
Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/34/14/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2013/14 - 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 2014 and to highlight any significant variances between revised budgets and outturn.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2013/14 and the variance between the outturn and the projection presented to the Policy & Resources Committee at Period 11 (May 2014) for all Service Committees.
- 2.2 The outturn per the unaudited accounts shows an underspend for 2013/14 of £1,329,000 (Appendix 1) for all Service Committees, this represents an underspend of 0.81% against 2013/14 revised budget of £164,980,000. The main areas of underspend relate to:
- Early achievement of savings £426,000.
 - Additional turnover savings achieved across the council of £880,000.
 - Further release of contingencies not required throughout 2013/14 £184,000.
 - Additional Internal Resources Income earned of £104,000.
 - Net over recovery of Benefit Subsidy of £121,000.
 - Underspend on various utility budgets of £167,000.
 - Over recovery within prior years Council Tax collection income of £58,000.

Further underspends below £50,000 were incurred across all Services. The underspend in year has been partly offset by increased costs for Older People Services, Learning Disability costs and ASN Placements.

- 2.3 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £409,000, which is 0.25% of the projected outturn reported in May 2014. Appendix 2 provides the material variances for individual Committees and further explanations for the underspends during the year and movement from Period 11 Policy & Resources Committee Report.
- 2.4 Overall it is encouraging that the Council contained costs within approved budgets and whilst the level of underspend is £1.3 million, it represents a small percentage of the overall Council budget. The majority of the underspend relates to early achievement of approved savings and turnover and should not be repeated. It is also important the Committee note the information in paragraph 6.1 which shows the annual reduction in net underspends. This reflects both the tightness of budgets and effective monitoring of budgets.

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- 2.5 Overall, the unaudited accounts position reflects a free reserves position of £4.676m which is an increase of £0.876m since the budget was set in February 2014. The Committee has already agreed to defer use of any surplus reserves until the overall 2015/18 budget is considered.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the underspend per the unaudited accounts for 2013/14 of £1,329,000 and that this represents less than 1% of the Council's' net revenue budget.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the outturn position per the unaudited accounts for 2013/14 and to highlight the main issues contributing to the underspend of £1,329,000. 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 2013/14 UNAUDITED OUTTURN

5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2013/14 is an underspend of £1,329,000 for all Service Committees. The outturn comprises an underspend of £734,000 within the Policy & Resources Committee, £269,000 within the Environment & Regeneration Committee, £266,000 within Education & Communities and £60,000 within Health & Social Care.

5.2 In setting the 2013/16 budget in February 2013, the Council approved savings of £2,036,000 across all Directorates for 2013/14. Due to the early achievement of future savings, the Council achieved savings of £2,491,000 for the year, over achieving by £426,000. Other main areas of underspend relate to additional turnover savings achieved, the release of contingencies not required, additional Internal Resources Income earned and over recovery of benefit subsidy. 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 £1,329,000 is a movement of £409,000 since the last report to the Policy & Resources Committee in May 2014. Appendix 1 details the movement in underspend per Service Committee. Appendix 2 provides more details regarding the material variances since the Period 11 Policy & Resources Committee report and the reasons for these movements.

5.4 Further details on the 2013/14 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2014/15 in the next Committee cycle.

5.5 The unaudited accounts position reflects free reserves of £4,676,000 at 31st March 2014. This is an increase in the reserves position of £876,000 since the budget was set in February 2014. The Committee has already agreed to defer use of any surplus reserves until the overall 2015/18 budget is considered.

6.0 OTHER INFORMATION

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 appear large, the percentage movements are relatively small and have been improving year on year. The following shows the variance for the last 3 years and the percentage against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
2011/12	Underspend £3.719m	2.08%
2012/13	Underspend £2.835m	1.60%
2013/14	Underspend £1.329m	0.81%

7.0 IMPLICATIONS

7.1 FINANCE

All financial implications are discussed in detail within the report and presented in the attached appendices.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

7.2 LEGAL

There are no specific legal implications arising from this report.

7.3 HUMAN RESOURCES

There are no specific human resources implications arising from this report.

7.4 EQUALITIES

There are no equality issues arising from this report.

7.5 REPOPULATION

There are no repopulation issues arising from this report.

