
Report To:	Policy & Resources Committee	Date:	17 November 2009
Report By:	Chief Financial Officer	Report No:	FIN/64/09/AP/SC
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	General Fund Revenue Budget 2009/10 – Position as at 30 September 2009		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the latest position of 2009/10 General Fund Revenue Budget 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 30 September 2009 there is a projected underspend of £1,088,000 in the General Fund Revenue Budget which is an increase in underspend of £88,000 since the last report to Committee.
- 2.2 The underspend arises from a previously reported projected underspend in loans charges, a projected non-utilisation of part of the inflation contingency and a £238,000 projected underspend by Service Committees.
- 2.3 Currently two Service Committees, Health & Social Care and Safe, Sustainable Communities are projecting overspends, but in both cases the projected overspend is under £100,000, and Officers have undertaken to take all necessary action to ensure that out-turn is on budget.
- 2.4 Appendix 2 gives the position in respect of earmarked reserves as at 30 September 2009. It can be seen that expenditure is £4.348 million which represents just 17.5% of projected spend six months into the financial year. The Committee can be assured that all earmarked reserves have been reviewed by the Lead Officers who have confirmed the projections reported.
- 2.5 Appendix 3 shows the latest projected position of the General Fund Reserve as at 31 March 2010. This shows a projected balance of £4.225 million which is in line with the minimum level of reserves recommended by the Chief Financial Officer.
- 2.6 The Committee are advised that the detailed settlement for Inverclyde Council for 2010/11 has not been announced and is not expected to be confirmed until the end of this month. Once details have been received then Members will receive the appropriate briefings.

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 of the General Fund Reserves and the associated earmarked reserves.

- 3.3 It is recommended that the Committee note that a detailed briefing will be provided to all Members regarding the 2010/11 Revenue Budget once the details of the settlement for Inverclyde Council have been received from the Scottish Government.

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 2008.
- 4.2 As part of the approved budget, the Council agreed the utilisation of General Fund Reserves with a result of reducing the non-earmarked General Fund Reserve of £4 million by 31 March 2010.

5.0 2009/10 CURRENT POSITION

- 5.1 Appendix 1 shows that as at 30 September 2009 there is a projected underspend on the General Fund of £1,088,000. This is an increase in underspend of £88,000 since the last report, with the main reasons for the overall underspend being projected savings in loans charges, a saving in the inflation contingency and the £238,000 projected underspend in Service Committees.
- 5.2 It can be seen from Appendix 1 that two Committees, Health & Social Care and Safe, Sustainable Communities are projecting relatively small overall spends. The relevant Lead Officers for these Committees have provided reassurances that they will make every effort to bring their budgets in line by the end of the financial year.

6.0 EARMARKED RESERVES

- 6.1 It can be seen from Appendix 2 that expenditure on Earmarked Reserves in 2009/10 is £4.348 million which represents 17.5% of projected expenditure. This level of expenditure is low compared to the proportion of the financial year which has passed, but Committee can be reassured that all Lead Officers have reviewed their Earmarked Reserves and have confirmed the projections contained in the report. In addition, the CMT review progress each month in order to ensure that there is appropriate challenge for the projections reported.

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 previously approved utilisation of resources, there is a projected balance at 31 March 2010 of £4.225 million. This is in line with the recommended minimum level of free reserves of £4 million.

8.0 FINANCIAL STRATEGY

- 8.1 Each Policy & 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 the report are as follows:

Future Government Settlements

It is anticipated that the Scottish Government will announce the 2010/11 Local Government Financial Settlement in late 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, Members will not require to re-open consideration of the 2010/11 Budget.

All Members will receive a detailed briefing on the 2010/11 settlement once details are received.

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 the 2010/11 budget, but given the current economic climate and the levels of pay award experienced elsewhere, it is anticipated that the final pay award for 2010/11 will be significantly lower than this sum. COSLA are currently developing a pay strategy for discussion with Leaders and Unions.

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. 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 by penalties for bodies which exceed their quota of allowances. This has the potential to result in costs for the Council, and further details will be brought back to Committee once they have been developed.

Future Operating Model

Reports elsewhere on the agenda provides an update in respect of the Future Operating Model and the Council's Asset Management Plan. Both these matters will have an impact on the strategic finances of the Council in coming years. Once Members have considered these reports any financial impacts will be factored into future budget updates to the Policy & Resources Committee.

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

- 10.1 This report is produced in consultation with the CMT who have endorsed its comments.

