
Report To:	Policy & Resources Committee	Date:	29 March 2011
Report By:	Chief Financial Officer	Report No:	FIN/27/11/AP/GJ
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	The General Fund Revenue Budget 2010/11 – Period 10		

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 January 2011 and to update Committee in respect of the position relating to Earmarked Reserves and the General Fund Reserves.

2.0 SUMMARY

- 2.1 Appendix 1 shows that as at 31 January 2011 the Council is projecting a £1.794 million underspend. This is an improvement of £387,000 since the last report and is largely due to continued improvement in overall Committee underspends.
- 2.2 Committee should note that overall Service Committees are projecting an underspend of £873,000 which represents approximately 0.5% of the revised Service Committee Budget.
- 2.3 Appendix 2 contains the latest summary position in respect of Earmarked Reserves. It can be seen that expenditure as at 31 January 2011 is 53.1% of projected expenditure. The position in respect of Earmarked Reserves is reported in detail to Service Committees each cycle and to the Corporate Management Team on a monthly basis.
- 2.4 Appendix 3 shows the latest position in respect of the General Fund Reserves. Based on the latest projected surplus and applying the surplus arising from the mid-year savings exercise then the overall projected balance in the General Fund Reserve as at 31 March 2011 is £7.523 million. Decisions were taken in February 2011 to utilise the bulk of any free General Fund Reserve whilst retaining the £4.2 million balance recommended by the Chief Financial Officer.
- 2.5 Appendix 4 gives an update in respect of the Workstream savings with Appendix 5 confirming the 2011/13 savings targets.
- 2.6 Section 9 of the report highlights ongoing Strategic Financial matters which the Committee needs to be aware of.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the information contained in the report and the various Appendices.

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 in the Base Budget over and above that reported in February 2010 would be allocated to the Voluntary Severance Earmarked Reserve along with any savings arising from Employee and Other Inflation Contingencies during the course of the 2010/11 financial year.
- 4.3 On 17 August 2010 the Policy & Resources Committee approved a mid year savings package which reduced the General Fund Budget by £1.7 million in 2010/11 with a full year effect of £2.15 million. The money saved was intended to be set aside to meet a one-off anticipated reduction in Government Grant during 2011/12.

5.0 2010/11 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that the General Fund is projecting an underspend as at Period 10 of £1.794 million. This is an increase in the level of underspend of £387,000 and largely arises from a continued improvement in the projected position of the Service Committees in 2010/11.
- 5.2 This projected underspend will be added to the General Fund Reserves at the end of 2010/11 and for which one-off utilisation was agreed as part of the 2011/13 Revenue Budget.
- 5.3 The Committee should note that there are currently two Service Committees projecting minor overspends. The relevant Corporate Directors will continue to take action within their remits to ensure that all Service Committees come back in on budget by the end of the financial year.

6.0 EARMARKED RESERVES

- 6.1 Appendix 2 shows the latest summary position in respect of Earmarked Reserves. This position has previously been reported to the relevant Service Committees.
- 6.2 Overall it can be seen that expenditure to date is £8.99 million which represents 53.1% of the projected 2010/11 Earmarked Reserves expenditure.
- 6.3 The Corporate Management Team monitor performance against the projected expenditure on a monthly basis and have confirmed that the phasings and projections supplied to the Policy & Resources Committee reflect their best estimates.

7.0 GENERAL FUND RESERVES

- 7.1 Appendix 3 shows the latest position in respect of the General Fund Reserve. It can be seen that the latest projected balance as at 31 March 2011 is £7.523 million. This is £3.323 million in excess of the minimum level of reserve.
- 7.2 Proposals in respect of the General Fund Reserves were agreed by Members as part of the 2011/13 Revenue Budget on 10 February 2011. These utilised the bulk of the unallocated excess Reserves.

8.0 WORKSTREAM SAVINGS

- 8.1 The 2011/13 budget included unachieved savings of £3.446 million for the previously approved Workstreams. Appendix 4 gives narrative update on progress whilst Appendix 5 reminds Committee of individual targets and progress as at 3rd March 2011.

9.0 STRATEGIC FINANCE MATTERS

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

Government Budget

The Government has provided high level indicative figures for Local Government for the years 2012/13 to 2014/15. The figures announced are very much in line with the assumptions made in the Financial Strategy however it must be borne in mind that these are high level indicative figures and could change significantly depending on the outcome of this year's Scottish Parliamentary Elections.

