

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT 01.04.11 – 09.12.11 PERIOD 9
From: HEAD OF FINANCIAL SERVICES	COUNCIL SUMMARY
Date: 20 January 2012	Ref: AC/PH/KH

1. Purpose of Report

1.1. This report advises committee of the overall financial position of the General Fund Account and the Housing Revenue Account for the 2011/2012 financial year to 31 March 2012. The report consolidates the budget monitoring position of all Services, highlighting and explaining significant outturn variances.

2. Summary of Financial Position

2.1. A surplus of £8.211m is anticipated by the year end. The most significant factors which contribute to this overall position are:

2.2 Areas of significant savings:

- Employee cost savings across all Services (£8.2m);
- Savings in external interest payments (£3.0m);
- Efficiencies reviews of care plans (£1.7m);
- Acceleration of 2012/13 savings on care provision contracts (£1.4m);
- One-off savings associated with the timing of full implementation of services within Social Work Services (£2.0m); and

2.3 Partially offset by areas of Cost:

- Estimated one-off service restructuring costs (£7.1m);
- Under-recovery in Planning and Building Control Fee income (£1.1m).

	Annual Budget £000	Projected Outturn £000	Period 9 Variance £000s	Period 8 Variance £000s	Period 9 Movement £000s
Expenditure					
Net Service Expenditure	752,274	744,063	8,211	7,529	682
Income					
Aggregate External Finance	628,862	628,862	-	-	-
Local Tax Collection etc	123,412	123,412	-	-	-
Projected variance : surplus/(deficit) at 31 March 2012	Nil	8,211	8,211	7,529	682

Table 1

3. Review of Budget Savings

3.1. The Council has made good progress in implementing the approved savings with total savings delivered this year of £30.423 being above the level of £30.223m required to provide a balanced 2011-12 budget. Details of individual service performance in achieving their efficiencies are contained within individual service monitoring reports.

4. Major Variations from Budget

4.1. Table 2 below illustrates Services' outturn financial positions, with additional information also available within Appendix 1.

Service	P8 Outturn £m	P9 Outturn £m	P9 Movement £m
Housing & Social Work Services	8.475 surplus	8.724 surplus	+ 0.249
Learning & Leisure Services	1.639 surplus	1.677 surplus	+ 0.038
Environmental Services	0.529 surplus	0.774 surplus	+ 0.245
Finance & Customer Services	0.529 surplus	0.616 surplus	+ 0.087
Corporate Services	0.153 surplus	0.178 surplus	+ 0.025
Trading Operations	0.139 surplus	0.177 surplus	+0.038
Joint Boards	- break-even	- break-even	-
Chief Executive's Office	0.050 deficit	0.050 deficit	-
Executive Service Totals	11.414 surplus	12.096 surplus	+0.682
Savings in Financing Costs	3.000 surplus	3.000 surplus	-
Approved transfers to/from reserves (e.g. restructure costs)	6.885 deficit	6.885 deficit	-
Executive Service Totals	7.529 surplus	8.211 surplus	+0.682

Table 2

4.2. The key points to note regarding the provisional outturn position include:

4.2.1. Housing & Social Work Services is currently projecting a year-end surplus of £8.724m. The key factors contributing to this include £5.577m underspend within payments to other bodies and £1.991m savings in employee costs. The significant payments to other bodies variation recognises that implementation of initiatives such as reablement, which sees more people able to stay at home, can achieve savings of £1.590m.

4.2.2. Furthermore, the payments to other bodies variation includes around £1.4m of accelerated 2012/13 savings in relation to care provision contracts, as well as recognition of £1.7m of one-off savings arising from implementation of part-year self-directed support packages. The employee cost projection recognises a break-even position for Non-HRA, with home care services and non-home care services anticipating current vacancy levels will realise savings of around £1.100m and £0.800m respectively.

