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<b>Report To:</b>	<b>Inverclyde Council</b>	<b>Date:</b>	<b>20 February 2014</b>
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>2014/IC/01/AP</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>712764</b>
<b>Subject:</b>	<b>2014/16 Budget</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide Members with the necessary information in order that they can approve the 2014/16 budget and set the Band D Council Tax for the financial year 2014/15.

## 2.0 SUMMARY

- 2.1 In February 2013, the Council approved a three year Revenue and Capital budget covering the period 2013/16. The budget, however, requires to be formally approved by the Council each financial year in order that the Band D Council Tax for the forthcoming financial year can be set.
- 2.2 On 5 February the Scottish Government confirmed the 2014/15 budget for local authorities with the grant for Inverclyde being reduced on a like-for-like basis by £1.03m from the grant received in 2013/14.
- 2.3 As, has been the case for the last number of years, the Government has applied certain conditions on Council's receiving the full revenue grant and the impact of not agreeing to these is outlined in the report. If the Council does not agree to accept the conditions, then the Government need to be advised no later than 10 March 2014.
- 2.4 Extra funding has been announced for specific initiatives, the largest of which is the Children and Young Persons Bill. In addition, Policy announcements in respect of free school meals, further child care for certain two year olds and Welfare Reforms have been made, however, at this point in time the funding has not been distributed to Councils and therefore is not included in the figures provided.
- 2.5 Appendix 1 shows the latest position of the 2014/16 Revenue Budget following the decisions taken at 4 February 2014 Policy & Resources Committee. This shows that the Council's overall Revenue Budget is in balance by 2015/16 subject to decisions taken at today's meeting.
- 2.6 Appendix 2 shows how the Free Revenue Reserves balance of £3.9m as at 31 March 2016 is calculated.
- 2.7 Appendix 3 shows the latest position of the 2014/16 Capital Programme following decisions taken at 4 February 2014 Policy & Resources Committee. It can be seen that there is a shortfall in resources of £1.1m which equates to approximately 1.3% of resources available.
- 2.8 Appendix 4 provides the latest position in respect of the Common Good Budget for 2014/16.

- 2.9 Appendix 5 shows the position in respect of the six workstreams approved by the Council in February 2013. Members are asked to approve the make-up of the £800,000 workstream savings target to be delivered by 2015/16 and note that specific reports will be presented to the relevant Committee during 2014. In addition, Directorates have a further £750,000 saving to be identified for 2015/16. This will be reported to the Policy & Resources Committee later this year.
- 2.10 There are a number of other relevant matters which are highlighted to Members for consideration and these are outlined in Appendix 6. This highlights potential issues which could arise during the 2014/16 budget period and also gives Officers advice in terms of how to address these matters when/if they arise.
- 2.11 The Corporate Management Team recommend that work commences in the early Summer in respect of the next three year budget covering the period 2015/18. It would be prudent for the Council to begin this process as soon as possible given the expected scale of the financial pressures. Regular updates on progress will be presented to the Policy & Resources Committee over the next twelve months.
- 2.12 As, has been the case for the last number of years, consultation has taken place with the Trades Unions via the Joint Budget Group. This continues to be an extremely valuable forum for joint communication and agreement. As budgets continue to be reduced, the need for such a forum becomes even more important although the challenges in achieving a consensus become greater.
- 2.13 The Council is required to agree its Band D Council Tax for the financial year 2014/15 and this will be done via a formal resolution following the Council's consideration of the matters in this report.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Council approves the 2014/16 Revenue Budget.
- 3.2 It is recommended that the Council agrees how any Free Reserves are to be utilised.
- 3.3 It is recommended that the Council approves the 2014/16 Capital Programme.
- 3.4 It is recommended that the Council approves the 2014/16 Common Good Budget.
- 3.5 It is recommended that the Council approves the individual workstream targets to be delivered by Officers by 2015/16.
- 3.6 It is recommended that the Council notes that the Corporate Management Team will submit proposals in respect of the £750,000 Directorate 2015/16 savings to the Policy & Resources Committee later this year.
- 3.7 It is recommended that the Council agrees that Officers prepare proposals in respect of a 2015/18 three year Revenue & Capital Budget to be considered by the Council in February 2015.
- 3.8 It is recommended that the Council notes that the formal Council Tax resolution will require to be approved as part of this meeting.

