
Report To:	Policy & Resources Committee	Date:	18 September 2012
Report By:	Chief Financial Officer	Report No:	FIN/73/12/AP/CM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2012/13 General Fund Revenue Budget - as at 31st July 2012		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise the Committee of the position of the General Fund Revenue budget as at 31st July 2012 and to update Committee in respect of Earmarked Reserves, and Workstream Savings.

2.0 SUMMARY

- 2.1 The Council confirmed the 2012/13 Revenue Budget in February 2012. The budget incorporated a recurring contribution to the General Fund Reserve of £4.053 million and a one-off contribution to Reserves of £500,000.
- 2.2 It can be seen from Appendix 1 that as at the 31st July 2012 the General Fund is projecting a £806,000 underspend which equates to 0.4% of the net revenue budget. Of the four Service Committees only Health and Social Care is projecting an overspend and this overspend equates to only £23,000.
- 2.3 As part of the preparation of the 2013/16 Revenue Budget all budget lines which are projecting material underspends are being reviewed and the requirement for the level of 2012/13 budgets will be challenged over coming months.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves and it can be seen that as at the 31st July 2012 expenditure represents 18.3% of the 2012/13 projecting spend. Detailed updates in respect of the Workstreams are presented to each Service Committee.
- 2.5 Appendix 3 advises of the latest position in respect of the General Fund Reserve and from this it can be seen that the projecting balance as at 31st March 2013 is £7.059 million. Committee however needs to bear in mind that the Audit of the 2011/12 Annual Accounts is ongoing and until this exercise is completed then the final position of the General Fund as at 31st March 2012 cannot be confirmed. An update will be presented to the next meeting of the Policy & Resources Committee.
- 2.6 Appendix 4 gives an update by the relevant Lead Officers of progress in respect of delivery of the 2010/14 Saving Workstreams. Appendix 5 shows the current performance in respect of 2012/13 Workstream Savings and it can be seen that as at 23rd August 2012 £2.62 million or 90% of the Saving Workstreams for 2012/13 have been delivered.
- 2.7 The previous Policy & Resources Committee approved the 2013/16 Budget Strategy and work is ongoing in preparing base budgets, identifying budget pressures and considering operational savings.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position in respect of the 2012/13 Revenue Budget and the General Fund Reserve.
- 3.2 It is recommended that the Committee note the good progress been made in the delivery of Saving Workstreams.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council confirmed the 2012/13 General Fund Revenue Budget in February 2012. In the process it agreed a contribution to reserves of £4.053 million in addition to a one-off contribution to reserves of £500,000 arising from saving and loans charges.
- 4.2 The budget has been represented to reflect the new Corporate Management and Committee Structure.

5.0 POSITION AS AT 31ST JULY 2012

- 5.1 It can be seen from Appendix 1 that as at 31st July 2012 there is a projecting underspend of £806,000 (0.39%).
- 5.2 It can also be seen from Appendix 1 that three of the four Service Committees are projecting an underspend whilst the fourth, CHCP Sub-Committee is only projecting a minor overspend of £23,000. The Corporate Director of CHCP is confident that this projecting overspend will be eliminated prior to the year end.
- 5.3 Appendix 3 shows the latest projected position for the General Fund Reserves as at 31st March 2013. The projected balance of £7.06 million is £2.86 million greater than the minimum level approved by the Council. It must however be borne in mind that Audit of the Annual Accounts for 2011/12 is ongoing and there are likely to be a number of matters which could impact on this balance. An update in respect of the General Fund Reserves will be provided to the next meeting of the Committee.
- 5.4 Appendix 2 gives an update in respect of the Earmarked Reserves where it can be seen that as at 31st July 2012 spend equated to 18.3% of the projected 2012/13 spend. Detailed updates on progress in Earmarked Reserves is presented to each Service Committee.

6.0 WORKSTREAM SAVINGS

- 6.1 Appendix 4 gives an update per the Corporate Management Team of each of the Saving Workstreams approved as part of the 2010/14 Workstream Programme.
- 6.2 Appendix 5 represents this update in a financial format and it can be seen that as at the 23rd August 2012 £2.62 million of the £2.92 million projecting savings have been achieved. This represents 90% of the target and is an excellent achievement this early in the financial year. Officers continue to work to ensure the savings are fully delivered by 31st March 2013.

