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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>25 March 2014</b>
<b>Report By:</b>	<b>Chief Executive, Acting Corporate Director Environment, Regeneration &amp; Resources, Corporate Director Education Communities &amp; Organisational Development and Head of Finance</b>	<b>Report No:</b>	<b>FIN/14/14/JB/AE</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475 712143</b>
<b>Subject:</b>	<b>Policy &amp; Resources Committee 2013/14 Revenue Budget – Period 10 to 31 Jan 2014</b>		

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 10 (31 Jan 2014).

## 2.0 SUMMARY

- 2.1 The total revised Committee budget for 2013/14 is £15,328,000. This excludes Earmarked Reserves of £7,840,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £257,000 which is a decrease in spend of £63,000 since last reported to Committee.

The main reasons for this underspend are:

- a) A projected increase of £74,000 within Internal Resource Interest which is in line with the 2012/13 out-turn.
  - b) £22,000 underspend within Finance Employee costs due to turnover savings.
  - c) £50,000 over-recovery within Benefit Subsidy based on the mid year return produced in September 2013.
  - d) £30,000 over-recovery of ICT income mainly due to sale of PC's.
  - e) £37,000 underspend within Legal administration costs budget mainly due to underspends over various budget lines, partly offset by a reduction in Franking Machine income.
- 2.3 The Earmarked Reserves for 2013/14 totals £7,840,000 of which £2,353,000 is projected to be spent in the current financial year. To date expenditure of £287,000 (12.2%) has been incurred, however a further £1,761,000 has been legally committed mostly relating to early release of employees increasing the overall percentage spend at 31 Jan 2014 to 87.04%. Spend to date per profiling was expected to be £413,000 therefore slippage equates to £126,000 (30.5%). Given the number and nature of the projects this slippage is manageable. The Earmarked Reserve statement has been updated to reflect the February 2014 Budget decisions.
- 2.4 The Common Good Fund is projecting an available fund balance at 31 March 2014 of £145,290. This reflects the Council's decision on 20<sup>th</sup> February 2014 to contribute £150,000 towards regeneration projects in Lower Port Glasgow.

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### **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the 2013/14 projected underspend of £257,000 for the Policy & Resources Committee as at Period 10 (31 Jan 2014).
- 3.2 The Committee note the projected fund balance of £145,290 for the Common Good Fund.

John Mundell  
Chief Executive

Jan Buchanan  
Head of Finance

Albert Henderson  
Corporate Director  
Education, Communities &  
Organisational Development

Alan Puckrin  
Acting 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 and to highlight the main issues contributing to the projected underspend of £257,000.

## 5.0 2013/14 CURRENT POSITION

- 5.1 The current projection is an underspend of £257,000. The following are the material variances:

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

### 5.3 **Finance - £73,000 Underspend**

Employee Costs: Current projection is an underspend of £22,000, which is an increase in underspend of £4,000 since last reported to Committee in period 8, mainly due to additional turnover savings and decrease in projected overtime.

Supplies & Services: £12,000 overspend is being projected since last Committee which is an increase in spend of £18,000 since period 8 report to Committee mainly due to a one off cost for software upgrades and an increase in spend within Computer Software maintenance totalling £15,000.

Income: Current projection is an over-recovery of £51,000. As reported to the period 6 Committee, a £50,000 over-recovery within Benefit Subsidy is being projected based on the mid year return produced in September 2013.

### 5.4 **ICT Services - £70,000 Underspend**

Supplies & Services: Since period 8 an underspend of £19,000 is being projected due to a projected underspend of £10,000 for White Board maintenance and £15,000 for Computer software maintenance. This underspend has been partly offset by a £11,000 projected overspend within Computer hardware maintenance.

Administration Costs: A total underspend of £13,000 is being projected since last Committee and relates to minor underspends within telephones and line rental budgets.

Income: £30,000 projected over-recovery of income which is a further increase of £5,000 since last reported to Committee. £20,000 of this over-recovery relates to PC sales, which was reported to the last Committee.

### 5.5 **Legal & Democratic Service – £18,000 Underspend**

Employee Costs: An underspend of £5,000 is projected which is a decrease in spend of £16,000 since last reported to Committee. The decrease in spend is mainly due to a post becoming vacant and further underspend being projected within travel and subsistence.

Administration Costs: An underspend of £37,000 is projected within Administration costs which is an increase in underspend of £13,000 since last reported to Committee, mainly due to further minor underspends over various budget lines including Risk Management, Printing & Stationery, Postages and Legal Expenses.

