

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT
From: HEAD OF FINANCIAL SERVICES	01.04.14 – 02.01.15 PERIOD 10 COUNCIL SUMMARY
Date: 23 January 2015	Ref: AC/PH/KH

1. Purpose of Report

1.1. This report advises Committee on the overall financial position of the General Fund Account and the Housing Revenue Account for the 2014-2015 financial year to 31 March 2015. The report consolidates the budget monitoring position of all Services, highlighting and explaining major outturn variances.

2. Summary of Financial Position

2.1. The Council's baseline revenue budget for 2014-15 has increased to £768.853m to reflect Scottish Government redeterminations of General Revenue Grant in support of extended childcare for 2 year olds (£1.478m), probationer teachers (£1.365m), free school meals (£1.150m), Strategic Migration Funding (£0.150m) and 80% of the remaining Discretionary Housing Payments (DHP) funding (£1.127m). A further £3m of DHP funding remains available nationally and will be allocated based on final DHP expenditure. The Council will also receive the broadly anticipated £4.866m in respect of the remaining £68.6m of the Council Tax Reduction Scheme distribution.

2.2. A year-end surplus, detailed in Appendix 1 and largely reflective of the following, of £5.224m is envisaged:

- Employee cost savings within Learning and Leisure Services (£1.288m), Regeneration & Environmental Services (£0.741m) and Finance & Customer Services (£0.377m);
- Recurring Support for Welfare / Council Tax Reduction Scheme Surplus (£1.823m);
- Savings in external interest payments (£1.400m);
- Housing Benefits overpayments recoveries (£0.310m);
- Low-level demand within Residential/Secure Accommodation (£0.572m) and Care Homes (£0.218m);
- Savings from re-negotiated cross boundary agreements (£0.245m);
- Commission for collection of water rates from Scottish Water (£0.275m);
- Overspend in supported living due to an increase in demand for self-directed support (£0.431m);
- Overspend in equipment and adaptations due to demand levels (£0.392m);
- No collective agreement in respect of the Core Conditions Review (£2.003m).

2.3. The projected surplus represents a favourable movement of £2.358m from period 7 which mainly arises due to temporary timing issues in delivering services linked to the Scottish Government redeterminations, increased loan funds savings and movements within employee cost savings

2.4. The Council has an approved three-year savings target of £62.395m, of which £19.618m relates to year two, 2014-2015. As previously reported, approved savings totalling £16.615m (84.7%) are considered achievable. Learning & Leisure Services, Regeneration & Environmental Services and Finance & Customer Services will deliver alternative solutions

totalling £1m, leaving a balance of £2.003m in respect of no collective agreement regarding the Core Conditions Review.

3. Major Variations from Budget

3.1. Appendices 2 and 3 illustrate Services' provisional outturn financial positions. The key points to note regarding the provisional outturn position include:

3.1.1. Learning and Leisure Services are projecting a surplus of £2.015m, a favourable movement of £1.739m from period 7 which largely reflects temporary timing savings linked to the phased implementation of the Children & Young People Act. The overall surplus also reflects savings against employee costs (£1.288m), school transport contracts (£0.199m) and lesser demand for external placements for pupils with ASN (£0.175m). This is partially offset by overspends in property costs which have arisen from reconfiguring offices and classrooms within Cumbernauld High to accommodate increased pupil and teacher numbers pending the creation of Cumbernauld Academy.

3.1.2. Finance and Customer Services are projecting a surplus of £1.063m, a favourable movement of £0.175m from period 7 due to further increases in the anticipated recovery of Housing Benefits overpayments and employee cost savings. In addition to recovery of Housing Benefits overpayments (£0.310m) and employee cost savings (£0.377m), the surplus also reflects increased commission for collection of water rates from Scottish Water (£0.275m) and various one-off VAT recoveries from HMRC (£0.078m).

3.1.3. Corporate Services are currently projecting a surplus of £0.462m, a favourable movement of £0.100m from period 7 which reflects further income over-recoveries. The surplus is also reflective of office premise portfolio savings (£0.100m), employee cost savings (£0.095m), and savings against the budgets for carbon trading allowances (£0.038m), Children's Panel expenses (£0.037m) and civic welcome and hospitalities (£0.030m).

3.1.4. Housing & Social Work Services are currently projecting a year-end surplus of £0.263m, an adverse movement of £0.187m from period 7 which reflects a variety of compensating variations in the areas of equipment and adaptations (£0.392), self-directed support (£0.305m, Residential/Secure Accommodation (£0.285m) and Community Care Development (£0.124m). The overall surplus illustrates low level demand within Residential/Secure Accommodation and care homes linked to the change to re-ablement produces projected savings of £0.572m and £0.218m respectively. The surplus also reflects savings from renegotiated cross boundary agreements (£0.245m) and voluntary organisation service provider reviews (£0.269m). Areas of underspend are partially offset by overspends within employee costs, due to overtime and holiday pay (£0.277m), and Family Placements (£0.191m).

