
Report To:	Policy & Resources Committee	Date:	6 February 2018
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/17/18/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2017/18 Revenue Budget – Period 8 to 30 November 2017		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2017/18 projected out-turn for the Policy & Resources Committee as at period 8, 30 November 2017.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2017/18 is £16,055,000. This excludes Earmarked Reserves of £2,531,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £827,000. This is an increase of £204,000 in the underspend since Period 6.
- 2.3 The main reasons for this underspend are:
- a) £550,000 release of non-pay inflation contingency.
 - b) £50,000 over recovery of prior years' council tax.
 - c) £45,000 over-recovery on DWP grants.
 - d) £40,000 underspend on Pension Fund costs.
- 2.4 The Earmarked Reserves for 2017/18 totals £2,531,000 of which £843,000 is projected to be spent in the current financial year. To date expenditure of £605,000 (71.76%) has been incurred which is £201,000 more 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.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £10,050. 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. An action to continue to monitor the replenishment of balances was agreed with Audit Scotland as part of the 2016/17 Annual Report to Members.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the 2017/18 projected underspend of £827,000 for the Policy and Resources Committee as at Period 8, 30 November 2017.
- 3.2 That the Committee note the projected fund balance of £10,050 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 and to highlight the main issues contributing to the projected underspend of £827,000 in 2017/18.

5.0 2017/18 CURRENT POSITION

- 5.1 The current projection is an underspend of £827,000 an increase in underspend of £204,000 since period 6.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £271,000 underspend

Employee Costs: £100,000 projected underspend mainly due to additional turnover savings from vacancies within Revenues & Customer Services. This is a reduction in the underspend reported to the last Committee of £34,000.

Administration Costs: £50,000 projected overspend mainly due to a £43,000 overspend within Legal Expenses Sheriff Officer, partially off-set within income. This is an increase in overspend of £18,000 since last reported at Committee.

Income: An over-recovery of £172,000 is being projected. This is mainly due to an over-recovery of income in relation to DWP Benefit's grants of £45,000 and an over recovery of prior years' Council Tax Income of £50,000 as previously reported. Also a £55,000 over-recovery within Legal fee income which is partially off-set within Administration Costs.

Legal & Property - £23,000 overspend

Income: An under-recovery of £34,000 mainly due to a £32,000 under-recovery for liquor licences due to less applications received, this is an increase of under-recovery of £2,000 since period 6.

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

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

Employee Costs: £47,000 projected overspend mainly due to £35,000 additional turnover savings from vacant posts and a reduction in hours off-set in full by a £71,000 over spend in relation to an outstanding saving for a Manager post currently being funded from the overall Education Directorate underspend. This represents a reduction in overspend of £18,000 since last reported at Committee.

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

Miscellaneous – £595,000 underspend

Inflation Contingency: There is a projected underspend of £550,000 based on current estimated calls on inflation contingency. This is an increase on over-spend of £50,000 since last reported to Committee and represents the release of the majority of the unallocated balance as most areas of expected inflation have been clarified for 2017/18.

Pension Fund: There is a projected underspend of £40,000 based on current monthly costs. No change from last committee.

6.0 EARMARKED RESERVES

6.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,531,000 of which £843,000 is projected to be spent in 2017/18 and the remaining balance of £1,560,000 to be carried forward to 2018/19 and beyond. It can be seen that expenditure of £605,000 has been achieved which is £201,000 more than the phased budgeted spend to date and represents 71.76% of the annual projected spend.

7.0 COMMON GOOD FUND

7.1 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £10,050. 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. An action to continue to monitor the replenishment of balances was agreed with Audit Scotland as part of the 2016/17 Annual Report to Members.

8.0 IMPLICATIONS

8.1 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					

8.2 Legal

There are no specific legal implications arising from this report.

8.3 Human Resources

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

8.4 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.

8.5 Repopulation

There are no repopulation issues arising from this report.

9.0 CONSULTATIONS

9.1 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.

