

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>21 September 2010</b>
<b>Report By:</b>	<b>Chief Executive, Corporate Director Organisational Improvement &amp; Resources, Corporate Director Regeneration &amp; Environment and Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/55/10/AP/CMcL</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475 712143</b>
<b>Subject:</b>	<b>Policy &amp; Resources Committee 2010/11 Revenue Budget – Period 4 to 31 July 2010</b>		

---

## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2009/10 outturn and the 2010/11 Revenue Budget position for the Policy & Resources Committee as at Period 4 (31 July 2010).

## **2.0 SUMMARY**

- 2.1 In 2009/10 there was an underspend of £1,452,000, 4.65% of the total 2009/10 budget, details of which are shown in Section 5 of the report.
- 2.2 The total revised Committee budget for 2010/11 is £32,711,000. This excludes Earmarked Reserves of £8,109,000.
- 2.3 The latest projection, excluding Earmarked Reserves, is an underspend of £361,000.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the outturn for 2009/10 and the current projected underspend for 2010/11 of £361,000 as at 31 July 2010.

John Mundell  
Chief Executive

Alan Puckrin  
Chief Financial Officer

Paul Wallace  
Corporate Director Organisation, Improvement  
and Resources

Aubrey Fawcett  
Corporate Director Regeneration  
and Environment

## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2010/11 budget as well as the 2009/10 outturn and to highlight the main issues contributing to the underspend of £1,452,000 in 2009/10 and projected underspend of £361,000 in 2010/11.

## 5.0 2009/10 OUTTURN

- 5.1 The main variations from budget in 2009/10 were:

	Revised Budget 2009/10	Out-turn 2009/10	Variance to Budget	Period 10 Projected Variance	Movement since P10 Projection
	£000	£000	£000	£000	£000
Chief Executive	314	300	(14)	(9)	(5)
Corporate Communications	253	218	(35)	(54)	19
Corporate Director	156	160	4	2	2
Finance	2,881	2,069	(812)	(374)	(438)
Information Technology	1,823	2,006	183	14	169
Performance, Management & Procurement	861	835	(26)	(32)	6
Joint Boards	19,916	19,903	(13)	0	(13)
Miscellaneous	2,323	1,578	(745)	(620)	(125)
Legal & Support Services	1,382	1,443	61	67	6
Org. Development & Human Resources	1,300	1,245	(55)	(35)	(20)
<b>TOTAL NET EXPENDITURE</b>	<b>31,209</b>	<b>29,757</b>	<b>(1,452)</b>	<b>(1,041)</b>	<b>(399)</b>

- 5.2 The following material variances relate to the Improvement & Performance Directorate:

### **Corporate Communications**

There was an underspend of £35,000 which is a reduction in the underspend reported to the March Committee of £19,000, this is mainly due to an overspend within the advertising/publications budget for corporate costs.

### **Finance**

There was an underspend of £812,000 which is an increase in the underspend reported to the March Committee of £438,000. The main reasons for this underspend and movement from the March Committee projections were:

- £476,000 saving within employee costs due to additional turnover savings and reduced travel and overtime costs, this is an increase in the underspend reported to the March Committee of £282,000, mainly due to reallocation of employee costs for Customer Services Centre to ICT.
- £25,000 reduction to Office Accommodation charges, allocated as part of the year end process, therefore no variance was reported at the March Committee.
- Net underspend of £180,000 relating to Benefits and Allowances, of which £31,000 was previously reported. The movement of £149,000 is mainly due to the previous projection based on the statutory mid year return produced in August 2009.
- £185,000 increase in Benefits & Allowances Recoveries of which £100,000 was reported the March Committee. The increase in income is due to the number of debts being raised.

### **ICT**

There was an overspend of £183,000 which is an increase in the overspend projected to the March Committee of £169,000, due to:

- £140,000 overspend within employee costs which is due to additional turnover savings (£34,000) and reallocated employee costs for Customer Services Centre (£176,000), offset by a corresponding underspend within Finance Services.
- £85,000 Office Accommodation charges, allocated as part of the year end process, therefore no variance was reported at the March Committee.
- £27,000 overrecovery in income mainly due to ICT recharges relating to Riverclyde Homes
- £13,000 underspend on line rental costs not reported to the March Committee.

### **Performance Management & Procurement**

There was an underspend of £26,000 which is a reduction in the underspend reported to the March Committee of £6,000. The main reasons for this overspend and movement from the March Committee projections were:

- £62,000 underspend within employee costs which is an increase of £12,000 since reported to Committee in March and is due to additional turnover savings.
- £18,000 overspend within administration costs, expenditure in relation to external support & advice to cover long-term sickness and was reported to the March Committee.

