

## REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT TO 22nd JULY 2005 (PERIOD 4)  COUNCIL SUMMARY
From: DIRECTOR OF FINANCE		
Date: 16 Aug 2005	Ref: AC/JV/PH	

1. **Introduction**

- 1.1 The purpose of this report is to advise the Committee of the overall position on both the General Fund Account and the Housing Revenue Account for the first four periods of the financial year. The report consolidates the budget monitoring position of each department, compares projected out-turn expenditure with budget and, provides explanations of significant variations where applicable. It should be recognised that the monitoring position represents an early stage within the new financial year and that expenditure and income patterns have largely still to develop over the course of the year.
- 1.2 The recent approval by the Policy and Resources Committee to assist with the Social Work Department's cost pressures in 2005/06 by allocating a total of £1.700m, has now been actioned and the Social Work Budget has been increased accordingly.

2. **General Fund Summary**

- 2.1 The projected position within the General Fund is summarised as follows:

	Annual Budget £000	Projected Outturn £000	Variance £000
<b><u>Expenditure</u></b>			
Net Departmental Expenditure	563,010	563,869	(859)
<b><u>Income</u></b>			
Aggregate External Finance	451,865	451,865	-
Local Tax Collection	109,355	109,355	-
Use of Balances	1,790	1,790	-
Projected variance : surplus (deficit) at 31 March 2005	Nil	(859)	(859)

- 2.2 The projected deficit of £0.859m is almost exclusively as a result of the utility cost price increases announced on 1 April 2005. Significant increases, on top of those experienced in the previous financial year, have seen electricity, gas and electrical power costs increase by an average of 26%.

2.2.1 Individual Departmental budget monitoring positions reflect an overall utility cost increase of £1.486m. While some departments have already identified funding solutions to these increases, the Departments of Community Services and Education, who are most significantly affected, are actively considering how to accommodate these major expenditure variations.

2.2.2 All departments are actively pursuing the energy saving measures available under the Scottish Executive's Central Efficiency Fund and are participating in the staff energy awareness programmes. Further details of these initiatives will be reported to Council during the coming months.

2.3 The Community Services Department is currently projecting an overspend of £0.096m directly as a consequence of the utility price increases. This is a reduction of £0.163m from the previous report. Management Action is already being taken to identify methods of funding this problem and so far, £0.200m has been absorbed between the Departmental Accounts and the Trading Accounts, as a result of savings in other areas. The Department will continue to take action throughout the year to minimise the affect of this utility problem and progress will be advised in subsequent reports.

2.4 In a similar vein, the Education Department will be in a better position to fully assess the impact of the utility problem and the subsequent management action required to address the currently projected cost increase of £0.470m, upon the commencement of the new academic year in August 2005. The Education Department is also projecting an overspend of £0.180m in respect of payments for examination presentations to the Scottish Qualifications Authority. This anticipated overspend is a result of a significant increase in charges which have not been matched by any additional resource given to the Council. This area will also be subject to review over the next few months and progress will be advised in subsequent reports.

2.5 Savings are anticipated in the Departments of Finance (£0.110m) and Administration (£0.095). This is a direct result of savings in operational efficiencies and additional income within the Finance Department, coupled with staff turnover savings and additional Registrar income within the Administration Department.

2.6 Although the Planning and Environment Department is currently forecasting a break-even position, it is worth noting that the Department has been able to utilise a combination of external income generation and the summer work roads programme carry forward to compensate for some £0.267m of additional utility costs associated with the electrical power contract for Street Lighting.

2.7 Housing and Property Services are currently anticipating an overspend of £0.139m at the year end largely in respect of additional costs of Flemming House prior to the conclusion of the Cumbernauld accommodation rationalisation. It is worth noting that the Department has already managed to absorb some £0.143m of utility costs associated with the Stair and Communal Lighting arrangements.

