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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 September 2015</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/88/15/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2016/18 Revenue Budget - Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide a comprehensive update to the Policy & Resources Committee in respect of the current position of the 2016/18 Revenue Budget, to seek various decisions and to outline the activity due to take place over coming weeks/months.

## 2.0 SUMMARY

- 2.1 Indications are that, due to the lateness of the UK Government's Spending Review, the Scottish Government may not be announcing the detailed settlement for Local Government until mid – January 2016. This will provide limited time for Members to deal with any unexpected issues arising from the settlement however the advice of officers is to continue using the assumptions approved in the 2016/18 Budget Strategy.
- 2.2 A number of corporate savings have been identified and are detailed in section 6. If all are approved then this will deliver savings of £1.150million in 2016/17, increasing to £3.485million in 2017/18. These proposals are supported by the Members' Budget Working Group (MBWG) and if agreed by Committee, reduce the estimated 2016/18 funding gap to £2.92million
- 2.3 Following the production of 10% and 25% savings options for all areas of the Council, the MBWG reduced these down to 29 areas where more detailed options are to be developed. The MBWG will consider these options in October prior to refining them further and thereafter officers will present these options to Committee in November for consideration for use in the Budget Consultation exercise.
- 2.4 A sum of £1million was provisionally allocated for Unavoidable Budget Pressures in 2017/18. The MBWG have considered proposals from the CMT plus a remit from the Education & Communities Committee and the proposals from the MBWG are detailed in section 8 of the report. Were the Committee to agree to the proposals by the MBWG, then the 2016/18 funding gap reduces by a further £0.700million. Appendix 3 summaries the overall funding gap position on the basis that all recommendations are approved.
- 2.5 Appendix 2 contains details of the proposals from the MBWG in respect of the initial use of Free Reserves. The latest projected balance as at 31.3.17 is now £5.91million. If Committee agree these proposals and the conditions associated with the "Subject To" proposals are fully adhered to, then the balance available for consideration in February 2016 will be approximately £2.41million.
- 2.6 Section 10 outlines the next steps which officers require to progress. Much of the work is in refining savings options and clarifying issues raised by the MBWG and preparing for the Budget Consultation exercise.

### **3.0 RECOMMENDATIONS**

- 3.1 That the Committee approve the Savings proposals in section 6 and the treatment of pressures outlined in section 8 of the report and note that, if approved, this will reduce the estimated funding gap in 2017/18 to 2.22million
- 3.2 That the Committee note the position in respect of the Prioritised Savings exercise and that a detailed list of proposals for Public Consultation will be presented to the next meeting of the Committee.
- 3.3 That the Committee agree the proposals contained in Appendix 2 for the use of Free Reserves and agree that final consideration of the balance of proposals be left to the Budget setting meeting in February.
- 3.4 That the Committee note the next steps outlined in section 10.

Alan Puckrin  
Chief Financial Officer

## **4.0 BACKGROUND**

- 4.1 At its meeting in August the Policy & Resources Committee approved a 2016/18 Revenue Budget Strategy. Within this the Committee agreed that the estimated funding gap for the period 2016/18 was currently £6.4 million this being a reduction of £6.2 million following a detailed review of inflation contingencies, potential Government Grant settlements and the potential temporary use of reserves.
- 4.2 It was agreed by the Policy & Resources Committee that the Members' Budget Working Group (MBWG) would consider various issues throughout the budget process and that updates would come to each Policy & Resources Committee.

## **5.0 ACTIVITIES SINCE THE LAST POLICY & RESOURCES REPORT**

- 5.1 Officers have reported to the MBWG on a number of matters in the interim period including savings, unavoidable pressures and the potential use of free reserves.
- 5.2 In addition reports have been submitted to the MBWG as part of the delivery of the Budget Action Plan and many of these reports will be presented to the relevant Service Committee in future committee cycles.
- 5.3 A significant development in respect of the Government Grant settlement has been that it is now likely that, due to a delay in the UK Government's spending review announcement to 25 November 2015 it is unlikely that Councils will find out their grant allocations this side of Christmas. This will have a knock on impact to the timescales for Committee being advised of the firmed up budget gap for 2016/17 however officers do not believe this should change the process currently underway or the Strategy approved in August 2015.

