



COUNCIL EXECUTIVE

DRAFT 2011/12 GENERAL FUND REVENUE BUDGET OUTTURN

REPORT BY HEAD OF FINANCE AND ESTATES

A. PURPOSE OF REPORT

To provide the Council Executive with a report on the draft final outturn for the 2011/12 General Fund Revenue Budget.

B. RECOMMENDATION

It is recommended that Council Executive:

- notes the budget outturn for 2011/12 and general fund balance as at 31 March 2012, including the earmarked balances;
- approves the allocation of £500,000 from the resulting uncommitted general fund balance to meet the anticipated cost of changes to Council Tax Benefit Subsidy that will be introduced in April 2013
- approves the submission of the council's 2011/12 Efficiency Statement to COSLA.

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)	None
III	Implications for Scheme of Delegation to Officers	None
IV	Impact on performance and performance indicators	None
V	Relevance to Single Outcome Agreement	None
VI	Resources - (Financial, Staffing and Property)	The 2011/12 service outturn is a gross underspend of £9.152 million. The previous underspend position reported to Council Executive was £7.921 million.

After taking account of earmarked amounts for time limited investment, school DSM balances and other service commitments carried forward, the uncommitted general fund balance at 31 March 2012 will be £3.289 million, which is £789,000 higher than the approved minimum of £2.5 million.

VII Consideration at PDSP Not applicable

VIII Other Consultations Depute Chief Executives and Heads of Service.

D. TERMS OF REPORT

1. Introduction

This report sets out the overall financial performance of the General Fund Revenue Budget for 2011/12 and provides information on how the outturn position has been arrived at.

2. 2011/12 General Fund Outturn Position

The table below summarises the position in relation to the 2011/12 General Fund outturn. A brief narrative on the outturn position for each area is also provided.

	2011/12 Budget	2011/12 Actual	Variance
	£'000	£'000	£'000
Service Expenditure			
Education, Planning & Area			
Schools, Education Support	194,611	191,736	(2,875)
Area Services	38,028	36,772	(1,256)
Planning & Economic Development	3,886	3,919	33
Corporate, Operational & Housing			
Operational Services	61,276	59,433	(1,843)
Housing, Construction & Building	1,713	1,601	(112)
Corporate Services	13,341	13,184	(157)
WLCHCP & Social Policy	79,109	77,096	(2,013)
Chief Executive, Finance & Estates	19,977	19,514	(463)
Joint Boards	21,867	21,298	(569)
Time Limited Spend	0	103	103
Service Expenditure - Total	433,808	424,656	(9,152)

3. Summary of Service Expenditure Outturn Position

The overall service underspend was £9.152 million. This compares to the underspend of £7.921 million reported to Council Executive at month 9 which was earmarked in full for time limited investment and to cover an increase in care home fees. Of this sum, £103,000 was spent in 2011/12 and the remaining £7.818 million will be carried forward. In addition, other earmarked amounts included in the service under spend are as follows:

- £200,000 for demand responsive transport and bus route development (approved by Council Executive on 7 February 2012)
- £20,000 for the purchase of a heart monitor unit for St John's Hospital, Livingston (approved by Council Executive on 20 March 2012)
- £20,000 for Business Gateway (approved by Council Executive on 20 March 2012)
- £81,000 for the Senior People's Challenge Fund (approved as part of report to Council Executive on 21 February 2012)
- £288,000 for school carry forward balances (in accordance with provisions of Devolved School Management scheme)

After taking account of all earmarked balances, the additional uncommitted under spend for the year is £789,000. This has been achieved mainly through a favourable variance in winter maintenance with the relatively mild weather during the winter and early spring resulting in an additional under spend of £650,000 for the year.

Other one off savings in utility bills and a favourable movement in the bad debt position also contribute to the final underspend position. Further information on the outturn position in each service is set out below.

3.1 Education, Planning & Area Services

Schools with Education Support

The under spend of £2.875 million is in line with forecasts throughout the year and includes additional teachers and probationers funding of £1.238 million. It also reflects an increase of £288,000 in the earmarked school carry forward balances. This brings the accumulated Devolved Schools Management (DSM) Reserves balance to £1.973 million.

Area Services (including Arts and Sports & Outdoor Education)

The underspend of £1.256 million includes £20,000 which has been ringfenced for Business Gateway and, in the main, relates to future year staff savings which were realised in 2011/12.

Planning & Economic Development

The overspend of £33,000 was mainly as a result of reduced planning fee income levels. Under spends due to future year staff savings partially offset the shortfall in planning fee income.

3.2 Community Health & Care Partnership and Social Policy

The underspend of £2.013 million includes an £81,000 underspend in the Older People's Challenge Fund which has been ringfenced and will be carried forward to 2012/13. It also includes £20,000 which has previously been approved by Council Executive for the purchase of a heart monitor for St John's Hospital, Livingston.

The remainder of the underspend takes account of substantial one off savings in staffing costs that have been committed against future year budget reductions. Another major saving was a one off underspend relating to the restructure of Domiciliary Care services which will be required to fund the costs of introducing a universal Reablement service when this is fully implemented in 2012/13.

3.3 Corporate, Operational and Housing Services

Corporate Services

The underspend of £157,000 reflected savings generated from the new telephone contract and savings achieved in staffing budgets.

Operational Services

The Operational Services underspend was £1.843 million. This largely relates to savings in staff costs and in the winter maintenance budget as highlighted earlier in the report. Additional one off windfalls were also realised through dividend income of £75,000 received from West Lothian Recycling and £40,000 from the sale of vehicles. The outturn position also incorporates £200,000 of previously approved funding for demand responsive transport and bus route development. This has been earmarked in the general fund balance for investment during 2012/13.

