

**Report To:** Policy & Resources Committee      **Date:** 24 May 2011  
**Report By:** Chief Financial Officer      **Report No:** FIN/50/11/AP/LM  
**Contact Officer:** Alan Puckrin      **Contact No:** 01475 712223  
**Subject:** General Fund Revenue Budget 2010/11 – Period 11 and Initial  
Position of the General Fund Revenue Budget 2011/12

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the latest projected out turn position for the 2010/11 General Fund Revenue Budget and to advise Committee of the initial position of the 2011/12 General Fund Revenue Budget.

## 2.0 SUMMARY

- 2.1 Appendix 1 shows that as at the 28 February 2011 the Council is projecting a £2.425 million underspend. This is an improvement of £631,000 since the last report and is due to improved positions being reported in each of the 5 Service Committees.
- 2.2 Overall Service Committees are projecting an underspend in 2010/11 of £1.9 million which represents 1.1% of turnover.
- 2.3 Appendix 2 shows the latest summary position in respect of the Earmarked Reserves. Whilst expenditure shown is only 63.7% of annual projected spend it should be noted that the large areas of spend outstanding relate to loans charges which are processed at the year end and Voluntary Severance releases for which an accrual will be done as part of the year end accounts process. The Chief Financial Officer is confident that the projected expenditure levels in these areas will be achieved.
- 2.4 Appendix 3 shows the latest position in respect of the General Fund Reserves. Based on the latest projected surplus and taking into account decisions taken as part of the February 2011 Budget it can be seen that there is a projected unallocated reserve balance at 31 March 2012 of £1.34 million. It is recommended that no decisions are taken in respect of this unallocated sum until year end accounts have been closed and the audit completed.
- 2.5 Appendix 4 gives the latest update in respect of the Workstream Savings. Whilst appendix 5 shows the actual savings achieved to date against the target of £836,000 for 2011/12.
- 2.6 Appendix 6 shows the initial position of the 2011/12 General Fund Revenue Budget. Committee will note that the Service Committee Budget is £189.585 million with an overall net budget of £206.388 million.

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### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the information contained in this report and the various appendices.
- 3.2 It is recommended that the Committee note that a full update of the Financial Strategy will be presented to the next meeting of the Inverclyde Council on 9 June.

Alan Puckrin  
Chief Financial Officer

#### **4.0 BACKGROUND**

- 4.1 The Council agreed the 2010/11 Budget in February 2010 and approved a 2011/13 Revenue Budget on 11 February 2011.
- 4.2 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 saving of £2.15 million.

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

- 5.1 It could be seen from Appendix 1 that the General Fund is projecting an underspend as at period 11 of £2.425 million. This is an increase in the level of underspend of £631,000 since the last report and largely arises from a continued improvement in the projected position of Service Committees.
- 5.2 It can be seen from Appendix 1 that all Service Committees are now projecting to come in marginally under budget in 2010/11.
- 5.3 Any surplus achieved in 2010/11 will be transferred to the General Fund Revenue Reserve as part of the year end accounts closure process and the majority of this projected surplus has already been factored into decisions taken as part of the 2011/13 Revenue Budget.

#### **6.0 EARMARKED RESERVES**

- 6.1 Appendix 2 shows the latest summary position in respect of Earmarked Reserves. The detailed position was previously reported to the relevant Service Committee.
- 6.2 Overall it can be seen that expenditure to date is £10.6 million which represents just under 64% of projected spend. The main areas which contribute to the balance of spend relate to Loans Charges for the School Estate Management Plan and Voluntary Severance costs. Both of these matters are accounted for as part of the accounts closure process and the Chief Financial Officer is confident that the projected expenditure in these areas will be achieved.

#### **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 at 31 March 2011 is £8.456 million. This includes a write back from current year earmarked reserves of £302,000.
- 7.2 After factoring in decisions taken as part of the 2011/13 Revenue Budget it can be seen at the foot of appendix 3 that the projected unallocated reserve at 31 March 2012 is £1.34 million.
- 7.3 It is recommended that no decision is taken in respect of this unallocated reserve until after the closure of the year end accounts and the subsequent audit.

#### **8.0 WORKSTREAM SAVINGS**

- 8.1 The 2011/13 Budget included unachieved savings of £3.448 million relating to the previously approved Workstreams. Appendix 4 gives a narrative update on progress as at 15 April 2011 while appendix 5 details the individual targets and progress against achieving these targets as at 15 April 2011.

