

**Report To:** Policy & Resources Committee      **Date:** 21 September 2010  
**Report By:** Chief Financial Officer      **Report No:** FIN/53/10/AP/GJ  
**Contact Officer:** Alan Puckrin      **Contact No:** 01475 712223  
**Subject:** General Fund Revenue Budget 2010/11 – Period 4

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## **1.0 PURPOSE**

1.1 The purpose of the report is to advise Committee of the position of the 2010/11 General Fund Revenue Budget as at 31 July 2010 and to update Committee in respect of the position relating to Earmarked Reserves, the General Fund Reserve and the Savings Work Streams.

## **2.0 SUMMARY**

2.1 Appendix 1 shows that as at 31 July 2010 the Council is projecting a £336,000 underspend. This is prior to the application of the £1.9 million mid-year savings approved by the Policy & Resources Committee on 17 August 2010 which will be fully reflected in the next report to Committee.

2.2 Committee should note that overall Service Committees are projecting a minor underspend of £36,000 which is less than 0.02% of the overall Service Committee budget of £190.5 million.

2.3 Appendix 2 contains the latest position in respect of the Earmarked Reserves. It can be seen that expenditure to 31 July 2010 is 27.1% of the projected spend for 2010/11. The position in respect of Earmarked Reserves is reported to Service Committees each cycle.

2.4 Appendix 3 shows the latest projected position in respect of the General Fund Reserves. This reflects the decisions of the Policy & Resources Committee of 17 August 2010 and it can be seen that the projected surplus as at 31 March 2011 is £4.546 million which is marginally in excess of the minimum recommended level of £4.2 million.

2.5 The Committee is asked to consider and approve virement from the Loans Charges budget to Service Committee budgets and this is detailed in Appendix 4.

2.6 Appendix 5 contains an update from the Corporate Management Team and other relevant Officers in respect of progress relating to the previously approved Saving Work Streams. Appendix 6 shows the actual Work Stream Savings achieved as at 30 June 2010. As previously advised this position will be updated each quarter and reported to Committee each cycle.

2.7 Section 10 of the report highlights ongoing issues impacting on the overall financial position not fully reflected in the reported financial figures. The main issues highlighted are around Pay Award assumptions and the timing of the various Comprehensive Spending Review announcements.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the information contained in Appendices 1, 2, 3, 5 and 6.
- 3.2 It is recommended that the Committee approve the virement outlined in Appendix 4.
- 3.3 It is recommended that the Committee note that the full impact of the previously approved Mid-Year Savings will be reflected in the next report to the Policy & Resources Committee.

Alan Puckrin  
Chief Financial Officer

#### **4.0 BACKGROUND**

- 4.1 The Council made a number of amendments to the previously approved 2009/11 Revenue Budget in February 2010.
- 4.2 The Council also agreed that any excess surplus over and above that reported in February 2010 arising from the 2009/10 closure of accounts would be allocated to the Voluntary Severance Earmarked Reserve along with any saving arising from employee and other inflation contingencies in the 2010/11 budget.
- 4.3 On 17 August 2010 the Policy & Resources Committee approved a Mid-Year Savings package for the 2010/11 budget which reduced the General Fund Budget by £1.9 million in lieu of an estimated similar reduction in Government Grant in 2011/12.

#### **5.0 2010/11 CURRENT POSITION**

- 5.1 It can be seen from Appendix 1 that overall the General Fund is projecting an underspend as at Period 4 of £336,000. From the Appendix it can be seen that this largely arise from further projected savings in Loans Charges arising from loan debt management.
- 5.2 The Committee should also note from Appendix 1 that 4 Service Committees are projecting overspends whilst the Policy & Resources Committee is projecting an underspend. Overall the Service Committees are projecting a very minor £36,000 underspend which represents less than 0.02% of the Service Committee Budgets.
- 5.3 The Committee needs to bear in mind that once the Mid-Year Savings are applied to Service Committee Budgets then it is anticipated that the projected overspend will rise for the next Committee whilst Officers implement action to ensure that budgets are brought in on target by 31 March 2011.

