

REVENUE BUDGET MONITORING REPORT – SEPTEMBER 2010
CORPORATE OVERVIEW

FORECAST OUTTURN – UNDERSPEND £245,845

This Corporate Overview and the attached Departmental financial reports summarise the revenue budget position of the Council as at 30 September 2010. The overall outturn variance is forecast to be an underspend of £246k based on the September monitoring exercise.

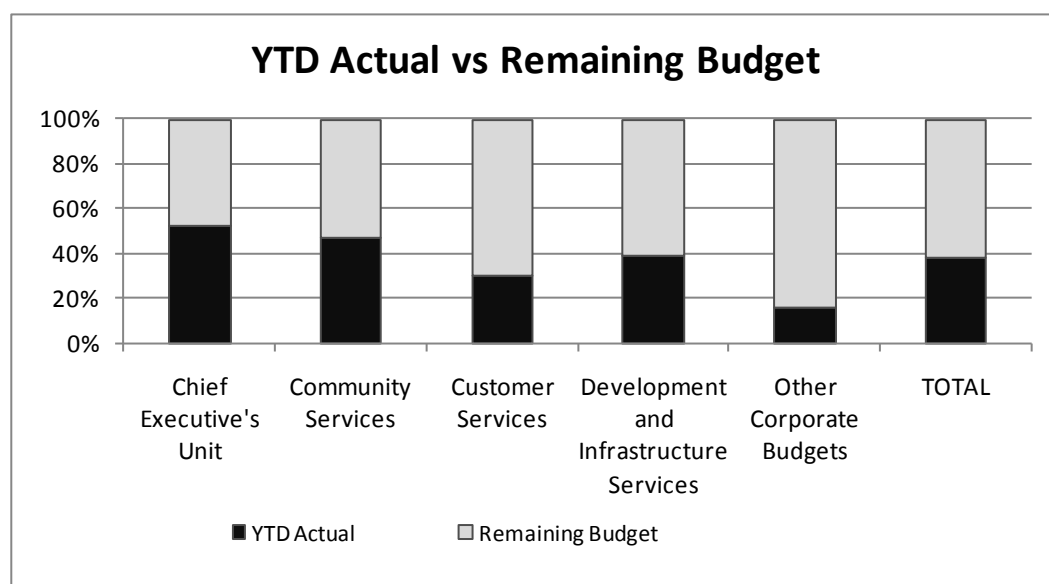
1. CURRENT FINANCIAL POSITION

The overall Council financial statements are included as appendices to this report. An overall Objective Summary is included in Appendix 1 and the overall Subjective Summary for the Council is included as Appendix 2.

YEAR TO DATE POSITION

As at the end of September 2010 there is a year to date deficit of £4.790m. The main reason for this is the profiling of the AEF grant funding. In terms of expenditure budgets there is a year to date surplus of £4.535m. The main reasons for this are the profiling of budgets and the timing differences with payments being made, the material year to date underspend within departments is not an indication of the year-end outturn position.

The graph below shows the expenditure to date against the remaining budget for each Department. This is a high level summary to give an indication of the proportion of controllable budget that each Department has spent to date. The dark shade represents the actual expenditure to date as a percentage of total budget and the lighter area at the top represents the available/remaining budget.



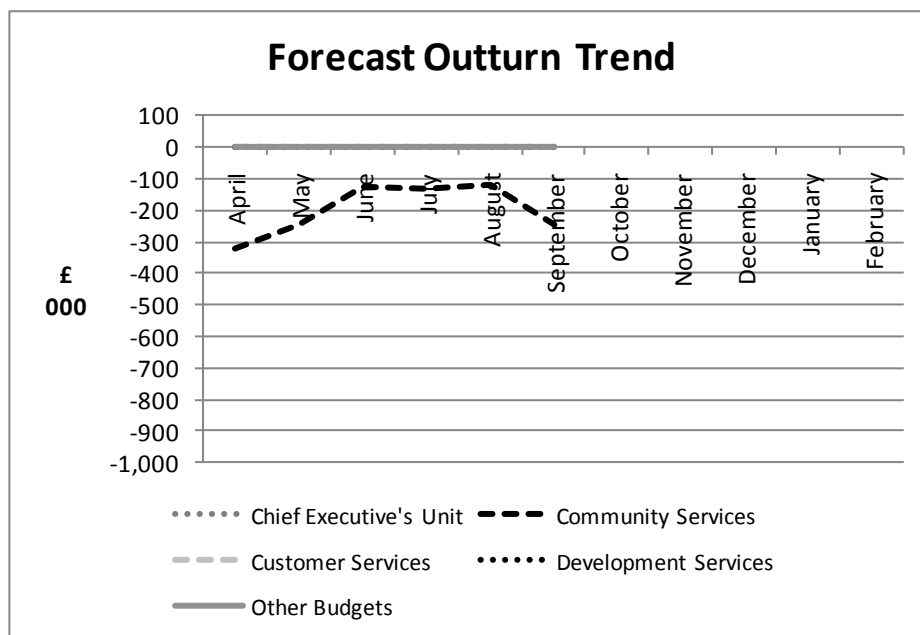
FORECAST OUTTURN POSITION

The current forecast outturn position as at the end of September 2010 is a forecast underspend of £246k.

All departments are currently expecting their year-end spend to come in on budget, with the exception of Community Services who are projecting an underspend of £246k. The Community Services forecast outturn position has increased from a projected underspend of £119k in the last reporting period to £246k in September. The main reasons for this are an update to the projected budget required to reflect the current level of commitment and a number of amendments to large client packages, this has increased the forecast underspend in Adult Services by £930k. This has been partly offset by a forecast overspend of £725k in Education for the costs in respect of the Teachers Early Retirals.

The remaining Adult Services underspend relates to an over-recovery of income from the Council's residential units and a reduction in the number of clients placed within the private sector units. This is partially offset by a projected overspend in Children and Families in Contact and Welfare, as a result of a high level of statutory contact and other support for vulnerable families.

The line graph below shows the movement in the forecast outturn position for each Department from the start of the financial year.



