
Report To:	Policy & Resources Committee	Date:	09 August 2016
Report By:	Chief Financial Officer	Report No:	FIN/77/16/AE/AP
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Subject:	Revenue Budget Outturn 2015/16 - 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 2016 and to highlight any significant variances between revised budgets and outturn plus Period 11 projections and outturn.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2015/16 and the variance between the outturn and the projection presented to the Policy & Resources Committee at Period 11 (May 2016) for all Service Committees.

- 2.2 The outturn per the unaudited accounts shows an underspend for 2015/16 of £5,814,000 (Appendix 1) for all Service Committees; this represents an underspend of 3.41% against 2015/16 revised budget of £170,623,000. The main areas of underspend relate to:

- Additional turnover savings achieved across the Council of £1,340,000.
- Release of contingencies not required throughout 2015/16 £2,458,000.
- One off release of pressure monies not required in 2015/16 of £232,000.
- Additional Internal Resources Income earned of £136,000.
- Net over recovery of Benefit Subsidy of £121,000.
- Underspend on Education Early Years' Service of £484,000.
- Underspend relating to the Children & Young People Act within Social Care Services of £143,000.
- Net underspend across all Social Care Services due to a reduction in care package costs of £401,000.
- Underspend on various utility budgets of £160,000.
- Over recovery of income for school meals and other Local Authorities of £213,000.
- Over recovery of prior years' Council Tax collection income of £162,000.

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, Homelessness costs and a shortfall in Commercial and Industrial income and Physical Assets rental income received.

- 2.3 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £905,000. 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 Both the level of underspend (£5.814m v £4.395m) and the movement from Period 11 (£0.905m v £0.727m) are higher than experienced in 2014/15. Many of the areas of underspend were addressed when preparing the 2016/18 budget or will be included in proposals to save a further £600,000 in 2017/18. It should also be noted that the movement

between Period 11 and Outturn represented 0.53% of the overall budget.

- 2.5 The Council supported by the Corporate Management Team take a robust approach to Budget Management by retaining underspends and bearing down on pressures. This generates overall budget underspends and has helped reduce saving requirements.
- 2.6 Overall, the unaudited accounts position reflects a free reserves position of £8.783m which is an increase of £2.293m since the budget was set in March 2016. Committee has already agreed that any decision on the use of remaining free reserves will be deferred until the conclusion of the 2015/16 Accounts in September 2016.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the underspend per the unaudited accounts for 2015/16 of £5,814,000, the reasons for the material variances from budget and the 0.53% Period 11 projection movement and outturn.
- 3.2 That the Committee note the positive impact which the robust approach to Budget Management by the Council and the CMT has on the overall position of the Council's finances.

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 2015/16 and to highlight the main issues contributing to the underspend of £5,814,000. 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 2015/16 UNAUDITED OUTTURN

5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2015/16 is an underspend of £5,814,000 for all Service Committees. The outturn comprises an underspend of £3,459,000 within the Policy & Resources Committee, £359,000 within the Environment & Regeneration Committee, £1,545,000 within the Education & Communities and £451,000 within Health & Social Care.

5.2 Main areas of underspend relate to additional turnover savings achieved, the release of inflation contingencies not required, additional Internal Resources Interest earned, an improvement in prior years Council Tax collection rates, an underspend within Social Care client care packages and an underspend within Education Early Years' Service. 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 £5,814,000 is a movement of £905,000 since the last report to the Policy & Resources Committee in May 2016. 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 2015/16 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2016/17 in the next Committee cycle.

5.5 The unaudited accounts position reflects free reserves of £8,783,000 at 31st March 2016. This is an increase in the reserves position of £2,293,000 since the budget was set in March 2016. The Committee has already agreed that decisions on the use of remaining free reserves will be deferred until the conclusion of the Annual Accounts in September 2016.

6.0 OTHER INFORMATION

6.1 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. The percentage variance for 2015/16 has increased over the last 2 years which is mainly due to a reduction in requirements for inflationary uplifts and an increase in turnover. The following shows the variance for the last 4 years and the percentage against revised revenue budget for the relevant year. The turnover target has been increased by 25% in 2016/17 whilst inflation allowances have been significantly reduced.

