

To: Finance and Resources Policy Board

On: 11 March 2015

Report by: Director of Finance and Resources

Heading: Revenue Budget Monitoring – Council Overview to 2 January 2015

1. Summary

1.1 This report provides an overview of the budget performance for all Services for the period to 2 January 2015.

1.2 The report confirms an overall budget overspend for all services of £0.050m (0.0%). This is summarised over General Fund Services, and the Housing Revenue Account in the table below:

| Division / Department | Current Reported Position | % variance | Previously Reported Position | % variance |
|-----------------------|---------------------------|------------|------------------------------|------------|
| General Fund | £0.050m overspend | 0.0% | £0.197m overspend | 0.1% |
| HRA | Breakeven | - | Breakeven | - |

1.3 The budget performance to date suggests a projected year end underspend of £0.230m (0.1%) which is summarised in the table below:

| Division / Department | Anticipated Year End Position | % variance | Previously Reported Position | % variance |
|-----------------------|-------------------------------|------------|------------------------------|------------|
| General Services | £0.230m underspend | 0.1% | £0.150m underspend | 0.0% |
| HRA | Breakeven | - | Breakeven | - |

2. **Recommendations**

2.1 Members are requested to note the budget position

3. **Service Commentaries**

3.1 Budget Monitoring reports will be considered by each Policy Board for services reporting directly to those Boards.

3.2 In terms of the Financial Regulations budgets have been approved on a service basis and Directors are expected to manage their spending needs within the bottom line of the budget approved. A brief commentary on budget variances by service is provided below and a Service overview is attached for information.

3.3 **Education** (*Education Policy Board*)

Current Position: **Breakeven**

Previously Reported: ***Breakeven***

The breakeven position at this stage in the year relates mainly to the net effect of overspends and underspends in the following areas of service:-

- The main reasons for the overspend of £117,000 within Central Admin relate to additional staffing costs, disclosure and SEEMIS subscription costs and the net cost of hosting the Mission Discovery project.
- £87,000 of an overspend in Primary Schools is related to staffing costs within the central cover budget and is partly offset by an underspend in SPT transport costs.
- £392,000 of an underspend in Secondary Schools is mainly due to underspends in transport costs and teachers' salaries, partly offset by an overspend in SQA presentations.
- £83,000 of an overspend in Additional Support Needs Schools relates to staffing costs within the central cover budget.

- The overspend in Additional Support for Learning (ASL) of £183,000 is mainly due to transport costs, due to increased cost and distances travelled, and additional posts to meet service demands.
- £78,000 of an underspend in Facilities Management relates to a reduction in various property costs and contractors.

Projected Year End Position

It is anticipated that there will be a requirement to carry forward to future years resources in relation to the Early Years Strategy in order to maintain its delivery over a number of years. After taking account of this carry forward, it is anticipated that Education Services will achieve a break-even year-end position subject to any unforeseen demand pressures emerging over the rest of the year.

3.4 **Leisure Services** (*Sport, Leisure and Culture Policy Board*)

Current Position: **Breakeven**
Previously Reported: **Breakeven**

The breakeven position at this stage in the year relates mainly to the net effect of over and underspends in the following areas of service:-

- In Arts & Museums an overspend of £17,000 has arisen from the closure of Johnstone Town Hall during its redevelopment and is partly offset by underspends in property and employee costs.
- Within Libraries an overspend of £11,000 relates to an under-recovery of income reflecting reduced income from fines and is partly offset by underspends in employee and admin costs.
- Within Playing Fields an underspend of £28,000 has arisen due to an overrecovery of income.

Projected Year End Position

It is anticipated at this stage that Leisure will achieve a break-even position at the year-end subject to any unforeseen demand pressures emerging over the rest of the year.

3.5 **Community Resources** (*Environment Policy Board*)

Current Position: **Breakeven**

Previously Reported: ***Breakeven***

The breakeven position at this stage in the year relates mainly to the net effect of over and underspends in the following areas of service:-

- An overspend of £38,000 on Refuse Collection is mainly due to lower income from trade waste and special uplifts and increased printing, stationery, and transport costs which is partly offset by underspends on employee costs and supplies and services.
- An overspend of £35,000 on Land Services is due to lower recreational and cemetery income.
- £27,000 of an underspend on School Crossing Patrollers is due to lower than budgeted employee costs.
- £43,000 of an underspend on Renfrewshire Wardens is mainly due to underspends in employee and transport costs, which are partly offset by overspends in supplies and services and administration costs.