2.8 The Trading Operations are projected to produce reduced surpluses of £0.203m as a result of the effect of the previously mentioned utility cost increases. This is of particular concern in firstly, the area of Sport, where, if unchecked, a potential deficit position of £0.169m could arise.

2.9 The Chief Executive's Department is highlighting an overall underspend of £0.036m. This is a result of the generation of external income in relation to the administration of the Community Regeneration Fund which has offset expenditure pressures within the employee cost area due to a relatively low level of staff turnover to date.

2.10 An analysis of the General Fund Services performance against budget is shown in Appendix 1. The major variances can be summarised overleaf:-

2.10.1 Departmental Expenditure

		£m
Community Services	Increased property costs as a result of increased energy prices	Projected deficit (0.096)
Education	Increased property costs as a result of increased energy prices and increased payment to external bodies	Projected deficit (0.650)
Administration	Savings in Administration Costs and additional income	Projected surplus 0.095
Finance	Operational efficiencies and additional income	Projected surplus 0.110
Housing and Property Services	Additional Office Accommodation at Flemming House	Projected deficit (0.139)
Other	Minor miscellaneous variations	Projected deficit (0.012)
Trading Accounts	Increased property costs as a result of increased energy prices	Projected deficit (0.203)
Chief Executive	External Income generation	Projected surplus 0.036
<b>TOTAL</b>		<b>Projected deficit (0.859)</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 Community Regeneration Fund, the Changing Children's Services Fund, Youth Justice Projects, the Anti-Social Behaviour Initiatives and the Community Budgeting Pilot Project. Project commitments now total £16.899m.

3.2 The Scottish Executive have recently confirmed that the Council will not receive the 2<sup>nd</sup> tranche of the Energy Efficiency Resources until satisfactory completion of 50% of

those previously allocated in October 2004. To date, the Housing and Property Department have spent £0.085m of the initial £0.604m received. A total of 14 projects have now been approved, which will ultimately result in expenditure commitments of £0.321m, with annual revenue savings in the region of £0.117m once the payback periods have been achieved.

4. Housing Revenue Account

4.1 It is anticipated that there will be a significant underspend in the Housing Revenue Account of £0.409m at the end of the financial year. This is mainly attributable to savings within void rent losses and an over-recovery of rental income, which have been partially offset by an increase in the level of liability insurance claims, energy costs and leasing termination costs.

