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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>5 February, 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/18/19/AP</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2019/20 Budget Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the latest position of the 2019/20 budget and to obtain a number of approvals which will assist the Council in setting a legally balanced budget for 2019/20.

## 2.0 SUMMARY

- 2.1 On 12 December the Scottish Government released details of the Draft Local Government Budget Settlement to Councils. Total revenue funding was reported to have increased by £193million (2%) however this included £400million new funding for new initiatives viz:

- Early Years 1140hrs £234 million
- Health & Social Care £160 million
- Free Sanitary Products £3 million
- Barclay Review £3 million

- 2.2 Inverclyde Council received a like for like cash cut of £4.24million compared to previous estimates by the Chief Financial Officer of £1.8million. When the latest pay award offer from Cosla and the impact of increases in teachers' superannuation are factored in then the 2019/20 estimated funding gap is now £6.79 million (3.6%) prior to any increase in Council Tax. See Appendix 1.
- 2.3 The Draft Budget is now proceeding through the various stages within the Scottish Parliament with the first reading due on 31 January, the second on 7 February and approval of the Budget expected on 21 February. At any point during this process the settlement for Local Government could change as has been the case in recent years where extra funding has been allocated to Local Government.
- 2.4 As agreed the Council Leader has been seeking clarity on the implications were the Council to increase Council Tax beyond 3%. Appendix 2 provides Members with the correspondence to date.
- 2.5 Following initial feedback on the savings options prepared by the CMT, the Members' Budget Working Group (MBWG) has agreed a list of 31 savings options which currently give full year savings of £4.465 million. To date no engagement has taken place with those employees potentially impacted by the savings proposals and the Committee is asked to agree that the CMT progress engagement with employees after discussions and agreement on the process with the MBWG and the Joint Budget Group (JBG).
- 2.6 Appendix 3 gives a note of further proposed adjustments to the 2019/20 budget. These total £1,671,000 in 2019/20 and officers will continue to identify further adjustments to close the funding gap.
- 2.7 A report elsewhere on the agenda recommends increasing the Long Term Empty Council Tax levy to 100% in line with the vast majority of other mainland Councils in Scotland whilst a further report seeks approval for a 3% uplift in all discretionary fees and charges in 2019/20. Taken together, if approved, these matters would reduce the estimated funding gap by £1,846,000 to £4.944 million.

- 2.8 Due to the potential for the Grant Settlement to Local Government to change as the Budget Bill passes through Parliament then it is proposed by the MBWG that the Council Tax setting and Budget Setting days should be separated.
- 2.9 Each year the Council requires to approve the Common Good Budget for the forthcoming year. There are no material changes to the budget proposed from that agreed for 2018/19. The Committee is asked to approve the 2019/20 Common Good Budget as set out in Appendix 4.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee notes the Draft Local Government Settlement announced in December, 2018 and the resultant impact of this and the latest pay offer to Council employees on the estimated 2019/20 funding gap.
- 3.2 It is recommended that the Committee agrees that the CMT and MBWG continue to review savings options as part of the development of proposals to deliver a legally balanced 2019/20 Budget and progress engagement with potentially impacted employees in consultation with Trades Unions via the Joint Budget Group.
- 3.3 It is recommended that the Committee agrees the proposed adjustments set out in Appendix 3.
- 3.4 It is recommended that the Committee notes the proposals elsewhere on the Agenda in relation to increasing the Long Term Empty Levy on Council Tax and for a 3% increase in all fees and charges from 2019/20.
- 3.5 It is recommended that the Committee approves the proposed 2019/20 Common Good Budget in Appendix 4.
- 3.6 It is recommended that the Committee notes the intention to approve the Council Tax for 2019/20 on 21 February, 2019 and requests that the Provost agrees to a special meeting of the Inverclyde Council on 21 March, 2019 to approve the 2019/20 Revenue Budget.

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 The Committee has previously agreed a Budget Strategy on the basis of setting a one year budget for 2019/20 unless the Scottish Government announced multi-year funding for Local Authorities in December, 2018.
- 4.2 The Committee also agreed that a general consultation with the public and employees be undertaken prior to Christmas seeking ideas on where the Council could save money.
- 4.3 The CMT issued a list of potential savings to all Members on a private and confidential basis in November and based on feedback from the various political groupings, a sub-set of these savings is being reviewed in more detail by the MBWG.

