
Report To:	Policy & Resources Committee	Date:	19 September 2017
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/59/17/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2017/18 Revenue Budget – Period 4 to 31 July 2017		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 revenue Budget out-turn and the 2017/18 projected out-turn for the Policy & Resources Committee as at period 4, 31 July 2017.

2.0 SUMMARY

- 2.1 In 2016/17 the underspend was £837,000, details of which are shown in Section 5 of the report.
- 2.2 The major variances making up this underspend are as follows:
- a) Internal Resource Interest under-recovery £120,000.
 - b) Inflation & Pressures contingencies underspend returned to reserves £373,000.
 - c) Additional Turnover savings achieved £155,000.
 - d) Benefit Subsidy/Statutory Additions over-recovery of £88,000.
 - e) £106,000 over-recovery of prior year's Council Tax.
- 2.3 The total revised Committee budget for 2017/18 is £17,034,000. This excludes Earmarked Reserves of £2,365,000.
- 2.4 The latest projection, excluding Earmarked Reserves, is an underspend of £182,000.
- 2.5 The main reasons for this underspend are:
- a) £150,000 release of non-pay inflation contingency.
 - b) £50,000 over recovery of prior years' council tax.
 - c) £23,000 over-recovery of DWP Benefits grant.

The underspend has been offset in part by a projected shortfall in turnover target achieved and a projected under recovery of liquor licence income.

- 2.6 The Earmarked Reserves for 2017/18 totals £2,365,000 of which £880,000 is projected to be spent in the current financial year. To date expenditure of £180,000 (20.45%) has been incurred which is £41,000 (18.55%) less than the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 4 excludes Earmarked Reserves for Asset Plans and Strategic Funds.

- 2.7 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £15,510. This is below the recommended minimum level of reserves of £100,000. As part of the 2017/18 Budget action was taken to increase the annual surplus and as a result the Fund Balance will increase over the coming years. In addition any disposal of a Common Good property will increase the Fund Balance accordingly.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2016/17 Revenue Budget out-turn and the 2017/18 projected underspend of £182,000 for the Policy and Resources Committee as at Period 4, 31 July 2017.
- 3.2 The Committee note the projected fund balance of £15,510 for the Common Good Fund and that action was agreed as part of the 2017/18 budget to begin to increase the fund balance to its recommended level.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Wilma Bain
Corporate Director
Education, Communities
& Organisational Development

Scott Allan
Corporate Director
Environment, Regeneration &
Resources

4.0 BACKGROUND

4.1 The purpose of this report is to advise the Committee of the current position of the 2017/18 budget as well as the 2016/17 out-turn and to highlight the main issues contributing to the underspend of £837,000 in 2016/17 and projected underspend of £182,000 in 2017/18.

5.0 2016/17 OUT-TURN

5.1 The main variations from budget in 2016/17 were:

	Revised Budget 2016/17	Out-turn 2016/17	Variance to Budget	Variance to Budget	Movement since Probable Outturn Projection
	£000	£000	£000	%	£000
Finance	7,089	6,584	(505)	(7.12)	0
Legal & Property Services	1,466	1,500	34	2.31	4
Total Net Expenditure Environment, Regeneration & Resources	8,555	8,084	(471)	(5.50)	4
Organisational Development, Human Resources & Communications	1,624	1,644	20	1.23	0
Corporate Policy	189	194	5	2.64	0
Total Net Expenditure Education, Communities & Organisational Development	1,813	1,838	25	1.38	0
Chief Executive	408	380	(28)	(6.86)	0
Miscellaneous	2,929	2,566	(363)	(12.39)	(223)
Total Net Expenditure (Excluding Earmarked Reserves)	13,705	12,868	(837)	(6.11)	(219)

5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £505,000 underspend (No movement since Probable Outturn)

Employee Costs: Final outturn is £143,000 underspend due to additional turnover savings being achieved. This was reported in full to the last Committee.

Admin Costs: £138,000 overspend mainly due to a £136,000 increase in line rental costs, offset through internal recharge income.

Payments to Other Bodies: An underspend of £34,000 was reported to the last Committee due to £18,000 underspend within Discretionary Relief and £16,000 underspend for annual Joint Boards payment. There has been no change.

