
Report To:	Policy & Resources Committee	Date:	13 August 2013
Report By:	Chief Financial Officer	Report No:	FIN/52/13/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2012/13		

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 2013 and to advise Committee of the position in respect of free General Fund Reserves.

2.0 SUMMARY

- 2.1 Appendix 1 details the Service Committee outturn (excluding earmarked reserves) per the unaudited accounts for 2012/13 and the variance between the outturn and the projection presented to the Policy & Resources Committee at Period 11. The Appendix shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £474,000, which is 0.27% of the projected outturn reported in March 2013.
- 2.2 The Service Committee outturn per the unaudited accounts shows an underspend for 2012/13 of £2,835,000 (Appendix 2) for all Service Committees, this represents an underspend of 1.6% against 2012/13 revised budget of £176,931,000. The main areas of underspend relate to:
- Additional turnover savings achieved across the Council of £760,000.
 - Release of contingencies not required throughout 2012/13 £580,000.
 - Share of Police and Fire Reserves £967,000.
 - Additional Internal Resources Income earned of £142,000.
 - Charging order income recovered/recovery of client contributions £300,000.
 - Underspend within Waste Strategy, Refuse Transfer Station of £233,000.
- 2.3 Overall it is encouraging that the Council contained costs within approved budgets and whilst the level of underspend is £2.835 million, it represents 1.6% of the Service Committee budget. Excluding the one off receipt of Police & Fire reserves and one off payments from external sources, the net underspend is £1.57 million or 0.9%. Most areas of significant variance were reviewed during the budget set in February 2013.
- 2.4 In addition to the underspend across Committees, the Council underspent on Loans Charges by £277,000 and £181,000 of Earmarked Reserves were written back to the General Fund. Overall, the unaudited accounts position reflects a free reserves position of £5.570m which is an increase of £1.570m since the budget was set in February 2013.
- 2.5 In line with a previous decision of the Committee decisions on the use of the surplus free reserves of £1.57 million will be taken at the first Committee following the audit of the 2012/13 accounts. This will be the November Policy & Resources Committee. Prior to this the Corporate Management Team are available to engage with members to help develop proposals.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the Service Committee underspend per the unaudited accounts for 2012/13 of £2,835,000 and the information contained in the various appendices.
- 3.2 That the Committee note that decisions on the surplus free reserves are scheduled to be taken at the November Policy & Resources Committee.

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 2012/13 and to highlight the main issues contributing to the Service Committee underspend of £2,835,000. The report also details the movement since the Period 11 monitoring report.

5.0 2012/13 POSITION

- 5.1 It can be seen in Appendix 1, that there was a movement of £474,000 since the last report to the Policy & Resources Committee in May 2013. Appendix 1 details the movement in underspend per Service Committee. The main reason for the movement relates to the share of Police & Fire Reserves. There are minor movements only few of which exceed £50,000.

5.2

It can be seen from Appendix 2 that the Service Committee outturn per the unaudited accounts for 2012/13 is an underspend of £2,835,000 for all Service Committees. The outturn comprises an underspend of £2,476,000 within the Policy & Resources Committee, £228,000 within Environment & Regeneration Committee, £20,000 within Education & Communities and £111,000 within Health & Social Care.

5.3

Main areas of underspend relate to additional turnover savings achieved, the release of contingencies not required, share of Police & Fire Reserves, income from external parties, additional Internal Resources Income earned and underspends within Waste Strategy and Refuse Transfer Station. Appendix 3 provides more detailed material variances and reasons behind the underspend on a Committee by Committee basis.

5.4

Further detailed reports on the 2012/13 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2013/14 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 may appear large, the percentage movements are relatively small. That said, improvements should be continuously sought.

- 6.2 As part of the 2013/16 budget, all budgets which had a material projected variances in 2012/13 were examined to ascertain the appropriateness of the level of budget and action taken during the budget setting exercise.

- 6.3 In line with a previous decision of the Committee, decisions on the use of the surplus free reserves of £1.57 million will be taken at the first Committee following the audit of the 2012/13 accounts. This will be the November Policy & Resources Committee. Prior to this the Corporate Management Team will engage with members if required to help develop proposals.

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 PROJECTED POSITION AT PERIOD 11 TO PROVISIONAL OUTTURN

2011/12 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	P 11 Projected Out-turn 2012/13 £000	Unaudited Outturn 2012/13 £000	Movement from P11 £000	Movement as % of Period 11 Projection
21,245	Policy & Resources	29,486	29,147	27,926	27,257	(669)	-2.40%
80,966	Education & Communities	85,964	80,790	80,502	80,750	248	0.31%
19,256	Environment & Regeneration	23,587	19,236	19,153	18,911	(242)	-1.26%
47,258	Health & Social Care	48,230	47,758	47,452	47,641	189	0.40%
168,725	COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	187,267	176,931	175,033	174,559	(474)	

Note: Below is a list of the material variances impacting on Service Committee outturn compared to period 11 projection. Further under and over spends were incurred across Services none of which were material.

