
Report To:	Policy & Resources Committee	Date:	21 March 2017
Report By:	Chief Financial Officer	Report No:	FIN/20/17/AP/AE
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2016/17 General Fund Revenue Budget as at 31 January 2017		

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 2017 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 the 2016/17 Revenue Budget in March 2016 and at this meeting the Council also provisionally approved the 2017/18 Revenue Budget. The Council set a balanced budget for 2016/17 without the use of Revenue Reserves.

2.2 It can be seen from Appendix 1 that as at 31 January 2017 the General Fund is projecting a £1.629 million underspend which represents 0.85% of the net Revenue Budget. This is an increase of £0.324 million since the previous report and is mainly due to:

- Continued reduction in demand for support from the Council Tax Reduction Scheme partly caused by the Council Tax Freeze.
- Increased Council Tax income due to increases in the Council Tax Base within Inverclyde.
- Grant Redeterminations from the Scottish Government as part of the December Local Government funding announcement.
- Additional turnover savings across all Directorates.
- Projected increased underspend within Teachers employee costs.
- Reductions in the cost of ASN travel contracts.
- The above are partially offset by reduced Internal Resources Interest, a projected shortfall in Planning Fee Income and Commercial & Industrial Rental Income plus increased waste disposal costs.

2.3 From Appendix 1 it can be seen that all Service Committees are currently projecting underspends. The projected underspend within the Health and Social Care Committee will contribute to the Integration Joint Board free reserves balance.

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 31 January 2017 expenditure totalled £3.115 million which equates to 49.3% of the projected spend in 2016/17. It can also be seen from Appendix 2 that at 31 January 2017 actual expenditure is 8.8% behind phased budget; this is an improvement in the level of slippage from the previous report.

2.5 It can be seen from Appendix 2 that the Health and Social Care Committee has £2.584 million of Earmarked Reserves for 2016/17. This excludes those reserves relating to Asset Plans and Strategic Funds which, when included, increases the Earmarked Reserves balance to £3.382 million. The Council formally transferred these Earmarked Reserves to the Integration Joint Board at the meeting on 20 September 2016.

2.6 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2017 is £4.117 million which is £0.317 million greater than the

minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting on 16 February 2017. At this meeting the Council approved £5.5 million use of free reserves to be spent on one off projects after a £1.7 million write back of earmarked reserves and £1.14 million to close the 2017/18 Revenue Budget shortfall.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position of the 2016/17 Revenue Budget and General Fund Reserves.
- 3.2 It is recommended that the Committee note that at the meeting on 16 February 2017, the Council approved the use of free reserves to close the 2017/18 Revenue Budget shortfall and one off project investment.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council approved the 2016/17 Revenue Budget in March 2016 and at this meeting the Council also provisionally approved the 2017/18 Revenue Budget. The Council set a balanced budget for 2016/17 without the use of Revenue Reserves.

5.0 POSITION AS AT 31 JANUARY 2017

- 5.1 It can be seen from Appendix 1 that as at 31 January 2017 the General Fund is projecting an underspend of £1.629 million which equates to 0.85% of the net General Revenue Fund Budget and is an increase of £0.324 million from the previous report to the Committee.

- 5.2 It can be seen from Appendix 1 that all Service Committees are currently projecting a 0.55% underspend which is an improvement from the previous report to the Committee.

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

Policy & Resources Committee – Projected underspend of £164,000 (1.15%) mainly due to additional turnover savings achieved, a projected over recovery of prior years' Council Tax and a projected underspend within inflation contingency offset in part by a projected under recovery of Internal Resources Interest due to cuts in interest rates.

Environment & Regeneration – Projected underspend of £2,000 (0.01%) mainly due to excess turnover savings projected offset by an overspend within residual waste contract due to an increase in tonnages treated, an under recovery within Commercial & Industrial rental income and a projected shortfall of Planning Fee Income.

Education & Communities - £612,000 (0.74%) projected underspend mainly due to additional turnover savings projected, a projected underspend within Teachers employee costs, projected savings in ASN transport contracts and a projected over recovery of income from Other Local Authorities for placements within Inverclyde. This has been offset in part by a projected overspend for Waivers within Sports and Leisure.

Health & Social Care – Projected underspend of £125,000 (0.26%) mainly due to additional turnover savings achieved across the Directorate, a projected underspend within Children & Families respite and kinship care. This has been offset in part by a projected overspend in client packages within Learning Disability Services and increased external homecare costs. The Committee underspend will contribute to the Integration Joint Board reserves balance.

- 5.4 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.

- 5.5 It can be seen that as at 31 January 2017 the Council has spent £3.115 million against a phased budget target of £3.415 million. This represents slippage of 8.8% against target and spend equates to 49.3% of the projected spend for 2016/17. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.

