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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>5 February 2013</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/05/13/AP/CM</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2012/13 General Fund Revenue Budget - as at 30<sup>th</sup> November 2012</b>		

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## **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 30<sup>th</sup> November 2012 and to update Committee in respect of 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 30 November 2012 the General Fund is projecting a £1,941,000 underspend which equates to almost 1% of the net revenue budget. This is a reduction of £68,000 since the last report. Of the four Service Committees only Health and Social Care is projecting an overspend and this overspend equates to only £43,000. Overall Service Committees are projecting a £1.441 million underspend.
- 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 has been adjusted.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves and it can be seen that as at 30 November 2012 expenditure represents 36.4% 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 "Free" Reserves as at 31<sup>st</sup> March 2014 is £5.543 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 19<sup>th</sup> November 2012 £3.03 million or 98% of the Saving Workstreams for 2012/13 have been delivered.

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### **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

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## **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 30<sup>th</sup> NOVEMBER 2012**

- 5.1 It can be seen from Appendix 1 that as at 30<sup>th</sup> November there is a projecting underspend of £1,941,000 (0.94%). This is an decrease in underspend of £68,000 from the last report.
- 5.2 It can also been 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 £43,000. The Corporate Director CHCP is confident that this projecting overspend will be eliminated prior to the year end.
- 5.3 Appendix 3 shows the projected “Free Reserves” for the General Fund as at 31<sup>st</sup> March 2014. The projected balance of £9.54 million is £5.54 million greater than the minimum level approved by the Council. Proposals to utilise any available reserves will 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 30<sup>th</sup> November 2012 spend equated to 36.7% of the projected 2012/13 spend. Detailed updates on progress in Earmarked Reserves is presented to each Service Committee and reviewed by the Corporate Management Team.

## **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 19<sup>th</sup> November 2012 £3.03 million of the £3.07 million projected savings have been achieved. This represents 98% of the target and is an excellent achievement. Officers continue to work to ensure the savings are fully delivered by 31<sup>st</sup> March 2013.
- 6.3 Proposals for new workstreams have been approved in principle by the Council and will be formally confirmed as part of the 2013/16 budget.

## **7.0 OTHER FINANCIAL MATTERS**

- 7.1 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 has been covered more fully in the 2013/16 Budget report.
- 7.2 The Council will approve a 3 year Revenue & Capital budget on 14<sup>th</sup> February 2013. Discussions with Members and with Trades Unions are continuing to ensure a balanced budget can be set.

## **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 8: 1st April 2012 - 30th November 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	29,313	28,451	(862)	(2.94%)
Environment & Regeneration	23,587	19,406	19,041	(365)	(1.88%)
Education & Communities	85,964	80,857	80,600	(257)	(0.32%)
Health & Social Care	48,230	47,949	47,992	43	0.09%
<b>Committee Sub-Total</b>	<b>187,267</b>	<b>177,525</b>	<b>176,084</b>	<b>(1,441)</b>	<b>(0.81%)</b>
Loan Charges (Including SEMP)	14,534	17,281	16,781	(500)	(2.89%)
Unallocated Savings (Note 1)	(157)	(19)	(19)	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	76	76	0	0.00%
Recharge to Trading Operations	(97)	0	0	0	0.00%
Earmarked Reserves	0	7,047	7,047	0	0.00%
<b>Total Expenditure</b>	<b>206,100</b>	<b>206,463</b>	<b>204,522</b>	<b>(1,941)</b>	<b>(0.94%)</b>
<b>Financed By:</b>					
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%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(1,941)</b>	<b>(1,941)</b>	

Note 1 - Relates to Procurement/Utilities Workstream Saving

# Earmarked Reserves Position Statement

Appendix 2

## Summary

Committee	c/f Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual Spend To 30 Nov 12 £000	Projected Spend 2012/13 £000	Earmarked 2013/14 & Beyond £000	2012/13 %age Spend
Education & Communities	5,005	14,813	19,818	5,839	14,400	5,418	40.55%
Health & Social Care	2,013	1,719	3,732	1,601	2,397	1,335	66.79%
Regeneration & Environment	6,382	6,532	12,914	1,242	5,745	7,169	21.62%
Policy & Resources	7,234	111	7,345	303	2,162	5,183	14.01%
	20,634	23,175	43,809	8,985	24,704	19,105	36.37%

**APPENDIX 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 30/11/2012**

	<u>£000</u>	<u>£000</u>
Balance 31/03/12		10821
Projected Surplus/(Deficit) 2012/13	1941	
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>	(1829)
Workstream Savings Over Recovery		76
Recovery of Charging Order		73
Backdated Living Wage to 13/11/12		(130)
<u>Use of Reserves approved November 2012</u>		
Adoption Earmarked Reserve	(300)	
2013/16 Revenue Contingency	(600)	
Contribution to 2013/16 Capital Programme	(2000)	
Increased costs Inverkip Community Facility	(250)	
Increased Officer Capacity - Corporate Projects	<u>(350)</u>	(3500)
Projected Unallocated Balance 31/03/13		<u><u>5511</u></u>
Minimum Reserve required is £4million		
Projected Unallocated Balance 31/03/13		5511
Projected Surplus 2013/14 Per 20/12/12 Council Report		<u>4032</u>
		9543
Minimum Reserve Balance		<u>(4000)</u>
Projected Free Reserves 2013/14		<u><u>5543</u></u>
<u>Approved Usage:</u>		
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: 30/11/12