2. FINANCIAL SUCCESSES, CHALLENGES, RISKS AND FUTURE ACTIONS

<u>SUCCESSSES</u>	<u>CHALLENGES</u>
<p>No adverse outturn, overall projected outturn as at September is an underspend of £246k</p> <p>Departments are on target to meet efficiencies and other savings</p>	<p>Maintaining favourable/balanced forecast outturn position in light of Council wide risks to expenditure</p> <p>Possible impact of Single Status and the outcome of the multiple post exercise</p> <p>Impact of the Equal Pay settlement, which at the moment cannot be quantified</p> <p>Local Government Employees pay agreement has settled at 0.65% for 2010/11, the impact of this is an unbudgeted additional cost of £217k</p> <p>Ongoing service reviews and the challenges faced in terms of delivering services more efficiently with less resources</p>
<u>RISKS</u>	<u>FUTURE ACTIONS</u>
<p>Increasing demand for services with reduced resources could lead to an adverse outturn position</p>	<p>Ongoing robust monitoring of the financial position to ensure that any budget issues are fed back to the management team and members through the budget monitoring process</p> <p>Continually refine/develop systems to accurately calculate forecast outturns and the future years financial outlook</p>

3. EFFICIENCY SAVINGS AND OTHER BUDGET SAVINGS

The table below summarises the total efficiency savings and other specific savings allocated to Departments, along with the amount of savings realised to date:

Type of Saving	Target	Actual	Remaining
Efficiency Savings	4,202,411	2,101,206	2,101,205
Cost Centre Review Savings	295,982	268,525	27,457
Vacancy Savings	726,843	364,301	362,542
Totals	5,225,236	2,734,032	2,491,204

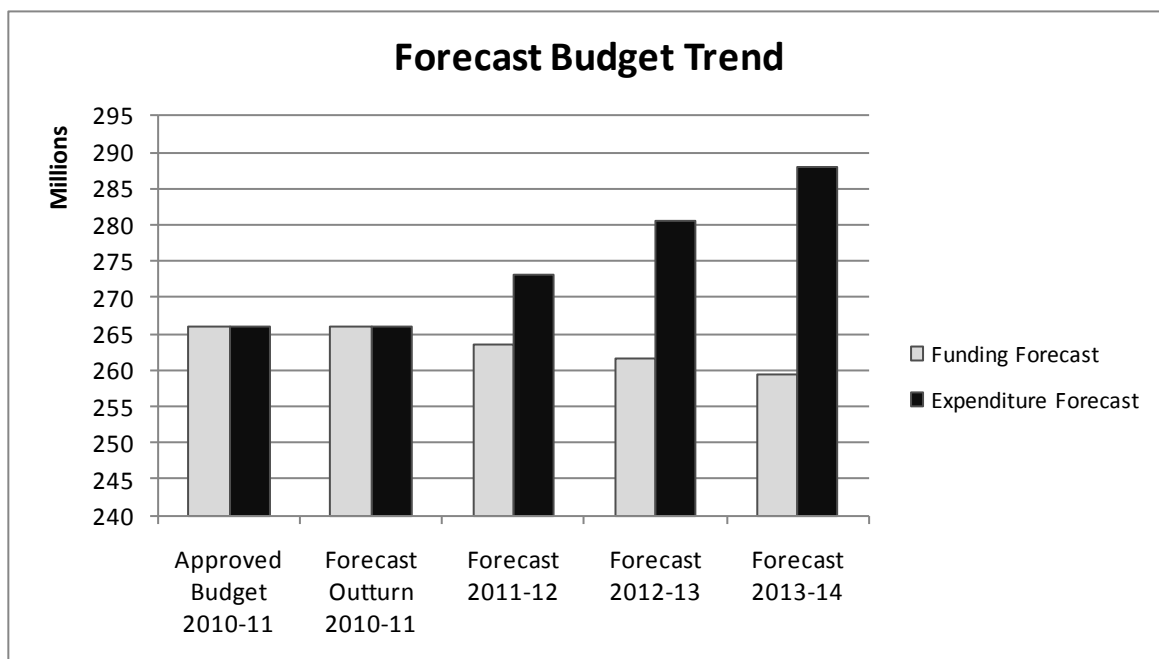
These savings were removed from service budgets at the start of the year as part of the budget setting process, departments will monitor the budgets throughout the year to ensure these are achieved.

Overall services are on track to meet their efficiency savings. 52% of the total target has been achieved as at the end of September, the overall favourable outturn position would suggest that these savings will be met.

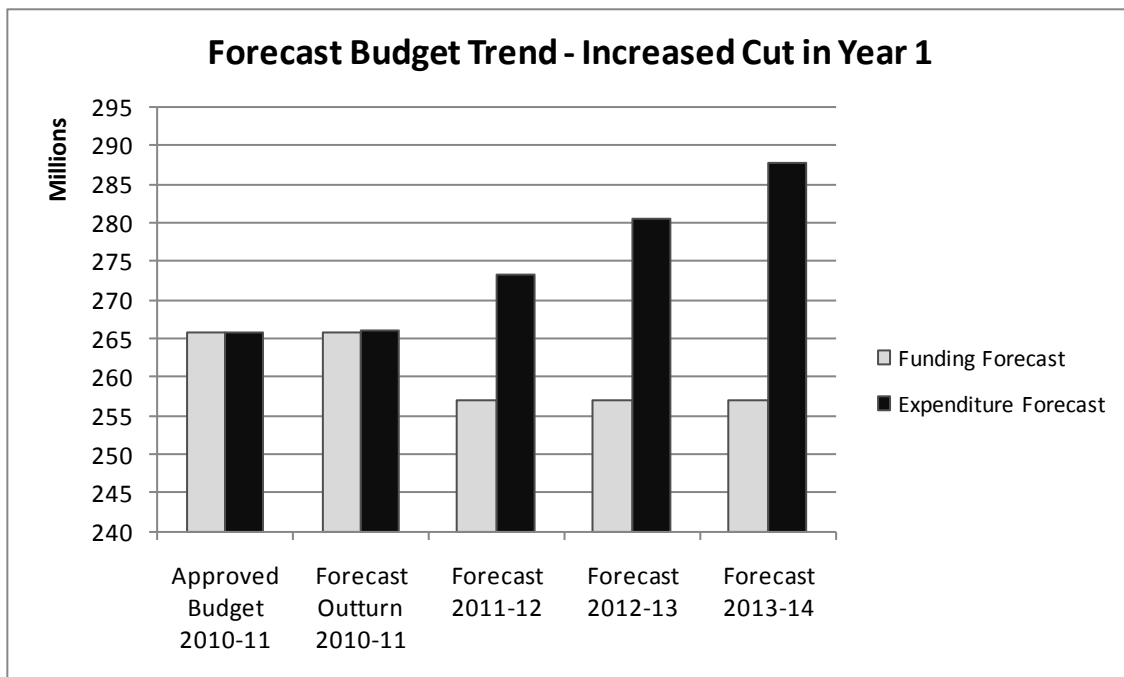
4. FINANCIAL OUTLOOK FOR FUTURE YEARS

Given the current state of public sector finances it is likely that there will be a challenging financial outlook for a number of years. The annual funding gap for the next three years is estimated to be between £9m and £13m and forward forecasts suggest that this level of annual funding gap is likely to continue through to 2017-18.

