

**Report To:** Policy & Resources Committee      **Date:** 16 November 2010

**Report By:** Chief Executive, Corporate Director  
Organisational, Improvement &  
Resources, Corporate Director  
Regeneration & Environment and  
Chief Financial Officer      **Report No:** FIN/73/10/AE/AP

**Contact Officer:** Angela Edmiston      **Contact No:** 01475 712143

**Subject:** Policy & Resources Committee 2010/11 Revenue Budget – Period 6 to  
30 September 2010

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 Revenue Budget position for the Policy & Resources Committee as at Period 6 (30 September 2010).

## 2.0 SUMMARY

- 2.1 The total revised Committee budget for 2010/11 is £30,097,000. This excludes Earmarked Reserves of £8,314,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £600,000. The impact of the mid year savings has been included and an overall Committee saving of £645,000 has been achieved.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2010/11 of £600,000 as at 30 September 2010.
- 3.2 The Committee is asked to approve virement as detailed in Appendix 5.

John Mundell  
Chief Executive

Alan Puckrin  
Chief Financial Officer

Paul Wallace  
Corporate Director Organisational, 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 and to highlight the main issues contributing to the projected underspend of £600,000.

## 5.0 2010/11 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £600,000 for the Policy & Resources Committee at Period 6. The projected underspend comprises a projected underspend of £256,000 for the Organisational, Improvement & Resources Directorate, £44,000 for the Regeneration & Environment Directorate and £300,000 for Miscellaneous and Joint Boards.
- 5.2 The following material variances relate to the Organisational, Improvement & Resources Directorate:

### **Finance - £188,000 Underspend**

Employee Costs: There is a projected underspend of £125,000, which is an increase of £74,000 in the underspend reported to the last Committee. This is due to additional turnover savings partly resulting from vacancies and restructuring within Procurement and a projected underspend within overtime and travel & subsistence.

Computer Software Maintenance: There is a projected underspend of £10,000 within Computer Software Maintenance and is in line with the prior year outturn.

Statutory Additions: There is a projected over recovery on Statutory Additions of £35,000, incurred by Council Tax payers for defaulting on payment of their Council Tax. This was reported to the last Committee.

Bad Debt Provision: There is a projected overspend of £40,000 this is in line with the amount of Benefits being recovered

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

Income: Projecting an over recovery within income of £66,000. This is due to recharge of salary costs to the Health Board, recovery of a long-term debt and over recovery on Benefit Overpayment Recoveries, which is due to the number of debts being raised and is in line with the Bad Debt Provision.

### **Business Transformation and Customer Services – £44,000 Underspend**

Employee Costs: There is a projected underspend of £31,000 within employee costs, which is an increase of £7,000 since the last report to Committee. This is due to delays in filling the posts within Customer Services Centre offset by pay award.

Administration Costs: Projecting an overspend on line rental recharges of £30,000, this is offset by an increase in line rental income.

Income: There is a projected over recovery of £43,000 which is an increase of £26,000 since the last report to Committee. This is due to an increase in line rental recharges to Services of £30,000 which has been offset by a projected under recovery for Council Tax Commission.

**Organisational Development, Human Resources & Performance - £19,000 Underspend.**

Employee Costs: Projecting an underspend of £19,000 within employee costs which is a reduction in the underspend reported to the last Committee of £12,000.

5.3 The following material variances relate to Miscellaneous and Joint Boards:

**Miscellaneous – £300,000 Underspend**

General Contingency: It is anticipated that little call will be made on this contingency, therefore projecting a saving of £300,000 which is an increase of £150,000 since reported to the last Committee.

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

**Legal & Democratic Services - £44,000 Underspend.**

Employee Costs: There is a projected underspend of £44,000 which is a reduction of £9,000 since the last report to Committee and is mainly due to the employee pay award.

**6.0 EARMARKED RESERVES**

6.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £8,314,000 of which £4,729,000 is projected to be spent in 2010/11 and the remaining balance of £3,585,000 to be carried forward to 2011/12 and beyond. It can be seen that expenditure of £608,000 represents 12.86% of the annual projected spend.

