
Report To: Policy & Resources Committee **Date:** 26 March 2013

Report By: Chief Executive, Corporate Director
Environment, Regeneration &
Resources, Corporate Director
Education Communities &
Organisational Development and
Chief Financial Officer **Report No:** FIN/19/13/AP/AE

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

Subject: Policy & Resources Committee 2012/13 Revenue Budget – Period 10
to 31 January 2013

1.0 PURPOSE

- 1.1 To advise Committee of the 2012/13 projected out-turn for the Policy & Resources Committee as at Period 10 (31 January 2013).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2012/13 is £29,213,000. This excludes Earmarked Reserves of £7,469,000
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,030,000 which is an increase in underspend of £168,000 since last reported to Committee.
- 2.3 The main reasons for this underspend are:
- i) A £530,000 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. This is an increase in underspend of £80,000 since last reported to Committee.
 - ii) A £319,000 projected underspend in Employee Costs which is an increase in underspend of £59,000 since last reported to Committee mainly due to early achievement of previously approved savings and additional turnover savings.

3.0 RECOMMENDATION

- 3.1 The Committee note the projected underspend of £1,030,000 for the Policy & Resources Committee as at Period 10 (31 January 2013).

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 £1,030,000.

5.0 2012/13 CURRENT POSITION

5.1 The current projection is an underspend of £1,030,000. Subsequent paragraphs provide more detail of the main variances.

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

Finance - £187,000 Underspend

Employee Costs: There is a projected underspend within employee costs of £179,000 due to early achievement of previously approved savings and turnover. This is an increase in underspend of £14,000 since last reported to Committee.

Administration Costs: Projecting an overspend of £52,000 within administration costs mainly within Sheriff Officer Legal Expenses which has been off-set by a projected over recovery in income due to increased Legal expenses recoveries. Since last Committee there has been a decrease of £23,000 offset by a decrease in income.

Payments to Other Bodies: A projected overspend of £13,000 mainly due to a projected overspend within NDR Discretionary Relief. This was reported to the last Committee.

Other Expenditure: The current projection is an overspend of £48,000 mainly due to:

£18,000 within Sheriff Officer Commission, which is an increase in projection reported to the last Committee of £7,000.

£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. There has been no change in projection since last Committee.

Income: A projected over-recovery of £119,000 which is a reduction of £29,000 since last report to Committee. The main reasons for the over-recovery are:

£60k over-recovery in Sheriff Officer Legal Fee Recoveries off-set by an increase in Administration costs as above. This is a decrease of £28,000 since last Committee which is partly offset by a decrease in Administration costs.

£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 8 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 8.

Legal & Democratic Service – £58,000 Underspend

Employee Costs: There is a projected underspend of £54,000 within employee costs due to additional turnover savings. This is an increase in savings of £3,000 since last reported to Committee.

Administration Costs: The current projected underspend is £17,000 which is a further underspend of £14,000 since last reported to Committee. This is mainly due to a £12,000 underspend within Franking Machine postage offset by a reduction in income.

Income: The current projection and movement since last period is an under-recovery of £22,000 mainly due to a £14,000 under-recovery within Franking Machine postage income offset by a reduction in costs and £10,000 reduction in liquor licences due to a reduced number of applications.

ICT - £33,000 Underspend

Employee Costs: The current projection, which has not changed since last reported to Committee, is an underspend of £10,000 within employee costs due to turnover savings.

Supplies & Services: The current projection and the movement since last Committee is an underspend of £15,000 mainly due to a reduction in the new Virgin Media Contract costs.

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

Organisational Development, HR & Communications - £84,000 underspend

Employee Costs: Projecting an underspend of £49,000, an increase in underspend of £12,000 since last reported to Committee due to additional turnover savings.

Payments to Other Bodies: Projecting an underspend of £17,000, an increase in underspend of £7,000 since last Committee mainly due to a reduced requirement for Occupational Health costs.

Income: 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. This was reported to Committee in period 8.

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

Miscellaneous & Joint Boards – £677,000 Underspend

Employee Costs: Projecting an underspend of £32,000 resulting from Management Restructure.

