
Report To:	The Inverclyde Council	Date:	12 March, 2020
Report By:	Chief Financial Officer	Report No:	FIN/30/20/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2020/21 Revenue Budget and 2020/23 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Council regarding the latest position of the Council's Budget and thereafter to seek formal approval of the Revenue Budget, 2020/23 Capital Programme plus a number of other associated matters.

2.0 SUMMARY

- 2.1 The Scottish Government Budget is due to be formally approved on 5 March. The UK Budget is due to be announced on 11 March but there are unlikely to be any matters announced which will have an impact on the decisions sought from the Council today.
- 2.2 The Budget deal announced by the Scottish Government on 26 February was presented as a £589 million cash increase in revenue funding for Councils compared to the 2019/20 Budget. Once increased funding allocated against ring fenced Scottish Government commitments are deducted then the settlement is flat cash for revenue.
- 2.3 Appendix 1 analyses the cash movement between the latest 2019/20 Grant settlement and the final 2020/21 Grant settlement for Inverclyde. This shows a £0.550million reduction however elements of the ring fenced funding (IJB funding and Teachers Pay), have been used to offset approximately £1.06million of inflationary pressures built into the Budget Strategy.
- 2.4 Following the approval of the 3.0% Council Tax increase on 20 February and the allocation of £1.423million extra grant on 26 February, there is a surplus of £470,000 in the 2020/21 Budget. Appendix 2 shows the summarised 2020/21 Budget position following the application of all adjustments/savings agreed to date, whilst Appendix 3 shows how the initial 2020/21 funding gap of £6.7million has been closed over the last 6 months including a summary of the adjustments/savings approved to date.
- 2.5 The Members' Budget Working Group (MBWG) has been meeting since June and has made a number of recommendations for the Council to consider. One recommendation from the MBWG is that the Revenue Budget Smoothing Reserve should be used over the remaining period of this Council which covers the budget period 2020/23.
- 2.6 The use of reserves to balance the budget is not sustainable in the medium term and it is important that if the Council agrees to the MBWG proposal that the significant remaining funding gap over the 2021/23 Budget period is closed on a sustainable basis and without further increased use of Reserves.
- 2.7 The MBWG is recommending that a number of the savings options developed by the Corporate Management Team (CMT) are approved by the Council and thereafter the money saved be added to the £470,000 2020/21 Budget surplus to create a £750,000 fund to be reinvested in projects to reduce poverty and deprivation throughout Inverclyde. Appendix 4 details the savings proposed. Officers would bring detailed proposals to utilise the £750,000 Fund to the 26 May, 2020 Policy & Resources Committee following consultation with Alliance Partners and local communities/localities.

- 2.8 Appendix 4 also illustrates how it is proposed to balance the 2020/21 Budget based on the MBWG proposals. There are 4 requests for increased recurring revenue funding set out in Appendix 5. These total £53,000 and can be funded from the small unallocated pressures contingency.
- 2.9 The Scottish Budget included £43million extra for specific Health & Social Care issues (Carers Act, School Age Counselling, Living Wage and Free Personal & Nursing Care uprating) plus £57million for demographic pressures and inflation. The amount allocated to the Council for these matters is £1.68million and the Scottish Government has directed that the Council funding for the IJB in 2020/21 needs to increase by at least £1.68 million compared to the recurring funding allocated to the IJB in 2019/20 less a maximum of 2% of the assessed Adult Social Care budget. This is £717,000 in Inverclyde. The Council's proposed contribution to the IJB will require formal approval by the IJB on 17 March.
- 2.10 Appendix 6 shows the calculation of the minimum amount the Council requires to contribute to the IJB in 2020/21 and takes into account budget decisions taken by the Council to date including the proposals from the MBWG in today's report. On the basis this is agreed then it is estimated by Officers that this leaves approximately £400,000 available to the IJB to meet existing demographic and service delivery cost pressures. The use of this sum will be considered by the IJB following a report to the Health & Social Care Committee.
- 2.11 The MBWG would recommend that the IJB be asked to allocate £250,000 on a recurring basis to supplement the £750,000 fund referred to in 2.7 above. This will reinforce the need for an Alliance wide approach to address the challenges faced by the area around multiple deprivation.
- 2.12 The proposed 2020/23 Capital Programme reflects the £1.9million reduction in estimated Capital Grant announced as part of the Budget and the £215,000 increase in ring fenced capital announced on 26 February for Cycling, Walking and Safer Streets. The MBWG would recommend the use of Free Reserves to close the 3 year £3.6 million funding gap. The MBWG would also propose that in the event that there is increased capital funding over the next 12 months, the proposed use of this will be considered by the Policy & Resources Committee. Appendix 7 provides more detail of the proposed Programme and any adjustments.
- 2.13 After allocating £3.6million of the Free Reserves to the 2020/23 Capital Programme there remains an estimated £4.6 million of Free Reserves for the Council to allocate. The MBWG has made a number of recommendations for the Council to consider and these are included in Appendix 8. It should be noted that in some cases it is recommended that a more detailed report on proposals is presented to the relevant Strategic Committee.
- 2.14 As part of the Budget the Council is required to approve the Common Good Budget for the year ahead. Appendix 9 details the Budget which, if approved, is based on making a small surplus and continuing to increase the Fund balance towards the £100,000 target.
- 2.15 It is important that when considering the 2020/21 Revenue Budget that Members are also aware of the latest projections for the Medium Term. On the basis that all the proposals in this report are approved then Appendix 10 illustrates the estimated remaining funding gap for the period 2020/23 based on an annual 3.0% Council Tax increase.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council notes the latest position of the 2020/21 Revenue Budget advised by the Chief Financial Officer.
- 3.2 It is recommended that the Council considers the proposals from the Members' Budget Working Group and thereafter:
1. Approves that the Budget Smoothing Reserve be fully allocated to reduce the savings required over 2021/23.
 2. That the savings in Appendix 4 be approved and that the 2020/21 saving be reinvested

