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| Report To: | Policy & Resources Committee | Date: | 14 August 2012 |
| Report By: | Chief Financial Officer | Report No: | FIN/57/12/AE/AP |
| Contact Officer: | Angela Edmiston | Contact No: | 01475 712143 |
| Subject: | Revenue Budget Outturn 2011/12 - Unaudited | | |

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2012.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2011/12 and the variance between the outturn and the projection presented to the Policy & Resources Committee at Period 10 for all Service Committees.

- 2.2 The outturn per the unaudited accounts shows an underspend for 2011/12 of £3,719,000 for all Service Committees, this represents an underspend of 2.08% against 2011/12 revised budget of £178,417,000. The main areas of underspend relate to:

- Additional turnover savings achieved across the Council (excluding Building Services Unit) of £668,000.
- Strike deductions across the Council of £221,000.
- Release of contingencies not required throughout 2011/12 £750,000.
- Underspend within client commitments and equipment of £593,000.
- Additional Internal Resources Income earned of £143,000.
- Final Net Benefit Subsidy Claim produced an underspend of £252,000.
- Underspend within Waste Strategy/Waste Tonnage & Non Waste Disposal of £229,000.
- Underspend in Regeneration Fund in 2011/12 of £108,000.
- Net over recovery of income for Lets/Waivers of £121,000.

- 2.3 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 10) of £1,655,000, which is 0.94% of the projected outturn reported in March 2012. The main movements in period relate to:

- Further reduction in care provider costs of £305,000.
- Final Net Benefit Subsidy claim of £152,000.
- Finalising Hostels Grant Claim of £142,000.
- Further Internal Resources Income earned of £93,000.
- Further underspends within Waste Strategy/ Waste Tonnage & Non Waste Disposal of £176,000.
- Underspend in Regeneration fund of £108,000.
- Net over recovery of income for Lets/Waivers of £118,000

- 2.4 Appendix 2 provides the material variances for individual Committees and further explanations for the underspends during the year and movement from Period 10 Policy & Resources Committee Report.

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- 2.5 Overall it is encouraging that the Council contained costs within approved budgets and whilst the level of underspend is £3.7 million, it represents a small percentage of the overall Council budget. However, as resources continue to be squeezed it is important that the level of budgets are constantly reviewed and those areas which underspent by a material amount will be investigated over coming months and recommendations included in 2013/15 budget reports.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the underspend per the unaudited accounts for 2011/12 of £3,719,000 and the information contained in the various appendices.
- 3.2 That the Committee note the exercise in respect of those budgets which had a material underspend in 2011/12 and that proposals in this regard will be brought forward as part of the 2013/15 budget.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the outturn position per the unaudited accounts for 2011/12 and to highlight the main issues contributing to the underspend of £3,719,000. The report also informs the Committee of the movement since the last report to Committee and the main issues contributing to the movement.

5.0 2011/12 POSITION

- 5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2011/12 is an underspend of £3,719,000 for all Service Committees. The outturn comprises an underspend of £1,684,000 within Policy & Resources Committee, £633,000 within Safe, Sustainable & Communities, £303,000 within Regeneration Committee, £328,000 within Education & Lifelong Learning and £771,000 within Health & Social Care.
- 5.2 Main areas of underspend relate to additional turnover savings achieved, the release of contingencies not required, an underspend within client care packages and equipment, additional Internal Resources Income earned and underspends within Waste Strategy and Waste Disposal & Non Waste Disposal. Appendix 2 provides more detailed material variances and reasons behind the underspend on a Committee by Committee basis.
- 5.3 It can be seen in Appendix 1, that the outturn (per the unaudited accounts) of £3,719,000 is a movement of £1,655,000 since the last report to the Policy & Resources Committee in March 2012. Appendix 1 details the movement in underspend per Service Committee. The main reasons for the movement relate to reduction in care provider costs, additional Internal Resources Income, finalising of grant claims such as Benefit Subsidy and Hostels Grant, an underspend within the Regeneration Fund and underspends within Waste Strategy and Waste Disposal & Non Waste Disposal. Appendix 2 provide more details regarding the material variances since Period 10 Policy & Resources Committee report and the reasons for these movements.
- 5.4 Further detailed reports on the 2011/12 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2012/13 during the new Committee cycle.

6.0 NEXT STEPS

- 6.1 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. Whilst the figures mentioned in this report are large, the percentage movements are relatively small. That said, improvements should be continuously sought.
- 6.2 As part of the 2013/15 budget, all budgets which had a material underspend in 2011/12 will be examined to ascertain the appropriateness of the level of budget and proposals developed and reported to Committee.

7.0 EQUALITIES

- 7.1 There are no equality issues arising from this report.

8.0 CONSULTATIONS

- 8.1 The Corporate Management Team has been consulted in the preparation of this report.

