

## REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: REVENUE MONITORING REPORT TO 10 NOVEMBER 2006 (PERIOD 8)  COUNCIL SUMMARY
From: DIRECTOR OF FINANCE		
Date: 4 December 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 eight months 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.
- 1.2 The costs of job evaluation have now been updated following implementation on 6 November 2006. While the cost in 2006/07 will be £4.1m, a funding package has been put in place, which will negate any additional burden on service departments. Departmental revenue budgets for the current year will be updated to reflect this funding arrangement.
- 1.3 In November 2006, Council approved a report from the Chief Executive, outlining a review of the organisational structure of the Council. The report details a proposed programme of Change Management entitled "Service and People First", and identifies an agenda for rationalisation and cultural change.
- 1.4 As part of this change management programme, the report recognises that there is a need to reduce and re-focus the Corporate Management Team and streamline Chief Officer structures. To that end, it proposes to re-align service groupings and reduce the number of Chief Officers posts. The proposed changes at Chief Officer level will generate a recurring annual revenue saving of £0.464m and to secure these savings, there will be one-off costs associated with the review at Chief Officer level in the year 2006/07.
- 1.5 The exact cost has been subject to a separate report for consideration by the Early Retirement Sub-Committee, but, at this stage it is estimated that some £0.661m will require to be set aside to cover these costs in 2006/07. Of this, £0.500m will be funded from the General Fund, with the balance being met from HRA Account. These figures have been reflected in this report.
- 1.6 Also in November 2006, Council approved an additional allocation of non-recurring funding for household adaptations. It has been agreed that the sum of £0.488m will be transferred from existing Social Work resources to Housing Non-HRA to assist with the provision of adaptations for private sector dwellings. This has been reflected in figures within the Social Work and Non-HRA reports. Additionally, approval has also been

given for additional funding of £0.400m to be utilised from existing and projected HRA surpluses on a non-recurring basis to assist with similar adaptations to local authority properties. Once again, this has been reflected in the Housing Revenue Report for the period.

- 1.7 The services of Sport and Recreation have now been transferred into a leisure trust. There are no variances to report as a consequence of this transfer although it should be noted that budgets will need to be re-aligned in the coming months to reflect the changes in service delivery.
- 1.8 In addition, the Council's decision to approve an additional £0.020m of resources in the current year to assist with the establishment of a Grants Scheme for Talented and Gifted Young People is reflected within the budget for Community Services.
- 1.9 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.
- 1.10 The current forecast indicates that a projected surplus of £3.992m is anticipated by the end of the financial year. This represents a significant increase of some £1.048m since my last report and this is largely accounted for by the following:
  - The Department of Social Work has reviewed, both the current care packages in private nursing homes, and supported living services across the authority and has subsequently identified one-off operational efficiencies that will deliver in excess of £0.900m in financial savings from that reported last period.
  - Successful Rating revaluation appeals in respect of Education properties, backdated to April 2005, has resulted in additional income of £0.250m and this is reflected within Miscellaneous Services.
  - The Department of Education has identified an additional £0.140m of efficiencies for the year due largely to the impact of absence management policies and average teachers salary costs.
  - The continuing pattern of savings across all departments as a result of further staff turnover efficiencies in specific areas to manage unforeseen expenditure pressures.
  - These savings are offsetting the one off costs of £0.500m associated with the review at Chief Officer level.

Details of the anticipated year end surplus of £3.992m 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	580,616	3,438
<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	3,992	3,992

2.2 As previously reported, efficiencies are anticipated in the Department of Finance (£0.541m) as a direct result of a review of IT/E-Government Services and the development of a new generation of Enterprise Computing, which will generate further savings in both hardware and software facilities. There have also been additional operational efficiencies identified throughout all the Divisions of the Finance Department.

2.3 Housing and Property Services are now currently anticipating an underspend of £0.154m at the year-end. This is a favourable movement of £0.118m from the previous report and is a result of additional staff turnover savings and savings within the Benefits function (£0.084m). The balance of the favourable movement is a consequence of additional staff turnover savings and a greater than anticipated over-recovery of income within Property Services.