Benefits & Allowances: Final outturn is an underspend of £44,000 in net benefits payments.

Other Expenditure: £115,000 underspend mainly due to a previously reported reduction in the Bad Debt Provision required due to a reduction in Housing Benefit overpayments Sundry Debt invoices raised, partly off-set within income recoveries.

Income: An over-recovery of £390,000 mainly due to off-setting line rental income of £179,000, £106,000 of additional income received for prior year Council Tax collection, £44,000 additional Statutory Additions Income, £38,000 Universal Credit administration grant and a £75,000 improvement in Housing Benefit recoveries.

Legal & Property - £34,000 overspend (Increase of £4,000 since Probable Outturn)

Employee Costs: An overspend of £13,000 was projected at Probable Outturn, an increase in overspend of £5,000 since last reported to the Committee.

Other Expenditure: An underspend of £24,000 was reported at last Committee mainly due to £16,000 for additional election costs, this has not changed.

- 5.3 The following material variances relate to the Education, Communities & Organisational Development Directorate:

Organisational Development, H.R. & Communications - £20,000 underspend

Various projected overspends all of which are below £10,000. No change since last reported to the Committee.

- 5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £363,000 underspend (£223,000 increase in underspend since Probable Outturn)

Inflation Contingency: Final out-turn is £373,000 underspend due to reduction in calls on non-pay inflation contingency. This is a further increase in underspend of £184,000 since Probable Outturn report to the Committee.

Internal Resource Interest: Final out-turn is £120,000 under-recovery, no change since last reported to the Committee.

6.0 2017/18 CURRENT POSITION

- 6.1 The current projection is an underspend of £182,000. The following are the material variances:

- 6.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £164,000 underspend

Employee Costs: £58,000 projected underspend mainly due to additional turnover savings from vacancies within Revenues & Customer Services.

Income: An over-recovery of £93,000 is being projected. This is mainly due to an over-recovery of income in relation to FERIS grant, Housing Benefit grant income and an over recovery of prior years' Council Tax Income of £50,000.

Legal & Property - £77,000 overspend

Employee Costs: An overspend of £59,000 is being projected mainly due to turnover target not being met.

Income: An under-recovery of £23,000 mainly due to a £30,000 under-recovery for liquor licences due to fewer applications received. This is in line with 2016/17.

6.3 The following material variances relate to the Education, Communities & Organisational Development Directorate:

Organisational Development, H.R. & Communications - £62,000 overspend

Employee Costs: £60,000 projected overspend mainly due to £23,000 additional turnover savings from vacant posts and reduction in hours offset by a £71,000 over spend in relation to Manager. This will be funded from the overall Education Directorate underspend.

6.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £155,000 underspend

Inflation Contingency: Projecting an underspend of £150,000 based on current estimated calls on inflation contingency.

7.0 VIREMENT

7.1 There are no virements to report in period 4.

8.0 EARMARKED RESERVES

8.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,365,000 of which £880,000 is projected to be spent in 2017/18 and the remaining balance of £1,485,000 to be carried forward to 2018/19 and beyond. It can be seen that expenditure of £180,000 has been achieved which is £41,000 less than the phased budgeted spend to date and represents 20.45% of the annual projected spend.

9.0 COMMON GOOD FUND

9.1 Appendix 5 shows a projected overspend of £5,900 in the Common Good Fund as at 31 July 2017. This results in a projected available fund balance at 31 March 2018 of £15,510. This is below the minimum level of reserves of £100,000 recommended. Rates costs are being examined to ensure all appropriate relief has been obtained.

9.2 As part of the 2017/18 Budget it was agreed to move funding from one project from the Common Good Budget to General Fund. This will improve the stability of the Common Good Budget and increase the Fund Balance. In addition any disposal of Common Good property would increase the Common Good Fund Balance accordingly.

10.0 IMPLICATIONS

10.1 Finance

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

10.2 Legal

There are no specific legal implications arising from this report.

10.3 Human Resources

There are no specific human resources implications arising from this report.

10.4 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.

10.5 Repopulation

There are no repopulation issues arising from this report.

