
Report To:	Policy & Resources Committee	Date: 17 November 2015
Report By:	Chief Financial Officer	Report No: FIN/109/15/AP/AE
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Subject:	2015/16 General Fund Revenue Budget as at 30 September 2015	

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 30th September 2015 and to update the Committee in respect of the position of the General Fund Reserves and Earmarked Reserves.

2.0 SUMMARY

- 2.1 The Council approved a two year budget in February 2015. 2015/16 is the first year of this budget and incorporated a planned contribution to the General Fund Reserve of £2.588 million.
- 2.2 It can be seen from Appendix 1 that as at 30th September 2015 the General Fund is projecting a £3.363 million underspend which represents 1.71% of the net Revenue Budget. This is mainly due to:
- Projected significant under utilisation of pay and non-pay inflation allowance in line with the approved 2016/18 Budget Strategy.
 - A one off underspend within pressures contingency.
 - Projected over recovery of housing benefit subsidy in line with the mid-year estimate.
 - Projected saving in utility costs in line with prior years outturn.
 - One off saving in Council contribution to council tax reduction scheme.
 - Partially offset by increased client package costs in homecare.
- 2.3 From Appendix 1 it can be seen that 3 Service Committees are currently projecting underspends. Health and Social Care Committee is projecting an overspend primarily due to increased client package costs within external homecare.
- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Strategic Funds, it can be seen that as at 30th September 2015 expenditure totalled £1.199 million which equates to 14.41% of the projected spend in 2015/16. It can also be seen from Appendix 2 that at 30th September 2015 actual expenditure is 2.74% ahead of phased budget.
- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31st March 2016 is £4.848 million which is £0.848 million greater than the minimum recommended balance of £4 million. Appendix 3 reflects the decisions on the use of free reserves taken at Policy & Resources Committee on 22nd September 2015.
- 2.6 It is anticipated that there will be a multi-year Spending Review announced by the new UK Government and that this will take place in the autumn. Thereafter, it is anticipated that the Scottish Government will announce its funding plans for 2016/17 late December 2016 with the intention that the Local Government figures will be the announced at the same time.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position of the 2015/16 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note the use of free reserves approved on 22nd September 2015 by Policy & Resources Committee reflected in Appendix 3 and that any further increases during the year will be subject to further reports.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Council set a two year General Fund Revenue Budget in February 2015. 2015/16 is the first year of this budget and in the process the Council agreed a contribution to the General Fund Reserve of £2.588 million.

5.0 POSITION AS AT 30 SEPTEMBER 2015

5.1 It can be seen from Appendix 1 that as at 30th September 2015 the General Fund is projecting an underspend of £3.363 million which equates to 1.71% of the net General Revenue Fund Budget.

5.2 It is projected that approximately £1.9 million of pay and non-pay inflation will not be required in 2015/16. This has largely come about due to lower than anticipated inflationary pressures around utilities, fuel, PPP contract indexation, SPT and Waste Contracts. The amount required in 2015/16 has continued to follow the same level as 2014/15. It is anticipated that contracts and costs are likely to increase in future years due to global inflationary pressures and the impact of the increase in the living wage.

5.3 A one off underspend of £200,000 is projected in relation to pressures contingency. An underspend of £330,000 is projected for the impact of Council Tax Reduction Scheme due to a reduction in caseload figures within Inverclyde. This is in line with the rest of Scotland and was reported to the May Policy & Resources Committee.

5.4 It can be seen from Appendix 1 that 3 Service Committees are currently projecting underspends, Health and Social Care Committee is currently projecting an overspend.

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

Policy & Resources Committee – Projected underspend of £2,437,000 (13.9%) mainly due to the significant projected under utilisation of the pay and non-pay inflation contingency, one off saving projected within the pressures contingency, a projected over recovery of benefit subsidy, prior year Council Tax income, over recovery of IRI income and statutory additions income.

Environment & Regeneration – Projected underspend of £212,000 (1.04%) mainly due to excess turnover savings projected due to early achievement of planned savings, a projected underspend in Vehicle Maintenance Fuel costs, an underspend within residual waste contract due to a reductions in waste tonnage treated offset by a shortfall in special catering income and Roads Client sales, fees and charges.

Education & Communities - £354,000 (0.42%) projected underspend mainly due to an underspend in Education Early Years due to vacancies, additional turnover savings and a projected over recovery of school meal income and income from Other Local Authorities. This has been partially offset by a projected overspend for Teachers due to increased roll and placing requests.

Health & Social Care – Projected overspend of £163,000 (0.33%) mainly due to increased client package costs within external homecare partially offset by vacancies within internal homecare.

5.6 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The 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. The Earmarked Reserve statement excludes those funds that relate to Assets Plans or Strategic Funds.

5.7 It can be seen that as at 30th September 2015 the Council has spent £1.199 million

against a phased budget target of £1.167 million. This represents spend ahead of target of 2.74% and spend equates to 14.41% of the projected spend for 2015/16. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.

- 5.8 Appendix 3 shows the projected General Fund Reserves position as at 31st March 2016. The projected balance at this date is shown as £4.848 million which is £0.848 million greater than the minimum reserve balance of £4 million recommended and approved via the Reserves Strategy.
- 5.9 Appendix 3 reflects decisions taken at the Policy & Resources Committee on 22nd September 2015 on use of free reserves.

6.0 OTHER FINANCIAL MATTERS

- 6.1 It was approved at the full Council Meeting on 19th February 2015 that the Members Budget Working Group will continue to meet throughout 2015/16 to develop proposals to balance the 2016/17 budget with the stated aim of eliminating the use of reserves. A report elsewhere on the agenda provides an update on progress.
- 6.2 It is anticipated that there will be a multi-year Spending Review announced by the new UK Government and that this will take place in the autumn. Thereafter, it is anticipated that the Scottish Government will announce its funding plans for 2016/17 late December 2016 and that the Local Government figures will be the announced at the same time.

