
Report To:	Policy & Resources Committee	Date:	31 March 2009
Report By:	Chief Financial Officer	Report No:	FIN/28/09/AP/SC
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	General Fund Revenue Budget 2008/9 – Position as at 31 January 2009		

1.0 PURPOSE

- 1.1 The purpose of the report to advise Committee of the position of the 2008/9 General Fund revenue budget as at 31 January 2009, and to provide an update on the position in respect of General Fund reserves and designated earmarked reserves.

2.0 SUMMARY

- 2.1 Appendix 1 shows that at 31 January 2009 the 2008/9 budget is projecting an underspend of £1.647 million. This is an improvement of £43,000 since the last report.
- 2.2 Appendix 1 shows that of the five Service Committees, three are projecting underspends, one is projecting a break even, whilst Health & Social Care is projecting an overspend due to increased childcare costs arising over the Christmas period.
- 2.3 Appendix 2 gives the current position of earmarked reserves which shows expenditure being 62% of projected 2008/9 spend. The position in respect of earmarked reserves is reported to the CMT each month, and relevant Officers have reviewed phasings reported to Committee.
- 2.4 Appendix 3 shows that the General Fund reserve is projected to be £9 million as at 31 March 2009. Members took decisions in respect of the use of the General Fund reserves as part of the 2009/11 budget process, and latest projections are in line with the figures provided at that time.
- 2.5 In line with previous financial years, the Chief Financial Officer will review the designation and level of earmarked reserves as part of the 2008/9 closure process.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the General Fund revenue budget for 2008/9.
- 3.2 It is recommended that the Committee note the position in respect of the General Fund reserves and the associated earmarked reserves.
- 3.3 It is recommended that the Committee delegate to the Chief Financial Officer to determine the number and value of the earmarked reserves as part of the year end accounts process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council agreed the 2008/9 Revenue Budget in February 2008. At the same time the Council agreed the General Fund reserves strategy, and in April 2008 the Council agreed its initial Financial Strategy which was further reviewed in November 2008.

5.0 2008/9 CURRENT POSITION

- 5.1 Appendix 1 shows that the current underspend for 2008/9 is £1.647 million (0.9% of turnover). This is an improvement of £43,000 since the last report.
- 5.2 The position in respect of each Committee is as follows.

Education & Lifelong Learning

Projecting to outturn on budget following the identification of various one-off savings by the Corporate Director.

Social Care

Projecting £111,000 overspend at period 9. The overspend is entirely due to projected overspend in Residential Childcare, plus adoption/fostering costs arising from placements made over the December/January period.. Whilst every effort is being made to contain this overspend within the Health & Social Care Committee bottom line it must be recognised that given the limited time left in 2008/9, there is a strong possibility that Social Work will overspend marginally in 2008/9.

Safe & Sustainable Communities

Projecting a £172,000 underspend. This significant improvement from the last report is largely down to improvements in projected planning fee income.

Regeneration

Projecting an underspend of £41,000.

Policy & Resources

Projecting a net underspend of £376,000 arising from part year saving £170,000 relating to the new corporate insurance contract, allied to reductions in net benefit costs.

- 5.3 It should be noted that the above Committee positions are before the allocation of increased electricity and gas costs projected to be £520,000 more than the approved budget. These sums will be required to be allocated out as part of the year end accounts closure process.

6.0 EARMARKED RESERVES

- 6.1 It can be seen from Appendix 2 that the earmarked reserve balance at 31 March 2008 is £10.203 million. New funding of £13.336 million has been added in 2008/9, with projected spend being £17.120 million. To date spend is £10.625 million, being 62% of projected spend in 2008/9.
- 6.2 The position of all earmarked reserves is reviewed by relevant Lead Officers and the CMT on a monthly basis, and projections reflect their latest input.

6.3 As in previous years, it is proposed that as part of the account's closure process that Committee delegate to the Chief Financial Officer to determine the number and level of resources for all earmarked reserves. The Council has successfully utilised earmarked reserves over the past few years to smooth out costs in relation to the delivery of key corporate policy issues, and it is recommended that this practice continues.

7.0 GENERAL FUND RESERVES

7.1 Appendix 3 shows the latest projection position in respect of the General Fund reserve. The projected balance as at 31 March 2009 is £9.006 million. This is £5.006 million in excess of the recommended minimum approved by Committee as part of the Finance Strategy, however, decisions were taken on 12 February 2009 as part of the 2009/11 Revenue Budget to fully utilise this sum, and future reports will reflect these decisions.

