

Report To: Policy & Resources Committee **Date:** 24 May 2011

Report By: Chief Executive, Corporate Director
Regeneration & Environment and
Chief Financial Officer **Report No:** FIN/48/11/AE/AP

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

Subject: Policy & Resources Committee 2010/11 Revenue Budget – Period 11
to 28 February 2011

1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 Revenue Budget position for the Policy & Resources Committee as at Period 11 (28 February 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 £1,042,000 which is an increase in the underspend reported to the last Committee of £124,000.
- 2.3 The latest projection within the Common Good Fund is a projected overspend of £29,120 which is a slight increase in the overspend reported to the last Committee.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2010/11 of £1,042,000 as at 28 February 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 £1,042,000.

5.0 2010/11 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £1,042,000 for the Policy & Resources Committee at Period 11. The projected underspend comprises of a projected underspend of £33,000 for the Chief Executive, £480,000 for the Organisational, Improvement & Resources Directorate, £19,000 for the Regeneration & Environment Directorate and £510,000 for Miscellaneous and Joint Boards.
- 5.2 The following material variances relate to the Chief Executive's Directorate:

Chief Executive - £33,000 Underspend

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

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 from external clients.

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

Finance - £252,000 Underspend

Employee Costs: There is a projected underspend of £146,000, which is a reduction of £6,000 in the underspend reported to the last Committee.

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 £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 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 and is mainly due to realised savings through the new postage contract and reduced volumes of letters being sent out. This was reported to the last Committee.

Income: Projecting an over recovery within income of £90,000 and 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. This was fully reported to the last Committee.

Business Transformation and Customer Services – £88,000 Underspend

Employee Costs: There is a projected underspend of £10,000 within employee costs, which was reported to the last Committee.

Supplies & Services: There is a projected underspend of £14,000 within supplies and services, which is a reduction in the underspend reported to the last Committee of £3,000. This is mainly due to a projected one-off underspend within software maintenance offset by a projected overspend within hardware maintenance.

Administration Costs: Projecting an overspend on line rental recharges of £27,000, which was reported to the last Committee, this is offset by an increase in line rental income. The projected overspend has been partly offset by a projected underspend in training, and printing & stationery of £10,000.

Income: There is a projected over recovery of £76,000 which is an increase of £10,000 since the last report to 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. Since the last report to Committee, a further £10,000 of income has been generated for the sale of surplus pc's replaced as part of the 3 year pc refresh programme.

Organisational Development, Human Resources & Performance - £140,000 Underspend

Employee Costs: Projecting an underspend of £33,000 within employee costs which is a reduction in the underspend reported to the last Committee of £2,000.

Administration Costs: Projecting an underspend of £22,000 within administration costs which is an increase in the underspend reported to the last Committee of £13,000. This is mainly due to a projected underspend within advertising and training 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 and was reported to the last Committee. The projected underspend has been factored into the 2011/13 budget savings.

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

Miscellaneous – £510,000 Underspend

General Contingency: It is anticipated that there will be a saving of £300,000 on the General Contingency, which is an increase in the underspend reported to the last Committee of £50,000.

Inflation Contingency: It is anticipated that no further call will be made on this contingency, therefore projecting a saving of £160,000 as reported to the last Committee.

Single Status Appeals: It is anticipated that there will be a saving of £50,000 on the Single Status Appeals Contingency.

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

Legal & Democratic Services - £19,000 Underspend

Employee Costs: There is a projected underspend of £65,000 which is an increase of £4,000 on the underspend reported to the last 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.

Payments to Other Bodies: Projecting an overspend of £4,000 in the use of agency staff to cover the vacant Internal Auditor post, this is a reduction in the overspend reported to the last Committee of £10,000.

Income: Projecting an under recovery within income due to a projected under recovery of legal fees recharges to capital of £40,000. This was reported to the last Committee.

