
Report To:	Policy & Resources Committee	Date:	18 November 2014
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/63/14/JB/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2014/15 Revenue Budget – Period 6 to 30 September 2014		

1.0 PURPOSE

- 1.1 To advise Committee of the 2014/15 projected out-turn for the Policy & Resources Committee as at Period 6 (30 September 2014).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2014/15 is £17,440,000. This excludes Earmarked Reserves of £2,391,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,316,000 which is an increase in spend of £15,000 since last reported to Committee.

The main reasons for this underspend are:

- a) A one-off £1,000,000 underspend due to a significant reduction in calls on the non-pay inflation contingency.
 - b) Projected underspend of £108,000 within Finance Employee costs mainly due to turnover savings.
 - c) A £60,000 underspend within Benefit Subsidy based on mid-year return produced in August 2014.
 - d) A £50,000 over-recovery of prior year council tax income.
 - e) £34,000 projected underspend within Organisational Development, HR & Communications due to additional turnover savings.
- 2.3 The Earmarked Reserves for 2014/15 total £2,391,000 of which £857,000 is projected to be spent in the current financial year. To date expenditure of £346,000 (40.37%) has been incurred which is £70,000 over the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 3 excludes Earmarked Reserves for Asset Plans and Strategic Funds.

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- 2.4 The Common Good Fund is projecting a fund balance at 31 March 2015 of £116,990 following the transfer of £150,000 of investment in Port Glasgow Town Centre from the Common Good to the General Fund.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the 2014/15 projected underspend of £1,316,000 for the Policy & Resources Committee as at Period 6 (30 September 2014).
- 3.2 That the Committee note the projected fund balance of £116,990 for the Common Good Fund.

John Mundell
Chief Executive

Alan Puckrin
Chief Financial Officer

Patricia Cassidy
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 2014/15 budget and to highlight the main issues contributing to the projected underspend of £1,316,000.

5.0 2014/15 CURRENT POSITION

5.1 The current projection is an underspend of £1,316,000. The following are the material variances:

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

Finance - £221,000 Underspend

Employee Costs: Projected underspend of £108,000, an increase in spend of £60,000 since last reported to Committee. Increase is mainly due to temporary employee costs previously projected to be funded from Earmarked reserves now being funded from core budget.

Other Expenditure: Current projection is an underspend of £60,000 within Benefit Subsidy based on the mid-year return produced in August 2014. There has been no changes to projections since last reported to Committee.

Income: In period 4 income was projected on-line with budget. Current projection is an over-recovery of £47,000 mainly due to a projected over-recovery of prior year Council tax income of £50,000.

ICT - £23,000 Underspend

Supplies & Services: A Projected underspend of £23,000 was reported to Committee in period 4. Current projection is an underspend of £7,000 an increase in spend of £16,000 due to an increase in computer hardware maintenance costs.

Income: An increase in income of £15,000 is projected since last reported to Committee mainly due to a £9,000 increase in income from sale of PCs and a £6,000 increase in income from Service Level Agreement with Inverclyde Leisure due to early achievement of savings.

Legal & Property Service – £3,000 Underspend

Administration Costs: Since period 4 report to Committee an underspend of £14,000 is projected mainly due to a reduction in franking machine costs which is offset by a reduction in income.

Income: An under-recovery of £16,000 is projected which is an increase in under-recovery of £18,000 mainly due to a decrease in franking machine recharges to Services as mentioned above.

The following material variance relate to the Education & Communities Directorate:

5.3 **Organisational Development, HR & Communications – £61,000 Underspend**

Employee Costs: Projected underspend of £34,000 mainly due to additional turnover savings which is a minor increase in underspend of £1,000 since last reported to Committee.

Other Expenditure Costs: Projected underspend of £16,000 mainly due to a £10,000 projected decrease in spend for Consultants based on current spend pattern.

5.4 The following material variance relates to the Miscellaneous budget:

Miscellaneous – £1,000,000 Underspend

Inflation Contingency: A £1,000,000 projected reduction in spend due to a significant reduction in calls on the non-pay inflation contingency. There has been no change to projections since period 4.

