

**The Highland Council**  
**Resources Committee – 26 August 2015**

Agenda Item	<b>16(a)</b>
Report No	<b>RES/69/15</b>

**Corporate Revenue Monitoring to 30 June 2015**

**Report by Director of Finance**

Summary

The purpose of this report is to present the financial position of the revenue budgets of the General Fund and Housing Revenue Account (HRA) for the period from 1 April to 30 June 2015 and the estimated position for the 2015/16 financial year.

**1. Background**

- 1.1 This report presents the overall revenue budget monitoring position for the General Fund and HRA of the Council for the financial year 2015/16 as at 30 June 2015. The figures presented are the annual net budget, net expenditure to date and the estimated outturn for the financial year.
- 1.2 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 £576.087m, year to date actual expenditure of £113.133m and an estimated year end position of £575.153m, giving a year end underspend of £0.934m (0.16%) on the Services Revenue Budget.
- 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 £1.777m as follows:

	£m
2015/16 inflation pressures not yet allocated (energy, NCH contract)	1.068
Balance of 2013/14 and 2014/15 energy provision not utilised	0.463
Reduction in provision for pensions increase (non-teaching)	0.226
Balance of unallocated funding for former Hostels grant	0.020
	<u>1.777</u>

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 £2.669m comprising transformation savings of £2.319m and corporate management savings of £0.350m. Funding will be transferred from service budgets to reduce this when savings are identified and quantified.
- 2.5 The revenue budget for 2015/16 has increased by £5.149m from the amount agreed at the meeting of the Highland Council on 18 December 2014. The movement is explained as follows:

		£m
Budget as agreed by Highland Council on 18 Dec 2014		570.938
Ring-fenced grant (Gaelic)		(0.951)
Increase in Council Tax income target		0.384
Grant funding - redeterminations		0.129
Agreed use of non-earmarked balances		
Roads Maintenance	2.360	
Teachers Pensions	1.259	
Winter Maintenance	0.120	
	<u>          </u>	3.739
Use of earmarked balances		
ICT Reprovision	1.032	
Welfare Fund	0.500	
Pathfinder/SWAN	0.167	
Developers Contributions	0.130	
Carbon Clever	0.055	
Strategic Change and Development Fund	(0.036)	
	<u>          </u>	1.848
Budget at 30 June 2015		<u><u>576.087</u></u>

## 2.6 General Fund

The balance of the General Fund is as follows:

	Earmarked balances £m	Non- earmarked balance £m	Total £m
Balance as at 31 March 2015 (subject to audit)	22.041	20.180	42.221
Use of balances included in HC 18/12/14 agreed budget	(0.050)	(0.500)	(0.550)
Use of balances per para 2.5 Transfer to SCDF agreed HC 25/06/15	(1.848)	(3.739)	(5.587)
Estimated underspend	-	0.934	0.934
Balance at 30 June 2015	<u>20.443</u>	<u>16.575</u>	<u>37.018</u>

## 3. Service Budget Variances

- 3.1 At this early stage in the financial year most services are anticipating no variance from budget at the year end. As the year progresses there is a risk of pressures arising which will be reflected in future monitoring reports.
- 3.2 A minor year-end underspend of £0.096m is currently forecast for the Care and Learning service budget. A number of pressures persist from 2014/15, principally around repairs and servicing contracts, facilities management and special schools. In addition new pressures have arisen in 2015/16, largely as a result of approved budget savings rated as red or amber, chief among them savings related to reducing teacher numbers and those associated with PPP schools. The main areas of underspend that offset the aforementioned pressures arise from the management of vacant posts and a lower than anticipated take up of nursery education from eligible two year olds.
- 3.3 A minor year end underspend of £0.011m is estimated in the Chief Executive's Office from the management of staff vacancies and other costs.
- 3.4 In the Corporate Development Service a small overspend from income not matching budgeted amounts is more than compensated for by savings from vacancy management giving an overall estimated underspend of £0.110m.
- 3.5 It is estimated that the Council Tax Reduction Scheme will be underspent by £0.717m at the year end due to changes introduced by the Department for Work and Pensions which reduce the qualifying amounts on which CTR is calculated.
- 3.6 An estimated year end surplus on council tax income of approximately £1m, as a result of prior years' debt collections being better than anticipated for reasons including improvements to business processes and resource

management, is likely to be offset by pressures arising from on-going pay negotiations and government announcements regarding the Living Wage. These pressures will be quantified and included in future reports.