along with the £470,000 surplus to create a recurring £750,000 Fund to address poverty and deprivation.

3. That the recurring investments in Appendix 5 be approved.
4. That the contribution of £52.289million to the Integration Joint Board for 2020/21 be approved in addition to the allocation of £600,000 from Reserves for a replacement Social Work Information System and the inclusion of £7.4million in the 2020/23 Capital Programme for the provision of a new build Learning Disabilities Centre at the former Hector McNeil Baths site.
5. The Council approve that, in recognition of the shared responsibilities in addressing multiple deprivation, the IJB be requested to allocated £250,000 on a recurring basis to supplement the £750,000 recurring fund created by the Council.
6. That the 2020/23 Capital Programme and adjustments as set out in Appendix 7 be approved.
7. That the use of Free Reserves set out in Appendix 8 be approved.
8. That the 2020/21 Common Good Budget in Appendix 9 be approved.
9. That the latest estimated funding gap for the period 2020/23 in Appendix 10 be noted.

- 3.3 It is recommended that the Council notes that it would not be the intention to undertake further VER trawls during 2020/22 in those areas trawled as part of this budget and where there is sufficient existing interest in early release to meet any proposed saving.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 Members have received regular reports via the Policy & Resources Committee throughout the development of the 2020/21 Revenue Budget. The estimated funding gap for 2020/21 in the summer of 2019 was £6.7 million and following adjustments and savings with no or limited impact on service delivery the savings gap reduced significantly.
- 4.2 The Members' Budget Working Group has met throughout the evolution of the 2020/21 Revenue Budget and has considered a number of reports from Officers and achieved consensus on all matters approved to date.
- 4.3 The Corporate Management Team has continued to meet with representatives of the Trades Unions at the Joint Budget Group to discuss savings options, potential voluntary severance trawls and how to manage the impact of any savings ultimately approved.

5.0 CURRENT POSITION – SCOTTISH GOVERNMENT SETTLEMENT

- 5.1 The draft Budget Settlement was announced on 6 February 2020. The Scottish Government reported a £495 million cash increase in revenue funding for Councils compared to the base budget for 2019/20. An analysis of the settlement identified that once increases of £590 million allocated to ring fenced Scottish Government commitments are deducted then there was a like for like £95 million revenue cash reduction in the core budget.
- 5.2 The Budget deal announced by the Scottish Government on 26 February was presented as a £589 million cash increase in revenue funding for Councils compared to the 2019/20 Budget. Once increased funding allocated against ring fenced Scottish Government commitments are deducted then the settlement is flat cash for revenue.
- 5.3 Appendix 1 analyses the cash movement between the latest 2019/20 Grant settlement and the final 2020/21 Grant settlement for Inverclyde. This shows a £0.550million reduction however elements of the ring fenced funding (IJB funding and Teachers Pay), have been used to offset approximately £1.06million of inflationary pressures built into the Budget Strategy.
- 5.4 Following the approval of the 3.0% Council Tax increase on 20 February and the announcement of a further £1.423 million revenue grant for the Council, there is a surplus of £470,000 in the 2020/21 Budget. Appendix 2 shows the summarised 2020/21 Budget position following the application of all adjustments/savings agreed to date, whilst Appendix 3 shows how the initial 2020/21 funding gap of £6.7million has been closed over the last 6 months including a summary of the adjustments/savings approved to date.
- 5.5 The Capital Grant Settlement showed a reduction of up to 30% in Capital resources available in 2020/21. The Capital Grant figure announced for Inverclyde was £6.174 million compared to the £8.1 million estimated by Officers. Whilst an extra £215,000 was allocated to the Council as part of the Budget deal on 26 February, this was ring fenced and leaves the Council with an estimated £3.6million shortfall in capital resources over 2020/23.
- 5.6 The Government settlement also contained 3 conditions with which the Council requires to comply namely a need to maintain the National Pupil Teacher ratio, the need to ensure that places are provided for all probationers who require one and that Council funding for IJBs requires to be £50 million greater in 2020/21 than in 2019/20. This latter matter is considered in more detail later in Section 7.

