

The Highland Council

Finance, Housing and Resources Committee – 22 January 2014

Agenda Item	5
Report No	FHR/ 02/14

Corporate Revenue Monitoring to 30 November 2013

Report by Director of Finance

Summary

The purpose of this report is to present the revenue budget expenditure position for the period to 30 November and the projected 2013/14 year end position.

1. Background

- 1.1 This report sets out the overall revenue budget monitoring position for the Council for the financial year 2013/14 as at 30 November 2013. Appendix 1 shows the estimated year end position for each Service and the Council's overall predicted year end over or underspend, and sources of budget funding.
- 1.2 The purpose of this report is to advise members of the anticipated financial position of the Council at the end of financial year 2013/14 and to report on projected variances.
- 1.3 This report is produced in support of the Council's corporate governance process, which in turn is designed to support the Council's corporate delivery of its obligations in terms of the Single Outcome Agreement and Council Programme.

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 £562.186m; year to date actual of £300.574m and an estimated year end position of £561.282m, giving an estimated year end underspend of £0.904m (0.2%). There has been a movement of £0.791m on the position reported to the last Committee in November when a year end underspend of £0.113m was anticipated.
- 2.2 The net budget has reduced by £0.070m from that reported to the November meeting of the committee. The movement in the budget includes a transfer of budget of £0.400m from the Planning and Development budget to earmarked balances in respect of employability services budget which will be made available in 2014/15. In addition funds were transferred from earmarked balances to the Chief Executive's budget for procurement costs £0.005m and Corporate Improvement Programme £0.015m, to the Health and Social Care budget for Autism projects £0.035m and across services for costs of early retirement £0.275m.

These movements are summarised in the table below:

	£m
Transfer to earmarked balances	
- Planning and Development	(0.400)
Additions from earmarked balances	
- CE- Corporate Improvement	0.015
- CE- Procurement	0.005
- Health and Social Care - Autism	0.035
- Early retirement costs	0.275
Net Movement	(0.070)

2.3 The following table shows the current position of the Council's non earmarked General Fund:

	£m
Balance as at 1 April 2013	18.167
Use of balances: Sandown	(0.390)
Local Govt Elections	(0.016)
Carbon Clever Highlands	(0.160)
Balance available as at 30 November 2013	17.601

The Council, at its meeting in June 2013, reaffirmed the policy of retaining a minimum General Fund balance of at least 3% of the Total Revenue Budget. The available balance of £17.601m complies with the policy.

2.4 The report also analyses the General Fund position by staff costs, other costs, grant income and other income.

2.5 The balance held centrally for unallocated corporate pressures is now £3.313m. This funding will be transferred to Service budgets when the various expenditure pressures agreed in February 2013 are fully confirmed and quantified. Budget pressures currently unallocated include: the standard e-mail platform for ECS; inflationary uplift on care contracts in children's services; street lighting pressures in TECS; corporate pressures for energy, carbon reduction commitment; pension scheme auto enrolment and NDR changes to empty property relief.

3. Variances

3.1 The Education, Culture and Sport budget shows an expected year end overspend of £0.680m. Three main pressures contribute to this overspend. A pressure of £0.911m is projected against the Additional Support Needs budget as an increased number of pupils with identified needs has required additional staffing resource to be deployed in accordance with the pre-determined assessment criteria. An overspend of £0.459m is forecast against the transport budget: this pressure is attributable to the increased cost of the public service transport routes. A pressure of £0.447m is forecast against the

Catering, Cleaning and Facilities Management area of the Service. The principal causes of this relate to the catering service which is struggling with the impact of increased food costs, compliance with environmental health regulations and challenging income budget targets.

The Service has identified a number of actions to partially mitigate these pressures including a freeze on non-essential expenditure, delaying the filling of vacant posts and only undertaking repairs and maintenance of a health and safety nature. It is also anticipated that the level of funding to be received from the Scottish Government for probationer teachers will be in excess of the net additional cost of employing those staff and that the surplus funding will be made available to the Service. Further management actions, especially in the areas of budget pressures detailed above, are being explored.

- 3.2 An underspend of £0.236m is forecast against the Health and Social Care budget. The most significant pressure on this budget continues to be out of authority placements but the forecast overspend in this area has reduced by £0.224m since October. The pressures on the Health and Social Care budget are fully mitigated by staffing underspends across the service, primarily as a result of the new preventative measures being implemented part way through the financial year.

Although a year end nil variance is currently reported for Commissioned Adult Services; discussions have commenced with NHS officials on actions required to deal with underlying pressures currently predicted on the Adult Social Care budget.

