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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 21st May 2013
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/36/13/AP/CM
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2013/14 General Fund Revenue Budget</b>	

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with the opening position of the 2013/14 General Fund Revenue Budget and to highlight the latest position in respect of delivering and managing budgets within the Council.

## 2.0 SUMMARY

- 2.1 On the 14<sup>th</sup> February 2013 the Council agreed a three year General Fund Revenue Budget. The approved 2013/14 Revenue Budget has a surplus of £4.677 million which is intended to transfer to the General Fund Reserves at the end of 2013/14.
- 2.2 Over 2014/15 and 2015/16 the surplus is eliminated to the extent that the approved 2015/16 Revenue Budget has no contribution to or from Reserves.
- 2.3 Members will continue to receive regular budget monitoring reports throughout 2013/14 and indeed it is intended that for the first time in many years that Committees will receive a Period 11 report in the April/May Committee cycle.
- 2.4 In addition to the standard monitoring reports the Policy and Resources Committee will receive updates each cycle in respect of progress in the delivery of Workstream Savings, the position of the General Fund Reserve and progress in respect of Earmarked Reserves expenditure.
- 2.5 Throughout the year the Corporate Management Team will also receive monthly updates in respect of Employee Cost expenditure, Key Budget lines and Earmarked Reserves plus the delivery of all 2013/14 savings. This process has proven to be extremely effective in highlighting any budget issues at an early stage and assists in developing a corporate approach in addressing any financial issues.
- 2.6 In order to address the impact of a further reduction in the Accountancy section approved as part of the 2013/16 budget the Corporate Management Team have agreed a revised schedule for budget reporting to services. Whilst this will result in fewer meetings between the accountancy staff and services this is offset to a large extent by increased availability of information to budget holders supported by budget holder training which was recently delivered by CIPFA. It is therefore believed that the proposed model of service budget monitoring, CMT updates and Committee monitoring reports will continue to provide a robust framework within which the Council manages its financial resources.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the initial position of the 2013/14 Revenue Budget.

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3.2 It is recommended that the Committee approve the framework of budget reporting and monitoring for the Council for the 2013/16 budget period.

Alan Puckrin  
Chief Financial Officer

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## **4.0 BACKGROUND**

- 4.1 On the 14<sup>th</sup> February 2013 Inverclyde Council approved a three year budget covering the period 2013/16.
- 4.2 As part of balancing the budget the Council agreed specific savings that impacted on Accountancy Services and these were in addition to savings agreed in November 2011 as part of the alternative to the Clyde Valley Shared Services model.

## **5.0 2013/14 REVENUE BUDGET**

- 5.1 Appendix 1 shows the starting position of the 2013/14 Revenue Budget. It can be seen from the Appendix that there is a budgeted contribution to reserves of £4.676 million in 2013/14.
- 5.2 The Committee is asked to note the contribution to reserves is time limited as by 2015/16 the approved budget is balanced without any use of or contribution to the General Fund Reserves.
- 5.3 Given the continuing pressure on resources it is important that Committees continue to receive high quality financial information to allow them to manage their budgets effectively. It is proposed therefore that for the 2013/16 Revenue Budget period each Committee cycle will receive a budget monitoring report which increases the number of Committee budget monitoring reports by one per year.
- 5.4 In addition to the normal budget monitoring information each Committee will receive updates in respect of the delivery of Earmarked Reserves expenditure and have highlighted to them any areas where approved savings have materially slipped from envisaged timescales.
- 5.5 The Policy and Resources Committee will continue to receive updates each cycle in respect of the General Fund Reserves and delivery of the savings workstreams. In addition any strategic financial matters will also be highlighted to the Policy and Resources Committee.
- 5.6 As at late April there are no issues with the overall 2013/14 savings with any minor slippage more than offset by early delivery of 2014/16 savings.

## **6.0 CHANGES TO THE CURRENT BUDGET MONITORING ARRANGEMENTS**

- 6.1 As part of the approved 2013/16 Revenue Budget Members approved a further reduction in the number of Accountancy staff. This is in addition to three posts previously approved in November 2011 as part of the Clyde Valley Shared Support Services paper.
- 6.2 The most time consuming task undertaken by Accountancy is preparation for budget monitoring both in terms of preparation for meetings with budget holders and thereafter the preparation of reports to each cycle of the Committee. The CMT have considered a proposal from the Chief Financial Officer which proposed to match the preparation of budget information for budget holders with the preparation of budget information for Committee. This will mean the budgets holders will receive five detailed budget monitoring visits from Accountancy each year rather than nine at present. In the interim period reports from the Council's finance system will be sent to the budget holders who will then be able to utilise this information to monitor their own budgets. If there are any issues which the budget holders wish Accountancy to investigate then this will continue to be supported.
- 6.3 This proposal ties in with good practice supported by CIPFA which encourages budget holders to take more responsibility for budget management and monitoring. To support this all budget holders of the Council received budget holder training from CIPFA and the end of 2012.

6.4 Committee is asked to note that the monthly Finance Corporate Management Team will continue as this is proven to be extremely effective in monitoring the Council's main budgets including Employee Costs, Key Budget Lines and Earmarked Reserves. This monthly exercise covers approximately £150 million of the Council's £200 million revenue budget and is viewed as an effective way of balancing the limited resources within the Finance Service with budgetary risk.

## **7.0 CONSULTATIONS**

7.1 The Corporate Management Team has been consulted and is in agreement with the contents of this report.

**Policy & Resources Committee**  
**Revenue Budget Monitoring Report**  
**Position as at 1st April 2013**

Committee	Approved Budget 2013/2014	Revised Budget 2013/2014	Projected Out-turn 2013/2014	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	22,575	22,575	22,575	0	0.00%
Environment & Regeneration	22,765	22,765	22,765	0	0.00%
Education & Communities	86,385	86,385	86,385	0	0.00%
Health & Social Care	48,491	48,491	48,491	0	0.00%
<b>Committee Sub-Total</b>	<b>180,216</b>	<b>180,216</b>	<b>180,216</b>	<b>0</b>	<b>0.00%</b>
Loan Charges (Including SEMP)	13,160	13,160	13,160	0	0.00%
Unallocated Savings ( <b>Note 1</b> )	(311)	(311)	(311)	0	0.00%
Contribution to General Fund Reserve	4,677	4,677	4,677	0	0.00%
<b>Total Expenditure</b>	<b>197,742</b>	<b>197,742</b>	<b>197,742</b>	<b>0</b>	<b>0.00%</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(164,728)	(164,728)	(164,728)	0	0.00%
Council Tax	(33,014)	(33,014)	(33,014)	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Note 1 - Relates to Procurement/Utilities Workstream Saving**