Inflationary Pressures

Whilst it is not anticipated there will be the need to budget for inflationary pressures in the balance of 2010/11 all the indications are that there will be significant inflationary pressures in 2011/12. These pressures are arising from increase in prices of raw materials and increases in wages in other parts of the world. The Council holds an inflation contingency to meet these pressures and will report to Committee on its status throughout 2011/12.

Financial Strategy Review

The next review of the Financial Strategy will take place during April/May and be reported to the June meeting of the Council.

10.0 CONSULTATION

- 10.1 This report has been approved by the Corporate Management Team.

Policy & Resources CommitteeRevenue Budget Monitoring ReportPeriod 10: 1st April 2010 - 31st January 2011

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	29,643	28,725	(918)	(3.10%)
Safe, Sustainable Communities	17,880	17,221	17,238	17	0.10%
Regeneration & Resources	15,923	14,124	14,164	40	0.28%
Education & Life Long Learning	76,089	68,500	68,293	(207)	(0.30%)
Health & Social Care	49,560	49,890	49,675	(215)	(0.43%)
Committee Sub-Total	192,121	179,378	178,095	(1,283)	(0.72%)
Loan Charges	15,515	15,012	14,612	(400)	(2.66%)
Contribution to General Fund Reserve	907	907	907	0	0.00%
Contribution from General Fund Reserve	0	(200)	(200)	0	0.00%
Recharge to Trading Operations	(161)	(161)	(161)	0	0.00%
Earmarked Reserves	0	6,970	6,970	0	0.00%
1 Contribution to Voluntary Severance Trawl	0	5,708	5,708	0	0.00%
Total Expenditure	208,382	207,614	205,931	(1,683)	(0.81%)
Financed By:					
Revenue Support Grant	(143,137)	(144,098)	(144,109)	(11)	0.01%
Council Tax	(32,900)	(32,900)	(33,000)	(100)	0.30%
Community Charge	(20)	(20)	(20)	0	0.00%
Non Domestic Rates	(32,325)	(32,325)	(32,325)	0	0.00%
Net Expenditure	0	(1,729)	(3,523)	(1,794)	

Notes: This represents 2010/11 funding which is to be carried forward to the VST Earmarked Reserve and utilised in future years.

1 Contribution to VST Earmarked Reserve:

SEMP	3,500
Pay Award	1,293
Procurement	415
Inflation Review	500
	<u>5,708</u>

Earmarked Reserves Position Statement

Appendix 2

Summary

Committee	c/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual Spend To 31 January 11 £000	Projected Spend 2010/11 £000	Earmarked 2011/12 & Beyond £000	2010/11 %age Spend
Education & Lifelong Learning	4,063	3,934	7,997	2,872	6,089	1,908	47.17%
Safe Sustainable Communities	6,488	2,308	8,796	2,870	3,631	5,165	79.04%
Health & Social Care	668	170	838	346	477	361	72.48%
Regeneration	3,759	3,425	7,184	1,840	3,858	3,326	47.69%
Policy & Resources	2,472	8,250	10,722	1,064	2,883	7,839	36.91%
	17,450	18,087	35,537	8,992	16,938	18,599	53.09%

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/2011

	<u>£000</u>	<u>£000</u>
Balance 31/03/10		4200
Projected Surplus/(Deficit) 2010/11	1794	
Contribution to General Fund Reserve 2010/11	907	
Surplus from Mid Year Savings Exercise	<u>1729</u>	4430
Winter Maintenance Allowance		(200)
<i>Transfer to VST Earmarked Reserve:</i> 2010/11 budgeted surplus		(907)
Projected Balance 31/03/11		<u><u>7523</u></u>

Minimum Reserve required is £4.2million

Note:

Position approved 10/02/11 for 2011/12

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/11		7523
Minimum Reserve Required		<u>(4200)</u>
		3323
2011 Budgeted Contribution to Reserves		1466

Approved Usage:

Increased Tall Ships Contribution 2011/12	(100)	
Protection of Vulnerable Groups 2013/14	(76)	
Contribution to Capital Programme	(860)	
Regeneration of Port Glasgow Town Centre	(1000)	
Redevelopment of Central Gourock	(300)	
Renewal of Clune Park Area	(500)	
Phase 2 of Flooding Works	(500)	
Additional Funding for Play Areas	(300)	
Additional Funding for Community Facilities	(450)	
Aids and Adaptations 2011/13	<u>(300)</u>	
		(4386)

