

Report To:	Policy & Resources Committee	Date:	15 November 2011
Report By:	Chief Financial Officer	Report No:	FIN/104/11/AP/CM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	General Fund Revenue Budget 2011/12 – 30th September 2011		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the projected position of the 2011/12 General Fund Revenue Budget as at period 6 (30 September 2011).

2.0 SUMMARY

- 2.1 Appendix 1 shows that as at 30 September 2011 the Council 2011/12 Revenue Budget is projecting a £2.3 million underspend a movement of £1.9 million since the period 4 report. This underspend is due to a combination of £1.15 million projected saving in Loans Charges and a £1.15 million projected underspend in Service Committee Budgets.
- 2.2 The one Committee projecting an overspend is the Regeneration Committee. This is due to the Building Services income shortfall which was the subject of a Special meeting earlier today.
- 2.3 Appendix 2 shows the latest summary position in respect of Earmarked Reserves. It can be seen that expenditure to date is 31.7% of the 2011/12 projected spend. The Corporate Management Team have reviewed project phasings which have also been reported to individual Service Committees.
- 2.4 Appendix 3 shows the latest position in respect of the General Fund Reserves and it can be seen that the projected balance as at 31 March 2012 is £6.14 million. This is after the decision to utilise £1.13 million on specific matters which was approved at last Committee and is £1.94 million more than the minimum level recommended by the Chief Financial Officer.
- 2.5 Appendix 4 gives the latest update in respect of Workstream Savings and Appendix 5 shows the actual savings of £1.546 million in 2011/12 achieved against the target of £1.558 million (99.2%). In addition £0.699 million (27%) of the 2012/13 Workstream savings have already been achieved.
- 2.6 The Scottish Government announced a “flat cash” settlement for 2012/15 on 21st September. The Council by Council detail will be announced in the first week in December. The Government’s announcement is within the parameters of the Council’s existing Financial Strategy.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee note the latest projection for the 2011/12 General Fund Revenue Budget and the information contained in the various Appendices.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council agreed a 2011/13 Revenue Budget on 11 February 2011.
- 4.2 The Policy & Resources Committee previously agreed that any decision regarding the utilisation of any General Fund Reserve over and above the £4.2 million recommended minimum balance should be deferred until after the closure of the year end accounts.
- 4.3 On the 20th September the Committee agree to allocate £1.13 million to specific matters including £1.0 million for Roads/Footway maintenance and £100,000 towards the Tall Ships deficit.

5.0 2011/12 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that the General Fund is projecting an underspend as at 31 March 2011 of £2.3 million. This is made up of a projected underspend in Loans Charges of £1.15 million due to slippage in the prior years Capital Programme added to improved investment returns. In addition there is a projected underspend of £1.15 million in Service Committees which has been reported in detail to individual Service Committees.
- 5.2 The specific issue which is causing the Regeneration Committee overspend is the loss of BSU income. A report on this matter was presented to a Special Committee earlier today.

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 £6.066 million which represents 31.7% of projected spend in 2011/12.
- 6.3 The relevant Corporate Directors and Lead Officers have reviewed the phasings incorporated within this update.

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 2012 is £6.14 million which is £1.94 million more than the minimum recommended level of General Fund Reserves.
- 7.2 It is recommended that a decision on the utilisation of any excess General Fund Reserve be taken as part of the 2012/13 Budget review in February 2012.

8.0 WORKSTREAM SAVINGS

- 8.1 Appendix 4 gives the latest update in respect of the outstanding saving workstreams. Overall it can be seen from Appendix 5 that excellent progress is being made against the 2011/12 savings target of £1.558 million with £1.546 million already achieved to date.
- 8.2 In addition £0.699 million of the £2.613 million workstream target for 2012/13 has also already been achieved.

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 Monitoring Reports. Issues to highlight in this report are as follows:

(a) Government Spending Review

The Scottish Government has announced revenue budget figures for Local Government for the years 2012/13 to 2014/15. Indications are that there will be one year firm announcement at a Council level in December with indicative Council figures for 2013/15. Once the figures for 2012/13 are issued in early December, this will require an update of the Council's 2012/13 approved budget.

(b) School Estate Management Plan

The School Estate Management Plan Financial Model has been reviewed and was reported to the Education & Lifelong Learning Committee. Cost reductions have arisen and it was recommended that the treatment of these be remitted to this Committee. It is recommended that any cost reductions be used to reduce future expenditure pressures.

