
Report To:	Policy & Resources Committee	Date: 17 November 2020
Report By:	Chief Financial Officer	Report No: FIN/100/20/AP/AE
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	2020/21 General Fund Revenue Budget as at 30 September 2020	

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 2020 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 2020/21 Revenue Budget in March 2020.

2.2 It can be seen from Appendix 1 that as at 30 September 2020 the General Fund is projecting a £469,000 underspend (excluding Health & Social Directorate) which represents 0.2% of the net Revenue Budget. This is mainly due to:

- Projected underspend of non-pay inflation (£300,000)
- Projected underspend of pay inflation (£200,000)

2.3 From Appendix 1 it can be seen that the Policy & Resources Committee and Education & Communities are currently projecting underspends. Both Environment & Regeneration Services and Health and Social Care Partnership are currently projecting overspends excluding any COVID costs. Appendix 1 shows that there is unbudgeted COVID expenditure of £7.540 million and an estimated reduction in Council Tax Income of £0.963m due to COVID, this is detailed within Section 6.

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 2020 expenditure totalled £1,034,000 which equates to 14.89% of the planned spend in 2020/21. It can also be seen from Appendix 2 that at 30 September 2020 actual expenditure is £677,000 (40%) 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 30 September is £4.268 million which is £468,000 more than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Policy & Resources Committee on 11 August 2020 where the Committee approved £3.285m write back of Earmarked Reserves to help fund the COVID related budget shortfall.

2.6 Appendix 4 provides the position in respect of extra costs incurred by the Council due to COVID. It can be seen the costs are projected to total £20.5 million of which £13.4 million is estimated to be funded by Government Grants with the balance of £7.1 million either contained in budget underspends or funded from Reserves.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the latest position of the 2020/21 Revenue Budget and

General Fund Reserves.

3.2 It recommended that the Committee notes the latest costs in relation to COVID-19.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Council approved the 2020/21 Revenue Budget in March 2020.

5.0 POSITION AS AT 30 SEPTEMBER 2020

5.1 It can be seen from Appendix 1 that as at 30 September 2020 the General Fund is projecting an underspend of £0.469 million which equates to 0.2% of the net General Revenue Fund Budget.

5.2 Appendix 1 shows that the Policy & Resources Committee and Education & Communities are currently projecting underspends. Both Environment & Regeneration Services and Health and Social Care Partnership are currently projecting overspends.

5.3 The main issues relating to the four Service Committees exclude COVID-19 expenditure as will be funded either from specific Scottish Government grants or from Reserves:-

Policy & Resources Committee – Projected underspend of £424,000 (2.58%) mainly due to underspends within the non-pay and pay inflation contingencies.

Environment & Regeneration – Projected overspend of £46,000 (0.20%) mainly due to turnover savings across the Committee due to a delay in filling vacant posts off-set with under-recoveries within Parking and Green Waste permit income.

Education & Communities – Projected underspend of £91,000 (0.10%) mainly due to an overspend on ASN transport partly off-set within underspends for Gas and Biomass Fuel.

Health & Social Care – Projected overspend of £704,000 (1.34%) mainly due to an increased client commitment costs within Learning Disability Service, and Children and Families Service offset by underspends within Older People care home beds and external homecare.

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 2020 the Council has spent £1,034,000 against a phased budget target of £1,711,000. This represents 14.89% of the planned spend and equates to 39.56% behind 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 £4.268 million which is £0.468 million more than the minimum recommended balance of £3.8 million. This position reflects the decisions taken to date. At the Policy & Resources Council meeting held in August 2020, funding of £3.285m was approved for COVID related expenditure.

6.0 PROJECTED EXCESS REVENUE COVID COSTS 2020/21

6.1 Due to the COVID pandemic £7.540 million unbudgeted revenue costs are projected in 2020/21. This excludes HSCP which is funded through the IJB and Scottish Government grants.

6.2 The make up of the £7.540 million cost is as follows:

Policy & Resources £833,000, Environment & Regeneration £2.498 million, Education & Communities £3.243 million and £924,000 Contingency. These costs are funded through additional Government funding, Committee specific underspends and write back of specific Earmarked Reserves.

