
Report To:	Policy & Resources Committee	Date: 19 November 2019
Report By:	Chief Financial Officer	Report No: FIN/103/19/AP/AE
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2019/20 General Fund Revenue Budget as at 30 September 2019	

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 2019 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 2019/20 Revenue Budget in March 2019 and at this meeting agreed to utilise £0.83m of free reserves to fund the 2019/20 Pay and Grading Model.

2.2 It can be seen from Appendix 1 that as at 30 September 2019 the General Fund is projecting a £1.674 million underspend (excluding the Health & Social Directorate) which represents 0.85% of the net Revenue Budget. This is mainly due to:

- Release of non-pay inflation not required (£150,000)
- Release of pay inflation not required (£700,000)
- Projected over recovery of Internal Resources Interest (£250,000)
- Prior Years Council Tax income (£200,000)

2.3 From Appendix 1 it can be seen that the Policy & Resources and the Environment & Regeneration Committees are currently projecting underspends. The Education and Communities Committee is currently projecting an overspend within various education budgets; employee costs, NDR, Facilities Management Catering Provisions and Pupil Travel. The Health and Social Care Committee is currently projecting a small overspend, however, any resulting overspend 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 2019 expenditure totalled £2.418 million which equates to 40.53% of the planned spend in 2019/20. It can also be seen from Appendix 2 that at 30 September 2019 actual expenditure is £0.783m more 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 30 September 2019 is £6.261 million which is £2.461 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 21 March 2019 and the allocation of £500,000 to a Spend to Save reserve agreed in August 2019.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the latest position of the 2019/20 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 2020/23 budget process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Council approved the 2019/20 Revenue Budget in March 2019. At this meeting the Council approved £0.83m use of free reserves to fund the Pay and Grading Model for 2019/20.

5.0 POSITION AS AT 30 SEPTEMBER 2019

5.1 It can be seen from Appendix 1 that as at 30 September 2019 the General Fund is projecting an underspend of £1.674 million which equates to 0.85% of the net General Revenue Fund Budget.

5.2 Appendix 1 shows that two Service Committees are currently projecting an underspend with Education and Communities Committee and Health & Social Care Committee projecting an overspend.

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

Policy & Resources Committee – Projected underspend of £1,488,000 (9.45%) mainly due to release of non-pay and pay inflation contingency not required and a projected over recovery of Internal Resources Interest. Adjustments have already been made to these budgets in 2020/21 and further adjustments will be considered as part of the 2020/23 budget setting.

Environment & Regeneration – Projected underspend of £82,000 (0.34%) mainly due to additional turnover savings partially off-set by an increase in agency driver costs.

Education & Communities – Projected overspend of £192,000 (0.22%) mainly due to overspends within various education budgets; employee costs, NDR, Facilities Management Catering Provisions and Pupil Travel. Also overspends within Libraries and Museums employee costs and a projected shortfall in Library & Museum income mainly due to continued closure of Museum shop during refurbishment period.

Health & Social Care – Projected overspend of £15,000 (0.03%) mainly due to additional turnover savings offset by an overspend of client commitment costs. A surplus had been identified within the Directorate to fund the proposed Learning Disability Hub. The Integration Joint Board approved earmarking £398,000 of the underspend towards funding of LD Hub at the last Board meeting.

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 Asset Plans or Funding Models.

5.5 As at 30 September 2019 the Council has spent £2.418 million against a phased budget target of £1.635 million. This represents 40.53% of the planned spend and equates to 47.89% ahead of the phased budget to date. 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 2020 is £6.261 million which is £2.461 million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken to date. As part of the budget the Council approved the allocation of £4.0 million of free reserves to various investment proposals. At the Policy and Resources Committee on 6 August 2019 the Committee approved the use of £500,000 of free reserves to set up a spend to save earmarked reserve for 20/23 budget

process. The remaining free reserve balance will be considered as part of the 2020/23 budget.

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.

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
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X	NO
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(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

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 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	18,225	15,750	14,262	(1,488)	(9.45%)
Environment & Regeneration	23,895	24,022	23,940	(82)	(0.34%)
Education & Communities (Note 1)	88,362	87,526	87,718	192	0.22%
Health & Social Care	50,529	50,329	50,344	15	0.03%
Committee Sub-Total	181,011	177,627	176,264	(1,363)	(0.77%)
Loan Charges (Including SEMP)	12,075	16,807	16,807	0	0.00%
Savings Achieved Early (Note 2)	46	46	0	(46)	(100.00%)
Saving Approved yet to be allocated (Note 3)	(128)	(128)	(128)	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	1,471	1,471	0	0.00%
Total Expenditure	192,764	195,583	194,174	(1,409)	(0.72%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(160,575)	(164,224)	(164,224)	0	0.00%
Contribution from General Reserves	(830)	0	0	0	0.00%
Council Tax	(31,359)	(31,359)	(31,609)	(250)	100.00%
Integration Joint Board - Increase in Reserves	0	0	(15)	(15)	100.00%
Net Expenditure	0	0	(1,674)	(1,674)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Early achievement of savings removed from Education and Committee budget.

Note 3 - Approved saving to be removed from Service Committee budgets.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2019/20</u>	<u>Phased Budget to 30 September 2019</u>	<u>Actual Spend To 30 September 2019</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2019/20</u>	<u>Earmarked 2020/21 & Beyond</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Education & Communities	1,134	259	282	23	682	452
Health & Social Care	2,601	730	1,004	274	2,243	358
Regeneration & Environment	4,659	341	411	70	1,660	2,999
Policy & Resources	2,540	305	721	416	1,381	1,159
	10,934	1,635	2,418	783	5,966	4,968

<u>2019/20 %age Spend Against Projected</u>	<u>2019/20 %age Over/(Under) Spend Against Phased Budget</u>
41.35%	8.88%
44.76%	37.53%
24.76%	20.53%
52.21%	136.39%
40.53%	47.89%

Actual Spend v Phased Budget Ahead Phasing = £783k 47.89%
Last Update (Period 4) Behind of Phasing = (£44k)
Movement in spend v Phasing 827

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/19

	<u>£000</u>	<u>£000</u>
Balance 31/03/19		9087
Projected Surplus/(Deficit) 2019/20	1674	
Contribution to/(from) General Fund Reserves Note 1	<u>0</u>	1674
Approved Use of Free Reserves (March 2019) Note 2		(4000)
Approved Use of Free Reserves (August 2019)		<u>(500)</u>
Projected Unallocated Balance 31/03/20		<u>6261</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)

Grieve Road Community Centre	200
Youth Connections Burns Square building repairs	100
Year of Young People Legacy Fund	100
Refurbishment Wemyss Bay Community Centre	100
Incorporate 'Equally Safe'	10
Extended opening of Gourrock Pool - 2019	15
IL - PG Pool spend to save proposal	150
Clune Park Area Regeneration Plan	850
Roads Defects & Drainage	200
Purchase of King Street Carpark & Ground floor of Hector McNeil House	325
Play Area Strategy	250
Allocation for a Safer Streets Initiative	150
Seed Funding for active travel within Inverclyde	50
Establish a conservation area and listed building grant	80
Repaint and carry out essential repairs to the Comet	50
Drumshantie Road Carpark	80
Resurface Auchneagh Farm Lane	10
2019/23 Capital Programme	450
Pay & Grading Model - Funding for 2019/20	<u>830</u>
	<u><u>4000</u></u>