

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.12 – 20.07.12 PERIOD 4 COUNCIL SUMMARY
From: HEAD OF FINANCIAL SERVICES		
Date: 21 August 2012	Ref: AC/PH/KH	

1. Purpose of Report

- 1.1. This report advises Committee on the overall financial position of the General Fund Account and the Housing Revenue Account for the 2012/2013 financial year to 31 March 2013. The report consolidates the budget monitoring position of all Services, highlighting and explaining major outturn variances.

2. Summary of Financial Position

- 2.1. On 9th February 2012, the Council approved a revenue budget of £780.501m. This was subsequently increased by £0.707m in recognition of funding received regarding protection of teaching posts. In further recognising the approved revenue budget includes specific grants of £27.580m, which are latterly reflected within individual service's net expenditure position, the Council's baseline revenue budget for 2012-13 is £753.628m, as noted in table 1 overleaf.
- 2.2. It is projected at this early stage of the financial year that a year-end surplus of £3.047m is largely achievable from a combination of the following key factors:
- Employee cost savings across all Services (£3.022m);
 - Temporary savings associated with implementation of reconfigured Supported Living arrangements (£1.551m);
 - Successful one-off recovery (£0.557m) from HMRC regarding VAT on Sheriff Officer Fees and recoveries;
 - A projected under-recovery of budgeted Building and Warrant fee income (£1.034m) partially offsets the savings areas highlighted above
- 2.3. In recognising the Council's 2-year savings target of £55.223m alongside sums delivered in 2011-12 and approved recurring use of former one-off change management resources, the Council's 2012-13 efficiency target is £21.860m. Based on monitoring information available for period ending 22nd June 2012, full deliverability of these savings is envisaged.
- 2.4. Table 1 overleaf illustrates an increase of £1.144m on the projected surplus position as at period 3. This movement is largely in respect of further employee cost savings throughout the council and the continuing reconfiguration and integration of Supported Living Self Directed Support arrangements.

	Annual Budget £000	Projected Outturn £000	Period 4 Variance £000s	Period 3 Variance £000s	Period 4 Movement £000s
Expenditure					
Net Service Expenditure	753,628	750,581	3,047	1,903	1,144
Income					
Aggregate External Finance	630,816	630,816	-	-	-
Local Tax Collection	122,812	122,812	-	-	-
Projected Variance: <i>Surplus/(deficit) at 31 March 2013</i>	<i>Nil</i>	3,047	3,047	1,903	1,144

Table 1

3. Risk and Uncertainty

3.1. Although risks are inherent in any financial planning and monitoring process, the Government's proposals for welfare reform are deemed to present significant financial risk to HRA Services in particular, therefore the Council needs to build on progress already achieved in developing strategies which address the impact of these reforms and protect existing income streams.

4. Major Variations from Budget

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

Service	P3 Outturn £m	P4 Outturn £m	P4 Movement £m
Housing & Social Work Services	1.381 surplus	2.285 surplus	+0.904
Finance & Customer Services	0.739 surplus	0.760 surplus	+0.021
Learning & Leisure Services	0.362 surplus	0.362 surplus	-
Corporate Services	0.083 surplus	0.085 surplus	+0.002
Chief Executive's Office	- break-even	- break-even	-
Trading Operations	- break-even	- break-even	-
Joint Boards	- break-even	- break-even	-
Environmental Services	(0.662) deficit	(0.445) deficit	+0.217
Totals	1.903 surplus	3.047 surplus	1.144

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 £2.285m, a favourable movement of £0.904m from the period 3 report arising primarily from reconfiguration of Supported Living and the introduction of Self Directed Support. In addition to an envisaged underspend (£1.551m) regarding such Payments to Other Bodies, the overall outturn position also reflects savings

within employee costs (£0.843m) and over recoveries in income relating to NHS funding and client contributions (£0.383m). The employee costs projection recognises home care services and non-home care services anticipating current vacancy levels will realise savings of around £0.673m and £0.170m respectively.