## **6.0 CORPORATE SAVINGS PROPOSALS**

- 6.1 The MBWG received proposals from officers to achieve corporate savings and the Committee is asked to consider these in order that the funding gap can be firmed up prior to consideration of the prioritised budget savings.
- 6.2 The first saving is in relation to Loans Charges. By undertaking medium to longer term profiling of loans charges payments to 2021/22 a significant reduction in loans charges occurs when the consolidated debt received from Strathclyde Regional Council in 1995/96 drops out of the portfolio. By utilising the loans charge earmarked reserve and the temporary use of the Council's core reserves over the period 2018/20 then officers believe that a saving of £2,025,000 can be taken from 2017/18.
- 6.3 It should be noted that this is effectively advancing a saving which is not due until 2021/22 however officers believe there is little risk that this saving will not manifest itself due to the stability of the Council's overall loans portfolio and forward Capital Expenditure Plans.
- 6.4 In addition and related to this proposal is the opportunity to reduce the loans charges charged against the School Estate Management Plan by £200,000 by 2017/18. This was a separate individual saving proposal considered in the February 2015 which can now be demonstrated to be delivered with no impact on the scheduled programming of the School Estate Management Plan.
- 6.5 On a number of occasions over the last 9 years the Council has undertaken a general budgetary top slice in order to generate a saving. The principle behind the top slice is that a small percentage reduction in a large number of Council budgets will generate a reasonable sum without having a material impact on service delivery.

- 6.6 A report to the MBWG identified all the relevant non employee cost lines to which it was proposed that a budget top slice be applied from 2016/17. It is the recommendation of the MBWG that a top slice of 2% be applied from 2016/17. This would generate a saving of approximately £820,000.
- 6.7 In previous years, all controllable income lines have been increased for inflation. This has not been done to date for 2016/18. Incorporating this into the budget at a rate of 2% will generate a further £220,000 income.
- 6.8 Following a detailed review of school transport budgets it is possible to reduce the budget by £220,000 (17%) much of which is due to a reduction in the rates paid to bus providers due to the reduction in fuel costs. This budget reduction would be applied from 2016/17.
- 6.9 On the basis that the Policy & Resources Committee approve the savings proposals, then it can be seen that the funding gap reduces from £6.4 million to £2.92 million.

## **7.0 PRIORITISED SAVINGS**

- 7.1 As part of the Budget Strategy the Committee agreed that a more targeted prioritised approach be taken to considering savings and that this should be overseen via the MBWG. Officers have presented high level savings impacts on the basis of 10 or 25% savings being taken from service budgets. This exercise initially included all the Council service budgets and has now been refined down to 29 proposals by the MBWG totalling approximately £4.65million.
- 7.2 Over the next month the MBWG will consider the detail of the proposals in respect of these 29 savings and from this exercise a more refined list will be presented to the next meeting of the Policy & Resources Committee for consideration of progression to public consultation as part of the 2016/18 budget.
- 7.3 As was highlighted as part of the Budget Strategy it should be noted that this approach whilst leaving large areas of the Council untouched in terms of budget savings will have a greater impact in those areas not protected.

## **8.0 BUDGET PRESSURES**

- 8.1 A sum of £1 million was allocated within the Budget Strategy in 2017/18 for any unavoidable budget pressures. The MBWG have considered two proposals from the Corporate Management Team where officers believe that there are unavoidable budget pressures where decisions will be required as part of this budget process.
- 8.2 The first of these pressures relates to the Beacon Arts Centre which is the subject of a separate report elsewhere on this agenda. In this case it is proposed that increased recurring grant funding of £150,000 be allocated to the Beacon with effect from 2018/19 subject to certain conditions being met.
- 8.3 The second unavoidable pressure is one which is common across Scotland and relates to demographic pressures within the HSCP. The Committee will recall that for the last number of budget rounds, significant sums have been allocated to meet increased demand particularly in the areas of Older Persons' Care. This matter will be reported in more detail to the Health & Social Care Committee however appendix 1 contains and extract from the report which outlines the pressure and the estimated level of funding required as being £300,000.
- 8.4 In addition to the above unavoidable pressures, the MBWG considered the request from the Education & Communities Committee regarding the remit to the Policy & Resources Committee in respect of funding mountain biking tuition for primary schools. As this sum fell below the Budget Strategy de minimis of £50,000, the Corporate Management Team recommendation was that this sum should be contained by the relevant Service/Committee or alternatively to use the Free Reserves to part fund this initiative for 3 years.

