

Report To: Policy & Resources Committee **Date:** 26 March 2013
Report By: Chief Financial Officer **Report No:** FIN/20/13/AP/LA
Contact Officer: Alan Puckrin **Contact No:** 01475 712223
Subject: 2012/13 General Fund Revenue Budget as at 31 January 2013

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 31 January 2013 and to update Committee in respect of the position of the 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 of £4.053 million and a one off contribution to reserves of £500,000 from Loans Charges.
- 2.2 It can be seen from appendix 1 that as at 31 January 2013 the General Fund is projecting a £2.560 million underspend which equates to approximately 1.3% of the net Revenue Budget. This is an increase in underspend of £0.62 million since the last report.
- 2.3 All 4 Service Committees are now projecting an underspend. In addition there is a projected underspend in Loans Charges which has been previously reported and following information from the Government in respect of grant redeterminations for 2012/13 the unallocated General Revenue Grant has increased by £259,000.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 31 January 2013 expenditure represents 48% of the 2012/13 projected spend. Once an allowance is made for those items which are not paid until the year end then expenditure as at 31 January is approximately 64% of projected spend. Detailed updates in respect of Earmarked Reserves are presented to each service committee.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance as at 31 March 2013 is £6.13 million. Decisions to utilise the reserves in excess of the minimum recommended level of £4 million were taken as part of the 2013/16 Revenue Budget in February 2013.
- 2.6 Appendix 4 and Appendix 5 give an update in respect of the Savings Workstreams. From this it can be seen that all savings due to be delivered in 2012/13 have now been achieved and there remains £1.6 million of the Workstream Programme to be delivered in 2013/14. Committee is asked to note that for the next meeting the Workstream Programme will be recast with a new Workstream Programme covering the period 2013/16 being created.
- 2.7 At its meeting on 14 February 2013 the Council approved a 3 year Revenue & Capital Budget covering the period 2013/16. A report will be presented to the next meeting of the Committee giving an update in respect of the 2013/14 Budget in addition to a further update in respect of the 2012/13 Revenue Budget.

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 that the Workstream Savings for 2012/13 have been fully delivered.

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 was 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 31 JANUARY 2013

- 5.1 It can be seen from Appendix 1 that as at 31 January 2013 there is a projected underspend of £2.560 million. (1.3%). This is an increase in underspend of £0.62 million since the last report.
- 5.2 It can also be seen from Appendix 1 that all 4 Service Committees have projected an underspend in addition to continuing projected underspend in Loans Charges. In addition it should be noted that following the redetermination of the Grants Settlement advised by the Scottish Government the Council is receiving a net increase in grant of approximately £259,000. It is proposed that this grant be added to the General Fund Reserves.
- 5.3 Appendix 2 shows the latest position in respect of the Earmarked Reserves which are reported in detail to the relevant service committees. From this it can be seen that actual expenditure to date is 48% of projected spend however once year end expenditure in respect of Loans Charges and payments for early release are factored in then expenditure is 64% of projected spend as at 31 January 2013.
- 5.4 Appendix 3 shows the Projected Reserves Position as at 31 March 2013. The projected balance is now £6.13 million of which £4 million is recommended to be retained in line with the Council policy of retaining 2% of annual turnover.
- 5.5 Decisions in respect of the use of the Free Reserves were taken as part of the 2013/16 Revenue Budget.

6.0 WORKSTREAM SAVINGS

- 6.1 Appendix 4 gives an update from the Corporate Management Team of each of the Saving Workstreams approved as part of the 2013/14 Workstream Programme.
- 6.2 Appendix 5 shows an update in respect of the achievement of reserves and confirms that all projected Workstream Savings for 2012/13 have now been achieved. The remaining balance of £1.52 million will be carried forward into 2013/14 and will be achieved as part of the delivery of the 2013/16 Revenue Budget.
- 6.3 A new Workstream Programme will be finalised and presented to the next meeting of the Committee.

7.0 OTHER FINANCIAL MATTERS

- 7.1 On 14 February 2013 the Council approved a 3 year Capital & Revenue Budget covering the period 2013/16. The next meeting of the Committee will receive the first report on the 2013/14 Revenue Budget and the Corporate Management Team are already progressing the savings which require to be achieved in 2013/14.
- 7.2 There remain a number of matters which require to be fully clarified in respect of the 2013/14 budget including pay awards and National Agreements from uplifts for Care Home placement whilst the largest area of uncertainty relates to the financial impacts of Welfare Reform. All these matter will be monitored and reported back to Committee once they are clarified.

