

Wiltshire Council

Cabinet

19 June 2012

Subject: Revenue Outturn 2011/2012

**Cabinet Member: Councillor John Brady
Finance, Performance and Risk**

Key Decision: No

Executive Summary

To advise Cabinet of the final outturn position as at 31 March 2012 for the financial year 2011/2012. The year end position is an underspend of £0.216 million. This is a £0.032 million variance in the forecast position at period 11.

Proposal

That Members note the report showing an outturn underspend of £0.216 million.

Reasons for Proposals

That Members can approve the final outturn for 2011/2012.

**Michael Hudson
Service Director, Finance**

Wiltshire Council

Cabinet

19 June 2012

Subject: Revenue Outturn 2011/2012

Cabinet Member: Councillor John Brady
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Key Decision: No

PURPOSE OF REPORT

1. To advise Cabinet of the revenue outturn position for financial year 2011/2012.

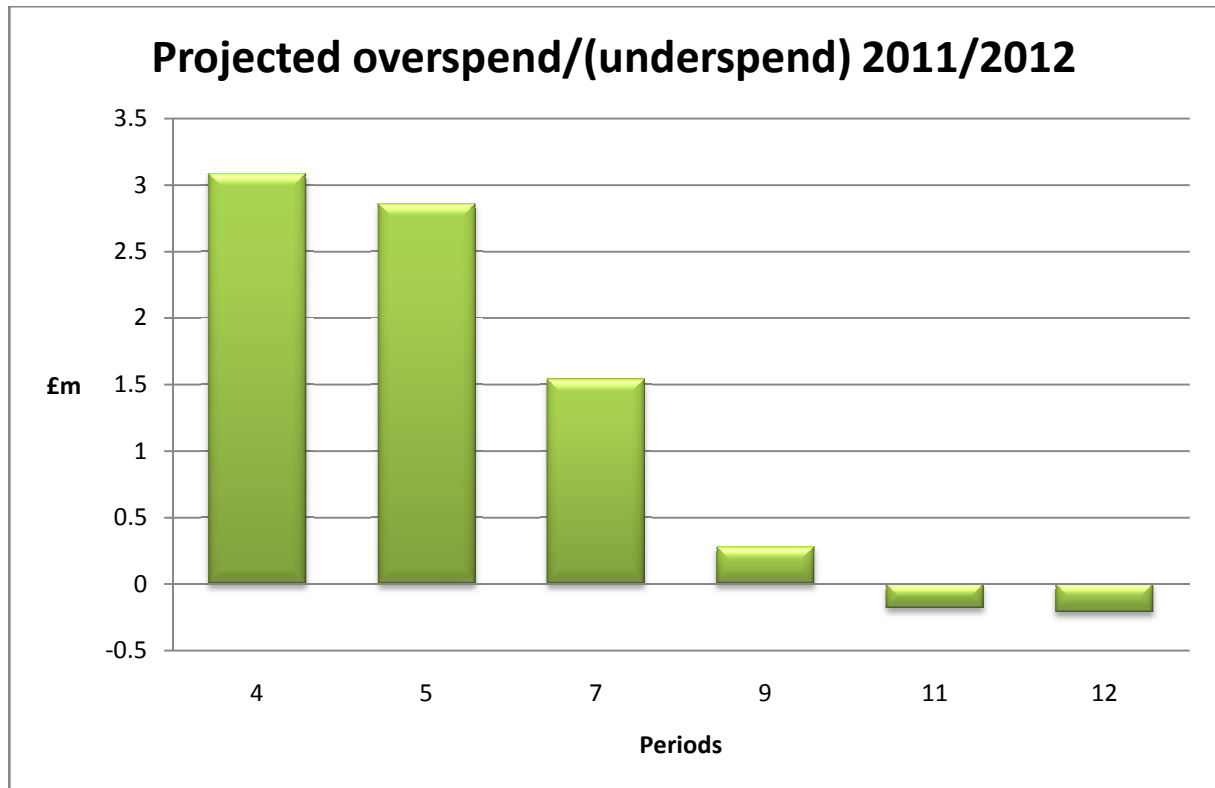
SUMMARY

2. The projected year end position for the relevant account is as follows:

	Revised Budget £ million	Final Outturn Position for Year £ million	Final Overspend/ (Underspend) for Year £ million	Overspend/ (Underspend) reported at period 11 £ million	Movement since period 11 £ million
General Fund Total	329.847	329.631	(0.216)	(0.184)	(0.032)
Housing Revenue Account	(0.411)	(0.541)	(0.130)	(0.020)	(0.110)

3. The final outturn position on the general fund is an underspend of £0.216 million. This represents an improvement of £0.032 million on the budget monitoring position reported to Members for period 11. This is summarised and tied back to the period 11 monitoring report in Appendix D.