Income: An under-recovery of £33,000 is projected which is a further reduction in income of £20,000. This is mainly due to a reduction in Liquor Licenses income which is in line with previous year's final out-turn.

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

**5.7 Organisational Development - £24,000 Underspend**

Employee Costs: An underspend of £15,000 is projected mainly due to turnover savings. This is an increase in underspend of £2,000 since last reported to Committee.

5.8 The following material variance relate to the Miscellaneous budget:

**5.9 Miscellaneous – £77,000 Underspend**

Capital & Loan Charges: A £74,000 projected increase in Internal Resources Interest received in line with 2012/13 was reported to Committee in period 4. There have been no changes to projections.

**6.0 VIREMENT**

6.1 There are no virements to report for this Committee.

**7.0 EARMARKED RESERVES**

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £7,840,000 of which £2,353,000 is projected to be spent in 2013/14 and the remaining balance of £5,487,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £287,000 represents 12.2% of the annual projected spend. A further £1,761,000 has been legally committed in respect of early release costs which will be incurred at year end thus increasing the overall percentage spend at 31 January to 87.04%. Spend to date per profiling was expected to be £413,000 therefore slippage equates to £126,000 (30.5%). Given the number and nature of the projects this slippage is manageable. The Earmarked Reserve statement has been updated to reflect the February 2014 Budget decisions.

**8.0 COMMON GOOD FUND**

8.1 Appendix 4 shows a projected underspend of £144,730 in the Common Good Fund as at 31 January 2014. This projected available fund balance at 31 March 2014 is £145,290 and reflects the Council's decision on 20<sup>th</sup> February 2014 to contribute £150,000 towards regeneration projects in Lower Port Glasgow.

**9.0 IMPLICATIONS**

**FINANCE**

9.1 All financial implications are discussed in detail within the report above.

One off Costs:

Cost Centre	Budget Heading	Budget Years	Proposed Spend this report £'000	Virement From	Other Comments

## **LEGAL**

9.2 There are no specific legal implications arising from this report.

## **HUMAN RESOURCES**

9.3 There are no specific human resources implications arising from this report.

## **EQUALITIES**

9.4 There are no equality issues arising from this report.

## **REPOPULATION IMPLICATIONS**

9.5 There are no repopulation implication issues arising from this report.

## **10.0 CONSULTATIONS**

10.1 The Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Head of Finance have been consulted in the preparation of this report.

## **11.0 BACKGROUND PAPERS**

11.1 There are no background papers for this report.

**REVENUE BUDGET MONITORING REPORT**

**CURRENT POSITION**

**PERIOD 10: 1st April 2013- 31st Jan 2014**

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	5,101	5,028	(73)
ICT	2,172	2,175	2,105	(70)
Legal & Democratic Services	1,726	1,744	1,726	(18)
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>14,757</b>	<b>9,020</b>	<b>8,859</b>	<b>(161)</b>
Organisational Development, Human Resources & Communications	1,897	1,915	1891	(24)
Corporate Policy	178	180	182	2
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>2,075</b>	<b>2,095</b>	<b>2,073</b>	<b>(22)</b>
Chief Executive	366	369	372	3
Miscellaneous	5,389	3,844	3,767	(77)
<b>TOTAL NET EXPENDITURE</b>	<b>22,587</b>	<b>15,328</b>	<b>15,071</b>	<b>(257)</b>
Earmarked reserves	0	0	0	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>22,587</b>	<b>15,328</b>	<b>15,071</b>	<b>(257)</b>

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2013- 31st Jan 2014**

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 31/01/14 £000	Projection 2013/2014 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,911	Employee costs	3,946	3,135	3,121	3,924	(22)
(35,684)	Benefits Subsidy	(35,414)	(29,512)	29,368	(35,464)	(50)
25	Computer Software/Hardware Maintenance	25	21	39	40	15
	<b><u>Organisational Development, HR &amp; Communications &amp; Events</u></b>					
1,654	Employee Costs	1,594	1,265	1,252	1,579	(15)
	<b><u>Miscellaneous</u></b>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
	<b><u>ICT</u></b>					
(23)	Sales Fees & Charges	(26)	(20)	(57)	(46)	(20)
49	Supplies & Services - Comp hardware Maint	29	24	41	40	11
423	Supplies & Services - Comp software Maint	465	387	550	450	(15)
30	Supplies & Services - White Board Maintenance	20	170	6	10	(10)
100	Administration costs - Telephones/Line Rental	114	95	86	101	(13)
	<b><u>Legal &amp; Democratic Services</u></b>					
54	Admin - Various Budgets	63	53	35	46	(17)
31	Admin - Postages (Franking Machine)	49	41	27	29	(20)
(88)	Income - Liquor Licences	(116)	(97)	(87)	(96)	20
(12)	Income - Recharges (Franking Machine)	(28)	(23)	(7)	(10)	18
<b>(33,812)</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>(33,451)</b>	<b>(27,597)</b>	<b>31,253</b>	<b>(33,621)</b>	<b>(192)</b>

