
Report To:	Policy & Resources Committee	Date: 25 March 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: FIN/18/14/JB/LA
Contact Officer:	Jan Buchanan	Contact No: 01475 712223
Subject:	2013/14 General Revenue Budget as at 31st January 2014	

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 31 January 2014 and to update Committee in respect of the position of the General Fund 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 the 31st January 2014 the General Fund is projecting a £1.173million underspend which represents 0.61% of the net Revenue Budget. This is a increase in the underspend reported to the last Committee of £0.243million and is mainly due to:
- Additional underspends in Service budget of £101,000 mainly due to additional turnover and early achievements of savings in Education and Policy and Resources partially off set by increased costs in CHCP due to increase demand in client commitments.
 - Reduction in the loans charges projection of £150,000 due to slippage in the capital projects.
- 2.3 From Appendix 1 it can be seen that all 4 Service Committees are currently projecting underspends for the current year.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves from where it can be seen that as at 31st January 2014 expenditure totalled £12.946 million which equates to 51.79% of the projected spend in 2013/14. It can also be seen from appendix 2 that as at the 31st January 2014 actual expenditure is 21.88% 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 31st March 2014 is £5.095 million which is £1.295 million greater than the minimum recommended balance of £3.8 million. The February Council meeting agreed use of all useable free reserves for the remainder of the 2013/16 budget period.
- 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 the 31st January 2014 92.6% of the projected savings in 2013/14 have already been delivered.

2.7 Section 7 of the report provides an update in respect of the 2015/16 settlement and discussions within Cosla and between Cosla and the Government. In September Cosla Leaders agreed that for 2015/16 the grant should be given on a "Flat Cash" basis. On 21 February the Cabinet Secretary provided an exemplification of the flat cash settlement of £158.662m for Inverclyde but also the 'Needs Based Indicator' settlement: £159.609m for Inverclyde. Committee is asked to note that irrespective of the ultimate outcome which Leaders will vote at the April meeting the Council will receive more funding in 2015/16 than allowed for in the 2013/16 budget.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position of the 2013/14 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note the 2013/16 Workstream Savings position.
- 3.3 It is recommended that the Committee note the latest position of the 2015/16 Grant settlement.

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 31st JANUARY 2014

5.1 It can be seen from Appendix 1 that as at the 31st January 2014 the General Fund is projecting an underspend of £1.173 million which equates to 0.61% of the net General Revenue Fund Budget. This is an increase in the underspend reported to the last Committee of £0.243 million and is mainly due to:

- Additional underspends in Service budget of £101,000 mainly due to additional turnover and early achievements of savings in Education and Policy and Resources partially off set by increased costs in CHCP due to increase demand in client commitment projection.
- Reduction in the loans charges projection of £150,000 due to slippage in the capital projects.

5.2 It can also be seen from Appendix 1 that all 4 Service Committees are currently projecting underspends.

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

Policy & Resources Committee – Projected underspend of £257,000 and increase of £63,000 since last reported and mainly due to employee cost turnover savings in Legal and Democratic Services, an underspend within ICT Administration budget and over-recovery within Benefit Subsidy income.

Environment & Regeneration – Projected underspend of £41,000 and increase of £7,000 since last reported and is mainly due to excess turnover savings and a projected underspend in vehicle fuel offset by an underrecovery in planning and property income.

Education & Communities - £150,000 underspend an increase of £108,000 since last report and mainly due to further employee savings within Communities and Education arising from early achievements of savings. One off saving within Non Domestic Rates offset by a reduction in income from other Local Authorities.

Health & Social Care – Underspend £7,000 – The reduction in underspend is mainly due to an increase in client commitment costs. This also reflects the one off contribution in year of £145,000 for the refurbishment of Caladh House.

5.4 Appendix 2 shows the latest position in respect of the Earmarked Reserves and also provide information on performance against phased budget. Committee is 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 31st January 2014 the Council has spent £12.946 million against a phased budget target of £16.573 million. This represents a shortfall of 21.88% against target and 51.79% of the projected spend of £24.998 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 31st March 2014. The projected balance at this date is shown as £5.095 million which is £1.295 million greater than the minimum reserve balance of £3.8 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. The Council Meeting in February 2014 agreed the use of all useable free reserves until the end of the 2013/16 budget period.

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 £387,000 has been achieved to date. In addition the 2015/16 Workstreams now reflect the targets agreed at the February, 2014 Council meeting.

7.0 OTHER FINANCIAL MATTERS

7.1 Cabinet Secretary Mr John Swinney presented the 2014/15 Scottish Government Budget on the 11th September 2013. At the same time he announced indicative figures for 2015/16, In September Cosla Leaders agreed that for 2015/16 the grant should be given on a "Flat Cash" basis, this request was responded to by the Cabinet Secretary on the 21st February.

7.2 The Cabinet Secretary provided figures to all Councils giving an exemplification of the 2015/16 settlement on the basis of either "Flat Cash" a settlement of £158.622m and the usual updated "Needs Based Indicators" approach a settlement of £159.609m. The detail behind the 'Needs Based Indicators' settlement has still to be validated by Cosla AND Local Authorities. In both cases the Council fares better than allowed for in the 2015/16 budget.

7.3 Discussions are ongoing within Cosla and between Cosla and the Government about the distribution approach to use in 2015/16 and Committee will be advised once agreement is reached Leaders will vote on the settlement at April Leaders meeting.

