

REPORT TO: POLICY & RESOURCES COMMITTEE ON 5TH AUGUST 2008

SUBJECT: REVENUE BUDGET MONITORING TO 30TH JUNE 2008

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To advise Committee of the current Revenue Budget Monitoring position for 2008/09. To identify allocations to departmental budgets from provisions for general and specific purposes.
- 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 2008/09 as at 30th June 2008;**
- (b) **note the allocations from provisions.**

3. BACKGROUND

- 3.1 The table below highlights the position for each department, comparing the Actual and Committed spend to date against the Budget to 30th June 2008.

	Revised Budget 2008/09	Budget to 30 June 2008	Actual and committed expenditure to 30 June 2008	Variance %
	£000s	£000s	£000s	
Educational Services	87,215	21,812	21,119	3%
Social Work Children's Services & Childrens Panel	10,885	2,689	2,693	0%
Community Care	33,897	8,440	7,818	7%
General Services Housing	3,525	933	564	40%
Environmental Services – Development	4,117	875	867	1%
Environmental Services – Direct	20,447	4,492	4,697	-5%
Policy & Resources	18,727	3,691	3,472	6%
Provision for Contingencies and Inflation	2,394			
Additional Costs	2,341			
Unallocated Savings	<u>(688)</u>			
TOTAL	182,860	42,932	41,230	4%
	=====	=====	=====	=====

- 3.3 Reconciliation of the movements in the base budget from that which was approved by the Moray Council on 14th February 2008 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. The carry forward of £154,000 compares to a DSM carry forward of £582,000 in 2006/07.

4. CURRENT BUDGET POSITION

- 4.1 The overall position as at 30th June 2008 is an underspend against budget to date of £1,700,000.
- 4.2 Educational Services show an underspend of £693,000. Devolved budgets show an underspend against budget to date of £860,000. £300,000 relates to grant income received earlier than expected. £200,000 relates to repairs and maintenance. £260,000 relates to devolved staffing budgets. There are no significant overspends in non-devolved budgets but the cumulative effect of a number of small overspends is to bring the overall underspend down to £693,000.

- 4.3 Social Work Children Services show an overspend of £4,000. Staffing vacancies across services total £57,000 above the vacancy target. Purchase of care is overspent by £54,000, primarily on fostering services. The net effect is near breakeven.
- 4.4 Community Care is underspent to date by £622,000. Purchase of care is underspent by £500,000 against budget to date. A significant proportion of this is due to late invoicing by one care provider. A grant of £100,000 from the Scottish Government for Telecare was received in advance of expenditure.
- 4.5 General Services Housing is underspent against budget to date by £369,000. This is due primarily to the timing of grants for Private Sector Housing Improvements.
- 4.6 Development Services is underspent to date by £8,000. £125,000 (£82,000 after grants from Highland & Islands Enterprise) has been spent on the Keith Urban Design project. Income from Planning Applications is £26,000 below budget. These overspends are offset by an underspend to date on the Match Funding element of the Economic Development budget.
- 4.7 Direct Services expenditure is overspent against budget to date by £205,000. Catering supplies are £100,000 over budget to date. There are outstanding grant claims awaited from Sustrans totalling £120,000.
- 4.8 Policy and Resources services are underspent against budget to date by £219,000. £160,000 arises from timing differences on invoices for additional pension contributions in respect to early retirements in previous years and for audit fees. £40,000 arises from contributions for Community Planning projects received in advance.
- 4.9 Allocations to Departments from provisions for Inflation, Additional Costs and Savings are listed in **APPENDIX 2**.

5. UNDERLYING PRESSURES AND EMERGING ISSUES

- 5.1 The overall underspend to date arises mainly from a mismatch in timing of income and expenditure, and masks a number of financial pressures.
- 5.2 Successful appeals against gradings under the Job Evaluation / Single Status scheme will cost £340,000 in 2008/09. Departmental budgets have been adjusted for these increases but no provision was made for costs arising from successful appeals when the budget was set.

- 5.3 The electricity contracts for Council buildings and for street lighting fell due for renewal in 2008/09. The new contract for buildings has been negotiated, with an increase in unit cost of around 40% on average. The exact impact is difficult to calculate as the new contract incorporates 2 uniform rates for day and night usage (each for higher and lower rate consumers of electricity) whereas the old contract had a wide variety of rates. However, given the cost of electricity in 2007/08 it is reasonable to anticipate increased costs of around £600,000, before allowing for the impact of energy efficiency measures. An allowance of £460,000 had been made within the base budget.
- 5.4 The dredger MV Shearwater requires a load line inspection every five years. This is conducted by the Maritime Coastguard Agency. An inspection was carried out in May 2008 and a number of unavoidable repairs identified. If these repairs had not been carried out the dredger is inoperable. The cost of the repairs is £170,000. There is no budget for this.

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 to date of £1.7 million which is attributed largely to a number of timing differences between income, expenditure and budget profiles.**
- 7.2 Additional budget pressures are emerging and close monitoring will continue across all budget areas.**

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Background Papers:

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