- 4.2.3. Learning & Leisure Services is currently projecting a year-end surplus of £1.677m, a marginal variation of £0.038m from the position reported at Period 8. This movement is the result of a number of in-period variations, examples of which include reduced demand for external educational placements (£0.297m) and additional home-to-school ASN transport requirements (£0.200m). The overall surplus also reflects significant staff vacancies (£2.615m) being partially offset by ongoing ICT maintenance charges, increased uptake in footwear and clothing grants and loss of QDS income following some course cancellations.
- 4.2.4. Finance & Customer Services anticipate savings in employee costs combined with one-off income recoveries will achieve a year-end surplus of £0.616m. This is a positive variation of £0.087m from the position reported at Period 8 and is primarily due to vacancies to assist future restructuring, the continuing review of Housing Benefit over-recoveries and the Service's overtime requirements. Management action has been taken to ensure that savings in overtime are achieved this financial year while there have been approved reductions in overtime budgets as part of the savings package for 2012/13.
- 4.2.5. The Council's Trading Operations are projecting an increased year-end surplus of £0.177m arising from lower than anticipated Directorate & Support Services' overhead costs and £50k of employee cost efficiency savings accelerated from 2012/13.
- 4.2.6. Corporate Services projected outturn surplus of £0.178m is mainly attributable to turnover savings across all divisions and primarily within the Design and Property division.
- 4.2.7. The Chief Executive's Office continues to project a year-end deficit of £0.050m due to the non-achievement of turnover savings targets. The Service is continuing to monitor the level of vacancies with a view to achieving a break-even position.
- 4.2.8. Environmental Services is currently projecting a year end surplus of £0.774m, a favourable variation of £0.245m from the position reported at Period 8 largely attributable to further anticipated savings from gate management fees. The Service's outturn position largely reflects a combination of waste management gate fee savings (£2.058m) and employee cost savings (£1.094m) being offset by income under-recoveries, the largest of which (£1.094m) relates to Planning and Building Standard fees.
- 4.2.9. As previously advised, it is anticipated that savings of £3.000m will be achieved from reduced external interest payments. This reflects both the lower overall level of borrowing required for the Schools & Centres 21 project in recent years, as well as initial benefits of the Council's Treasury Management activity being able to attract lower interest rates on new long term borrowing.

5. Analysis of Employee Cost Budgets

- 5.1. Services' monitoring reports reflect implementation of 2011-2012 workforce deployment savings of £11.1m. For 2011/2012, budgeted turnover across the Council equates to around £7.200m, or 315 FTE posts. Turnover varies across Services, ranging from 3% in Chief Executive's to 4.3% in non-Homecare based Social Work.
- 5.2. In line with the active vacancy information of 14 November 2011, Services had 581.72 FTE vacancies as at 31st October 2011. Of this total, 382.61 FTE are "on-hold" to assist the overall financial position of the Council, with 199.11 FTE being classified as within the recruitment process.

5.3. Services' monitoring reports continue to illustrate that, in overall terms, budgeted turnover will be achieved. Furthermore, existing additional savings of around £8.2m in employee costs are presently projected, reflecting continued compliance with the Council's vacancy-monitoring and control arrangements which sees active vacancies currently exceeding budgeted turnover and includes around £1.0m as a direct consequence of the industrial action held on 30 November.

6. Externally Funded Regeneration Initiatives

6.1. Outwith mainstream Service budgets, which are funded by the mechanism of the Revenue Support Grant, the Council receives outcome-driven funding from the Scottish Government to support the Community Planning Partnership.

6.2. As outlined in previous reports, North Lanarkshire's Working (CPP Employability Service) Phases 1 and 2 are currently in the closure phase. Final claims are being verified for expenditure grant eligibility. A summary of final programme expenditure against budget, and the impact on Council resources will be included within a future report once ongoing the verification process is concluded.

6.3. The Phase 3 / Priority 5 programme budget, covering the 2011/12 and 2012/13 financial years totals £12.5m. Expenditure returns submitted to September 2011 show total expenditure of £1.4m with the remaining budget of £11.1m committed to spend by the programme end date of 31 March 2013. .

