

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT TO 13th SEPTEMBER 2002 COUNCIL SUMMARY
From: DIRECTOR OF FINANCE	
Date: 18th October 2002	Ref. AC/JV/PH6

1. Introduction

- 1.1 This report sets out the overall position on the Council's revenue budget for the first half of the current financial year. The report provides a comparison of actual expenditure and income against budget. It should be noted that the overall position is still subject to fluctuation, and this is of particular significance within the Social Work and Housing Departments where substantial additional resources will flow from the Transitional Housing Benefits Scheme as part of the Supporting People agenda.

2. General Fund Summary

- 2.1 The position on the General Fund is summarised as under-noted.
- 2.2 The projected year end surplus of £0.320m is broadly in line with that previously reported, and is largely due to increased staff vacancies and income generation within the Administration, Social Work, Personnel and Finance Departments. There are, however, two departments which are reporting likely budget over-spends, these being Community Services and Housing & Property.
- Community Services Department are currently projecting an over-spend position of £0.088m but have instigated management action to address the situation.
 - The over-spend of £0.386m within Housing & Property relates to the Benefits area and reflects both reduced benefits administration grant and the increased costs of benefit payments for the current year.
- 2.3 Following the level of property insurance claims experienced since January 2002 as a result of storm and flood damage it is anticipated that the Council's Insurance Fund will be insufficient to meet the costs of these claims. A provision of £0.235m has been included within the current General Fund summary for these costs. The full extent of the Council's Insurance Fund will be reviewed during the 2003-2004 budget exercise.
- 2.4 It has become apparent that the growth of the current year's Council Tax Base (Band D equivalents) has exceeded that originally forecast in the budget exercise. The overall effect will result in an additional £0.800m income in the current year partially offset by a £0.500m shortfall in Community Charge collection, resulting in a net £0.300m income for the 2002-2003 year. Committee is requested to approve a virement of £0.500m from the current year's collection of Council Tax to the collection of Local Taxation arrears to correct the current imbalance.

	(1) <u>Annual</u> <u>Budget</u> <u>£000</u>	(2) <u>Projected</u> <u>Out-turn</u> <u>£000</u>	(3) <u>Variance</u> <u>(2) – (1)</u> <u>£000</u>
<u>Expenditure variations:</u>			
Net Departmental Expenditure	478,318	478,074	244
Property Insurance	-	235	(235)
<u>Income variations:</u>			
Aggregate External Finance	381,096	381,407	311
Local Tax Collection	94,459	94,459	-
Use of Balances	2,763	2,763	-
Surplus as at 31.3.2003	<u>-</u>	<u>320</u>	<u>320</u>

2.6 A more detailed analysis of General Fund expenditure together with a forecast of monitoring out-turn for the year to 31 March 2003 is provided in Appendix I. Detailed reports on each service department's financial position have been presented to the appropriate Council committee for consideration.

3. Departmental Expenditure

3.1 The overall forecast for General Fund services is an under-spend of £0.244m, with the more significant areas of variation detailed as follows:

	£m
Finance – additional external income/ staff turnover	0.268
General Purposes – staff vacancies, additional external income	0.355
Additional PPP Income	0.065
Personnel Services – staff vacancies	0.062
Social Work – staff vacancies	0.083
Miscellaneous Services- increased staff life assurance premium	(0.100)
Community Services – reductions in income	(0.088)
Housing & Property – reduced government grant/benefits costs	(0.386)
Concessionary Fares – costs of free travel scheme	(0.050)
Other Services (net)	0.035
	<u>0.244</u>

Departmental Comments

- 3.1.1 The Administration Department is forecasting a projected under-spend of £0.355m as a result of employee cost under-spends of £0.252 in addition to the generation of further external income of £0.073m.
- 3.1.2 The Finance Department is currently projecting additional income from Scottish water of £0.120m due to the level of bonus payments in relation to improved council tax collection performance. In addition there are net savings of £0.100m in IT due to the ongoing difficulties in the recruitment of IT specialist staff.
- 3.1.3 The anticipated financial return to the Council from the various PPP's is £0.086m in excess of the budget provision. This reflects the significant increase in work in roads maintenance following the redistribution of the Scottish Executive under-spend resources whereby the Council has committed an extra £2m of work.