Year	Variance	Percentage Variance
2012/13	Underspend £2.835m	1.60%
2013/14	Underspend £1.329m	0.81%
2014/15	Underspend £4.395m	2.61%
2015/16	Underspend £5.814m	3.41%

7.0 IMPLICATIONS

7.1 FINANCE

All financial implications are discussed in detail within the report and presented in 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**REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO PROVISIONAL OUTTURN**

2014/15 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2015/16 £000	P11 Revised Budget 2015/16 £000	P 11 Projected Out- turn 2015/16 £000	P11 Projected Over/(Under) Spend 2015/16 £000	Final Over/(Under) Spend 2015/16 £000	Movement from P11 Outturn £000	Variance as % of Revised Budget
13,192	Policy & Resources	18,835	16,825	13,727	(3,188)	(3,459)	(271)	-20.56%
80,119	Education & Communities	89,665	83,874	82,435	(1,439)	(1,545)	(106)	-1.84%
19,956	Environment & Regeneration	22,196	20,150	20,013	(137)	(359)	(222)	-1.78%
48,755	Health & Social Care	48,767	49,774	49,629	(145)	(451)	(306)	-0.91%
162,022	COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	179,463	170,623	165,804	(4,909)	(5,814)	(905)	-3.41%

Reasons: Final Outturn**POLICY & RESOURCES**

Additional Turnover Savings achieved	(93)
Inflation Contingencies not used	(2,458)
Pressures Contingency not used	(232)
IRI Over Recovery	(136)
Over Recovery of Benefit Subsidy	(121)
Underspend due to Swan Contract	(59)
Reallocation of election costs	(60)
Improved collection for prior years council tax	(162)
Various underspend all under £50k	(138)

(3,459)**Reasons: Movement P11 to Outturn****POLICY & RESOURCES**

Inflation Contingencies returned to reserves	(112)
Reallocation of election costs	(60)
Improved collection for prior years council tax	(72)
Various underspends all under £50k	(27)

(271)**EDUCATION & COMMUNITIES**

Additional Turnover Savings Achieved	(306)
Underspend Early Years Service	(484)
Underspend Early Years Day Care & Partner Providers	(82)
Over Recovery of School Meals Income and Other Local Authorities	(213)
Underspend on Utilities, NDR, Cleaning & Janitors	(160)
Education - Transport Underspend	(71)
Community Halls - underspend Support Comm Facilities	(91)
Education - Underspend IT Recharges to Schools	(53)
Overspend Waivers	54
Various underspend all under £50k	(139)

(1,545)**EDUCATION & COMMUNITIES**

Underspend on Utilities, NDR, Cleaning & Janitors	(105)
Education - Underspend IT Recharges to Schools	(53)
Education - Additional Transport Underspend	(56)
Increased overspend in Waivers	86
Various overspends all under £50k	22

(106)**HEALTH & SOCIAL CARE**

Additional Turnover Savings Achieved	(690)
Older People - overspend on homecare, residential & nursing care	687
Children & Families underspend in Children & Young Peoples Bill Funding	(143)
Homelessness overspend due to under occupancy	209
Children & Families Additional Kinship Funding	(63)
Children & Families Underspend on Childrens Respite	(50)
Learning Disabilities Additional Transport costs	64
Learning Disabilities Reduction in client package costs	(129)
Physical & Sensory Reduction in client package costs	(108)
Mental Health Reduction in client package costs	(164)
Various underspend all under £50k	(64)

(451)**HEALTH & SOCIAL CARE**

Additional Turnover Savings Achieved	(162)
Older People - additional charging order income	(68)
Learning Disabilities Increase cost of client packages	81
Physical & Sensory further reduction in client package costs	(65)
Mental Health further reduction in client package costs	(52)
Various underspend all under £50k	(40)

(306)**ENVIRONMENT & REGENERATION**

Additional Turnover Savings Achieved	(251)
Under recovery of commercial & industrial income	60
Physical Assets under recovery of Rental Income	84
Overspend in Residual Waste contract	65
Roads client underspend in Street lighting electrical power	(52)
Vehicle Maintenance underspend on Fuel	(57)
BSU net over recovery of income	(58)
Catering underspend on provisions	(64)
Various underspend all under £50k	(86)

(359)**ENVIRONMENT & REGENERATION**

Catering underspend on provisions	(50)
Various underspend all under £50k	(172)

(222)

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £2,458,000 (52.55%), Movement Underspend £112,000

Due to a lower than anticipated requirement for inflationary pressures around utilities, fuel, Social Care, PPP and waste contracts, the Council projected to underspend contingencies by £2,346,000. A further saving of £112,000 has been generated since the Period 11 report for non- pay Inflation contingencies.

2. Internal Resources Income – Outturn Over Recovery £136,000 (60%), Movement Over Recovery Nil

Due to increased positive cashflow, Internal Resources Interest received was £136,000 more than budgeted in 2015/16.

3. Housing Benefit Subsidy – Outturn Underspend £121,000 (30.22%), Movement Underspend £21,000

The final Benefit Subsidy Claim produced in April 2016 reflected an actual underspend of £121,000 for 2015/16 mainly due to a lower than anticipated uptake within homelessness units. £100,000 of this was reported as part of the Period 11 report.

4. Turnover Savings – Outturn Underspend £93,000 (1.11%), Movement Underspend £28,000

Turnover savings of £93,000 was achieved by the Committee for 2015/16, this is an increase of £28,000 since the last report to Committee.

