

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: REVENUE MONITORING REPORT 01.04.15 – 8.01.16 (PERIOD 10)
From: HEAD OF FINANCIAL SERVICES	FINANCE AND CUSTOMER SERVICES (INCLUDING MISCELLANEOUS SERVICES)
Date: 20 January 2016	

### 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 8 January 2016 (period 10). 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 £184.044m represents the approved Gross Revenue Budget for Finance and Customer Services.

2.2. The Service is currently projecting a budget underspend of £1.213m 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 £0.687m and the inclusion of additional income received from Scottish Water (£0.075m). Additionally, a net recovery of £0.112m is anticipated within Housing Benefits overpayments.

2.3. The projected outturn represents a favourable movement of £0.169m from that previously reported at period 7 (£1.043m) and is due to additional employee vacancy savings coupled with the increase in the Housing Benefits overpayments recovery projection. 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 10 the Service is projecting a budget underspend of £1.213m. 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 £0.700m which is contributing to the additional provision requirements of the benefits function totalling £0.588m.

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 10, the Service has the equivalent of 31 FTE vacant posts equating to projected full-year savings of £1.001m. The Service is currently achieving its turnover requirement, with a further £0.687m of vacancy savings contributing towards the overall outturn position.

3.2. Payments to other bodies are detailed in appendix 3, which account for £4.040 m 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 FCS in the current financial year, following a revision to the commission received for the collection of water rates on behalf of Scottish Water. Management have identified an alternative savings 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 10 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 period ten the Council is projecting to spend £3.663m on Discretionary Housing Payments (DHP) which includes £3.304m in relation to the reduction in the Spare Room Subsidy (RSRS) and £0.358m for all other areas of DHP. The Council has confirmed RSRS funding of £0.450m from the DWP and is anticipated to receive the remaining funding (£2.854m) from the Scottish Government in recognition of its commitment to continue to fully mitigate all losses arising from the bedroom tax. With regards to awards out with the bedroom tax, the DWP has allocated £0.169m to assist with the resultant shortfall being 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 is £2.956m. The total value awarded as at period 10 is £2.115m (72%). 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 £1.213m. 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 - 8 January 2016  
Period 10

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	£ 163,756	£ 152,658	£ 11,098 FAV	296,254	295,854	400 Favourable	0.1%	351	Minimal underspends in subscriptions and publications and various other expenditure headings.
FINANCIAL SERVICES	1,809,945	1,574,801	235,144 FAV	2,496,544	2,263,312	233,232 Favourable	9.3%	19,578	Turnover Savings and minor underspends in transport and admin costs and payments to other bodies. Also over recovery in external SLA income.
REVENUE SERVICES	2,479,491	2,385,276	94,215 FAV	3,849,169	3,802,791	46,378 Favourable	1.2%	12,979	Turnover savings of £53k and other minimal underspends in supplies and transport costs have been partly offset by the overspend in postages.
COST OF COLLECTION	1,733,537	1,689,992	43,544 FAV	998,644	930,771	67,873 Favourable	6.8%	11,794	Over-recovery in relation to the commission received for the collection of water income
HOUSING BENEFITS	20,716,226	20,158,895	557,331 FAV	28,308,800	27,754,544	554,256 Favourable	2.0%	104,685	Employee cost savings following the transfer of Fraud section to DWP(£240k) and turnover savings (£127k). The underspend relating to overpayments recoveries (£700k) has been partially offset by the increase of (£588k) within the bad debt provision
E-GOVERNMENT & DEVELOPMENT	8,070,589	7,838,923	231,666 FAV	12,573,366	12,358,832	214,533 Favourable	1.7%	16,381	Turnover savings has been partly offset by the projected increase in overtime requirements. Anticipated underspends in cash in transit contract, various admin headings and also income over-recovery.
INTERNAL AUDIT	434,308	391,101	43,206 FAV	605,522	565,977	39,545 Favourable	6.5%	507	Turnover savings of £32k and other minimal underspends in supplies, transport and admin costs.
SCOTTISH WELFARE FUND	2,251,363	2,260,090	(8,727) ADV	3,397,577	3,411,818	(14,241) Adverse	-0.4%	1,414	Turnover Savings less than budgeted target
MISCELLANEOUS SERVICES	2,842,192	2,790,341	51,852 FAV	13,213,391	13,142,606	70,785 Favourable	0.5%	6,384	Underspends in various expenditure headings including pensions, mileage, telephony, conference subsistence, training and Nursery Voucher Scheme
NET EXPENDITURE	40,501,407	39,242,078	1,259,331 FAV	65,739,267	64,526,506	1,212,761 Favourable	1.8%	169,529	

Finance and Customer Services  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2015 - 8 January 2016  
Period 10

