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**Report To:** Policy & Resources Committee      **Date:** 18 September 2012

**Report By:** Chief Executive, Corporate Director  
Environment, Regeneration &  
Resources, Corporate Director  
Education Communities &  
Organisational Development and  
Chief Financial Officer      **Report No:** FIN/70/12/AE/AP

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

**Subject:** Policy & Resources Committee 2012/13 Revenue Budget – Period 4  
to 31 July 2012

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget out-turn and the 2012/13 projected out-turn for the Policy & Resources Committee as at Period 4 (31 July 2012).

## 2.0 SUMMARY

- 2.1 In 2011/12 the underspend was £1,685,000, 5.75% of the total 2011/12 budget, details of which are shown in Section 5 of the report.
- 2.2 The total revised Committee budget for 2012/13 is £29,495,000. This excludes Earmarked Reserves of £7,016,000.
- 2.3 The latest projection, excluding Earmarked Reserves, is an underspend of £458,000.
- 2.4 The main reasons for this underspend are a £250,000 projected underspend within Inflation Contingency based on commitments to date, a £100,000 projected increase within Internal Resource Interest in line with the 2011/12 out-turn, and a £110,000 projected Employee Cost underspend within Finance due to additional turnover savings.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2011/12 Revenue Budget out-turn and the 2012/13 projected underspend of £458,000 for the Policy & Resources Committee as at Period 4 (31 July 2012).
- 3.2 Committee is asked to approve virement as detailed in Appendix 4.

John Mundell  
Chief Executive

Alan Puckrin  
Chief Financial Officer

Albert Henderson  
Corporate Director  
Education, Communities &  
Organisational Development

Aubrey Fawcett  
Corporate Director  
Environment, Regeneration &  
Resources

#### 4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2012/13 budget as well as the 2011/12 outturn and to highlight the main issues contributing to the underspend of £1,685,000 in 2011/12 and projected underspend of £458,000 in 2012/13.

#### 5.0 2011/12 OUTTURN

5.1 The main variations from budget in 2011/12 were:

	Revised Budget 2011/12	Out-turn 2011/12	Variance to Budget	Variance to Budget	Movement since P10 Projection
	£000	£000	£000	%	£000
Chief Executive	627	620	(7)	1.12	(3)
<b>Total Net Expenditure (Chief Executive)</b>	<b>627</b>	<b>620</b>	<b>(7)</b>	<b>1.12</b>	<b>(3)</b>
Corporate Director	135	119	(16)	11.85	0
Finance	3,218	2,802	(416)	12.93	(105)
Business Transformation & Customer Services	2,582	2,482	(100)	2.44	(37)
Organisational Development, Human Resources & Performance	2,187	2,127	(60)	2.74	4
<b>Total Net Expenditure (OI&amp;R Directorate)</b>	<b>8,122</b>	<b>7,530</b>	<b>(592)</b>	<b>7.29</b>	<b>(138)</b>
Legal & Democratic Services	1,889	1,753	(136)	7.20	(17)
<b>Total Net Expenditure (Incl. Regen)</b>	<b>10,638</b>	<b>9,903</b>	<b>(735)</b>	<b>6.91</b>	<b>(155)</b>
Joint Boards	16,016	16,017	1	0.00	1
Miscellaneous	2,670	1,719	(951)	35.62	28
<b>Total Net Expenditure</b>	<b>29,324</b>	<b>27,639</b>	<b>(1,685)</b>	<b>5.75</b>	<b>(126)</b>
Earmarked Reserves	(321)	(321)	0	0.000	0
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>29,003</b>	<b>27,318</b>	<b>(1,685)</b>	<b>5.81</b>	<b>(126)</b>

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

#### **Finance - £416,000 Underspend, Increase in Underspend £105,000**

Employee Costs: An underspend of £135,000 which is a reduction in the underspend reported to the last Committee of £1,000.