2.4 The Administration Department is currently anticipating an underspend of £0.150m, an increase of £0.012m, and this is a consequence of staff turnover savings coupled with additional income within Registrars.

2.5 The Personnel Division is also now reporting an underspend of £0.026m at the year-end as a consequence of staff turnover savings across the department. This is a small favourable movement from the previous period.

2.6 The Department of Community Services is reporting an underspend of £0.138m at the year-end. This is a direct consequence of additional income anticipated in relation to maintenance work with the Land Services Division, coupled with increased staff turnover savings.

2.7 The Department of Planning & Environment is forecasting that net expenditure will be in line with budget at this stage of the year, however, this situation will be closely monitored as the financial year progresses.

- 2.8 The Department of Social Work is projecting an underspend of £1.352m at the end of the financial year. This is a significant favourable movement from the £0.400m underspend position reported last period. This movement is a direct result of a reduced projected overspend within Payments to External Bodies. It has been achieved by the department actively reviewing the current care packages in private nursing homes and supported living services in the light of the future challenges facing the authority. It should however, be noted that this underspend position will not be maintainable in future years. Staff turnover efficiencies, vacancies and the management of overtime costs, have all contributed to the overall underspend position and the Department has been able to make these operational efficiencies whilst maintaining a high standard of care and service to all client groups.
- 2.9 The Education Department is now anticipating an underspend of £0.256m at the year-end. This is a favourable movement of £0.140m from the figure previously reported and is a result of further operational efficiencies identified by the Department. The pressures being experienced as a result of increasing utility costs, are being offset by underspends within the Early Years Service as a result of the re-configuration of expenditure patterns and back office support functions. In addition, it is anticipated that there will be savings within teachers salaries arising from a combination of falling school rolls, the continuing emphasis on absence management and the impact on average salary costs of attracting new teachers into the profession. The Department will continue to be pro-active in managing areas of the budget to achieve savings to offset against any anticipated overspends and to ensure that the Department meets it's targets for the year.
- 2.10 The Trading Operations are projecting a minor additional return to the Council of £0.003m. Expanded details of financial and operational issues are included within the separate report on these activities.
- 2.11 The anticipated saving in the Insurance Fund for the year has now been confirmed at £0.900m, of which £0.800m relates to General Services, with the balance attributable to the Housing Revenue Account. 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.
- 2.12 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. Also within this area, a series of successful rating revaluation appeals relating to Education properties has been actively pursued by the department of Housing and Property and has resulted in additional one-off income of £0.250m for the year.
- 2.13 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.
- 2.14 An analysis of the General Fund Services performance against budget is shown in Appendix 1. The major variances can be summarised overleaf:-

### 2.14.1 Departmental Expenditure

		<b>£m</b>
Administration	Staff Turnover Savings and additional income	Projected surplus 0.150
Finance	Efficiencies and Service Improvements within IT Services	Projected surplus 0.541
Insurance Fund	Service Efficiencies	Projected surplus 0.800
Miscellaneous Services	Telephony Procurement Services, staff Turnover Savings and additional Rates income	Projected surplus 0.478
Revenue Support Grant	Additional Police Grant	Projected surplus 0.554
Social Work	Review of Care Packages and Supported Living Services coupled with staff Turnover Savings, and reduced Overtime Costs	Projected Surplus 1.352
Personnel	Staff Turnover Savings	Projected Surplus 0.026
Education	Reconfiguration of Early Years Services, back office support delivery and average salary impact	Projected Surplus 0.256
Trading Accounts	Operational Efficiencies in Building Cleaning	Projected Surplus 0.003
Chief Executive	Staff Turnover Savings	Projected Surplus 0.040
Community Services	Increased Income from Maintenance Work	Projected surplus 0.138
Change Mgt Programme	One off costs of this initiative	Projected cost 0.500
Housing and Property Services	Increased income from Housing Benefit Subsidy offsetting increased property costs	Projected surplus 0.154
<b>TOTAL</b>		<b>Projected surplus 3.992</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 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. Project commitments now total £22.246m. However, the Council has identified £0.620m of un-allocated resources at present. Proposals are being collated to identify suitable programmes, with permission being sought to carry forward a residual balance.