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
1c Review Committees	Proposals to amend Committee Structure approved 17 <sup>th</sup> May 2012. Details of how to achieve saving now agreed with Head of Legal & Democratic Services and Corporate Director.	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 factored into 2013/16 base budget.	400k  COMPLETE



Workstream Updates as at: 30/11/12

Lead Officer: Aubrey Fawcett

<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2012/16) £000</u>
3a FM/Cleaning Savings	<p>Proposals implemented include:-</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Sick Cover reduced.</li> <li>• Review 'cleaning and training' days' requirement in Catering section. Savings to date of £1,000. Estimated future saving by 2013/14 £1,000.</li> <li>• 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</li> <li>• 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.</li> <li>• Further £36,000 Janitorial savings achieved in 2011/12 and scored against 2012/13 savings target.</li> <li>• Balance achieved from Cleaning employee cost recurring underspend – Workstream Complete.</li> </ul>	160k  COMPLETE



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"> <li>• Reduction in water rates where surface water does not drain to SW sewers (£25,000)</li> <li>• Rationalising supply to Greenock Municipal buildings and fitting Water meter (£25,000)</li> <li>• Water efficiency measures and changing user behaviour (£10,000)</li> <li>• Introduction of energy efficient lighting (£15,000)</li> <li>• ICT power reduction initiatives (£7,000)</li> <li>• User education to improve energy use awareness (£40,000)</li> <li>• Replacing remaining oil fired systems (£20,000)</li> <li>• Replacing older gas fired systems with modern plant (£25,000)</li> <li>• Improved insulation following major refurbishments (£20,000)</li> </ul> <p>Programme to improve draughtproofing and insulation (20,000)  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 achieved as follows: £100k Riverside Inverclyde, £65k Social Care Commissioning and £39k Project Management Team. Recurring nature of £200k of the £250k saving agreed 2012/13 being finalised by Commissioning Group.</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</p>	<p>100k</p>

	<p>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 deliver.</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) as part of the 1% efficiency savings agreed. This means delivery will be slipped to 2014/15. This completes this saving in line with the original remit.</p>	<p>To be achieved: 14/15 £16k</p>
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Workstream Updates as at: 30/11/12

Lead Officer: Alan Puckrin

<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2012/16) £000</u>
2a Operating Model / Alternate Shared Support Services Savings	All revised Operating Model savings now achieved.  The remainder of the savings relate to the alternative to Shared Services savings advanced by Finance & HR and approved November 2011.	516k  To be achieved: 13/14 £231k 14/15 £35k 15/16 £113k
3c SEMP Funding	2012/13 saving applied to SEMP Loan Charges. Further saving identified as part of October 2012 review.  Proposed to increase savings as part of 13/16 budget.	100k
4a Procurement	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.  In light of the current review of previously reported Waste Contract savings the phasing of savings have been modified and spread over 2013/16.  Opportunities to achieve balance of saving being investigated.	672k  To be achieved: 12/13 £6k 13/14 £177k 14/15 £60k 15/16 £60k

		Proposed to have a small increase in overall savings as part of 2013/16 budget.	
8b	Inflation Allowance (Non-Pay)	Target increased by £450k in December 2011 taking into account latest information.  2013/14 target achieved following P&R approval in November 2012.	1100k COMPLETE
9c	Top Slice/1% Efficiency	Proposals approved at P&R Committee on 24 <sup>th</sup> May 2011 which will lead to savings of £0.95 million by 2012/13. £50k mileage/travel saving applied from April 2012.	561k COMPLETE
8f	Other Savings/Adjustments	2013/14 target achieved following 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 with £11k identified for 2013/14. Over recovered by £4k.	700k COMPLETE

Workstream Updates as at: 30/11/12

Lead Officer: Alasdair Moore

<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2012/16)</u> £000
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>	900k  Over achieved by £33k.  COMPLETE



Workstream Updates as at: 30/11/12

Lead Officer: Brian Moore

<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2012/16)</u> <u>£000</u>
7a Home Care	<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>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>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>	<p>250k</p> <p>To be achieved: 13/14 £100k</p>

Workstream Updates as at: 30/11/12

Lead Officer: Albert Henderson

<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>(2012/16)</u> <u>£000</u>
8e	Roll Reduction 2011/14	2012/13 savings deducted from budget and officers confirming how this saving has been delivered.  Achievability of 2013/14 savings being reviewed.	427k  To be achieved: 13/14 £200k



Workstream Targets - Outstanding Targets

	Area	2012/13 Targets £000	Achieved to 19/11/12 £000
1/	Senior Management Restructure	189	164
2/	Operating Model	100	100
3/	FM - Cleaning/Janitors	108	108
4/	Utilities	50	37
5/	Procurement	309	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	227	227
12/	Other Savings	331	331
		<u>3,072</u>	<u>3,028</u>