The graph below represents the forecast trend in budget requirement over the next three years, and demonstrates the budget gap being the difference between the funding and expenditure forecasts. This forecast is based on a 1% cut in Government Grant and has been updated to reflect the impact of the Local Government employee pay award. After adjusting for the pay award, the funding gap has reduced from approx £11.5m each year to around £9.5m each year.



At this stage we are unable to predict the likely cut in Government Grant and the graph above assumes a 1% cut in grant each year. However, it is now anticipated that the Scottish Government may choose to impose the cut in funding in the first year (2011-12) and then freeze the funding for the following two years. The anticipated cut is around 4%. The graph below adjusts the forecast budget trend above to incorporate the increased reduction in funding in Year 1.



The original three year forecast budget gap was around £30m and this approximate figure remains in either of the scenarios graphically represented above. The first scenario evens the funding gap across each of the years, with the second scenario having a much larger funding gap in the first year. If this is the case, this could place significant pressure on the Council's reserves.

When calculating the budget forecast for the three future years the following approach was taken:

- A general inflation allowance has been applied to the approved budget for 2010-11. For 2011-12 a general inflation allowance of 2.0% has been adopted and for 2012-13 and 2013-14 this has been increased to 2.5%.
- Specific inflation allowance has also been made for other costs.
- Cost and demand pressures known at this time were added. The only demand pressures known at this stage relate to the projected growth in the elderly population and additional funding required to meet concordat commitments.
- A general allowance/contingency of 1% of budget to make some provision for other areas where we do not have specific estimates of costs, for example, ongoing cost of roll out of successful job evaluation appeals, other demand pressures that have yet to be identified.

5. GENERAL FUND RESERVES

The audited balance on the General Fund as at 31st March 2010 was £33.020m. There are a number of balances earmarked within the General Fund, these total £28.538m. The table below summarises these earmarked balances, along with the total amount withdrawn from reserves to the end of August.

Earmarked Category	Balance 31 March 2010 £'000	Withdrawn from Reserves £'000	Remaining Balance 30 September 2010 £'000
Waste Management PPP	5,466		5,466
NPDO Affordability Funding	10,527		10,527
Revenue from Additional Council Tax on Second Homes (Strategic Housing fund)	6,953		6,953
Unspent Grants	1,044	657	387
Contributions Carried Forward	465	19	446
Unspent Budget Carried Forward	1,343	85	1,258
Money Management	85		85
Licensing Standards	368		368
School Budget Carry Forwards	595	595	0
Unspent Budget Required for Existing Legal Commitments	258	113	145
CHORD	860		860
Process for Change	574		574
Total	28,538	1,469	27,069

The unallocated General Fund balance at 31 March 2010 was £4.482m, this equated to 1.7% of the net revenue expenditure for 2010/11. The minimum level of 'free' General Fund Reserves is 1.5%, which equates to £3.988m. Therefore at the start of 2010/11 the Council had a surplus in reserves over and above the minimum requirement of £0.494m.

This figure requires to be adjusted for the projected outturn position and any additional funding agreed to be funded from the 'free' reserves during the year.

Free General Fund Balance at 31 March 2010	£4.482m
Projected Outturn Position as at end September 2010	£0.246m
Free General Fund Balance at 30 September 2010	£4.728m
Minimum Level	£3.988m
Surplus General Fund Balance	£0.740m

The Council faces a number of financial challenges in the current year, such as Single Status and Equal Pay, and is also undertaking a number of major change projects such as the ongoing Council Modernisation and Process for Change. The financial impact of these possible liabilities and the risk of the change programmes could have an impact on the Council's General Fund Balance.

Council Objective Summary as at 30 September 2010

Appendix 1

	YEAR TO DATE POSITION			CURRENT PROJECTED FINAL OUTTURN			PREVIOUS PROJECTED FINAL OUTTURN		
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	Forecast Outturn	Forecast (over)/under spend	Forecast Outturn	Additional Funding / Transfers	Variance from Previous Outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Departmental Budgets</u>									
Chief Executives	3,845	3,988	143	7,403	7,403	0	7,403	0	0
Community Services	67,699	67,854	155	142,999	142,753	246	142,886	-5	128
Customer Services	9,808	12,418	2,610	33,081	33,081	0	33,047	34	0
Development and Infrastructure Services	12,925	13,790	865	32,976	32,976	0	32,996	-20	0
Total Departmental Budgets	94,277	98,050	3,773	216,459	216,213	246	216,332	9	128
<u>Other Corporate Budgets</u>									
Other Operating Inc & Exp	822	1,127	305	4,290	4,290	0	4,308	-19	-1
Joint Boards	7,430	7,544	114	15,094	15,094	0	15,094	0	0
Treasury Management	163	0	-163	0	0	0	0	0	0
Non-Controllable Costs	-506	0	506	31,546	31,546	0	31,546	0	0
Total Corporate Budgets	7,909	8,671	762	50,930	50,930	0	50,948	-19	-1
TOTAL NET EXPENDITURE	102,186	106,721	4,535	267,389	267,143	246	267,280	-10	127
<u>Financed By</u>									
Aggregate External Finance	-101,459	-110,784	-9,325	-221,620	-221,620	0	-221,620	0	0
Local Tax Requirement	-26,072	-26,072	0	-44,300	-44,300	0	-44,300	0	0
Contributions from General Fund	0	0	0	0	0	0	-10	10	0
Earmarked Reserves	0	0	0	-1,469	-1,469	0	-1,469	0	0
Total Funding	-127,531	-136,856	-9,325	-267,389	-267,389	0	-267,399	10	0
Deficit/(Surplus) for Period	-25,345	-30,135	-4,790	0	-246	246	-119	0	127

Council Subjective Summary as at 30 September 2010

Appendix 2

Subjective Category	YEAR TO DATE POSITION			CURRENT PROJECTED FINAL OUTTURN		
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	Forecast Outturn	Forecast (over)/under spend
	£'000	£'000	£'000	£'000	£'000	£'000
Employee Expenses	64,306	65,366	1,060	141,752	141,930	-178
Premises Related Expenditure	7,145	7,443	298	15,331	15,334	-3
Supplies and Services	10,264	9,683	-581	22,238	22,238	0
Transport Related Expenditure	5,675	5,709	34	17,417	17,416	1
Third Party Payments	64,217	65,742	1,525	136,480	136,266	214
Capital Financing	-730	0	730	29,389	29,389	0
TOTAL NET EXPENDITURE	150,877	153,943	3,066	362,607	362,573	34
Income	176,222	184,078	7,856	362,607	362,819	-212
Deficit/(Surplus) for Period	-25,345	-30,135	-4,790	0	-246	246

**ARGYLL AND BUTE COUNCIL
DEPARTMENT: CHIEF EXECUTIVE'S UNIT
BUDGET MONITORING REPORT – SEPTEMBER 2010**

This report summarises the financial position of Chief Executive's Unit as at 30 September 2010. There are currently no forecast outturns, therefore, the department are projecting to come in on budget. Further detail is provided within this report along with other financial issues affecting the department.