8.0 CONSULTATION

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

Policy & Resources Committee**Revenue Budget Monitoring Report****Period 10: 1st April 2012 - 31st January 2013**

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	29,213	28,183	(1,030)	(3.53%)
Environment & Regeneration	23,587	19,292	18,975	(317)	(1.64%)
Education & Communities	85,964	80,827	80,586	(241)	(0.30%)
Health & Social Care	48,230	47,984	47,771	(213)	(0.44%)
Committee Sub-Total	187,267	177,316	175,515	(1,801)	(1.02%)
Loan Charges (Including SEMP)	14,534	17,120	16,620	(500)	(2.92%)
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	7,452	7,452	0	0.00%
Total Expenditure	206,100	206,498	204,197	(2,301)	(1.11%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(173,078)	(173,476)	(173,735)	(259)	0.15%
Council Tax	(33,022)	(33,022)	(33,022)	0	0.00%
Net Expenditure	0	0	(2,560)	(2,560)	

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 Jan 13</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	14,813	19,818	7,568	13,995	5,823	54.08%
Health & Social Care	2,013	1,808	3,821	1,765	2,174	1,647	81.18%
Regeneration & Environment	6,382	6,532	12,914	1,460	4,897	8,017	29.81%
Policy & Resources	7,234	235	7,469	324	2,076	5,393	15.61%
	20,634	23,388	44,022	11,117	23,142	20,880	48.04%

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/2013

	<u>£000</u>	<u>£000</u>
Balance 31/03/12		10821
Projected Surplus/(Deficit) 2012/13	2560	
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>	(1210)
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>6130</u>

Minimum Reserve required is £4million

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: 18/02/13

Lead Officer: John Mundell

<u>Workstream Saving</u>	<u>Update</u>	<u>Target</u> <u>(2012/16)</u> <u>£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. Complete	160k COMPLETE
1c Review Committees	Proposals to amend Committee Structure approved 17 th May 2012. Details of how to achieve saving agreed with Head of Legal & Democratic Services and Corporate Director and will be applied to 13/14 budget.	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: 18/02/13

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 scored against 2012/13 savings target. • Balance achieved from Cleaning employee cost recurring underspend – Workstream Complete. 	160k COMPLETE

3b	Utility Cost Reduction	<p>Proposals agreed by CMT in February 2013 and 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: 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 balance approved by Council 14.2.13 and to be achieved as follows: £100k Riverside Inverclyde, £65k Social Care Commissioning and £39k Project Management Team.</p>	<p>600k</p> <p>To be achieved 2013/14 £20k 2014/15 £45k</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>100k</p> <p>To be achieved:</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>Negotiations with Drivers and Trade Unions will commence in February, following a meeting and agreement with Alasdair on the 29th January.</p> <p>Letter sent to Trade Unions and employees briefed again on 10th January. Negotiations ongoing.</p>	14/15 £16k
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Workstream Updates as at: 18/02/13

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.	100k
4a Procurement	Agreed to increase savings by £190k as part of 13/16 budget. 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. Calculation of 2013/14 saving outstanding. Opportunities to achieve balance of saving being investigated. Increase of £40k in overall savings agreed as part of 2013/16 budget.	672k To be achieved: 13/14 £153k 14/15 £60k 15/16 £60k

8b	Inflation Allowance (Non-Pay)	Target increased by £450k in December 2011 taking into account latest information.	1100k
9c	Top Slice/1% Efficiency	<p>2013/14 target achieved following P&R approval in November 2012.</p> <p>Proposals approved at P&R Committee on 24th May 2011 which will lead to savings of £0.95 million by 2012/13.</p> <p>£50k mileage/travel saving applied from April 2012.</p> <p>2013/14 target achieved following P&R approval in November 2012.</p> <p>Target of £750k to be achieved by 2015/16 agreed as part of the 2013/16 budget.</p>	561k COMPLETE
8f	Other Savings/Adjustments	<p>Ad-hoc savings will be identified during 2012/13 and applied to 2013/15 budget process.</p> <p>£112k identified to date and can be advanced to 2012/13 with £11k identified for 2013/14. Over recovered by £4k.</p>	700k COMPLETE

Workstream Updates as at: 18/02/13

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. COMPLETE

Workstream Updates as at: 18/02/13

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>Management information continues to be developed to capture changes in hours and costs / savings against Homecare review, Reablement, New Clients and demographic impacts. This has been reviewed by the Joint Improvement Team contact whose comments are being reviewed.</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</p>	<p>250k</p> <p>To be achieved: 13/14 £100k</p>

		<p>achieve work stream saving. The remaining £100k from this workstream will be achieved from efficiencies from external homecare from the implementation of electronic monitoring. A proposal has been agreed by the SMT to fund a temp post to maintain the homecare database, ensure quality of information, facilitate the implementation of external monitoring and assist with the migration to SWIFT financials.</p> <p>Increase of £100k agreed as part of 2013/16 Budget.</p>	
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Workstream Updates as at: 18/02/13

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 delivered and phasing of future years savings agreed.	427k To be achieved: 13/14 £142k 14/15 £58k

Workstream Targets - Outstanding Targets

Area	2012/13 Targets £000	Achieved to 18/02/13 £000
1/ Senior Management Restructure	189	189
2/ Operating Model	100	100
3/ FM - Cleaning/Janitors	108	108
4/ Utilities	50	50
5/ Procurement	299	299
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
	3,062	3,062