### **Joint Boards**

There was an underspend of £13,000 relating to a reduction in the contribution to IT projects, this was not reported to the March Committee.

### **Miscellaneous**

There was an underspend of £745,000 which is an increase in the underspend reported to the March Committee of £125,000. The main reasons for this underspend and movement from the March Committee projections were:

- £60,000 underspend for bad debt provision, previously not reported to Committee;
- £421,000 underspend within the general contingency fund, of which £400,000 was reported to the March Committee;
- £270,000 underspend within the inflation contingency fund, of which £200,000 was reported to the March Committee.

5.3

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

### **Legal & Administration**

The outturn, excluding Earmarked Reserves was £1,443,000 and is an overspend of £61,000. This is a reduction in the overspend reported to the March Committee of £6,000. The main reasons for the outturn and this movement are:

- £39,000 underspend on employee costs, of which £46,000 was previously reported.
- £277,000 overspend in property costs which is an increase of £100,000 since March, analysed between:
  - £50,000 for Office Accommodation charged at year end to the Service and;
  - £144,000 overspend on utility costs due to adverse weather conditions, however this is offset in income below;
  - £14,000 for internal refuse collection/disposal, previously not reported to Committee;
  - £13,000 for rent due to review of lease for Cathcart House, previously not reported to Committee;
  - £20,000 overspend on contract cleaning, previously not reported.
- £196,000 over-recovery due to Office Accommodation recharges made to Services, as above.

## **Organisational Development & Human Resources**

The outturn, excluding Earmarked Reserves was £1,245,000, an underspend of £55,000 which is an increase in the underspend reported to the March Committee of £20,000. This is mainly due to an underspend in employee costs, arising from recharges to other project areas such as Single Status and HR/Payroll system.

### **6.0 2010/11 CURRENT POSITION**

- 6.1 It can be seen from Appendix 1 that there is a projected underspend of £361,000 for the Policy & Resources Committee at Period 4. The projected underspend comprises of a projected underspend of £308,000 for the Organisation, Improvement & Resources Directorate and £53,000 for the Regeneration & Environment Directorate.
- 6.2 The following material variances relate to the Organisation, Improvement & Resources Directorate:

#### **Finance - £77,000 Underspend**

Employee Costs: There is a projected underspend of £51,000, this is due to additional turnover saving as a result of delay in recruiting new Procurement Manager and filling the approved Hub & Spoke Accountancy model.

Statutory Additions: There is a projected overrecovery on Statutory Additions of £35,000, incurred by Council Tax payers for defaulting on payment of their Council Tax.

Postages: There is a projected overspend of £8,000 within postages and is in line with the prior year outturn.

#### **Miscellaneous – £150,000 Underspend**

General Contingency: It is anticipated that little call will be made on this contingency, therefore projecting a saving of £150,000.

#### **Business Transformation and Customer Services – £46,000 Underspend**

Employee Costs: There is a projected underspend of £24,000 within employee costs due to delays in filling the posts within Customer Services Centre.

Income: There is a projected over recovery of £17,000 within income mainly due to the revised Service Level Agreement with Inverclyde Leisure.

#### **Organisational Development, Human Resources & Performance - £31,000 Underspend.**

Employee Costs: There is a projected underspend of £31,000 within employee costs. This is due to delay in filling vacancies within the Service and recharging of employee costs to other project areas.

- 6.3 The following material variances relate to the Regeneration & Environment Directorate:

#### **Legal & Democratic Services - £53,000 Underspend.**

Employee Costs: There is a projected underspend of £53,000 due to additional turnover savings and recharge income from the Chief Executives Service.

## 7.0 EARMARKED RESERVES

- 7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £8,109,000 of which £2,384,000 is projected to be spent in 2010/11 and the remaining balance of £5,725,000 to be carried forward to 2010/11 and beyond. It can be seen that expenditure of £742,000 represents 31.12% of the annual projected spend.

## 8.0 FINANCIAL IMPLICATIONS

- 8.1 The current projected outturn per service:

Service	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out-turn 2010/11 £000	Projected Over/(Under) Spend £000
Chief Executive	355	355	355	0
Corporate Communications & Public Affairs	288	288	284	(4)
Corporate Director	133	133	133	0
Finance	3,256	3,121	3,044	(77)
Joint Boards	16,459	16,461	16,461	0
Miscellaneous	6,325	6,365	6,215	(150)
Customer Services & Business Transformation	2,188	2,312	2,216	(46)
Organisational Development, Human Resources & Performance	1,604	1,912	1,881	(31)
<b>Total Net Expenditure (Exc. Regen)</b>	<b>30,608</b>	<b>30,947</b>	<b>30,639</b>	<b>(308)</b>
Legal & Democratic Services	2,061	2,053	2,000	(53)
<b>Total Net Expenditure</b>	<b>32,669</b>	<b>33,000</b>	<b>32,639</b>	<b>(361)</b>
Earmarked Reserves	0	(289)	(289)	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>32,669</b>	<b>32,711</b>	<b>32,350</b>	<b>(361)</b>

## 9.0 COMMON GOOD FUND

- 9.1 Appendix 4 shows the position of the approved Common Good Fund as at 31<sup>st</sup> July 2010, the projected available fund balance is £119,080.

