



COUNCIL EXECUTIVE

DRAFT 2017/18 GENERAL FUND REVENUE BUDGET OUTTURN

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Council Executive with a report on the draft outturn for the 2017/18 General Fund Revenue Budget.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Notes the draft revenue budget outturn for 2017/18 and the core underspend of £1.801 million;
2. Notes that additional grant funding earmarked for economic development and road maintenance of £1.78 million was received at the year-end, taking the total underspend to £3.581 million
3. Notes that, taking account of previous decisions taken by Elected Members, the revised uncommitted general fund balance is £2.101, million which is £101,000 higher than the agreed minimum balance of £2 million;
4. Notes the updated position for council reserves and balances as set out in Section D7 of the report;
5. Approves the submission of the council's 2017/18 Efficiency Statement to CoSLA, as set out in Appendix 2;
6. Notes the recurring pressures and that Heads of Service are progressing agreed actions to manage these.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customer's needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Environmental Assessment, Health or Risk Assessment) Strategic Equality or Risk	None.
III Implications for Scheme of Delegations to Officers	None.
IV Impact on Performance and Performance Indicators	Effective budget management is essential for service performance.
V Relevance to Single Outcome Agreement	None.

VI Resources - (Financial, Staffing and Property)

The 2017/18 draft revenue outturn is an underspend of £1.801 million against the agreed 2017/18 revenue budget. Additional grant funding of £1.78 million was confirmed at the year-end which results in an overall underspend of £3.581 million. After taking account of earmarked amounts for time limited investment, school DSM balances and other service commitments, the uncommitted general fund balance as at 31 March 2018 is £2.101 million.

VII Consideration at PDSP

Not applicable.

VIII Consultations

Depute Chief Executives and Heads of Service.

D. TERMS OF REPORT

D.1 Introduction

This report sets out the overall financial performance of the General Fund Revenue Budget for 2017/18 and provides information on the draft outturn position. The allocation of available resources is set out along with the updated position in respect of the General Fund reserves as at 31 March 2018.

D.2 2017/18 General Fund Outturn Position

The table below summarises the position in relation to the draft 2017/18 General Fund outturn.

	2017/18 Budget £'000	2017/18 Actual £'000	Variance £'000
Schools, Education Support	226,094	225,567	(527)
Planning, Econ. Dev & Regeneration	10,423	10,423	0
Operational Services	69,887	70,728	841
Housing, Customer & Building	12,338	12,607	269
Corporate Services	18,468	18,283	(185)
IJB – Adults and Elderly Services	64,457	64,457	0
Non IJB – Children’s Services	34,556	34,556	0
Chief Executive, Finance and Property	32,830	32,660	(170)
Joint Boards	1,213	1,179	(34)
Service Expenditure – Total	470,266	470,460	194
Non Service Expenditure	11,025	8,764	(2,261)
TOTAL EXPENDITURE	481,291	479,224	(2,067)
FUNDING			
Scottish Government Revenue Grant	(311,020)	(311,020)	0
Council Tax	(75,010)	(74,744)	266
TOTAL FUNDING	(386,030)	(385,764)	266
NET OUTTURN POSITION	95,261	93,460	(1,801)
REVENUE GRANT RECEIVED AT YEAR-END			
Economic Growth Fund Grant	0	(1,500)	(1,500)
Roads Maintenance Funding	0	(280)	(280)
OUTTURN POSITION NET OF ONE-OFF FUNDING	95,261	91,680	(3,581)

D.3 Summary of 2017/18 Outturn Position

The table above reflects the draft outturn for 2017/18, taking account of required accounting entries in respect of budget and actual spend adjustments for areas such as insurance, pension

and capital financing charges.

The 2017/18 budget core underspend is £1.801 million. The draft out-turn is an increase of £101,000 from the position of a £1.7 million underspend previously reported to Council Executive at month 9. In addition to the draft out-turn of £1.801 million, funding of £1.5 million was confirmed prior to the year-end relating to employability and economic regeneration and this additional funding will be earmarked for use in 2018/19. In addition, Scottish Government funding of £280,000 for roads maintenance was received and this has been allocated for roads investment.

This position also takes account of staffing costs relating to voluntary severance and early retirement which were met within service budgets and all movements in earmarked general fund reserves, including a decrease of £210,000 in earmarked school carry forward balances. This brings the accumulated Devolved Schools Management (DSM) reserves balance to £850,000.

The following outlines the main changes since month 9:

- Education expenditure in 2017/18 was less than anticipated mainly as a result of additional vacancies which have resulted in one-off underspends which will contribute towards approved savings in 2018/19 and future years;
- Operational Services spend was higher than originally forecast, mainly due to the additional cost of winter maintenance arising from adverse weather in the last quarter of 2017/18;
- The Chief Executive, Finance and Property Services underspend was less than previously projected due to the announcement by the Cabinet Secretary for Finance and the Constitution of changes to funding for council properties that have or will transfer to an Arm's Length External Organisation (ALEO). It will still be possible for such properties to receive charitable rates relief but civil servants have advised that if this relief was not in place at 28 November 2017, the Cabinet Secretary has decided that there will also be a corresponding reduction in Scottish Government funding to the council, resulting in no net benefit. At this stage, the Assessor is still considering the council's application to have a separate rateable occupation for West Lothian Leisure for the portion of schools they are managing. Under normal rating rules any such decision would be back dated to 1 April 2017, but senior civil servants have advised officers that this would still result in the reduction of government grant funding. Officers are in ongoing discussions with civil servants but, at this stage no, rates savings can be assumed for these properties for 2017/18 and in future years.