Other Expenditure: There was a previously reported projected underspend of £100,000 for Benefits Subsidy based on the statutory mid year return produced August 2011, at the end of the year the final outturn was an underspend of £252,000. The level of underspend was reviewed during the 2012/13 budget process and £100,000 was identified and given up as a saving in 2012/13.

Income: There was an over recovery within Income of £130,000 which is a reduction of £14,000 since the report to the last Committee. This was mainly due to the recharge of

employee costs to the Health Board, an over recovery for Water SLA contract offset by a projected under recovery of Statutory Additions Income and an over recovery on Benefit Overpayment Recoveries.

**Business Transformation and Customer Services – £100,000 Underspend, Increase in Underspend £37,000**

Employee Costs: An underspend of £50,000 within employee costs which is an increase of £12,000 since the last Committee due to additional turnover savings being achieved.

Supplies and Services: First year stock take produced a one off underspend of £22,000, this was not reported to the last Committee.

Administration Costs: There was an underspend on the corporate line rental costs and telephone calls of £31,000, which was a reduction in the underspend projected to the last Committee of £4,000.

Income: £30,000 over recovery in income mainly for the sale of PC's due to the refresh programme and adhoc work charged to Services. This is an increase in the over recovery reported to the last Committee of £10,000. 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, as reported to Committee.**

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

Other Expenditure: An underspend of £29,000 in work force development fund and occupational health costs. This is a reduction in the underspend reported to the last Committee of £9,000.

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

**Legal & Democratic Service – £136,000 Underspend, Increase in Underspend £17,000**

Employee Costs: An underspend of £111,000 within employee costs which is an increase in the underspend reported to the last Committee of £6,000. This is mainly due to additional turnover savings within Legal Services and a vacant Internal Auditor post. This has partly been offset by an overspend within other expenditure for the use of agency staff.

Other Expenditure: An overspend of £29,000 for the use of agency staff to cover the vacant Internal Auditor post.

Income: Previously reported an over recovery of £24,000 within Income mainly due to one off recoveries, however, this has been offset by an under recovery of licence fee income of £23,000.

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

**Miscellaneous - £951,000 Underspend, Reduction in underspend £28,000.**

General Contingency: Limited calls were made on the Contingency during year producing a saving of £310,000. Previously reported to Committee was a saving of £471,000, this included the 30<sup>th</sup> November strike, payroll deductions of £221,000 which was allocated to Service budgets at the year end and have, in turn, been reported as a saving to the individual Service Committees.

Inflation Contingency: After all inflationary pressures were addressed in 2011/12; a saving of £146,000 was achieved at the end of 2011/12. This was fully reported to the last Committee. A further £250,000 was counted as a workstream saving during 2011/12.

Capital Programme Revenue Costs Contingency: The Contingency was not fully allocated during 2011/12, therefore a saving of £200,000 was achieved.

Internal Resources Interest: Due to improved cashflow management during 2011/12, the Council received additional Internal Resources Interest of £143,000.

Audit Fee: There was a £31,000 underspend within Audit Fees, this was only known at the year end when the final invoice was received.

## **6.0 2012/13 CURRENT POSITION**

6.1 The current projection is an underspend of £458,000. The following are the material variances:

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

### **Finance - £58,000 Underspend**

Employee Costs: There is a projected underspend within employee costs of £110,000 due to additional turnover savings.

Administration Costs: Projecting an overspend of £76,000 within administration costs mainly due to an increase in spend within Legal Expenses; this has been off-set by a projected over recovery in income due to increased Legal expenses recoveries.

Payments to Other Bodies: There is a projected overspend of £13,000 mainly due to a projected increase in spend within NDR Discretionary Relief.

Other Expenditure: There is a projected overspend within Commission of £11,000, this is in line with the previous year outturn.

Income: An over-recovery of £48,000 is projected mainly due to:

£88k over-recovery of Legal Fee Recoveries off-set by an increase in Administration costs as above.

