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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 20 May 2014
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b> FIN/29/14/JB/CM
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2013/14 General Fund Revenue Budget as at 28th February 2014</b>	

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 28th February 2014 and to update Committee in respect of the position of the General Fund Reserves and Workstream Savings.

## 2.0 SUMMARY

- 2.1 The Council approved a three year Revenue Budget in February 2013 and within that a 2013/14 Revenue Budget with a budgeted contribution to the General Fund Reserve of £4.677 million.
- 2.2 It can be seen from Appendix 1 that as at the 28th February 2014 the General Fund is projecting a £1. 539million underspend which represents 0.8% of the net Revenue Budget. This is a increase in the underspend reported to the last Committee of £0.354million and is mainly due to:
- Additional income within Finance from the Benefit Subsidy and exceeding the target for the recovery of prior year council tax collection, additional Planning Income and increased turnover.
- 2.3 From Appendix 1 it can be seen that all 4 Service Committees are currently projecting underspends for the current year.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 28th February 2014 expenditure totalled £14.317 million which equates to 59.34% of the projected spend in 2013/14. It can also be seen from appendix 2 that as at the 28th February 2014 actual expenditure is 20.8% behind phased spend.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at the 31<sup>st</sup> March 2014 is £5.461 million which is £1.661 million greater than the minimum recommended balance of £3.8 million. The February Council meeting agreed proposals to use of all useable free reserves for the remainder of the 2013/16 budget period.
- 2.6 Appendix 4 and Appendix 5 give an update in respect of the Savings Workstreams. From this it can be seen that as at the 28th February 2014 the projected savings in 2013/14 has been fully delivered.

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- 2.7 A report elsewhere on the agenda provides an update in respect of the decision taken by Cosla Leaders on the 25<sup>th</sup> April and the impact this has on the 2014/16 budget agreed in February.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the latest position of the 2013/14 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.
- 3.3 It is recommended that the Committee note that there is a report elsewhere on the agenda regarding the latest position of the 2015/16 Grant settlement.

Jan Buchanan  
Head of Finance

## 4.0 BACKGROUND

- 4.1 The Council confirmed the 2013/16 General Fund Revenue Budget in February 2013. In the process the Council agreed a 2013/14 Revenue Budget on the basis of a contribution to the General Fund Reserve of £4.677 million.

## 5.0 POSITION AS AT 28 FEBRUARY 2014

- 5.1 It can be seen from Appendix 1 that as at the 28th February 2014 the General Fund is projecting an underspend of £1.539 million which equates to 0.8% of the net General Revenue Fund Budget. This is a increase in the underspend reported to the last Committee of £0.354 million and is mainly due to:

- Additional income from the benefits subsidy based on final year end position, additional income from prior year council tax income within Finance and increased Planning income as well as increased turnover savings across all the Directorates.

- 5.2 It can also be seen from Appendix 1 that all 4 Service Committees are currently projecting underspends.

- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £128,000 and increase of £63,000 since last reported and mainly due to employee cost turnover savings in Legal and Democratic Services, an underspend within ICT Administration budget and over-recovery within Benefit Subsidy income and over-recovery in prior years council tax income.

Environment & Regeneration – Projected underspend of £215,000 and increase of £174,000 since last reported and is mainly due to excess turnover savings and a projected underspend in vehicle fuel, increased planning Income and reduced materials cost within roads offset by an underrecovery in property income.

Education & Communities - £189,000 underspend an increase of £39,000 since last report and mainly due to further employee savings within Communities and Education arising from early achievements of savings plus one off saving within Non Domestic Rates offset by a reduction in income from other Local Authorities.

Health & Social Care – Underspend £20,000 and increase of £13,000 since last reported and is mainly due to additional turnover savings. This also reflects the one off contribution in year of £145,000 for the refurbishment of Caladh House.

- 5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and also provides information on performance against phased budget. Committee are asked to note that the phasing has not been amended during the year and should provide a useful benchmark for Officers and Members to monitor performance against originally envisaged targets.