8.0 FINANCIAL STRATEGY

8.1 Each Policy & Resources Committee highlights other issues not included in projections which may impact on future revenue monitoring reports.

Issues to highlight in this report are as follows:

Future Government Settlements - It is becoming increasingly apparent that future settlements for Local Government from 2010/11 onwards are going to be very tight, with latest indication from the Government talking about minimal increases in cash resources which will mean in real terms, cuts in funding. The Financial Strategy is currently being reviewed in line with previous reports to Committee, and will be presented to the next Policy & Resources Committee in May 2009.

Revenues Income - Latest figures in respect of Council Tax and Non Domestic Rates income are indicating a slow down on receipts. This is in line with reports from other Councils, and this information is being reported to the Government via Cosla. At the moment, the reductions are not material, however, if this situation changes then Committee will be advised.

Efficiency Target - The Chancellor's budget statement will not be made now until late April 2009, and until this point in time the Council will not get an indication of the level of efficiency target for the year 2010/11. Members will recall that an estimate of £1.4 million was factored into the 2010/11 budget, and once a firmer figure is received from the Scottish Government then this will be reported to Members.

9.0 IMPLICATIONS

9.1 There are no implications of a Legal, HR or an equalities' nature over and above those highlighted in the report.

10.0 CONSULTATION

10.1 This report is being produced in consultation with the CMT who have endorsed its contents.

Policy & Resources Committee**Revenue Budget Monitoring Report****PERIOD 10 : 1st April 2008 to 31st January 2009**

Committee	Approved Budget 2008/2009	Revised Budget 2008/2009	Projected Out-turn 2008/2009	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	31,395	28,743	28,367	(376)	(1.31%)
Safe, Sustainable Communities	16,881	17,583	17,411	(172)	(0.98%)
Regeneration & Resources	9,951	8,821	8,780	(41)	(0.46%)
Education & Life Long Learning	71,501	73,162	73,162	0	0.00%
Health & Social Care	48,087	49,164	49,275	111	0.23%
Electricity/Gas Overspend	0	0	520	520	100.00%
Committee Sub-Total	177,815	177,473	177,515	42	0.02%
Loan Charges	15,941	15,941	14,200	(1,741)	(10.92%)
Revenue Support Grant	(129,208)	(130,554)	(130,554)	0	0.00%
Allocation to Non General Fund Budgets	(278)	(278)	(278)	0	0.00%
Council Tax	(32,952)	(32,952)	(32,900)	52	(0.16%)
Community Charge	(40)	(40)	(40)	0	0.00%
Non Domestic Rates	(31,278)	(31,405)	(31,405)	0	0.00%
Contribution to General Fund Reserve	0	170	170	0	0.00%
Use of Balances	0	(1,160)	(1,160)	0	0.00%
1 Earmarked Reserves	0	2,805	2,805	0	0.00%
Net Expenditure	0	0	(1,647)	(1,647)	

Notes: This represents 2008/09 funding which is to be carried forward to future years.

1 Riverside Inverclyde	770
Modern Apprenticeship	48
Fairer Scotland Fund	627
Revenue Expenditure from Capital	180
Telecare Grant	50
Homelessness Taskforce Grant	110
Financial Inclusion	320
Early Retiral/Voluntary Severance Reserve	700
	<u>2,805</u>

Earmarked Reserve Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>c/f Funding</u> <u>2007/08</u> <u>£000</u>	<u>New</u> <u>Funding</u> <u>2008/09</u> <u>£000</u>	<u>Total</u> <u>Funding</u> <u>2008/09</u> <u>£000</u>	<u>Actual Spend</u> <u>To 31-Jan- 09</u> <u>£000</u>	<u>Projected</u> <u>Spend</u> <u>2008/09</u> <u>£000</u>	<u>Earmarked</u> <u>2009/10 &</u> <u>Beyond</u> <u>£000</u>	<u>2008/09</u> <u>%age Spend</u>
Education & Lifelong Learning	2,013	3,031	5,044	1,251	3,258	1,786	38.40%
Safe Sustainable Communities	1,874	(410)	1,464	447	731	733	61.15%
Health & Social Care	1,258	748	2,006	1,033	1,425	581	72.49%
Regeneration	1,199	8,720	9,919	5,390	7,966	1,953	67.66%
Policy & Resources	3,859	1,247	5,106	2,504	3,740	1,366	66.95%
	10,203	13,336	23,539	10,625	17,120	6,419	62.06%