- 3.1.4 Within Community Services the adverse summer weather has led to a downward trend within Sports income, particularly in relation to golf course income. The Department has instigated a management action plan to bring the current projected over-spend position of £0.088m back to a break-even position.
- 3.1.5 Within Miscellaneous Services there is an anticipated overspend attributable to movements in the Council's group life assurance payments. The number of Council employees has increased significantly due to the impact of national and local initiatives, such as teaching support from the McCrone settlement, the expansion of pre-school nursery provision, and the implementation of care packages for Social Work clients. This has resulted in a £0.070m increase in insurance premium payments within the current financial year.
- 3.1.6 The projected overspend within Housing & Property of £0.386m is due to three factors. Firstly a reduction in the level of benefits administration subsidy notified to the Department by the Department of Works and Pensions of £0.140m.
- Secondly the increased caseload of Council Tax Benefit claims currently being experienced combined with the reducing proportion of subsidy level is forecast to result in a £0.091m overspend within the Benefits area.
- Thirdly the impact of the requirements of a variety of new regulations and procedural changes resultant from the Benefit Fraud Inspectorate Review has resulted in lower staff turnover and increased printing and postage costs to a combined value of £0.144m.
- 3.1.7 The Personnel Division is forecasting an under-spend of £0.063m as a result of employee cost savings arising from the current level of vacancies within the Division.
- 3.1.8 The Social Work Department is currently projecting an overall under-spend of £0.083m predominantly associated with the level of vacant posts offset by other costs associated with the new initiatives undertaken in the current year.
- 3.1.9 Although the Scottish Executive have increased the resources available for the introduction of the free Concessionary Travel Scheme from 1st October 2002 the SPTE have advised the Council that current projections would indicate a shortfall of some £50,000 for the 2002/2003 year. Figures will only start to become apparent upon the commencement of the scheme and discussions are already underway with Scottish Ministers regarding this position. However, it is understood that the Scottish Executive is committed to fund any variation.

4. Housing Revenue Account

- 4.1 The current position indicates a small under-spend of £0.008m at the end of the financial year. A saving of £0.375m due to the timing of the Tower Block and IT lease contracts. This has been offset by significant insurance premium increases of £0.166m as a consequence of the external market conditions currently being experienced within the business sector, and a reduction in rental income due to an upward movement in council house sales.

5. Other Financial Matters

- 5.1 The position in relation to interest rates, bad debt levels, local tax and income levels will be closely monitored during the course of the year and any movements highlighted in forthcoming reports.
- 5.2 In support of the Education 2010 project there will be a requirement for the Council to incur revenue costs in order to progress the business case and maximise resources through the procurement process. While every effort will be made to absorb these costs within any departmental under-spend, it should be noted that there may be a requirement to draw on the General Fund balance brought forward from 2001/02.

6. Recommendation

- 6.1 The Committee is invited to note the contents of this report.
- 6.2 The committee is requested to approve the virement as outlined within section 2.4.