6.0 2020/21 REVENUE BUDGET PROPOSALS

- 6.1 The current 2020/21 Revenue Budget position is a £470,000 surplus as illustrated in Appendix 2. The Members' Budget Working Group would recommend that this surplus be added to the 2020/21 proposed savings to create a £750,000 recurring fund to deliver projects aimed at reducing poverty and deprivation. If this proposal is approved, Officers will bring a report back to the Policy & Resources Committee on 26 May 2020 following consultation with Alliance partners and local communities/localities detailing proposals for utilisation of this funding plus any other funding allocated to this proposal as part of this Budget.
- 6.2 Appendix 4 lists a small number of additional recurring revenue savings to be reinvested as detailed above. The MBWG would also recommend that the £3.0million Budget Smoothing Reserve be allocated over the period 2021/23.
- 6.3 The MBWG identified 4 matters for which it would seek approval from the Council to add to the Budget and these are listed in Appendix 5. These total £53,000 and would be contained within the unallocated pressures contingency of £89,000.

7.0 CONTRIBUTION TO THE INTEGRATION JOINT BOARD

- 7.1 As indicated earlier in the report the Scottish Government has included a condition within its Budget Settlement that Councils require to increase their contribution to the IJB by at least £1.68 million compared to 2019/20 less a maximum of 2% of the assessed Adult Social Care budget. This is £717,000 in Inverclyde. For Inverclyde the new funding was allocated as follows:

	<u>£000</u>
• Carers Act expansion	197
• School Age Counselling	54
• FPNC Uplift	33
• General Uplift	<u>1396</u>
	<u>1680</u>

- 7.2 Appendix 6 shows the calculation of the minimum amount the Council requires to contribute to the IJB in 2020/21 and takes into account budget decisions taken by the Council to date including the proposals from the MBWG in today's report. On the basis this is agreed then it is estimated by Officers that this leaves approximately £400,000 available to the IJB to meet existing demographic and service delivery cost pressures.
- 7.3 The MBWG would recommend that the IJB be asked to allocate £250,000 on a recurring basis to supplement the £750,000 fund referred to in 6.1 above. This will reinforce the need for an Alliance wide approach to address the challenges faced by the area around multiple deprivation.
- 7.4 In addition to the IJB contribution outlined in Appendix 6 the Council is also asked to approve the allocation of £600,000 from reserves to allow the replacement of the existing Social Work Information System and to allocate £360,000 from Loans Charges to fund £7.4 million prudential borrowing for a new build Learning Disability facility at the former Hector McNeill baths site.

8.0 2020/23 CAPITAL PROGRAMME

- 8.1 There was a significant reduction in Capital Grant Funding for Local Government in the 2020/21 Budget Settlement. The amount of Capital Grant announced for Inverclyde is £6.174 million compared to the £8.1 million estimated by Officers.

- 8.2 A reduction of this order required a review of the 3 year Capital Programme and the amount of future years grants has also been reduced leaving an approximately £3.6 million funding shortfall in the 3 year Capital Programme. It is recommended that a £3.6million free reserve contribution be made to meet the reduction in Capital Grant.
- 8.3 Appendix 7 details the proposed 2020/23 Capital Programme after the inclusion of some adjustments shown on page 3 of the appendix required. In the eventuality that there are increased Capital resources allocated to the Council over the next 12 months then it is proposed that Officers present a report to the Policy & Resources Committee with proposals as to how the balance of extra resources could be best invested to support the existing Council assets.

9.0 USE OF RESERVES

- 9.1 The MBWG has also considered proposals for the utilisation of the estimated Free Revenue Reserves. Based on decisions taken as part of the last review of the Financial Strategy, the latest projected 2019/20 Revenue Budget position and a review of existing Earmarked Reserves it is estimated that there is a £8.2 million available for allocation.
- 9.2 Appendix 8 sets out proposals to increase the Free Reserves and thereafter for their utilisation all of which are supported by the MBWG. Where relevant, reports will be brought back to the relevant Committee to approve the detailed use of the sums identified.