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FINANCIAL SUCCESSES, CHALLENGES, RISKS AND FUTURE ACTIONS

SUCCESSES	CHALLENGES	RISKS	FUTURE ACTIONS
The Chief Executive's Unit 2009/10 year-end outturn was an underspend of £40k.	Implement/realise savings agreed as part of the budget setting process.	Major projects such as the Council Modernisation and Process for Change fall under the CEU. There is the risk of these not keeping within budget.	Close monitoring of budgets, ensuring a favourable outturn position for the CEU.
Efficiency savings have been achieved to date.	To continue to deliver the same level of service with reduced resources.	Unquantifiable budgetary impact of Single Status and Equal Pay.	Prompt highlighting of and processing of forecast variances.
Both Improvement & Strategic HR and Strategic Finance are forecasting to bring in expenditure in line with budget for 2010/11			

EFFICIENCY SAVINGS AND OTHER BUDGET SAVINGS

Type of Saving	Target	Actual	Remaining	Explanation
Efficiency Savings	306,520	153,260	153,260	Savings will materialise from a review of the overall staffing structure in the Chief Executive's Unit. It is anticipated that these savings will be achieved, hence the department is not forecasting an adverse year-end outturn position.
Totals	306,520	153,260	153,260	

OBJECTIVE SUMMARY

Service	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Chief Executive	101,562	104,919	3,357	3.20%	228,330	0	228,330	0.00%	Outwith Reporting Criteria
Head of Improvement and Strategic HR	2,622,881	2,730,368	107,487	3.94%	4,771,012	0	4,771,012	0.00%	Underspend relates to vacant posts within Strategic HR, Operational HR and Learning and Development, these vacancy savings will be required to offset the unallocated staff savings target.
Head of Strategic Finance	1,094,065	1,152,372	58,307	5.06%	2,403,094	0	2,403,094	0.00%	Vacant posts with Community Services Finance Team, will be required to offset unallocated staff savings target.
Equal Pay	26,262	0	-26,262	100.00%	0	0	0	0.00%	Legal Fees for Equal Pay Advice.
Totals	3,844,770	3,987,659	142,889	3.58%	7,402,436	0	7,402,436	0.00%	

SUBJECTIVE SUMMARY

Subjective Category	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Employee	2,670,315	2,859,807	189,492	6.63%	5,965,705	0	5,965,705	0.00%	Underspend relates to vacant posts within Strategic HR, Operational HR, Learning and Development and Community Services Finance Team, these are required to offset unallocated staff reduction savings targets.
Premises	4,367	4,318	-49	-1.13%	29,237	0	29,237	0.00%	Outwith Reporting Criteria
Supplies & Services	217,718	160,288	-57,430	-35.83%	397,410	0	397,410	0.00%	Overspend relates to the purchase of computer software/licences within the Customer Management Project, there is an outstanding transfer from earmarked reserves which will eliminate this adverse variance
Transport	51,368	54,879	3,511	6.40%	135,526	0	135,526	0.00%	Essential staff travel in Policy and Strategy Corporate Support
Third Party	1,065,984	1,069,427	3,443	0.32%	1,413,284	0	1,413,284	0.00%	Outwith Reporting Criteria
Income	-164,983	-161,060	3,923	2.44%	-538,726	0	-538,726	0.00%	Outwith Reporting Criteria
Totals	3,844,769	3,987,659	142,890	3.58%	7,402,436	0	7,402,436	0.00%	

RED VARIANCES

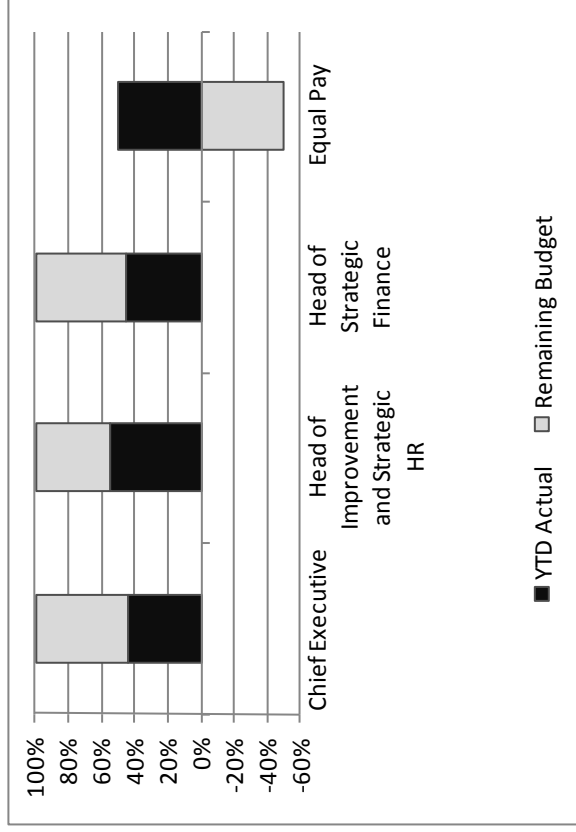
Cost Centre Description	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
There are no red variances to report this month.					

DEPARTMENTAL BUDGET v ACTUAL GRAPH

The graph below highlights the expenditure to date against the remaining budget per Head of Service. This is a high level graph designed to help have an overall view of how much of the service budget has been spent to date.

The dark area represents the actual expenditure to date as a percentage of the total budget.

The lighter area at the top displays the remaining available budget as a percentage of the total budget.