## 5.0 CURRENT POSITION

- 5.1 On 12 December the Scottish Government released details of the Draft Local Government Budget Settlement to Councils. Total revenue funding was reported to have increased by £193million (2%) however this included £400million new funding for new initiatives viz:

- Early Years 1140hrs £234million
- Health & Social Care £160million
- Free Sanitary Products £3million
- Barclay Review £3million

This plus other adjustments in respect of one off funding meant that Local Government is due to receive a £237 million (2.5%) cash cut compared to 2018/19.

- 5.2 Inverclyde Council received a like for like cash cut of £4.24million compared to previous estimates by the Chief Financial Officer of £1.8million. This position is after the Council received £404,000 protection from “The Floor” mechanism which caps Councils’ funding reductions.
- 5.3 When the latest pay award offer from Cosla and the impact of increases in teachers’ superannuation are factored in then the 2019/20 estimated funding gap is now £6.79 million (3.6%) prior to any increase in Council Tax. This is approximately double the funding gap reported to the November Policy & Resources Committee and represents arguably the single biggest financial challenge yet faced by Inverclyde Council. Appendix 1 provides more detail on both the 2019/20 and the estimated 2020/21 position.
- 5.4 The Draft Budget is now proceeding through the various stages within the Scottish Parliament with the first reading due on 31 January, the second on 7 February and approval of the Budget expected on 21 February. At any point during this process the settlement for Local Government could change as has been the case in recent years where extra funding has been allocated to Local Government. An update will be given to the Committee if this situation arises again this year.
- 5.5 The Draft Settlement set out some conditions many of which were the same as previous years:
  - Council Tax increases to be capped at 3%
  - National Pupil/Teacher Ratio to be maintained
  - Budget allocations to IJBs in 2019/20 must be £160m higher than in 2018/19
  - All probationer teachers to be offered a place

It is unclear what the penalties would be either locally or nationally were these conditions breached and as previously agreed the Council Leader has been seeking clarity on the implications were the Council to increase Council Tax beyond 3%. Appendix 2 provides Members with the correspondence to date.

- 5.6 Following initial feedback on the savings options prepared by the CMT, the Members’ Budget Working Group (MBWG) has agreed a list of 31 savings options which currently give full year savings of £4.465 million. Based on the current projected funding gap it can be seen that, even

after factoring increases in Council Tax and Charges plus ongoing adjustments outlined later in this report, the vast majority of these savings may have to be taken to balance the 2019/20 budget. To date no engagement has taken place with those employees potentially impacted by the savings proposals and the Committee is asked to agree that the CMT progress engagement with employees after discussions and agreement on the process with the MBWG and the Joint Budget Group (JBG).

- 5.7 Other areas being reviewed by the MBWG are the 2019/23 Capital Programme, a review of the available Reserves plus potential uses and the Council's proposed contribution to the IJB in 2019/20.

## **6.0 PROPOSALS**

- 6.1 Elsewhere on the agenda is the Council's revised Charging Policy for those areas where the Council has discretion to set its own charges. The MBWG has reviewed the Policy and support this plus the view that the Council should apply a standard uplift to all charges in 2019/20. In light of the financial position faced by the Council the MBWG would recommend a 3% uplift raising approximately £130,000 in 2019/20.
- 6.2 Appendix 3 gives a note of further proposed adjustments to the 2019/20 budget. These total £1,671,000 in 2019/20 and officers will continue to identify further adjustments to close the funding gap.
- 6.3 A further report on the agenda recommends increasing the Long Term Empty Council Tax levy to 100% in line with the vast majority of other mainland Councils in Scotland. It is estimated that net of extra administration costs this will raise £45,000 in 2019/20. This proposal is supported by the MBWG.
- 6.4 Taken together, if approved, these matters would reduce the estimated funding gap by £1,846,000 to £4.944 million.

## **7.0 OTHER MATTERS**

- 7.1 Due to the potential for the Grant Settlement to Local Government to change as the Budget Bill passes through Parliament then it is proposed by the MBWG that the Council Tax setting and Budget Setting days should be separated as has been the case on two previous occasions in recent years. It would be proposed that Council Tax is set at the standing Council meeting on 21 February whilst the Budget date is set for a special Council meeting on 21 March, 2019.
- 7.2 Each year the Council requires to approve the Common Good Budget for the forthcoming year. There are no material changes to the budget proposed from that agreed for 2018/19. The Committee is asked to approve the 2019/20 Common Good Budget as set out in Appendix 4.