Housing, Construction & Building Services

The budget for Housing, Construction and Building Services was underspent by £112,000 as a result of staffing vacancies required for 2012/13 savings.

3.4 Chief Executive, Finance & Estates Services

The underspend of £463,000 was mainly a result of property cost savings, particularly in utility costs, and also one off staff savings.

3.5 Joint Boards

The underspend of £569,000 within Joint Boards relates to the approved return of Lothian & Borders Police Board and Lothian & Borders Fire and Rescue Board reserves to constituent councils.

4. Non Service Expenditure

Non service expenditure included £2.5 million of insurance fund surplus transferred to the capital fund and a further £3.139 million relating to staffing costs associated with early retirement and voluntary severance. Both these amounts result in adjustments to reserves held in the General Fund. This area also included a small movement in the Energy Efficiency Fund and the costs associated with Housing and Council Tax Benefits administration.

5. Funding in 2011/12

Within funding there was an over-recovery of £109,000 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. In year collection of council tax was 94.1%, slightly down on the figure in 2010/11, which indicates the challenging nature of the budgeted collection target of 97.75%.

6. Overall 2011/12 Outturn Position

Taking account of the position with service expenditure, non service expenditure / reserves and funding, the overall outturn position for the year is an underspend of £3.465 million. For accounting and audit purposes, Appendix 1 reconciles the overall 2011/12 outturn position to the position shown in the council's draft financial accounts.

7. General Fund Reserves

The following table takes account of the 2011/12 overall outturn including all movements in general fund reserves up to 31 March 2012. The uncommitted general fund balance is £3.289 million, which is £789,000 higher than the target minimum of £2.5 million.

2011/12 Revenue Budget Outturn - Movement in General Fund Reserves			
Description	Balance 1/4/2011 (£'000)	Movement for Year (£'000)	Balance 31/3/2012 (£'000)
Education – Delegated Schemes	1,685	288	1,973
Energy Efficiency Fund	467	38	505
Development Plan Project Team	160	(160)	0
Staffing Change Fund	7,812	(3,139)	4,673
Senior Peoples Challenge Fund	163	81	244
Insurance surplus approved for capital spend	2,500	(2,500)	0
Care Home Fees 2012/13	0	110	110
Time Limited Projects	0	8,540	8,540
Demand Responsive Transport	0	200	200
Business Gateway	0	20	20
St John's Hospital Heart Monitor	0	20	20
Earmarked Balances	12,787	3,498	16,285
Uncommitted Balance	3,322	(33)	3,289
Total General Fund Balance	16,109	3,465	19,574

8. Proposed Allocation of Uncommitted Resources to meet 2013/14 Council Tax Benefit Subsidy Pressure

The UK Government's Welfare Reform Act 2012 abolishes Council Tax benefit from April 2013 and a new localised scheme of support, currently being developed by the Scottish Government in consultation with local authorities, will be introduced. Council Tax Benefit is a means tested social security benefit which assists people on low incomes to meet their Council Tax liability.

As part of the new arrangements resulting from the Act there will be a reduction of 10% in funding equivalent to £40 million at a Scottish level. The Scottish Government and COSLA have pledged to meet this shortfall in 2013/14 with the aim to ensure that no households currently in receipt of Council Tax Benefit will lose out in the first year of the new arrangements. To this end, £23 million will be provided by the Scottish Government, and COSLA has agreed that the remaining £17 million is to be met by local authorities.

West Lothian's share of this is estimated at £500,000 and it is proposed that this is met via the uncommitted general fund balance of £3.289 million. Subject to approval this would reduce the uncommitted general fund balance to £2.789 million, leaving a remaining uncommitted balance of £289,000 in excess of the approved £2.5 million minimum balance figure.

9. 2011/12 Efficiency Statement

Scottish Local Authorities are required to provide an annual statement to COSLA each year providing details on budget efficiencies achieved. For 2011/12 the Scottish Government issued guidance which simplifies the level of detail required, whilst also stressing the importance of maintaining outputs and outcomes when budget resources are constrained. Therefore the format of the statement is condensed from previous submissions.

It should be noted that the Efficiency Statement only considers the element of budget reductions that relate to efficiencies. In 2011/12 the council's budget efficiencies totalled £15.222 million.

Members are asked to approve the proposed 2011/12 Efficiency Statement for submission to COSLA, a copy of which is provided in Appendix 2.

E. CONCLUSION

The overall 2011/12 general fund outturn, taking account of ring fenced underspends, results in an uncommitted general fund balance of £3.289 million which would give available resources of £789,000 in excess of the £2.5 million minimum balance.

The UK Government's Welfare Reform Act 2012 will abolish Council Tax benefit in 2013 and a new localised scheme is being developed for introduction. Taking account of the Scottish Government and COSLA pledge to meet reduced funding resulting it is proposed that £500,000, which is estimated to be West Lothian's share of the funding shortfall, is met through the uncommitted general fund balance. Subject to member approval this would leave an uncommitted general fund balance of £2.789 million.

Members are also asked to approve the proposed 2011/12 Efficiency Statement to COSLA which sets out details on the £15.222 million of efficiency measures achieved in 2011/12.

F. BACKGROUND REFERENCES

2011/12 General Fund revenue Budget – Month 9 Monitoring Report by Head of Finance and Estates to Council Executive 7 February 2012

Appendices/Attachments: Two

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Date of meeting: 25 June 2012