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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>29 March 2011</b>
<b>Report By:</b>	<b>Chief Executive, Corporate Director Regeneration &amp; Environment and Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/28/11/AE/AP</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 10 to 31 January 2011</b>		

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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 10 (31 January 2011).

## **2.0 SUMMARY**

- 2.1 The total revised Committee budget for 2010/11 is £29,647,000. This excludes Earmarked Reserves of £10,722,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £918,000 which is an increase in the underspend reported to the last Committee of £145,000.
- 2.3 The latest projection within the Common Good Fund is a projected overspend of £24,990 which is a slight reduction in the overspend reported to the last Committee.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the current projected underspend for 2010/11 of £918,000 as at 31 January 2011.

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 £918,000.

## 5.0 2010/11 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £918,000 for the Policy & Resources Committee at Period 10. The projected underspend comprises a projected underspend of £34,000 for the Chief Executive, £468,000 for the Organisational, Improvement & Resources Directorate, £6,000 for the Regeneration & Environment Directorate and £410,000 for Miscellaneous and Joint Boards.
- 5.2 The following material variances relate to the Chief Executives Directorate:

### **Chief Executive - £34,000 Underspend**

Advertising: There is a projected underspend of £20,000 within advertising due to savings achieved through centralising advertising budgets. This is an increase in the underspend reported to the last Committee of £10,000.

Other Expenditure: There is a projected underspend of £7,000 within other expenditure due to change of production dates for Inview Magazine, in addition to this, the magazine has generated £2,000 of income for advertising on behalf of external clients.

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

### **Finance - £257,000 Underspend**

Employee Costs: There is a projected underspend of £152,000, which is an increase of £7,000 in the underspend reported to the last Committee. This is mainly due to additional turnover savings.

Computer Software Maintenance: There is a projected underspend of £10,000 within Computer Software Maintenance and this 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 £35,000, incurred by Council Tax payers for defaulting on payment of their Council Tax. This is a reduction 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 underspend of £9,000 within postages, which is a movement of £17,000 since reported to the last Committee. This is mainly due to realised savings through the new postage contract and reduced volumes of letters being sent out.

Income: Projecting an over recovery within income of £90,000 which is an increase in the over recovery reported to the last Committee of £14,000. This is due to recharge of salary costs to the Health Board, recovery of a long-term debt, legal fees recoveries 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 – £85,000 Underspend**

Employee Costs: There is a projected underspend of £10,000 within employee costs, which is an increase in the underspend reported to the last Committee of £4,000, and is due to additional turnover savings.

Supplies & Services: There is a projected underspend of £17,000 within supplies and services. This is mainly due to a projected one-off underspend within software maintenance.

Administration Costs: Projecting an overspend on line rental recharges of £27,000. This is a reduction in the overspend reported to the last Committee of £3,000 and is offset by an increase in line rental income. The projected overspend has been partly offset by a projected underspend in training, telephone calls and printing & stationery of £15,000.

Income: There is a projected over recovery of £66,000 which is a reduction of £2,000 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 £27,000 and a projected over recovery on the Service Level Agreement with River Clyde Homes of £24,000.

## **Organisational Development, Human Resources & Performance - £127,000 Underspend.**

Employee Costs: Projecting an underspend of £35,000 within employee costs which is a reduction in the underspend reported to the last Committee of £3,000.

Administration Costs: Projecting an underspend of £9,000 within administration costs. This is mainly due to a projected underspend within advertising which has been partly offset by projected overspends within postages and printing & stationery.

Other Expenditure: There is a projected underspend within other expenditure of £86,000. This is due to a reduced requirement of the Workforce Development Fund. The projected underspend has been factored into the 2011/13 budget savings.

The following material variances relate to Miscellaneous and Joint Boards:

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

5.4

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 no further call will be made on this contingency, therefore projecting a saving of £160,000.

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

### **Legal & Democratic Services - £6,000 Underspend.**

5.5

Employee Costs: There is a projected underspend of £61,000 which is an increase of £12,000 since the last report to Committee and is mainly due to vacant Internal Auditor post, this has been offset by a projected overspend within payments to other bodies for the use of agency staff.

Administration Costs: There is a projected underspend within administration costs due to a projected saving in franking machine costs. This is offset by a reduction in income due to reduced recharges to Services.

Payments to Other Bodies: Projecting an overspend of £14,000 due to the use of agency staff to cover the vacant Internal Auditor post.

