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## **NORTH AYRSHIRE COUNCIL**

**23 January 2018**

### **Cabinet**

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**Title:** **Revenue Budget 2017/18 : Financial Performance to 30 November 2017**

**Purpose:** To advise Cabinet of the financial performance for the Council at 30 November 2017.

**Recommendation:** That Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) approve the earmarking of £0.100m identified at 2.4 (iv) to meet future year commitments; (c) note the current financial projection for the Health and Social Care Partnership; (d) confirm that no further funding will be provided by the Council to the Health and Social Care Partnership; and (e) approve the virements detailed in Appendix 10.

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### **1. Executive Summary**

- 1.1 The Council's General Fund and Housing Revenue budgets for 2017/18 were approved at a special meeting of the Council held on 1 March 2017.
- 1.2 As part of the monitoring procedures to keep the Cabinet informed of the financial performance of the Council, financial performance reports are presented on a regular basis. This is the third report for 2017/18 and covers the period to the end of November 2017 (Period 8). Projections of the year-end position have been made.
- 1.3 At Period 8 the General Fund is forecasting a net in-year underspend of £2.332m (0.7%) after transferring resources to other funds, an increase of £0.836m from that reported at Period 6.
- 1.4 The Housing Revenue Account is forecasting a net in-year break even position which is consistent with that reported at Period 6.
- 1.5 The Health and Social Care Partnership is forecasting an overspend of £5.315m at the end of November 2017. The Council services element of the projected overspend is £2.242m and is after the application of £1.4m from the Challenge Fund to support service delivery. This represents a decrease of £0.670m from that reported at Period 6.

1.6 The General Fund forecast position includes the impact from delays in the realisation of savings previously approved by Council in relation to:

- Place, where slippage on savings is being met from within the core budget; and
- The Health and Social Care Partnership, where a number of savings on Council commissioned services require further action to secure delivery. The forecast position includes an assumption that £0.542m of savings, alongside £0.640m of Challenge Fund savings and £0.419m of other mitigating actions will not be delivered during 2017/18, contributing to the overspend within the Partnership.

## **2. Background**

### **General Fund**

- 2.1 The Council has set a break-even budget for 2017/18. In addition to the budget approved on 1 March 2017, earmarked funds of £14.742m have been carried forward from 2016/17 for service expenditure in 2017/18 and are reflected in the figures within the 2017/18 financial performance reports as they are drawn down.
- 2.2 Current financial projections indicate that a net in-year surplus of £2.332m, net of transfers to reserves, is anticipated for the year to 31 March 2018. This represents 0.7% of the Council's total budget.

## 2.3 Details of the current financial projections are summarised in the following table:

	Appendix No	Annual Budget £000's	Projection to 31 March 2018 £000's	Projected Variance for year (Fav)/Adv £000's	Projected Variance @ Period 6 (Fav)/Adv £000's	Movement £000's	Note
<b>Service Expenditure</b>							
Chief Executive and Democratic Services	1	3,594	3,547	(47)	(51)	4	
Finance & Corporate Support	2	16,347	15,876	(471)	(471)	-	
Education and Youth	3	110,897	110,296	(601)	(567)	(34)	
Employment Place	4	56,580	56,322	(258)	(194)	(64)	(i)
Economy and Communities	5	19,351	19,208	(143)	(137)	(6)	
Other Corporate Services	6	18,252	17,204	(1,048)	(496)	(552)	(ii)
Sub Total		225,021	222,453	(2,568)	(1,916)	(652)	
Health and Social Care Partnership	7,8	88,402	88,402	-	-	-	2.6
Balance for Services		313,423	310,855	(2,568)	(1,916)	(652)	
Financing Charges *	9	20,084	17,378	(2,706)	(2,716)	10	
Total Planned Expenditure		333,507	328,233	(5,274)	(4,632)	(642)	
<b>Planned Income</b>							
Aggregate External Finance	9	(271,063)	(271,063)	-	-	-	
Council Tax	9	(52,431)	(52,295)	136	420	(284)	(iii)
Use of Change Fund	9	(434)	(434)	-	-	-	
Use of Earmarked Funds	9	(9,579)	(9,579)	-	-	-	
Total Planned Income		(333,507)	(333,371)	136	420	(284)	
Net Expenditure/ (Income)		-	(5,138)	(5,138)	(4,212)	(926)	
Carried Forward Funds *		-	2,806	2,806	2,716	90	
Revised Net Expenditure/(Income)		-	(2,332)	(2,332)	(1,496)	(836)	

\* Financing Charges underspend of £2.706m transferred to Loans Fund Reserve in accordance with agreed policy

## 2.4 Commentary on Significant Movements from the Forecast at Period 6

The Council's overall financial forecast against the previous underspend is an increase of £0.836m. A brief explanation of the significant movements from Period 6 is outlined below:

- (i) **Place - underspend of £0.258m, an increase in underspend of £0.064m**  
The increased underspend is primarily related to reduced costs for transport provision partly offset by additional waste disposal site costs.

- (ii) **Other Corporate Services - underspend of £1.048m, an increase in underspend of £0.552m**

The increased underspend relates to funds in relation to pension auto enrolment and additional temporary accommodation funding which are not anticipated to be fully drawn down during the year.

- (iii) **Council Tax - under recovery of £0.136m, a decrease in under recovery of £0.284m**

The reduction in the projected under recovery relates to additional funding for the Council Tax Reduction scheme notified by the Scottish Government.

- (iv) **Request to Carry Forward**

It is proposed to carry forward £0.100m within Place to fund welfare facilities at the Transport garage.