**7.0 FINANCIAL IMPLICATIONS**

7.1 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	643	636	630	(6)
Corporate Director	133	133	134	1
Finance	3,256	3,106	2,918	(188)
Customer Services & Business Transformation	2,188	2,305	2,261	(44)
Organisational Development, Human Resources & Performance	1,604	1,904	1,885	(19)
<b>Total Net Expenditure (OI&amp;R Directorate)</b>	<b>7,824</b>	<b>8,084</b>	<b>7,828</b>	<b>(256)</b>
Legal & Democratic Services	2,061	2,127	2,083	(44)
<b>Total Net Expenditure (Incl. Regen)</b>	<b>9,885</b>	<b>10,211</b>	<b>9,911</b>	<b>(300)</b>
Joint Boards	16,459	16,448	16,448	0
Miscellaneous	6,325	3,727	3,427	(300)
<b>Total Net Expenditure</b>	<b>32,669</b>	<b>30,386</b>	<b>29,786</b>	<b>(600)</b>
Earmarked Reserves	0	(289)	(289)	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>32,669</b>	<b>30,097</b>	<b>29,497</b>	<b>(600)</b>

## **8.0 COMMON GOOD FUND**

8.1 Appendix 4 shows the position of the approved Common Good Fund as at 30<sup>th</sup> September 2010 is an overspend of £28,880 due to a shortfall in rent income. The list of current empty properties are shown in Appendix 4. The projected available fund balance is £120,320.

## **9.0 EQUALITIES**

9.1 There are no equality issues arising from this report.

## **10.0 CONSULTATIONS**

10.1 The Chief Executive, Corporate Directors, Organisational, 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 6: 1st April - 30th September 2010**

Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out- turn 2010/11 £000	Projected Over/(Under) Spend £000	Percentage Variance
Employee Costs	9,518	9,896	9,666	(230)	(2.38%)
Property Costs	604	601	600	(1)	(0.17%)
Supplies and Services	470	462	457	(5)	(1.09%)
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,403	1,333	1,380	47	3.41%
Payments to Other Bodies	2,108	2,115	2,115	0	0.00%
Other Expenditure	59,635	57,019	56,764	(255)	(0.45%)
Capital & Loans Charges	(248)	(248)	(248)	0	0.00%
Income	(40,824)	(40,795)	(40,951)	(156)	0.38%
<b>TOTAL NET EXPENDITURE</b>	<b>32,669</b>	<b>30,386</b>	<b>29,786</b>	<b>(600)</b>	<b>(2.01%)</b>
Earmarked Reserves	0	(289)	(289)	0	
<b>TOTAL NET EXPENDITURE excluding Earmarked Reserves</b>	<b>32,669</b>	<b>30,097</b>	<b>29,497</b>	<b>(600)</b>	

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 6: 1st April - 30th September 2010**

Outturn 2009/10 £000	Budget Heading	Budget 2010/11 £000	Proportion of Budget £000	Actual to 30/09/10 £000	Projection 2010/2011 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,538	Employee Costs	3,820	1,905	1,833	3,695	(125)
72	Supplies & Services - Computer Software Maintenance	95	48	76	85	(10)
47	Other Expenditure - Bad Debt Provision	40	20	43	80	40
(285)	Income - Other Income	0	0	(30)	(30)	(30)
(272)	Income - Statutory Additions	(225)	(113)	(131)	(260)	(35)
(285)	Income - Recoveries	(100)	(50)	(69)	(130)	(30)
	<b><u>Customer Services &amp; Business Transformation</u></b>					
1,853	Employee Costs	2,220	1,107	1,099	2,195	(31)
(31)	Income - SLA Inverclyde Leisure	(31)	(16)	(22)	(45)	(14)
343	Admin - Line Rental Recharge	300	88	103	330	30
(343)	Income - Line Rental Recharge	(300)	(88)	(103)	(330)	(30)
	<b><u>Organisational Development, HR &amp; Performance</u></b>					
1,293	Employee Costs	1,611	803	775	1,580	(19)
	<b><u>Legal &amp; Democratic Services</u></b>					
1,783	Employee Costs	1,598	797	768	1,554	(44)
<b>7,713</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>9,028</b>	<b>4,502</b>	<b>4,342</b>	<b>8,724</b>	<b>(298)</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 6 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>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	(189)	5,421	5,232	148	3,000	2,232	£533k committed to date for Teachers refresh programme and CHCP implementation. Releases ongoing. Funding of £3.5m transferred from SEMP Model, £907k budgeted surplus 2010/11 and £414k final accounts surplus 2009/10 to fund future releases. Further sums to be added from the Inflation contingency.
Single Status	Alan Puckrin	223	0	223	54	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	74	74	0	This has been fully spent as a contribution to the Operating Model.
E Forms	Gordon McLoughlin	0	40	40	11	40	0	£32.5k spend on software/hardware and £7.5k implementation in 10/11. A further £5.9k for maintenance will be added from DWP EMR in 11/12 if required.
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.
Operating Model Delivery	Gordon McLoughlin	684	200	884	279	745	139	Detailed budget approved by Committee.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	8	58	0	Total reserve will be £92k, a further £34k will be allocated in 11/12 from the Operating Model if required.
Allowance for Elections to May 2012	Elaine Paterson	270	0	270	0	30	240	Profiling based on no bi-elections being held in 2010/11 and initial spend by Service in the last quarter of 2010/11 for an election/referendum held on 5 May 2011.
Revenue Expenditure Transferred from Capital	Alan Puckrin	140	0	140	6	40	100	Sum set aside and utilised as part of the accounts closure process.

