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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 23 September 2014
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b> FIN/41/14/JB/CM
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2014/15 General Fund Revenue Budget as at 31<sup>st</sup> July 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 31<sup>st</sup> July 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 confirmed the 2014/15 budget in February 2014. The budget incorporated a planned contribution to the General Fund Reserve of £1.777 million.
- 2.2 It can be seen from Appendix 1 that as at the 31<sup>st</sup> July 2014 the General Fund is projecting a £1.372 million underspend which represents 0.71% of the net Revenue Budget. This is mainly due to:
- Projected significant under utilisation of non-pay inflation allowance.
  - Additional turnover savings across Committees.
  - Early achievement of planned savings across Committees.
  - Partially offset by increased client commitment costs within Older People Services and ASN Services.
  - Over recovery in benefit subsidy.
- 2.3 From Appendix 1 it can be seen that 2 Service Committees are currently projecting underspends for the current year. Education & Communities Committee is projecting an overspend mainly due to increased costs associated with provision of ASN services. Health & Social Care Committee is projecting an overspend primarily due to increased client commitments costs within Older People Services.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Strategic Funds, it can be seen that as at 31<sup>st</sup> July 2014 expenditure totalled £1.633 million which equates to 18.73% of the projected spend in 2014/15. It can also be seen from Appendix 2 that as at the 31<sup>st</sup> July 2014 actual expenditure is 5.06% 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 2015 is £6.049 million which is £2.249 million greater than the minimum recommended balance of £3.8 million. Committee has already agreed to defer the decisions on the use of surplus reserves until the 2015/18 budget is considered.

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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 31<sup>st</sup> July 2014 84.28% of the projected savings in 2014/15 has been fully delivered.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Committee note the latest position of the 2014/15 Revenue Budget and General Fund Reserves.

3.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.

Jan Buchanan  
Head of Finance

## 4.0 BACKGROUND

- 4.1 The Council confirmed the 2014/15 General Fund Revenue Budget in February 2014. In the process the Council agreed a contribution to the General Fund Reserve of £1.777 million.

## 5.0 POSITION AS AT 31 JULY 2014

- 5.1 It can be seen from Appendix 1 that as at the 31<sup>st</sup> July 2014 the General Fund is projecting an underspend of £1.372 million which equates to 0.71% of the net General Revenue Fund Budget and is mainly due to the following.

It is projected that approximately £1 million of the £2.13 million allowance for non-pay inflation will not be required in 2014/15. This has largely come about due to lower than anticipated inflationary pressures around utilities, fuel, PPP contract indexation, Social Care and Waste Contracts. The amount allocated in 2014/15 is the lowest for many years. Whilst officers have reduced the non-pay inflation allowance for future years, pressures are building and the signs are that contract costs are increasing when retendered.

In addition there are additional turnover savings across all Directorates, early achievement of planned savings and over recovery of benefit subsidy offset by increased costs in Older People Services and ASN Services.

- 5.2 It can also be seen from Appendix 1 that 2 of the Service Committees are currently projecting underspends, however Education & Communities Committee and Health & Social Care Committee are projecting overspends.
- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £1,371,000 mainly due to a significant projected under utilisation of the non-pay inflation contingency plus additional employee cost turnover savings in Finance Services and Organisational Development & Human Resources, over recovery of benefit subsidy and a projected underspend within ICT line rental costs.

Environment & Regeneration – Projected underspend of £131,000 mainly due to excess turnover savings projected due to early achievement of planned savings, a projected underspend in vehicle fuel costs offset by increased subcontractors and material costs due to increased RAMP spend and a shortfall in special catering income.

Education & Communities - £40,000 projected overspend mainly due to increased costs for ASN services, partially offset by additional turnover savings and early achievement of planned savings.

Health & Social Care – Projected overspend £164,000. This is mainly due to increased client commitment costs within Older People Services partially offset by additional turnover savings.

