



COUNCIL EXECUTIVE

2010/11 OUTTURN AND STATEMENT OF ACCOUNTS

REPORT BY HEAD OF FINANCE AND ESTATES SERVICES

A. PURPOSE OF REPORT

To advise the Council Executive of the 2010/11 budget outturn and the arrangements to make the 2010/11 Statement of Accounts available to members.

B. RECOMMENDATION

It is recommended that the Council Executive:

- Notes the 2010/11 budget outturn as at 31 March 2011;
- Notes the arrangements for making the 2010/11 Statement of Accounts available to members;
- Notes the Insurance Fund surplus of £2.5 million, arising from a fund revaluation, and agrees that this is transferred to the capital fund to be used as funding towards planned capital expenditure
- Notes the resulting uncommitted general fund balance of £3.322 million set out in this report, as at 31 March 2011

C. SUMMARY OF IMPLICATIONS

I	Council Values	Being honest, open and accountable. Making best use of our resources.
II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	<p>The Local Government Accounts (Scotland) Regulations require the 2010/11 Statement of Accounts to be submitted to the authority and Controller of Audit by 30 June 2011</p> <p>This requirement has been fulfilled through lodgement of the Accounts with the Chief Executive in his role as Clerk to the Council, on 22 June 2011.</p>
III	Resources - (Financial, Staffing and Property)	The 2010/11 outturn position as set out in this report, will result in an uncommitted general fund balance of £3.322 million as at 31 March 2011.
IV	Consultations	The council's external auditor was consulted in relation to the requirements of the Local Government Accounts (Scotland) Regulations.

D. TERMS OF REPORT

1. Introduction

This report sets out the overall financial performance of the General Fund Revenue Budget for 2010/11 and provides information on how the outturn position has been arrived at for inclusion in the council's Statement of Accounts.

The Local Government Accounts (Scotland) Regulations require the unaudited 2010/11 Statement of Accounts to be submitted to the authority and to the Controller of Audit, by 30 June 2011. It was agreed with the external auditor that in fulfilment of this requirement, copies would be lodged with the Chief Executive, in his role as Clerk to the Council, and will be made available on request to the Head of Finance and Estates.

2. 2010/11 General Fund Outturn Position

The table below summarises the position in relation to the 2010/11 General Fund outturn. A brief narrative on the outturn position for each area is also provided.

	2010/11 Budget	2010/11 Actual	Variance
Service Expenditure	£'000	£'000	£'000
Education, Planning & Area			
Schools, Education Support	142,968	142,046	(922)
Area Services	29,915	29,920	5
Planning & Economic Development	8,394	8,139	(255)
 Corporate, Operational & Housing			
Operational Services	61,710	63,455	1,745
Housing, Construction & Building	5,525	4,918	(607)
Corporate Services	14,316	14,097	(219)
 WLCHCP & Social Policy	78,572	77,861	(711)
 Chief Executive, Finance & Estates	39,180	38,880	(300)
Joint Boards	21,048	21,002	(46)
Service Expenditure - Total	401,628	400,318	(1,310)
 Non Service Expenditure	11,264	6,823	(4,441)
 *Year End Accounting Entries to Reserves	(37,971)	(37,971)	0
 TOTAL EXPENDITURE	374,921	369,170	(5,751)
 Funded by			
Revenue Support Grant	(307,246)	(307,246)	0
Council Tax	(67,645)	(67,814)	(169)
Community Charge	(30)	(73)	(43)
TOTAL FUNDING	(374,921)	(375,133)	(212)
 TOTAL VARIANCE (GENERAL FUND UNDERSPEND)			(5,963)

* Relates to capital financing and pension reserve accounting entries that under the Code of Practice on Local Authority Accounting need to be included in the council's revenue outturn.

3. Summary of Service Expenditure Outturn Position

3.1 Education, Planning & Area Services

Schools with Education Support

The most significant element of the £922,000 underspend in this area relates to an increase of £708,000 in school carry forward balances. This brings the accumulated Devolved Schools Management (DSM) Reserves balance to £1.685 million. This was higher than anticipated but given the challenging financial position ahead, schools have looked to maximise savings available and preserve these so that these may be utilised in future years. In addition, savings totalling £215,000 were achieved across a number of non devolved budget areas and support services.

Area Services (including Arts and Sports & Outdoor Education)

The final position for Area Services was an overspend of £5,000. Cost pressures related mainly to Howden Park Centre but these were largely offset by staffing underspends.

Planning & Economic Development

The 2010/11 budget was underspent by £255,000 as a result of staff savings. The outturn position takes account of £196,000 of accelerated building warrant fee income carried forward for developments which are still to commence.