#### **6.0 EARMARKED RESERVES**

- 6.1 Appendix 2 shows the latest position in respect of the Earmarked Reserves. This position has been previously reported to the relevant Service Committees.
- 6.2 Overall it can be seen that expenditure to date is £4.98 million which represents 27.1% of the projected 2010/11 Earmarked Reserve expenditure.
- 6.3 It can be seen from the Policy & Resources Earmarked Reserve Sheet that the balance on the Voluntary Severance Earmarked Reserve has increased considerably to over £4 million following the implementation of the decisions at the 17 August 2010 Policy & Resources Committee. The expectation is that this balance will rise further following the allocation of School Estate Capital Receipts through the Capital Fund.

#### **7.0 GENERAL FUND RESERVES**

- 7.1 Appendix 3 shows the latest projected position in respect of the General Fund Reserve. From Appendix 3 it can be seen that the latest projected balance as at 31 March 2011 is £4.546 million. The Committee are reminded that the minimum level of balance advised by the Chief Financial Officer is 2% of turnover which equates to approximately £4.2 million.

## **8.0 SAVING WORK STREAMS PROGRESS**

- 8.1 Appendix 5 gives an update in respect of the progress relating to each of the Saving Work Streams approved by the Policy & Resources Committee in February 2010.
- 8.2 Committee are reminded that the overall savings target from these Work Streams is £20.6 million and the projected savings from the Work Streams reported to the Policy & Resources Committee on 17 August 2010 were just over £22 million ie an over-recovery of £1.6 million. The overall figure and its phasing is reviewed by the Corporate Management Team on a monthly basis.
- 8.3 It can be seen from Appendix 6 that the Council had achieved £3.5 million of the savings target by 30 June 2010. To this sum will be added £2.3 million in respect of the full year impact of the previously approved Mid-Year Savings and this will be reflected in the update report due to come to the next meeting of the Committee.

## **9.0 VIREMENTS**

- 9.1 There are two virement requests for the Committee to consider. Both these virements relate to a one-off transfer of budget to Service Committees due to small delays in the delivery of Capital Expenditure which has resulted in increased costs in Services but a compensatory saving in Loans Charges.
- 9.2 The details of the virements requested are reflected in Appendix 4.

## **10.0 FINANCIAL STRATEGY**

- 10.1 Each Policy & Resources Committee highlights other issues not included in the projections which may impact on future Revenue Monitoring Reports in future years budgets. Issues to highlight in this report are as follows:

### Pay Awards

COSLA Leaders have agreed that the Pay Award for Non Teaching Staff will now be imposed on the basis of 0.65% (2010/11) and 0% (2011/13). The Committee has previously agreed that any saving on the Pay Award compared to the sum built into the 2010/11 Budget will be allocated to the Voluntary Severance Fund Earmarked Reserve. In addition Leaders have agreed that their clear expectation is that Teachers and Chief Officers will also receive a Pay Freeze for 2011/13. Both these matters will have a material impact on the medium term Financial Strategy and will be reflected in revised figures which will be given to Members in November/December.

### Comprehensive Spending Review

It is expected that the Westminster Government will announce the Comprehensive Spending Review on 20 October 2010. This will indicate the resources to be allocated in the Scottish Block for the period 2011/14. This will not give detailed figures in respect of the Local Government settlement although a budget announcement from the Scottish Government is expected by mid-November. Inverclyde Council's settlement will be received from the Scottish Government in early December. The next report to Policy & Resources Committee however will include an assessment of the potential impact on Inverclyde Council of the October 2010 announcement.

## **11.0 CONSULTATION**

- 11.1 This report has been discussed with and approved by the Corporate Management Team.



**Policy & Resources Committee****Revenue Budget Monitoring Report****Period 4: 1st April 2010 - 31st July 2010**

Committee	Approved Budget 2010/2011	Revised Budget 2010/2011	Projected Out-turn 2010/2011	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	32,669	32,712	32,351	(361)	(1.10%)
Safe, Sustainable Communities	17,880	17,056	17,097	41	0.24%
Regeneration & Resources	15,923	14,680	14,767	87	0.59%
Education & Life Long Learning	76,089	76,322	76,349	27	0.04%
Health & Social Care	49,560	49,735	49,905	170	0.34%
<b>Committee Sub-Total</b>	<b>192,121</b>	<b>190,505</b>	<b>190,469</b>	<b>(36)</b>	<b>(0.02%)</b>
Loan Charges	15,515	15,312	15,012	(300)	(1.96%)
Contribution to General Fund Reserve	907	907	907	0	0.00%
Recharge to Trading Operations	(161)	(161)	(161)	0	0.00%
<b>Total Expenditure</b>	<b>208,382</b>	<b>206,563</b>	<b>206,227</b>	<b>(336)</b>	<b>(0.16%)</b>
<b>Financed By:</b>					
Revenue Support Grant	(143,137)	(143,703)	(143,703)	0	0.00%
Council Tax	(32,900)	(32,900)	(32,900)	0	0.00%
Community Charge	(20)	(20)	(20)	0	0.00%
Non Domestic Rates	(32,325)	(32,325)	(32,325)	0	0.00%
1 Earmarked Reserves	0	2,385	2,385	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(336)</b>	<b>(336)</b>	

