
Report To: Policy & Resources Committee **Date:** 24 September 2013

Report By: Chief Executive, Corporate Director
Environment, Regeneration &
Resources, Corporate Director
Education Communities &
Organisational Development and
Chief Financial Officer **Report No:** FIN 71/13/AP/AE

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

Subject: Policy & Resources Committee 2013/14 Revenue Budget – Period 4
to 31 July 2013

1.0 PURPOSE

- 1.1 To advise Committee of the 2012/13 Revenue Budget out-turn and the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 4 (31 July 2013).

2.0 SUMMARY

- 2.1 In 2012/13 the underspend was £2,676,000, 9.18% of the total 2012/13 budget, details of which are shown in Section 5 of the report.
- 2.2 The major variances making up this underspend were as follows:
- a) Excess turnover savings of £362,000.
 - b) Share of Police and Fire Reserves of £962,000 of which £621,000 was estimated in the May Committee report.
 - c) Over recovery of benefit subsidy of £153,000.
 - d) Low call on use of contingencies providing a saving of £781,000. £200,000 of Capital Programme contingency was written to Leisure Facilities Repairs & Renewals Fund as part of the year end process.
 - e) Additional internal resources interest earned of £144,000.
 - f) One off client contribution towards care of £74,000 which was reported to the May Committee via the General Fund Reserves statement.
 - g) Benefit overpayment recoveries net of bad debt provision of £149,000.
- 2.3 The total revised Committee budget for 2013/14 is £21,707,000. This excludes Earmarked Reserves of £6,605,000.
- 2.4 The latest projection, excluding Earmarked Reserves, is an underspend of £40,000
- 2.5 The main reasons for this underspend are:
- a) Projected increase of £74,000 within Internal Resource Interest in line with the 2012/13 out-turn.
 - b) £30,000 projected overspend within NDR Discretionary Relief based on current level of reliefs awarded.

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- 2.6 The Earmarked Reserves for 2013/14 totals £6,605,000 of which £2,280,000 is projected to be spent in the current financial year. To date expenditure of £80,000 (3.51%) has been incurred, however a further £1,109,000 has been legally committed mostly relating to early release of employees increasing the overall percentage spend at 31 July to 52.15%.
- 2.7 Detail is included in section 8 of the report on a proposal to utilise £50,000 from the Modernisation earmarked reserve to fund document managed proposals from the CHCP to facilitate their move to new offices in 2014.
- 2.8 The Common Good Fund is projecting an available fund balance at 31 March 2014 of £142,860.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the 2012/13 Revenue Budget out-turn and the 2013/14 projected underspend of £40,000 for the Policy & Resources Committee as at Period 4 (31 July 2013).
- 3.2 That the Committee note the projected fund balance of £142,860 for the Common Good Fund.
- 3.3 That the Committee approve the allocation of £50,000 from the Modernisation earmarked reserve to fund the CHCP Backscanning/Storage project.

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 2013/14 budget as well as the 2012/13 outturn and to highlight the main issues contributing to the underspend of £2,676,000 in 2012/13 and projected underspend of £40,000 in 2013/14.

5.0 2012/13 OUTTURN

5.1 The main variations from budget in 2012/13 were:

	Revised Budget 2012/13	Out-turn 2012/13	Variance to Budget	Variance to Budget	Movement since P11 Projection
	£000	£000	£000	%	£000
Finance	4,147	3,788	(359)	(8.66)	(49)
ICT	2,174	2,102	(72)	(3.31)	(35)
Legal & Democratic Services	1,775	1,690	(85)	(4.8)	(25)
Total Net Expenditure Environment, Regeneration & Resources	8,096	7,580	(516)	(6.37)	(109)
Organisational Development, Human Resources & Communications	2,046	1,941	(105)	(5.13)	7
Corporate Policy	174	181	7	4.02	(1)
Total Net Expenditure Education, Communities & Organisational Development	2,220	2,122	(98)	(2.75)	6
Chief Executive	360	365	5	1.39	3
Joint Boards	15,417	14,450	(967)	(6.27)	(967)
Miscellaneous	3,054	1,954	(1,100)	(0.36)	(322)
Total Net Expenditure (Excluding Earmarked Reserves)	29,147	26,471	(2,676)	(9.18)	(1,389)

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

Finance - £359,000 Underspend, increase in underspend £49,000

Employee Costs: An underspend of £186,000, a minor increase in spend of £4,000 since last reported to Committee.