3.1.5. Regeneration & Environmental Services overall is reporting a surplus of £0.120m, a slight reduction of £0.030m from period 7 mainly as a result of essential health and safety repairs within estates management. The surplus reflects increased employee cost savings (£0.741m) partially offset by overspends in areas such as estate management costs, legal costs and transport costs.

3.1.6. The external trading account is projecting a surplus of £0.080m due to additional vacancy savings within Building cleaning.

3.1.7. Continued prudent management of the Council's loan stock has resulted in projected savings to General Fund Services of £1.400m, an increase of £0.280m from period 7.

3.1.8. The budgeted income of £1.650m for PPP contributions relating to the Repairs and Maintenance contract with Mears Scotland LLP is dependent on a minimum turnover of £26.3m (equivalent of 6.28%) going through the contract. With works totalling £28.2m

committed as at 31st December 2014, further income totalling £0.120m is expected from this contract.

- 3.1.9. It is anticipated a contribution of £0.177m to the Council Tax Reduction Scheme, from the additional monies (£2.000m) previously approved towards the costs arising from the UK Government's Welfare Reform programme, will result in an unallocated year-end surplus of £1.823m.

4. Approved Use of Earmarked and One-off Resources

- 4.1. As previously advised, the Council's 2014-15 revenue budget includes one-off resources of £18.500m in support of the Council's strategic priorities. Whilst some growth items are acknowledged as being utilised across more than one financial year, spend of £7.659m is projected within 2014-15 in the areas of Drumpellier and Palacerigg Country Parks infrastructure, the Youth Investment Programme and implementation of Local Area Partnership projects.
- 4.2. Per the Council's Annual Accounts to 31 March 2014, earmarked reserves total £38.691m. Appendix 4 illustrates significant commitments made against earmarked funds.

5. Risk and Uncertainty

- 5.1. All activities undertaken by the Council are subject to risk, and services manage these as part of their overall corporate and service planning processes. Whilst there are currently no service specific risks considered to present a high risk to the Council's financial outcome, recognition of any agreement in respect of Equal Pay will have to be reflected within the Annual Accounts.

6. Analysis of Employee Cost Budgets

- 6.1. Individual Services' monitoring reports highlight that most Services' are achieving their individual turnover targets, with employee cost savings in excess of turnover of £2.203m currently anticipated. The impact of the ruling regarding holiday pay is included within all projections. There is a favourable movement of £1.484m from the position reported at period 7, which is largely reflective of one-off Learning & Leisure Services' resources and additional vacancy savings within Regeneration & Environmental Services.

7. Housing Revenue Account

- 7.1. The Housing Revenue Account (HRA) is expected to make a surplus of £1.374m, an adverse movement of £0.276m arising from a combination of increased "holiday pay", job evaluation outcome costs and revised LLP cost efficiency rebate; being partially offset by further apportioned expenses, property insurance and void rent loss savings. The surplus also reflects savings in loan charges and over-recovery of rental income.
- 7.2. The projected over-recovery of rental income (£1.005m) is to be earmarked to mitigate the adverse impact of welfare reform, in line with the current HRA budget strategy.

8. Recommendations

- 8.1. Members are asked to note the contents of this report.



Head of Financial Services

Members wishing further information on this report should contact Mrs. K Hassell, Business Support Manager on 01698 302235

Projected Outturn

Appendix 1

	Annual Budget £000	Projected Outturn £000	Period 10 Variance £000	Period 7 Variance £000	Period 10 Movement £000
Expenditure					
Net Service Expenditure	768,853	763,590	5,263	2,866	2,397
Income					
Aggregate External Finance	621,836	621,836	-	-	-
Local Tax Collection	123,612	123,612	-	-	-
Use of Balances	18,500	18,500	-	-	-
Council Tax Reduction	4,905	4,866	-0,039	-	-0,039
Projected Variance: <i>Surplus/(deficit) at 31 March 2015</i>	<i>Nil</i>	5,224	5,224	2,866	2,358

