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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 4 February 2014
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b> FIN/06/14/JB/LA
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2013/14 General Revenue Budget as at 30th November 2013</b>	

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## 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 November 2013 and to update Committee in respect of the position of the Reserves and Workstream Savings.

## 2.0 SUMMARY

- 2.1 The Council approved a three year Revenue Budget in February 2013 and within that a 2013/14 Revenue Budget with a budgeted contribution to the General Fund Reserve of £4.677 million.
- 2.2 It can be seen from Appendix 1 that as at 30th November 2013 the General Fund is projecting a £0.930 million underspend which represents 0.48% of the net Revenue Budget. This is a decrease in the underspend reported to the last Committee of £0.111 million and is mainly due to:
- Additional underspends in Service budget of £14,000 mainly due to additional turnover savings within Finance and Education.
  - Contribution of £145,000 of underspend in CHCP budget for Caladh House reconfiguration.
- 2.3 From Appendix 1 it can be seen that all 4 Service Committees are currently projecting underspends with the Education & Communities Committee improving their previously reported £47,000 overspend to a projected £42,000 underspend.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 30th November 2013 expenditure totalled £10.603 million which equates to 40.83% of the projected spend in 2013/14. It can also be seen from appendix 2 that as at 30th November 2013 actual expenditure is 18.22% behind phased spend.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at the 31<sup>st</sup> March 2014 is £4.852 million which is £0.852 million greater than the minimum recommended balance of £4 million and is following the £1.5 million allocation to new projects agreed at the September Committee meeting. It is proposed that any decisions on using further excess reserves are taken at the February Council budget meeting.
- 2.6 Appendix 4 and Appendix 5 give an update in respect of the Savings Workstreams. From this it can be seen that as at 30th November 2013, 92.6% of the projected savings in 2013/14 have already been delivered.

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2.7 Scottish Government announced the 2014/15 Local Government settlement on 11<sup>th</sup> September 2013 with the detailed local authority settlement being announced on 11<sup>th</sup> December. The impact of this is subject to a report later on this agenda.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Committee notes the latest position of the 2013/14 Revenue Budget and General Fund Reserves.

3.2 It is recommended that the Committee notes the 2013/16 Workstream Savings position.

Jan Buchanan  
Head of Finance

## 4.0 BACKGROUND

4.1 The Council confirmed the 2013/16 General Fund Revenue Budget in February 2013. In the process the Council agreed a 2013/14 Revenue Budget on the basis of a contribution to the General Fund Reserve of £4.677 million.

## 5.0 POSITION AS AT 30TH NOVEMBER 2013

5.1 It can be seen from Appendix 1 that as at 30th November 2013, the General Fund is projecting an underspend of £0.930 million which equates to 0.48% of the net General Revenue Fund Budget. This is a decrease in the underspend reported to the last Committee of £0.111 million and is mainly due to:

- Additional underspends in employee costs within Environmental and Regeneration and Education and Communities and early achievement of savings in Education.
- Contribution of £145,000 CHCP underspend for the reconfiguration of Caladh House.

5.2 It can also be seen from Appendix 1 that all 4 Service Committees are currently projecting underspends with Education & Communities Committee improving their £47,000 overspend to a projected £42,000 underspend.

5.3 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £194,000 mainly due to employee cost turnover savings and Over-Recovery within Benefit Subsidy income.

Environment & Regeneration – Projected underspend of £37,000 mainly due to excess turnover savings and a projected underspend in vehicle fuel offset by an underrecovery in planning income.

Education & Communities - £42,000 underspend – This is an improvement since last report and mainly due to further employee savings and savings due to the late opening of the Port Glasgow Joint Campus.

Health & Social Care – Underspend £81,000 – Mainly due to excess turnover savings partially offset by increase in client commitment costs. The 9<sup>th</sup> January 14 CHCP sub committee approved £145,000 be used as a one off contribution for the refurbishment of Caladh House, the impact of this has been reflected throughout this report. There has been an increase in client costs in period 8 which the service are reviewing and will report at future committee however the CHCP will contain these costs.

