
Report To: Policy & Resources Committee **Date:** 20 September 2011

Report By: Chief Executive, Corporate Director
Regeneration & Environment and
Chief Financial Officer **Report No:** FIN/83/11/AE/AP

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

Subject: Policy & Resources Committee 2011/12 Revenue Budget – Period 4 to
31 July 2011

1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 outturn and the 2011/12 Revenue Budget position for the Policy & Resources Committee as at Period 4 (31 July 2011).

2.0 SUMMARY

- 2.1 In 2010/11 there was an underspend of £1,681,000, 5.65% of the total 2010/11 budget, details of which are shown in Section 5 of the report.
- 2.2 The total revised Committee budget for 2011/12 is £29,315,000. This excludes Earmarked Reserves of £9,721,000.
- 2.3 The latest projection, excluding Earmarked Reserves, is an underspend of £177,000.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the outturn for 2010/11 and the current projected underspend for 2011/12 of £177,000 as at 31 July 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 2011/12 budget as well as the 2010/11 outturn and to highlight the main issues contributing to the underspend of £1,681,000 in 2010/11 and projected underspend of £177,000 in 2011/12.

5.0 2010/11 OUTTURN

5.1 The main variations from budget in 2010/11 were:

	Revised Budget 2010/11	Out-turn 2010/11	Variance to Budget	Period 11 Projected Variance	Movement since P11 Projection
	£000	£000	£000	£000	£000
Chief Executive	636	593	(43)	(33)	(10)
Total Net Expenditure (Chief Executive)	636	593	(43)	(33)	(10)
Corporate Director	133	135	2	1	1
Finance	3,120	2,572	(548)	(252)	(296)
Business Transformation & Customer Services	2,290	2,171	(119)	(88)	(31)
Organisational Development, Human Resources & Performance	1,899	1,737	(162)	(141)	(21)
Total Net Expenditure (OI&R Directorate)	7,442	6,615	(827)	(480)	(347)
Legal & Democratic Services	2,117	2,065	(52)	(19)	(33)
Total Net Expenditure (Incl. Regen)	10,195	9,273	(922)	(532)	(390)
Joint Boards	16,467	16,467	0	0	0
Miscellaneous	3,479	2,720	(759)	(510)	(249)
Total Net Expenditure	30,141	28,460	(1,681)	(1,042)	(639)
Earmarked Reserves	(396)	(396)	0	0	0
Total Net Expenditure excluding Earmarked Reserves	29,745	28,064	(1,681)	(1,042)	(639)

5.2 The following material variances relate to the Chief Executives Directorate:

Chief Executive - £43,000 Underspend

There was an underspend of £43,000 which is an increase of £10,000 since reported to Committee in May. The main reasons for this underspend and movement from the May Committee projections were:

- £27,000 underspend within advertising which is an increase in the underspend reported to the May Committee of £7,000.
- £7,000 underspend within other expenditure due to change of production dates for Inview magazine. The magazine generated £2,000 of income for advertising on behalf of external clients. This was reported to the May Committee.

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

Finance - £548,000 Underspend

There was an underspend of £548,000 which is an increase in the underspend reported to the May Committee of £296,000. The main reasons for this underspend and movement from the May Committee projections were:

- £154,000 underspend within employee costs due to additional turnover savings and reduced travel and overtime costs, this is an increase in the underspend reported to the May Committee of £8,000.
- Net underspend of £205,000 (0.51%) relating to Benefits and Allowances, not reported to the May Committee. The movement of £205,000 is mainly due to the previous projection based on the statutory mid year return produced in August 2010.
- £46,000 increase in Benefits & Allowances Recoveries of which £35,000 was reported to the May Committee. The increase in income is due to the number of debts being raised.
- £45,000 increase in Statutory Addition Income of which £35,000 was reported to the May Committee. Statutory Additions are incurred by Council Tax payers for defaulting on their Council Tax.
- £83,000 for the recovery of long term debt of which £43,000 was reported to the May Committee.
- Net overspend of £30,000 within Bad Debt Provision, this is a reduction in the overspend projected to the May Committee of £10,000.

Business Transformation & Customer Services - £119,000 Underspend

There was an underspend of £119,000 which is an increase in the underspend projected to the May Committee of £31,000, due to:

- £43,000 underspend within employee costs which is which is an increase in the underspend reported to the May Committee of £33,000. This is mainly due to recharges of employee costs to other Services and is partly offset by a reduction in the projected overspend for Administration costs.
- £14,000 underspend in supplies and services for computer maintenance which was fully reported to the May Committee.
- £5,000 overspend on Administration costs which is a reduction on the overspend reported of £12,000 and is offset by the underspend within employee costs.
- Net over recovery of Income of £63,000 which is a reduction on the over recovery reported to the May Committee of £13,000.