Other Expenditure: There was a previously reported underspend of £70,000 for Benefits Subsidy based on the statutory mid year return produced August 2012, at the end of the year the final outturn was an underspend of £153,000. The level of underspend was reviewed during the 2013/16 budget process and £50,000 given up as a saving in 2013/14.

Income: The following were the main variances within income:

There was an over recovery of income for Benefit Overpayment Recoveries of £253,000. This was due to the number of debts raised in the year and was partly offset by an increase in bad debt provision of £104,000, £120,000 overspend was reported to the last Committee.

£85,000 under-recovery within Council Tax income for previous years. At period 11 £100,000 under-recovery was projected. £15,000 of income has been achieved and is included within Council Tax income reported out with this report.

ICT – £72,000 Underspend, increase in underspend £35,000

Employee Costs: An underspend of £12,000 within employee costs which is an increase of £3,000 since the last Committee due to additional turnover savings being achieved.

Supplies and Services: An underspend of £63,000 which is an increase in the underspend reported to the last Committee of £43,000. This was mainly due to reduced Virgin Media contract costs and an underspend within Computer Maintenance budgets.

Legal & Democratic Service – £85,000 Underspend, increase in Underspend £25,000

Employee Costs: An underspend of £74,000 within employee costs which is an increase in the underspend reported at period 11 of £19,000 mainly due to early achievement of planned savings.

Administration Costs: An underspend of £18,000 was reported to Committee in period 11 mainly due to an underspend within Franking Machine postage. This is offset by a reduction in income. The final out-turn was an underspend of £19,000.

Income: An under-recovery of £15,000 in income mainly due to an under recovery of Franking Machine postage income, this is offset by a reduction in costs above. A minor increase in income of £7,000 since period 11 report to Committee mainly due to an increase in legal fees recharged to capital.

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

Organisational Development, Human Resources & Communications - £105,000 Underspend, increase in spend of £7,000.

Employee Costs: An underspend of £57,000 mainly due to additional turnover savings and savings within other employee costs which was reported to Committee in period 11.

Administration Costs: An underspend of £28,000 mainly due to savings within Corporate Communications Advertising budget. This is an increase in spend of £4,000 since last reported to Committee.

Payments to Other Bodies: An underspend of £10,000 for occupational health costs which is an increase in the underspend reported to the last Committee of £3,000.

Income: £16,000 over-recovery within Income mainly due to one off recoveries which was reported to Committee in period 11.

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

Miscellaneous - £1,100,000 Underspend, increase in underspend £322,000.

Employee Cost: An underspend of £33,000 resulting from Management Restructure which was reported to Committee in period 11.

General Contingency: Limited calls were made on the Contingency during the year resulting in a saving of £183,000. A saving of £233,000 was reported to the last Committee. Reduction in the underspend of £50,000 was due to additional budget allocated for Insurance.

Inflation Contingency: After all inflationary pressures were addressed in 2012/13; a saving of £398,000 was achieved resulting in an increase in underspend of £50,000 since last reported to Committee.

Capital Programme Revenue Costs Contingency: The Contingency was not allocated during 2012/13 resulting in a savings of £200,000, this was transferred to the Leisure Facilities Repairs and Renewals Fund as part of the year end process.

Internal Resources Interest: Due to improved cashflow management in 2012/13, the Council received additional Internal Resources Interest of £144,000, which is an increase in recovery of £2,000 since last reported to Committee.

Audit Fee: There was £32,000 underspend within Audit Fees, an increase in underspend of £17,000 since period 11 report to Committee. This was only known at year end when the final invoice was received.

Income: A client contribution towards care of £74,000 was received and was reported to Committee within the General Fund Reserves report.

Joint Boards - £967,000 Underspend, increase in underspend of £967,000

Other Expenditure: The Council received notification from the Joint Boards of their share of the uncommitted Police and Fire Reserves at the year end. The Council received £967,000 and an estimate of £621,000 for the Police reserves was included in the May Committee report within the General Fund Reserves Statement.

6.0 2013/14 CURRENT POSITION

6.1 The current projection is an underspend of £40,000. The following are the material variances:

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

Finance - £14,000 Overspend

Employee Costs: Projected underspend of £36,000 mainly due to turnover savings of £53,000 partially offset by an increase in overtime costs of £17,000.

Supplies & Services: An overspend of £11,000 is being projected due to unbudgeted pressures within computer software maintenance and clothing and uniforms.

Payments to Other Bodies: A £30,000 overspend in NDR Discretionary Relief is expected based on current level of reliefs awarded.

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

Legal & Democratic Service – £13,000 Overspend

Employee Costs: An overspend of £13,000 is projected mainly due to turnover savings target not being achieved.

