

REPORT TO: POLICY COMMITTEE ON 30TH APRIL 2008

SUBJECT: REVENUE BUDGET MONITORING TO 31ST MARCH 2008

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To advise Committee of the current Revenue Budget Monitoring position for 2007/08. To identify allocations to departmental budgets from provisions for general and specific purposes. To report on Estimated Actual expenditure for 2007/08.
- 1.2 This report is submitted to Committee in terms of Section A(8) of the Council's Administrative Scheme relating to monitoring of revenue expenditure against approved Budget.

2. RECOMMENDATION

2.1 It is recommended that Committee:

- (a) **note the current Budget Monitoring position for 2007/08 as at 31st March 2008;**
- (b) **note the allocations from provisions.**
- (c) **note the revised estimated actual position for 2007/08.**

3. BACKGROUND

- 3.1 The table below highlights the position at mid April for each department, comparing the Actual and Committed spend to date against the Budget to 31st March 2008,

	Revised Budget 2007/08	Budget to 31 March 2008	Actual and committed expenditure to 31 March 2008	Variance %
	£000s	£000s	£000s	
Educational Services	81,111	75,732	75,743	0.0%
Social Work	39,572	37,311	36,035	3.4%
General Services Housing	1,689	1,211	1,238	-2.2%
Environmental Services – Development	4,045	3,265	3,371	-3.2%
Environmental Services – Direct	19,911	14,566	15,238	-4.6%
Policy & Resources	18,290	11,967	11,447	4.3%
Provision for Contingencies and Inflation	1,036	1,036		
Additional Costs	163	163		
Scottish Executive Notional Funding	770	770		
Unallocated Savings	<u>(278)</u>	(278)		
TOTAL	166,309	145,743	143,072	1.8%
	=====	=====	=====	=====

- 3.3 Reconciliation of the movements in the base budget from that which was approved by the Moray Council on 8th February 2007 is shown in **APPENDIX 1**.
- 3.4 In addition to the Council's core budget, budget allocated to schools through the Devolved School Management Scheme and not spent is brought forward from previous years.
- 4. CURRENT BUDGET POSITION**
- 4.1 The overall position as at 31st March for 2007/08 at mid April is an underspend against budget to date of £2.7 million.
- 4.2 Educational Services show an overspend of £11,000. There are outstanding invoices for fuel costs, which will increase spend. Grants received which will be spent in 2008/09 amount to £300,000. The final balance on the Devolved School budgets require to be brought forward. These adjustments will significantly impact on the final outturn.
- 4.3 Social Work services show an underspend of £1.3 million. £0.5 Million relates to invoices due for February and March from care providers.
- 4.4 General Services Housing shows an overspend against budget to date of £27,000, in line with previous forecasts.

- 4.5 Development Services expenditure shows an overspend of £0.1 million and Direct Services expenditure shows an overspend of £0.7 million. This is in line with previous forecasts.
- 4.6 Policy and Resources shows an underspend to date of £0.5 million. This arises from increased interest on revenue balances. This will be offset by higher interest payable on loans pool advances.
- 4.7 Allocations to Departments from the three unallocated budget lines are listed in **APPENDIX 2**. The allocations from the provision for contingencies and inflation are in line with budget assumptions. Following renegotiation of the Council's insurance contract, the cost of insurance this year has decreased by £200,000.

5. ESTIMATED OUT-TURN

- 5.1 The table below summarises the anticipated expenditure for the year compared to budget for each Department.

	Revised Budget 2007/08 £000s	Estimated Actual 2007/08 £000s	Anticipated Variance £000s
Educational Services	81,111	81,811	(700)
Social Work	39,572	38,672	900
General Services Housing	1,689	1,706	(17)
Environmental Services – Development	4,045	4,180	(135)
Environmental Services – Direct	19,911	20,643	(732)
Policy and Resources	18,290	17,825	465
Provision for Contingencies & Inflation	1,036	30	1,006
Additional Costs	163	143	20
Scottish Executive Notional Funding	770	437	318
Building Repairs & Maintenance		100	(100)
Cost of Job Evaluation Appeals	0	200	(200)
Loans Charges Less Depreciation	3,727	4,227	(500)
Savings to be allocated to Departments	<u>(278)</u>	<u>0</u>	<u>(278)</u>
TOTAL	<u>170,036</u>	<u>169,974</u>	<u>62</u>
Funded by:			
Scottish Executive Grant	132,714	133,274	560
Interest on Capital Fund	300	300	0
Devolved School Management c/f	581	581	0
Modernising Government	309	309	0
Council Tax	<u>36,132</u>	<u>36,212</u>	<u>80</u>
TOTAL	170,036	170,587	640
	=====	=====	=====
Projected Surplus			702
			=====

Major variances for each department are tabulated below.

5.2 Educational Services

	Overspend £000s	Underspend £000s
Out of Area Placements	400	-
Support for Learning	200	-
Former PPP Project Slippage	-	145
Exam Fees	72	-
Procurement	200	-
Playgroups – implementation of Best Value Review recommendations	-	39
Central Supply Teachers	160	-
Buckie Day Care Project	-	30
Other	-	<u>118</u>
	1,032	332
	=====	=====
Projected Variance	700	
	=====	

The projected variance previously reported was an overspend of £596,000. Out of Area placements have increased by a further £34,000. Support for Learning staff costs have also risen, as has the cost of supply teachers. These are jointly offset by decrease in spend on non-devolved schools budgets.