## **8.0 IMPLICATIONS**

### **8.1 Finance**

The Council is facing a significant challenge to balance the 2019/20 Revenue Budget on the basis of the Draft Local Government Settlement. The proposals in this report and elsewhere on the agenda will reduce the estimated funding gap to £4.944 million prior to any increase in Council Tax.

## Financial Implications:

### One off Costs

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

### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Various	Various	2019/20	(1671)		Adjustments per Appendix 3 £1.708k full year effect
Various	Fees & Charges	2019/20	(130)		£138k income over a full year
Council Tax	LTE Income	2019/20	(45)		Net of £15k administration costs.

## 8.2 Legal

The legal basis for the separation of Council Tax and Budget setting dates has been previously set out to the Council by the Head of Legal & Property Services and the assessment remains unchanged for 2019/20. The Council report will provide the necessary assurances/detail.

## 8.3 Human Resources

All HR implications arising from the budget are being progressed in consultation with the MBWG and JBG. A communications strategy with potentially affected employees will commence following the meeting of this Committee.

## 8.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 8.5 Repopulation

There are no specific repopulation issues arising from this report.

## 9.0 CONSULTATIONS

9.1 The report has been agreed by the MBWG and discussed with the Trades Unions via the JBG.

## 10.0 LIST OF BACKGROUND PAPERS

10.1 LG Finance Circular 8/2018

REVENUE BUDGET 2019/20

Appendix 1

Committee: All  
 Corporate Director: All  
 Service: All  
 Division: All

OBJECTIVE SUMMARY	2018/19	2019/20	2019/20	2019/20	2019/20	2020/21	2020/21	Budget
	Base Budget	Adjustment	Inflation	Base Est.	Adjustment	Inflation	2020/21	2020/21
Chief Executive Services	339,410	(31,840)	-	307,570	-	-	-	307,570
Environment, Regeneration & Resources Directorate	33,129,620	(1,896,870)	130,800	31,363,550	(103,000)	-	-	31,260,550
Education, Communities & Organisational Development Directorate	88,892,160	(455,810)	90,940	88,527,290	(116,220)	-	-	88,411,070
Health & Social Care Partnership Directorate	47,794,260	1,101,460	341,650	49,237,370	-	-	-	49,237,370
Directorate Sub-Total	170,155,450	(1,283,060)	563,390	169,435,780	(219,220)	-	-	169,216,560
Miscellaneous	7,968,160	5,710,840	(563,390)	13,115,610	4,900,000	-	-	18,015,610
Loan Charges	12,400,390	(295,000)		12,105,390	(230,000)			11,875,390
Contribution to / (from) Statutory Funds	(240,000)			(240,000)				(240,000)
Identified Savings	95,000	(223,000)		(128,000)				(128,000)
Total Expenditure	190,379,000	3,909,780	-	194,288,780	4,450,780	-	-	198,739,560
Financed By:								
General Revenue Grant/ Non Domestic Rates	(160,030,000)	2,357,000		(157,673,000)	1,000,000			(156,673,000)
General Revenue Grant Redetermination	(523,000)	523,000		-				-
Council Tax	(29,826,000)			(29,826,000)				(29,826,000)
Net Expenditure	- a)	6,789,780	-	6,789,780	5,450,780	-	-	12,240,560

