
Report To:	Policy & Resources Committee	Date: 18 September 2018
Report By:	Chief Financial Officer	Report No: FIN/82/18/AP/AE
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Subject:	2018/19 General Fund Revenue Budget as at 31 July 2018	

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 July 2018 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 2018/19 Revenue Budget in March 2018 and set a budget without the use of Revenue Reserves. It should be noted that Inverclyde Council approved a Committee and Senior Management restructure on 22 February 2018 and these changes have been reflected in the 2018/19 Revenue Budget reports to the individual Service Committees.
- 2.2 It can be seen from Appendix 1 that as at 31 July 2018 the General Fund is projecting a £0.535 million underspend (excluding Health & Social Directorate) which represents 0.27% of the net Revenue Budget. This is mainly due to:
- Release of non-pay inflation not required.(£300,000)
 - Projected over recovery Internal Resources Interest (£100,000).
 - Early achievement of savings (£128,000)

All of these matters either have been or will be factored into the 2019/20 Base Budget.

- 2.3 From Appendix 1 it can be seen that three Service Committees are currently projecting underspends. The Environment and Regeneration Committee is currently projecting an overspend mainly due to an under-recovery of Industrial and Commercial Rent Income and a shortfall in turnover savings target. The Health and Social Care Partnership is currently projecting an underspend, however, any resulting underspend will be retained by the Integration Joint Board.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Funding Models, it can be seen that as at 31 July 2018 expenditure totalled £0.738 million which equates to 13.78% of the planned spend in 2018/19. It can also be seen from Appendix 2 that at 31 July 2018 actual expenditure is 3.78% less than phased budget.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2019 is £5.130 million which is £1.330 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 15 March 2018.
- 2.6 A report elsewhere on the agenda highlights the proposed 2019/20 Budget Strategy which will include the use of any Free Reserves.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest position of the 2018/19 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee notes that the use of any Free Reserves will be considered as part of the 2019/20 budget process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council approved the 2018/19 Revenue Budget in March 2018 and set a balanced budget without the use of Reserves.

5.0 POSITION AS AT 31 JULY 2018

- 5.1 It can be seen from Appendix 1 that as at 31 July 2018, the General Fund is projecting an underspend of £0.535 million which equates to 0.27% of the net General Revenue Fund Budget.
- 5.2 Appendix 1 shows that three Service Committees are currently projecting an underspend.
- 5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £465,000 (2.39%) mainly due to release of non-pay inflation contingency not required and a projected over recovery of Internal Resources Interest. Both these underspends are planned to be factored into the 2019/20 Base Budget.

Environment & Regeneration – Projected overspend of £107,000 (0.47%) mainly due to a shortfall in turnover savings achieved and a projected shortfall in industrial & commercial rent income. As the shortfall in rent income has been a recurring issue, this matter will be rectified as part of the 2019/20 Base Budget.

Education & Communities - £49,000 (0.06%) projected underspend mainly due to additional turnover savings, a projected underspend within Teachers employee costs and a projected over recovery of income for Early Years Wraparound. This has been offset in part by an overspend within Libraries and Museums employee costs and a projected shortfall in library income.

Health & Social Care – Projected underspend of £111,000 (0.23%) mainly due to a refund from an external provider relating to previous years' service provision. The Committee underspend will be retained by the Integration Joint Board.

- 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 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 Funding Models.
- 5.5 As at 31 July 2018 the Council has spent £0.738 million against a phased budget target of £0.767 million. This represents 3.78% less than the target and spend equates to 13.79% of the projected spend for 2018/19. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.
- 5.6 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected unallocated balance at 31 March 2019 is £5.130 million which is £1.330 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 15 March 2018. At the meeting, the Council gave approval to allocate £8.858 million of free reserves to various investment proposals. This is reflected in appendix 3 and the remaining free reserve balance will be considered as part of the 2019/20 budget process.

6.0 CONSULTATION

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

7.0 IMPLICATIONS

7.1 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

7.2 Legal

There are no legal implications arising from this report.

