

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 17 NOVEMBER 2009

SUBJECT: REVENUE BUDGET MONITORING TO 30 SEPTEMBER 2009

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To advise Committee of the current Revenue Budget Monitoring position for 2009/10. To identify allocations to departmental budgets from provisions for general and specific purposes. To advise Committee of the estimated outturn for 2009/10.
- 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 2009/10 as at 30 September 2009;**
- (b) note the allocations from provisions;**
- (c) note the estimated outturn for 2009/10.**

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 September 2009.

	Revised Budget 2009/10	Budget to 30 September 2009	Actual and committed expenditure to 30 September 2009	Variance %
	£000s	£000s	£000s	
Educational Services	89,353	40,527	39,565	2%
Health and Social Care	37,021	17,555	16,608	5%
Children and Families and Criminal Justice	13,151	6,072	6,085	0%
General Services Housing	3,728	1,496	1,441	4%
Economic Development and Infrastructure	22,005	10,567	10,139	4%
Planning and Regulatory Services	4,695	2,485	2,690	-8%
Chief's Executive's Office	4,859	1,985	1,622	18%
Finance and ICT	1,909	1,733	1,658	4%
Central Services	155	1,783	1,585	11%
Other Services	14,103	7,836	7,818	0%
September 2009 Flooding	0	0	117	
Provision for Contingencies and Inflation	323			
Additional Costs	58			
Remaining Savings Target	<u>(113)</u>			
TOTAL	191,247 =====	92,039 =====	89,328 =====	3%

3.2 Reconciliation of the movements in the base budget from that which was approved by the Moray Council on 12th February 2009 is shown in **APPENDIX 1**.

3.3 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 minus £158,000 compares to a DSM carry forward of £154,000 in 2008/09.

4. CURRENT BUDGET POSITION

4.1 The overall position as at 30th September 2009 is an underspend against budget to date of £2,711,000 (3% of budget). £600,000 of this arises from ongoing problems of late and inaccurate billing from electricity and gas suppliers. This is being actively pursued with the suppliers in question.

- 4.2 Educational Services show an underspend of £962,000. Devolved budgets show an underspend against budget to date of £410,000. Devolved energy budgets are £460,000 below budget to date, largely because of late invoicing from the supplier. Of the remaining £552,000 underspend, £330,000 relates to repairs and maintenance. Key variances are summarised below:

	Over £000s	Under £000s
<u>Devolved Schools</u>		
Energy		460
Other Devolved budgets	50	
<u>Other Budgets</u>		
Repairs & maintenance		330
Energy at Pools and Community Centres		100
Out of Area placements	150	
Supply teachers	50	
School Transport		15
Additional Support Needs		80
Accessibility		40
LCN/Home School Link		50
Maximum Basic Scale		70
Staffing Vacancies		100
Other Budgets		157
PPP	192	
	440	1,402
	=====	=====

- 4.3 Health and Social Care is underspent against budget to date by £947,000. Purchase of care is underspent by £520,000 against budget to date. £240,000 of this relates to the new residential facility in Forres, which is not yet fully functional. Staff vacancies result in £165,000 underspend. £90,000 income from other local authorities has been received for clients placed in Moray facilities.
- 4.4 Children and Families and Criminal Justice are overspent against budget to date by £13,000. An overspend of £160,000 on Out of Area placements is offset by an underspend of £50,000 on training and staffing vacancies across the service.
- 4.5 General Services Housing is underspent against budget to date by £55,000. Building Services show an underspend of £147,000, due to income generated. The Homelessness service is overspent by £144,000. Private Sector Improvement Grants are underspent against budget to date by £87,000.
- 4.6 Economic Development and Infrastructure Services are underspent against budget to date by £428,000. The major variances are itemised below:

	Over £000s	Under £000s
Catering Supplies	196	
Materials (salt, bitumen etc)	148	
Infrastructure maintenance		720
Grounds maintenance	100	
PTU:		
Transportation Revenue Support	90	
Minibus contract	45	
Developer's contribution as yet unspent		170
Waste management		
Landfill Tax	180	190
Income	_____	_____76
	759	1,156
	=====	=====