- 5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. Committee is 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. The Earmarked Reserve statement excludes those funds that relates to Assets Plans or Strategic Funds.
- 5.5 It can be seen that as at 31<sup>st</sup> July 2014 the Council has spent £1.633 million against a phased budget target of £1.720 million. This represents a shortfall of 5.06% against target and 18.73% of the projected spend of £8.719 million 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.

5.6 Appendix 3 shows the projected General Fund Reserves position as at 31<sup>st</sup> March 2015. The projected balance at this date is shown as £6.049 million which is £2.249 million greater than the minimum reserve balance of £3.8 million recommended and approved via the Reserves Strategy.

5.7 Proposals in respect of the use of the excess General Fund Reserves have been deferred for consideration when the 2015/18 budget is considered.

## 6.0 WORKSTREAM SAVINGS

6.1 An update on the delivery of each of the approved workstream savings is detailed at Appendix 4, the financial information is detailed at Appendix 5 where it can be seen that £488,000 of the £579,000 target has been achieved. In addition the 2015/16 Workstreams now reflect the targets agreed at the February, 2014 Council meeting.

## 7.0 CONSULTATION

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

## 8.0 IMPLICATIONS

### 8.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments

### 8.2 Legal

None

### 8.3 Human Resources

None

### 8.4 Equalities

None

### 8.5 Repopulation

None

## 9.0 BACKGROUND PAPERS

9.1 None

**Policy & Resources Committee**  
**Revenue Budget Monitoring Report**  
**Position as at 31st July 2014**

Committee	Approved Budget 2014/2015	Revised Budget 2014/2015	Projected Out-turn 2014/2015	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,045	17,439	16,108	(1,331)	(7.63%)
Environment & Regeneration	23,022	21,556	21,425	(131)	(0.61%)
Education & Communities <b>(Note 1)</b>	87,698	80,803	80,843	40	0.05%
Health & Social Care	49,062	49,184	49,348	164	0.33%
<b>Committee Sub-Total</b>	<b>177,827</b>	<b>168,982</b>	<b>167,724</b>	<b>(1,258)</b>	<b>(0.74%)</b>
Loan Charges (Including SEMP)	13,346	17,756	17,756	0	0.00%
Unallocated Savings	(34)	(34)	(34)	0	0.00%
Contribution to General Fund Reserve	1,777	1,777	1,777	0	0.00%
One off contribution to Reserves <b>(Note 2)</b>	0	114	0	(114)	0.00%
Earmarked Reserves	0	4,321	4,321	0	0.00%
<b>Total Expenditure</b>	<b>192,916</b>	<b>192,916</b>	<b>191,544</b>	<b>(1,372)</b>	<b>(0.71%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(165,173)	(165,173)	(165,173)	0	0.00%
Council Tax	(33,138)	(33,138)	(33,138)	0	0.00%
Council Tax Reduction Scheme	5,395	5,395	5,395	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(1,372)</b>	<b>(1,372)</b>	

**Note 1 - Reduction reflects loans charges and earmarked reserves.**

**Note 2 - Relates to one off early achievement of planned savings**

**Earmarked Reserves Position Statement**

**Appendix 2**

**Summary**

<b><u>Committee</u></b>	<b><u>Total Funding 2014/15</u></b>	<b><u>Phased Budget to 31 July 14</u></b>	<b><u>Actual Spend To 31 July 14</u></b>	<b><u>Variance Actual to Phased Budget</u></b>	<b><u>Projected Spend 2014/15</u></b>	<b><u>Earmarked 2015/16 &amp; Beyond</u></b>	<b><u>2014/15 %age Spend Against Projected</u></b>	<b><u>2014/15 %age Spend Against Phased Budget</u></b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		
Education & Communities	4,176	134	133	(1)	2,403	1,773	5.53%	99.25%
Health & Social Care	3,005	431	866	435	2,693	312	32.15%	200.90%
Regeneration & Environment	4,155	981	406	(575)	2,811	1,344	14.44%	41.39%
Policy & Resources	2,391	174	228	54	812	1,579	28.08%	131.03%
	13,727	1,720	1,633	(87)	8,719	5,008	18.73%	94.94%

