
Report To:	Policy & Resources Committee	Date: 13 November 2018
Report By:	Chief Financial Officer	Report No: FIN/117/18/AP/AE
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2018/19 General Fund Revenue Budget as at 30 September 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 30 September 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 30 September 2018, the General Fund is projecting a £0.920 million underspend (excluding the Health & Social Directorate) which represents 0.48% of the net Revenue Budget. This is mainly due to:

- Release of non-pay inflation not required (£504,000).
- One-off underspend on pay inflation (£100,000).
- Projected over recovery Internal Resources Interest (£100,000).
- Net additional turnover savings achieved (£337,000).
- Early achievement of savings (£128,000).

This has been offset in part by an under-recovery of Industrial and Commercial Rent Income and an under-recovery of Refuse Collection trade waste income. The items above 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 Refuse Collection trade waste income and has a further pressure in 2018/19 arising from the main recycling contractor entering administration. 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 30 September 2018, expenditure totalled £1.276 million which equates to 29.0% of the planned spend in 2018/19. It can also be seen from Appendix 2 that at 30 September 2018, actual expenditure is 29.15% ahead of 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 £5.509 million which is £1.709 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 gives an update on the 2019/20 Budget.

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 note 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 30 SEPTEMBER 2018

- 5.1 It can be seen from Appendix 1 that as at 30 September 2018 the General Fund is projecting an underspend of £0.920 million which equates to 0.48% 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 £827,000 (4.34%) mainly due to release of non-pay inflation contingency not required, one off underspend for pay inflation contingency and a projected over-recovery of Internal Resources Interest. Both non-pay inflation and Internal Resources Interest underspends are planned to be factored into the 2019/20 Base Budget.

Environment & Regeneration – Projected overspend of £112,000 (0.50%) mainly due to a projected shortfall in industrial & commercial rent income and refuse collection trade waste 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. In addition, the Committee is reporting a £300,000 pressure arising from the main recycling contractor entering administration. This extra cost will have to be contained by the Committee in 2018/19.

Education & Communities - £77,000 (0.10%) 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 Wrapround. This has been offset in part by an overspend within Libraries and Museum employee costs and a projected shortfall in library income and golf course income.

Health & Social Care – Projected underspend of £80,000 (0.17%) 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 30 September 2018, the Council has spent £1.276 million against a phased budget target of £0.988 million. This represents 29.15% ahead of the target and spend equates to 29.0% 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 £5.509 million which is £1.709 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting of 15 March 2018. At the meeting, the Council approved 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 30th Sept 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	19,049	18,222	(827)	(4.34%)
Environment & Regeneration	20,521	22,260	22,372	112	0.50%
Education & Communities (Note 1)	90,235	80,681	80,604	(77)	(0.10%)
Health & Social Care	47,794	48,062	47,982	(80)	(0.17%)
Committee Sub-Total	178,024	170,052	169,180	(872)	(0.51%)
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	3,933	3,933	0	0.00%
Total Expenditure	190,379	191,001	190,001	(1,000)	(0.52%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(160,030)	(160,652)	(160,652)	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	80	80	100.00%
Net Expenditure	0	0	(920)	(920)	

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 30 Sept 2018</u>	<u>Actual Spend To 30 Sept 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	1,471	66	74	8	774	697
Health & Social Care	1,684	407	467	60	1,185	499
Regeneration & Environment	3,955	367	577	210	1,778	2,177
Policy & Resources	2,507	148	158	10	661	1,846
	9,617	988	1,276	288	4,398	5,219

<u>2018/19 %age Spend Against Projected</u>	<u>2018/19 %age Over/(Under) Spend Against Phased Budget</u>
9.56%	12.12%
39.41%	14.74%
32.45%	57.22%
23.90%	6.76%
29.01%	29.15%

Actual Spend v Phased Budget Ahead of Phasing = £288k 29.15%

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/18

	<u>£000</u>	<u>£000</u>
Balance 31/03/18		13447
Projected Surplus/(Deficit) 2018/19	920	
Contribution to/(from) General Fund Reserves Note 1	<u>0</u>	
		920
Approved Use of Free Reserves (March 2018) Note 2		<u>(8858)</u>
Projected Unallocated Balance 31/03/19		<u>5509</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	<u>500</u>
	<u>8858</u>