

**Report To:** Policy & Resources Committee      **Date:** 21 May 2013

**Report By:** Chief Executive, Corporate Director  
Environment, Regeneration &  
Resources, Corporate Director  
Education, Communities &  
Organisational Development and  
Chief Financial Officer      **Report No:** FIN/37/13/AP/AE

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

**Subject:** Policy & Resources Committee 2012/13 Revenue Budget – Period 11  
to 28 February 2013

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2012/13 projected out-turn for the Policy & Resources Committee as at Period 11 (28 February 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 £1,287,000 which is an increase in underspend of £257,000 since last reported to Committee.
- 2.3 The main reasons for this underspend are:

i) A £581,000 projected underspend within Inflation and General Contingency based on commitments to date and a £142,000 projected increase within Internal Resource Interest in line with 2011/12 out-turn. This is an increase in underspend of £93,000 since last reported to Committee.

ii) A £339,000 projected underspend within Employee costs which is an increase in underspend of £20,000 since last reported to Committee mainly due to early achievement of previously approved turnover savings and additional turnover savings.

iii) A projected over-recovery of £306,000 within Finance income which includes a net increase in income of £90,000 since last reported to Committee. The increase in income is due to Benefit Overpayment Recoveries, which is partly offset by an increase in bad debt provision.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee note the projected underspend of £1,287,000 for the Policy & Resources Committee as at Period 11 (28 February 2013).
- 3.2 The Committee is asked to approve virement as detailed in Appendix 4.

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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 £1,287,000.

## 5.0 2012/13 CURRENT POSITION

- 5.1 The current projection is an underspend of £1,287,000. Subsequent paragraphs provide more detail of the main variances.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

### **Finance - £310,000 Underspend**

Employee Costs: There is a projected underspend within employee costs of £190,000 due to early achievement of previously approved savings and turnover. This is an increase in underspend of £11,000 since last reported to Committee.

Administration Costs: Projecting an overspend of £38,000 within administration costs which is a decrease in spend of £14,000 since period 10 report to Committee due to a reduction in postages costs.

Payments to Other Bodies: A projected overspend of £12,000 mainly due to a projected overspend within NDR Discretionary Relief. This is a £1,000 reduction of spend since last reported to Committee.

Other Expenditure: The current projection is an overspend of £139,000 mainly due to:

£18,000 within Sheriff Officer Commission, which was reported to the last Committee.

£120,000 for bad debt provision, which is an increase in cost of £90,000 since period 10 report to Committee which is more than offset by an increase in Debtors accounts invoiced.

Income: A projected over-recovery of £306,000 which is an increase of £187,000 since last report to Committee. The main reasons for the over-recovery are:

£60k over-recovery in Sheriff Officer Legal Fee Recoveries partly off-set by an increase in Administration costs as above. This was reported to Committee in period 10.

£85,000 under-recovery within Council Tax income for previous years due to size of the net debt in 2007/08 Council Tax. There has been an increase in recovery of £15,000 since last reported to Committee.

As reported in period 10 an £80,000 over-recovery within Benefit Subsidy based on the mid year return produced in August 2012; and

£250,000 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. This is an increase in recovery of £180,000 which offsets increase in spend within bad debt provision as mentioned above.

### **Legal & Democratic Service – £60,000 Underspend**

Employee Costs: There is a projected underspend of £55,000 within employee costs due to additional turnover savings. This is an increase in savings of £1,000 since last reported to Committee.

Administration Costs: The current projected underspend is £18,000 which is a further minor underspend of £1,000 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 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 licenses due to a reduced number of applications. This was reported to Committee in period 10.

### **ICT - £37,000 Underspend**

Employee Costs: The current projection, is an underspend of £9,000 a minor increase in spend of £1,000 since last reported to Committee.

Supplies & Services: The current projection is an underspend of £20,000, an increase in underspend of £5,000 since period 10 report to Committee, mainly due to a further reduction is the new Virgin Media Contract costs.

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

### **Organisational Development, HR & Communications - £112,000 underspend**

Employee Costs: Projecting an underspend of £57,000, an increase in underspend of £8,000 since last reported to Committee due to additional turnover savings and savings within other employee costs.

Administration Costs: Projecting an underspend of £32,000, an increase in savings of £25,000 since period 10 mainly due to additional savings being projected within Corporate Communications Advertising budget.

Payments to Other Bodies: Projecting an underspend of £7,000, an increase in spend of £10,000 since last Committee mainly due to a minor increase in requirement for Occupational Health costs and Events costs. The increase in Events costs partly offset by an increase in income.

Income: An over-recovery of £16,000 is being projected, which is an increase of £5,000 since last reported to Committee mainly due to additional income from Events which is offset by an increase in costs as reported above.

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

### **Miscellaneous & Joint Boards – £778,000 Underspend**

Employee Costs: Projecting an underspend of £33,000 resulting from Management Restructure. A minor increase in underspend of £1,000 since last reported to Committee.