7.0 CONSULTATION

- 7.1 This report has been produced utilising the detailed budget reports to each Committee.

8.0 IMPLICATIONS

8.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

Annually Recurring Costs

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

8.2 Legal

None.

8.3 Human Resources

None.

8.4 Equalities

None.

8.5 Repopulation

None.

9.0 BACKGROUND PAPERS

9.1 None.

Policy & Resources Committee
Revenue Budget Monitoring Report
Position as at 30th September 2015

Committee	Approved Budget 2015/2016	Revised Budget 2015/2016	Projected Out-turn 2015/2016	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,835	17,533	15,096	(2,437)	(13.90%)
Environment & Regeneration	22,196	20,368	20,156	(212)	(1.04%)
Education & Communities (Note 1)	89,665	83,570	83,216	(354)	(0.42%)
Health & Social Care	48,767	49,239	49,402	163	0.33%
Committee Sub-Total	179,463	170,710	167,870	(2,840)	(1.66%)
Loan Charges (Including SEMP)	13,935	18,311	18,311	0	0.00%
Unallocated Savings	0	0	0	0	0.00%
Contribution to General Fund Reserve	2,588	2,588	2,588	0	0.00%
One off contribution to Reserves (Note 2)	0	330	0	(330)	(100.00%)
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Post Budget Adjustments (Note 3)	109	109	109	0	0.00%
Earmarked Reserves	0	4,901	4,901	0	0.00%
Total Expenditure	195,855	196,709	193,539	(3,170)	(1.61%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(169,201)	(169,975)	(169,975)	0	0.00%
Council Tax	(33,347)	(33,427)	(33,427)	0	0.00%
Council Tax Reduction Scheme	6,693	6,693	6,500	(193)	(2.88%)
Net Expenditure	0	0	(3,363)	(3,363)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Council contribution to Council Tax Reduction Scheme.

Note 3 - Increase in band d equivalents factored into free reserves 2015/16.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget to 30 September 15</u>	<u>Actual Spend To 30 September 15</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2015/16</u>	<u>Earmarked 2016/17 & Beyond</u>	<u>2015/16 %age Spend Against Projected</u>	<u>2015/16 %age Over/(Under) Spend Against Phased Budget</u>
	£000	£000	£000	£000	£000	£000		
Education & Communities	6,113	257	211	(46)	3,883	2,230	5.43%	(17.90%)
Health & Social Care	2,600	521	547	26	2,439	161	22.43%	4.99%
Regeneration & Environment	2,643	223	222	(1)	1,475	1,168	15.05%	(0.45%)
Policy & Resources	1,631	166	219	53	523	1,108	41.87%	31.93%
	12,987	1,167	1,199	32	8,320	4,667	14.41%	2.74%

Actual Spend v Phased Budget Overspend = £32k 2.74%

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 30/09/15

	<u>£000</u>	<u>£000</u>
Balance 31/03/15		12148
Projected Surplus/(Deficit) 2015/16	3363	
Contribution to General Fund Reserve 2015/16	2588	
CFCR Transfer from Capital Programme 2015/16	1260	
Use of Reserves approved February 2014 (See Undernote)	(5703)	
Use of Reserves approved February 2015 (See Undernote)	<u>(5305)</u>	(3797)
<i>Use of Reserves Approved P&R September 2015:</i>		
Developing Young Persons Workforce	(87)	
Removal Contaminated Waste former Greenock Academy Site	(420)	
Increased Funding Inverkip Community Facility	(100)	
Bakers Brae Realignment (subject to successful RCGF bid)	(1425)	
Port Glasgow/Broomhill (subject to successful RCGF bid)	(1371)	
Birkmyre Park Drainage (subject to contribution from St Columbas)	<u>(100)</u>	(3503)
Projected Unallocated Balance 31/03/16		<u>4848</u>

Minimum Reserve required is £4million

Excludes approved temporary use of Reserves in 2016/17 of £3.298m.

Approved Usage February 2014:

Increased expenditure on Roads Defects and Drainage over 14/16	(500)	
Increased Funding for Regeneration Projects:		
Lower Port Glasgow	(500)	
East Central Greenock	(500)	
Central Gourrock	(150)	
Employability	(400)	
Commonwealth Flotilla Event	(250)	
Play Area Investment	(150)	
Birkmyre Park, Kilmacolm, Rugby Pitch / Drainage improvements	(100)	
Broomberry Drive Walled Gardens - provision of modular toilet	(40)	
Further investment in I Zone (Port Glasgow & Gourrock)	(213)	
Ravenscraig Sports Barn	(600)	
SEMP - increase investment in MUGAs within Primary School Estate	(1100)	
Create Loan Charge EMR to meet spike in Loan Charges from 16/17	<u>(1200)</u>	(5703)

Approved Usage February 2015:

Increase to Voluntary Severance/ Early Retiral Reserve	(1250)	
Increased allocation to Birkmyre Park Drainage Project	(150)	
Funding for Equipment - Adults with Learning Difficulties	(40)	
2 Year Extension to 2 x Specialist Posts	(167)	
Scottish Wide Area Network - One off Costs	(323)	
Part Year Costs - Ravenscraig Sports Barn	(40)	
Flooding - Next Phase	(950)	
Rankin Park Cycle Track	(150)	
Substitute Funding - Riverside Inverclyde	(250)	
Substitute Funding - Common Good	(35)	
Beacon Contract and Core Funding	<u>(1950)</u>	(5305)