
Report To:	Policy & Resources Committee	Date:	22 September 2009
Report By:	Chief Financial Officer	Report No:	FIN/50/09/AP/SC
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	General Fund Revenue Budget 2009/10 – Position as at 31 July 2009		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the latest position of the 2009/10 General Fund Revenue Budget as at 31 July 2009, and to provide an update in respect of earmarked reserves and other relevant matters.

2.0 SUMMARY

- 2.1 Appendix 1 shows that as at 31 July 2009 there is a projected underspend of £1,000,000 in the General Fund Revenue Budget arising from a projected overall underspend from Service Committee and savings in loans charges generated by debt restructuring carried out at the end of 2008/9 and the early part of 2009/10.
- 2.2 Overall Service Committees are projecting an underspend of £300,000. This is following a review of the Social Care Committee employee cost projection which identified an improved position of £328,000 since the Period 3 report.
- 2.3 Appendix 2 gives the position in respect of earmarked reserves as at 31 July 2009. It can be seen that expenditure is £3.646 million which represents 15% of projected expenditure for 2009/10.
- 2.4 Appendix 3 shows the projected position for the General Fund Reserve as at 31 March 2010 as being a balance of £6.327 million. Whilst this is £2.327 million greater than the recommended minimum level of non-earmarked General Fund Reserves a significant pressure is highlighted within the report in respect of the need to set aside funds to pay for further voluntary severance/early retrials arising from the anticipated reduction in the Council workforce over the next 2 – 3 financial years.
- 2.5 There are a number of significant outstanding financial issues awaiting clarification and resolution in respect of the 2010/11 Revenue Budget, and these are highlighted within Section 8 of the report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2009/10 General Fund Revenue Budget.
- 3.2 It is recommended that the Committee note the position in respect of the General Fund Reserve and the associated earmarked reserves.
- 3.3 It is recommended that the Committee agree to allocate a further £1.8 million from the General Fund Reserve to the Voluntary Severance/Early Retiral earmarked reserve, subject to this not bringing the projected non-earmarked reserves below £4.0 million as at 31 March 2010.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council agreed the 2009/11 Revenue Budget on 12 February 2009. This was the first two year budget agreed by the Council and included an estimated allowance for the Pre-Budget efficiency saving announced by the Chancellor in November 2008.
- 4.2 As part of the approved budget, the Council agreed the utilisation of general fund reserves with the result of reducing the non-earmarked General Fund reserve to £4 million by 31 March 2010.

5.0 2009/10 CURRENT POSITION

- 5.1 Appendix 1 shows that as at period 4 (31 July 2009) there is a projected underspend on the General Fund of £1,000,000. This underspend is generated by a projected Service Committee underspend of £300,000 and savings in loans charges arising from debt restructuring carried out at the end of 2008/9 and the early part of 2009/10.
- 5.2 Ongoing savings in respect of this restructuring will be factored into the 2010/11 and on budgets, however it should be noted that an element of this saving is a one off in nature due to the extremely low temporary borrowing rates which the Council can currently obtain.
- 5.3 Service Committees are projecting an underspend of £300,000 against a budget of £184.7 million. The position in respect of the Social Care Committee has improved by £328,000 from that reported to members of that Committee on 27th August. A review by both Social Work and Finance Services identified offsetting income streams which had not been factored into the Period 3 projections whilst action taken by Social Work management to reduce overtime has resulted in a significant reduction in overtime during Period 4.

6.0 EARMARKED RESERVES

- 6.1 It can be seen from Appendix 2 that expenditure on earmarked reserves in 2009/10 is £3.646 million which represents 15% of projected expenditure. Progress in expending earmarked reserves is reviewed by the CMT every month and by Service Committees each cycle.