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14 £000	Phased Budget To Period 10 2013/14 £000	Actual To Period 10 2013/14 £000	Projected Spend 2013/14 £000	Amount to be Earmarked for 2014/15 & Beyond £000	Lead Officer Update
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	4,135	0	0	1,800	2,335	To meet costs of early release of employees arising from the 2013/16 budget. Commitments to date for 2013/14 are £1,761k which is expected to be incurred at year end. Update on this EMR elsewhere on the agenda.
Modernisation Fund	Alan Puckrin	570	36	17	59	511	Various modernisation projects, proposals on utilisation being developed. Approval given for £50k CHCP backscanning. Options for Channel Shift projects being discussed, 2 x Temp posts funding agreed. CHCP Backscanning post to be funded from 1st March 14
Procurement Development Fund	Alan Puckrin	124	50	38	45	79	To be spent on Procurement Development. Temporary Project officer funded to 31/03/15.
RVJB Capital Contribution	Alan Puckrin	27	0	0	10	17	Annual recharge at year end.
Workforce Development Fund	Alasdair Moore	22	23	0	0	22	Sum set aside for Finance Development Capacity Plan courses and setting up the new Port Glasgow Training suite. £5k for Finance Development Capacity Plan is now expected to be spend in 2014/15 instead of Feb / Mar 2014 as previously envisaged. £17k will be utilised to set up the new Port Glasgow Training Suite which will now be incurred in 2014/15.
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	99	120	138	165	Funding from DWP & Government used for upgrading systems & extra temporary staff to address Welfare Reforms.
Implementation of Saving Workstreams	Alan Puckrin	79	20	0	10	69	New workstream programme approved. Envisaged that delivery of the workstreams will result in some one-off costs. No spend incurred to date.
ICT Shared Services	Aubrey Fawcett	32	13	33	32	0	Budget of £68k transferred to Modernisation Fund. Full spend of remaining budget incurred with a £1k refund due within this financial year based on spend information provided by East Renfrewshire Council.
Protection of Vulnerable Groups	Alasdair Moore	208	55	36	64	144	PV/G 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. This post has been vacant from end of October 2013 and therefore projected spend for 2013/14 has been reduced by £3k. Spend expected to be incurred throughout the year.



<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u>	<u>Phased Budget To Period 10 2013/14</u>	<u>Actual To Period 10 2013/14</u>	<u>Projected Spend 2013/14</u>	<u>Amount to be Earmarked for 2014/15 &amp; Beyond</u>	<u>Lead Officer Update</u>
Feasibility Study - Hydro Electric Scheme	John Mundell	11	4	0	11	0	To fund Hydro Electric Project Feasibility and assist current project implementation. Costs relate to potential partnership with Scottish Water Horizons for Hydro Project. Full spend is expected to be incurred in period 11.
Microsoft Licensing	Robert Stoakes	138	15	12	12	126	To fund 3 year contract for Microsoft licenses. Spend expected to start from October 2013 onwards.
2013/16 Revenue Contingency	Alan Puckrin	550	60	0	92	458	Sum set aside for unforeseen items over the 3 year budget 2013/14. Current commitments are £45k WEL, £28k Newark Castle Lighting, £50k for Kelburn Park improvements and upgrades along with other Council parks and £44k for City Deal. For 2013/14 full spend is projected for WEL, £3k for Newark Castle Lighting and £41k for City deal. The Parks spend is projected to be incurred in 2014/15.
Increased Officer Capacity - Equalities Officer	Wilma Bain	60	21	14	19	41	1 fte Equalities Officer (Grade 1) started on 15/7/13. Hours were reduced to 0.6fte from 16/09/13 with no backfill anticipated. Post will return to 1 fte during University summer holidays. Cost for 2 year contract now projected to be £56k. Post in place until 15/07/15.
Increased Officer Capacity - Communications Assistant	Alasdair Moore	55	17	17	21	34	New Grade F post for 2 year period to support Communications Officer (Media). Post started 28 May 2013.
Discretionary Housing Payments / Welfare Reform	Alan Puckrin	250	0	0	0	250	This new reserve was approved at Policy & Resources Committee on 24 September 2013 and is additional funding to support those affected by the 'bedroom tax' and other aspects of welfare reform.
Loan Charge EMR - To meet spike in loan charges from 2016/17	Alan Puckrin	1,200	0	0	0	1,200	This new reserve was approved at Feb 2014 Budget Setting and is to meet potential spike in loan charges from 2016/17.
<b>Total</b>		<b>7,840</b>	<b>413</b>	<b>287</b>	<b>2,353</b>	<b>5,487</b>	