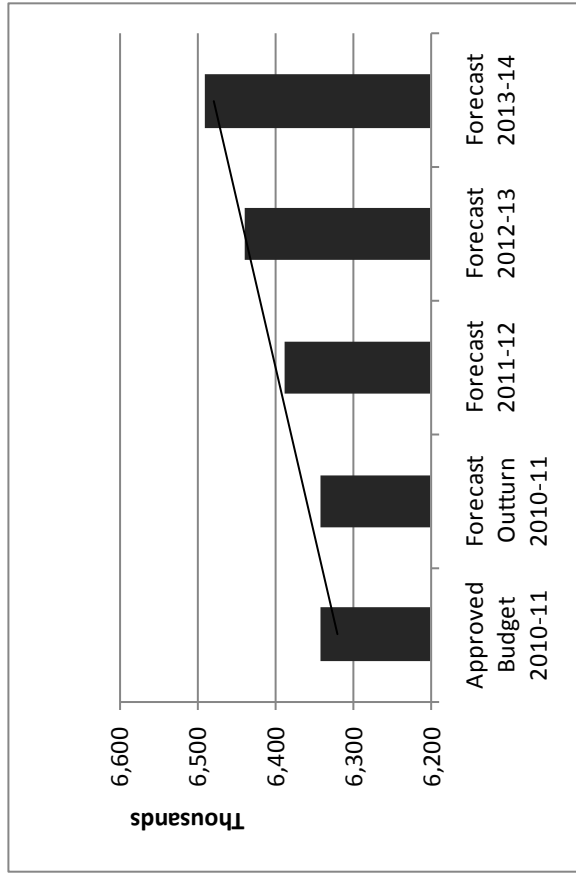


DEPARTMENTAL TREND GRAPH

The graph below demonstrates the forecast direction of the Chief Executive's Unit expenditure for the current year together with the anticipated budget requirement for the following three years.

The forecast for the following three years includes a general inflation allowance and cost and demand pressures known at this stage.

There are no known cost or demand pressures for the Chief Executive's Unit at this time.



**ARGYLL AND BUTE COUNCIL
DEPARTMENT: COMMUNITY SERVICES
BUDGET MONITORING REPORT – SEPTEMBER 2010**

This report summaries the financial position of Community Services as at 30 September 2010. The overall departmental projection is currently an underspend of £245,845. Further detail is provided within this report along with other financial issues affecting the department.

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FINANCIAL SUCCESSES, CHALLENGES, RISKS AND FUTURE ACTIONS

SUCCESSES	CHALLENGES	RISKS	FUTURE ACTIONS
No adverse outturn	Containing expenditure within budget	Expenditure exceeds budget	On-going robust monitoring and forecasting
Department on target to meet efficiency savings	Ensure efficiency targets are met	Efficiencies are not generated	On-going robust monitoring and forecasting
	To develop supporting management information to complement financial summaries	Unable to source cost drivers /base data	On-going review and development
	Provision of financial information that is relevant timely, accurate and understandable to budget holders and decision makers	Information is inaccurate and out of date. Failure to demonstrate resources aligned with priorities	

EFFICIENCY SAVINGS AND OTHER BUDGET SAVINGS

Type of Saving	Target	Actual	Remaining	Explanation
Efficiency Savings	1,974,056	987,028	987,028	No adverse projections therefore anticipated to be meet target
Cost Centre Review Savings	275,318	257,926	17,392	Budget holders to continue to review during budget monitoring cycle.
Vacancy Savings	515,071	258,414	256,657	Entries processed to reflect savings achieved at the end of August 2010. Department exceeded previous year target.
Totals	2,764,445	1,503,368	1,261,077	

OBJECTIVE SUMMARY

Service	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Executive Director of Community Services	341,332	340,060	-1,272	-0.37%	505,307	0	505,307	0.00%	Outwith Reporting Criteria
Head of Education	35,204,695	35,179,806	-24,889	-0.07%	69,401,105	-725,000	70,126,105	-1.04%	Projected outturn variance is in respect of Teachers Early Retirement costs. Where teachers are not being replaced budget has been removed to offset total cost. Full costs will be recovered over a three year repayment cycle.
Head of Children and Families	7,825,837	7,790,815	-35,022	-0.45%	16,248,335	-121,751	16,370,086	-0.75%	This projected overspend is due to the high level of statutory contact and other support to vulnerable families and the increase in demand for support packages for young people leaving care.
Head of Adult Care	18,486,017	18,616,651	130,634	0.70%	44,367,421	1,092,596	43,274,825	2.46%	Projected outturn relates to a underspend within Elderly and Learning Disability residential care. Homecare is further contributing to this position along with recovery from residential charging orders and Direct payment recoveries. This is offset by overspends in manpower costs within Mental Health services. YTD Variance is in line with Projected outturns and partly profile related. A supplementary report detailing the forecast position will be prepared.
Head of Community and Culture	5,841,818	5,927,052	85,234	1.44%	12,476,100	0	12,476,100	0.00%	Outwith Reporting Criteria
Totals	67,699,699	67,854,384	154,685	0.23%	142,998,268	245,845	142,752,423	0.17%	

SUBJECTIVE SUMMARY

Subjective Category	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Employee	41,826,533	41,754,548	-71,985	-0.17%	89,091,939	-178,447	89,270,386	-0.20%	Projected outturn variance relates mainly to increased staffing requirement /costs within council's residential units and Mental Health services.
Premises	4,591,257	4,630,359	39,102	0.84%	9,363,818	-3,216	9,367,034	-0.03%	Outwith Reporting Criteria
Supplies & Services	4,395,767	4,403,770	8,003	0.18%	9,532,915	0	9,532,915	0.00%	Outwith Reporting Criteria
Transport	718,821	780,003	61,182	7.84%	1,659,782	1,500	1,658,282	0.09%	Outwith Reporting Criteria
Third Party	25,753,060	25,615,410	-137,650	-0.54%	51,921,994	213,745	51,708,249	0.41%	Projected Outturn is a combination of an underspend within Homecare, Residential and Learning Disability offset by Teacher Early retirement costs.
Income	-9,585,741	-9,329,707	256,034	-2.74%	-18,572,181	212,263	-18,784,444	1.14%	The projected outturn is due to an over recovery of income from the council's residential units and a recovery of monies from residential charging orders and Direct Payment clients. YTD Variance is in line with Projected outturns and partly profile related.
Totals	67,699,697	67,854,383	154,686	0.23%	142,998,267	245,845	142,752,422	0.17%	