Projected Year End Position

It is currently forecast that Community Resources will break even at year end. This forecast position will be reviewed on an ongoing basis during the financial year, particularly with regard to recycling performance and the level of tonnages received for recycling or disposal, and the costs of roads maintenance throughout the remainder of the winter maintenance period to March 2015.

3.6 **Development & Housing Services - Other Housing** (*Housing & Community Safety Policy Board*)

Current Position: **Net underspend of £41,000**

Previously Reported: ***Net underspend of £14,000***

The underspend mainly reflects an underspend within Employee Costs, which has resulted from vacancies experienced over the course of the financial year.

Projected Year End Position

It is anticipated at this stage that the Other Housing year end position will be an underspend of £380,000 as a result of an improved outturn position on the Council's Housing Benefit subsidy position reflecting proactive work undertaken to mitigate any loss in subsidy relating to changes associated with temporary and supported accommodation arrangements.

3.7 Development & Housing Services – Planning Division (*Planning and Property Policy Board*)

Current Position: **Breakeven**
Previously Reported: ***Breakeven***

The current breakeven position mainly reflects the net effect of a minor overspend in Employee Costs which has been offset by an over-recovery of income.

Projected Year End Position

It is projected that the Planning division will achieve a breakeven position by the year end.

3.8 Development & Housing Services - Property & Construction (*Planning and Property Policy Board*)

Current Position: **Breakeven**
Previously Reported: ***Breakeven***

The current breakeven position reflects overspends in Property Costs and Contractors and Others Costs offset by an over-recovery in income.

The overspend in Property Costs is due to additional repair costs within the Corporate Landlord service and will be contained within the overall Property Services budget.

The overspend within Contractor and Other Costs reflects the increased levels of professional support to service the significant capital schemes currently being led by Property Services and will be offset by increased fee income.

The over-recovery in Income of £467,000 also includes grant income received from the Energy Saving Trust which is being used to augment the Council funding granted to develop Energy Management.

The annual budget within the Investment & Technical Services division includes £250,000 previously approved by Council to further the development of Energy Management. An element of this budget has been earmarked to complete Photo Voltaic installations in several Council sites and a review has identified an increased number of suitable sites. There has been a delay in letting the contract for the final phase of installations while CDM Health and Safety Regulations and disruption management plans are completed. The project will not, therefore, be complete until financial year 2015/16. The receipt of grant income and the delay in the final phase of the PV project will require £175,000 of the programme budget to be reprofiled into financial year 2015/16.

Projected Year End Position

It is anticipated that Property & Construction Services will achieve a breakeven position at year end after the carry forward to 2015/16 of £175,000 of resources linked to the Energy Management Programme.

3.9 **Development & Housing Services – Economic Development Division** (*Economy & Jobs Policy Board*)

| | |
|------------------------------------|-------------------------|
| Current Position: | Breakeven |
| <i>Previously Reported:</i> | <i>Breakeven</i> |

There are no significant variances to report, although there are minor over and underspends across a number of headings.

Projected Year End Position

It is projected that the Economic Development division will achieve a breakeven position by the year end.

3.10 **Social Work** (*Social Work, Health and Well-being Policy Board*)

| | |
|------------------------------------|---|
| Current Position: | Net overspend of £293,000 |
| <i>Previously Reported:</i> | <i>Net overspend of £271,000</i> |

The revenue monitoring reports to board in August and November 2014 set out a number of very significant budget pressures being experienced by the service and indicated that measures were being taken to work towards achieving a year end breakeven position, including the use of non-recurring funding totalling £1.2m. This non recurring funding is reflected in the above reported position. At the meeting on 12 February 2015, Council agreed additional funds of £2.952m in 2015/16 to address demand and demographic pressures within social work.

Although mitigating action continues to progress within a number of key areas the pressures overall continue to be very significant and in some areas have increased. The report to board in November 2014 highlighted an increased level of risk to the achievement of a year-end breakeven position. As reported in January, close monitoring of continuing pressures indicated that it is prudent to forecast a potential year end overspend of around £400,000 (around 0.4% of the budget).