7.0 GENERAL FUND RESERVES

- 7.1 Appendix 3 shows the projected position in respect of the General Fund Reserve as at 31 March 2010. It can be seen that based on the current projected underspend and the better than projected outturn for 2008/9 that the projected balance as at 31 March 2010 is £6.327 million. This is £2.327 million greater than the minimum level of non-earmarked General Fund Reserves recommended by the Chief Financial Officer.
- 7.2 A report elsewhere on the agenda advises that the remaining unallocated earmarked reserve fund balance in respect of early retiral/voluntary severance is £675,000 indicating that the Council has spent in excess of £1.2 million from this reserve over the last nine months. In light of this and after considering the fact that the Council will need to continue to reduce employee numbers in order to deliver balanced budgets for 2010/11 and 2011/12 it is recommended that a further £1.8 million be allocated to the early retiral/voluntary severance earmarked reserve. This will reduce the projected balance on the non-earmarked General Fund Reserve to £4.5 million as at 31 March 2010.

8.0 FINANCIAL STRATEGY

- 8.1 Each Policy and Resources Committee highlights other issues not included in the

projections which may impact on future revenue monitoring reports and future years' budgets. Issues to highlight in this report are as follows:

Future Government Settlements

It is anticipated that the Scottish Government will announce Local Governments 2010/11 financial settlement in early November. Committee should note that it is expected that there will be a reduction in funding over and above that advised to Members when setting the 2009/11 revenue budget. However, it is not anticipated that Members will be required to reopen consideration of the 2010/11 budget.

Pay Awards

The pay award for non-teaching employees for 2010/11 has not yet been agreed. The Council has budgeted for 2.5% within its 2010/11 budget, but given the current economic climate and the levels of pay award elsewhere it is anticipated that the final pay award for 2010/11 will be significantly lower than this sum. COSLA has given initial consideration to a pay strategy which will form the basis for the initial pay award discussions.

Fairer Scotland Fund

From 2010/11 the current Fairer Scotland Fund Grant will become part of the General Revenue Grant for the Council. The Council will need to await details of the overall 2010/11 settlement before deciding how much funding is allocated to delivery of outcomes formerly funded by FSF. In the interim proposals are being developed to optimise the impact of sums allocated to areas covered by this funding.

Carbon Accounting

From 2010/11 all major users of electricity and gas will have to participate in a carbon accounting trading scheme developed by the UK Government. At present there is a significant volume of guidance issued, and this is supported by a number of seminars being delivered by the Government and COSLA. In simple terms, the aim of the carbon accounting scheme is to reduce the carbon footprint of large organisations, such as Inverclyde Council, and it is intended that this will be achieved through a carbon allowance trading scheme backed up by penalties for authorities that exceed their quota of carbon allowances. This has the potential to result in costs for the Council, and further details will be brought back to the appropriate Committee once they have been developed.

Future Operating Model

The Policy and Resources Committee on 14 May considered a report in respect of the first stages of the Future Operating Model. It is clear that the Future Operating Model will have an impact on the strategic finances of the Council in coming years, and as a result a report is due to be prepared for the next meeting of the Policy & Resources Committee providing further detail in this regard.

9.0 IMPLICATIONS

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

10.0 CONSULTATION

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

Policy & Resources Committee**Revenue Budget Monitoring Report****PERIOD 4 : 1st April 2009 to 31st July 2009**

Committee	Approved Budget 2009/2010	Revised Budget 2009/2010	Projected Out-turn 2009/2010	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	30,311	30,778	30,640	(138)	(0.45%)
Safe, Sustainable Communities	18,229	17,550	17,510	(40)	(0.23%)
Regeneration & Resources	10,223	9,017	8,939	(78)	(0.87%)
Education & Life Long Learning	76,170	76,166	76,166	0	0.00%
Health & Social Care	51,212	51,197	51,153	(44)	(0.09%)
Committee Sub-Total	186,145	184,708	184,408	(300)	(0.16%)
Loan Charges	14,680	14,225	13,525	(700)	(4.92%)
Revenue Support Grant	(134,349)	(134,349)	(134,349)	0	0.00%
Allocation to Non General Fund Budgets	(278)	(278)	(278)	0	0.00%
Council Tax	(32,900)	(32,900)	(32,900)	0	0.00%
Community Charge	(20)	(20)	(20)	0	0.00%
Non Domestic Rates	(34,125)	(34,125)	(34,125)	0	0.00%
Contribution to General Fund Reserve	847	847	847	0	0.00%
1 Earmarked Reserves	0	1,892	1,892	0	0.00%
Net Expenditure	0	0	(1,000)	(1,000)	

Notes: This represents 2009/10 funding which is to be carried forward to future years.

