
Report To:	Policy & Resources Committee	Date:	4 February 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/01/AP
Contact Officer:	Alan Puckrin	Contact No:	2764
Subject:	2014/16 Budget		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee in respect of the current position of the 2014/16 Budget, to provide information in respect of the 2015/16 Workstream Savings Targets, and to provide Committee with the relevant information to enable the 2014/16 Budget to be confirmed at the Council meeting on 20 February 2014.

2.0 SUMMARY

- 2.1 In February 2013, the Council approved a three year Revenue and Capital Budget covering the period 2013/16. The Revenue Budget was in a break even position by 2015/16 whilst the three year Capital Programme had an estimated shortfall in Resources of approximately £1.6m (1.5%).
- 2.2 In December 2013, the Scottish Government issued detailed figures for each Council for both Revenue and Capital. The updated 2014/16 position is shown in Appendix 1. No figures were issued in respect of 2015/16 and therefore the recommendation from Officers is not to revisit previous assumption of a £1.1 million cash cut for 2015/16.
- 2.3 The 2014/15 settlement contained a number of conditions which if the Council do not agree to, will result in financial sanctions being taken against the Council. These sanctions are estimated by Officers to total approximately £1.6m in 2014/15.
- 2.4 A number of expenditure pressures have arisen during the last twelve months and these are outlined in Appendix 2 along with proposals for funding. Committee are asked to consider these proposals.
- 2.5 The 2014/15 settlement included some new funding linked to new service delivery requirements. By far the largest of these relates to the Children and Young Persons Bill where revenue and capital money has been allocated largely to enable the Council to provide 600 hours of Early Years provision per child from August 2014. A summary of the main issues and proposals by officers is attached as appendix 3. A more detailed report on this matter will go to Education & Communities Committee in March subject to this Committee agreeing to allocate the funding provided by the Government to this purpose.
- 2.6 Officers have reviewed the General Fund Reserves position and estimate that there will be a free reserves balance of approximately £3.78m at 31 March 2016. Members, therefore, will be able to propose uses for this sum as part of the 2014/16 Budget meeting later this month.
- 2.7 Officers have reviewed the phasing of approved projects and allocations included in the 2014/16 Capital Programme. This is detailed in Appendix 5.

- 2.8 When agreeing the 2013/16 Budget in February 2013, Members agreed a target of £800,000 to be achieved from six new workstreams by 2015/16. The Corporate Management Team, in consultation with the Trades Unions via the Joint Budget Group, have been developing proposals to achieve this target and information in respect of each of the six workstreams is attached as Appendix 6.
- 2.9 It should be noted that detailed papers will be presented to the relevant Committee for each of these proposals prior to implementation, however, as part of the 2014/16 Budget, Members will be asked to confirm the applicability of the targets specified in the papers. In the event that Members wish to change the targets, then alternative savings will require to be identified in order to ensure that the 2015/16 budget stays in balance.
- 2.10 Appendix 7 shows an initial estimate of the three year revenue funding gap for the period 2016/19 based on a number of high level assumptions. It is important Members consider this context when making decisions on the 2014/16 budget.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2014/16 Budget as outlined in Appendix 1.
- 3.2 It is recommended that the Committee approve the proposals in respect of the expenditure pressures outlined in Appendix 2.
- 3.3 It is recommended that the Committee approve the summary proposals in respect of the use of the Childrens & Young Persons Revenue and Capital monies in 2014/15 and note that a more detailed report on the use of the monies will be considered by the Education & Communities Committee in March.
- 3.4 It is recommended that the Committee note the 2014/15 Government Grant Settlement and the conditions attached by the Scottish Government and note that Members will require to consider the implications of not agreeing to the three conditions when setting the 2014/16 Budget on 20 February 2014.
- 3.5 It is recommended that the Committee note the projected free reserves of £3.78m detailed in Appendix 4 and that decisions on the use of the free reserves will be taken as part of the 2014/16 Budget.
- 3.6 It is recommended that the Committee agrees that £2.0m within the Capital Fund originally allocated towards Early Release costs be redesignated to meet increased Loan Charges costs in 2017/19.
- 3.7 It is recommended that the Committee note the latest position in respect of the 2014/16 Capital Programme shown in Appendix 5 and agree that the £500,000 contingency not required for the Community Campus project be returned to the overall programme.
- 3.8 It is recommended that the Committee consider the update from the Corporate Management Team in respect of the six Savings Workstreams shown in Appendix 6 and note that if Members wish to amend the targets then this should form part of the 2014/16 Revenue Budget proposals on the basis that the total savings identified require to come to £800,000 to ensure the 2015/16 Budget year remains in balance.
- 3.9 It is recommended that the Committee note the initial estimate of the 2016/19 budget funding shortfall shown in Appendix 7.