- 5.5 It can be seen that as at 28th February 2014 the Council has spent £14.317million against a phased budget target of £18.078million. This represents a shortfall of 20.8% against target and 59.34% of the projected spend of £24.127million for the year. Performance in respect of Earmarked Reserves is reviewed on a monthly basis by the Corporate Management Team and reported in detail to each Service Committee. The reason for the relatively low level of actual spend at 28<sup>th</sup> February is the large volume of payments processed at the year end relating the loan charges, accruals and provisions.

- 5.6 Appendix 3 shows the projected General Fund Reserves position as at 31<sup>st</sup> March 2014. The projected balance at this date is shown as £5.461 million which is £1.661 million greater than the minimum reserve balance of £3.8 million recommended and approved via the reserves strategy. This is after the allocation of £1.5 million for the specific initiatives approved at the September Committee. The Council Meeting in February 2014 agreed the use of all useable free reserves until the end of the 2013/16 budget period.

## **6.0 WORKSTREAM SAVINGS**

- 6.1 Appendix 4 gives an update from the Corporate Management Team on each of the approved Savings Workstreams.
- 6.2 Appendix 5 gives an update in respect of the achievement of Workstream Savings for 2013/14 from which it can be seen that the full target of £387,000 has been achieved. In addition the 2015/16 Workstreams now reflect the targets agreed at the February, 2014 Council meeting.

## **7.0 OTHER FINANCIAL MATTERS**

- 7.1 A report elsewhere on the agenda provides an update in respect of the decision taken by Cosla Leaders on the 25<sup>th</sup> April and the impact this has on the 2014/16 budget agreed in February.
- 7.2 Other major financial issues centre around the implementation of expanded early years services due to the increase to 600 hours of provision to 3-4 year olds and the expansion of 600 hours of provision to certain 2 year olds. The detailed settlement for this latter matter is awaited but current estimates indicate a shortfall in both capital and revenue funding.

## **8.0 CONSULTATION**

- 8.1 This report has been produced in consultation with the Corporate Management Team.

## **9.0 IMPLICATIONS**

### **9.1 Finance**

One off Costs

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>Budget Years</b>	<b>Proposed Spend this Report £000</b>	<b>Virement From</b>	<b>Other Comments</b>

Annually Recurring Costs

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact £000</b>	<b>Virement From (If Applicable)</b>	<b>Other Comments</b>

### **9.2 Legal**

None

### 9.3 **Human Resources**

None

### 9.4 **Equalities**

None

### 9.5 **Repopulation**

None

## 10.0 **BACKGROUND PAPERS**

10.1 None

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 28th February 2014

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	22,587	14,796	14,411	(385)	(2.60%)
Environment & Regeneration	22,733	20,716	20,501	(215)	(1.04%)
Education & Communities <b>(Note 1)</b>	86,405	80,383	80,194	(189)	(0.24%)
Health & Social Care	48,491	48,931	48,911	(20)	(0.04%)
<b>Committee Sub-Total</b>	<b>180,216</b>	<b>164,826</b>	<b>164,017</b>	<b>(809)</b>	<b>(0.49%)</b>
Loan Charges (Including SEMP)	13,160	16,889	16,389	(500)	(2.96%)
Unallocated Savings <b>(Note 2)</b>	(311)	(87)	(29)	58	(66.67%)
Contribution to General Fund Reserve	4,677	4,677	4,677	0	0.00%
One off contribution to Reserves <b>(Note 3)</b>	0	0	(339)	(339)	0.00%
Workstream Savings Slippage <b>(Note 4)</b>	0	(51)	0	51	0.00%
Earmarked Reserves	0	6,459	6,459	0	0.00%
<b>Total Expenditure</b>	<b>197,742</b>	<b>192,713</b>	<b>191,174</b>	<b>(1,539)</b>	<b>(0.80%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(164,728)	(166,934)	(166,934)	0	0.00%
Council Tax	(33,014)	(33,014)	(33,014)	0	0.00%
Council Tax Reduction Scheme	0	7,235	7,235	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(1,539)</b>	<b>(1,539)</b>	

