

MONTHLY REVENUE MANAGEMENT REPORT
SCOTTISH BORDERS COUNCIL **2015/16**
SUMMARY



	Final Approved Budget (£'000)	Final Outturn Actual (£'000)	Variance pre adjustments (£'000)	Decrease/(Increase) to Earmarked Balances (£'000)	Variance against final adjusted Budget (£'000)	Summary Financial Commentary
Chief Executive	27,658	27,589	69	0	69	The Chief Executive's department is reporting a small underspend. Within this the SWAN pressure of over £400k has been offset from the removal of non essential discretionary spend £212k and further specific Service underspends.
People	166,649	166,202	447	(54)	393	The People department are reporting a net underspend position of £393k. This position includes an underspend of £438k in Children & Young People as a result of lower than anticipated cost of implementation of increased Early Years provision and lower than anticipated contracted services costs and savings in discretionary spend in Integrated Children's Services. A further underspend of £63k was delivered within the Business support team as a result of result of the freeze on discretionary spend and staff vacancies. These departmental underspends were offset by a pressure of £107k in Adult Services. This pressure is as a result of budget pressures within the Older People Service in the main.
Place	37,429	36,987	443	604	1,047	
Loan Charges	18,345	18,330	15	0	15	Underspend as a result of favourable interest rates.
Other	10,769	11,117	(348)	415	67	Reduced payments of Council Tax Reduction Scheme (£85k)
Total	260,850	260,225	626	965	1,591	
Financed by:						
Revenue Support Grant	(178,870)	(178,870)	0	0	0	
Non-Domestic Rates	(33,707)	(33,707)	0	0	0	
Council Tax	(52,128)	(51,820)	(308)	0	(308)	Lower income received than previously projected.
Reserves:						
Earmarked Balances from 2014/15	(5,959)	(5,959)	0	0	0	
Earmarked Balances for future years	12,154	11,189	965	(965)	0	
Transfers to\from Reserves	(2,341)	(2,341)	0	0	0	
	(260,850)	(261,508)	657	(965)	(308)	
Under/(Overspend)	(0)	(1,283)	1,283	0	1,284	

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CHIEF EXECUTIVE



Chief Executive	Final Approved Budget (£'000)	Final Outturn Actual (£'000)	Variance pre adjustments (£'000)	Decrease/(Increase) to Earmarked Balances (£'000)	Variance against final adjusted Budget (£'000)	Reasons for material variances
Chief Executive	407	396	11	0	11	Non-essential discretionary spend
Executive Support	332	320	12	0	12	Staff savings
Public Health						
Gross Expenditure	117	112	5	0	5	
Income	(47)	(47)	0	0	0	
	70	65	5	0	5	
Strategy & Policy						
Strategic Policy Unit	1,082	1,059	23	0	23	Non-essential discretionary spend
Economic Development	1,671	1,531	140	0	140	Underspends within Gala Town Centre Project £26k, Inward investment £34k, Business Funding £45k due to businesses not claiming offered grants and non essential discretionary spend £35k.
Housing Strategy & Services	2,812	2,765	47	0	47	Removal of non-essential discretionary spend and hold on recruitment in final quarter.
Audit & Risk	393	393	0	0	0	
Sub-total Strategy & Policy	5,958	5,748	210	0	210	
Finance	3,730	3,605	125	0	125	Non essential discretionary spend and additional recharge income.
Human Resources						
HR	1,521	1,490	31	0	31	Slippage of mediation training (ACAS) to May 2016.
HRSS	815	804	11	0	11	Non-essential discretionary spend and re-alignment of software licencing/maintenance.
Sub-total Human Resources	2,336	2,294	42	0	42	
Business Transformation						
Transformation	803	826	(23)	0	(23)	Increased transformation costs
Information Technology	5,180	5,596	(416)	0	(416)	SWAN pressure resulting from additional fixed Vodafone contract costs which are more expensive due to slippage in migration of sites by Capita
Community Services	4,727	4,678	49	0	49	Non-essential discretionary spend
Health & Safety	299	300	(1)	0	(1)	
Emergency Planning	139	134	5	0	5	