### 4. Housing Revenue Account

- 4.1 It is anticipated that expenditure in the Housing Revenue Account will be £0.564m less than budget at the financial year-end. This is a movement of £0.493m from the previous report and is a consequence of 2 main factors. Firstly, the previously mentioned additional approved funding of £0.400m for the provision of adaptations for local authority properties, and also additional one off costs of approximately £0.170m to comply with the Change Management Programme mentioned in section one of this report. In general, the overall projected underspend of £0.564m equates to 0.57% of the budget and is a consequence of

lower than anticipated expenditure in insurance costs, void rent loss and an over-recovery of house rents, being partially offset by increased expenditure relating to capital financing costs, adaptations, energy charges and costs relating to the removal and storage of furniture and belongings of people currently living in homeless accommodation.

5. Recommendation

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

A handwritten signature in black ink, appearing to read 'Alto' followed by a stylized flourish.

**Director of Finance**

**NORTH LANARKSHIRE COUNCIL**  
**SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 10th November 2006**

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)
		£	£	£	£	£	£
<b>1.</b>	<b>COMMUNITY SERVICES COMMITTEE</b>	<b>44,115,514</b>	<b>44,193,894</b>	<b>(78,380 )</b>	<b>79,251,310</b>	<b>79,113,739</b>	<b>137,571</b>
2.	Directorate & Support	1,243,344	1,334,880	(91,536 )	(9,475 )	-	(9,475 )
3.	Land Services	20,738,558	20,902,774	(164,216 )	34,610,216	34,594,215	16,001
4.	Community Information and Learning	12,476,388	12,479,452	(3,064 )	21,140,289	21,092,289	48,000
5.	Cultural and Recreational	8,743,612	8,642,973	100,639	21,503,409	21,452,364	51,045
6.	Facility Support Services	913,612	833,815	79,797	2,006,871	1,974,871	32,000
<b>7.</b>	<b>EDUCATION COMMITTEE</b>	<b>160,375,853</b>	<b>160,265,998</b>	<b>109,855</b>	<b>289,246,243</b>	<b>288,990,052</b>	<b>256,191</b>
8.	Education	160,375,853	160,265,998	109,855	289,246,243	288,990,052	256,191
<b>9.</b>	<b>POLICY &amp; RESOURCES (FINANCE)</b>	<b>10,931,318</b>	<b>10,404,614</b>	<b>526,704</b>	<b>28,839,774</b>	<b>27,820,451</b>	<b>1,019,323</b>
10.	Finance	8,903,877	8,486,859	417,018	17,626,610	17,085,610	541,000
11.	Miscellaneous Services	2,027,441	1,917,755	109,686	11,213,164	10,734,841	478,323
<b>12.</b>	<b>GENERAL PURPOSES COMMITTEE</b>	<b>2,683,321</b>	<b>2,603,167</b>	<b>80,154</b>	<b>7,051,441</b>	<b>6,901,441</b>	<b>150,000</b>
13.	Administration - Central Services	1,618,610	1,573,940	44,670	3,871,349	3,807,849	63,500
14.	Administration - Legal Support Services	981,652	980,525	1,127	2,091,187	2,074,687	16,500
15.	Administration - Legal Public Services	(9,500 )	(512 )	(8,988 )	576,347	551,347	25,000
16.	Registrar Births , Deaths etc.	92,559	49,214	43,345	512,558	467,558	45,000
<b>17.</b>	<b>HOUSING &amp; PROPERTY COMMITTEE</b>	<b>14,602,854</b>	<b>14,312,577</b>	<b>290,277</b>	<b>28,597,497</b>	<b>28,443,208</b>	<b>154,289</b>
18.	Housing - Non HRA and Benefits	(8,475 )	(216,967 )	208,492	481,974	305,105	176,869
