

**MONTHLY REVENUE MANAGEMENT REPORT
SCOTTISH BORDERS COUNCIL
SUMMARY**

2016/17



	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	37,606	38,144	(538)	0	(538)	The adverse variance in Chief Executive's can be attributed to the SWAN pressure creating additional costs as a result of slippage in migration of sites by Capita (£575k). Further pressures within the IT contract as a result of phasing of expenditure between 2016/17 and 2017/18 have been addressed through various underspends across the department as a result of restrictions on discretionary spend during the final quarter of 2016/17.
People	161,683	160,809	875	(474)	400	Children & Young People delivered an underspend of £395k with £202k coming from Central School budgets and managed savings in Early Years / Community Learning & Development / Additional Support Needs and Children & Families (Social Work). Adult Services has delivered a small net underspend of £3k. Within Social Care & Health a variety of additional demand, provider costs and legislative pressures were experienced during the year. In the main, these were met by the direction of additional funding by the SC&H partnership to address them during the course of the financial year. Remaining pressures attributable to a small degree of slippage in the transformation programme and further demand for social care has been largely offset by a number of non-recurring management actions such as vacancy management and ongoing care and support plan review.
Place	35,697	35,253	444	0	444	An underspend in Place can be attributed to an underspend in Neighbourhood Services due to discretionary spend restrictions, reduced staff and vehicle costs and reduced leachate costs coupled with good trading performance from SBc Contracts and Fleet Management in the final quarter of the year.
Loan Charges	18,094	18,096	(2)	0	(2)	
Other	9,369	9,249	120	0	120	The underspend in Other is partly due to an underspend in Council Tax Reduction Scheme (CTRS) of £0.116m. An underspend of £0.157m in Housing benefit is offset by an overspend in bad debt which has been incurred following the write off of aged balances as part of the year end process.
Total	262,449	261,550	899	(474)	424	
Financed by:						
Revenue Support Grant	(170,200)	(170,200)	0	0	0	
Non-Domestic Rates	(33,594)	(33,594)	0	0	0	
Council Tax	(53,109)	(52,813)	(296)	0	(296)	Lower net income than expected mid-year (0.56% of final approved budget). Original Financial Plan assumption exceeded by £71k.
Reserves:						
Earmarked Balances from 2015/16	(12,720)	(12,720)	0	0	0	
Earmarked Balances for future years	6,080	6,554	(474)	474	0	
Transfers to\from Reserves	1,094	1,094	0	0	0	
	(262,449)	(261,679)	(770)	474	(296)	
Under/(Overspend)	0	(128)	129	(0)	128	

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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	414	411	3	0	3	
Business Support	5,662	5,552	110	0	110	Staff turnover savings (£59k), additional recharge income (£7k) and savings from restrictions in non-essential discretionary spend (£44k).
Public Health						
Gross Expenditure	145	143	2	0	2	
Income	(77)	(77)	0	0	0	
	68	66	2	0	2	
Strategic Policy	724	708	16	0	16	Staff turnover savings (£11k), savings from restrictions in non-essential discretionary spend (£5k).
Finance	4,710	4,711	(1)	0	(1)	
Housing Strategy & Services	2,632	2,577	55	0	55	Savings from restrictions in non-essential discretionary spend and reduced repairs & maintenance costs on Private Sector Leasing properties.
Human Resources						
HR	1,334	1,303	31	0	31	Staff turnover savings (£15k) and savings from restrictions in non-essential discretionary spend (£16k).
HRSS	598	556	42	0	42	Additional salary sacrifice savings (£32k) and savings from restrictions in non-essential discretionary spend (£10k).
Sub-total Human Resources	1,932	1,859	73	0	73	
Corporate Transformation						
Transformation	821	826	(5)	0	(5)	
Information Technology	11,131	11,978	(847)	0	(847)	The adverse variance in Chief Executive's can be attributed to the SWAN pressure creating additional costs as a result of slippage in migration of sites by Capita (£575k). This pressure is subject to ongoing legal recovery action. Balance of £272k relates to IT costs as a result of phasing of expenditure between 2016/17 and 2017/18.
Emergency Planning	164	154	10	0	10	Underspend in Resilient Communities budget (£6k), savings from restrictions in non-essential discretionary spend (£4k).