10.0 CONSULTATION

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

Policy & Resources Committee**Revenue Budget Monitoring Report****Period 6: 1st April 2011 - 30th September 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	29,402	28,387	(1,015)	(3.45%)
Safe, Sustainable Communities	18,116	16,824	16,821	(3)	(0.02%)
Regeneration	14,761	13,795	13,941	146	1.06%
Education & Life Long Learning	78,052	78,346	78,237	(109)	(0.14%)
Health & Social Care	48,522	48,465	48,305	(160)	(0.33%)
Committee Sub-Total	189,585	186,832	185,691	(1,141)	(0.61%)
Loan Charges	15,884	15,884	14,734	(1,150)	(7.24%)
Unallocated Savings (Note 1)	(450)	(12)	(12)	0	0.00%
Contribution to General Fund Reserve	1,466	1,466	1,466	0	0.00%
Contribution from General Fund Reserve	0	(100)	(100)	0	0.00%
Recharge to Trading Operations	(97)	(97)	(97)	0	0.00%
Earmarked Reserves	0	2,317	2,317	0	0.00%
Total Expenditure	206,388	206,290	203,999	(2,291)	(1.11%)
Financed By:					
Revenue Support Grant/Non Domestic Rates	(173,438)	(174,072)	(174,072)	0	0.00%
Council Tax	(32,950)	(32,950)	(32,950)	0	0.00%
Net Expenditure	0	(732)	(3,023)	(2,291)	

Note 1 - Relates to Workstream Savings identified but still to be allocated to Service budgets.

Earmarked Reserves Position Statement

Summary

Appendix 2

<u>Committee</u>	<u>c/f Funding</u> <u>2010/11</u> <u>£000</u>	<u>New</u> <u>Funding</u> <u>2011/12</u> <u>£000</u>	<u>Total</u> <u>Funding</u> <u>2011/12</u> <u>£000</u>	<u>Actual Spend</u> <u>To 30 Sep 11</u> <u>£000</u>	<u>Projected</u> <u>Spend</u> <u>2011/12</u> <u>£000</u>	<u>Earmarked</u> <u>2012/13 &</u> <u>Beyond</u> <u>£000</u>	<u>2011/12</u> <u>%age</u> <u>Spend</u>
Education & Lifelong Learning	2,022	12,165	14,187	4,481	11,715	2,472	38.25%
Safe Sustainable Communities	4,847	2,680	7,527	322	1,373	6,154	23.45%
Health & Social Care	298	0	298	98	200	98	48.94%
Regeneration	2,727	4,740	7,467	957	3,811	3,656	25.11%
Policy & Resources	9,250	471	9,721	209	2,052	7,669	10.16%
	19,144	20,056	39,200	6,066	19,151	20,049	31.68%

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/2011

	<u>£000</u>	<u>£000</u>
Balance 31/03/11		7169
Projected Surplus/(Deficit) 2011/12	2291	
Contribution to General Fund Reserve 2011/12	1466	
Use of Reserves approved February 2011 (See Undernote)	<u>(4386)</u>	(629)
Workstream Savings Over Recovery		732
<u>Contributions from General Fund Reserves:</u>		
Roads & Footways 2011/13 - CFCR		(1000)
Tall Ships Races		(100)
Winter Maintenance - CFCR		(32)
Projected Balance 31/03/12		<u>6140</u>

Minimum Reserve required is £4.2million

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>	
		<u>(4386)</u>

Workstream Updates as at: 21/10/11

Lead Officer: John Mundell

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> (2011/14) <u>£000</u>
1a	Senior Management Restructure	Proposals to be developed by end of 2011. Due to go to Council in December 2011.	160k To be achieved: 12/13 £160k
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.	50k To be achieved: 12/13 £30k 13/14 £20k

Workstream Updates as at: 21/10/11

Lead Officer: Aubrey Fawcett

<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> (2011/14) £000
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 (£32,500 for full year) HR and Service has had initial discussions with Unions. Union reaction not favourable. Proposals agreed by CMT and SLF. Now proceeding on a voluntary basis. Letters issued to affected staff. Note saving stated is based on 100% uptake, actual saving will depend on take up. Initial indication is that take up is low. <u>This will make it difficult to achieve saving.</u> 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 (£20,000 for full year). To be implemented, HR and Service have had initial discussions with Unions. Union reaction not favourable. Proposals agreed by CMT and SLF. Now proceeding on a voluntary basis. Letters issued to affected staff. Note saving stated is based on 100% uptake, actual saving will depend on take up. Initial indication is that take up is low. <u>This will make it difficult to achieve saving.</u> Savings have been identified from catering anticipated following school rationalisation. Allocation between Workstream Savings and SEMP savings agreed with Chief Financial Officer. Saving 	<p>320k</p> <p>To be achieved: 12/13 £34k 13/14 £50k</p>