6.3 The following material variance relates to the Miscellaneous budget:

Miscellaneous – £74,000 Underspend

Capital & Loan Charges: Due to improved cashflow management, it is anticipated that there will be a £74,000 increase in Internal Resources Interest received in line with 2012/13.

7.0 VIREMENT

7.1 There are no virements to report in period 4.

8.0 EARMARKED RESERVES

8.1 Appendix 2 gives a detailed breakdown of the current earmarked reserves position. Total funding is £6,605,000 of which £2,280,000 is projected to be spent in 2013/14 and the remaining balance of £4,325,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £80,000 is online with the phased budgeted spend to date and represents 3.51% of the annual projected spend. A further £1,109,000 has been legally committed in respect of early release costs thus increasing the overall percentage spend at 31 July to 52.15%.

8.2 The Modernisation CIG approved a request from the CHCP to allocate £50,000 towards the scanning, disposal and storage of CHCP documents as part of their move to new premises in 2014. This proposal will support the move towards agile working as well as meeting the new office space requirements. Committee approval of this proposal is sought.

9.0 FINANCIAL IMPLICATIONS

9.1 The current projected outturn per service:

Service	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected Over/(Under) Spend £000
Finance	10,859	10,851	10,865	14
ICT	2,172	2,173	2,180	7
Legal & Democratic Services	1,726	1,728	1,741	13
Total Net Expenditure Environment, Regeneration & Resources	14,757	14,752	14,786	34
Organisational Development, Human Resources & Communications	1,897	1900	1897	(3)
Corporate Policy	178	178	180	2
Total Net Expenditure Education, Communities & Organisational Development	2075	2078	2077	(1)
Chief Executive	366	366	367	1
Miscellaneous	5,389	4,511	4,437	(74)
Total Net Expenditure	22,587	21,707	21,667	(40)

10.0 COMMON GOOD FUND

10.1 Appendix 3 shows a projected overspend of £7,700 in the Common Good Fund as at 31 July 2013. This results in a projected available fund balance at 31 March 2014 of £142,860.

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 2013- 31st July 2013

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 31/07/13 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,982	Employee Costs	4,148	1,389	1,362	4,112	(36)
95	PTOB - Discretionary Relief	80	0	0	110	30
53	Other Expenditure - Commission	17	5	8	28	11
	<u>Miscellaneous & Joint Boards</u>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
	<u>Legal & Democratic Services</u>					
1,199	Employee Costs	1,333	446	447	1,346	13
4,958	TOTAL MATERIAL VARIANCES	5,352	1,840	1,817	5,296	(56)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14	Phased Budget To Period 4 2013/14	Actual To Period 4 2013/14	Projected Spend 2013/14	Amount to be Earmarked for 2014/15 & Beyond	Lead Officer Update
		£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	4,260	0	0	1,600	2,660	To meet costs of early release of employees arising from the 2013/16 budget. Commitments to date for 2013/14 are £1,109k. Budget implementation is ongoing. Estimated spend for 2013/14 is £1.6m which is expected to be incurred at year end.
Modernisation Fund	Alan Puckrin	502	2	3	56	446	Various modernisation projects, proposals on utilisation to be developed during 2013/14. Approval needed for £50k CHCP backscanning. Options for Channel Shift projects being discussed.
Procurement Development Fund	Alan Puckrin	134	20	12	40	94	To be spent on Procurement Development. Temporary Project officer funded to 31/12/13.
RVJB Capital Contribution	Alan Puckrin	27	0	0	10	17	Annual recharge at year end.
Workforce Development Fund	Alasdair Moore	27	0	0	27	0	Sum set aside for Finance Development Capacity Plan courses and setting up the new Port Glasgow Training suite. £5k for Finance Development Capacity Plan expected to be spend in November and December 2013. £12k will be utilised to set up the new Port Glasgow Training Suite and another £10k for various other training needs. Spend expected to be incurred from period 6 onwards.
Revenue Expenditure Transferred from Capital	Alan Puckrin	76	0	0	40	36	Sum set aside and utilised as part of the accounts closure process to allow expenditure incorrectly charged to Capital to be funded from Revenue. Spend to be incurred at year end.
Welfare Reforms	Alan Puckrin	303	32	45	138	165	Funding from DWP & Government used for upgrading systems & extra temporary staff to address Welfare Reforms.
Implementation of Saving Workstreams	Alan Puckrin	79	0	0	30	49	New workstream programme approved. Envisaged that delivery of the workstreams will result in some one-off costs. Spend expected to be incurred from period 6 onwards.