**Note 1 - Reduction in budget reflects SEMP earmarked reserve allocated to loans charges and earmarked reserve.**

**Note 2 - Utilities Workstream Saving to be allocated.**

**Note 3 - Relates to Corporate NDR appeals process**

**Note 4 - Relates to slippage of utilities workstream savings offset by procurement over-recovery**

Earmarked Reserves Position StatementAppendix 2Summary

<u>Committee</u>	<u>Total Funding 2013/14</u>	<u>Phased Budget to 28 Feb 14</u>	<u>Actual Spend To 28 Feb 14</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2013/14</u>	<u>Earmarked 2014/15 &amp; Beyond</u>	<u>2013/14 %age Spend Against Projected</u>	<u>2013/14 %age Spend Against Phased Budget</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
Education & Communities	21,686	11,282	9,531	(1,751)	14,775	6,911	64.51%	84.48%
Health & Social Care	3,668	2,141	1,776	(365)	2,047	1,621	86.76%	82.96%
Regeneration & Environment	12,713	4,200	2,656	(1,544)	5,017	7,696	52.94%	63.24%
Policy & Resources	7,840	455	354	(101)	2,288	5,552	15.47%	77.80%
	45,907	18,078	14,317	(3,761)	24,127	21,780	59.34%	79.20%

Actual Spend v Phased Budget

(£3,761k)

(20.80%)

### Appendix 3

#### GENERAL FUND RESERVE POSITION Position as at 28/02/14

	<u>£000</u>	<u>£000</u>
Balance 31/03/13		14355
Projected Surplus/(Deficit) 2013/14	1539	
2014/16 Increased DHP allocation - Approved August 2013	(118)	
Contribution to General Fund Reserve 2013/14	4677	
Use of Reserves approved November 2012 ( <b>See Undernote</b> )	(3500)	
Use of Reserves approved February 2013 ( <b>See Undernote</b> )	(9992)	
Use of Reserves approved September 2013 ( <b>See Undernote</b> )	<u>(1500)</u>	(8894)

Projected Unallocated Balance 31/03/14	<u><u>5461</u></u>
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#### **Minimum Reserve required is £3.8million**

##### Use of Reserves approved November 2012

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)

##### Approved Usage February 2013:

Roads Asset Management Plan (2013/16)	(5900)	
Repopulating/Promoting Inverclyde	(1000)	
Community Facilities - Capital Investment	(750)	
Community Grants	(52)	
Play Areas/MUGA's	(300)	
Blaes Football Park Replacement	(830)	
Employment Support	(330)	
Broomhill Area	(250)	
PG Town Centre	(250)	
Creative Scotland - Match Funding	(250)	
Greenock Town Centre - Extra Police	<u>(80)</u>	(9992)

##### Approved Usage September 2013:

Joint Equipment Store	(50)	
Support for Young Carers	(65)	
Extend Hillend Respite Provision	(80)	
Employability Initiatives	(150)	
Grnk Municipal Bldgs Tourism Initiative	(150)	
Play Areas	(200)	
Improvement in Parks & cemeteries	(100)	
Shopfront Improvement Grants	(50)	
Aids and Adaptations	(100)	
Contribution to Match Funding for Second I Youth Zone	(75)	
Expansion of Summer Playschemes	(30)	
Regeneration of Clune Park Area	(200)	
Discretionary Housing Payments / Welfare Reform	<u>(250)</u>	(1500)



Workstream Updates as at: **14/04/14**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> <u>(2013/16)</u> <u>£000</u>
A Gerrard	1	Utility Cost Reductions/Energy Management	Report on proposals to November Finance CMT approved. This details the proposals which will achieve £29,450 savings in 2013/14 and £113,000 in 2014/15. The shortfall of £7,500 will be met from top slice to Office Accommodation utilities budgets. Savings have been applied to 2014/15 budgets.	150k  To be achieved: 2014/15 121k
A Puckrin	2	SEMP Model	SEMP Model has been adjusted to reflect the £190k saving and is showing a net surplus throughout the SEMP timescale.  <b>SAVING COMPLETE</b>	190k
A Puckrin	3	AMP	2013/14 saving to be achieved by taking £1.0million from the accumulated balance. This was done as part of the 2012/13 year end accounts.  £100k 2014/15 saving applied to the revised AMP model in the June Finance Strategy Update. Further £33k achieved from the NDR Appeals Process. Model still in surplus overall. <b>SAVING COMPLETE</b>	160k  <b>Over achieved by £33k.</b>

