

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT 01.04.13 – 03.01.14 (PERIOD 10)
From: HEAD OF FINANCIAL SERVICES	FINANCE AND CUSTOMER SERVICES (INCLUDING MISCELLANEOUS SERVICES)
Date: 15 January 2014	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 03 January 2014 (period 10). 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 £0.490m (0.7%). This is achieved mainly through Housing Benefits overpayments recovery and additional turnover savings which are partly offset by an expected overspend within ICT expenditure details of which are contained in paragraph 3 below.

2.3. The projected outturn represents a favourable movement of £0.066m from the position previously reported to Committee, and is primarily due to additional employee vacancy savings coupled with the increase in the Housing Benefits overpayments recovery projection. The ongoing impact of Welfare Reform has also resulted in increased overtime expenditure as the Service responds to the high volume of DHP/Benefit and Scottish Welfare Fund applications.

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 full achievement of approved savings.

3. Analysis of Significant Variations

3.1. As at the end of period 10 the Service is projecting a budget underspend of £0.490m. The main factors continue to be:

3.1.1. Housing Benefits overpayments recovery totalling £0.724m. This surplus also recognises any provision requirements for the benefits function (£0.340m) resulting in a net underspend of £0.384m.

3.1.2. Egasd are currently forecasting an overspend of approximately £0.115m within their Supplies and Services in relation to Public Service Network, Core Infrastructure project, Avamar and other related activities. This is currently offset however by their turnover savings and over-recovery of income.

3.1.3. At period 10 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 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 10, the Service has the equivalent of 32 FTE vacant posts equating to projected full-year savings of £0.807m. The Service is currently achieving its turnover requirement, with a further £0.408m of vacancy savings contributing towards the overall outturn position.
- 3.3. Payments to other bodies are detailed in appendix 3, which account for £3.564m of the Service's annual budget with an underspend of £0.029m currently projected in relation to transaction fees to external bodies.
- 3.4. It should also be highlighted that in relation to the Council Tax Support Scheme and the Scottish Welfare Fund a reduction in expenditure of £1.0m and £1.2m respectively is currently forecasted. The anticipated underspends for these areas are currently excluded from the overall outturn position.

4. Management Actions

- 4.1. At this point in the financial year the Service is projecting a budget underspend of £0.490m. 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

Members seeking further information on the contents of this report are asked to contact Mr. Paul Hughes, Head of Financial Services on telephone number 01698 302275

Finance and Customer Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2013 - 3 January 2014
Period 10

Appendix 1

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)	%	PERIOD MOVEMENT (9)	ANALYSIS (10)
	£	£	£				(8)		
DIRECTORATE	166,700	162,855	3,845 FAV	281,145	278,767	2,378 Favourable	0.8%	1,428	<p>Minor underspends in various expenditure headings.</p> <p>Projected underspend is a result of the section exceeding the turnover requirement based on current vacancy levels which has been partly offset by the under recovery in external income.</p> <p>As at period 10 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 following Welfare Reform changes. The remainder has been offset by overspends in various expenditure headings, e.g. volume of postages and the under-recovery in Insurance Commission.</p> <p>The projected overspend relates to the ongoing volume of overtime undertaken in dealing with the high number of benefit applications similar to Revenues above. In addition, software purchases are overspent however this is offset by various underspends within admin costs and PTOB</p> <p>Projected underspend relates to overpayments recoveries which has been reduced by the level of Bad Debt provision required by the Housing Benefits function.</p> <p>Employee vacancy savings combined with additional income from the Contact Centre have been offset by the overspend relating to PSN, Core Infrastructure and Avamar activities.</p> <p>Minor underspends in employee costs (£2k) and transport and admin. costs (£8k)</p> <p>Employee cost savings have been partly offset by the current level of overtime being undertaken in dealing with the high volume of applications. The projected overspend is result of recurring costs for eg Virgin Media , copier rentals and other admin costs which have no budget provision. Paragraph 3.4 of the report refers to the anticipated grant award level against the Scottish Welfare Fund.</p> <p>Underspends in various expenditure headings and the recovery from HMRC re Bad Debt VAT Relief (£50K) has been partially offset by overspend resulting from Group Life Scheme</p>
FINANCIAL SERVICES	1,996,699	1,919,247	77,452 FAV	2,580,480	2,504,798	75,682 Favourable	2.9%	32,006	
REVENUE SERVICES	3,315,853	3,265,960	49,893 FAV	4,478,029	4,478,029	0	0.0%	38,735	
COST OF COLLECTION	2,366,302	2,493,768	(127,466) ADV	1,316,971	1,405,854	(88,883) Adverse	-6.7%	56,472	
HOUSING BENEFITS	22,058,862	21,613,243	445,619 FAV	28,194,776	27,766,688	428,088 Favourable	1.5%	121,917	
E-GOVERNMENT & DEVELOPMENT	8,506,366	8,617,682	(111,316) ADV	11,291,941	11,290,354	1,587 Favourable	0.0%	18,413	
INTERNAL AUDIT	444,357	430,732	13,625 FAV	605,591	594,787	10,804 Favourable	1.8%	4,904	
SCOTTISH WELFARE FUND	1,267,595	1,163,897	103,698 FAV	3,429,921	3,437,673	(7,752) Adverse	-0.2%	32,252	
MISCELLANEOUS SERVICES	2,896,335	2,784,073	112,262 FAV	14,784,342	14,716,332	68,010 Favourable	0.5%	52,109	
NET EXPENDITURE	43,019,069	42,451,457	567,612 FAV	66,963,196	66,473,282	489,914 Favourable	0.7%	66,492	