Work will continue to focus over the remainder of the year on minimising the level of budget overspend. The key pressure areas are highlighted below:

- In line with previous reports, a £337,000 overspend within children and families continues to reflect higher than anticipated payroll costs which are offset by an underspend within external placement budgets. There are, however, ongoing pressures within childcare placement budgets reflecting the continuous requirement to respond to need along with the need to provide continued support for some young adults who have reached the age of 18.
- £485,000 of an overspend within Older People services continues to reflect the significant pressures within the care at home service due to the shift in the balance of care to support people remaining safely at home for as long as possible, along with the Council's commitment to reducing bed days lost to delayed discharges from hospital.

This pressure is partially mitigated by one off in-year flexibility monies, reflected in the current reported position, and an underspend in the external care home placement budget.

In addition to pressures within the care at home service there is also a significant under recovery of income from the Council's residential care homes reflecting levels of under occupancy.

- £37,000 of an overspend in Physical Disabilities is due to increases in the purchase of equipment to support service users to stay in their own homes reflecting the shift in the balance of care to the community and their associated needs.
- £595,000 of an underspend in Learning Disabilities reflect the time taken to recruit to vacancies within the Learning Disability day service along with a degree of slippage in Adult planned placements.
- An overspend of £82,000 in the Mental Health service reflects the temporary need to use agency workers to cover vacancies within the service which have now been filled.

Projected Year End Position

The Social Work year end projection is currently an overspend of around £400,000. As detailed above, the current year position is being significantly supported by the application of in year non recurring balances.

3.10 **Finance and Resources** (*Finance and Resources Policy Board*)

Current Position: **Net underspend of £60,000**
Previously Reported: **Net underspend of £60,000**

The underspend has arisen due to levels of staff turnover and an over-recovery of licensing income.

Projected Year End Position

It is anticipated that Finance and Resources will achieve an underspend of £100,000 by the year end due to levels of staff turnover and an over-recovery of licensing income.

3.11 **Chief Executive's Department** (*Finance and Resources Policy Board*)

Current Position: **Net underspend of £42,000**
Previously Reported: **Breakeven**

The underspend has arisen due to levels of staff turnover.

Projected Year End Position

It is anticipated that the Chief Executive's Department will achieve an underspend of £50,000 by the year end due to levels of staff turnover.

3.12 **Miscellaneous Services** (*Finance and Resources Policy Board*)

Current Position: Net underspend of £100,000

Previously Reported: Breakeven

The net underspend has resulted from successful VAT appeal refunds.

Projected Year End Position

It is anticipated that Miscellaneous Services will achieve an underspend of £100,000 by the year end due to income from successful VAT appeal refunds.

3.14 **Trading Operations**

These are the subject of separate reports submitted to the relevant Policy Boards. An overview is attached for information which confirms an actual breakeven position in line with the budgeted surplus for the General Fund. It is projected, however, that the Building Services trading operation will deliver £468,000 of additional surplus in comparison to budget. In line with agreed policy this surplus will be returned to the General Fund or the HRA based on the level of Housing related turnover and the reported position reflects this policy.

3.15 **Housing Revenue Account** (*Housing & Community Safety Policy Board*)

Current Position: Breakeven

Previously Reported: Breakeven

The current breakeven position principally reflects underspends across several expenditure categories being offset by an increase Capital

Financed from Current Revenue (CFCR) and lower income levels as detailed below.

Employee Costs

The current underspend of £276,000 within Employee Costs is mainly due to part year vacancies within the service.

Property Costs

The additional expenditure of £721,000 relates to the agreed strategy of using underspends within the HRA to increased planned CFCR to reduce new debt and to smooth debt repayments to support the sustainable delivery of the long term Business Plan.

Payments to Other Bodies

The underspend of £756,000 is mainly due to two factors. The first is the level of irrecoverable rent being lower than budget by £308,000 due to the expected Welfare Reform pressures resulting from under-occupancy and Universal Credit not materialising as quickly as anticipated. The Bad Debt Provision continues to be updated to ensure that the forecast remains up to date, whilst maintaining a prudent approach.

The second is lower than expected expenditure levels against Welfare Reform budgets mainly as a result of the streamlining of the Discretionary Housing Payment (DHP) process and the additional resources made available, which has resulted in an underspend of £462,000 at this stage in the financial year. Any in year underspend will be carried forward through HRA reserves at the year end for use in future years.