## **4.0 BACKGROUND**

- 4.1 The Council set a three year Revenue & Capital budget in February 2013. The three year budget was financially balanced by 2015/16 with surpluses being generated during the financial years 2013/14 and 2014/15.
- 4.2 It is a statutory requirement for the Council to confirm the level of Council Tax for the forthcoming financial year as part of an annual budget decision.
- 4.3 By undertaking an annual budget review exercise, it allows Officers to update Members in respect of any changes to Government funding, Council budget pressures and/or new policy announcements. The budget process, however, in 2014/15 has been far less intensive than last year due to the Council's decision to set a three year budget in February 2013.

## **5.0 GOVERNMENT GRANT SETTLEMENT**

- 5.1 In December 2013, the Scottish Government issued detailed figures on a Council by Council basis for both Revenue and Capital. These figures confirmed that the Council on a like for like basis is receiving a reduction in cash grant of £1.03m between 2013/14 and 2014/15. This is in line with the assumptions made when setting the 2013/16 Revenue budget.
- 5.2 The Council's Government Grant settlement was confirmed on 5 February as part of the approval of the 2014/15 budget by the Scottish Parliament. Within this there have been several policy announcements by the Scottish Government who in turn have announced extra funding to support the provision of these policies. The main policy announcements relate to –
  - a) Children and Young Persons Bill, the main aspect of which relates to 600 hours of early years provision for all 3 – 4 year olds;
  - b) Free school meals for all children in primaries 1 – 3;
  - c) 600 hours of childcare for certain 2 year olds to be phased in from August 2014;
  - d) Further funding for Councils to meet the impact of the UK Government's Policy in respect of the spare room subsidy.
- 5.3 As has been the case for the last number of years, the Government has attached conditions to be agreed in order to receive the full Revenue Grant. For 2014/15 the 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 for every probationer teacher who requires one.
- 5.4 In the event that the Council does not agree to these conditions, then the Government has 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 do not wish to agree to the conditions outlined above, then it requires to make this decision as part of today's budget and advise the Scottish Government in writing by 10 March 2014.
- 5.5 It should be noted that there has been no Government announcement in respect of the detail of the 2015/16 Grant distribution. This has arisen due to CoSLA leaders agreeing that the 2015/16 Grant level should be the same as 2014/15 for all Councils. The Government is expected to make a decision in this regard in the near future. If the CoSLA position is agreed then the Council will receive an extra £1.1million grant in 2015/16.
- 5.6 The Government has also announced the Capital Grant for 2014/15 and the figure for Inverclyde was the same as had been built into the 2013/16 budget subject to the addition of £413,000 in 2014/15 arising from the Children & Young Persons Bill.

## **6.0 2014/16 REVENUE BUDGET**

- 6.1 Appendix 1 shows the latest position of the 2014/16 Revenue budget following the decisions taken by the Policy & Resources Committee on 4 February 2014.
- 6.2 It can be seen that at present the 2015/16 Revenue budget is in balance provided the Council delivers on the £800,000 workstream savings in 2015/16 and the £750,000 Directorate savings in 2015/16. The Corporate Management Team would propose that detail in respect of the £750,000 Revenue savings be presented to the Policy & Resources Committee later this year.
- 6.3 Following the decisions taken by the Policy & Resources Committee, Members are advised that there is £340,000 of unallocated pressures money in 2015/16. It is the strong recommendation from the Corporate Management Team that no decisions are taken in respect of this sum at today's meeting given that there remains a level of uncertainty around certain aspects in the 2014/16 budget and that the Council is facing a very significant budget gap in the post 2015/16 budget period.

## **7.0 GENERAL FUND RESERVES**

- 7.1 Appendix 2 shows the latest projection in respect of the General Fund Free Reserves. This figure shows the projected Free Reserves as at 31 March 2016 after deducting the £3.8m core reserves which equates to 2% of annual turnover as per the Council's approved policy.
- 7.2 The Policy & Resources Committee received information in respect of Corporate Management Team recommendations for the use of some of the Free Reserves and the Council is asked to approve decisions in respect of the use of the Free Reserves as part of today's meeting.