10.0 COMMON GOOD BUDGET 2020/21

- 10.1 As part of the Revenue Budget the Council requires to also approve the Common Good Budget for 2020/21. There remains an outstanding Audit action for the Council to reinstate a £100,000 Fund balance to the Common Good Fund with latest projections indicating that by 31 March 2020 the fund will sit at approximately £56,000.
- 10.2 Almost all of the income for the Common Good Fund comes from shop rentals in Port Glasgow Town Centre and the market for such shops at the moment remains difficult with 6 shops vacant at this point in time. Updates regarding progress towards achieving occupation of these properties are presented every 6 months to the Environment & Regeneration Committee. However, in light of the ongoing low demand for shops and the resultant impact on rent income it is proposed that the £13,000 allowance for the annual Fireworks display at the Battery Park be moved from the Common Good Fund to the General Fund Revenue Budget. This proposal is included in the Budget Pressure proposals in Appendix 5. After taking this into account the proposed Common Good Budget for 2020/21 is shown in Appendix 9.

11.0 2020/23 MEDIUM TERM BUDGET POSITION

- 11.1 It is important that when considering the 2020/21 Revenue Budget that Members are also aware of the latest projections for the Medium Term. On the basis that all the proposals in this report are approved then Appendix 10 illustrates the estimated remaining funding gap for the period 2021/23.
- 11.2 It should be noted that the assumptions which underpin these projections are very much in line with the budget settlement currently experienced and allow for a Flat Cash Scottish Settlement for Councils and a 2.5% annual pay award for each of the financial years. It is the view of the Chief Financial Officer that these estimates reflect the mid-range scenario. In light of this therefore it is important that opportunities to reduce the funding gap are taken when they arise.

12.0 IMPLICATIONS

12.1 Finance

Financial Implications: The financial implications are detailed in the report and the appendices.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Various	Free Reserves	From 2020/21	£8.2million		Details included in Appendix 8
Learning Disability Centre	Capital Programme	2021/23	£7.4million		Funded via £360k/year extra loans charges

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Various	Various	2020/21	(£360,000)		FYE of Proposed savings
Various	Various	2020/21	£750,000		Anti-Poverty/ Deprivation Proposals to be reported to May P&R Committee
Various	Various	2020/21	£53,000	Pressures Contingency	Pressures per Appendix 5

12.2 Legal

There are no specific Legal implications arising from this report.

12.3 Human Resources

The Corporate Management Team has continued to meet the Trades Unions via the Joint Budget Group throughout the development of this budget and the contribution and challenge from the Trades Unions is welcomed.

The decisions taken since the September 2019 Policy & Resources Committee to the proposals contained in this report will result in a reduction of approximately 27 FTE posts. This reduction in posts will be managed in line with the Council's approved policies.

It would not be the intention of officers to carry out further VER trawls in those areas trawled as part of this budget and where sufficient interest in early release already exists.

12.4 Equalities

Equalities

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

X	YES Individual EIA/FSD assessments have been carried out on the proposals in this report and are available on the Council website
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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?

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

(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

12.5 Repopulation

The reduction in Capital Grant and continued pressure on Revenue Funding will continue to present challenges to stabilise Inverclyde's population. However the proposals regarding the one off use of Reserves and proposals to reduce poverty and deprivation within Inverclyde will help in this key policy area.

13.0 CONSULTATIONS

13.1 The contents of this report are supported by the Members' Budget Working Group and have been discussed with the Trades Unions via the Joint Budget Group.

14.0 BACKGROUND PAPERS

14.1 Finance circular 1/2020 Scottish Government.

General Revenue Grant Movement
2019/20 - 2020/21

	£m	£m
a 2019/20 Final per 1/2020 Annex C		164.678
b Items in 2019/20 Settlement not in 2020/21 Figures:		
- Teachers Induction Scheme - Held Back	0.600	
- Brexit Preparation - One off	0.050	
- Barclay Billing Changes - One off	0.020	
		<u>0.670</u>
		164.008
c 2020/21 Settlement (28/2/20)		<u>166.076</u>
	Gross Growth	2.068
d. New Items to fund in 2020/21:		
School Counselling	0.054	
Carers Act	0.197	
IJB ring fenced funding	1.396	
FPNC	0.033	
Reduction in RRTP Funding	(0.009)	
Reduction in Free Sanitary Products	(0.015)	
FYE Teachers Pensions	0.574	
FYE Teachers Pay	0.264	
Barclay - Funding for RVJB	0.063	
Scottish Welfare Fund	0.061	
		<u>(2.618)</u>
Like for like Cash Reduction		(0.550)

Estimated Cash Reduction per Budget Strategy was £1.0 million.