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 £2,839,000 is projected to be spent in 2010/11 and the remaining balance of £7,883,000 to be carried forward to 2011/12 and beyond. It can be seen that expenditure of £1,386,000 represents 48.82% 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	603	(33)
Total Net Expenditure (Chief Executive)	643	636	603	(33)
Corporate Director	133	133	134	1
Finance	3,256	3,120	2,868	(252)
Customer Services & Business Transformation	2,188	2,292	2,204	(88)
Organisational Development, Human Resources & Performance	1,604	1,899	1,758	(141)
Total Net Expenditure (OI&R Directorate)	7,181	7,444	6,964	(480)
Legal & Democratic Services	2,061	2,117	2,098	(19)
Total Net Expenditure (Incl. Regen)	9,885	10,197	9,665	(532)
Joint Boards	16,459	16,467	16,467	0
Miscellaneous	6,325	3,452	2,942	(510)
Total Net Expenditure	32,669	30,116	29,074	(1,042)
Earmarked Reserves	0	(469)	(469)	
Total Net Expenditure excluding Earmarked Reserves	32,669	29,647	28,605	(1,042)

8.0 COMMON GOOD FUND

8.1 Appendix 4 shows the position of the approved Common Good Fund as at 28th February 2011 is an overspend of £29,120 due to a shortfall in rent income. The projected available fund balance is £120,160.

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 11: 1st April - 28th February 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	9,619	(264)	(2.74%)
Property Costs	604	601	599	(2)	(0.33%)
Supplies and Services	470	462	443	(19)	(4.29%)
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	2,124	4	0.19%
Other Expenditure	59,635	56,743	56,229	(514)	(0.91%)
Capital & Loans Charges	(248)	(248)	(248)	0	0.00%
Income	(40,824)	(40,795)	(40,996)	(201)	0.49%
TOTAL NET EXPENDITURE	32,669	30,116	29,074	(1,042)	(3.58%)
Earmarked Reserves	0	(469)	(469)	0	
TOTAL NET EXPENDITURE excluding Earmarked Reserves	32,669	29,647	28,605	(1,042)	

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

PERIOD 11: 1st April 2010- 28th February 2011

Outturn 2009/10 £000	Budget Heading	Budget 2010/11 £000	Proportion of Budget £000	Actual to 28/02/11 £000	Projection 2010/2011 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,538	Employee Costs	3,820	3,370	3,287	3,674	(146)
72	Supplies & Services - Computer Software Maintenance	89	82	79	79	(10)
47	Other Expenditure - Bad Debt Provision	40	37	45	80	40
0	Income - Other Income	0	0	(43)	(43)	(43)
(157)	Income - Legal Fees Recoveries	(150)	(138)	(143)	(160)	(10)
(272)	Income - Statutory Additions	(225)	(206)	(238)	(260)	(35)
(285)	Income - Recoveries	(100)	(92)	(69)	(130)	(30)
	<u>Chief Executive</u>					
2	Admin - Advertising	96	88	61	76	(20)
	<u>Customer Services & Business Transformation</u>					
223	Supplies & Services - Computer Soft/Hardware Maintenance	229	224	212	217	(12)
343	Admin - Line Rental Cost	300	296	321	327	27
(343)	Income - Line Rental Recharge	(300)	(296)	(313)	(327)	(27)
0	Income - Sales, Fees & Charges	0	0	(10)	(10)	(10)
(31)	Income - SLA Inverclyde Leisure	(31)	(28)	(41)	(45)	(14)
(308)	Income - SLA River Clyde Homes	(303)	(227)	(247)	(327)	(24)
	<u>Organisational Development, HR & Performance</u>					
1,293	Employee Costs	1,607	1,418	1,422	1,571	(36)
46	Admin - Advertising	37	37	22	22	(15)
12	Admin - Training	18	17	4	6	(12)
91	Other Expenditure - WDF	104	95	8	18	(86)
7	Other Expenditure - Supported Employment	15	15	3	3	(12)
(24)	Income - Government Grants	(29)	(29)	14	(14)	15
	<u>Legal & Democratic Services</u>					
1,783	Employee Costs	1,588	1,402	1,350	1,525	(63)
(121)	Income - Recharges to Capital	(63)	(52)	9	(13)	50
(35)	Income - Recharges to Other Services	(24)	(21)	(38)	(43)	(19)
(230)	Income - Licenses	(229)	(210)	(201)	(219)	10
5,651	TOTAL MATERIAL VARIANCES	6,489	5,781	5,494	6,007	(482)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Chg Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 11 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	(189)	7,629	7,440	408	1,500	5,940	£1,988k committed to date for Teachers refresh programme and budget implementation. Committed costs include releases in August 2011. Releases ongoing.
Single Status	Alan Puckrin	223	0	223	146	160	63	One off sum held for managing the appeals process. It is anticipated that only £36k is required for 2011/12 therefore £27k to be written back to the General Fund Reserve.
Single Status Appeals Back Pay	Alan Puckrin	492	246	738	61	200	538	Allocation for back dating any appeals. Appeals process nearing completion. It is anticipated that £100k will be written back to the General Fund Reserve.
MGF	Gordon McLoughlin	151	0	151	33	35	116	£35k spend expected on integrated services in 10/11 and a further £116k available in 11/12.
Procurement Development Fund	Alan Puckrin	180	0	180	0	0	180	To be spent on Procurement development.
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	60	60	11	11	49	£11k spend on software/hardware in 2010/11. A further £20k has been allocated from DWP bringing the total to be spent in 11/12 to £49k including £5.9k on maintenance 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.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	£/£ Funding 2009/10	New Funding 2010/11	Total Funding 2010/11	Actual To Period 11 2010/11	Projected Spend 2010/11	Amount to be Earmarked for 2011/12 & Beyond	Lead Officer Update.
		£000	£000	£000	£000	£000	£000	
Workforce Development Fund	Alasdair Moore	100	0	100	8	21	79	Projected spend of £20k for CMI Development Course and £7k on Performance Appraisal booklets in 10/11. A further £29k in 11/12 on Management Courses. £8k for training on the National Portal and £7k on a module for the Shared E-Learning Platform, in addition to £2k on Performance Appraisal Booklets. It is anticipated that the £33k underspend will be written back to the general fund reserves.
Operating Model Delivery	Gordon McLoughlin	684	200	884	520	554	330	Detailed budget approved by Committee. Review in progress.
Backfill of Customer Service Reps/Payroll	Gordon McLoughlin	0	58	58	17	20	38	Projected £38k underspend will be written back to the general fund reserve at the end of the financial year.
Allowance for Elections to May 2012	Elaine Paterson	270	0	270	1	10	260	Profiling based on initial spend by Service in the last quarter of 2010/11 for an election/referendum held on 5 May 2011. Previous report included year to date spend which is now to be externally funded by Scottish Government.
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	12	13	0	All the earmarked reserve is projected to be spent during 2010/11.
DWP Grant	Alan Puckrin	91	44	135	58	71	64	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	37	110	90	£110k allocated to date. £12k for recruitment of Chief officers. £23k allocated for procurement of consultancy advice & £73k allocated to Clyde Valley shared services.
Total		2,472	8,250	10,722	1,386	2,839	7,883	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2010/11