## **8.0 2014/16 CAPITAL PROGRAMME**

- 8.1 Appendix 3 shows the latest position of the 2014/16 Capital Programme following the Policy & Resources Committee on 4 February 2014. From this, it can be seen that there is a shortfall in resources over the programme of approximately £1.1m which equates to 1.3%. This is within acceptable parameters and no further action is required.
- 8.2 Should Members wish to add further projects to the Capital Programme, then it is strongly recommended that these are funded by either Prudential Borrowing, use of reserves, or removing projects from the approved programme.
- 8.3 It should be noted that in line with the advice given in the Financial Strategy, it is highly unlikely that Government Grant will be sufficient to cover basic capital investment requirements in the future. As such, the Council will require to either reduce its asset base or find other ways of funding Capital Investment in order to maintain its assets in their current condition. Officers are working on future investment requirements for non education properties and open space assets. This information will be reported to Members during 2014.

## **9.0 COMMON GOOD BUDGET 2014/16**

- 9.1 Appendix 4 shows the proposed 2014/16 Common Good budget which reflects the one-off receipt received during 2013/14 in respect of the disposal of the former petrol station at Bogston.
- 9.2 The Council has previously agreed that the core balance held by the Common Good Fund should be in the order of £150,000.

## **10.0 WORKSTREAMS**

- 10.1 When agreeing the 2013/16 budget in February 2013, Members agreed a target of £800,000 to be achieved from 6 new savings workstreams by 2015/16. These workstreams were largely of an efficiency nature and therefore have limited impact on frontline service delivery.
- 10.2 Appendix 5 shows the latest position in respect of the six workstreams and the recommended allocation of the £800,000 target following detailed consideration by the Corporate Management Team.
- 10.3 Members are asked to approve the targets as outlined, however, in the event that Members wish to amend the targets, then compensatory increases will be required either from within the workstream savings or from elsewhere in the Council's budget.
- 10.4 It should be noted that specific proposals 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.

## **11.0 BUDGET RISKS / ISSUES**

- 11.1 Appendix 6 outlines a number of expenditure pressures identified by the Corporate Management Team which are not incorporated into the figures presented to the Council today.
- 11.2 For each of the items, the Corporate Management Team have recommended how these pressures would be dealt with in the event that they arise, and Members are asked to note the content of this Appendix.
- 11.3 As indicated in Section 6, as part of the 2013/16 Revenue budget, a savings target of £750,000 was agreed for 2015/16 to be split across the three Directorates. These savings are intended to be largely of an operational nature and Officers will progress proposals over the Spring / Summer with a view of reporting to the Policy & Resources Committee later this year.

## **12.0 FUTURE YEARS BUDGET**

- 12.1 As was reported to the Policy and Resources Committee on 4 February 2014, there is a very significant budget shortfall forecast for the period 2016/19. Estimates by Officers place the funding gap at approximately £25m which equates to approximately 13% of the Council's existing Revenue budget. The funding shortfall identified by Officers is in line with the funding shortfalls being identified by Councils elsewhere.
- 12.2 In light of the significant funding gap, work will need to begin during 2014 on strategically reviewing Council service delivery to ensure that coherent proposals to balance future years' budgets can be presented to Members at the appropriate time.
- 12.3 The Corporate Management Team propose that in February 2015 the Council set a three year Revenue budget covering the period 2015/18, thus continuing a rolling three year budget. This budget would tie in with the expected spending review announcement by the UK and Scottish Governments in the Autumn of 2015 and the next Scottish Local Government elections.
- 12.4 Work would need to commence in the early Summer to prepare such a significant budget and regular reports will be presented to the Policy & Resources Committee throughout 2014.

## 13.0 CONSULTATION

- 13.1 Whilst this budget has not involved the same level of consultation as last year, there have been regular meetings with the Trade Unions through the Joint Budget Group as part of the 2014/16 budget. This forum continues to be extremely valuable in communicating with the Trade Unions and receiving feedback on proposals.
- 13.2 As was intimated to the Policy and Resources Committee, the Trade Unions have significant concerns regarding the terms and conditions savings workstream proposal and have intimated that when this matter is reported to the Policy & Resources Committee, they will make written representation for Members to consider as part of the decision making process.
- 13.3 The Joint Budget Group will continue to play an extremely important part in addressing the significant financial challenges which lie ahead albeit it is acknowledged that it will become increasingly difficult to achieve an overall consensus giving the scale of the savings already taken and the scale of the savings which lie ahead.
- 13.4 The Corporate Management Team have approved the report.