8.5 The MBWG considered the above and agreed to recommend to retain £300,000 of the 2017/18 Pressures Contingency but defer decisions as to the amount allocated towards the HSCP demographic pressure until the February 2016 Budget meeting. In respect of the Mountain Biking remit from the Education and Communities Committee the Members' Budget Working Group recommend to leave a decision on this matter until the February 2016 Budget meeting.

8.6 Based on the above then only £300,000 of the pressures contingency is required over the 2016/18 budget period and as such the Policy & Resources Committee has the opportunity to use this remaining balance to further close the budget gap by £700,000 as recommended by the MBWG.

## 9.0 USE OF FREE RESERVES

9.1 Based on the financial position reported at period 4 earlier in this agenda, completion of the audit of the 2014/15 accounts (due to go to the Audit Committee on 24<sup>th</sup> September) and consideration of the impact of an allowance for potential costs in relation to the Former Tied Housing then it is estimated that the level of Free Reserves as at 31<sup>st</sup> March 2017 will be £5.91 million.

9.2 The Corporate Management Team prepared a list of potential uses of the Free Reserves whilst the MBWG have also developed a long list of potential proposals. Having reviewed this list it is the recommendation of the MBWG that the proposals should be broken down into 3 categories

- a) Those where immediate approval should be considered by Committee.
- b) Those where approval in principle should be given by Committee subject to the outcome of other events.
- c) Those where consideration should be deferred until setting the 2016/18 budget.

9.3 The details of those in the first two categories are contained in Appendix 2 and it can be seen that if these are agreed, then it reduces the available reserves to £2.41 million. A supporting proforma is attached for each of the proposals.

## 10.0 NEXT STEPS

10.1 There will be a further update to the Policy & Resources Committee in November and this report will include the following:

- a) A proposed list of savings to be subject to public consultation commencing immediately after the Policy & Resources Committee.
- b) The consultation format including the questions to be asked via the budget simulator.
- c) An update on all other relevant matters in relation to the development to the 2016/18 Revenue Budget.

## 11.0 IMPLICATIONS

11.1 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Various	Earmarked Reserves	From 2015/16	3503		Relates to projects in Appendix 2.

## Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Various	Various	2017/18	(4185)		Savings arising from Sections 6 & 8 of the report.

If Committee approve the recommendations within this report then it can be seen from Appendix 3 that the funding gap for the period 2016/18 will reduce to £2.22 million with the financial year 2016/17 fully balanced based on the assumed Government Grant Settlement which will not be confirmed until January.

Officers will keep all provisions and allowances under review and take all opportunities to continue to reduce this funding gap prior to the budget consultation period starting in late November.

### 11.2 Legal

There are no legal implications arising from this report.

### 11.3 Human Resources

There are no specific HR implications arising from the proposals in this report however engagement continues with the Trade Unions via the Joint Budget Group especially in the area of the development of detailed savings.

### 11.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

### 11.5 Repopulation

The proposals in this report will have no impact on the Council's repopulation agenda.

## 12.0 CONSULTATIONS

12.1 This report has been subject to consultation via the Corporate Management Team, Members' Budget Working Group and has been shared with the Trade Unions via the Joint Budget Group.

## 13.0 LIST OF BACKGROUND PAPERS

13.1 None

Briefing Note To: Members Budget Working Group

Briefing Note By: Chief Financial Officer

Subject: Update on Old People's Services - Pressures

Date: 10<sup>th</sup> September 2015

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- 1.1 The Local and National Strategy for Older People is encapsulated in the philosophy of Shifting the Balance of Care, with the overarching aim of sustaining individuals in their own homes and avoiding institutional care, achieving the following outcomes:

Older people are supported to be as independent as possible:

Older people can determine how to live their lives and what support they want should they require it;

Older people are protected from harm and neglect and feel safe at home and in their communities;

People with dementia, and their carers, receive the treatment, care and support following diagnosis that enables them to live as well as possible regardless of settings.

- 1.2 At the same time, through the coordinated management of services, we minimise the risks associated with potentially competing organisational priorities. For example, particular focus is paid to ensure the imperative to achieve the reducing Delayed Discharge target does not unduly influence patient pathways, which could result in increasing care home placements, shifting demand from hospital care to community care.
- 1.3 In recent months we have continued to see not only sustained improvements in the overall number of individuals in care home placements but a continuing reduction of the average length of stay within care homes.