1 Share of Fire Reserves	(381,000)
2 Further overspend in Catering Provisions, Milk & Cleaning Materials	54,000
3 Underspend Benefit Subsidy	(72,000)
4 Recovery of Clothing Bank Income	(35,000)
	(434,000)

POLICY & RESOURCES

Appendix 2

REVENUE BUDGET PROVISIONAL OUTTURN

2011/11 Actual £000	Committee	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	Unaudited Outturn 2012/13 £000	Variance £000	Variance as % of Revised Budget
21,245	Policy & Resources	29,486	29,147	26,671	(2,476)	-8.49%
80,966	Education & Communities	85,964	80,790	80,770	(20)	-0.02%
19,256	Environment & Regeneration	23,587	19,236	19,008	(228)	-1.19%
47,258	Health & Social Care	48,230	47,758	47,647	(111)	-0.23%
168,725	COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	187,267	176,931	174,096	(2,835)	

POLICY & RESOURCES COMMITTEE

1 Turnover savings for Committee	(350,000)
2 Underspend in Contingencies	(580,000)
3 Share of Police Reserves	(586,000)
4 Share of Fire Reserves	(381,000)
5 Over Recovery of IRI	(142,000)
6 Funding for Estate recovery	(79,000)
7 Underspend in audit fee	(17,000)
8 Shortfall in prior years CT Income Target	100,000
9 Underspend in Benefit Subsidy	(152,000)
	(2,187,000)

EDUCATION & COMMUNITIES

1 Additional Turnover savings for Committee	(44,000)
2 Income shortfall for OLA's	41,000
3 Underspend within SPT contract	(43,000)
	(46,000)

HEALTH & SOCIAL CARE

1 Additional Turnover savings for Committee	(169,000)
2 Charging order income	(221,000)
3 Overspend in client commitments within LD	254,000
	(136,000)

ENVIRONMENT & REGENERATION

1 Additional Turnover savings for Committee	(197,000)
2 Planning income shortfall	207,000
3 Ind & Commercial rent over recovery	(65,000)
5 Overspend provisions, milk & cleaning materials	79,000
6 Under recovery of trade waste income	71,000
7 Underspend in waste disposal due to decreased tonnages	(233,000)
9 Clothing bank income unbudgeted	(35,000)
	(173,000)

POLICY & RESOURCES COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £350,000, Movement Underspend £12,000

The Services within the Policy & Resources Committee achieved additional turnover savings of £350,000 in 2012/13. This was mainly early achievement of approved efficiency savings, an increase of £12,000 since reported to the Policy & Resources Committee in May 2013.

2. Contingencies – Outturn Underspend £580,000, Movement Underspend £0

Due to limited calls made on the Contingencies in 2012/13, the Miscellaneous Service produced a saving of £580,000. The saving has been generated from the General contingency and Inflation contingency and was fully reported to the last Committee.

3. Internal Resources Income – Outturn Underspend £142,000, Movement Underspend £0

There was an increase in the Internal Resources Interest received of £142,000 more than budgeted in 2012/13 and was fully anticipated in the projection reported to the Policy & Resources Committee in May 2013.

4. Share of Police & Fire Reserves – Outturn Underspend £967,000, Movement £346,000.

The Council received notification from the Joint Boards of their share of the uncommitted Police and Fire reserves at the year end. An estimate of £621,000 for the Police reserves was included when preparing the May Committee report.

5. Computer Software/Hardware & Whiteboard Maintenance – Outturn Underspend £77,000, Movement £49,000

Underspends occurred within computer software, hardware and whiteboard maintenance of £77,000 for 2012/13, £28,000 was reported to the last Committee and was mainly due to the new Virgin Media contracts. There was an increase in the underspend since the last report of £49,000 and is mainly due to year end adjustments for prepayment of maintenance contracts which had been incorrectly projected as a 12/13 commitment.

6. Housing Benefit Subsidy – Underspend £152,000, Movement Underspend £72,000

The final Benefit Subsidy Claim produced in April 2013 reflected an actual underspend of £152,000 for 2012/13 mainly due to a lower than anticipated uptake within homelessness units. This is an increase in the underspend reported to the May Committee of £72,000.

7. Recovery of Income – Outturn Underspend £79,000, Movement £6,000.

The Council recovered £79,000 for a client contribution towards care. This was reported to the Committee in May 2013 through the reserves statement.

ENVIRONMENT & REGENERATION COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £197,000, Movement Overspend £7,000

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £197,000 in 2012/13. This was a reduction of £7,000 in the underspend reported to the last Committee, however included in the underspend are costs associated with the Living Wage. This was estimated and reported to the Policy & Resources Committee within the reserves statement.