## 14.0 IMPLICATIONS

### Finance

- 14.1 The financial implications are outlined in the report and appendices.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Reserves	General Fund Reserves	2014/16	3,903	-	Available Free Reserves per Appendix 2

##### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

### Legal

- 14.2 It is a Legal requirement for the Council to agree a budget and Council Tax level for the forthcoming financial year.

### Human Resources

- 14.3 There are no direct HR implications arising from the proposals in this report.

### Equalities

- 14.4 There are no Equalities issues arising from the proposals in this report.

## **Repopulation**

- 14.5 The continuing annual reduction in Council Grant arising largely from reductions in population emphasise the need for the Council to arrest the decline in the areas population.

## **15.0 LIST OF BACKGROUND PAPERS**

- 15.1 Scottish Finance Circulars 6/2013 & 1/ 2014.

**Government Grant Summary**

	£	£
General Revenue Grant/ Non Domestic Rates 2013/14		164,728,000
Scottish Government Grant Cut 2014/15		<u>(1,032,000)</u>
		163,696,000
<u>Funding Removed for Distribution Later</u>		
Council Tax Reduction Scheme	(5,437,000)	
Scottish Welfare Fund	<u>(863,000)</u>	(6,300,000)
<u>New Funding Released</u>		
Children & Young Peoples Bill	709,000	
Hostels Grant	203,000	
Other Funding Initiatives	<u>56,000</u>	968,000
<b>General Revenue Grant/ Non Domestic Rates 2014/15</b>		<b>158,364,000</b>
Anticipated Scottish Government Grant Cut 2015/16		(1,100,000)
<b>General Revenue Grant/ Non Domestic Rates 2015/16</b>		<b>157,264,000</b>

To this sum is added Council Tax Income estimated to be £33.014 million for both 2014/15 and 2015/16.

<u>Allocated to :</u>	14/15 £'000	Movement £'000	15/16 £'000
Chief Executives	357	0	357
Environmental, Regeneration & Resources Directorate	31,055	(948)	30,107
Education, Communities & OD Directorate	88,056	(848)	87,208
Community Health & Care Partnership Directorate	48,339	(1,033)	47,306
Miscellaneous	2,438	560	2,998
Inflation Contingency <sup>1</sup>	6,210	4,031	10,241
Unallocated Savings	(200)	(1,628)	(1,828)
Loans Charges	13,346	543	13,889
Contribution to Reserves	1,777	(1,777)	0
<b>Revenue Budget</b>	<b>191,378</b>	<b>(1,100)</b>	<b>190,278</b>
Less Council Tax Income	(33,014)	0	(33,014)
<b>Net Revenue Budget</b>	<b>158,364</b>	<b>(1,100)</b>	<b>157,264</b>

Notes:

<sup>1</sup> Inflation Contingency to be allocated to Service budgets.



**General Fund Reserve**  
**Free Reserve Position**

	<u>£'000</u>
Reserves Balance 31.03.16 (As at February 2013 Budget)	3,922
Add: Projected Surplus 2013/14 (Policy & Resources February 2014)	930
Add: Auto Enrolment 2013/14 not required	470
Auto Enrolment 2014/15 not required	186
Auto Enrolment 2015/16 not required	100
Unallocated Inflation Contingency 2013/14	399
Unallocated Pay Inflation Contingency 2014/15	846
Projected Loan Charge Underspend 2014/15	600
Projected Loan Charge Underspend 2015/16	250
	<u>7,703</u>
Less: Core Reserve Level (2% of £190 million)	(3,800)
Estimated Available Free Reserves 31.03.16	<u>3,903</u>

Note:

Reserves balance adjusted for 2012/13 outturn at 31.03.13

General Fund Capital Programme - 2014/16Approved Programme

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
<u>Policy &amp; Resources</u>				
Completion of Existing Programme	144	-	-	144
Annual Allocation (ICT)	554	551	50	1,155
Modernisation Fund	32	350	-	382
<u>Policy &amp; Resources Total</u>	<u>730</u>	<u>901</u>	<u>50</u>	<u>1,681</u>
<u>Environment &amp; Regeneration</u>				
Completion of Existing Programme (Property Services)	303	-	-	303
Annual Allocation (Property Services)	800	1,200	-	2,000
Central Gourrock 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	475	200	-	675
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 &amp; Regeneration Total</u>	<u>15,963</u>	<u>25,385</u>	<u>2,913</u>	<u>44,261</u>
<u>Education &amp; Communities</u>				
Scheme of Assistance/Aids & Adaptations	1,400	1,342	400	3,142
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	8,283	8,612	12,023	28,918
<u>Education &amp; Communities Total</u>	<u>11,812</u>	<u>12,254</u>	<u>15,644</u>	<u>39,710</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>28,585</u>	<u>38,540</u>	<u>18,607</u>	<u>85,732</u>

