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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 18 November 2014
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/70/14/JB/CM
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b> 01475 712225
<b>Subject:</b>	<b>2014/15 General Fund Revenue Budget as at 30 September 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 30<sup>th</sup> September 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 30th September 2014 the General Fund is projecting a £1.658 million underspend which represents 0.86% of the net Revenue Budget. This is mainly due to:
- Projected significant under utilisation of non-pay inflation allowance, as previously reported.
  - Additional turnover savings across Committees.
  - Early achievement of planned savings across Committees, as previously reported.
  - Partially offset by increased client commitment costs within Older People Services and ASN Services.
  - Over recovery in benefit subsidy, as previously reported.
- 2.3 From Appendix 1 it can be seen that 3 of the 4 Service Committees are currently projecting underspends with the Education & Communities Committee now projecting an underspend compared to a previously reported overspend. The 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 30th September 2014 expenditure totalled £2.911 million which equates to 34.33% of the projected spend in 2014/15. It can also be seen from Appendix 2 that as at the 30th September 2014 actual expenditure is slightly ahead of phased spend.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31<sup>st</sup> March 2015 is £6.301 million which is £2.501 million greater than the minimum recommended balance of £3.8 million. The Committee has already agreed to defer the decisions on use of surplus reserves until the 2015/18 budget is considered. This is of course subject to there being no exceptional issues requiring members consideration in the interim.

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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 30th September 2014 84.28% of the projected savings in 2014/15 has been fully delivered.

### **3.0 OTHER FINANCIAL MATTERS**

- 3.1 The Cabinet Secretary for Finance and Sustainable Growth: John Swinney, announced details of the 2015/16 Revenue Budget Settlement for Local Authorities on 9<sup>th</sup> October 2014. A more detailed report on the 2015/17 Budget is elsewhere on the Agenda.

### **4.0 RECOMMENDATIONS**

- 4.1 It is recommended that the Committee note the latest position of the 2014/15 Revenue Budget and General Fund Reserves.
- 4.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.

Alan Puckrin  
Chief Financial Officer

## 5.0 BACKGROUND

- 5.1 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.

## 6.0 POSITION AS AT 30 SEPTEMBER 2014

- 6.1 It can be seen from Appendix 1 that as at 30th September 2014 the General Fund is projecting an underspend of £1.658 million which equates to 0.86% of the net General Revenue Fund Budget.

As previously reported 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 out 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 contracts are 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.

- 6.2 It can also be seen from Appendix 1 that 3 of the 4 Service Committees are currently projecting underspends with Health & Social Care Committee projecting an overspend.
- 6.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £1,316,000 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 £112,000 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 - £235,000 projected underspend an improved position from the £40,000 overspend previously reported. The main reason for the underspend is due to savings in early years due to nurseries not running at capacity and reduction in Utility costs due to error in previous invoices.

Health & Social Care – Projected overspend £169,000. This is mainly due to increased client commitment costs within Older People Services partially offset by additional turnover savings.

- 6.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The 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. The Earmarked Reserve statement excludes those funds that relates to Assets Plans or Strategic Funds.

- 6.5 It can be seen that as at 30th September 2014 the Council has spent £2.911 million against a phased budget target of £2.856 million. This represents a slight over delivery of 1.93% against target and 34.33% of the projected spend of £8.480 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.
- 6.6 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 £6.301million which is £2.501 million greater than the minimum reserve balance of £3.8 million recommended and approved via the Reserves Strategy.
- 6.7 Proposals in respect of the use of the excess General Fund Reserves have been deferred for consideration when the 2015/18 budget is considered unless there are any exceptional items which may require members consideration in the interim.

## **7.0 WORKSTREAM SAVINGS**

- 7.1 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 reflect the targets agreed at the February, 2014 Council meeting.

## **8.0 OTHER FINANCIAL MATTERS**

- 8.1 The Cabinet Secretary for Finance and Sustainable Growth: John Swinney, announced details of the 2015/16 Revenue Budget Settlement for Local Authorities on 9<sup>th</sup> October 2014. Details on this announcement is reported later on the Agenda but in line with previous years it contains a number of conditions linked to Council receiving the full settlement.

## **9.0 CONSULTATION**

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

## **10.0 IMPLICATIONS**

### **10.1 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>

### **10.2 Legal**

None

### 10.3 **Human Resources**

None

### 10.4 **Equalities**

None

### 10.5 **Repopulation**

None

## 11.0 **BACKGROUND PAPERS**

11.1 None

**Policy & Resources Committee**  
**Revenue Budget Monitoring Report**  
**Position as at 30th September 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	17,440	16,124	(1,316)	(7.55%)
Environment & Regeneration	23,022	21,550	21,438	(112)	(0.52%)
Education & Communities <b>(Note 1)</b>	87,698	81,160	80,925	(235)	(0.29%)
Health & Social Care	49,062	49,158	49,327	169	0.34%
<b>Committee Sub-Total</b>	<b>177,827</b>	<b>169,308</b>	<b>167,814</b>	<b>(1,494)</b>	<b>(0.88%)</b>
Loan Charges (Including SEMP)	13,346	17,756	17,756	0	0.00%
Unallocated Savings	(34)	(16)	(16)	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	4,330	4,330	0	0.00%
<b>Total Expenditure</b>	<b>192,916</b>	<b>193,269</b>	<b>191,661</b>	<b>(1,608)</b>	<b>(0.83%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(165,173)	(165,526)	(165,526)	0	0.00%
Council Tax	(33,138)	(33,138)	(33,188)	(50)	0.15%
Council Tax Reduction Scheme	5,395	5,395	5,395	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(1,658)</b>	<b>(1,658)</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  £000</u></b>	<b><u>Phased Budget to 30 September 14  £000</u></b>	<b><u>Actual Spend To 30 September 14  £000</u></b>	<b><u>Variance Actual to Phased Budget  £000</u></b>	<b><u>Projected Spend 2014/15  £000</u></b>	<b><u>Earmarked 2015/16 &amp; Beyond  £000</u></b>	<b><u>2014/15 %age Spend Against Projected</u></b>	<b><u>2014/15 %age Spend Against Phased Budget</u></b>
Education & Communities	4,110	212	818	606	2,338	1,772	34.99%	385.85%
Health & Social Care	3,005	799	1,069	270	2,607	398	41.00%	133.79%
Regeneration & Environment	4,147	1,565	674	(891)	2,678	1,469	25.17%	43.07%
Policy & Resources	2,400	280	350	70	857	1,543	40.84%	125.00%
	13,662	2,856	2,911	55	8,480	5,182	34.33%	101.93%

