
Report To:	Policy & Resources Committee	Date:	15 November 2011
Report By:	Chief Executive, Corporate Director Regeneration & Environment and Chief Financial Officer	Report No:	FIN/108/11/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2011/12 Revenue Budget – Period 6 to 30 September 2011		

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position for the Policy & Resources Committee as at Period 6 (30 September 2011).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2011/12 is £29,402,000. This excludes Earmarked Reserves of £9,721,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,015,000 (3.45%) which is an increase in the underspend reported to the last Committee of £838,000 (2.85%). This is largely due to the under utilising of contingencies and further turnover savings being achieved.
- 2.3 The total funding for Earmarked Reserves is £9,721,000 of which £2,052,000 (21%) is projected to be spent in 2011/12 and the remaining £7,669,000 to be carried forward to future years. Expenditure to date is currently 10% of the 2011/12 projected spend of £2,052,000, however 73% of the expenditure is not due to be paid until March 2012.
- 2.4 The latest projection within the Common Good Fund is in line with budget leaving a projected fund balance at 31 March 2012 of £108,640.

3.0 RECOMMENDATION

- 3.1 That the Committee note the current projected underspend for 2011/12 of £1,015,000 as at 30 September 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 and to highlight the main issues contributing to the projected underspend of £1,015,000.

5.0 2011/12 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £1,015,000 for the Policy & Resources Committee at Period 6. The projected underspend comprises a projected underspend within the Organisational, Improvement & Resources Directorate of £264,000, a projected underspend within the Regeneration & Environment Directorate of £56,000, a projected overspend within the Chief Executive's Service of £5,000 and a projected underspend of £700,000 for Miscellaneous and Joint Boards.
- 5.2 The following material variances relate to the Organisational, Improvement & Resources Directorate:

Finance - £241,000 Underspend

Employee Costs: There is a projected underspend of £122,000 which is an increase in the underspend reported to the last Committee of £48,000. This is mainly due to additional turnover savings across the Service.

Other Expenditure: 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, this was reported to the last Committee.

Income: There is a projected over recovery within Income of £26,000 mainly due to the recharge of employee costs to the Health Board and a projected over recovery for Water SLA contract offset by a projected under recovery of Statutory Additions Income.

Business Transformation and Customer Services – £7,000 Overspend

Employee Costs: There is a projected overspend of £6,000 within employee costs which is a reduction in the overspend reported to the last Committee of £28,000 due to additional turnover savings being achieved.

Supplies & Services: There is a projected overspend within supplies & services of £10,000 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. There is also a projected underspend on line rental costs and telephone calls (£25,000).

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).

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

Legal & Democratic Service – £56,000 Underspend

Employee Costs: Projecting an underspend of £79,000 within employee costs which is an increase in the underspend reported to the last Committee of £12,000. 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 £26,000 for the use of agency staff to cover the vacant Internal Auditor post.

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

Miscellaneous - £700,000 Underspend.

General Contingency: It is anticipated that there will be limited further calls made on the Contingency therefore a saving of £150,000 is proposed.

Inflation Contingency: It is anticipated that the majority of inflationary pressures in 2011/12 have been addressed therefore a saving of £300,000 is now projected.

Capital Programme Revenue Costs Contingency: The drawdown against this contingency will not be fully utilised this year, a projected saving of £100,000 is anticipated.

Single Status Appeals: It is anticipated that there will be a saving of £100,000 on the Single Status Appeals provision. The appeals process is now complete.

Internal Resources Interest: Due to improved cashflow management, it is anticipated that there will be an increase in Internal Resources Interest received, therefore projecting an over recovery of £50,000.

6.0 EARMARKED RESERVES

6.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £9,721,000 of which £2,052,000 is projected to be spent in 2011/12 and the remaining balance of £7,669,000 to be carried forward to 2012/13 and beyond. It can be seen that expenditure of £209,000 represents 10.18% of the annual projected spend, however a further £515,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 30 September to 35.28%.

7.0 FINANCIAL IMPLICATIONS

7.1 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	632	5
Total Net Expenditure (Chief Executive)	630	627	632	5
Corporate Director	133	134	109	(25)
Finance	3,294	3,221	2,980	(241)
Customer Services & Business Transformation	2,538	2,552	2,559	7
Organisational Development, Human Resources & Performance	2,109	2,118	2,113	(5)
Total Net Expenditure (OI&R Directorate)	8,074	8,025	7,761	(264)
Legal & Democratic Services	1,904	1,889	1,833	(56)
Total Net Expenditure (Incl. Regen)	10,608	10,541	10,226	(315)
Joint Boards	16,029	16,016	16,016	0
Miscellaneous	3,496	3,144	2,444	(700)
Total Net Expenditure	30,133	29,701	28,686	(1,015)
Earmarked Reserves	0	(300)	(300)	
Total Net Expenditure excluding Earmarked Reserves	30,133	29,401	28,386	(1,015)

8.0 COMMON GOOD FUND

- 8.1 Appendix 4 shows the position of the approved Common Good Fund as at 30 September 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.

