
Report to Scrutiny Committee

Date of Meeting: 12 January 2012

Subject: General Fund Budget Monitoring

Report by: Accountancy Manager

1.0 Purpose

- 1.1 This paper details General Fund revenue spend for the current financial year 2011/12 up to the end of October 2011. The projected outturn for each service up to March 2012 is also set out in the report.
- 1.2 The budget outturn position reflected in this report builds on the rigorous review of service spending activity through budget challenge sessions conducted by the Directors Group in October with one further follow-up session on housing areas during November. In addition there has been work carried out jointly with Education and Social Work to realign early years funding requirements.
- 1.3 Appendix 1 to this paper sets out the revised estimate for each service area. Budgeted and actual spend for the seven months to 31st October are shown together with projected outturns for the full year which have been prepared following discussions with managers within each Service area and subsequent review at budget challenge sessions.

2.0 Recommendations

- 2.1. The Committee is asked to comment on and challenge the current financial position and related forecast for the year
- 2.2. The Committee is invited to comment on the management actions.

3.0 Considerations

- 3.1 Overall the Council's actual expenditure incurred to the end of October is recording a favourable position of £3.719m compared to where we would expect to be at that stage in the year. The favourable spending position is forecast to continue for the rest of the year and translates to a projected net underspend of £3.154m by the end of the year. As reported previously the main reasons for this favourable position is the early delivery of planned savings for 2012/13 and additional cash savings generated through proactive vacancy management.

- 3.2 Service expenditure is predicting a favourable outturn compared to budget of £2.635m. The 2011/12 budget incorporated savings of c£8m across all Services through a combination of budget challenge savings, management actions and specific Council decisions. It was reported at the October meeting of the Committee that 80% of these savings had been secured together with further additional one-off savings, resulting in an anticipated savings figure of £9.440m for the year. Table 1 below updates this position based on the latest review of expenditure forecasts and indicates that the anticipated savings for the year has increased to £10.163m .

Table 1:2011/12 savings

Department	Savings Projected full year 11-12 £	Early Savings 12-13 £	Other Budget Savings £	One Off Savings (Cash Only) £	Total £
Support Services	280,160	0	82,200	371,800	734,160
Strategy and Customer	927,794	65,300	267,397	188,880	1,449,371
Facilities Management	1,242,300	101,500	16,830	364,000	1,724,630
Social Policy	1,265,832	186,566	660,000	298,000	2,410,398
Education	1,155,540	144,010	69,000	754,520	2,123,070
Community & Regulatory	982,798	63,290	0	20,200	1,066,288
Joint Boards	655,000	0	0	0	655,000
	6,509,424	560,666	1,095,427	1,997,400	10,162,917

- 3.3 In addition to the achievement of £6.509m of budgeted savings, a further £3.654m of additional savings have been achieved. A significant sum has been realised as one-off savings. In a number of cases where services have not yet restructured, savings have still been delivered through proactive vacancy management. However, in other cases services have been able to secure savings that had been planned for 2012/13 ahead of schedule, and a number of additional opportunities to secure savings during the year have arisen such as from Adult Care spend to save initiatives, and budget realignment following review of base budget requirements for instance in respect of Culture Services.
- 3.4 As reported verbally at the Council meeting on 15th December, our funding gap over the next three years, 2012/13 to 2014/15, is estimated at £13.581m. following the Scottish Government's announcement of the local government financial settlement for this spending review period. The reported additional savings that have been identified in the current year is a positive outcome in assisting the Council with its detailed budget planning to finance the gap.
- 3.5 The Service expenditure favourable outturn reported of £2.635m is an increase of £865k on the figure of £1.770m reported previously. This is principally attributed to Social Policy in particular due to a reduction in forecast assessment of purchasing careplans, a reduction in foster care payments that is attributable to the continual investment in kinship care and the support to families at an early stage as part of the "includem" project. There is also a delay in the implementation of the Kilncraigs project. Table 2 below provides an overview of the position within each Service Expenditure area.

Table 2 Service outturns

Service	Actual to 31.10.11 (under)/over	Projected 31.03.12 (under)/over	Commentary
Support Services	(£347k)	(£409k)	One-off Cash Savings as vacancies have been prolonged whilst restructures are being implemented
Strategy and Customer Services	(£505k)	(£536k)	One-off cash savings as vacancies have been prolonged while restructures are being implemented in addition to savings secured from planned restructuring. Restructuring now complete.
Facilities Management	(£1,128k)	(£165k)	Underspend to date relates to utility bills not being received as profiled, Landfill Waste Contract payments received late and Insurance charges still to be allocated. Projections show Waste Management savings off-set by additional £100k costs for Alva Pool.
Social Policy	(£1,332k)	(£1,174k)	Children in Foster care are now at the lowest level in recent years. Ongoing investment in Kinship care and early investment in support to families has aided this. Delay in Kilncraigs Project. Financial saving due to renegotiation of purchasing care plans.
Education	(£148k)	(£102k)	On-going review of budgets and structure.
Community and Regulatory	(£1,076k)	£84k	Ongoing integration of Roads client and Contractor functions. Manager is working to improve service delivery. Budgets will be re-aligned as part of this process.
STO	£801k	(£10k)	Phasing of income to be reviewed.
Corporate Adjustments	0	(£289k)	Capturing of salary budgets removed when Voluntary Severance agreements approved. This will be a budget saving for the 12/13 financial year.
Non Distributed Costs	0	(£33k)	Additional unexpected VAT rebate offset by additional severance costs.
TOTAL	(£3,735)	(£2,634)	

3.6 Movements on non service items such as Interest on Revenue Balances, Loan Charges, contributions to bad debts and Council Tax income collectively contribute a further £519k to the overall favourable outturn.