3.10 It is recommended that the Committee note that the level of Council Tax will be confirmed as part of the 2014/16 Budget meeting on 20 February 2014.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 In February 2013 the Council approved a three year Revenue & Capital budget covering the period 2013/16.
- 4.2 The Revenue budget was based on surpluses for the years 2013/14 and 2014/15 with a break even position being budgeted for the financial year 2015/16.
- 4.3 The Council also agreed a £108m on Capital Programme for the period 2013/16 with the Capital Programme having a funding shortfall of approximately 1.5% or £1.6m.
- 4.4 It is a requirement that the Council requires to confirm its budget annually in order to confirm the Council Tax level for the next financial year.

5.0 CURRENT POSITION - REVENUE

- 5.1 In December 2013 the Scottish Government issued detailed figures to each Council in respect of its Revenue Grant settlement for the period 2014/15. It should be noted that no detailed figures were issued in respect of 2015/16 due to the decision by CoSLA to have a flat cash settlement between 2014/15 and 2015/16 which is a departure from previous practice.
- 5.2 In the absence of detailed 2015/16 figures, it is recommended that Members proceed on the basis of the figures used in February 2013 for 2015/16. In the event the Scottish Government adhere to the CoSLA position then it is likely that the Council will receive approximately a further £1.1m of Revenue Grant in 2015/16.
- 5.3 The base 2014/15 Revenue Grant figures match those used when setting the 2013/16 Revenue Budget, ie, there has been a cash reduction of approximately £1.02m between 2013/14 and 2014/15. In addition, there have been a number of adjustments to funding from the Council for specific matters and this is all detailed in Appendix 1.
- 5.4 In line with the practice for the last number of years, the Scottish Government has set conditions for Councils to agree to in order for them to secure the full funding outlined in the circular. These conditions are -
 - a) That the Council maintains the Council Tax freeze for the financial year 2014/15;
 - b) That the Council maintain teacher numbers in line with pupil numbers;
 - c) That the Council secures a place to every probationer teacher who requires one.
- 5.6 In the event that the Council does not agree to these three conditions, then the Government have advised that the Council's Revenue Grant will be reduced. Officers have estimated that this reduction will total approximately £1.6m which equates to an approximate 5% increase in the Council Tax. If the Council does not wish to agree to the conditions outlined above, then it requires to make this decision as part of the budget and advise the Scottish Government in writing by 10 March 2014.
- 5.7 Appendix 2 highlights a number of expenditure pressures and also highlights the proposed resolution of these matters for Members to consider. A number of these matters were approved at the Policy & Resources Executive Sub-Committee on 16 December but have been included for completeness. For those matters which are not yet addressed, then Committee is asked to consider the funding proposals.
- 5.8 A significant increase in funding has been received from the Government in relation to the Children & Families Bill. The majority of the funding relates to the increase in early years provision from 475 hours to 600 hours with effect from August 2014. A detailed report on this matter will be presented to the Education & Communities Committee in March 2014 and in the interim a summary is included in Appendix 3 for the Committee to consider.
- 5.9 In addition the Government announced funding for the provision of free school meals for all P1-3 pupils and increased child care support for 2 year olds on 7th January. No details on funding have been received therefore Committee should assume that these matters are cost neutral.

6.0 GENERAL FUND RESERVES

- 6.1 Appendix 4 contains a projection of the General Fund Reserves position up to 31 March 2016. From this it can be seen that it is estimated that the free General Fund Reserves will be approximately £3.78m by 31 March 2016. Members will be able to make decisions in respect of the General Fund Reserves when setting the 2014/16 budget, however, the Corporate Management Team have highlighted a number of areas for Members to consider and these are also shown in Appendix 4.
- 6.2 One specific area for Members to consider is in relation to the need for the Council to have a Loans Charge Earmarked Reserve in order to address a £1.5m increase in loans charges from 2016/17. To supplement this proposal Committee is asked to consider redesignating £2 million previously set aside for early release costs within the Capital Fund to be used to meet loans charges costs in the financial years 2017/18 and 2018/19. Whilst this is a number of years hence, it would significantly assist Officers in their medium term financial planning if this decision could be taken as part of the 2014/16 budget.

