

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.13 – 13.09.13 (PERIOD 6) FINANCE AND CUSTOMER SERVICES (INCLUDING MISCELLANEOUS SERVICES)
From: HEAD OF FINANCIAL SERVICES		
Date: 30 September 2013	Ref: AC/PH/KH	

1. Purpose of Report

1.1. This report provides a summary of Finance and Customer Services' financial performance for the period 1 April 2013 to 13 September 2013 (period 6). The report illustrates the projected outturn as at 31st March 2014, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

2. Summary of Financial Position

2.1. The Council approved its General Fund Revenue Budget on 14 February 2013, of which £183.833m (15.7%) represents the approved Gross Revenue Budget for Finance and Customer Services.

2.2. The Service is currently projecting a budget underspend of £0.423m (0.6%). This is achieved mainly through Housing Benefits overpayments recovery and additional turnover savings detailed in paragraph 3 below.

2.3. The projected outturn represents a favourable movement of £0.119m from that previously reported, and is primarily due to an increase in turnover savings as part of the ongoing review of the Services' budget provision, turnover requirement and current vacancy levels plus an increase to the Housing Benefits overpayments recovery projection.

2.4. The Service's 2013-14 budget incorporates £1.641m of savings in line with the Council's approved three-year savings package. The Service monitors progress monthly, and is presently projecting £1.641m (100%) of approved savings are achievable by the financial year-end.

3. Analysis of Significant Variations

3.1. As at the end of period 6 the Service is projecting a budget underspend of £0.423m. The main factors contributing to this include:

3.1.1. Housing Benefits continuation of previous year's overpayments recovery plus the projected net over-recovery of current year Housing Benefits' overpayments. This surplus has to be reduced by the level of bad debt provision required for the benefits function resulting in a net underspend of £0.280m.

3.1.2. Egasd are currently forecasting an overspend of approximately £0.050m within their Supplies and Services in relation to the Core Infrastructure project and related activities. This is currently offset however by their turnover savings and over-recovery of external income.

3.1.3. At period 6 the Service's overtime details for the various sections exceed the annual budget due to staff working on addressing the high volume of DHP/

Benefit applications received (over 2,000) for Under Occupancy and Overnight Carers, brought about by changes within both legislation and criteria. The current overspend is also a consequence of staff requiring to decide on and respond to the claimants' applications within the set timescale. However, to date, this has been more than offset by the turnover savings discussed below.

- 3.2. The Service operates with an establishment of 499.88 FTEs and a budgeted turnover requirement of £0.399m (15 FTEs). As at period 6, the Service has the equivalent of 32 FTE vacant posts equating to projected full-year savings of £0.688m. The Service is currently achieving its turnover requirement, with a further £0.289m of vacancy savings contributing towards the overall outturn position.
- 3.3. Payments to other bodies are detailed in appendix 3, which account for £3.812m of the Service's annual budget. An underspend of £0.053m is currently reported mainly in relation to sub-contractor payments (£0.045m).

4. Management Actions

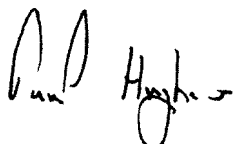
- 4.1. At this point in the financial year the Service is projecting a budget underspend of £0.423m. This position will be kept under constant review, particularly in relation to overtime based on the current level of expenditure, and where necessary, management action will be implemented.

5. Risks and Uncertainty

- 5.1. The Council's Risk Management Strategy, approved in September 2012 recognises that all activities are subject to risk, with the current economic climate in particular having potential to impact upon the Council's ability to provide quality services within its existing budgetary provision
- 5.2. Risks are a combination of probability and impact of particular events, which Finance and Customer Services manage as part of their overall corporate and service planning processes. Reflecting the risk analysis matrix included within the Council's approved Risk Management Strategy, there are no activities which present a high risk to the Council's financial outturn at present.

6. Recommendations

- 6.1. It is recommended that the contents of this report be noted.