Alan Puckrin
Chief Financial Officer

Policy & Resources Committee**Revenue Budget Monitoring Report****PERIOD 6 : 1st April 2009 to 30th September 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	31,086	30,671	(415)	(1.34%)
Safe, Sustainable Communities	18,229	17,485	17,556	71	0.41%
Regeneration & Resources	10,223	8,996	8,891	(105)	(1.17%)
Education & Life Long Learning	76,170	76,734	76,710	(24)	(0.03%)
Health & Social Care	51,212	51,445	51,530	85	0.17%
Committee Sub-Total	186,145	185,746	185,358	(388)	(0.21%)
Loan Charges	14,680	14,225	13,525	(700)	(4.92%)
Revenue Support Grant	(134,349)	(135,408)	(135,408)	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	1,913	1,913	0	0.00%
Net Expenditure	0	0	(1,088)	(1,088)	

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

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Riverside Inverclyde	1,065
Modern Apprenticeship	21
Landfill Tax	677
FSF	150
	<u>1,913</u>

Earmarked Reserve Position Statement

Appendix 2

Summary

Committee	c/f Funding 2008/09 £000	New Funding 2009/10 £000	Total Funding 2009/10 £000	Actual Spend To 30 Sept 09 £000	Projected Spend 2009/10 £000	Earmarked 2010/11 & Beyond £000	2009/10 %age Spend
Education & Lifelong Learning	1,786	5,444	7,230	275	3,413	3,817	8.06%
Safe Sustainable Communities	2,977	4,450	7,427	738	4,334	3,093	17.03%
Health & Social Care	997	988	1,985	696	1,651	334	42.16%
Regeneration	2,344	9,814	12,158	2,304	10,122	2,036	22.76%
Policy & Resources	2,103	6,491	8,594	335	4,645	3,949	7.21%
	10,207	27,187	37,394	4,348	24,165	13,229	17.99%

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

<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 06 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	£000	
School Estate M P	Tom Reid	1,786	5,394	7,180	275	3,413	3,767	Total Funding for 2009/10 has been updated to reflect changes as result of the SEMP Funding Model review carried out in August 2009 and reported to the September Education Committee. Expenditure to date primarily relates to decants at Notre Dame and St Columba's. £2,572k of the projected spend relates to Loan Charges and will be incurred at end of Financial Year.
Interim Corporate Director	Albert Henderson	0	50	50	0	0	50	Part Funding for Interim Corporate Director of Education & Social Care. Appointment will not be made in this Financial Year, funding can be returned to General Reserves as not required.
Total		1,786	5,444	7,230	275	3,413	3,817	

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 06 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 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	559	1,341	0	100	1,241	£100k spend projected for Private Sector House Condition Survey. The remainder is earmarked for Strategic Housing functions, especially Contaminated Land costs. There is a potential Employment Tribunal case involving former Sheltered Housing Warden/s, the outcome of which would need to be funded from this fund.
National Accommodation Strategy for Sex Offenders	Fraser Williamson	33		33	20	33	0	Employee in post. Full spend projected by year end.
Private Sector Housing Grant	Fraser Williamson	447	1,178	1,625	501	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	15	30	0	Employee in post. Full spend projected by year end.
Food Waste Trial	Alan Barnes	104		104	61	104	0	Full spend projected by year end - trial expected to finish at the end of 2009.
Support for Owners (Right to Buy Receipts)	Fraser Williamson	437	1,621	2,058	65	2,058	0	There is a potential underspend of £760k. Clarification received from Scottish Government that underspends cannot be carried forward. A meeting will be arranged with River Clyde Homes to discuss potential projects that River Clyde Homes have identified can be brought forward to maximise spend. Following the meeting there will be more information on the potential spend for 2009/10.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

Project	Lead Officer/ Responsible Manager	c/f Funding 2008/09	New Funding 2009/10	Total Funding 2009/10	Actual To Period 06 2009/10	Projected Spend 2009/10	Amount to be Earmarked for 2010/11 & Beyond	Lead Officer Update
		£000	£000	£000	£000	£000	£000	
Play Areas	Neil Graham	0	250	250	27	66	184	This earmarked reserve has been set aside as funding for play areas. This work is currently being reported through Capital Programme as CFCR. 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 total 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 - George Rd/Larkfield Rd	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	
Total		2,977	4,450	7,427	738	4,334	3,093	

EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (3)

COMMITTEE: Health and Social Care

Project	Lead Officer/ Responsible Manager	c/f Funding 2008/09	New Funding 2009/10	Total Funding 2009/10	Actual To Period 06 2009/10	Projected Spend 2009/10	Amount to be Earmarked for 2010/11 & Beyond	Lead Officer Update
		£000	£000	£000	£000	£000	£000	
Telecare Grant	Gillian McCready	107	200	307	56	178	129	Expenditure low due to miscodings (has been coded within Community Alarms) and will be identified and transferred to Telecare. The underspend is mainly due to delays due to technical difficulties with the installation of the Telehealth Equipment.
Demonstrators Grant	Gillian McCready	113	0	113	34	90	23	£90k expenditure projected, balance requested to be earmarked to 2010/11. Service to seek permission from Scottish Government to carry forward.
Homelessness Task Force Grant	Jim Anderson	224		224	180	199	25	Retention for 2010/11. Contract will otherwise be completed in 2009/10.
Financial Inclusion - FSF	Anne Feeney	224	112	336	80	336	0	Full spend anticipated prior to 31/3/10, confirmed with Service Manager.
- Champions Fund	Anne Feeney	196	0	196	80	196	0	Contract runs to 2011, with further funding in 2010/11. Invoices to come from 3 other authorities for staffing costs which will be charged quarterly. Inverclyde Council payroll costs charged monthly. Full spend expected.
FSF Social Care **	Colin Struthers	123	676	799	266	642	157	FSF funding to cover to March 2010. Detail of projects below. Underspend anticipated of £157k (breakdown below) in projects due to slippage and recruitment problems. FSF are aware of the project slippage and are currently in the process of deciding how this slippage will be dealt with.
Pilot to enhance job opportunities for care leavers	Sharon McAlees	10		10	0	10	0	Report agreed at CMT. Full spend is expected in 09/10.
Total		997	988	1,985	696	1,651	334	