7.0 CAPITAL PROGRAMME – 2014/16

- 7.1 Appendix 5 shows the proposed Capital Programme for 2014/16 and is an update in respect of the 2013/16 Capital Programme following a review of project phasings by Asset Management CIG. It can be seen that the 2014/16 Capital Programme totals £85.5m and that there is currently a shortfall in resources of approximately £1.6m.
- 7.2 The current funding shortfall represents 1.9% of the estimated Capital Programme and is marginally above the recommended level of 1.5%. This matter may need to be addressed when considering the post 2015/16 budget.
- 7.3 The Port Glasgow Community Campus project is now complete and Officers are able to advise that approximately £500,000 of the remaining project contingency was not required. It is recommended by the Corporate Management Team that this sum be transferred from the School Estate Management Plan Model and returned to the overall Capital Programme.

8.0 WORKSTREAM SAVINGS

- 8.1 When agreeing the 2013/16 budget in February 2013, Members agreed a target of £800,000 to be achieved from six new Savings Workstreams by 2015/16. These workstreams were to be largely of an efficiency nature and not impact on frontline service delivery.
- 8.2 Since February 2013, Officers have been developing proposals in respect of each of the workstreams in order that Members could confirm targets for each of the workstreams when setting the 2014/16 budget. A summary of progress is attached as Appendix 6 and Members are asked to either confirm the individual targets, or in the event that the targets are amended, then alternative savings will require to be identified.
- 8.3 Committee is asked to note that specific reports will be brought back to the relevant Committee prior to implementing each of the Savings Workstreams in plenty of time to achieve the savings identified.

9.0 OTHER INFORMATION

- 9.1 It is important that Members make any decisions in respect of the 2014/16 Revenue Budget in the context of the current best estimates of the Council's medium term financial position. In light of this, Appendix 7 gives an initial estimate of the funding gap for the next full three year budget period covering 2016/19. This estimate is based on the information arising from the Chancellor's Autumn statement in December 2013 and analysis provided by both the Improvement Service and the CPPR.

9.2 Clearly there are a large number of assumptions underpinning these figures, but Committee is asked to note that these figures are by no means the worst figures which Local Government could face in the medium term.

9.3 Committee is asked to consider this information and the significant future budget cuts which the Council is likely to face in the medium term when arriving at decisions in respect of the 2014/16 budget.

10.0 IMPLICATIONS

10.1 Financial Implications

Committee is asked to note that the current 2013/16 Revenue Budget remains very much in line with the approvals made in February 2013. No further savings are required unless Members take decisions to either increase spend or not pursue the full workstream savings.

10.2 HR Implications

There are no HR implications arising directly from this report and any implications in respect of the workstreams will be reported to Committee at the appropriate time.

10.3 Legal Implications

There are no legal implications arising from this report.

10.4 Equalities

As this budget report is simply a restatement of the prior year's budget with minor adjustment, it is assessed that there are no new equalities issues arising.

10.5 Repopulation

It is important that the Council transparently demonstrates sound financial management to residents, business and potential residents/businesses. By doing this, it will instil confidence in the Inverclyde area and as such make a positive impact to the Council's Repopulation agenda.

11.0 CONSULTATIONS

11.1 Consultation has taken place with the Trades Unions via the Joint Budget Group, in particular in respect of the proposed targets for workstreams. The Trades Unions have raised strong concerns over the Terms and Conditions workstream target. The Joint Budget Group continues to be a constructive forum for discussing matters and will continue to be a vital requirement to the Council's budget process in light of the latest information highlighted in Section 9 of this report.

11.2 The Corporate Management Team have approved the contents of this report.

12.0 LIST OF BACKGROUND PAPERS

12.1 2013/21 Financial Strategy – Approved December 2013.