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Communications	625	633	(8)	0	(8)	Underspend in Members costs (£54k), removal of non-essential discretionary spend (£14k). Pressure from revenue consequences of Selkirk 2G pitch.
Democratic Services	1,375	1,307	68	0	68	
Sports Trusts	2,338	2,354	(16)	0	(16)	
Sub-total Business Transformation	15,486	15,828	(342)	0	(342)	
Recharge to Non-General Fund	(661)	(667)	6	0	6	
Total - Chief Executive	27,658	27,589	69	0	69	

Key Highlights

The delay in migration of sites within the SWAN project has created a significant overspend in 2015/16. This has been offset by underspends in other areas primarily due to a hold on non essential discretionary spend in the last quarter of the year. Regeneration projects within Galashiels Town Centre and Selkirk have been supported and the Scottish Borders Business Fund received 43 applications and approved 37 grants valued at £107,960.65 supporting projects with a value of £243,947.02. These projects are forecast to create 43 jobs and safeguard 57.5 jobs with a forecast economic impact of £953,745 GVA.

Community Services has been successfully transferred to LIVE borders and will in future years be shown under the heading of Integrated Trusts. The new contract with CGI for ICT services will change how services are delivered within SBC as well as creating jobs within the Borders.

Following internal management changes the following services will move from Chief Executives to the Place department from 2016/17. Housing Strategy & Services, Audit & Risk and Health & Safety will transfer to Regulatory Services and Strategy and Policy will move to Neighbourhood Services. Economic Development will remain in Chief Executives as part of Business Transformation.

Key Challenges

The Chief Executives department has supported the Corporate Transformation programme throughout the year to deliver savings and service improvements across the Council as well as delivering £1.4m of savings of which over £1.2m have been achieved on a permanent basis.

Key Risks

Going forward increasing support will be required by the Corporate Transformation Programme, there is a risk that this as well as the significant savings targets set for the next 5 years will put the Chief Executives department under increasing pressure to deliver more with less resources.

People	Final Approved Budget (£'000)	Final Outturn Actual (£'000)	Variance pre adjustments (£'000)	Decrease/(Increase) to Earmarked Balances (£'000)	Variance against final adjusted Budget (£'000)	Reasons for material variances
Children & Young People						
Early Years	5,878	5,645	233	0	233	Savings of £232k, arising from lower than anticipated cost of implementation of increased Early Years provision.
Primary Schools	31,579	31,785	(206)	185	(21)	£185k decrease to DSM carry forwards. Additional supply and sickness costs.
Secondary Schools	39,948	39,794	154	(239)	(85)	£239k increase to DSM carry forwards. Additional staffing costs including supply, sickness and maternity costs.
Central Schools	3,988	3,935	53	0	53	Underspend in legal costs and increased supply staff recharge income.
Transportation	3,595	3,602	(7)	0	(7)	
School Meals	1,813	1,776	37	0	37	School meals uptake variances.
Community Learning & Development	1,100	1,082	18	0	18	Reduced adult tutor costs and discretionary spend savings
Integrated Children's Services (ICS)	26,229	26,019	210	0	210	Lower than anticipated contracted services costs and savings in discretionary spend have delivered a £210k favourable out-turn. During the year increased Out of Area costs and direct payment pressures have been offset by various vacancy management, discretionary spend savings and reduced third party payments and allowances. Out of Area Placements exceeded base budget by £1.32m.
Sub-total Children & Young People	114,130	113,638	492	(54)	438	
Chief Social Work Officer						
Services in the Criminal Justice System						
Gross Expenditure	1,275	1,275	0	0	0	
Income	(1,275)	(1,275)	0	0	0	
	0	0	0	0	0	
Adult Services						
Older People	24,467	24,659	(192)	0	(192)	An increasing demand on the Older People Service continues to put pressure on this budget.
Adults with Learning Disabilities (AWLD)	14,736	14,561	175	0	175	A number of rate changes to commissioned services did not materialise during the year resulting in the underspend reported.
People with Physical Disabilities (PWPD)	3,277	3,249	28	0	28	Community Based Services, which include SDS, came in lower than budget.
People with Mental Health Needs	2,185	2,184	2	0	2	