### **Health and Social Care Partnership at Period 8**

- 2.5 The Health and Social Care Partnership is forecasting an overspend of £5.315m at the end of November 2017. **The Council services element of the projected overspend is £2.242m.** This represents a decrease of £0.670m. The main areas of movement since Period 6 are:-

- **Community Care and Health – underspend of £0.833m, an increase in underspend of £0.379m**

Within Locality Services additional income has been secured from charges to users in line with the charging policy. Within Community Care Service Delivery funds to cover the costs of bringing homecare services in-house are not anticipated to be utilised during the year.

- **Mental Health Services – overspend of £0.950m, a decrease in overspend of £0.688m**

Within Learning Disability, previously agreed savings in relation to the costs of care packages are now anticipated to be realised in year and there is a projected decrease in Learning Disability Day Care employee costs. Within Community Mental Health packages are being reviewed in line with the approved mitigation plan and any new packages must have corresponding discharges. An underspend within Addiction Services is related to vacancy management.

- **Children's Services and Criminal Justice – overspend of £2.165m, an increase in overspend of £0.402m**

Residential Schools and community packages for children continue to experience an increase in demand for services, with a total of 14 new placements this year including 4 in secure residential accommodation.

£2.037m of mitigation plans are in place. £0.825m is projected to be delivered by the year end which will reduce the deficit to £4.490m. Added to the £3.245m deficit brought forward from 2016/17, this could result in a projected closing deficit of £7.735m. The main areas of pressure continue to be adult care packages and looked after and accommodated children.

It is essential that the partnership develops plans which are financially sustainable and the focus for the Management Team over the next three months will be to maximise the savings achievable from the Challenge Fund and refresh its medium term financial strategy which will secure this moving forward. The Health and Social Care Partnership was targeted with delivering £2.071m of savings on Council commissioned services in 2017/18. Latest projections show that £0.966m of these are at Amber or Red status and require action to secure delivery in 2017/18. Failure to deliver on savings will increase this overspend further. The projections at Period 8 assume that £0.542m of these savings will not be delivered this financial year. The latest report to the Integrated Joint Board also notes that £0.640m of Challenge Fund savings and £0.419m of other proposed mitigations will not be delivered. Failing to deliver these actions is having a significant impact on the financial position of the HSCP.

A summary of projections is included within Appendices 7 and 8 and members can be provided with copies of the full Integration Joint Board report if required.

### **Budget Transfers/Virements**

- 2.6 A schedule of the budget transfers, or virements, requested by Services which require to be approved by Cabinet is attached at Appendix 10 for Members' consideration and approval.

### **Housing Revenue Account**

- 2.7 The Housing Revenue Account budgeted for a break even position in 2017/18. A net in-year break even position is currently projected which is consistent with that reported at Period 6. This is summarised in the following table with further details provided in Appendix 11.

	Annual Budget £000's	Projection to 31 March 2018 £000's	Projected Variance for year (Fav)/Adv £000's	Projected Variance @ Period 6 (Fav)/Adv £000's	Movement £000's	Note
Employee Costs	4,628	4,522	(106)	(118)	12	
Property Costs	17,460	17,094	(366)	(520)	154	(i)
Supplies and Services	228	212	(16)	(30)	14	
Transport and Plant Costs	38	35	(3)	(2)	(1)	
Administration Costs	1,609	1,549	(60)	(23)	(37)	
Other Agencies and Bodies	1,386	1,381	(5)	5	(10)	
Transfer Payments	121	91	(30)	-	(30)	
Other Expenditure	403	419	16	16	-	
Capital Financing	22,920	22,290	(630)	(629)	(1)	
Gross Expenditure	48,793	47,593	(1,200)	(1,301)	101	
Income	(48,793)	(47,593)	1,200	1,301	(101)	(ii)
Net Expenditure	-	-	-	-	-	

## 2.8 Commentary on Significant Movements from the Forecast at Period 6

A brief explanation of the significant movements from period 6 is outlined below.

(i) **Property Costs - underspend of £0.366m, a decrease in underspend of £0.154m**

The decrease in underspend is primarily related to increased costs of Void Repairs and increased expenditure on infrastructure projects.

(ii) **Income - under recovery of £1.200m, a decrease in under recovery of £0.101m**

The projected decrease in the under recovery has resulted from increased council house rent and tenant charges income.

## 3. Proposals

- 3.1 That Cabinet agrees to (a) note the information and financial projections outlined in the report; (b) approve the earmarking of £0.100m identified at 2.4 (iv) to meet future year commitments; (c) note the current financial projection for the Health and Social Care Partnership; (d) confirm that no further funding will be provided by the Council to the Health and Social Care Partnership; and (e) approve the virements detailed in Appendix 10.

#### 4. Implications

<b>Financial:</b>	<b>General Services</b> The net projection for the year as at 30 November 2017 is a surplus for the year of £2.332m.  <b>Housing Revenue Account</b> The net projection for the year as at 30 November 2017 is an in-year break even position.  The position for both the General Fund and Housing Revenue Account revenue budgets will continue to be monitored closely for the remainder of the financial year
<b>Human Resources:</b>	None
<b>Legal:</b>	None
<b>Equality:</b>	None
<b>Children and Young People:</b>	None
<b>Environmental &amp; Sustainability:</b>	None
<b>Key Priorities:</b>	This budget monitoring report directly supports the Council Plan 2015 to 2020 by "making the best use of all resources" and ensuring a "sound financial position".
<b>Community Benefits:</b>	

#### 5. Consultation

- 5.1 Executive Directors have been consulted as part of the review of financial performance and have approved the projected variances contained in this report.



LAURA FRIEL  
Executive Director (Finance and Corporate Support)

For further information please contact David Forbes, Senior Manager (Strategic Business Partner) on (01294) 324551.

