

**REPORT**

<p>To: POLICY &amp; RESOURCES (FINANCE &amp; CUSTOMER SERVICES) SUB-COMMITTEE</p>	<p>Subject: REVENUE MONITORING REPORT          01.04.15 – 04.03.16          (PERIOD 12)</p>
<p>From: HEAD OF BUSINESS FOR FINANCIAL SOLUTIONS</p>	<p>FINANCE AND CUSTOMER SERVICES (INCLUDING MISCELLANEOUS SERVICES)</p>
<p>Date: 25 April 2016</p>	<p>Ref: 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 4 March 2016 (period 12). 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 £184.601m represents the Gross Revenue Budget for Finance and Customer Services.
- 2.2. The Service is currently projecting a budget underspend of £1.218m, a minor favourable movement of £5k from the position previously reported at period 10 (£1.213m). The underspend 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 £0.686m and the inclusion of additional income received from Scottish Water (£0.075m). All significant variances are discussed in more detail in paragraph 3.1 below with an overview of the period 12 position, as per subjective and objective headings, attached as appendices 1 and 2.
- 2.3. 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 12 the Service is projecting a budget underspend of £1.218m. 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 of £1.557m is fully offset by the additional provision requirements of the benefits function.
  - 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 12, the Service has the equivalent of 35.69 FTE vacant posts equating to projected full-year savings of £1.001m.

The Service is currently achieving its turnover requirement, with a further £0.686m of vacancy savings contributing towards the overall outturn position.

- 3.2. Payments to other bodies are detailed in appendix 3, which account for £4.040m of the Service's annual budget and are currently expected to achieve a small underspend (£0.056m) 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.

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

- 5.1. The Council Tax Reduction Scheme (CTRS) budgeted funding for 2015/16 is £24.309m, with total benefit awarded to period 12 of £23.472m. The final confirmed underspend will be added to the Council's balances at the end of the financial year once it is confirmed.
- 5.2. As at 31<sup>st</sup> March spend on Discretionary Housing Payments (DHP) was £3.586m. This update includes £3.241m in relation to the reduction in the Spare Room Subsidy (RSRS) and £0.345m 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 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 of £0.175m 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 12 is £2.699m (91%). The priority setting is currently set at high with a full spend anticipated against budget.

#### **6. Risks and Uncertainty**

- 6.1. 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.

#### **7. Recommendations**

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



**HEAD OF BUSINESS FOR FINANCIAL SOLUTIONS**

Finance and Customer Services  
Revenue Budget Monitoring Report - Objective Analysis  
1 April 2015 - 4 March 2016  
Period 12

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)	%	PERIOD MOVEMENT	ANALYSIS (10)
	£	£	£				(8)		
DIRECTORATE	197,060	189,754	7,306 FAV	296,254	284,765	11,489 Favourable	3.9%	8,733	Underspends in various other expenditure headings.
FINANCIAL SERVICES	2,192,216	1,910,949	281,267 FAV	2,496,544	2,249,942	246,602 Favourable	9.9%	10,824	Turnover Savings and minor underspends in transport and admin costs and payments to other bodies. Also over recovery in external SLA income.
REVENUE SERVICES	3,120,577	2,978,517	142,060 FAV	3,849,169	3,788,692	60,477 Favourable	1.6%	8,611	Turnover savings and other minimal underspends in supplies and transport costs have been partly offset by the overspend in postages.
COST OF COLLECTION	2,397,725	2,344,594	53,131 FAV	998,644	898,493	100,151 Favourable	10.0%	2,697	Over-recovery in relation to the commission received for the collection of water income
HOUSING BENEFITS	26,269,772	25,529,593	740,179 FAV	28,308,800	27,782,815	525,985 Favourable	1.9%	12,289	Employee cost savings following the transfer of Fraud section to DWP (£240k) and turnover savings (£169k). Underspend in benefit overpayments largely offset by increase within the bad debt provision
E-GOVERNMENT & DEVELOPMENT	10,684,861	10,444,423	240,438 FAV	12,573,366	12,393,514	179,852 Favourable	1.4%	17,191	Turnover savings have 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	522,442	476,801	45,641 FAV	605,522	565,205	40,317 Favourable	6.7%	5,413	Turnover savings and other minimal underspends in supplies, transport and admin. costs.
SCOTTISH WELFARE FUND	2,755,510	2,757,872	(2,361) ADV	3,397,577	3,432,013	(34,436) Adverse	-1.0%	20,195	Overspends in ICT equipment, postages and other expenditure headings.
MISCELLANEOUS SERVICES	3,470,270	3,341,985	128,284 FAV	13,770,391	13,683,189	87,202 Favourable	0.6%	15,552	Underspends in various expenditure headings including pensions, mileage, telephony, conference subsistence, training and Nursery Voucher Scheme
NET EXPENDITURE	51,610,434	49,974,489	1,635,948 FAV	66,296,267	65,078,628	1,217,639 Favourable	1.8%	14,065	

Finance and Customer Services  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2015 - 4 March 2016  
Period 12

