

Report To: Policy & Resources Committee **Date:** 5 February 2013

Report By: Chief Executive, Corporate Director
Environment, Regeneration &
Resources, Corporate Director
Education Communities &
Organisational Development and
Chief Financial Officer **Report No:** FIN/06/13/AP/AG

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

Subject: Policy & Resources Committee 2012/13 Revenue Budget – Period 8
to 30 November 2012

1.0 PURPOSE

- 1.1 To advise Committee of the 2012/13 projected out-turn for the Policy & Resources Committee as at Period 8 (30 November 2012).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2012/13 is £29,313,000. This excludes Earmarked Reserves of £7,345,000
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £862,000 which is an increase in underspend of £104,000 since last reported to Committee.
- 2.3 The main reasons for this underspend are:
- i) A £450,000 projected underspend within Inflation and General Contingency based on commitments to date and a £100,000 projected increase within Internal Resource Interest in line with the 2011/12 out-turn, both of which were reported to Committee in period 6.
 - ii) A £165,000 projected Employee Cost underspend within Finance due to early achievement of previously approved savings which is an increase in underspend of £37,000 since last reported to Committee.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the projected underspend of £862,000 for the Policy & Resources Committee as at Period 8 (30 November 2012).

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 and to highlight the main issues contributing to the projected underspend of £862,000.

5.0 2012/13 CURRENT POSITION

- 5.1 The current projection is an underspend of £862,000. Subsequent paragraphs provide more detail of the main variances.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £185,000 Underspend

Employee Costs: There is a projected underspend within employee costs of £165,000 due to early achievement of previously approved savings and turnover. This is an increase in underspend of £37,000 since last reported to Committee.

Administration Costs: Projecting an overspend of £75,000 within administration costs mainly due to an increase in spend within Sheriff Officer Legal Expenses; this has been off-set by a projected over recovery in income due to increased Legal expenses recoveries. There has been no change in projections since last reported to Committee.

Payments to Other Bodies: A projected overspend of £13,000 mainly due to a projected overspend within NDR Discretionary Relief. Projected spend has increased marginally by £1,000 since last reported to Committee in period 6.

Other Expenditure: There has been no change since last Committee in the projected overspend of £41,000 which is mainly due to:

£11,000 within Sheriff Officer Commission.

£30,000 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: A minor increase in recovery of £3,000 since last reported to Committee is projected, the total projected over-recovery being £148,000. The main reasons for the over-recovery are:

£88k over-recovery in Sheriff Officer Legal Fee Recoveries off-set by an increase in Administration costs as above. There has been no change since period 6 Committee.

£100,000 under-recovery within Council Tax income for previous years due to size of the net debt in 2007/08 Council Tax. There has been no change since last reported to Committee.

As reported in period 6 an £80,000 over-recovery within Benefit Subsidy based on the mid year return produced in August 2012; and

£70,000 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. There has been no change since period 6.

Legal & Democratic Service – £62,000 Underspend

Employee Costs: There is a projected underspend of £51,000 within employee costs due to additional turnover savings. This is an increase in savings of £1,000 since last reported to Committee.

ICT - £13,000 Underspend

Employee Costs: The current projection is an underspend of £10,000 within employee costs due to turnover savings. This is an increase in underspend of £14,000 since period 6 report to Committee.

- 5.3 The following material variances relate to the Education, Communities & Organisational Development Directorate:

Organisational Development, HR & Communications - £59,000 underspend

Employee Costs: Projecting an underspend of £37,000, an increase in underspend of £18,000 since last reported to Committee due to additional turnover savings.

Income: Since period 6 Committee an over-recovery of £11,000 is being projected mainly due to an £8,000 one-off additional income received from Inverclyde Leisure for work done in relation to Senior Management Restructure Review.

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

5.4 **Miscellaneous & Joint Boards – £550,000 Underspend**

Other Expenditure: A review of the Inflationary and General Contingency budget pressures has resulted in an underspend of £450,000. There has been no change in projections since period 6 report to Committee.

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. This was reported to the last Committee.

6.0 VIREMENT

- 6.1 There are no virements to report in period 8.