6.4. The Council, in partnership with Routes to Work Ltd, has been accepted as a sub-contractor for the single Work Programme; the replacement for the former Future Jobs Fund and Flexible New Deal initiatives. As with these latter contracts, performance against the contract will be dependent on numbers referred by Job Centre Plus, with funding of £6m - £9m being anticipated over the 7-year contract period. However, given the current economic climate, it is anticipated that the Work Programme will fully spend.

7. Housing Revenue Account

7.1. Expenditure in the Housing Revenue Account is anticipated to be £1.736m less than budget at the financial year-end, a positive variation of £0.197m from the reported Period 8 position reflecting continuation of increased rental income previously reported. The outturn position further reflects anticipated savings within the void rent loss provision and reduced borrowing costs, with the latter resulting from the Council's prudent Treasury Management activity.

8. Recommendations

8.1. Committee is asked to note the contents of this report.



Head of Financial Services

For further information on this report, contact Mrs. K Hassell, tel. ext. 2235

NORTH LANARKSHIRE COUNCIL
SUMMARY OF FINANCIAL REPORT FOR THE PERIOD TO 9 DECEMBER 2011

LINE NO.	SERVICE ACCOUNT (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	VARIANCE TO DATE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED VARIANCES (7)
		£	£	£	£	£	£
1	ENVIRONMENTAL SERVICES	57,014,905	57,348,916	(334,011)	106,865,847	106,091,431	774,416
2	Directorate & Support	3,055,845	2,888,968	166,877	-	-	-
3	Land Services	31,912,981	31,625,793	287,188	50,651,009	49,072,266	1,578,743
4	Facility Support	(90,145)	(153,354)	63,209	691,912	663,980	27,932
5	Planning	2,515,255	3,217,217	(701,962)	4,822,256	5,893,796	(1,071,540)
6	Roads & Transportation	9,070,789	9,400,678	(329,889)	31,442,331	31,416,562	25,749
7	Protective Services	4,372,064	4,193,409	178,655	7,629,576	7,384,044	245,532
8	Regeneration & Infrastructure	6,178,116	6,176,204	1,912	11,628,763	11,660,763	(32,000)
9	LEARNING AND LEISURE	256,534,733	254,904,687	1,630,046	398,153,753	396,476,613	1,677,140
10	Early Years	11,143,095	11,051,072	92,023	16,160,784	16,160,784	-
11	Primary Schools	77,597,622	77,561,390	36,232	118,731,229	118,731,229	-
12	Secondary Schools	78,076,640	77,955,367	121,273	118,115,373	118,115,373	-
13	Special Schools	9,285,446	9,175,578	109,868	13,992,856	13,955,952	36,904
14	Headquarters	9,281,745	8,862,962	398,784	14,967,712	14,683,874	283,838
15	Direct School Support	42,006,590	41,547,544	459,047	71,520,547	70,472,969	1,047,578
16	Community Information & Learning	29,143,595	28,730,775	412,820	44,665,252	44,356,431	308,821
17	POLICY & RESOURCES (FINANCE)	15,560,284	14,647,613	912,671	33,634,490	33,018,985	615,505
18	Finance (including Hsg and Council tax benefits)	15,560,284	14,647,613	912,671	33,634,490	33,018,985	615,505
19	CORPORATE SERVICES	19,654,157	19,179,195	474,962	28,733,165	28,555,435	177,750