Organisational Development, Human Resources & Performance - £162,000 Underspend

There was an underspend of £162,000 which is an increase in the underspend reported to the May Committee of £21,000. The main reasons for this overspend and movement from the May Committee projections were:

- £41,000 underspend within employee costs which is an increase of £8,000 since reported to Committee in May and is due to additional turnover savings.
- £24,000 underspend within administration costs which was in line with the underspend reported to the May Committee of £2,000. This is mainly due to underspends within advertising and training costs.
- £99,000 underspend within other expenditure which is an increase in the underspend reported to Committee in May of £13,000. This is due to an underspend within the Workforce Development Fund.

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

Miscellaneous

There was an underspend of £759,000 which is an increase in the underspend reported to the May Committee of £249,000. The main reasons for this underspend and movement from the May Committee projections were:

- £60,000 underspend for bad debt provision, previously not reported to Committee as

- this is only assessed as part of the year end accounts.
- £399,000 underspend within the general contingency fund, of which £300,000 was reported to the March Committee;
 - £160,000 underspend within the inflation contingency fund which was reported to the May Committee.
 - £60,000 for internal resources interest, previously not reported to Committee.
 - £50,000 underspend for single status appeals which was reported to the May Committee.

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

Legal & Administration

There was an underspend of £52,000 which is an increase in the underspend reported to the May Committee of £33,000. The main reasons for this underspend and movement from the May Committee projections were:

- £82,000 underspend on employee costs, of which £65,000 was previously reported.
- £88,000 under recovery in income which is an increase in the shortfall projected to the May Committee of £20,000
- £42,000 underspend within administration costs mainly for franking machine recharges to other Services, this has been partially offset by an under recovery in income.

6.0 2011/12 CURRENT POSITION

6.1 It can be seen from Appendix 1 that there is a projected underspend of £177,000 for the Policy & Resources Committee at Period 4. The projected underspend comprises a projected underspend within the Organisational, Improvement & Resources Directorate of £130,000 and a projected underspend within the Regeneration & Environment Directorate of £47,000.

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

Finance - £181,000 Underspend

Employee Costs: There is a projected underspend of £74,000, this is due to additional turnover savings across the Service.

Administration Costs: There is a projected overspend within Administration Costs of £11,000. This is mainly due to a projected overspend within printing & stationery costs.

Other Expenditure: There is a projected overspend of £10,000 for Commission and is in line with prior year outturn. There is a projected underspend of £100,000 for Benefits Subsidy based on the statutory mid year return produced August 2011 and is in line with 2010/11 outturn.

Income: There is a projected over recovery within Income of £29,000. This is mainly due to the recharge of employee costs to the Health Board and a projected over recovery for Water SLA contract.

Business Transformation and Customer Services – £51,000 Overspend

Employee Costs: There is a projected overspend of £34,000 within employee costs due to maternity cover and not achieving turnover savings target.

Supplies & Services: There is a projected overspend within supplies & services of £13,000. This is mainly due to projected overspends within hardware and software maintenance.

Administration Costs: Projecting an overspend of £27,000 on line rental recharges, this is offset by an increase in line rental income as shown below. The projected overspend has been partly offset by a projected underspend on line rental costs and telephone calls (£22,000).

Income: There is a projected over recovery of £27,000 for line rental income, this has been offset by a projected under recovery of income resulting from the loss of the River Clyde Homes ICT contract (£30,000).

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

Legal & Democratic Service – £47,000 Underspend

Employee Costs: Projecting an underspend of £67,000 within employee costs. This is mainly due to additional turnover savings within Legal Services and a vacant Internal Auditor post. This has partly been offset by a projected overspend within other expenditure for the use of agency staff.

Other Expenditure: Projecting an overspend of £20,000 for the use of agency staff to cover the vacant Internal Auditor post.

7.0 EARMARKED RESERVES

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £9,721,000 of which £2,989,000 is projected to be spent in 2011/12 and the remaining balance of £6,732,000 to be carried forward to 2012/13 and beyond. It can be seen that expenditure of £71,000 represents 2.38% of the annual projected spend.

