

**Wiltshire Council**

**Cabinet**

**18 June 2013**

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**Subject: Revenue Outturn 2012/2013**

**Cabinet Member: Councillor Dick Tonge  
Finance, Performance and Risk**

**Key Decision: No**

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**Executive Summary**

To advise the cabinet of the final revenue outturn position as at 31 March 2013 for the financial year 2012/2013. The year end position is that the council has an under spend of £0.087 million.

This is a £1.315 million variance from the forecast position at period 9 and reflects the projections of the Section 151 officer that a balanced budget would be achieved by 31 March 2013.

**Proposal**

That the cabinet;

1. Notes the report showing an outturn under spend of £0.087 million;
2. Recognises the robust financial management to deliver this outcome; and,
3. Approves setting up a Transformation Earmarked Reserve of £1.336 million.

**Reasons for Proposals**

That cabinet notes the final revenue outturn for 2012/2013 and approves an earmarked reserve for transformation work.

**Michael Hudson  
Chief Finance Officer**

# Wiltshire Council

## Cabinet

18 June 2013

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**Subject:** Revenue Outturn 2012/2013

**Cabinet Member:** Councillor Dick Tonge  
Finance, Performance and Risk

**Key Decision:** No

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### PURPOSE OF REPORT

1. To advise cabinet of the revenue outturn position for financial year 2012/2013.

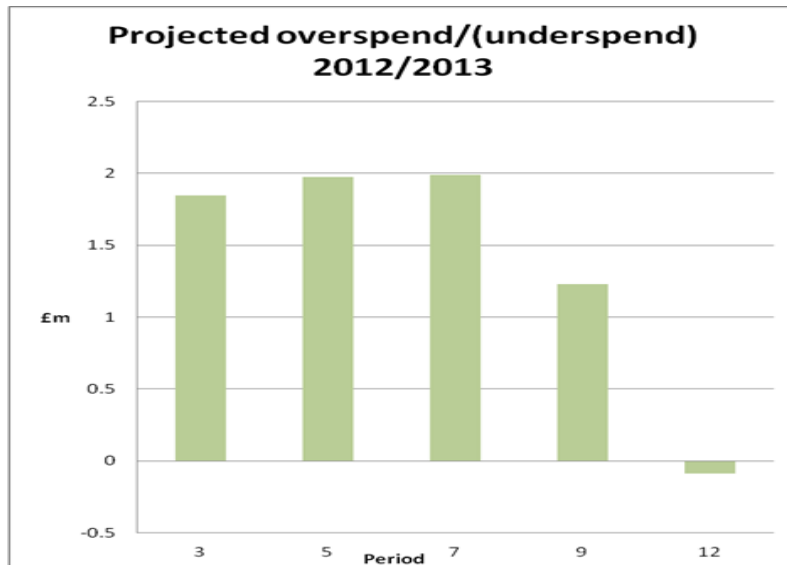
### SUMMARY

2. The final outturn position is as follows:

	Revised Budget £ million	Outturn Position for Year £ million	Overspend/ (Underspend) for Year £ million	Overspend/ (Underspend) reported at period 9 £ million	Movement since period 9 £ million
General Fund Total	326.655	326.568	(0.087)	1.228	(1.315)
Housing Revenue Account	0.141	(1.617)	(1.758)	0.000	(1.758)

3. The final outturn position on the general fund is an underspend of £0.087 million. This represents an improvement of £1.315 million on the budget monitoring position reported for period 9, and reflects the forecast reported by the Section 151 officer to council in February 2013 that a balanced budget would be achieved by 31 March 2013.
4. This is summarised in the period 9 monitoring report in Appendix D and the reasons for delivering an under spend are highlighted in this report.

- The graph below shows how the forecast outturn position has improved during budget monitoring reports to cabinet this year. The graph shows a clear improvement in the position towards the end of the financial year as a result of strong financial management throughout the council.



- This outturn shows a very slight improvement on figures in the financial plan. The financial plan will be updated to reflect this during budget setting 2014/2015.