10.0 CONCLUSIONS

10.1 The Committee note the 2017/18 projected underspend of £827,000 for the Policy and Resources Committee as at Period 8, 30th November 2017.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2017/18**Period 8: 1st April - 30th November 2017**

Service	Approved Budget		Movements			Revised Budget
	2017/18 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2017/18 £000
Finance	8,059	92	213		(428)	7,936
Legal	1,489	32	59			1,580
Organisational Development, HR & Communications	1,755		25			1,780
Corporate Policy	233		3			236
Chief Exec	345		6			351
Miscellaneous	5,353	(851)	(330)			4,172
Totals	17,234	(727)	(24)	0	(428)	16,055

Supplementary Budget Detail

£000

External ResourcesVirements

Scottish Welfare Fund surplus to reserves	(51)
Apprenticeship Levy	32
Apprenticeship Levy - Miscellaneous	(330)
Budget correction within employee costs from Property Services to Legal Services	32
IT Information Classification Policy	3
Triage Team budget from HSCP to Finance Services	62
Welfare Reform - Temp Accommodation	128
	<u>(124)</u>

Inflation

Software Maintenance Inflation - Finance	23
Councillors Salaries - Legal Services	32
Pay Award 2017/18	129
DHP allocation	40
Pay Inflation	87

Miscellaneous Inflation Contingency:

Software Maintenance Inflation - Finance	(23)
Councillors Salaries - Legal Services	(32)
Unmetered Electricity	(32)
Refuse Transfer	17
Waste Strategy	52
SEMP	20
DHP allocation	(40)
Pay Award 2017/18	(705)
NDR Increase	(193)
	<u>(625)</u>

(749)

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 8: 1st April 2017- 30th November 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	8,364	8,093	(271)
Legal Services	1,489	1,580	1,603	23
Total Net Expenditure Environment, Regeneration & Resources	9,548	9,944	9,696	(248)
Organisational Development, Human Resources & Communications	1,755	1,780	1800	20
Corporate Policy	233	236	225	(11)
Total Net Expenditure Education, Communities & Organisational Development	1,988	2,016	2,025	9
Chief Executive	345	351	358	7
Miscellaneous	5,353	4,172	3,577	(595)
TOTAL NET EXPENDITURE	17,234	16,483	15,656	(827)
Earmarked reserves		(428)	(428)	0
Total Net Expenditure excluding Earmarked Reserves	17,234	16,055	15,228	(827)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2017 - 30th November 2017**