6.3 Appendix 4 provides the position in respect of extra costs incurred by the Council due to COVID. It can be seen the costs are projected to total £20.5 million of which £13.4 million is estimated to be funded by Government Grants with the balance of £7.1 million either contained in budget underspend or funded from Reserves.

7.0 CONSULTATION

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

8.0 IMPLICATIONS

8.1 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

8.2 Legal

There are no legal implications arising from this report.

8.3 Human Resources

There are no HR implications arising from this report.

8.4 Equalities

There are no equality implications arising from this report.

Equalities

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

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
	YES (see attached appendix)

(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.
X	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

8.5 **Repopulation**

There are no repopulation implications arising from this report.

9.0 **BACKGROUND PAPERS**

9.1 None

Policy & Resources Committee
Revenue Budget Monitoring Report
Position as at 30th September 2020

Committee	Approved Budget 2020/2021	Revised Budget 2020/2021	Projected Out-turn 2020/2021	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	16,406	16,416	15,992	(424)	(2.58%)
Environment & Regeneration	23,546	23,176	23,222	46	0.20%
Education & Communities (Note 1)	95,311	91,077	90,986	(91)	(0.10%)
Health & Social Care	52,289	52,352	53,056	704	1.34%
Committee Sub-Total	187,552	183,021	183,256	235	0.13%
Loan Charges (Including SEMP) (Note 2)	11,236	15,444	15,444	0	0.00%
Saving Approved yet to be allocated (Note 3)	(90)	(90)	(90)	0	0.00%
Unbudgeted Covid Expenditure (Note 4)	0	0	7,540	7,540	100.00%
Earmarked Reserves	0	930	930	0	0.00%
Total Expenditure	198,698	199,305	207,080	7,775	3.90%
Financed By:					
General Revenue Grant/Non Domestic Rates	(166,076)	(166,683)	(172,132)	(5,449)	3.27%
Contribution from General Reserves	0	0	(3,054)	(3,054)	100.00%
Council Tax (Note 5)	(32,622)	(32,622)	(31,659)	963	(2.95%)
Integration Joint Board - Contribution to Reserves	0	0	(704)	(704)	100.00%
Net Expenditure	0	0	(469)	(469)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Loan Charges account reduced by £400,000 to reflect reduction in Interest rates, off-set by £400,000 reduction in Internal Interest within P&R budget.

Note 3 - Corporate insurance saving yet to be allocated to Service budgets.

Note 4 - Additional COVID unbudgeted expenditure, excludes HSCP and is net of Specific Grant Support;

1. Policy & Resources	883
2. Environment & Regeneration	2,498
3. Education & Communities	3,243
4. Contingency	924
5. Unallocated	(8)
	<u>7,540</u>

Note 5 - Council Tax reflects the estimated impact in collection rates due to COVID and **increase in Council Tax Reduction numbers.**

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2020/21</u>	<u>Phased Budget to</u>	<u>Actual Spend To 30 Sept 2020</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2020/21</u>	<u>Earmarked 2021/22 & Beyond</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Education & Communities	2,705	601	264	(337)	2,471	234
Health & Social Care	3,041	524	492	(32)	2,165	876
Regeneration & Environment	5,013	210	60	(150)	1,627	3,386
Policy & Resources	2,142	376	218	(158)	679	1,463
	12,901	1,711	1,034	(677)	6,942	5,959

<u>2020/21 %age Spend Against Projected</u>	<u>2020/21 %age Over/(Under) Spend Against Phased Budget</u>
10.68%	(56.07%)
22.73%	(6.11%)
3.69%	(71.43%)
32.11%	(42.02%)
14.89%	(39.57%)

Actual Spend v Phased Budget Ahead of Phasing = (£677k) (39.57%)

Last Update (Period 4) Ahead of Phasing = £38k

Movement in spend v Phasing (£715k)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/20

	<u>£000</u>	<u>£000</u>
Unaudited Balance 31/03/20		5305
Projected Surplus/(Deficit) 2020/21	469	
Contribution to/(from) General Fund Reserves Note 1	<u>0</u>	
		469
Earmarked Reserves Write Back - Approved P&R August 2020		3285
<i><u>Approved Use of Reserves (August 2020)</u></i>		
Projected Excess Revenue Covid Costs 2020/21		(3054)
Projected Excess CFCR Covid Costs 2020/22		(1737)
Projected Unallocated Balance 31/03/21		<u><u>4268</u></u>

Minimum Reserve required is £3.8 million

Note 1 No contribution from reserves was required when setting 2020/21 Revenue Budget.