## BUDGET MOVEMENTS SINCE PERIOD 9 REPORTED TO MEMBERS

### Detailed monitoring

- The overall outturn position by service areas is set out in Appendix C.
- A summary of the service area movements from period 9 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, Other Vulnerable Adults, Learning Disability, Mental Health and Resources, Strategy and Commissioning - £0.443 million net overspend**

- The final outturn position across the combined adult social care service area is a £0.443 million overspend (£0.349 million overspend for operations and £0.094 million for commissioning) compared to £0.265 million forecast overspend that was reported at month 9. The adverse movement since last reported, is as a result of a small number of new high cost packages, mainly in services for Other Vulnerable Adults. The outturn position equates to 0.38% of the combined budget of £117.845 million and includes the following:

- A combined underspend across services for Older People and Mental Health Older Adults of £0.094 million. This is reported as an overspend of £0.969 million against Older People and an underspend of £1.063 million against Mental Health Older Adults (reported under the Mental Health heading), being a reflection of the actual spending pattern during this financial year. These service areas are currently managed together as a single service within locality teams, providing services to all older people, including those who are frail or with dementia. This position includes the savings delivered through the Help to Live At Home transformation programme.
  - A combined overspend of £0.443 million across all care services provided for 18-64 years olds. The majority of this is across disability services for other vulnerable adults and those with learning disabilities. The overspend is the result of a small number of highly complex and expensive care packages made in the last quarter of the year.
  - An overspend of £0.094 million incurred as a result of providing short term additional staffing to support frontline services to other vulnerable adults and older people.
10. As previously reported, cost pressures have been experienced in Adult Care Services. Within Other Vulnerable Adults, there continues to be demand for high cost care packages to support very complex cases, for example to support people with acquired brain injuries or people who have suffered strokes. In addition, cost pressures continue (as in previous years) from people transferring to packages of social care (usually within Learning Disability Services) following reassessment against the Continuing Health Care (CHC) criteria. Across services for older people, residential and nursing placement unit costs are increasing, particularly for complex needs, although numbers of placements have remained relatively steady during the year.
11. The adult social care service has continued to work in partnership with health colleagues to achieve improved integration that will benefit both social care and health services. During this year, the service has developed and piloted the STARR bed service, providing “step up” and “step down” bed facilities with direct input from health staff, for example physiotherapy services. The intention is that this will benefit the whole health and social care pathway by reducing hospital admissions, and improving outcomes post hospital admissions. This will continue into 2013/2014.

### **Community Leadership & Governance - £0.154 million net underspend**

12. The final outturn position for the service is £0.154 million underspent, which is the result of savings against staffing budgets due to vacancies within the service.

### **Libraries, Heritage & Arts - £0.028 million net overspend**

13. The final outturn position for libraries, heritage and arts is £0.028 million overspend. This is due to lower than budgeted income levels.

### **Housing Services - £0.219 million net underspend**

14. The final outturn position for strategic housing services is £0.219 million and is largely the result of a number of vacancies across the department resulting in an underspend against staffing budgets. In addition, there has been lower than expected spend for the administration and set-up costs for the Housing PFI project. These are not anticipated to reoccur.

### **Highways and Street Scene - £0.639 million net overspend**

15. The final outturn of £0.639 million overspend in 2012/2013 is a favourable movement on the previously reported position by £0.088 million.
16. The routine maintenance and winter and weather emergency elements of the budget faced further pressure in the final 3 months of the financial year and as a result of the substantial flooding and snow experienced throughout the county. The two budgets showed a combined overspend of £1.072 million.
17. Active management of other budgets areas such as the street scene, rights of way and countryside and fleet functions and the release of ring fenced legal monies back into the service ensured the overspend was offset and contained as much as possible within the service.

### **Leisure - £0.356 million net underspend**

18. The final outturn position for leisure services is £0.356 million underspend. This reflects a deferral in spending across the centres on supplies and services to offset the income targets that were not met in order to help mitigate expected overspends across the council. The service is expecting to manage these issues within the 2013/2014 budget.

