
Report To:	Policy & Resources Committee	Date:	20 May 2014
Report By:	Chief Executive, Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Head of Finance	Report No:	FIN/25/14/JB/AE
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Subject:	Policy & Resources Committee 2013/14 Revenue Budget – Period 11 to 28 Feb 2014		

1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 11 (28 Feb 2014).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2013/14 is £14,796,000. This excludes Earmarked Reserves of £8,067,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £385,000, an increase in £128,000 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) £27,000 underspend within Finance Employee costs due to turnover savings.
 - c) £120,000 over-recovery within Benefit Subsidy based on the final year end return completed April 2014.
 - d) £58,000 over-recovery within prior year's Council Tax income collection.
 - e) £36,000 over-recovery of ICT income mainly due to sale of PCs.
 - f) £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 total £8,067,000 of which £2,288,000 is projected to be spent in the current financial year. To date expenditure of £354,000 (15.5%) 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 28 Feb 2014 to 92.4%. Spend to date per profiling was expected to be £455,000 therefore slippage equates to £101,000 (22.2%). 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 a negative fund balance at 31 March 2014 of £8,670. This movement of £153,960 since period 10 is mainly due to the previously approved sale of land at Port Glasgow Road, Greenock not materialising; the site has been re-advertised for sale.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2013/14 projected underspend of £385,000 for the Policy & Resources Committee as at Period 11 (28 Feb 2014).
- 3.2 The Committee note that the former Bogston Filling Station site is being re-advertised for sale.

John Mundell
Chief Executive

Jan Buchanan
Head of Finance

Patricia Cassidy
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 £385,000.

5.0 2013/14 CURRENT POSITION

- 5.1 The current projection is an underspend of £385,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:
- 5.3 **Finance - £191,000 Underspend**

Employee Costs: Current projection is an underspend of £27,000, which is an increase in underspend of £5,000 since last reported to Committee in period 10, mainly due to additional turnover savings.

Supplies & Services: £19,000 overspend is being projected which is an increase in spend of £7,000 since period 10 report to Committee mainly due to an increase in spend within Computer Software maintenance.

Income: Current projection is an over-recovery of £179,000 which is an increase in recovery of £128,000 since last reported to Committee due to a £70,000 over-recovery within Benefit Subsidy being projected based on the final year end return and £58k over-recovery projected within Council Tax income for prior years.

5.4 ICT Services - £60,000 Underspend

Supplies & Services: An underspend of £12,000 which is an increase in spend of £7,000 since last reported to Committee, mainly due to an increase in software maintenance costs.

Administration Costs: The current projected underspend is £1,000 which is an increase in spend of £12,000 mainly due to training courses, external consultants and line rental charges. The increase in costs is partially being offset by an increase in income.

Income: £36,000 projected over-recovery of income which is a further increase of £6,000 since last reported to Committee mainly due to a further increase in PC sales. This increase in income will be used to partially offset the increase in Administration costs.

5.5 Legal & Democratic Service – £21,000 Underspend

Employee Costs: An underspend of £8,000 is projected which is a decrease in spend of £3,000 since last reported to Committee, mainly due to a reduction in overtime.

Administration Costs: An underspend of £37,000 is projected within Administration costs which was reported to Committee in period 10. The underspend is mainly due a £20,000 underspend for Franking Machine offset by a reduction in income and 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 mainly due to a reduction in Liquor Licences income and Franking Machine income which was reported at the previous Committee.

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

5.7 Organisational Development - £27,000 Underspend

Employee Costs: An underspend of £18,000 is projected mainly due to turnover savings. This is an increase in underspend of £3,000 since last reported to Committee.

5.8 The following material variance relate to the Miscellaneous budget:

5.9 Miscellaneous – £88,000 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.

Audit Fee: Since last reported to Committee, Audit Fee is projected to underspent by £10,000 due to a reduction on current estimated bills from Audit Scotland and a recharge of Audit fees to charities.