Projected Unallocated Reserves Balance 31/03/12

403

Workstream Updates as at: **03/03/11**

Lead Officer: **John Mundell**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
1a	Service Management Restructure	Proposals to be developed by end of 2011/12. Target date for P&R report is November 2011.	160
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. Target date for P&R report is March 2012.	30

Workstream Updates as at: **03/03/11**Lead Officer: **Paul Wallace**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> £000
2a	Operating Model	<p>Revised savings being progressed. Review of Operating Model to take place in coming months and proposals thereafter taken to Committee.</p> <p>To date £162k of the 2011/12 target has been achieved; work is on going regarding the £38k balance.</p>	<p>250</p> <p>In years 11/12 £200k 12/13 £50k</p>
6a	Commissioning	An initial series of workshops have been held to review and revise the scope and specification of services that will be addressed through the commissioning approach including those previously funded through FSF as well as other associated activity. Employability specification developed, tendered and evaluated. Three further themes developed and out to tender, and due for return on 25 th February.	800

Workstream Updates as at: 24/02/11

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"> • Review of 'periodic cleans' in education properties currently undertaken outwith term time. Potential savings identified (£58,000 for full year) HR and Service about to commence discussions with Unions. • Sick Cover reduced. • Consider reducing 5 day cleaning schedule to 3 day - where appropriate. Being implemented by non filling vacancies. • Review 'cleaning and training' days requirement in Catering section. Savings identified (£22,000 for full year). To be implemented, HR and Service about to commence discussions with Unions. 	70
7b	Planning Service Review	Option under VST taken full saving will be achieved.	41
7c	Neighbourhood Management Service Review	<p>Report approved by SSCC 31st August 2010. The term Street Scene to be dropped and replaced by Neighbourhood Management.</p> <p>Initial saving of at least £30k to be achieved by savings in overtime following the introduction of revised shift patterns in street sweeping.</p> <p>Further savings will be achieved by a significant reduction in management overtime following revisions to shift patterns and work practices service wide.</p>	<p>61</p> <p>In years 11/12 £46k 12/13 £15k</p>

		Consultation with unions is ongoing.	
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Workstream Updates as at: 24/02/11

Lead Officer: Alan Puckrin

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
4a	Procurement	Savings continue to be identified and applied via Category A&B contracts. Work to commence in 2011/12 on Category C contracts. Further water supply savings expected along with £7k saving in Virgin Media contract.	149 In years 11/12 £49k 12/13 £100k
9c	Top Slice/1% Efficiency	CMT to agree approach March 2011 and thereafter savings to be subject of report to P & R Committee on 24 th May 2011. Potential to include any savings arising from the review of teachers terms and conditions which are currently the subject of a consultative ballot.	925 In years 11/12 £450k 12/13 £475k
9f	Other Savings/Adjustments	Ad-hoc savings will be identified and applied as at present.	130

Workstream Updates as at: 24/02/11

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> £000
5a	37 hr Working Week Impact.	HR have met all Directorate Teams to discuss project. Follow up meetings with Directorate teams to collate views, report back to CMT by April.	900

Workstream Updates as at: 24/02/11

Lead Officer: Rab Murphy

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
7a	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.</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>200</p> <p>In years 11/12 £50k 12/13 £150k</p>

Workstream Updates as at: 24/02/11

Lead Officer: Albert Henderson

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>£000</u>
9e	Roll Reduction 2011/14	Due to commence August 2012.	132

Workstream Savings Targets

	<u>Area</u>	2011/12 £000	2012/13 £000	Achieved to 3/3/2011 £000
1	Senior Management Restructure	0	160	0
2	Review of Committee	0	30	0
3	Operating Model	200	50	162
4	FM - Cleaning	0	70	0
5	Procurement	49	100	0
6	37 Hour Working Week	0	900	0
7	Commissioning	0	400	0
8	Home Care Service Review	50	150	0
9	Planning Service Review	41	0	33
10	Neighbourhood Management	46	15	0
11	Top Slice/Efficiencies	450	475	0
12	Roll Reduction	0	132	0
13	Other Savings	0	130	0
		836	2,612	195

AP/LM
04/03/2011