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		<p>allocated to Workstream is £20,000.</p> <ul style="list-style-type: none"> Further £36,000 Janitorial savings achieved in 2011/12 and will be scored against 2012/13 savings target. 	
6a	Commissioning	<p>All four themes have now been tendered and evaluated. Following the Policy & Resources Executive Sub-Committee awards of contract are being made. 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. Specification workshops are ongoing. Exercise ongoing to clarify position to avoid double counting.</p> <p>Option under VST taken full saving achieved.</p>	<p>1000k</p> <p>To be achieved: 12/13 £400k 13/14 £400k</p>
7b	Planning Service Review		41k
7c	Local Environmental Teams	<p>Savings to be achieved by a significant reduction in management overtime following revisions to shift patterns and work practices service wide.</p> <p>Meetings with Unions and workforce have been concluded resulting in a revised compensation payment being offered to workforce.</p> <p>Expenditure has been agreed at CMT and P&R Committee 16th August.</p> <p>Revised offer letters have been issued to workforce submitted with a return date of 26th August.</p> <p>New working practises now implemented.</p> <p>Proposals on how the balance (£39k) will be delivered will be forwarded to CMT in December 2011.</p>	<p>100k</p> <p>To be achieved: 13/14 £39k</p>

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Workstream Updates as at: **21/10/11**

Lead Officer: **Alan Puckrin**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2011/14)</u> <u>£000</u>
2a	Operating Model	<p>Revised savings being progressed. Review of Operating Model ongoing and proposals/outcome due to go to Council meeting in December.</p> <p>To date £192k of the 2011/12 target has been achieved; and there is a clear understanding of how to achieve the £8k balance in 2011/12.</p> <p>Finalised Civica report received 15th August 2011 and key aspects to be incorporated in Chief Executives report to Council.</p> <p>Post CVSSS savings going to November P&R Committee for approval some of which may be scored against the Operating Model. This should lead to an increase in the overall target in 2012/13 and on.</p>	<p>250k</p> <p>To be achieved: 11/12 £8k 12/13 £50k</p>
4a	Procurement	<p>Savings continue to be identified and applied via Category A&B contracts.</p> <p>Further contract savings are being assessed.</p> <p>Target for Procurement was increased by £300k to £1.0million and in light of ongoing savings it is proposed to increase the overall target by a further £400,000 to £1.4 million by 2013/14. This will form part of an overall review of the Workstream targets as part of the 2012/13 Revenue Budget.</p>	<p>573k</p> <p>To be achieved: 11/12 £4k 12/13 £12k</p>
9c	Top Slice/1% Efficiency	Proposals approved at P&R Committee on 24 th May which will lead to savings of £0.95 million by 2012/13.	1917k

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		Specific discussions needed with Unions around Mileage proposals. Report due back to CMT later in 2011.	To be achieved: 12/13 £50k 13/14 £500k
9f	Other Savings/Adjustments	Ad-hoc savings will be identified and applied as part of the 2012/13 budget process.	1311k To be achieved: 12/13 £130k 13/14 £217k

Workstream Updates as at: 21/10/11

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2011/14)</u> <u>£000</u>
5a	37 hr Working Week Impact.	<p>CMT agreed that all Directorates would work towards the allocated savings target of £900k. Responses from employee were limited on giving up increased hours, information sent to services to confirm reduction in hours. Corporate Directors to make their returns direct to Finance in respect of savings and if HR implications to advise HR so redeployments, release can take place. Report to be submitted to the Policy and Resources Committee in due course.</p> <p>£134,000 achieved to date.</p>	<p>900k</p> <p>To be achieved: 12/13 £766k</p>

Workstream Updates as at: 21/10/11

Lead Officer: Rab Murphy

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2011/14)</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>Procurement of electronic management system underway. The Homecare Steering Group to report to CMT in January 2011 with confirmed savings proposal for next financial year.</p>	<p>300k</p> <p>To be achieved: 12/13 £150k 13/14 £100k</p>

Workstream Updates as at: 21/10/11

Lead Officer: Albert Henderson

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>(2011/14)</u> <u>£000</u>
9e	Roll Reduction 2011/14	Due to commence August 2012.	612k To be achieved: 12/13 £132k 13/14 £200k

Workstream Targets - Outstanding Targets

<u>Area</u>	2011/12 £000	2012/13 £000	Achieved to 30/9/11 2011/12 £000	Achieved to 30/9/11 2012/13 £000
1/ Senior Management Restructure	0	160	0	0
2/ Review of Committee	0	30	0	0
3/ Operating Model	200	50	192	0
4/ FM - Cleaning/Janitors	160	110	160	76
5/ Procurement	267	179	263	167
6/ 37 Hour Working Week	0	900	0	134
7/ Commissioning	200	400	200	0
8/ Home Care Service Review	50	150	50	0
9/ Planning Service Review	41	0	41	0
10/ Local Environmental Teams	0	61	0	61
11/ Top Slice/Efficiencies	640	311	640	261
12/ Roll Reduction	0	132	0	0
13/ Other Savings	0	130	0	0
	1,558	2,613	1,546	699