8.0 CONSULTATION

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

9.0 IMPLICATIONS

9.1 There are no HR or Legal implications arising from this report.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

11.0 REPOPULATION

11.1 There are no repopulation issues arising from this report.

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 31st January 2014

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	15,329	15,072	(257)	(1.68%)
Environment & Regeneration	22,733	20,474	20,433	(41)	(0.20%)
Education & Communities (Note 1)	86,405	80,590	80,440	(150)	(0.19%)
Health & Social Care	48,491	48,939	48,932	(7)	(0.01%)
Committee Sub-Total	180,216	165,332	164,877	(455)	(0.28%)
Loan Charges (Including SEMP)	13,160	16,889	16,389	(500)	(2.96%)
Unallocated Savings (Note 2)	(311)	(87)	(29)	58	(66.67%)
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	(51)	0	51	0.00%
Earmarked Reserves	0	5,953	5,953	0	0.00%
Total Expenditure	197,742	192,713	191,540	(1,173)	(0.61%)
Financed By:					
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%
Net Expenditure	0	0	(1,173)	(1,173)	

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 offset by procurement over-recovery

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2013/14</u> £000	<u>Phased Budget to 31 Jan 14</u> £000	<u>Actual Spend To 31 Jan 14</u> £000	<u>Variance Actual to Phased Budget</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Earmarked 2014/15 & Beyond</u> £000	<u>2013/14 %age Spend Against Projected</u>	<u>2013/14 %age Spend Against Phased Budget</u>
Education & Communities	21,686	10,367	8,677	(1,690)	15,266	6,420	56.84%	83.70%
Health & Social Care	3,668	1,969	1,493	(476)	2,249	1,419	66.39%	75.84%
Regeneration & Environment	12,713	3,824	2,489	(1,335)	5,130	7,583	48.52%	65.09%
Policy & Resources	7,840	413	287	(126)	2,353	5,487	12.20%	69.49%
	45,907	16,573	12,946	(3,627)	24,998	20,909	51.79%	78.12%

Actual Spend v Phased Budget

(£3,627k)

(21.88%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/14

	<u>£000</u>	<u>£000</u>
Balance 31/03/13		14355
Projected Surplus/(Deficit) 2013/14	1173	
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)	<u>(1500)</u>	(9260)
Projected Unallocated Balance 31/03/14		<u><u>5095</u></u>

Minimum Reserve required is £3.8million

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	<u>(350)</u>	(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	<u>(80)</u>	(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	<u>(250)</u>	(1500)

Workstream Updates as at: **13/02/13**

<u>Lead Officer</u>	<u>Workstream Saving</u>		<u>Update</u>	<u>Target (2013/16)</u> <u>£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. SAVING COMPLETE	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. SAVING COMPLETE	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 of Northgate Maintenance, £19k for mobile phone tariffs, £10k school transport and £16k PPE.	313k 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 and Confident Care went live January 2014. All providers expected to be live April 2014 with the exception of Cottage Care who have declined to use CM2000. 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>	200k To be achieved: 2014/15 75k

A Puckrin	6	2015/16 Operational Saving	CMT have agreed to split the savings equally over the 3 Directorates. Proposals to be drafted by June with a view to going to P&R Committee in September	750k To be achieved: 2015/16 750k
		<u>Workstreams – Target to be allocated to the following</u>	Target confirmed at February P&R Committee.	800k To be achieved: 2015/16 800k
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. Savings expected beyond 2016.	Target £0k
A Puckrin	8	Charging	Council agreed target of £470k. Officers to report back on detail later in 2014.	Target £470k

A Puckrin	9	Modernisation	<p>Opportunities to be channelled initially via the Modernisation CIG.</p> <p>CIG approved investment in ATLAS benefits software. Saving £15k identified from 15/16.</p> <p>Digital Access Strategy approved at February P&R. Heavily linked to ICT Collaboration proposals. Agreed to add this target to Directorates £750k target for 2015/16.</p>	Target £200k
I Moffat	10	Social Transport	<p>Discussions and information gathering are ongoing between E&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> <p>Report to come Committee in due course.</p>	Target £50k.
B McQuarrie	11	Terms & Conditions	Council agreed a target of £30,000 and a report to be submitted to Committee later in 2014.	Target £30k
B McQuarrie	12	Sessional Budgets	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.	Target £30k
B McQuarrie	13	Travel and Subsistence	Proposals to be developed around work of the Energy Saving Trust.	Target £20k

Savings Workstreams - 13/02/13

Appendix 5

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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	173	26	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	0	16	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
	Workstreams - Targets to be allocated	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	
B McQuarrie	11/ Terms & Conditions	0	0	0	0	0	
B McQuarrie	12/ Sessional Budgets	0	0	0	0	0	
Sub-Total		2563	358	349	2	709	33

Savings Workstreams - 13/02/13

Lead Officer	Savings Planned	2013/14	2014/15	2015/16	Total 2013/16
		£000	£000	£000	£000
A Gerrard	1/ Utility Cost Reductions/Energy Management	29	121	0	150
A Puckrin	2/ SEMP Model	0	0	0	0
A Puckrin	3/ AMP	0	0	0	0
A Puckrin	4/ Procurement	0	34	78	112
	Unidentified	0	34	78	
B Moore	5/ Homecare	0	75	0	75
A Puckrin	6/ 2015/16 Operational Savings	0	0	750	750
	<u>Workstreams - Targets to be allocated</u>				
J Mundell	7/ Shared Services	0	0	0	0
A Puckrin	8/ Charging	0	0	470	470
A Puckrin	9/ Modernisation	0	0	200	200
I Moffat	10/ Social Transport	0	0	50	50
B McQuarrie	11/ Terms & Conditions	0	0	50	50
B McQuarrie	12/ Sessional Budgets	0	0	30	30
B McQuarrie	13/ Travel & Subsistence	0	0	20	20
Sub-Total		29	230	1648	1907
Total		387	579	1650	2616