5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and also provides information on performance against phased budget. This includes £1.12 million of newly approved reserves from September Committee the balance of £380,000 being reported through Capital reports. Committee are asked to note that the phasing will not be amended during the year and should provide a useful benchmark for Officers and Members to monitor performance against originally envisaged targets.

5.5 It can be seen that as at 30th November 2013 the Council has spent £10.603 million against a phased budget target of £12.996 million. This represents a shortfall of 18.22% against target and 40.83% of the projected spend of £25.971 million for the year. Performance in respect of Earmarked Reserves is reviewed on a monthly basis by the Corporate Management Team and reported in detail to each Service Committee.

5.6 Appendix 3 shows the projected General Fund Reserves position as at 31<sup>st</sup> March 2014. The projected balance at this date is shown as £4.852 million which is £0.852 million greater than the minimum reserve balance of £4 million recommended and approved via the reserves strategy. This is after the allocation of £1.5 million for the specific initiatives approved at the September Committee. It is proposed that any decisions on using further excess reserves are taken at the February budget meeting.

## **6.0 WORKSTREAM SAVINGS**

6.1 Appendix 4 gives an update from the Corporate Management Team on each of the approved Savings Workstreams.

6.2 Appendix 5 gives an update in respect of the achievement of Workstream Savings for 2013/14 from which it can be seen that 92.6% of the target of £395,000 has been achieved to date.

## **7.0 OTHER FINANCIAL MATTERS**

7.1 The Cabinet Secretary, Mr John Swinney, presented the 2014/15 Scottish Government Budget on 11<sup>th</sup> September 2013. At the same time he announced indicative figures for 2015/16, the detailed breakdown of the 14/15 figures was subsequently released on the 11 December 2013, no further details were announced for 15/16. The details and impact of the announcement for 14/15 are subject to a report later on this agenda and include the recently announced funding for the increased entitlement of nursery provision from 475 to 600 hours..

7.2 On 25<sup>th</sup> October, CoSLA confirmed that a 2 year, 1% pay award was being implemented for all employee groups with the exception of teachers with whom negotiations are continuing with a further ballot imminent

7.3 Several new funding awards have been announced by the Government for 2013/15 and confirmation is awaited on some of the detail. These will be included in future reports.

## **8.0 CONSULTATION**

8.1 This report has been produced in consultation with the Corporate Management Team.

## **9.0 IMPLICATIONS**

There are no HR or Legal implications arising from this report

## **10.0 EQUALITIES**

There are no equalities issues arising from this report.

## **11.0 REPOPULATION**

There are no repopulation issues arising from this report.

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 30th November 2013

Committee	Approved Budget 2013/2014	Revised Budget 2013/2014	Projected Out-turn 2013/2014	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	22,587	15,529	15,335	(194)	(1.25%)
Environment & Regeneration	22,733	20,146	20,109	(37)	(0.18%)
Education & Communities (Note 1)	86,405	80,524	80,482	(42)	(0.05%)
Health & Social Care	48,491	49,066	48,985	(81)	(0.17%)
<b>Committee Sub-Total</b>	<b>180,216</b>	<b>165,265</b>	<b>164,911</b>	<b>(354)</b>	<b>(0.21%)</b>
Loan Charges (Including SEMP)	13,160	16,749	16,399	(350)	(2.09%)
Unallocated Savings (Note 2)	(311)	(95)	(37)	58	(61.05%)
Contribution to General Fund Reserve	4,677	4,677	4,677	0	0.00%
One off contribution to Reserves (Note 3)	0	0	(327)	(327)	0.00%
Workstream Savings Slippage (Note 4)	0	(43)	0	43	0.00%
Earmarked Reserves	0	6,160	6,160	0	0.00%
<b>Total Expenditure</b>	<b>197,742</b>	<b>192,713</b>	<b>191,783</b>	<b>(930)</b>	<b>(0.48%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(164,728)	(165,565)	(165,565)	0	0.00%
Council Tax	(33,014)	(33,014)	(33,014)	0	0.00%
Council Tax Reduction Scheme	0	5,866	5,866	0	0.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(930)</b>	<b>(930)</b>	

Note 1 - Reduction in budget reflects SEMP earmarked reserve allocated to loans charges and earmarked reserve.