Outturn 2016/17 £000	Budget Heading	Budget 2017/18 £000	Proportion of Budget £000	Actual to 30/11/17 £000	Projection 2017/2018 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,116	Finance/Rev - Employee Costs	5,283	3,297	3,241	5,183	(100)
(59)	Rev's - Other Income (FERIS & UC payments)	(95)	(66)	(120)	(140)	(45)
(106)	Council Tax Prior Years	(306)	(204)	0	(356)	(50)
(304)	Statutory Additions	(264)	(146)	(176)	(304)	(40)
277	Admin Costs - Legal Expenses - Sherrif Officer	242	161	191	285	43
(273)	Income - legal fee recoveries	(238)	(158)	(195)	(293)	(55)
	<u>Legal & Property Services</u>					
1,089	Audit & legal- Employee Costs	1,114	699	735	1,132	18
(90)	Liquor Licences	(122)	(77)	(73)	(90)	32
	<u>Miscellaneous</u>					
	Non-pay Inflation Contingency	918	612	232	368	(550)
2,256	Pension Fund	2,270	1,513	1,475	2,230	(40)
	<u>Organisational Development, HR & Communications</u>					
1,373	HR - Employee Costs	1,440	903	961	1,487	47
9,279	TOTAL MATERIAL VARIANCES	10,242	6,535	6,271	9,502	(740)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	c/f	New	New	Proposed	Total	Phased Budget	Actual	Projected	Amount to be	Lead Officer Update
		Funding	Funding	Funding	Write Backs	Funding	To Period 8	To Period 8	Spend	Earmarked for	
		2016/17	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18	2018/18 & Beyond	
		£000	£000	£000		£000	£000	£000	£000	£000	
Digital Strategy	Alan Puckrin	297				297	30	36	67	230	2017/20 Digital Strategy approved and projects progressing. Proposals for projects to come back to Committee later in March 2018
Welfare Reform - Operational	Alan Puckrin	199		155		354	31	31	98	256	Funding temporary employees and brought forward Scottish Welfare Fund balance of £60k. £110k set aside for potential Customer Services saving
Budget Development	Alan Puckrin	86				86	10	4	25	61	Main Projects are Income Review and the Budget Consultation.
2013/18 Revenue Contingency	Alan Puckrin	156		34		190	80	76	106	84	Projects to date include £50k for Grand Prix Boats, £30k for contribution to Oxfam, £5k for Toll Boys and £6.5k for Gourock Highland Games. Total uncommitted funds £64.5k, £50k of which is projected to be spent in 2017/18.
Anti-Poverty Fund	Alan Puckrin	1,182	200	(19)		1,363	70	296	320	1,043	£150k agreed for Scotcash and Committee agreed further 12 month funding extensions in September with further proposals due in February 2018. £330k set aside for potential Money Advice saving.
Local Government Elections	Gerry Malone	117				117	117	113	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				57	26	25	42	15	Grade I post to Aug 2018. Based on current projection we are expecting a pressure of 10K in 2018/19.
HR Temporary Resources	Steven McNab	45				45	24	23	41	4	Two posts to March 2018. PT Grade H and 37hr Grade D post. Expected underspend in 2017/18 which could be used towards overspend in Complaints post.
Specialist Post - Information Governance to 31/03/17	Helen Watson	22				22	22	22	22	0	Additional funding identified to fund post extension for 6 months to 30/09/17. Post now vacant.
Total Category C to E		2,161	200	170	0	2,531	410	626	838	1,693	

COMMON GOOD FUND**REVENUE BUDGET MONITORING REPORT 2017/18****PERIOD 8 : 1st April 2017 to 30th November 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	12,700	13,550	21,540
Repairs & Maintenance	1	10,900	9,000	6,000	990	7,000
Rates	2	19,090	9,000	6,000	13,540	13,540
Property Insurance		(1,710)	1,000	700	(980)	1,000
<u>ADMINISTRATION COSTS</u>		9,800	7,700	7,200	9,880	10,000
Sundries		3,600	1,500	1,000	3,680	3,800
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		4,000	4,000	4,000	4,000	4,000
<u>OTHER EXPENDITURE</u>		107,140	79,100	66,900	52,750	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	29,400
Armistice Service		8,700	8,300	8,300	6,300	8,300
Comet Festival		13,300	13,300	13,300	13,300	13,300
Fireworks		12,600	12,600	12,600		12,600
Society of the Innocents Rent Rebate		5,000	5,000	3,300	3,750	5,000
Bad Debt Provision		6,040				0
<u>INCOME</u>		(125,770)	(132,440)	(88,200)	(86,300)	(125,920)
Property Rental		(187,470)	(168,950)	(112,600)	(110,920)	(168,950)
Void Rents	3	61,900	37,010	24,700	24,650	43,530
Internal Resources Interest		(200)	(500)	(300)	(30)	(500)
Disposal of Land						
<u>NET ANNUAL EXPENDITURE</u>		19,450	(26,640)	(1,400)	(10,120)	(15,280)
<u>EARMARKED FUNDS</u>		0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>		19,450	(26,640)	(1,400)	(10,120)	(15,280)

Fund Balance as at 31st March 2017 (5,230)

Projected Fund Balance as at 31st March 2018 10,050**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 the next Committee. Should this estimate be in excess of existing Repairs & Maintenance budgets Officers will 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:Vacant since:

12 Bay St
4 John Wood Street
17 John Wood Street
74 Port Glasgow Road

April 2015
May 2010 (Under Offer)
March 2014
September 2012