### **Car Parking - £0.091 million net overspend**

19. This service is reporting a net overspend of £0.091 million. This is a £0.089 million improvement since period 9 when a projected overspend of £0.180 million was reported.
20. This is in part due to improved income across the service of £0.051 million from the projected level reported at period 9. However as reported previously, total income fell short of the levels budgeted for. In total car parking income was underachieved by £0.276 million.
21. Further management of the car parking enforcement and car parking administration functions resulted in a further decrease in the service overspend. This resulted in overall expenditure for the service underspending by £0.185 million.

### **Children's Services (including Children's Social Care, Integrated Youth, Early Years, School Improvement, Business & Commercial Services, Targeted Services & Learner Support, Safeguarding, Commissioning & Performance and Funding Schools) - £2.746 net overspend**

22. The overspend across the combined children's services areas is £2.746 million, this is a favourable movement of £0.385 million since the last report to cabinet. This comprises overspends in children's social care and safeguarding offset by under spends within other areas of children's services.
23. Children's social care budgets are overspent by £4.315 million. This takes into account the transfer of £0.500 million from ear marked reserves and income of £0.100 million from the national Children's Improvement Board to offset additional costs incurred through the implementation of the Social Care Improvement Plan. The overspend is as a result of higher placement costs arising from an increase in the numbers of children and young people coming in to care and additional costs of agency staff across the referral and assessment and other social care teams.
24. Placement budgets for looked after children are overspent by £3.677 million due to increases in the numbers of young people coming in to care. On 31 March there were 453 children and young people looked after in Wiltshire and the number of nights care delivered in 2012/2013 exceeded the budget by 15,647 nights.

25. Actions continued to be taken throughout the year to ensure that children came into care appropriately, including:
- implementation of a new higher level family support service, commissioned as part of the Family and Parenting Support Commissioning Strategy,
  - appointment of additional adolescent support workers within the integrated youth service to carry out direct support to young people on the edge of care,
  - A new process for Gateway Panels which is now the focal point for all decisions in relation to support for children & young people.
26. An underspend of £0.873 million has been achieved against schools and learning services arising from savings against vacant posts and against activity budgets within the early years service. This has been reported through the financial year. These are one off recovery actions and the budget has been significantly reduced in 2013/2014 as part of the budget setting process.
27. The children's safeguarding budget overspent by £0.299 million, largely as a result of additional staffing costs (including the use of an interim head of safeguarding quality assurance). The numbers of children and young people with a child protection plan has doubled during 2012/2013 and this has had a significant impact on caseloads across the service.
28. In conjunction with these actions, within commissioning and performance the Troubled Families Grant allocated by the government to Wiltshire has been utilised to support the new family support service provided by action for Children and family group conferencing services. This, along with other commissioning savings achieved in 2012/2013, enabled an underspend of £0.800 million to be released in 2012/2013 to support the overspend in children's social care. These savings are one off savings achieved in 2012/2013 to support the overspend in children's services. The higher level family support service is now fully operational and the use of Troubled Families Grant has been reflected in the budget for 2013/2014 meaning that similar underspends will not be achieved against the contract in 2013/2014.

#### **Policy, Performance & Partnership - £0.009 million net overspend**

29. This service showed only a minor variance in the year.

### **Finance, Procurement & Internal Audit - £0.228 million net underspend**

30. The service achieved a net underspend at outturn of £0.228 million. This is a £0.188 million variance from the £0.040 million underspend projected at period 9. The main variances arose due to lower than forecast staff costs following the continued freeze on recruitment into vacancies, further reductions in audit fees and an improved return on discounts applied from the revised agency staffing contract.

### **Revenues and Benefits – Subsidy - £0.096 million net overspend**

31. This service is reporting a net overspend of £0.096 million on gross budget of £138.555 million (0.07%). The variance is primarily due to increasing the bad debt provision in respect of housing benefit overpayment debtors, in advance of the Welfare Reform changes which were introduced 1 April 2013.