7.0 OTHER FINANCIAL MATTERS

- 7.1 The August meeting of the Policy & Resources Committee approved the Budget Strategy for the 2013/16 Revenue Budget. Work has commenced with the Corporate Management Team in preparing base budgets, identifying unavoidable budget pressures, considering savings targets etc.
- 7.2 It is anticipated there will be a number of announcements from the Scottish Government over the coming months which impact on future year budget and will be rolled up into a new Finance circular due to be issued prior to Christmas. Committee will be advised of these as and when they will occur however it is not envisaged that there will be extra resources allocated to the Council which will materially impact on the previously reported savings gap.

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- 7.3 Reports will be presented to the next meeting of the Policy & Resources Committee on two specific matters which will impact on future year budgets namely Welfare Reform and Pension Scheme Auto-enrolment.

8.0 CONSULTATIONS

- 8.1 This report has been considered and endorsed by the Corporate Management Team.

Policy & Resources Committee**Revenue Budget Monitoring Report****Period 4: 1st April 2012 - 31st July 2012**

Committee	Approved Budget 2012/2013	Revised Budget 2012/2013	Projected Out-turn 2012/2013	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	29,486	29,493	29,035	(458)	(1.55%)
Environment & Regeneration	23,587	20,962	20,706	(256)	(1.22%)
Education & Communities	85,964	80,708	80,593	(115)	(0.14%)
Health & Social Care	48,230	48,198	48,221	23	0.05%
Committee Sub-Total	187,267	179,361	178,555	(806)	(0.45%)
Loan Charges (Including SEMP)	14,534	17,234	17,234	0	0.00%
Unallocated Savings (Note 1)	(157)	(157)	(157)	0	0.00%
Contribution to General Fund Reserve	4,053	4,053	4,053	0	0.00%
Contribution to Reserves from Loan Charges	500	500	500	0	0.00%
Recharge to Trading Operations	(97)	(97)	(97)	0	0.00%
Earmarked Reserves	0	5,206	5,206	0	0.00%
Total Expenditure	206,100	206,100	205,294	(806)	(0.39%)
Financed By:					
Revenue Support Grant/Non Domestic Rates	(173,078)	(173,078)	(173,078)	0	0.00%
Council Tax	(33,022)	(33,022)	(33,022)	0	0.00%
Net Expenditure	0	0	(806)	(806)	

Note 1 - Relates to Procurement/Utilities Workstream Saving

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>c/f Funding</u> <u>2011/12</u> <u>£000</u>	<u>New</u> <u>Funding</u> <u>2012/13</u> <u>£000</u>	<u>Total</u> <u>Funding</u> <u>2012/13</u> <u>£000</u>	<u>Actual Spend</u> <u>To 31 July 12</u> <u>£000</u>	<u>Projected</u> <u>Spend</u> <u>2012/13</u> <u>£000</u>	<u>Earmarked</u> <u>2013/14 &</u> <u>Beyond</u> <u>£000</u>	<u>2012/13</u> <u>%age</u> <u>Spend</u>
Education & Communities	5,005	15,744	20,749	3,457	14,600	6,149	23.68%
Health & Social Care	2,013	1,371	3,384	555	2,158	1,226	25.71%
Regeneration & Environment	6,382	6,859	13,241	628	7,664	5,577	8.19%
Policy & Resources	6,905	111	7,016	119	1,565	5,451	7.60%
	20,305	24,085	44,390	4,759	25,987	18,403	18.31%

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 31/07/2012

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/12		10950
Projected Surplus/(Deficit) 2012/13	806	
Contribution to General Fund Reserve 2012/13	4053	
One off saving in loans charges - 2012/13	500	
Write back of landfill penalty tax reserve	3200	
Use of Reserves approved February 2012 (See Undernote)	<u>(12450)</u>	(3891)

Projected Balance 31/03/13	<u><u>7059</u></u>
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Minimum Reserve required is £4.2million

Approved Usage:

Youth Employment Support	(1050)	
Business Support Initiative	(600)	
Local Environment Improvement Fund	(200)	
Greenock Town Centre	(250)	
Greenock Town Centre Parking Strategy	(300)	
Port Glasgow Town Centre Refresh to Town Hall	(250)	
Birkmyre Park, Port Glasgow	(200)	
Play Area Programme/Upgrade of Battery Park Skate Park	(300)	
Inverkip Community Facility	(300)	
Complete Funding Package for Watt Complex Refurbishment	(1000)	
Investment Fund for Council Owned Bowling Clubs	(200)	
Whinhill Golf Club	(200)	
General Support for 2012/15 Capital Programme	(3000)	
Additional Flooding Works Investment 2012/14	(1000)	
Additional Roads/Footways & Street Lighting Investment 2012/14	<u>(3600)</u>	
		<u><u>(12450)</u></u>

Workstream Updates as at: **21/08/12**

Lead Officer: **John Mundell**

<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> (2012/16) £000
1a/ b	Proposals approved (April 2012) and in the process of being implemented. Target exceeded in 2012/13 and significantly so by 2015/16.	160k Over achieved by £414k To be achieved: 12/13 £25k 13/14 £42k 15/16 £303k
1c	Proposals to amend Committee Structure submitted to Council April 2012 and approved 17 th May 2012. Details of how to achieve saving being discussed with Head of Legal & Democratic Services.	30k To be achieved: 12/13 £20k 13/14 £10k
9c	Rephrasing of Council contribution to Riverside Inverclyde resulted in a £300k recurring saving from 2013/14.	300k

Workstream Updates as at: **21/08/12**

Lead Officer: **Aubrey Fawcett**

<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> (2012/16) £000
3a FM/Cleaning Savings	<p>Proposals implemented include:-</p> <ul style="list-style-type: none"> • Review of 'periodic cleans' in education properties currently undertaken outwith term time. Proposals agreed by CMT and SLF. Now proceeding on a voluntary basis. This has resulted in a saving to date of £9,000. This will increase as posts become vacant and are changed to the reduced number of weeks. Estimated further saving by 2013/14 £5,000 • Sick Cover reduced. • Review 'cleaning and training' days' requirement in Catering section. Savings to date of £1,000. Estimated future saving by 2013/14 £1,000. • Review staffing in pre 5 establishments and reduction of posts from 52 week to term time where appropriate. Saving to date £9,500. Estimated future savings by 2013/14 £5,000 • Savings have been identified from catering anticipated following school rationalisation. Allocation between Workstream Savings and SEMP savings agreed with Chief Financial Officer. Saving allocated to Workstream is £10,000. • Further £36,000 Janitorial savings achieved in 2011/12 and will be scored against 2012/13 savings target. 	<p>160k</p> <p>To be achieved: 12/13 £5k 13/14 £50k</p>
3b Utility Cost Reduction	Proposals agreed by CMT in November 2011 and now being progressed	200k

Appendix 4

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		<p>by Head of Property Assets and Facilities Management. Proposals for savings include</p> <ul style="list-style-type: none"> • Reduction in water rates where surface water does not drain to SW sewers (£25,000) • Rationalising supply to Greenock Municipal buildings and fitting Water meter (£25,000) • Water efficiency measures and changing user behaviour (£10,000) • Introduction of energy efficient lighting (£15,000) • ICT power reduction initiatives (£7,000) • User education to improve energy use awareness (£40,000) • Replacing remaining oil fired systems (£20,000) • Replacing older gas fired systems with modern plant (£25,000) • Improved insulation following major refurbishments (£20,000) <p>Programme to improve draughtproofing and insulation (20,000)</p>	<p>To be achieved: 12/13 £13k 13/14 £100k 14/15 £50k</p>
6a	Commissioning	<p>Commissioning Working Group has identified £140k saving in Supported Living tender by 2013/14 plus £250k reduction in Regeneration Fund from 2012/13 (funded by Earmarked Reserve for one year). £203k 2013/14 to be identified.</p> <p>Report drafted by Head of Regeneration & Planning and considered by working group. Will be reviewed again early September.</p>	<p>600k</p> <p>To be achieved: 13/14 £204k</p>
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>New working practises now implemented.</p> <p>The service has reviewed their skip vehicle operations and has identified a saving of £24,260 per annum gross. This leaves £16k for the service to</p>	<p>100k</p> <p>To be achieved: 13/14 £16k</p>