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Riverside Inverclyde	1,065
Tall Ships	150
Landfill Tax	677
	<u>1,892</u>

Earmarked Reserve Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>c/f Funding</u> <u>2008/09</u> <u>£000</u>	<u>New</u> <u>Funding</u> <u>2009/10</u> <u>£000</u>	<u>Total</u> <u>Funding</u> <u>2009/10</u> <u>£000</u>	<u>Actual Spend</u> <u>To 31 Jul</u> <u>09</u> <u>£000</u>	<u>Projected</u> <u>Spend</u> <u>2009/10</u> <u>£000</u>	<u>Earmarked</u> <u>2010/11 &</u> <u>Beyond</u> <u>£000</u>	<u>2009/10</u> <u>%age Spend</u>
Education & Lifelong Learning	1,786	3,832	5,618	205	3,514	2,104	5.83%
Safe Sustainable Communities	2,977	3,891	6,868	457	4,518	2,350	10.12%
Health & Social Care	997	988	1,985	539	1,936	49	27.84%
Regeneration	2,344	9,414	11,758	2,198	9,743	2,015	22.56%
Policy & Resources	2,103	4,691	6,794	247	4,716	2,078	5.24%
	10,207	22,816	33,023	3,646	24,427	8,596	14.93%

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u> £000	<u>New Funding 2009/10</u> £000	<u>Total Funding 2009/10</u> £000	<u>Actual To Period 04 2009/10</u> £000	<u>Projected Spend 2009/10</u> £000	<u>Amount to be Earmarked for 2010/11 & Beyond</u> £000	<u>Lead Officer Update</u>
School Estate M P	Tom Reid	1,786	3,832	5,618	205	3,514	2,104	£2.6m of the projected spend relates to year end transactions for loan charges. Expenditure to date primarily relates to decants at Notre Dame and St Columba's.
Total		1,786	3,832	5,618	205	3,514	2,104	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 04 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & 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>	
Community Investment Fund	Neil Graham	328		328	49	178	150	Due to potential delay in agreeing to a lease deal with Ardgowan estates, £150k is set aside for the project at Lunderston Bay for 2010/11.
Maintenance of Trunk Road Network	Alan Barnes	59		59	0	0	59	Awaiting diversion of North Bound A78 trunk road traffic which is to be completed by Transport Scotland. Work is being held up due to objections to Traffic Regulation orders.
Strategic Housing Fund	Neil Graham	782		782	0	100	682	£100k spend projected for Private Sector House Condition Survey. The remainder is earmarked for Contaminated Land costs. There is a potential Employment Tribunal case involving former Sheltered Housing Warden, the outcome of which would need to be funded from this fund.
National Accommodation Strategy for Sex Offenders	Fraser Williamson	33		33	11	33	0	Employee in post. Full spend projected by year end.
Private Sector Housing Grant	Fraser Williamson	447	1,178	1,625	287	1,609	16	Full spend projected by year end. Earmarked reserves c/fwd from 2008/09 includes an overclaim of £50k which potentially has to be returned back to the Scottish Government and £16k to be written back to General Reserves.
Antisocial Behaviour Funding	John Arthur	30		30	9	30	0	Employee in post. Full spend projected by year end.
Food Waste Trial	Alan Barnes	104		104	51	104	0	Full spend projected by year end - trial expected to end in October 2009.
Support for Owners (Right to Buy Receipts)	Fraser Williamson	437	1,621	2,058	50	2,058	0	At period 3 a potential carry forward into 2010/11 of £706k was reported, subject to confirmation from the Scottish Government that underspends could be carried forward into future years. Subsequent confirmation received from Scottish Government that underspends cannot be carried forward. Service in discussion with River Clyde Homes about possibility of bringing 2010/11 projects forward to achieve full spend. At present full spend is projected.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 04 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & 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>	
Play Areas	Neil Graham	0	250	250	0	250		0 A Play Area Strategy is being developed and this will dictate where spend should take place. Spend of £66k already committed for Overton Play Area and Quarriers Play Area. Note that £74k of the projected spend relates to Area Renewal within the Capital Programme.
Implementation of Green Charter	Neil Graham	0	50	50	0	50		0 It is anticipated that expenditure will commence from September 2009, in line with the meeting of the Green Charter Officer Member Working Group.
Traffic Study	Neil Graham	0	25	25	0	25		0 Expected start date December 2009.
Landfill Penalty Scheme	Neil Graham	676	677	1,353	0	0	1,353	Spend is subject to Scottish Government deciding to levy the penalties.
Affordable HRA (Council Tax 2nd Home Discount)	Fraser Williamson	81	90	171	0	81	90	New funding for 2009/10 is subject to variation. The actual funding will not be confirmed until the financial year end.
Total		2,977	3,891	6,868	457	4,518	2,350	

EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (3)

COMMITTEE: Health and Social Care

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 04 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & 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>	
Telecare Grant	Gillian McCready	107	200	307	23	307	0	Full spend projected by year end. New funding reflects £100k grant and £100k match funding (£50k administration approval and £50k delayed discharge funding).
Demonstrators Grant	Gillian McCready	113		113	25	90	23	90k expenditure projected, balance requested to be earmarked to 2010/11. Permission required from Scottish Government.
Homelessness Task Force Grant	Jim Anderson	224		224	180	198	26	Retention for 2010/11. Contract will otherwise be completed in 2009/10
Financial Inclusion - FSF	Anne Feeney	224	112	336	76	336	0	Full spend anticipated prior to 31/3/10, confirmed with Service Manager.
- Champions Fund	Anne Feeney	196	0	196	70	196	0	Contract runs to 2011, with further funding in 2010/11. Invoices to come from other authorities for staffing costs which will be charged quarterly.
FSF Social Care **	Colin Struthers	123	676	799	165	799	0	FSF funding to cover to March 2010. Detail of projects below.
Pilot to enhance job opportunities for care leavers	Sharon McAlees	10		10	0	10	0	Report re-plans for expenditure to be discussed at CMT. Full spend is expected in 09/10.
Total		997	988	1,985	539	1,936	49	

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Fairer Scotland Fund - Choose Life	B Young	3	22	25	0	25	0
Fairer Scotland Fund - Drugs Carers Programme	D Carmichael	35	69	104	28	104	0
Fairer Scotland Fund - YPAT Culture Change	C Park	20	165	185	53	185	0
Fairer Scotland Fund - Road to Recovery	D Carmichael	18	173	191	46	191	0
Fairer Scotland Fund - Homeless Detox	C Park	47	247	294	38	294	0
		123	676	799	165	799	0

Appendix 2 (4)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 04 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & 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>	
Riverside Inverclyde	Stuart Jamieson	1,052	1,513	2,565	169	1,500	1,065	No requests for funding were received from Riverside Inverclyde in Period 4. However, spend of £285k will appear in Period 5.
Modern Apprenticeship	Stuart Jamieson	50	100	150	17	150	0	The Service advertised for two admin apprenticeships and a trainee accountant in July with a view to start in September.
Tall Ships	Aubrey Fawcett	70	150	220	0	70	150	Costs will be transferred to Tall Ships in Period 5. Spend should be online by year end.
FSF	Stuart Jamieson	1,150	6,125	7,275	1,926	7,125	150	The Service is currently looking at the phasing of the projected spend to identify any further slippage.
FSF Community Hubs	Stuart Jamieson	22	506	528	67	528	0	The Service is currently reviewing their spending profile. However, the Service anticipates that some of the new funding will not be utilised and will be clawed back to the FSF central pot for redistribution. Previously FSF Community Hubs was accounted for as 4 individual projects; - Auchmountain; - Paton Street (£22k brought forward); - Central Greenock; and - Clune Park.
Arts Guild - Further Funding	Aubrey Fawcett	0	500	500	0	0	500	Report to Regeneration Committee updating timescales. As a result £500k will be carried forward.
Area Renewal Fund	Aubrey Fawcett	0	500	500	0	350	150	The following amounts have been allocated to date: Retail Assessment for Greenock South West - £25k Master planning for Drumfrochar Road/ Broomhill Area - £30k Match funding for bid to Town Centre Regeneration Fund for Port Glasgow and Greenock Town Centre's - £200k Match funding contribution to Gibshill Community Centre project - £100k and Clune Park Resource Centre - £75k The remaining balance of £70k is expected to be allocated by the year end. However, only £350k will actually be spent in 2009/10.
Hunter Place Toilet - Refurbishment	Joe Lynch	0	20	20	19	20	0	Works complete awaiting Scottish Power connection.
Total		2,344	9,414	11,758	2,198	9,743	2,015	

