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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 15 November 2016
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/110/16/AP/AE
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2016/17 General Fund Revenue Budget as at 30 September 2016</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 September 2016 and to update the Committee in respect of the position of the General Fund Reserves and Earmarked Reserves.

## 2.0 SUMMARY

- 2.1 The Council approved the 2016/17 Revenue Budget in March 2016 and at this meeting the Council also provisionally approved the 2017/18 Revenue Budget. The Council set a balanced budget for 2016/17 without the use of Revenue Reserves.
- 2.2 It can be seen from Appendix 1 that as at 30 September 2016 the General Fund is projecting a £0.313 million underspend which represents 0.16% of the net Revenue Budget. This is mainly due to:
- Continued reduction in demand for support from the Council Tax Reduction Scheme partly caused by the Council Tax Freeze.
  - Additional turnover savings across all Directorates.
  - Projected underspend within Teachers employee costs.
  - Over recovery of prior years' Council Tax.
  - The above are partially offset by reduced Internal Resources Interest, a projected shortfall in Planning Fee Income and Commercial & Industrial Rental Income plus increased waste disposal costs.
- 2.3 From Appendix 1 it can be seen that 2 Service Committees are currently projecting underspends. The Environment and Regeneration Committee is projecting an overspend mainly due to an under recovery of Planning Fee Income and Commercial & Industrial Rent Income plus a projected overspend within Waste Disposal due to an increase in tonnage treated. The Health and Social Care Committee is projecting an overspend primarily due to an increase in residential and nursing placements, an increase in homecare hours provided offset in part by a reduction in client packages within Physical Disabilities Service. It is envisaged that the projected overspend within the Health and Social Care Committee will be funded from the Integrated Joint Board Social Care Fund.
- 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 30 September 2016 expenditure totalled £1.201 million which equates to 18.52% of the projected spend in 2016/17. It can also be seen from Appendix 2 that at 30 September 2016 actual expenditure is 26.9% behind phased budget. The Chief Executive has reminded the Corporate Management Team to ensure Earmarked Reserve spend is maximised.
- 2.5 It can be seen from Appendix 2 that the Health and Social Care Committee has £2.584 million of Earmarked Reserves for 2016/17. This excludes those reserves relating to Asset Plans and Strategic Funds which, when included, increases the Earmarked Reserves

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balance to £3.382 million. The Council formally transferred these Earmarked Reserves to the Integrated Joint Board at the last meeting on 20 September 2016.

- 2.6 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2017 is £4.251 million which is £0.451 million greater than the minimum recommended balance of £3.8 million. A decision was taken at the meeting on 20 September 2016 to defer any further decisions regarding the use of free Reserves until the 2017/18 Budget in February 2017.
- 2.7 The Scottish Government have indicated that the Spending Review will be announced on 15 December 2016 and will be for 2017/18 only.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the latest position of the 2016/17 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note that at the meeting on 20 September 2016, consideration of the use of free reserves has been deferred until considering the 2017/18 Budget in February 2017.

Alan Puckrin  
Chief Financial Officer

#### 4.0 BACKGROUND

- 4.1 The Council approved the 2016/17 Revenue Budget in March 2016 and at this meeting the Council also provisionally approved the 2017/18 Revenue Budget. The Council set a balanced budget for 2016/17 without the use of Revenue Reserves.

#### 5.0 POSITION AS AT 30 SEPTEMBER 2016

- 5.1 It can be seen from Appendix 1 that as at 30 September 2016 the General Fund is projecting an underspend of £0.313 million which equates to 0.16% of the net General Revenue Fund Budget.
- 5.2 It can be seen from Appendix 1 that 2 Service Committees are currently projecting underspends, the Environment and Regeneration Committee and the Health and Social Care Partnership are currently projecting overspends.
- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £87,000 (0.61%) mainly due to additional turnover savings achieved and a projected over recovery of prior years' Council Tax offset in part by a projected under recovery of Internal Resources Interest due to low interest rates.

Environment & Regeneration – Projected overspend of £184,000 (0.96%) mainly due to excess turnover savings projected offset by an overspend within residual waste contract due to an increase in tonnages treated, an under recovery within Commercial & Industrial rental income and a projected shortfall of Planning Fee Income.

Education & Communities - £160,000 (0.19%) projected underspend mainly due to additional turnover savings projected, a projected underspend within Teachers employee costs and a projected underspend for Biomass fuel. This has been offset in part by a projected overspend for Waivers within Sports and Leisure.

Health & Social Care – Projected overspend of £129,000 (0.26%) mainly due to an increase in Residential and Nursing care home beds and an increase in home care hours provided. This has been offset in part by a projected underspend in client packages within Physical Disability Services and additional turnover savings achieved. The Committee overspend should be funded from the Integrated Joint Board Social Care Fund.