**Background Papers**

Revenue Budget 2017/18 : Financial Performance to 30 September 2017 - Cabinet - 14 November 2017



**CHIEF EXECUTIVE SERVICE**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Legal	459	478	19	4%	1
Policy, Performance & Community Planning	771	806	35	5%	2
Communications	484	427	(56)	(12%)	3
Civil Contingencies	69	69	-	-	
Committee Services	718	675	(43)	(6%)	4
Members Services	1,093	1,091	(2)	(0%)	
Totals	3,594	3,547	(47)	(1%)	

Subjective Summary	Annual Budget	Projected Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	2,925	2,816	(109)	(4%)
Property Costs	7	7	-	-
Supplies and Services	133	190	57	43%
Transport and Plant Costs	14	14	-	-
Administration Costs	961	954	(7)	(1%)
Other Agencies & Bodies	391	395	4	1%
Transfer Payments	-	-	-	-
Other Expenditure	-	-	-	-
Gross Expenditure	4,431	4,376	(55)	(1%)
Income	(837)	(829)	8	(1%)
Net Expenditure	3,594	3,547	(47)	(1%)

**CHIEF EXECUTIVE SERVICE**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Outturn Variance £000	Variance as % of budget	Section
<b>Note 1</b>			<b>Legal</b>
			No significant movement
1,056	(10)	-1%	Employee costs - There is a projected underspend of (£0.010m) due to anticipated vacancies
38	21	55%	Supplies and Services - There is a projected overspend of £0.021m for replacement of IT equipment
(775)	8	-1%	Income - There is a projected under-recovery of income of £0.008m. This is due to anticipated deb write offs of £0.033m partly offset by anticipated over-recovery of licensing income streams
<b>19</b>			
<b>Note 2</b>			<b>Policy, Performance &amp; Community Planning</b>
			No significant movement
696	17	2%	Employee costs - There is a projected overspend of £0.017m mainly due to turnover target not being achieved
20	17	85%	Supplies and Services - There is a projected overspend of £0.017m mainly for replacement of IT equipment
56	1	2%	Other minor variances
<b>35</b>			
<b>Note 3</b>			<b>Communicatons</b>
			No significant movement
455	(72)	-16%	Employee costs - There is a projected underspend of (£0.072m) due to two vacant posts which will be partly used to meet the costs of replacing IT Equipment across Democratic Services
12	16	133%	Supplies and Services - There is a projected overspend of £0.016m for the replacement of IT equipment
<b>(56)</b>			
<b>Note 4</b>			<b>Committee Services</b>
			No significant movement
587	(46)	-8%	Employee costs - There is a projected underspend of (£0.046m) due to vacant posts
114	3	3%	Other minor variances
<b>(43)</b>			

**FINANCE & CORPORATE SUPPORT**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
<b>Directorate</b>	167	168	1	1%	
<b>Audit &amp; Risk</b>	397	423	26	7%	
<b>Finance</b>					
Head of Service	122	165	43	35%	
FMS Project	77	83	6	8%	
Financial Services	1,598	1,650	52	3%	1
Corporate Procurement	636	635	(1)	(0%)	
<b>People &amp; Transformation</b>					
Head of Service	109	109	-	-	
Change Programme	333	306	(27)	(8%)	
Human Resources	1,760	1,699	(61)	(3%)	2
<b>Customer &amp; Digital Services</b>					
Head of Service	107	107	-	-	
ICT	3,163	3,074	(89)	(3%)	3
Customer Services & Registration	2,299	2,205	(94)	(4%)	4
Business Support	1,714	1,570	(144)	(8%)	5
Revenues & Benefits	3,514	3,331	(183)	(5%)	6
Information Governance	351	351	-	-	
<b>Totals</b>	<b>16,347</b>	<b>15,876</b>	<b>(471)</b>	<b>(3%)</b>	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% Variance
	£000	£000	£000	
Employee Costs	14,106	13,631	(475)	(3%)
Property Costs	-	3	3	-
Supplies and Services	45	45	-	-
Transport and Plant Costs	1,730	1,779	49	3%
Administration Costs	600	571	(29)	(5%)
Other Agencies & Bodies	1,729	1,733	4	0%
Transfer Payments	51,798	51,777	(21)	(0%)
Other Expenditure	-	-	-	-
Gross Expenditure	70,008	69,539	(469)	(1%)
Income	(53,661)	(53,663)	(2)	0%
Net Expenditure	16,347	15,876	(471)	(3%)

**FINANCE & CORPORATE SUPPORT**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Projected Variance £000	Variance as % of budget	Section
<b>Note 1</b>			<b>Financial Services</b>
			There is a movement of £0.025m from Period 6 due to reduced vacancies and software commitments
1,667	(17)	-1%	Employee Costs - There is an underspend of £0.017m due to vacancy management
89	47	53%	Supplies & Services - There is a projected overspend of £0.047m due to software commitments
-191	21	-11%	Income - There is a predicted income shortfall of £0.021m following the termination of recharges in relation to the former Criminal Justice Authority
<b>51</b>			
<b>Note 2</b>			<b>Human Resources</b>
			There is a movement of (£0.013m) from Period 6 due to vacancy management
1,591	(17)	-1%	Employee Costs - There is a projected underspend of £0.017m due to the management of vacancies
110	(14)	-13%	Supplies and Services - There is a projected underspend of £0.014m on software licences due to renegotiation of Frontier Contract
128	(19)	-15%	Administration Costs - Projected underspend of £0.019m within staff training courses
-348	(12)	3%	Income - There is a projected over recovery in Occupational Health recharges of £0.020m, offset by a projected income shortfall of £0.009m due to the cessation of both Irvine Bay income and CJA Admin Grant income
<b>(62)</b>			
<b>Note 3</b>			<b>ICT</b>
			There is a movement of (£0.059m) from Period 6 mainly due to vacancy management
2,181	(103)	-5%	Employee Costs - There is a projected underspend of £0.103m due to vacancy management
982	14	1%	Other minor variances
<b>(89)</b>			
<b>Note 4</b>			<b>Customer Services</b>
			There is a movement of (£0.012m) from Period 6 due to vacancy management
2,168	(96)	-4%	Employee Costs - There is a projected underspend of £0.096m due to vacancy management.
131	2	2%	Other minor variances
<b>(94)</b>			
<b>Note 5</b>			<b>Business Support</b>
			There is a movement of £0.035m from Period 6 due to vacancy management
1,843	(146)	-8%	Employee Costs - There is a projected underspend of £0.146m due to vacancy management
(129)	2	-2%	Other minor variances
<b>(144)</b>			
<b>Note 6</b>			<b>Revenues &amp; Benefits</b>
			There is a movement of (£0.022m) from Period 6 mainly due to vacancy management
2,091	(162)	-8%	Employee Costs - There is a underspend of £0.162m due to vacancy management
1,423	(20)	-1%	Other minor variances
<b>(182)</b>			