2. Industrial and Commercial Rent Income – Outturn Over Recovery £65,000, Movement Over Recovery £16,000

The Committee over recovered Industrial & Commercial Rent income by £65,000 in 2012/13 due to higher than anticipated lets and backdated charges received. This is an increase in the underspend reported to the last Committee of £16,000.

3. Refuse Transfer Station/ Waste Strategy/ Refuse Collection/ – Outturn Underspend £233,000, Movement Overspend £16,000

Due to decreased tonnages and delay in the implementation of the food waste, the Council underspent within Waste Strategy and Refuse Collection by £233,000. This is a reduction in the underspend reported to the last Committee of £16,000 which is offset by increased income for clothing banks (see point 4 below).

4. Clothing Bank Income – Outturn Over Recovery £35,000, Movement Over Recovery £35,000

The Committee received income of £35,000 at the year end generated from clothing banks; this was not budgeted or reported at the last Committee.

5. Provisions, Milk and Cleaning Materials – Outturn Overspend £79,000, Movement Overspend £54,000

There was an overspend in Catering Provisions, milk and cleaning materials for 2012/13 of £79,000. This is as a result of increasing inflation on food and milk prices and changes to legislation on cleaning procedures. The movement since the last report to Committee is primarily as a result of increased costs of provisions and milk without a corresponding increase in Education recharges. Given the volatility in food prices this was difficult to project accurately.

6. Planning Income – Outturn Under Recovery £207,000, Movement Over Recovery £9,000

Resulting from the current downturn in the economy, there has been an under recovery of Planning Income. This has been an improvement in income from that projected at the Period 11 Committee. It should be noted that this budget is difficult to predict as it is demand led.

7. Trade Waste Income – Outturn Under Recovery £71,000, Movement Under Recovery £6,000.

As a result of the current climate, there is an under recovery of Trade Waste income for 2012/13. This was anticipated at the period 11 Committee report. The outturn is in line with the 11/12 outturn, Finance is working with the service to address the budget shortfall in 2013/14.

EDUCATION & COMMUNITIES

1. Additional Turnover Savings – Outturn Underspend £170,000, Movement Underspend £16,000

The Committee achieved additional Turnover Savings of £170,000 which is a movement of £16,000 since the last report to Committee. Included in the underspend are costs associated with the Living Wage and these were estimated and reported to Policy & Resources Committee within the reserves statement.

2. Teachers Salaries – Outturn Overspend £126,000, Movement Overspend £57,000

The Committee produced an overspend within Teachers' Salaries for 2012/13 of £126,000 (0.34% of revised budget), an increase in the overspend reported to the last Committee of £57,000 (0.16% of revised budget) and relates to additional cover required across schools and ASN units (partially offset by ASN placement underspend at point 5).

3. Income from Other Local Authorities – Outturn Under Recovery £41,000, Movement Under Recovery £41,000.

There was an under recovery of income from other Local Authorities due to a drop in children numbers after the Christmas. The reduction in pupil numbers was not reported to previous Committees correctly.

4. ASN/SPT School Transport – Outturn Overspend £27,000, Movement Overspend £54,000

There was an overspend on SPT Contracts and ASN Transport of £27,000 in 2012/13 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.

5. ASN Placements – Outturn Underspend £70,000, Movement Underspend £30,000

The Committee is reporting an underspend of £70,000 on ASN Placements in line with the Service plan to maintain pupils within mainstream Education Service within Inverclyde. This is an increase of £30,000 since the last report to Committee which is due to anticipated cross boundary charges lower than projected at period 11.

HEALTH & SOCIAL CARE COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £169,000, Movement Overspend £36,000

The Committee produced additional turnover savings for 2012/13 of £169,000; this is a reduction of £36,000 since the last report. The outturn figure includes associated Living Wage costs previously reported to the Policy & Resources Committee within the Reserves Statement.

2. Charging Order Income – Outturn Over Recovery £221,000, Movement Over Recovery £36,000

The Committee successfully recovered £221,000 for charging orders outstanding against properties; this is an increase of £36,000 since reported to the last Committee. Given the nature of this income it is not possible to project the frequency or level of income expected in any period, however as part of the 2013/16 budget an annual income of £60,000 is now included within the Social Work budget

3. Client Commitments Learning Disability – Outturn Overspend £254,000, Movement £0

Client Commitments overspent by £254,000 during 2012/13 and was fully anticipated at the last report to Committee. There was no movement from period 11. It should be noted that £450k pressure funding was added to the 2013/14 budget, rising to £1 million by 2015/16 for existing and expected client pressures.

4. Utility Costs – Outturn Overspend £40,000, Movement Overspend £40,000

Due to a dispute with a utility provider, a provision was made at the year end of £40,000 to cover potential gas costs. This overspend was not quantified to the last Committee however, the issue was identified and Committee advised appropriate treatment would be applied as part of the year end process.