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14 £000	Phased Budget To Period 4 2013/14 £000	Actual To Period 4 2013/14 £000	Projected Spend 2013/14 £000	Amount to be Earmarked for 2014/15 & Beyond £000	Lead Officer Update
ICT Shared Services	Aubrey Fawcett	100	0	0	50	50	£13k spend expected in period 6 approx with the balance expected to be spent in future years. Note that spend profile is based on information from East Renfrewshire Council.
Protection of Vulnerable Groups	Alasdair Moore	208	19	14	67	141	PVG expenditure is phased over 3 years starting from November 2012. An 18.5hr Grade C Admin post starting beginning of November 2012 is being funded from this budget. Spend expected to be incurred throughout the year.
Feasibility Study - Hydro Electric Scheme	John Mundell	11	0	0	8	3	To fund Hydro Electric Project Feasibility and assist current project implementation. Costs relate to potential partnership with Scottish Water Horizons for Hydro Project. Spend projected to be incurred November onwards with £3k expected to be incurred in 2014/15. Note that the phasing of spend is subject to change after discussion with Scottish Water.
Microsoft Licensing	Robert Stoakes	138	0	0	15	123	To fund 3 year contract for Microsoft licenses. Spend expected to start from October 2013 onwards.
2013/16 Revenue Contingency	Alan Puckrin	600	0	0	150	450	Sum set aside for unforeseen items over the 3 year budget 2013/16. Spend expected to be incurred from period 6 onwards.
Increased Officer Capacity - Equalities Officer	Wilma Bain	85	2	2	28	57	Equalities Officer started on 15/7/13 - Grade I Post for 2 years until 15/7/15.
Increased Officer Capacity - Communications Assistant	Alasdair Moore	55	4	4	21	34	New Grade F post for 2 year period to support Communications Officer (Media). Post started 28 May 2013.
Total		6,605	79	80	2,280	4,325	

REVENUE BUDGET MONITORING REPORT 2013/14

PERIOD 11 : 1st April 2013 to 31st July 2013

	Final Outturn 2012/13	Approved Budget 2013/14	Budget to Date 2013/14	Actual to Date 2013/14	Projected Outturn 2013/14
PROPERTY COSTS	18,520	5,000	1,600	10,360	5,000
Repairs & Maintenance	9,680	4,000	1,300		4,000
Rates 1	8,700			10,360	0
Property Insurance	140	1,000	300		1,000
ADMINISTRATION COSTS	11,620	8,500	100	2,160	10,700
Sundries	3,420	300	100	2,160	2,500
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	0		6,000
OTHER EXPENDITURE	147,180	132,800	43,700	2,990	132,800
Christmas Lights Switch On	9,530	10,500	0		10,500
Christmas Dinners/Parcels	16,570	18,000	0		18,000
Christmas Decorations	35,400	35,400	0		35,400
Gourock Highland Games	29,400	29,400	29,400		29,400
Armistice Service	5,470	8,300	0	2,990	8,300
Comet Festival	13,300	13,300	13,300		13,300
Fireworks	12,600	12,600	0		12,600
Contingency for future Community Events		2,200	0		2,200
Society of the Innocents Rent Rebate	3,750	3,100	1,000		3,100
Bad Debt Provision	21,160	0	0		0
INCOME	(212,590)	(146,300)	(120,200)	(38,670)	(140,800)
Property Rental	(144,550)	(188,800)	(157,300)	(38,630)	(188,800)
Void Rents 2		44,500	37,100		50,000
Internal Resources Interest	(1,540)	(2,000)	0	(40)	(2,000)
Donations	(1,500)				0
Lease Premium	(65,000)				0
NET ANNUAL EXPENDITURE	(35,270)	0	(74,800)	(23,160)	7,700
EARMARKED FUNDS	6,270	99,000	0	0	99,000
Replacement of SV Comet	6,270	0			0
John Wood St/Bay St Shop Improvements		95,000			95,000
Contribution to Parade - Royal Regiment of Scotland		4,000			4,000
TOTAL NET EXPENDITURE	(29,000)	99,000	(74,800)	(23,160)	106,700

Fund Balance as at 31st March 2013

249,560

Projected Fund Balance as at 31st March 2014

142,860

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	May 2010 - Remedial Works Scheduled
15 John Wood Street	December 2012
10 Bay Street	December 2010
74 Port Glasgow Road	September 2012

It should also be noted that 10 John Wood Street, which had been vacant since November 2009, has recently been let out under "Business Start Up" conditions. While there is an initial rent free period for part of this year full year rent should be achieved in future years.