

The Highland Council
Resources Committee - 27 May 2015

Agenda Item	5
Report No	RES/ 30/15

Corporate Revenue Monitoring to 31 March 2015 (Near Final)

Report by Director of Finance

Summary

The purpose of this report, as the accounts closedown process continues, is to present a near final revenue budget expenditure position for the financial year 2014/15.

1. Background

- 1.1 The figures in this report represent the near final position for 2014/15. The figures reported cannot be regarded as final until the accounts close down process is complete. The final position will be reported to the Council meeting on 25 June and detailed out-turn statements at Service level will be presented to the next round of Service Committees.
- 1.2 The report advises Members of the near final financial position for the Council overall at the end of financial year 2014/15 and provides a high level commentary on the significant 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 of Budgets

- 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 £573.862m; in year expenditure of £569.682m, giving a year end underspend of £4.180m (0.73%) on the Services Revenue Budget and an additional £1.406m Council Tax collected.

There has been a movement of £2.503m on the position reported to the Committee in February when a year-end underspend of £1.677m was anticipated. The reasons for the main variances contributing to the movement in the outturn are provided later in the report.

- 2.2 The net budget for Services has increased by £4.109m from that reported to the February meeting of the committee as at December 2014. The movement is explained as follows:

	£m
Budget at December 2014	577.971
Grant redetermination - Enterprise Zones	(0.575)
Grant redetermination - Police Funding	(0.081)
Use of balances - Nairn Sandown	0.187
Use of balances - by-election	0.022
Net transfers from earmarked balances	(3.295)
Transfer to Insurance Fund	(0.374)
Use of Repairs and Renewals Fund	0.007
Budget at March 2015	<u>573.862</u>

Transfers (to)/from earmarked balances were as follows:

Care and Learning

Sensory impairment	(0.070)
Badaguish refund	(0.454)
Early Years Investment Fund	(1.126)
Child Health Funding	(0.312)
DSM balances	(0.764)

Corporate Development

Pathfinder	0.293
Graduate Officer	0.010
CIP SCDF	0.097
Investment Funds	0.236
ICT Re-provision	(1.032)
ICT Earmarking	(0.400)

Development and Infrastructure

Energy Efficiency Fund	0.056
Walks to Water	(0.124)
Employability	0.167

Finance

Welfare Reform	0.032
DHP	(0.172)
FMIS	(0.164)

Across Services

Pension Strain Early Retirements	0.288
Developers contributions	0.144
	<u>(3.295)</u>

2.3 The report also analyses the General Fund position by staff costs, other costs,

grant income and other income.

- 2.4 Details of the final reserves position and recommendations on the use of balances will be presented with the unaudited accounts to the Council in June.

3. **Service Budget Variances**

- 3.1 The Care and Learning Service shows a year-end underspend of £0.058m, a significant improvement from the forecast position last reported to this committee. A number of pressures have persisted throughout the year, principally in relation to Looked After Children and school transport, but additional budget feeds into these areas in 2015/16 should ensure no recurrence of these pressures. Other areas of budget pressure relate to the Catering, Cleaning and Facilities Management (CCFM) service and the cost of repairs, including servicing contracts, to Care and Learning properties.

The main mitigating factors include a one-off benefit from the transfer of the care homes at Tain and Muir of Ord - this saving is being removed from the Care and Learning budget as part of the approved 2015/16 budget savings. Further one-off savings have derived from management actions around the efficient management of resources and the management of vacant posts.

NHS Highland have reported an overspend of £0.487m on Adult Social Care which will be met from overall NHS resources. The main cause of this overspend reflects the difficulty in delivering certain budget savings in light of increasing demand for services. Particular services facing increased demand include Care at Home, Independent Sector Care, Self Directed Support packages and services for young adults with profound disabilities.

- 3.2 The Chief Executive's Office shows an underspend of £0.151m which is mainly attributable to vacancy management and reduced spend in discretionary budgets.
- 3.3 The Corporate Development Service shows an underspend of £0.060m which is mainly due to staff vacancies during the year.
- 3.4 In Community Services there is an underspend of £0.311m. The underlying reason for the underspend is planned slippage on the Roads Innovation Fund. At the outset of the financial year a decision to top-slice the roads maintenance to meet budget pressures on public bus contracts and waste contracts, and to meet unachieved waste savings, was approved. There were overspends on winter maintenance, street lighting, grounds maintenance, homelessness, vehicle maintenance and a shortfall in income at piers and harbours, and car parking. The overspends were met by underspends in flood alleviation, refuse collection and building maintenance. There were further underspends on staff costs rising as a result of vacancy management and reduced overtime in roads and community works, waste management, and environmental health. There were costs of approximately £1m incurred as a consequence of weather and storm events during the year. These costs were contained within the overall roads maintenance budget.