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Communications	557	555	2	0	2	Underspend in sports pitches (£20k), additional rates relief on Culture Trust facilities (£28k).
Economic Development	1,538	1,546	(8)	0	(8)	
Democratic Services	1,352	1,343	9	0	9	
Integrated Trusts	6,527	6,479	48	0	48	
Sub-total Corporate Transformation	22,090	22,881	(791)	0	(791)	
Recharge to Non-General Fund	(626)	(621)	(5)	0	(5)	
Total - Chief Executive	37,606	38,144	(538)	0	(538)	

Key Highlights

Business Gateway (BG) completed a move to new premises in Hawick making way for expansion of a commercial operation in Selkirk. They helped 219 business starts and worked with a total of 648 businesses in the year. 39 grants were made from the Borders Business Fund as well as 4 loans. BG made 20 referrals to Resource Efficient Scotland (RES) for support with energy/resource efficiency activity, the largest number of referrals in the SE area.

Borders Railway Tourism Development Plan was completed with the successful implementation of Midlothian and Borders Tourism Action Group, a private sector collaboration. A new cycle tourism Strategy and Action Plan for the Scottish Borders was agreed and the Stage 1 finish for the Tour of Britain was successfully secured for Kelso town centre. Delivery of the 'Borders Railway Ambassador' programme continued to provide a warm welcome to visitors on the new railway.

Agreed the Hawick Action Plan with the Scottish Government and key stakeholders to support the regeneration of Hawick. Secured £3.625 million of funding from the Scottish Government to support regeneration initiatives in Hawick. Successful funding bid to Historic Environment Scotland for £866,500 to deliver a Jedburgh Conservation Area Regeneration Scheme from 2017 to 2022. Developed a new 'Town Centre Index' to help prioritise regeneration support in town centres. Agreed a Town Centre Regeneration Action Plan to deliver regeneration activity in the least resilient towns.

More than 24,000 additional premises are now covered by the Digital Scotland Superfast Broadband programme.

All SBC (but not all D&G) sites have now migrated over to Capita from Vodafone and the additional costs to the Council which have been charged over the past two financial years have now ceased. This pressure is subject to ongoing legal recovery action.

Key Challenges

The Chief Executive's department has supported the Corporate Transformation programme throughout the year to deliver savings and service improvements across the Council.

Key Risks

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PEOPLE



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 (CYP)						
Early Years	5,979	5,924	55	0	55	Funding surplus arising from the roll-out of additional Early Years Provision.
Primary Schools	31,977	31,712	265	(342)	(77)	Staffing pressures arising from funding of over-established posts and reduced staff turnover.
Secondary Schools	40,426	40,260	166	(133)	33	Utility cost saving following introduction of energy efficiency measures.
Central Schools	3,647	3,446	202	0	202	Underspend arising from non-teaching staffing vacancies and delayed delivery of curricular improvement program.
Transportation	3,663	3,668	(5)	0	(5)	
School Meals	1,782	1,765	17	0	17	
Community Learning & Development	1,154	1,129	26	0	26	Underspend arising from staffing vacancies.
Additional Support Needs	10,782	10,726	56	0	56	Underspend arising from staffing vacancies. Includes a CFCR of £20k for Leadervalley School equipment.
Children & Families (Social Work)	14,518	14,427	91	0	91	Reduced spend on foster care fees and staff turnover savings.
Sub-total Children & Young People	113,928	113,057	872	(474)	397	
Adult Services						
Older People	7	7	0	0	0	
People with Mental Health Needs	100	104	(4)	0	(4)	
Adults with Learning Disabilities	3	3	0	0	0	
Generic Services & Staff Teams	721	729	(8)	0	(8)	
Safer Communities	516	462	54	0	54	Underspend as a result of staff turnover savings, additional income and savings from restrictions in non-essential discretionary spend.
Services in the Criminal Justice System	0	0	0	0	0	
Sub-total Adult Services	1,347	1,305	42	0	42	

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Social Care & Health Partnership						
Older People	21,382	21,629	(247)	0	(247)	<p>A range of significant pressures were experienced during 2016/17 which were positively addressed in full through the direction of the health and social care partnership's social care funding allocation. These included:</p> <ul style="list-style-type: none"> • The implementation of the Scottish Living Wage from 1st October 2016 • Substantial increases in the cost of care at home provision on contract retender • Increased demand for Older People, AWLD, PWPD and Borders Ability and Equipment (BAES) services above the level of increases budgeted for • Income foregone as a result of a national change in the assessment calculation for care cost contribution <p>In addition, the Older People service continues to incur a higher than budgeted level of need for residential home care which has yet to identify a permanent funding solution. This additional pressure, coupled to slippage in delivery of a small proportion of planned efficiencies and savings has been largely offset by the management of turnover of client care and support packages, ongoing care review and staffing vacancies during the year.</p>
Adults with Learning Disabilities (AWLD)	15,448	15,261	187	0	187	
People with Physical Disabilities (PWPD)	3,448	3,343	105	0	105	
People with Mental Health Needs	2,132	2,014	118	0	118	
Generic Services & Staff Teams	4,745	4,850	(105)	0	(105)	
Contribution from SB Cares	(747)	(650)	(97)	0	(97)	
Sub-total Social Care & Health Partnership	46,408	46,447	(39)	0	(39)	
Business Support	0	0	0	0	0	
Total - People	161,683	160,809	875	(474)	400	

Key Highlights

Following the roll-out of 600 hours entitlement for 3 & 4 year olds and eligible 2 year olds in 2015/16 the Early Years Team have taken part in a successful trial of providing 1,140 hours and have plans to roll-out this increased provision in six sites in 2017/18.

