

## REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT TO 4 FEBRUARY 2005 (PERIOD 11)  COUNCIL SUMMARY
From: DIRECTOR OF FINANCE		
Date: 1 March 2005	Ref: AC/JV/PH	

## 1. Introduction

- 1.1 This report updates the Committee on the financial performance of both the General Fund Account and the Housing Revenue Account for the period to 4 February 2005. The report brings together the respective departmental budget projections and provides an overview of both current and emerging financial matters.
- 1.2 The report compares projected out-turn expenditure with budget and provides explanations of significant variances where appropriate.

### General Fund Summary

- 2.1 In previous reports, I advised of the ongoing issue in respect of the Supporting People Grant and the continued correspondence with both the Scottish Executive and the Department of Work and Pensions to redress a shortfall of some £0.900m. Following a meeting with the Scottish Executive on the 6<sup>th</sup> October 2004 additional information was provided to the Minister. Subsequent correspondence received on 19<sup>th</sup> January 2005 appeared to conclude the issue to the Council's detriment. Officers have continued to make representations to the Executive on this issue, however it is looking unlikely that the position will be re-assessed in favour of the Council.
- 2.2 The impact of the under-funding can be contained within the two participating departments i.e. Social Work and Housing & Property and this is reflected within their respective budget monitoring reports. However, there will be a balance of approximately £226,000 which cannot readily be absorbed within departmental budgets at this stage and is required to be highlighted as a potential shortfall within the Non-HRA Section of the Housing & Property Department. Finally it should be noted that the Council is continuing its correspondence on this matter and members will be kept informed of any future developments.
- 2.3 The projected position within the General Fund is summarised as follows:

	Annual Budget £000	Projected Outturn £000	Variance £000
<u>Expenditure</u>			
Net Departmental Expenditure	538,707	537,568	1,139
<u>Income</u>			
Aggregate External Finance	428,480	428,480	-
Local Tax Collection	104,056	104,056	-
Use of Balances	6,171	6,171	-
Projected variance : surplus (deficit) at 31 March 2005	Nil	1,139	1,139

- 2.4 In summary, the overall surplus projection of £1.139m is attributed to a revised forecast of the initial impact of Prudential funding coupled with favourable movements as a result of increased net efficiencies in the departments of Community Services, Personnel and Chief Executives. These favourable movements are offset by the impact of the anticipated under-recovery in Supporting People Grant.
- 2.5 The Council incorporated the sum of £1.250m within its approved growth for 2004/05, which enabled additional capital investment of £15m within the current financial year. Due to the diligent management of the Council's long-term borrowing and investment strategies, it has become apparent that this, in combination with favourable interest on investment income, has negated much of the additional borrowing requirement. As a result, the Finance Department has been able to defer the impact of much of the associated costs until the forthcoming 2005/06 financial year.
- 2.6 The budget pressures within the Housing & Property Department continue at a significantly higher level of £0.382m – an increase of £192,000. This is predominantly the result of a provision made for the impact of the shortfall in Supporting People Grant as outlined within sections 1.3 and 1.4 earlier. Previous reports have also made reference to increased property costs within the Property Services Division, which have been partly offset by the ongoing re-assessments of Housing Benefits Payments/Income.
- 2.7 The Social Work Department is continuing to highlight an anticipated underspend as a result of slippages in expenditure within Community Care Development Budgets. The Department is continuing to incur pressures in the areas of Childcare, Independent Homecare and Housing Support, but these are expected to be offset by the level of slippages within Development Monies at the year-end. The net impact is that it is anticipated that there will be a delay in fulfilment of the current level of requests for Aids and Adaptations of some £200,000.
- 2.8 Within the other departments, the trends of the previous months continue. Positive variations against budget are reported in Community Services, Chief Executive and Personnel.

- 2.9 The slower than anticipated increase in Council Tax properties, combined with the increasing uptake of Discounts has led to an anticipated reduction in Council Tax yield of some £70,000. However, this is fully offset by an over-recovery in previous years' arrears collection. The level of income recovery in this area is anticipated to be higher than budgeted.
- 2.10 In support of the Education 2010 project, it is anticipated that there will be additional project preparation costs brought about by the delay in reaching project agreement. Every action will be taken to minimise the additional costs and if at all possible to absorb them within the Education budget. To date, the Education Department has identified an underspend of £0.529m, which will assist on funding these costs. An update will be provided in subsequent reporting cycles.
- 2.11 An analysis of the General Fund Services performance against budget is shown at Appendix 1. Detailed reports on each service department's financial position have been presented to the appropriate Council committee for consideration. The major variations can be summarised as follows.

