
Report To:	Policy & Resources Committee	Date: 22 May 2018
Report By:	Chief Financial Officer	Report No: FIN/55/18/AP/AE
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Subject:	2017/18 General Fund Revenue Budget as at 28 February 2018	

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 28 February 2018 and to update the Committee in respect of the position of the General Fund Reserves and Earmarked Reserves.

2.0 SUMMARY

- 2.1 The Council approved the 2017/18 Revenue Budget in February 2017 and at this meeting the Council agreed to set aside £4.630 million from free reserves to help fund the estimated 2017/19 budget gap. The budgeted deficit for 2017/18 is £1.140 million.

- 2.2 It can be seen from Appendix 1 that as at 28 February 2018 the General Fund is projecting a £2.495 million underspend (excluding Health & Social Directorate) which represents 1.3% of the net Revenue Budget and is an increase in the underspend of £0.631 million from the previous position. This is mainly due to:

- Additional turnover savings achieved across all Directorates (£838,000)
- Release of non-pay inflation not required (£600,000)
- One off release of pay inflation contingency (£408,000)
- Increased income within Finance Services (£143,000)
- Increased Council Tax Income due to increase in the Council Tax Base and a reduction in demand from the Council Tax Reduction Scheme in line with prior year's outturn. (£200,000)
- Additional GRG received not required by Services (£149,000)
- Achievement of the Business Rates Incentivisation Scheme (BRIS) target (£59,000)

The above figures exclude a payment of £523,000 from the Scottish Government in 2017/18 which requires to be earmarked to balance the 2018/19 budget. The decision by the Government to pay this in 2017/18 will temporarily increase reserves in all 32 Scottish Councils.

- 2.3 From Appendix 1 it can be seen that all four Service Committees are currently projecting underspends. The Health and Social Care Partnership is currently projecting an underspend, however, any resulting underspend will be retained by the Integration Joint Board.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Funding Models, it can be seen that as at 28 February 2018 expenditure totalled £3.718 million which equates to 68.36% of the planned spend in 2017/18. It can also be seen from Appendix 2 that at 28 February 2018 actual expenditure is 11.33% less than phased budget. Officers undertook a review of all reserves as part of the 2018/20 Revenue Budget and identified reserves available for write back. An amount of £2.294 million was approved by the Council on 21 December 2017 for write back; this has been reflected in Appendix 3.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2018 is £4.051 million which is £0.251 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 21 December 2017 and decisions in respect of the use of the Free

Reserves taken on 15 March 2018.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest position of the 2017/18 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee notes that the use of any Free Reserves will be considered as part of the 2019/20 budget process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Council approved the 2017/18 Revenue Budget in February 2017 and at this meeting the Council agreed to fund the 2017/18 budget deficit of £1.140 million from reserves. Overall, the Council set aside £4.63 million from reserves to help close the estimated 2017/19 budget gap.

5.0 POSITION AS AT 28 FEBRUARY 2018

5.1 It can be seen from Appendix 1 that as at 28 February 2018 the General Fund is projecting an underspend of £2.495 million which equates to 1.3% of the net General Revenue Fund Budget and is an increase of £0.631 million from the position reported previously. Based on this projection there will be no contribution required from Reserves for 2017/18.

5.2 Appendix 1 shows that all four Service Committees are currently projecting an underspend.

5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £1,376,000 (8.64%) mainly due to release of non-pay inflation contingency not required, one off release of pay inflation contingency and additional income within Finance Services.

Environment & Regeneration – Projected underspend of £219,000 (1.05%) mainly due to excess turnover savings projected, an over recovery of Planning Development Control income and a net over recovery of crematorium and burial grounds income. This has been offset in part by a projected shortfall in industrial & commercial rent income and Planning Building Standards income. A projected underspend is being reported on the residual waste and MRF contracts, which has been offset in part by overspends on composting and Non Contract Waste disposal.

Education & Communities - £341,000 (0.41%) projected underspend mainly due to additional turnover savings, a projected underspend within Teachers employee costs and projected savings within contract cleaning and janitorial services. A projected over recovery of income from other Local Authorities and Early Years Wraparound offset in part by an overspend within CCTV line rental costs.

Health & Social Care – Projected underspend of £702,000 (1.49%) mainly due to additional turnover savings projected, early achievement of savings/efficiencies and a one off receipt of income from another Local Authority due to a disputed package. This has been offset in part by an increase in client support packages within Learning Disability and Physical Disability services. The Committee underspend will be retained by the Integration Joint Board.

5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The Committee is asked to note that the phasing will not be amended during the year and provides a useful benchmark for Officers and Members to monitor performance against originally envisaged targets. The Earmarked Reserve statement excludes those funds that relate to Assets Plans or Funding Models.

5.5 As at 28 February 2018 the Council has spent £3.718 million against a phased budget target of £4.193 million. This represents 11.33% less than the target and spend equates to 68.33% of the projected spend for 2017/18. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee. At the meeting on 21 December 2017, the Council approved write back of earmarked reserves of £2.294 million. This has been reflected in appendix 3.

5.6 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected unallocated balance at 31 March 2018 is £4.051 million which is £0.251 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meetings on 16 February 2017 and 21 December 2017. At the meeting on 16 February 2017, the Council approved the allocation of £4.63 million of free reserves to fund the budget deficit. £1.14 million of this was allocated for the 2017/18 Revenue budget and the current projection indicates that this will not be required. At the budget setting meeting on 15 March 2018, the Council approved the allocation of £8.858 million of free reserves to various investment proposals. This is reflected in appendix 3 and the remaining free reserve balance will be considered as part of the 2019/20 budget process.

