

**Report To:** Policy & Resources Committee      **Date:** 08 February 2011

**Report By:** Chief Executive, Corporate Director  
Regeneration & Environment and  
Chief Financial Officer      **Report No:** FIN/07/11/AE/AP

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

**Subject:** Policy & Resources Committee 2010/11 Revenue Budget – Period 8 to  
30 November 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 8 (30 November 2010).

### **2.0 SUMMARY**

- 2.1 The total revised Committee budget for 2010/11 is £29,872,000. This excludes Earmarked Reserves of £10,722,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £773,000 which is an increase in the underspend reported to the last Committee of £173,000.

### **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the current projected underspend for 2010/11 of £773,000 as at 30 November 2010.

John Mundell  
Chief Executive

Alan Puckrin  
Chief Financial Officer

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 £773,000.

## 5.0 2010/11 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £773,000 for the Policy & Resources Committee at Period 8. The projected underspend comprises a projected underspend of £16,000 for Chief Executive's Directorate, £298,000 for the Organisational, Improvement & Resources Directorate, £49,000 for the Regeneration & Environment Directorate and £410,000 for Miscellaneous and Joint Boards.

- 5.2 The following material variances relate to the Chief Executive's Directorate:

### **Chief Executive - £16,000 Underspend**

Advertising: There is a projected underspend of £10,000 within advertising due to savings achieved through centralising advertising budgets.

- 5.3 The following material variances relate to the Organisational, Improvement & Resources Directorate:

### **Finance - £219,000 Underspend**

Employee Costs: There is a projected underspend of £145,000, which is an increase of £20,000 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. This was reported to the last Committee.

Statutory Additions: There is a projected over recovery on Statutory Additions of £45,000, incurred by Council Tax payers for defaulting on payment of their Council Tax. This is an increase in the over recovery reported to the last Committee of £10,000.

Bad Debt Provision: There is a projected overspend of £40,000 this is in line with the amount of Benefits being recovered and was reported to the last Committee. This is more than offset by the number of debtors accounts invoiced.

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 £76,000 which is an increase in the over recovery reported to the last Committee of £10,000. 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 – £46,000 Underspend**

Employee Costs: There is a projected underspend of £6,000 within employee costs, which is a reduction of £25,000 since the last report to Committee. This is due to employee budgets within Customer Service Centre reallocated back to Service budgets.

Administration Costs: Projecting an overspend on line rental recharges of £30,000, this is offset by an increase in line rental income and was reported to the last Committee.

Income: There is a projected over recovery of £68,000 which is an increase of £25,000 since the last report to Committee. As reported to the last Committee, this is mainly due to an increase in line rental recharges to Services of £30,000. Since the last Committee there has been a projected over recovery on the Service Level Agreement with River Clyde Homes of £24,000.

## **Organisational Development, Human Resources & Performance - £34,000 Underspend.**

Employee Costs: Projecting an underspend of £38,000 within employee costs which is an increase in the underspend reported to the last Committee of £19,000. This is mainly due to the recharging of employees to other project areas.

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

### **Miscellaneous – £410,000 Underspend**

General Contingency: It is anticipated that there will be a saving of £250,000 on the General Contingency. This leaves sufficient funding to meet the projected Winter Maintenance overspend.

Inflation Contingency: It is anticipated that little call will be made on this contingency now, therefore projecting a saving of £160,000.

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

### **Legal & Democratic Services - £49,000 Underspend.**

Employee Costs: There is a projected underspend of £49,000 which is an increase of £5,000 since the last report to Committee and is mainly due to delays in filling posts within Service.

## **6.0 EARMARKED RESERVES**

6.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £10,722,000 of which £3,307,000 is projected to be spent in 2010/11 and the remaining balance of £7,415,000 to be carried forward to 2011/12 and beyond. It can be seen that expenditure of £897,000 represents 27.12% 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	620	(16)
Corporate Director	133	133	134	1
Finance	3,256	3,120	2,901	(219)
Customer Services & Business Transformation	2,188	2,277	2,231	(46)
Organisational Development, Human Resources & Performance	1,604	1,904	1,870	(34)
<b>Total Net Expenditure (OI&amp;R Directorate)</b>	<b>7,824</b>	<b>8,070</b>	<b>7,756</b>	<b>(314)</b>
Legal & Democratic Services	2,061	2,127	2,078	(49)
<b>Total Net Expenditure (Incl. Regen)</b>	<b>9,885</b>	<b>10,197</b>	<b>9,834</b>	<b>(363)</b>
Joint Boards	16,459	16,448	16,448	0
Miscellaneous	6,325	3,652	3,242	(410)
<b>Total Net Expenditure</b>	<b>32,669</b>	<b>30,297</b>	<b>29,524</b>	<b>(773)</b>
Earmarked Reserves	0	(425)	(425)	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>32,669</b>	<b>29,872</b>	<b>29,099</b>	<b>(773)</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> November 2010 is an overspend of £25,750 due to a shortfall in rent income. The projected available fund balance is £123,450.