COVID 19 - Main Area Of Expenditure/Income loss to 31 March, 2021- Position 30.9.20 (P5 Monitoring)

Proposal	Estimate £'000
Health & Social Care Partnership - IJB Return	
Fitzgerald Centre - Suspend Day Service. Loss of income	81
Hillend Respite Service- Income Loss	57
Homecare Commissioned Services	350
Homelessness Service - Security Costs	54
Inverclyde Centre	276
43 TFA's	159
Bed & Breakfast Support	160
Care Homes- Extra beds and sustainability payments	284
Care Homes - Sustainability Payments	844
PPE Cots - Council	250
Providers	250
Additional Staffing Costs across Directorate	1,243
3.3% Living Wage uplift on Care at Home Provision	135
Care Provider Costs	1,745
Equipment for working from home	50
Temporary Childrens Unit	66
Criminal Justice Early Release - Rent and Set up costs 18 Flats	66
Other Expenditure Areas	36
Gross Expenditure before Government Grants	6,106
Government Grants to date	(1,969)
Net Expenditure - Integrated Joint Board	4,137
Education, Communities & ODHR	
Inverclyde Leisure	951
Extra Food Purchases to support deliveries/boxes etc	213
Payment of School Meal Grant - Provide families who are entitled to a free School meal with £25 per fortnight.	712
Pilot Food Pantry -Food Fund	60
Food Bank & Food Bags- Food Fund	72
Other Food Fund Projects	100
Balance of Food Fund not allocated	32
Schools Digital Inclusion- Connectivity/WiFi and devices	414
Loss of Lets income	99
Saving in Waivers due to reduced lets	(95)

Comments
Loss of income due to suspension of all day services
6 months
Paying providers on planned hours for 7 months.
Additional security at Inverclyde Centre
12 months loss of rent from 26 flats due to increased voids.Hopefully offset some costs via a Rent Review
One off cost of additional 43 flats.
Based on an extra 7 B&B rooms each night
Purchase of 32 extra beds for 12 weeks
SG Sustainability Scheme including phased reduction to November
£328k of this due 2021/22. £226k unallocated
£135k is additional cost of 1.1% above what was built into budget.
Balance of LMP allowance
4 months
Rental (offset by HB), furniture and minor costs for 18 flats
Extra sessional and increased delivery costs.
£785k (1st £50m), £393k (Share of £25m from 2nd £50m), £200k (Share of £8m), £98k Living Wage 3.3% uplift
Assumed to be funded by Health Directorate and IJB
Based on net income loss of £1.19million to 31.3.21 including £20k to open Gourrock Pool to end of October and £51k for the opening of PG Baths from 6.10.20. Figure is net of contribution from IL reserves.
Funded from Food Grant
To 28.8.20 and funded from additional Scottish Government funding.
Approved 11.8.20 P&R
Approved 1.9.20 E&C
Funded from Food Fund Grant.
Balance of Food Insecurity Funding . Includes £66k virement from Play schemes
£514k approved by Committee with £414k funded from PEF/Attainment Fund . £100k balance no longer needed due to Digital Inclusion Grant
Based on on going reduction for 20/21
Per P3 monitoring

COVID 19 - Main Area Of Expenditure/Income loss to 31 March, 2021- Position 30.9.20 (P5 Monitoring)

Proposal	Estimate £'000
Loss of School Meal Income	350
Lower provision of School Meals	(237)
Loss of Wrapround & Breakfast Club income	96
Loss of Breakfast Club Income	35
Refunds to parents of cancelled School Trips.	20
Additional School Cleaning costs	228
Additional ELC Cleaning costs	80
Allowance for Handsanitiser/PPE - Council Wide	150
Loss of library income	42
Supply Teachers additional costs	243
Public Conveniences	52
Increased media resources to 30.9.20	11
Partner nurseries and childminders	300
Term Time staff working over the summer	165
ELC Foodbags/£25/fortnight payments	85
Extra teachers-20/21	1,296
Transport Safety Costs	17
Homeworking equipment	80
Increased support for Health & Wellbeing of employees	50