**Notes:**

Previously Approved Savings - 2019/20 Impacts (Loans Charges)	(30,000)	
Grant Cut - Settlement 12/12/18	2,880,000	
Pay Inflation Allowance - Approved Council March 2018	2,700,000	
Further Pay Inflation Allowance - 2018/19 Shortfall (Net of Scottish Government Contribution)	264,000	
2019/20 Additional Allowance (3% for all Groups)	1,383,000	
Teachers Employers Superannuation Increase	550,000	
Non Pay Inflation Allowance - Per Finance Strategy	1,000,000	
General Pressures Allowance - Per Finance Strategy	400,000	
Savings Approved P&R September 2017	(300,000)	
Savings Approved P&R November 2017	(197,000)	
Adjustments Approved Council December 2017	(241,000)	
Service Committee Reports	(1,456,000)	
Public Consultation Savings	(413,000)	
Adjustments Approved P&R September 2018	(331,000)	
Adjustments Approved P&R November 2018	(772,000)	
Over Recovery of VER/Vacancy savings Approved	(12,440)	
Difference in Turnover saving	3,220	
<b><u>New Ringfenced Monies:</u></b> Sanitary Products in Public Bodies	73,000	
School Clothing Grants	120,000	
Whole Systems Approach	25,000	
Child Burials	4,000	
Carers Act	172,000	
Early Years Funding 2019/20	56,000	
HSCP	1,859,000	2,309,000
<b><u>Funding Heldback:</u></b> Discretionary Housing Payments		(905,000)
1+2 Languages		(42,000)

**Budget 2019/20****6,789,780**

Previously Approved Savings - 2019/20 Impacts (Loans Charges)	(30,000)
Anticipated Grant Cut - Per Finance Strategy	1,000,000
Pay Inflation Allowance - Per Finance Strategy	2,400,000
Non Pay Inflation Allowance - Per Finance Strategy	1,500,000
General Pressures Allowance - Per Finance Strategy	1,000,000
Savings Approved P&R September 2017	(300,000)
Service Committee Reports	(103,000)
Over Recovery of VER/Vacancy savings Approved	(16,220)

**Budget 2020/21****12,240,560**

Budget Gap 2019/20	3,150,780
Revised GRG	80,000
Add GRG for DHP	(905,000)
Add GRG for 1+2 Languages	(42,000)
Pay Inflation Shortfall 2018/19	264,000
Additional Pay Inflation Allowance 2019/20	1,383,000
Teachers Employers Superannuation Increase	550,000
New Monies: ELC	56,000
Sanitary Products	73,000
School Clothing Grant	120,000
Whole system approach	25,000
Free Child Burials	4,000
Carers Act	172,000
Health & Social Care	1,859,000
Revised Budget Gap 2019/20	<u>6,789,780</u>

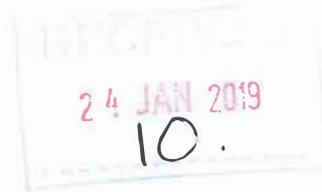
**Cabinet Secretary for Finance, Economy and Fair Work**  
Derek Mackay MSP



**Scottish Government**  
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Councillor Stephen McCabe  
Council Leader  
Inverclyde Council,  
Municipal Buildings  
24 Clyde Square  
GREENOCK  
PA15 1LX



Your ref: SMcC/sc  
Our ref: 2019/0001581  
23 January 2019

Dear Stephen,

Thank you for your letter of 10 January regarding your Council's potential council tax increase in 2019-20.

For 2017-18 and 2018-19, we secured the agreement of all Councils in Scotland for locally determined Council Tax increases to be capped at 3 per cent. This reflects the commitment in the 2016 manifesto for the Scottish Parliamentary elections. The Scottish Government does not underestimate the impact changes to taxation can have and will always take decisions in a careful, considered and responsible way, with the interests of households, businesses and the wider economy at heart.

The flexibility to increase council tax by up to a maximum of 3 per cent is again one of the key elements of the 2019-20 local government funding package.

I hope you find this information helpful.



**DEREK MACKAY**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



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Until 2020



**Councillor Stephen McCabe**  
**Ward 1 – Inverclyde East**  
Municipal Buildings  
Greenock  
PA15 1LX

**Leader of the Council**

Mr. Derek MacKay, MSP  
Cabinet Secretary for Finance, Economy & Fair Work  
Scottish Government  
St. Andrew's House  
Regent Road  
EDINBURGH  
EH1 3DG

Direct Line: 01475 712727  
Email: stephen.mccabe@inverclyde.gov.uk  
Our Ref: SMcC/sc  
Your Ref:  
Date: 10 January 2019

Dear Derek

**Council Tax - 2019/20**

Thank you for your letter dated 10 December 2018 in response to my enquiry regarding any action which would be taken against Inverclyde Council were it to increase Council Tax by more 3% in 2019/20. I note that the letter was written in advance of the Draft Local Government Settlement, which has now been issued, and would be grateful, therefore, if you could provide further clarification.