REVENUE BUDGET 2020/21

Committee: All

Corporate Director: All

Service: All

Division: All

OBJECTIVE SUMMARY	2019/20 Base Budget	2020/21 Adjustment	2020/21 Base Est.	Savings Sept 2019	Savings Nov 2019	Savings Feb 2020	Savings Feb 2020	2020/21 Adjustments	Budget 2020/21
Chief Executive Services	317,520	-	317,520	(850)	-	-	-	6,500	323,170
Environment, Regeneration & Resources Directorate	33,695,420	(575,000)	33,120,420	(264,130)	(244,460)	126,000	(50,000)	898,260	33,586,090
Education, Communities & Organisational Development Directorate	90,415,740	(604,990)	89,810,750	(88,170)	(215,050)	230,000	(94,000)	7,537,020	97,180,550
Health & Social Care Partnership Directorate	50,529,480	-	50,529,480	(98,860)	(846,610)	1,905,000	-	848,670	52,337,680
Directorate Sub-Total	174,958,160	(1,179,990)	173,778,170	(452,010)	(1,306,120)	2,261,000	(144,000)	9,290,450	183,427,490
Miscellaneous	6,053,000	6,185,440	12,238,440	(1,685,990)	(188,880)	2,719,000	-	(9,418,450)	3,664,120
Loan Charges	12,075,390	(330,000)	11,745,390	-	(400,000)	-	(109,000)	-	11,236,390
Contribution to / (from) Statutory Funds	(240,000)	240,000	-	-	-	-	-	-	-
Identified Savings	45,450	(45,450)	-	-	-	-	-	-	-
Saving Approved yet to be Allocated	(128,000)	-	(128,000)	-	-	-	(100,000)	128,000	(100,000)
Total Expenditure	192,764,000	4,870,000	197,634,000	(2,138,000)	(1,895,000)	4,980,000	(353,000)	-	198,228,000
Financed By:									
General Revenue Grant/Non Domestic Rates	(160,575,000)	1,000,000	(159,575,000)	-	-	(5,078,000)	-	(1,423,000)	(166,076,000)
Council Tax	(31,359,000)	-	(31,359,000)	(250,000)	-	(948,000)	(65,000)	-	(32,622,000)
Contribution from General Fund Reserve	(830,000)	830,000	-	-	-	-	-	-	-
Net Expenditure	-	6,700,000	6,700,000	(2,388,000)	(1,895,000)	(1,046,000)	(418,000)	(1,423,000)	(470,000)

Evolution of the 2020/21 Funding Gap

	£m	£m
Estimated Funding Gap (June Financial Strategy)		6.700
Proposals approved September P&R Committee (1.62 FTE)	(2.388)	
Proposals approved November P&R Committee (16.97 FTE)	(1.947)	
Proposals approved February P&R Committee (- FTE)	(0.418)	(4.753)
		<u>1.947</u>
Add: School Transport Pressure (Approved Nov P&R)	0.052	
: Better than estimated settlement - 26/2/20	(0.450)	(0.398)
		<u>1.549</u>
Less: 3.0% Council Tax, approved February Council	(0.948)	
: Proposals approved February Council	(1.071)	(2.019)
		<u>(0.470)</u>
		<u>2020/21 Budget Surplus</u>

Summary of Savings/Adjustment approved Sept 2019 - Feb 2020

<u>Adjustments</u>	2020/21	
	£000	FTE
Environment, Regeneration & Resources - Various	140	-
Education, Communities & OD - Various	41	-
Health & Social Care Partnership - Various	822	2.2
Council Tax Account	365	-
Inflation Contingencies	1500	-
Pressure Contingencies	800	-
Corporate Funds (Insurance, Loans Fund)	459	-
	<u>4127</u>	<u>2.2</u>
	2020/21	
<u>Efficiencies</u>	£000	FTE
Roads Efficiencies	20	-
Printer/Photocopier procurement savings	36	-
Early Years post - Kelly Street	14	1.22
HSCP - Reduction in Administration	17	0.4
HSCP - Minor restructure	7	-
Increase turnover target	400	-
ICT - Network Team	38	1.0
Shared Services - Environmental/Audit	85	2.5
Minor savings - Council Wide	42	0.2
Delete Early Years Support Worker posts	102	5.1
Loans Charges Policy Review	400	-
NDR appeals - Education	87	-
Alcohol & Drugs Services Redesign	21	-
	<u>1269</u>	<u>10.42</u>
	2020/21	
<u>Increased Income</u>	£000	FTE
Fees & Charges - 3% Increase	130	-
Recruit Sponsorship	7	-
	<u>137</u>	<u>0</u>

<u>Savings</u>	2020/21	
	£000	FTE
Reduced funding for Clyde Muirshiel Park	22	-
Top slice corporate overhead budgets	100	-
Reduction in Accountancy Team	33	1.5
Delete FM Cluster Officer Post	29	1.0
Reduce Education clerical resources	12	1.0
Delete Active Schools Team Leader	64	1.0
Delete vacant hours - Addiction Services	15	0.47
Delete HSCP Business Support Post	16	1.0
	<hr/>	<hr/>
	291	5.97
	<hr/>	<hr/>
Total	5824	18.59

Note - In addition the Council had approved 2020/21 savings totalling £1.038 million as part of prior years budget.

