

REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT TO 21 JULY 2006 (PERIOD 4) COUNCIL SUMMARY
From: DIRECTOR OF FINANCE		
Date: 10 August 2006	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 months of the new 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 As previously reported provision has been made for equal pay compensation claims estimated at £23.552m with a funding package agreed by Council and spread over the years 2005/06 to 2007/08 in the amounts of £8m, £12.5m and £3m respectively. These sums are reflected in the appropriate years' revenue estimates. Of the £23.552m set side, it is noted that payments of £8.619m have been made to date.
- 1.3 While no agreement has been reached in the implementation of job evaluation and single status, a funding framework has been agreed for the early years' costs including £2m per annum in 2006/07 and 2007/08, which will be met by departments through their employee cost budgets. In the meantime and until job evaluation issues have been agreed resources for this purpose will be held pending future need.
- 1.4 The review of all areas of "non-essential" expenditure instigated during the latter half of the previous financial year continues during the current year, and updates on the implications of this will crystallise in future reports.
- 1.5 The current forecast indicated that a projected surplus of £2.019m is anticipated by the end of the financial year. This represents a decrease of some £0.191m since my last report and this is largely accounted for by the following:
- Increased expenditure anticipated within the Education Department due to the continued high price levels for Gas and Electricity. This cost pressure exceeds the budget provision within the Department, however, management will continue to be pro-active in managing areas of the budget to achieve savings to offset this additional pressure. Further reports will update Committee on progress.
 - Within the Housing Department increased Benefit Subsidy arising from the ongoing successful recovery of Benefits overpayments, offset by increased costs arising from the opening of Airdrie Business Centre.

Details of the anticipated year end surplus of £2.019m are contained overleaf:

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
<u>Expenditure</u>			
Net Departmental Expenditure	584,054	582,589	1,465
<u>Income</u>			
Aggregate External Finance	465,262	465,816	554
Local Tax Collection	114,057	114,057	-
PPP Grant Support	3,780	3,780	-
Use of Balances	955	955	
Projected variance : surplus (deficit) at 31 March 2007	Nil	2,019	2,019

- 2.2 Savings are anticipated in the Department of Finance (£0.387m) as a direct result of a review of IT Services. Opportunities have been identified to further improve the cost effectiveness of the Division. The development of new generation Enterprise Computing facilities presents the Council with further cost savings in hardware and software facilities. The major changes planned for the new financial year will allow the current leasing arrangements to be terminated which will result in the release of significant revenue savings. There is also savings anticipated within Accounting Services as a result of a higher level of staff turnover efficiencies.
- 2.3 Housing and Property Services are now currently anticipating an underspend of £0.026m at the year-end. This is a small favourable movement of £0.013m from the previous report and is a consequence of additional Benefit Subsidy income, offset by additional costs arising from the opening of Airdrie Business Centre.
- 2.4 The Administration Department is currently anticipating an underspend of £0.079m, an increase of £0.022m, and this is a consequence of staff turnover savings coupled with additional income within Registrars.
- 2.5 The Personnel Division is also now reporting a small underspend of £0.008m at the year-end as a consequence of staff turnover savings across the department.
- 2.6 The Department of Community Services is reporting an underspend of £0.089m at the year-end. This is a direct consequence of additional income anticipated in relation to maintenance work with the Land Services Division.
- 2.7 The departments of Social Work and Planning & Environment are forecasting that net expenditure will be in line with their respective budgets at this early stage of the year, however, this situation will be closely monitored as the financial year progresses.
- 2.8 The Education Department is projecting an overspend of £0.230m at the year-end. This is a direct result of increasing utility costs. The 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 of £0.230m, upon the commencement of the new academic year in August 2006. Once pupil roll numbers for the academic year are identified in September, this will provide the framework on which to base projections for the remainder of the year and management control to address the overspends can be planned and actioned.

- 2.9 There will be an estimated saving of £0.900m in the Insurance Fund for the year. The Council's insurance policies expired on 31 March 2006 and a tendering process was conducted with a view to providing all classes of insurance commencing on 1 April 2006. The insurance market has become more stable of late and premium rates have declined. This general reduction in premiums, together with the risk management activity undertaken by the Council to improve it's claims experience have resulted in the significant savings anticipated in this area.
- 2.10 The Policy & Resources (Finance) Sub-Committee of 6 September 2005 gave approval to enter into a competitive tendering exercise for all data and voice telephony services. The improved pricing as a result of the tendering exercise will result in savings of £0.198m for the year and this is reported within Miscellaneous Services.
- 2.11 Revenue Support Grant will be £0.554m greater than anticipated for the year, primarily as a consequence of a higher than anticipated level of Grant for Police. The Scottish Executive has remitted additional funding in relation to Police Common Services for which Strathclyde Police have informed the Council there will be no requirement for this to be included within this year's precept payments.
- 2.12 An analysis of the General Fund Services performance against budget is shown in Appendix 1. The major variances can be summarised as follows :-

