
Report To: Policy & Resources Committee **Date:** 03 February 2015

Report By: Chief Executive, Corporate Director **Report No:** FIN/02/15/AP/AE
Environment, Regeneration &
Resources, Corporate Director
Education Communities &
Organisational Development and
Chief Financial Officer

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Subject: Policy & Resources Committee 2014/15 Revenue Budget – Period 8
to 30 November 2014

1.0 PURPOSE

- 1.1 To advise Committee of the 2014/15 projected out-turn for the Policy & Resources Committee as at Period 8 (30 November 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 £1,530,000 which is a further decrease in spend of £214,000 since last reported to Committee.

The main reasons for this underspend are:

- a) One-off £1,100,000 underspend due to a significant reduction in calls on the non-pay inflation contingency.
 - b) Projected underspend of £129,000 within Finance Employee costs mainly due to extra turnover savings.
 - c) A £60,000 underspend within Benefit Subsidy based on mid-year return produced in August 2014.
 - d) A £100,000 over-recovery of prior year council tax income.
 - e) £36,000 projected underspend within Organisational Development, HR & Communications due to additional turnover savings.
- 2.3 The Earmarked Reserves for 2014/15 totals £2,391,000 of which £866,000 is projected to be spent in the current financial year. To date expenditure of £431,000 (49.77%) has been incurred which is £99,000 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.
- 2.4 The Common Good Fund is projecting a fund balance at 31 March 2015 of £91,290 following the transfer of £150,000 of investment in Port Glasgow Town Centre from the Common Good to the General Fund. This is below the minimum level of reserves of £100,000 recommended and consideration as to how this matter can be addressed will form part of the forthcoming budget.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2014/15 projected underspend of £1,530,000 for the Policy & Resources Committee as at Period 8 (30 November 2014).
- 3.2 The Committee note the projected fund balance of £91,290 for the Common Good Fund.

John W 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 £1,530,000.

5.0 2014/15 CURRENT POSITION

- 5.1 The current projection is an underspend of £1,530,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £290,000 Underspend

Employee Costs: Projected underspend of £129,000, a decrease in spend of £21,000 since last reported to Committee mainly due to additional turnover savings being achieved.

Other Expenditure: Current projection is an underspend of £60,000 within Benefit Subsidy based on the mid-year return produced in August 2014. The increased subsidy arises from the high level of benefits processing accuracy and the extra income has been put forward as a budget saving from 2015/16. There have been no changes to projections since last reported to Committee.

Income: An over-recovery of £47,000 was projected in period 4. Current projected over-recovery is £110,000, an increase in income of £63,000 since last reported to Committee. This increase has been mainly due to an additional £50,000 projected over-recovery of prior year Council tax income and a £12,000 statutory additions income based on prior year out-turn.

ICT - £45,000 Underspend

Supplies & Services: A projected underspend of £7,000 was reported to Committee in period 6. Current projection is an underspend of £20,000 a decrease in spend of £13,000 mainly due to a reduction in computer software maintenance costs.

Administration Costs: Current projection is an underspend of £5,000, a decrease in spend of £12,000 since last reported to Committee. The reduction in spend is mainly due to minor projected underspends within Training and Telephone budgets.

Income: As reported to Committee in period 6, income is projected to over-recover by £15,000 mainly due to additional income from sale of PC's and an increase in income from Service Level Agreement with Inverclyde Leisure due to early achievement of savings.

Legal & Property Services – £18,000 Underspend

Employee Costs: Current projection is an underspend of £20,000 which is an increase in underspend of £15,000 since last reported to Committee due to additional turnover savings.

- 5.3 The following material variance relates to the Education & Communities Directorate:

Organisational Development, HR & Communications – £69,000 Underspend

Employee Costs: Projected underspend of £36,000 mainly due to additional turnover savings which is a minor increase in underspend of £2,000 since last reported to Committee.

Other Expenditure Costs: Projected underspend of £25,000, an increase in underspend of £9,000 since last reported to Committee mainly due to a £6,000 underspend projected within Workforce Development Budget based on spend to date and estimated spend to year end.

5.4 The following material variance relates to the Miscellaneous budget:

Miscellaneous – £1,100,000 Underspend

Inflation Contingency: A £1,100,000 projected reduction in spend due to a significant reduction in calls on the non-pay inflation contingency. This is an increase of £100,000 since last reported to Committee.

6.0 VIREMENT

6.1 There are no virements to report in period 8.

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 £866,000 is projected to be spent in 2014/15 and the remaining balance of £1,525,000 to be carried forward to 2015/16 and beyond. It can be seen that expenditure of £431,000 has been achieved which is £99,000 over the phased budgeted spend to date and represents 49.77% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 3 shows a projected overspend of £23,300 in the Common Good Fund as at 30 November 2014. This results in a projected available fund balance at 31 March 2015 of £91,290. This is below the minimum level of reserves of £100,000 recommended and consideration as to how this matter can be addressed will form part of the forthcoming budget.