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	To Period 04	Spend	Earmarked for	
		2008/09	2009/10	2009/10	2009/10	2009/10	2010/11 & Beyond	
		£000	£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	799	1,000	1,799	0	1,500	299	Delegated authority granted to Chief Executive to release employees until Sept 09. Anticipated that the bulk of the earmarked sum will be committed by 31/03/10.
Single Status	Alan Puckrin	309		309	7	120	189	Sum held for financing training of red circled employees and managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	0	500	500	0	300	200	Allocation for back dating any appeals. No appeals yet considered but pre appeals process in progress.
MGF	Gordon McLoughlin	514		514	35	514	0	Modernisation and Efficiency programme extends over a number of years. Anticipate full spend to be incurred in 2009/10. Reduction in spend of £132k from P3 due to FOM (capital) costs incorrectly allocated to MGF.
Modernisation & Efficiency Fund	Gordon McLoughlin	205		205	115	205	0	Modernisation and Efficiency Fund created in 2008/09. Anticipate full spend of original fund to be incurred in 2009/10.
Birkmyre Pavilion	Aubrey Fawcett	9		9	1	9	0	Internal fees anticipated in 2009/10. Service in contractual negotiations with contractor to agree final account.
RVJB Capital Contribution	Alan Puckrin	30	26	56	0	30	26	Council invoiced at the year end.
Workforce Development Fund	Alasdair Moore	42	150	192	31	115	77	£55k committed to date on various projects and £60k anticipated commencing September 2009.
Short Term Cash Flow - Economic Downturn	Alan Puckrin	0	1,500	1,500	0	1,000	500	£850k approved to fund vehicle replacements 16/06/09. Approved at P&R Committee 26th May 2009.
Future Operating Model Delivery	Gordon McLoughlin	0	1,000	1,000	5	466	534	Detailed budget being compiled and reported separately to Committee.
One off Costs, Savings Implementation	Alan Puckrin	0	150	150	5	150	0	Funding to manage implementation of savings. Sums agreed to mothball Parklea Greenhouses pending future decision, carry out Office rationalisation feasibility work and progress Mearns Centre future feasibility work.
Allowance for Elections to May 2012	Elaine Paterson	0	300	300	45	50	250	Projected 2009/10 spend unchanged to allow for possibility of further bi-elections.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 04 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & 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>	
Revenue Expenditure Transferred from Capital	Alan Puckrin	175	0	175	0	175	0	Sum set aside and utilised as part of the accounts closure process.
ICMS Security Upgrade	Alan Puckrin	20		20	0	20	0	Funding to make cash collection system fully credit card compliant. £9k committed to date.
Taxi Study	Howard McNeilly	0	15	15	0	12	3	Contract awarded for the sum of £11.5k to be fully spent in the next two to three months. Anticipated balance will be written back to the General Fund Reserves at the financial year end.
Waterfront Legal Fees	Elaine Paterson	0	50	50	3	50	0	Litigation costs. Full spend expected in 2009/10.
Total		2,103	4,691	6,794	247	4,716	2,078	

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 31/07/2009

	<u>£000</u>	<u>£000</u>
Projected Balance 31/03/09		4590
Legal Fees - Waterfront Consultants	(50)	
Interim Corporate Director Education & Social Care	<u>(50)</u>	(100)
Budgeted Contribution to Reserves 2009/10		847
Projected Surplus/(Deficit) 2009/10		1000
Projected Balance 31/03/10		<u><u>6337</u></u>