Other Expenditure: A review of the Inflationary and General Contingency budget pressures has resulted in an underspend of £581,000. This is an increase in underspend of £51,000 since last Committee and is due to a revision of commitments to date. Also, a minor

underspend of £7,000 within Pension costs is being projected. A £15,000 underspend within Audit Scotland costs was reported to Committee in period 10.

Internal Resources Interest: Due to improved cashflow management, it is anticipated that there will be a further £42,000 increase in Internal Resources Interest received since period 10 report to Committee, resulting in a projected out-turn of £142,000.

## 6.0 VIREMENT

6.1 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 transfer £38,450 of Employee Cost budget from Miscellaneous to Organisational Development, HR & Communications.

## 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 £1,895,000 is projected to be spent in 2012/13 and the remaining balance of £5,574,000 to be carried forward to 2013/14 and beyond. It can be seen that expenditure of £387,000 represents 20.4% of the annual projected spend, however a further £1,455,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 28 February to 97.2%.

## 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	3,291	(310)
ICT	2,174	2,174	2,137	(37)
Legal & Democratic Services	1,747	1,775	1,715	(60)
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>7,540</b>	<b>7,550</b>	<b>7,143</b>	<b>(407)</b>
Organisational Development, Human Resources & Communications	1,987	2,051	1,939	(112)
Corporate Policy	174	174	182	8
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>2,161</b>	<b>2,225</b>	<b>2,121</b>	<b>(104)</b>
Chief Executive	353	360	362	2
Joint Boards	16,022	15,974	15,974	0
Miscellaneous	3,410	3,104	2,326	(778)
<b>Total Net Expenditure (Excluding Earmarked Reserves)</b>	<b>29,486</b>	<b>29,213</b>	<b>27,926</b>	<b>(1,287)</b>

## 9.0 COMMON GOOD FUND

9.1 Appendix 3 shows the position of the approved Common Good Fund as at 28 February 2013 and as at the 31 March 2013 the projected available fund balance is £172,900. A report elsewhere on the agenda proposes investment in some Common Good shops to be funded by transferring some of the expenditure on the Comet to the General Fund.

## **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 11: 1st April 2012- 28th February 2013**

Outturn 2011/12 £000	Budget Heading	Budget 2012/13 £000	Proportion of Budget £000	Actual to 28/02/13 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
4,136	Employee Costs	4,165	3,640	3,485	3,975	(190)
186	Admin - Legal Expenses (Sheriff Officer)	167	153	205	227	60
71	Admin - Postages	81	74	48	66	(15)
88	PTOB - Discretionary Relief	80	73	0	95	15
140	Other Expenditure - HB Bad Debt Provision	40	30	148	160	120
81	Other Expenditure - Commission	43	39	59	61	18
(269)	Income - Recoveries	(100)	(75)	(312)	(350)	(250)
(35,969)	Income - Benefit Subsidy	(34,320)	(31,460)	(32,688)	(34,400)	(80)
(180)	Income - Legal Fees Recoveries	(158)	(145)	(201)	(218)	(60)
(117)	Income - Council Tax Previous Years	(100)	(83)	0	(15)	85
(283)	Income - Statutory Additions	(260)	(238)	(223)	(250)	10
	<b><u>ICT</u></b>					
243	Supplies & Services - Computer Hardware Maintenance	482	442	447	457	(25)
0	Income - Other income	(11)	(10)	0	0	11
	<b><u>Organisational Development, HR &amp; Communications</u></b>					
1,810	Employee Costs	1,711	1,529	1,478	1,654	(57)
67	Corp Comms - Advertising	83	76	31	62	(21)
0	Org Development - Other Income	0	0	(12)	(12)	(12)
	<b><u>Miscellaneous &amp; Joint Boards</u></b>					
0	Employee Costs	112	89	75	79	(33)
743	Inflation Contingency	564	470	166	216	(348)
204	General Contingency	420	280	187	187	(233)
(391)	Internal Resource Interest	(238)	(159)	0	(380)	(142)
252	Audit Fee	283	181	156	268	(15)
	<b><u>Legal &amp; Democratic Services</u></b>					
1,277	Employee Costs	1,343	1,174	1,123	1,288	(55)
17	Admin - Postages	49	45	31	37	(12)
(87)	Income - Liquor Licences	(113)	(104)	(87)	(103)	10
(10)	Income - Recharges (Franking Machine)	(28)	(26)	(6)	(14)	14
<b>(27,991)</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>(25,705)</b>	<b>(24,004)</b>	<b>(25,890)</b>	<b>(26,910)</b>	<b>(1,205)</b>