Comments
Figures to the end of School term(June 20).
Figures to the end of School term (June 20).
Figures based to the start of new School term.
Assumes 50% income loss.
Net of insurance payouts to date
Covers period to 31.3.21
Fund from 20/21 1140 hrs ELC underspend
FM co-ordinating procurement for services.
Basis of phased reduction in income losses
For 3 months & includes holiday pay.
Extra cleaning/Supervision Costs based on 6 months from August
Funded from ELC underspend in 2019/20
Funded from ELC underspend in 2019/20
Funded from ELC underspend in 2019/20
Funded by SG Grant for period to 30.6.21
Funded by SG Grant
Costs of desks/chairs etc. £15k to ICTfor headsets
Increased staffing and Occupational Health costs

Environment, Regeneration & Resources	
Building Services:	
Reduction in costs due to income reduction	(200)
Reduction in Rev/ Capital income	383
Recovery Plans - Office Works	200
Loss of Property Services Fee Income	200
Increased Cleaning- Non School/ELC Buildings	170
Planning income - reduction in demand	304
2 x Temporary Business Development Officers	120
Clyde Muirshiel Park	25
Humanitarian Aid Centres	
Software Costs	15
Overtime	22
Suspension of Parking Enforcement:	
- Parking Charges	161
- Parking income saving	(47)
- Penalty Notices	183
Suspension of normal Waste Collection procedures - all waste to be collected via Residual Waste.	

3 month reduction in capital work
Minor works, hand sanitising units, furniture removal and £100k Property fees
Figure net of fees earned from recovery plans.
6 months to 31.1.21.
Estimate 3 months with no income then reduced income thereafter
18 month contracts funded from existing Earmarked Reserve
Share(30%) of net loss of income
£5k/month software costs
No income until mid-Januray 2021 at the earliest
No admin, cash handling maintenance
Issuing PCNs commenced mid-September

COVID 19 - Main Area Of Expenditure/Income loss to 31 March, 2021- Position 30.9.20 (P5 Monitoring)

Proposal	Estimate £'000
- Additional Cost of Landfill	506
- Dry Recyclates contract costs	82
- Loss of external income	258
- Social Distancing -Extra Vehicles	39
- Social Distancing - Agency Drivers	103
- Reduced cost of landfill from reduced external income	(138)
Roads Client:	
Reduction in income - Sales Fees and Charges	130
Roads Ops Unit:	
Reduction in costs due to loss of income	(680)
Agency Drivers	55
Reduction in Rev/ Capital and NCI income	1,000
Vehicle Charges	(112)
Increased Burial/Cremation Income	(100)
Early Prisoner Release- Payment to RCH	63
Retain HoS post to co-ordinate Covid response	114
ICT: Additional licences and equipment to support mobile working, staff overtime	300
ICT: Equipment for Homeworking	100
Extra technicians to support School Digital Inclusion	136
Statutory Additions	64
Prior Years Council Tax	0
Scottish Welfare Fund - Crisis Grants	447
Discretionary Housing Payments	72
One off saving in Central Repairs during lockdown	(150)
Reduction in Registrars Income	30
Other minor Expenditure areas	69

Comments
Based on P5 projection Extra costs of retendered service following non-compliance by contractor Based on 3 P5 projection To 31.3.21 To 31.3.21 Based on 3 month impact
Inability to earn full Capital fees and sales income
Materials, vehicles and overtime Covering additional absences, mostly winter maintenance Capital only, largely resurfacing work
Reduction in Fuel and Non routine Maintenance for 3 months Reflects increased number of deaths since March
Based on £3.5k/ property x 18 Based on 12 months to 31.3.21.
£48k Aventail licences plus £40k 12 month Web-ex licence for 200 hosts. Allowance for overtime over the public holidays and £200k laptops.
Docking stations,screens, keyboards , headsets etc 2 posts for 2 years. £110k post 20/21
Based on P6 monitoring On Budget per Q2 analysis.
Funded by increased Scottish Government Grant.
Increased funding to support Private tenancies. Funded by SG grant
Allowance based on buildings being closed and contractors unavailable
Based on P6 monitoring Dongles/Admin costs for Business Grants/ Overtime / Temporary Mortuary prep , Grounds Services costs etc