Other Expenditure: A review of the Inflationary and General Contingency budget pressures has resulted in an underspend of £530,000. This is an increase in underspend of £80,000 since last Committee and is due to a revision of commitments to date. Also, a one off rebate has been received from Audit Scotland resulting in a further underspend of £15,000.

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. This was reported to the last Committee.

6.0 VIREMENT

- 6.1 There are no virements to report in period 10.

7.0 EARMARKED RESERVES

7.1 Appendix 2 gives a detailed breakdown of the current earmarked reserves position. Total funding is £7,469,000 of which £2,076,000 is projected to be spent in 2012/13 and the remaining balance of £5,393,000 to be carried forward to 2013/14 and beyond. It can be seen that expenditure of £324,000 represents 15.6% of the annual projected spend, however a further £1,378,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 31 January to 82%.

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	3,414	(187)
ICT	2,174	2,174	2,141	(33)
Legal & Democratic Services	1,747	1,775	1,717	(58)
Total Net Expenditure Environment, Regeneration & Resources	7,540	7,550	7,272	(278)
Organisational Development, Human Resources & Communications	1,987	2,013	1,929	(84)
Corporate Policy	174	174	182	8
Total Net Expenditure Education, Communities & Organisational Development	2,161	2,187	2,111	(76)
Chief Executive	353	360	361	1
Joint Boards	16,022	15,974	15,974	0
Miscellaneous	3,410	3,242	2,565	(677)
Transfer to Earmarked Reserves		(100)	(100)	0
Total Net Expenditure (Excluding Earmarked Reserves)	29,486	29,213	28,183	(1,030)

9.0 COMMON GOOD FUND

9.1 Appendix 3 shows the position of the approved Common Good Fund as at 31 January 2013 and as at the 31 March 2013 the projected available fund balance is £159,330.

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 10: 1st April 2012- 31st January 2013**

Outturn 2011/12 £000	Budget Heading	Budget 2012/13 £000	Proportion of Budget £000	Actual to 31/01/13 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<u>Finance</u>					
4,136	Employee Costs	4,165	3,321	3,195	3,986	(179)
186	Admin - Legal Expenses (Sheriff Officer)	167	139	190	227	60
88	PTOB - Discretionary Relief	80	67	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)	(28,600)	(29,717)	(34,400)	(80)
(180)	Income - Legal Fees Recoveries	(158)	(132)	(186)	(218)	(60)
(117)	Income - Council Tax Previous Years	(100)	(83)	0	0	100
0	Income - Other income	11	9	0	0	(11)
	<u>Organisational Development, HR & Communications</u>					
1,810	Employee Costs	1,673	1,334	1,295	1,624	(49)
85	Org Development - Consultants	100	83	70	88	(12)
0	Org Development - Other Income	0	0	(11)	(11)	(11)
	<u>Miscellaneous & Joint Boards</u>					
0	Employee Costs	112	89	75	80	(32)
743	Inflation Contingency	564	470	166	184	(380)
204	General Contingency	420	280	87	270	(150)
(391)	Internal Resource Interest	(238)	(159)	0	(338)	(100)
252	Audit Fee	283	181	156	268	(15)
	<u>Legal & Democratic Services</u>					
1,277	Employee Costs	1,363	1,087	1,021	1,312	(51)
17	Admin - Postages	49	41	30	37	(12)
(87)	Income - Liquor Licences	(113)	(94)	(82)	(103)	10
(10)	Income - Recharges (Franking Machine)	(28)	(23)	(6)	(14)	14
-24,720	TOTAL MATERIAL VARIANCES	(22,690)	(19,560)	(21,319)	(23,713)	(1,023)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2011/12</u>	<u>New Funding 2012/13</u>	<u>Total Funding 2012/13</u>	<u>Actual Total 2012/13</u>	<u>Projected Spend 2012/13</u>	<u>Amount to be Earmarked for 2013/14 & 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	5,668	0	5,668	76	1,700	3,968	Teachers refresh programme and budget implementation on going. Commitments to date of £1,454k of which £76k spend has been incurred to period 10.
Modernisation Fund	Alan Puckrin	501	0	501	6	10	491	Various modernisation projects including the Mobile Working Pilot (£9k for Educational Psychologists). Proposals on utilisation to be developed during 2013/14.
Procurement Development Fund	Alan Puckrin	168	9	177	36	45	132	To be spent on Procurement Development. Temporary Project Officer (£43k) now appointed.
RVJB Capital Contribution	Alan Puckrin	44	0	44	3	10	34	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	7	8	43	£13k to be utilised for Finance Development Capacity Plan, of which £8k is projected to be spent in 12/13 and £5k in 13/14. £12k will be utilised to set up the new Port Glasgow Training Suite and another £10k for various other training needs, both of which will be spent in 13/14 & beyond. The balance of £16k to be written back to General Fund.
Equal Pay	Alasdair Moore	29	0	29	26	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.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2011/12</u>	<u>New Funding 2012/13</u>	<u>Total Funding 2012/13</u>	<u>Actual Total 2012/13</u>	<u>Projected Spend 2012/13</u>	<u>Amount to be Earmarked for 2013/14 & 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>	
Welfare Reforms	Alan Puckrin	60	126	186	47	72	114	Additional funding received from the DWP funding Senior Benefit Assessor, Appeals Officer and Computer Software upgrades. Further £40k DWP funding in 2013/14 plus estimate £120k from Government for Council Tax Reduction & £40k for Welfare Fund set up costs.
Implementation of Saving Workstreams	Alan Puckrin	79	0	79	0	0	79	New workstream programme approved in principle.
ICT Shared Services	John Mundell		100	100	0	0	100	Expenditure approved by Council in November 2012.
Protection of Vulnerable Groups	Alasdair Moore	226	0	226	2	25	201	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 with an estimated 350 PVG checks completed by 31/03/2013.
Feasibility Study	John Mundell	11	0	11	0	0	11	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	235	7,469	324	2,076	5,393	