5. Recommendation

5.1 The Committee is asked to note the contents of the report.



**Director of Finance**

## NORTH LANARKSHIRE COUNCIL

## SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 22nd July 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)
		£	£	£	£	£	£
1.	<b>COMMUNITY SERVICES COMMITTEE</b>	<b>20,539,110</b>	<b>20,128,854</b>	<b>410,256</b>	<b>77,402,483</b>	<b>77,498,880</b>	<b>(96,397 )</b>
2.	Directorate & Support	929,178	932,901	(3,723 )	(101,845 )	(101,845 )	-
3.	Land Services	10,704,508	10,610,992	93,516	33,184,095	33,184,095	-
4.	Community Information and Learning	5,637,623	5,517,492	120,131	20,884,316	21,008,217	(123,901 )
5.	Cultural and Recreational	2,641,994	2,512,997	128,997	21,463,550	21,457,046	6,504
6.	Facility Support Services	625,807	554,472	71,335	1,972,367	1,951,367	21,000
7.	<b>EDUCATION COMMITTEE</b>	<b>65,469,424</b>	<b>65,872,073</b>	<b>(402,649 )</b>	<b>282,154,964</b>	<b>282,804,964</b>	<b>(650,000 )</b>
8.	Education	65,469,424	65,872,073	(402,649 )	282,154,964	282,804,964	(650,000 )
9.	<b>POLICY &amp; RESOURCES (FINANCE)</b>	<b>5,205,211</b>	<b>4,972,471</b>	<b>232,740</b>	<b>28,817,278</b>	<b>28,718,778</b>	<b>98,500</b>
10.	Finance	4,195,877	3,970,477	225,400	16,518,504	16,408,004	110,500
11.	Miscellaneous Services	1,009,334	1,001,994	7,340	12,298,774	12,310,774	(12,000 )
12.	<b>GENERAL PURPOSES COMMITTEE</b>	<b>1,309,893</b>	<b>1,246,571</b>	<b>63,322</b>	<b>6,913,659</b>	<b>6,818,659</b>	<b>95,000</b>
13.	Administration - Central Services	756,988	746,719	10,269	3,713,430	3,688,430	25,000
14.	Administration - Legal Support Services	473,745	461,588	12,157	2,077,027	2,062,027	15,000
15.	Administration - Legal Public Services	(7,245 )	(19,656 )	12,411	587,557	562,557	25,000
16.	Registrar Births , Deaths etc.	86,405	57,920	28,485	535,645	505,645	30,000
17.	<b>HOUSING &amp; PROPERTY COMMITTEE</b>	<b>12,838,540</b>	<b>12,828,511</b>	<b>10,029</b>	<b>28,932,899</b>	<b>29,071,999</b>	<b>(139,100 )</b>
18.	Housing - Non HRA and Benefits	7,796,627	7,771,516	25,111	(110,600 )	(106,600 )	(4,000 )
19.	Property Unit	734,913	727,405	7,508	3,226,662	3,179,462	47,200
20.	Non-Operational Property Unit	(845,302 )	(870,549 )	25,247	3,780,998	3,705,498	75,500
21.	Office Accommodation	507,249	573,422	(66,173 )	4,685,419	4,926,219	(240,800 )
22.	Energy Advice Unit	72,389	71,278	1,111	182,240	182,240	-
23.	Design Services	1,381,196	1,356,687	24,509	5,309,338	5,309,338	-
24.	Maintenance Unit	483,140	492,450	(9,310 )	1,736,603	1,753,603	(17,000 )
25.	Central Repairs	2,708,328	2,706,302	2,026	10,122,239	10,122,239	-
26.	<b>JOINT BOARDS</b>	<b>20,984,079</b>	<b>20,984,079</b>	<b>-</b>	<b>57,163,693</b>	<b>57,163,693</b>	<b>-</b>
27.	Lands Valuation	541,937	541,937	-	1,623,863	1,623,863	-
28.	Police Force	9,832,683	9,832,683	-	29,501,000	29,501,000	-
29.	Fire Brigade	4,814,703	4,814,703	-	14,447,000	14,447,000	-
30.	Concessionary Fares	3,303,479	3,303,479	-	6,608,280	6,608,280	-
31.	Passenger Transport Executive	2,491,277	2,491,277	-	4,983,550	4,983,550	-
32.	<b>POLICY &amp; RESOURCES(PERSONNEL)</b>	<b>584,698</b>	<b>579,216</b>	<b>5,482</b>	<b>2,107,137</b>	<b>2,107,137</b>	<b>-</b>
33.	Personnel Services	584,698	579,216	5,482	2,107,137	2,107,137	-
34.	<b>PLANNING &amp; ENVIRONMENT COMMITTEE</b>	<b>8,811,386</b>	<b>8,505,293</b>	<b>306,093</b>	<b>43,901,079</b>	<b>43,901,080</b>	<b>-</b>
35.	Building Control	91,650	(238,177 )	329,827	429,938	285,438	144,500
36.	Transportation	2,958,869	3,020,325	(61,456 )	31,108,158	31,175,158	(67,000 )
37.	Economic Development	1,296,174	1,320,035	(23,861 )	2,750,771	2,750,771	-
38.	Planning	572,426	373,870	198,556	3,717,547	3,549,047	168,500
39.	Support Services	2,344,377	2,345,839	(1,462 )	-	126,001	(126,000 )
40.	Protective Services	1,547,890	1,683,401	(135,511 )	5,894,665	6,014,665	(120,000 )
41.	<b>POLICY &amp; RESOURCES COMMITTEE</b>	<b>856,848</b>	<b>867,257</b>	<b>(10,409 )</b>	<b>924,201</b>	<b>888,206</b>	<b>35,995</b>
42.	Chief Executives	856,848	867,257	(10,409 )	924,201	888,206	35,995
43.	<b>PPP/TRADING SURPLUSES</b>	<b>(1,073,747 )</b>	<b>(839,622 )</b>	<b>(234,125 )</b>	<b>(2,390,821 )</b>	<b>(2,187,339 )</b>	<b>(203,482 )</b>
44.	PPP Contributions *	(301,165 )	(301,165 )	-	(1,519,000 )	(1,519,000 )	-
45.	Trading Accounts	(772,582 )	(538,457 )	(234,125 )	(871,821 )	(668,339 )	(203,482 )
46.	<b>SOCIAL WORK COMMITTEE</b>	<b>28,200,833</b>	<b>28,222,932</b>	<b>(22,099 )</b>	<b>111,031,875</b>	<b>111,031,875</b>	<b>-</b>
47.	Social Work	28,200,833	28,222,932	(22,099 )	111,031,875	111,031,875	-
48.	<b>FINANCING COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,160,818 )</b>	<b>(24,160,818 )</b>	<b>-</b>
49.	Reversal of Capital Charge	-	-	-	(55,119,099 )	(55,119,099 )	-
50.	Grant Support for Urban Programme Loan Debt	-	-	-	(318,338 )	(318,338 )	-
51.	Loan Charges	-	-	-	33,126,619	33,126,619	-
52.	Interest on Revenue Balances	-	-	-	(1,850,000 )	(1,850,000 )	-
53.	Removal of Gross Central Department Budgets (included above )	-	-	-	<b>(49,787,897 )</b>	<b>(49,787,897 )</b>	<b>-</b>
54.	<b>TOTAL EXPENDITURE</b>	<b>163,726,275</b>	<b>163,367,635</b>	<b>358,640</b>	<b>563,009,732</b>	<b>563,869,217</b>	<b>(859,484 )</b>