19.	Property Unit	1,789,823	1,768,860	20,963	3,177,208	3,151,208	26,000
20.	Non-Operational Property Unit	285,445	263,100	22,345	3,434,792	3,398,092	36,700
21.	Office Accommodation	4,145,564	4,289,942	(144,378 )	6,761,886	6,978,166	(216,280 )
22.	Energy Advice Unit	129,942	124,926	5,016	182,740	182,740	-
23.	Design Services	3,068,530	2,971,492	97,038	5,441,060	5,441,060	-
24.	Maintenance Unit	967,125	879,385	87,740	1,783,032	1,652,032	131,000
25.	Central Repairs	4,224,900	4,231,839	(6,939 )	7,334,805	7,334,805	-
<b>26.</b>	<b>JOINT BOARDS</b>	<b>31,876,528</b>	<b>31,876,528</b>	<b>-</b>	<b>53,067,157</b>	<b>53,067,157</b>	<b>-</b>
27.	Lands Valuation	943,036	943,036	-	1,656,630	1,656,630	-
28.	Police Force	18,090,850	18,090,850	-	31,012,000	31,012,000	-
29.	Fire Brigade	8,597,996	8,597,996	-	14,739,000	14,739,000	-
30.	Concessionary Fares	399,000	399,000	-	532,000	532,000	-
31.	Passenger Transport Executive	3,845,646	3,845,646	-	5,127,527	5,127,527	-
<b>32.</b>	<b>POLICY &amp; RESOURCES(PERSONNEL)</b>	<b>878,747</b>	<b>856,790</b>	<b>21,957</b>	<b>1,978,915</b>	<b>1,952,915</b>	<b>26,000</b>
33.	Personnel Services	878,747	856,790	21,957	1,978,915	1,952,915	26,000
<b>34.</b>	<b>PLANNING &amp; ENVIRONMENT COMMITTEE</b>	<b>21,293,088</b>	<b>21,050,645</b>	<b>242,443</b>	<b>45,021,812</b>	<b>45,021,812</b>	<b>-</b>
35.	Planning and Development	969,839	895,453	74,386	3,981,895	3,932,961	48,934
36.	Transportation	9,184,708	9,069,665	115,043	31,853,115	31,840,749	12,366
37.	Economic Development	1,057,355	972,420	84,935	2,950,480	2,925,480	25,000
39.	NLC and Externally Funded Projects	(152,482 )	(152,482 )	-	-	-	-
40.	Support Services	6,616,470	6,668,441	(51,971 )	(77,420 )	44,580	(122,000 )
41.	Protective Services	3,617,198	3,597,148	20,050	6,313,742	6,278,042	35,700
<b>42.</b>	<b>POLICY &amp; RESOURCES COMMITTEE</b>	<b>1,328,144</b>	<b>1,267,849</b>	<b>60,295</b>	<b>2,135,287</b>	<b>2,095,287</b>	<b>40,000</b>
43.	Chief Executives	1,328,144	1,267,849	60,295	2,135,287	2,095,287	40,000
<b>44.</b>	<b>PPP/TRADING SURPLUSES</b>	<b>(1,216,472 )</b>	<b>(1,261,271 )</b>	<b>44,799</b>	<b>(2,561,590 )</b>	<b>(2,564,465 )</b>	<b>2,875</b>
45.	PPP Contributions *	(520,425 )	(520,425 )	-	(1,519,000 )	(1,519,000 )	-
46.	Trading Accounts	(696,047 )	(740,846 )	44,799	(1,042,590 )	(1,045,465 )	2,875
<b>47.</b>	<b>SOCIAL WORK COMMITTEE</b>	<b>67,414,806</b>	<b>67,018,306</b>	<b>396,500</b>	<b>116,082,733</b>	<b>114,731,033</b>	<b>1,351,700</b>
48.	Social Work	67,414,806	67,018,306	396,500	116,082,733	114,731,033	1,351,700
<b>49.</b>	<b>FINANCING COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,227,839 )</b>	<b>(29,227,839 )</b>	<b>-</b>
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 )	-
<b>55.</b>	<b>OTHER BUDGETARY ISSUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,289,878</b>	<b>15,989,878</b>	<b>300,000</b>
56.	Equal Pay Issues	-	-	-	16,289,878	16,289,878	-
57.	Change Management Programme	-	-	-	-	500,000	(500,000 )
58.	Savings on Insurance Procurement	-	-	-	-	(800,000 )	800,000
59.	Removal of Gross Central Department Budgets (included above )	-	-	-	(51,718,364 )	(51,718,364 )	-
<b>60.</b>	<b>TOTAL EXPENDITURE</b>	<b>354,283,701</b>	<b>352,589,097</b>	<b>1,694,604</b>	<b>584,054,254</b>	<b>580,616,305</b>	<b>3,437,949</b>