<u>Full Year Effect of 2019/20 Savings</u>	£000	
VER	11	
Education & Communities	452	
Environment, Regeneration & Resources	41	
<u>New 2020/21 Savings Approved March 2019</u>		FTE
Delete Head of Service post	103	1
Reduction in employability contracts	94	-
New Parking Charges	100	-
Introduce Charge for Garden Waste	237	(1)
	<hr/>	<hr/>
	1038	0

Proposed Savings

		2020/21 £000	Full Year Impact £000
1/	Revenues & Benefits Restructure below team leader level (3.6 FTE)	51	102
2/	Customer Services Centre Restructure below team leader level (3.0 FTE)	47	80
3/	Central Repairs 7.5% reduction in Council buildings repairs provision.	100	100
4/	Roads - Charging New Charge for Driveway markings RCC charges increased from 3% - 6% EV charges based on units consumed	40	40
5/	Children's Services Reduce funding for commissioned services from Barnardos but sum saved (£50,000) to be reinvested in supporting families.	-	-
6/	HSCP - Quality & Development Reduction in employees resulting from the replacement of the existing SWIFT system. One post saving to be reinvested in increased maintenance costs. (2.0 FTE)	38	38
		276	360

Total FTE reduction = 8.6

Proposals to Balance the 2020/21 Budget

	£000
Current Funding Gap (Appendix 3)	(470)
Proposed 2020/21 savings (Per Appendix 4 Page 1)	(276)
Reinvest savings and surplus to reduce Poverty & Deprivation	746
Funding Gap	<u>-</u>

Appendix 5

Recurring Investment Proposals

	£000
1/ Extended opening of Gourock Pool from 2020	16
2/ Increased Play Area maintenance budget arising from the Play Area Strategy investment	20
3/ Transfer annual Firework Display costs from the Common Good Fund	13
4/ Contribution to Anti-Poverty recurring budget to create a £750,000 Fund	4
	<hr/> 53 <hr/>

Calculation of Council contribution to the IJB 2020/21

	<u>£000</u>	<u>£000</u>
a/ March 2019 contribution to the IJB (Ex Advice Services EMR)		50,529
b/ Adjustments in 2019/20:		
School Age Counselling	195	
Rapid Rehousing	53	
Appropriate Adult Scheme	7	255
c/ Extra Funding 2020/21 Settlement		1,680
Flexibility announced 28 February		(717)
Minimum Contribution 2020/21		<u>51,747</u>
2020/21 Budget Per Appendix 2		52,337
Less : Insurance saving not allocated (est.)	(10)	
: Proposed saving in Appendix 4	<u>(38)</u>	(48)
Proposed Contribution 2020/21		<u>52,289</u>

Note 1 In addition it is proposed to contribute £600k from Reserves to the replacement of the SWIFT system and to include £7.4million in the 2020/23 Capital Programme for a new LD Centre at the former Hector McNeil Baths site

Note 2 The Council will also request the IJB to contribute £250k on a recurring basis from 2020/21 to add to the £750k identified by the Council to create a £1million recurring Fund to tackle poverty and deprivation . The use of the Fund to be agreed by the Council/IJB in consultation with Alliance partners and local communities/localities.

General Fund Capital Programme - 2020/23

Available Resources

	2020/21	2021/22	2022/23	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support (Note 1)	6,174	7,100	7,100	-	20,374
Capital Receipts	543	148	95	-	786
Capital Grants	1,717	19	-	-	1,736
Prudential Funded Projects	2,169	5,981	3,942	230	12,322
Balance B/F From 19/20 (Inc School Estate)	15,808	-	-	-	15,808
Capital Funded from Current Revenue	4,883	260	1,018	-	6,161
	<u>31,294</u>	<u>13,508</u>	<u>12,155</u>	<u>230</u>	<u>57,187</u>
<u>Total Expenditure</u>	<u>18,509</u>	<u>25,552</u>	<u>14,658</u>	<u>1,231</u>	<u>59,950</u>
(Shortfall)/Under Utilisation of Resources					<u><u>(2,763)</u></u>