Note 2 - Procurement/Utilities Workstream Saving to be allocated plus slippage in roll-reduction saving.

Note 3 - Relates to Corporate NDR appeals process

Note 4 - Relates to slippage of utilities workstream savings

Appendix 2

Earmarked Reserves Position Statement

Summary

Committee	Total Funding 2013/14 £000	Phased Budget to 30 Nov 13 £000	Actual Spend To 30 Nov 13 £000	Variance Actual to Phased Budget £000	Projected Spend 2013/14 £000	Earmarked 2014/15 & Beyond £000	2013/14 %age Spend Against Projected	2013/14 %age Spend Against Phased Budget
Education & Communities	21,523	8,354	6,978	(1,376)	16,104	5,419	43.33%	83.53%
Health & Social Care	3,672	1,682	1,168	(514)	2,158	1,514	54.12%	69.45%
Regeneration & Environment	11,673	2,666	2,231	(435)	5,303	6,370	42.07%	83.68%
Policy & Resources	6,855	284	226	(38)	2,406	4,449	9.39%	85.61%
	43,723	12,986	10,603	(2,363)	25,971	17,752	40.83%	81.78%

Actual Spend v Phased Budget (€2,363k) (18.22%)

Appendix 3

**GENERAL FUND RESERVE POSITION**  
**Position as at 30/11/13**

	<u>£000</u>	<u>£000</u>
Balance 31/03/13		14355
Projected Surplus/(Deficit) 2013/14	930	
2014/16 Increased DHP allocation - Approved August 2013	(118)	
Contribution to General Fund Reserve 2013/14	4677	
Use of Reserves approved November 2012 (See Undernote)	(3500)	
Use of Reserves approved February 2013 (See Undernote)	(9992)	
Use of Reserves approved September 2013 (See Undernote)	(1500)	(9503)

Projected Unallocated Balance 31/03/14 4852

**Minimum Reserve required is £4million**

Use of Reserves approved November 2012

Adoption Earmarked Reserve	(300)	
2013/16 Revenue Contingency	(600)	
Contribution to 2013/16 Capital Programme	(2000)	
Increased costs Inverkip Community Facility	(250)	
Increased Officer Capacity - Corporate Projects	(350)	
		(3500)

Approved Usage February 2013:

Roads Asset Management Plan (2013/16)	(5900)	
Repopulating/Promoting Inverclyde	(1000)	
Community Facilities - Capital Investment	(750)	
Community Grants	(52)	
Play Areas/MUGA's	(300)	
Blaes Football Park Replacement	(830)	
Employment Support	(330)	
Broomhill Area	(250)	
PG Town Centre	(250)	
Creative Scotland - Match Funding	(250)	
Greenock Town Centre - Extra Police	(80)	
		(9992)

Approved Usage September 2013:

Joint Equipment Store	(50)	
Support for Young Carers	(65)	
Extend Hillend Respite Provision	(80)	
Employability Initiatives	(150)	
Grnk Municipal Bldgs Tourism Initiative	(150)	
Play Areas	(200)	
Improvement in Parks & cemeteries	(100)	
Shopfront Improvement Grants	(50)	
Aids and Adaptations	(100)	
Contribution to Match Funding for Second I Youth Zone	(75)	
Expansion of Summer Playschemes	(30)	
Regeneration of Clune Park Area	(200)	
Discretionary Housing Payments / Welfare Reform	(250)	
		(1500)