- 3.3 The Other Housing & Property (Non HRA) budget shows an estimated outturn position of £0.001m underspend, which is the net position after managing various pressures within the Service.
- 3.4 The Planning and Development Service expects a year end underspend of £0.259m which is mainly attributable to savings from the management of vacancies and an increase in planning and building warrant fee income.
- 3.5 The position for the Transport, Environmental and Community Service's budget shows a balanced budget. This position is an improvement on the last monitoring statement (to 30 September 2013) which showed a predicted overspend of £0.105m. However, as a result of the recent storms before Christmas, costs incurred, with further costs to be incurred, are estimated to be of the order of £0.450m. At present these costs have not been reflected in the monitoring statement.
- 3.6 A year-end underspend of £0.040m is currently projected in the Chief Executive's budget and is largely attributable to staff vacancies.
- 3.7 A year end overspend of £0.393m is projected in the Finance Service. This is the net result of a shortfall of £0.565m in budgeted Business Support savings due to IT technical issues resulting in delays in changing underlying processes to allow savings to be realized; an overspend of £0.028m in Payroll in respect

of ICT data charges arising from new legislative requirements and additional savings from staff turnover amounting to £0.200m in other areas of the Service.

- 3.8 The loan charges budget is currently expected to realise a year end underspend of £1.400m due to lower than expected borrowing in the previous year and continuing favourable interest rates.

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 £46.116m to be met principally from Council House rents.

4.2 At this stage of the financial year it is expected that the HRA will be on budget at the year end.

5. Implications

5.1 Resource implications are noted in this report.

5.2 There are no risk, legal, equality or climate change/Carbon Clever implications arising as a direct result of this report.

Recommendation

Members are invited to:-

- Approve the Revenue Expenditure Monitoring Statement as at 30 November 2013 which shows a predicted net underspend of £0.904m.

Designation: Director of Finance

Date: 14 January 2014

Author: Margaret Grigor

Background Papers: Service monitoring statements

Revenue Expenditure Monitoring Report - Service Summary

1 April 2013 to 30 November 2013

SERVICE	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
Education Culture & Sport - DSM	83,622	129,751	129,751	0
Education Culture & Sport	66,026	106,217	106,897	680
Health & Social Care	73,742	135,864	135,628	(236)
Other Housing & Property (Non HRA) & PSHG	7,920	9,954	9,953	(1)
Building Maintenance DLO	2,528	0	(41)	(41)
Planning & Development	3,329	7,013	6,754	(259)
Transport Environmental & Community Services	38,003	59,640	59,640	0
Chief Executive's Service	10,517	21,032	20,993	(39)
Members Expenses	1,233	2,159	2,158	(1)
Finance Service	10,584	11,757	12,150	393
Housing Benefit	399	371	371	0
Council Tax Reduction Scheme	0	12,990	12,990	0
Scottish Welfare Fund Grants	198	801	801	0
Sandown	390	390	390	0
Service Total	298,491	497,939	498,435	496
Valuation Joint Board	1,388	2,380	2,380	0
Non Domestic Rates reliefs	695	606	606	0
Loan Charges	0	55,510	54,110	(1,400)
Interest on Revenue Balances	0	(180)	(180)	0
Total General Fund	300,574	556,255	555,351	(904)
Unallocated Budget	0	3,313	3,313	0
Unallocated Corporate Savings	0	18	18	0
Affordable Housing Contribution	0	2,600	2,600	0
Total Revenue Expenditure	300,574	562,186	561,282	(904)
BY SUBJECTIVE				
Staff Costs	200,913	315,476	313,120	(2,356)
Other Costs	244,638	479,257	484,814	5,557
Gross Expenditure	445,551	794,733	797,934	3,201
Grants	(42,551)	(60,997)	(61,907)	(910)
Other Income	(102,426)	(171,550)	(174,745)	(3,195)
Total Income	(144,977)	(232,547)	(236,652)	(4,105)
	300,574	562,186	561,282	(904)
% of Annual Expenditure				
This year	53%			
Last year	61%			
Budget Financed By:		£m		
AEF as notified		435,696		
Council Tax		110,740		
Use of General Fund non earmarked Balances		2,000		
Total Financing Agreed at Council February 2013		548,436		
Additional funding reported to FHR Jun 2013		12,508		
Reduced funding reported to FHR Aug 2013		(56)		
Additional funding reported to FHR Oct 2013		1,296		
Additional funding reported to FHR Nov 2013		72		
Reduced funding as per paragraph 2		(70)		
Total Budget at November 2013		562,186		
Housing Revenue Account	(14,005)	0	0	0