
Report To:	Policy & Resources Committee	Date:	13 November 2012
Report By:	Chief Financial Officer	Report No:	FIN/96/12/AP/CM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2012/13 General Fund Revenue Budget - as at 30th September 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 30th September 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 from Loan Charges.
- 2.2 It can be seen from Appendix 1 that as at the 30 November 2012 the General Fund is projecting a £2,009,000 underspend which equates to almost 1% 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 £40,000.
- 2.3 As part of the preparation of the 2013/16 Revenue Budget all budget lines which are projecting material underspends have been reviewed and where appropriate the base budget for 2013/14 is being adjusted. This will be reported to the Council in December 2012.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves and it can be seen that as at the 30th September 2012 expenditure represents 26.6% of the 2012/13 projected spend. Detailed updates in respect of the earmarked reserves 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 projected balance as at 31st March 2013 is £9.151 million. Proposals to utilise available reserves will be approved by Members as part of the 2013/16 overall budget in February 2013.
- 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 16th October 2012 £2.8 million or 93% of the Saving Workstreams for 2012/13 have been delivered.
- 2.7 The Policy & Resources Committee has previously approved the 2013/16 Budgets Strategy and work is ongoing in preparing base budgets, quantifying budget pressures and considering operational savings. A report else where on the agenda updates Committee in respect of all these matters.

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 being made in the delivery of Saving Workstreams.
- 3.3 It is recommended that the Committee note that a report elsewhere on the agenda provides an update in respect of the 2013/16 Budget.

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 loans charges.

5.0 POSITION AS AT 30th SEPTEMBER 2012

- 5.1 It can be seen from Appendix 1 that as at 30th September there is a projected underspend of £2,009,000 (0.97%). This is an increase in underspend of £1.2 million from the last report, part of which is due to a further £0.5 million saving in loan charges and £0.2 million reduction in contingency.
- 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 £40,000. 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 £9.151 million is £4.95 million greater than the minimum level approved by the Council. Proposals to utilise any available reserves should form part of the overall 2013/16 budget consideration.
- 5.4 Appendix 2 gives an update in respect of the Earmarked Reserves where it can be seen that as at 30th September 2012, spend equated to 26.6% 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 16th October 2012, £2.8 million of the £2.99 million projected savings have been achieved. This represents 93% of the target and is an excellent achievement. Officers continue to work to ensure the savings are fully delivered by 31st March 2013.
- 6.3 Proposals for new workstreams are being considered by the Corporate Management Team and will form part of the report elsewhere on the agenda.

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 taken place to prepare base budgets, identify unavoidable budget pressures and develop efficiency savings. A full 2013/16 Budget update is reported elsewhere in the agenda.
- 7.2 In September the Scottish Parliament announced the draft 2013/16 Budget. As expected there was little change from the figures announced in February 2012, The main issues being that there is no extra funding for Councils and that in order to avoid financial sanctions the Council has to meet certain conditions. This matter is covered more fully in the 2013/16 Budget report.

8.0 CONSULTATIONS

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

Policy & Resources CommitteeRevenue Budget Monitoring ReportPeriod 6: 1st April 2012 - 30th September 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	29,423	28,665	(758)	(2.58%)
Environment & Regeneration	23,587	20,791	20,367	(424)	(2.04%)
Education & Communities	85,964	80,967	80,600	(367)	(0.45%)
Health & Social Care	48,230	48,201	48,241	40	0.08%
Committee Sub-Total	187,267	179,382	177,873	(1,509)	(0.84%)
Loan Charges (Including SEMP)	14,534	17,234	16,734	(500)	(2.90%)
Unallocated Savings (Note 1)	(157)	(34)	(34)	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%
Workstream Savings Over Achieved	0	91	91	0	0.00%
Recharge to Trading Operations	(97)	(97)	(97)	0	0.00%
Earmarked Reserves	0	5,334	5,334	0	0.00%
Total Expenditure	206,100	206,463	204,454	(2,009)	(0.97%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(173,078)	(173,441)	(173,441)	0	0.00%
Council Tax	(33,022)	(33,022)	(33,022)	0	0.00%
Net Expenditure	0	0	(2,009)	(2,009)	

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 30 Sept</u> <u>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	15,813	20,818	4,991	14,358	6,460	34.76%
Health & Social Care	2,013	1,717	3,730	1,096	2,491	1,239	44.01%
Regeneration & Environment	6,382	5,932	12,314	646	7,018	5,296	9.20%
Policy & Resources	7,176	111	7,287	170	2,037	5,250	8.35%
	20,576	23,573	44,149	6,903	25,904	18,245	26.65%

