

EAST RENFREWSHIRE COUNCIL

CABINET

29 January 2015

Report by Chief Executive

ESTIMATED REVENUE BUDGET OUT-TURN 2014/15

PURPOSE OF REPORT

1. To advise Cabinet of the projected revenue out-turn for 2014/15. The report provides details of expected variances together with summary cost information for each department. The projection is based on the financial position as at 7 November 2014 and this projection will be reviewed and updated as the financial year progresses.

RECOMMENDATION

2. It is recommended that:

- Members note the reported probable out-turn position.
- All departments currently on target to remain within budget be required to monitor and maintain this position to the year end.
- Those departments currently forecasting a year end overspend position be required to take action to bring net expenditure back within budget.
- Members note that the Director of CHCP is already taking steps to address the overspend with a view to achieving a balanced budget by the year end.
- All service departments ensure that effective control and measurement of agreed operational efficiencies are undertaken on a continuous basis.
- Departmental guidance is adhered to in respect of year end expenditure.

BUDGET PERFORMANCE

3. During the course of the year departments have received additional funding from the Scottish Government, external bodies and approved balances carried forward from 2013/14. These additional funds have been allocated to approved projects and are included within these budget monitoring statements.

4. As a consequence of the multi year budget setting approach adopted in recent years, departments have been actively seeking out early efficiencies with these contributing to the underspend in the current year. The Council has maintained this longer term approach to managing the difficult financial circumstances it needs to address. Many of the favourable variances reported in the appendix to this report have therefore also been incorporated into the budget proposals for the coming financial year.

5. The estimated year end position shows a net favourable variance on net expenditure of £945k based on current information. For General Fund services the projected underspend is £888k. In addition, Council Tax collection has been higher than budgeted with additional income of £200k now anticipated, bringing the total forecast underspend on General fund services to £1088k. This variance is anticipated in addition to the planned transfer to reserves of £150k agreed by Council on 13th February 2014.

6. There is currently a year-end overspend position anticipated for CHCP. The CHCP in conjunction with Accountancy services have reviewed the situation, forecasting current spend and known commitments, and identified that this overspend falls primarily within two services, namely Older People and Learning Disability. The Director of CHCP is already taking steps to address the position with a view to achieving a balanced budget by the year end. Members will be able to monitor the position by reviewing future updated Out-Turn reports.

VARIANCE ANALYSIS

7. All departments other than CHCP and Environment (Non Support) report that expenditure will be within budget at the end of the financial year.

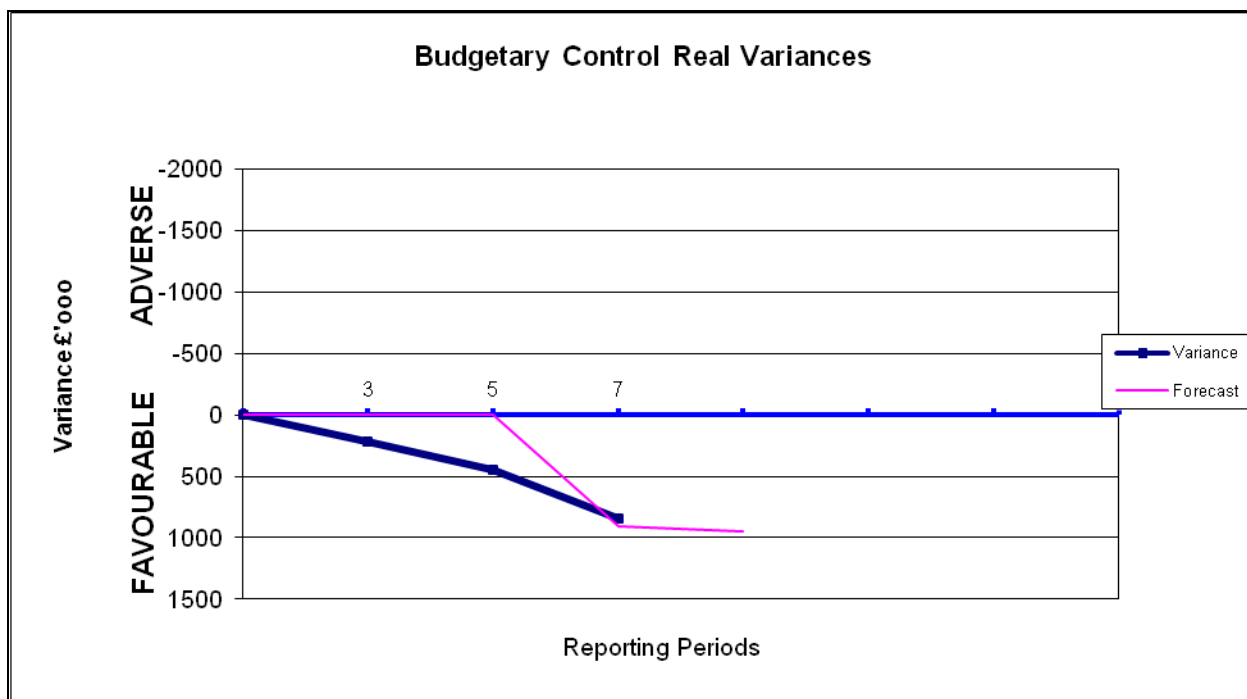
8. All departments should undertake continuous monitoring of procedures and outputs to ensure that budgetary objectives are achieved and that corrective action is implemented with regard to all adverse variances arising.