**EDUCATION AND YOUTH EMPLOYMENT**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Early Years Education	11,503	11,121	(382)	(3%)	1
Primary Education	37,785	37,785	-	-	
Secondary Education	49,856	49,856	-	-	
Additional Support Needs	7,693	7,574	(119)	(2%)	2
Education - Other	4,060	3,960	(100)	(2%)	3
Totals	110,897	110,296	(601)	(1%)	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	85,893	85,554	(339)	(0%)
Property Costs	311	311	-	-
Supplies and Services	23,770	23,699	(71)	(0%)
Transport and Plant Costs	171	171	-	-
Administration Costs	992	992	-	-
Other Agencies & Bodies	5,692	5,606	(86)	(2%)
Transfer Payments	580	580	-	-
Other Expenditure	-	-	-	-
Capital Financing	65	65	-	-
Gross Expenditure	117,474	116,978	(496)	(0%)
Income	(6,577)	(6,682)	(105)	2%
Net Expenditure	110,897	110,296	(601)	(1%)

**EDUCATION AND YOUTH EMPLOYMENT**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Projected Variance £000	Variance as % of budget	Section
<b>Note 1</b>			<b>Early Years Education</b>
			Movement - the underspend has increased by £0.018m due to further underspends in employee costs.
1,776	(311)	-18%	Employee Costs - Underspends in Early Years Teachers of £0.200m. This is due to the difficulty in recruitment of teachers. Further underspends of £0.074m from delays in recruitment for the new early years centre in the new Largs campus.
1,209	(37)	-3%	Payments made to Private Partner Providers currently projected to be underspent due to lower than anticipated uptake of services.
0	(34)		Income from Wraparound Care charges
	<b>(382)</b>		
<b>Note 2</b>			<b>ASN</b>
			No significant movement
1,102	52	5%	Overspend on external specialist residential placements.
1,004	(81)	-8%	Underspend on external day placements
(264)	(70)	27%	Income - Projected over recovery of income due to increased number of pupils placed in North Ayrshire schools and units by other local authorities.
	(20)		Other minor variances
	<b>(119)</b>		
<b>Note 3</b>			<b>Education Other</b>
			No significant movement
629	(100)	-16%	Employee Costs - Underspend is due to Senior Managers vacancies and changes to work patterns.
	<b>(100)</b>		

**PLACE**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
<b>Directorate and Support</b>	(44)	(44)	-	-	
<b>Physical Environment</b>					
Building Services	(3,436)	(3,436)	-	-	1
Works Scoping and Quality Assurance	607	637	30	5%	
Property Governance	922	883	(39)	(4%)	
Property Management & Investment	1,258	1,217	(41)	(3%)	2
Housing Assets & Investment	(870)	(870)	-	-	
Property Running Costs	4,917	5,076	159	3%	3
Energy and Sustainability	3,722	3,722	-	-	
Property Maintenance	3,865	3,865	-	-	
Facilities Management	11,206	11,206	-	-	
Other Housing	4,539	4,421	(118)	(3%)	4
<b>Commercial Services</b>					
Head of Commercial Services	(2)	(2)	-	-	
Roads	6,740	6,740	-	-	
Streetscene	4,973	5,062	89	2%	5
Internal Transport	9,908	9,715	(193)	(2%)	6
Waste Services	8,275	8,130	(145)	(2%)	7
<b>Total</b>	<b>56,580</b>	<b>56,322</b>	<b>(258)</b>	<b>(0%)</b>	
<b>Less Carry Forward</b>		<b>100</b>	<b>100</b>		
<b>Net Total</b>	<b>56,580</b>	<b>56,422</b>	<b>(158)</b>	<b>(0)</b>	

Subjective Summary	Annual Budget	Projected Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	41,350	41,195	(155)	(0%)
Property Costs	16,490	16,624	134	1%
Supplies and Services	10,235	10,573	338	3%
Transport and Plant Costs	10,050	10,004	(46)	(0%)
Administration Costs	2,656	2,668	12	0%
Other Agencies & Bodies	13,857	14,006	149	1%
Transfer Payments	1,737	1,737	-	-
Other Expenditure	341	341	-	-
Capital Financing	-	-	-	-
<b>Gross Expenditure</b>	<b>96,716</b>	<b>97,148</b>	<b>432</b>	<b>0%</b>
<b>Income</b>	<b>(40,136)</b>	<b>(40,826)</b>	<b>(690)</b>	<b>2%</b>
<b>Net Expenditure</b>	<b>56,580</b>	<b>56,322</b>	<b>(258)</b>	<b>(0%)</b>

