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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>14 November, 2017</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/92/17/AP</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2018/20 Revenue Budget Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the latest position of the 2018/20 Revenue Budget and to seek approval for £1.1million of proposed Efficiency Savings.

## 2.0 SUMMARY

- 2.1 At its meeting on 28<sup>th</sup> September, the Council agreed a number of matters in relation to the 2018/20 Budget which set the direction for planned work over the next few months. Savings proposals totalling approximately £6.3million were agreed to go to Public Consultation with a further £3.1million to be the subject of reports back to the relevant Committee during January/February.
- 2.2 The Members' Budget Working Group (MBWG) continues to meet to act as a sounding board on matters relating to the Budget and has received reports in respect of Budget Pressures, Efficiencies and Policy Priorities. In coming weeks the MBWG will consider officer information relating to the Council's Reserves and Funds plus drafts of the scheduled Committee reports referred to in 2.1. The MBWG is also considering further savings options to ensure there are sufficient proposals to allow Members to agree a Budget by March, 2018.
- 2.3 It was assumed when arriving at the estimated £13.0million 2018/20 Funding Gap, that officers would generate £1.1million in efficiencies over 2018/20. The Corporate Management Team has developed proposals to meet this target and these are detailed in Appendix 1. Committee agreement to these proposals which will not impact on service delivery is requested.

Appendices 1(a), 1(b) and 1(c) contain exempt information relative to employees and are attached as a private appendix.

- 2.4 The next key dates for the Budget are the Chancellor's Autumn Statement on 22<sup>nd</sup> November and then the Draft Scottish Budget announcement by the Cabinet Secretary for Finance & the Constitution on 14<sup>th</sup> December. As has been previously agreed, a Council Meeting will take place on 21<sup>st</sup> December to consider the implications of these announcements and other matters prior to commencing the Public Consultation in the New Year. It is proposed that an All Members Briefing takes place on the contents of the report at 3.00pm on 20<sup>th</sup> December 2017.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee agree to the Efficiency Proposals prepared by officers in Appendix 1 and agree to support the use of Reserves for the one off investment in relation to LED lighting.
- 3.2 It is recommended that the Committee agree to an All Members Briefing on the Budget Settlement and latest Budget position at 3.00pm on 20<sup>th</sup> December 2017.
- 3.3 It is recommended that the Committee otherwise note the latest position of the 2018/20 Revenue Budget.

**Alan Puckrin**  
**Chief Financial Officer**

## **4.0 BACKGROUND**

- 4.1 The Council has previously agreed a Budget Strategy based on setting a 2 year Revenue Budget covering 2018/20. Regular reports on the issues faced and updates on the funding gap have been presented to Members.
- 4.2 At its meeting on 28<sup>th</sup> September, the Council agreed a number of matters in relation to the 2018/20 Budget which set the direction for planned work over the next few months. Savings proposals totalling approximately £6.3million were agreed to go to Public Consultation with a further £3.1million to be the subject of reports back to the relevant Committee during January/February.
- 4.3 At the same meeting it was agreed to put back the Public Consultation until the New Year by which time clarity on the Council's Grant settlement for 2018/19 should have been received.

## **5.0 CURRENT POSITION**

- 5.1 The Members' Budget Working Group (MBWG) continues to meet to act as a sounding board on matters relating to the Budget and has received reports in respect of Budget Pressures, Efficiencies and Policy Priorities. In coming weeks the MBWG will consider officer information relating to the Council's Reserves and Funds plus drafts of the Committee reports scheduled to be presented to Committee in the January/February reporting cycle.
- 5.2 Officers are continuing to identify opportunities to reduce budgets with no impact on current levels of service. The Period 6 Revenue Monitoring Report earlier in this agenda has highlighted the potential to reduce the Non-Pay Inflation allowance and a proposal in this regard will form part of the update to the Special Meeting of the Council in December. Whilst these adjustments will assist closing the Funding Gap, based on latest estimates, a significant increase in the number of savings will be required to provide Members with sufficient options to approve a balanced budget by March.
- 5.3 The next key dates for the Budget are the Chancellor's Autumn Statement on 22<sup>nd</sup> November and then the Draft Scottish Budget announcement by the Cabinet Secretary for Finance & the Constitution on 14<sup>th</sup> December. As has been previously agreed, a Council Meeting will take place on 21<sup>st</sup> December to consider the implications of these announcements and other matters prior to commencing the Public Consultation in the New Year.

## **6.0 EFFICIENCY PROPOSALS**

- 6.1 When preparing the £13.0million 2018/20 estimated Funding Gap, it was assumed that £1.1 million in efficiencies would be achieved over 2018/20. The Corporate Management Team has developed proposals which more than achieve this target and these are detailed in Appendix 1.
- 6.2 It can be seen that the proposals involve a reduction of approximately 8 FTE posts. Whilst some of the posts are vacant, a few will involve the release of temporary staff or permanent employees under Voluntary Early Release. Discussions with the Trades Unions via the JBG and the proposals identified are to be progressed.
- 6.3 The Committee is asked to note that once these efficiencies are delivered it will take the Council's cumulative recurring efficiencies to just over £20million since 2008. Whilst the Corporate Management Team continually seeks to generate efficiencies, the identification of efficiencies is becoming more challenging with each passing year.

## **7.0 IMPLICATIONS**

### **7.1 Finance**

The Financial Implications are as detailed in the body of the report.

## Financial Implications:

### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Free Reserves	LED Implementation	2018/20	620		Can be met from the increased surplus in 2017/18.

### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
Various	Various	2018/19 2019/20	(951) (197)		Savings of £1.1million allowed for when calculating the 2018/20 £13million Funding Gap

## 7.2 Legal

There are no legal issues arising from the proposals in this report.

## 7.3 Human Resources

Engagement with the Trades Unions via the Joint Budget Group will continue throughout the Budget process and specific discussions have taken place regarding the Efficiency Proposals.

## 7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 7.5 Repopulation

The identification of efficiencies reduces the amount of savings which will impact upon the public thus making Inverclyde a more attractive place to live.

## 8.0 CONSULTATIONS

8.1 The MBWG, CMT and JBG have both been consulted on the contents of this report.

## 9.0 LIST OF BACKGROUND PAPERS

9.1 None

Appendix 1**Efficiency Savings Summary**

	2018/19 £000	2019/20 £000	FTE
Non-Teacher Turnover	410	410	-
ECOD	194	229	2.0
HSCP	178	208	1.65
ERR	169	301	4.3
	951	1148	7.95

Note - £14k of the ERR proposals is in a private appendix as specific employees can be identified.

**Efficiency Savings**

Directorate	Proposal	Savings £000	FTE	Implementation Date	Mitigating Actions
ECOD - Education	Increase teacher turnover based on historical underspends	100		Apr-18	Based on current trends over various financial years.
ECOD - Communities	Cut to community Hubs Budget	15		Apr-18	Based on trends of underspent budgets
ECOD - ODHR	Better working together with partners may generate some savings from Brightwave users. Intention is for Clyde Valley consortium to charge all users of the platform and not just the original 7 councils. Also aim is to charge other partners for use of this platform to increase income.	5		Apr-19	
ECOD - ODHR	Workforce development & OH	5		Apr-18	Reduction of budget by £5k based on prior year out-turns
ECOD- Communities	Social Protection	35	1	Apr-18	Restructure approved by CMT
ECOD - Non-Teaching Payroll	Reduction of 1 FTE Senior technician post, upgrade of technician post to senior and £3k training costs added back.	24	1	Apr-18	
ECOD - Directorate	Various reductions in overhead budgets with no impact on Service delivery.	15		Apr-18	
ECOD - Directorate	Savings target to be generated through Digital Access Efficiencies.	30	tbc	Apr-19	Delivery overseen by Digital Access Group with one off funding via the Digital Access Earmarked Reserves.
<b>TOTAL</b>		<b>229</b>	<b>2</b>		

**Efficiency Savings**

Directorate	Proposal	Savings £000	FTE	Implementation Date	Mitigating Actions
HSCP	Childrens Panel	10	-	Apr-18	Budget has been underspent in previous years.
HSCP	Ensure charging policies are fully implemented.	45	(1.00)	Apr-18	Grade F post required to carry out financial assessments in order for charging to be put in place at point of placement. Income is net of post.
HSCP	Management Charge to Refugee Grant	4	-	Apr-17	10% recharge for Service Manager, no charge to date.
HSCP	Printing & Stationery	5		Apr-18	Based on not printing child protection & adult protection papers. Would require investment to provide electronic information on day. Efficiency can be achieved by providing protected electronic documents to parents/family.
HSCP	Support Vacancies	3	0.15	Apr-18	Post 81029 £3k
HSCP	Children & Families Vacancies	94	2.5	Apr-18	Post 82149 £38,890 Post 82172 £13,310 Post 81022 £41,730
HSCP	Mobile Telephony & Data Charges	2		Apr-18	10% reduction on current usage.
HSCP	Various reductions in overhead budgets with no impact on Service delivery.	15		Apr-18	
HSCP	Savings target to be generated through Digital Access Efficiencies.	30	tbc	Apr-19	Delivery overseen by Digital Access Group with one off funding via the Digital Access Earmarked Reserves.
<b>TOTAL</b>		<b>208</b>	<b>1.65</b>		

## Efficiency Savings

Directorate	Proposal	Savings £000	FTE	Implementation Date	Mitigating Actions
Environment, Regeneration & Resources - Finance	Reduce Creditors Team, 1 FTE	16	1.0	Apr-18	Saving net of £5k cost of partial backfill
Environment, Regeneration & Resources - Finance	Delete Client Finance Team 0.5FTE Finance Assistant post	10	0.5	Sep-18	-
Environment, Regeneration & Resources - Finance	Delete 2x Revenues & Benefits posts	54	2.0	Sep-18	-
Environment, Regeneration & Resources - Finance	Anticipated saving - new Sheriff Officer contract	10	-	Apr-18	Assumes 50% cost reduction based on market intelligence
Environment, Regeneration & Resources - Directorate	Review of mobile phone usage	2	-	Apr-18	-
Environment, Regeneration & Resources - E&Cs	Expansion of L.E.D. Investment	70	-	Apr-19	£620k capital investment funded from Free Reserves
Environment, Regeneration & Resources - Legal & Property Services	Reduction in printed Committee/Council and Board Agendas.	10	-	Apr-18	-
Environment, Regeneration & Resources - Directorate	Disposal of Business Store	70	-	Apr-18	Assumes CVS purchase building 2019
Environment, Regeneration & Resources - Directorate	Various reductions in overhead budgets with no impact on Service delivery.	15	-	Apr-18	
Environment, Regeneration & Resources - Directorate	Savings target to be generated through Digital Access Efficiencies.	30	tbc	Apr-19	Delivery overseen by Digital Access Group with one off funding via the Digital Access Earmarked Reserves.
<b>TOTAL</b>		<b>287</b>	<b>3.5</b>		