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 6: 1st April - 30th September 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	9,608	9,663	9,445	(218)	(2.30%)
Property Costs	654	612	612	0	0.00%
Supplies and Services	644	647	653	6	0.92%
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,275	1,259	1,249	(11)	(0.84%)
Payments to Other Bodies	0	0	0	0	0.00%
Other Expenditure	58,616	58,198	57,477	(721)	(1.25%)
Capital & Loans Charges	0	0	0	0	0.00%
Income	(40,671)	(40,681)	(40,753)	(72)	0.18%
TOTAL NET EXPENDITURE	30,130	29,702	28,687	(1,015)	(3.54%)
Earmarked Reserves	0	(300)	(300)	0	
TOTAL NET EXPENDITURE excluding Earmarked Reserves	30,130	29,402	28,387	(1,015)	

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 6: 1st April 2011- 30th September 2011**

Outturn 2011/12 £000	Budget Heading	Budget 2011/12 £000	Proportion of Budget £000	Actual to 30/09/11 £000	Projection 2011/2012 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,737	Employee Costs	3,676	1,818	1,774	3,554	(122)
33,095	Other Expenditure - Housing Benefit Subsidy	37,660	18,830	10,505	37,560	(100)
(270)	Income - Stat Adds	(260)	(130)	(116)	(250)	10
(7)	Income - Recharges	0	0	(10)	(13)	(13)
(226)	Income - Water SLA	(224)	(112)	(93)	(234)	(10)
	<u>Customer Services & Business Transformation</u>					
62	Line Rental Costs	71	31	23	60	(11)
327	Admin - Line Rental Cost	268	31	32	295	27
(327)	Income - Line Rental Recharge	(268)	31	(32)	(295)	(27)
(307)	Income - SLA River Clyde Homes	(236)	(154)	(154)	(198)	38
(10)	Sales, Fees & Charges	(8)	(4)	(14)	(25)	(17)
0	Income - External	0	0	(10)	(12)	(12)
	<u>Legal & Democratic Services</u>					
1,408	Employee Costs	1,501	742	704	1,422	(79)
7	Other Expenditure - Audit Fee	0	0	26	26	26
37,298	TOTAL MATERIAL VARIANCES	43,106	21,546	12,635	42,116	(990)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11</u>	<u>New Funding 2011/12</u>	<u>Total Funding 2011/12</u>	<u>Actual To Period 6 2011/12</u>	<u>Projected Spend 2011/12</u>	<u>Amount to be Earmarked for 2012/13 & 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	7,294	0	7,294	0	1,500	5,794	Teachers refresh programme and budget implementation on going. £515k committed to date.
Equal Pay/Job Evaluation	Alasdair Moore	80	0	80	37	80	0	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alasdair Moore	332	0	332	0	32	300	Allocation for back dating any successful appeals.It is anticipated that most of this will be written back to General Fund Reserves at the end of 2011/12.
MGF	Alan Puckrin	117	0	117	0	0	117	There are no commitments in 2011/12, 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	10	48	140	To be spent on Procurement Development. Temporary Project Officer appointed & training courses arranged.
RVJB Capital Contribution	Alan Puckrin	47	0	47	0	15	32	Invoice due at Year End.
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	56	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	25	94	Sum set aside and utilised as part of the accounts closure process.
DWP Grant	Alan Puckrin	64	95	159	31	58	101	Additional funding received from the DWP. £58k currently allocated to date: £54k Employee Costs & £4k Development & Training.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11</u>	<u>New Funding 2011/12</u>	<u>Total Funding 2011/12</u>	<u>Actual To Period 6 2011/12</u>	<u>Projected Spend 2011/12</u>	<u>Amount to be Earmarked for 2012/13 & 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>	
Implementation of Saving Workstreams	Alan Puckrin	142	0	142	43	60	82	To fund Clyde Valley Partnership contributions and part of Local Environmental Teams (LET) compensation payments.
Protection of Vulnerable Groups	Alasdair Moore	0	226	226	0	18	208	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	Required to fund process engineering and staff costs associated with ATLAS project. Complete.
Feasibility Study	John Mundell	65	0	65	12	30	35	To fund Hydro Electric Project Feasibility Study which began in 2010/11. £26k committed to date. Report has been considered by CMT. A revised report is being prepared for Members consideration at Committee following an All Member briefing on the subject.
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	209	2,052	7,669	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2011/12

PERIOD 6 : 1st April 2011 to 30th September 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	1,000	19,910	4,100
Repairs & Maintenance	6,100	1,000	500	110	3,100
Rates 1	7,000			19,800	0
Property Insurance	720	1,000	500	0	1,000
<u>ADMINISTRATION COSTS</u>	8,200	8,500	200	210	8,500
Sundries	0	300	200	210	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	43,200	42,690	150,400
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	28,700	28,700
Armistice Service	9,570	6,100	0	990	6,100
Megawatt Festival	18,120	0	0	0	0
Comet Festival	3,180	13,000	13,000	13,000	13,000
Fireworks	11,900	12,300	0	0	12,300
Contingency for future Community Events	0	34,500	0	0	23,700
Society of the Innocents Rent Rebate	3,000	3,000	1,500	0	3,000
Bad Debt Provision	680	0	0	0	0
<u>INCOME</u>	(116,860)	(171,700)	(84,100)	(67,560)	(163,000)
Property Rental	(114,360)	(193,200)	(96,600)	(67,520)	(193,200)
Void Rents 2		25,000	12,500		33,700
Internal Resources Interest	(2,500)	(3,500)	0	(40)	(3,500)
<u>NET ANNUAL EXPENDITURE</u>	40,640	0	(39,700)	(4,750)	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	122,300	157,250	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
10 Bay Street

May 2010
November 2009
December 2010, Lease pending following some additional repair work.