

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 30 MARCH 2010

SUBJECT: REVENUE BUDGET MONITORING TO 28 FEBRUARY 2010

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 28 February 2010;**
- (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 28 February 2010.

	Revised Budget 2009/10	Budget to 28 February 2010	Actual and Committed Expenditure to 28 February 2010	Variance %
	£000	£000	£000	
Educational Services	84,998	73,564	72,180	2%
Health and Social Care	35,794	32,169	31,325	3%
Children and Families and Criminal Justice	12,538	11,767	11,525	2%
General Services Housing	3,699	3,036	2,789	8%
Economic Development and Infrastructure	22,243	19,899	20,410	(3%)
Planning and Regulatory Services	3,870	3,822	4,358	(14%)
Chief Executive's Office	4,019	3,617	3,086	15%
Finance and ICT	6,418	2,417	2,275	6%
Central Services	3,655	3,346	3,035	9%
Other Services	15,549	14,556	14,552	0%
September/November 2009 Flooding	0	0	360	
Provision for Contingencies and Inflation	227			
Additional Costs	496			
Unallocated Savings	<u>(153)</u>			
TOTAL	<u>193,353</u>	<u>168,193</u>	<u>165,895</u>	1%

- 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.
- 3.4 The budgets as presented above have been adjusted to remove the allocation of Central Service costs to departments, in order that the costs controlled by each department may be clearly seen.

4. CURRENT BUDGET POSITION

4.1 The overall position as at 28th February 2010 is an underspend against budget to date of £2.3 million (1% of budget). £0.7 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 £1.4 million. Devolved energy budgets are £520,000 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		520
Other Primary		570
Other Secondary	175	
<u>Other Budgets</u>		
Repairs & maintenance		40
Energy at Pools and Community Centres		40
Out of Area placements	245	
Supply teachers	150	
Additional Support Needs Staff in Schools		175
Accessibility		85
LCN/Home School Link		70
Maximum Basic Scale		110
Facilitating School Improvement		65
Nutrition in Schools		35
Staffing Vacancies		285
Speech and Language Therapy Contract		48
Training		20
Other Budgets		91
Additional Monies		65
Childcare		105
PPP	350	
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	920	2,304
	=====	=====

4.3 Health and Social Care is underspent against budget to date by £0.8 million. Purchase of care is underspent by £0.5 million against budget to date, mainly against purchase of care home places for older people, and shows the shift in balance towards providing care in the clients' own home. Staff vacancies result in £0.1 million underspend. £0.1 million income from other local authorities has been received for clients placed in Moray facilities. Other minor variances make up the balance of the underspend.

- 4.4 Children and Families and Criminal Justice are underspent against budget to date by £0.2 million. Key variances are summarised below:

	Over £000s	Under £000s
Criminal Justice Service		77
Out of Area Placements	245	
Fostering and Adoption Allowances	65	
Adoption Placement Fees		45
Staff Vacancies		240
One-off additional income		95
Travel/Transport		55
Throughcare/Aftercare		40
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	310	552
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- 4.5 General Services Housing is underspent against budget to date by £0.2 million. The major variances are itemised below:

	Over £000s	Under £000s
Travelling Families Site	10	
Building Services	68	
Homelessness	188	
Landlord Registration		55
Sheltered Housing Wardens	115	
Housing Support Infrastructure		93
Private Sector Improvement Grants		480
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	381	628
	=====	=====

- 4.6 Economic Development and Infrastructure Services are overspent against budget to date by £0.5 million. The major element of overspend is Winter Maintenance. The Roads DLO shows a significant profit element, relating mainly to the response to the severe winter weather. Property Services currently show a balance of £0.6 million on rechargeable works. This will be recharged to other service areas. The major variances are itemised below:

The underlying position on landfill tax is an overspend of £0.3 million to date. This is partly offset by a refund of £0.2 million relating to an appeal against payment made in 2008/09.

	Over £000s	Under £000s
Catering Supplies	140	
Catering & cleaning income		265
Other catering & cleaning		100
Roads		
Winter maintenance	1,100	
Roads maintenance	100	
Roads DLO		875
Car Parks	25	
Transportation (statutory admin)	30	
Harbours (income generated)		80
Property Services rechargeable works	565	
Flood / engineering rechargeable works	35	
Fleet (internal income, net of workshop charges)		15
Grounds maintenance		135
PTU		
Transportation Revenue Support	40	
Minibus contract	135	
Developer's contribution as yet unspent		80
Other PTU	5	
Waste Management		
Landfill tax	325	190
Gas extraction income/royalties		90
Trade refuse collection charges		90
Other		80
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	2,500	2,000
	=====	=====

4.7 Planning and Regulatory Services are overspent against budget to date by £0.5 million. The major variances are summarised below:

	Over £000s	Under £000s
Economic Development	300	
Building Standards Fees	150	
Other Income (Env Health)		40
Planning Appeals	98	
Trading Standards interlink	25	
Moray Training	38	
Management and Support	45	
Vacancies		80
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	656	120
	=====	=====

The overspend against Economic Development arises mainly from timing differences in grants received from external bodies.