## NORTH LANARKSHIRE COUNCIL

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54.	<b>SOURCES OF FUNDING</b>	<b>84,358</b>	<b>84,358</b>	-	<b>563,009,732</b>	<b>563,009,732</b>	-
55.	Revenue Support Grant	-	-	-	331,147,000	331,147,000	-
56.	Non - Domestic Rates	-	-	-	120,717,000	120,717,000	-
57.	Council Tax	-	-	-	108,855,810	108,855,810	-
58.	Use of Balances	-	-	-	1,789,922	1,789,922	-
59.	Collection of Local Tax Arrears	84,358	84,358	-	500,000	500,000	-
60.	<b>TOTAL SURPLUS (DEFICIT)</b>	<b>163,641,917</b>	<b>163,283,277</b>	<b>358,640</b>	-	<b>859,485</b>	<b>(859,484 )</b>
61.	<b>SCOTTISH EXECUTIVE FUNDED INITIATIVE</b>	<b>1,851,569</b>	<b>1,154,513</b>	<b>697,056</b>	<b>16,899,508</b>	<b>16,899,508</b>	-
62.	Community Regeneration Fund	712,821	528,548	184,273	9,549,885	9,549,885	-
63.	Youth Justice	-	-	-	138,058	138,058	-
64.	Changing Childrens Services Fund	445,815	251,999	193,816	4,326,000	4,326,000	-
65.	Anti Social Behaviour	684,078	365,111	318,967	2,827,039	2,827,039	-
66.	Community Budgeting	8,855	8,855	-	58,526	58,526	-
67.	<b>HOUSING REVENUE ACCOUNT</b>	<b>20,246,688</b>	<b>20,103,033</b>	<b>143,655</b>	-	<b>(409,000 )</b>	<b>409,000</b>

\* Note : The PPP contribution shown excludes that element contained within individual departmental budgets as efficiency savings. The total anticipated income from the PPP's amount to £2.087m.