**Actual Spend v Phased Budget (€87k) (5.06%)**

**Appendix 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 31/07/14**

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/14		20095
Projected Surplus/(Deficit) 2014/15	1372	
Contribution to General Fund Reserve 2014/15	1777	
Use of Reserves approved February 2013 ( <b>See Undernote</b> )	(9992)	
Use of Reserves approved September 2013 ( <b>See Undernote</b> )	(1500)	
Use of Reserves approved February 2014 ( <b>See Undernote</b> )	<u>(5703)</u>	(14046)
Projected Unallocated Balance 31/03/15		<u><u>6049</u></u>

**Minimum Reserve required is £3.8million**

**Appendix 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 31/07/14**

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	(80)	
	<u>(9992)</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	(250)	
	<u>(1500)</u>	(1500)

Approved Usage February 2014:

Increased expenditure on Roads Defects and Drainage over 14/16	(500)	
Increased Funding for Regeneration Projects:		
Lower Port Glasgow	(500)	
East Central Greenock	(500)	
Central Gourock	(150)	
Employability	(400)	
Commonwealth Flotilla Event	(250)	
Play Area Investment	(150)	
Birkmyre Park, Kilmacolm, Rugby Pitch / Drainage improvements	(100)	
Broomberry Drive Walled Gardens - provision of modular toilet	(40)	
Further investment in I Zone (Port Glasgow & Gourock)	(213)	
Ravenscraig Sports Barn	(600)	
SEMP - increase investment in MUGAs within Primary School Estate	(1100)	
Create Loan Charge EMR to meet spike in Loan Charges from 16/17	(1200)	
	<u>(5703)</u>	(5703)



Workstream Updates as at: **18/08/14**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2013/16)</u> <u>£000</u>
G Malone	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. <b>SAVING COMPLETE</b>	150k
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>

**Appendix 4**  
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J Buchanan	4	Procurement	<p>£40,000 Multi-Function Devices saving identified and being allocated. Additional savings which will be attributable to the Services due to rationalising the devices is being calculated. Procurement and ICT are liaising with Head of Service and savings will be included as part of the next budget round.</p> <p>Further £18,000 realised from recently negotiated Greenlight contract.</p> <p>Saving being quantified within new Roadstone contract.</p>	<p>313k</p> <p>To be achieved: 2014/15 16k 2015/16 78k</p>
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, incorporating revised band times for visits. Evergreen, Carewatch and Confident Care are live. Implementation with remaining providers ongoing (with usage linked to 2% uplift), with the exception of Cottage Care who has declined to use CM2000.</p>	<p>200k</p> <p>To be achieved: 2014/15 75k</p>

**Appendix 4**  
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			Development of management information continues, with templates designed to capture month on month changes – implementation of CXAir reporting tool scheduled for September. A monthly overview takes place. Work continues on developing a framework agreement for providers, with expected implementation for April 2015.	
CMT	6	2015/16 Operational Saving	CMT have agreed to split the savings equally over the 3 Directorates. Proposals to go to P&R Committee in Autumn. Total target now £950,000 to take into account £200,000 from Modernisation.	950k  To be achieved: 2015/16 950k
J Mundell	7	Shared Services	The Roads Shared Service Project Steering Group have finalised their report which incorporates Trade Unions input. A shared roads service between the three Councils is recommended. The report now needs to be considered by the respective Chief Executives and Leaders.  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.  Intention is to report to CMT in September and thereafter to P&R Committee in November.	Target 470k  To be achieved: 2015/16 470k