POLICY & RESOURCES

Appendix 1

REVENUE BUDGET PROVISIONAL OUTTURN

| 2010/11 Actual £000 | Committee | Approved Budget 2011/12 £000 | Revised Budget 2011/12 £000 | Unaudited Accounts 2011/12 £000 | Variance £000 | Variance as % of Revised Budget |
|------------------------|---|------------------------------------|-----------------------------------|---------------------------------------|------------------|--|
| 28,064 | Policy & Resources | 30,130 | 29,003 | 27,319 | (1,684) | -5.81% |
| 16,852 | Safe, Sustainable Communities | 18,115 | 16,465 | 15,832 | (633) | -3.84% |
| 14,585 | Regeneration | 14,757 | 11,635 | 11,332 | (303) | -2.60% |
| 71,844 | Education & Lifelong Learning | 78,057 | 73,285 | 72,957 | (328) | -0.45% |
| 50,067 | Health & Social Care | 48,521 | 48,029 | 47,258 | (771) | -1.61% |
| 181,412 | COMMITTEE NET EXPENDITURE (EXCLUDING EARMARKED RESERVES) | 189,580 | 178,417 | 174,698 | (3,719) | -2.08% |

REVENUE BUDGET PROJECTED POSITION AT PERIOD 10 TO PROVISIONAL OUTTURN

| 2010/11 Actual £000 | OBJECTIVE ANALYSIS | Approved Budget 2011/12 £000 | Revised Budget 2011/12 £000 | P 10 Projected Out-turn 2011/12 £000 | Unaudited Accounts 2011/12 £000 | Movement from P10 Outturn £000 | Movement as % of Period 10 Projection |
|------------------------|---|------------------------------------|-----------------------------------|---|------------------------------------|---|--|
| 28,064 | Policy & Resources | 30,130 | 29,003 | 27,447 | 27,319 | (128) | -0.47% |
| 16,852 | Safe, Sustainable Communities | 18,115 | 16,465 | 16,330 | 15,832 | (498) | -3.05% |
| 14,585 | Regeneration | 14,757 | 11,635 | 11,642 | 11,332 | (310) | -2.66% |
| 71,844 | Education & Lifelong Learning | 78,057 | 75,924 | 73,153 | 72,957 | (196) | -0.27% |
| 50,067 | Health & Social Care | 48,521 | 48,029 | 47,781 | 47,258 | (523) | -1.09% |
| 181,412 | COMMITTEE NET EXPENDITURE (EXCLUDING EARMARKED RESERVES) | 189,580 | 181,056 | 176,353 | 174,698 | (1,655) | -0.94% |

POLICY & RESOURCES COMMITTEE**1. Additional Turnover Savings – Outturn Underspend £338,000, Movement Underspend £19,000**

The Services within the Policy & Resources Committee achieved additional turnover savings of £338,000 in 2011/12. This was an increase of £19,000 since reported to the Policy & Resources Committee in March 2012.

2. Contingencies – Outturn Underspend £750,000, Movement Underspend £54,000

Due to limited calls made on the Contingencies in 2011/12, the Miscellaneous Service produced a saving of £750,000. The saving has been generated from the General contingency, Inflation contingency, Capital Programme Revenue Costs contingency and the Single Status Appeals contingency.

3. Internal Resources Income – Outturn Underspend £143,000, Movement Underspend £93,000

There was an increase in the Internal Resources Interest received of £143,000 more than budgeted in 2011/12, which is an increase of £93,000 on the projection reported to the Policy & Resources Committee in March 2012.

4. Housing Benefit Subsidy – Underspend £252,000, Movement Underspend £152,000

The final Benefit Subsidy Claim produced in April 2012 produced an actual underspend of £252,000 for 2011/12. This is an increase in the underspend reported to the March Committee of £152,000.

5. Audit Fee – Outturn Underspend £31,000, Movement Underspend £31,000

There was a reduction in the Audit Fee charged for 2011/12 which produced and underspend of £31,000 for the year. This was not projected at the March Committee.

SAFE, SUSTAINABLE COMMUNITIES COMMITTEE**1. Additional Turnover Savings - Outturn Underspend £108,000, Movement Underspend £59,000**

The Services within the Safe, Sustainable Communities Committee achieved additional Turnover Savings of £108,000 in 2011/12. This was an increase of £59,000 since the last report to Committee.

2. Waste Tonnage & Non Waste Disposal – Outturn Underspend £109,000, Movement Underspend £56,000

The Committee produced an underspend in Waste Tonnage and Non Waste Disposal of £109,000 for 2011/12 due to a reduction in tonnages processed. This represents a further reduction in the underspend reported to the last Committee of £56,000.