11.0 CONSULTATIONS

11.1 The Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer have been consulted in the preparation of this report.

12.0 CONCLUSIONS

12.1 The Committee note the 2016/17 Revenue Budget out-turn and the 2017/18 projected underspend of £182,000 for the Policy and Resources Committee as at Period 4, 31 July 2017.

13.0 BACKGROUND PAPERS

13.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2017/18**Period 4: 1st April - 31st July 2017**

Service	Approved Budget		Movements			Revised Budget 2017/18 £000
	2017/18 £000	2017/18 £000	Inflation £000	Virement £000	Supplementary Budgets £000	
Finance	8,059		(51)		(200)	7,808
Legal	1,489					1,489
Organisational Development, HR & Communications	1,755					1,755
Corporate Policy	233					233
Chief Exec	345					345
Miscellaneous	5,353		51			5,404
Totals	17,234		0	0	(200)	17,034

Supplementary Budget Detail

External Resources
DHP Redetermination

_____ £000

Internal Resources
Finance

Legal

Organisational Development, HR & Communications

Corporate Policy

Chief Exec

Misc

Savings/Reductions

_____ 0

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 4: 1st April 2017- 31st July 2017

Service	Approved Budget 2017/18 £000	Revised Budget 2017/18 £000	Projected Out-turn 2017/18 £000	Projected Over/(Under) Spend £000
Finance	8,059	8,008	7,844	(164)
Legal Services	1,489	1,489	1,566	77
Total Net Expenditure Environment, Regeneration & Resources	9,548	9,497	9,410	(87)
Organisational Development, Human Resources & Communications	1,755	1,755	1817	62
Corporate Policy	233	233	222	(11)
Total Net Expenditure Education, Communities & Organisational Development	1,988	1,988	2,039	51
Chief Executive	345	345	354	9
Miscellaneous	5,353	5,404	5,249	(155)
TOTAL NET EXPENDITURE	17,234	17,234	17,052	(182)
Earmarked reserves		(200)	(200)	0
Total Net Expenditure excluding Earmarked Reserves	17,234	17,034	16,852	(182)

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 4: 1st April 2017 - 31st July 2017

Outturn 2016/17 £000	Budget Heading	Budget 2017/18 £000	Proportion of Budget £000	Actual to 31/07/17 £000	Projection 2017/2018 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
3,809	Finance/Rev - Employee Costs	3,896	1,260	1,247	3,818	(78)
1,308	ICT - Employee Costs	1,286	417	432	1,306	20
(59)	Rev's - Other Income (FERIS & Admin penalties)	(95)	(32)	(57)	(118)	(23)
(106)	Council Tax Prior Years	(306)	(102)	0	(356)	(50)
(304)	Statutory Additions	(264)	(79)	(70)	(284)	(20)
1,176	Admin Costs	1,027	296	285	1,001	(26)
	<u>Legal & Property Services</u>					
1,089	Audit & legal- Employee Costs	1,055	341	415	1,114	59
(90)	Liquor Licences	(122)	(10)	(10)	(92)	30
	<u>Miscellaneous</u>					
	Non-pay Inflation Contingency	918	306	195	768	(150)
	<u>Organisational Development, HR & Communications</u>					
1,177	HR - Employee Costs	1,242	398	419	1,290	48
8,000	TOTAL MATERIAL VARIANCES	8,637	2,795	2,856	8,447	(190)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 4	Actual To Period 4	Projected Spend	Amount to be Earmarked for 2018/18 & Beyond	Lead Officer Update
		2017/18	2017/18	2017/18	2017/18		
		£000	£000	£000	£000	£000	
Digital Strategy	Alan Puckrin	297	5	5	75	222	New Digital Strategy approved and projects progressing. Proposals for projects to come back to Committee later in 2017.
Welfare Reform - Operational	Alan Puckrin	222	15	16	63	159	Funding temporary employees and brought forward Scottish Welfare Fund balance of £60k .
Budget Development	Alan Puckrin	86	0	0	66	20	Main Projects are supporting the Town Centre Development, Income Review and the Budget Consultation.
2013/18 Revenue Contingency	Alan Puckrin	156	20	43	130	26	Projects to date include £50k for Grand Prix Boats, £20k for contribution to Oxfam, £5k for Toll Boys and £6.5k for Gourrock Highland Games. Total uncommitted funds £74.5k, £48.5k of which is projected to be spent in 2017/18.
Anti-Poverty Fund	Alan Puckrin	1,363	20	0	320	1,043	£150k agreed for Scotcash and Child Poverty Officer being recruited. Assessment of time limited projects to go to September P&R Committee.
Local Government Elections	Gerry Malone	117	117	74	117	0	Reserve to fund local elections May 2017. It is expected that reserve will be fully spent in 2017/18.
Corporate Complaints Improvements	Steven McNab	57	16	15	42	15	Grade I post to Aug 2018.
HR Temporary Resources	Steven McNab	45	14	13	45	0	Two posts to March 2018. PT Grade H and 37hr Grade D post.
Specialist Post - Information Governance	Helen Watson	22	14	14	22	0	Additional funding identified to fund post extension for 6 months to 30/09/17.
Total Category C to E		2,365	221	180	880	1,485	