8.0 FINANCIAL IMPLICATIONS

8.1 The current projected outturn per service:

Service	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out-turn 2011/12 £000	Projected Over/(Under) Spend £000
Chief Executive	630	627	627	0
Corporate Director	133	133	134	1
Finance	3,294	3,157	2,976	(181)
Joint Boards	16,029	16,016	16,016	0
Miscellaneous	3,496	3,135	3,135	0
Customer Services & Business Transformation	2,538	2,556	2,607	51
Organisational Development, Human Resources & Performance	2,109	2,102	2,101	(1)
Total Net Expenditure (Exc. Regen)	28,229	27,726	27,596	(130)
Legal & Democratic Services	1,904	1,889	1,842	(47)
Total Net Expenditure	30,133	29,615	29,438	(177)
Earmarked Reserves	0	(300)	(300)	
Total Net Expenditure excluding Earmarked Reserves	30,133	29,315	29,138	(177)

9.0 COMMON GOOD FUND

9.1 Appendix 4 shows the position of the approved Common Good Fund as at 31st July 2011, the projected available fund balance is £108,640. Members will recall that savings were agreed in the February 2011 budget to address the annual deficit on the Fund. Subsequently the Common Good Asset Review has been completed (Policy & Resources 29th March 2011) and a number of income earning properties moved into the Common Good. The resultant income means that there is now a contingency figure within the Common Good budget.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

12.0 CONSULTATIONS

12.1 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 4: 1st April - 31st July 2011

Subjective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out- turn 2011/12 £000	Projected Over/(Under) Spend £000	Percentage Variance
Employee Costs	9,611	9,626	9,524	(102)	(1.07%)
Property Costs	654	612	612	0	0.00%
Supplies and Services	644	647	660	13	1.97%
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,275	1,259	1,274	15	1.14%
Payments to Other Bodies	0	0	0	0	#DIV/0!
Other Expenditure	58,616	58,138	58,063	(75)	(0.13%)
Capital & Loans Charges	0	0	0	0	#DIV/0!
Income	(40,671)	(40,671)	(40,698)	(27)	0.07%
TOTAL NET EXPENDITURE	30,133	29,615	29,438	(177)	(0.60%)
Earmarked Reserves	0	(300)	(300)	0	
TOTAL NET EXPENDITURE excluding Earmarked Reserves	30,133	29,315	29,138	(177)	

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 4: 1st April 2011- 31st July 2011

Outturn 2011/12 £000	Budget Heading	Budget 2011/12 £000	Proportion of Budget £000	Actual to 31/07/11 £000	Projection 2011/2012 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,737	Employee Costs	3,658	1,249	1,245	3,585	(74)
80	Other Expenditure - Commission	71	24	23	81	10
33,034	Other expenditure - Housing Benefit Subsidy	37,631	12,544	10,505	37,531	(100)
(7)	Income - Recharges	0	0	0	(13)	(13)
(226)	Income - Water SLA	(224)	(67)	(70)	(234)	(10)
	<u>Customer Services & Business Transformation</u>					
2,148	Employee Costs	2,176	745	750	2,208	32
60	Telephone Calls	62	21	16	51	(11)
62	Line Rental Costs	71	19	18	60	(11)
327	Admin - Line Rental Cost	268	17	17	295	27
(327)	Income - Line Rental Recharge	(268)	(17)	(17)	(295)	(27)
(307)	Income - SLA River Clyde Homes	(236)	(77)	(77)	(206)	30
	<u>Legal & Democratic Services</u>					
1,408	Employee Costs	1,501	513	178	1,434	(67)
7	Other Expenditure - Audit Fee	0	0	20	20	20
39,996	TOTAL MATERIAL VARIANCES	44,711	14,970	12,608	44,517	(194)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11</u> £000	<u>New Funding 2011/12</u> £000	<u>Total Funding 2011/12</u> £000	<u>Actual To Period 4 2011/12</u> £000	<u>Projected Spend 2011/12</u> £000	<u>Amount to be Earmarked for 2012/13 & Beyond</u> £000	<u>Lead Officer Update</u>
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	7,294	0	7,294	0	2,000	5,294	Teachers refresh programme and budget implementation on going. £430k committed to date.
Equal Pay/Job Evaluation	Alasdair Moore	80	0	80	0	80	0	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	332	0	332	0	332	0	Allocation for back dating any successful appeals.
MGF	Alan Puckrin	117	0	117	0	117	0	There are no commitments however this project is tied into the review of the Operating Model that is currently in progress.
Procurement Development Fund	Alan Puckrin	188	0	188	5	48	140	To be spent on Procurement development. Temporary Project Officer appointed.
RVJB Capital Contribution	Alan Puckrin	47	0	47	0	15	32	Invoice due at Year End. Agreed that no further funding will be allocated to this reserve.
Workforce Development Fund	Alasdair Moore	59	0	59	3	59	0	Projected expenditure of £29k in 2011/12 on Management Courses, £8k for training on the National Portal and to £2k on Performance Appraisal Booklets. Also £20k for the Finance Development Capacity Plan.
Operating Model Delivery	Alan Puckrin	460	0	460	14	100	360	Review in progress. £13k has been spent on the Change Manager and a further £43k is projected to be spent on Civica Consultants. There is also an additional £528k spend allowance as part of the Capital programme.
Allowance for Elections to May 2012	Elaine Paterson	266	0	266	0	10	256	Majority of expenditure will be incurred in 2012/13, profile of spend to be reviewed.
Revenue Expenditure Transferred from Capital	Alan Puckrin	119	0	119	0	40	79	Sum set aside and utilised as part of the accounts closure process.
DWP Grant	Alan Puckrin	64	95	159	22	56	103	Additional funding received from the DWP. £58k currently allocated to date: £54k Employee Costs & £4k Development & training.
Implementation of Saving Workstreams	Alan Puckrin	142	0	142	10	50	92	Will fund Clyde Valley Partnership contributions.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	c/f Funding 2010/11 £000	New Funding 2011/12 £000	Total Funding 2011/12 £000	Actual To Period 4 2011/12 £000	Projected Spend 2011/12 £000	Amount to be Earmarked for 2012/13 & Beyond £000	Lead Officer Update
Protection of Vulnerable Groups	Alasdair Moore	0	226	226	0	0	226	Sum set aside to transfer existing employees onto new Protection of Vulnerable Groups (PVG) Scheme. Expenditure will be phased over 3 years (2012 to 2015) and is due to commence Feb 2012.
ATLAS Project - Additional DWP Funding	Alan Puckrin	17	0	17	17	17	0	Full amount required to fund process engineering and staff costs associated with ATLAS project.
Feasibility Study	John Mundell	65	0	65	0	65	0	To fund Hydro Electric project feasibility study which began 2010/11. £26k committed to date.
Microsoft Licensing	Alan Puckrin	0	150	150	0	0	150	To fund 3 year contract for Microsoft Licenses, effective April 2012. Reserve will be phased over 3 financial years.
Total		9,250	471	9,721	71	2,989	6,732	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2011/12

