

THE HIGHLAND COUNCIL

RESOURCES COMMITTEE

3rd December 2008

Agenda Item	
Report No	

Corporate Revenue Monitoring Statement 2008/09

Report by Depute Chief Executive

SUMMARY

The purpose of this report is to present the revenue budget monitoring position for the period to 31 October 2008 and the projected year end position.

1. Introduction

- 1.1 This report sets out the overall revenue budget monitoring position for the Council for the financial year to 31 October 2008. It also shows 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. For each service showing a predicted year end variance, the report will include commentary from the Service Director.

2. Overview

- 2.1 A corporate monitoring statement is attached as an appendix. The statement shows that the General Fund has a total annual budget allocated to Services of £532.061m year to date actual of £273.641m and an estimated year end position of £532.129m giving an estimated year end over spend of £0.068m.
- 2.2 The total budget figure reported here is £1.065m greater than that reported at the October meeting of this committee. The increase is mainly the result of a £1.012m feed to the budget from the IT investment funds ear marked reserves to cover the costs of IT projects. Also £0.096m additional funds were received from the Scottish Government for Tobacco Sales Enforcement. Other net budget reductions (£0.043m) as a result of savings were removed from the service budgets.
- 2.3 The figures presented in this report are based on the assumption that budgets continue to be strictly managed and that any unforeseen budget pressures are successfully contained within existing budgets.
- 2.4 The following paragraphs provide further explanation of the variances shown. The report also analyses the General Fund position by staff costs, other costs, grant income and other income.

- 2.5 The ECS Revenue Budget is projected to overspend by £1.951m due to pressure on a number of fronts including: ensuring the delivery of the 2008-09 savings target; rising energy costs; school transport costs; demographic savings and transferred budgets in relation to funding unitary charge payments; devolved school budgets, in particular those schools carrying forward a deficit from last financial year; and replacement of NGFL (National Grid for Learning) Grant as a capital grant, the support costs previously covered by this grant being revenue expenditure.
- 2.6 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 dated 15th July 2008; strict vetting of all staffing appointments; the redeployment of staff at the earliest opportunity throughout the review of administrative and clerical support staff; early determination of the impact of the school roll census data on budgeted staffing allocations to schools (the school roll census date is the 22nd September 2008); and where there is a shortfall in projected savings targets budget holders have been instructed to identify alternative savings.
- 2.7 An under spend of £0.240m is anticipated in the Joint Children's Committee budget due to staff vacancies and close management of discretionary budgets leading to under spends in childcare, Surestart and the Youth Action Service. This month's statement also shows some potential overspend on out-of-authority placements but it is envisaged that this will be managed down in the remainder of the financial year.
- 2.8 The Other Housing and Property budget anticipates a year end under spend of £0.590m due to savings from staff vacancies and an improvement in the income budget for recharged homelessness services.
- 2.9 The predicted year end position for the Planning and Development Service is an over spend of £0.751m. The national economic climate continues to have a serious detrimental impact on the annual projections for the income from planning and building warrant fees. These now show a very significant shortfall against the budget. Staff savings due to vacancies and turnover have reduced the overall expected overspend. The service is conducting a vigorous review of its budget with a view to maximizing possible savings.
- 2.10 The Social Work service currently predicts a year end underspend of £0.018m. The main factors underlying this figure are an increasing pressure on the budget heading "People with a Learning Disability – Independent Sector Care" and significant compensating savings from staff vacancies.
- 2.11 The predicted year end position for Transport, Environmental and Community Services is that there will be no variance at the year. However the increasing costs of electricity, fuel oil and oil based materials is having a detrimental impact on service delivery. Street lighting electricity charges have increased by 43% from 1 July 2008. Although indications are that electricity costs may reduce in the next few months, the current estimated shortfall in the street lighting electricity budget is £315,000. This pressure is being offset by retaining underspends in other areas of the service's budget.

- 2.12 The Chief Executive's service predicts a year end under spend position of £0.269m due to savings from staff turnover.
- 2.13 A year end position for the Finance service is expected to be an under spend of £0.196m, resulting from staff turnover savings.
- 2.14 A loan charges under spend of £1.321m is anticipated by the year end. This results from favourable cash flow in the year to date and the early repayment of some re-structured debt.

3. Housing Revenue Account

- 3.1 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 31 October 2008.

Signature:

Designation: Depute Chief Executive

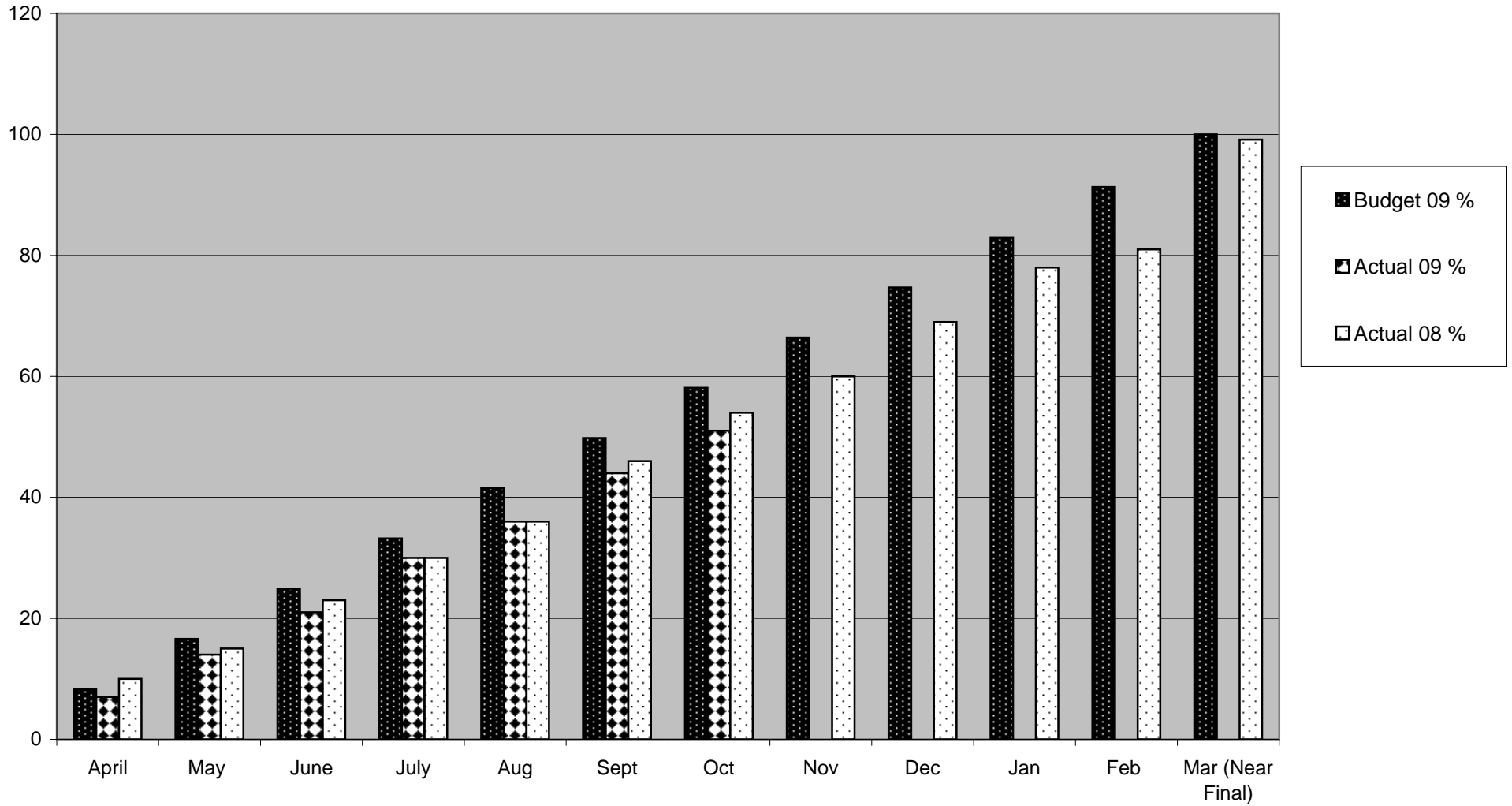
Date: 25 November 2008

Author: Margaret Grigor, Service Finance Manager

Tel: 01463 702421

Background Papers: Service revenue budget monitoring statements

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



Revenue Expenditure Monitoring Report - Service Summary

1 April 2008 - 31 October 2008

SERVICE	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Education Culture & Sport - DSM	78,793	136,650	136,650	0
Education Culture & Sport	42,255	74,201	76,152	1,951
Joint Children's Committee (JCCYP)	11,258	22,841	22,601	(240)
Other Housing & Property (Non HRA) & PSHG	2,707	8,690	8,100	(590)
Building Maintenance DLO	(295)	(411)	(411)	(0)
Planning & Development	2,602	5,302	6,053	751
Social Work	52,645	98,516	98,498	(18)
Transport Environmental & Community Services	35,807	64,477	64,477	0
Chief Executive's Service	15,711	26,451	26,182	(269)
Members Expenses	1,099	2,131	2,131	0
Finance Service	4,357	6,777	6,581	(196)
Housing Benefit	109	0	0	0
Service Total	247,048	445,625	447,014	1,389
Services Provided By Joint Boards:				
Police	15,101	23,420	23,420	0
Fire	9,597	16,767	16,767	0
Valuation	1,457	2,333	2,333	0
Non Domestic Rates	438	450	450	0
Net Cost of Services	273,641	488,595	489,984	1,389
Loan Charges	0	44,616	43,295	(1,321)
Interest on Revenue Balances	0	(1,150)	(1,150)	0
Total General Fund	273,641	532,061	532,129	68
BY SUBJECTIVE				
Staff Costs	185,883	335,489	331,400	(4,089)
Other Costs	230,694	444,626	447,757	3,131
Gross Expenditure	416,577	780,115	779,157	(958)
Grants	(39,207)	(64,470)	(63,549)	921
Other Income	(103,729)	(183,584)	(183,479)	105
Total Income	(142,936)	(248,054)	(247,028)	1,026
	273,641	532,061	532,129	68
% of Annual Expenditure				
This year	51%			
Last year	54%			
Housing Revenue Account	(17,007)	0	(0)	0