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 Chief Executive, 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 8: 1st April 2014- 30th Nov 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	5,786	(290)
ICT	2,206	2,166	2,121	(45)
Legal & Property Services	1,731	1,719	1,701	(18)
Total Net Expenditure Environment, Regeneration & Resources	9,991	9,961	9,608	(353)
Organisational Development, Human Resources & Communications	1,877	1,877	1808	(69)
Corporate Policy	183	183	175	(8)
Total Net Expenditure Education, Communities & Organisational Development	2,060	2,060	1,983	(77)
Chief Executive	356	368	368	0
Miscellaneous	5,638	5,051	3,951	(1,100)
TOTAL NET EXPENDITURE	18,045	17,440	15,910	(1,530)
Earmarked reserves				
Total Net Expenditure excluding Earmarked Reserves	18,045	17,440	15,910	(1,530)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2014 - 30th Nov 2014**

Outturn 2013/14 £000	Budget Heading	Budget 2014/15 £000	Proportion of Budget £000	Actual to 30/11/14 £000	Projection 2014/2015 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,897	Employee Costs	3,897	2,488	2,507	3,768	(129)
0	Council tax income Prior Year	(100)	(67)	0	(200)	(100)
36,407	Benefits & Allowances	36,957	18,479	16,963	36,897	(60)
(268)	Statutory Additions	(240)	(130)	(150)	(252)	(12)
	<u>Organisational Development, HR & Communications & Events</u>					
1,574	Employee Costs	1,570	1,002	967	1,534	(36)
228	Other Expenditure	265	177	155	240	(25)
	<u>Miscellaneous</u>					
2,677	Inflation Contingency	3,164	2,109	633	2,064	(1,100)
	<u>ICT</u>					
30	Supplies & Services -Computer Hardware - Maint	24	16	52	38	14
448	Supplies & Services -computer software maintenance	462	308	498	435	(27)
	<u>Legal & Property Services</u>					
1,081	Employee Costs	1,265	808	792	1,245	(20)
46,074	TOTAL MATERIAL VARIANCES	47,264	25,189	22,417	45,769	(1,495)

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 8 2014/15</u>	<u>Actual To Period 8 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Modernisation Fund	Alan Puckrin	514	89	169	212	302	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	Alan Puckrin	79	32	23	47	32	Funding additional Procurement Officer until March 2015.
Workforce Development Fund	S McNab	20	5	8	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	Alan Puckrin	336	84	0	209	127	Approved by Committee to carry forward operational impact of Welfare Reform.
Budget Development	Alan Puckrin	150	0	5	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	48	36	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 8 2014/15</u>	<u>Actual To Period 8 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	
2013/16 Revenue Contingency	Alan Puckrin	457	50	128	183	274	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, £19k for the Queens Baton Relay, £10k for Race 2 the Games, £17k for new polling booths, an additional £7k for City Deal and £10k for Ebola Appeal. The City Deal, Queen's Baton Relay, Race 2 the Games and Polling Booths have been fully spent. £244k remains uncommitted. Note that EMR has been reduced by £71k to create new Budget Development EMR.
Increased Officer Capacity - Equalities Officer	Wilma Bain	41	16	20	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	18	17	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	Alan Puckrin	613	0	24	46	567	Funding to support Policy impacts arising from Welfare Reform changes.
Civic Hospitality (Inverclyde Music Festival)	Gerard Malone	1	0	1	1	0	Complete.
Total		2,391	342	431	866	1,525	

REVENUE BUDGET MONITORING REPORT 2014/15PERIOD 8 : 1st April 2014 to 30th November 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	3,400	16,490	9,000
Repairs & Maintenance	530	4,000	2,700	4,993	8,000
Rates	1	12,210		13,890	0
Property Insurance	2,900	1,000	700	(2,390)	1,000
Marketing Costs	920				
<u>ADMINISTRATION COSTS</u>	11,200	8,500	2,400	7,240	13,400
Sundries	3,000	300	200	5,040	5,200
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	6,000	6,000	0		6,000
<u>OTHER EXPENDITURE</u>	113,390	133,000	44,800	46,270	135,600
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	26,950	29,400
Armistice Service	7,990	8,300	0	3,170	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		0
Society of the Innocents Rent Rebate	3,000	3,100	2,100	2,250	3,100
World War 1 Centenary	5			600	5,000
Bad Debt Provision	(16,420)	0	0		0
<u>INCOME</u>	(117,950)	(146,500)	(96,300)	(64,860)	(134,700)
Property Rental	(116,650)	(164,150)	(109,400)	(64,820)	(164,150)
Void Rents		19,650	13,100		30,750
Internal Resources Interest	(1,300)	(2,000)	0	(40)	(1,300)
Donations					0
Lease Premium					0
Disposal of Land	3				0
<u>NET ANNUAL EXPENDITURE</u>	23,200	0	(45,700)	5,140	23,300
<u>EARMARKED FUNDS</u>	4	0	95,000	0	22,700
John Wood St/Bay St Shop Improvemnts		95,000		22,700	95,000
Port Glasgow Road - Demolition					15,000
<u>TOTAL NET EXPENDITURE</u>	23,200	95,000	(45,700)	27,840	133,300

Fund Balance as at 31st March 2014

224,590

Projected Fund Balance as at 31st March 2015

91,290**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:

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 and the remaining buildings demolished to make the site more marketable.

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.

5 World War 1 Centenary

World War 1 Centenary includes purchase of commemorative benches and attendance at Drumhead Service.