#### 2.11.1 Departmental Expenditure

		<b>£m</b>
Housing & Prop (non HRA)	Increased property costs and Supporting People	Projected deficit (0.382)
Administration	Staff turnover savings and additional income	Projected surplus 0.237
Finance	Savings in staff turnover and printing costs	Projected surplus 0.135
Chief Exec's	Downward trend in income/pension costs	Projected surplus 0.008
Personnel Services	Re-assessment of income generation	Projected surplus 0.024
Miscellaneous Services	Re-assessment of loan charges	Projected surplus 0.935
Comm Serv	Minor variations across various budget lines	Projected surplus 0.055
Social Work	Savings within Development Community Care Budgets	Projected Surplus 0.200
Reduction in loan charge support for urban and loan debt		Projected deficit (0.073)
<b>TOTAL</b>		<b>Projected surplus 1.139</b>

### 3. Scottish Executive Funded Initiatives

3.1 Outwith mainstream departmental budgets which are funded by the mechanism of the Revenue Support Grant, several initiatives are given specific resources from the Scottish Executive. These include the Social Inclusion Partnerships, the Better Neighbourhood Services Fund, the Changing Children's Service Fund, the Anti-Social Behaviour Initiatives and the Community Budgeting Pilot Project. Previously, I highlighted projects totalling £14.259m had been approved from a total combined budget of £14.647m. Project commitments now total £13.424m leaving a balance of £1.223m to be considered at the next round of management board meetings scheduled for the coming weeks. In most instances, approval has already been received from the Scottish Executive to carry forward any underspend to the following year.

3.2 Previous reports indicated that the Council had received it's initial funding of some £0.604m from the Scottish Executive Public Sector Energy Efficiency Initiative. Project submissions are to be co-ordinated through a working group chaired by the Head of Property Services. The Council will receive a further £0.326m of this pump-priming grant on the basis that it achieves a 50% level of spend by 31 March 2005. It is now anticipated that the total spend forecast for the current year will reach some £0.021m in total.

3.3 My comments and positional statement on the Strategic Waste Fund and "Working for Families Fund" remain unchanged.

### 4. Housing Revenue Account

4.1 It is anticipated that there will be a significant underspend in the Housing Revenue Account of £0.321m at the end of the financial year. This is a favourable movement of £274,000 from the previous report and is mainly the result of recently identified savings within loan charges and an increased over-recovery of Housing Benefit income from homeless properties.

### 5. Recommendation

5.1 The Committee is asked to note the contents of the report, and in particular the revised position with regard to the shortfall in Supporting People Grant, the revised forecast for the Prudential Code Budget and the subsequent projected surplus of £1.139m in the General Fund Account as a result of a re-assessment of expenditure to the year-end.

  
Director of Finance

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## NORTH LANARKSHIRE COUNCIL

## SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 4th February 2005

LINE NO.	DEPARTMENTAL ACCOUNT (1)	BUDGET TO - DATE (2)	ACTUAL TO - DATE (3)	VARIANCE TO - DATE (4)	ANNUAL BUDGET (5)	PROJECTED OUTFURN (6)	PROJECTED VARIANCES (7)
		£	£	£	£	£	£
1.	<b>* COMMUNITY SERVICES COMMITTEE</b>	<b>53,479,316</b>	<b>53,263,396</b>	<b>215,920</b>	<b>78,242,305</b>	<b>78,187,021</b>	<b>55,284</b>
2.	* Directorate and Support	1,336,838	1,336,838	-	2,769,788	2,769,788	-
3.	* Land Services	27,005,212	27,083,338	(78,126)	31,753,140	31,753,140	-
4.	* Facility Support Services	1,550,505	1,459,216	91,289	1,855,268	1,835,268	20,000
5.	* Cultural and Recreational Services	7,424,027	7,358,445	65,582	21,547,010	21,499,668	47,342
6.	* Community Information and Learning	16,162,734	16,025,559	137,175	20,317,099	20,329,157	(12,058)
6.	<b>* EDUCATION COMMITTEE</b>	<b>221,389,132</b>	<b>220,836,326</b>	<b>552,806</b>	<b>277,880,681</b>	<b>277,880,681</b>	<b>-</b>
7.	* Education	221,389,132	220,836,326	552,806	277,880,681	277,880,681	-
8.	<b>* POLICY &amp; RESOURCES (FINANCE)</b>	<b>14,304,013</b>	<b>14,076,646</b>	<b>227,367</b>	<b>26,445,235</b>	<b>25,375,235</b>	<b>1,070,000</b>
9.	* Finance	10,922,972	10,678,156	244,816	15,663,940	15,528,940	135,000
10.	* Miscellaneous Services	3,381,041	3,398,490	(17,449)	10,781,295	9,846,295	935,000
11.	<b>* GENERAL PURPOSES COMMITTEE</b>	<b>4,659,775</b>	<b>4,459,719</b>	<b>200,056</b>	<b>6,810,991</b>	<b>6,573,991</b>	<b>237,000</b>
12.	* Administration - Central Services	2,674,467	2,589,158	85,309	3,133,865	3,045,865	88,000
13.	* Administration - Legal Support Services	1,547,066	1,514,902	32,164	2,023,140	1,981,140	42,000
14.	* Administration - Legal Public Services	162,952	105,558	57,394	951,138	881,138	70,000
15.	* Registrar Births, Deaths etc.	275,290	250,101	25,189	702,848	665,848	37,000
16.	<b>* HOUSING &amp; PROPERTY COMMITTEE</b>	<b>21,044,006</b>	<b>21,144,612</b>	<b>(100,606)</b>	<b>29,984,806</b>	<b>30,366,599</b>	<b>(381,793)</b>
17.	* Housing - Non HRA and Benefits	(700,396)	(677,923)	(22,473)	(151,511)	49,482	(200,993)
18.	* Property Unit	2,012,083	1,965,202	46,881	2,837,236	2,786,736	50,500
19.	* Non-Operational Property Unit	2,256,703	2,259,369	(2,666)	4,274,596	4,279,596	(5,000)
20.	* Office Accommodation	3,570,108	3,771,542	(201,434)	4,818,921	5,045,221	(226,300)
21.	* Energy Advice Unit	195,619	204,778	(9,159)	176,021	176,021	-
22.	* Design Services	4,034,047	3,908,950	125,097	4,811,344	4,811,344	-
23.	* Maintenance Unit	1,291,516	1,303,602	(12,086)	1,679,075	1,679,075	-
24.	* Central Repairs	8,384,326	8,409,092	(24,766)	11,539,124	11,539,124	-
25.	<b>* JOINT BOARDS</b>	<b>145,291,530</b>	<b>145,291,530</b>	<b>-</b>	<b>54,034,520</b>	<b>54,034,520</b>	<b>-</b>
26.	* Lands Valuation	1,276,074	1,276,074	-	1,571,520	1,571,520	-
27.	* Police Force	23,042,197	23,042,197	-	28,089,000	28,089,000	-
28.	* Fire Brigade	109,794,700	109,794,700	-	13,178,000	13,178,000	-
29.	* Concessionary Fares	6,316,531	6,316,531	-	6,333,000	6,333,000	-
30.	* Passenger Transport Executive	4,862,028	4,862,028	-	4,863,000	4,863,000	-
31.	<b>* POLICY &amp; RESOURCES(PERSONNEL)</b>	<b>1,283,757</b>	<b>1,261,218</b>	<b>22,539</b>	<b>2,027,666</b>	<b>2,003,666</b>	<b>24,000</b>
32.	* Personnel Services	1,283,757	1,261,218	22,539	2,027,666	2,003,666	24,000
33.	<b>* PLANNING &amp; ENVIRONMENT COMMITTEE</b>	<b>31,761,971</b>	<b>31,785,392</b>	<b>(23,421)</b>	<b>41,769,115</b>	<b>41,769,115</b>	<b>-</b>
34.	* Building Control	109,063	(187,648)	296,711	443,896	146,146	297,750
35.	* Transportation	10,830,898	10,818,980	11,918	29,240,783	29,189,424	51,359
36.	* Policy & Economic Development	2,218,155	2,226,831	(8,676)	2,699,729	2,715,779	(16,050)
37.	* Planning	1,580,921	1,336,048	244,873	3,750,076	3,525,535	224,541
38.	* Support Services	13,007,228	13,345,801	(338,573)	-	370,000	(370,000)
39.	* Protective Services	4,015,706	4,245,380	(229,674)	5,634,631	5,822,231	(187,600)
40.	<b>* POLICY &amp; RESOURCES COMMITTEE</b>	<b>2,218,073</b>	<b>2,189,711</b>	<b>28,362</b>	<b>1,141,378</b>	<b>1,132,753</b>	<b>8,625</b>
41.	* Chief Executives	2,218,073	2,189,711	28,362	1,141,378	1,132,753	8,625
42.	<b>* PPP/TRADING SURPLUSES</b>	<b>(2,912,583)</b>	<b>(3,033,930)</b>	<b>121,347</b>	<b>(2,340,819)</b>	<b>(2,340,819)</b>	<b>-</b>
43.	* PPP Contributions *	(1,567,084)	(1,567,084)	-	(1,519,000)	(1,519,000)	-
44.	* Trading Accounts	(1,345,499)	(1,466,846)	121,347	(821,819)	(821,819)	-
45.	<b>* SOCIAL WORK COMMITTEE</b>	<b>94,257,812</b>	<b>93,610,645</b>	<b>647,167</b>	<b>105,870,553</b>	<b>105,670,553</b>	<b>200,000</b>
46.	* Social Work	94,257,812	93,610,645	647,167	105,370,553	105,170,553	200,000
47.	<b>FINANCING COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,386,261)</b>	<b>(34,312,980)</b>	<b>(73,281)</b>
48.	Reversal of Capital Charge	-	-	-	(64,518,867)	(64,518,867)	-
49.	Grant Support for Urban Programme Loan Debt	-	-	-	(398,000)	(324,719)	(73,281)
50.	Loan Charges	-	-	-	32,380,606	32,380,606	-
51.	Interest on Revenue Balances	-	-	-	(1,850,000)	(1,850,000)	-
52.	Removal of Gross Central Department Budgets (included above)	-	-	-	<b>(48,772,739)</b>	<b>(48,772,739)</b>	<b>-</b>
53.	<b>TOTAL EXPENDITURE</b>	<b>586,776,802</b>	<b>584,885,265</b>	<b>1,891,537</b>	<b>536,707,431</b>	<b>537,567,596</b>	<b>1,139,835</b>