PERIOD 4 : 1st April 2011 to 31st July 2011

	Final Outturn 2010/11	Approved Budget 2011/12	Budget to Date 2011/12	Actual to Date 2011/12	Projected Outturn 2011/12
<u>PROPERTY COSTS</u>	13,820	2,000	600	26,180	2,100
Repairs & Maintenance	6,100	1,000	300	0	1,100
Rates 1	7,000			26,180	0
Property Insurance	720	1,000	300	0	1,000
<u>ADMINISTRATION COSTS</u>	8,200	8,500	100	0	8,500
Sundries	0	300	100	0	300
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy	6,000	6,000	0	0	6,000
<u>OTHER EXPENDITURE</u>	135,480	161,200	29,700	500	155,400
Christmas Lights Switch On	10,110	10,200	0	0	10,200
Christmas Dinners/Parcels	17,340	18,000	0	0	18,000
Christmas Decorations	33,350	35,400	0	0	35,400
Gourock Highland Games	28,230	28,700	28,700	0	28,700
Armistice Service	9,570	6,100	0	500	6,100
Megawatt Festival	18,120	0	0	0	0
Comet Festival	3,180	13,000	0	0	13,000
Fireworks	11,900	12,300	0	0	12,300
Contingency for future Community Events	0	34,500	0	0	28,700
Society of the Innocents Rent Rebate	3,000	3,000	1,000	0	3,000
Bad Debt Provision	680	0	0	0	0
<u>INCOME</u>	(116,860)	(171,700)	(56,100)	(44,870)	(166,000)
Property Rental	(114,360)	(193,200)	(64,400)	(44,830)	(193,200)
Void Rents 2		25,000	8,300		30,700
Internal Resources Interest	(2,500)	(3,500)	0	(40)	(3,500)
<u>NET ANNUAL EXPENDITURE</u>	40,640	0	(25,700)	(18,190)	0
<u>EARMARKED FUNDS</u>	23,620	250,700	162,000	162,000	250,700
Replacement of SV Comet	13,700	88,700			88,700
Fitzgerald Centre Garden Project	9,920	0	0		0
Contribution to 2011 Tall Ships Event		162,000	162,000	162,000	162,000
<u>TOTAL NET EXPENDITURE</u>	64,260	250,700	136,300	143,810	250,700

Fund Balance as at 31st March 2011 359,340

Projected Fund Balance as at 31st March 2012

108,640

Notes:

1 Rates (Empty Properties)

Rates are currently being paid on empty properties, the Assessor has been contacted with a view to obtaining empty Property relief on these properties, it is hoped that 100% relief will be obtained but this is yet to be confirmed and there may be some cost to the Common Good.

2 Current Empty Properties are:

Vacant since:

4 John Wood Street
10 John Wood Street

May 2010
November 2009