Whilst the activity in care homes is progressing in a positive direction, this is unfortunately not directly replicated in financial performance. We have achieved the forecast reduction of 10 beds but this has not fully released the associated funding as there are increasing numbers of clients in nursing rather than residential care home beds, reflecting the acuity of care needs. Additionally, 11 clients have moved from Free Personal Care to full Social Work funding.

- 1.4 Homecare

The challenges facing our Homecare Services continue. It is a high volume, complex service interfacing with over 1200 discreet service users each week, many several times a day, and given the need to meet fluctuations in demand has to be able to flex service delivery at short notice.

- 1.5 The scale of the service continues to present challenges in terms of variation in demand, for example, in the first 5 months of this financial year 4 weekly demand for hours ranged from 33,857 to 35,189. This is a variation of 4%, or 1,332 hours, and presents particular challenge given the time critical nature of the service.
- 1.6 We are now seeing some consistency in referrals to Reablement, at around 80 per month, as well as now averaging achievement of full independence for a third of

these. If this performance continues, it places us in a stronger position for the future and is of particular note as it is being against a backdrop of further improvements against the new Delayed Discharge target. However, of the hours transferring, we continue to see increasing demand in both evening and weekend service delivery.

## 1.7 Proposals

From 2015 to 2018, significant non-recurring monies will support the transformational change underway in this service, from both the Integrated Care Programme and Delayed Discharge funding.

- 1.8 Our increased scrutiny of assessment processes, which is yielding benefits in care home admissions, will be considered for all services for older people. Additionally, the future allocation of resources will be informed and supported by the introduction of robust eligibility criteria subject to Committee approval. Whilst we can clearly evidence the cost avoidance achieved by Reablement services, we will reconsider the criteria for this service and benchmark with services elsewhere.
- 1.9 In 2015/16 costs are currently projected to be overspend in Nursing and Residential Care Homes by £124,000 and in Homecare by £141,000. Budgets will continue to be monitored closely with overspends met either from within the overall HSCP budget or from the remaining funds in the non-recurring funding.
- 1.10 It is acknowledged that the Homecare budget is cash limited and costs will need to be contained from available resources. There is a further £250,000 agreed pressure from the current budget cycle in 2016/17. Given the variability of activity to date, and impact of demographic pressures, it remains challenging to quantify any further need for allocation of pressures. It would be prudent for funding to be identified with regular review of performance and costs to inform future usage of £300,000.

<u>Calculation of Pressure – Older Persons Service</u>	<u>£000</u>
2015/16 Projected Overspend – Residential/Nursing	124
2015/16 Projected Overspend – Homecare	141
Use of Delayed Discharge Funding	<u>235</u> 500
Less 2016/17 Pressure Monies	(250)
Add Allowance for equipment pressure	<u>50</u>
Proposed 2017/18 Pressure	<u>300</u>



**Proposals on Use of Free Reserves**

**Projected Free Reserves 31.3.17 is £5.91 million**

1	<u>Immediate Use</u>	£000
a/	Developing Young Persons Workforce Funding - Received March 2015.	87
b/	Removal of contaminated waste from former Greenock Academy site.	420
c/	Increased funding for Inverkip Community Facility - Approved P&R Exec Sub Committee June 2015	100
		<hr/>
		607
		<hr/>

**Estimated Balance Remaining £5.303m**

2	<u>Approved "Subject to"</u>	
a/	Bakers Brae realignment - Subject to successful RCGF Bid	1425
b/	Regeneration Capital Grants Fund projects in Port Glasgow/Broomhill - Subject to successful RCGF Bid.	1371
c/	Increased funding, Birkmyre Park Drainage - Subject to £50,000 contribution from St Columbas School	100
		<hr/>
		2896
		<hr/>

**Estimated Balance Remaining £2.407m**

Note:

Assumes that continuing short term extra School Transport costs approved at the Education and Communities Committee in September will be met from the SEMP from 2016/17.