**PLACE**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Projected Variance £000 Note 1	Variance as % of budget	Section
<b>Building Services</b>			
			No significant movement
7,835	(137)	(2%)	Employee Costs - There is a projected underspend as a result of the management of vacancies .
1,926	795		Third Party Payments - There is a projected overspend of £0.795m due to additional asbestos works of £1.000m offset by an underspend in agency costs of £0.205m
(17,717)	(633)	4%	Income - There are over-recoveries of income. £1.100m due to asbestos works and £0.426m for Capital Works. This is offset by reduction on non-housing income of £0.367m, reduced void income of £0.384m and storm damage £0.059m.
	(25)		Other minor variances
	0		
<b>Note 2</b>			
<b>Property Management &amp; Investment</b>			
			Movement - There is an additional underspend of £0.041m since P6 due to vacancy management
2,281	(111)	(5%)	Employee Costs - There is a projected underspend of £0.111m. This is linked to the under recovery of income noted below
(509)	70	(14%)	Income - There is a projected under recovery in fees recovered from capital of £0.070m.
	(41)		
<b>Note 3</b>			
<b>Property Running Costs</b>			
			No significant movement
162	159	98%	Other Property Costs - costs incurred due to slippage in the property rationalisation programme.
	159		
<b>Note 4</b>			
<b>Facilities Management</b>			
			No significant movement
9,920	(106)	(1%)	Employee Costs - There is a projected underspend of £0.106m which will be used to fund other planned expenditure.
144	25	17%	Cleaning materials - £0.025m expenditure is required for the purchase of cleaning equipment for the new Largs Academy.
113	81	72%	Kitchen Equipment - £0.081m is required for alterations to kitchens required to implement future years savings.
	0		
<b>Note 5</b>			
<b>Other Housing</b>			
			Movement -There has been an increase in the underspend of £0.055m since P6 primarily due to revised third party payments
1,581	(82)	(5%)	Third party payments - there is an underspend of £0.045m for grants paid to third parties in respect of services for Rough Sleepers. There is also a projected underspend in payments to service providers of £0.033m.
	(36)		Other minor variances
	(118)		
<b>Note 6</b>			
<b>Streetscene</b>			
			Movement - there has been an increase in the projected overspend since P6 of £0.080m, mainly due to an overspend in employee costs.
5,929	52	1%	Employee Costs - there is a projected overspend of £0.052m mainly due to unachieved turnover of £0.066m.
	37		Other minor variances
	89		



Budget £000	Projected Variance £000	Variance as % of budget	Section
<b>Note 7</b>			<b>Internal Transport</b>
			Movement - there has been an increase in the underspend since P6 of £0.193m, mainly due to an underspend in transport provision costs and additional income.
1,413	20	1%	Employee Costs - there is a projected overspend of £0.020m mainly due to unachieved turnover.
2,235	(40)	(2%)	Transport Costs - External hires are predicted to be £0.010m overspent, however this is offset by a projected year end underspend of £0.022m on fuel as a result of the current lower cost of fuel (it is noted that volatility of fuel prices may impact on future projections) and a projected underspend in other transport costs of £0.030m.
4,192	(122)	(3%)	Transport Provision Costs - there is a projected underspend of £0.122m based on the Quarter 2 projection from SPT, however this is subject to change.
(58)	(54)	93%	Income - There is a predicted over-recovery of additional income of £0.054m in relation to external taxi recharges and social work transport income.
	3		Other minor variances
			It is requested that £0.100m of this underspend be earmarked for internal property improvements at the Transport garage to provide adequate welfare facilities.
(193)			
<b>Note 8</b>			<b>Waste Services</b>
			Movement - the underspend has decreased by £0.160m since P6 mainly due to an increase in Employee costs (£0.038m) and overspends in Disposal Sites (£0.135m)
4,340	273	6%	Employee Costs - there is a projected overspend of £0.273m mainly due to a requirement to supplement current resources to reflect seasonal and operational demands. Also there is a six month delay in the efficiency savings (£0.055m) and unachieved turnover (£0.050m). This overspend in total is being offset currently against the Blue Bin contract income.
846	(418)	(49%)	Payments to Contractors - there is an underspend on the Blue Bin contract of £0.418m as a result of an increase in the market values for recyclates.
2,932	(136)	(5%)	Landfill tax - there is a projected underspend of £0.136m due to tonnages going to the Landfill site less than previously estimated.
(1,646)	(39)	2%	Commercial Refuse Collection - there is additional income of £0.039m projected mainly due to a net increase in uptake of the service by external businesses
341	72	21%	Disposal Sites - Supplies and Services: Leachate (£0.040m) due to SEPA regulatory requirements and Trade effluent (£0.032m)
4,321	63	1%	Disposal sites - Third party payments: Special Uplifts (£0.030m) and Clyde Valley Partnership (£0.033m)
	40		Other minor variances
			The service will complete an in year virement exercise to realign variances as appropriate.
(145)			

**ECONOMY AND COMMUNITIES**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Management	554	554	-	-	
<b>Economic Growth</b>					
Planning & Protective Services	1,579	1,537	(42)	(3%)	1
Economic Development	5,459	5,311	(148)	(3%)	2
<b>Connected Communities</b>	11,759	11,806	47	0%	3
	19,351	19,208	(143)	(1%)	

Subjective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance
	£000	£000	£000	
Employee Costs	11,941	11,873	(68)	(1%)
Property Costs	301	294	(7)	(2%)
Supplies and Services	1,044	1,075	31	3%
Transport and Plant Costs	152	148	(4)	(3%)
Administration Costs	299	300	1	0%
Other Agencies & Bodies	9,344	8,905	(439)	(5%)
Transfer Payments	-	-	-	-
Other Expenditure	-	-	-	-
Gross Expenditure	23,081	22,595	(486)	(2%)
Income	(3,730)	(3,387)	343	(9%)
Net Expenditure	19,351	19,208	(143)	(1%)

