
Report To:	Policy & Resources Committee	Date:	20 June 2017
Report By:	Chief Financial Officer	Report No:	FIN/44/17/AP/AE
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2016/17 General Fund Revenue Budget as at 31 March 2017		

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 March 2017 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 31 March 2017 the General Fund is projecting a £3.058 million underspend which represents 1.6% of the net Revenue Budget. This is an increase of £1.429 million since the previous report and is mainly due to:

- Increase in Committee underspends of £995,000 (excluding HSCP) reported in detail to each Service Committee.
- Continued reduction in demand for support from the Council Tax Reduction Scheme.
- Increased Council Tax income due to increases in the Council Tax Base within Inverclyde.
- Grant Redeterminations from the Scottish Government as part of the December Local Government funding announcement.

2.3 From Appendix 1 it can be seen that all Service Committees are currently projecting underspends. The percentage underspend equates to 1.26%. The projected underspend within the Health and Social Care Committee will contribute to the Integration Joint Board free reserves balance.

2.4 A detailed report will be presented to each Service Committee at the next cycle highlighting the material variances from budget. All areas of underspend will be examined to identify opportunities to reduce budgets and help close the Council's significant funding gap.

2.5 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 March 2017 projected expenditure totalled £4.52 million which equates to 70.14% of the planned spend in 2016/17.

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 £5.546 million which is £1.746 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 16 February 2017. The final free reserves position will not be known until the closure and audit of the Council's 2016/17 Accounts in late September.

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 agree that the use of any free reserves be considered as part of the review of the Council's earmarked reserves recommended as part of the recent Best Value Audit.

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 31 MARCH 2017

- 5.1 It can be seen from Appendix 1 that as at 31 March 2017 the General Fund is projecting an underspend of £3.058 million which equates to 1.6% of the net General Revenue Fund Budget and is an increase of £1.429 million from the previous report to the Committee.

- 5.2 It can be seen from Appendix 1 that all Service Committees are currently projecting a 1.26% underspend which is an improvement of 0.71% from the previous report to the Committee.

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

Policy & Resources Committee – Projected underspend of £618,000 (4.62%) mainly due to additional turnover savings achieved, a projected over recovery of prior years' Council Tax and a projected underspend within inflation contingency offset in part by a projected under recovery of Internal Resources Interest due to cuts in interest rates.

Environment & Regeneration – Projected underspend of £312,000 (1.62%) mainly due to excess turnover savings projected. Further underspends have been identified within catering provisions, the Regeneration Fund and an over recovery of income within Refuse Transfer Station, however these have been offset by an under recovery of rental income within Commercial and Industrial and Physical Assets.

Education & Communities - £843,000 (1.03%) projected underspend mainly due to additional turnover savings projected, a projected underspend within Teachers employee costs, projected savings within contract cleaning and non-domestic rates and a projected over recovery of school meal income. This has been offset in part by an increase in bad debt provision in relation to school/pitch let income.

Health & Social Care – Projected underspend of £277,000 (0.57%) mainly due to additional turnover savings achieved across the Directorate, a projected underspend within Children & Families children and young people's funding and kinship care and a projected underspend within homecare service. This has been offset in part by a projected overspend in client packages within Learning Disability Services and an increase in residential and nursing costs due to increased bed numbers. The Committee underspend will contribute to the Integration Joint Board reserves balance.

- 5.4 A detailed report will be presented to each Service Committee at the next cycle highlighting the material variances from budget. All areas of underspend will be examined to identify opportunities to reduce budgets and help close the Council's significant funding gap.

- 5.5 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 provides 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.

- 5.6 It can be seen that as at 31 March 2017 the Council has spent £4.515 million against a phased budget target of £6.437 million. This represents slippage of 29.86% against target and spend equates to 100% 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.

5.7 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2017 is £5.546 million which is £1.746 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting 16 February 2017.

5.8 At the meeting on 16 February 2017, it was decided that £4.63 million of free reserves would be used to close the budget funding gap for 2017/19 and £5.5 million was approved for one off project investment.

6.0 OTHER FINANCIAL MATTERS

6.1 An updated Financial Strategy highlighting the financial challenges ahead will be presented to the 29 June Council meeting

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 31st March 2017

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	13,389	12,771	(618)	(4.62%)
Environment & Regeneration	21,386	19,233	18,921	(312)	(1.62%)
Education & Communities (Note 1)	90,930	81,838	80,995	(843)	(1.03%)
Health & Social Care	48,815	48,407	48,130	(277)	(0.57%)
Committee Sub-Total	175,983	162,867	160,817	(2,050)	(1.26%)
Loan Charges (Including SEMP)	14,395	18,504	18,504	0	0.00%
Contribution to General Fund Reserve (Note 2)	260	445	445	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	9,278	9,278	0	0.00%
Total Expenditure	190,398	190,854	188,804	(2,050)	(1.07%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(163,552)	(164,008)	(164,252)	(244)	0.15%
Council Tax	(26,846)	(26,846)	(27,887)	(1,041)	3.88%
Integrated Joint Board - Social Care Fund	0	0	277	277	100.00%
Net Expenditure	0	0	(3,058)	(3,058)	

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 31 Mar 2017</u>	<u>Actual Spend To 31 Mar 2017</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2016/17</u>	<u>Earmarked 2017/18 & Beyond</u>	<u>2016/17 %age Spend Against Projected</u>	<u>2016/17 %age Over/(Under) Spend Against Phased Budget</u>
	£000	£000	£000	£000	£000	£000		
Education & Communities	4,704	2,160	1,164	(996)	1,164	3,540	100.00%	(46.11%)
Health & Social Care	2,825	2,433	1,865	(568)	1,865	960	100.00%	(23.35%)
Regeneration & Environment	2,966	1,227	1,039	(188)	1,039	1,927	100.00%	(15.32%)
Policy & Resources	2,495	617	447	(170)	447	2,048	100.00%	(27.55%)
	12,990	6,437	4,515	(1,922)	4,515	8,475	100.00%	(29.86%)

Actual Spend v Phased Budget Underspend = (£1,922k) (29.86%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/03/17

	<u>£000</u>	<u>£000</u>
Balance 31/03/16		8773
Projected Surplus/(Deficit) 2016/17	3058	
Contribution to General Fund Reserve 2016/17 (Note 1)	<u>445</u>	
		3503
Approved as part of the 2017/18 Budget:		
- One off use of reserves for 2017/19 Budget		(5100)
- Funding for I-Zones to 31/03/18		(180)
- Local Elections Funding - May 2017		(120)
Approved as part of the 2017/18 Budget:		
- EMR Write Backs - Depot AMP	400	
Capital Fund	500	
SEMP	<u>800</u>	
		1700
- Reduction to one off use of reserves 2017/19 Budget		2470
- Approved Use of Reserves (Note 2)		(5500)
Projected Unallocated Balance 31/03/17		<u><u>5546</u></u>

Minimum Reserve required is £3.8 million, therefore £1.746 million available.

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>

Note 2 (Approved Use of Reserves)

Town & Village Centres	2500
Employability/Apprenticeships	500
Early Retiral/Voluntary Severance	2000
Autism Friendly Community	150
Anti-Poverty Fund	200
Grants to Voluntary Organisations	150
	<u><u>5500</u></u>