
Report To:	Policy & Resources Committee	Date:	27 March 2012
Report By:	Chief Executive, Corporate Director Regeneration & Environment and Chief Financial Officer	Report No:	FIN/24/12/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2011/12 Revenue Budget – Period 10 to 31 January 2012		

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position for the Policy & Resources Committee as at Period 10 (31 January 2012).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2011/12 is £29,026,000. This excludes Earmarked Reserves of £9,721,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,558,000 (5.37%) which is an increase in the underspend reported to the last Committee of £365,000 (1.26%). This is largely due to the centralisation of the 30th November strike payroll deductions, the projected underspend in contingencies, underspend in workforce development fund and occupational health costs and further turnover savings being achieved.
- 2.3 The total funding for Earmarked Reserves is £9,721,000 of which £2,229,000 (23%) is projected to be spent in 2011/12 and the remaining £7,492,000 to be carried forward to future years. Expenditure to date is currently 23.6% of the 2011/12 projected spend of £2,229,000, however 70% 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 the budget leaving a projected fund balance at 31 March 2012 of £123,640.

3.0 RECOMMENDATION

- 3.1 That the Committee note the current projected underspend for 2011/12 of £1,558,000 as at 31 January 2012.

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 £1,558,000.

5.0 2011/12 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £1,558,000 for the Policy & Resources Committee at Period 10. The projected underspend comprises a projected underspend within the Organisational, Improvement & Resources Directorate of £450,000, a projected underspend within the Regeneration & Environment Directorate of £119,000 and a projected underspend of £985,000 within Miscellaneous and Joint Boards.
- 5.2 The following material variances relate to the Organisational, Improvement & Resources Directorate:

Finance - £311,000 Underspend

Employee Costs: There is a projected underspend of £136,000 which is an increase in the underspend reported to the last Committee of £17,000.

Other Expenditure: There is a previously reported 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. There is a projected overspend of £70,000 for bad debt provision; this is in line with the amount of benefits being recovered and is more than offset by an increase in the value of Debtors accounts invoiced.

Income: There is a projected over recovery within Income of £144,000 mainly due to the recharge of employee costs to the Health Board, a projected over recovery for Water SLA contract offset by a projected under recovery of Statutory Additions Income. A projected over recovery on Benefit Overpayment Recoveries, which is due to the number of debts being raised and is related to the increase in the Bad Debt Provision.

Business Transformation and Customer Services – £63,000 Underspend

Employee Costs: There is a projected underspend of £38,000 within employee costs which is a movement of £4,000 since the last Committee due to additional turnover savings being achieved.

Administration Costs: Projecting an underspend of £14,000 on line rental recharges; this is offset by a decrease in line rental income as shown below. There is also a projected underspend on line rental costs and telephone calls (£35,000).

Income: There is a projected under recovery of £14,000 for line rental income, £20,000 projected over recovery for the sale of PC's due to the refresh programme. This has been offset by a projected under recovery of income resulting from the loss of the River Clyde Homes ICT contract (£37,000).

Organisational Development and Human Resources - £60,000 Underspend

Employee Costs: There is a projected underspend of £31,000 within employee costs which was not reported to the last Committee. This is mainly due to additional turnover savings being achieved.

Other Expenditure: Projecting an underspend of £38,000 in work force development fund and occupational health costs.

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

Legal & Democratic Service – £119,000 Underspend

Employee Costs: Projected underspend of £105,000 within employee costs which is an increase in the underspend reported to the last Committee of £21,000. 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 £30,000 for the use of agency staff to cover the vacant Internal Auditor post.

Income: Projecting an over recovery of £24,000 within Income which is a movement of £7,000 since the last report and is mainly due to one off recoveries.

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

5.4 Miscellaneous - £985,000 Underspend.

General Contingency: Following the 30th November strike, payroll deductions of £221,000 have been processed and have been centralised in the Contingency. It is anticipated that there will be limited further calls made on the Contingency therefore a saving of £471,000 is projected.

Inflation Contingency: All inflationary pressures in 2011/12 have been addressed therefore a saving of £146,000 is now projected. A further £250,000 has been counted as a workstream saving.

Capital Programme Revenue Costs Contingency: The Contingency will not be fully allocated this year, a projected saving of £200,000 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 a £50,000 increase in Internal Resources Interest received.

Pensions: It is anticipated that there will be a saving of £18,000 on pension contributions due to lower inflationary rise than anticipated.