**ECONOMY AND COMMUNITIES**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Projected Variance £000	Variance as % of budget	Section
<b>Note 1</b>			<b>Planning &amp; Protective Services</b>
			No significant movement
1,639	(70)	-4%	Employee Costs - There are underspends in Planning Services (£0.050m) and Trading Standards (£0.023m) due to vacancy management.
544	50		Income - There is a projected under recovery in Planning Income of £0.050m
	(22)		Other minor variances
	(42)		
<b>Note 2</b>			<b>Economic Development</b>
			Movement - the underspend has increased by £0.028m due to vacancy management within Regeneration
1,631	(33)	-2%	Employee Costs - there is an underspend in Regeneration of £0.028m due to vacancy management
2,111	(127)	-6%	Payments to Other Bodies - Underspends appear in relation to our Employment and Recruitment Initiative's (ERI) due to the recovery of overheads from within the ESF Employability bids.
	12		Other minor variances
	(148)		
<b>Note 3</b>			<b>Connected Communities</b>
			Movement - the overspend has increased by £0.019m due to use of casual staff within Libraries and Community Facilities
6,049	50	1%	Employee Costs - there is an overspend in Community Facilities of £0.065m due to use of casual employees due to the increased use of Community Centres linked to Food Poverty. This is offset against an underspend in Libraries of £0.015m.
	(3)		Other minor variances
	47		

**OTHER CORPORATE SERVICES**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Final Outturn	Annual Variance Adverse or (Favourable)	% Variance	Note No
	£000	£000	£000		
Strathclyde Passenger Transport	2,409	2,365	(44)	(2%)	1
SPT Concessionary Fares	283	277	(6)	(2%)	
Ayrshire Joint Valuation Board	780	760	(20)	(3%)	2
<b>Other Corporate Costs</b>					
Pension Costs	1,882	1,784	(98)	(5%)	3
Non-Distributed Costs	-	-	-	-	
Central Telephones	86	76	(10)	(12%)	
Other Corporate Items (incl Additional Resources from Council decisions on 1 March 2017)	12,815	11,860	(955)	(7%)	4
Insurance Account	(3)	82	85	(2833%)	5
	18,252	17,204	(1,048)	(6%)	

**OTHER CORPORATE SERVICES**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Outturn Variance £000	Variance as % of budget	Section
<b>Note 1</b>			<b>Strathclyde Passenger Transport</b>
			No significant movement
2,409	(44)	(2%)	The projected underspend of £0.044m is due to a reduction in the requisition charge
	<b>(44)</b>		
<b>Note 2</b>			<b>Ayrshire Valuation Joint Board</b>
			No significant movement
780	(20)	(3%)	The projected underspend of £0.020m is due to a reduction in the requisition charge
	<b>(20)</b>		
<b>Note 3</b>			<b>Pension Costs</b>
			No significant movement
1,882	(98)	(5%)	The projected underspend of £0.098m is due to reduced pension costs relating to the period before local government reorganisation
	<b>(98)</b>		
<b>Note 4</b>			<b>Other Corporate Items</b>
			Movement - the underspend has increased by £0.536m due to updated autoenrolment projections and additional funding for temporary accommodation which will not be anticipated to be drawn down in year
12,815	(955)	(7%)	Centrally held funds in respect of the revised Benefits Cap are not anticipated to be fully drawdown following additional provisions within the 2017/18 Local Government Finance Settlement combined with lower than anticipated take up rates. Additional Scottish Government funding in relation to temporary accommodation will not be drawn down in year. Other previously identified pressures related to fuel, utility and pension costs are now not anticipated to be fully drawdown.
	<b>(955)</b>		
<b>Note 5</b>			<b>Insurance Account</b>
			No significant movement
(3)	85		The increase in insurance costs has been greater than anticipated due to increased excesses.
	<b>85</b>		