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2007/08</u>	<u>New Funding 2008/09</u>	<u>Total Funding 2008/09</u>	<u>Actual Spend To Period 10 2008/09</u>	<u>Projected Spend 2008/09</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
New Rainbow Nursery	Albert Henderson	150	0	150	150	150	This contribution to the new nursery has now been fully spent. Nursery now operational.
School Estate M P	Tom Reid	1,094	2,375	3,469	0	1,683	Funding Model has been updated. £1,683k spend relates to Loan Charges, payment will be made at end of Financial Year.
School Estate Team	Tom Reid	769	656	1,425	1,101	1,425	Based on latest projected spend there is a potential shortfall of £57k for funding the School Estates Team, the shortfall will be contained within the Education budget
Total		2,013	3,031	5,044	1,251	3,258	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2007/08</u>	<u>New Funding 2008/09</u>	<u>Total Funding 2008/09</u>	<u>Actual Spend to P10 2008/09</u>	<u>Projected Spend 2008/09</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Registration of Private Landlords	John Arthur	57		57	42	57	Spend on software to improve data management and the funding of a student post.
Community Investment Fund	Neil Graham	768	(410)	358	25	213	£410k has been transferred to capital for CIF works in 08/09. An update of spend and projected spend has been received from the responsible Officers and the balance to be carried forward to 2009/10 and beyond has been updated accordingly.
Council Tax Second Home discount initiative	Ronnie Lee	265		265	265	265	This reserve has been fully spent.
Alcohol Related Care	John Arthur	24		24	24	24	This reserve has been fully spent.
Maintenance of Trunk Road Network	Alan Barnes	200		200	65	140	To make good diversion route for trunk road. The timing of the spend is subject to the outcome of legal challenge.
HRA Balance	Neil Graham	519		519	26	26	HRA balance transferred to General Fund for strategic housing initiatives.
National Accommodation Strategy for Sex Offenders	Fraser Williamson	41		41	0	6	Temporary funding of a post within Other Housing, as agreed in period 9 Committee reports. Employee commenced February 2009 .
Total		1,874	(410)	1,464	447	731	

EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (3)