Notes: This represents 2010/11 funding which is to be carried forward to future years.

1 Landfill Penalty Tax	927
Riverside Inverclyde	322
Modern Apprenticeship	47
Asset Management Plan	800
Backfill Posts CSC	30
Single Status	246
RVJB	13
	<u>2,385</u>

**Earmarked Reserves Position Statement**

Appendix 2

**Summary**

<b><u>Committee</u></b>	<b><u>c/f Funding</u></b> <b><u>2009/10</u></b> <b><u>£000</u></b>	<b><u>New</u></b> <b><u>Funding</u></b> <b><u>2010/11</u></b> <b><u>£000</u></b>	<b><u>Total</u></b> <b><u>Funding</u></b> <b><u>2010/11</u></b> <b><u>£000</u></b>	<b><u>Actual Spend</u></b> <b><u>To 31 July</u></b> <b><u>10</u></b> <b><u>£000</u></b>	<b><u>Projected</u></b> <b><u>Spend</u></b> <b><u>2010/11</u></b> <b><u>£000</u></b>	<b><u>Earmarked</u></b> <b><u>2011/12 &amp;</u></b> <b><u>Beyond</u></b> <b><u>£000</u></b>	<b><u>2010/11</u></b> <b><u>%age</u></b> <b><u>Spend</u></b>
Education & Lifelong Learning	4,063	3,820	7,883	1,138	5,975	1,908	19.05%
Safe Sustainable Communities	6,698	2,255	8,953	2,112	4,862	4,091	43.44%
Health & Social Care	668	240	908	207	863	45	24.02%
Regeneration	3,556	3,253	6,809	784	4,477	2,332	17.51%
Policy & Resources	2,472	5,637	8,109	742	2,204	5,905	33.67%
	17,457	15,205	32,662	4,983	18,381	14,281	27.11%

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education &amp; Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	£000	
School Estate M P	Andrew Gerrard	3,994	3,820	7,814	1,105	5,906	1,908	Figures have been updated following the June 2010 review of the SEMP Funding Model. New Funding has been reduced by £3.5m for write-back to General Reserve. As in previous years, the majority of the expenditure will be at Year End.
Outdoor Education Trips	Albert Henderson	69	0	69	33	69	0	Administration awarded £80k on going per year to Education to fund Outdoor Education residential trips for all Primary 6 children in Inverclyde. As a result of Health & Safety issues at the centre used only a few schools were able to participate in 09/10. All schools completed their trips in the first quarter of 10/11 but many have still to receive their invoices.
<b>Total</b>		4,063	3,820	7,883	1,138	5,975	1,908	



## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Lunderston Bay Toilets	Aubrey Fawcett	203	0	203	0	203	0	Full spend expected to be incurred in 2010/11. Project designed and ready for implementation subject to appropriate drainage connection being allowed and planning application being progressed. £57k of additional funding is available within the Capital programme.
Maintenance of Trunk Road Network	Alan Barnes	59	0	59	0	59	0	Transport Scotland Traffic regulations have been approved. Inverclyde Council work and spend cannot commence until initial work is completed by Transport Scotland and Inverclyde Council's Traffic Regulations have been approved.
Strategic Housing Fund	John Arthur	1,280	0	1,280	3	100	1,180	Funding is for Strategic Housing functions, especially Contaminated Land costs. Projected expenditure of £100k to be incurred in 2010/11 for Private Sector House condition survey.
Private Sector Housing Grant	John Arthur	270	286	556	135	556	0	Full spend expected by year end as reported to SSC Committee in March 2010.
Support for Owners (Right to Buy Receipts)	John Arthur	749	804	1,553	636	1,349	204	£636k of the £749k carried forward from 09/10 has been spent with the balance committed awaiting invoices. The new funding of £804k relates to the RCH Right To Buy Receipts for 2009/10 and the projected expenditure of £1,349k means that £204k of the £804k will not be spent. This is due to reductions in the RCH Capital Programme. Unspent funds will be returned to Scottish Government.
Play Areas	Alan Barnes	443	0	443	0	443	0	Decision taken at the Safe Sustainable Communities Committee on 31 August to defer any decision to Dempster St, Murdieston Park and Lady Alice Park proposals pending further discussions with Ward Councillors and the Service.
Implementation of Green Charter	Stuart Jamieson	50	0	50	2	20	30	Reserve to be used for specific projects and year to date commitments are £11.2k.