- The graph below shows how the forecast outturn position has improved during budget monitoring reports to Cabinet this year. The graph shows a clear continual improvement in the position, following financial management throughout the Council.



- The outturn shows an improved position since the period 11 report. The full details around these service outturns are set out in the detailed monitoring section below and Appendix C.
- This outturn shows an improvement on figures in the financial plan. The financial plan will be updated to reflect this during budget setting 2012/2013.

BUDGET MOVEMENTS SINCE PERIOD 11 REPORTED TO MEMBERS

- There have been some movements between service areas in budget since the last monitoring report at period 11. More details are given in Appendix B.

Detailed monitoring

- The overall revised projected net position by service areas is set out in Appendix C.
- A summary of the Service Area movements from period 11 monitoring is set out in Appendix D. A more detailed summary of the variances is set out by service areas below.

GENERAL FUND

Adult Social Care (Operations and Commissioning) (Including Older People, Physical Impairment, Learning Disability, Mental Health, Supporting People and Resources, Strategy and Commissioning)

10. The final outturn position across the combined Adult Social Care Service areas is £0.111 million overspent (£1.155 million overspent for Operations and £1.044 million underspent for commissioning), compared to £0.602 million forecast overspent when last reported. This reflects an improvement against the forecast position for Learning Disabilities, Physical Impairment and Supporting People.
11. As previously reported, the cost pressures being experienced are largely as a result of demand for Adult Social Care services being greater than that which were assumed when setting the budget. This is predominantly in the areas of:
 - Older People through demand for residential placements and domiciliary care services;
 - Support for Adult Social Care Services provided through the Supporting People budget;
 - Support to people with a Physical Impairment through demand for new high cost, complex care packages;
12. During 2011/2012, the service received additional one-off resources to help manage in year cost pressures. These additional resources are reflected in the position reported against commissioning.
13. During the winter months the service continued to work in partnership with the Primary Care Trust (PCT), monitoring the demand pressures and the impact of this on the PCT and also on social care services. As a consequence an additional 13 placements were made from hospitals and the cost of these placements in 2012/2013 will be funded from additional "winter pressures" funding received by the PCT.

Community Leadership & Governance

14. The final outturn position for the service of £0.088 million overspend relates to the delivery of budgeted staff savings in the Area Boards service area

Libraries, Heritage & Arts

15. The final outturn position against the Libraries, Heritage and Arts Service of £0.116 million overspend is as a result of lower than budgeted income levels.

Housing Services

16. The final outturn position for the service of a £0.298 million underspend is as a result of expenditure in the Housing Options and Allocations service being less than budgeted and a number of vacancies across the department resulting in an underspend against staffing budgets.

Highways and Street Scene

17. The services final variance for the year moved slightly from the February reported position to members. This gave a final outturn position of £19.051 million net spend, a final variance of £1.208 million which was £0.018 million higher than previously reported, the full details of which have already been previously reported to Cabinet.

Leisure

18. A marked improvement in actual income received against that previously forecast led to the service reporting a small underspend of £0.035 million. The previous forecast was a prudent estimate factoring in system changes in the collection process being implemented; the actual position was more favourable and overall led to a £0.165 million improvement on the variance previously reported to members.

Car Parking

19. Continued improvements in actual income received against that forecasted, together with further savings from planned vacant posts within the Civil Enforcement Team led to an overall improved position of a £1.215 million overspend at year end. This is a £0.185 million improvement on that previously reported.

Children's Services (including Safeguarding, Children's Social Care, Integrated Youth, Early Years, School Improvement, Business & Commercial Services, Targeted Services & Learner Support, Commissioning & Performance and Funding Schools)

20. Children's Services are reporting an underspend of £1.050 million. This represents a favourable movement of £0.632 million compared with the previously reported forecast. As previously reported, underspends within Schools & Learning (including underspends on SEN Transport and Early Years services) have offset overspends within the placement budgets for Looked After Children. Social Care Placement budgets overspent by £1.030 million due to increased numbers of looked after children, this increase has been reported throughout the year.

21. There were some large swings in expenditure between the reported projection for February and the final position at the end of the year. Reasons for this include:
- Maximisation of grant, in particular the SEN Pathfinder grant within Commissioning & Performance, and additional grant income received late in the year to support the Troubled Families Project for which Wiltshire is a pilot authority. This grant could not be rolled forward;
 - Vacant posts – vacant posts within business support were being held in advance of achieving the required savings target in 2012/2013. The full impact of those vacancies was not taken in to account in the period 11 forecast because it was anticipated that there would be additional costs prior to the year end, these costs did not materialise in 2011/2012.
 - A reduction in expenditure against the forecast for Early Years, particularly against activity budgets.
22. The summary in Appendix C includes variances against services funded by the Dedicated Schools Grant (DSG) which have not previously been reported to Cabinet, however this does not impact on the overall outturn position as the underspend against DSG is rolled forward in accordance with the conditions of grant. The total underspend against DSG budgets is £1.606 million and the movement to reserves is shown within the outturn figures for Commissioning & Performance. Variances against DSG have been monitored and reported to Schools Forum throughout the financial year and a proportion of the underspend has been committed to support the schools budget in 2012/2013 as described in the financial plan report to Council in February 2012.