**Director of Finance**

NORTH LANARKSHIRE COUNCIL

SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 13th September 2002

LINE NO. (1)	DEPARTMENTAL ACCOUNT (2)	BUDGET TO - DATE (3)	ACTUAL TO - DATE (4)	VARIANCE TO - DATE (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED VARIANCES (8)
		£	£	£	£	£	£
1.	COMMUNITY SERVICES COMMITTEE	23,693,307	23,698,901	-5,594	71,113,490	71,201,788	-88,298
2.	* Directorate	221,099	225,730	-4,631	805,465	810,155	-4,690
3.	* Support Services	459,769	468,442	-8,673	1,686,405	1,698,142	-11,737
4.	* Parks, Sport & Transport	10,173,856	10,227,513	-53,657	31,394,821	31,532,580	-137,759
5.	* Community Resources	6,658,652	6,787,098	-128,446	21,012,184	20,990,377	21,807
6.	* Cleaning & Related Services	6,179,931	5,990,118	189,813	16,214,615	16,170,534	44,081
7.	EDUCATION COMMITTEE	78,837,069	78,449,768	387,301	240,732,280	240,717,280	15,000
8.	* Education	78,837,069	78,449,768	387,301	240,732,280	240,717,280	15,000
9.	POLICY & RESOURCES (FINANCE)	6,457,545	6,374,342	83,203	23,308,773	23,140,639	168,134
10.	* Accounting Services	912,331	865,298	47,033	3,387,270	3,458,672	-71,402
11.	* Revenue Services	1,299,595	1,247,037	52,558	4,012,278	3,927,742	84,536
12.	* IT Services	2,265,266	2,311,204	-45,938	6,112,322	6,012,322	100,000
13.	* Cost of Local Tax Collection	745,087	702,886	42,201	1,518,919	1,363,919	155,000
14.	* Miscellaneous Services	1,235,266	1,247,917	-12,651	8,277,984	8,377,984	-100,000
15.	GENERAL PURPOSES COMMITTEE	2,239,101	1,926,290	312,811	6,963,191	6,608,691	354,500
16.	* Administration - Central Services	1,393,995	1,306,027	87,968	3,348,366	3,233,366	115,000
17.	* Administration - Legal Support Services	670,748	587,236	83,512	1,954,449	1,854,449	100,000
18.	* Administration - Legal Public Services	20,746	-77,250	97,996	952,854	852,854	100,000
19.	* Registrar Births , Deaths etc.	153,612	110,277	43,335	707,522	668,022	39,500
20.	HOUSING & PROPERTY COMMITTEE	8,188,996	7,882,092	306,904	32,068,894	32,455,052	-386,158
21.	* Housing - Non HRA and Benefits	2,439,435	2,378,819	62,616	6,302,198	6,688,356	-386,158
22.	* Property Unit	742,638	768,894	-26,256	1,998,017	2,043,017	-45,000
23.	* Non-Operational Property Unit	-1,570,162	-1,623,338	53,176	3,985,853	3,920,853	65,000
24.	* Office Accommodation	558,205	570,457	-12,252	4,490,631	4,510,631	-20,000
25.	* Energy Advice Unit	108,924	104,405	4,519	203,764	203,764	-
26.	* Design Services	1,686,431	1,600,179	86,252	4,340,232	4,340,232	-
27.	* Maintenance Unit	373,377	367,693	5,684	1,013,143	1,013,143	-
28.	* Central Repairs	3,850,148	3,716,983	133,165	9,735,056	9,735,056	-
29.	JOINT BOARDS	17,165,270	17,165,270	-	45,922,722	45,972,722	-50,000
30.	* Lands Valuation	578,000	578,000	-	1,386,500	1,386,500	-
31.	* Police Force	10,037,293	10,037,293	-	24,089,499	24,089,499	-
32.	* Fire Brigade	4,765,000	4,765,000	-	11,433,000	11,433,000	-
33.	* Concessionary Fares	632,977	632,977	-	4,406,082	4,456,082	-50,000
34.	* Passenger Transport Executive	1,152,000	1,152,000	-	4,607,641	4,607,641	-
35.	POLICY & RESOURCES(PERSONNEL)	708,030	644,056	63,974	2,091,253	2,029,253	62,000
36.	* Personnel Services	708,030	644,056	63,974	2,091,253	2,029,253	62,000
37.	PLANNING & ENVIRONMENT COMMITTEE	12,686,373	12,607,686	78,687	42,444,861	42,424,261	20,600
38.	* Building Control	132,666	77,359	55,307	442,398	339,398	103,000
39.	* Transportation	7,249,104	7,307,822	-58,718	30,911,590	30,886,590	25,000
40.	* Economic Development	844,261	866,897	-22,636	2,310,214	2,522,614	-212,400
41.	* Planning	983,786	850,975	132,811	3,871,909	3,740,909	131,000
42.	* Support Services	1,747,454	1,759,724	-12,270	-	-	-
43.	* Protective Services	1,729,102	1,745,109	-16,007	4,908,750	4,934,750	-26,000
44.	POLICY & RESOURCES COMMITTEE	1,150,271	1,220,222	-69,951	3,347,241	3,345,241	2,000
45.	* Chief Executives	1,110,079	1,083,981	26,098	3,233,297	3,231,297	2,000
46.	* Partnership Management	40,192	136,241	-96,049	113,944	113,944	-
47.	PPP/DSO SURPLUSES	-659,342	-551,742	-107,600	-2,187,414	-2,249,937	62,523
48.	* PPP Contributions	-462,741	-479,692	16,951	-1,419,461	-1,484,569	65,108
49.	* Vehicle Maintenance DSO	-74,445	-37,855	-36,590	-71,089	-71,089	-
50.	* Cleansing DSO	-49,984	-49,984	-	-127,650	-127,650	-
51.	* Building Cleaning DSO	-18,704	-4,570	-14,134	-33,808	-33,808	-
52.	* Sport & Leisure Management DSO	-7,427	63,594	-71,021	-16,091	-16,091	-
53.	* Grounds Maintenance DSO	-318,976	-320,064	1,088	-361,071	-358,486	-2,585
54.	* Catering DSO - Schools & Welfare	278,953	253,108	25,845	-115,244	-115,244	-
55.	* Catering DSO - Other	-6,018	23,721	-29,739	-43,000	-43,000	-
56.	SOCIAL WORK COMMITTEE	42,535,116	39,492,079	3,043,037	91,391,412	91,308,005	83,407
57.	* Social Work	42,416,859	39,278,041	3,138,818	91,161,549	91,078,142	83,407
58.	* Sheltered Employment	118,257	214,038	-95,781	229,863	229,863	-
59.	GENERAL FUND SERVICES	193,001,736	188,908,964	4,092,772	557,196,703	556,952,995	243,708

