

The Highland Council

Resources Committee – 25 February 2015

Agenda Item	5
Report No	RES/02/15

Corporate Revenue Monitoring to 31 December 2014

Report by Director of Finance

Summary

This report presents the financial position of the revenue budgets of the General Fund and Housing Revenue Account (HRA) as at 31 December 2014 and the projected year end position.

1. Background

- 1.1 This report sets out the overall revenue budget monitoring position for the General Fund and HRA of the Council for the financial year 2014/15 as at 31 December 2014.
- 1.2 This report advises members of the anticipated financial position of the Council at the end of the financial year and reports on predicted variances from budget.
- 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.

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 £577.971m, year to date actual of £332.584m and an estimated year end position of £576.294m resulting in an estimated year end underspend of £1.677m (0.29%).
- 2.2 **Appendix 1** also analyses the position by staff costs, other costs, grant income and other income.

2.3 The unallocated budget line representing corporate pressures and unallocated funding has increased by £0.800m from the statement presented to the committee as at 30 September 2014. This is explained as follows:

	£m
Services Pressures	
- National Care Home Contract	0.069
- Street lighting	0.099
Corporate pressures	
- Energy	0.780
- Carbon Reduction Commitment	0.090
- Non Domestic Rates	0.046
Unallocated amounts	
- Hostels Grant	0.116
As at 30 September 2014	1.200
Transferred to service budget	
- Street lighting	(0.099)
Additional unallocated funding	
- Enterprise zones	0.575
- Family support	0.176
- Police transfer	0.100
- Housing Support Grant	0.048
As at 31 December 2014	2.000

Funding will be transferred to service budgets from this line when the relevant pressures are quantified or funding allocated.

2.4 The budget on the unallocated corporate savings line is £1.226m as follows:

	£m
Schools Business Support	0.353
Corporate Management	0.350
Customer Contact Transformation	0.155
Procurement	0.166
Transport	0.100
Income Generation	0.134
Public Information Notices	0.003
Asset management savings achieved	(0.035)
	1.226

Funding will be transferred from service budgets to reduce this when savings are fully identified and quantified.

It is anticipated that in addition to the previously reported non achievement of £0.353m in Schools business support savings, savings amounting to £0.300m are unlikely to be realised in this financial year from the Corporate Improvement Programme projects in respect of Income Generation, Customer Contact Transformation and Transport.

- 2.5 The total revenue budget for 2014/15 has increased by £3.774m from the statement presented to the committee as at 30 September 2014. This is explained as follows:

	£m	£m
Budget at 30 September 2014		574.197
Additional Government funding		
Teachers Induction	1.418	
Free School Meals	0.793	
Enterprise Zones	0.575	
Additional teacher support	0.263	
Family Support	0.176	
Police Transfer	0.100	
Teachers pay	0.095	
Housing Support Grant	0.048	
CTRS	0.022	
Single Fraud investigation service	0.007	
		3.497
Transfers from earmarked balances		
Care and Learning		
- Highland Culture Fund	0.091	
- School Office Review Project	0.047	
- Learning & Teaching	0.029	
- Commonwealth Games Legacy	0.025	
		0.192
Development and Infrastructure		
- Petty Mausoleum		0.050
Corporate Development		
- Web Development Team (SCDF)		0.035
Budget at 31 December 2014		577.971

2.6 General Fund

The balance of the General Fund is as follows:

	Earmarked balances £m	Non- earmarked balance £m	General Fund Total £m
Available balance at 30 September	16.950	14.384	31.334
Use of earmarked balances			
Culture and Leisure			
- Highland Culture Fund	(0.091)		
- School Office Review Project	(0.047)		
- Learning & Teaching	(0.029)		
- Commonwealth Games Legacy	(0.025)		
Development and Infrastructure			
- Petty Mausoleum	(0.050)		
Corporate Development			
Web Development Team (SCDF)	(0.035)		
	<hr/>		
	(0.277)		
Available balance at 31 December	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	16.673	14.384	31.334

3. General Fund variances

3.1 The Care and Learning budget is currently forecast to be £0.626m overspent at year end. This reflects a considerable improvement from the £1.417m forecast overspend reported to this committee in November. There has been progress in a number of areas, including management action to achieve savings and regarding looked after children, as well as the rate of take up of some new initiatives, including early learning and childcare.

Across the service a number of pressures previously reported still persist, including in school transport, CCFM (catering, cleaning and facilities management) and looked after children, but the service remains committed to both managing these pressures and finding other mitigating actions wherever possible.

At month 9 NHS Highland are forecasting an overspend of £0.683m on commissioned adult services, compared to a £1.5m overspend reported at month 6. The Care and Learning budget forecast continues to assume that NHS Highland will manage expenditure within the funding allocation provided by the Council.