Capital Charges

The underspend of £259,000 is due to the capital charges being lower than projected.

Income

The under-recovery of £567,000 mainly reflects the reduced drawdown from balances in respect of Welfare Reform budgets as referenced under Payments to Other Bodies and a reduced level of recovery on professional fees due to vacancies.

Projected Year End Position

At this stage in the financial year it is projected that the HRA will achieve a breakeven position at the year end. Projected underspends will be offset by a corresponding increase in the planned CFCR contribution.

Implications of the Report

1. **Financial** – Net revenue expenditure will be contained within available resources.
 2. **HR & Organisational Development** – none
 3. **Community Planning** – none
 4. **Legal** – none
 5. **Property/Assets** – none
 6. **Information Technology** - none.
 7. **Equality & Human Rights** The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** – none
 9. **Procurement** – none
 10. **Risk** – none
 11. **Privacy Impact** - none
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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2014/2015
1st April 2014 to 02 January 2015

POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW

| Description (1) | Revised Annual Budget (2) | Revised Period Budget (3) | Actual (4) | Adjustments (5) | Revised Actual (6) = (4 + 5) | Budget Variance (7) | |
|--------------------------|------------------------------|------------------------------|----------------|--------------------|---------------------------------|------------------------|--------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | % |
| Employee Costs | 233,375 | 165,893 | 169,206 | (3,290) | 165,916 | (23) | 0.0% |
| Property Costs | 85,177 | 60,055 | 73,155 | (12,302) | 60,853 | (798) | -1.3% |
| Supplies & Services | 17,337 | 13,194 | 13,801 | (480) | 13,321 | (127) | -1.0% |
| Contractors and Others | 94,375 | 62,154 | 63,631 | (1,351) | 62,280 | (126) | -0.2% |
| Transport & Plant Costs | 14,591 | 9,650 | 9,644 | 96 | 9,740 | (90) | -0.9% |
| Administration Costs | 72,227 | 5,854 | 4,443 | 1,477 | 5,920 | (66) | -1.1% |
| Payments to Other Bodies | 56,187 | 33,295 | 32,188 | 367 | 32,555 | 740 | 2.2% |
| CFCR | 4,855 | 49 | 49 | 0 | 49 | 0 | 0.0% |
| Capital Charges | 52,399 | 2,173 | 249 | 1,669 | 1,918 | 255 | 11.7% |
| GROSS EXPENDITURE | 630,523 | 352,317 | 366,366 | (13,814) | 352,552 | (235) | -0.1% |
| Income | (254,994) | (134,510) | (142,675) | 7,980 | (134,695) | 185 | 0.1% |
| NET EXPENDITURE | 375,529 | 217,807 | 223,691 | (5,834) | 217,857 | (50) | 0.0% |

Bottom Line Position to 02 January 2015 is an overspend of **£000's (50)**
Anticipated Year End Budget Position is an underspend of **230**
0.1%

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2014/2015
1st April 2014 to 02 January 2015

POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW

| Description (1) | Revised Annual Budget (2) | Revised Period Budget (3) | Actual (4) | Adjustments (5) | Revised Actual (6) = (4 + 5) | Budget Variance (7) | |
|------------------------------------|---------------------------------|---------------------------------|----------------|--------------------|---------------------------------|------------------------|-------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | % |
| Education | 167,365 | 97,128 | 98,769 | (1,641) | 97,128 | 0 | 0.0% |
| Leisure Services | 14,263 | 7,409 | 7,444 | (35) | 7,409 | 0 | 0.0% |
| Environmental Services | 52,671 | 30,890 | 31,354 | (464) | 30,890 | 0 | 0.0% |
| Finance & Resources | 4,842 | 25,141 | 24,362 | 719 | 25,081 | 60 | 0.2% |
| Other Housing | 5,628 | 4,370 | 5,534 | (1,205) | 4,329 | 41 | 0.9% |
| Planning & Economic Development | 8,948 | 4,422 | 6,695 | (2,273) | 4,422 | 0 | 0.0% |
| Chief Executives | 731 | 1,494 | 1,430 | 22 | 1,452 | 42 | 2.8% |
| Miscellaneous | 27,821 | 4,921 | 6,732 | (1,911) | 4,821 | 100 | 2.0% |
| Property & Construction Services | 2,752 | 3,591 | 3,029 | 562 | 3,591 | 0 | 0.0% |
| Social Work | 91,590 | 57,157 | 57,450 | 0 | 57,450 | (293) | -0.5% |
| Trading Accounts (Surplus)/Deficit | (1,081) | (1,211) | 263 | (1,474) | (1,211) | 0 | 0.0% |
| SUB -TOTAL GENERAL SERVICES | 375,530 | 235,312 | 243,062 | (7,700) | 235,362 | (50) | 0.0% |
| Housing Revenue Account (HRA) | 0 | (17,506) | (19,371) | 1,865 | (17,506) | 0 | 0.0% |
| NET EXPENDITURE | 375,530 | 217,806 | 223,691 | (5,835) | 217,856 | (50) | 0.0% |