Income: Projecting an under recovery within income of £68,000. This is mainly due to a projected under recovery of franking machine costs £27,000 recharged to Services. In addition to this, there is a projected under recovery of legal fees recharges to capital of £40,000.

## 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 £2,883,000 is projected to be spent in 2010/11 and the remaining balance of £7,839,000 to be carried forward to 2011/12 and beyond. It can be seen that expenditure of £1,064,000 represents 36.91% 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	602	(34)
<b>Total Net Expenditure (Chief Executive)</b>	<b>643</b>	<b>636</b>	<b>602</b>	<b>(34)</b>
Corporate Director	133	133	134	1
Finance	3,256	3,120	2,863	(257)
Customer Services & Business Transformation	2,188	2,292	2,207	(85)
Organisational Development, Human Resources & Performance	1,604	1,899	1,772	(127)
<b>Total Net Expenditure (OI&amp;R Directorate)</b>	<b>7,181</b>	<b>7,444</b>	<b>6,976</b>	<b>(468)</b>
Legal & Democratic Services	2,061	2,117	2,111	(6)
<b>Total Net Expenditure (Incl. Regen)</b>	<b>9,885</b>	<b>10,197</b>	<b>9,689</b>	<b>(508)</b>
Joint Boards	16,459	16,467	16,467	0
Miscellaneous	6,325	3,452	3,042	(410)
<b>Total Net Expenditure</b>	<b>32,669</b>	<b>30,116</b>	<b>29,198</b>	<b>(918)</b>
Earmarked Reserves	0	(469)	(469)	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>32,669</b>	<b>29,647</b>	<b>28,729</b>	<b>(918)</b>

## 8.0 COMMON GOOD FUND

8.1 Appendix 4 shows the position of the approved Common Good Fund as at 31st January 2011 is an overspend of £24,990 due to a shortfall in rent income. The projected available fund balance is £124,210.

## 9.0 EQUALITIES

9.1 There are no equality issues arising from this report.

## **10.0 CONSULTATIONS**

- 10.1 The Chief Executive, Corporate Director 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 10: 1st April - 31st January 2011**

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	9,617	(266)	(2.77%)
Property Costs	604	601	599	(2)	(0.33%)
Supplies and Services	470	462	439	(23)	(5.24%)
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,403	1,347	1,301	(46)	(3.54%)
Payments to Other Bodies	2,108	2,120	2,134	14	0.66%
Other Expenditure	59,635	56,743	56,339	(404)	(0.72%)
Capital & Loans Charges	(248)	(248)	(248)	0	0.00%
Income	(40,824)	(40,795)	(40,986)	(191)	0.47%
<b>TOTAL NET EXPENDITURE</b>	<b>32,669</b>	<b>30,116</b>	<b>29,198</b>	<b>(918)</b>	<b>(3.14%)</b>
Earmarked Reserves	0	(469)	(469)	0	
<b>TOTAL NET EXPENDITURE excluding Earmarked Reserves</b>	<b>32,669</b>	<b>29,647</b>	<b>28,729</b>	<b>(918)</b>	

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 10: 1st April - 31st January 2011

Outturn 2009/10 £000	Budget Heading	Budget 2010/11 £000	Proportion of Budget £000	Actual to 31/01/11 £000	Projection 2010/2011 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,538	Employee Costs	3,820	3,077	2,998	3,668	(152)
72	Supplies & Services - Computer Software Maintenance	95	79	79	85	(10)
47	Other Expenditure - Bad Debt Provision	40	33	45	80	40
0	Income - Other Income	0	0	(43)	(43)	(43)
(157)	Income - Legal Fees Recoveries	(150)	(125)	(130)	(160)	(10)
(272)	Income - Statutory Additions	(225)	(188)	(167)	(260)	(35)
(285)	Income - Recoveries	(100)	(83)	(69)	(130)	(30)
	<b><u>Chief Executive</u></b>					
2	Admin - Advertising	96	80	55	76	(20)
	<b><u>Customer Services &amp; Business Transformation</u></b>					
223	Supplies & Services - Computer Soft/Hardware Maintenance	229	209	202	214	(15)
343	Admin - Line Rental Cost	300	122	139	327	30
(343)	Income - Line Rental Recharge	(300)	(122)	(165)	(327)	(30)
(31)	Income - SLA Inverclyde Leisure	(31)	(26)	(37)	(45)	(14)
(308)	Income - SLA River Clyde Homes	(303)	(253)	(245)	(327)	(24)
	<b><u>Organisational Development, HR &amp; Performance</u></b>					
1,293	Employee Costs	1,607	1,294	1,293	1,572	(35)
46	Admin - Advertising	37	37	22	15	(15)
91	Other Expenditure - WDF	104	87	8	18	(86)
7	Other Expenditure - Supported Employment	15	15	3	3	(12)
(24)	Income - Government Grants	(29)	(29)	14	14	15
	<b><u>Legal &amp; Democratic Services</u></b>					
1,783	Employee Costs	1,588	1,279	1,234	1,527	(61)
0	Other Expenditure - Agency Staff	0	0	0	14	14
(121)	Income - Recharges to Capital	(63)	(52)	9	(13)	50
(35)	Income - Recharges to Other Services	(24)	(20)	(35)	(43)	(19)
(230)	Income - Licenses	(229)	(191)	(186)	(219)	10
5,639	<b>TOTAL MATERIAL VARIANCES</b>	<b>6,477</b>	<b>5,224</b>	<b>5,024</b>	<b>6,046</b>	<b>(452)</b>