COMMITTEE: Health and Social Care

Project	Lead Officer/ Responsible Manager	c/f	New	Total	Actual	Projected	Lead Officer Update
		Funding	Funding	Funding	Spend to P10	Spend	
		2007/08	2008/09	2008/09	2008/09	2008/09	
		£000	£000	£000	£000	£000	
Supporting People Grant	Anne Innes	388	0	388	388	388	Fully spent within 08/09.
Telecare Grant	Gillian McCready	83	125	208	99	168	Estimated £40k slippage due to to delays in recruitment to be earmarked for 09/10.
Demonstrators Grant	Gillian McCready	150	0	150	36	75	Expenditure for salaries and commissioning pieces of research.
Homelessness Task Force Grant	Jim Anderson	257	243	500	121	354	Phase 3 of Inverclyde Centre project started on 10th Nov 2008 and is expected to be completed in April 2009. Capital funding has been fully expended but this has not been reflected in the period 9 Capital Report to Committee.
Financial Inclusion	Anne Feeney	327	380	707	338	387	Funding can be used for employee costs and will be used to cover commitments for 18 months with FSF funding. £320k carry forward is made up of £87k from FSF and £233k earmarked carry forward from 07/08 (subject to permission from the Scottish Government to carry forward which is currently being sought).
Corporate Parenting	Sharon McAlees	53	0	53	51	53	Fully Committed within 08/09
Total		1,258	748	2,006	1,033	1,425	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2007/08</u>	<u>New Funding 2008/09</u>	<u>Total Funding 2008/09</u>	<u>Actual Spend to Period 10 2008/09</u>	<u>Projected Spend 2008/09</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Working For Families	Stuart Jamieson	24		24	24	24	Fully Spent.
Riverside Inverclyde	Stuart Jamieson	715	1,840	2,555	1,085	1,785	The £770k earmarked for 2009/10 represents the projected spend as per project plans. Funding of £120k was drawdown in January 09.
Modern Apprenticeship	Stuart Jamieson	0	80	80	18	29	Five employees are currently employed under the Modern Apprenticeship scheme. A further post was filled in January but has since been vacated. As a result, the projected spend and amount to be earmarked has been adjusted accordingly.
Tall Ships	Aubrey Fawcett	90		90	0	90	The full budget is expected to be spent for the year end. Expenditure will be on the following; Port fees, Traffic Management and Legal and Admin fees.
FSF	Stuart Jamieson	0	6,470	6,470	4,233	5,843	The £627k earmarked for 2009/10 represents the projected spend as per latest project plans. Although spend to date appears to be low, the majority of projects are expected to receive their quarterly funding in March which will bring spend online.
Greenock Cut	Joe Lynch	370	0	370	30	45	Funds to be commuted as proposals are agreed.
Revenue expenditure transferred from Capital	Joe Lynch	0	330	330	0	150	Costs will be transferred at Year End.
Total		1,199	8,720	9,919	5,390	7,966	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	c/f	New	Total	Actual	Projected	Amount to be	Lead Officer Update
		Funding	Funding	Funding	Spend to P10	Spend	Earmarked for	
		2007/08	2008/09	2008/09	2008/09	2008/09	2009/10 & Beyond	
		£000	£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	529	700	1,229	44	500	729	One off retiral costs approved at Committee, 2007/08 earmarked reserves included. Associated costs are one-off costs with spend only when employee leaves authority.
Single Status	Alan Puckrin	1,652		1,652	1,178	1,592	60	2008/09 Single Status outturn completed. £60k carried forward into 2009/10 for staff retraining.
MGF	Gordon McLoughlin	683		683	169	248	435	Modernisation and Efficiency programme extends over a number of years. Spend for e-procurement & CRM integration services planned for 09/10 (net of funding returned from previous CRM project). Possible slippage within CRM, Corporate GIS and Back Office Integration projects. Also awaiting confirmation from the Scot Exec on claw back of £51k funding for the Smart Card Young Persons scheme.
Modernisation & Efficiency Fund	Gordon McLoughlin	516		516	311	444	72	Modernisation and Efficiency programme extends over a number of years. Anticipate majority of spend to be incurred in 2008/09.
Design Mandate	Gordon McLoughlin	130	160	290	214	290	0	Funding for Design Mandate & Operating Model. Full spend anticipated 2008/09.
Birkmyre Pavilion	Aubrey Fawcett	222		222	170	182	40	Practical completion certificate issued late April 2008 with final account payment due April 2009.
Implementation of Employment & Support Allowance (ESA)	Fiona Borthwick	42		42	42	42	0	Funding received from DWP to facilitate the implementation of ESA which is replacing Incapacity Benefit, Severe Disablement Allowance and Income Support.
Local Housing Allowance	Fiona Borthwick	66		66	38	56	10	Funding for Central Governments reform of Housing Benefit. Small carry forward.
HBSD/IAD Scan Funding	Fiona Borthwick	3		3	3	3	0	Funding for Central Governments reform of Housing Benefit.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2007/08</u>	<u>New Funding 2008/09</u>	<u>Total Funding 2008/09</u>	<u>Actual Spend to P10 2008/09</u>	<u>Projected Spend 2008/09</u>	<u>Amount to be Earmarked for 2009/10 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
RVJB Capital Contribution	Alan Puckrin	16		16	0	16	0	Balance of 2007/08 RVJB contribution. Full spend anticipated 2008/09, invoice due to be paid March 2009.
Waterfront Legal Fees	Elaine Paterson	0	300	300	300	300	0	Litigation costs. Reserve approved August 2008. Allowance fully spent. Projected overspend of £70k to be contained within 2008/09 Miscellaneous budget.
Workforce Development Fund	Alasdair Moore	0	87	87	35	67	20	Balance of 2008/09 to fund Occupational Health Scheme costs. 2008/09 projection includes £30k IPF consultancy costs.
Total		3,859	1,247	5,106	2,504	3,740	1,366	

APPENDIX 3

General Fund Unallocated Reserve Position
Position as at 31/01/2009

	<u>£000</u>	<u>£000</u>
Balance 01/04/2008		8349
Windfall Planning Income	(170)	
Waterfront Legal Fees Earmarked Reserve	300	
M&E Phase 2 Earmarked Reserve	160	
Early Retiral/Earmarked Reserve	<u>700</u>	(990)
Projected Surplus 2008/09		1647
Projected Balance 31/03/09		<u><u>9006</u></u>