Policy, Performance & Partnerships

23. This service underspent by £0.114 million, largely due to staffing vacancies throughout the year.

Finance, Procurement & Internal Audit

24. The service forecast overspend increased by £0.305 million to a £0.505 million overspend at year end. The movement in the outturn was mostly attributable to forecast income receivable for court costs. The forecast was not realised due to a delay in issuing summons in the last months of 2011/2012 in order for implementation of the new revenues and benefits system to bed in.

Legal & Democratic

25. The service final outturn variance moved by a favourable £0.011 million to the position previously reported to members. Overall the service reported a £0.439 million overspend.

Communications & Branding

26. The service reports a final overspend of £0.194 million. The overspend is mostly as a result of an unachievable income target around advertising and marketing, which has been offset during the year by other favourable variances in expenditure e.g. vacant posts.

Human Resources & Organisational Development

27. The service final outturn variance moved by a favourable £0.022 million to the position previously reported to members. Overall the service reported a £0.222 million underspend.

Information Services

28. The service final outturn variance increased by £0.051 million to the position previously reported to members, however within that the service was able to maximise revenue contributions to capital to assist the Councils overall transformation programme. The service reported a £0.949 million underspend details of which have already been detailed in previous Cabinet reports.

Business Services

29. The service was able to manage its budget on line, only reporting a small overspend of £0.001 million at year end.

Strategic Property Services

30. The service final outturn variance moved by £0.252 million which saw the reported underspend reduced to £0.048 million. This was mainly attributable to the permissible amount that can be charged to the capital programme for work on capital projects being less than budgeted and a small net loss on commercial properties against budget.

Transformation Programme

31. The service final outturn differed slightly, a small reduction of £0.007 million, from that previously reported to members last time, resulting in an overspend of £0.533 million at year end the details of which have previously been detailed.

Economy & Enterprise

32. The service final outturn variance moved by an adverse £0.007 million to the position previously reported to members. Overall the service reported a £0.393 million underspend.

Development Services

33. The service saw a £0.202 million improvement to the previously reported variance so that the final underspend stood at £0.382 million. Sizeable planning applications and a continued marked improvement in income received led to this improved position. The service was also able to prudently provide for potential future legal costs arising from planning decisions. The position on income also signals potential good news for 2012/2013 should the trend continue.

Highways Strategic Services

34. The service saw a £0.157 million improvement on the previous forecast position to return a final outturn underspend of £0.657 million. As previously reported the continued improvement in the level of supervision fees received from developers was the main driver behind the reported underspend, as well as the finalisation of the agreed discount with the Highways Works contractor.

Passenger Transport (including Education Transport and Public Transport)

35. The combined service saw a significant improvement of £0.532 million on the previous forecast position to return a final outturn underspend of £1.122 million. The majority of this underspend was attributable to previously reported savings achieved in various areas of spending since the budget was set. In addition smaller movements in the expected cost of the RTPI (Real Time Passenger Information) system and the link payment and voucher system (national travel token scheme) also contributed to the underspend.

Waste

36. The service is reporting a £0.055 million overspend against a £26.090 million revised budget, which is a £0.295 million improvement on the previously reported position. The position has improved due to improvements on cautious forecast on landfill tax and income which were not finalised and known until year end and a reduction in forecast costs in relation to the roll out of the new Waste services.

Public Health and Public Protection

37. The final outturn variance moved by a favourable £0.042 million to the position previously reported to members. Overall the service reported a £0.122 million underspend which is mostly attributable to saving on employee costs through staff and vacancy management.

Digital Inclusion

38. An underspend of £0.081 million was achieved against the revenue budget for Digital Inclusion. Because of the success in accessing grant funding for the first wave of capital investment in this project, the requirement for revenue funding in the first year of the project has been lower than initially assumed within the Council's business plan. This underspend has therefore been transferred to the Digital Inclusion Reserve in order to support funding for the project in future years, when revenue contributions from the Council will be required, and therefore no variance is shown for 2011/2012.

Corporate Directors

39. An increased in the forecast underspend led to an overall underspend of £0.082 million against the Corporate Directors line. This line is the amalgamation of the previous four Corporate Directors budgets, the Chief Executive budget line and the ex-DNP Business Services team. The underspend is mostly attributable to salary savings.

Corporate

40. Movement to/from Reserves is showing a difference of £2.313 million. This is primarily due to the fact that the Council did not require the £2.367 million draw from general fund reserves as originally budgeted due to the overall improved financial position.