**Actual Spend v Phased Budget****£55k****1.93%**

**Appendix 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 30/09/14**

	<u>£000</u>	<u>£000</u>
Balance 31/03/14		20211
Projected Surplus/(Deficit) 2014/15	1658	
Contribution to General Fund Reserve 2014/15	1777	
Contribution to Common Good Approved P&R 23 Sept 2014	(150)	
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>	(13910)

Projected Unallocated Balance 31/03/15

**6301**

**Minimum Reserve required is £3.8million**



### Appendix 3

#### **GENERAL FUND RESERVE POSITION** **Position as at 30/09/14**

##### 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)	
		(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)	
		(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)	
		(5703)

Workstream Updates as at: **20/10/14**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target</u> (2013/16) <u>£000</u>
G Malone	1	Utility Cost Reductions/Energy Management	<b>SAVING COMPLETE</b>	150k
A Puckrin	2	SEMP Model	<b>SAVING COMPLETE</b>	190k
A Puckrin	3	AMP	Further £33k achieved from the NDR Appeals Process. Model still in surplus overall.  <b>SAVING COMPLETE</b>	160k  <b>Over achieved by 33k.</b>
J Buchanan	4	Procurement	£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.	313k  To be achieved: 2014/15 16k 2015/16 78k
B Moore	5	Homecare	£125k achieved in 13/14 from <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</li> </ul>	200k  To be achieved:

**Appendix 4**  
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			<p>based on reviews to date, alternative identified and two posts deleted.</p> <ul style="list-style-type: none"> <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>Development of management information continues, with templates designed to capture month on month changes – implementation of CXAir reporting tool ongoing. A monthly overview takes place. Work continues on developing a framework agreement for providers, with expected implementation for April 2015.</p>	2014/15 75k
CMT	6	2015/16 Operational Saving	<p>CMT agreed to split the savings equally over the 3 Directorates. Proposals approved at September 30<sup>th</sup> P&amp;R Committee subject to further report on Supported Study to go to E&amp;C Committee in November. Total saving £950,000 to take into account £200,000 from Modernisation.</p>	<p>950k</p> <p>To be achieved: 2015/16 950k</p>
J Mundell	7	Shared Services	<p>The Roads Shared Service Project Steering Group have finalised their report which incorporates Trade Unions input. A shared roads service between the three Councils</p>	Target 0k

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			<p>is being organised. The report now needs to be considered by the respective Chief Executives and Leaders.</p> <p>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.</p>	
A Puckrin	8	Charging	<p>Council agreed target of £470k.</p> <p>Report approved by CMT September 2014 and submitted to P&amp;R Committee in November.</p>	<p>Target 470k</p> <p>To be achieved: 2015/16 470k</p>
I Moffat	9	Social Transport	<p>Saving approved at September Environment and Regeneration Committee.</p> <p><b>COMPLETE</b></p>	<p>Target 50k</p> <p>To be achieved: 2015/16 50k</p>
S McNab	10	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	11	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</p>	<p>Target 30k</p> <p>To be achieved:</p>

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			system changes are in place and work will continue with each service as necessary.	2015/16 30k
S McNab	12	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.</p>	<p>Target 20k</p> <p>To be achieved: 2015/16 20k</p>

## Savings Workstreams - 31/10/14

## 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>
G Malone	1/ <b>Utility Cost Reductions/Energy Management</b>	150	29	121	0	150	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>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/ <b>Homecare</b>	200	125	0	0	125	0
A Puckrin	6/ <b>2015/16 Operational Savings</b>	950	0	0	0	0	0
	<b><u>Workstreams - Targets to be allocated</u></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	
I Moffat	9/ Social Transport	0	0	0	0	0	
S McNab	10/ Terms & Conditions	0	0	0	0	0	
S McNab	11/ Sessional Budgets	0	0	0	0	0	
S McNab	12/ Travel & Subsistence	0	0	0	0	0	
Sub-Total		2563	387	488	2	877	33

## Savings Workstreams - 31/10/14

## 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>
G Malone	1/ <b>Utility Cost Reductions/Energy Management</b>	0	0	0	0
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>	0	16	78	94
	Unidentified	0	16	78	
B Moore	5/ <b>Homecare</b>	0	75	0	75
A Puckrin	6/ <b>2015/16 Operational Savings</b>	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
I Moffat	9/ Social Transport	0	0	50	50
S McNab	10/ Terms & Conditions	0	0	30	30
S McNab	11/ Sessional Budgets	0	0	30	30
S McNab	12/ Travel & Subsistence	0	0	20	20
Sub-Total		0	91	1628	1719
Sub-Total (page1)		387	488	2	877
Total		387	579	1630	2596