**NORTH LANARKSHIRE COUNCIL**  
**SUMMARY OF FINANCIAL REPORT FOR PERIOD TO 10th November 2006**

LINE NO.	DEPARTMENTAL ACCOUNT (1)	BUDGET TO - DATE	ACTUAL TO - DATE	VARIANCE TO - DATE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED VARIANCES
		(2)	(3)	(4)			
		£	£	£	£	£	£
<b>61.</b>	<b>SOURCES OF FUNDING</b>	<b>84,358</b>	<b>84,358</b>	<b>-</b>	<b>584,054,254</b>	<b>584,608,254</b>	<b>(554,000 )</b>
62.	Revenue Support Grant	-	-	-	345,527,000	346,081,000	(554,000 )
63.	Non - Domestic Rates	-	-	-	119,735,000	119,735,000	-
64.	Council Tax	-	-	-	113,057,254	113,057,254	-
65.	PPP Grant Support	-	-	-	3,780,000	3,780,000	-
66.	Use of Balances	-	-	-	955,000	955,000	-
67.	Collection of Local Tax Arrears	84,358	84,358	-	1,000,000	1,000,000	-
<b>68.</b>	<b>TOTAL SURPLUS (DEFICIT)</b>	<b>354,199,343</b>	<b>352,504,739</b>	<b>1,694,604</b>	<b>-</b>	<b>(3,991,949 )</b>	<b>3,991,949</b>
<b>69.</b>	<b>SCOTTISH EXECUTIVE FUNDED INITIATIVES</b>	<b>7,363,100</b>	<b>6,982,506</b>	<b>380,594</b>	<b>22,865,868</b>	<b>22,246,423</b>	<b>619,445</b>
70.	Community Regeneration Fund	4,398,410	4,284,735	113,675	13,445,616	12,970,171	475,445
71.	Youth Justice	26,500	26,500	-	67,868	67,868	-
72.	Changing Childrens Services Fund	1,367,302	1,238,109	129,193	4,444,561	4,444,561	-
73.	Anti Social Behaviour	1,122,352	1,082,941	39,411	2,701,572	2,701,572	-
74.	New Futures Fund	115,599	114,511	1,088	277,000	277,000	-
75.	Financial Inclusion Fund	79,503	55,479	24,024	500,000	356,000	144,000
76.	Workforce Plus Funding	-	-	-	<b>402,000</b>	<b>402,000</b>	-
77.	NEET Funding	-	-	-	<b>20,000</b>	<b>20,000</b>	-
78.	Local Action Fund	85,761	63,654	22,107	384,000	384,000	-
79.	Community Safety Partnership	127,967	76,871	51,096	343,545	343,545	-
80.	Community Voices	20,000	20,000	-	260,000	260,000	-
81.	Community Budgeting	19,706	19,706	-	19,706	19,706	-
<b>78.</b>	<b>HOUSING REVENUE ACCOUNT</b>	<b>(3,008,636 )</b>	<b>(3,695,083 )</b>	<b>686,447</b>	<b>-</b>	<b>(564,500 )</b>	<b>564,500</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 £2.522m.