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/2012

	<u>£000</u>	<u>£000</u>
Balance 31/03/12		10821
Projected Surplus/(Deficit) 2012/13	2009	
Contribution to General Fund Reserve 2012/13	4053	
One off saving in loans charges - 2012/13	500	
Write back of landfill penalty tax reserve	4127	
Use of Reserves approved February 2012 (See Undernote)	<u>(12450)</u>	(1761)
Workstream Savings Over Recovery		91
Projected Balance 31/03/13		<u>9151</u>

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>(12450)</u>

Workstream Updates as at: 16/10/12

Lead Officer: John Mundell

<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2012/16) £000</u>
1a/ b Senior Management Restructure	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 Review Committees	Proposals to amend Committee Structure approved 17 th May 2012. Details of how to achieve saving being discussed with Head of Legal & Democratic Services and Corporate Director Education, Communities and Organisational Development.	30k To be achieved: 13/14 £30k
9c Policy Areas	Rephasing of Council contribution to Riverside Inverclyde resulted in a £300k recurring saving from 2013/14. Further £100k saving to be factored into 2013/16 base budget.	400k

Workstream Updates as at: 16/10/12

Lead Officer: Aubrey Fawcett

Workstream Saving	Update	Target (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 GMT 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 scored against 2012/13 savings target. • Balance achieved from Cleaning employee cost recurring underspend – Workstream Complete. 	160k

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3b	Utility Cost Reduction	<p>Proposals agreed by CMT in November 2011 and now being progressed 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>Programme of "Top Ten" energy saving measures being implemented. Assessment being made of budget reductions to be applied to 2013/14 budgets to take account of energy saving measures/initiatives.</p>	<p>200k</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). £204k to be detailed in report to October Environment & Regeneration Committee.</p>	<p>600k</p> <p>To be achieved: 13/14 £59k 14/15 £145k</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>100k</p> <p>To be achieved: 13/14 £16k</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 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>The outstanding £16k savings will be met from the vehicle check overtime savings, (Reduction in driver's hours for safety checks and supervisor overtime) proposed as part of the 1% efficiency savings agreed. This means delivery will be slipped to 2014/15, however £39.6k has been targeted in this exercise, leaving £24k to go against the 1% savings target. This completes this saving in line with the original remit.</p>	
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Workstream Updates as at: 16/10/12

Lead Officer: Alan Puckrin

Workstream Saving	Update	Target (2012/16) £000
2a Operating Model / Alternate Shared Support Services Savings	<p>All revised Operating Model savings now achieved.</p> <p>The remainder of the savings relate to the alternative to Shared Services savings advanced by Finance & HR and approved November 2011.</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 £231k 14/15 £35k 15/16 £113k</p>
3c SEMP Funding	<p>2012/13 saving applied to SEMP Loan Charges. Further saving being finalised as part of October 2012 review.</p>	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. £25k slipped from 2012/13 to 2013/14.</p>	<p>672k</p> <p>To be achieved: 12/13 £21k 13/14 £155k</p>
8b Inflation Allowance (Non-Pay)	<p>Opportunities to achieve balance of saving being investigated.</p> <p>Target increased by £450k in December 2011 taking into account latest information.</p> <p>2013/14 target achieved subject to P&R approval in November 2012.</p>	1100k

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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
8f	Other Savings/Adjustments	2013/14 target achieved subject to P&R approval in November 2012. Ad-hoc savings will be identified during 2012/13 and applied to 2013/15 budget process. £112k identified to date and can be advanced to 2012/13.	700k To be achieved: 13/14 £7k

Workstream Updates as at: 16/10/12

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.	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. Exercise now complete.	900k Over achieved by £33k.

Workstream Updates as at: **16/10/12**

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>	250k To be achieved: 13/14 £100k

		<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. On target to achieve work stream saving.</p>	
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Workstream Updates as at: 16/10/12

Lead Officer: Albert Henderson

<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2012/16) £000</u>
8e 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

<u>Area</u>	<u>2012/13 Targets £000</u>	<u>Achieved to 16/10/12 £000</u>
1/ Senior Management Restructure	189	164
2/ Operating Model	100	100
3/ FM - Cleaning/Janitors	108	108
4/ Utilities	50	37
5/ Procurement	324	303
6/ 37 Hour Working Week	862	862
7/ Commissioning	356	356
8/ Home Care Service Review	150	150
9/ Local Environmental Teams	79	79
10/ Top Slice/Efficiencies	311	311
11/ Roll Reduction	132	0
12/ Other Savings	331	331
	<u>2,992</u>	<u>2,801</u>