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	Gift Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 10 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)	7,629	7,440	238	1,500	5,940	£604k committed to date for Teachers refresh programme and CHCP implementation. Releases ongoing.
Single Status	Alan Puckrin	223	0	223	118	160	63	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	492	246	738	59	200	538	Allocation for back dating any appeals. Appeals process nearing completion.
MGF	Gordon McLoughlin	331	0	331	32	39	292	£39k spend expected on integrated services. £112k 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	7	12	88	Projected spend of £12k for CMI Development Course in 10/11. A further £37k in 11/12 on Management Courses and £7k on a module for the Shared E-Learning Platform, in addition to £0.5k on Performance Appraisal Booklets. It is anticipated that the £43.5k underspend will be written back to the general fund reserves.
Operating Model Delivery	Gordon McLoughlin	684	200	884	412	557	327	Detailed budget approved by Committee.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	16	20	38	Projected £38k underspend will be written back to the general fund reserve at the end of the financial year.



## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	CfF Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 10 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
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.
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	13	13	0	All of the earmarked reserve has now been spent.
DWP Grant	Alan Puckrin	91	64	155	50	88	67	Additional funding received from the DWP for 2 years 2008/10. £68k 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	34	100	100	£100k allocated to date: £12k for recruitment of Chief officers, £23k allocated for procurement of consultancy advice & £75k allocated to Clyde Valley shared services.
<b>Total</b>		<b>2,472</b>	<b>8,250</b>	<b>10,722</b>	<b>1,064</b>	<b>2,883</b>	<b>7,839</b>	

## COMMON GOOD FUND

## APPENDIX 4

## REVENUE BUDGET MONITORING REPORT 2010/11

PERIOD 10 : 1st April 2010 to 31st January 2011

	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>1,600</b>	<b>720</b>	<b>2,000</b>
Repairs & Maintenance	18,010	1,000	800	0	1,000
Property Insurance	2,160	1,000	800	720	1,000
<b>ADMINISTRATION COSTS</b>	<b>10,730</b>	<b>10,500</b>	<b>300</b>	<b>6,000</b>	<b>8,500</b>
Sundries	530	300	300	0	300
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy	8,000	8,000	0	6,000	6,000
<b>OTHER EXPENDITURE</b>	<b>115,700</b>	<b>140,760</b>	<b>51,900</b>	<b>73,530</b>	<b>135,850</b>
Christmas Lights Switch On	9,130	10,200	0	0	10,200
Christmas Dinners/Parcels	17,290	24,000	0	17,420	17,420
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	8,230	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				2,250	3,000
Bad Debt Provision	(2,900)	0	0	0	0
<b>INCOME</b>	<b>(138,990)</b>	<b>(153,260)</b>	<b>(124,800)</b>	<b>(85,100)</b>	<b>(121,360)</b>
Property Rental	(135,660)	(156,900)	(130,800)	(85,060)	(156,900)
Void Rents		7,140	6,000		39,040
Internal Resources Interest	(3,330)	(3,500)	0	(40)	(3,500)
<b>NET ANNUAL EXPENDITURE</b>	<b>7,610</b>	<b>0</b>	<b>(71,000)</b>	<b>(4,850)</b>	<b>24,990</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 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>	<b>167,790</b>	<b>274,400</b>	<b>91,000</b>	<b>157,150</b>	<b>299,390</b>

Fund Balance as at 31st March 2010

423,600

Projected Fund Balance as at 31st March 2011

124,210

## 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