3. Waste Strategy – Outturn Underspend £120,000, Movement Underspend £120,000

The Committee produced an underspend within Waste Strategy in 2011/12 due to delays in implementing the Food Waste Scheme, this was not reported to the previous Committee.

4. Utilities & NDR – Outturn Underspend £81,000, Movement Underspend £42,000

The Committee produced a net saving on Utilities and NDR costs of £81,000 for 2011/12 of which £42,000 was not reported to the last Committee.

5. Fuel – Outturn Underspend £79,000, Movement Underspend £44,000

There was an underspend in the purchase of Fuel mainly due to improved efficiency as a result of the new fleet. This represents a further reduction in spend since reported to the last Committee of £44,000.

REGENERATION COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £311,000, Movement Underspend £41,000

The Services within the Regeneration Committee achieved additional Turnover Savings of £311,000 in 2011/12. This was an increase of £41,000 since the last report to Committee.

2. Regeneration Fund – Outturn Underspend £108,000, Movement Underspend £108,000

The Committee produced an underspend within the Regeneration Fund of £108,000 which is mainly due to a lower than projected fourth quarter returns from projects.

3. Bad Debt Provision – Outturn Overspend £79,000, Movement Overspend £79,000

There was an increase in the Bad Debt provision of £79,000 due to loans within Business Development, this was not reported to the previous Committee as it is only calculated at the year end.

4. Lets/Waivers – Outturn Underspend £121,000, Movement Underspend £118,000

There was a net over recovery of income for Lets and Waivers in 2011/12 of £121,000, which is an increase of £118,000 since the last report to Committee due to delay in receiving information from Inverclyde Leisure.

5. Catering Provisions – Outturn Overspend £156,000, Movement Overspend £118,000

There was an overspend in Catering Provisions for 2011/12 of £156,000, resulting from increased consumption and food prices. An exercise is currently being carried out to identify the reasons behind this and based on these results, action will be taken by the Service to prevent a similar outturn in 2012/13.

6. Planning Income – Outturn Under Recovery £68,000, Movement Under Recovery £48,000

Resulting from the current downturn in the economy, there has been an under recovery of Planning Income within the Committee. This has been a further reduction in income from that projected at the Period 9 Committee. It should be noted that this budget is difficult to predict as it is demand led.

EDUCATION & LIFELONG LEARNING

1. Teachers Salaries – Outturn Overspend £169,000, Movement Overspend £107,000

The Committee produced an overspend with Teachers Salaries for 2011/12 of £169,000, an increase in the overspend reported to the last Committee of £107,000. This was mainly due to a shortfall in Probationers funding and an increase in the number of Secondary Teachers employed.

2. Strike Deduction – Outturn Underspend £125,000, Movement Underspend £125,000

Following the strike on November 30th 2011, payroll deductions for this Committee amounted to £125,000. This was previously reported centrally in the Policy & Resources Committee in March 2012.

3. Utilities – Outturn Underspend £391,000, Movement Underspend £135,000

The Committee produced a net saving on Utilities of £391,000 for 2011/12, which was an increase in the underspend reported to the last Committee of £135,000.

4. Janitors – Outturn Underspend £106,000, Movement Underspend £106,000

The Committee is reporting an underspend of £106,000 on Janitors across various establishments in 2011/12, this was not reported to the last Committee. It should be noted that across all Committees there was a minor underspend for Janitors.

5. SPT Contract & ASN Transport – Outturn Overspend £113,000, Movement Overspend £139,000

There was an overspend on SPT Contract and ASN Transport of £113,000 in 2011/12 mainly due to fluctuating pupil numbers during the academic year. Information regarding pupil numbers is not received from SPT until the year end making it difficult to provide an accurate projection throughout the year.

HEALTH & SOCIAL CARE COMMITTEE

1. Shortfall in Turnover Target – Outturn Overspend £89,000, Movement Overspend £116,000

The Committee produced a shortfall in turnover target for 2011/12 of £89,000 as opposed to projecting additional turnover savings of £27,000 at the last Committee. This has been partly offset by payroll deductions following the strike day on November 30th 2011 of £42,000. This was previously reported centrally to the Policy and Resources Committee in March 2012.

2. Client Commitments & Equipment – Outturn Underspend £593,000, Movement Underspend £305,000

The Committee produced an underspend across all Service areas for client commitments and equipment of £593,000. This was mainly due to a reduction in the take up of places during the year within Residential and Nursing for Older People and Physical & Sensory Disability. In addition to this there was a reduced take up of respite and supports hours for individuals within Learning Disabilities in year.

3. Hostels Grant – Outturn Underspend £142,000, Movement Underspend £142,000

When finalising the 2011/12 Hostels Grant, prior year adjustments produced a further underspend within the Homelessness Service of £142,000. This was not reported to the last Committee as this is only calculated at the year end.