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Traffic Study - George Rd/Larkfield Rd	Alan Barnes	7	0	7	0	7	0	Anti Skid surfacing complete - awaiting invoice.
Landfill Penalty Scheme	Alan Barnes	1,353	927	2,280	0	0	2,280	Spend is subject to Scottish Government deciding to levy the penalties.
Affordable HRA (Council Tax 2nd Home Discount)	John Arthur	90	90	180	0	90	90	Full spend of carry forward by year end. New funding will be earmarked for carry forward to 11/12
Lower Clyde River Valley Projects	Stuart Jamieson	27	111	138	0	131	7	£32k spend expected by October 2010 and a further £99k spend by March 2011. New funding represents contributions from Argyll & Bute Council, Inverclyde Council's and Forest Commission grant.
Youthlink Cromdale Road Integration	John Arthur	10	0	10	1	10	0	Project expected to be completed by September 2010. Full spend expected by October 2010.
Joint Action Group on Violence Reduction	John Arthur	7	37	44	12	44	0	Funding includes staff secondment costs and project expected to finish in March 2011.
Pot Hole Repair Budget 2010/11	Alan Barnes	400	0	400	363	400	0	Full spend expected by September 2010.
Aids and Adaptations 2010/14	John Arthur	400	0	400	100	100	300	Spend will be phased £100k per year.
Flooding Strategy - Initial Allowance	Alan Barnes	500	0	500	10	500	0	£425k spend approved by Committee on 19/05/10. Full spend expected by year end.
Vehicle Replacement Programme	Alan Barnes	850	0	850	850	850	0	Earmarked Reserve fully spent.
<b>Total</b>		<b>6,698</b>	<b>2,255</b>	<b>8,953</b>	<b>2,112</b>	<b>4,862</b>	<b>4,091</b>	

## EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (3)

COMMITTEE: Health and Social Care

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Telecare Grant	Gillian McCready	108	240	348	31	348	0	Letter received 9 June 2010 indicating Inverclyde will receive £120k to be matched by Social Work/Health spend. This is the last year of a five year funding stream.
Demonstrators Grant	Gillian McCready	36	0	36	18	36	0	No new funding and full spend expected in 2010/11.
Homelessness Task Force Grant	Eileen Tamburrini	38	0	38	0	38	0	Carry forward is the retention of phase 3 of Inverclyde Centre and full spend expected.
Financial Inclusion - Scottish Government	Archie Dempster	73	0	73	28	28	45	Carry forward earmarked for the rent of the Grand Central Bank for 2010/12.
Sutherland Monies - Frail Elderly	Barbara Billings	255	0	255	9	255	0	Unallocated sum against Scottish Government frail elderly award, partly committed to Homecare Review process in 2010/11. Proposals are being drawn up to fully utilise funds.
Growth Fund - DWP	Barbara Billings	55	0	55	55	55	0	Fully spent in 10/11.
Champions Fund - DWP	Barbara Billings	103	0	103	66	103	0	This funding stream finishes in March 2011 it is anticipated that full spend expected.
<b>Total</b>		668	240	908	207	863	45	

EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (4)

