

The Highland Council

Resources Committee – 26 November 2014

Agenda Item	6
Report No	RES/59 /14

Corporate Revenue Monitoring to 30 September 2014

Report by Director of Finance

Summary

This report presents the financial position of the revenue budgets of the General Fund and HRA as at 30 September 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 Housing Revenue Account (HRA) of the Council for the financial year 2014/15 as at 30 September 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 any 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.

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 £574.197m, year to date actual of £214.809m and an estimated year end position of £573.730m resulting in an estimated year end underspend of £0.467m (0.08%).
- 2.2 Appendix 1 also analyses the position by staff costs, other costs, grant income and other income.
- 2.3 The unallocated budget line represents corporate pressures and unallocated funding totalling £1.200m. 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 £1.227m. Funding will be transferred from service budgets to reduce this when savings are fully identified and quantified. Budget savings currently unallocated include schools business support £0.353m, which has been deferred, as agreed by the Education, Children and Adult Services Committee, pending results of two pilot

areas; corporate management £0.350m, customer contact transformation £0.155m, procurement £0.166m, transport £0.100m, income generation £0.134m and public information notices £0.003m. Asset management savings achieved of £0.034m have been offset against these. Further work is required to deliver these savings in 2014/15.

- 2.5 The revenue budget for 2014/15 has increased by £1.244m from the statement presented to the committee as at 30 June 2014. This is explained as follows:

Budget at 30 June 2014	£m	£m
		572.953
Additional Government funding Children and Young People Bill	0.645	
		0.645
Transfers from earmarked balances		
Care and Learning – Autism	0.015	
Corporate Development – ICT	0.200	
Finance – Corporate Financial System	0.384	
		0.599
Budget at 30 September 2014		574.197

- 2.6 General Fund

The balance of the General Fund is as follows:

	Earmarked balances £m	Non- earmarked balance £m	General Fund Total £m
Balance as at 31 March 2014	23.206	17.134	40.340
Transfers to earmarked balances (agreed at June Council)	2.750	(2.750)	-
Use of earmarked balances			
April - June	(8.407)	-	(8.407)
July – September	(0.599)	-	(0.599)
Available balance at 30 September	16.950	14.384	31.334

3. General Fund variances

- 3.1 The Care and Learning budget is currently forecast to be overspent at the year end by £1.417m. Two significant pressures in the Service Management and Resources area are causing a forecast overspend in that service area. In schools transport an overspend of £1.085m is forecast- a recurring pressure from 2013-14 has been compounded by an increase in the number of school days in financial year 14-15 as well as an approved budget saving in relation to transport consolidation which is not forecast to be delivered in the current year. In the Catering, Cleaning and Facilities Management area a pressure of £0.694m is forecast. This pressure is caused by increased food costs, challenging income targets and budget pressures associated with the new facilities management model.

Across the Education, Children's Services and Additional Support Needs areas of the service a broadly balanced position is forecast. Significant pressures such as Looked After Children (£1.5m), unachieved education-related savings (£0.5m) and Self Directed Support (£0.35m) are being managed through a variety of management actions including management of vacant posts and efficient use of resources. An underspend of £0.74m is forecast in the Adult Services budget area - this underspend comes as a result of the new care homes in Tain and Muir of Ord. The overall forecast overspend in Care and Learning has decreased from the position previously reported to this committee and the Service is continuing to identify actions to further reduce the overspend position.

Following the decision in March 2014 around a 3 year funding settlement for Adult Care services commissioned through NHS Highland, the budget forecast assumes full spend of this budget. The Committee is asked to note that NHS Highland are currently forecasting an overspend of £1.5m against the Council's funding allocation. This budget forecast assumes that NHS Highland will manage expenditure within the funding 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 year end overspend of £0.083m. 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 £0.158m 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 £0.030m which is the net position of savings from staff turnover, more than compensating for a budget pressure of £0.094m 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 and all known cases who have applied for assistance have had their Housing Benefit restored.
- 3.8 The Council Tax Reduction (CTR) Scheme is predicted to underspend by £0.551m 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 £0.475m at the year end due to the demand for Crisis Grants and Community Care Grants which continue to be paid to support as many customers as possible, within the funding provided by the Scottish Government including carry forward from 2013/14.
- 3.10 The position of the Loans Fund budget is a predicted year end underspend of £2.000m due to continued favourable interest rates and delayed need for long term borrowing.
- 3.11 At a meeting of the Highland Council on 30 October 2014 it was agreed that an amount of £0.187m should be paid in restitution of rental income to the Nairn Common Good Fund Account. This amount will be met from the General Fund.

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 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 30 September 2014 and to note the predicted year end net underspend of £0.467m

Designation: Director of Finance

Date: 14 November 2014

Author: Fiona Wood, Service Finance Manager (Accounts and Central Services)

Background Papers: Service revenue budget monitoring reports

Revenue Expenditure Monitoring Report - Service Summary

1 April to 30 September 2014

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
BY SERVICE				
Care and Learning	162,908	382,604	384,021	1,417
Chief Executive's Office	2,959	6,923	6,800	(123)
Corporate Development	5,622	18,895	18,978	83
Community Services	33,915	62,587	62,587	0
Development and Infrastructure	7,574	12,216	12,058	(158)
Finance Service	7,794	11,642	11,612	(30)
Housing Benefit	61	121	121	0
Discretionary Housing Payments	525	1,082	873	(209)
Council Tax Reduction Scheme	6,065	12,680	12,129	(551)
Scottish Welfare Fund Grants	586	801	1,276	475
Advice Services	802	1,532	1,518	(14)
Service Total	228,811	511,083	511,973	890
Valuation Joint Board	992	2,380	2,380	0
Non Domestic Rates reliefs	709	606	709	103
Loan Charges	0	57,735	55,735	(2,000)
Interest on Revenue Balances	0	(180)	(180)	0
Nairn Common Good Fund	0	0	187	187
Unallocated Budget	0	1,200	1,200	0
Unallocated Corporate Savings	0	(1,227)	(874)	353
Affordable Housing Contribution	0	2,600	2,600	0
Total General Fund	230,512	574,197	573,730	(467)
Housing Revenue Account	(15,703)	0	0	0
Total Revenue Expenditure	214,809	574,197	573,730	(467)

BY SUBJECTIVE				
Staff Costs	153,584	320,148	319,922	(226)
Other Costs	165,848	489,799	487,709	(2,090)
Gross Expenditure	319,432	809,947	807,631	(2,316)
Grants	(31,348)	(61,599)	(61,478)	121
Other Income	(73,275)	(174,151)	(172,423)	1,728
Total Income	(104,623)	(235,750)	(233,901)	1,849
Total Revenue Expenditure	214,809	574,197	573,730	(467)

% of Annual Expenditure	
This year	37%
Last year	38%

Budget Financed By:	£m
Aggregate External Finance as notified	449,822
Additional resources	
- CTRS	2,425
- Children and Young People Bill	645
- 1 + 2 Language Policy	45
	3,115
Council Tax	112,253
Use of earmarked balances	9,005
Use of Repairs and Renewals Fund	2
Total Budget at September 2013	574,197