5.3 Social Work

	Overspend £000s	Underspend £000s
<u>Children's Services</u>		
Out of Area Placements	410	-
Refund in Service Level Agreements	-	200
Fostering Fees	90	-
<u>Community Care</u>		
Community Care Income	-	180
Training	-	125
Community Support Workers (Pension and NI)	-	120
Vacancy Management	-	140
OT Adaptations	-	60
Running costs of New Residential Facility	-	<u>575</u>
	500	1,400
	===	=====
Projected Variance		900
		=====

The projected variance previously reported was an underspend of £866,000. Out of Area Placements have increased by £34,000 and fostering fees by £30,000. Community Care income has increased as have vacancies.

5.4 General Services Housing

	Overspend £000s	Underspend £000s
Homeless Accommodation	75	-
Travelling People	7	-
Supporting People Infrastructure	-	25
Building Services Contribution	-	40
	<u>82</u>	<u>65</u>
	=====	=====
Projected Variance	17	
	===	

The previously reported variance was £17,000.

5.5 Environmental Services

	Overspend £000s	Underspend £000s
<u>Development Services</u>		
Planning Application and Building Warrant Fees	-	160
Match Funding Projects - Slippage from 2006/07 (funded from reserves)	110	-
Development Plan Local Enquiry	30	
<u>Direct Services</u>		
Landfill Tax	75	-
Income (mainly Waste Management)	280	
Transportation Revenue Support	170	
Waste Management Overtime		240
Property Services Agency Staff savings		70
Fuel Costs	140	
Emergency Flood Prevention Works	30	
Fleet Services		38

Environmental Services Savings

Procurement	244	
Trading Standards Shared Services	50	
Cleaning Service Best Value Review	100	
Gas Collection at Dallachy – delayed until 2008/09	<u>146</u>	<u> </u>
	1,375	508
	=====	=====
Projected Variance	867	
	=====	

The projected variance previously reported was an overspend of £0.9 million.

5.6 Policy & Resources

	Overspend £000s	Underspend £000s
Income		80
CCTV and Anti-Social Behaviour (Funded from Reserves)	115	
Interest on Revenue Balances	<u> </u>	<u>500</u>
	115	580
	=====	=====
Variance		465
		=====

5.7 The balance on the provision for Contingencies and Inflation at the year end is £1 Million. This arises primarily from reductions in Devolved School budgets due to falling school rolls, and to the saving on the insurance contract referred to in paragraph 4.8.

5.8 The Council has been notified of expected redetermination of Revenue Support Grant. The 0.5% pay increase (for teaching staff) December 2007 – March 2008 is to be funded by the Scottish Government. As yet, there has been no notification of how this will be funded. An estimate of funding is assumed in the forecast Revenue Support Grant.

Grant relating to NOSLA and Shared Services Review is expected in 2007/08 but expenditure is not forecast until 2008/09.

5.9 The number of Band D equivalents at 30th September slightly exceeded the estimate made when the budget was set. Increased income of £80,000 is anticipated.

- 5.10 Trading Operations are anticipated to make surpluses in line with the budget.
- 5.11 The Central Repairs & Maintenance budget has overspent by £270,000. This overspend was not previously anticipated. It is expected to be partly offset by an underspend on schools repairs.
- 5.12 The net effect of additional income and anticipated variance from departmental budgets is a projected underspend of £702,000.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

This Report is consistent with the Corporate Development Plan commitment to Sound Management of Resources.

(b) Policy and Legal

There are no Policy and Legal implications.

(c) Resources (Financial, Risks, Staffing and Property)

The financial implications are highlighted within the report. There are no risks or staffing and property implications arising from this report.

(d) Consultations

Consultation concerning Revenue Budget Monitoring is an ongoing process with Budget Managers across the Council.

7. CONCLUSION

- 7.1 **The Revenue Budget shows an underspend, and is forecast to be underspent for the year.**
- 7.2 **The Council has approved expenditure from reserves of £2.2m and of this amount it is anticipated that £534,000 will be spent in the year, including the £309,000 allocation for Modernising Government. All other things being equal there would be an outturn deficit of £534,000 for the year. However at present a number of variances are anticipated and the larger items are included in the summary below:**

£000s

Spending from Reserves (not allocated to budgets)	(225)
DSM Adjustments	620
Increased income	317
Reduction in Service Level Agreements	200
Insurance	260
Social Work Training	125
Community Care	925
Support for Learning	(200)
Job Evaluation Appeals	(200)
Out of Area Placements	(820)
Procurement Efficiencies	(500)
Building Repairs & Maintenance	(270)
Additional Government Grant	<u>470</u>
Anticipated Surplus	<u>702</u>
Deduct spending from Reserves (allocated to budgets)	(309)
Anticipated increase in Reserves	312
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An amount of £470,000 from the increase in reserves relates to two efficiency review projects for which funding has been received in advance from the Scottish Government. The net movement in usable reserves will therefore be a decrease of £158,000.

- 7.3 The movement in variances from the estimated outturn reported in March 2008 is significant in a number of areas. The Accountancy Section will highlight these movements to Departments and this will be followed up once the year end results are available to assist in assessing the reliability of current budget management arrangements.

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 Background Papers:
 Ref: LP/LMS/426698/426761/426757/426760