- 5.4 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 will not be 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.
- 5.5 It can be seen that as at 30 September 2016 the Council has spent £1.201 million against a phased budget target of £1.643 million. This represents slippage of 26.9% against target and spend equates to 18.52% of the projected spend for 2016/17. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.
- 5.6 The Earmarked Reserves includes £2.584 million for the Health and Social Care Committee and a further £0.798 million for Strategic Funds. As strategic delivery of these services has transferred to the IJB, the Council formally approved transfer of these reserves to the Integrated Joint Board at the last meeting on 20 September 2016.
- 5.7 Appendix 3 shows the projected General Fund Reserves position as at 31 March 2017. The projected balance at this date is shown as £4.251 million which is £0.451 million

greater than the minimum reserve balance of £3.8 million recommended and approved via the Reserves Strategy.

- 5.8 At the meeting on the 20 September 2016, it was decided that any further decisions regarding the use of free reserves be deferred until setting the 2017/18 Budget in February 2017.

## 6.0 OTHER FINANCIAL MATTERS

- 6.1 Since the 2016/17 Revenue Budget was approved by Council on 10 March 2016, the Scottish Government has indicated that there will be a one year Spending Review to be announced on 15 December 2016. This will mean a one year Grant Settlement for 2017/18 only will be available to the Council for the upcoming Budget exercise.

## 7.0 CONSULTATION

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

## 8.0 IMPLICATIONS

### 8.1 Finance

One off Costs

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

Annually Recurring Costs

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

### 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 30th September 2016**

Committee	Approved Budget 2016/2017	Revised Budget 2016/2017	Projected Out-turn 2016/2017	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	14,852	14,307	14,220	(87)	(0.61%)
Environment & Regeneration	21,386	19,182	19,366	184	0.96%
Education & Communities <b>(Note 1)</b>	90,930	82,340	82,180	(160)	(0.19%)
Health & Social Care	48,815	48,777	48,906	129	0.26%
<b>Committee Sub-Total</b>	<b>175,983</b>	<b>164,606</b>	<b>164,672</b>	<b>66</b>	<b>0.04%</b>
Loan Charges (Including SEMP)	14,395	18,561	18,561	0	0.00%
Contribution to General Fund Reserve <b>(Note 2)</b>	260	445	445	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	7,471	7,471	0	0.00%
<b>Total Expenditure</b>	<b>190,398</b>	<b>190,843</b>	<b>190,909</b>	<b>66</b>	<b>0.03%</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(163,552)	(163,997)	(163,997)	0	0.00%
Council Tax	(26,846)	(26,846)	(27,096)	(250)	0.93%
Integrated Joint Board - Social Care Fund	0	0	(129)	(129)	100.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(313)</b>	<b>(313)</b>	

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

**Note 2 - Contribution is reflected in Appendix 3 General Fund Reserves Position.**

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget to 30 Sep 2016</u>	<u>Actual Spend To 30 Sep 2016</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2016/17</u>	<u>Earmarked 2017/18 &amp; Beyond</u>	<u>2016/17 %age Spend Against Projected</u>	<u>2016/17 %age Over/(Under) 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	4,365	531	420	(111)	2,096	2,269	20.04%	(20.90%)
Health & Social Care	2,584	571	449	(122)	2,469	115	18.19%	(21.37%)
Regeneration & Environment	2,856	308	60	(248)	1,291	1,565	4.65%	(80.52%)
Policy & Resources	1,766	233	272	39	630	1,136	43.17%	16.74%
	11,571	1,643	1,201	(442)	6,486	5,085	18.52%	(26.90%)

**Actual Spend v Phased Budget      Underspend = (£442k)      (26.90%)**

**Appendix 3**

**GENERAL FUND RESERVE POSITION**  
**Position as at 30/09/16**

	<u>£000</u>	<u>£000</u>
Balance 31/03/16		8773
Projected Surplus/(Deficit) 2016/17	313	
Contribution to General Fund Reserve 2016/17 <b>(Note 1)</b>	<u>445</u>	
		758
Proposals contained in the Budget Strategy Report (Subject to Approval):		
- One off use of reserves for 2017/19 Budget		(5100)
- Funding for I-Zones to 31/03/18		(180)
Projected Unallocated Balance 31/03/17		<u><u>4251</u></u>

**Minimum Reserve required is £3.8 million**

**Note 1 (One off Savings)**

SEMP Loans Charges not required 2016/17	260
Housing Benefit Subsidy (2017/18 £600k Saving Target)	100
Clyde Muirshiel Contribution (2017/18 £600k Saving Target)	28
UC Delivery Partnership Income (2017/18 £600k Saving Target)	17
Early Achievement of ASN Transport Savings	40
	<u><u>445</u></u>