## 2017/18 Budget Monitoring Report – Period 8 Objective Summary

Partnership Budget - Objective Summary	2017/18 Budget								
	Council			Health			TOTAL		
	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COMMUNITY CARE AND HEALTH</b>	<b>54,071</b>	<b>53,238</b>	<b>(833)</b>	<b>10,524</b>	<b>10,683</b>	<b>159</b>	<b>64,595</b>	<b>63,921</b>	<b>(674)</b>
: Locality Services	26,156	25,814	(342)	3,441	3,356	(85)	29,597	29,170	(427)
: Community Care Service Delivery	25,383	24,924	(459)	-	-	-	25,383	24,924	(459)
: Rehabilitation and Reablement	756	786	30	1,837	2,130	293	2,593	2,916	323
: Long Term Conditions	1,325	1,340	15	2,962	2,941	(21)	4,287	4,281	(6)
: Integrated Island Services	451	374	(77)	2,284	2,256	(28)	2,735	2,630	(105)
<b>MENTAL HEALTH SERVICES</b>	<b>22,369</b>	<b>23,319</b>	<b>950</b>	<b>49,290</b>	<b>49,920</b>	<b>630</b>	<b>71,659</b>	<b>73,239</b>	<b>1,580</b>
: Learning Disabilities	17,199	18,124	925	467	444	(23)	17,666	18,568	902
: Community Mental Health	3,824	3,922	98	1,844	1,808	(36)	5,668	5,730	62
: Addictions	1,346	1,273	(73)	1,171	1,172	1	2,517	2,445	(72)
: Lead Partnership Mental Health NHS Area Wide	-	-	-	45,808	46,496	688	45,808	46,496	688
<b>CHILDREN'S SERVICES AND CRIMINAL JUSTICE</b>	<b>29,923</b>	<b>32,088</b>	<b>2,165</b>	<b>4,708</b>	<b>4,642</b>	<b>(66)</b>	<b>34,631</b>	<b>36,730</b>	<b>2,099</b>
: Intervention Services	3,798	3,710	(88)	295	318	23	4,093	4,028	(65)
: Looked After & Accomodated Children	15,197	17,502	2,305	-	-	-	15,197	17,502	2,305
: Fieldwork	6,518	6,593	75	-	-	-	6,518	6,593	75
: CCSF	395	389	(6)	-	-	-	395	389	(6)
: Criminal Justice	2,902	2,902	-	-	-	-	2,902	2,902	-
: Early Years	311	247	(64)	1,738	1,643	(95)	2,049	1,890	(159)
: Policy & Practice	802	745	(57)	-	-	-	802	745	(57)
: Lead Partnership NHS Children's Services Area Wide	-	-	-	2,675	2,681	6	2,675	2,681	6
<b>PRIMARY CARE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,575</b>	<b>48,704</b>	<b>1,129</b>	<b>47,575</b>	<b>48,704</b>	<b>1,129</b>
<b>MANAGEMENT AND SUPPORT COSTS</b>	<b>4,517</b>	<b>4,635</b>	<b>118</b>	<b>(1)</b>	<b>1,157</b>	<b>1,158</b>	<b>4,516</b>	<b>5,792</b>	<b>1,276</b>
<b>CHANGE PROGRAMME</b>		<b>(158)</b>	<b>(158)</b>	<b>2,177</b>	<b>2,107</b>	<b>(70)</b>	<b>2,177</b>	<b>1,949</b>	<b>(228)</b>
<b>LEAD PARTNERSHIP AND SET ASIDE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>133</b>	<b>-</b>	<b>133</b>	<b>133</b>
<b>TOTAL</b>	<b>110,880</b>	<b>113,122</b>	<b>2,242</b>	<b>114,273</b>	<b>117,346</b>	<b>3,073</b>	<b>225,153</b>	<b>230,468</b>	<b>5,315</b>

## 2017/18 Budget Monitoring Report

## Period 8 Subjective Summary

Partnership Budget Subjective Summary	2017/18 Budget								
	Council			Health			TOTAL		
	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance	Budget	Projected Outturn	Projected Over/ (Under) Spend Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee Costs	44,442	44,380	(62)	55,032	56,321	1,289	99,474	100,701	1,227
Property Costs	389	358	(31)	16	55	39	405	413	8
Supplies and Services	2,290	2,424	134	5,249	5,678	429	7,539	8,102	563
Prescribing Costs	-	-	-	30,129	31,359	1,230	30,129	31,359	1,230
Primary Medical Services	-	-	-	17,446	17,346	(100)	17,446	17,346	(100)
Transport and Plant	523	611	88	-	-	-	523	611	88
Admin Costs	639	762	123	1,897	1,774	(123)	2,536	2,536	-
Other Agencies & Bodies	84,046	86,747	2,701	6,165	6,235	70	90,211	92,982	2,771
Transfer Payments	2,665	2,627	(38)	-	-	-	2,665	2,627	(38)
Other Expenditure	-	6	6	-	-	-	-	6	6
Capital Expenditure	-	-	-	-	-	-	-	-	-
Income	(24,114)	(24,793)	(679)	(1,662)	(1,423)	239	(25,776)	(26,216)	(440)
<b>TOTAL</b>	<b>110,880</b>	<b>113,122</b>	<b>2,242</b>	<b>114,272</b>	<b>117,345</b>	<b>3,073</b>	<b>225,152</b>	<b>230,467</b>	<b>5,315</b>

**MISCELLANEOUS ITEMS****FINANCIAL PERFORMANCE 2017/18****REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Financing Charges	20,084	17,378	(2,706)	(13%)	1
Aggregate External Finance	(271,063)	(271,063)	-		
Council Tax	(52,431)	(52,295)	136	(0%)	2
Use of Change Fund	(434)	(434)	-		
Use of Earmarked Funds	(9,579)	(9,579)	-		
Totals	(313,423)	(315,993)	(2,570)	1%	
Less Carry Forward to Loans Fund Reserve	-	2,706	2,706		
Net Total	(313,423)	(313,287)	136	(4%)	

**Note 1 Financing Charges**

Capital Financing charges are forecasting an underspend of £2.706m based on the latest cash flow and interest rate projections. This reflects the under borrowed position combined with a change in the share of interest from the HRA. The underspend has been earmarked and transferred to the Loans Fund Reserve to enable future costs linked to capital expenditure and borrowing to be managed through the reserve.

**Note 2 Council Tax**

Income from Council Tax is forecasting to under recover by £0.136m related to reduced recovery from prior years. This is a reduction of £0.284m from that reported at Period 6 following the allocation of additional Council Tax Reduction funding by the Scottish Government.



## Budget Management - 30 November 2017

## Virement/Budget Adjustment Requests

	Perm (P) / Temp(T)	2017/18	
		Virement £m	Directorate Total £m
<b>1) Budget Virements</b>			
<b>Place</b>			
Increase income recharge budget in Streetscene due to additional in year work from Housing/PMI and Golf Open	T	-0.175	
Increase expenditure budgets in Streetscene due to additional in year work from Housing/PMI and Golf Open	T	0.175	
PMI - Reduce Employee Costs Budget ,due to unfilled vacancies, and increase Payment to Contractors budget .Please note a transfer of £0.157m has already been approved by Cabinet on 14 November 2017.	T	-0.050	
PMI - Reduce Employee Costs Budget ,due to unfilled vacancies, and increase Payment to Contractors budget .Please note a transfer of £0.157m has already been approved by Cabinet on 14 November 2017.	T	0.050	
Building Services - Increase Asbestos works Income budget to reflect additional work released	T	-1.000	
Building Services - Increase Asbestos Payments to Subcontractors budget to reflect additional work released	T	1.000	
			<b>0.000</b>
<b>HRA</b>			
Decrease Employee Budget to reflect expected vacancies in the year	T	-0.106	
Decrease Property costs budget to reflect underspends in Void Repairs	T	-0.179	
Decrease Capital Financing Budget to reflect reduction in borrowing costs due to Council house Sales and slippage in new Build programme	T	-0.629	
Decrease Council House Rents Income Budget to reflect reduced stock numbers caused by Council house Sales, slippage in the New Build programme and Sheltered Housing Decants	T	0.914	
			<b>0.000</b>