RED VARIANCES

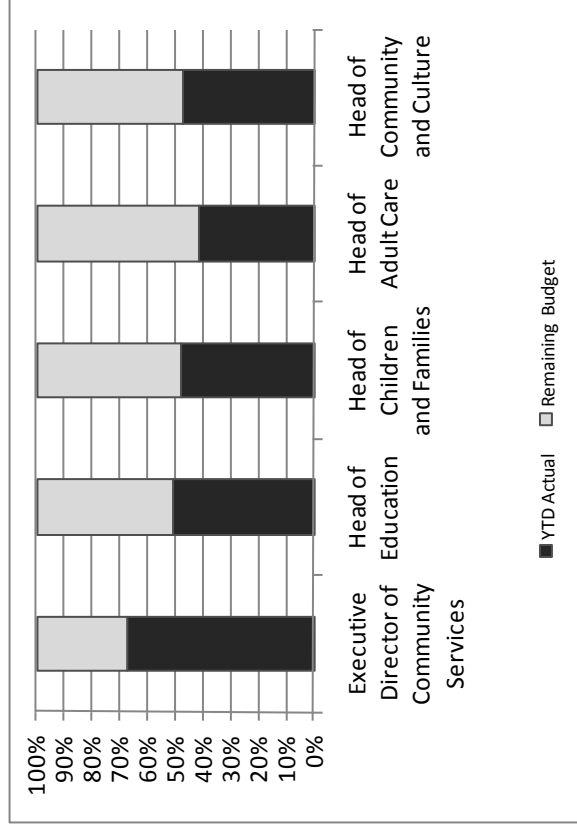
Cost Centre Description	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Education Support	618,020	-725,000	1,343,020	-117.31%	This projected outturn relates to Teacher Early Retirement costs. Where teachers are not being replaced budget has been removed to offset total cost. Full costs will be recovered over a three year repayment cycle.
Homescare	7,966,249	409,573	7,556,676	5.14%	This projected underspend reflects the current level of commitment on this budget and is due to a reduction in the average number of care hours delivered per client. A supplementary report detailing the forecast position will be prepared.
Children and Families - Contact and Welfare	141,467	-52,113	193,580	-36.84%	This projected overspend is due to the high level of statutory contact and other support to vulnerable families. A cost pressure bid was rejected for this service area during 2010/11 budget setting.
Children and Families - Supporting Young People Leaving Care	270,342	-69,638	339,980	-25.76%	This projected overspend is due to an increase in demand for support packages for young people leaving care.
Care Home Placements	8,801,974	160,575	8,641,399	1.82%	The projected underspend is due to a less than anticipated level of clients currently placed within the private sector units. A supplementary report detailing the forecast position will be prepared.
LD - Joint Residential Budget	2,940,684	534,407	2,406,277	18.17%	The projected underspend is due to a number of amendments to large client packages, 2 clients being demitted without any ongoing package required and delays in transitional clients commencing assessed adult care packages. A supplementary report detailing the forecast position will be prepared.
MH - Dementia Rothesay SMIG	118,877	-43,635	162,512	-36.71%	This projected overspend is due to additional manpower cost relating to backfilling of unit manager and also use of bank staff.
Elderly Administration	11,702	31,268	-19,566	267.20%	The underspend relates to the recovery of monies from direct payment clients.
Totals	20,869,315	245,437	20,623,878	1.18%	

DEPARTMENTAL BUDGET v ACTUAL GRAPH

The graph below highlights the expenditure to date against the remaining budget per Head of Service. This is a high level graph designed to help have an overall view of how much of the service budget has been spent to date.

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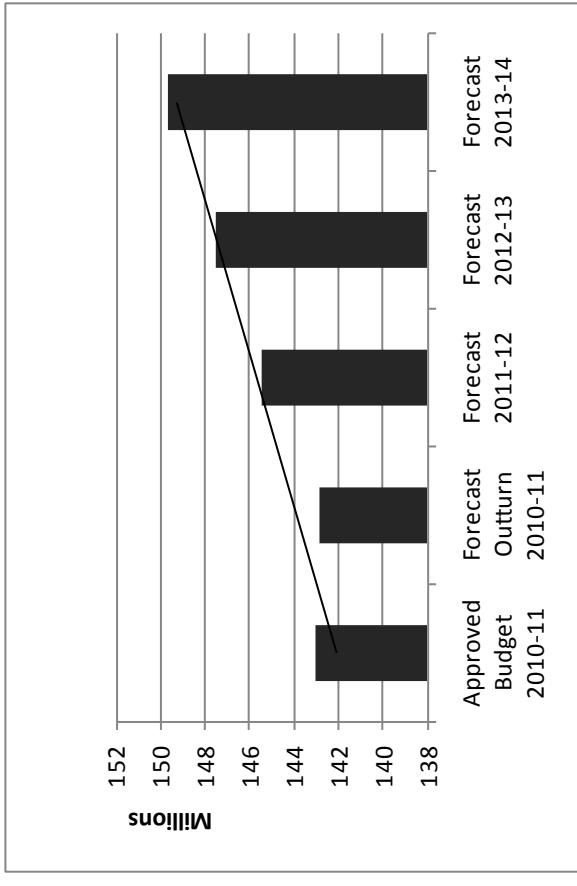


DEPARTMENTAL TREND GRAPH

The graph below demonstrates the forecast direction of Community Services expenditure for the current year together with the anticipated budget requirement for the following three years.

The forecast for the following three years includes a general inflation allowance and cost and demand pressures known at this stage.

For Community Services the forecast for future years includes a cost pressure in relation to Contact and Welfare and demand pressures for Older People and Concordat commitments.



**ARGYLL AND BUTE COUNCIL
DEPARTMENT: CUSTOMER SERVICES
BUDGET MONITORING REPORT – SEPTEMBER 2010**

This report summarises the financial position of Customer Services as at 30 September 2010. There are currently no forecast outturns, therefore, the department are projecting to come in on budget. Further detail is provided within this report along with other financial issues affecting the department.

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FINANCIAL SUCCESSES, CHALLENGES, RISKS AND FUTURE ACTIONS

SUCCESSES	CHALLENGES	RISKS	FUTURE ACTIONS
Track record of delivering services within budget.	Achieving the savings set within the budget for 2010/11 and beyond.	Inflationary cost pressures.	Service reviews ongoing.
Track record of delivering on efficiency targets.	Dealing with the impact of the Recruitment Freeze.	Impact of Numbers/uptake - Transport, Benefits.	Next phase of Modernisation.
	Dealing with the loss of key staff.	Reduction in discretionary spend resulting in a loss of income to the Council.	Best Value 2.
		Changes in external funding regime.	