6.0 CONSULTATION

6.1 This report has been produced utilising the detailed budget reports to each Committee.

7.0 IMPLICATIONS

7.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

Annually Recurring Costs

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

7.2 Legal

There are no legal implications arising from this report.

7.3 Human Resources

There are no HR implications arising from this report.

7.4 Equalities

There are no equality implications arising from this report.

7.5 Repopulation

There are no repopulation implications arising from this report.

8.0 BACKGROUND PAPERS

8.1 None

Policy & Resources Committee
Revenue Budget Monitoring Report
Position as at 28th February 2018

Committee	Approved Budget 2017/2018	Revised Budget 2017/2018	Projected Out-turn 2017/2018	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	17,234	15,925	14,549	(1,376)	(8.64%)
Environment & Regeneration	21,397	20,836	20,617	(219)	(1.05%)
Education & Communities (Note 1)	90,127	83,865	83,524	(341)	(0.41%)
Health & Social Care	47,420	47,055	46,353	(702)	(1.49%)
Committee Sub-Total	176,178	167,681	165,043	(2,638)	(1.57%)
Loan Charges (Including SEMP)	12,896	17,189	17,189	0	0.00%
Savings Achieved Early	19	19	0	(19)	0.00%
Contribution to / (from) General Fund Reserve (Note 2)	(1,140)	(1,038)	(1,170)	(132)	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	4,420	4,420	0	0.00%
Total Expenditure	187,713	188,031	185,242	(2,789)	(1.48%)
Financed By:					
General Revenue Grant/Non Domestic Rates (Note 3)	(158,947)	(159,582)	(159,790)	(208)	0.13%
Council Tax	(28,766)	(28,766)	(28,966)	(200)	0.70%
Integration Joint Board - Increase in Reserves	0	317	1,019	702	100.00%
Net Expenditure	0	0	(2,495)	(2,495)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - One off contribution to reserves arising from approved budget adjustments removed from Service Committee budgets.

Note 3 - Figure excludes £523,000 received in 2017/18 but which is to be allocated to the 2018/19 budget.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2017/18</u>	<u>Phased Budget to 28 February 2018</u>	<u>Actual Spend To 28 February 2018</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2017/18</u>	<u>Earmarked 2018/19 & Beyond</u>	<u>Projected Write Back to General Fund Reserves</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Education & Communities	3,691	788	703	(85)	1,622	2,069	0
Health & Social Care	2,572	1,478	1,510	32	1,862	710	0
Regeneration & Environment	2,342	1,247	677	(570)	980	1,362	0
Policy & Resources	2,489	680	828	148	975	1,514	0
	11,094	4,193	3,718	(475)	5,439	5,655	0

<u>2017/18 %age Spend Against Projected</u>	<u>2017/18 %age Over/(Under) Spend Against Phased Budget</u>
43.34%	(10.79%)
81.10%	2.17%
69.08%	(45.71%)
84.92%	21.76%
68.36%	(11.33%)

Actual Spend v Phased Budget Underspend = (£475k) (11.33%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 28/02/18

	<u>£000</u>	<u>£000</u>
Balance 31/03/17		11250
Projected Surplus/(Deficit) 2017/18	2495	
Contribution to/(from) General Fund Reserves Note 1	<u>(1140)</u>	
		1355
Approved Use of Free Reserves (February 2017) Note 2		(5500)
Reduction to Use of Reserves 2017/18		1140
Approved Write Back of Earmarked Reserves Council 21/12/17 Note 3		2294
Add back 2018/19 approved Use of Reserves		3490
Use of Reserves Approved November 2017 - LED Lighting		(620)
Use of Reserves Approved December 2017 - Continuing Care		(500)
Approved Use of Free Reserves (March 2018) Note 4		<u>(8858)</u>
Projected Unallocated Balance 31/03/18		<u><u>4051</u></u>

Minimum Reserve required is £3.8 million

Note 1 £4.63 million free reserves approved to close 2017/19 budget gap. £1.140 million required in 2017/18.

Note 2 (Use of Reserves)

Town & Village Centres	2500
Employability/Apprenticeships	500
Early Retiral/Voluntary Severance	2000
Autism Friendly Community	150
Anti Poverty Fund	200
Grants to Voluntary Organisations	150
	<u>5500</u>

Note 3 (Write back EMR)

a) Developing Young Persons Workforce	22
b) Rankin Park Bike Track Programme	43
c) Primary School Swimming	15
d) 2017 Summer Playschemes	18
e) Schools Credit Union Pilot	7
f) Equal Pay Contingency Review	1790
g) TS Queen Mary Loan	30
h) 2018 Power Boat Grand Prix	108
i) AMP Depots Contingency Release	250
j) Welfare Reforms Operation	11
	<u>2294</u>

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 28/02/18

Note 4 (Use of Reserves)	170
Apprenticeship Programmes	200
Dementia and Autism Friendly Community	186
Anti- Poverty Fund	200
Community Fund	215
Pipe Band Championship 2019-21	345
Inverkip Community Hall	50
Demolish Redundant Buildings	150
Contingency Reserve	120
Indoor Bowling Club	100
Beacon Arts Centre - Repairs and Renewals Fund	120
Lady Alice Bowling Club	65
Indoor Tennis Facility	150
Inverclyde Leisure Spend to Save Investment	1300
Cremator Replacement	850
Capital Programme 2018/21 Deficit	467
3 to 4 Traffic Management Studies	30
Passing places Kirn Drive	200
Refurbishment of Ashton Prom	50
Gourock Park Improvements	20
Extend Gourock Pool Opening Times	16
Roads/Footways Investment	204
GDPR	150
Budget Strategy Reserves	3000
Repopulation Strategy	500
	<u>8858</u>