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Generic Services & Staff Teams	4,828	4,949	(121)	0	(121)	The majority of this adverse variance relates to savings / income initiatives included in the Financial Plan which were delivered temporarily from elsewhere in the Service. Assumes an increased contribution from NHS Borders, aligned to activity, in relation to the Borders Ability and Equipment Store.
Contribution from SB Cares	(480)	(480)	0	0	0	
Adult Services	49,014	49,122	(107)	0	(107)	
Business Support	3,505	3,442	63	0	63	Reduction in various supplies and services commitments, lower than anticipated car allowances and staff vacancy savings pending the conclusion of the Business Support review.
Total - People	166,649	166,202	447	(54)	393	

Key Highlights

Provision of 600 hours entitlement for 3 & 4 year olds and eligible 2 year olds rolled out.
 Children & Young People & Business Support Transformation Programmes & associated savings on track.
 A number of Social Work assessments in the final month of the year generated additional income and there was also a thorough review of every commitment line which resulted in £180k being released from the Learning Disabilities budget.

Key Challenges

Children & Young People have fully identified permanent delivery of 2015/16 Transformation savings.
 Funding pressures of Out of Area Placements in the Children & Young People Service continue.
 There were a few savings targets which have not been delivered permanently during 2015/16 which have had a direct effect on the projected outturn position. £130k has not been delivered from Equipment charging and a further £48k is outstanding from business review. Plans are being developed in 2016/17 to ensure full year permanent delivery of these savings going forward.

Key Risks

Maintaining teacher numbers to avoid risks to Corporate Funding.
 Permanently identifying transformation savings in the context of Scottish Government requirement to maintain teacher numbers.
 Care at Home tenders were received and the new rates for existing suppliers become applicable from 16 May 2016. Some of these rate rises are significant. There is also an increased pressure from the need to ensure a living wage is paid to all Social Care staff from 1 October. Ongoing discussions with the NHS with regards the Social Care Fund are crucial to meeting this pressure.

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PLACE



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Commercial Services						
Infrastructure Asset Management	2,076	2,016	60	0	60	£24k reduction in discretionary spending items, Street Lighting Electricity savings of £20k and Manpower savings £16k
Pay Parking	(2)	(2)	0	0	0	
Fleet Management	(146)	(232)	86	0	86	Increased turnover and profit margin on dayworks materials £46k, additional income from private parties £17k and reduced material cost on contract vehicle repairs.
Passenger Transport	2,177	2,217	(40)	0	(40)	Known pressure within Bus Subsidies due to reduced income as a result of Borders Railway.
Design Services	53	37	16	0	16	Additional income recharges in final quarter
Projects	75	58	17	0	17	Savings in manpower and feasibility expenditure partially offset by reduced income.
Trading Contribution	(400)	(486)	86	0	86	Improved profit margins and continued strength to the year end in Labour & Plant Accounts together with good control of overheads.
Property & Facilities Management	3,852	3,699	153	0	153	Lower than anticipated food cost % within Catering 124k. Small increases in a number of income sources 16k. Unanticipated Cleaning income from reactive services 24k. Partially offset by increased manpower costs within property.
Sub-total Commercial Services	7,685	7,307	378	0	378	
Neighbourhood Services						
Customer Services	2,016	2,403	(387)	595	208	The flood grant earmarked balance has been reduced to reflect the increased 15/16 spend. Additional income of £102k for Housing Benefit Overpayment Recovery, Penalty Income, Registrars Fees and income from Blue Badges along with savings in manpower and stopping non essential discretionary spend.
Waste	8,780	8,712	68	0	68	Underspend in Leachate and increased income.
Safer Communities	369	369	0	3	3	
Neighbourhoods	12,631	12,474	157	6	163	Savings in manpower costs and improved efficiency in the Langlee Aggregates yard.
Sub-total Neighbourhood Services	23,796	23,958	(162)	604	442	

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Regulatory Services						
Assessor & Electoral Registration Officer	751	659	92	0	92	Funding received late March to cover additional costs relating to the Individual Electoral Registration. These additional costs had been met predominantly through earmarking from 2014-15 as it was uncertain whether this funding would materialise.
Legal Services	577	517	60	0	60	£30k savings in employee costs, £15k additional income, £9k discretionary spend savings and 6k savings in legal & consultancy costs.
Planning	1,762	1,726	36	0	36	Savings in printing and legal expenses within Policy and Access partially offset by reduced planning fee income
Regulatory Services	1,227	1,220	7	0	7	
Built & Natural Heritage	0	0	0	0	0	
Sub-total Regulatory Services	4,317	4,122	195	0	195	
Business Support	1,632	1,600	32	0	32	£26k savings in employee costs due to delayed recruitment into new structure & £5k savings in supplies and services.
Total - Place	37,429	36,987	443	604	1,047	