8.0 CONSULTATIONS

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

9.0 BACKGROUND PAPERS

9.1 There are no background papers for this report.

POLICY & RESOURCES

Appendix 1

2013/14 REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO PROVISIONAL OUTTURN

OBJECTIVE ANALYSIS	Approved Budget 2013/14 £000	P11 Revised Budget 2013/14 £000	P 11 Projected Out-turn 2013/14 £000	P11 Projected Over/(Under) Spend 2013/14 £000	Final Over/(Under) Spend 2013/14 £000	Movement from P11 Outturn £000	Movement as % of Period 11 Projected Outturn	Variance as % of P11 Revised Budget
Policy & Resources	22,587	15,134	14,638	(496)	(734)	(238)	-1.63%	-4.85%
Education & Communities	86,406	80,054	79,865	(189)	(266)	(77)	-0.10%	-0.33%
Environment & Regeneration	22,733	20,716	20,501	(215)	(269)	(54)	-0.26%	-1.30%
Health & Social Care	48,491	49,076	49,056	(20)	(60)	(40)	-0.08%	-0.12%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	180,217	164,980	164,060	(920)	(1,329)	(409)	-0.25%	-0.81%

Reasons: Final Outturn

POLICY & RESOURCES

Early Achievement of Savings	(28)
Additional Turnover Savings Achieved	(30)
Inflation Contingency underspend returned to reserves	(184)
Over recovery of Benefit subsidy	(121)
Over recovery of prior year council tax.	(58)
IRI over-recovery	(104)
Various underspends all under £50k.	(209)
	(734)

EDUCATION & COMMUNITIES

Early Achievement of Savings	(151)
Additional Turnover Savings Achieved	(68)
Education - Various Utility Underspends	(167)
Education - ASN Placements/Transport/Shortfall in Income	231
Various Underspends all under £50k.	(111)
	(266)

HEALTH & SOCIAL CARE

Early Achievement of Savings	(242)
Additional Turnover Savings Achieved	(518)
Older People - Overspend on homecare, residential & Nursing	448
Learning Disability - Overspend residential, day care packages & transport	331
Mental Health - Underspend on care packages and direct payments	(91)
Physical and Sensory - Net overspend for aids and residential	82
Various underspends all under £50k	(70)
	(60)

ENVIRONMENT & REGENERATION

Early Achievement of Savings	(5)
Additional Turnover Savings Achieved	(264)
Office Accommodation Electricity and Gas.	(78)
Roads Client Lighting Maintenance Contract underspend.	(108)
Underspend on Waste Strategy Bins and Plastic Sacks.	(59)
Increased Environmental Vehicle and Plant costs.	83
Under recovery of Roads' Construction Consent income.	64
Under recovery of Physical Assets' income	66
Under recovery of Office Accommodation income, offset by underspends across Council services.	104
Overrecovery of Vehicle Maintenance Drivers income.	(70)
Various underspends all under £50k	(2)
	(269)

Reasons: Movement P11 to Outturn

POLICY & RESOURCES

Inflation Contingency underspend returned to reserves	(184)
Under recovery on projected IRI Income	84
Various minor variances under £50k	(138)
	(238)

EDUCATION & COMMUNITIES

Early Achievement of Savings	(35)
Sports & Leisure - Bad Debt Provision	32
Education - ASN Placements/Transport/Shortfall in Income	39
Education - Various Utility Underspends	(95)
Education - Transport overspend	126
Various movements all under £50k.	(144)
	(77)

HEALTH & SOCIAL CARE

Older people - increase homecare costs	92
Mental Health - increase in client commitments	(94)
Various movements all under £50k	(38)
	(40)

ENVIRONMENT & REGENERATION

Underspends in Office Accommodation NDR, Gas and electricity costs.	(60)
Under recovery of Office Accommodation recharge income. This is offset by underspends in Office Accommodation across the Council.	84
Reduction in Environmental NDR, Gas and Electricity costs.	(47)
Various underspends all under £50k	(31)
	(54)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £184,000 (5.81%), Movement Underspend £184,000

During the budget process, a saving of £869,000 was identified from contingencies and the Council approved the underspend to be earmarked and utilised in future years. A further saving of £184,000 has been generated since the budget process from the pay and non- pay Inflation contingencies.

