

**NORTH LANARKSHIRE COUNCIL  
REPORT**

<p>To: POLICY &amp; RESOURCES (FINANCE &amp; CUSTOMER SERVICES) SUB-COMMITTEE</p>	<p>Subject: REVENUE MONITORING REPORT</p> <p>01.04.15 – 16.10.15 (PERIOD 7)</p> <p>FINANCE AND CUSTOMER SERVICES (INCLUDING MISCELLANEOUS SERVICES)</p>
<p>From: HEAD OF FINANCIAL SERVICES</p>	
<p>Date: 02 November 2015</p>	<p>Ref: AC/PH/KH</p>

**1. Purpose of Report**

- 1.1 This report provides a summary of Finance and Customer Services' financial performance for the period 1 April 2015 to 16 October 2015 (period 7). The report illustrates the projected outturn as at 31<sup>st</sup> March 2016, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

**2. Summary of Financial Position**

- 2.1. The Council approved its General Fund Revenue Budget on 12 February 2015, of which £183.309m represents the approved Gross Revenue Budget for Finance and Customer Services.
- 2.2. The Service is currently projecting a budget underspend of £1.043m at this stage in the financial year. This position is achieved mainly through a number of one-off savings including employee cost savings associated with the transfer of staff to the DWP (£0.240m), staff turnover savings totalling £0.587m and the inclusion of additional income received from Scottish Water (£0.075m). Additionally there are underspends within Miscellaneous services (£0.064m), payments to other bodies largely in relation to the cash in transit contract (£0.030m) and Housing Benefits prior years' overpayment recoveries (£0.037m).
- 2.3. The projected outturn represents a favourable movement of £0.311m from that previously reported at period 4 (£0.732m) and is mainly attributable to employee cost savings and other various expenditure headings. All significant variances are discussed in more detail in paragraph 3.1 below.
- 2.4. The Service's 2015-16 budget incorporates £0.200m of savings in line with the Council's approved three-year savings package. The Service monitor progress monthly but is not expecting to achieve the approved savings in the current financial year. Paragraph 4 below outlines how Finance & Customer Services intends to deliver 100% of the savings required.

**3. Analysis of Significant Variations**

- 3.1. As at the end of Period 7 the Service is projecting a budget underspend of £1.043m. The main factors contributing to this are as follows:
- 3.1.1. As reported previously, a revision in the commission due for the collection of water rates on behalf of Scottish Water has been advantageous for the Council resulting in an over-recovery of income of £0.075m.
- 3.1.2. Within Housing Benefits there are one-off employee cost savings of £0.240m following the transfer of the Fraud Section to the DWP. The Housing Benefits overpayments recovery is currently £0.408m however this has been largely offset by the provision requirements of the benefits function totalling £0.370m.
- 3.1.3. The Service operates with an establishment of 477 FTEs and a budgeted turnover requirement of £0.315m (9 FTEs). As at period 7, the Service has the equivalent of 32 FTE vacant posts equating to projected full-year savings of £0.902m. The

Service is currently achieving its turnover requirement, with a further £0.587m of vacancy savings contributing towards the overall outturn position.

- 3.2. Payments to other bodies are detailed in appendix 3, which account for £3.377m of the Service's annual budget and are currently expected to achieve a small underspend (£0.030m) due to savings in the cash in transit contract and Post Office fees.

#### **4. 2015-16 Budget Savings**

- 4.1. The Council has formally approved its membership of SWAN with transfer to the new network scheduled for July 2016. Following finalisation of the contract costs, the previously approved saving of £0.200m in relation to the implementation of the Lanarkshire PSN is now not achievable.
- 4.2. The resultant shortfall will be met from increased income due to Finance & Customer Services in the current financial year, following a revision to the commission received for the collection of water rates on behalf of Scottish Water. Management action is required to address the recurring funding shortfall from the 2016/17 financial year onwards.

#### **5. Welfare Reform**

- 5.1. The Council Tax Reduction Scheme (CTRS) budgeted funding for 2015/16 is £24.309m as per the Local Government Finance Circular issued on 5<sup>th</sup> February 2015. As at period 7 the total benefit awarded is anticipated to be less than the available funding and this position, alongside projected collection levels, will be monitored closely over the course of the year.
- 5.2. As at mid year estimate, the projected Discretionary Housing Payments (DHP) totalled £3.535m. The Council has confirmed funding of £0.619m from the DWP and anticipated funding of £2.695m from the Scottish Government recognising their commitment to continue to fully mitigate all losses arising from the bedroom tax. With regards to the DWP funding £0.169m has been allocated to assist with DHP awards out with the bedroom tax however committed awards currently total £0.419m. The resultant shortfall will be met from the Council's 2015/16 Welfare Fund as approved at the P&R (Sub) Committee of 9 September 2015.
- 5.3. The Scottish Welfare Fund total budget for 2015/16 for the processing of Community Care Grants and Crisis Grants is £2.956m. The total value awarded as at period 7 is £1.537m (52%). The priority setting is currently set at high and will be closely monitored throughout the financial year and updated regularly.