Key Highlights

Higher than anticipated income in many service areas has contributed to the underspend position. This is demonstrated within SBContracts and Fleet Management with a strong last quarter trading position and increased income in Customer Services. Reduced spend due to the last quarters hold on non essential discretionary spend and the recruitment freeze in preparation of 2016/17 financial plan savings have also contributed towards the underspend position. Increased efficiencies within the Catering Department and Langlee Aggregates Yard have also positively impacted on the year end position. The department delivered over £1.7m of savings during the year with over £1.3m being delivered permanently.

Key Challenges

Significant service specific savings within the 2016/17 financial plan in conjunction with the Corporate Transformation Programme will be challenging to deliver in 2016/17. Within this, delivery of the Roads Review, Waste Management strategy and Customer First as well as the corporate delivery programme including Property & Assets will see the department undergo significant change in the coming years.

Key Risks

Key risks for the department continue to include external factors including the construction market which impacts on SBContracts and Planning Fee income and adverse weather which impacts on Neighbourhood Services, Waste and SBContracts. There is also a potential impact from the railway on future bus income/subsidies. Welfare Reform will also impact on how the temporary housing service is funded and this will depend on the impact of the roll out of Universal credit which is difficult to predict at this point.

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OTHER



Other	Final Approved Budget (£'000)	Final Outturn Actual (£'000)	Variance pre adjustments (£'000)	Decrease/(Increase) to Earmarked Balances (£'000)	Variance against final adjusted Budget (£'000)	Reasons for material variances
Corporate Transformation						
Transformation (Projects)	779	780	(1)	1	0	Reduce EMB to fund additional 2015/16 spend
Sub-total Corporate Transformation	779	780	(1)	1	0	
Early Retirement/Voluntary Severance	1,801	2,199	(398)	396	(2)	Reduce EMB to fund 31 March 2016 approved applications
Fairer Scotland	13	9	4	0	4	Non-essential discretionary spend.
Loan Charges	18,176	18,161	15	0	15	Favourable interest rates.
Capital Financed from Current Revenue (CFCR)	169	169	0	0	0	
Interest on Revenue Balances IORB	(10)	(31)	21	0	21	Higher cash balanced resulting in increased interest received
Contribution to Property Maintenance	2,253	2,253	0	0	0	
Provision for Bad Debts	325	325	0	0	0	
Housing Benefits						
Gross Expenditure	28,856	29,876	(1,020)	0	(1,020)	
Income	(28,041)	(29,022)	981	0	981	Changing initiatives by the Department of Work and Pensions have affected patterns of spend compared with other years.
	815	854	(39)	0	(39)	
Discretionary Housing Payments						
Gross Expenditure	613	631	(18)	18	0	
Income	(521)	(521)	0	0	0	
	92	110	(18)	18	0	Reduce EMB to fund additional 2015/16 spend. Demand for DHP is affected by customer circumstances and degree of awareness. This has led in 2015/16 to demand being higher than expected.
Council Tax Reduction Scheme	5,312	5,227	85	0	85	CTRS reductions to 2013/14 and 2014/15 awards. Demand for CTRS is related to customer circumstances and awareness and CT levels. CT levels are static compared to generally increasing income levels which reduces eligibility levels.
Non Domestic rates Relief	137	135	2	0	2	
Commercial Rents	(1,187)	(1,188)	1	0	1	
Scottish Welfare Fund	439	444	(5)	0	(5)	
Total - Other	29,114	29,447	(333)	415	82	

Key Highlights

185 property enquiries were received in 2015/16 which resulted in 35 new property leases which in turn will generate £165k in annual rental income. The current occupancy level is 93% for the portfolio of industrial units, yards, offices and shops.

Key Challenges

Loan charges are dependant on progress with the Capital Plan and borrowing required throughout the year.

Key Risks