- 4.2.2. Finance and Customer Services is projecting a year end surplus of £0.760m primarily following successful one-off recovery of £0.557m from HMRC regarding VAT on Sheriff Officer Fees and recoveries. In addition to this it is envisaged that the recent pattern of over recovery in Housing and Council Tax benefits will continue.
- 4.2.3. Learning and Leisure Services continue their projected year end surplus of £0.362m, envisaged from a combination of employee cost savings (£0.414m) and under recovery of hall let income.
- 4.2.4. Corporate Services is currently projecting that turnover savings across all divisions will realise a year-end surplus of £0.085m.
- 4.2.5. At this early stage of the financial year, Environmental Services are projecting a year-end deficit of £0.445m. Though a positive movement of £0.217m from the period 3 position arising primarily from the delay in implementing the approved food waste scheme, the outturn reflects the continuing under-recovery of Planning and Building Warrant Fee income (£1.034m), envisaged overspend in street lighting energy costs arising from a further April 2012 10.23% price increase, and anticipated employee costs savings of £0.863m.
- 4.2.6. Further to this, the service has incurred one-off expenditure in relation to the Food Waste Scheme. Current discussions with the Scottish Government regarding financial support for this scheme indicate there is scope to eliminate the currently projected overspend. Irrespective of this, Environmental Services has given commitment to ensure a balanced position by the financial year end.

5. Analysis of Employee Cost Budgets

- 5.1. In line with the active vacancy information reported to Policy & Resources (Vacancy Monitoring) sub-committee on 25th July 2012, Services had 609.29 FTE vacancies as at 30th June 2012. Of this total, 310.11 FTE are "on-hold" to assist the overall financial position of the Council, with 299.18 FTE being classified as within the recruitment process.
- 5.2. Services' outturn reports illustrate total budgeted turnover will be achieved. Furthermore, existing additional savings of around £3.022m in employee costs are projected, reflecting continued compliance with the Council's vacancy-monitoring and control arrangements.

6. Externally Funded Regeneration Initiatives

- 6.1. Outwith mainstream Service budgets, which are funded by the mechanism of the Revenue Support Grant, the Council receive outcome-driven funding from the Scottish Government to support the Community Planning Partnership.
- 6.2. North Lanarkshire's Working (CPP Employability Service) Phases 1 and 2 are in the closure stages, with final claims 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 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 March 2012 show total expenditure of £4.6m with the remaining budget of £7.9m committed to spend by the programme end date of 31 March 2013.

- 6.4. The Council, in partnership with Routes to Work Ltd, is 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.
- 6.5. Outwith mainstream Service budgets, which are funded by the mechanism of the General Revenue Grant, the Council receive outcome-driven funding from the Scottish Government to support the Community Planning Partnership.

7. Housing Revenue Account

- 7.1. Expenditure in the Housing Revenue Account is anticipated to be £0.547m less than budget at the financial year-end, attributable to projected savings within void rent loss, loan charges and an over-recovery of house rental income offsetting increases in property insurance.
- 7.2. Regards utilisation of the Housing Revenue Account year-end surplus (£3.933m), the Housing & Social Work Services Committee meeting of 16 August 2012 approved continuation of the previously agreed core reserve (£1.2m) as well as the creation of a welfare reform contingency fund (£2.733) to finance initiatives aimed at mitigating the impact on Council tenants.

8. Recommendations

- 8.1. Members are asked to note the contents of this report.



Head of Financial Services

NORTH LANARKSHIRE COUNCIL
SUMMARY OF FINANCIAL REPORT FOR PERIOD ENDING 20TH JULY 2012 (PERIOD 4)