REVENUE BUDGET 2014/16

Committee: All
Corporate Director: All
Service: All
Division: All

OBJECTIVE SUMMARY	2014/15 Approved Budget	2014/15 Post Budget Adjustments	2013/14 Inflation	2014/15 Revised Budget	2015/16 Approved Adjustments	2015/16 Approved Inflation	2015/16 Post Budget Adjustments	2015/16 Revised Budget
Chief Executive Services	356,650	(220)	280	356,710	-	-	-	356,710
Environmental, Regeneration & Resources Directorate	30,696,750	251,630	107,040	31,055,420	(851,000)	(95,110)	(2,000)	30,107,310
Education, Communities & Organisational Development Directorate	87,184,940	709,070	162,380	88,056,390	(807,370)	(41,020)		87,208,000
Community Health & Care Partnership Directorate	47,822,640	225,520	290,640	48,338,800	(1,018,000)	(14,740)		47,306,060
Directorate Sub-Total	166,060,980	1,186,000	560,340	167,807,320	(2,676,370)	(150,870)	(2,000)	164,978,080
Miscellaneous	2,437,620	0	0	2,437,620	560,000	0		2,997,620
Inflation Contingency	7,043,000 a)	(273,000)	(560,340)	6,209,660	800	4,030,000		10,240,460
Unallocated Savings	(383,000) b)	183,000	0	(200,000)	(1,630,000)		2,000	(1,828,000)
Loan Charges	13,346,340			13,346,340	543,500			13,889,840
Contribution to Reserves	1,777,060		0	1,777,060	(1,777,060)			-
Total Expenditure	190,282,000	1,096,000	-	191,378,000	(4,979,130)	3,879,130	-	190,278,000
Financed By:								
General Revenue Grant/ Non Domestic Rates	(157,268,000) c)	(1,096,000)		(158,364,000)	1,100,000			(157,264,000)
Council Tax	(33,014,000)			(33,014,000)				(33,014,000)
Net Expenditure	-	-	-	-	(3,879,130)	3,879,130	-	-

REVENUE BUDGET 2014/16

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Notes:

a) Pay Inflation:

1% Pay Award 2013/14 (Agreed, to be allocated)	1,050,000
1% Pay Award 2014/15	1,050,000
Living Wage	374,000
Term Time	180,000
CHCP Bottom up Budget error	128,000
Single Status Craft Workers	30,000
Auto Enrolment (2013/14)	470,000
Auto Enrolment (2014/15)	20,000
Auto Enrolment (2015/16)	20,000
Incremental Drift (2014/15)	400,000
2013/14 Contingency Balance	236,000
2014/15 Contingency Balance	322,000
2015/16 Allowance	2,110,000
Total Pay Inflation	6,390,000

Non Pay Inflation:

Additions to Inflation Contingency	87,460
Fuel 2013/14	5,000
Unmetered Electricity 2013/14	50,000
Pensions (VST 2013/14)	20,000
Pensions (VST - 2014/15)	30,000
Pensions (VST - 2015/16)	40,000
2013/14 Balance	163,000
2014/15 Balance	1,595,000
2015/16 Balance	1,860,000
Total Inflation Contingency	10,240,460

REVENUE BUDGET 2014/16

APPENDIX 1 Page 3

Notes (Continued):

b) Workstream saving - Utilities (Detail agreed to be allocated to Services)		(150,000)
Workstream saving - Procurement (£16,000 agreed, to be allocated to Services)		(50,000)
Budget 2014/15		(200,000)
Workstream saving - Procurement		(78,000)
Workstream Savings - Operational/Organisational Efficiencies		(750,000)
Workstream Savings - New		(800,000)
Budget 2015/16		(1,828,000)
c) General Revenue Grant/Non Domestic Rates:		
Approved GRG 2014/15		(157,268,000)
<u>New Funding Added - December 2013:</u>		
Teachers Induction Scheme	(150,000)	
National Care Home Contract	(45,000)	
Children and Young People Bill	(709,000)	
Sensory Impairment	(15,000)	
Hostels Grant	(203,000)	
		(1,122,000)
<u>Funding Removed</u>		
Copyright for School Pupils		26,000
Revised GRG/Non Domestic Rates 2014/15		(158,364,000)
Estimated Grant Cut 2015/16		1,100,000
Revised GRG/Non Domestic Rates 2015/16		(157,264,000)

PRESSURE	ISSUE	RECURRING COST £000	PROPOSAL
1. Glass – Kerbside Collection	E & R Committee agreed in principle to Kerbside Glass collection to meet the statutory requirement for all households having access to glass recycling from 2014. P & R Sub-Committee (16/12/13) approved the financial implications based on a Zero Waste Scotland Capital Bid of £250,000.	140	Approved by P&R Sub Committee. Fund part year impact (£69k) in 2014/15 from contingency earmarked reserve and from 2015/16 fund from unallocated pressures budget.
2. MRF Contract	Contractor released from their contract early to avoid going into Administration due to collapse of recycle market. New short term tender procured and thereafter a medium term contract from July 2014. Increase cost confirmed at £14,500/month.	174	Approved by P&R Sub Committee. Propose to meet from non-pay inflation allowance in 2013/15.
3. Street Lighting Maintenance	New contract from 1/1/14 will cost approximately £100k more than current contract. Report on this matter presented to the P & R Sub-Committee (16/12/13).	100	Approved by P&R Sub Committee. Fund from non-pay inflation allowance 2013/15 and retender during 2014 for a new contract during 2015/16.
4. Community Facilities – Running Costs	Safer Communities indicating that £75k set aside for running costs of 4 new community facilities will not be sufficient. New figures to be reported to E & C Committee in January 2014.	25	Fund from revenue implications of Capital Programme allowance.

