
Report To:	Policy & Resources Committee	Date: 24 March 2015
Report By:	Chief Financial Officer	Report No: FIN/17/15/AP/AE
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2014/15 General Fund Revenue Budget as at 31 January 2015	

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 31st January 2015 and to update Committee in respect of the position of the General Fund Reserves, Earmarked 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 31st January 2015 the General Fund is projecting a £3.224 million underspend which represents 1.65% of the net Revenue Budget. This is an increase of £979,000 and is mainly due to:
- Additional underspends in Service budgets of £814,000 mainly due to further release of non-pay inflation contingency, a projected underspend within costs of adult care packages, an underspend in Water SLA, an underspend in school transport and further underspends within utility costs and increased prior years Council Tax income.
 - Extra Redetermination monies contained in the General Revenue Grant of £165,000.
- 2.3 From Appendix 1 it can be seen that all 4 Service Committees are currently projecting underspends. Overall, this is an improvement since the last report to Committee of £814,000.
- 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 31st January 2015 expenditure totalled £5.160 million which equates to 74.02% of the projected spend in 2014/15. It can also be seen from Appendix 2 that at 31st January 2015 actual expenditure is 13.36% behind phased budget.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31st March 2015 is £7.867 million which is £4.067 million greater than the minimum recommended balance of £3.8 million and is £0.979 million more than the position reported to the 19th February 2015 Council meeting. At the full Council meeting, decisions were taken on the use of free reserves. Included in this decision was the decision to use part of the reserves to balance the 2016/17 budget as a temporary measure. Appendix 3 does not reflect the decisions made at the meeting on the 19th February 2015 and these will be included in the next report to Committee.
- 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 31st January 2015 100% of the projected savings in 2014/15 have 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 that 100% of the 2014/15 Workstream savings have been delivered.
- 3.3 It is recommended that the Committee note the increase in General Fund Reserves arising since the 19th February 2015 budget meeting and agree that the utilisation of any surplus reserves are considered by the Members Budget Working Group during 2015/16 in the context of the remaining 2016/17 savings target.

Alan Puckrin
Chief Financial Officer

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 30 JANUARY 2015

5.1 It can be seen from Appendix 1 that as at 31st January 2015 the General Fund is projecting an underspend of £3.224 million which equates to 1.65% of the net General Revenue Fund Budget. This represents an increase in underspend of £979,000 since the previous report and from the position reported to the 19th February 2015 Council meeting.

5.2 It is projected that approximately £1.4 million of the £2.13 million allowance for non-pay inflation will not be required in 2014/15; this is an increase of £0.3 million since last reported. 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 required 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 and costs are increasing when retendered.

5.3 In addition there are additional employee turnover savings across all Directorates, early achievement of planned savings and over recovery of prior year Council Tax income and additional monies received through the redetermination of the GRG announced in December 2014.

5.4 It can be seen from Appendix 1 that all 4 Service Committees are currently projecting underspends which represents an improved position from the last report to Committee. In line with previous years, there is a possibility that the underspend could increase once the 2014/15 final accounts are closed.

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

Policy & Resources Committee – Projected underspend of £2,038,000 mainly due to the 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, prior year Council Tax income and Water SLA income.

Environment & Regeneration – Projected underspend of £63,000 mainly due to excess turnover savings projected due to early achievement of planned savings and the partial recharge of the Corporate Directors salary from Riverside Inverclyde, a projected underspend in Roads Client lighting maintenance offset by a shortfall in special catering income and planning income. A one off cost to create an earmarked reserve to cover the costs of the City Deal project management office for a 3 year period has been included in projected underspend.

Education & Communities - £591,000 projected underspend mainly due to increased turnover savings, early achievement of planned savings, reduction in Early Years costs due to nurseries not running at capacity and reduction in Utility costs, transport costs and ASN placements.

Health & Social Care – Projected underspend of £181,000 mainly due to a reduction in projected costs in relation to Adult care packages.

- 5.6 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The 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 relate to Assets Plans or Strategic Funds.
- 5.7 It can be seen that as at 31st January 2015 the Council has spent £5.160 million against a phased budget target of £5.956 million. This represents slippage of 13.36% against target and 74.02% of the projected spend of £6.971 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.
- 5.8 Appendix 3 shows the projected General Fund Reserves position as at 31st March 2015. The projected balance at this date is shown as £7.867 million which is £4.067 million greater than the minimum reserve balance of £3.8 million recommended and approved via the Reserves Strategy. This is an increase of £0.979 million from the reserves position reported to Members as part of the 2015/17 budget.
- 5.9 Proposals in respect of the use of the excess General Fund Reserves have been agreed by full Council on 19th February 2015. The Council decided to allocate part of the General Fund Reserves balance as interim funding to balance the 2016/17 budget pending clarification of a number of key issues such as the 2016/14 grant settlement and pay awards. Decisions taken at the meeting on 19th February 2015 on the use of reserves will be reflected in the report to the next Committee

6.0 WORKSTREAM SAVINGS UPDATE

- 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 the £579,000 target has been fully achieved. In addition the 2015/16 Workstreams reflect the targets agreed at the February 2014 Council meeting.