6.0 VIREMENT

6.1 There are no virements to report in period 6.

7.0 EARMARKED RESERVES

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,391,000 of which £857,000 is projected to be spent in 2014/15 and the remaining balance of £1,534,000 to be carried forward to 2015/16 and beyond. It can be seen that expenditure of £346,000 has been achieved which is £70,000 over the phased budgeted spend to date and represents 40.37% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 3 shows a projected overspend of £12,600 in the Common Good Fund as at 30 September 2014. This results in a projected available fund balance at 31 March 2015 of £116,990.

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

There are no repopulation issues arising from this report.

10.0 CONSULTATIONS

10.1 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.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 6: 1st April 2014- 30th Sept 2014

Service	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend £000
Finance	6,054	6,076	5,855	(221)
ICT	2,206	2,166	2,143	(23)
Legal & Property Services	1,731	1,719	1,716	(3)
Total Net Expenditure Environment, Regeneration & Resources	9,991	9,961	9,714	(247)
Organisational Development, Human Resources & Communications	1,877	1,877	1816	(61)
Corporate Policy	183	183	175	(8)
Total Net Expenditure Education, Communities & Organisational Development	2,060	2,060	1,991	(69)
Chief Executive	356	368	368	0
Miscellaneous	5,638	5,051	4,051	(1,000)
TOTAL NET EXPENDITURE	18,045	17,440	16,124	(1,316)
Earmarked reserves				
Total Net Expenditure excluding Earmarked Reserves	18,045	17,440	16,124	(1,316)

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 6: 1st April 2014 - 30th Sept 2014

Outturn 2013/14 £000	Budget Heading	Budget 2014/15 £000	Proportion of Budget £000	Actual to 30/09/14 £000	Projection 2014/2015 £000	Over/(Under) Budget £000
Legal & Property 3,897	<u>Finance</u> Employee Costs	3,897	1,890	1,902	3,789	(108)
0	Council tax income Prior Year	(100)	(50)	0	(150)	(50)
36,407	Benefits & Allowances	36,957	18,479	16,963	36,897	(60)
	<u>Organisational Development, HR & Communications & Events</u>					
1,574	Employee Costs	1,570	761	733	1,536	(34)
86	Consultants	100	50	38	90	(10)
	<u>Miscellaneous</u>					
2,677	Inflation Contingency	3,164	1,582	633	2,164	(1,000)
	<u>ICT</u>					
30	Supplies & Services -Computer Hardware - Maint	24	12	24	38	14
448	Supplies & Services -computer software maintenance	462	231	478	448	(14)
	<u>Legal & Property Services</u>					
24	Administration - Postages	40	20	13	30	(10)
(9)	Income -Recharges Franking machine	(28)	(14)	(3)	(10)	18
41,237	TOTAL MATERIAL VARIANCES	42,189	21,071	18,879	41,043	(1,254)