- 5.6 The Earmarked Reserves includes £2.584 million for the Health and Social Care Committee and a further £0.798 million for Strategic Funds. As strategic delivery of these services has transferred to the IJB, the Council formally approved transfer of these reserves to the Integration Joint Board at the meeting on 20 September 2016.

- 5.7 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 March 2017 is £4.117 million which is £0.317

million greater than the minimum recommended balance of £3.8 million. This position reflects the decisions taken at the Council budget meeting 16 February 2017.

- 5.8 At the meeting on 16 February 2017, it was decided that free reserves would be used to close the budget funding gap for 2017/18 and £5.5 million was approved for one off project investment.

6.0 OTHER FINANCIAL MATTERS

- 6.1 At the meeting on 16 February 2017, the Council approved the 2017/18 Revenue Budget, the 2017/18 Common Good Budget and the 2017/20 Capital Programme. The final Revenue Budget deficit for 2017/18 was £1.14 million. The Council approved the use of free reserves to close the 2017/18 budget gap.

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 31st January 2017

Committee	Approved Budget 2016/2017	Revised Budget 2016/2017	Projected Out-turn 2016/2017	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	14,852	14,289	14,125	(164)	(1.15%)
Environment & Regeneration	21,386	19,094	19,092	(2)	(0.01%)
Education & Communities (Note 1)	90,930	82,353	81,741	(612)	(0.74%)
Health & Social Care	48,815	48,776	48,651	(125)	(0.26%)
Committee Sub-Total	175,983	164,512	163,609	(903)	(0.55%)
Loan Charges (Including SEMP)	14,395	18,561	18,561	0	0.00%
Contribution to General Fund Reserve (Note 2)	260	445	445	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	7,571	7,571	0	0.00%
Total Expenditure	190,398	190,849	189,946	(903)	(0.47%)
Financed By:					
General Revenue Grant/Non Domestic Rates	(163,552)	(164,003)	(164,178)	(175)	0.11%
Council Tax	(26,846)	(26,846)	(27,522)	(676)	2.52%
Integrated Joint Board - Social Care Fund	0	0	125	125	100.00%
Net Expenditure	0	0	(1,629)	(1,629)	

Note 1 - Reduction reflects loans charges and earmarked reserves.

Note 2 - Contribution is reflected in Appendix 3 General Fund Reserves Position.

Earmarked Reserves Position Statement

Appendix 2

Summary

<u>Committee</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget to 31 Jan 2017</u>	<u>Actual Spend To 31 Jan 2017</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2016/17</u>	<u>Earmarked 2017/18 & Beyond</u>	<u>2016/17 %age Spend Against Projected</u>	<u>2016/17 %age Over/(Under) Spend Against Phased Budget</u>
	£000	£000	£000	£000	£000	£000		
Education & Communities	4,545	1,054	1,277	223	1,990	2,555	64.17%	21.16%
Health & Social Care	2,584	1,419	1,278	(141)	2,437	147	52.44%	(9.94%)
Regeneration & Environment	2,936	589	206	(383)	1,321	1,615	15.59%	(65.03%)
Policy & Resources	1,766	353	354	1	567	1,199	62.43%	0.28%
	11,831	3,415	3,115	(300)	6,315	5,516	49.33%	(8.78%)

Actual Spend v Phased Budget Underspend = (£300k) (8.78%)

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/17

	<u>£000</u>	<u>£000</u>
Balance 31/03/16		8773
Projected Surplus/(Deficit) 2016/17	1629	
Contribution to General Fund Reserve 2016/17 (Note 1)	<u>445</u>	
		2074
Proposals contained in the Budget Strategy Report:		
- One off use of reserves for 2017/19 Budget		(5100)
- Funding for I-Zones to 31/03/18		(180)
- Local Elections Funding - May 2017		(120)
Proposals contained in 2017/19 Budget Setting Report:		
- EMR Write Backs - Depot AMP	400	
Capital Fund	500	
SEMP	<u>800</u>	
		1700
- Reduction to one off use of reserves 2017/19 Budget		2470
- Approved Use of Reserves (Note 2)		(5500)
Projected Unallocated Balance 31/03/17		<u><u>4117</u></u>

Minimum Reserve required is £3.8 million

Note 1 (One off Savings)

SEMP Loans Charges not required 2016/17	260
Housing Benefit Subsidy (2017/18 £600k Saving Target)	100
Clyde Muirshiel Contribution (2017/18 £600k Saving Target)	28
UC Delivery Partnership Income (2017/18 £600k Saving Target)	17
Early Achievement of ASN Transport Savings	40
	<u><u>445</u></u>

Note 2 (Approved Use of Reserves)

Town & Village Centres	2500
Employability/Apprenticeships	500
Early Retiral/Voluntary Severance	2000
Autism Friendly Community	150
Anti-Poverty Fund	200
Grants to Voluntary Organisations	150
	<u><u>5500</u></u>