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Fairer Scotland Fund - Choose Life	B Young	3	22	25	0	13	12
Fairer Scotland Fund - Drugs Carers Programme	D Carmichael	35	69	104	42	104	0
Fairer Scotland Fund - YPAT Culture Change	C Park	20	165	185	93	140	45
Fairer Scotland Fund - Road to Recovery	D Carmichael	18	173	191	73	171	20
Fairer Scotland Fund - Homeless Detox	C Park	47	247	294	58	214	80
		123	676	799	266	642	157

EARMARKED RESERVES POSITION STATEMENT

Appendix 2 (4)

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	c/f	New	Total	Actual	Amount to be	Lead Officer Update
		Funding 2008/09	Funding 2009/10	Funding 2009/10	To Period 05 2009/10	Earmarked for 2010/11 & Beyond	
		£000	£000	£000	£000	£000	
Riverside Inverclyde	Stuart Jamieson	1,052	1,513	2,565	169	1,065	A request for funding totalling £285k was received in period 5.
Modern Apprenticeship	Stuart Jamieson	50	100	150	26	21	The Service advertised for two admin apprenticeships and a trainee accountant in July with a view to starting in September/October. Recruitment process ongoing.
Tall Ships	Aubrey Fawcett	70	150	220	23	150	Spend is online with projection.
FSF	Stuart Jamieson	1,150	6,125	7,275	1,975	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	92	0	<p>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 FSF for redistribution to other projects.</p> <p>Previously FSF Community Hubs was accounted for as 4 individual projects;</p> <ul style="list-style-type: none"> - Auchmountain; - Paton Street (£22k brought forward); - Central Greenock; and - Clune Park.
Arts Guild - Further Funding	Aubrey Fawcett	0	500	500	0	500	Report was presented to the September Regeneration Committee updating the timescales. As a result £500k will be carried forward.
Area Renewal Fund	Aubrey Fawcett	0	500	500	0	150	<p>To date £430k has been allocated, however it is expected that only £350k of this will actually be spent in 2009/10 with £80k carried forward into 2010/11. The funding has been allocated as follows:</p> <ul style="list-style-type: none"> - 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 <p>The remaining balance of £70k is expected to be allocated by the year end but not spent until 2010/11.</p>
Hunter Place Toilet - Refurbishment	Joe Lynch	0	20	20	19	0	Works complete awaiting Scottish Power connection on 22 September 2009.
Facilities Management Efficiency Review	Joe Lynch	0	400	400	0	0	This is required to fund the implementation of the efficiency review.
Total		2,344	9,814	12,158	2,304	2,036	

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 06 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>	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	799	2,800	3,599	24	1,500	2,099	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. Request to add £1.8 million to reserves agreed by P&R Committee 22/09/09.
Single Status	Alan Puckrin	309		309	33	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 & training in progress.
MGF	Gordon McLoughlin	514		514	41	514	0	Modernisation and Efficiency programme extends over a number of years. Anticipate full spend to be incurred in 2009/10.
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 negotiations with contractor to agree final account. Making Good Defects certificate still to be issued. A further £20k of spend will be met by the Capital Complete on Site budget.
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	32	128	64	£115k committed to date on various projects with £48k to be spent by end of November 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. Part of balance to be used to cashflow delays in Capital receipts.
Future Operating Model Delivery	Gordon McLoughlin	0	1,000	1,000	66	452	548	Detailed budget approved by Committee, anticipate full spend of 09/10 budget.
One off Costs, Savings Implementation	Alan Puckrin	0	150	150	8	100	50	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	12	30	270	Projected 2009/10 spend allows for the possibility of further bi-elections.
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	0	20	0	20	0	

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 06 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>	
Taxi Study	Howard McNeilly	0	15	15	0	12	3	Contract awarded for the sum of £11.5k to be now fully spent by end of calendar year as survey still to be completed. 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	6,491	8,594	335	4,645	3,949	

APPENDIX 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/2009

	<u>£000</u>	<u>£000</u>
Balance 01/04/09		4590
Legal Fees - Waterfront Consultants	(50)	
Interim Corporate Director Education & Social Care	(50)	
Voluntary Severance Reserve	(1800)	
Facilities Management Efficiency Review	<u>(400)</u>	(2300)
Budgeted Contribution to Reserves 2009/10		847
Projected Surplus/(Deficit) 2009/10		1088
Projected Balance 31/03/10		<u><u>4225</u></u>