## 10.0 OTHER ISSUES

- 10.1 The impact of the mid-year savings review will be factored in to future reports to Committee.

## 11.0 EQUALITIES

- 11.1 There are no equality issues arising from this report.

## 12.0 CONSULTATIONS

- 12.1 The Chief Executive, Corporate Directors, Organisation, Improvement & Resources and Regeneration & Environment and the Chief Financial Officer have been consulted in the preparation of this report.

**POLICY & RESOURCES**

**Appendix 1**

**REVENUE BUDGET MONITORING REPORT**

**PERIOD 4: 1st April - 31st July 2010**

Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out- turn 2010/11 £000	Projected Over/(Under) Spend £000
Employee Costs	9,518	9,807	9,643	(164)
Property Costs	604	604	604	0
Supplies and Services	470	470	519	49
Transport and Plant	4	4	4	0
Administration Costs	1,403	1,403	1,420	17
Payments to Other Bodies	2,108	2,108	2,108	0
Other Expenditure	59,635	59,677	59,527	(150)
Capital & Loans Charges	(248)	(248)	(248)	0
Income	(40,824)	(40,824)	(40,888)	(64)
<b>TOTAL NET EXPENDITURE</b>	<b>32,669</b>	<b>33,000</b>	<b>32,688</b>	<b>(312)</b>
Earmarked Reserves	0	(289)	(289)	0
<b>TOTAL NET EXPENDITURE excluding Earmarked Reserves</b>	<b>32,669</b>	<b>32,711</b>	<b>32,399</b>	<b>(312)</b>

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 4: 1st April - 31st July 2010

Outturn 2009/10 £000	Budget Heading	Budget 2010/11 £000	Proportion of Budget £000	Actual to 31/07/10 £000	Projection 2010/2011 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,538	Employee Costs	3,795	1,310	1,299	3,744	(51)
(272)	Income - Statutory Additions	(225)	(75)	(94)	(260)	(35)
	<b><u>Customer Services &amp; Business Transformation</u></b>					
1,853	Employee Costs	2,219	766	740	2,194	(25)
223	Supplies and Services - Computer Maintenance	228	76	212	273	45
(31)	Income - SLA Inverclyde Leisure	(31)	(10)	(15)	(45)	(14)
	<b><u>Organisational Development, HR &amp; Performance</u></b>					
1,293	Employee Costs	1,612	556	544	1,581	(31)
	<b><u>Legal &amp; Democratic Services</u></b>					
1,783	Employee Costs	1,598	552	520	1,545	(53)
<b>8,387</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>9,196</b>	<b>3,175</b>	<b>3,206</b>	<b>9,032</b>	<b>(164)</b>