NORTH LANARKSHIRE COUNCIL

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		£	£	£	£	£	£
60.	General Fund Services B/F	193,001,736	188,908,964	4,092,772	557,196,703	556,952,995	243,708
61.	Property Insurance	-	-	-	-	235,000	-235,000
62.	FINANCING COSTS	-	-	-	-32,173,700	-32,173,700	-
63.	Reversal of Capital Charge	-	-	-	-65,110,159	-65,110,159	-
64.	Loan Charges	-	-	-	34,786,459	34,786,459	-
65.	Interest on Revenue Balances	-	-	-	-1,850,000	-1,850,000	-
66.	Removal of Gross Central Department Budgets (included above)	-	-	-	-46,704,836	-46,704,836	-
67.	TOTAL GENERAL FUND	193,001,736	188,908,964	4,092,772	478,318,167	478,309,459	8,708
68.	SOURCES OF FUNDING	-450,000	-214,667	-235,333	-478,318,167	-478,629,121	310,954
69.	* Revenue Support Grant	-	-	-	-271,041,000	-271,051,954	10,954
70.	Non - Domestic Rates	-	-	-	-110,055,000	-110,055,000	-
71.	Council Tax	-	-	-	-93,459,167	-94,259,167	800,000
72.	Use of Balances	-	-	-	-2,763,000	-2,763,000	-
73.	Collection of Local Tax Arrears	-450,000	-214,667	-235,333	-1,000,000	-500,000	-500,000
74.	TOTAL SURPLUS (DEFICIT)	-	-	-	-	319,662	319,662
75.	* HOUSING REVENUE ACCOUNT	-15,592,330	-15,339,909	-252,421	-	5,000	5,000