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Riverside Inverclyde	Stuart Jamieson	1,222	2,100	3,322	0	3,000	322	Spend is based on Riverside Inverclyde's 2010/11 Plan. The first funding request for £172k has been received and payment will be made mid August 2010.
Modern Apprenticeship	Stuart Jamieson	58	100	158	49	111	47	Decisions by Skills Development Scotland on funding for future modern apprenticeship placements are usually taken quarterly and will be included in reports to Committee.
Tall Ships	Aubrey Fawcett	210	12	222	6	55	167	Spend of £20k for port fees is expected to be incurred in January 2011 and £35k will be spent on preparing for the Tall Ships e.g. Traffic Engineer, breakdown vehicle road signs etc.
FSF - Carry Forward Grant	Stuart Jamieson	404		404	404	404	0	All of the earmarked reserve has been spent in the first quarter of 2010/11.
Commissioning / SAO	Stuart Jamieson	50	41	91	19	91	0	Reserve will fund SOA / Commissioning workstream support to 31/03/2011.
Area Renewal Fund	Aubrey Fawcett	280	0	280	4	34	246	£4k spend incurred to date relates to final payment for Greenock Southwest Retail Capacity unit. £30k for master planning at Drumfrochar Road/Broomhill Area is expected to be incurred in 2010/11. £100k has been allocated to Gibshill Community Centre but this project is now expected to start in 2011/12. £75k has been allocated to Clune Park Resource Centre but is not expected to be incurred until 2011/12 due to a review into the future of the former Clune Park School. The remaining balance of £71k is expected to be allocated in 2010/11 but not spent until 2011/12.
Arts Guild - Further Funding	Aubrey Fawcett	297	0	297	2	297	0	Work began in July 2010 and will commence on site in September 2010 with completion expected by February 2012.
Asset Management Plan	Joe Lynch	0	1,000	1,000	15	200	800	Work is ongoing to populate the AMP, once this is completed there will be a greater understanding of the spend requirements in 10/11 and thereafter.

## EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (4)

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Future Jobs Fund - Carry Forward Funding	Stuart Jamieson	285	0	285	285	285	0	The maximum funding that we can claim from the DWP in 2010/11 is £2,340k however the DWP paid £273k of this in advance in March 2010. The amount of funding we can claim depends on the number of people going through the Future Job programme. There will be regular reports to Committee detailing progress.
Support for Community Facilities	John Arthur	750	0	750	0	0	750	Social Regeneration and Area Renewal Group (SOA2) is responsible for administering the Area Renewal Fund and making recommendations to the Regeneration Committee to distribute funds. The P&R Committee of 17 August 2010 granted approval for this fund to become the responsibility of SOA2 and be administered in the same way as the Area Renewal Fund. Although the allocation of funding can now commence, there is unlikely to be any expenditure in this Financial Year.
<b>Total</b>		3,556	3,253	6,809	784	4,477	2,332	

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	(189)	5,216	5,027	533	533	4,494	£533k committed to date for Teachers refresh programme and CHCP implementation. Releases to start from 15/08/10. Funding of £3.5m transferred from SEMP Model, £907k budgeted surplus 2010/11 and £209k unaudited accounts 2009/10 surplus to fund future releases.
Single Status	Alan Puckrin	223	0	223	47	120	103	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	492	246	738	0	492	246	Allocation for back dating any appeals. Appeals process underway.
MGF	Gordon McLoughlin	331	0	331	0	51	280	£51k spend expected on integrated services. £100k spend on integrated services planned for 2011/12 and £180k spend anticipated on e-procurement system in 2011/12.
Modernisation & Efficiency Fund	Gordon McLoughlin	74	0	74	0	74	0	This will be fully spent on M&E salary recharges.
RVJB Capital Contribution	Alan Puckrin	43	13	56	0	20	36	Invoice due at Year End. Agreed that no further funding will be allocated to this reserve.
Workforce Development Fund	Alasdair Moore	100	0	100	3	59	41	Various employee development projects planned in 10/11 and 11/12. Committee report due in P5 with spending profile.
Operating Model Delivery	Gordon McLoughlin	684	0	684	135	552	132	Detailed budget approved by Committee, full spend of 10/11 budget is anticipated.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	0	58	0	Total reserve will be £92k, a further £34k will be allocated in 11/12 if required.
Allowance for Elections to May 2012	Elaine Paterson	270	0	270	0	0	270	Profiling based on no bi-elections held in 2010/11.
Revenue Expenditure Transferred from Capital	Alan Puckrin	140	0	140	0	40	100	Sum set aside and utilised as part of the accounts closure process.
Dilapidations	Stuart Jamieson	13	0	13	5	13	0	All the reserve is expected to be spent in 2010/11 due to the service advising in 2009/10 that funding was required to carry out repairs to properties within the Industrial, Commercial and Miscellaneous Portfolio to facilitate them being relet. A review will be carried out quarterly to monitor this.
DWP Grant	Alan Puckrin	91	104	195	19	92	103	Additional funding received from the DWP for 2 years 2008/10. £63k set aside for employee and admin costs in 2010/11 plus upto £60k for e forms. Possible write back being considered. £28k transferred to Backfill posts in CSC .
Implementation of Saving Workstreams	Alan Puckrin	200	0	200	0	100	100	£12k allocated for recruitment of Chief officers.
<b>Total</b>		<b>2,472</b>	<b>5,637</b>	<b>8,109</b>	<b>742</b>	<b>2,204</b>	<b>5,905</b>	