Major Variations from Budget

Appendix 2

Service	P7 Outturn £m	P10 Outturn £m	P10 Movement £m
Learning & Leisure Services	0.276 Surplus	2.015 Surplus	+1.739
Finance & Customer Services	0.888 Surplus	1.063 Surplus	+0.175
Corporate Services	0.362 Surplus	0.462 Surplus	+0.100
Housing & Social Work Services	0.450 Surplus	0.263 Surplus	-0.187
Regeneration & Environmental Services	0.150 Surplus	0.040 Surplus	-0.110
Chief Executive's Office	- Break-even	- Break-even	-
External Trading Activity	- Break-even	0.080 Surplus	+0.080
Joint Boards	- Break-even	- Break-even	-
Executive Services Total	2.126 Surplus	3.923 Surplus	+1.797
Recurring Support for Welfare/Council Tax Reduction Scheme	1.623 Surplus	1.823 Surplus	+0.200
Savings in Financing Costs	1.120 Surplus	1.400 Surplus	+0.280
Strategic PPP arrangements	- Break-even	0.120 Surplus	+0.120
Core Conditions Review	2.003 Deficit	2.003 Deficit	-
Final 20% Funding CTRS	- Break-even	0.039 Less	-0.039
Total	2.866 Surplus	5.224 Surplus	+2.358

NORTH LANARKSHIRE COUNCIL
SUMMARY OF FINANCIAL REPORT FOR PERIOD ENDING 2ND JANUARY 2015 (PERIOD 10)

LINE NO.	SERVICE ACCOUNT (1)	BUDGET TO DATE	ACTUAL TO DATE	VARIANCE TO DATE	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED VARIANCES
		(2)	(3)	(4)	(5)	(6)	(7)
		£	£	£	£	£	£
1.	ENVIRONMENTAL SERVICES	76,021,710	75,307,839	713,871	107,335,723	107,295,726	39,997
2	Directorate & Support	3,223,603	3,240,205	(16,602)	-	-	-
3	Environment & Estates	36,555,095	36,606,922	(51,827)	49,927,541	50,133,536	(205,995)
4	Facility Support	(806,113)	(1,215,185)	409,072	230,957	175,576	55,381
5	Planning & Regeneration	13,732,719	13,398,876	333,843	18,860,242	18,808,349	51,893
6	Roads & Transportation	18,637,484	18,648,967	(11,483)	31,211,088	31,234,194	(23,106)
7	Protective Services	4,678,922	4,628,054	50,868	7,105,895	6,944,071	161,824
8	LEARNING AND LEISURE	273,341,727	272,169,605	1,172,122	408,068,743	406,053,483	2,015,262
9	Early Years	13,570,564	13,533,822	36,742	18,984,813	18,984,813	-
10	Primary Schools	87,589,153	87,416,638	172,515	122,686,064	122,686,064	-
11	Secondary Schools	84,867,259	84,758,430	108,829	115,032,654	115,032,654	-
12	Special Schools	11,198,929	11,113,854	85,075	15,632,837	15,632,837	-
13	Resources	31,593,848	31,565,731	28,117	62,130,420	61,749,658	380,762
14	Standards & Inclusion	15,127,108	14,390,249	736,859	24,268,858	22,759,215	1,509,643
15	Community Information & Learning	29,394,866	29,390,881	3,985	49,333,099	49,208,242	124,857
16	POLICY & RESOURCES (FINANCE)	42,095,550	41,255,311	840,239	67,290,120	66,227,414	1,062,706
17	Finance (including Hsg and Council tax benefits)	42,095,550	41,255,311	840,239	67,290,120	66,227,414	1,062,706
18	CORPORATE SERVICES	17,021,241	16,613,817	407,424	26,509,090	26,047,090	462,000
19	Democratic & Legal Services	3,953,765	3,736,424	217,341	5,455,787	5,206,787	249,000
20	Design & Property Services	11,272,134	11,117,816	154,318	19,297,197	19,157,197	140,000
21	Human Resources	1,795,342	1,759,577	35,765	1,756,106	1,683,106	73,000
22	HOUSING & SOCIAL WORK SERVICES	127,219,966	127,047,033	172,933	182,187,602	181,924,133	263,469
23	Housing - Non HRA	6,031,887	5,874,979	156,908	9,714,231	9,471,618	242,613
24	Social Work	121,188,079	121,172,054	16,025	172,473,371	172,452,515	20,856
25	JOINT BOARDS	10,593,707	10,593,707	-	14,544,745	14,544,745	-
26	Lanarkshire Valuation Joint Board	1,248,445	1,248,445	-	1,917,665	1,917,665	-
27	Strathclyde Joint Police Board	-	-	-	50,000	50,000	-
28	Strathclyde Fire & Rescue	-	-	-	-	-	-
29	Strathclyde Partnership for Transport	4,196,601	4,196,601	-	5,595,530	5,595,530	-
30	SPT - Concessionary Travel Scheme	430,911	430,911	-	574,550	574,550	-
31	Improvement Service	4,717,750	4,717,750	-	6,407,000	6,407,000	-
32	POLICY & RESOURCES	1,648,201	1,648,233	(32)	2,210,640	2,210,640	-
33	Corporate and Performance	1,648,201	1,648,233	(32)	2,210,640	2,210,640	-
34	PPP/TRADING SURPLUSES	(477,778)	(541,424)	63,646	(1,740,204)	(1,940,071)	199,867
35	PPP Contributions *	-	-	-	(1,650,000)	(1,770,000)	120,000
36	Trading Accounts	(477,778)	(541,424)	63,646	(90,204)	(170,071)	79,867
37	GENERAL FUND SERVICES	547,464,324	544,094,121	3,370,203	806,406,459	802,363,160	4,043,301
38	FINANCING COSTS	-	-	-	3,358,643	1,958,643	1,400,000
39	Reversal of Capital Charge	-	-	-	(46,446,531)	(46,446,531)	-
40	Loan Charges	-	-	-	50,360,497	49,060,497	1,300,000
41	Transfer from Pensions Reserve (IAS19)	-	-	-	(55,323)	(55,323)	-
42	Interest on Revenue Balances	-	-	-	(500,000)	(600,000)	100,000
43	OTHER BUDGETARY ISSUES	-	-	-	8,183,641	10,186,641	(2,003,000)
44	Non-Service Specific	-	-	-	8,183,641	10,186,641	(2,003,000)
45	Transfer to Reserves - restructuring and other approved reserve movements	-	-	-	-	-	-
46	Removal of Gross Central Department Budgets (included within above)	-	-	-	(51,095,306)	(51,095,306)	-
47	Reversal of Capital Charge (included within above)	-	-	-	-	-	-
48	Welfare Reform	-	-	-	2,000,000	177,000	1,823,000
49	TOTAL EXPENDITURE	547,464,324	544,094,121	3,370,203	768,853,437	763,590,138	5,263,301
50	SOURCES OF FUNDING	-	-	-	768,853,437	768,814,437	39,000
51	Aggregate External Finance	-	-	-	621,836,695	621,836,695	-
52	Council Tax	-	-	-	123,611,742	123,611,742	-
53	Use of Balances	-	-	-	18,500,000	18,500,000	-
54	Council Tax Reduction	-	-	-	4,905,000	4,866,000	39,000
55	SURPLUS (DEFICIT)	547,464,324	544,094,121	3,370,203	(0)	5,224,301	5,224,301
56	HOUSING REVENUE ACCOUNT	(27,808,461)	(28,567,919)	759,458	-	1,373,775	1,373,775