5. Sheltered Wardens	Savings approved as part of the 2011/13 budget but never fully implemented. Temporary funding has been used to meet the savings shortfall since 2012/13 but requires a permanent resolution as part of the 2014/16 budget.	120	Fund from unallocated pressures money in 2015/16 and use CHCP earmarked reserves in 2014/15.
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Summary: Increase of Entitlement to of Early Years Education and Childcare

1.0 BACKGROUND

- 1.1 The Children and Young People Bill states Scottish Government's intention to improve access to high quality, flexible and integrated early learning and childcare by increasing the funded annual provision from 475 hour to a minimum annual provision of 600 hours for vulnerable 2 year olds and all 3 and 4 year olds.
- 1.2 An implementation model has been developed to ensure that Inverclyde meets the Governments targets; provides both extended part-time sessions and flexible placements and maintains the quality of provision.
- 1.3 To deliver this model, whilst retaining quality, a range of supports are required including a range of new posts and an increase in payments to Partner Providers and an uplift in resource allocation.

2.0 FINANCIAL IMPLICATIONS

2.1 Revenue Funding

Inverclyde Council will receive £709,000 for revenue spend in 2014/15. Scottish Government has indicated that there will be increased funding until 2020. Funding for future years is not yet confirmed but estimates are as follows:

2015 - 16	2016 - 17	2017 - 18	2018 - 19	2019 - 20
£1,063,350	£1,170,900	£1,288,350	£1,442,850	£1,442,850

- 2.2 The delivery plan as outlined requires significant resourcing as detailed below:

	2014/15 £000
EYECO/Sen EYECO	231
Support Staff	209
Clerical Staff	14
Partner Providers	50
Materials/Overheads	20
Reduced Income	28
Future Developments	157
	704

- 2.3 Developments in future years include a new nursery class in St. Johns Primary School and the development of fully flexible provision as detailed in the Children and Young People Bill.
- 2.4 **Capital Funding**
Inverclyde Council will receive £413,000 for capital spend in 2014/15. Scottish Government has indicated that there will be similar funding for 2015/16 and 2016 /17 although this not yet confirmed.
- 2.5 The school estates team is currently developing a programme of work for capital projects which will include developments in St. John's Primary School, Moorfoot Primary School, King's Oak Primary School, Lady Alice Primary School and Larkfield Children's Centre.

General Fund Reserve
Revised Free Reserve Position

	£000
Free Reserve Balance 31.3.16 (December Finance Strategy)	6153
Less: Reserve Level (2% of £190 million)	(3800)
Assume all directorates come in on budget in 2013/14	(376)
	1977
Add: Unallocated Inflation Contingency 2013/14	399
Unallocated Pay Inflation Contingency 2014/15	558
Projected Loan Charge Underspend 2014/15	600
Projected Loan Charge Underspend 2015/16	250
Estimated Available Free Reserves 31.03.16	3784

Use of Free Reserves

CMT - Recommendations

1. **Loan Charges** – In 2016/17 the sale of Greenock Town Centre drops out of loan charges thus increasing annual loan charges by £1.5million in one transaction. In 2021 the ex-SRC debt drops out of loan charges which will reduce loan charges by over £2.5million (2014/15 figures). There is therefore a 5 year funding pressure totalling approximately £7.5million. Proposal is to set up a loan charges earmarked reserve and to build this up over the next 3 years using loan charge savings, the Capital Fund and Reserves to smooth this pressure out.

If agreed this would use the £1.2million of the projected free reserves, the amount attributable to loan charges savings over this period.

£1.2million

2. **Roads Infrastructure Maintenance** – The Council allocated £17million for the RAMP in 2013/16 and in principle have agreed a further £12million over 2016/18. Whilst this initial investment is being progressed it is clear that the infrastructure not benefitting from this initial investment is deteriorating at an increased rate. In order to maintain public confidence in the significant investment announced it is proposed to set aside £500,000 to be spent over the next 2 years to:
 - a) To improve the Council's response to repairing Road Defects
 - b) Increase spend on drainage works to reduce the impact poor drainage has on carriageways.

£500,000

3. **Regeneration** – Given the reduction in regeneration partners' funding, the Council needs to consider allocating further resources to maintain the momentum in key areas and to link this to the new Joint Council / Riverside Inverclyde 2014/17 Operating Plan. The CMT would propose that investment is targeted at no more than 2 or 3 geographical areas and is also used to lever in investments from the Government, RCH, Private Sector, etc. In addition it is recommended that reductions in employability structural funding from June 2014.