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u>	<u>New Funding 2010/11</u>	<u>Total Funding 2010/11</u>	<u>Actual To Period 4 2010/11</u>	<u>Projected Spend 2010/11</u>	<u>Amount to be Earmarked for 2011/12 &amp; Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	(189)	5,216	5,027	533	533	4,494	£533k committed to date for Teachers refresh programme and CHCP implementation. Releases to start from 15/08/10. Funding of £3.5m transferred from SEMP Model, £907k budgeted surplus 2010/11 and £209k unaudited accounts 2009/10 surplus to fund future releases.
Single Status	Alan Puckrin	223	0	223	47	120	103	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	492	246	738	0	492	246	Allocation for back dating any appeals. Appeals process underway.
MGF	Gordon McLoughlin	331	0	331	0	51	280	£51k spend expected on integrated services. £100k spend on integrated services planned for 2011/12 and £180k spend anticipated on e-procurement system in 2011/12.
Modernisation & Efficiency Fund	Gordon McLoughlin	74	0	74	0	74	0	This will be fully spent on M&E salary recharges.
RVJB Capital Contribution	Alan Puckrin	43	13	56	0	20	36	Invoice due at Year End. Agreed that no further funding will be allocated to this reserve.
Workforce Development Fund	Alasdair Moore	100	0	100	3	59	41	Various employee development projects planned in 10/11 and 11/12. Committee report due in P5 with spending profile.
Operating Model Delivery	Gordon McLoughlin	684	0	684	135	552	132	Detailed budget approved by Committee, full spend of 10/11 budget is anticipated.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	0	58	0	Total reserve will be £92k, a further £34k will be allocated in 11/12 if required.
Allowance for Elections to May 2012	Elaine Paterson	270	0	270	0	0	270	Profiling based on no bi-elections held in 2010/11.
Revenue Expenditure Transferred from Capital	Alan Puckrin	140	0	140	0	40	100	Sum set aside and utilised as part of the accounts closure process.
Dilapidations	Stuart Jamieson	13	0	13	5	13	0	All the reserve is expected to be spent in 2010/11 due to the service advising in 2009/10 that funding was required to carry out repairs to properties within the Industrial, Commercial and Miscellaneous Portfolio to facilitate them being relet. A review will be carried out quarterly to monitor this.
DWP Grant	Alan Puckrin	91	104	195	19	92	103	Additional funding received from the DWP for 2 years 2008/10. £63k set aside for employee and admin costs in 2010/11 plus upto £60k for e forms. Possible write back being considered. £28k transferred to Backfill posts in CSC .
Implementation of Saving Workstreams	Alan Puckrin	200	0	200	0	100	100	£12k allocated for recruitment of Chief officers.
<b>Total</b>		2,472	5,637	8,109	742	2,204	5,905	



**COMMON GOOD FUND****APPENDIX 4****REVENUE BUDGET MONITORING REPORT 2010/11****PERIOD 1 : 1st April 2010 to 31st July 2010**

	<b>Final Outturn 2009/10</b>	<b>Approved Budget 2010/11</b>	<b>Budget to Date 2010/11</b>	<b>Actual to Date 2010/11</b>	<b>Projected Outturn 2010/11</b>
<b><u>PROPERTY COSTS</u></b>	<b>20,170</b>	<b>2,000</b>	<b>600</b>	<b>0</b>	<b>2,000</b>
Repairs & Maintenance	18,010	1,000	300	0	1,000
Property Insurance	2,160	1,000	300	0	1,000
<b><u>ADMINISTRATION COSTS</u></b>	<b>10,730</b>	<b>10,500</b>	<b>0</b>	<b>0</b>	<b>10,500</b>
Sundries	530	300	0	0	300
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy	8,000	8,000	0	0	8,000
<b><u>OTHER EXPENDITURE</u></b>	<b>115,700</b>	<b>140,760</b>	<b>28,700</b>	<b>25,150</b>	<b>139,560</b>
Christmas Lights Switch On	9,130	10,200	0	0	10,200
Christmas Dinners/Parcels	17,290	24,000	0	0	24,000
Christmas Decorations	24,480	35,400	0	0	35,400
Gourock Highland Games	27,080	28,700	28,700	18,530	27,500
Armistice Service	6,320	6,100	0	1,350	6,100
Megawatt Festival	21,640	18,200	0	270	18,200
Comet Festival		0	0	5,000	5,000
Fireworks	11,660	12,300	0	0	12,300
Contingency for future Community Events	1,000	5,860	0	0	860
Bad Debt Provision	(2,900)	0	0	0	0
<b><u>INCOME</u></b>	<b>(138,990)</b>	<b>(153,260)</b>	<b>(49,900)</b>	<b>(27,740)</b>	<b>(121,940)</b>
Property Rental	(135,660)	(156,900)	(52,300)	(27,700)	(156,900)
Void Rents		7,140	2,400		38,460
Internal Resources Interest	(3,330)	(3,500)	0	(40)	(3,500)
<b><u>NET ANNUAL EXPENDITURE</u></b>	<b>7,610</b>	<b>0</b>	<b>(20,600)</b>	<b>(2,590)</b>	<b>30,120</b>
<b><u>EARMARKED FUNDS</u></b>	<b>160,180</b>	<b>274,400</b>	<b>162,000</b>	<b>162,000</b>	<b>274,400</b>
2009 European Pipe Band Campships	82,580	0	0		0
Replacement of SV Comet	77,600	102,400			102,400
Fitzgerald Centre Garden Project		10,000			10,000
Contribution to 2011 Tall Ships Event		162,000	162,000	162,000	162,000
<b><u>TOTAL NET EXPENDITURE</u></b>	<b>167,790</b>	<b>274,400</b>	<b>141,400</b>	<b>159,410</b>	<b>304,520</b>

**Fund Balance as at 31st March 2010****423,600****Projected Fund Balance as at 31st March 2011****119,080**