General Fund Capital Programme - 2014/16Available Resources

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
Government Capital Support	8,251	6,000	-	14,251
Less: Allocation to School Estate	(4,713)	(4,300)	-	(9,013)
Capital Receipts (Note 1)	420	772	-	1,192
Capital Grants (Note 2)	227	-	-	227
Prudential Funded Projects (Note 3)	8,511	18,746	5,834	33,091
Balance B/F From 13/14 (Exc School Estate)	3,235	-	-	3,235
Capital Funded from Current Revenue (Note 4)	6,548	5,848	300	12,696
School Estate Management Plan Funding	8,283	8,612	12,023	28,918
	<u>30,762</u>	<u>35,678</u>	<u>18,157</u>	<u>84,597</u>

<u>Total Expenditure</u>	<u>28,585</u>	<u>38,540</u>	<u>18,607</u>	<u>85,732</u>
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<b>(Shortfall)/Under Utilisation of Resources</b>				<b><u>(1,135)</u></b>
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Notes

	2014/15	2015/16	Future	Total
	£000	£000	£000	£000
<b>Note 1</b>				
<b><u>Further Breakdown of SEMP Expenditure</u></b>				
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	-	-	2,086
Children and Young Families allocation	413	-	-	413
Prudential Funding - Capital Project Contributions	-	500	-	500
Other Projects < £250K	384	91	2	477
	<u>8,283</u>	<u>8,612</u>	<u>12,023</u>	<u>28,918</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).

**COMMON GOOD FUND  
REVENUE BUDGET 2013/16**

Appendix 4

	<u>2013/14 Budget</u>	<u>Adjustment 2014/15</u>	<u>2014/15 Budget</u>	<u>2015/16 Adjustment</u>	<u>Budget 2015/16</u>
<b><u>PROPERTY COSTS</u></b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>
Repairs & Maintenance	4,000		4,000		4,000
Property Insurance	1,000		1,000		1,000
Marketing Costs					
<b><u>ADMINISTRATION COSTS</u></b>	<b>8,500</b>	<b>0</b>	<b>8,500</b>	<b>0</b>	<b>8,500</b>
Sundries	300		300		300
Commercial Rent Management Charge	2,200		2,200		2,200
Recharge for Accountancy	6,000	0	6,000		6,000
<b><u>OTHER EXPENDITURE</u></b>	<b>132,800</b>	<b>A. 200</b>	<b>133,000</b>	<b>A. 3,600</b>	<b>136,600</b>
Christmas Lights Switch On	10,500		10,500		10,500
Christmas Dinners/Parcels	18,000		18,000		18,000
Christmas Decorations	35,400		35,400		35,400
Gourock Highland Games	29,400		29,400		29,400
Armistice Service	8,300		8,300		8,300
Comet Festival	13,300		13,300		13,300
Fireworks	12,600		12,600		12,600
Rent Relief (Society of the Innocents)	3,100		3,100		3,100
Contingency for future Community Events	2,200	200	2,400	3,600	6,000
<b><u>INCOME</u></b>	<b>(146,300)</b>	<b>B. (200)</b>	<b>(146,500)</b>	<b>B. (3,600)</b>	<b>(150,100)</b>
Gross Rent	(188,800)	24,650	(164,150)	(4,100)	(168,250)
Void Rents	44,500	(24,850)	19,650	500	20,150
Internal Resources Interest	(2,000)		(2,000)		(2,000)
Disposal of Land	0				
<b><u>NET EXPENDITURE</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>EARMARKED FUNDS</u></b>	<b>99,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
John wood St/Bay St Shop Improvements	95,000		0	0	0
Contribution to Parade - Royal Regiment of Scotland	4,000		0		0
<b><u>TOTAL NET EXPENDITURE</u></b>	<b>99,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Projected Fund Balance as at 31st March 2014

**£295,290**

Projected Fund Balance as at 31st March 2015

**£295,290**

Projected Fund Balance as at 31st March 2016

**£295,290**

**Notes:**

**A. Other Expenditure**

Increase/(Decrease) in available contingency to bring annual budget to break-even.