COMMON GOOD FUNDREVENUE BUDGET MONITORING REPORT 2017/18PERIOD 4 : 1st April 2017 to 31st July 2017

	Final Outturn 2016/17	Approved Budget 2017/18	Budget to Date 2017/18	Actual to Date 2017/18	Projected Outturn 2017/18
<u>PROPERTY COSTS</u>	28,280	19,000	6,300	15,700	19,000
Repairs & Maintenance	10,900	9,000	3,000		9,000
Rates	19,090	9,000	3,000	16,680	9,000
Property Insurance	(1,710)	1,000	300	(980)	1,000
<u>ADMINISTRATION COSTS</u>	9,800	7,700	2,700	3,510	7,700
Sundries	3,600	1,500	500	1,310	1,500
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	4,000	4,000	0		4,000
<u>OTHER EXPENDITURE</u>	107,140	79,100	43,950	3,070	79,100
Christmas Lights Switch On	10,500	10,500	0		10,500
Christmas Dinners/Parcels	21,600	0	0		0
Gourock Highland Games	29,400	29,400	29,400		29,400
Armistice Service	8,700	8,300	0	1,820	8,300
Comet Festival	13,300	13,300	13,300		13,300
Fireworks	12,600	12,600	0		12,600
Society of the Innocents Rent Rebate	5,000	5,000	1,250	1,250	5,000
Bad Debt Provision	6,040				0
<u>INCOME</u>	(125,770)	(132,440)	(44,200)	(39,250)	(126,540)
Property Rental	(187,470)	(168,950)	(56,300)	(53,520)	(168,950)
Void Rents	61,900	37,010	12,300	14,300	42,910
Internal Resources Interest	(200)	(500)	(200)	(30)	(500)
Disposal of Land					
<u>NET ANNUAL EXPENDITURE</u>	19,450	(26,640)	8,750	(16,970)	(20,740)
<u>EARMARKED FUNDS</u>	0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	19,450	(26,640)	8,750	(16,970)	(20,740)

Fund Balance as at 31st March 2017

(5,230)

Projected Fund Balance as at 31st March 2018

15,510

COMMON GOOD FUND

REVENUE BUDGET MONITORING REPORT 2017/18

PERIOD 4 : 1st April 2017 to 31st July 2017

Notes:

1 Repairs & Maintenance

Significant repairs costs continue to be incurred in respect of vacant properties to bring them to an adequate condition to allow the property to be let out. An estimate of the repairs costs is currently being prepared and will be reported to future Committee. Should this estimate be in excess of existing Repairs & Maintenance budgets Officers will consider and recommend how any shortfall should be addressed.

2 Rates (Empty Properties)

Rates are currently being paid on empty properties, projection reflects current Rates levels however all historic Rates costs are being examined to ensure all appropriate empty property relief has been obtained. Any subsequent credit will be included in future reports.

3 Current Empty Properties are:

	<u>Vacant since:</u>
8 Bay St	July 2016
12 Bay St	April 2015
14 Bay St	March 2015
4 John Wood Street	May 2010
17 John Wood Street	March 2014
74 Port Glasgow Road	September 2012 (Under Offer)

4 Land, Cove Road, Gourcock

Should Members approve the disposal of the land the Common Good Fund Balance will increase accordingly.