7.0 OTHER FINANCIAL MATTERS

- 7.1 The Scottish Government released an updated settlement for 2015/16 on 5th February 2015 which is in line with the 2015/16 budget approved on 19th February 2015. It was approved at this meeting that the Members Budget Working Group will continue to meet throughout 2015/16 to develop proposals to balance the 2016/17 budget with the stated aim of eliminating the use of reserves.
- 7.2 The Scottish Government recently reapplied the conditions around teacher numbers to Local Authorities for 2015/16. In order to receive the Council's share of additional funding of £10 million, the Council will have to maintain teacher numbers at the 2014/15 levels. If numbers are not maintained then the Scottish Government will withhold the Council's share of £41 million currently built into the 2015/16 settlement. At the full Council meeting on 19th February, the Council agreed to these new terms.

8.0 CONSULTATION

- 8.1 This report has been produced utilising the detailed budget reports to each Committee.

9.0 IMPLICATIONS

9.1 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

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 Committee
Revenue Budget Monitoring Report
Position as at 31st January 2015

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	17,812	15,774	(2,038)	(11.44%)
Environment & Regeneration	23,022	20,680	20,617	(63)	(0.30%)
Education & Communities (Note 1)	87,698	81,628	81,037	(591)	(0.72%)
Health & Social Care	49,062	49,119	48,938	(181)	(0.37%)
Committee Sub-Total	177,827	169,239	166,366	(2,873)	(1.70%)
Loan Charges (Including SEMP)	13,346	17,756	17,756	0	0.00%
Unallocated Savings	(34)	0	0	0	0.00%
Contribution to General Fund Reserve	1,777	1,777	1,777	0	0.00%
One off contribution to Reserves (Note 2)	0	114	0	(114)	0.00%
Earmarked Reserves	0	5,389	5,389	0	0.00%
Total Expenditure	192,916	194,275	191,288	(2,987)	(1.54%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(165,173)	(167,880)	(168,067)	(187)	0.11%
Council Tax	(33,138)	(33,138)	(33,188)	(50)	0.15%
Council Tax Reduction Scheme	5,395	6,743	6,743	0	0.00%
Net Expenditure	0	0	(3,224)	(3,224)	

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

<u>Committee</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget to 31 January 15</u>	<u>Actual Spend To 31 January 15</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2014/15</u>	<u>Earmarked 2015/16 & Beyond</u>	<u>Confirmed Accruals / Year End Charges</u>	<u>2014/15 %age Spend Against Projected</u>	<u>2014/15 %age Over/(Under) Spend Against Phased Budget</u>
	£000	£000	£000	£000	£000	£000			
Education & Communities	4,110	931	1,043	112	1,489	2,621	0	70.05%	12.03%
Health & Social Care	2,708	1,741	1,577	(164)	1,880	828	0	83.88%	(9.42%)
Regeneration & Environment	4,172	2,757	1,911	(846)	2,669	1,503	0	71.60%	(30.69%)
Policy & Resources	2,353	527	650	123	854	1,499	0	76.11%	23.34%
	13,343	5,956	5,181	(775)	6,892	6,451	0	75.17%	(13.01%)

Actual Spend v Phased Budget

(£775k) (13.01%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/15

	<u>£000</u>	<u>£000</u>
Balance 31/03/14		20211
Projected Surplus/(Deficit) 2014/15	3224	
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 (See Undernote)	(9992)	
Use of Reserves approved September 2013 (See Undernote)	(1500)	
Use of Reserves approved February 2014 (See Undernote)	<u>(5703)</u>	(12344)
Projected Unallocated Balance 31/03/15		<u><u>7867</u></u>

Minimum Reserve required is £3.8million

Decisions on use of Reserves taken at Council Meeting on the 19th February 2015 are not reflected in the above figures.