3.7 In particular, capital financing costs are showing a predicted saving of £623k this year on the budgeted loan charges. With no new borrowing undertaken in 2010/11 or forecast to be drawn down in 2011/12, we are now beginning to see the benefits of the implementation of the investment strategy on external borrowing which together with reductions in levels of capital borrowing requirements have contributed to the capital financing saving recorded.

3.8 The Council entered the year with uncommitted reserves of £3.624m. The favourable outcome reflected in this report in respect of the current financial year will increase this reserve figure to £6.778m. The current reserves strategy states that uncommitted reserves should be held at a figure of between 2% and 4% of budgeted net expenditure. The forecast reserves as at March 2012 will be £2.024m in excess of the 4% upper level.

4.0 Management actions

4.1 A number of key management actions were agreed following the budget challenge sessions with Services. An update on progress and actions still to be concluded are detailed as follows:

- The exercise to realign Education budgets where appropriate to improve accuracy of forecasting is almost complete.
- The exercise to review and realign Homeless budgets is ongoing.
- Funding plan for Clackmannanshire Works project received and awaiting verification. No impact expected on 2011/12 outturns but adjustments to future years spending plans required to be built into 2012/13 and 2014/15 budgets.
- Implications of a further period of severe winter weather in 2011/12 above that budgeted for under constant review.
- Budget profiles consistently reviewed to reflect the profile of demand and incidence of costs for all council services.
- Review of STOs scheduled as part of the budget preparation for 2012/13.
- The impact of the Single Status appeals process on the Council's pay bill will be reflected in the next set of outturn figures presented to Committee.

5.0 Conclusions

5.1 Good progress continues to be made on delivering the challenging level of planned 2011/12 service savings budgeted.

5.2 In addition to those savings planned for 2011/12, many savings targets were also set for 2012/13, particularly as part of planned service redesign and restructuring activity. Managers have delivered significant progress in respect of many of these plans, delivering a number of 2012/13 savings early.

5.3 As well as the early delivery of 2012/13 savings, managers have also identified many cash and other budget savings. Taken together this position is an improvement on the sum reported in October and represents a significant contribution to meeting the savings requirement for the spending review period 2012/13 to 2014/15.

5.4 The Council uncommitted reserves are now potentially exceeding the current maximum recommended level. As members have been advised at Budget briefing sessions, it is the intention to review the reserves strategy as part of the updated Finance Strategy for the period 2012 to 2015. This will be presented to Council following the local elections.

- 5.5 Service accountants will continue to challenge services in the routine outturn monitoring processes and future budget monitoring reports will ensure that elected members are kept apprised of developments in delivering management actions.

6.0 Sustainability Implications

- 6.1 None

7.0 Resource Implications

7.1 Financial Details

- 7.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

- 7.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

7.4 Staffing

8.0 Exempt Reports

- 8.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

- | | |
|--|-------------------------------------|
| The area has a positive image and attracts people and businesses | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

- (2) **Council Policies** (Please detail)

10.0 Equalities Impact

- 10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

11.0 Legality

- 11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

12.0 Appendices

- 12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Council summary of expenditure

13.0 Background Papers

- 13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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**Clackmannanshire Council Summary
October 2011**

	Annual Budget 2011/12	Budget To 31/10/11	Actual To 31/10/11	Projected Outturn to 31/03/12	Variance Outturn v Budget	Variance Actual To Date v Bud To Date
Service						
Support Services	5,792	3,334	2,987	5,383	(409)	(347)
Strategy and Customer Services	6,537	3,916	3,411	6,001	(536)	(505)
	12,329	7,250	6,398	11,384	(945)	(852)
Less Allocated to Non General Fund Services	(1,663)	0	0	(1,663)	0	0
	10,666	7,250	6,398	9,721	(945)	(852)
Facilities Management	22,570	13,591	12,463	22,405	(165)	(1,128)
Social Policy	25,761	14,658	13,326	24,587	(1,174)	(1,332)
Education	33,630	19,311	19,163	33,528	(102)	(148)
Community and Regulatory	8,386	4,822	3,746	8,470	84	(1,076)
STO	(1,110)	(596)	205	(1,120)	(10)	801
Corporate Adjustments	289	0	0	0	(289)	0
Misc Services - Non Distributed Costs	1,145	0	0	1,112	(33)	0
Service Expenditure	101,337	59,036	55,301	98,703	(2,634)	(3,735)
Add Requisitions from Joint Boards						
Central Scotland Police	4,021	0	0	4,021	0	0
Central Scotland Fire	2,658	0	0	2,658	0	0
Central Scotland Valuation	412	0	0	412	0	0
	108,428	59,036	55,301	105,794	(2,634)	(3,735)
Add / (Deduct)						
Interest on Revenue Balances	(200)	0	0	(170)	30	0
Loan Charges	10,034	0	0	9,411	(623)	0
Contribution to Bad Debt Provision	100	0	0	210	110	0
Contribution to Spend to Save Fund	500	0	0	500	0	0
	118,862	59,036	55,301	115,745	(3,117)	(3,735)
Sources of funding						
General Revenue Funding/Non-Domestic Rates	(95,033)	(48,580)	(48,580)	(95,033)	0	0
Council Tax	(21,473)	(13,549)	(13,533)	(21,509)	(36)	16
Contribution From Reserves - budget amendments	(252)	0	0	(252)	0	0
Contribution From Reserves - C/F Adult Care	(370)	0	0	(370)	0	0
Single Status - contribution from Reserves	(543)	0	0	(543)	0	0
PPP - Contribution from reserves	(1,192)	0	0	(1,192)	0	0
	(118,863)	(62,129)	(62,113)	(118,899)	(36)	16
Projected (Surplus) / Shortfall	(1)			(3,154)	(3,153)	(3,719)