2.12.1 Departmental Expenditure

		£m
Administration	Staff Turnover Savings and additional income	Projected surplus 0.079
Finance	Efficiencies and Service Improvements within IT Services	Projected surplus 0.387
Insurance Fund	Service Efficiencies	Projected surplus 0.900
Miscellaneous Services	Telephony Procurement Services and staff Turnover Savings	Projected surplus 0.206
Revenue Support Grant	Additional Police Grant	Projected surplus 0.554
Personnel	Staff Turnover Savings	Projected Surplus 0.008
Education	Increased Utility Costs	Projected Deficit 0.230
Community Services	Increased Income from Maintenance Work	Projected surplus 0.089
Housing and Property Services	Increased income from Housing Benefit Subsidy offsetting increased property costs	Projected surplus 0.026
TOTAL		Projected surplus 2.019

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 initiatives are generally outcome driven with a highly localised focus and include such areas as the Community Regeneration Fund, the Changing Children's Services Fund, Youth Justice Projects, the Anti-Social Behaviour Initiatives and the Financial Inclusion Fund. At this early stage in the financial year project commitments now total £23.309m which leaves a residual balance of £1.033m to be distributed over the coming months.

4. Housing Revenue Account

4.1 It is anticipated that there will be a significant underspend in the Housing Revenue Account of £1.346m at the end of the financial year. This is due to a combination of the continuing success of the void property initiative (£0.956m) and the changing pattern in the sale of housing stock which has resulted in a higher than forecast rental income base (£0.479m).

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 21st July 2006

LINE NO.	DEPARTMENTAL ACCOUNT (1)	BUDGET TO - DATE	ACTUAL TO - DATE	VARIANCE TO - DATE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED VARIANCES
		(2)	(3)	(4)	(5)	(6)	(7)
		£	£	£	£	£	£
1.	COMMUNITY SERVICES COMMITTEE	20,565,814	20,200,543	365,271	79,390,380	79,300,666	89,714
2.	Directorate & Support	974,593	979,813	(5,220)	(10,111)	18,793	(28,904)
3.	Land Services	10,205,312	10,138,613	66,699	34,815,878	34,809,699	6,179
4.	Community Information and Learning	6,216,123	6,083,574	132,549	21,104,391	21,042,335	62,056
5.	Cultural and Recreational	2,903,643	2,798,240	105,403	21,481,719	21,431,336	50,383
6.	Facility Support Services	266,143	200,303	65,840	1,998,503	1,998,503	-
7.	EDUCATION COMMITTEE	66,885,500	66,897,011	(11,511)	289,082,576	289,312,576	(230,000)
8.	Education	66,885,500	66,897,011	(11,511)	289,082,576	289,312,576	(230,000)
9.	POLICY & RESOURCES (FINANCE)	5,611,709	5,453,626	158,083	27,857,033	27,264,210	592,823
10.	Finance	4,545,585	4,397,844	147,741	17,626,929	17,239,929	387,000
11.	Miscellaneous Services	1,066,124	1,055,782	10,342	10,230,104	10,024,281	205,823
12.	GENERAL PURPOSES COMMITTEE	1,289,766	1,236,720	53,046	7,051,441	6,972,441	79,000
13.	Administration - Central Services	782,228	754,709	27,519	3,871,349	3,831,349	40,000
14.	Administration - Legal Support Services	478,527	472,933	5,594	2,091,187	2,083,687	7,500
15.	Administration - Legal Public Services	(12,045)	(4,936)	(7,109)	576,347	564,847	11,500
16.	Registrar Births , Deaths etc.	41,056	14,014	27,042	512,558	492,558	20,000
17.	HOUSING & PROPERTY COMMITTEE	5,222,759	5,114,994	107,765	28,083,765	28,058,204	25,561
18.	Housing - Non HRA and Benefits	(230,633)	(293,295)	62,662	(8,100)	(51,542)	43,442
19.	Property Unit	688,918	680,977	7,941	3,176,679	3,150,679	26,000
20.	Non-Operational Property Unit	(581,965)	(616,971)	35,006	3,422,883	3,310,383	112,500
21.	Office Accommodation	1,032,608	1,096,068	(63,460)	6,750,138	6,971,519	(221,381)
22.	Energy Advice Unit	65,155	65,224	(69)	183,268	183,268	-
23.	Design Services	1,374,505	1,328,475	46,030	5,441,060	5,441,060	-
24.	Maintenance Unit	447,353	426,296	21,057	1,783,032	1,718,032	65,000
25.	Central Repairs	2,426,818	2,428,220	(1,402)	7,334,805	7,334,805	-
26.	JOINT BOARDS	18,620,202	18,620,202	-	53,067,157	53,067,157	-
27.	Lands Valuation	538,885	538,885	-	1,656,630	1,656,630	-
28.	Police Force	10,338,160	10,338,160	-	31,012,000	31,012,000	-
29.	Fire Brigade	4,913,393	4,913,393	-	14,739,000	14,739,000	-
30.	Concessionary Fares	266,000	266,000	-	532,000	532,000	-
31.	Passenger Transport Executive	2,563,764	2,563,764	-	5,127,527	5,127,527	-
32.	POLICY & RESOURCES(PERSONNEL)	547,831	543,367	4,464	1,979,097	1,970,597	8,500
33.	Personnel Services	547,831	543,367	4,464	1,979,097	1,970,597	8,500
34.	PLANNING & ENVIRONMENT COMMITTEE	6,843,148	6,505,039	338,109	45,022,880	45,022,880	-
35.	Building Control	29,202	(39,507)	68,709	167,139	91,139	76,000
36.	Transportation	4,043,671	3,973,613	70,058	31,917,844	31,984,844	(67,000)
37.	Economic Development	(1,399)	(36,816)	35,417	2,910,841	2,900,841	10,000
38.	Planning	574,823	466,585	108,238	3,789,334	3,679,334	110,000
39.	NLC and Externally Funded Projects	(347,352)	(347,352)	-	-	-	-
40.	Support Services	787,452	791,753	(4,301)	-	72,000	(72,000)
41.	Protective Services	1,756,751	1,696,763	59,988	6,237,722	6,294,722	(57,000)
42.	POLICY & RESOURCES COMMITTEE	611,022	569,428	41,594	725,970	725,970	-
43.	Chief Executives	611,022	569,428	41,594	725,970	725,970	-
44.	PPP/TRADING SURPLUSES	(689,994)	(501,134)	(188,860)	(2,522,397)	(2,522,397)	-
45.	PPP Contributions *	(250,194)	(250,194)	-	(1,519,000)	(1,519,000)	-
46.	Trading Accounts	(439,800)	(250,940)	(188,860)	(1,003,397)	(1,003,397)	-
47.	SOCIAL WORK COMMITTEE	29,619,347	27,015,069	2,604,278	117,737,323	117,737,323	-
48.	Social Work	29,619,347	27,015,069	2,604,278	117,737,323	117,737,323	-
49.	FINANCING COSTS	-	-	-	(29,227,839)	(29,227,839)	-
50.	Reversal of Capital Charge	-	-	-	(59,157,412)	(59,157,412)	-
51.	Grant Support for Urban Programme Loan Debt	-	-	-	(324,719)	(324,719)	-
52.	Loan Charges	-	-	-	33,226,292	33,226,292	-
53.	Transfer from Pensions Reserve (FRS17)	-	-	-	(1,097,000)	(1,097,000)	-
54.	Interest on Revenue Balances	-	-	-	(1,875,000)	(1,875,000)	-
55.	OTHER BUDGETARY ISSUES	-	-	-	16,289,878	15,389,878	900,000
56.	Equal Pay Issues	-	-	-	16,289,878	16,289,878	-
	Savings on Insurance Procurement	-	-	-	-	(900,000)	900,000
57.	Removal of Gross Central Department Budgets (included above)	-	-	-	(50,483,010)	(50,483,010)	-
58.	TOTAL EXPENDITURE	155,127,104	151,654,865	3,472,239	584,054,254	582,588,656	1,465,598