EFFICIENCY SAVINGS AND OTHER BUDGET SAVINGS

Type of Saving	Target	Actual	Remaining	Explanation
Efficiency Savings	286,617	143,309	143,308	Department is not projecting an overspend, therefore it is anticipated that these savings will be achieved.
Cost Centre Review Savings	533	533	0	Department is not projecting an overspend, therefore it is anticipated that these savings will be achieved.
Vacancy Savings	81,681	40,841	40,840	Department is not projecting an overspend, therefore it is anticipated that these savings will be achieved.
Totals	368,831	184,683	184,148	

OBJECTIVE SUMMARY

Service	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Executive Director of Customer Services	2,335,659	4,671,775	2,336,116	50.00%	12,765,275	0	12,765,275	0.00%	YTD Variance - Mainly due to delays in charges from MITIE for the NPDO project.
Head of Support and Customer Services	1,598,248	1,690,790	92,542	5.47%	7,028,885	0	7,028,885	0.00%	Outwith Reporting Criteria
Head of Governance and Law	750,468	854,641	104,173	12.19%	1,896,121	0	1,896,121	0.00%	YTD Variance - Mainly due to Licensing income which is ahead of budgeted profile and vacant posts within Licensing. Utilised to meet vacancy savings.
Head of Facility Services	5,123,443	5,200,570	77,127	1.48%	11,390,893	0	11,390,893	0.00%	Outwith Reporting Criteria
Totals	9,807,818	12,417,776	2,609,958	21.02%	33,081,174	0	33,081,174	0.00%	

SUBJECTIVE SUMMARY

Subjective Category	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Employee	8,131,703	8,394,937	263,234	3.14%	18,342,415	0	18,342,415	0.00%	YTD Variance - There are small variances over a wide range of cost centres which will contribute to the Department's vacancy saving target. These will be subject to ongoing Monitoring.
Premises	1,302,092	1,326,427	24,335	1.83%	2,919,328	0	2,919,328	0.00%	Outwith Reporting Criteria
Supplies & Services	1,389,683	1,564,083	174,400	11.15%	4,142,182	0	4,142,182	0.00%	YTD Variance - Mainly due to Catering purchases (£46k), Property purchases (£80k) and ICT purchases (£59k) all of which are slightly behind budgeted profile.
Transport	434,663	525,112	90,449	17.22%	6,500,039	0	6,500,039	0.00%	YTD Variance - Mainly due to Pool Cars (£30k) and Pupil Transport (£49k) both of which are slightly behind budgeted profile.
Third Party	18,651,048	20,611,140	1,960,092	9.51%	43,424,544	0	43,424,544	0.00%	YTD Variance - Mainly due to delays in charges from MITIE for the NPDO project.
Capital Financing	0	0	0	0.00%	-1,161,503	0	-1,161,503	0.00%	Outwith Reporting Criteria
Income	-20,101,372	-20,003,923	97,449	0.49%	-41,085,832	0	-41,085,832	0.00%	Outwith Reporting Criteria
Totals	9,807,817	12,417,776	2,609,959	21.02%	33,081,173	0	33,081,173	0.00%	

RED VARIANCES

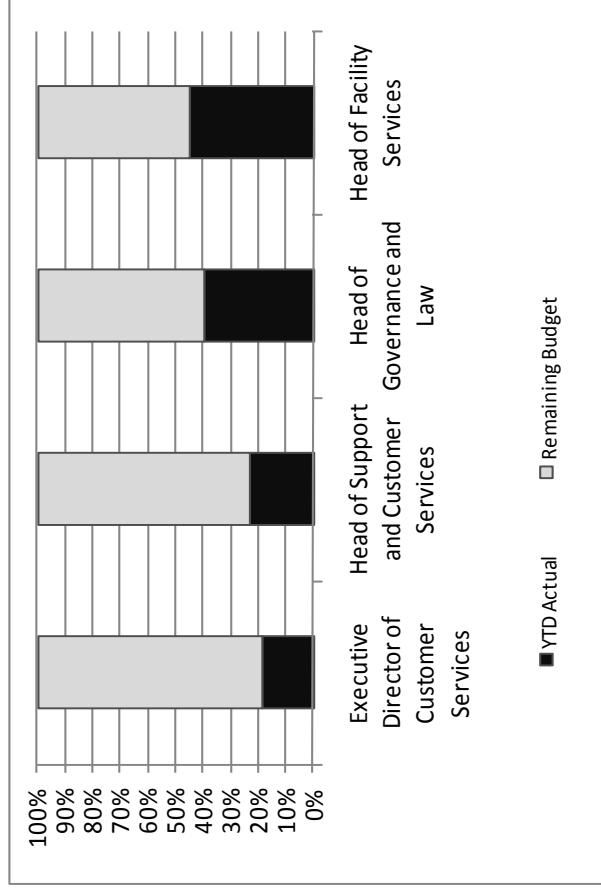
Cost Centre Description	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
There are no red variances to report this month.					

DEPARTMENTAL BUDGET v ACTUAL GRAPH

The graph below highlights the expenditure to date against the remaining budget per Head of Service. This is a high level graph designed to help have an overall view of how much of the service budget has been spent to date.

The dark area represents the actual expenditure to date as a percentage of the total budget.

The lighter area at the top displays the remaining available budget as a percentage of the total budget.

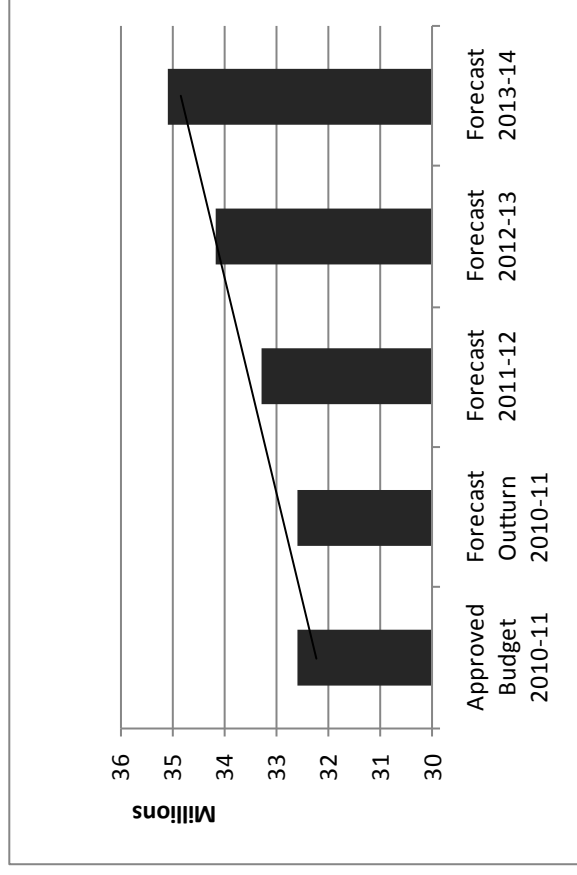


DEPARTMENTAL TREND GRAPH

The graph below demonstrates the forecast direction of Customer Services expenditure for the current year together with the anticipated budget requirement for the following three years.

The forecast for the following three years includes a general inflation allowance and cost and demand pressures known at this stage.

There are no known cost or demand pressures for Customer Services at this time.