- 3.5 In Development and Infrastructure there is an underspend of £0.397m. The main reason for the underspend is recognition of one-off grant income from LEADER and energy initiatives. Other reasons include an increase in planning and building warrant income offset overspends on ICT costs, the new transport planning team budget shortfall, and property revenue maintenance.
- 3.6 The Finance Service shows a net underspend of £46k mainly due to one-off income receipts and the management of vacancies during the year.
- 3.7 The Council Tax Reduction Scheme shows an underspend of £0.669m 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.
- 3.8 The loan charges budget has underspent in the year by £2.505m due to continuing favourable interest rates and a delayed need for borrowing.
- 3.9 Corporate pressures and unallocated funding of £0.900m is made up of amounts not transferred to Service budgets in respect of pressures. The main element relates to Energy costs.
- 3.10 Agreed savings which have not yet been realised and/or remain unallocated to Service budgets amount to £1.196m and in the main comprises Schools Business Support, Customer Contact Transformation and Corporate Management savings.
- 3.11 The amount of Council Tax collected has exceeded the budget by £1.406m largely due to a review of the provision for non-collection and improved recovery of prior year debt.

4. Housing Revenue Account (HRA)

- 4.1 The HRA delivered a balanced budget. During the year additional essential Housing repairs and maintenance were undertaken, with the increased spend met by rechargeable repairs income. Shortfalls on housing rents and other rents were met by an underspend on loan charges.

5. Implications

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

Recommendation

Members are invited to consider the Revenue Expenditure Monitoring Statement as at 31 March 2015 which shows a near final position of £4.180m underspend, plus an additional £1.406m Council Tax collected, giving a total underspend for the year of £5.586m; and note that the final position will be reported to the Council in June.

Designation: Director of Finance

Date: 20 May 2015

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

Background Papers: Service monitoring statements

Revenue Expenditure Monitoring Report - Service Summary

1 April to 31 March 2015

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
BY SERVICE				
Care and Learning	383,620	383,678	383,620	(58)
Chief Executive's Office	6,498	6,649	6,498	(151)
Corporate Development	18,008	18,068	18,008	(60)
Community Services	61,584	61,895	61,584	(311)
Development and Infrastructure	12,254	12,651	12,254	(397)
Finance Service	11,745	11,791	11,745	(46)
Housing Benefit	(108)	121	(108)	(229)
Discretionary Housing Payments	910	910	910	0
Council Tax Reduction Scheme	12,033	12,702	12,033	(669)
Scottish Welfare Fund Grants	917	801	917	116
Advice Services	1,545	1,564	1,545	(19)
Service Total	509,006	510,830	509,006	(1,824)
Valuation Joint Board	2,380	2,380	2,380	0
Non Domestic Rates reliefs	690	606	690	84
Loan Charges	55,230	57,735	55,230	(2,505)
Interest on Revenue Balances	(340)	(180)	(340)	(160)
Nairn Common Good Fund	187	187	187	0
Unallocated Budget	0	900	0	(900)
Unallocated Corporate Savings	0	(1,196)	0	1,196
Affordable Housing Contribution	2,529	2,600	2,529	(71)
Total General Fund	569,682	573,862	569,682	(4,180)
Housing Revenue Account	0	0	0	0
Total Revenue Expenditure	569,682	573,862	569,682	(4,180)

BY SUBJECTIVE				
Staff Costs	313,015	318,866	313,015	(5,851)
Other Costs	497,291	489,173	497,291	8,118
Gross Expenditure	810,306	808,039	810,306	2,267
Grants	(61,941)	(59,042)	(61,941)	(2,899)
Other Income	(178,683)	(175,135)	(178,683)	(3,548)
Total Income	(240,624)	(234,177)	(240,624)	(6,447)
Total Revenue Expenditure	569,682	573,862	569,682	(4,180)

% of Annual Expenditure

This year	99.27%
Last year	99.70%

Budget Financed By:	£m	£m	£m	£m
Aggregate External Finance as notified	449,822	449,822	449,822	0
Additional resources	6,319	6,319	6,319	0
Council Tax	113,659	112,253	113,659	(1,406)
Use of earmarked balances	5,835	5,835	5,835	0
Transfer to other reserves	(367)	(367)	(367)	0
Total Income	575,268	573,862	575,268	(1,406)
Total variance on the net budget				(5,586)