PERIOD 11 : 1st April 2010 to 28th February 2011

	Final Outturn 2009/10	Approved Budget 2010/11	Budget to Date 2010/11	Actual to Date 2010/11	Projected Outturn 2010/11
PROPERTY COSTS	20,170	2,000	1,800	1,820	2,100
Repairs & Maintenance	18,010	1,000	900	1,100	1,100
Property Insurance	2,160	1,000	900	720	1,000
ADMINISTRATION COSTS	10,730	10,500	8,500	8,200	8,500
Sundries	530	300	300	0	300
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	8,000	8,000	6,000	6,000	6,000
OTHER EXPENDITURE	115,700	140,760	139,900	136,050	139,000
Christmas Lights Switch On	9,130	10,200	10,200	10,110	10,110
Christmas Dinners/Parcels	17,290	24,000	24,000	17,350	17,350
Christmas Decorations	24,480	35,400	35,400	35,400	35,400
Gourock Highland Games	27,080	28,700	28,700	28,230	28,230
Armistice Service	6,320	6,100	6,100	9,580	9,580
Megawatt Festival	21,640	18,200	18,200	18,050	18,200
Comet Festival		0	5,000	3,180	5,000
Fireworks	11,660	12,300	12,300	11,900	12,130
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
INCOME	(138,990)	(153,260)	(137,300)	(113,650)	(120,480)
Property Rental	(135,660)	(156,900)	(143,800)	(113,610)	(156,900)
Void Rents		7,140	6,500		39,920
Internal Resources Interest	(3,330)	(3,500)	0	(40)	(3,500)
NET ANNUAL EXPENDITURE	7,610	0	12,900	32,420	29,120
EARMARKED FUNDS	160,180	274,400	171,920	171,920	274,320
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	9,920	9,920	9,920
Contribution to 2011 Tall Ships Event		162,000	162,000	162,000	162,000
TOTAL NET EXPENDITURE	167,790	274,400	184,820	204,340	303,440

Fund Balance as at 31st March 2010

423,600

Projected Fund Balance as at 31st March 2011

120,160

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