Work has been ongoing to deliver the savings from the Business Support Review in Primary and Secondary schools and this work will continue in 2017/18.

The restructuring of the Additional Support Needs Service and the Children & Families Social Work Service have been successfully delivered with ambitious savings in both services fully delivered.

A Scottish Living Wage of £8.25 per hour for all staff who provide care to adults in the Scottish Borders was implemented from 1st October 2017 at a cost of £1.6m per annum. Over £3.9m of additional Scottish Government funding for social care was directed by the Health and Social Care Partnership during the financial year, which will increase to the full £5.3m allocated in 2017/18. Overall, the financial outturn position reported for the partnership is a small adverse variance of £39k. Given the extent of pressures experienced across the social care budget this year, this is a positive outcome and is the result of tight budget management and delivery of nearly all planned efficiency and savings targets.

Key Challenges

Delivering further savings of £1.34m as agreed by Council to be delivered in 2017/18 with contributions from all areas of the service.

Full delivery of the Business Support Review in schools and the adoption of a new Business Support model to deliver further savings.

Rolling out the Pupil Equity Fund to all relevant schools (£1.8m) and delivering required outcomes.

The Health and Social Care Partnership continues to experience unprecedented challenge in the forms of levels of demand for social care services and the increasing costs of service provision. Both these factors have resulted in considerable financial investment during 2016/17 in order to ensure that budgets are sufficiently affordable. The ongoing and increasing requirement for a further programme of transformation and efficiency will be challenging. As part of the wider Partnership transformation programme, social care services face considerable redesign challenges over the medium-term which will directly impact on the types of care provided and its cost.

Key Risks

Maintaining teacher numbers (1,075 FTE) to avoid risks to Corporate funding
 Failing to deliver savings agreed by Council as part of five year Financial Plan.

Having delegated adult social care functions to the Health and Social Care partnership, the key risk to the Council in respect of these services relates to the direction given by the Partnership in their respect going forward, the resources available for their provision and in particular, the requirement of the partnership to redesign services in order to deliver substantial savings to ensure the wider healthcare functions delegated to it are affordable. A medium-term financial plan for the partnership has yet to be balanced and the range of pressures across functions delegated to it, have yet to be sustainably addressed. Further cost pressures may arise during 2017/18 similar to 2016/17 and in particular, a key project workstream will be to scope the impact of the implementation of the Carers' Act from April 2018/19 which will have considerable financial consequences.

**MONTHLY REVENUE MANAGEMENT REPORT
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PLACE**

Place	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
Commercial Services						
Infrastructure Asset Management	1,932	1,930	2	0	2	
Pay Parking	(46)	(46)	0	0	0	
Fleet Management	(221)	(258)	37	0	37	Implementation of reducing external contract works, successful Modern Apprentice training programme and recent Fleet replacement programme.
Passenger Transport	2,035	2,008	27	0	27	Higher bus subsidies income, lower maintenance and water costs at Gala TI, reduced costs on bus timetable printing.
Design Services	107	86	21	0	21	Over recovery of Architects revenue & capital income.
Projects	194	201	(7)	0	(7)	
Trading Contribution	(349)	(425)	76	0	76	Improved surfacing margin, reduced fleet repair costs and improved plant account recovery.
Property & Facilities Management	3,469	3,536	(67)	0	(67)	Catering underspend due to reduced food costs. Property underspend due to higher income, Office Accommodation underspend due to lower utility costs arising from Energy Efficiency Programme work. Partly offset by an overspend in the Property Maintenance Fund £114k. Includes a CFCR of £27k for school kitchen equipment.
Sub-total Commercial Services	7,121	7,032	89	0	89	
Neighbourhood Services						
Customer Services	2,487	2,588	(101)	0	(101)	Under-recovery in Penalty Income (£55k) and Housing Benefit Overpayment Recovery (£71k), partially offset by savings as a result of restrictions on non-essential discretionary spend.
Waste	8,870	8,714	156	0	156	Underspends in leachate (£73k) due to a drier than anticipated spring, Collection (£76k) due to less vehicle repairs & maintenance costs and Strategy (£7k) for agency staff.
Safer Communities	0	0	0	0	0	Safer Community service moved to People, Adult Services.
Neighbourhood Operations	12,507	12,353	154	0	154	Underspends in Environmental Services due to staff turnover savings (£31k), premises related costs (£22k), materials (£27k), non-essential discretionary spend (£20k) and additional income from insurance payouts (£22k) and burials (£6k). Underspend within Roads through non-essential discretionary spend (£26k).
Sub-total Neighbourhood Services	23,864	23,655	209	0	209	

