

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 2ND FEBRUARY 2010

SUBJECT: REVENUE BUDGET MONITORING TO 31 DECEMBER 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 revised 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 31 December 2009;**
- (b) note the allocations from provisions;**
- (c) note the revised 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 31st December 2009.

	Revised Budget 2009/10	Budget to 31 December 2009	Actual and committed expenditure to 31 December 2009	Variance %
	£000s	£000s	£000s	
Educational Services	89,613	61,731	60,533	2%
Health and Social Care	37,054	26,985	25,860	4%
Children and Families and Criminal Justice	13,177	9,484	9,584	(1%)
General Services Housing	3,729	2,372	2,314	2%
Economic Development and Infrastructure	21,962	16,275	15,903	2%
Planning and Regulatory Services	4,655	3,338	3,756	(13%)
Chief's Executive's Office	4,893	3,012	2,504	17%
Finance and ICT	1,904	2,143	1,983	7%
Central Services	100	2,776	2,513	9%
Other Services	14,103	11,731	11,612	1%
September 2009 Flooding	0	0	229	
Provision for Contingencies and Inflation	308			
Additional Costs	380			
Remaining Savings Target	<u>(136)</u>	_____	_____	
TOTAL	191,742 =====	139,847 =====	136,791 =====	2%

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 31st December 2009 is an underspend against budget to date of £3 million (2% of budget). £0.8 million 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 £1.1 million. Devolved energy budgets are £560,000 below budget to date, largely because of late invoicing from the supplier. Key variances are summarised below:

	Over £000s	Under £000s
<u>Devolved Schools</u>		
Energy		560
<u>Other Budgets</u>		
Repairs & maintenance		450
Energy at Pools and Community Centres		95
Out of Area placements	395	
Supply teachers	102	
Additional Support Needs		235
Accessibility		65
LCN/Home School Link		65
Maximum Basic Scale		95
Staffing Vacancies		110
Other Budgets		118
PPP	204	
Additional Monies		105
	700	1,898
	=====	=====

4.3 Health and Social Care is underspent against budget to date by £1.1 million. Purchase of care is underspent by £775,000 against budget to date. £230,000 of this relates to the new residential facility in Forres, which is not yet fully functional. Staff vacancies result in £190,000 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 £0.1 million. Key variances are summarised below:

	Over £000s	Under £000s
Criminal Justice Service		66
Out of Area Placements	392	
Fostering and Adoption Allowances	33	
Training		75
Staff Vacancies		110
One-off additional income		37
Other budgets		37
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	425	325
	=====	=====

4.5 General Services Housing is underspent against budget to date by £58,000. Building Services show an underspend of £32,000, due to income generated. The Homelessness service is overspent by £172,000. Private Sector Improvement Grants are underspent against budget to date by £207,000.

4.6 Economic Development and Infrastructure Services are underspent against budget to date by £0.4 million. The major variances are itemised below:

	Over £000s	Under £000s
Catering Supplies	135	
Catering & cleaning income		255
Other catering & cleaning		90
Roads		
Fochabers bridge (to be transferred to Capital)	325	
Winter maintenance		216
Roads maintenance	60	590
Staff recharges		105
Harbours		122
Property Services rechargeable works	435	
Fleet (internal income, net of workshop charges)		155
Grounds maintenance	148	
GM income	180	
PTU		
Transportation Revenue Support	45	
Minibus contract	65	
Developer's contribution as yet unspent		66
Other PTU		16
HITRANS	45	
Waste Management		
Landfill tax	255	190
Gas extraction income/royalties		160
Payments to social enterprises		60
Vehicle running costs		40
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	1,693	2,065
	=====	=====

It should be noted that the Winter Maintenance costs in the financial system at 31 December 2009 did not include any staffing costs relating to severe weather conditions.