Our analysis of the proposed settlement for Inverclyde Council indicates a year on year like for like cash cut of approximately 2.6% or £4.2 million. When you add pay inflation pressures then the Council is currently facing a funding gap of £6.8 million. In this context a 3% Council Tax increase will raise under £900,000, and the choice faced by the Council is either to meet the remaining funding gap from budget cuts or to consider a Council Tax increase in excess of 3% to help mitigate the impact on our local communities.

As the Council is unaware of any legislative basis which prevents a Council Tax increase in excess 3% in 2019/20, I would be grateful if you could clarify what action, if any, the Scottish Government would take were Inverclyde Council to agree a Council Tax increase in excess 3%.

Once again I would emphasise that, in asking this question, this does not indicate that the Council will increase Council Tax beyond 3% but the Council requires to make any decisions in respect of Council Tax in full possession of the facts.

Please do not hesitate to contact me if you wish to discuss this matter.

Yours sincerely



Stephen McCabe  
Leader of Inverclyde Council

c.c. Aubrey Fawcett, Chief Executive  
Alan Puckrin, Chief Financial Officer



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Councillor Stephen McCabe  
Leader of Inverclyde Council,  
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Renfrewshire  
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Your ref: SMcC/sc  
Our ref: 2018/0041091  
10 December 2018

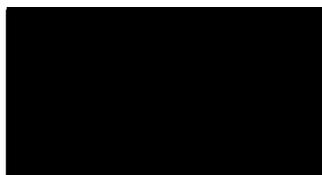
Dear Stephen,

Thank you for your letter of 14 November regarding your Council's potential council tax increases in 2018-19.

As you know, the Scottish Government has committed to limit council tax increases at 3 per cent per annum for the term of this Parliament to protect household incomes while ensuring additional funding for local services.

I can confirm that the full package of measures and benefits offered to local authorities will be published in the 2019-20 Local Government Finance consultation circular that will be issued on Monday 17 December.

I hope that this information is helpful.



DEREK MACKAY

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

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[www.gov.scot](http://www.gov.scot)

**Councillor Stephen McCabe**  
**Ward 1 – Inverclyde East**  
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**Leader of the Council**

Mr. Derek MacKay, MSP  
Cabinet Secretary for Finance, Economy & Fair Work  
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EH1 3DG

Direct Line: 01475 712727  
Email: stephen.mccabe@inverclyde.gov.uk  
Our Ref: SMcC/sc  
Your Ref:  
Date: 14 November 2018

Dear Cabinet Secretary

**Council Tax Increase 2019/20**

At the Inverclyde Policy & Strategy Committee held on 13 November 2018 it was agreed that a letter be sent to you seeking clarification on any impacts on the Council were it to decide to increase Council Tax in 2019/20 beyond 3%.

Whilst the Council is aware of the Scottish Government's manifesto commitment to limit annual Council Tax increases to no more than 3% for this parliamentary term, the Council is also aware that there is no statutory barrier to the Council agreeing to increase Council Tax beyond this level. Therefore, as the Council continues to develop options for balancing its 2019/20 Revenue Budget it requires to clearly understand any implications were Council Tax to increase beyond 3%.

In writing this letter I would clarify that asking the question does not indicate at this point that it is the intention of the Council to increase Council Tax beyond 3%, but rather it seeks to have full information in order that it can make the best decisions for its citizens.

Should you wish to discuss this matter further please do not hesitate to contact me.