200

3,600

200

3,600

**B. Income**

Adjustment to Gross Rent and Void Rents based on current occupancy levels

3,300

Inflation to Gross Rent and Void Rents

(3,500)

(3,600)

(200)

(3,600)

Projected Income assumes full occupancy with the exception of:

10 Bay St (assumed 3 months occupancy)

4 John Wood St (assumed 3 months occupancy)

15 John Wood St (assumed 3 months occupancy)

18 Drumfrochar Road (assumed no occupancy)

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 what 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    | - | £ -             |
| c) Sessional Workers  | - | £30,000         |
| d) Terms & Conditions | - | £170,000        |
| e) Modernisation      | - | £200,000        |
| 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 and will make their representation on this matter when the detailed report goes to the Policy & Resources Committee.

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 2014/16 budget.

Corporate Management Team  
5<sup>th</sup> February 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 main Shared Services Project currently ongoing is the Roads / Lighting Shared Services with Renfrewshire and East Renfrewshire. Discussions are also at an early stage in relation to Property Services. Following approval by the Policy & Resources Committee on 4<sup>th</sup> February that the Council's efforts be focused upon delivery of the Council's own ICT / Modernisation Strategy, it is proposed that the £50,000 earmarked against Shared Services be added to the Modernisation target. It is still believed that savings will be delivered from Shared Services but that these will not be guaranteed in the 2014/16 budget period.
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 and will formally raise these when the detailed report on this matter is presented to the Policy & Resources Committee during 2014.
5. Modernisation – The Digital Access Strategy was approved by Policy & Resources Committee on 4<sup>th</sup> February. 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. A detailed report on this matter will be presented to Members during 2014.

## 2014/16 Budget – Risks / Issues

	<u>ISSUE</u>	<u>COMMENTARY / ADVICE</u>	<u>Estimated Cost</u> <u>£000</u>
1.	Commonwealth Games Flotilla – an approach from RYA Scotland has resulted in a request for £250,000 to pay for an event linked to the Commonwealth Games.  A more detailed briefing is attached.	If members were minded to support this proposal then this would be funded from the Free Reserves.	250
2.	Inverkip CC – drainage and associated issues are resulting in increased budget costs.	Proposed to use the Leisure Repairs and Renewals Fund established as part of the 2012/13 Accounts closure. Balance 31.3.14 projected as £400k.  The result of tenders to be reported to E & C Committee once returned.	160
3.	Gourock Pierhead – tenders issued and awaiting returns. Pre-tender analysis indicated a potential budget pressure.	Await tender return and reporting to 1/5/14 E & R Committee before deciding next stage.	To be confirmed
4.	City Deal – report to Council in December gave detail on the City Deal. Decision will be required in 2014 on level of any participation. A more detailed briefing is attached.	There are major potential financial implications and would require a review of the overall revenue / capital budgets if it was agreed to participate in full.  A further report on this matter will be presented to Members at the appropriate time.	Up to £6million per year
5.	P & R Executive Sub-Committee in June 2013 agreed an interim policy. One off funding was provided. Officers were asked to review the policy and bring back to the relevant Committee. This has the potential to increase costs.	Report due to go to E&C Committee in March 2014.  Any financial implications would need to be addressed within the report.	To be confirmed

## **Budget Proposal: The Homecoming Muster and Commonwealth Flotilla - £250,000**

### **Context and Background**

Glasgow will host the Commonwealth Games over the period 23 July to 03 August 2014 and the world's attention will turn to the activities and events of the city. Much is being made of the relationship between Glasgow, the Clyde and the nautical connections with the rest of the Commonwealth.

RYA Scotland has approached Inverclyde Council to fund The Homecoming Muster and The Commonwealth Flotilla. RYA Scotland is partnering with Scottish Canals to deliver a series of other events including the Commonwealth Flotilla in 2014 and the Loch Ness Monster Muster in 2015. These events seek to build on the success of the MalinWaters Clipper Cruise of 2012, link to VisitScotland themed years, the Homecoming and to capitalise on the opportunity of the Commonwealth Games.