3.2 Community Health & Care Partnership and Social Policy

The Social Policy outturn is a £711,000 underspend, of which £163,000 relates to an underspend on the Senior Peoples Challenge Fund which will be carried forward to 2011/12. Demand led pressures remain a significant risk across client groups but the outturn position reflects material one off savings resulting from staff vacancies identified and part year savings arising from the Norvell Lodge Sheltered Housing Unit and the Forrest Walk Disability Unit, both of which will have full year costs in 2011/12.

3.3 Corporate, Operational and Housing Services

Corporate Services

The underspend of £219,000 in this area related mainly to the savings generated from the new telephone contract, the budget for which has been consolidated under Corporate Services. Additional savings were realised from staff vacancies.

Operational Services

Operational Services was overspent by £1.745 million in 2010/11. As previously reported, the main cause of this was the exceptional costs associated with winter maintenance which exceeded the budget by £3.310 million. An overspend also resulted from a shortfall in Countryside income. This overall overspend was partially offset across other areas of the service including reduced roads maintenance and NETs and Land services spend, as staff were deployed on winter maintenance work. Staff vacancies and one off income from the sale of vehicles also assisted in mitigating the total overspend.

Housing, Construction & Building Services

The budget for Housing, Construction and Building Services was underspent by £607,000. Staffing vacancies across the service were the main reason for the saving along with a saving against Homelessness strategy funding and furnishing costs. These savings were partially offset by an overspend on Private Sector Housing Grant costs, a pressure that has been funded in the 2011/12 budget.

3.4 Chief Executive, Finance & Estates Services

The underspend of £300,000 in Finance & Estates Services was mainly a result of one off staff savings and property cost savings, particularly electricity where the council received a one off refund of £170,000 from the utility provider.

3.5 Joint Boards

The underspend of £46,000 within Joint Boards relates to the council's confirmed share of an underspend on the 2009/10 Joint Valuation Board budget. A break even position was achieved on the Joint Board budgets for 2011/12.

4. Non Service Expenditure

There was an underspend of £4.441 million against the budget for Non Service Expenditure which includes housing and council tax benefits administration, the staffing change fund, insurance and pension costs.

Of this underspend value, £2.5 million relates to the Insurance Fund, arising from a fund revaluation, which it is proposed will be transferred to the capital fund, to help fund future capital investment. A further £1.916 million relates to an underspend against the ringfenced Staffing Change Fund and will be carried forward to 2011/12 to help allow progress of the council's financial strategy and assist in the objective of delivering future staff reductions in a planned and voluntary manner.

5. Funding in 2010/11

Within funding, there was an over-recovery of £212,000 which related to a slightly better position than anticipated on council tax and community charge collection. This was due to an increase in prior year debt collection which resulted in a lower than anticipated bad debt write-off at the financial year end.

6. General Fund Balance

As noted above, the 2010/11 General Fund outturn was an underspend of £5.963 million. The table below shows the resulting movements in the General Fund Balance.

2010/11 Revenue Budget Outturn - Movement in General Fund Reserves			
Description	Balance 1/4/2010 (£'000)	Movement for Year (£'000)	Balance 31/3/2011 (£'000)
Education – Delegated Schemes	977	708	1,685
Energy Efficiency Fund	483	(16)	467
Development Plan Project Team	160	0	160
Staffing Change Fund	5,896	1,916	7,812
Senior Peoples Challenge Fund	0	163	163
Capital Resources (Insurance surplus)	0	2,500	2,500
Earmarked Balances	7,516	5,271	12,787
Uncommitted Balance	2,630	692	3,322
Total General Fund Balance	10,146	5,963	16,109

Taking account of the above, there remains a net underspend of £692,000. Adding this sum to the uncommitted General Fund Balance would result in an uncommitted General Fund balance of £3.322 million as at 31 March 2011. The council's target minimum figure is £2.5 million.

7. General Services Capital

The General Services Capital outturn in 2010/11 is £46.740 million against a budget, after over programming, of £55.179 million. This represents an underspend of £8.439 million which is attributed to slippage in the programme. The slippage has been carried forward and incorporated in the general services capital budget, which is being reported separately at this meeting.

8. Housing Accounts

The Housing revenue Account reported a breakeven position for 2010/11. The previously carried forward HRA balance of £926,000 is therefore unchanged and is available to meet unforeseen costs in future years.

The Housing Capital outturn for 2010/11 was £19.996 million against a budget of £22.599 million, resulting in an underspend of £2.603 million for the year. The underspend relates to project slippage which will now be delivered in 2011/12, with the relevant budgets rolling forward to 2011/12.

The outturn position for both these areas is covered in more detail in separate reports to this meeting.

E. CONCLUSION

The unaudited Statement of Accounts was completed in June 2011 and was submitted to the Clerk of the Council on 22 June 2011. Copies are available to all elected members on request to the Head of Finance and Estates. A copy of the Statement of Accounts has been submitted to the Controller of Audit.

Contact Person: patrick.welsh@westlothian.gov.uk - Tel No. 01506 281320

Donald Forrest

Head of Finance and Estates Services

Date: 23 June 2011