The allowance for contamination at the former Greenock Academy site may increase subject to further site investigation and a report including options appraisal will be brought back to the relevant Committee

AP/LA  
15/9/15

<b>Committee:</b>	<u>Education &amp; Communities</u>	<b>Item/Project:</b>	<u>Developing Young Workforce</u>
<b>Service:</b>	<u>Inclusive Education, Cultural &amp; Corp Policy</u>	<b>Amount:</b>	<u>87,000.00</u>
<b>Requested by:</b>	<u></u>	<b>Date:</b>	<u></u>
<b>Print Name:</b>	<u>Angela Edwards</u>	<b>Designation:</b>	<u>Head of Service</u>
<b>Approved by:</b>	<u>Corporate Director</u>	<b>Approved by:</b>	<u>Finance Manager</u>

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**1 Purpose of Earmarked Reserve**

Following the Scottish Government response to The Wood review, all 32 Local Authorities have been challenged to deliver bespoke services to address issues around youth unemployment and skills development aimed at preparing young people for life beyond school. Funding will help to develop pathways for young people into sustained and quality jobs that align with local circumstances and labour markets.

**2 Expected Outcomes**

To promote change around youth employment by developing career pathways for young people; helping schools and their partners to engage with parents and carers on the new opportunities they will offer; review work experience to make it relevant to the needs of young people and local labour markets; work with partners on all aspects of modern apprenticeships; strengthen links between schools and local employers and tackling inequality ensuring opportunities are open to all.

**3 Areas of Expenditure**

Vocational programme £35,000, staffing budget £10,000, Developing Young Workforce education support programmes £20,000, marketing promotion and CPD £10,000, school development programme £12,000

**4 Anticipated Timeline:**

Financial:	£'000
2015/16	87
2016/17	
2017/18	
	87

Project Delivery Milestones:	Date
Action 1 Metting National DYW targets, objectives & milestones	August 15 - March 16
Action2	
Action 3	
Action 4	

**INVERCLYDE COUNCIL - Financial Year 2015/16  
EARMARKED RESERVES REQUEST**

Appendix 2 (b)

<b>Committee:</b>	<u>Education &amp; Communities</u>	<b>Item/Project:</b>	<u>Greenock Academy Demolition</u>
<b>Service:</b>	<u>Education</u>	<b>Amount:</b>	<u>420,000.00</u>
<b>Requested by:</b>	<u></u>	<b>Date:</b>	<u></u>
<b>Print Name:</b>	<u>Eddie Montgomery</u>	<b>Designation:</b>	<u>Property Services Manager</u>
<b>Approved by:</b>	<u>Corporate Director</u>	<b>Approved by:</b>	<u>Finance Manager</u>

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**1 Purpose of Earmarked Reserve**

Required to fund removal of contaminated waste from the former Greenock Academy site. During demolition an area of concrete slab was removed and uncovered former building which is contaminated with asbestos cement debris (circa 800m<sup>3</sup>). Appears building was demolished and left on site then capped with new slab for current building.

**2 Expected Outcomes**

Site will be left cleared, safe and ready for disposal / use.

**3 Areas of Expenditure**

Contaminated waste disposal via specialist demolition contractor.

**4 Anticipated Timeline:**

Financial:	£'000
2015/16	420
2016/17	
2017/18	
	420

Project Delivery Milestones:	Date
Action 1 Members Budget Working Group Approval of Funding	W/C 3rd August 2015
Action 2 Policy & Resources Committee Approval of Funding	22nd September 2015
Action 3 Survery, Tender Preparation, Issue and Return	TBC
Action 4 Tender acceptance and site start	TBC

Committee:	<u>Education &amp; Communities</u>	Item/Project:	<u>Inverkip Community Facility</u>
Service:	<u>Communities</u>	Amount:	<u>£ 100,000.00</u>
Requested by:	<u></u>	Date:	<u></u>
Print Name:	<u>John Arthur</u>	Designation:	<u>Head of Service</u>
Approved by:	<u>Corporate Director</u>	Approved by:	<u>Finance Manager</u>

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### 1 Purpose of Earmarked Reserve

Following tender analysis for the construction of the new community facility in Inverkip, the estimated total cost has risen to approximately £2.161million. This is £400k higher than is currently allocated and the P&R Executive Sub-Committee, 18 June 2015, approved additional funding to address the shortfall; £100k funded from unallocated General Fund reserves and balance from external receipt.

### 2 Expected Outcomes

This reserve would allow delivery of the project to construct a new community facility in Inverkip.

### 3 Areas of Expenditure

Construction costs in relation to new community facility.