The 2014 event consists of two principle parts; the Homecoming Muster and the Commonwealth Flotilla. The Muster would see a host of feeder events arriving in Greenock and the Flotilla would take the assembled boats to the centre of Glasgow to join in a host of cultural activities being delivered by Glasgow Life and their partners. The Homecoming Muster and the Commonwealth Flotilla have three principle aims:

- To show case the marine offering of the Clyde and Scotland.
- To challenge the perception that boating is for the rich and famous
- To foster new working relationships which can be explored further after the games

In achieving the above RYA Scotland will also lay on a mass participation event that will inspire, celebrate and support the Commonwealth Games. It should provide an enjoyable experience for all and a unique way to engage in a once in a generation event.

### **Summary of the Events**

#### **The Homecoming Muster**

The muster includes feeder events which all arrive in the outer Clyde between 21 – 24 July 2014. These will all culminate in a muster at James Watt Dock Marina in Greenock:

- A structured cruise in company through Argyll and the Isles (18 – 25 July)
- The Small Ships Race - based from Greenock for the period 20 – 25 July 2014.
- Cruises in company and informal musters from Ireland/Northern Ireland, Wales and England

#### **The Commonwealth Flotilla**

The Commonwealth Flotilla will start with a reception on the evening of Friday 25<sup>th</sup> July. The reception will also double as the prize giving for the Small Ships Race.

The following morning all of the gathered boats, augmented by many local boats, will depart and head up the river on the flood tide to the centre of Glasgow. RYA Scotland is aiming for at least 250 boats. The Flotilla will pass numerous landmarks including; Dumbarton Castle, the Erskine Bridge, Clyde Bank Titan Crane and the Riverside Museum before berthing in Pacific Quay at the Science Centre.

The temporary pontoons, infrastructure and project management for this element of the event are all in place having secured £150,000 from Glasgow City Council/Glasgow Life. The event has also been drawn into the full Festival 2014 programme and will be supported by official communication channels.



## Publicity and Legacy

RYA Scotland has secured EventScotland support (£24,000) to ensure this event, with Inverclyde at the centre of it, is displayed to a considerable audience. From the outset this event RYA Scotland is seeking to achieve more than just a spectacle on the day. The partnerships developed through working together have the potential to yield considerable future activity and to shape the future of the marine tourism sector. Glasgow Life, Scottish Canals and Argyll and the Isles Tourism Cooperative (AITC) all have future plans that this event will catalyse. These include a revival of the River Festival, the Loch Ness Monster Muster, the development of Oban, Campbeltown and the broader marine offer in Argyll and Bute.

Inverclyde is particularly well placed to unlock a future legacy too. In this regard the provision of permanent pontoons are being proposed as an alternative to temporary leasing of pontoons to enable future events/activities to be organised. It is envisaged that the use of these permanent pontoons could generate sufficient income to cover the ongoing maintenance; however, further work is required in this regard to confirm this is the case.

James Watt Dock Marina is situated perfectly to facilitate this event. It has both the space to accommodate the additional boats and infrastructure necessary to host them, sheltered waters to afford safety overnight and is a perfect day's journey away from the centre of Glasgow. It is RYA Scotland's aspiration to work with the JWD team to bolster the capacity to host this mustering point and the reception ahead of the Flotilla. This is likely to extend to include additional pontoons, additional toilets and the use of part of the Sugar Sheds to host a reception.

## Return to Inverclyde

RYA Scotland suggests a spend of £73,255 - £112,700 by visiting boats excluding spend on the event days themselves. This event also affords considerable opportunity to showcase Inverclyde's waters, history and modern marine leisure services on a global stage. It also offers an opportunity to develop partnerships that will be able to exploit the marine tourism opportunity of Inverclyde in the medium and long term.