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/15

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)	
	<hr/>	(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)	
	<hr/>	(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)	
	<hr/>	(5703)

Workstream Updates as at: **17/02/15**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2013/16) £000</u>
G Malone	1	Utility Cost Reductions/Energy Management	SAVING COMPLETE	150k
P Cassidy	2	SEMP Model	SAVING COMPLETE	190k
A Fawcett	3	AMP	Further £33k achieved from the NDR Appeals Process. Model still in surplus overall. SAVING COMPLETE	160k Over achieved by 33k.
A Puckrin	4	Procurement	£75,000 Multi-Function Devices saving approved and being allocated. . Additional savings will be attributable to the Services due to rationalising the devices. No update.	313k To be achieved: 2015/16 19k
B Moore	5	Homecare	£125k achieved in 13/14 from <ul style="list-style-type: none"> • £100k internal staff savings – impact of CM2000 with 7 posts deleted.. • £25k from part year CM2000 external met from 	200k

			<p>within bottom line.</p> <p>£75k achieved 14/15 from external implementation of CM2000.</p> <p>Work continues on finalising a framework agreement for providers, with mandatory use of CM200, simplified hourly rate structure, simplified bandings etc. The review and analysis of tender responses is ongoing with recommendations to February committee cycle, with expected implementation for April 2015.</p> <p>SAVING COMPLETE</p>	
CMT	6	2015/16 Operational Saving	<p>CMT agreed to split the savings equally over the 3 Directorates. Proposals approved at September 30th P&R Committee subject to further report on Supported Study to go to E&C Committee in November. Supported Study saving agreed. Total saving £950,000 to take into account £200,000 from Modernisation.</p> <p>SAVING COMPLETE and delivery to be tracked along with all other approved savings.</p>	<p>950k</p> <p>To be achieved: 2015/16 950k</p>
J Mundell	7	Shared Services	<p>Discussions are ongoing with the three Council Leaders and Chief Executives on the Roads Shared Service Project and on the possibility of including other service areas. A further meeting in January should give clarity on the agreed way forward. Savings expected beyond 2016.</p> <p>Confirmed that Renfrewshire and East Renfrewshire do not wish to participate in Roads Shared Service project.</p>	<p>Target 0k</p>

			Report to go to Committee.	
A Puckrin	8	Charging	<p>Council agreed target of £470k.</p> <p>Report approved by CMT September 2014 and submitted to P&R Committee in November. Will form part of the overall budget consultation proposals. MBWG approving £140k leaving a £330k shortfall.</p> <p>Budget agreed - £330k shortfall.</p>	<p>Target 470k</p> <p>Under achieved: 2015/16 £330k</p>
I Moffat	9	Social Transport	<p>Saving approved at September Environment and Regeneration Committee.</p> <p>SAVING COMPLETE aside from adjustments to relevant budgets.</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&R Committee on 20 May 2014 to recommend savings of around £30k from discontinuation of Excess Travel Scheme.</p> <p>SAVING COMPLETE subject to relevant budget adjustments.</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 system changes are in place and work will continue with</p>	<p>Target 30k</p> <p>To be achieved: 2015/16 30k</p>

			each service as necessary. SAVING COMPLETE subject to relevant budget adjustments.	
S McNab	12	Travel and Subsistence	Report agreed at CMT January 2015 subject to saving being based on mileage spend 2013/14. SAVING COMPLETE subject to relevant budget adjustments.	Target 20k To be achieved: 2015/16 20k

Savings Workstreams - 31/01/15

Appendix 5

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Lead Officer	Savings Identified	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	313	173	60	61	294	0
	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	
	MFD/Printers	0	0	16	59	75	
B Moore	5/ Homecare	200	125	75	0	200	0
A Puckrin	6/ 2015/16 Operational Savings	950	0	0	950	950	0
	Workstreams	600	0	0	270	270	(330)
J Mundell	7/ Shared Services	0	0	0	0	0	
A Puckrin	8/ Charging	0	0	0	140	140	
I Moffat	9/ Social Transport	0	0	0	50	50	
S McNab	10/ Terms & Conditions	0	0	0	30	30	
S McNab	11/ Sessional Budgets	0	0	0	30	30	
S McNab	12/ Travel & Subsistence	0	0	0	20	20	
	Sub-Total	2563	387	579	1281	2247	(297)

Savings Workstreams - 31/01/15

Lead Officer	Savings to be Identified	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	0	19	19
	Unidentified	0	0	19	
B Moore	5/ Homecare	0	0	0	0
A Puckrin	6/ 2015/16 Operational Savings	0	0	0	0
J Mundell	7/ Shared Services	0	0	0	0
A Puckrin	8/ Charging	0	0	0	0
I Moffat	9/ Social Transport	0	0	0	0
S McNab	10/ Terms & Conditions	0	0	0	0
S McNab	11/ Sessional Budgets	0	0	0	0
S McNab	12/ Travel & Subsistence	0	0	0	0
Sub-Total		0	0	19	19
Sub-Total (page1)		387	579	1281	2247
Total		387	579	1300	2266