**APPENDIX 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 31/07/2010**

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/10		4409
Add write back of earmarked reserves	10	
Projected Surplus/(Deficit) 2010/11	336	
Contribution to General Fund Reserve 2010/11	907	
	<hr/>	1253
Transfer to VST Earmarked Reserve:		
Unaudited accounts 2009/10 excess surplus		(209)
2010/11 budgeted surplus		(907)
Projected Balance 31/03/11		<hr/> <hr/> 4546

Minimum Reserve required is £4.2million

**POLICY AND RESOURCES COMMITTEE****VIREMENT REQUESTS**

<b>Budget Heading</b>	<b>Increase Budget</b>	<b>(Decrease) Budget</b>
	£	£
Policy & Resources - Loans Charges		(88,000)
Health & Social Care - Childrens Homes Employee Costs	88,000	
Policy & Resources - Loans Charges		(115,000)
Safe Sustainable Communities - Transport Costs	105,000	
Education - Transport Costs	10,000	
<b>Total</b>	<b>203,000</b>	<b>(203,000)</b>



Workstream Updates as at: **18/08/10**

Lead Officer: **John Mundell**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
1a	Senior Management Restructure	Savings fully achieved and reflected in 2010/11 budget.	400
1b	3rd/4th Tier Restructures	A number of officers released as part of approved 3 <sup>rd</sup> /4 <sup>th</sup> Tier restructure. Small balance will be achieved in future years.	600
1c	Review Committees	This will be developed in advance of the Council Elections in 2011/2012 but will not be considered formally until the new Council is established in June 2012. In the interim consideration is being given to proposals for the joint governance of the CHCP.	50
10a	National Policies	Await impact of SR2010 which will require Government to review affordability of a number of flagship policies.	0
10b	Concordat Commitments	Saving achieved in 2010/11 budget.	400
10c	Policy Areas 2004 Onwards	Significant progress achieved in 2010/11 budget. Consideration to be given as to how the balance will be achieved.	500
10d	Policy Priorities Allowance 2011/14	Proposal to be developed as part of 2011/13 budget.	450

Workstream Updates as at: **18/08/10**  
Lead Officer: **Paul Wallace**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
2a	Transformation Programme	Good progress being made with the development of the next phase of the operating model – work being finalised on affected population, transition process and associated timeline, final validation and sign off by services to be completed by September at the latest.	3185
2b	Systems - E-minutes E-Procurement	No discussion has taken place yet with regard to possible savings generated by having agendas, reports and minutes on line.  Corporate Procurement Manager to undertake option appraisal to identify appropriate e-procurement solution – will be taken forward as part of future phase of Operating Model	0
6a	Commissioning	Commissioning Model currently being developed for the Council and wider Alliance – paper to CMT on 2 <sup>nd</sup> September outlining approach and seeking agreement to make progress on projects formerly funded by FSF as well as other related activity.  Resources identified to support approach through to 31 March 2010.  Phasing has been reviewed - break down is £200k / £400k / £400k.	1000
6b	Shared Services	Council continues to engage in those workstreams approved by members following the Clyde Valley Review.  It has been anticipated that Outline Business Cases for Waste Management, Shared Support Services and Social Transport will be submitted to Leaders for consideration by the end of November 2010. Overall update report elsewhere on the agenda.	0