REVENUE BUDGET MONITORING REPORT 2013/14PERIOD 10 : 1st April 2013 to 31st January 2014

	Final Outturn 2012/13	Approved Budget 2013/14	Budget to Date 2013/14	Actual to Date 2013/14	Projected Outturn 2013/14
<b><u>PROPERTY COSTS</u></b>	<b>18,520</b>	<b>5,000</b>	<b>4,100</b>	<b>12,230</b>	<b>6,500</b>
Repairs & Maintenance	9,680	4,000	3,300	20	3,500
Rates <b>1</b>	8,700			12,210	0
Property Insurance	140	1,000	800		1,000
Marketing Costs					2,000
<b><u>ADMINISTRATION COSTS</u></b>	<b>11,620</b>	<b>8,500</b>	<b>300</b>	<b>2,700</b>	<b>11,200</b>
Sundries	3,420	300	300	2,700	3,000
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>147,180</b>	<b>132,800</b>	<b>130,100</b>	<b>112,900</b>	<b>129,770</b>
Christmas Lights Switch On	9,530	10,500	10,500		10,500
Christmas Dinners/Parcels	16,570	18,000	18,000	16,530	18,000
Christmas Decorations	35,400	35,400	35,400	35,400	35,400
Gourock Highland Games	29,400	29,400	29,400	26,370	26,370
Armistice Service	5,470	8,300	8,300	7,990	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	12,600	10,310	12,600
Contingency for future Community Events		2,200	0		2,200
Society of the Innocents Rent Rebate	3,750	3,100	2,600	3,000	3,100
Bad Debt Provision	21,160	0	0		0
<b><u>INCOME</u></b>	<b>(212,590)</b>	<b>(146,300)</b>	<b>(120,200)</b>	<b>(94,680)</b>	<b>(292,200)</b>
Property Rental	(144,550)	(188,800)	(157,300)	(94,600)	(188,800)
Void Rents <b>2</b>		44,500	37,100		53,600
Internal Resources Interest	(1,540)	(2,000)	0	(80)	(2,000)
Donations	(1,500)				0
Lease Premium	(65,000)				0
Disposal of Land <b>3</b>					(155,000)
<b><u>NET ANNUAL EXPENDITURE</u></b>	<b>(35,270)</b>	<b>0</b>	<b>14,300</b>	<b>33,150</b>	<b>(144,730)</b>
<b><u>EARMARKED FUNDS</u></b>	<b>6,270</b>	<b>249,000</b>	<b>0</b>	<b>1,760</b>	<b>249,000</b>
Replacement of SV Comet	6,270	0			0
John Wood St/Bay St Shop Improvemnts		95,000			95,000
Contribution to Parade - Royal Regiment of Scotland		4,000		1,760	4,000
Contribution to Regeneration Projec <b>4</b>		150,000			150,000
<b><u>TOTAL NET EXPENDITURE</u></b>	<b>(29,000)</b>	<b>249,000</b>	<b>14,300</b>	<b>34,910</b>	<b>104,270</b>

Fund Balance as at 31st March 2013

249,560

Projected Fund Balance as at 31st March 2014

145,290

**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
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.

**3 Disposal of Land**

Following a marketing exercise of the site at Port Glasgow Road, Greenock, offers have been received and it is proposed to dispose of the site for a receipt of £155,000.

**4 Contribution to Regeneration Projects, Lower Port Glasgow**

On 20th February 2014 Council agreed a contribution of £150,000 from the Common Good to part fund £500,000 of Regeneration projects within Lower Port Glasgow.