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 £8,067,000 of which £2,288,000 is projected to be spent in 2013/14 and the remaining balance of £5,779,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £354,000 represents 15.5% 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 28 February to 92.4%. Spend to date per profiling was expected to be £455,000 therefore slippage equates to £101,000 (22.2%). 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 overspend of £9,230 in the Common Good Fund for 2013/14 as at 28 February 2014. Committee is being asked to note that the previously agreed sale of land at Port Glasgow Road, Greenock has fallen through and the anticipated receipt has been removed. The site has been re-advertised and the considered offers will be reviewed by the Environment and Regeneration Committee in due course.

9.0 IMPLICATIONS

9.1 FINANCE

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

9.2 LEGAL

There are no specific legal implications arising from this report.

9.3 HUMAN RESOURCES

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

9.4 EQUALITIES

There are no equality issues arising from this report.

9.5 REPOPULATION IMPLICATIONS

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.

POLICY & RESOURCES

Appendix 1

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 11: 1st April 2013- 28th Feb 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	5,125	4,934	(191)
ICT	2,172	2,175	2,115	(60)
Legal & Democratic Services	1,726	1,744	1,723	(21)
Total Net Expenditure Environment, Regeneration & Resources	14,757	9,044	8,772	(272)
Organisational Development, Human Resources & Communications	1,897	1,915	1888	(27)
Corporate Policy	178	180	180	0
Total Net Expenditure Education, Communities & Organisational Development	2,075	2,095	2,068	(27)
Chief Executive	366	369	371	2
Miscellaneous	5,389	3,515	3,427	(88)
TOTAL NET EXPENDITURE	22,587	15,023	14,638	(385)
Earmarked reserves	0	(227)	(227)	
Total Net Expenditure excluding Earmarked Reserves	22,587	14,796	14,411	(385)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 11: 1st April 2013- 28th Feb 2014**

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 28/02/14 £000	Projection 2013/2014 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,911	Employee costs	3,946	3,473	3,424	3,919	(27)
(35,684)	Benefits Subsidy	(35,969)	(33,550)	(32,842)	(36,089)	(120)
8	Computer Software/Hardware Maintenance	16	15	28	37	21
0	Council Tax Collection	(100)	(92)	0	(158)	(58)
	<u>Organisational Development, HR & Communications & Events</u>					
1,654	Employee Costs	1,594	1,387	1,371	1,576	(18)
	<u>Miscellaneous</u>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
251	Audit Fees	270	0	170	260	(10)
	<u>ICT</u>					
(23)	Sales Fees & Charges	(26)	(22)	(57)	(56)	(30)
30	Supplies & Services - White Board Maintenance	20	18	6	10	(10)
(338)	Income - Recharges	(327)	(309)	(319)	(338)	(11)
	<u>Legal & Democratic Services</u>					
40	Admin - Various Budgets	50	32	27	33	(17)
31	Admin - Postages (Franking Machine)	49	44	28	29	(20)
(88)	Income - Liquor Licences	(116)	(93)	(91)	(93)	23
(10)	Income - Recharges (Franking Machine)	(28)	(26)	(6)	(10)	18
(34,500)	TOTAL MATERIAL VARIANCES	(34,793)	(32,596)	(31,685)	(35,099)	(333)