**HOUSING REVENUE ACCOUNT**  
**FINANCIAL PERFORMANCE 2017/18**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Objective Summary	Annual Budget	Final Year End Outturn	Annual Variance Adverse or (Favourable)	% variance	Note No
	£000	£000	£000		
Employee Costs	4,628	4,522	(106)	(2%)	1
Property Costs					
Responsive Repairs	1,619	1,586	(33)	(2%)	2
Void Repairs	2,759	2,375	(384)	(14%)	
Planned & Cyclical maintenance	7,420	7,501	81	1%	
Estate Based Projects	210	210	-	-	
Roads & Lighting Maintenance	186	186	-	-	
Aids & adaptations	1,855	1,855	-	-	
Other property costs	3,411	3,381	(30)	(1%)	
Supplies and Services	228	212	(16)	(7%)	
Transport and Plant Costs	38	35	(3)	(8%)	
Administration Costs	1,609	1,549	(60)	(4%)	3
Other Agencies & Bodies	1,386	1,381	(5)	(0%)	
Transfer Payments	121	91	(30)	(25%)	
Other Expenditure	403	419	16	4%	
Capital Financing	22,920	22,290	(630)	(3%)	4
Gross Expenditure	48,793	47,593	(1,200)	(2%)	
Income					
Council House Rents	(47,185)	(45,977)	1,208	(3%)	5
Other Rents	(374)	(420)	(46)	12%	
Recharges	(595)	(566)	29	(5%)	
Other Income	(103)	(94)	9	(9%)	
Transfers from HRA Reserves	(536)	(536)	-	-	
Net Expenditure	-	-	-		

**HOUSING REVENUE ACCOUNT**  
**FINANCIAL PERFORMANCE 2016/17**

**REPORT FOR THE EIGHT MONTHS TO 30 NOVEMBER 2017**

Budget £000	Variance £000	Variance as % of budget	Section
Note 1			<b>Employee Costs</b>
			The projected underspend in employee costs has decreased by £0.012m since P6 due to the creation of 3 temporary posts, offset by further vacancies.
4,628	(106)	-2%	The underspend of £0.106m reflects expected vacancies for the year. A virement is requested to move this underspend to offset the shortfall in rental income.
<b>(106)</b>			
Note 2			<b>Property Costs</b>
			The projected underspend in property costs has decreased by £0.154m from P6 primarily due to increased voids costs of £0.089m, net of a budgetary adjustment for Aids and Adaptations, and increased expenditure on Infrastructure projects of £0.074m
16,923	(366)	-2%	The underspend of £0.366m reflects an underspend on Voids of £0.384m due to a lower volume and an average 13% price decrease. There are also underspends in Heating Maintenance of £0.361m, Planned Maintenance £0.063m and Sheltered Housing Works of £0.056m. These are offset by additional Asbestos works of £0.566m. A virement is requested to move £0.179m of this underspend to offset the shortfall in rental income.
<b>(366)</b>			
Note 3			<b>Administration Costs</b>
			The projected underspend has increased by £0.037m since P6 due to additional efficiency savings across budget lines
1,609	(60)	-4%	This is due to underspends on membership fees, postages and general efficiency savings across all budget lines
<b>(60)</b>			
Note 4			<b>Capital Financing</b>
			No significant movement
22,920	(630)	(3%)	Capital Financing charges are forecasting an underspend of £0.629m based on the latest cash flow and interest rate projections. This reflects the strategy of taking temporary borrowing rather than permanent borrowing to maximise the financial savings as a result of current market conditions and a reduction in the borrowing required for this year's capital programme.
<b>(630)</b>			
Note 5			<b>Income</b>
			The projected under-recovery has decreased primarily by £0.100m since P6 due to increased council house rents of £0.039m and increased tenant charges of £0.061m
(48,793)	1,200	(2%)	There is an under-recovery of Council house rent income of £1.207m mainly due to increased council house sales. There was also slippage and amendments to new build properties available to rent and 23 protracted voids from sheltered housing decants. This is offset by additional income and recharges of £0.007m. A virement of £0.914m is requested from underspends in expenditure budgets above to cover the shortfall in rental income.
<b>1,200</b>			

HRA reserves and balances	B/fwd from 2016/17	Period 8 Revenue	Use of Earmarked sums	Earmarking of in year surplus	Funding of Capital Projects	Balance at 31/03/18
	£m	£m	£m	£m	£m	£m
Council House Building Fund	8.082	-	0.156	-	-	8.238
Welfare Reform	3.000	-	-	-	-	3.000
Contingency Balance	1.000	-	-	-	-	1.000
Sheltered Housing Unit Works	0.156	-	(0.156)	-	-	0.000
Infrastructure Improvements	0.613	-	(0.236)	-	-	0.377
Major Refurbishment Works	0.762	-	(0.300)	-	-	0.462
Tarryholme	1.091	-	-	-	-	1.091
Uncommitted Balance	-	-	-	-	-	-
	<b>14.704</b>	-	<b>(0.536)</b>	-	-	<b>14.168</b>