£1.5 million

General Fund Capital Programme - 2014/16Approved Programme

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
<u>Policy & Resources</u>				
Completion of Existing Programme	144	-	-	144
Annual Allocation (ICT)	554	551	50	1,155
Modernisation Fund	32	350	-	382
<u>Policy & Resources Total</u>	<u>730</u>	<u>901</u>	<u>50</u>	<u>1,681</u>
<u>Environment & Regeneration</u>				
Completion of Existing Programme (Property Services)	303	-	-	303
Annual Allocation (Property Services)	800	1,200	-	2,000
Central Gourock Development	1,122	2,500	500	4,122
Regeneration of Port Glasgow Town Centre	85	150	-	235
Broomhill Regeneration	50	200	-	250
Leisure & Pitches Strategy	259	66	-	325
Port Glasgow Town Centre Refresh of Town Hall	63	-	-	63
Asset Management Plan - Offices	2,627	3,215	1,269	7,111
Asset Management Plan - Depots	2,450	7,214	1,144	10,808
Completion of Existing Programme (Roads)	160	-	-	160
Roads Non-RAMP Allocation	100	100	-	200
Flooding Works	412	810	-	1,222
Roads Asset Management Plan	5,095	6,550	-	11,645
Greenock Parking Strategy	175	75	-	250
Vehicle Replacement Programme	1,020	2,970	-	3,990
Kerbside Glass Collection	320	-	-	320
Play Areas	275	200	-	475
Coronation Park Port Glasgow	232	-	-	232
SV Comet	120	5	-	125
Annual Allocation (Zero Waste Fund)	80	80	-	160
Completion of Existing Programme (Environmental & Planning)	15	50	-	65
<u>Environment & Regeneration Total</u>	<u>15,763</u>	<u>25,385</u>	<u>2,913</u>	<u>44,061</u>
<u>Education & Communities</u>				
Scheme of Assistance/Aids & Adaptations	1,300	1,342	400	3,042
Contribution to Watt Complex Refurbishment	200	500	3,221	3,921
Primary School Pitch Upgrading	828	-	-	828
Inverkip Community Facility	1,001	500	-	1,501
New Community Facility Woodhall	-	400	-	400
New Community Facility Broomhill	100	900	-	1,000
School Estate Management Plan	7,870	9,112	12,023	29,005
<u>Education & Communities Total</u>	<u>11,299</u>	<u>12,754</u>	<u>15,644</u>	<u>39,697</u>
<u>CHCP</u>				
Hillend Respite Unit	80	-	-	80
<u>CHCP Total</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>
<u>Total Expenditure</u>	<u>27,872</u>	<u>39,040</u>	<u>18,607</u>	<u>85,519</u>

General Fund Capital Programme - 2014/16Available Resources

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
Government Capital Support	7,838	6,000	-	13,838
Less: Allocation to School Estate	(4,800)	(4,300)	-	(9,100)
Capital Receipts (Note 1)	420	772	-	1,192
Capital Grants (Note 2)	227	-	-	227
Prudential Funded Projects (Note 3)	8,661	18,596	5,834	33,091
Balance B/F From 13/14 (Exc School Estate)	3,235	-	-	3,235
Capital Funded from Current Revenue (Note 4)	6,098	5,998	300	12,396
School Estate Management Plan Funding	7,870	9,112	12,023	29,005
	<u>29,549</u>	<u>36,178</u>	<u>18,157</u>	<u>83,884</u>
<u>Total Expenditure</u>	<u>27,872</u>	<u>39,040</u>	<u>18,607</u>	<u>85,519</u>
(Shortfall)/Under Utilisation of Resources				(1,635)

Sources of Income

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
<u>Capital Receipts</u>				
Redholm	200	-	-	200
Vehicle Sales (Part funds Vehicle replacement Programme)	220	772	-	992
<u>Capital Receipts Total</u>	<u>420</u>	<u>772</u>	<u>-</u>	<u>1,192</u>
<u>Capital Grants</u>				
Cycling, Walking & Safer Streets	125	-	-	125
Zero Waste Scotland	102	-	-	102
<u>Capital Grants Total</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>227</u>