Workstream Updates as at: 31/12/13

<u>Lead Officer</u>	<u>Workstream Saving</u>	<u>Update</u>	<u>Target (2013/16) £000</u>
A Gerrard	1 Utility Cost Reductions/Energy Management	Report on proposals to November Finance CMT approved. This details the proposals which will achieve £29,450 savings in 2013/14 and £113,000 in 2014/15. The shortfall of £7,500 will be met from other measures to be developed.	150k  To be achieved: 2013/14 29k 2014/15 121k
A Puckrin	2 SEMP Model	SEMP Model has been adjusted to reflect the £190k saving and is showing a net surplus throughout the SEMP timescale.  <b>SAVING COMPLETE</b>	190k
A Puckrin	3 AMP	2013/14 saving to be achieved by taking £1.0million from the accumulated balance. This was done as part of the 2012/13 year end accounts.  £100k 2014/15 saving applied to the revised AMP model in the June Finance Strategy Update. Further £33k achieved from the NDR Appeals Process. Model still in surplus overall. <b>SAVING COMPLETE</b>	160k  Over achieved by £33k.
J Buchanan	4 Procurement	£11k saving achieved in disposal of ICT equipment, £138k in respect of waste disposal, £7k (over 3 years) in respect	313k



Appendix 4  
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			of Northgate Maintenance, £19k for mobile phone tariffs, £10k school transport and £16k PPE.	To be achieved: 2014/15 34k 2015/16 78k
B Moore	5	Homecare	<p>£64k internal staff savings – impact of CM2000 with 5 posts deleted.</p> <p>£36k external from review of cases not achievable based on reviews to date, alternative identified and two posts deleted.</p> <p>£25k external from part year implementation of CM2000 external equivalent (further £75k in 2014/15). Pilot (Evergreen) commenced August 2013, Carewatch scheduled for November and Confident Care January. All providers expected to be live April 2014. However savings unlikely from pilot, still expected in 2014/15 from full implementation. £25k for current year will be contained within bottom line.</p> <p>Development of management information continues, with templates designed to capture month on month changes.</p> <p>All Homecare savings overview takes place monthly. Work continues on developing a framework agreement for providers, with local negotiations to be complete for April 2014.</p> <p>No action required until 2014/15</p>	<p>To be achieved: 2014/15 75k</p>
A Puckrin	6	2015/16 Operational Saving		<p>750k</p> <p>To be achieved: 2015/16 750k</p>

			Target to be allocated by GMT and confirmed at February P&R Committee.	800k  To be achieved: 2015/16 800k
		<u>Workstreams – Target to be allocated to the following</u>		
J Mundell	7	Shared Services	Discussions ongoing with Renfrewshire and East Renfrewshire regarding Roads & ICT opportunities. Chief Executives to progress projects. Options for potential collaboration in Roads are being developed and a report is scheduled for consideration June 2014. Additional service areas have been identified for consideration as possibilities for shared provision between the three Councils and options will be developed in due course.	
A Puckrin	8	Charging	Meetings with DMT's completed and report will be presented to GMT 09.01.14.  Implications for Accounts Commission report Charging for Services; are you getting it right will be presented to GMT in January. This will include an action plan including work completed reviewing processes, benchmarking, identifying new charging opportunities and waiver/reliefs practices.	
A Puckrin	9	Modernisation	Opportunities to be channelled initially via the Modernisation CIG. CIG approved investment in ATLAS benefits software. Saving £15k identified from 15/16. Channel Shift group identifying opportunities where service	