### **Legal and Democratic - £0.510 million net underspend**

32. The final outturn position for legal and democratic services of £0.510 million underspend reflects further underspends than were reported in period 9. The variance is mainly due to a underspend on councillors expenses and training, underspends on legal salaries and other budgets, and additional underspends in the coroner service due to reduced demand. This has offset overspends in legal where additional demand for work has been required to support a range of services including transformation, child protection, adult care and changes to Section 106 arrangements.

### **Communications - £0.055 million net underspend**

33. The final outturn position for communications of £0.055 million underspend reflects underspends on the staffing and printing budgets, offset against income targets that were not achieved.

### **Human Resources (HR) and Organisational Development - £0.249 million net underspend**

34. The final outturn position for HR of £0.249 million underspend reflects an underspend on employee costs resulting from the management of vacancies, additional income received from offering services such as payroll to external organisations, and various other underspends across the service.



### **Information Services - £0.657 million net underspend**

35. Information services forecast a £0.500 million underspend in 2012/2013 this was achieved through vacant posts for the first part of the year and re-forecasting investment cycle for replacement laptops.
36. Final outturn was £0.657 million; further savings were achieved on applications support maintenance contracts.

### **Business Services - £0.189 million net overspend**

37. In period 9 business services reported an underspend of £0.060 million. The service were managing a forecast overspend of £0.137 million on Insurance by bringing forward savings identified for 2013/2014. This included holding vacant posts in business services finance and health and safety totalling £0.126 million and increased income from customer services for Blue Badges of £0.066 million.
38. Business services final outturn was an overspend of £0.189 million. This was due to an increased overspend on Insurance of £0.353 million, total overspend of £0.490 million for 2012/2013. The forecast for Insurance was based on current expectation for claims, however these are difficult to manage and forecast and include a provision for a claim of £0.100 million. The spend on insurance is not directly controllable by the service. This area will be reviewed in 2013/2014.
39. The service were able to offset this by overachievement of income in registration service £0.040 million and health and safety £0.010 million and a reduction in supplies and services spend across the service £0.059 million.

### **Strategic Property Services - £0.630 million net underspend**

40. The final position was an underspend of £0.630 million which was a change from the figure last reported of £0.259 million.
41. The variance was as a result of an increase in the amount of officer time offset against income from sale of land and some additional sundry income which was not forecast in year.

### **Transformation Programme - £0.248 million net overspend**

42. The final outturn position worsened from the forecast of £0.178 million first reported during the summer to an overspend of £0.248 million.

43. This change in position was due to higher than anticipated spend on utilities mainly water and fuel oil.

#### **Economy and Regeneration - £0.068 million net underspend**

44. Economy and Regeneration service final outturn was an underspend of £0.068 million. This position was achieved by holding vacant posts and has been managed despite the significant increase in project work and grant income.

#### **Development Services - £0.239 million net underspend**

45. Development services final outturn was an underspend of £0.239 million.
46. Building control and land charges have both faced increased competition in 2012/2013 from the private sector and had to manage this at a time when 'applications' have reduced slightly. Market share is being maintained and service costs covered but forecast income budgets were not fully achieved in 2012/2013.
47. Development management has been able to offset this by exceeding their income budgets for the year. This was due to the 15% increase in planning fees that was introduced on 22 November 2013 and the submission of several large fee paying applications.

#### **Highways Strategic Services - £0.124 million net underspend**

48. The service saw an adverse variance of £0.041 million on the previously reported position with a final outturn of £0.124 million underspend. The underspend was primarily related to an increased level of development supervision fees within the service but also smaller underspends in areas such as road safety, bridge routine maintenance, safety camera partnership and establishment costs across the service. This was offset by increased expenditure on the street lighting maintenance and street lighting energy budgets.