Finance and Customer Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2013 - 3 January 2014
Period 10

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	11,992,721	11,904,851	87,870 FAV	16,006,178	15,943,611	62,567 Favourable	0.4%	- 78,244	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	3,838	(3,838) ADV	15,000	18,838	(3,838) Adverse	-25.6%	- 2,819	Minor adverse movement based on current expenditure
SUPPLIES & SERVICES	3,029,735	3,156,593	(126,858) ADV	4,176,416	4,310,814	(134,398) Adverse	-3.2%	- 59,379	Overspend projected in relation to the Public Services Network, Core Infrastructure Project and Avamar activities (£115k) within Egasd. Additional overspend within Cost of Collection relating to software.
TRANSPORT & PLANT	41,870	18,219	23,651 FAV	54,503	31,455	23,048 Favourable	42.3%	6,741	Favourable movement due to reduction in volume of mileage claims throughout the Service.
ADMINISTRATION COSTS	755,195	774,685	(19,490) ADV	969,696	1,341,119	(371,423) Adverse	-38.3%	- 67,136	Adverse variance arising mainly from bad debt provision re Housing Benefits function.
36 PARTITIONED EXPENSES	3,707,776	3,707,776	0	5,072,324	5,072,324	0 On Target	0.0%	0	Balanced Budget
PAYMENTS TO OTHER BODIES	1,258,894	1,121,941	136,953 FAV	3,340,080	3,315,819	24,261 Favourable	0.7%	- 28,997	Underspend in relation to reduced agency fees to Allpay Ltd.
TRANSFER PAYMENTS	105,073,685	104,685,691	387,994 FAV	138,628,307	137,687,310	940,997 Favourable	0.7%	764,147	Decrease in the projected transfer payments in respect of benefit awards and recovery of overpayments netted from expenditure.
CAPITAL FINANCING COSTS	428,360	428,360	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	2,896,335	2,784,073	112,262 FAV	14,784,342	14,716,332	68,010 Favourable	0.5%	52,109	Underspends in various expenditure headings and the recovery from HMRC re Bad Debt VAT Relief (£50K) has been partially offset by overspend resulting from Group Life Scheme
TOTAL EXPENDITURE	129,184,571	128,586,027	598,544 FAV	183,571,815	182,962,591	609,224 Favourable	0.3%	586,422	
INCOME	86,165,500	86,134,565	(30,935) ADV	116,608,619	116,489,309	(119,310) Adverse	-0.1%	- 519,930	The Contact Centres over-recovery in external income has been offset by lower than anticipated Housing Benefits grant due to a decrease in the projected transfer payments as per above.
NET EXPENDITURE	43,019,071	42,451,462	567,609 FAV	66,963,196	66,473,282	489,914 Favourable	0.7%	66,492	

Finance and Customer Services
Revenue Budget Monitoring Report - PTOB Analysis
1 April 2013 - 3 January 2014
Period 10

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)		% (8)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£		£	£	£				
Payments Other Bodies - General	4,315	5,253	(938)	ADV	4,475	5,603	(1,128)	ADV	-25.2%	1,378	Overspend due to payt of Investors In People fee account
Medical Fees	5,523	1,911	3,612	FAV	7,562	4,333	3,229	FAV	42.7%	2,721	Minimal underspend in various divisions of the Service.
Sub Contractor payments	384	0	384	FAV	500	340	160	FAV	32.0%	44,840	Minimal underspend in various divisions of the Service.
Agency Fees	255,570	237,243	18,327	FAV	280,638	263,638	17,000	FAV	6.1%	12,000	Underspend in Cost of Collection payments to Allpay Ltd for processing various transactions for NLC residents paying via post offices
Local Tax Paypoint Commission	34,622	38,322	(3,700)	ADV	45,000	45,000	0		0.0%	-	
Cash in transit	34,415	21,636	12,779	FAV	45,891	40,891	5,000	FAV	10.9%	2,500	Underspend in relation to the Cash in Transit contract due to a reduction in the number of premises cash uplifted from.
Community Care Grants	584,966	532,580	52,386	FAV	2,125,263	2,125,263	0		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	339,099	284,996	54,103	FAV	830,751	830,751	0		0.0%	-	
Sub-Total	1,258,894	1,121,941	136,953	FAV	3,340,080	3,315,819	24,261	FAV		28,997	
COSLA Annual Levy	182,886	182,853	33	FAV	182,886	182,886	0		0.0%	-	
Community Council Grants	26,250	22,995	3,255	FAV	35,000	31,000	4,000	FAV	11.4%	-	As with previous years full uptake based on volume of current grant applications not anticipated.
Community Council Audit Fee	4,500	2,768	1,732	FAV	6,000	5,000	1,000	FAV	16.7%	-	Underspend is result of above grant applications
TOTAL EXPENDITURE	1,472,530	1,330,557	141,973	FAV	3,563,966	3,534,705	29,261	FAV	0.8%	(28,997)	