9. Projected year end net expenditure variances for all departments are identified at Appendix 1.

10. The following table lists each department's period operational variances that have been reported in the current financial year together with the projected year end out-turn position.

Department	Period Variances			Forecast	
	P3 £'000s	P5 £'000s	P7 £'000s	P7 Prob Outturn £'000	P8 Prob Outturn £'000s
Education	142	300	471	299	283
CHCP	(4)	(37)	(28)	10	(212)
Environment	0	(17)	(14)	(27)	(26)
Environment – Support	0	2	21	40	44
Chief Executive's Office	14	21	49	59	68
Corp & Comm – Comm Resources	13	31	63	14	6
Corp & Comm – Support	34	103	109	141	155
Other Expenditure/Housing	19	25	143	320	570
Housing Revenue Account	0	22	25	47	57
Total Expenditure Variance	218	450	839	903	945
Total Budgeted Expenditure	40,856	69,547	99,142	214,030	214,247
% Total Variance	0.5%	0.6%	0.8%	0.4%	0.4%

11. The trend graph below provides a comparison of the period (being the operational position as at a point in time during the financial year) and outturn (representing the overall forecast position at the year end) budgetary control variances for this financial year.



TRADING OPERATIONS

12. As previously reported, the provisions of the Local Government in Scotland Act 2003 place a statutory requirement on significant trading operations to achieve a break even position over a rolling three year period. None of the Council's services fall within the definition of a Significant Trading Operation.

OPERATIONAL ISSUES

13. Uncertainty remains as to weather conditions till the end of the financial year and winter maintenance expenditure may therefore be subject to significant variation. It should also be noted that many of the variances reported within the Education service are subject to Devolved School Management arrangements and as such may be reallocated at individual schools level.

MEASUREMENT OF OPERATIONAL EFFICIENCIES

14. Given the tight nature of the Council's finances it is important that departments deliver agreed efficiency savings and remain within their budget for the financial year. Departments report that agreed operational efficiencies recorded within the corporate efficiency register are being met, or will be replaced by alternative operational efficiencies.

FINANCIAL YEAR END

15. Expenditure, as we approach the end of the financial year can be relatively high. This may be attributed to the following reasons;

- resolutions of disputed accounts by the year end
- processing of all outstanding internal accounts
- departments having held back resources until the outturn position was assured.

16. Nevertheless, departments should ensure that underspends are consolidated wherever possible and that section 12.2 of the Council's Financial Regulations is adhered to (specifically, "... Directors shall not accelerate expenditure at the year-end in order to prevent budget under spends."). Where the need for excess expenditure has arisen during the year, application to the Head of Accountancy for virement of up to £30,000 may be made with any sums in excess of this requiring Cabinet approval.

CONCLUSIONS

17. The Council's out-turn financial position is reported as an underspend of £945k. While most departments expect to operate within budget, management action is required within CHCP and Environment (non support) to address overspends against departmental budget at year end. The report also identifies operational variances across the Council that require management action to ensure that expenditure will be within budget at the end of the financial year, all underspends are consolidated wherever possible and that spending up to budget levels does not take place.

RECOMMENDATIONS

18. It is recommended that:

- Members note the reported probable out-turn position.
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- Members note that the Director of CHCP is already taking steps to address the overspend with a view to achieving a balanced budget by the year end.
- All service departments ensure that effective control and measurement of agreed operational efficiencies are undertaken on a continuous basis.
- Departmental guidance is adhered to in respect of year end expenditure.

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BACKGROUND PAPERS

The report refers to the attached budgetary monitoring statements.

