
Report To:	Policy & Resources Committee	Date:	21 May 2019
Report By:	Chief Financial Officer	Report No:	FIN/48/19/AP/CM
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2019/20 Budget – Initial Position		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the initial position of the 2019/20 Revenue Budget.

2.0 SUMMARY

- 2.1 The Council agreed the Revenue Budget for 2019/20 on 21 March 2019. The net budget was £190.032 million and was agreed after the application of £2.052 million of savings.
- 2.2 The approved savings have now been allocated against the relevant Council services and Appendix 1 shows the initial position of the 2019/20 Revenue Budget. Updates on the overall Revenue Budget position will be reported in the usual manner to the Policy & Resources Committee during 2019/20.
- 2.3 In addition to the Revenue Budget the Council took decisions regarding the use of Council Reserves and agreed to the use of £4.0 million of Reserves which included a contribution of £340,000 from the Revenue Budget Smoothing Earmarked Reserve.
- 2.4 Appendix 2 shows the current position of Free Reserves based on the budget decision and the latest budget monitoring. From this it can be seen that there is currently a small shortfall projected in Free Reserves however it is expected that whilst closing the 2018/19 Accounts this shortfall will be eliminated.
- 2.5 The first formal budget monitoring report will be presented to the September 2019 Policy & Resources Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the initial position of the 2019/20 Revenue Budget, the current position of the Council's Free Reserves, and the potential adjustment identified by officers arising from the prior year treatment of the Capital Fund.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council approved the 2019/20 Revenue Budget at its meeting on 21 March 2019.
- 4.2 At the same meeting the Council approved the use of £4 million of Free Reserves which included a contribution of £340,000 from the Revenue Budget Smoothing Reserve.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows the current position of the 2019/20 Revenue Budget after the application of £2.052 million worth of savings approved by the Council on 21 March 2019.
- 5.2 Regular reports will be presented to the relevant Committees throughout the year as usual regarding performance against budget. The Committee is asked to note any under or overspend in relation to the Health & Social Care Committee will be addressed by the IJB.
- 5.3 The latest projected position of the Council's Free Reserves is shown in Appendix 2. From this it can be seen that there is currently a small projected shortfall of £159,000.
- 5.4 As part of the preparatory work for the 2018/19 Year End officers believe there is an error in prior year accounting for the Capital Fund. On the basis that officers are correct then this will result in an increase in the General Fund Reserves.
- 5.5 An update on the Reserves position along with the first formal budget monitoring consolidated position will be report to the Policy & Resources Committee in September 2019.

6.0 IMPLICATIONS

6.1 Finance

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

6.2 Legal

There are no Legal implications arising from this report.

6.3 Human Resources

There are no HR implications arising from this report.

6.4 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.

6.5 Repopulation

There are no repopulation implications arising from this report.

7.0 CONSULTATIONS

7.1 No consultations were undertaken as part of this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 Report to the Inverclyde Council 21 March 2019.

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 1st April 2019

Committee	Approved Budget 2019/2020	Revised Budget 2019/2020	Projected Out-turn 2019/2020	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,209	18,209	18,209	0	0.00%
Environment & Regeneration	23,896	23,896	23,896	0	0.00%
Education & Communities (Note 1)	89,012	84,280	84,280	0	0.00%
Health & Social Care	50,529	50,529	50,529	0	0.00%
Committee Sub-Total	181,646	176,914	176,914	0	0.00%
Loan Charges (Including SEMP) (Note 1)	11,425	16,157	16,157	0	0.00%
Savings Achieved Early/ (Savings to be allocated) (Note 2)	(82)	(82)	(82)	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	0	0	0	0.00%
Total Expenditure	192,749	192,749	192,749	0	0.00%
Financed By:					
General Revenue Grant/Non Domestic Rates	(161,405)	(161,405)	(161,405)	0	0.00%
Council Tax	(31,344)	(31,344)	(31,344)	0	0.00%
Net Expenditure	0	0	0	0	

Note 1 - Reduction reflects SEMP loans charges.

Note 2 - Efficiencies/adjustments identified post budget setting removed from Service Committee budgets, offset by approved insurance saving yet to be allocated to Service budgets.

Appendix 2

GENERAL FUND RESERVE POSITION
Position as at 01/04/19

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/19		7641
Projected Surplus/(Deficit) 2019/20	0	
Contribution (to)/ from Free Reserves Note 1	<u>0</u>	
		0
Approved Use of Free Reserves (March 2019) Note 2		<u>(4000)</u>
Projected Unallocated Balance 31/03/20		<u>3641</u>

Minimum Reserve required is £3.8 million

Note 1 No contribution from reserves was required when setting 2019/20 Revenue Budget.

Note 2 (Use of Reserves)

Clune Park Area	850
Grieve Road Community Centre	200
Roads Defect & Drainage	200
Greenock Town Centre Purchases	325
2019/23 Capital Programme	450
Youth Connections Building Repairs	100
Year of the Young People Legacy	100
Play Area Strategy	250
Refurbishment Weymss Bay Community Centre	100
Safer Street Initiative	150
Seed funding for active travel with Inverclyde	50
Equally Safe	10
Conservation Area Grants	80
Repairs Comet	50
Drumshantie Road car park	80
Resurface Auchneagh Farm Lane	10
Extended hours Gourrock Pool - 2019	15
IL - PG Pool spend to save	150
Pay & Grading Model - Funding 2019/20	<u>830</u>
	<u><u>4000</u></u>