General Fund Capital Programme - 2020/23

Approved Programme

	2020/21 £000	2021/22 £000	2022/23 £000	Future £000	Total £000
Policy & Resources					
Annual Allocation (ICT) (Note 1)	243	423	423	-	1,089
Modernisation Fund	11	-	-	-	11
Policy & Resources Total	254	423	423	-	1,100
Environment & Regeneration					
Regeneration of Port Glasgow Town Centre	50	550	-	-	600
Regeneration of Town & Village Centres - Greenock	200	1,450	-	-	1,650
Regeneration of Town & Village Centres - Other	421	675	-	-	1,096
Completion of Existing Programme (Property Services)	849	317	-	-	1,166
Annual Allocation (Property Services (Note 2))	400	2,911	2,000	-	5,311
King George VI Refurbishment	400	50	-	-	450
Greenock Municipal Buildings Carriageway Glazed Roof	80	17	-	-	97
Greenock Municipal Buildings - Clyde Square Re-roofing	865	100	-	-	965
Greenock Cemetery _ Ivy House Replacement	93	100	-	-	193
Purchase of King St Car Park/Ground Floor Hector McNeil House (Note 3)	-	-	-	-	-
Capital Works on Former Tied Houses	-	99	60	230	389
Asset Management Plan - Offices	-	11	-	-	11
Asset Management Plan - Depots	185	412	-	-	597
CWSS	217	-	-	-	217
Flooding Works	300	901	-	-	1,201
Kirn Drive Passing Places	-	192	-	-	192
Roads Asset Management Plan	2,992	3,120	3,320	-	9,432
Scheme of Assistance/Aids & Adaptations	650	1,176	933	-	2,759
Clune Park	-	369	-	-	369
Vehicle Replacement Programme	1,962	1,080	477	-	3,519
Cemetery Development	400	1,000	-	-	1,400
Cremator Replacement	800	772	-	-	1,572
Play Areas/Park Assets	123	-	-	-	123
Park, Cemeteries & Open Spaces AMP	150	320	200	-	670
Annual Allocation (Zero Waste Fund)	60	60	60	-	180
Environment & Regeneration Total	11,197	15,682	7,050	230	34,159
Education & Communities					
Completion of Existing Programme	195	90	-	-	285
Lady Alice Bowling Club	-	195	-	-	195
Indoor Sports Facility for Tennis	-	500	-	-	500
Leisure Pitches AMP	50	325	926	-	1,301
School Estate Management Plan					
Hillend Children's Centre - Refurbishment	1,003	150	-	-	1,153
Gourock PS - Extension	500	20	-	-	520
St Mary's PS - Refurbishment & Extension	700	31	-	-	731
Lifecycle Fund	1,000	2,653	2,759	1,001	7,413
Demolish Sacred Heart PS	-	266	-	-	266
Complete on Site	-	397	-	-	397
Other Projects < £250K	40	-	-	-	40
Early Learning & Childcare Expansion (1140hrs) Projects:					
Refurbishment - Craigmarnoch/Gourock YAC	57	20	-	-	77
New Build - Larkfield CC/Park Farm (Rainbow FC)	3,353	850	-	-	4,203
Other Projects < £250K	24	-	-	-	24
Education & Communities Total	6,922	5,497	3,685	1,001	17,105
HSCP					
New Learning Disability Facility	-	3,900	3,500	-	7,400
Completion of Existing Programme	136	50	-	-	186
HSCP Total	136	3,950	3,500	-	7,586
Total Expenditure	18,509	25,552	14,658	1,231	59,950

2020/23 Capital Programme adjustments

	<u>£000</u>
a/ Add Office AMP Balance to Property Assets	350
b/ Reallocate MRF Balance to Property Assets	227
c/ Transfer King Street Car Park/Hector McNeill House Ground Floor allowance to Greenock Town Centre	325
d/ Allocate £3.6million from Reserves	(3600)

Use of General Fund Reserves

	<u>£000</u>	<u>£000</u>
Projected Free Reserves 31.3.20		3382
Write back from the Capital Fund		2000
Write back from the Insurance Fund		1000
Write back from the Earmarked Reserves		
- Loans Charges Smoothing Reserve	1400	
- Minor Sums Service Committee	46	
- Pay & Grading Reserve Balance	79	
- Riverside Inverclyde	<u>300</u>	<u>1825</u>
		8207
 <u>Proposals</u>		
Contribution to the 2020/23 Capital Programme		(3600)
MBWG Proposals (Appendix 8 Pages 2-4)		<u>(4607)</u>
		<u>0</u>

MBWG Reserves Proposal

		Est Cost of proposals £000	Proposed allocation £000	MBWG Position
1	<u>Modernisation</u> SWIFT Digital Strategy	600 200	800	Support in principle
2	<u>Town Centres</u> Greenock Town Centre Port Glasgow Town Centre Gourock Town Centre	500 100 100	700	Support in principle
3	<u>Employment & Employability</u> Business Support Employability	300 300	600	Support in principle on the basis of the Enterprise Fund being part of the Business Support allocation
4	<u>Climate Change</u> Reduce Inverclyde's Carbon Footprint	500	500	Support in principle a report to E&R Committee on proposed projects
5	<u>Promotion & Tourism</u> Further investment in Tourism Strategy	50	50	Support in principle with report to E&R Committee

MBWG Reserves Proposal

		Est Cost of proposals £000	Proposed allocation £000	MBWG Position
6	<u>Feasibility Studies</u> - Rankin Park Bowling Club General allowance	10 100	<u>110</u>	Support in principle a report to E&R Committee on proposed projects
7	<u>Resilience/Insurance Claims</u> Top Up Winter Maintenance EMR Black Start equipment Health & Safety/DDA Issues Training	300 25 400 25	<u>750</u>	Support in principle with report to E&R Committee on proposals for H&S/DDA allocation
8	<u>Healthy Lives</u> Whinhill Golf Club infrastructure Waterfront- Moveable Pool Floor Peter Stanton Trust Play Area Strategy* Safer Street initiative Provision of a dog park	125 tbc 25 400 100 20	<u>670</u>	50% of the £250k estimated project cost Report on options to E&C Committee by May2020 Agreed Report to E&R Committee on proposed projects.