## Project Costs

Item		£	
Increase visitor boat capacity at JWD	Pontoon rental	64,000 (£50,000)	Based on 200m. Option also to buy estimate
Other infrastructure inc additional toilets, security etc.		10,000	
JWD shed tidy		3,000	
Provost reception for Small Ships Race	200 people @ £5 a head	1,000	
Flotilla reception (contribution)	1000 people @ £2 a head	2,000	other money coming from entrants seeking approx £6 a head
Welcome and hub marina branding (contribution)		2,000	other income from EventScotland Homecoming (confirmed)
JWD management fee		7,000	
JWD shed rental		2,000	
Berthing fee for Small Ships Race boats	25 x 25 x 3	1,875	
Berthing fee for evening of Friday 25th	25 x 230	5,750	
Provision of on site management e.g. blue light services, traffic management		100,000	Estimated at this stage
Contingency		1,375	
	<b>Total</b>	<b>250,000</b>	

**Budget Issue:****Clyde Valley Infrastructure Investment Fund (City Deal) - £60 million****Context and Background**

The City Deal process was initiated in 2011 as part of the UK Government's broader devolution agenda. City Deals seek to empower local areas to drive economic growth by putting greater resources and financial freedom into the hands of local leaders. City Deals are capable of developing significant infrastructure funds.

Currently the Clyde Valley Infrastructure Investment Fund (CVIIF) is supported by seven out of the eight Clyde Valley Community Planning Partnership local authority areas. The CVIIF will target projects under the three themes of Transportation; Regeneration and Housing which generate a net increase in Gross Value Added (GVA) at the Clyde Valley regional economy level. Initial estimates of the funds size were given at approximately £2.4 billion, Inverclyde Council's contribution to this fund would be in the region of £60 million, based on ten contributions of £6 million over the ten year lifespan of the fund.

This would require setting aside approximately 80% of the Council's approved capital funding programme to contribute to the CVIIF, potentially putting agreed capital commitments at risk. The Council may also be required to undertake additional speculative borrowing to contribute to the wider CVIIF pot.

Due to the regional focus of the Fund, the Council would have to be at ease with contributing to projects that may not be located within Inverclyde, albeit a proportion of the benefits from such projects would be experienced by our residents and within the local economy. Governance issues do exist in respect of the Council allocating funds for projects out with its operational boundary however these have been addressed in the past through justification on a case by case basis.

Officers from the constituent authorities were asked to develop a list of projects which could be considered for inclusion within the fund which could potentially affect the metropolitan city regions GVA. This resulted in a list of 61 projects which heavily oversubscribed the "available funds". A prioritised medium list of twenty two of these projects is being modeled for economic impacts by the consultants appointed for the project and the results of this modeling exercise are due in early to mid February.

|

**Summary of the Projects submitted by Inverclyde Council**

Inverclyde initially submitted two projects to the long list which was subsequently increased to eight projects. Following initial sifting from the long list to the medium list, Inverclyde still has three projects on the list which are being modeled. The three projects are:-

**Greenock Ocean Terminal – £9.8m**

Cruise ship visits to Inverclyde are limited to a maximum of 45 per annum due to the impact which they have on the berthing capacity at Greenock Ocean Terminal. This project seeks to extend the Prince's Pier and Albert Dock areas within the Ocean Terminal as well as improving access and visitor facilities to facilitate significant growth in the cruise tourist traffic in the west of Scotland.

### **Inchgreen - £6.5m**

Greenock's Inchgreen port is identified within the draft National Planning Framework 3 (Draft\*) and National Renewable Infrastructure Plan (N-RIP) as a facility capable of exploiting the potential of the national key growth industry of offshore (marine) renewables.

The Inchgreen facility combined with the adjacent dock infrastructure makes for a strong proposition, for single use and to create a West of Scotland Renewable Cluster enhancing the economic growth potential of Inverclyde but also supporting and strengthening Scotland's strategic offer in this key growth sector.

The project seeks to improve the facilities at the site through improvements to the quay and pier, as well as remediation and access improvements.

### **Inverkip - £2m**

The former Inverkip Power Station site provides Inverclyde and perhaps the whole of the Clyde Estuary with one of the most significant development opportunities for housing and commercial space in terms of location of choice.

This development, which is currently in the remediation phase has a burden of available traffic flow on the nearby A78. Whilst the site itself does not require significant investment, a roundabout is required at the nearby Main Street, Inverkip junction with the A78. Investment from the fund would unlock the potential of up to 650 houses and up to 2Ha of commercial and retail space as well as significantly improving traffic flow on the A78 trunk road itself.

### **Project Costs**

At this stage the only economic modeling which is available has been presented to the Council which could result in up to £60 million being required to fund this initiative over a ten year period.