£50,000 under-recovery within Council Tax income for previous years due to size of the net debt in 2007/08 Council Tax.

### **Legal & Democratic Service – £45,000 Underspend**

Employee Costs: There is a projected underspend of £35,000 within employee costs due to additional turnover savings.

6.3 The following material variance relate to the Education, Communities & Organisational Development Directorate:

### **Organisational Development, HR & Communications - £14,000 underspend**

Employee Costs: Projecting an underspend of £14,000 resulting from additional turnover savings.

6.4 The following material variance relate to the Miscellaneous and Joint Boards:

### **Miscellaneous & Joint Boards – £352,000 Underspend**

Other Expenditure: An underspend of £250,000 is projected within Inflation Contingency. Inflation Contingency allowance is being comprehensively reviewed as part of forthcoming budget. Within other expenditure there is budget available to cover the costs relating to the Royal Visit and Olympic Torch. It is projected that both events will outturn within budget (Royal Visit £37,000 and Olympic Torch £26,000).

Capital & Loan Charges: Due to improved cashflow management, it is anticipated that there will be a £100,000 increase in Internal Resources Interest received in line with 2011/12.

## **7.0 VIREMENT**

7.1 Committee is asked to approve virement as detailed in Appendix 4. Where appropriate, the virement is reflected throughout the report. This virement is requested to align sessional posts hourly rate with Schedule of Grades and Rates of Pay for Local Government Employees.

## **8.0 EARMARKED RESERVES**

8.1 Appendix 2 gives a detailed breakdown of the current earmarked reserves position. Total funding is £7,016,000 of which £1,565,000 is projected to be spent in 2012/13 and the remaining balance of £5,451,000 to be carried forward to 2013/14 and beyond. It can be seen that expenditure of £119,000 represents 7.6% of the annual projected spend, however a further £494,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 31 July to 39.17%.

## **9.0 FINANCIAL IMPLICATIONS**

9.1 The current projected outturn per service:

Service	Approved Budget 2012/13 £000	Revised Budget 2012/13 £000	Projected Out-turn 2012/13 £000	Projected Over/(Under) Spend £000
Finance	3,619	3,619	3,561	(58)
ICT	2,174	2,174	2,178	4
Legal & Democratic Services	1,747	1,747	1,702	(45)
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>7,540</b>	<b>7,540</b>	<b>7,441</b>	<b>(99)</b>
Organisational Development, Human Resources & Communications	1,987	1,998	1,984	(14)
Corporate Policy	174	174	178	4
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>2,161</b>	<b>2,172</b>	<b>2,162</b>	<b>(10)</b>
Chief Executive	353	360	363	3
Joint Boards	16,022	16,022	16,020	(2)
Miscellaneous	3,410	3,401	3,051	(350)
<b>Total Net Expenditure</b>	<b>29,486</b>	<b>29,495</b>	<b>29,037</b>	<b>(458)</b>

## **10.0 COMMON GOOD FUND**

10.1 Appendix 3 shows the position of the approved Common Good Fund as at 31 July 2012, and as at the 31 March 2013 the projected available fund balance is £175,920.

## **11.0 EQUALITIES**

11.1 There are no equality issues arising from this report.

## **12.0 CONSULTATIONS**

12.1 The Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer have been consulted in the preparation of this report.

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 4: 1st April 2012- 31st July 2012