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J Buchanan	4	Procurement	£40,000 Multi Function Devices (MFD) saving identified and being allocated. Further savings possible.	313k  To be achieved: 2014/15 34k 2015/16 78k
B Moore	5	Homecare	<p>£125k achieved in 13/14 from</p> <ul style="list-style-type: none"> <li>• £64k internal staff savings – impact of CM2000 with 5 posts deleted.</li> <li>• £36k external from review of cases not achievable based on reviews to date, alternative identified and two posts deleted.</li> <li>• £25k from part year CM2000 external met from within bottom line.</li> </ul> <p>The remaining £75k from external implementation of CM2000 external equivalent will be achieved by a one year inflation uplift to providers linked to use of CM2000. Pilot (Evergreen) commenced August 2013, Carewatch and Confident Care went live January 2014. All providers expected to be live April 2014 with the exception of Cottage Care who have declined to use CM2000.</p> <p>Development of management information continues, with templates designed to capture month on month changes.</p> <p>A monthly overview takes place. Work continues on developing a framework agreement for providers, with expected implementation for April 2015.</p>	200k  To be achieved: 2014/15 75k

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CMT	6	2015/16 Operational Saving	CMT have agreed to split the savings equally over the 3 Directorates. Proposals to be drafted by 5 <sup>th</sup> June with a view to going to P&R Committee in September. Total target now £960,000 to take into account £200,000 from Modernisation.	750k  To be achieved: 2015/16 750k
		<u>Workstreams – Target to be allocated to the following</u>	Target confirmed at February P&R Committee.	800k  To be achieved: 2015/16 800k
J Mundell	7	Shared Services	Discussions ongoing with Renfrewshire and East Renfrewshire regarding Roads & ICT opportunities. Chief Executives to progress projects. Options for potential collaboration in Roads are being developed and a report is scheduled for consideration June 2014. Additional service areas have been identified for consideration as possibilities for shared provision between the three Councils and options will be developed in due course. Savings expected beyond 2016.	Target £0k
A Puckrin	8	Charging	Council agreed target of £470k.  Officers to report back on detail later in 2014. Next officer workgroup is 28 <sup>th</sup> April.  Intention is to report to CMT in September and thereafter to P&R Committee in November.	Target £470k  To be achieved: 2015/16 £470k

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A Puckrin	9	Modernisation	<p>Opportunities to be channelled initially via the Modernisation CIG.</p> <p>CIG approved investment in ATLAS benefits software. Saving £15k identified from 15/16 relating to ATLAS.</p> <p>CHCP – Early discussions regarding implementing a single point of access to CHCP services, building on use of Lagan CRM.</p> <p>Environmental &amp; Commercial Services – Roads and Lighting Fault Reporting business processes have been documented for discussion with the service, prior to implement web-based self-service and mobile app reporting of faults.</p> <p>On-line payment options being developed for a range of services.</p> <p>Agreed to add this target to Directorates £750k target for 2015/16.</p>	<p>Target £200k</p> <p>To be achieved: 2015/16 £200k</p>
I Moffat	10	Social Transport	<p>CMT received a report in January providing rationale and breakdown of the proposed savings.</p> <p>Report to be submitted to August Environment and Regeneration Committee.</p>	<p>Target £50k.</p> <p>To be achieved: 2015/16 £50k</p>
B McQuarrie	11	Terms & Conditions	<p>Council agreed a target of £30,000 and a report to be submitted to Committee later in 2014.</p>	<p>Target £30k</p> <p>To be</p>