### 4 Anticipated Timeline:

Financial:	£'000	
2015/16		
2016/17	100	
2017/18		
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100		

Project Delivery Milestones:	Date
Action 1 Funding approved P&R sub exec	18/06/15
Action 2	
Action 3	
Action 4	

<b>Committee:</b>	<u>Environment &amp; Regeneration</u>	<b>Item/Project:</b>	<u>Baker Street Realignment</u>
<b>Service:</b>	<u>Environmental &amp; Commercial Services</u>	<b>Amount:</b>	<u>£ 1,425,000.00</u>
<b>Requested by:</b>	<u></u>	<b>Date:</b>	<u>29.7.15</u>
<b>Print Name:</b>	<u>Fiona Maguire</u>	<b>Designation:</b>	<u>RI Physical Regeneration Service Manager</u>
<b>Approved by:</b>	<u>Corporate Director</u>	<b>Approved by:</b>	<u>Finance Manager</u>

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**1 Purpose of Earmarked Reserve**

A proposed urban regeneration initiative, by Riverside Inverclyde, in Broomhill, Greenock has created the opportunity to realign a tight bend in Baker Street at its junction with Drumfrochar Road. This proposed earmarked reserve of £1,425,000 will be used to supplement RI's budget allocation (£1,435,000) and existing capital allocation (£110,000) up to a value of £2,970,000 to cover the total project costs of realigning the existing sub-standard bend in Baker Street.

This will provide match funding for a bid to the Regeneration Capital Grant Fund (£1,510,000).

**2 Expected Outcomes**

The proposed vehicular strategy Road Corner Improvement will significantly improve traffic flow in the Mearns /Drumfrochar Road & unlock the development potential of the corner site for a potential Industrial/Business Park thereby achieving two of the Greenock East Central Master plan Objectives.

**3 Areas of Expenditure**

It is recommended that the expenditure should be split as follows:

2015/16 = Acquisition of the Scottish Enterprise & Scottish Power sites £110,000

2016/17 = Contribution to the Road Realignment Works £1,425,000

**4 Anticipated Timeline:**

Financial:	£'000	
2015/16	110,000.00	(already ring fenced)
2016/17	1,425,000.00	
2017/18		
	1,535,000.00	

Project Delivery Milestones:	Date
Action 1	Realignment of road 2017/18
Action 2	
Action 3	
Action 4	

<b>Committee:</b>	<u>Environment &amp; Regeneration</u>	<b>Item/Project:</b>	<u>Regeneration Fund Match Funding</u>
<b>Service:</b>	<u>Environmental &amp; Commercial Services</u>	<b>Amount:</b>	<u>£ 1,371,000.00</u>
<b>Requested by:</b>	<u></u>	<b>Date:</b>	<u>29.7.15</u>
<b>Print Name:</b>	<u>Fiona Maguire</u>	<b>Designation:</b>	<u>RI Physical Regeneration Manager</u>
<b>Approved by:</b>	<u>Corporate Director</u>	<b>Approved by:</b>	<u>Finance Manager</u>

### 1 Purpose of Earmarked Reserve

To be used alongside Riverside Inverclyde funding and Regeneration Capital Grant Fund (RCGF) applications to progress 3 separate regeneration projects

	<u>Inverclyde Council</u>	<u>Riverside Inverclyde</u>	<u>RCGF</u>	<u>Total</u>
King George VI Building	£870,683	£143,147	£381,470	£1,395,300
Broomhill - Phase 2	£500,000	£1,000,000	£0	£1,500,000
Port Glasgow Lower Town Quarter	£500,000	£974,116	£985,000	£2,459,116
<b>Total</b>	<b>£1,870,683</b>	<b>£2,117,263</b>	<b>£1,366,470</b>	<b>£5,354,416</b>

It is assumed that applications will not be fully successful and/or that projects may not proceed to the full value and it is therefore estimated that the full value of £1,871,000 is unlikely to be required. As a result an Earmarked Reserve of £1,371,000 is requested at this stage.

### 2 Expected Outcomes

**Outcomes are detailed below and will be dependant on the options selected**

#### King George VI Building

The creation of a new local community facility within the King George VI building will provide enhanced facilities for the specific needs of older users, disabled & cross generation support to carers and support services.

#### Broomhill - Phase 2

The provision of a high quality working environment which supports small and medium companies to grow and succeed contributing to the wider economic, social and housing targets in the Broomhill Masterplan

#### Port Glasgow Lower Town Quarter

Acquire and demolish c12,000sp ft. of empty/redundant retail space to create Micro-pod retail mini units for enterprise and skills development and the creation of a new Lower 'Port' Quarter including new access and Town Square.