#### **6. Management Actions**

- 6.1. At this stage in the financial year the Service is projecting a budget underspend of £1.043m. This position will be kept under constant review and where necessary, management action will be implemented.

#### **7. Risks and Uncertainty**

- 7.1. All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), services manage these as part of their overall corporate and service planning processes. Reflecting the risk analysis matrix included within the approved Risk Management Strategy, there are no activities which currently present a high risk to the Council's financial outturn.

#### **8. Recommendations**

- 8.1. It is recommended that the contents of this report be noted.



**Head of Financial Services**

Finance and Customer Services  
Revenue Budget Monitoring Report - Objective Analysis  
1 April 2015 - 16 October 2015  
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Appendix 1

DIVISION OF SERVICE (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT	ANALYSIS (10)
DIRECTORATE	£ 107,983	£ 102,808	£ 5,175 FAV	295,804	295,053	751 Favourable	0.3%	751	Minimal underspends in subscriptions and publications and various other expenditure headings.
FINANCIAL SERVICES	1,223,814	1,065,461	158,353 FAV	2,491,364	2,277,710	213,654 Favourable	8.6%	75,187	Turnover Savings and minimal underspends in transport and admin costs and paymts to other bodies. Also over recovery in external SLA income.
REVENUE SERVICES	1,541,303	1,494,436	46,868 FAV	3,842,647	3,809,248	33,399 Favourable	0.9%	- 11,925	Turnover savings of £51k and other minimal underspends in underspends in supplies and transport costs have been partly offset by the overspend in postages.
COST OF COLLECTION	1,203,855	1,109,967	93,888 FAV	996,195	940,115	56,079 Favourable	5.6%	7,717	Over-recovery in relation to the commission received for the collection of water income and the underspend in agency fees is partly offset by this division not achieving turnover target and estimated overspend in postages.
HOUSING BENEFITS	14,344,619	13,806,420	538,199 FAV	28,273,014	27,823,443	449,571 Favourable	1.6%	62,348	Employee cost savings following the transfer of Fraud section to DWP (£240K) and turnover savings (£142k). The underspend relating to overpayments recoveries (£408k) has been partly offset by the increase of (£370k) within the bad debt provision.
E-GOVERNMENT & DEVELOPMENT	5,474,289	5,279,934	194,355 FAV	12,556,354	12,358,202	198,152 Favourable	1.6%	116,861	Achievement of divisions turnover savings plus anticipated underspends in cash in transit contract, various admin headings and income over-recovery.
INTERNAL AUDIT	292,771	270,724	22,047 FAV	604,091	564,039	40,052 Favourable	6.6%	44,628	Turnover savings of £35k and other minimal underspends in supplies, transport and admin. costs.
SCOTTISH WELFARE FUND	1,561,012	1,588,252	(27,240) ADV	3,396,520	3,409,348	(12,828) Adverse	-0.4%	-	Turnover Savings less than budgeted target
MISCELLANEOUS SERVICES	1,833,088	1,821,120	11,968 FAV	13,213,391	13,148,990	64,401 Favourable	0.5%	15,366	Underspends in various expenditure headings including pensions, mileage, telephony, conference subsistence, training and Nursery Voucher Scheme
NET EXPENDITURE	27,582,735	26,539,123	1,043,612 FAV	65,669,380	64,626,148	1,043,232 Favourable	1.6%	310,933	