MBWG Reserves Proposal

	Est Cost of proposals £000	Proposed allocation £000	MBWG Position
9 <u>Environmental Improvements</u> Murdieston/Thom Street Dam Area Roadside Trees Barrs Brae Steps St Ninians Site - Parking/Landscaping Overton Play Park surrounds Sea Walls/Retaining Walls	25 100 40 75 40 100	380	Support in principle a report to E&R Committee on proposals
10 Anti-Poverty Fund Contribution to existing Fund	47	47	Fund use to be broadened and to supplement the £1 million recurring budget proposed.
Total		4607	

COMMON GOOD FUND
REVENUE BUDGET 2020/21

	Projected 2019/20	Budget 2019/20	Adjustment 2020/21	Budget 2020/21
PROPERTY COSTS	29,000	25,000	A 4,000	29,000
Repairs & Maintenance	9,000	9,000		9,000
Rates	20,000	15,000	4,000	19,000
Property Insurance	0	1,000		1,000
ADMINISTRATION COSTS	7,700	7,700	0	7,700
Sundries	1,500	1,500		1,500
Commercial Rent Management Charge	2,200	2,200		2,200
Recharge for Accountancy	4,000	4,000		4,000
OTHER EXPENDITURE	74,100	74,100	B (12,600)	61,500
Christmas Lights Switch On	10,500	10,500		10,500
Gourock Highland Games	29,400	29,400		29,400
Armistice Service	8,300	8,300		8,300
Comet Festival	13,300	13,300		13,300
Fireworks	12,600	12,600	(12,600)	0
INCOME	(145,000)	(165,730)	C 44,300	(121,430)
Gross Rent	(168,950)	(166,250)	(1,600)	(167,850)
Void Rents	59,450	36,020	10,900	46,920
Internal Resources Interest	(500)	(500)		(500)
Disposal of Land	(35,000)	(35,000)	35,000	0
NET EXPENDITURE	(34,200)	(58,930)	35,700	(23,230)

Projected Fund Balance as at 31st March 2020 **£56,020**

Projected Fund Balance as at 31st March 2021 **£79,250**

Notes:

A Property Costs

Adjust Rates budget based on current level of voids 4,000

4,000

It is proposed any underspends in the annual Repairs & Maintenance budget would be added to the Repairs & Renewals fund.

B Other Expenditure

Reduction in Events spend to restore reserves balance (12,600)

(12,600)

C Income

Adjust rental on review of occupancy 9,300

Reversal of disposal of Land, Port Glasgow Road, one off receipt 35,000

44,300

D Occupancy assumptions:

Projected Income (& Rates) assumes full occupancy with the exception of:

- 10 Bay St (assumed 85% occupancy on short term charity leases)
- 12 Bay Street (vacant, assumed let during year)
- 6 John Wood St (vacant, assumes no let during year)
- 10 John Wood St (vacant, assumes no let during year)
- 15 John Wood St (vacant, assumes let during year)
- 16 John Wood St (vacant, assumes no let during year)
- 17 John Wood St (vacant, assumes let during year)

E Recommended Fund Level

The recommended minimum overall fund level is £100,000.

Total Adjustments **48,300**

3 Year Position Based on March Council Proposals

	<u>20/21</u> £000	<u>21/22</u> £000	<u>22/23</u> £000	<u>Notes</u>
Feb P&R Funding Gap Position	1999	7457	13068	
Impact of 2020/21 Settlement	(450)	(450)	(450)	Position as at 27.2.20
Adjustment Approved 20/2/20 Council	(1071)	(1071)	(1071)	
Impact of 3% Council Tax	(948)	(1924)	(2930)	Assumes 3.0% per year increase
Reinvest 20/21 Surplus in priorities	470	470	470	Gives £750k for Anti-Poverty projects
FYE - 2020/21 Savings	0	(84)	(84)	
Craigmuschat Quarry Proposal	-	(40)	(40)	Subject to March E&R
Recurring Funding Gap	0	4358	8963	
Smoothing Reserve	0	(1500)	(1500)	Allocates full £3.0million reserve
Funding Gap	0	2858	7463	

Notes

1/ Reflects a 3.0% increase in Council Tax in 2021/22 or 2022/23.

2/ Smoothing Reserve would be fully utilised over the next 3 years.

3/ All 2020/21 savings agreed in March 2020 are to be reinvested in policies to reduce poverty & deprivation.