LINE NO.	SERVICE ACCOUNT	BUDGET TO DATE	ACTUAL TO DATE	VARIANCE TO DATE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED VARIANCES
		(2)	(3)	(4)	(5)	(6)	(7)
		£	£	£	£	£	£
1.	ENVIRONMENTAL SERVICES	25,712,567	25,483,375	229,192	105,118,342	105,563,081	(444,739)
2	Directorate & Support	1,074,717	1,016,324	58,393			
3	Land Services	12,614,700	12,720,786	(106,086)	50,242,109	49,694,172	547,937
4	Facility Support	251,579	(225,603)	477,182	678,301	678,301	-
5	Planning	1,203,466	1,476,624	(273,168)	4,683,989	5,628,584	(944,595)
6	Roads & Transportation	6,926,408	6,911,395	17,013	31,938,569	32,127,090	(188,521)
7	Protective Services	1,803,877	1,789,391	14,486	7,295,618	7,155,178	140,440
8	Regeneration & Infrastructure	1,835,830	1,794,468	41,372	10,279,756	10,279,756	-
9	LEARNING AND LEISURE	99,647,804	98,922,366	725,438	398,514,316	398,152,198	362,118
10	Early Years	4,615,284	4,583,050	32,234	16,332,176	16,382,443	(50,267)
11	Primary Schools	25,852,992	25,809,364	43,628	116,696,137	117,154,565	(458,428)
12	Secondary Schools	27,241,313	27,198,106	43,207	113,359,662	114,211,254	(851,592)
13	Special Schools	3,672,801	3,620,989	51,812	14,000,335	14,094,228	(93,893)
14	Headquarters	3,525,202	3,481,167	44,045	14,185,796	13,705,818	479,978
15	Direct School Support	20,497,170	20,003,821	493,349	79,054,087	77,717,767	1,336,320
16	Community Information & Learning	14,243,042	14,225,879	17,163	44,886,123	44,886,123	-
17	POLICY & RESOURCES (FINANCE)	6,958,808	6,189,621	769,187	32,634,942	31,874,929	760,013
18	Finance (including Hsg and Council tax benefits)	6,958,808	6,189,621	769,187	32,634,942	31,874,929	760,013
19	CORPORATE SERVICES	8,488,111	8,345,596	142,515	29,184,211	29,099,211	85,000
20	Central Services	1,191,836	1,182,296	9,540	4,173,475	4,143,475	30,000
21	Design & Property Services	6,017,132	5,893,290	123,842	21,423,526	21,388,526	35,000
22	Human Resources	673,350	665,806	7,544	1,797,521	1,782,521	15,000
23	Legal Services	605,793	604,204	1,589	1,769,689	1,784,689	(15,000)
24	HOUSING & SOCIAL WORK SERVICES	37,491,532	36,713,216	778,316	179,724,298	177,438,847	2,285,451
25	Housing - Non HRA	2,378,867	2,240,216	138,651	10,266,198	10,066,535	199,663
26	Social Work	35,112,665	34,473,000	639,665	169,458,100	167,372,312	2,085,788
27	JOINT BOARDS	19,290,779	19,290,779	-	51,759,171	51,759,171	-
28	Lanarkshire Valuation Joint Board	614,265	614,265	-	1,842,665	1,842,665	-
29	Strathclyde Joint Police Board	9,008,000	9,008,000	-	26,049,000	26,049,000	-
30	Strathclyde Fire & Rescue	4,431,640	4,431,640	-	13,295,000	13,295,000	-
31	Strathclyde Partnership for Transport	2,797,766	2,797,766	-	5,595,530	5,595,530	-
32	SPT - Concessionary Travel Scheme	261,108	261,108	-	489,976	489,976	-
33	Contingencies	2,178,000	2,178,000	-	4,507,000	4,507,000	-
34	POLICY & RESOURCES	672,859	651,487	21,372	2,775,424	2,775,424	-
35	Corporate and Performance	672,859	651,487	21,372	2,775,424	2,775,424	-
36	PPP/TRADING SURPLUSES	(416,449)	(886,314)	469,865	(2,633,419)	(2,633,419)	-
37	PPP Contributions *	(412,500)	(412,500)	-	(1,650,000)	(1,650,000)	-
38	Trading Accounts	(3,949)	(473,814)	469,865	(983,419)	(983,419)	-
39	GENERAL FUND SERVICES	197,846,011	194,710,126	3,135,885	797,077,285	794,029,442	3,047,843
40	FINANCING COSTS	-	-	-	4,498,181	4,498,181	-
41	Reversal of Capital Charge	-	-	-	(50,084,795)	(50,084,795)	-
42	Loan Charges	-	-	-	55,138,296	55,138,299	-
43	Transfer from Pensions Reserve (FRS17)	-	-	-	(55,323)	(55,323)	-
44	Interest on Revenue Balances	-	-	-	(500,000)	(500,000)	-
45	OTHER BUDGETARY ISSUES	-	-	-	3,856,694	3,856,694	-
46	Contingencies	-	-	-	3,856,694	3,856,694	-
47	Transfer to Reserves - restructuring and other approved reserve movements	-	-	-	-	-	-
48	Removal of Gross Central Department Budgets (included within above)	-	-	-	(51,803,761)	(51,803,761)	-
49	Reversal of Capital Charge (included within above)	-	-	-	-	-	-
50	TOTAL EXPENDITURE	197,846,011	194,710,126	3,135,885	753,628,399	750,580,555	3,047,843
51	SOURCES OF FUNDING	-	-	-	753,628,398	753,628,398	-
52	Revenue Support Grant	-	-	-	529,349,000	529,349,000	-
53	Non - Domestic Rates	-	-	-	101,487,000	101,487,000	-
54	Council Tax	-	-	-	122,812,398	122,812,398	-
55	Use of Balances	-	-	-	-	-	-
57	FAIRER SCOTLAND FUNDED PROJECTS	-	-	-	-	-	-
58	CPP & Other Externally Funded Projects	-	-	-	-	-	-
59	HOUSING REVENUE ACCOUNT	(17,866,961)	(17,813,117)	46,156	-	(547,484)	547,484