REVENUE BUDGET MONITORING REPORT 2012/13

PERIOD 10 : 1st April 2012 to 31st January 2013

	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	4,100	19,720	14,200
Repairs & Maintenance	6,340	2,000	3,300	10,020	13,200
Rates 1	6,740			8,700	0
Property Insurance	210	1,000	800	1,000	1,000
<u>ADMINISTRATION COSTS</u>	8,560	8,500	8,500	10,700	10,700
Sundries	360	300	300	2,500	2,500
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	6,000	6,000	6,000	6,000	6,000
<u>OTHER EXPENDITURE</u>	129,350	149,500	130,570	123,840	134,310
Christmas Lights Switch On	10,200	10,500	10,500	10,500	10,500
Christmas Dinners/Parcels	17,580	18,000	16,570	14,980	16,570
Christmas Decorations	34,400	36,300	36,300	35,400	35,400
Gourock Highland Games	28,700	29,400	29,400	29,400	29,400
Armistice Service	3,810	6,300	6,300	3,910	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	2,600	3,750	3,750
Diamond Jubilee Celebrations		3,000	3,000		3,000
Bad Debt Provision	7,340	0	0		0
<u>INCOME</u>	(162,860)	(161,000)	(131,200)	(198,820)	(202,550)
Property Rental	(161,130)	(193,200)	(161,000)	(132,280)	(193,200)
Void Rents 2		35,700	29,800		60,650
Internal Resources Interest	(1,730)	(3,500)	0	(40)	(3,500)
Donations				(1,500)	(1,500)
Lease Premium				(65,000)	(65,000)
<u>NET ANNUAL EXPENDITURE</u>	(11,660)	0	11,970	(44,560)	(43,340)
<u>EARMARKED FUNDS</u>	163,830	104,570	0	0	104,570
Replacement of SV Comet	1,830	100,570			100,570
Contribution to 2011 Tall Ships Event	162,000	0	0	0	0
Contribution to Parade - Royal Regiment of Scotland		4,000			4,000
<u>TOTAL NET EXPENDITURE</u>	152,170	104,570	11,970	(44,560)	61,230

Fund Balance as at 31st March 2012 220,560

Projected Fund Balance as at 31st March 2013

159,330

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
15 John Wood Street
10 Bay Street

May 2010 - Remedial Works Scheduled
November 2009