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 6 2014/15</u>	<u>Actual To Period 6 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
Legal & Property Services		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	514	77	130	213	301	Largely funding extra staff for development and backscanning. Ahead of phased budget due to increase in cost of CHCP Backscanning. £241k unallocated.
Procurement Development Fund	Jan Buchanan	79	24	23	47	32	Funding additional Procurement Officer until March 2015.
Workforce Development Fund	S McNab	20	3	11	14	6	£5k set aside for Finance Development Capacity Plan - budget training for teachers. Remaining £15k is for setting up the new Port Glasgow Training suite. £14k spend expected to be incurred by year end.
Welfare Reforms - Operational	Jan Buchanan	336	64	0	209	127	Approved by Committee to carry forward operational impact of Welfare Reform.
Budget Development	Alan Puckrin	150	0	0	30	120	New EMR Created from previous Workstream Delivery EMR of £79k and £71k from Revenue Contingency. Proposed to use this fund to assist in the development and delivery of the 2015/18 Budget. To date, £13k has been committed to be spend on budget consultation by Feb 15.
Protection of Vulnerable Groups	S McNab	146	36	24	56	90	PVG expenditure is phased over 3 years starting from November 2012. Spend expected to be incurred throughout the year. A Grade C 18.5 hrs post and a Grade C 25 hrs post is being funded through this budget.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 6 2014/15</u>	<u>Actual To Period 6 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Legal & Property Services							
2013/16 Revenue Contingency	Alan Puckrin	457	50	112	173	284	Sum set aside for unforeseen items over the 3 year budget 2013/16. 2013/14 commitments totalled £167,000 of which £22k was spent as at 31/03/14 and £71k has been spent in 2014/15 to date. 2014/15 commitments made up of £5k for the Toll Boys Memorial, £14k for the Queens Baton Relay, £10k for Race 2 the Games, £17k for new polling booths and an additional £7k for City Deal. The Queen's Baton Relay, Race 2 the Games and Polling Booths have been fully spent. £259k remains uncommitted. Note that EMR has been reduced by £71k to create new Budget Development EMR.
Increased Officer Capacity - Equalities Officer	Wilma Bain	41	8	8	41	0	Equalities Officer currently working 0.6fte will revert to 1.0fte from 1/8/14. As a result of saving of £25k being removed in Feb 2014 there is now a funding shortfall of £9k. Service is currently working towards identifying alternative funding for shortfall in 2015/16.
Increased Officer Capacity - Communications Assistant	S McNab	34	14	13	27	7	New Grade F post for 2 year period to support Communications Officer (Media). Post started 28 May 2013.
Discretionary Housing Payments / Welfare Reform - Policy	Jan Buchanan	613	0	24	46	567	Funding to support Policy impacts arising from Welfare Reform changes.
Civica Hospitality (Inverclyde Music Festival)	Gerard Malone	1	0	1	1	0	Complete.
Total		2,391	276	346	857	1,534	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2014/15

PERIOD 4 : 1st April 2014 to 30th September 2014

	Final Outturn 2013/14	Approved Budget 2014/15	Budget to Date 2014/15	Actual to Date 2014/15	Projected Outturn 2014/15
<u>PROPERTY COSTS</u>	16,560	5,000	2,500	14,070	5,000
Leq Repairs & Maintenance	530	4,000	2,000	2,570	4,000
Rates	12,210			13,890	0
Property Insurance	2,900	1,000	500	(2,390)	1,000
Marketing Costs	920				
<u>ADMINISTRATION COSTS</u>	11,200	8,500	200	2,150	10,700
Sundries	3,000	300	200	2,150	2,500
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	0		6,000
<u>OTHER EXPENDITURE</u>	113,390	133,000	44,300	15,890	131,600
Christmas Lights Switch On	10,130	10,500	0		10,500
Christmas Dinners/Parcels	17,990	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	7,990	8,300	0	490	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	0		12,600
Contingency for future Community Events		2,400	0	600	1,000
Society of the Innocents Rent Rebate	3,000	3,100	1,600	1,500	3,100
Bad Debt Provision	(16,420)	0	0		0
<u>INCOME</u>	(117,950)	(146,500)	(72,300)	(56,240)	(134,700)
Property Rental	(116,650)	(164,150)	(82,100)	(56,200)	(164,150)
Void Rents		19,650	9,800		30,750
Internal Resources Interest	(1,300)	(2,000)	0	(40)	(1,300)
Donations					0
Lease Premium					0
Disposal of Land					0
<u>NET ANNUAL EXPENDITURE</u>	23,200	0	(25,300)	(24,130)	12,600
<u>EARMARKED FUNDS</u>	0	95,000	0	0	95,000
John Wood St/Bay St Shop Improvemnts		95,000			95,000
<u>TOTAL NET EXPENDITURE</u>	23,200	95,000	(25,300)	(24,130)	107,600

Fund Balance as at 31st March 2014

224,590

Projected Fund Balance as at 31st March 2015

116,990

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:

15 John Wood Street
17 John Wood Street
74 Port Glasgow Road

December 2012
March 2014
September 2012

3 Land at Port Glasgow Road

Following a marketing exercise of the site at Port Glasgow Road, Greenock, no satisfactory offers were received. The site will now be re-marketed.

4 Approved Projects

In addition to the annual budget highlighted above committee have previously approved funding for Improvements to Shops in Bay St/John Wood St, Port Glasgow.