's Committee budget due to staff vacancies which in turn has an effect on the resources available to process grants for local developmental activities.
- 3.5 The Other Housing and Property budget anticipates a year end under spend of £0.944m due to mainly to savings in the staffing budget and an improvement in the income generated for recharged homelessness services.
- 3.6 The Social Work service currently predicts a year end overspend of £0.490m. The Community Care part of the service is overspending largely as a result of large care packages for people with learning disabilities (£0.830m). This budget pressure has been recognised and for financial year 2009/10, £0.750m has been added to the budget, in addition discussions with our partners in the Health Service regarding clarification of funding responsibilities for a number of significant cases in this category are starting to achieve positive outcomes for the Council. The Children and Families Teams continue to show significant staff vacancies, and that part of the service is underspending by some £0.200m. Central Services indicate underspends of the order of £0.140m, also due to staff vacancies.
- 3.7 The predicted year end position for Transport, Environmental and Community Services is a £0.500m overspend. This is mainly the result of cold weather in November and snow events in January and February. At the end of February the annual winter maintenance budget was completely expended. The cold weather continued into March resulting in this budget pressure.

- 3.8 The Chief Executive's service predicts a year end under spend position of £0.704m. Approximately £0.500m of this is due to savings from staff turnover, the remainder relating to other costs in Policy and Performance and IS Services. Staff savings of £0.281m will be removed from the budget and treated as an efficiency saving in 2009/10.
- 3.9 A year end position for the Finance service is expected to be an under spend of £0.351, resulting from staff vacancy savings.
- 3.10 A loan charges under spend of £2.016m is anticipated by the year end. This results from favourable cash flow in the year to date and early repayment of some re-structured debt.

#### **4. Housing Revenue Account**

- 4.1 The report also shows the Council's Housing Revenue Account (HRA). Although the net budget is zero the annual expenditure budget totals £42.997m to be met largely from Council House rents. At this stage in the year it is expected that the HRA will be on budget at the year end.

#### **RECOMMENDATION**

Members are invited to agree the Revenue Expenditure Monitoring Statement for financial year 2008/09 at 28 February 2009 which shows a predicted under spend of £1.620m

Signature:

Designation: Depute Chief Executive & Director of Finance

Date: 03 April 2009

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Background Papers: Service revenue budget monitoring statements

## Revenue Expenditure Monitoring Report - Service Summary

1 April 2008 - 28 February 2008

SERVICE	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Education Culture & Sport - DSM	122,816	135,339	135,339	0
Education Culture & Sport	72,231	81,070	83,224	2,154
Joint Children's Committee (JCCYP)	19,387	22,835	22,207	(628)
Other Housing & Property (Non HRA) & PSHG	4,669	8,718	7,774	(944)
Building Maintenance DLO	(417)	(396)	(396)	(0)
Planning & Development	4,489	6,081	6,081	(0)
Social Work	89,384	99,074	99,564	490
Transport Environmental & Community Services	61,179	64,699	65,199	500
Chief Executive's Service	20,671	27,103	26,399	(704)
Members Expenses	1,464	2,149	2,029	(120)
Finance Service	4,757	6,863	6,512	(351)
Housing Benefit	62	0	0	0
<b>Service Total</b>	<b>400,692</b>	<b>453,535</b>	<b>453,932</b>	<b>396</b>
Services Provided By Joint Boards:				
Police	22,546	22,553	22,553	0
Fire	15,370	16,767	16,767	0
Valuation	2,139	2,333	2,333	0
Non Domestic Rates	453	450	450	0
<b>Net Cost of Services</b>	<b>441,200</b>	<b>495,638</b>	<b>496,035</b>	<b>396</b>
Loan Charges	0	44,616	42,600	(2,016)
Interest on Revenue Balances	0	(1,150)	(1,150)	0
<b>Total General Fund</b>	<b>441,200</b>	<b>539,104</b>	<b>537,485</b>	<b>(1,620)</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	300,473	338,146	333,478	(4,668)
Other Costs	369,814	407,035	413,004	5,969
<b>Gross Expenditure</b>	<b>670,286</b>	<b>745,181</b>	<b>746,482</b>	<b>1,301</b>
Grants	(59,368)	(21,944)	(22,124)	(180)
Other Income	(169,717)	(184,133)	(186,872)	(2,740)
<b>Total Income</b>	<b>(229,085)</b>	<b>(206,077)</b>	<b>(208,997)</b>	<b>(2,920)</b>
	<b>441,200</b>	<b>539,104</b>	<b>537,485</b>	<b>(1,620)</b>
<b>% of Annual Expenditure</b>				
This year	82%			
Last year	81%			
<b>Housing Revenue Account</b>	<b>(20,199)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

**Actual spend in 08/09 and 07/08 compared to Budget 08/09**