Head of Financial Services

Finance and Customer Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2013 - 13 September 2013
Period 6

DIVISION OF SERVICE (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
	£	£	£						
DIRECTORATE	94,039	97,568	(3,529) ADV	276,645	275,695	950 Favourable	0.3%	450	Minimal underspend within employee costs
FINANCIAL SERVICES	1,114,015	1,072,938	41,077 FAV	2,580,480	2,536,804	43,676 Favourable	1.7%	36,305	Projected underspend is a result of achievement of section's turnover requirement based on current vacancy levels which has been offset by the recovery in external income .
REVENUE SERVICES	1,553,724	1,517,119	36,605 FAV	4,478,029	4,439,294	38,735 Favourable	0.9%	28,285	As at period 6 Revenue Services has more than achieved its turnover requirement however this has been partly offset by the ongoing level of overtime incurred due to the high volume of benefits applications for changes in Under Occupancy and Carers Legislation. There is also an under-recovery in Insurance Commission due to a fall in premiums.
3 COST OF COLLECTION	863,064	848,923	14,141 FAV	1,386,841	1,419,252	(32,411) Adverse	-2.3%	12,901	The projected overspend relates to the ongoing volume of overtime undertaken in dealing with the high number of benefit applications similar to Revenues above.
HOUSING BENEFITS	12,132,305	11,685,911	446,394 FAV	28,175,812	27,869,641	306,171 Favourable	1.1%	55,245	Projected underspend relates to overpayments recoveries which has been reduced by the level of Bad Debt provision required by the Housing Benefits function
E-GOVERNMENT & DEVELOPMENT	5,168,176	5,094,939	73,237 FAV	11,296,441	11,276,441	20,000 Favourable	0.2%	20,000	Overspend within employee costs relating to pension costs and the Contact Centres operating model are offset by income generated by the Contact Centre. An overspend is also anticipated in relation to the Core Infrastructure Project however this is offset by external SLA income.
INTERNAL AUDIT	260,024	242,824	17,200 FAV	605,591	599,691	5,900 Favourable	1.0%	600	Minor underspends in employee costs (£2k) and transport and admin. costs (£3k)
SCOTTISH WELFARE FUND	650,236	474,988	175,248 FAV	3,379,015	3,354,515	24,500 Favourable	0.7%	10,245	Projected underspend arises from actual employee costs being below mid-point initially budgeted
MISCELLANEOUS SERVICES	1,541,889	1,569,843	(27,954) ADV	15,045,803	15,029,902	15,901 Favourable	0.1%	2,401	Overspend in employee costs as a result of Group Life Scheme temporary arrangements has been offset by underspends in various expenditure headings.
NET EXPENDITURE	23,377,472	22,605,053	772,419 FAV	67,224,657	66,801,235	423,422 Favourable	0.6%	118,940	

Finance and Customer Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2013 - 13 September 2013
Period 6