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 £2,229,000 is projected to be spent in 2011/12 and the remaining balance of £7,492,000 to be carried forward to 2012/13 and beyond. It can be seen that expenditure of £526,000 represents 23.6% of the annual projected spend, however a further £1,249,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 31 January to 79.63%.

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	623	(4)
Total Net Expenditure (Chief Executive)	630	627	623	(4)
Corporate Director	133	135	119	(16)
Finance	3,294	3,218	2,907	(311)
Customer Services & Business Transformation	2,538	2,582	2,519	(63)
Organisational Development, Human Resources & Performance	2,109	2,183	2,123	(60)
Total Net Expenditure (OI&R Directorate)	8,074	8,118	7,668	(450)
Legal & Democratic Services	1,904	1,889	1,770	(119)
Total Net Expenditure (Incl. Regen)	10,608	10,634	10,061	(573)
Joint Boards	16,029	16,016	16,016	0
Miscellaneous	3,496	2,676	1,691	(985)
Total Net Expenditure	30,133	29,326	27,768	(1,558)
Earmarked Reserves	0	(300)	(300)	
Total Net Expenditure excluding Earmarked Reserves	30,133	29,026	27,468	(1,558)

8.0 COMMON GOOD FUND

8.1 Appendix 4 shows the position of the approved Common Good Fund as at 31 January 2012, and as at the 31 March 2012 the projected available fund balance is £123,640. 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 10: 1st April - 31st January 2012

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	9,697	9,378	(319)	(3.40%)
Property Costs	654	612	614	2	0.33%
Supplies and Services	644	662	668	6	0.90%
Transport and Plant	4	4	4	0	0.00%
Administration Costs	1,275	1,256	1,119	(138)	(12.29%)
Payments to Other Bodies	0	0	0	0	0.00%
Other Expenditure	58,616	57,776	56,811	(965)	(1.70%)
Capital & Loans Charges	0	0	0	0	0.00%
Income	(40,671)	(40,681)	(40,826)	(145)	0.36%
TOTAL NET EXPENDITURE	30,130	29,326	27,768	(1,558)	(5.61%)
Earmarked Reserves	0	(300)	(300)	0	
TOTAL NET EXPENDITURE excluding Earmarked Reserves	30,130	29,026	27,468	(1,558)	

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2011- 31st January 2012**

Outturn 2010/11 £000	Budget Heading	Budget 2011/12 £000	Proportion of Budget £000	Actual to 31/01/12 £000	Projection 2011/2012 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,737	Employee Costs	3,676	2,943	2,857	3,540	(136)
33,095	Other Expenditure - Housing Benefit Subsidy	37,660	31,383	29,099	37,560	(100)
(71)	Other Expenditure - Bad Debt Provision	40	33	76	110	70
(29)	Income - Government Grants	(29)	(29)	(39)	(39)	(10)
(200)	Income - Recoveries	(100)	83	(166)	(200)	(100)
(270)	Income - Stat Adds	(260)	(217)	(204)	(250)	10
(7)	Income - Recharges	0	0	(17)	(17)	(17)
(226)	Income - Water SLA	(224)	(224)	(234)	(234)	(10)
(4)	Income - BCT (Admin Penalties)	0	0	(8)	(10)	(10)
	<u>Customer Services & Business Transformation</u>					
2,148	Employee Costs	2,186	1,755	1,733	2,148	(38)
60	Telephones Calls	62	53	40	48	(14)
62	Line Rental Cost	86	70	60	66	(20)
327	Admin - Line Rental Recharge	268	233	222	254	(14)
(327)	Income - Line Rental Recharge	(268)	(233)	(222)	(254)	14
(307)	Income - SLA River Clyde Homes	(244)	(244)	(206)	(206)	38
(10)	Sales, Fees & Charges	(8)	(5)	(28)	(28)	(20)
0	Income - External	0	0	(11)	(12)	(12)
	<u>Organisational Development, HR & Performance</u>					
1,616	Employee Costs	1,754	1,408	1,428	1,723	(31)
7	Other Expenditure - Workforce Development Fund	54	45	18	30	(24)
92	Consultants - Occupational Health	100	83	63	85	(15)
	<u>Chief Executive Services</u>					
70	Admin - Corporate Advertising	85	71	55	70	(15)
	<u>Legal & Democratic Services</u>					
1,408	Employee Costs	1,502	1,202	1,203	1,397	(105)
7	Other Expenditure - Agency Fees	0	0	26	26	26
20	Admin - Postages	28	23	11	13	(15)
137	Admin - Management Allocation	158	0	0	118	(40)
0	Income - Other Income	0	0	0	(24)	(24)
(218)	Income - Licence Fees	(272)	(227)	(191)	(232)	40
(22)	Income - Recharges (Franking Machine)	(28)	(23)	(8)	(13)	15
	<u>Miscellaneous</u>					
0	Other Expenditure - General Contingency	348	232	(93)	(123)	(471)
0	Other Expenditure - Inflation Contingency	146	97	0	0	(146)
116	Other Expenditure - Single Status	116	77	0	(34)	(150)
0	Other Expenditure - Capital Programme	200	133	0	50	(150)
1,760	Other Expenditure - Pensions	1,916	1,277	1,272	1,898	(18)
(307)	Income - IRI	(248)	(165)	0	(298)	(50)
42,664	TOTAL MATERIAL VARIANCES	48,705	39,837	36,736	47,163	(1,542)