Outturn 2011/12 £000	Budget Heading	Budget 2012/13 £000	Proportion of Budget £000	Actual to 31/07/12 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
4,136	Employee Costs	4,165	1,404	1,373	4,055	(110)
186	Admin - Legal Expenses (Sheriff Officer)	167	56	75	250	83
81	Other Expenditure - Commission	70	23	24	81	11
88	PTOB - Discretionary Relief	80	27	0	95	15
(180)	Income - Legal Fees Recoveries	(153)	(51)	(76)	(241)	(88)
(117)	Income - Council Tax Previous Years	(100)	(33)	0	(50)	50
	<b><u>Organisational Development, HR &amp; Communications</u></b>					
1,810	Employee Costs	1,738	586	608	1,724	(14)
	<b><u>Miscellaneous &amp; Joint Boards</u></b>					
743	Inflation Contingency	564	186	15	314	(250)
(391)	Internal Resource Interest	(238)	(79)	0	(338)	(100)
	<b><u>Legal &amp; Democratic Services</u></b>					
1,277	Employee Costs	1,343	453	425	1,308	(35)
<b>7,633</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>7,636</b>	<b>2,570</b>	<b>2,444</b>	<b>7,198</b>	<b>(438)</b>

## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	c/f Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual To Period 4 2012/13 £000	Projected Spend 2012/13 £000	Amount to be Earmarked for 2013/14 & Beyond £000	Lead Officer Update
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	5,397	0	5,397	0	1,000	4,397	Teachers refresh programme and budget implementation on going. Commitments to date of £494k.
Modernisation Fund	Alan Puckrin	501	0	501	0	100	401	Various modernisation projects including the Mobile Working Pilot. Proposals on utilisation to be developed during 2012/13.
Procurement Development Fund	Alan Puckrin	168	9	177	14	50	127	To be spent on Procurement Development. Temporary Project Officer (£43k) now appointed & training courses (£7k) arranged.
RVJB Capital Contribution	Alan Puckrin	44	0	44	0	28	16	Projected spend for 2012/13 based on Renfrewshire Valuation Joint Board Capital programme for 2012/13. Balance of £16k to be written back to General Fund.
Workforce Development Fund	Alasdair Moore	51	0	51	0	51	0	Projected expenditure of £26k on Management Courses, £3k for training on the National Portal, £2k on Performance Appraisal Booklets. Also £20k for the Finance Development Capacity Plan.
Equal Pay	Alasdair Moore	29	0	29	13	29	0	One off sum held to fund additional resources for Equal Pay.
Customer Service Centre Uniforms	Alan Puckrin	12	0	12	10	12	0	Will be spent in full on new uniforms for the Customer Service Centre.
Allowance for Elections	Elaine Paterson	116	0	116	76	116	0	Majority of expenditure will be incurred in 2012/13. Any unspent balance to be written back to General Reserves.
Revenue Expenditure Transferred from Capital	Alan Puckrin	61	0	61	0	40	21	Sum set aside and utilised as part of the accounts closure process.
DWP Grant	Alan Puckrin	60	102	162	6	45	117	Additional funding received from the DWP funding Senior Benefit Assessor, Appeals Officer and Computer Hardware upgrades.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2011/12</u> £000	<u>New Funding 2012/13</u> £000	<u>Total Funding 2012/13</u> £000	<u>Actual To Period 4 2012/13</u> £000	<u>Projected Spend 2012/13</u> £000	<u>Amount to be Earmarked for 2013/14 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Implementation of Saving Workstreams	Alan Puckrin	79	0	79	0	20	59	No specific proposals to date.
Protection of Vulnerable Groups	Alasdair Moore	226	0	226	0	34	192	Sum set aside to transfer existing employees onto new Protection of Vulnerable Groups (PVG) Scheme. Expenditure will be phased over 3 years, commencing end of October 2012. An 18.5hr Grade C Admin post starting approx beginning of November to be funded from this budget.
Feasibility Study	John Mundell	11	0	11	0	11	0	To fund Hydro Electric Project Feasibility Study which began in 2010/11. Costs relate to Market Engagement exercise & OJEU tender and necessary land studies.
Microsoft Licensing	Robert Stoakes	150	0	150	0	29	121	To fund 3 year contract for Microsoft Licenses. Reserve will be phased over 3 years, effective June 2012.
<b>Total</b>		6,905	111	7,016	119	1,565	5,451	