Finance and Customer Services  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2015 - 16 October 2015  
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CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	£ 8,195,719	£ 7,737,727	£ 457,992 FAV	15,957,934	15,198,514	759,420 Favourable	4.8%	242,319	Turnover Savings which includes employee cost savings associated with the transfer of staff to DWP (£240K) and throughout the various divisions (£530k).
PROPERTY COSTS	7,666	7,780	(114) ADV	20,808	20,922	(114) Adverse	-0.5%	114	Minimal overspend in contract cleaning within Egasd.
SUPPLIES & SERVICES	2,568,485	2,493,713	74,772 FAV	4,331,088	4,333,000	(1,912) Adverse	0.0%	988	Anticipated overspend due to software costs based on prior years actual expenditure
TRANSPORT & PLANT	27,827	6,558	21,269 FAV	54,303	35,499	18,804 Favourable	34.6%	17,523	Underspends throughout the various divisions.
ADMINISTRATION COSTS	568,794	479,848	88,946 FAV	1,018,631	1,399,067	(380,436) Adverse	-37.3%	219,613	A number of small undrespends across admin account codes have been offset by the Bad Debt Provision re Housing Benefits (£370k) and postages overspend (£49k).
APPORTIONED EXPENSES	853,284	853,284	0 FAV	6,237,479	6,237,479	0 On Target	0.0%	-	Balanced Budget
PAYMENTS TO OTHER BODIES	1,437,587	1,350,613	86,974 FAV	3,159,442	3,132,758	26,684 Favourable	0.8%	6,280	Underspend anticipated in relation to the cash in transit contract. Paypoint commission and other related costs.
TRANSFER PAYMENTS	74,405,005	72,798,334	1,606,671 FAV	138,597,046	135,339,494	3,257,552 Favourable	2.4%	889,535	Underspend relates to the reduction in projected Housing Benefits expenditure plus the over-recovery of prior year overpayments
CAPITAL FINANCING COSTS	0	0	0	718,828	718,828	0 On Target	0.0%	-	Balanced Budget
OTHER EXPENDITURE	0	0	0	0	0	0	0.0%	-	
MISCELLANEOUS SERVICES	1,833,088	1,821,120	11,968 FAV	13,213,391	13,148,990	64,401 Favourable	0.5%	15,366	Underspends in various expenditure headings including mileage, telephony, conference, subsistence training and the Nursery Voucher Scheme
TOTAL EXPENDITURE	89,897,455	87,548,977	2,348,478 FAV	183,308,950	179,564,551	3,744,399 Favourable	2.0%	952,284	
INCOME	62,314,724	61,009,857	(1,304,867) ADV	117,639,570	114,938,403	(2,701,167) Adverse	-2.3%	641,350	As mentioned above, corresponding reduction in subsidy for benefits expenditure. Additional income has also been received re collection of water rates (£75k).
NET EXPENDITURE	27,582,731	26,539,120	1,043,612 FAV	65,669,380	64,626,148	1,043,232 Favourable	1.6%	310,934	

Finance and Customer Services  
Revenue Budget Monitoring Report - PTOB Analysis  
1 April 2015 - 16 October  
2015  
Period 7

Appendix 3

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£	£	£	£			
Payments Other Bodies - General	2,408	0	2,408 FAV	4,475	2,400	2,075 FAV	46.4%	1,484	Minimal underspend throughout the service
Medical Fees	4,069	2,636	1,433 FAV	7,562	8,093	(531) ADV	-7.0%	344	Minimal overspend in Egasd medical fees
Sub Contractor payments	268	(0)	268 FAV	500	500	0 On Target	0.0%	-	Projected on target
Agency Fees	51,160	27,553	23,607 FAV	95,000	85,000	10,000 FAV	10.5%	10,000	Projected underspend in relation to reduced Post Office transaction fees.
Local Tax Paypoint Commission	24,235	22,860	1,375 FAV	45,000	50,000	(5,000) ADV	-11.1%	5,000	Projected overspend in relation to the volume of Paypoint commission / fees
Cash in Transit	25,439	15,906	9,533 FAV	50,891	30,891	20,000 FAV	39.3%	-	Projected underspend in relation to the cash in transit contract.
Community Care Grants	888,134	846,132	42,002 FAV	2,125,263	2,125,263	0 On Target	0.0%	-	Projected on target
Crisis Grants	441,874	435,526	6,348 FAV	830,751	830,611	140 FAV	0.0%	140	Minimal underspend in medical fees
<b>Sub-Total</b>	<b>1,437,587</b>	<b>1,350,613</b>	<b>86,974 FAV</b>	<b>3,159,442</b>	<b>3,132,758</b>	<b>26,684 FAV</b>		<b>6,280</b>	
COSLA Annual Levy	182,886	184,681	(1,795) ADV	182,886	184,681	(1,795) ADV	-1.0%	-	Increase on previous year's contribution
Community Council Grants	17,499	7,925	9,574 FAV	35,000	30,000	5,000 FAV	14.3%	-	Underspend based on reduced uptake to date
<b>TOTAL EXPENDITURE</b>	<b>1,637,972</b>	<b>1,543,219</b>	<b>94,753 FAV</b>	<b>3,377,328</b>	<b>3,347,439</b>	<b>29,889 FAV</b>	<b>0.9%</b>	<b>6,280</b>	