EARMARKED RESERVES POSITION STATEMENT

Appendix 2

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>cf Funding 2011/12</u> £000	<u>New Funding 2012/13</u> £000	<u>Total Funding 2012/13</u> £000	<u>Actual Period 11 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>
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	5,668	0	5,668	76	1,531	4,137	Budget implementation on going. Commitments to date of £1,531k of which £76k spend has been incurred to period 12. Balance to be accrued at year end. Further commitments have been made for 2013/14 of £247k
Modernisation Fund	Alan Puckrin	501	0	501	7	7	494	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	48	48	129	To be spent on Procurement Development. Temporary Project Officer (£43k).
RVJB Capital Contribution	Alan Puckrin	44	0	44	0	10	34	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. £10k spend to be accrued at year end.
Workforce Development Fund	Alasdair Moore	51	0	51	8	8	43	£13k to be utilised for Finance Development Capacity Plan, of which £8k has been spent in 12/13 and £5k to be spent 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	29	29	0	Spent in full.
Customer Service Centre Uniforms	Alan Puckrin	12	0	12	11	11	1	Spent in full.
Allowance for Elections	Elaine Paterson	116	0	116	104	104	12	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.
Welfare Reforms	Alan Puckrin	60	126	186	77	77	109	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.



**EARMARKED RESERVES POSITION STATEMENT**

**Appendix 2**

**COMMITTEE: Policy & Resources**

Project	Lead Officer/ Responsible Manager	c/f Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual Period 11 2012/13 £000	Projected Spend 2012/13 £000	Amount to be Earmarked for 2013/14 & Beyond £000	Lead Officer Update
Implementation of Saving Workstreams	Alan Puckrin	79	0	79	0	0	79	New workstream programme approved.
ICT Shared Services	Aubrey Fawcett	100	100	100	0	0	100	Expenditure approved by Council in November 2012.
Protection of Vulnerable Groups	Alasdair Moore	226	0	226	15	18	208	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 280 PVG checks completed by 31/03/2013. PVG Checks for March yet to be charged.
Feasibility Study	John Mundell	11	0	11	0	0	11	To fund Hydro Electric Project Feasibility and assist current project implementation. Costs relate to potential partnership with Scottish Water Horizons for Hydro Project.
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.
<b>Total</b>		<b>7,234</b>	<b>235</b>	<b>7,469</b>	<b>387</b>	<b>1,895</b>	<b>5,574</b>	

## REVENUE BUDGET MONITORING REPORT 2012/13

PERIOD 11 : 1st April 2012 to 28th February 2013

	Final Outturn 2011/12	Approved Budget 2012/13	Budget to Date 2012/13	Actual to Date 2012/13	Projected Outturn 2012/13
<b>PROPERTY COSTS</b>	<b>13,290</b>	<b>3,000</b>	<b>4,100</b>	<b>18,930</b>	<b>10,500</b>
Repairs & Maintenance	6,340	2,000	3,300	9,230	9,500
Rates 1	6,740			8,700	0
Property Insurance	210	1,000	800	1,000	1,000
<b>ADMINISTRATION COSTS</b>	<b>8,560</b>	<b>8,500</b>	<b>8,500</b>	<b>11,040</b>	<b>11,100</b>
Sundries	360	300	300	2,840	2,900
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
<b>OTHER EXPENDITURE</b>	<b>129,350</b>	<b>149,500</b>	<b>130,570</b>	<b>126,030</b>	<b>129,030</b>
Christmas Lights Switch On	10,200	10,500	10,500	9,530	9,530
Christmas Dinners/Parcels	17,580	18,000	16,570	16,570	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	5,480	5,480
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
<b>INCOME</b>	<b>(162,860)</b>	<b>(161,000)</b>	<b>(131,200)</b>	<b>(212,540)</b>	<b>(207,540)</b>
Property Rental	(161,130)	(193,200)	(161,000)	(144,500)	(193,200)
Void Rents 2		35,700	29,800		53,700
Internal Resources Interest	(1,730)	(3,500)	0	(1,540)	(1,540)
Donations				(1,500)	(1,500)
Lease Premium				(65,000)	(65,000)
<b>NET ANNUAL EXPENDITURE</b>	<b>(11,660)</b>	<b>0</b>	<b>11,970</b>	<b>(56,540)</b>	<b>(56,910)</b>
<b>EARMARKED FUNDS</b>	<b>163,830</b>	<b>104,570</b>	<b>0</b>	<b>0</b>	<b>104,570</b>
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
<b>TOTAL NET EXPENDITURE</b>	<b>152,170</b>	<b>104,570</b>	<b>11,970</b>	<b>(56,540)</b>	<b>47,660</b>

Fund Balance as at 31st March 2012

220,560

Projected Fund Balance as at 31st March 2013

172,900

## 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

**REVENUE BUDGET MONITORING REPORT****VIREMENT REQUEST****Period 11: 1st April 2012 - 28th February 2013**

<b>Budget Heading</b>		<b>Increase Budget</b>	<b>(Decrease) Budget</b>
		£	£
Miscellaneous - Employee Costs	1		(38,450)
Human Resources - Employee Costs	1	38,450	
<b>Total</b>		<b>38,450</b>	<b>(38,450)</b>

1) Transfer of budget from Miscellaneous to Human Resources to correctly reflect Service responsibility.