41. Capital Financing is underspent by £2.995 million. This is due to the reprogramming of capital schemes from 2011/2012 into later years. This has meant that the Council has not had to borrow as much as originally anticipated in order to cover the capital expenditure. The Council has also not had to make a minimum revenue provision to pay back the principal of the debt. Therefore the costs incurred in servicing the Council's borrowing (principal and interest costs) have been lower than originally planned. This is an improvement of £1.500 million on month 11 report.
42. Restructure and Contingency is reporting a net difference from the original budget of £2.488 million. This comprised of additional Corporate pressures of £3.751million. This is predominantly due to the need to create several large corporate provisions for which the Council has a present (now emerging legal) obligation resulting from previous legal claims. The corporate pressures are partly offset by an underspend of £1.263 million on Restructuring which relates to incurring less severance costs due to good vacancy management. After utilising in full the provision created in 2010/2011 for 2011/2012 severance costs, the total cost to the general fund was £2.736 million against an original budget of £4.000 million.
43. Specific & General Grants is underspent by £0.791 million. This is mainly due to the Council receiving £0.722 million of extra government grant in March 2012 for Sure Start Early Years. This is extra grant relating to capital expenditure incurred on Sure Start during and prior to 2010/2011, which had been previously fully funded from borrowing. This grant is applied to general grants to repay the borrowing incurred upfront in 2010/2011.

HOUSING REVENUE ACCOUNT

44. The Housing Revenue Account outturn is an underspend of £0.130 million. This is a small improvement on the month 11 forecast underspend of £0.020 million.

Reserves

45. The tables below shows the year end outturn position on the general fund balance and estimated earmarked reserves held by the council.
46. Due to the overall improved financial position it is not necessary to take an additional draw from reserves during this financial year. This leaves a balance as at 31 March 2012 on General Fund reserves of £14.145 million after extra transfer in the year of £0.216 million.

General Fund Reserve	£ million	£ million
Balance as at 1 April 2011		(13.926)
Full Year underspend	(0.216)	
Extra Funding roundings	(0.003)	
Total Forecast movement		(0.219)
Balance 31 March 2012		(14.145)

47. The Council also has some ring fenced earmarked reserves. A summary of which is included below:

Earmarked Reserves	Opening Balance 01-Apr-11 £ million	Drawdowns/ Deposits £ million	Closing Balance 31-Mar-12 £ million
PFI Reserve	(3.151)		(3.151)
Insurance Reserve	(4.450)		(4.450)
Schools Balances	(16.049)	2.896	(13.153)
WTP Reserve	(0.228)		(0.228)
Libraries Operating Reserve	(0.051)		(0.051)
Housing Reserve	(0.042)		(0.042)
CRB System Reserve	(0.049)	0.041	(0.008)
Elections Reserve	(0.200)	(0.200)	(0.400)
Street Lighting Reserve	(0.100)		(0.100)
Area Board Reserve	(1.200)	0.617	(0.583)
Occupational Health System Reserve		(0.020)	(0.020)
Energy Efficiency Reserve		(0.180)	(0.180)
Digital Inclusion Reserve		(0.153)	(0.153)
Improving Safeguarding Reserve		(0.500)	(0.500)
Revenue Grants Reserve	(9.039)	4.509	(4.530)
Total Earmarked Reserves	(34.559)	7.010	(27.549)

Main Consideration for the Council

48. To note the current budget monitoring report.

Environmental Implications

49. None have been identified as arising directly from this report.

Equality & Diversity Implications

50. No equality and diversity issues have been identified or arising from this report.

Legal Implications

51. None have been identified as arising directly from this report.

Risk Assessment

52. During the year, the Council has faced significant service financial pressures, including Central Government grant reductions, have been identified across departments during the financial year. Actions to manage these pressures have been agreed previously and work undertaken to manage the financial position.

53. The Council has identified in its corporate risk register various elements which have been covered in previous monitoring reports, most notably the impact the current economic climate has on the Council's finances.

Financial Implications

54. These have been examined and are implicit throughout the report.

Proposals

55. That Members can approve the final outturn for 2011/2012.

Background Papers and Consultation

2011-15 Business Plan

2011-15 Financial Plan

Budget Monitoring Cabinet Period 3 26 July 2011

Budget Monitoring Cabinet Period 4 13 September 2011

Budget Monitoring Cabinet Period 5 18 October 2011

Budget Monitoring Cabinet Period 7 13 December 2011

Budget Monitoring Cabinet Period 9 15 February 2012

Budget Monitoring Cabinet Period 11 17 April 2012

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Appendices:

- Appendix A: Revenue Budget Movements 2011/2012
- Appendix B: Service Area Movements 2011/2012
- Appendix C: Detailed Service Area Budget Statements
- Appendix D: Variance Movement