## 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 6 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>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Dilapidations	Stuart Jamieson	13	0	13	9	13	0	All the reserve is expected to be spent in 2010/11 carrying out repairs to properties within the Industrial, Commercial and Miscellaneous Portfolio to facilitate them being relet. A review is regularly carried out to monitor this.
DWP Grant	Alan Puckrin	91	64	155	24	103	52	Additional funding received from the DWP for 2 years 2008/10. £63k set aside for employee and admin costs in 2010/11. £28k transferred to backfill posts in Customer Service Centre & £40k for E-Forms. CMT agreed appointment of further temp Benefit Assessor for 12 months.
Implementation of Saving Workstreams	Alan Puckrin	200	0	200	0	100	100	£100k allocated to date: £12k for recruitment of Chief officers, £23k allocated for procurement of consultancy advice & £65k allocated to Clyde Valley shared services.
<b>Total</b>		2,472	6,042	8,514	616	4,945	3,569	



## COMMON GOOD FUND

APPENDIX 4

## REVENUE BUDGET MONITORING REPORT 2010/11

PERIOD 6 : 1st April 2010 to 30th September 2010

	Final Outturn 2009/10	Approved Budget 2010/11	Budget to Date 2010/11	Actual to Date 2010/11	Projected Outturn 2010/11
<b>PROPERTY COSTS</b>	<b>20,170</b>	<b>2,000</b>	<b>1,000</b>	<b>0</b>	<b>2,000</b>
Repairs & Maintenance	18,010	1,000	500	0	1,000
Property Insurance	2,160	1,000	500	0	1,000
<b>ADMINISTRATION COSTS</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>OTHER EXPENDITURE</b>	<b>115,700</b>	<b>140,760</b>	<b>51,900</b>	<b>39,100</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	18,200	14,220	18,200
Comet Festival		0	5,000	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>INCOME</b>	<b>(138,990)</b>	<b>(153,260)</b>	<b>(74,900)</b>	<b>(55,800)</b>	<b>(123,180)</b>
Property Rental	(135,660)	(156,900)	(78,500)	(55,760)	(156,900)
Void Rents		7,140	3,600		37,220
Internal Resources Interest	(3,330)	(3,500)	0	(40)	(3,500)
<b>NET ANNUAL EXPENDITURE</b>	<b>7,610</b>	<b>0</b>	<b>(22,000)</b>	<b>(16,700)</b>	<b>28,880</b>
<b>EARMARKED FUNDS</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 Campionships	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>TOTAL NET EXPENDITURE</b>	<b>167,790</b>	<b>274,400</b>	<b>140,000</b>	<b>145,300</b>	<b>303,280</b>

Fund Balance as at 31st March 2010 423,600

Projected Fund Balance as at 31st March 2011

120,320

## Notes:

## 1 Current Empty Properties are:

	Vacant since:
8 Bay Street	August 2009
4 John Wood Street	May 2010
10 John Wood Street	November 2009
15 John Wood Street	November 2009

**POLICY AND RESOURCES COMMITTEE****VIREMENT REQUESTS**

<b>Budget Heading</b>		<b>Increase Budget</b>	<b>(Decrease) Budget</b>
		£	£
Administration Costs - Postages	1	30,000	
Income - Franking Machine Recharges	1		30,000
<b>Total</b>		<b>30,000</b>	<b>30,000</b>

Reason for virement:

- 1 Reduction in cost and recharges to Client Services based on new contract for mail delivery.