## **9.0 2011/13 INITIAL GENERAL FUND BUDGET POSITION**

- 9.1 Appendix 6 shows the initial position of the 2011/12 Revenue Budget. From this it can be seen that the Service Committee element of the approved budget totals £189.585 million whilst the overall net budget is £206.388 million.
- 9.2 Finally Committee will note that within the 2011/12 Budget is a contribution to the General Fund Reserve of £1.466 million. This approved surplus within the 2011/12 will be utilised to balance the 2012/13 Revenue Budget.

## **10.0 STRATEGIC FINANCE MATTERS**

- 10.1 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 previous Scottish Government provided high level indicative figures for Local Government for the years 2012/13 to 2014/15. The figures announced were 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 the Scottish Parliamentary Elections.

Financial Strategy Review – The next review of the Financial Strategy will take place during May 2011 and the results of this will be reported to the next meeting of the Inverclyde Council on 9 June 2011.

## **11.0 CONSULTATION**

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

## Policy &amp; Resources Committee

## Revenue Budget Monitoring Report

Period 11: 1st April 2010 - 28th February 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	28,601	(1,042)	(3.52%)
Safe, Sustainable Communities	17,880	17,221	17,182	(39)	(0.23%)
Regeneration & Resources	15,923	13,981	13,643	(338)	(2.42%)
Education & Life Long Learning	76,089	68,613	68,330	(283)	(0.41%)
Health & Social Care	49,560	49,890	49,678	(212)	(0.42%)
<b>Committee Sub-Total</b>	<b>192,121</b>	<b>179,348</b>	<b>177,434</b>	<b>(1,914)</b>	<b>(1.07%)</b>
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	7,000	7,000	0	0.00%
<sup>1</sup> Contribution to Voluntary Severance Trawl	0	5,708	5,708	0	0.00%
<b>Total Expenditure</b>	<b>208,382</b>	<b>207,614</b>	<b>205,300</b>	<b>(2,314)</b>	<b>(1.11%)</b>
<b>Financed By:</b>					
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%
<b>Net Expenditure</b>	<b>0</b>	<b>(1,729)</b>	<b>(4,154)</b>	<b>(2,425)</b>	

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

<u>Committee</u>	<u>c/f Funding 2009/10</u> £000	<u>New Funding 2010/11</u> £000	<u>Total Funding 2010/11</u> £000	<u>Actual Spend To 28 February 11</u> £000	<u>Projected Spend 2010/11</u> £000	<u>Earmarked 2011/12 &amp; Beyond</u> £000	<u>2010/11 %age Spend</u>
Education & Lifelong Learning	4,063	3,840	7,903	2,866	5,713	2,190	50.17%
Safe Sustainable Communities	6,488	2,308	8,796	3,215	3,569	5,227	90.08%
Health & Social Care	668	170	838	396	457	381	86.67%
Regeneration	3,759	3,425	7,184	2,704	4,002	3,178	67.57%
Policy & Resources	2,472	8,250	10,722	1,386	2,839	7,883	48.82%
	<b>17,450</b>	<b>17,993</b>	<b>35,443</b>	<b>10,567</b>	<b>16,580</b>	<b>18,859</b>	<b>63.73%</b>

APPENDIX 3

GENERAL FUND RESERVE POSITION  
Position as at 28/02/2011

	<u>£000</u>	<u>£000</u>
Balance 31/03/10		4200
Projected Surplus/(Deficit) 2010/11	2425	
Contribution to General Fund Reserve 2010/11	907	
Surplus from Mid Year Savings Exercise	1729	
Write back of Earmarked Reserves	302	5363
Winter Maintenance Allowance		(200)
<i>Transfer to VST Earmarked Reserve:</i>		
2010/11 budgeted surplus		(907)
Projected Balance 31/03/11		8456

Minimum Reserve required is £4.2million

**Note:**

	<u>£000</u>	<u>£000</u>
<b>Position approved 10/02/11 for 2011/12</b>		
Projected Balance 31/03/11		8456
Minimum Reserve Required		(4200)
		4256
2011 Budgeted Contribution to Reserves		1466
<b><u>Approved Usage:</u></b>		
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	(300)	
		(4386)
Projected Unallocated Reserves Balance 31/03/12		1336

Workstream Updates as at: 15/04/11

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. Target date for P&R report is November 2011.	160
1c	Review Committees	This will be developed in advance of the Council Elections in 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: 15/04/11

Lead Officer: Paul Wallace

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £000</u>
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 £166k of the 2011/12 target has been achieved; and there is a clear understanding of how to achieve the £34k balance in 2011/12.</p>	<p>250</p> <p>In years 11/12 £200k 12/13 £50k</p>
6a	Commissioning	<p>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. All four themes have now been tendered and evaluated. Following the Policy &amp; Resources Executive Sub-Committee awards of contract are being made.</p>	800