Change Management Fund

Costs of implementing 2014-15 workforce changes are presently estimated at £5.2m. However, in recognizing one-off costs of around £9m are likely to arise from implementing the indicative 2015/16 savings options and transformations, the existing change management fund of £14.2m is fully committed.

School DMR Carry Forward/ICT Refresh Fund

The Devolved Management of Resources scheme enables individual schools to carry their unused budgets forward to future years to fund projects deemed beneficial at an individual school level. Reflecting previous years' trends alongside current Digital Inclusion and School Bandwidth projects, it is projected this fund will be close to full spend with utilisation of £2.468m expected.

Youth Investment & CPP Programme

Previous reports to committee illustrated sums of around £4.8m are committed in respect of YIP and CPP funded projects including wage subsidies, graduate futures, youth placement and modern apprentices. Presently around £2.1m of set aside earmarked resources are required to part-fund these existing commitments.

Roads Summer Works

With essential road repairs completed during the summer months, the earmarked reserve of £1.250m has been fully utilised during 2014-15.

Waste Management Fund

Spend of around £0.658m is envisaged against this fund during 2014-15, and reflects the Council's contribution towards the costs of developing a Clyde Valley Waste solution, as well as costs arising from "capping" the Auchinlea landfill site. In addition, the recent Regeneration and Environmental Committee approved spend of £2m which will materialise early in 2015-16 as part of the longer term waste management strategy.

Commonwealth Games

Following the successful conclusion of the Triathlon in Strathclyde Country Park and Cycling Time Trial through the Northern Corridor in July and August 2014, the earmarked resource of £0.935m is fully spent.

Regeneration & Investment Fund

£0.336m remaining from the £1.000m Regeneration & Investment Fund announced in February 2013 has been approved to be rolled forward to 2015-16 to support the City Deal Initiative.

Early Years Change Fund

The recent report to Policy & Resources Committee confirms that planned spend through the Early Years partnership of £1.2m continues to be envisaged. With Learning & Learning Services confirming they will fully spend their carried forward resource of £0.303m, sums of around £2.9m are presently uncommitted. The current year budget of £3.1m, though not currently reported within Learning & Leisure Services' projections, is also largely uncommitted.

Welfare Reform Fund

The recent "Scottish Welfare Fund report" to Policy & Resources (Finance & Customer Services) sub-committee indicated sums of up to £0.214m may be required to fund the revised Scottish Welfare Fund staffing and administration structure needed to support the increased demand.