

THE HIGHLAND COUNCIL

RESOURCES COMMITTEE

18th February 2009

Agenda Item	
Report No	

Corporate Revenue Monitoring Statement 2008/09

Report by Depute Chief Executive & Director of Finance

SUMMARY

The purpose of this report is to present the revenue budget monitoring position for the period to 31 December 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 December 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 £539.044m, year to date actual of £362.630m and an estimated year end position of £536.293m giving an estimated year end under spend of £2.751m.
- 2.2 The total budget figure reported here is £6.986m greater than that reported at the December meeting of this committee. The increase is mainly the result of new government funding of £5.373m for adult support and protection; child trust funds for children being looked after by the Council; probationer teachers and schools funding. A further £0.880m has been fed into the budget from reserves to meet the additional costs of the pay awards. £0.767m from ear marked balances has been added to the budget which had been budgeted for last year but not required and therefore held as an earmarked reserve until now; this covers £0.618m for Highland Council's contribution to the pathfinder project; and £0.149m for PPP2 costs. £0.052m from developer's contributions has been added to the budget for road work at Ben Aketil. Finally £0.086m has been removed from the services' budget as a result of corporate savings relating to office supplies and public notices.

- 2.3 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.
- 2.4 The ECS Revenue Budget is projected to overspend by £0.912m mainly due to energy costs and school transport costs. In addition pressures from 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 delivery of the 2008-09 savings target are being closely monitored.
- 2.5 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.
- 2.6 A net under spend of £0.446m is anticipated in the Joint Children's Committee budget due to staff vacancies which in turn has an effect on grants for local developmental activities. Expenditure on the out-of-authority placements budget line is anticipated to over by £0.220m, this will be closely monitored and managed down where possible in the remainder of the financial year.
- 2.7 The Other Housing and Property budget anticipates a year end under spend of £0.824m due to savings in the staffing budget and an improvement in the income budget for recharged homelessness services.
- 2.8 The predicted year end position for the Planning and Development Service is an over spend of £0.758m. 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. A request for a supplementary estimate for this budget will be considered in a separate report to this committee.
- 2.9 The Social Work service currently predicts a year end under spend of £0.114m. 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.
- 2.10 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 £300,000. This pressure is being offset by retaining underspends in other areas of the service's budget.

- 2.11 The Chief Executive's service predicts a year end under spend position of £0.750m. Approximately £0.500m of this is due to savings from staff turnover, the remainder relating to increased licensing income. Staff savings of £0.281m will be removed from the budget and treated as an efficiency saving in 2009/10.
- 2.12 A year end position for the Finance service is expected to be an under spend of £0.271, resulting from staff turnover savings.
- 2.13 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 further 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 December 2008.

Signature:

Designation: Depute Chief Executive & Director of Finance

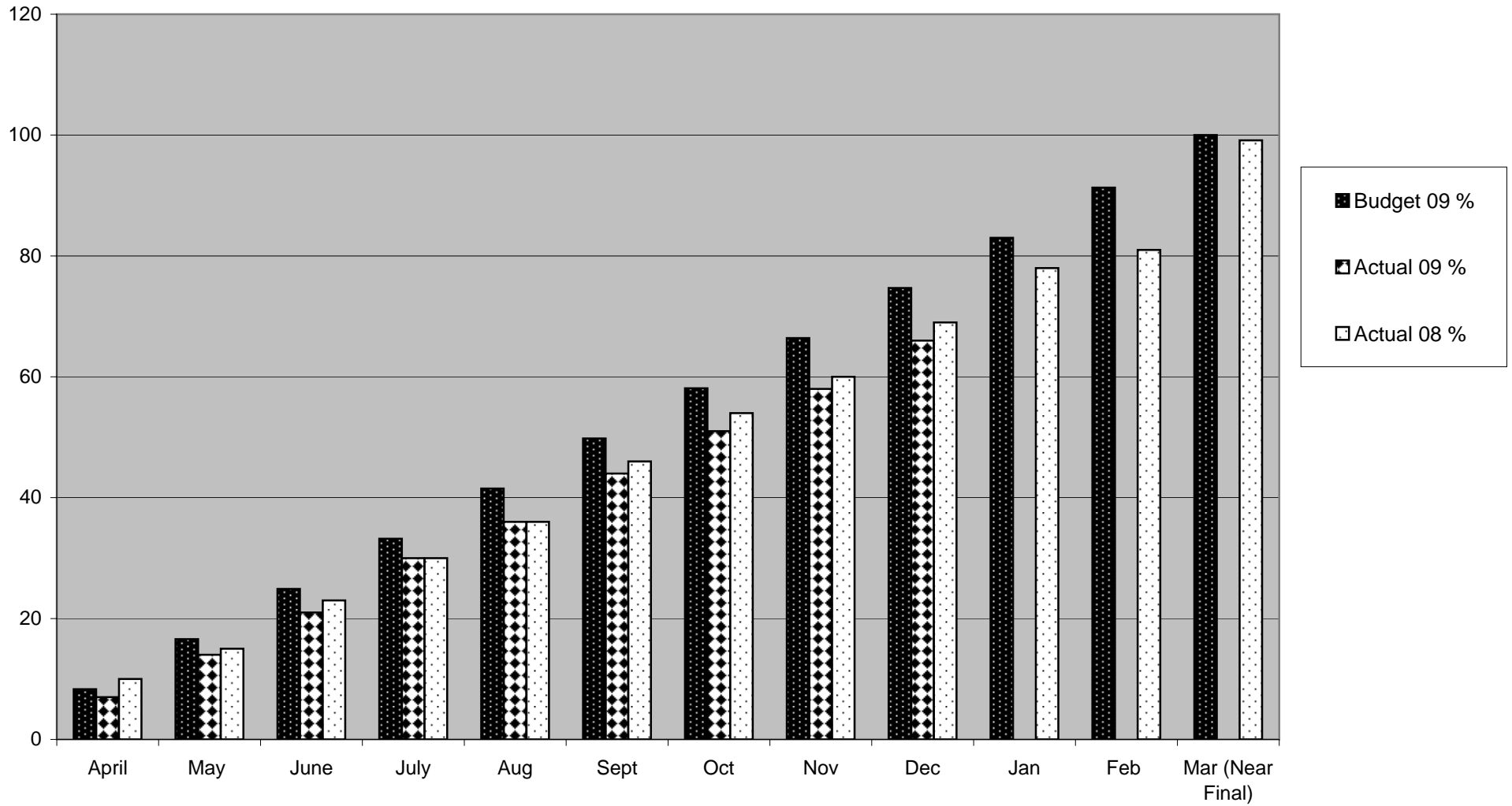
Date: 09 February 2009

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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 December 2008

SERVICE	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Education Culture & Sport - DSM	100,483	135,094	135,094	0
Education Culture & Sport	55,850	81,133	82,045	912
Joint Children's Committee (JCCYP)	14,318	22,846	22,400	(446)
Other Housing & Property (Non HRA) & PSHG	4,156	8,720	7,896	(824)
Building Maintenance DLO	(322)	(396)	(396)	(0)
Planning & Development	3,552	5,328	6,086	758
Social Work	70,661	99,078	98,964	(114)
Transport Environmental & Community Services	47,927	64,711	64,711	0
Chief Executive's Service	20,588	27,136	26,386	(750)
Members Expenses	1,471	2,139	2,139	0
Finance Service	5,283	6,819	6,548	(271)
Housing Benefit	87	0	0	0
Service Total	324,054	452,608	451,873	(735)
Services Provided By Joint Boards:				
Police	18,447	23,420	23,420	0
Fire	12,576	16,767	16,767	0
Valuation	1,750	2,333	2,333	0
Non Domestic Rates	441	450	450	0
Net Cost of Services	357,268	495,578	494,843	(735)
Loan Charges	0	44,616	42,600	(2,016)
Interest on Revenue Balances	0	(1,150)	(1,150)	0
Total General Fund	357,268	539,044	536,293	(2,751)
BY SUBJECTIVE				
Staff Costs	239,693	338,498	333,469	(5,029)
Other Costs	295,747	446,061	448,851	2,790
Gross Expenditure	535,440	784,559	782,320	(2,239)
Grants	(47,925)	(61,478)	(61,503)	(25)
Other Income	(130,247)	(184,037)	(184,524)	(487)
Total Income	(178,172)	(245,515)	(246,027)	(512)
	357,268	539,044	536,293	(2,751)
% of Annual Expenditure				
This year	66%			
Last year	69%			
Housing Revenue Account	(20,402)	0	(0)	0