£000's

(50)

0.0%

230

0.1%

Bottom Line Position to 02 January 2015 is an overspend of
Anticipated Year End Budget Position is an underspend of

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2014/2015
1st April 2014 to 02 January 2015

POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW : TRADING OPERATIONS

| Description (1) | £000's | Revised Annual Budget (2) | Revised Period Budget (3) | Actual (4) | Adjustments (5) | Revised Actual (6) = (4 + 5) | Budget Variance (7) | |
|--------------------------|--------|---------------------------------|---------------------------------|---------------|--------------------|---------------------------------|------------------------|---------------|
| | | £000's | £000's | £000's | £000's | £000's | £000's | % |
| Employee Costs | | 13,060 | 9,609 | 9,118 | 522 | 9,640 | (31) | -0.3% |
| Property Costs | | 701 | 539 | 367 | 161 | 528 | 11 | 2.1% |
| Supplies & Services | | 5,456 | 4,262 | 4,469 | (125) | 4,344 | (82) | -1.9% |
| Contractors and Others | | 2,840 | 1,538 | 2,267 | (634) | 1,633 | (95) | -6.2% |
| Transport & Plant Costs | | 2,592 | 1,890 | 1,758 | 145 | 1,903 | (13) | -0.7% |
| Administration Costs | | 2,085 | 1,626 | 333 | 1,290 | 1,623 | 3 | 0.2% |
| Payments to Other Bodies | | 7 | 5 | (19) | 25 | 6 | (1) | -16.9% |
| CFCR | | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Capital Charges | | 241 | 185 | 0 | 189 | 189 | (4) | -2.0% |
| GROSS EXPENDITURE | | 26,981 | 19,655 | 18,292 | 1,573 | 19,865 | (211) | -1.1% |
| Income | | (28,062) | (20,865) | (18,029) | (3,047) | (21,076) | 211 | 1.0% |
| NET EXPENDITURE | | (1,081) | (1,211) | 263 | (1,474) | (1,211) | 0 | 0.0% |
| | | | | | | | | over-recovery |
| | | | | | | | | over-recovery |

£000's

Bottom Line Position to 02 January 2015 is an underspend of 0 0.0%
Anticipated Year End Budget Position is breakeven of 0 0.0%

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2014/2015
1st April 2014 to 02 January 2015

POLICY BOARD : GENERAL MANAGEMENT AND FINANCE : OVERVIEW : TRADING OPERATIONS

| Description (1) £000's | Revised Annual Budget (2) £000's | Revised Period Budget (3) £000's | Actual (4) £000's | Adjustments (5) £000's | Revised Actual (6) = (4 + 5) £000's | Budget Variance (7) £000's % | |
|------------------------------|--|--|-------------------------|------------------------------|---|------------------------------------|-----------------------|
| Building & Works Trading | 0 | (350) | 1,417 | (1,767) | (350) | 0 | 0.0% over-recovery |
| Catering Trading | (450) | (349) | (641) | 292 | (349) | 0 | 0.0% over-recovery |
| Transport Trading | (505) | (414) | (534) | 121 | (414) | 0 | 0.0% over-recovery |
| Roads Trading | (125) | (98) | 22 | (119) | (98) | 0 | 0.0% over-recovery |
| NET EXPENDITURE | (1,081) | (1,211) | 263 | (1,474) | (1,211) | 0 | 0.0% over-recovery |

£000's

Bottom Line Position to 02 January 2015 is an underspend of 0 0.0%

Anticipated Year End Budget Position is an underspend of 0 0.0%