Workstream Updates as at: 15/04/11

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"> <li>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.</li> <li>Sick Cover reduced.</li> <li>Consider reducing 5 day cleaning schedule to 3 day - where appropriate. Being implemented by non filling vacancies.</li> <li>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. Report to be taken to CMT followed by SLF then Committee.</li> </ul>	70
7b Planning Service Review	Option under VST taken full saving achieved.	41
7c Neighbourhood Management Service Review	<p>Report approved by Safe Sustainable Committee 31<sup>st</sup> August 2010. The term Street Scene to be dropped and replaced by Neighbourhood Management.</p> <p>Savings will be achieved by a significant reduction in management overtime following revisions to shift patterns and work practices service wide.</p>	61 In years 11/12 £46k 12/13 £15k

	<p>Managements preferred option completed and will be presented to CMT.</p> <p>Letter of formal consultation on management's proposals has now been sent to trade unions.</p> <p>Plan to present the proposals as follows;</p> <ul style="list-style-type: none"> <li>• Present to CMT and seek approval</li> <li>• Brief Key Members</li> <li>• Meet full time union officials and seek their approval.</li> <li>• Present plan to local shop stewards and workforce.</li> </ul>	
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Workstream Updates as at: 15/04/11

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. Further water supply savings expected following agreement of the national contract. Significant savings reported to Safe Sustainable Committee in respect of waste disposal. This will lead to an over recovery against this workstream in 2011/12 and 2012/13.	149  In years 11/12 £49k 12/13 £100k
9c Top Slice/1% Efficiency	Potential to include any savings arising from the review of teachers terms and conditions.  Proposals included in a report elsewhere on this agenda as to how the full saving will be achieved.	925  In years 11/12 £450k 12/13 £475k
9f Other Savings/Adjustments	Ad-hoc savings will be identified and applied.	130

Workstream Updates as at: 15/04/11

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> <u>£000</u>
5a 37 hr Working Week Impact.	HR has met all Directorate Teams to discuss project. Reported back to the CMT on proposals for service specific targets. CMT agreed that all Directorates to consider the proposals and to come back to a future CMT. Follow up meetings to collate views on how to be achieved operationally still to be discussed with the services by OD, HR and Performance.	900

Workstream Updates as at: 15/04/11

Lead Officer: Rab Murphy

	<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> <u>£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>External review team for Homecare have been clearly briefed that the saving associated here is over and above any other saving secured.</p> <p>Proposals being considered by CMT 10<sup>th</sup> June 2011.</p>	<p>200</p> <p>In years 11/12 £50k 12/13 £150k</p>

Workstream Updates as at: 15/04/11

Lead Officer: Albert Henderson

<u>Workstream Saving</u>		<u>Update</u>	<u>Target £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 15/4/2011 £000
1 Senior Management Restructure	0	160	0
2 Review of Committee	0	30	0
3 Operating Model	200	50	166
4 FM - Cleaning	0	70	0
5 Procurement	49	100	3
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	41
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
	<b>836</b>	<b>2,612</b>	<b>210</b>

AP/LM  
15/04/2011



Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 1st April 2011

Committee	Approved Budget 2011/2012	Revised Budget 2011/2012	Projected Out-turn 2011/2012	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	30,134	30,134	30,134	0	0.00%
Safe, Sustainable Communities	18,118	18,118	18,118	0	0.00%
Regeneration & Resources	14,759	14,759	14,759	0	0.00%
Education & Life Long Learning	78,052	78,052	78,052	0	0.00%
Health & Social Care	48,522	48,522	48,522	0	0.00%
<b>Committee Sub-Total</b>	<b>189,585</b>	<b>189,585</b>	<b>189,585</b>	<b>0</b>	<b>0.00%</b>
Loan Charges	15,884	15,884	15,884	0	0.00%
Unallocated Savings (Note 1)	(450)	(450)	(450)	0	0.00%
Contribution to General Fund Reserve	1,466	1,466	1,466	0	0.00%
Contribution from General Fund Reserve	0	0	0	0	0.00%
Recharge to Trading Operations	(97)	(97)	(97)	0	0.00%
<b>Total Expenditure</b>	<b>206,388</b>	<b>206,388</b>	<b>206,388</b>	<b>0</b>	<b>0.00%</b>
<b>Financed By:</b>					
Revenue Support Grant/Non Domestic Rates	(173,438)	(173,438)	(173,438)	0	0.00%
Council Tax	(32,950)	(32,950)	(32,950)	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Note 1 - Relates to Topslice/Efficiency Workstream Saving which is the subject of a report to Committee in May 2011.