Yours sincerely



Stephen McCabe  
Leader of Inverclyde Council

c.c. Aubrey Fawcett, Chief Executive  
Alan Puckrin, Chief Financial Officer

**2019/20 Budget  
Adjustments as at 17.1.19**

<b>ERR</b>	<b>Savings 2019/20</b>	<b>Full Year Savings 2020/21</b>	<b>Comments</b>	<b>FTE</b>
1/ SPT Requisition Review	150	150	Saving following updating of population statistics	-
2/ Street Lighting Maintenance	30	30	There has been a noticeable drop in maintenance due to the Street Lighting capital investment. Officers believe this trend will continue for the foreseeable future.	
3/				
<b>ECOD</b>	<b>Savings 2019/20</b>	<b>Full Year Savings 2020/21</b>	<b>Comments</b>	
1/ Teachers Staffing Exercise	100	137	Represents a 3.5 FTE Reduction	3.5
2/				
<b>HSCP</b>	<b>Savings 2019/20</b>	<b>Full Year Savings 2020/21</b>	<b>Comments</b>	
1/ Pay inflation for 2019/20 to be contained in increased Scottish Government Funding.	805	805	Government have stipulated a minimum increase in the 2019/20 contribution to the IJB, therefore it is proposed that the 3% pay award for 2019/20 be contained within this increase rather than from the Pay Inflation allowance.	
2/ Physical Disability Home Care	19	19	Meet from new FPC Under 65 monies.	
3/				
<b>Corporate</b>	<b>Savings 2019/20</b>	<b>Full Year Savings 2020/21</b>	<b>Comments</b>	
1/ Non-Pay Inflation Allowance	497	497	Reduce 2019/20 Provision to £1.0 million on the basis of the HSCP containing non-pay inflation in 2019/20.	
2/ Treasury Management Savings	70	70	One off repayment of old premia.	
<b>Total</b>	<b>1671</b>	<b>1708</b>		<b>3.5</b>

AP/CM  
17/1/19

**COMMON GOOD FUND**  
**REVENUE BUDGET 2019/20**

	Projected 2018/19	Budget 2018/19	Adjustment 2019/20	Budget 2019/20
<b>PROPERTY COSTS</b>	<b>22,000</b>	<b>22,000</b>	<b>A 3,000</b>	<b>25,000</b>
Repairs & Maintenance	9,000	9,000		9,000
Rates	13,000	12,000	3,000	15,000
Property Insurance	0	1,000		1,000
<b>ADMINISTRATION COSTS</b>	<b>17,700</b>	<b>7,700</b>	<b>0</b>	<b>7,700</b>
Sundries	11,500	1,500		1,500
Commercial Rent Management Charge	2,200	2,200		2,200
Recharge for Accountancy	4,000	4,000		4,000
<b>OTHER EXPENDITURE</b>	<b>66,500</b>	<b>79,100</b>	<b>B (5,000)</b>	<b>74,100</b>
Christmas Lights Switch On	10,500	10,500		10,500
Gourock Highland Games	29,400	29,400		29,400
Armistice Service	8,300	8,300		8,300
Comet Festival	13,300	13,300		13,300
Fireworks	0	12,600		12,600
Rent Relief (Society of the Innocents)	5,000	5,000	(5,000)	0
<b>INCOME</b>	<b>(125,440)</b>	<b>(135,440)</b>	<b>C (30,290)</b>	<b>(165,730)</b>
Gross Rent	(168,950)	(168,950)	2,700	(166,250)
Void Rents	44,010	34,010	2,010	36,020
Internal Resources Interest	(500)	(500)		(500)
Disposal of Land			(35,000)	(35,000)
<b>NET EXPENDITURE</b>	<b>(19,240)</b>	<b>(26,640)</b>	<b>(32,290)</b>	<b>(58,930)</b>

Projected Fund Balance as at 31st March 2019 £26,640

Projected Fund Balance as at 31st March 2020 £85,570

**Notes:**

**A Property Costs**

Adjust Rates budget based on current level of voids

3,000

3,000

It is proposed any underspends in the annual Repairs & Maintenance budget would be added to the Repairs & Renewals fund.

**B Other Expenditure**

Cessation of Rent Relief (Society of the Innocents), property being vacated

(5,000)

(5,000)

**C Income**

Adjust rental on review of occupancy

(290)

Removal of rental income, Port Glasgow Road

5,000

Disposal of Land, Port Glasgow Road

(35,000)

(30,290)

**D Occupancy assumptions:**

Projected Income (& Rates) assumes full occupancy with the exception of:

10 Bay St (assumed 85% occupancy on short term charity leases)

12 Bay Street (vacant)

10 John Wood St (vacant, assumes let during year)

15 John Wood St (vacant, assumes no let during year)

17 John Wood St (vacant, assumes let during year)

74 Port Glasgow Road (removed from portfolio, disposal pending)

**E Recommended Fund Level**

The recommended minimum overall fund level is £100,000.

**Total Adjustments**

(32,290)