- 4.7 Planning and Regulatory Services are overspent against budget to date by £0.4 million. 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. The balance relates to timing differences in expenditure and income for Economic Development.
- 4.8 The Chief Executive's Office is underspent by £0.5 million against budget to date. Community Planning is £300,000 under budget to date primarily relating to the Fairer Scotland Fund. The Community Safety budget is also underspent against budget to date by £86,000.
- 4.9 Finance and ICT Services are underspent against budget to date by £0.2 million due to staffing vacancies and the avoidance of non-essential spend.
- 4.10 Central Services are underspent by £0.3 million 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 £0.1 million against budget to date relates to this contract, which is nearing completion, and to a refund from Grampian Valuation Joint Board.
- 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	89,613	80	89,993	(300)	-0.3%
Health & Social Care	37,054		36,784	270	0.7%
Children & Families & Criminal Justice	13,177		13,327	(150)	-1.1%
General Services					
Housing	3,729		4,019	(290)	-7.8%
Economic Development & Infrastructure Planning & Regulatory Services	21,962	23	23,935	(1,950)	-8.9%
Chief Executive's Office (Less DBS)	4,655	135	5,050	(260)	-5.6%
Finance & ICT	4,190	800	4,770	220	5.3%
(Less recharges included in departments)	6,778	70	6,508	340	5.0%
Central Services (Less recharges included in departments)	(4,874)		(4,874)		
Other Services, inc Loan Charges	4,820		4,950	(130)	-2.7%
September and November 2009 Flooding	(4,720)		(4,720)		
Provision for Contingencies and Inflation	19,376		19,376	0	0.0%
Additional Costs	0		400	(400)	
	308		142	166	
	380		380		
Unallocated Savings	<u>(136)</u>	<u> </u>	<u>0</u>	<u>(136)</u>	
TOTAL	<u>196,312</u> =====	<u>1,108</u> =====	<u>199,660</u> =====	<u>(2,240)</u> =====	-1.1%

Funded by:				
SE grant	159,811		159,927	116
Funded from				
Reserves (Devolved School Management)	(159)		(159)	0
Council Tax	<u>36,660</u>	<u> </u>	<u>36,700</u>	<u>40</u>
	196,312	0	196,468	156
	=====	=====	=====	=====
Overall variance	0	(1,108)	(3,192)	(2,084)

The overall position is a projected overspend against approved expenditure of £2 million; this includes the cost of the response to the flooding in September and November and the estimated costs of the severe winter weather in late December/early January. As £1.1 million was approved to be funded from reserves, this would result in a reduction in reserves of £3.2 million.

- 5.2 These estimates have been developed by Budget Managers and the Accountancy Team. There is still considerable uncertainty about some estimates, in particular the costs associated with the recent severe weather conditions. An estimate of £1.3 million overspend on Winter Maintenance is included, but estimates are yet to be received for the cost of clearing school grounds and repairs for vehicles, buildings and car parks.
- 5.3 Educational Services now forecast an overspend of £0.3 million. The increase is due to an increase in Out of Area Placements and to anticipated increased cost of the PPP scheme.
- 5.4 Health and Social Care revised forecast is to underspend by £0.3 million. This reflects a shift in provision of care from care homes to care at home.
- 5.5 Children and Families Services are now forecasting an overspend of £0.15 million. This is due to increased Out of Area placements.
- 5.6 General Services Housing is still forecast to overspend by £0.3 million, due to the provision of accommodation for homeless people.
- 5.7 Economic Development and Infrastructure Services now forecast an overspend of £2 million. Savings of £100,000 have been identified within the Building Cleaning and Catering Service, and additional income is anticipated to be generated by the Waste Management Service. The currently identified £1.3 million additional cost of Winter Maintenance in the recent severe weather is included in this revised estimate.
- 5.8 Planning and Regulatory Services now forecast an overspend of £0.26 million. Income from fees for Building Standards Service, Development Control Services and Environmental Health Services are all now anticipated to be higher than forecast in November.

- 5.9 The Chief Executive's Office now forecasts an underspend of £0.2 million. This is the cumulative effect of a number of small underspends resulting from the freezing of discretionary non-committed expenditure until March 2010, plus savings of £0.1 million from the budget originally approved for Designing Better Services.
- 5.10 Finance and ICT Services now forecast an underspend of £0.3 million, largely arising from vacancies and from the freezing of discretionary expenditure, such as staff training.
- 5.11 Central Services still forecast an overspend of £0.1 million.
- 5.12 The costs of the September and November floods 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 £0.5 million, so a £0.1 million claim under the Bellwin Scheme is anticipated.
- 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 £136,000 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
Out of Area Placements	800
Landfill Tax	420
Homelessness	400
Supply Teachers	200
Rural Transport	100
Catering supplies	130
Vehicle Running Costs	170
School Transport	<u>100</u>
	2,320
	=====

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 Revenue expenditure to date on the flooding incident and immediate aftermath amounted to £392,000 at 31 December 2009. The threshold for claims under the Bellwin Scheme for Moray Council in 2009/10 is £408,968. Eligible expenditure is anticipated to be around £0.5 million.

7.4 The estimated outturn for the year is a reduction in reserves of £3.2 million, as follows:

	Estimated Outturn £million
Recurring shortfall	2.3
Floods	0.4
Severe Winter Weather	1.3
Approved expenditure from reserves	1.1
Non-recurring overspends	0.5
Non-recurring savings	(2.4)
	<u>3.2</u>
Estimated reduction in reserves	3.2
	=====

ITEM:

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Background Papers:
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