5. Council Tax Prior Years Income – Outturn Over Recovery £162,000 (72%), Movement Over Recovery £72,000

Due to improved collection rates, the Council over recovered prior years Council Tax Income by £162,000. This is an increase in income of £72,000 since the Period 11 report.

ENVIRONMENT & REGENERATION COMMITTEE

1. Turnover Savings – Outturn Over Recovery £251,000 (1.3%), Movement Increase £1,000

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £251,000 in 2015/16. This is an increase of £1,000 in the position reported to the last Committee.

2. Catering Provisions – Outturn Underspend £64,000 (6.2%), Movement Underspend £50,000

The Committee reported to underspend on catering provisions by £14,000, the final outturn was an underspend of £64,000. This is an increase in the underspend reported to the last Committee of £50,000.

3. Vehicle Maintenance Fuel Underspend – Outturn Over Recovery £57,000 (10.8%), Movement Underspend £12,000

An underspend was incurred on fuel resulting from reduced consumption across the Council.

4. Building Services Net Income – Outturn Over Recovery £58,000 (3.72%), Movement Over Recovery £31,000

A net over recovery of income was received due to a change in planned projects undertaken meaning sub-contractor costs were reduced.

5. Physical Assets Rental Income – Outturn Under Recovery £84,000 (52.2%), Movement Under Recovery £21,000

An under recovery of physical assets income of £84,000 in line with prior years outturn. This is an increase of £21,000 since the report to the last Committee.

6. Residual Waste Contract – Outturn Overspend £65,000 (2.6%), Movement Overspend £22,000.

Due to an increase in waste tonnages treated, the final outturn for the Residual Waste contract was an overspend of £65,000, this is an increase in spend of £22,000 since the last report to Committee.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £240,000 (0.6%), Movement Increase £6,000

The Committee achieved additional Turnover Savings of £240,000 which is an increase in the underspend of £6,000 since the last report to Committee.

2. Various Utility Budget Lines – Outturn Underspend £160,000 (1.1%), Movement Overspend £105,000.

The Committee saved against budget in gas, electricity, heating oil, biomass, NDR and Janitor costs during 2015/16 of £191,000. This has been partially offset by an increase in cleaning charges of £31,000. This is an increase in the level of underspend reported to the last Committee of £105,000 mainly due to reduced Janitor costs.

3. Education Early Years Service – Outturn Underspend £632,000 (8.3%), Movement £0

Due to a number of nurseries operating at a capacity less than the Care Commission registration capacity, this has resulted in an underspend across the Early Years' Service of £632,000. This was reported in full to the Education & Communities Committee at period 11. Decisions were taken as part of the budget setting in March 2016 to utilise efficiencies within the Early Years' Service to assist balancing the 2016/18 Revenue Budget.

4. Income from School Meals and Other Local Authorities – Outturn Over Recovery £213,000 (5.5%), Movement Under Recovery £25,000

The loss of income for free school meals as a result of the introduction of free school meals to primary 1-3 was less than anticipated, this has resulted in an over recovery of income £115,000. This has resulted in a decrease in income recovered since the last report of £17,000.

HEALTH & SOCIAL CARE COMMITTEE

1. Turnover Savings – Outturn Over Recovery £690,000 (2.67%), Movement Reduction £162,000

The Committee produced additional turnover savings for 2015/16 of £690,000 this is an increase of £162,000 since the last report. A high level of vacancies within homecare resulted in an increase of purchased external homecare included in Older People Services (see below).

2. Client Commitments Older People Services – Outturn Overspend £687,000 (4.5%), Movement Reduction £38,000

Client Commitments overspent by £687,000 during 2015/16, which is a movement of £38,000 since last report to Committee. Increased costs resulted from an increase in homecare and residential & nursing care costs due to the increase in turnover (above) and an increase in client numbers.

3. Client Commitments Learning Disabilities, Physical & Sensory and Mental Health Services – Outturn Underspend £401,000 (3.63%), Movement Underspend £36,000

Due to a reduction of care package costs the Directorate underspent by £401,000 across Learning Disabilities, Physical & Sensory Services and

Mental Health Services. This reflects the cost of purchase care packages per the client profile in 2015/16. This is an increase in the underspend reported to the last Committee of £36,000.

4. Children & Young Peoples Bill Funding – Outturn Underspend £143,000 (74.17%), Movement Underspend £3,000

Due to delays in starting projects funded from the Children & Young Peoples Bill, the Directorate did not require full funding for 2015/16. A one off underspend of £143,000 was incurred in 2015/16.

5. Homelessness Accommodation – Outturn Overspend £209,000 (30.95%), Movement Underspend £4,000

Due to reduced usage of both Inverclyde Centre and Temporary Furnished Accommodation, there was a net overspend of £209,000 for 2015/16. A budget pressure was agreed as part of the 2016/18 budget to address the recurring pressure.