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Regulatory Services						
Assessor & Electoral Registration Officer	624	595	29	0	29	Staffing costs savings and an underspend on postage budget.
Legal Services	657	624	33	0	33	Additional income from Licences which is variable. Reduction in supplies and services due reduced legal fees costs.
Planning	1,603	1,553	50	0	50	Underspend on advertising for Development Management applications and late surge in income from development control fees.
Regulatory Services	1,210	1,191	19	0	19	Underspend on public health Burials, reduction in private water testing costs due to staff vacancies.
Audit & Risk	379	378	1	0	1	
Health & Safety	239	225	14	0	14	Underspend on staffing due to a recruitment delay.
Sub-total Regulatory Services	4,712	4,566	146	0	146	
Business Support	0	0	0	0	0	
Total - Place	35,697	35,253	444	0	444	

Key Highlights

Higher than anticipated income and reduced costs in many service areas have contributed to a Place underspend of £444k. SBContracts and Fleet Management both had strong last quarter trading performances. There was reduced spending in the last quarter helped by the moratorium on non essential discretionary spending. Reduced spending and higher income helped Neighbourhood Operations deliver a £154k underspend. In Waste reduced leachate tankering as a result of dry weather and generally lower vehicle repairs costs contributed to a £156k underspend. Planning development control also saw a spike in income in the last two months which resulted in a £50k underspend.

Key Challenges

Significant service specific savings have been met in 2016/17 and further major savings require to be delivered in the financial plan in 2017/18. Key financial plan challenges will centre on projects in the Corporate Transformation Programme including delivery of the Roads Review, implementation of the Waste Management strategy, Customer First as well as the delivery of Property & Assets rationalisation strategy will provide the main challenges in the coming period.

Key Risks

Key future financial risks continue to include external factors such the construction market which impacts on SBContracts ability to generate profits, the level of Planning Fee income and adverse weather which can have a financial impact on areas such Neighbourhood Services, Waste and SBContracts. 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 still remains difficult to predict.

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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	818	791	27	0	27	Existing Council staff utilised to deliver projects rather than engaging additional resources.
Early Retirement/Voluntary Severance	760	760	0	0	0	
Fairer Scotland	7	6	1	0	1	
Loan Charges	17,813	17,815	(2)	0	(2)	
Capital Financed from Current Revenue (CFCR)	281	281	0	0	0	
Interest on Revenue Balances IORB	(20)	(33)	13	0	13	Higher cash balance resulting in increased interest received.
Contribution to Property Maintenance	2,176	2,176	0	0	0	
Provision for Bad Debts	125	264	(139)	0	(139)	
Housing Benefits						
Gross Expenditure	31,310	30,760	550	0	550	
Income	(30,438)	(30,045)	(393)	0	(393)	
	872	715	157	0	157	Underspend attributable to normal fluctuations in claimant numbers and claim entitlement throughout the subsidy year.
Discretionary Housing Payments						
Gross Expenditure	727	730	(3)	0	(3)	
Income	(500)	(500)	0	0	0	
	227	230	(3)	0	(3)	
Council Tax Reduction Scheme (CTRS)	5,086	4,970	116	0	116	Lower than anticipated CTRS awarded.
Non Domestic rates Relief	119	155	(36)	0	(36)	Higher than expected discretionary relief applications being made which met the relevant qualifying criteria.
Commercial Rents	(1,225)	(1,209)	(16)	0	(16)	Shortfall in rental income.
Scottish Welfare Fund	424	424	0	0	0	
Total - Other	27,463	27,345	118	0	118	

Key Highlights

92 property enquiries were received in 2016/17 which resulted in 31 new property leases. This in turn will generate £160k in annual rental income. The current occupancy level is 88.8% for the portfolio of industrial units, yards, offices and shops. Early Retirement/Voluntary Severance saw a total reduction of 14.51 FTE.

The number of Housing Benefit/Council Tax Reduction Scheme new claims dealt with in 2016/17 was 3,223. The number of changes reported totalled 25,646.

The number of DHP applications received in 2016/17 was 1,038. The Scottish Welfare Fund awarded 1,425 crisis and community grants.

Key Challenges

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

Key Risks

Significant savings require to be delivered through the Corporate Transformation programme during 2017/18.

Variability in Housing Benefit payments and income can impact on the outturn position.