- 3.2 The Chief Executive's Office predicts a year end underspend of £0.123m due to the management of staff vacancies.
- 3.3 The Corporate Development Service anticipates a small overspend of £0.004m at the year end. This arises due to a shortfall in licensing income which is partially offset by savings from vacancy management.
- 3.4 Community Services is anticipating a balanced budget at the year end although there are waste and transport pressures which are being managed through savings in the road maintenance budget. A detailed report on the steps the Service is taking to manage the budget was submitted to the Community Services committee in May.
- 3.5 The Development and Infrastructure Service predicts a net year end underspend of £0.208m which is the net position after cost pressures are offset by increased Planning and Building warrant fee income and savings from the management of staff vacancies.
- 3.6 At this stage in the year the Finance Service expects a year end underspend of £0.047m which is the net position of savings from staff turnover more than compensating for a budget pressure of £0.092m in the Revenues and Business Support heading of the Service budget.
- 3.7 Discretionary Housing Payments (DHP) are predicted to underspend by £0.209m at the year end. The Council continues to use the DHP fund to mitigate the effects of the removal of the Spare Room Subsidy ("Bedroom Tax") and all known cases who have applied for assistance have had their Housing Benefit restored.
- 3.8 The Council Tax Reduction Scheme is predicted to underspend by £0.603m at the year end due to changes made by DWP in the calculation of CTR entitlement which have the effect of reducing the qualifying amount on which CTR is calculated.
- 3.9 Scottish Welfare Fund Grants are predicted to overspend by £0.201m at the year end which is equivalent to the 2013/14 underspend which was brought forward as part of the Welfare Fund for the current year.
- 3.10 Non Domestic Rates (NDR) reliefs are predicted to overspend by £0.089 at the year end. NDR relief is granted in accordance with the statutory framework and is the equivalent of 80% of the rates bill. These costs fall to the Scottish Government's national rating pool. Thereafter, the Council has discretion to award a 20% top-up, providing qualifying criteria are met, to provide full relief from rates for charities and non-licensed registered community amateur sports club. The Council funds 25% of any discretionary awards made with the remaining 75% being funded from the national pool. The annual budget of £0.606m shown under heading relates to 25% of the total amount of the 20% top-up that is awarded at the Council's discretion.

The policy intent is to recognise the social and economic contribution that these organisations make in their local communities.

- 3.11 The position of the Loans Fund budget is a predicted year end underspend of £2.235m due to continued favourable interest rates and delayed need for borrowing.

4. Housing Revenue Account

- 4.1 **Appendix 1** also shows the position on the HRA. Although the net budget is zero, the annual expenditure budget totals £48.908m equal to income arising principally from Council House Rents.

- 4.2 At this stage of the financial year it is expected that after adjusting the balance of funding streams on the Capital Programme 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 legal, equalities, climate change/Carbon Clever, risk, Gaelic or rural implications arising as a direct result of this report.

Recommendation

The committee is asked to approve the financial position of the General Fund and HRA revenue budgets as at 31 December 2014 and to note the predicted year end net underspend of £1.677m

Designation:	Director of Finance
Date:	6 February 2015
Author:	Fiona Wood, Service Finance Manager (Accounts and Central Services)
Background Papers:	Service revenue budget monitoring reports
Attachments:	Appendix 1 - Corporate Monitoring Statement

Revenue Expenditure Monitoring Report - Service Summary

1 April to 31 December 2014

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
BY SERVICE				
Care and Learning	256,367	385,899	386,525	626
Chief Executive's Office	4,693	6,904	6,781	(123)
Corporate Development	10,228	18,255	18,259	4
Community Services	47,533	62,731	62,731	0
Development and Infrastructure	11,605	12,342	12,134	(208)
Finance Service	11,525	11,688	11,641	(47)
Housing Benefit	81	121	121	0
Discretionary Housing Payments	783	1,082	873	(209)
Council Tax Reduction Scheme	8,066	12,702	12,099	(603)
Scottish Welfare Fund Grants	818	801	1,002	201
Advice Services	1,053	1,531	1,519	(12)
Service Total	352,752	514,056	513,685	(371)
Valuation Joint Board	1,586	2,380	2,380	0
Non Domestic Rates reliefs	695	606	695	89
Loan Charges	0	57,735	55,500	(2,235)
Interest on Revenue Balances	0	(180)	(180)	0
Nairn Common Good Fund	0	0	187	187
Unallocated Budget	0	2,000	2,000	0
Unallocated Corporate Savings	0	(1,226)	(573)	653
Affordable Housing Contribution	0	2,600	2,600	0
Total General Fund	355,033	577,971	576,294	(1,677)
Housing Revenue Account	(22,449)	0	0	0
Total Revenue Expenditure	332,584	577,971	576,294	(1,677)

BY SUBJECTIVE				
Staff Costs	234,034	324,586	322,920	(1,666)
Other Costs	252,643	488,552	484,563	(3,989)
Gross Expenditure	486,677	813,138	807,483	(5,655)
Grants	(42,716)	(61,481)	(59,485)	1,996
Other Income	(111,377)	(173,686)	(171,704)	1,982
Total Income	(154,093)	(235,167)	(231,189)	3,978
Total Revenue Expenditure	332,584	577,971	576,294	(1,677)

% of Annual Expenditure

This year	58%
Last year	58%

Budget Financed By:	£m
Aggregate External Finance as notified	449,822
Additional resources	6,612
Council Tax	112,253
Use of earmarked balances	9,282
Use of Repairs and Renewals Fund	2
Total Budget	577,971