#### **Passenger Transport (including Education Transport and Public Transport) - £0.002 million net overspend**

49. The public and education transport budgets show a combined final outturn of £0.002 million overspend. The service therefore saw an adverse variance on the previously reported position of £0.043 million.

50. The public transport budget shows a final outturn of £0.127 million overspend. As reported previously there is increased income through neighbouring local authorities contributions to cross boundary public transport contract costs and reduced spend within the concessionary fares element of the budget. This was offset by increased public transport contracts spend with a value of £4.633 million in 2012/2013.
51. The education transport budget shows a final outturn of £0.125 million underspend. The underspend was driven primarily by reduced expenditure in education transport contract costs; particularly the 16+ further education element. There was also an underspend in the SEN passenger assistant salary budgets. The education transport income streams were in line with the 2012/2013 budgets.

#### **Waste - £0.416 million net underspend**

52. The final outturn position for waste services of £0.416 million underspend is an improvement from the position reported in period 9. A small change in the municipal solid waste tonnage per household resulted in an underspend on disposal costs and landfill tax, and additional staffing costs that had been forecast for potential periods of bad weather did not materialise. Income was higher than projected, and had previously been uncertain due to a change in trade waste charges, and various other budgets were unspent across the service following instruction to reduce overall spend.

#### **Public Health and Protection - £0.104 million net underspend**

53. The service has a final outturn of £0.104 million underspend.
54. The final outturn is largely due to the overachievement of income in licensing within public protection being able to offset in year challenges and careful management of staff and supplies and services budgets.
55. The outturn for public health 2012/2013 budget was break even. Funding was received in year to fund the transition, additional substance misuse services and additional prison healthcare costs. The PCT also funded other public health services which were reported separately from this figure. From April 2013 this budget is now the responsibility of the council.
56. The areas of public health and public protection will be shown separately in monitoring reports in 2013/2014.

### **Digital Inclusion - £0.063 million net underspend**

57. The broadband contract was not signed until late in the financial year which has resulted in expected costs in respect of the contract and relevant works not being incurred in 2012/2013 as originally anticipated. A transfer to the digital Inclusion earmarked reserve of £0.030 million to fund these delayed costs in 2013/2014 reduced the reported net underspend to £0.063 million.

### **Corporate Directors - £0.008 million net underspend**

58. The final outturn position for corporate directors of £0.008 million underspend reflects various small underspends across the available budget.

### **Corporate - £0.498 million net underspend**

59. Corporate as a whole is reporting an underspend of £0.498 million. This compares to the period 9 projected variance of a £1.650 million underspend. There are significant over and underspends on other lines within corporate but they balance with each other.
60. The £1.700 million transfer from reserves agreed in period 9 has been actioned. (£1.643 million from General Fund Reserves and £0.057 million from other reserves).
61. There is an underspend on capital financing due to increased capital slippage into 2013/2014. This is higher slippage than the previously reported estimate as at period 9. This budget has been re-based in 2013/2014 so is not expected to reoccur.
62. There is an overspend on restructure and contingency due to corporate saving, such as a review of administrative services being deferred to 2013/2014. Corporate savings built into the 2013/2014 budget are being reviewed as part of the corporate saving plan.
63. The underspend on corporate levies is due to not requiring the full budget for the carbon reduction scheme provision as the scheme was changed. This is not expected to reoccur in future years.

### **HOUSING REVENUE ACCOUNT (HRA)**

64. The HRA is reporting an underspend of £1.758 million. This is primarily (approximately £1.300 million) due to borrowing at a lower rate than had been budgeted in respect of the amount borrowed to fund the HRA subsidy settlement. Other reasons include taking the maintenance contract work in house during the year and other maintenance contracts coming to an end.

## Reserves

65. The tables below shows the year end outturn position on the general fund balance and estimated earmarked reserves held by the council.
66. There is an overall improvement in the outturn position from that reported at period 9. However, the cabinet could decide to continue to draw down the £1.700 million it agreed to use from reserves in December. This would give the opportunity to put £1.336 million into a new Transformation Earmarked Reserve.
67. The aim of this earmarked reserve would be to enable cabinet to take decisions to fund transformational change.
68. The set up of this reserve has been reflected in the figures in this report.