7.0 EARMARKED RESERVES

- 7.1 Appendix 2 gives a detailed breakdown of the current earmarked reserves position. Total funding is £7,345,000 of which £2,162,000 is projected to be spent in 2012/13 and the remaining balance of £5,183,000 to be carried forward to 2013/14 and beyond. It can be seen that expenditure of £303,000 represents 14% of the annual projected spend, however a further £1,048,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 30 November to 62.5%.

8.0 FINANCIAL IMPLICATIONS

8.1 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	3,601	3,416	(185)
ICT	2,174	2,174	2,161	(13)
Legal & Democratic Services	1,747	1,775	1,713	(62)
Total Net Expenditure Environment, Regeneration & Resources	7,540	7,550	7,290	(260)
Organisational Development, Human Resources & Communications	1,987	2,013	1,954	(59)
Corporate Policy	174	174	178	4
Total Net Expenditure Education, Communities & Organisational Development	2,161	2,187	2,132	(55)
Chief Executive	353	360	363	3
Joint Boards	16,022	15,974	15,974	0
Miscellaneous	3,410	3,242	2,692	(550)
Total Net Expenditure	29,486	29,313	28,451	(862)

9.0 COMMON GOOD FUND

9.1 Appendix 3 shows the position of the approved Common Good Fund as at 30 November 2012, and as at the 31 March 2013 the projected available fund balance is £175,030.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

11.0 REPOPULATION IMPLICATIONS

11.1 There are no repopulation implication 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 & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2012- 30th November 2012**

Outturn 2011/12 £000	Budget Heading	Budget 2012/13 £000	Proportion of Budget £000	Actual to 30/11/12 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<u>Finance</u>					
4,136	Employee Costs	4,165	2,682	2,583	4,000	(165)
186	Admin - Legal Expenses (Sheriff Officer)	155	103	147	238	83
88	PTOB - Discretionary Relief	80	53	0	95	15
140	Other Expenditure - HB Bad Debt Provision	40	20	71	70	30
(269)	Income - Recoveries	(100)	(50)	(170)	(170)	(70)
(35,969)	Income - Benefit Subsidy	(34,320)	(22,880)	(23,329)	(34,400)	(80)
(180)	Income - Legal Fees Recoveries	(153)	(102)	(146)	(241)	(88)
(117)	Income - Council Tax Previous Years	(100)	(67)	0	0	100
	<u>Organisational Development, HR & Communications</u>					
1,810	Employee Costs	1,673	1,077	1,047	1,636	(37)
0	Org Development - Other Income	0	0	(11)	(11)	(11)
	<u>Miscellaneous & Joint Boards</u>					
743	Inflation Contingency	564	376	166	214	(350)
204	General Contingency	420	280	48	320	(100)
(391)	Internal Resource Interest	(238)	(159)	0	(338)	(100)
	<u>ICT</u>					
1,561	Employee Costs	1,429	920	922	1,419	(10)
	<u>Legal & Democratic Services</u>					
1,277	Employee Costs	1,343	865	821	1,292	(51)
-26,781	TOTAL MATERIAL VARIANCES	(25,042)	(16,881)	(17,851)	(25,876)	(834)