KEY WORDS

Revenue budget monitoring, probable out-turn position, monitoring statements, budgetary control, efficiency targets, operational variance analysis.

ESTIMATED REVENUE BUDGET OUTTURN 2014/15

APPENDIX 1

NET EXPENDITURE VARIANCES

	UNDER / (OVER)	
	£	£
EDUCATION		
APT&C, Manual, Instructors & Sessionals	110,500	
Teachers	134,900	
Rates/Water Meter Charges	67,000	
Repairs & Maintenance	(174,700)	
Cleaning & Other Property Costs	22,300	
Utilities	188,100	
Catering Provisions	(76,300)	
Other Supplies & Services	10,500	
Transport – SPT, SEN & Other	190,800	
Advertising/ Publicity	(29,900)	
Other Administration Costs	(12,300)	
Payments to Pre 5 providers	68,200	
Other Expenditure	(36,100)	
Income – Sports	(298,200)	
Income - Wraparound	(137,200)	
Income from Other Agencies	295,400	
Net income from Commonwealth Games	29,600	
Other Income	(69,300)	
		283,300
ENVIRONMENT		
Employee Costs	39,100	
Environment Properties – Rates/Utilities	32,500	
Parks: Woodlands Mgmt/Storm Damage	(226,500)	
Waste Management	(54,700)	
Transport Costs	29,000	
Other Admin/Supplies – Various Underspends	3,200	
Scientific Services Costs	11,600	
Strategic Development Costs	(60,000)	
Income from Sale of Recyclables	(55,200)	
Property Rentals	59,900	
Skills Development Scotland Income	(91,800)	
Building Control/Development Control/Pitch Let Income	255,400	
Contribution from Reserve - Potential Drawdown Winter		
Contingency	50,000	
Other Income	(19,000)	
		(26,500)

ENVIRONMENT - SUPPORT

Employee Costs	161,800	
Rates, Rents, Water & Other Property Costs	(106,200)	
Agency labour/interns	(92,100)	
Administration/Other Costs	(7,400)	
Income –Other Accounts of the Authority/R&R etc	87,900	
		44,000

COMMUNITY HEALTH & CARE PARTNERSHIP

Employee Costs	752,200	
Property Costs	(8,500)	
Transport Costs	(107,500)	
Administration & Supplies	92,300	
Adult Care Packages (Learning, Physical and Mental Health)	(501,000)	
Children & Families Care Packages	(214,300)	
Sales, fees and charges	(225,700)	
		(212,500)

CORPORATE & COMMUNITY – COMMUNITY RESOURCES

Employee Costs – APT&C and Manual	97,700	
Repairs and Maintenance / Minor Adapts	(145,900)	
Supplies & Services	(11,700)	
Vehicle Hires & Taxi costs	11,300	
Administration Costs	15,700	
Other Costs	1,600	
Income	37,500	
		6,200

CORPORATE & COMMUNITY – SUPPORT

Employee Costs – APT&C and Manual	225,700	
Eastwood HQ reception improvements & misc property	(17,200)	
Supplies & Services	(164,700)	
Transport Costs	11,100	
Archiving & Printing (MPS & External)	43,500	
Other Admin Costs	4,500	
Childrens Panel, Court Expenses, Translation costs	19,700	
Other Operating Costs	3,400	
Income	28,800	
		154,800

CHIEF EXECUTIVE'S OFFICE

Employee Costs	25,500
Supplies & Services	43,400
Administration Costs	(5,700)
Miscellaneous Income	(2,100)
Contribution from Modernisation Fund	7,800
Capital Recharges	(1,000)

67,900**HOUSING REVENUE ACCOUNT**

Employee Costs - Vacancies	47,700
Supplies – subcontractors	(249,600)
Other – Including Standby and Materials	55,800
Additional Income – Election work	58,000
Additional Income – Incl Capital, recharges and Insurance Fund	145,200

57,100**OTHER HOUSING**

Employee Costs – including Factoring Service	(89,600)
Owner Occupier Rechargeable Works	(200,000)
Other Costs	(18,300)
Additional Income – Owner Occupier receipts	200,000
- Factoring related income	91,800
Additional income to cover employee – Welfare reform fund	16,100

0**OTHER EXPENDITURE**

Restructuring etc. costs	248,200
Superannuation Additional Allowances	(6,400)
Operational Contingency	237,600
Other Expenditure	62,500
Other Income	11,400

553,300**JOINT BOARDS**

Strathclyde Passenger Transport Authority	13,000
Renfrewshire Valuation Joint Board	4,000

17,000**944,600****TOTAL**