## REVENUE BUDGET MONITORING REPORT 2012/13

## PERIOD 4 : 1st April 2012 to 31st July 2012

	Final Outturn 2011/12	Approved Budget 2012/13	Budget to Date 2012/13	Actual to Date 2012/13	Projected Outturn 2012/13
<b><u>PROPERTY COSTS</u></b>	<b>13,290</b>	<b>3,000</b>	<b>1,000</b>	<b>8,510</b>	<b>3,000</b>
Repairs & Maintenance	6,340	2,000	700	70	2,000
Rates <b>1</b>	6,740			8,440	0
Property Insurance	210	1,000	300	0	1,000
<b><u>ADMINISTRATION COSTS</u></b>	<b>8,560</b>	<b>8,500</b>	<b>100</b>	<b>1,110</b>	<b>8,500</b>
Sundries	360	300	100	1,110	300
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	0		6,000
<b><u>OTHER EXPENDITURE</u></b>	<b>129,350</b>	<b>149,500</b>	<b>48,000</b>	<b>43,870</b>	<b>148,070</b>
Christmas Lights Switch On	10,200	10,500	0		10,500
Christmas Dinners/Parcels	17,580	18,000	0	(1,430)	16,570
Christmas Decorations	34,400	36,300	0		36,300
Gourock Highland Games	28,700	29,400	29,400	29,400	29,400
Armistice Service	3,810	6,300	0	1,100	6,300
Comet Festival	13,000	13,300	13,300	13,300	13,300
Fireworks	12,070	12,600	0		12,600
Contingency for future Community Events	0	17,000	0		16,250
Society of the Innocents Rent Rebate	2,250	3,100	2,300	1,500	3,850
Diamond Jubilee Celebrations		3,000	3,000		3,000
Bad Debt Provision	7,340	0	0		0
<b><u>INCOME</u></b>	<b>(162,860)</b>	<b>(161,000)</b>	<b>(52,500)</b>	<b>(38,960)</b>	<b>(215,500)</b>
Property Rental	(161,130)	(193,200)	(64,400)	(38,920)	(182,700)
Void Rents <b>2</b>		35,700	11,900		35,700
Internal Resources Interest	(1,730)	(3,500)	0	(40)	(3,500)
Lease Premium					(65,000)
<b><u>NET ANNUAL EXPENDITURE</u></b>	<b>(11,660)</b>	<b>0</b>	<b>(3,400)</b>	<b>14,530</b>	<b>(55,930)</b>
<b><u>EARMARKED FUNDS</u></b>	<b>163,830</b>	<b>100,570</b>	<b>0</b>	<b>0</b>	<b>100,570</b>
Replacement of SV Comet	1,830	100,570			100,570
Contribution to 2011 Tall Ships Event	162,000	0	0	0	0
<b><u>TOTAL NET EXPENDITURE</u></b>	<b>152,170</b>	<b>100,570</b>	<b>(3,400)</b>	<b>14,530</b>	<b>44,640</b>

Fund Balance as at 31st March 2012

220,560

Projected Fund Balance as at 31st March 2013

175,920

## 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

**REVENUE BUDGET MONITORING REPORT****VIREMENT REQUEST****Period 4: 1st April 2012 - 31st July 2012**

<b>Budget Heading</b>		<b>Increase Budget</b>	<b>(Decrease) Budget</b>
		£	£
Education Employee Cost	1	29,400	
CLD Employee Cost	1		(690)
Safer & Inclusive Employee Cost	1		(2,060)
Environmental Services Employee Cost	1		(460)
Facilities Management Employee Cost	1	300	
CHCP Employee Cost	1		(32,240)
General Contingency	1	5,750	
<b>Total</b>		<b>35,450</b>	<b>(35,450)</b>

1) Align sessional posts hourly rate with Schedule of Grades and Rates of Pay for Local Government Employees as per CMT report no: CMT/HR/12/12