### 3 Areas of Expenditure

Total spend including the match funding. Will be dependant on the options selected

<u>King George VI Building</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Total</u>
Total	£426,877	£968,393	£0	£1,395,270
<u>Broomhill - Phase 2</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	
Total	£0	£0	£1,500,000	£1,500,000
<u>Port Glasgow Lower Town Quarter</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	
Total	£392,416	£2,066,700	£0	£2,459,116

### 4 Anticipated Timeline Council contribution):

	<u>King George VI Building</u>	<u>Broomhill - Phase 2</u>	<u>Port Glasgow Lower Town Quarter</u>	<u>Total</u>
Financial:				
2015/16	£426,907	£0	£0	£426,907
2016/17	£443,776	£0	£500,000	£943,776
2017/18	£0	£500,000	£0	£500,000
Total	£870,683	£500,000	£500,000	£1,870,683
Milestones:	Date	Date	Date	
Action 1	Town Hall Refurbished Feb 2017	Acquire development land end 2015/16	Building Acquisition end 2015	
Action 2		Invest in Industrial Units end 2017/18	Contract Demolition Main Works May 2016	
Action 3			Completion February 2017	

**INVERCLYDE COUNCIL - Financial Year 2015/16  
EARMARKED RESERVES REQUEST**

**Appendix 2 (f)**

<b>Committee:</b>	<u>Education &amp; Communities</u>	<b>Item/Project:</b>	<u>Birkmyre Park Drainage</u>
<b>Service:</b>	<u>Safer &amp; Inclusive Communities</u>	<b>Amount:</b>	<u>100,000.00</u>
<b>Requested by:</b>	<u></u>	<b>Date:</b>	<u></u>
<b>Print Name:</b>	<u>John Arthur</u>	<b>Designation:</b>	<u>Head of Service</u>
<b>Approved by:</b>	<u>Corporate Director</u>	<b>Approved by:</b>	<u>Finance Manager</u>

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**1 Purpose of Earmarked Reserve**

Increased funding required to complete Birkmyre Park drainage works. This is dependant upon contributions being received from the Trust and St Columbas school.

**2 Expected Outcomes**

To provide a pitch facility that can be used all year round.

**3 Areas of Expenditure**

Work around improving drainage.

**4 Anticipated Timeline:**

Financial:	£'000	
2015/16	-	
2016/17	100	
2017/18		
	<table border="1"><tr><td>100</td></tr></table>	100
100		

Project Delivery Milestones:	Date
Action 1 Accept Tender	TBC
Action2 Contract Start	TBC
Action 3 Contract Completion	TBC
Action 4	

**2016/18 Funding Gap**  
**Updated Position**

<u>Issue</u>	<u>2016/17</u> <u>£m</u>	<u>2017/18</u> <u>£m</u>	<u>Note</u>
Finance Strategy Funding Gap	3.3	9.3	
2015/17 Pay Inflation Saving	(2.0)		1
2015/17 Non-Pay Inflation Saving	(0.8)		2
2016/17 Lower Grant Reduction	(0.2)		3
2016/17 Contracting Out Cost Reduction	(0.2)		4
2017/18 Lower Grant Reduction		(1.0)	5
2017/18 Use of Reserves		(2.0)	6
<b>Position August P&amp;R</b>	<b>0.1</b>	<b>6.3</b>	
Loans Charge Savings	-	(2.02)	
SEMP - Loans Charge Reduction	-	(0.20)	
2% Budget Top Slice	(0.82)	-	
2% Income Inflation	(0.11)	(0.11)	
Realign School Transport Budget	(0.22)		
2017/18 Pressures not required	-	(0.70)	
<b>Position September P&amp;R</b>	<b>(1.05)</b>	<b>3.27</b>	

**Funding Gap 2016/18 = £2.22 million**

- 1/ Based on 2.75% pay award over 2015/17 including further Living Wage Uplift. Leaves 2.0% allowance in 2017/18  
2/ Based on allocations known to date extrapolated forward.  
3/ Assumes a 1% Cash cut for Local Government adjusted for NDR but £1 million loss due to depopulation.  
4/ Based on current payroll.  
5/ Assumes 1.5% GRG cut and £1 million depopulation cut.  
6/ Use of Reserves on a temporary basis could be considered however the sum should reduce as a more optimistic view of the areas of uncertainty has been factored in. Proposal equals 1% of Budget.

AP/LA  
September 2015