Workstream Updates as at: **18/08/10**

Lead Officer: **Aubrey Fawcett**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
3a	FM/Cleaning Savings	<p>Proposals being developed include:-</p> <ul style="list-style-type: none"> <li>• Review of 'Demand Led' overtime payment to FM staff. Report to P&amp;R Committee in September 2010.</li> <li>• Review of 'periodic cleans' in education properties currently undertaken outwith term time. Proposals progressing.</li> <li>• Consider reducing 5 day cleaning schedule to 3 day - where appropriate. Proposals progressing</li> </ul> <p>Review 'cleaning and training' days requirement in Catering section.</p> <p>FM review going to P&amp;R Committee in September.</p>	300 By 2013/14
3b	Utility Cost Reductions/Energy Management	<p>Proposals being developed include:-</p> <ul style="list-style-type: none"> <li>• Improved water 'leak detection' procedures. Commenced.</li> <li>• Maximise water rates abatement for properties where surface water drainage avoids SW infrastructure. Commenced.</li> <li>• Utilities consumption - improve monitoring/ management/ intervention. Carbon &amp; Energy Management Officer interviews taking place over the next two weeks. Utilities survey of Municipal Buildings has been commissioned.</li> <li>•</li> </ul>	200 By 2013/14

7b	Planning	Initial savings realised - further review underway with a view to achieving full saving. Proposals to be presented to Corporate Director.	100 £59k in 2010/11 already saved £41k in 2011/12
7c	Street Scene	<p>Draft report has been discussed with the Corporate Director and Chief Executive, leading to a number of changes. Intention is to complete these changes and reconvene for further discussion.</p> <p>Subject to approval at this forum, next stage will be to submit to CMT. Meeting held on 1/7/2010 with Corporate Director/Finance/Service Managers to reprofile savings schedule. Amended on detail back up sheet to reflect revised schedule.</p> <p>Of the £100k savings target, £30k has been identified through changes to working patterns and work continues to identify savings for the balance of £70k.</p>	100
9d	FSF Funding Reduction	Implemented, fully achieved and included in 2010/11 budget.	1000

Workstream Updates as at: 18/08/10

Lead Officer: Alan Puckrin

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>£000</u>
4a	Category A&B Spend	<p>Gas &amp; Electricity savings arising from new contract agreed at £300k. Saving to be applied to service budgets.</p> <p>Business Stream contract for water agreed. Full year saving £24k from September 2010.</p> <p>Roads Materials – Potential savings from new contract being investigated.</p> <p>Telephone Line Rentals – Potential savings from move to National Contract being investigated.</p> <p>TNT mail contract being reviewed by Council.</p>	<p>200</p> <p><b>New Target</b> <b>£500k</b></p>
4b	Commodity Review/Local Contracts	<p>Unlikely that many savings will be achieved before 2011/12. Working on contracts Dbase and tendering timetable.</p> <p>Collaborative contract on Paypoint /Girobank being progressed.</p>	200

8a	New Income Sources	Participating in Clyde Valley income project. Currently carrying out benchmarking.	200
8b	Increased Charges	As above plus increased licensing charges (If approved) will score against this workstream. Note that some charges will increase from 4.1.11 due to VAT increase. This does not generate increased income for the Council.	200
8c	Council Tax Increase	Agreed to remove from workstreams as setting Council Tax levels is a purely Political matter.	3000 <b>Now 0</b>
9a	Inflation Review (Pay)	Awaiting agreement of 2010/11 non- teaching pay award. If 3 year deal agreed then substantial contribution to the target could be realised. Unions have rejected offer, Leaders being asked to approve a revised offer of 0% for one year.  UK Government announced 2011/13 pay freeze for all Public Sector Workers, earning over £21,000.	3000 <b>Now projecting £4315k</b>
9b	Inflation Review (Other)	2010/11 unallocated balance = £0.95million. Allocations made to Heating Oil and Fuel in last month.  Major areas to be determined in 2010/11 are NDR and Secure Accommodation (Children). Projecting £300k surplus in 2010/11	1800
9c	Top Slice/1% Efficiency	Proposals to achieve £2.35 million by end of 2011/12 approved by P&R Committee 17.8.10.	3600

9f	Other Savings	Achieved some of this target in 2010/11 budget process. Other ad hoc savings will be reported as/when they arise.	1000
3c	SEMP Model	Continuing turbulence in financial markets & shortfall in receipts make it unlikely any savings will be achieved until 2013/14 at the earliest.  Will review loan charges as part of budget process to see if possible savings can be taken.	500

Workstream Updates as at: 18/08/10

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
5a	37 hr Working Week Impact.	<p>Work is currently underway to identify the most effective way to deliver this saving - proposals to be submitted to CMT in September 2010.</p> <p>It is suggested that the bulk of this saving would need to be phased for 2012/2013 or 2013/2014 after protection arrangements come to an end.</p>	700
5b	Sick Pay Policy	In line with previous discussions with the SLF, consideration will be given to changes to existing Absence Management Policy although this may also require wider policy changes.	0