Appendix 2

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	£ 15,005,682	£ 14,221,806	£ 783,876 FAV	16,737,726	15,916,494	821,232 Favourable	4.9%	- 32,665	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 (£618k)
PROPERTY COSTS	7,666	7,723	(57) ADV	487,334	492,087	(4,753) Adverse	-1.0%	156	Minor overspend in rental costs
SUPPLIES & SERVICES	4,004,623	3,959,572	45,052 FAV	4,331,088	4,338,998	(7,910) Adverse	-0.2%	29,164	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	48,613	13,189	35,424 FAV	54,303	21,604	32,699 Favourable	60.2%	3,013	Underspends throughout the various divisions.
ADMINISTRATION COSTS	928,436	804,625	123,811 FAV	1,071,100	2,593,422	(1,522,322) Adverse	-142.1%	- 847,671	Bad Debt Provision re Housing Benefits fully offset by overpayments recovery and income
APPORTIONED EXPENSES	3,893,768	3,893,768	1	12,089,075	12,089,075	0 On Target	0.0%	-	Balanced Budget
PAYMENTS TO OTHER BODIES	2,925,578	2,843,862	81,716 FAV	4,040,228	3,984,056	56,172 Favourable	1.4%	4,942	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	128,868,338	125,339,038	3,529,300 FAV	139,215,555	135,143,115	4,072,440 Favourable	2.9%	125,660	Underspend relates to the reduction in projected Housing Benefits expenditure plus the over-recovery of prior year overpayments
CAPITAL FINANCING COSTS	717,749	717,748	1	729,050	729,050	0 On Target	0.0%	-	Balanced Budget
OTHER EXPENDITURE	11,652	11,783	(131) ADV	3,915,751	3,915,751	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	1,721,098	1,656,006	65,092 FAV	1,930,135	1,860,558	69,577 Favourable	3.6%	5,552	Underspends in various expenditure headings including mileage, telephony, conference, subsistence training and Nat insurance.
TOTAL EXPENDITURE	158,133,203	153,469,120	4,664,086 FAV	184,601,345	181,084,210	3,517,135 Favourable	1.9%	(711,849)	
INCOME	106,522,769	103,494,631	(3,028,138) ADV	118,305,078	116,005,582	(2,299,496) Adverse	-1.9%	697,784	As mentioned above, corresponding reduction in subsidy for benefits expenditure Additional income has also been received re collection of water rates (£75k)
NET EXPENDITURE	51,610,434	49,974,489	1,635,948 FAV	66,296,267	65,078,628	1,217,639 Favourable	1.8%	- 14,065	

Finance and Customer Services  
Revenue Budget Monitoring Report - PTOB Analysis  
1 April 2015 - 4 March 2016  
Period 12

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)	%	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)	
	£	£	£	£	£	£	(8)			
Payments Other Bodies - General	4,128	0	4,128	4,475	0	4,475	FAV	100.0%	-	Minimal underspend throughout the service
Medical Fees	6,975	4,973	2,002	7,562	8,570	(1,008)	ADV	-13.3%	942	Minimal overspend in Egasd medical fees
Sub Contractor payments	460	(0)	461	500	0	500	FAV	100.0%	-	Minor underspend
Agency Fees	72,699	52,830	19,869	95,000	65,000	30,000	FAV	31.6%	-	Projected underspend in relation to reduced Post Office transaction fees.
Local Tax Paypoint Commission	41,544	40,863	681	45,000	50,000	(5,000)	ADV	-11.1%	-	Projected overspend in relation to the volume of Paypoint commission / fees
Cash in Transit	46,644	27,170	19,474	50,891	30,891	20,000	FAV	39.3%	-	Projected underspend in relation to the cash in transit contract.
Community Care Grants	1,583,413	1,527,624	55,789	2,125,263	2,125,263	0	On Target	0.0%	-	Projected on target
Crisis Grants	777,011	806,256	(29,245)	830,751	830,751	0	On Target	0.0%	-	Projected on target
<b>Sub-Total</b>	<b>2,532,874</b>	<b>2,459,716</b>	<b>73,158</b>	<b>3,159,442</b>	<b>3,110,475</b>	<b>48,967</b>	<b>FAV</b>		<b>942</b>	
COSLA Annual Levy	182,886	184,681	(1,795)	182,886	184,681	(1,795)	ADV	-1.0%	-	Increase on previous year's contribution
Community Council Grants	32,085	23,792	8,293	35,000	26,000	9,000	FAV	25.7%	4,000	Underspend based on reduced uptake to date
Community Council Audit Fee	0	0	0	6,000	6,000	0	On Target	0.0%	-	Projected on target
External Audit Fee	177,733	175,673	2,060	560,900	560,900	0	On Target	0.0%	-	Minor underspend
Election provision	0	0	0	96,000	96,000	0	On Target	0.0%	-	Projected on target
<b>TOTAL EXPENDITURE</b>	<b>2,925,578</b>	<b>2,843,862</b>	<b>81,716</b>	<b>4,040,228</b>	<b>3,984,056</b>	<b>56,172</b>	<b>FAV</b>	<b>1.4%</b>	<b>4,942</b>	