While there was a £1.801 million underspend for 2017/18, there are a number of recurring pressures totalling £3.2 million which have been offset by one-off underspends, mainly as a result of vacant posts and underspends on non-service expenditure. Heads of Service are progressing various actions to ensure these pressures are mitigated on a recurring basis and it will be essential such actions are agreed and implemented as quickly as possible. In addition, it will be important that all key demand led areas of the budget are closely monitored during 2018/19 and any overspend risks are highlighted on a timely basis to ensure action can be taken to mitigate pressures. Given the extent of recurring pressures and the significant savings to be achieved, it will be very challenging to achieve a break-even position in 2018/19. To this end, officers will monitor key risk areas on a monthly basis and quarterly monitoring reports to Council Executive will have significant focus on the extent of recurring pressures, how these are being managed, and any action required to address the pressures.

D.4 Non Service Expenditure

There is an additional underspend of £729,000 compared to month 9 as a result of lower than anticipated take up of the Council Tax Reduction Scheme and a further one-off underspend in insurance expenditure. At this stage, these underspends are considered to be one-off with the savings in the insurance account will be required in 2018/19 to meet approved budget savings for insurance.

D.5 Funding

Grant funding was in line with budgeted assumptions. There was a one-off pressure on council tax income for the year.

D.6 Summary of Draft Outturn Position to Uncommitted Balance

Taking account of the draft outturn position for 2017/18 set out above and previous decisions taken by Elected Members, the allocation of the underspend of £1.801 million for 2017/18 is shown below:

	£'000
Draft Outturn Position	(1,801)
Local Bus Support approved by Council Executive on 6 February 2018	290
West Lothian Leisure approved by Council Executive on 26 March 2018	1,200
Anti-Poverty Fund approved by West Lothian Council on 22 May 2018	285
Uncommitted 2017/18 underspend	(26)

D.7 General Fund Reserves

For technical accounting and auditing purposes, the overall outturn for the year is a variance of £1.801 million. This is the position shown in the council's unaudited accounts and Appendix 1 provides a reconciliation of the revenue budget outturn to this figure. The following table takes account of all movements in general fund reserves up to 31 March 2018, taking account of the net variance in 2017/18 of £1.801 million. Overall, the general fund balance including earmarked amounts decreased by £1.356 million in 2017/18.

Taking account of the uncommitted 2017/18 underspend of £26,000, the uncommitted general fund balance is £2.101 million. The agreed minimum balance value is £2 million.

2017/18 Revenue Budget Outturn – Movement in General Fund Reserves

Description	Balance 1 Apr 2017 £'000	Movement for Year £'000	Balance 31 Mar 2018 £'000
Balances held by schools under a scheme of delegation	1,060	(210)	850
Energy Efficiency Fund	349	(36)	313
Modernisation Fund	3,764	(608)	3,156
Government Grants	5,538	508	6,046
Time Limited Investment	4,861	(2,531)	2,330
War Memorial Fund	44	0	44
Local Plan	110	(110)	0
Developer Contribution Fund	6,562	(148)	6,414
Use of Reserves to balance Revenue Budget	899	(899)	0
Anti-Poverty Fund	0	285	285
West Lothian Leisure one-off funding	0	1,200	1,200
General Revenue Grant 2018/19	0	1,167	1,167
Earmarked Balances	23,187	(1,382)	21,805
Uncommitted Balance	2,075	26	2,101
Total General Fund Balance	25,262	(1,356)	23,906

D.8 2017/18 Efficiency Statement

Scottish local authorities are required to provide an annual statement to CoSLA each year providing details on budget efficiencies achieved. It should be noted that the Efficiency Statement only includes the element of budget reductions that relate to efficiencies. In 2017/18, the council's budget efficiencies totalled £8.783 million.

Council Executive is asked to approve the proposed 2017/18 Efficiency Statement for submission to CoSLA, a copy of which is attached in Appendix 2.

E. CONCLUSION

The overall 2017/18 general fund outturn, taking account of committed underspends, results in an uncommitted general fund balance of £2.101 million which is £101,000 higher than the agreed minimum balance value. There were a number of demand led budget overspends resulting in recurring pressures in 2017/18 which will require to be closely managed during 2018/19 to ensure a balanced budget position can be achieved.

The 2017/18 Efficiency Statement sets out the details of efficiency measures achieved in 2017/18 and Council Executive is asked to approve its submission to CoSLA.

F. BACKGROUND REFERENCES

2017/18 General Fund Revenue Budget – Month 9 Monitoring Report by Head of Finance and Property Services to Council Executive

Appendices/Attachments: Two

Appendix 1: 2017/18 General Fund Revenue Outturn

Appendix 2: 2017/18 Efficiency Statement

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