			<p>could be improved and/or costs saved. Initial prioritised list of opportunities drawn up. Aiming to get a Channel Shift Strategy to CMT in January 2014. Heavily linked to ICT Collaboration proposals.</p>
I Moffat	10	Social Transport	<p>A briefing report was submitted to the CMT on the 26<sup>th</sup> September providing details and rationale for any savings.</p> <p>Discussions and information gathering are ongoing between E&amp;CS, Education, CHCP and Procurement to identify additional areas of efficiency.</p> <p>CMT received a report in January providing rationale and breakdown of the proposed savings.</p>
A Moore	11	Terms & Conditions	<p>Meetings held with TUs and reported back to CMT. Joint budget group on the 17 January for further discussion on setting a target to be achieved.</p>
A Moore	12	Sessional Budgets	<p>Target proposed to be a top slice and a budget reduction, group no longer need to meet as operational system changes are in place and work will continue with each service as necessary.</p>

Savings Workstreams - 31/12/13

Lead Officer	Savings Achieved	Target	2013/14	2014/15	2015/16	Total 2013/16	Over/(Under) Recovery
		£000	£000	£000	£000	£000	£000
A Gerrard	1/ Utility Cost Reductions/Energy Management	150	0	0	0	0	0
A Puckrin	2/ SEMP Model	190	0	190	0	190	0
A Puckrin	3/ AMP	160	60	133	0	193	33
A Puckrin	4/ Procurement	313	181	18	2	201	0
	Disposal of ICT Equipment	0	11	0	0	11	
	Waste Disposal	0	138	0	0	138	
	Northgate Systems	0	2	3	2	7	
	Vodafone	0	15	4	0	19	
	SPT School Transport	0	7	3	0	10	
	PPE	0	8	8	0	16	
B Moore	5/ Homecare	200	125	0	0	125	0
A Puckrin	6/ 2015/16 Operational Savings	750	0	0	0	0	0
	<u>Workstreams - Targets to be allocated</u>	800	0	0	0	0	0
J Mundell	7/ Shared Services	0	0	0	0	0	
A Puckrin	8/ Charging	0	0	0	0	0	
A Puckrin	9/ Modernisation	0	0	0	0	0	
I Moffat	10/ Social Transport	0	0	0	0	0	
A Moore	11/ Terms & Conditions	0	0	0	0	0	
A Moore	12/ Sessional Budgets	0	0	0	0	0	

Sub-Total	2563	366	341	2	709	33
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Savings Workstreams - 31/12/13

<u>Lead Officer</u>	<u>Savings Planned</u>	<u>2013/14</u>				<u>2014/15</u>				<u>2015/16</u>				<u>Total 2013/16</u>							
		£000				£000				£000				£000							
A Gerrard	1/ Utility Cost Reductions/Energy Management	29	121	0	0	0	75	0	0	0	78	0	0	29	121	0	0	150	0	0	0
A Puckrin	2/ SEMP Model	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Puckrin	3/ AMP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Puckrin	4/ Procurement	0	34	0	0	0	34	0	0	0	78	0	0	0	34	0	0	112	78	0	0
	Unidentified	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B Moore	5/ - Homecare	0	0	0	0	0	75	0	0	0	0	0	0	0	75	0	0	75	0	0	0
A Puckrin	6/ 2015/16 Operational Savings	0	0	0	0	0	0	0	0	0	750	0	0	0	750	0	0	750	0	0	0
	<u>Workstreams - Targets to be allocated</u>	0	0	0	0	0	0	0	0	0	785	0	0	0	785	0	0	785	0	0	0
J Mundell	7/ Shared Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Puckrin	8/ Charging	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Puckrin	9/ Modernisation	0	0	0	0	0	0	0	0	0	15	0	0	0	15	0	0	15	0	0	0
I Moffat	10/ Social Transport	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Moore	11/ Terms & Conditions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A Moore	12/ Seasonal Budgets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		29	230	0	0	0	230	0	0	0	1628	0	0	29	230	0	0	1887	1628	0	0
<b>Total</b>		395	571	0	0	0	571	0	0	0	1630	0	0	395	571	0	0	2596	1630	0	0