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 10 2011/12</u>	<u>Projected Spend 2011/12</u>	<u>Amount to be Earmarked for 2012/13 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	7,294	0	7,294	227	1,800	5,494	Teachers refresh programme and budget implementation on going. £1,476k committed to date.
Equal Pay/Job Evaluation	Alasdair Moore	80	0	80	60	80	0	One off sum held for managing the appeals process.
Single Status Appeals Back Pay	Alasdair Moore	332	0	332	0	0	332	Allocation for back dating any successful appeals.It is anticipated that 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	20	28	160	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	7	20	39	Projected expenditure of £2k in 2011/12 and £27k in 12/13 on Management Courses, £6k for training on the National Portal in 11/12 and £2k in 12/13 and £2k on Performance Appraisal Booklets. Also £10k for the Finance Development Capacity Plan in 11/12 and a futher £10k in 12/13.
Operating Model Delivery	Alan Puckrin	460	0	460	72	76	384	Review in progress. £13k has been spent on the Change Manager and a further £43k has been spent on Civica Consultants and £20k is projected on the Mobile Working pilot. 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	15	15	251	Majority of expenditure will be incurred in 2012/13.
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.

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 10 2011/12</u>	<u>Projected Spend 2011/12</u>	<u>Amount to be Earmarked for 2012/13 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	£000	
DWP Grant	Alan Puckrin	64	95	159	53	58	101	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	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	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) Was due to commence Feb 2012 but has been delayed.
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	35	30	To fund Hydro Electric Project Feasibility Study which began in 2010/11. £26k committed to date. Report has been considered by CMT. Projected spend of £35k in 2011/12 for Market Engagement exercise & OJEU tender and necessary land studies. £30k proposed to be written back to General Fund Reserves at the end of 2011/12.
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	526	2,229	7,492	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2011/12

PERIOD 8 : 1st April 2011 to 31st January 2012

	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	1,600	8,260	4,100
Repairs & Maintenance	6,100	1,000	800	1,510	3,100
Rates 1	7,000			6,750	0
Property Insurance	720	1,000	800	0	1,000
<u>ADMINISTRATION COSTS</u>	8,200	8,500	300	6,320	8,500
Sundries	0	300	300	320	300
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy	6,000	6,000	0	6,000	6,000
<u>OTHER EXPENDITURE</u>	135,480	161,200	126,000	87,880	133,400
Christmas Lights Switch On	10,110	10,200	10,200	10,200	10,200
Christmas Dinners/Parcels	17,340	18,000	18,000	18,000	18,000
Christmas Decorations	33,350	35,400	35,400	0	35,400
Gourock Highland Games	28,230	28,700	28,700	28,700	28,700
Armistice Service	9,570	6,100	6,100	3,660	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	12,300	12,070	12,300
Contingency for future Community Events	0	34,500	0	0	6,700
Society of the Innocents Rent Rebate	3,000	3,000	2,300	2,250	3,000
Bad Debt Provision	680	0	0	0	0
<u>INCOME</u>	(116,860)	(171,700)	(140,200)	(141,860)	(161,000)
Property Rental	(114,360)	(193,200)	(161,000)	(141,780)	(193,200)
Void Rents 2		25,000	20,800		35,700
Internal Resources Interest	(2,500)	(3,500)	0	(80)	(3,500)
<u>NET ANNUAL EXPENDITURE</u>	40,640	0	(12,300)	(39,400)	(15,000)
<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	0
Contribution to 2011 Tall Ships Event		162,000	162,000	162,000	162,000
<u>TOTAL NET EXPENDITURE</u>	64,260	250,700	149,700	122,600	235,700

Fund Balance as at 31st March 2011 **359,340**

Projected Fund Balance as at 31st March 2012

123,640

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.