7.3 Human Resources

There are no HR implications arising from this report.

7.4 Equalities

There are no equality implications arising from this report.

7.5 Repopulation

There are no repopulation implications arising from this report.

8.0 BACKGROUND PAPERS

8.1 None

Policy & Resources Committee
Revenue Budget Monitoring Report
Position as at 31st July 2018

Committee	Approved Budget 2018/2019	Revised Budget 2018/2019	Projected Out-turn 2018/2019	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	19,474	19,465	19,000	(465)	(2.39%)
Environment & Regeneration	20,521	22,657	22,764	107	0.47%
Education & Communities (Note 1)	90,235	80,846	80,797	(49)	(0.06%)
Health & Social Care	47,794	47,794	47,683	(111)	(0.23%)
Committee Sub-Total	178,024	170,762	170,244	(518)	(0.30%)
Loan Charges (Including SEMP)	12,500	17,128	17,128	0	0.00%
Savings Achieved Early (Note 2)	95	128	0	(128)	(100.00%)
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	3,201	3,201	0	0.00%
Total Expenditure	190,379	190,979	190,333	(646)	(0.34%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(160,030)	(160,630)	(160,630)	0	0.00%
General Revenue Grant Redetermination	(523)	(523)	(523)	0	0.00%
Council Tax	(29,826)	(29,826)	(29,826)	0	100.00%
Integration Joint Board - Increase in Reserves	0	0	111	111	100.00%
Net Expenditure	0	0	(535)	(535)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Efficiencies/adjustments identified post budget setting removed from Service Committee budgets.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2018/19</u>	<u>Phased Budget to 31 July 2018</u>	<u>Actual Spend To 31 July 2018</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2018/19</u>	<u>Earmarked 2019/20 & Beyond</u>
	£000	£000	£000	£000	£000	£000
Education & Communities	3,013	113	113	0	964	2,049
Health & Social Care	2,447	317	304	(13)	2,078	369
Regeneration & Environment	2,744	200	190	(10)	1,648	1,096
Policy & Resources	2,507	137	131	(6)	663	1,844
	10,711	767	738	(29)	5,353	5,358

<u>2018/19 %age Spend Against Projected</u>	<u>2018/19 %age Over/(Under) Spend Against Phased Budget</u>
11.72%	0.00%
14.63%	(4.10%)
11.53%	(5.00%)
19.76%	(4.38%)
13.79%	(3.78%)

Actual Spend v Phased Budget Underspend = (£29k) (3.78%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/07/18

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/18		13453
Projected Surplus/(Deficit) 2018/19	535	
Contribution to/(from) General Fund Reserves Note 1	<u>0</u>	
		535
Approved Use of Free Reserves (March 2018) Note 2		<u>(8858)</u>
Projected Unallocated Balance 31/03/19		<u>5130</u>

Minimum Reserve required is £3.8 million

Note 1 No contribution from reserves was required when setting 2018/19 Revenue Budget.

Note 2 (Use of Reserves)

Apprenticeship Programmes	170
Dementia and Autism Friendly Community	200
I Youth Zones	186
Anti- Poverty Fund	200
Community Fund	215
Pipe Band Championship 2019-21	345
Inverkip Community Hub	50
Demolish Redundant Buildings	150
Contingency Reserve	120
Indoor Bowling Club	100
Beacon Arts Centre - Repairs and Renewals Fund	120
Lady Alice Bowling Club	65
Indoor Tennis Facility	150
Inverclyde Leisure Spend to Save Investment	1300
Cremator Replacement	850
Capital Programme 2018/21 Deficit	467
3 to 4 Traffic Management Studies	30
Passing places Kirn Drive	200
Refurbishment of Ashton Prom	50
Gourock Park Improvements	20
Extend Gourock Pool Opening Times	16
Roads/Footways Investment	204
GDPR	150
Budget Strategy Reserves	3000
Repopulation Strategy	500
	<u>8858</u>