Appendix 4

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		<p>deliver in the financial year 13/14. Details of how this saving will be made will be presented in September 2012 with an implementation date of 1st April 2013.</p> <p>No further update at present time.</p>	
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Workstream Updates as at: **21/08/12**

Lead Officer: **Alan Puckrin**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2012/16)</u> £000
2a	Operating Model / Alternate Shared Support Services Savings	<p>£99k all achieved except £11k relating to the CSC. Proposals in this regard to be developed.</p> <p>The remainder of the savings relate to the alternative to Shared Services savings advanced by Finance & HR.</p> <p>Proposals arising from the Civica Report are to be developed over 2012 and form part of the 2013/15 budget proposals.</p>	<p>516k</p> <p>To be achieved: 13/14 £254k 14/15 £35k 15/16 £113k</p>
3c	SEMP Funding	2012/13 saving applied to SEMP Loan Charges.	100k
4a	Procurement	<p>Savings continue to be identified and applied.</p> <p>Target for Procurement was increased by £300k to £1.0million in July 2011 and agreed to increase this by a further £400k over the period 2012/14 linked to increased resources for the section.</p> <p>Savings expected in both Debt Recovery and Mailing/Printing Contracts, other potential areas include term contracts and ASN Placements.</p>	<p>672k</p> <p>To be achieved: 12/13 £50k 13/14 £130k</p>

Appendix 4

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8b	Inflation Allowance (Non-Pay)	Target increased by £450k in December 2011 taking into account latest information. All bar 2013/14 target now applied to budgets.	1100k To be achieved: 13/14 £500k
9c	Top Slice/1% Efficiency	Proposals approved at P&R Committee on 24 th May 2011 which will lead to savings of £0.95 million by 2012/13. £50k mileage/travel saving applied from April 2012.	561k To be achieved: 13/14 £250k
9f	Other Savings/Adjustments	Ad-hoc savings will be identified during 2012/13 and applied to 2013/15 budget process.	700k To be achieved: 13/14 £119k

Workstream Updates as at: 21/08/12

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2012/16)</u> <u>£000</u>
5a	37 hr Working Week Impact.	<p>The savings target of £900k has been over achieved by £33k. Employee offers for reduced hours issued and all returns completed. Report submitted to the CMT advising of current position and phasing of savings over the 2 financial years. Budgets reduced from April 2012.</p> <p>Exercise now complete.</p>	<p>900k</p> <p>Over achieved by £33k.</p>

Workstream Updates as at: **21/08/12**

Lead Officer: **Brian Moore**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2012/16)</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>Contract awarded for the electronic management system. The Homecare Steering Group reported progress to CMT on 9 February 2012 with confirmed savings proposal for the next 3 financial years. The workstream savings target will be achieved and subject to continued monitoring, the target may be reviewed in future. The balance of internal/external provision will continue to be monitored on a regular basis.</p> <p>A model is being developed to capture changes in hours and costs / savings against Homecare review, Reablement, New Clients etc.</p> <p>Visit to Edinburgh Council has provided opportunities for information sharing including SWIFT financial developments.</p>	<p>250k</p> <p>To be achieved: 12/13 £50k 13/14 £100k</p>

		<p>Senior officers meet monthly to monitor financial impact of implementation of reablement and review balance of internal and external home care provision.</p> <p>7 retirees have been identified, release dates commencing September 2012 which will achieve the remaining £50k in 2012/13.</p>	
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Workstream Updates as at: 21/08/12

Lead Officer: **Albert Henderson**

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> (2012/16) £000
9e	Roll Reduction 2011/14	2012/13 savings deducted from budget and officers confirming how this saving has been delivered.	427k To be achieved: 12/13 £132k 13/14 £200k

Workstream Targets - Outstanding Targets

	Area	2012/13 Targets £000	Achieved to 23/8/12 £000
1/	Senior Management Restructure	189	164
2/	Review of Committees	20	0
3/	Operating Model	99	88
4/	FM - Cleaning/Janitors	108	103
5/	Utilities	50	37
6/	Procurement	349	299
7/	37 Hour Working Week	862	862
8/	Commissioning	357	357
9/	Home Care Service Review	150	100
10/	Local Environmental Teams	79	79
11/	Top Slice/Efficiencies	311	311
12/	Roll Reduction	132	0
13/	Other Savings	219	219
		2,925	2,619