APPENDIX 2

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<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 8 2012/13</u> £000	<u>Projected Spend 2012/13</u> £000	<u>Amount to be Earmarked for 2013/14 & Beyond</u> £000	<u>Lead Officer Update</u>
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	5,668	0	5,668	64	1,700	3,968	Teachers refresh programme and budget implementation on going. Commitments to date of £1,112k of which £64k spend has been incurred to period 8.
Modernisation Fund	Alan Puckrin	501	0	501	6	50	451	Various modernisation projects including the Mobile Working Pilot (£9k for Educational Psychologists). Proposals on utilisation to be developed during 2012/13.
Procurement Development Fund	Alan Puckrin	168	9	177	27	43	134	To be spent on Procurement Development. Temporary Project Officer (£43k) now appointed.
RVJB Capital Contribution	Alan Puckrin	44	0	44	3	31	13	Projected spend for 2012/13 based on Renfrewshire Valuation Joint Board Capital programme for 2012/13 and 2011/12 cost of £3k incurred in 12/13. Balance of £13k to be written back to General Fund.
Workforce Development Fund	Alasdair Moore	51	0	51	15	35	16	Projected expenditure of £22k on Management Courses, £3k for training on the National Portal, £2k on Performance Appraisal Booklets. Also £8k for the Finance Development Capacity Plan is expected to be spent in Dec 12 / Jan 13. In 2013/14, £4k is projected to be spent on Management Courses and £12k on Finance Development Capacity Plan.
Equal Pay	Alasdair Moore	29	0	29	24	26	3	One off sum held to fund additional resources for Equal Pay.
Customer Service Centre Uniforms	Alan Puckrin	12	0	12	11	12	0	Will be spent in full on new uniforms for the Customer Service Centre.
Allowance for Elections	Elaine Paterson	116	0	116	98	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	119	0	119	0	40	79	Sum set aside and utilised as part of the accounts closure process.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2011/12 £000</u>	<u>New Funding 2012/13 £000</u>	<u>Total Funding 2012/13 £000</u>	<u>Actual To Period 8 2012/13 £000</u>	<u>Projected Spend 2012/13 £000</u>	<u>Amount to be Earmarked for 2013/14 & Beyond £000</u>	<u>Lead Officer Update</u>
DWP Grant	Alan Puckrin	60	102	162	42	71	91	Additional funding received from the DWP funding Senior Benefit Assessor, Appeals Officer and Computer Software upgrades.
Implementation of Saving Workstreams	Alan Puckrin	79	0	79	0	20	59	New workstream programme being developed.
Protection of Vulnerable Groups	Alasdair Moore	226	0	226	1	4	222	Sum set aside to transfer existing employees onto new Protection of Vulnerable Groups (PVG) Scheme. An 18.5hr Grade C Admin post starting beginning of November 2012 is being funded from this budget. PVG expenditure will be phased over 3 years commencing April 2013.
Feasibility Study	John Mundell	11	0	11	0	2	9	To fund Hydro Electric Project Feasibility 2010/11 and assist current project implementation. Costs relate to Market Engagement exercise & OJEU tender and necessary water modelling and land studies
Microsoft Licensing	Robert Stoakes	150	0	150	12	12	138	To fund 3 year contract for Microsoft Licenses. Reserve will be phased over 3 years, effective June 2012.
Total		7,234	111	7,345	303	2,162	5,183	

REVENUE BUDGET MONITORING REPORT 2012/13

PERIOD 8 : 1st April 2012 to 30th November 2012

	Final Outturn 2011/12	Approved Budget 2012/13	Budget to Date 2012/13	Actual to Date 2012/13	Projected Outturn 2012/13
<u>PROPERTY COSTS</u>	13,290	3,000	2,000	9,070	14,200
Repairs & Maintenance	6,340	2,000	1,300	370	13,200
Rates 1	6,740			8,700	0
Property Insurance	210	1,000	700	0	1,000
<u>ADMINISTRATION COSTS</u>	8,560	8,500	6,200	7,470	9,700
Sundries	360	300	200	1,470	1,500
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	6,000	6,000	6,000
<u>OTHER EXPENDITURE</u>	129,350	149,500	83,270	74,500	135,310
Christmas Lights Switch On	10,200	10,500	0		10,500
Christmas Dinners/Parcels	17,580	18,000	16,570	14,420	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	6,300	2,530	9,790
Comet Festival	13,000	13,300	13,300	13,300	13,300
Fireworks	12,070	12,600	12,600	12,600	12,600
Contingency for future Community Events	0	17,000	0		0
Society of the Innocents Rent Rebate	2,250	3,100	2,100	2,250	3,850
Diamond Jubilee Celebrations		3,000	3,000		3,000
Bad Debt Provision	7,340	0	0		0
<u>INCOME</u>	(162,860)	(161,000)	(105,000)	(177,890)	(214,250)
Property Rental	(161,130)	(193,200)	(128,800)	(112,850)	(193,200)
Void Rents 2		35,700	23,800		47,450
Internal Resources Interest	(1,730)	(3,500)	0	(40)	(3,500)
Lease Premium				(65,000)	(65,000)
<u>NET ANNUAL EXPENDITURE</u>	(11,660)	0	(13,530)	(86,850)	(55,040)
<u>EARMARKED FUNDS</u>	163,830	100,570	0	0	100,570
Replacement of SV Comet	1,830	100,570			100,570
Contribution to 2011 Tall Ships Event	162,000	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	152,170	100,570	(13,530)	(86,850)	45,530

Fund Balance as at 31st March 2012

220,560

Projected Fund Balance as at 31st March 2013

175,030

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 - Remedial Works Scheduled
November 2009