## 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 8: 1st April - 30th November 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	9,883	9,639	(244)	(2.53%)
Property Costs	604	601	600	(1)	(0.17%)
Supplies and Services	470	462	456	(6)	(1.31%)
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,403	1,362	1,403	41	2.92%
Payments to Other Bodies	2,108	2,120	2,120	0	0.00%
Other Expenditure	59,635	56,939	56,567	(372)	(0.66%)
Capital & Loans Charges	(248)	(248)	(248)	0	0.00%
Income	(40,824)	(40,825)	(41,016)	(191)	0.47%
<b>TOTAL NET EXPENDITURE</b>	<b>32,669</b>	<b>30,297</b>	<b>29,524</b>	<b>(773)</b>	<b>(2.62%)</b>
Earmarked Reserves	0	(425)	(425)	0	
<b>TOTAL NET EXPENDITURE excluding Earmarked Reserves</b>	<b>32,669</b>	<b>29,872</b>	<b>29,099</b>	<b>(773)</b>	

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 8: 1st April - 30th November 2010

Outturn 2009/10 £000	Budget Heading	Budget 2010/11 £000	Proportion of Budget £000	Actual to 30/11/10 £000	Projection 2010/2011 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,538	Employee Costs	3,820	2,491	2,423	3,675	(145)
72	Supplies & Services - Computer Software Maintenance	95	63	79	85	(10)
47	Other Expenditure - Bad Debt Provision	40	27	45	80	40
0	Income - Other Income	0	0	(40)	(40)	(40)
(272)	Income - Statutory Additions	(225)	(150)	(167)	(270)	(45)
(285)	Income - Recoveries	(100)	(67)	(69)	(130)	(30)
	<b><u>Customer Services &amp; Business Transformation</u></b>					
(31)	Income - SLA Inverclyde Leisure	(31)	(21)	(30)	(45)	(14)
343	Admin - Line Rental Cost	300	104	131	330	30
(343)	Income - Line Rental Recharge	(300)	(104)	(122)	(330)	(30)
(308)	Income - SLA River Clyde Homes	(281)	(187)	(154)	(307)	(26)
	<b><u>Organisational Development, HR &amp; Performance</u></b>					
1,293	Employee Costs	1,611	1,050	1,041	1,573	(38)
	<b><u>Legal &amp; Democratic Services</u></b>					
1,783	Employee Costs	1,598	1,042	1,006	1,549	(49)
<b>5,839</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>6,623</b>	<b>4,313</b>	<b>4,190</b>	<b>6,256</b>	<b>(367)</b>

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	c/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 8 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	(189)	7,529	7,440	238	1,500	5,940	£533k committed to date for Teachers refresh programme and CHCP implementation. Releases ongoing. New funding allocated from various sources e.g. Inflation Contingency & SEMP Model.
Single Status	Alan Puckrin	223	0	223	105	130	93	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	492	246	738	0	400	338	Allocation for back dating any appeals. Appeals process underway.
MGF	Gordon McLoughlin	331	0	331	31	65	266	£65k spend expected on integrated services. £86k 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 2010/11. A further £5.9k for maintenance will be added from DWP EMR in 2011/12 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	6	41	59	Various employee development projects planned in 2010/11 and 2011/12.
Operating Model Delivery	Gordon McLoughlin	684	200	884	350	718	166	Detailed budget approved by Committee.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	16	58	0	Total reserve will be £92k, a further £34k will be allocated in 2011/12 from the Operating Model if required.
Allowance for Elections to May 2012	Elaine Paterson	270	0	270	0	20	250	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.

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	c/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 8 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
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.
Dilapidations	Stuart Jamieson	13	0	13	13	13	0	All of the earmarked reserve has now been spent.
DWP Grant	Alan Puckrin	91	64	155	38	88	67	Additional funding received from the DWP for 2 years 2008/10. £69.5k set aside for employee and admin costs in 2010/11. £28k transferred to backfill posts in Customer Service Centre & £40k for E-Forms. Further sum of £95k confirmed for 2011/12.
Implementation of Saving Workstreams	Alan Puckrin	200	0	200	9	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>		<b>2,472</b>	<b>8,250</b>	<b>10,722</b>	<b>897</b>	<b>3,307</b>	<b>7,415</b>	



## COMMON GOOD FUND

APPENDIX 4

## REVENUE BUDGET MONITORING REPORT 2010/11

PERIOD 8 : 1st April 2010 to 30th November 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>	20,170	2,000	1,400	(1,640)	2,000
Repairs & Maintenance	18,010	1,000	700	(1,640)	1,000
Property Insurance	2,160	1,000	700	0	1,000
<b>ADMINISTRATION COSTS</b>	10,730	10,500	200	0	10,500
Sundries	530	300	200	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>	115,700	140,760	51,900	63,580	136,430
Christmas Lights Switch On	9,130	10,200	0	0	10,200
Christmas Dinners/Parcels	17,290	24,000	0	12,860	18,000
Christmas Decorations	24,480	35,400	0	0	35,400
Gourock Highland Games	27,080	28,700	28,700	28,230	28,230
Armistice Service	6,320	6,100	0	3,590	6,100
Megawatt Festival	21,640	18,200	18,200	14,220	18,200
Comet Festival		0	5,000	3,180	5,000
Fireworks	11,660	12,300	0	0	12,300
Contingency for future Community Events	1,000	5,860	0	0	0
Society of the Innocents Rent Rebate				1,500	3,000
Bad Debt Provision	(2,900)	0	0	0	0
<b>INCOME</b>	(138,990)	(153,260)	(99,800)	(83,220)	(123,180)
Property Rental	(135,660)	(156,900)	(104,600)	(83,180)	(156,900)
Void Rents		7,140	4,800		37,220
Internal Resources Interest	(3,330)	(3,500)	0	(40)	(3,500)
<b>NET ANNUAL EXPENDITURE</b>	7,610	0	(46,300)	(21,280)	25,750
<b>EARMARKED FUNDS</b>	160,180	274,400	162,000	162,000	274,400
2009 European Pipe Band Championships	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>	167,790	274,400	115,700	140,720	300,150

Fund Balance as at 31st March 2010

423,600

Projected Fund Balance as at 31st March 2011

123,450

## 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