Workstream Updates as at: 18/08/10

Lead Officer: **Rab Murphy**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
6a	Home Care	<p>Steering group for the review established anticipating that workgroup can align with the proposed fuller Home Care review. It will be important that the full extent of savings take account of the redesign opportunities which might arise. The overall target of £300k is acknowledged.</p> <p>Meetings with the external review team for Homecare have been clearly briefed that the saving associated here is over and above any other saving secured.</p> <p>Report due back by mid November.</p>	<p>300</p> <p>Target for this year still set at £50k though pushing towards £75.</p> <p>Target for next year is a further £150 completing the last year.</p>

Workstream Updates as at: **18/08/10**

Lead Officer: **Albert Henderson**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>£000</u>
7d	Early Years	Discussions with officers are ongoing. To minimise Service disruption, some of the staff changes would be effective from August 2011.	200
9e	Roll Reduction 2011/14	Due to commence August 2011.	500

## Savings Workstreams

## Projected Savings 2010/14 Against Target

<u>Workstream</u>	<u>Sub-Stream</u>	<u>Target</u> £000	<u>Projection</u> £000	<u>(Under)/Over</u> £000
1/ Organisational Structure	Senior Management Restructure	400	438	38
	3rd/4th Tier Restructure	600	600	-
	Review of Committee Structure	50	50	-
2/ Transformation Programme	Operating Model	3,124	3,124	-
	New Systems	0	0	-
3/ Asset Management Planning	FM/Cleaning Savings	300	300	-
	Utility Costs Reduction/Energy Management	200	200	-
	School Estate Management Plan	500	500	-
4/ Procurement	Category A & B Contracts	200	500	300
	Commodity Review / Local Contracts	200	200	-
5/ HR Policies	Move to 37hr Working Week	700	700	-
	Sick Pay Policy	0	0	-
6/ Service Delivery Models	Commissioning	1,000	1,000	-
	Shared Services	0	0	-
7/ Service Reviews	Home Care	300	300	-
	Planning	100	100	-
	Street Scene	100	100	-
	Early Years	200	200	-
8/ Income	New Income Sources	200	200	-
	Increased Charges	200	200	-
	Council Tax Increases *	3,000	-	(3,000)
9/ Corporate Budget Savings	Inflation Review (Pay)	3,000	4,315	1,315
	Inflation Review (Other)	1,800	1,800	-
	Top Slice / Services Efficiencies	3,600	3,600	-
	FSF Funding Reduction	1,000	1,000	-
	Roll Reduction 2011/14	500	500	-
	Other Savings	1,000	1,000	-
10/ National / Local Policies	National Policies Review	0	0	-
	Concordat Commitments	400	400	-
	Local Policy Areas 2004 Onwards	500	500	-
	Policy Priority Allowance	450	450	-
<b>Totals</b>		<b>23,624</b>	<b>22,277</b>	<b>-1,347</b>

\* Agreed that the setting of Council Tax be removed from the Workstreams exercise as this is a fully Political matter.

A Puckrin  
24/8/10

Savings Workstreams  
Savings Achieved / Implemented to 30th June 2010

<u>Workstream</u>	<u>Specific Saving</u>	<u>Annual Recurring Saving £000</u>	<u>Total £000</u>
1/ Organisational Structure	Chief Officer Restructure	422	949
	Regradings Heads of Service	16	
	3rd/4th Tier Restructure	511	
2/ Transformation Programme	Voluntary Severance Trawl	230	230
3/ Asset Management Planning		-	-
4/ Procurement	New Postage Contract	18	18
5/ HR Policies		-	-
6/ Service Delivery Models		-	-
7/ Service Reviews	Planning - Voluntary Severance	59	59
8/ Income		-	-
9/ Corporate Budget Savings	Councillors Remuneration Frozen	10	1,393
	FSF Funding Reduction	1,000	
	Various Savings - Feb 2010 Budget	383	
10/ National / Local Policies	Education Concordat - Review of Policies	400	871
	Policy Priorities Review - Feb 2010 Budget	471	
<b>Totals</b>		<b>3,520</b>	<b>3,520</b>

A Puckrin  
24/8/10