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	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		£	£	£	£	£	£
59.	SOURCES OF FUNDING	84,358	84,358	-	584,054,254	584,608,254	(554,000)
60.	Revenue Support Grant	-	-	-	345,527,000	346,081,000	(554,000)
61.	Non - Domestic Rates	-	-	-	119,735,000	119,735,000	-
62.	Council Tax	-	-	-	113,057,254	113,057,254	-
63.	PPP Grant Support	-	-	-	3,780,000	3,780,000	-
64.	Use of Balances	-	-	-	955,000	955,000	-
65.	Collection of Local Tax Arrears	84,358	84,358	-	1,000,000	1,000,000	-
66.	TOTAL SURPLUS (DEFICIT)	155,042,746	151,570,507	3,472,239	-	(2,019,598)	2,019,598
67.	SCOTTISH EXECUTIVE FUNDED INITIATIVES	3,175,732	2,871,034	304,698	24,334,034	24,334,034	-
68.	Community Regeneration Fund	1,974,762	1,817,615	157,147	15,275,616	15,275,616	-
69.	Youth Justice	-	-	-	63,793	63,793	-
70.	Changing Childrens Services Fund	563,868	501,308	62,560	4,542,561	4,542,561	-
71.	Anti Social Behaviour	588,513	506,549	81,964	2,701,572	2,701,572	-
72.	New Futures Fund	7,268	7,268	-	277,000	277,000	-
73.	Financial Inclusion Fund	16,500	16,500	-	500,000	500,000	-
74.	Local Action Fund	923	923	-	384,000	384,000	-
75.	Community Safety Partnership	3,898	871	3,027	309,786	309,786	-
76.	Community Voices	20,000	20,000	-	260,000	260,000	-
77.	Community Budgeting	-	-	-	19,706	19,706	-
78.	HOUSING REVENUE ACCOUNT	(2,068,676)	(2,513,447)	444,771	-	(1,346,000)	1,346,000

* 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.