<b>General Fund Reserve</b>	<b>£ million</b>	<b>£ million</b>
Balance as at 1 April 2012		(14.145)
Underspend at year end	(0.087)	
Draw from reserves per period 9 monitoring report	1.643	
Extra grant from central government	(0.051)	
Total movement in year		1.505
<b>Forecast Balance 31 March 2013</b>		<b>(12.640)</b>

69. The final position shows General Fund Reserves at the year end of £12.640 million, compared to £12.500 million in the financial plan reported to council in February 2013. The report "Wiltshire Council's Financial Plan Update 2013/2014" that went to cabinet on 12 February 2013 gives full details of the risk assessment of General Fund Reserves.
70. In addition to General Fund Reserves, the council also has some ring fenced earmarked reserves. These are held for specific reasons. Earmarked reserves are reviewed regularly as part of closedown process. A further review will be undertaken early in 2013/2014.

71. Below is a list of current Earmarked Reserves:

<b>Earmarked Reserves</b>	<b>Opening Balance 01-Apr-12</b>	<b>Drawdown/ (Deposits)</b>	<b>Closing Balance 31-Mar-13</b>
Schools PFI Reserve	(3.151)	(1.510)	(4.661)
Insurance Reserve	(4.450)		(4.450)
Schools Balances	(13.153)	3.885	(9.268)
Transformation Reserve	(0.228)		(0.228)
Libraries Operating Reserve	(0.051)	0.051	0.000
Housing Reserve	(0.042)		(0.042)
Criminal Records Bureau System Reserve	(0.008)		(0.008)
Elections Reserve	(0.400)	(0.200)	(0.600)
Street Lighting Reserve	(0.100)		(0.100)
Area Board Reserve	(0.583)	0.548	(0.035)
Occupational Health System Reserve	(0.020)	0.020	0.000
Energy Efficiency Reserve	(0.180)	0.141	(0.039)
Digital Inclusion Reserve	(0.153)	(0.030)	(0.183)
Improving Safeguarding Reserve	(0.500)	0.500	0.000
Housing PFI Reserve		(1.588)	(1.588)
Action 4 Wiltshire Reserve		(0.180)	(0.180)
Young People's Support Service (YPSS) Reserve		(0.313)	(0.313)
Transformation Reserve		(1.336)	(1.336)
Revenue Grants Reserve	(4.530)	(0.600)	(5.130)
<b>Forecast Balance 31 March 2011</b>	<b>(27.549)</b>	<b>(0.612)</b>	<b>(28.161)</b>

### **Main Consideration for the Council**

72. To note the current budget monitoring report.

### **Environmental Implications**

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

### **Equality & Diversity Implications**

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

## **Legal Implications**

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

## **Risk Assessment**

76. During the year, the council has faced significant service financial pressures. Actions to manage these pressures have been agreed previously and work has been undertaken to manage the financial position.

77. 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**

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

## **Proposals**

79. That Cabinet

- a) Notes the report showing an outturn underspend of £0.087 million;
- b) Recognises the robust financial management to deliver this outcome; and
- c) Approves the set up of Transformation Earmarked Reserve of £1.336 million.

## **Background Papers and Consultation**

2011-15 Business Plan  
2011-15 Financial Plan  
Budget Monitoring Cabinet Period 3 10 September 2012  
Budget Monitoring Cabinet Period 5 6 November 2012  
Budget Monitoring Cabinet Period 7 18 December 2012  
Budget Monitoring Cabinet Period 9 12 February 2013

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## **Appendices:**

Appendix A: Revenue Budget Movements 2012/2013  
Appendix B: Service Area Movements 2012/2013  
Appendix C: Detailed Service Area Budget Statements  
Appendix D: Outturn Variance Movements