Appendix 2

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	£ 7,081,006	£ 6,979,957	£ 101,049 FAV	15,955,272	15,814,461	140,811 Favourable	0.9%	72,116	Underspend is the result of the ongoing review of the Service's budget provision, turnover requirement, current vacancy levels and projected overtime requirements
PROPERTY COSTS	0	1,019	(1,019) ADV	15,000	16,019	(1,019) Adverse	-6.8%	107	Minor adverse movement based on current expenditure
SUPPLIES & SERVICES	2,318,895	2,236,841	82,054 FAV	4,176,416	4,251,435	(75,019) Adverse	-1.8%	75,019	Overspend projected in relation to the Core Infrastructure Project.
TRANSPORT & PLANT	20,436	8,724	11,712 FAV	54,503	38,196	16,307 Favourable	29.9%	9,616	Favourable movement due to reduction in volume of mileage claims throughout the Service.
ADMINISTRATION COSTS	368,574	422,160	(53,586) ADV	721,605	1,025,892	(304,287) Adverse	-42.2%	315,732	Adverse movement arising from projected overspends e.g. postages, in various divisions throughout the service. Adverse movement also due to inclusion of increased Bad Debt provision (£250k)
ADJUSTED EXPENSES	463,537	463,537	0	5,072,324	5,072,324	0 On Target	0.0%	0	Balanced Budget
PAYMENTS TO OTHER BODIES	727,345	496,937	230,408 FAV	3,588,171	3,534,913	53,258 Favourable	1.5%	51,248	Favourable movement due to current expenditure relating to Cash in Transit contract and reduction in external contractors usage for printing and postages, which offsets the overspend in Admin costs above.
TRANSFER PAYMENTS	63,078,058	63,198,821	(120,763) ADV	138,679,213	138,502,363	176,850 Favourable	0.1%	176,850	Decrease in the projected transfer payments in respect of benefit awards.
CAPITAL FINANCING COSTS	321,270	321,270	0	524,969	524,969	0 On Target	0.0%	0	Balanced Budget
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	0	
MISCELLANEOUS SERVICES	1,541,889	1,569,843	(27,954) ADV	15,045,803	15,029,902	15,901 Favourable	0.1%	2,401	Overspend in employee costs as a result of Group Life Scheme temporary arrangements has been offset by underspends in various expenditure headings.
TOTAL EXPENDITURE	75,921,010	75,699,109	221,901 FAV	183,833,276	183,810,474	22,802 Favourable	0.0%	78,627	
INCOME	52,543,540	53,094,035	550,495 ADV	116,608,619	117,009,239	400,620 Favourable	0.3%	197,567	Current estimated over-recovery within Housing Benefits' overpayments
NET EXPENDITURE	23,377,470	22,605,074	772,396 FAV	67,224,657	66,801,235	423,422 Favourable	0.6%	118,940	

Finance and Customer Services
Revenue Budget Monitoring Report - PTOB Analysis
1 April 2013 - 13 September 2013
Period 6

Appendix 3

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	%	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)	
	£	£	£	£	£	£	(8)			
Payments Other Bodies - General	324	0	324	4,475	4,225	250	FAV	5.6%	740	Minimal underspend in various divisions of the Service.
Medical Fees	2,982	721	2,261	7,562	7,054	508	FAV	6.7%	508	Minimal underspend in various divisions of the Service.
Sub Contractor payments	90,428	34,458	55,970	248,591	203,591	45,000	FAV	18.1%	45,000	Previously both printing and postage costs allocated to this expenditure heading. Costs are now coded directly to printing and postage ledger codes within each division resulting in a current favourable projection. Budget to be monitored for possible re-alignment purposes.
Agency Fees	129,519	120,797	8,722	280,638	275,638	5,000	FAV	1.8%	5,000	Underspend in Cost of Collection payments to Allpay Ltd for processing various transactions for NLC residents paying via post offices
Local Councils: Paypoint Commission	20,770	18,168	2,602	45,000	45,000	0	FAV	0.0%	-	
Cash in Transit	19,119	12,241	6,878	45,891	43,391	2,500	FAV	5.4%	-	Underspend relates to slight reduction in number of premises cash is uplifted from.
COSLA Annual Levy	182,886	182,853	33	182,886	182,886	0	FAV	0.0%	-	
Community Council Grants	14,583	14,931	(348)	35,000	35,000	0	ADV	0.0%	-	
Community Council Audit Fee	2,500	2,768	(268)	6,000	6,000	0	ADV	0.0%	-	
Community Care Grants	280,810	210,551	70,259	2,125,263	2,125,263	0	FAV	0.0%	-	Full spend of budget is not anticipated. However, the Scottish Government are expected to request any residual sums be carried into 2014/2015 as earmarked resources
Crisis Grants	183,393	99,023	84,370	830,751	830,751	0	FAV	0.0%	-	
TOTAL EXPENDITURE	927,314	696,511	230,803	3,812,057	3,758,799	53,258	FAV	1.4%	51,248	