Corporate Expenditure	
Council Tax, Loss of Income due to reduced collection levels	630
Savings in Loans Charges due to reduction in interest rates	(400)
Reduction in Internal Resources Income due to low interest rates	400
Council Tax Reduction	293
Council Tax - Long Term Empty Income Reduction	40
Flu Jab for all employees	25
Recovery Plan- Short Term Actions	180
Unallocated Contingency	924

Based on a 5% reduction in in-year collection in 2020/21 leading to a 2% increase in Bad Debt.
Offsets cost below
Reduction due to low interest rates .
Projected increase in CTR largely funded by the Government.
Based on policy relaxation to 31.8.20
Approved CMT 3.9.20, includes allowance for wider support
£80k Events, £40k Remembrance, £60k Economic Study
Balancing figure based on approvals and grants to date

COVID 19 - Main Area Of Expenditure/Income loss to 31 March, 2021- Position 30.9.20 (P5 Monitoring)

Proposal	Estimate £'000
Capital - cost of inflation due to delays to Contracts, increases in tendering returns and contract delivery costs .	2,744
Gross Expenditure -	14,381
Government Grant - Food Insecurity Ph1	(565)
Government Grant - Food Insecurity Ph2	(558)
Government Grant - Scottish Welfare Fund	(447)
Government Grants- DHP	(72)
Government Grant - Hardship Fund	(749)
Government Grant - Consequentials £155m	(2,321)
Government Grant - Consequentials £49m	(734)
Government Grant- Income Recovery Scheme	tbc
Government Grant- Registrars Overtime	(9)
Government Grant- Council Tax Reduction	(290)
Government Grant - Public Protection	tbc
Government Grant- School Transport	(17)
Government Grant- Schools Return- Staffing	(1,269)
Government Grant- Schools Return- Operational	(263)
Gross Income	(7,294)
Net Expenditure	7,087
<u>Other Funding</u>	
Early Years Grant Underspend 19/20	(550)
Early Years Grant Underspend 20/21	(80)
Education Flexibilities (PEF/SAC)	(414)
Directorate Resources:	
Schools Budget to fund School Trips	(20)
Summer Playschemes Budget to fund Food Insecurity	(66)
Use of EMR to fund Business Development Posts	(120)
T&S Budget reduction to pay for Web-ex licences	(40)
Corporate Resources	
Capital Programme contribution	(1,007)
Reserves use approved	(4,790)
	(7,087)
Balance to be Funded	0

Comments
Based on restricted working practices, increased length of contract and after allowing for additional fees. Also increased ICT costs by £90k due to demand. Figure post 11.8.20 P&R
Costs to 30.6.20 .Projected spend is £631,000 - GRG
Use of balance to be approved August P&R - Specific Grant
Use of balance to be approved August P&R - GRG
Share of £5million Grant - GRG
Share of £50million Grant - GRG
Share of £155million Grant - GRG
Share of £49million Grant - GRG
Estimated £90 million allowance
Share of £0.6million Grant - GRG
Share of £25million funding -GRG
Share of £2.9million Funding
Share of £1.5million Grant - Capital Grant
Share of £80 million Grant to 30.6.21 - Specific Grant
Share of £20million Grant - GRG
2019/20 Underspend - Approved P&R Exec 16/6.
Fund extra cleaning- To be approved by Nov Committee
Schools Digital Inclusion - Approved P&R Exec 16/6
Approved Emergency Powers July 2020.
Approved P&R Exec June 2020
2 Posts for 18 months funded from Bus. Dev EMR
CMT agreed August, 2020
Approved by 11.8.20 P&R Committee, costs contained in existing allocations
Approved by 11.8.20 P&R Committee £1.505m from Contingency Reserve and £3.285m write back of existing.