- 4.7 Planning and Regulatory Services are overspent to date by £205,000. Building Standards income is £100,000 below budget. Expenses awarded against the Council at a planning appeal cost £100,000. There is no budget for such expenditure.
- 4.8 The Chief Executive's Office is underspent by £363,000 against budget to date. Community Planning is £254,000 under budget to date. The Community Safety budget is also underspent against budget to date by £67,000.
- 4.9 Finance and ICT Services are overspent against budget to date by £75,000 due to Housing Benefit aged debt written off. Further work is required to establish whether there is a recurring shortfall for Housing Benefit write offs and what action can be taken by the service.
- 4.10 Central Services are £198,000 underspent against budget to date. This largely arises from the central repairs budget. Planned maintenance is being held back where possible, as part of the agreed avoidance of non-essential expenditure for the remainder of this financial year.
- 4.11 Other services mainly consists of payments to Joint Boards for Police, Fire and Valuation Services. This budget also includes provision for payment to specialist advisers on water consumption and the underspend of £18,000 against budget to date relates to this contract, which is nearing completion.
- 4.12 Allocations to Departments from provisions for Inflation, Additional Costs and Savings are listed in **APPENDIX 2**.

5. ESTIMATED OUTTURN

5.1 The estimated outturn for each Department is set out in the table below:-

	Revised Budget 2009/10	Funding from Reserves Approved 2 July 2009	Estimated Outturn 2009/10	Anticipated Variance	Variance against base budget
	£000s	£000s	£000s	£000s	%
Educational Services	89,353	80	89,510	(77)	-0.1%
Health & Social Care Children & Families & Criminal Justice	37,021		36,922	99	0.3%
General Services	13,151		13,241	(90)	-0.7%
Housing	3,728		4,088	(360)	-9.7%
Economic Development & Infrastructure	22,005	23	22,856	(828)	-3.8%
Planning & Regulatory Services	4,695	135	5,185	(355)	-7.6%
Chief Executive's Office (Less DBS)	4,156	800	4,642	314	7.6%
Finance & ICT	1,909	70	1,783	196	10.3%
Central Services	155		236	(81)	-52.3%
Other Services, inc Loan Charges	19,376		19,364	12	0.1%
September 2009 Flooding	0		400	(400)	
Provision for Contingencies and Inflation	323		133	190	
Additional Costs	58		213	(155)	
Budget shortfall	<u>(113)</u>	<u> </u>	<u>0</u>	<u>(113)</u>	
TOTAL	<u>195,817</u> =====	<u>1,108</u> =====	<u>198,573</u> =====	<u>(1,648)</u> =====	-0.8%
Funded by: SE grant	159,316		159,316	0	0.0%
Funded from Reserves (Devolved School Management)	(159)		(159)	0	0.1%
Council Tax	<u>36,660</u>	<u> </u>	<u>36,700</u>	<u>40</u>	
	<u>195,817</u> =====	<u>0</u> =====	<u>195,857</u> =====	<u>40</u> =====	
Overall variance	0	(1,108)	(2,716)	(1,608)	

The overall position is a projected overspend against approved expenditure of £1.6 million; this includes the cost of the response to the flooding in September. As £1.1 million was approved to be funded from reserves, this would result in a reduction in reserves of £2.7 million.

- 5.2 These estimates have been developed by Budget Managers and the Accountancy Team. They are the first detailed assessment of the likely outturn for 2009/10. Previous experience has shown that the first estimate for the year is not always reliable. However, the work to date indicates the scale of the challenge faced by the Council to hold expenditure for 2009/10 within budget.
- 5.3 Educational Services have a recurring shortfall of £0.6 million anticipated for 2009/10, offset by non-recurring net underspend of £0.5 million. Major variances are:

	Shortfall £000s	Underspends £000s
<u>Recurring</u>		
Out of Area Placements	330	
Central Supply Cover	200	
School Transport	<u>100</u>	
	630	
<u>Non-Recurring</u>		
PPP	255	
Support to Schools		270
Moray Childcare Partnership		90
Employers Oncosts		160
Accessibility in Schools		80
Vacancies above Target		50
Nutrition in Schools		50
Other minor variances	<u> </u>	<u>108</u>
	885	808
	=====	=====

The Council established an annual budget of £408,000 for the cost of developing the PPP scheme. The majority of the costs relate to external consultancy support and the full amount of the annual budget has not been required in previous years. In the current year it is estimated that an additional £192,000 will be required for the PPP scheme development. Further detail of expenditure in previous years has been provided to Children and Young People's Services Committee.

- 5.4 Health and Social Care have an anticipated recurring shortfall of £0.1 million, offset by one-off underspends of £0.2 million. There are no major variances anticipated against budget. The recurring shortfall relates mainly to client transport.