**Appendix 4**  
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			Report will be submitted to P&R Committee on 20 May 2014 to recommend savings of around £30k from discontinuation of Excess Travel Scheme.	achieved: 2015/16 £30k
B McQuarrie	12	Sessional Budgets	Target proposed to be a top slice of £15k from Teaching Supply Budget and a reduction of £15k from CHCP Sessional Budget. Discussed and Agreed at CMT and JBG. Working group no longer need to meet as operational system changes are in place and work will continue with each service as necessary.	Target £30k  To be achieved: 2015/16 £30k
B McQuarrie	13	Travel and Subsistence	Proposals to be developed around work of the Energy Saving Trust.  Chief Executive has agreed (through SOLACE) to take up a free offer of assistance from the Energy Savings Trust on how we can reduce mileage. Chief Executive arranging visit over next couple months. Trust will meet with Patricia Cassidy/Barbara McQuarrie.	Target £20k  To be achieved: 2015/16 £20k

Savings Workstreams - 14/04/14

**Appendix 5**

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<u>Lead Officer</u>	<u>Savings Achieved</u>	<u>Target</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>Total 2013/16</u>	<u>Over/(Under) Recovery</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
A Gerrard	1/ <b>Utility Cost Reductions/Energy Management</b>	150	29	0	0	29	0
A Puckrin	2/ <b>SEMP Model</b>	190	0	190	0	190	0
A Puckrin	3/ <b>AMP</b>	160	60	133	0	193	33
A Puckrin	4/ <b>Procurement</b>	<b>313</b>	<b>173</b>	<b>26</b>	<b>2</b>	<b>201</b>	<b>0</b>
	Disposal of ICT Equipment	0	11	0	0	11	
	Waste Disposal	0	138	0	0	138	
	Northgate Systems	0	2	3	2	7	
	Vodafone	0	15	4	0	19	
	SPT School Transport	0	7	3	0	10	
	PPE	0	0	16	0	16	
B Moore	5/ <b>Homecare</b>	200	125	0	0	125	0
A Puckrin	6/ <b>2015/16 Operational Savings</b>	750	0	0	0	0	0
	<b><u>Workstreams - Targets to be allocated</u></b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
J Mundell	7/ Shared Services	0	0	0	0	0	
A Puckrin	8/ Charging	0	0	0	0	0	
A Puckrin	9/ Modernisation	0	0	0	0	0	
I Moffat	10/ Social Transport	0	0	0	0	0	
B McQuarrie	11/ Terms & Conditions	0	0	0	0	0	
B McQuarrie	12/ Sessional Budgets	0	0	0	0	0	
B McQuarrie	13/ Travel & Subsistence	0	0	0	0	0	

Sub-Total	2563	387	349	2	738	33
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Savings Workstreams - 14/04/14

**Appendix 5**

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<u>Lead Officer</u>	<u>Savings Planned</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>Total 2013/16</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
A Gerrard	1/ <b>Utility Cost Reductions/Energy Management</b>	0	121	0	121
A Puckrin	2/ <b>SEMP Model</b>	0	0	0	0
A Puckrin	3/ <b>AMP</b>	0	0	0	0
A Puckrin	4/ <b>Procurement</b>	<b>0</b>	<b>34</b>	<b>78</b>	<b>112</b>
	Unidentified	0	34	78	
B Moore	5/ <b>Homecare</b>	0	75	0	75
A Puckrin	6/ <b>2015/16 Operational Savings</b>	0	0	750	750
	<b><u>Workstreams - Targets to be allocated</u></b>				
J Mundell	7/ Shared Services	0	0	0	0
A Puckrin	8/ Charging	0	0	470	470
A Puckrin	9/ Modernisation	0	0	200	200
I Moffat	10/ Social Transport	0	0	50	50
B McQuarrie	11/ Terms & Conditions	0	0	30	30
B McQuarrie	12/ Sessional Budgets	0	0	30	30
B McQuarrie	13/ Travel & Subsistence	0	0	20	20

Sub-Total

0	230	1628	1858
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Total

387	579	1630	2596
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