#### 4. Housing Revenue Account (HRA)

4.1 At this stage in the financial year it is expected that the HRA will be on budget at the year end. Although the net budget is zero, the annual expenditure budget matches the income arising principally from Council House Rents as follows.

	Actual to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
Staff costs	1,040	4,918	4,918	-
Other Costs	1,547	26,655	26,655	-
Loan charges and interest	-	17,920	17,920	-
	2,587	49,493	49,493	-
Income	(11,615)	(49,493)	(49,493)	-
Total HRA	(9,028)	-	-	-

#### 5. Implications

5.1 Resource implications are noted in this report.

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

#### Recommendation

Members are invited to consider the financial position of the General Fund and HRA revenue budgets at 30 June 2015 and to note the estimated year end net underspend of £0.934m.

Members are asked to note the risk of pressures materialising throughout the year which may change the estimated year end position.

Designation: Director of Finance

Date: 17 August 2015

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Background Papers: Service monitoring statements

## Revenue Expenditure Monitoring Report - Service Summary

1 April to 30 June 2015

	Actual Year to Date £000	Annual Budget £000	Year End Estimate £000	Year End Variance £000
<b>BY SERVICE</b>				
Care and Learning	74,786	390,844	390,748	(96)
Chief Executive's Office	1,623	6,395	6,384	(11)
Corporate Development	2,417	17,911	17,801	(110)
Community Services	17,777	60,631	60,631	0
Development and Infrastructure	6,529	11,111	11,111	0
Finance Service	4,128	12,140	12,140	0
Housing Benefit	1,190	121	121	0
Discretionary Housing Payments	135	199	199	0
Council Tax Reduction Scheme	11,830	12,547	11,830	(717)
Social Welfare Fund Grants	133	801	801	0
Advice Services	788	1,813	1,813	0
<b>Service Total</b>	<b>121,336</b>	<b>514,513</b>	<b>513,579</b>	<b>(934)</b>
Valuation Joint Board	144	2,380	2,380	0
Non Domestic Rates reliefs	681	606	606	0
Loan Charges	0	57,060	57,060	0
Interest on Revenue Balances	0	(180)	(180)	0
Unallocated Budget	0	1,777	1,777	0
Unallocated Corporate Savings	0	(2,669)	(2,669)	0
Affordable Housing Contribution	0	2,600	2,600	0
<b>Total General Fund</b>	<b>122,161</b>	<b>576,087</b>	<b>575,153</b>	<b>(934)</b>
<b>Housing Revenue Account</b>	<b>(9,028)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Revenue Expenditure</b>	<b>113,133</b>	<b>576,087</b>	<b>575,153</b>	<b>(934)</b>

<b>BY SUBJECTIVE</b>				
Staff Costs	71,881	325,136	323,495	(1,641)
Other Costs	85,811	526,243	526,789	546
<b>Gross Expenditure</b>	<b>157,692</b>	<b>851,379</b>	<b>850,284</b>	<b>(1,095)</b>
Grants	(15,005)	(76,377)	(60,347)	16,030
Other Income	(29,554)	(198,915)	(214,784)	(15,869)
<b>Total Income</b>	<b>(44,559)</b>	<b>(275,292)</b>	<b>(275,131)</b>	<b>161</b>
<b>Total Revenue Expenditure</b>	<b>113,133</b>	<b>576,087</b>	<b>575,153</b>	<b>(934)</b>

**% of Annual Expenditure**

This year	20%
Last year	18%

<b>Budget Financed By:</b>	£m
Aggregate External Finance as notified	455,427
Additional resources	422
Council Tax	114,101
Use of earmarked balances	1,597
Use of General Fund	4,540
<b>Total Budget</b>	<b>576,087</b>