20	Central Services	2,838,627	2,823,508	15,119	3,995,905	3,974,155	21,750
21	Design & Property Services	14,093,685	13,699,527	394,158	20,956,536	20,891,536	65,000
22	Human Resources	1,421,363	1,416,569	4,794	1,802,279	1,793,279	9,000
23	Legal Services	1,300,482	1,239,591	60,891	1,978,465	1,896,465	82,000
24	HOUSING & SOCIAL WORK SERVICES	107,437,451	101,489,337	5,968,114	179,767,243	171,043,417	8,723,826
25	Housing - Non HRA	5,314,128	5,131,032	183,096	10,526,466	10,500,166	26,300
26	Social Work	102,123,323	96,338,305	5,785,018	169,240,777	160,543,251	8,697,526
27	JOINT BOARDS	36,225,916	36,225,916	-	51,759,171	51,759,171	-
28	Lanarkshire Valuation Joint Board	1,228,465	1,228,465	-	1,842,665	1,842,665	-
29	Strathclyde Joint Police Board	18,168,000	18,168,000	-	26,049,000	26,049,000	-
30	Strathclyde Fire & Rescue	8,863,320	8,863,320	-	13,295,000	13,295,000	-
31	Strathclyde Partnership for Transport	4,196,649	4,196,649	-	5,595,530	5,595,530	-
32	SPT - Concessionary Travel Scheme	352,482	352,482	-	469,976	469,976	-
33	Improvement Service, COSLA Initiatives etc	3,417,000	3,417,000	-	4,507,000	4,507,000	-
34	POLICY & RESOURCES	1,649,532	1,669,413	(19,881)	2,683,402	2,733,402	(50,000)
35	Corporate and Performance	1,649,532	1,669,413	(19,881)	2,683,402	2,733,402	(50,000)
36	PPP/TRADING SURPLUSES	(736,433)	(844,072)	107,639	(2,633,414)	(2,810,683)	177,270
37	PPP Contributions	(1,142,308)	(1,142,308)	-	(1,650,000)	(1,650,000)	-
38	Trading Accounts	405,875	298,236	107,639	(983,413)	(1,160,683)	177,270
39	GENERAL FUND SERVICES	493,340,545	484,601,004	8,739,540	796,963,677	786,867,770	12,095,907
40	FINANCING COSTS	-	-	-	53,048,230	50,048,230	3,000,000
41	Loan Charges	-	-	-	51,397,230	48,397,230	3,000,000
42	Loan Charges - Finance Leases	-	-	-	1,303,000	1,303,000	-
43	Transfer from Pensions Reserve (FRS17)	-	-	-	598,000	598,000	-
44	Interest on Revenue Balances	-	-	-	(250,000)	(250,000)	-
45	OTHER BUDGETARY ISSUES	-	-	-	5,620,475	12,505,475	(6,885,000)
46	Contingencies	-	-	-	3,020,475	3,020,475	-
47	Transfer to Reserves - restructuring and other approved reserve movements	-	-	-	2,600,000	9,485,000	(6,885,000)
48	Removal of Gross Central Department Budgets (included within above)	-	-	-	(52,946,627)	(52,946,627)	-
49	Reversal of Capital Charge (included within above)	-	-	-	(52,411,755)	(52,411,755)	-
50	TOTAL EXPENDITURE	493,340,545	484,601,004	8,739,540	752,274,000	744,083,093	8,210,907
51	SOURCES OF FUNDING	-	-	-	752,274,000	752,274,000	-
52	Revenue Support Grant	-	-	-	531,841,000	531,841,000	-
53	Non - Domestic Rates	-	-	-	96,759,000	96,759,000	-
54	Council Tax	-	-	-	122,412,000	122,412,000	-
55	Use of Balances	-	-	-	282,000	282,000	-
56	Collection of Local Tax Arrears	-	-	-	1,000,000	1,000,000	-
57	TOTAL SURPLUS (DEFICIT)	493,340,545	484,601,004	8,739,540	0	(8,210,907)	8,210,907
58	EXTERNALLY FUNDED REGENERATION PROJECTS	-	-	-	-	-	-
59	CPP & Other Externally Funded Projects	-	-	-	-	-	-
60	HOUSING REVENUE ACCOUNT	(34,258,090)	(35,746,216)	1,488,126	-	(1,736,277)	1,736,277