2. Internal Resources Income – Outturn Over Recovery £104,000 (92.86%), Movement Under Recovery £84,000

The Internal Resources Interest received was £104,000 more than the adjusted budgeted in 2013/14, however, this was £84,000 less than anticipated at the May 2014 Policy & Resources Committee mainly due to reduction in investment income as a result of a loan funded from the AMP model.

3. Housing Benefit Subsidy – Underspend £121,000 (0.33%), Movement Underspend £0

The final Benefit Subsidy Claim produced in April 2014 reflected an actual underspend of £121,000 for 2013/14 mainly due to a lower than anticipated uptake within homelessness units. This was reported in full to the May Committee.

ENVIRONMENT & REGENERATION COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £264,000 (1.42%), Movement Underspend £13,000

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £264,000 in 2013/14. This was an increase of £13,000 in the underspend reported to the last Committee.

2. Roads Client Lighting Maintenance Contract – Outturn Underspend £108,000 (21.64%), Movement Overspend £10,000

Move of focus from planned maintenance to unplanned maintenance by the contractor has resulted in an underspend in the maintenance contract of £108,000. This is a reduction in the underspend reported to the last Committee of £10,000.

3. Physical Assets Income – Outturn Under Recovery £66,000 (39.76%), Movement Under Recovery £8,000

The Committee under recovered in physical assets income as a result of minimal disposal of property assets in line with previous years. This is an increase in the under recovery reported to the last Committee of £8,000.

4. Roads Construction Consent Income – Outturn Under Recovery £64,000 (53.33%), Movement Over Recovery £6,000

Due to delays in receipt of Construction Consent Income, the Committee under recovered income by £64,000; this is a reduction in the under recovery reported to the last Committee of £6,000. It is not anticipated that the under recovery will continue at this level in future years.

EDUCATION & COMMUNITIES

1. Additional Turnover Savings – Outturn Underspend £68,000 (0.12%), Movement Underspend £11,000

The Committee achieved additional Turnover Savings of £68,000 which is a movement of £11,000 since the last report to Committee.

2. Early Achievement of Savings – Outturn Underspend £151,000 (16.81%), Movement Underspend £35,000

Through early implementation of planned savings, the Directorate over achieved their savings target by £151,000 for 2013/14.

3. Various Utility Budget Lines – Outturn Underspend £167,000 (3.50%), Movement Underspend £89,000.

The Committee incurred underspends in non-domestic rates, gas, electricity, heating oil and biomass costs during 2013/14 of £167,000. This is an increase in the underspend reported to the last Committee of £89,000 and was primarily due to credits received for prior year and lower than anticipated gas consumption.

4. ASN Placements/ASN Transport/ Income – Outturn Overspend £231,000 (14.61%), Movement Overspend £100,000

The Committee is reporting an overspend of £231,000 on costs associated with ASN resources. The overspend reflects the pressures associated with increasing number of clients and the complexity of needs represented. As part of the 2013/16 budget, the Service introduced a policy to place clients within Inverclyde where possible. Other Local Authorities have similar policies to Inverclyde and this has resulted in a reduction in the number of external placements and an under recovery of Income. There has been an increase in the overspend reported to the last Committee of £100,000, the majority of which relates to transport costs.

HEALTH & SOCIAL CARE COMMITTEE**1. Additional Turnover Savings – Outturn Underspend £518,000 (1.91%), Movement Underspend £16,000**

The Committee produced additional turnover savings for 2013/14 of £518,000; this is an increase of £16,000 since the last report. This offsets in part the client commitment overspend within external homecare.

2. Early Achievement of Savings – Outturn Underspend £242,000 (50.42%), Movement Underspend £0

Through early implementation of planned savings, the Directorate over achieved their savings target by £242,000 in 2013/14.

3. Client Commitments Learning Disability – Outturn Overspend £331,000 (4.77%), Movement Overspend £10,000

Client Commitments overspent by £331,000 during 2013/14, which is a movement of £10,000 since last report to Committee. Increased costs resulted from an increase in clients residential and day care packages.

4. Client Commitments Older People – Outturn Overspend £448,000 (2.83%), Movement Overspend £125,000

Increased homecare and residential & nursing care costs have resulted in the Committee reporting an overspend of £448,000 for 2013/14. This is an increase in the costs projected to the last Committee of £125,000. This is offset in part by an underspend within employee costs.