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14 £000	Phased Budget To Period 11 2013/14 £000	Actual To Period 11 2013/14 £000	Projected Spend 2013/14 £000	Amount to be Earmarked for 2014/15 & Beyond £000	Lead Officer Update
Early Retiral/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.
Modernisation Fund	Alan Puckrin	570	46	22	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	Jan Buchanan	124	55	42	45	79	To be spent on Procurement Development. Temporary Project officer funded to 31/03/15.
RVJB Capital Contribution	Jan Buchanan	27	0	0	10	17	Annual recharge at year end.
Workforce Development Fund	Barbara McQuarrie	22	27	2	8	14	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. £8k spend is expected to be incurred in 2013/14 for the port Glasgow Training Suite with the balance £9k being 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	Jan Buchanan	303	106	134	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.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u> £000	<u>Phased Budget To Period 11 2013/14</u> £000	<u>Actual To Period 11 2013/14</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Amount to be Earmarked for 2014/15 & Beyond</u> £000	<u>Lead Officer Update</u>
ICT Shared Services	Alan Puckrin	32	13	32	32	0	Budget of £68k transferred to Modernisation Fund. Full spend of remaining budget incurred.
Protection of Vulnerable Groups	Barbara McQuarrie	208	61	45	64	144	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. 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.
Feasibility Study - Hydro Electric Scheme	John Mundell	11	8	11	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 has been incurred.
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	19	19	531	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, £44k for City Deal and £5k for the Toll Boys Memorial. For 2013/14 £19k spend is projected for City deal. The remaining spend is projected to be incurred in 2014/15.
Increased Officer Capacity - Equalities Officer	Wilma Bain	60	25	16	19	41	1 fte Equalities Officer (Grade I) 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	Barbara McQuarrie	55	19	19	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	Jan Buchanan	477	0	0	0	477	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.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u> £000	<u>Phased Budget To Period 11 2013/14</u> £000	<u>Actual To Period 11 2013/14</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Amount to be Earmarked for 2014/15 & Beyond</u> £000	<u>Lead Officer Update</u>
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.
Total		8,067	455	354	2,288	5,779	

REVENUE BUDGET MONITORING REPORT 2013/14**PERIOD 11 : 1st April 2013 to 28th February 2014**

	Final Outturn 2012/13	Approved Budget 2013/14	Budget to Date 2013/14	Actual to Date 2013/14	Projected Outturn 2013/14
<u>PROPERTY COSTS</u>	18,520	5,000	4,600	12,230	3,500
Repairs & Maintenance	9,680	4,000	3,700	20	500
Rates	8,700			12,210	0
Property Insurance	140	1,000	900		1,000
Marketing Costs					2,000
<u>ADMINISTRATION COSTS</u>	11,620	8,500	6,300	10,200	12,400
Sundries	3,420	300	300	4,200	4,200
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>	147,180	132,800	130,300	127,520	129,830
Christmas Lights Switch On	9,530	10,500	10,500	10,130	10,130
Christmas Dinners/Parcels	16,570	18,000	18,000	17,990	18,000
Christmas Decorations	35,400	35,400	35,400	35,400	35,400
Gourock Highland Games	29,400	29,400	29,400	29,400	29,400
Armistice Service	5,470	8,300	8,300	7,990	8,000
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		0
Society of the Innocents Rent Rebate	3,750	3,100	2,800	3,000	3,000
Bad Debt Provision	21,160	0	0		0
<u>INCOME</u>	(212,590)	(146,300)	(132,300)	(118,620)	(136,500)
Property Rental	(144,550)	(188,800)	(173,100)	(117,320)	(188,800)
Void Rents		44,500	40,800		53,600
Internal Resources Interest	(1,540)	(2,000)	0	(1,300)	(1,300)
Donations	(1,500)				0
Lease Premium	(65,000)				0
Disposal of Land					0
<u>NET ANNUAL EXPENDITURE</u>	(35,270)	0	8,900	31,330	9,230

Fund Balance as at 31st March 2013**249,560****Projected Fund Balance as at 31st March 2014****240,330****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
15 John Wood Street
74 Port Glasgow Road

May 2010 - Lease to be agreed.
December 2012
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 had been received and it was proposed to dispose of the site for a receipt of £155,000. This disposal has now fallen through and as a result no receipt is being projected at this time. It is however proposed that the site be re-marketed on a sale or lease basis, whichever is more favourable.

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.

5 Approved Projects

In addition to the annual budget highlighted above committee have approved contributions to Regeneration Projects, Lower Port Glasgow, Improvements to shops in Bay St/John Wood St, Port Glasgow and a contribution to a parade by the Rpyel Regiment of Scotland.