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	£ 12,417,765	£ 11,618,830	£ 798,936 FAV	16,737,726	15,894,790	842,935 Favourable	5.0%	63,233	Turnover Savings which includes employee cost savings associated with the transfer of staff to DWP (£240K). Further savings in employee costs throughout the various divisions (£600k)
PROPERTY COSTS	7,666	7,780	(114) ADV	487,334	487,448	(114) Adverse	0.0%	-	
SUPPLIES & SERVICES	2,995,389	2,925,052	70,337 FAV	4,331,088	4,340,010	(8,922) Adverse	-0.2%	7,010	Anticipated overspend due to software costs based on prior years actual expenditure and current exp on ICT purchases and work by Civica Ltd.
TRANSPORT & PLANT	40,299	8,503	31,796 FAV	54,303	28,268	26,035 Favourable	47.9%	7,231	Underspends throughout the various divisions.
ADMINISTRATION COSTS	816,801	698,213	118,587 FAV	1,071,100	1,634,398	(563,298) Adverse	-52.6%	195,717	A number of small underspends across admin account codes have been offset by the Bad Debt Provision re Housing Benefits (£588k) and postages overspend (£42k).
APPORTIONED EXPENSES	2,965,022	2,965,024	0	12,089,075	12,089,075	0 On Target	0.0%	-	Balanced Budget
PAYMENTS TO OTHER BODIES	2,286,336	2,228,723	57,613 FAV	4,040,228	4,010,398	29,830 Favourable	0.7%	59	Underspends anticipated in relation to the cash in transit contract, Comm councils grant applications, and Nursery voucher scheme are partly offset by anticipated increase in Paypoint commission / fees.
TRANSFER PAYMENTS	105,785,750	103,337,182	2,448,567 FAV	139,215,555	135,307,428	3,908,127 Favourable	2.8%	650,575	Underspend relates to the reduction in projected Housing Benefits expenditure plus the over-recovery of prior year overpayments
CAPITAL FINANCING COSTS	7,063	7,063	0	729,050	729,050	0 On Target	0.0%	-	Balanced Budget
OTHER EXPENDITURE	11,652	77,787	(66,135) ADV	3,358,751	3,358,751	0 On Target	0.0%	-	Annual budget comprises Scottish Govt Change Funds (£3.1m), Term Time budget provision (£400k) and a list of various unallocated budget provisions the net effect being a credit (£142k).
MEMBERS	1,424,845	1,359,372	65,473 FAV	1,930,135	1,894,016	36,119 Favourable	1.9%	8,060	Underspends in various expenditure headings including mileage, telephony, conference, subsistence training and Nat insurance.
TOTAL EXPENDITURE	128,758,588	125,233,529	3,525,062 FAV	184,044,345	179,773,633	4,270,712 Favourable	2.3%	526,313	
INCOME	88,257,181	85,991,451	(2,265,730) ADV	118,305,078	115,247,127	(3,057,951) Adverse	-2.6%	356,784	As mentioned above, corresponding reduction in subsidy for benefits expenditure. Additional income has also been received re collection of water rates (£75k).
NET EXPENDITURE	40,501,407	39,242,078	1,259,331 FAV	65,739,267	64,526,506	1,212,761 Favourable	1.8%	169,529	

Finance and Customer Services  
Revenue Budget Monitoring Report - PTOB Analysis  
1 April 2015 - 8 January 2016  
Period 10

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	3,440	0	3,440	FAV	4,475	2,400	2,075	FAV	46.4%	-	Minimal underspend throughout the service
Medical Fees	5,813	3,764	2,049	FAV	7,562	8,012	(450)	ADV	-6.0%	81	Minimal overspend in Egasd medical fees
Sub Contractor payments	383	(0)	383	FAV	500	500	0	On Target	0.0%	-	Projected on target
Agency Fees	73,087	44,357	28,730	FAV	95,000	85,000	10,000	FAV	10.5%	-	Projected underspend in relation to reduced Post Office transaction fees.
Local Tax Paypoint Commission	34,622	34,562	60	FAV	45,000	50,000	(5,000)	ADV	-11.1%	-	Projected overspend in relation to the volume of Paypoint commission / fees
Cash in Transit	38,161	23,405	14,756	FAV	50,891	30,891	20,000	FAV	39.3%	-	Projected underspend in relation to the cash in transit contract.
Community Care Grants	1,301,317	1,301,317	0	On Target	2,125,263	2,125,263	0	On Target	0.0%	-	Projected on target
Crisis Grants	620,377	620,377	0	On Target	830,751	830,751	0	On Target	0.0%	-	140 Projected on target
<b>Sub-Total</b>	<b>2,077,200</b>	<b>2,027,781</b>	<b>49,419</b>	<b>FAV</b>	<b>3,159,442</b>	<b>3,132,817</b>	<b>26,625</b>	<b>FAV</b>		-	<b>59</b>
COSLA Annual Levy	182,886	184,681	(1,795)	ADV	182,886	184,681	(1,795)	ADV	-1.0%	-	1,795 Increase on previous year's contribution
Community Council Grants	26,250	16,260	9,990	FAV	35,000	30,000	5,000	FAV	14.3%	-	6,795 Underspend based on reduced uptake to date
Community Council Audit Fee	0	0	0	On Target	6,000	6,000	0	On Target	0.0%	-	5,000 Projected on target
External Audit Fee	0	0	(0)	ADV	560,900	560,900	0	On Target	0.0%	-	Projected on target
Election provision	0	0	0	On Target	96,000	96,000	0	On Target	0.0%	-	Projected on target
<b>TOTAL EXPENDITURE</b>	<b>2,286,336</b>	<b>2,228,723</b>	<b>57,613</b>	<b>FAV</b>	<b>4,040,228</b>	<b>4,010,398</b>	<b>29,830</b>	<b>FAV</b>	<b>0.7%</b>		<b>(59)</b>