Prudentially Funded Projects

Additional ICT - Education Whiteboard & PC Refresh	104	68	-	172
Vehicle Replacement Programme	800	2,198	-	2,998
Greenock Parking Strategy	41	75	-	116
Asset Management Plan - Offices	2,627	3,215	1,269	7,111
Asset Management Plan - Borrowing in Lieu of Receipts	920	-	-	920
Asset Management Plan - Depots	2,450	7,214	1,144	10,808
Leisure & Pitches Strategy	259	66	-	325
Broomhill Community Facility	-	500	-	500
Kylemore Childrens Home	(200)	-	-	(200)
Modernisation Fund	32	350	-	382
Watt Complex Refurbishment	-	-	2,921	2,921
Gourock One Way System	-	2,000	500	2,500
Roads Asset Management Plan	1,350	2,850	-	4,200
Kerbside Glass Collection	218	-	-	218
Surplus Prudential Borrowing due to project savings	60	60	-	120

Prudentially Funded Total

8,661	18,596	5,834	33,091
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Capital Financed from Current Revenue

Regeneration of Port Glasgow Town Centre	85	150	-	235
Play Areas	275	200	-	475
Coronation Park Port Glasgow	232	-	-	232
Hillend Respite Unit	80	-	-	80
Lunderston Bay	41	-	-	41
Scheme of Assistance	433	433	-	866
Flooding Strategy	412	810	-	1,222
Greenock Parking Strategy	134	-	-	134
Roads Asset Management Plan	2,445	2,400	-	4,845
Broomhill Community Facility (Community Facility Fund)	100	400	-	500
Inverkip Community Facility	600	500	-	1,100
Port Glasgow Town Centre, Town Hall Refresh	63	-	-	63
Watt Complex Refurbishment	200	500	300	1,000
Woodhall Community Facility	-	400	-	400
Blaes Football Parks	828	-	-	828
Broomhill Regeneration	50	200	-	250
Completion of SV Comet Canopy	120	5	-	125

CFCR Total

6,098	5,998	300	12,396
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General Fund Capital Programme - 2014/16Notes

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
Note 1				
<u>Further Breakdown of SEMP Expenditure</u>				
Gourock HS - Refurb for St Columba's	444	-	-	444
Demolish St Stephens HS	-	147	408	555
Ardgowan PS Refurbishment	2,949	1,446	-	4,395
St Patricks PS Refurbishment	215	2,417	2,710	5,342
St John's PS - Refurbishment	1,041	1,064	54	2,159
Kilmacolm PS - Refurbishment	145	1,869	1,641	3,655
Balance of Lifecycle Fund	487	601	917	2,005
Balance of Contingency:	100	100	100	300
Future Projects	19	377	6,191	6,587
Port Glasgow Community Campus Secondary School	2,086	500	-	2,586
Prudential Funding - Capital Project Contributions	-	500	-	500
Other Projects < £250K	384	91	2	477
	<u>7,870</u>	<u>9,112</u>	<u>12,023</u>	<u>29,005</u>

Note 2

Future figures relate to completion of existing programme. No allowance is made beyond 2015/16 for Government Capital Support of other income or for annual capital allocations (ICT, Property, Roads, SEMP, SOA, Zero Waste).

Briefing Note

Update By : Corporate Management Team
Contact Officer : Alan Puckrin
Subject : 2015/16 Workstreams Projects

1. In approving the 2013/16 Revenue Budget the Council approved a savings target of £800,000 to be achieved by 2015/16 from efficiencies in the following 6 areas:-

- | | |
|-----------------------|-----------------------|
| a) Social Transport | Lead – Ian Moffat |
| b) Shared Services | Lead – John Mundell |
| c) Sessional Workers | Lead – Alasdair Moore |
| d) Terms & Conditions | Lead – Alasdair Moore |
| e) Modernisation | Lead – Alan Puckrin |
| f) Charging / Income | Lead – Alan Puckrin |

2. Officers have progressed these matters in order to arrive at one are believed to be achievable targets. Having considered reports / updates from the Lead Officers and having discussed these updates at the Joint Budget Group, the CMT believe the £800,000 could be achieved in the following manner:-

- | | | |
|-----------------------|---|-----------------|
| a) Social Transport | - | £50,000 |
| b) Shared Services | - | £50,000 |
| c) Sessional Workers | - | £30,000 |
| d) Terms & Conditions | - | £170,000 |
| e) Modernisation | - | £150,000 |
| f) Charging / Income | - | <u>£350,000</u> |
| | | <u>£800,000</u> |

3. A short summary of the work undertaken and the rationale for the savings target is attached with this note. More detailed reports will be presented to the relevant Committee during 2014/15.

4. Discussions on the targets and the draft detail has taken place with the Trades Unions via the Joint Budget Group. The Unions raised strong concerns over any further erosion of Terms & Conditions.