## NORTH LANARKSHIRE COUNCIL

## SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 4th February 2005

LINE NO.	DEPARTMENTAL ACCOUNT (1)	BUDGET TO - DATE (2) £	ACTUAL TO - DATE (3) £	VARIANCE TO - DATE (4) £	ANNUAL BUDGET (5) £	PROJECTED OUTTURN (6) £	PROJECTED VARIANCES (7) £
54.	<b>SOURCES OF FUNDING</b>	<b>475,000</b>	<b>540,847</b>	<b>(65,847)</b>	<b>538,707,431</b>	<b>538,707,431</b>	<b>-</b>
55.	Revenue Support Grant	-	-	-	307,949,000	307,949,000	-
56.	Non - Domestic Rates	-	-	-	120,531,000	120,531,000	-
57.	* Council Tax	-	-	-	103,556,025	103,486,025	70,000
58.	Use of Balances	-	-	-	6,171,406	6,171,406	-
59.	* Collection of Local Tax Arrears	475,000	540,847	(65,847)	500,000	570,000	(70,000)
60.	<b>TOTAL SURPLUS (DEFICIT)</b>	<b>586,301,802</b>	<b>584,344,418</b>	<b>1,925,690</b>	<b>-</b>	<b>(1,139,835)</b>	<b>1,139,835</b>
61.	<b>SCOTTISH EXECUTIVE FUNDED INITIATIVES</b>	<b>10,249,704</b>	<b>8,921,545</b>	<b>1,328,159</b>	<b>14,646,812</b>	<b>13,424,223</b>	<b>1,222,589</b>
62.	* Social Inclusion Partnerships	2,636,793	2,487,526	149,267	3,707,328	3,631,419	75,909
63.	* Changing Childrens Services Fund	2,845,175	2,448,950	396,225	4,935,803	4,815,803	120,000
64.	* Better Neighbourhood Services Fund	4,166,894	3,398,206	768,688	4,166,894	4,011,011	155,883
65.	* Anti Social Behaviour	445,625	512,999	(67,374)	1,684,570	862,296	822,274
66.	* Community Budgeting	155,217	73,864	81,353	152,217	103,694	48,523
67.	* HOUSING REVENUE ACCOUNT	(9,852,811)	(10,146,890)	294,079	-	(321,000)	321,000

\* Note : The PPP contribution shown excludes that element contained within individual departmental budgets as efficiency savings. The total anticipated income from the