ARGYLL AND BUTE COUNCIL
DEPARTMENT: DEVELOPMENT AND INFRASTRUCTURE SERVICES
BUDGET MONITORING REPORT – SEPTEMBER 2010

This report summaries the financial position of Development and Infrastructure Services as at 30 September 2010. There are currently no forecast outturns, therefore, the department are projecting to come in on budget. Further detail is provided within this report along with other financial issues affecting the department.

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FINANCIAL SUCCESSES, CHALLENGES, RISKS AND FUTURE ACTIONS

SUCCESSES	CHALLENGES	RISKS	FUTURE ACTIONS
Achieving the Manpower Vacancy savings.	Amending the Waste PPP contract.	Planning Income not achieving budgeted amounts	Improve methods of predicting levels planning and building warrant fee income.
	Changing the funding of Oban Airport from a grant to part of RSG.	Cost of PSO for Argyll Air Services	Put in place a system to assess the level of efficiency savings achieved.
		Severe Winter resulting in increased spend on Winter Maintenance the current budget is based on 58 runs any requirement over this will be highlighted through budget monitoring and will require a supplementary estimate.	Evaluation of PSO tenders in October with report to the Executive in November on implications.
		Increases in waste tonnages result in increased payments under the Waste PPP contract.	Report on implications of winter maintenance will be sent to the November Executive.
		Car park income not achieving budgeted amounts.	Review car parking policies as part of the 2001/12 budget process.

EFFICIENCY SAVINGS AND OTHER BUDGET SAVINGS

Type of Saving	Target	Actual	Remaining	Explanation
Efficiency Savings	1,635,218	817,609	817,609	No adverse projections. Anticipated to be meet target
Cost Centre Review Savings	20,131	10,066	10,066	No adverse projections. Anticipated to be meet target
Vacancy Savings	130,091	65,046	65,046	No adverse projections. Anticipated to be meet target
Totals	1,785,440	892,720	892,720	

OBJECTIVE SUMMARY

Service	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Executive Director of Development and Infrastructure Services	406,938	452,351	45,413	10.04%	964,393	0	964,393	0.00%	The favourable variance is due to incorrect profiling of budget.
Head of Planning and Regulatory Services	1,803,256	1,745,422	-57,834	-3.31%	3,437,453	0	3,437,453	0.00%	Adverse variance is due to profiling which will be amended.
Head of Economic Development	1,009,092	606,760	-402,332	-66.31%	2,113,164	0	2,113,164	0.00%	The favourable variance is due grant income received in advance and incorrect profiling.
Head of Roads and Amenity Services	9,705,531	10,985,341	1,279,810	11.65%	26,461,080	0	26,461,080	0.00%	The favourable variance is due to incorrect profiling of budget.
Totals	12,924,817	13,789,874	865,057	6.27%	32,976,090	0	32,976,090	0.00%	

SUBJECTIVE SUMMARY

Subjective Category	YTD Actual	YTD Budget	YTD Variance	% Variance	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
Employee	10,888,785	11,643,814	755,029	6.48%	25,327,858	0	25,327,858	0.00%	Incorrect Profiling
Premises	1,206,542	1,481,804	275,262	18.58%	2,663,296	0	2,663,296	0.00%	Incorrect Profiling
Supplies & Services	3,720,604	3,215,709	-504,895	-15.70%	6,499,459	0	6,499,459	0.00%	Incorrect Profiling
Transport	4,371,070	4,261,377	-109,693	-2.57%	8,824,257	0	8,824,257	0.00%	Incorrect Profiling
Third Party	10,504,684	10,867,690	363,006	3.34%	24,557,519	0	24,557,519	0.00%	Favourable variance due to the new Roads costing system not being able to recharge for work carried out.
Capital Financing	-1,743	0	1,743	0.00%	251	0	251	0.00%	Outwith reporting criteria
Income	-17,765,127	-17,680,520	84,607	0.48%	-34,896,550	0	-34,896,550	0.00%	Adverse variance due to the new Roads costing system not being able to recharge for work carried out.
Totals	12,924,815	13,789,874	865,059	6.27%	32,976,090	0	32,976,090	0.00%	

RED VARIANCES

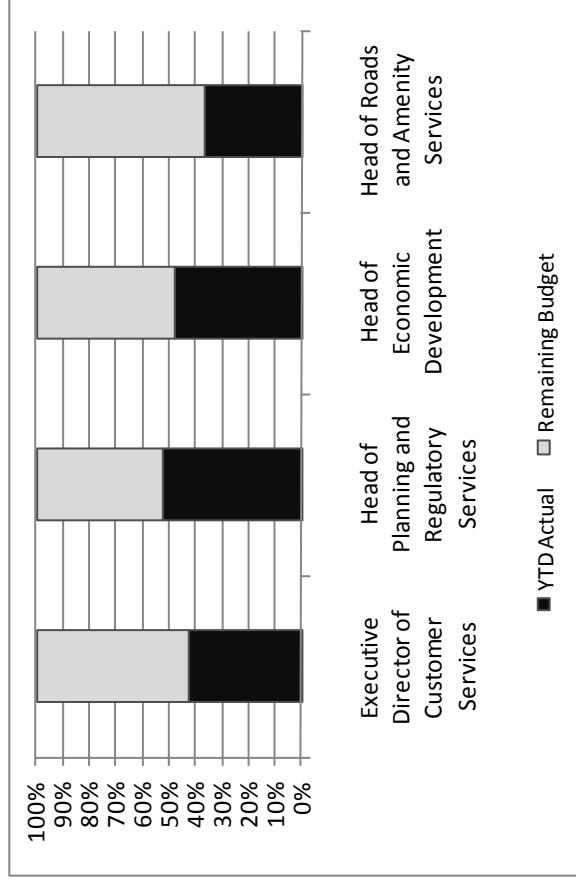
Cost Centre Description	Annual Budget	Projected Variance	Projected Final Outturn	% Variance	Explanation
There are no red variances to report this month.					

DEPARTMENTAL BUDGET v ACTUAL GRAPH

The graph below highlights the expenditure to date against the remaining budget per Head of Service. This is a high level graph designed to help have an overall view of how much of the service budget has been spent to date.

The dark area represents the actual expenditure to date as a percentage of the total budget.

The lighter area at the top displays the remaining available budget as a percentage of the total budget.



DEPARTMENTAL TREND GRAPH

The graph below demonstrates the forecast direction of Development and Infrastructure Services expenditure for the current year together with the anticipated budget requirement for the following three years.

The forecast for the following three years includes a general inflation allowance and cost and demand pressures known at this stage.

For Development and Infrastructure Services the forecast for year two includes a cost pressure for the Planning Inquiry.