A Puckrin/ R Stoakes	9	Modernisation	<p>Opportunities to be channelled initially via the Modernisation CIG.</p> <p>CHCP – Early discussions regarding implementing a single point of access to CHCP services. CHCP Management considering implementation options.</p> <p>EDRMS in CHCP live for services at PG Office. Services moving to Hector McNeil House live from 12 August. Flexible working arrangements now in place for PG Office and HMH staff.</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. Business case presented to CIG – follow up meeting to be held 18<sup>th</sup> Aug to progress work.</p> <p>HR/Payroll – high level proposal in progress for EDRMS implementation.</p> <p>Kana upgrade purchased. Kana Project Manager appointed – formal project engagement commenced 23 July. Draft project plan in development. On-line and self-service 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 0k</p> <p>To be achieved: 2015/16 0k</p>
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**Appendix 4**  
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I Moffat	10	Social Transport	<p>CMT received a report in January providing rationale and breakdown of the proposed savings.</p> <p>Report submitted to September Environment and Regeneration Committee.</p>	<p>Target 50k</p> <p>To be achieved: 2015/16 50k</p>
S McNab	11	Terms & Conditions	<p>Council agreed a target of £30,000 and a report to be submitted to Committee later in 2014.</p> <p>Report submitted and approved by P&amp;R Committee on 20 May 2014 to recommend savings of around £30k from discontinuation of Excess Travel Scheme.</p>	<p>Target 30k</p> <p>To be achieved: 2015/16 30k</p>
S McNab	12	Sessional Budgets	<p>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.</p>	<p>Target 30k</p> <p>To be achieved: 2015/16 30k</p>
S McNab	13	Travel and Subsistence	<p>Proposals to be developed around work of the Energy Saving Trust.</p> <p>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 has met with Patricia Cassidy/Barbara McQuarrie and report is being prepared for CMT in August.</p>	<p>Target 20k</p> <p>To be achieved: 2015/16 20k</p>

Savings Workstreams - 31/08/14

Appendix 5

(Page 1 of 2)

Lead Officer	Savings Achieved	Target	2013/14	2014/15	2015/16	Total 2013/16	Over/(Under) Recovery
		£000	£000	£000	£000	£000	£000
G Malone	1/ Utility Cost Reductions/Energy Management	150	29	121	0	150	0
A Puckrin	2/ SEMP Model	190	0	190	0	190	0
A Puckrin	3/ AMP	160	60	133	0	193	33
A Puckrin	4/ Procurement	<b>313</b>	<b>173</b>	<b>44</b>	<b>2</b>	<b>219</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	
	Greenlight	0	0	18	0	18	
B Moore	5/ Homecare	200	125	0	0	125	0
A Puckrin	6/ 2015/16 Operational Savings	950	0	0	0	0	0
	<b>Workstreams - Targets to be allocated</b>	<b>600</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	
S McNab	11/ Terms & Conditions	0	0	0	0	0	
S McNab	12/ Sessional Budgets	0	0	0	0	0	
S McNab	13/ Travel & Subsistence	0	0	0	0	0	
	Sub-Total	2563	387	488	2	877	33

Savings Workstreams - 31/08/14

Lead Officer	Savings Planned	2013/14	2014/15	2015/16	Total 2013/16
		£000	£000	£000	£000
G Malone	1/ Utility Cost Reductions/Energy Management	0	0	0	0
A Puckrin	2/ SEMP Model	0	0	0	0
A Puckrin	3/ AMP	0	0	0	0
A Puckrin	4/ Procurement	0	16	78	94
	Unidentified	0	16	78	
B Moore	5/ Homecare	0	75	0	75
A Puckrin	6/ 2015/16 Operational Savings	0	0	950	950
	<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	0	0
I Moffat	10/ Social Transport	0	0	50	50
S McNab	11/ Terms & Conditions	0	0	30	30
S McNab	12/ Sessional Budgets	0	0	30	30
S McNab	13/ Travel & Subsistence	0	0	20	20
	Sub-Total	0	91	1628	1719
	Sub-Total (page1)	387	488	2	877
	Total	387	579	1630	2596