5. £800,000 of workstream savings are required in order to keep the 2015/16 budget in balance. In the event that this target is not approved then members will require to identify alternative savings as part of the budget.

Corporate Management Team
15th January 2014

WORKSTREAMS PROGRESS UPDATES

1. Social Transport – there are two specific areas within the Council's Social Transport provision namely internal provision and external Services, provided by SPT and external providers. Draft proposals indicate that it will be possible to achieve £50,000 on the internal provision by reviewing journey schedules and optimising the use of the existing fleet. Proposals will be presented to the Environment & Regeneration Committee during 2014.
2. Shared Services – the two main Shared Services Projects currently ongoing are the ICT collaboration with Renfrewshire and East Renfrewshire and Roads / Lighting Shared Services with Renfrewshire and East Renfrewshire. A report elsewhere on the agenda seeks Committee approval to withdraw from the ICT collaboration project and it is proposed therefore that the Council's efforts be focused upon delivery of the Council's own ICT / Modernisation Strategy. In light of this, it is proposed that the £50,000 earmarked against Shared Services be added to the modernisation target and the remaining sum in the ICT Shared Services Earmarked Reserve be added to the Modernisation fund.
3. Sessional Workers – HR have analysed the available sessional workers budgets and it is proposed that the budget within CHCP and Education are reduced by £15,000 each, which equates to 2.7% of the total sessional budget. Both Directorates have confirmed that this can be achieved with no impact on frontline service delivery.
4. Terms and Conditions – the Council has made significant savings in the areas of employee Terms and Conditions over the last five to six years, largely arising from the implementation of Single Status. Whilst it is believed that further savings are achievable within Terms and Conditions, the detailed report will highlight that Officers believe that there is limited scope to achieve further savings beyond the £170,000 proposed. The Trades Union, via the Joint Budget Group, have stressed their strong opposition to further erosion of Terms and Conditions. A detailed report on this matter will be presented to the Policy & Resources Committee during 2014.
5. Modernisation – Officers have developed a draft Digital Access Strategy due to be considered by Policy & Resources Committee. Various projects generated by Council services are included in the Digital Access Strategy and it is believed that this, plus ongoing work around EDRMS, Agile Working and General Modernisation will be able to generate £150,000 in savings (plus the £50,000 referred to in the Shared Services update). To fund this, the Council has a Modernisation Earmarked Reserve of approximately £600,000 with projects being progressed on the basis of business cases which is overseen by the Modernisation CIG. Reports on specific initiatives will be presented to Committee as appropriate.
6. Charging / Income – the Council has approximately £6m per year in external charges. An Officer Working Group has carried out benchmarking information with other Councils and this allied to generating proposals from Directorate Management Teams generated a long list of possible charging options totalling approximately £600,000. The Corporate Management Team recommend a target of £350,000, which represents an approximate of 6% uplifting overall charges, to be selected from this list. It is proposed that a detailed report on this matter will be presented to Members during 2014.

Appendix 7

2016/19 Budget Gap - High Level Estimate

	2016/17 £m	2017/18 £m	2018/19 £m	Cumulative £m
1/ OBR Autumn Statement - (4% cut over 2016/19)	1.6	3.1	1.5	6.2
2/ Continuing cash cut due to Depopulation	1.0	1.0	1.0	3.0
3/ Inflation - Pay (2% per year)	2.1	2.1	2.1	6.3
- Non-Pay (As present)	1.9	1.9	1.9	5.7
4/ Pressures (Known)				
- Auto-enrolment (70% take up -Oct 2016)	0.3	0.7	-	1.0
- Pensions (Contracting Out)	2.0	-	-	2.0
- RAMP	0.3	0.3	0.3	0.9
	<u>9.2</u>	<u>9.1</u>	<u>6.8</u>	<u>25.1</u>

1/ OBR Autumn Statement - (4% cut over 2016/19)

2/ Continuing cash cut due to Depopulation

3/ Inflation - Pay (2% per year)
- Non-Pay (As present)

4/ Pressures (Known)
- Auto-enrolment (70% take up -Oct 2016)
- Pensions (Contracting Out)
- RAMP

- a/ This excludes unquantified demographic pressures coming through CHCP or increased asset maintenance costs.
- b/ Allows for £4.6 million per year Prudential Borrowing for RAMP.
- c/ Assumes no Council Tax increase. (3% annual increase would raise approx £3.0 million in total towards the gap).
- d/ 4% cash reduction based on Improvement Service / CPPR estimates.