- 4.8 The Chief Executive's Office is underspent by £0.5 million against budget to date. Community Planning is £0.3 million under budget to date, primarily relating to the Fairer Scotland Fund. Designing Better Services is being delivered at £0.1 million under budget to date. Other minor variances make up the balance of the underspend.
- 4.9 Finance and ICT Services are underspent against budget to date by £0.1 million due to staffing vacancies and the avoidance of non-essential expenditure.
- 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. These services are on budget.
- 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	84,998	80	85,147	(69)	(0.1%)
Health & Social Care Children & Families & Criminal Justice	35,794		35,146	648	1.8%
General Services	12,538		12,538	0	0.0%
Housing	3,699		4,019	(320)	(8.7%)
Economic Development & Infrastructure	22,243	23	23,654	(1,388)	(6.2%)
Planning & Regulatory Services	3,870	135	4,265	(260)	(6.7%)
Chief Executive's Office	3,316	800	3,976	140	4.2%
Finance & ICT	6,418	70	6,148	340	5.3%
Central Services	3,655		3,805	(150)	(4.1%)
Other Services, inc Loan Charges	19,371		19,336	35	0.2%
September and November 2009 Flooding	0		400	(400)	
Provision for Contingencies and Inflation	227			227	
Additional Costs	496		330	166	
Unallocated Savings	<u>(153)</u>	<u> </u>	<u>0</u>	<u>(153)</u>	
TOTAL	196,472 =====	1,108 =====	198,764 =====	(1,184) =====	(0.6%)

Funded by:				
SE grant	159,971		159,971	0 0.0%
Funded from				
Reserves (Devolved School Management)	(159)		(159)	0
Council Tax	<u>36,660</u>		<u>36,700</u>	<u>40</u> 0.1%
	196,472	0	196,512	40
	=====	=====	=====	=====
Overall variance	0	(1,108)	(2,252)	(1,144)

The overall position is a projected overspend against approved expenditure of £1.1 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 £2.2 million.

- 5.2 These estimates have been developed by Budget Managers and the Accountancy Team. There is still a degree of uncertainty about some estimates. Late billing by some suppliers, particularly energy suppliers, impacts on estimating costs. Adjustments for stock and work in progress for the Building Services and Roads DLO cannot be quantified with certainty from the financial ledger. The full impact of the severe winter weather is still not exactly quantified, and the additional snow in February has had a significant impact on estimated expenditure.
- 5.3 Educational Services now forecast an overspend of £0.1 million. This is due to a decrease in Out of Area Placements and increased vacancies.
- 5.4 Health and Social Care revised forecast is to underspend by £0.6 million. This reflects a shift in provision of care from care homes to care at home, and savings generated from Service Level Agreements with care providers.
- 5.5 Children and Families Services are now forecasting to break even. This is due to decreased Out of Area placements and an increase in staffing vacancies. One-off income of £40,000 was received from other authorities in respect of adoption 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 £1.4 million. £1.3 million additional cost of Winter Maintenance was originally included in the estimate of costs arising from severe winter weather. This estimate was reduced to £1 million, as the shortage of salt resulted in a shift from purchasing salt to the cheaper alternative of grit, then increased to £1.4 million following the snowfalls in February. The Roads DLO are forecasting an increased surplus as a result of this. Planned car park repairs have been delayed by the severe winter weather, which also resulted in decreased income from car parking charges.

- 5.8 Planning and Regulatory Services continues to forecast an overspend of £0.3 million.
- 5.9 The Chief Executive's Office now forecasts an underspend of £0.1 million. The Adult Learning budget is now projected to overspend by £50,000, due to a reduction in grant funding for English for Speakers of other languages compared to previous years.
- 5.10 Finance and ICT Services continue to forecast an underspend of £0.3 million.
- 5.11 Central Services continue to 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. The Scottish Government has made an interim payment of £0.1 million.
- 5.13 At a special meeting of Council on 24th February 2010, a number of applications for Voluntary Early Retirement and Voluntary Severance were approved. One-off costs of £0.3 million relating to this will be incurred in 2009/10.
- 5.14 The budget as set in February 2009 included a shortfall of £443,000. This target has been reduced to £153,000 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	570
Landfill Tax	420
Homelessness	400
Supply Teachers	200
Rural Transport	100
Catering supplies	130
Vehicle Running Costs	170
School Transport	<u>100</u>
	2,090
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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 £497,000 at 28 February 2010. The threshold for claims under the Bellwin Scheme for Moray Council in 2009/10 is £408,968.

7.4 The estimated outturn for the year is a reduction in reserves of £1.5 million, as follows:

	Previous Estimated Outturn £Million	Current Estimated Outturn £million
Recurring shortfall	2.3	2.1
Floods	0.4	0.4
Severe Winter Weather	1.3	1.4
Approved expenditure from reserves	1.1	1.1
Voluntary Severance/Early Retirement	-	0.3
Non-recurring overspends	0.5	0.6
Non-recurring savings	(2.5)	(3.7)
	<u> </u>	<u> </u>
Estimated reduction in reserves	3.1	2.2
	=====	=====

ITEM:

PAGE: 11

The major movements since the last report are an increase in the projected surplus of the Roads DLO of £0.6 million and a decrease in projected expenditure on Community Care of £0.4 million. Staffing vacancies in Educational Services and Children's Services are also projected to be higher than previously forecast.

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Background Papers:
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