- 5.5 Children and Families Services have anticipated recurring shortfalls of £0.4 million offset by one-off underspends of £0.3 million. The major shortfall is on Out of Area placements (£0.3 million). Fostering Allowances are £60,000 over budget and this is expected to recur. Vacancies are £50,000 more than budget. The remaining underspend is the cumulative effect of a number of small underspends resulting from freezing discretionary uncommitted expenditure until March 2010.
- 5.6 General Services Housing shows an anticipated recurring budget shortfall of £0.5 million, offset by £0.1 million non-recurring underspends. The shortfall principally relates to the provision of temporary accommodation for homeless people, excluding flood victims. Vacancies amount to £0.1 million.
- 5.7 Economic Development and Infrastructure Services have recurring shortfalls of £0.8 million anticipated for 2009/10, offset by £0.3 million non-recurring underspends.

Variances are summarised below:

	Shortfalls £000s	Underspends £000s
<u>Recurring</u>		
Landfill Tax	420	
Catering Supplies	130	
Transportation	90	
Vehicle Running Costs	<u>170</u>	
	810	
<u>Non-Recurring</u>		
Landfill Tax Refund		190
Vacancies Above Target	<u> </u>	<u>90</u>
	810	280
	=====	=====

Additional expenditure incurred in response to the floods in September is planned to be contained by a reduction in roads maintenance.

- 5.8 Planning and Regulatory Services show an anticipated recurring shortfall of £0.4 million. The major variance is a shortfall in fee income for Building Standards of £0.2 million. Income from property clearance certificates, planning applications, pest control, private water supply testing and weighbridge testing are all anticipated to be below budget. Moray Training is projecting a £50,000 overspend. One-off compensation payment for a planning appeal is offset by slippage on match-funding projects.

- 5.9 The Chief Executive's Office shows an anticipated non-recurring underspend of £0.2 million. £0.1 million is reduced grant payments for Community Safety. The balance is the cumulative effect of a number of small underspends resulting from the freezing of discretionary non-committed expenditure until March 2010. In addition to this, it is anticipated that the cost of Designing Better Services will be £0.1 million less than the budget originally approved, as less has been spent on support from consultants than originally anticipated.
- 5.10 Finance and ICT Services show an anticipated non-recurring underspend of £0.2 million, largely arising from vacancies.
- 5.11 Central Services show an anticipated recurring shortfall of £0.36 million, offset by non-recurring underspends of £0.3 million. It is anticipated that there will be a loss of income from Council house sales, Industrial Estate lets, licensing board fees, registrars fees totalling £120,000. Office premises costs are £100,000 over budget, mainly due to additional accommodation. The balance is the cumulative result of a number of small overspends. The non-recurring underspend arises from the planning building maintenance programme being frozen until March 2010.
- 5.12 The costs of the September flood which are potentially eligible for the Bellwin Scheme are recorded separately and are anticipated at the threshold amount for this scheme, below which no payment falls due (expenditure above the threshold will be refunded in full, if approved). The current estimate of eligible costs is £416,000. This estimate was made before the floods on 1 November.
- 5.13 An estimate of amounts still due to be released from contingencies is included at **APPENDIX 3**.
- 5.14 The budget as set in February 2009 included a shortfall of £443,000. This target has been reduced to £113,000 during the year, mainly by successful procurement initiatives.

6. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

(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 Recurring budget shortfalls are itemised below.

	Estimated Overspend for Year £000s
Income Shortfall	230
Out of Area Placements	660
Waste Management	
Landfill Tax	420
Homelessness	400
Supply Teachers	200
Rural Transport	90
Catering supplies	130
Vehicle Running Costs	170
School Transport	<u>100</u>
	2,400
	=====

The main areas of income shortfall are income at leisure facilities and Building Standards fees. Income at Community Centres and income generated by other Planning and Regulatory services is currently also below budget. The synthetic turf pitches at Buckie and Aberlour are new sources of income which partially offset shortfalls at some of the other facilities. Income from Community Care clients is also above budget.

7.2 The freeze on non-essential expenditure for the remainder of 2009/10 is projected to achieve non-recurring savings of £0.7 million.

7.3 Expenditure to date on the flooding incident and immediate aftermath amounted to £117,000 at 30th September 2009. The threshold for claims under the Bellwin Scheme for Moray Council in 2009/10 is £408,968. Anticipated expenditure on the September flooding is £416,000 Expenditure resulting from the floods on 1st November will be added to the Bellwin claim.

7.4 The estimated outturn for the year is a reduction in reserves of £2.7 million, as follows:

	Estimated Outturn £million
Recurring shortfall	2.4
Floods	0.4
Approved expenditure from reserves	1.0
Budget shortfall	0.1
Non-recurring overspends	0.5
Non-recurring savings	(1.7)
Estimated reduction in reserves	<hr/> 2.7 <hr/> =====

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 Background Papers:
 Ref: LP/VT/683497/690623/690772/695140