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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>24 March 2015</b>
<b>Report By:</b>	<b>Chief Executive, Corporate Director Environment, Regeneration &amp; Resources, Corporate Director Education Communities &amp; Organisational Development and Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/16/15/AP/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 2014/15 Revenue Budget – Period 10 to 31st January 2015</b>		

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2014/15 projected out-turn for the Policy & Resources Committee as at Period 10 (31st January 2015).

## 2.0 SUMMARY

- 2.1 The total revised Committee budget for 2014/15 is £17,812,000. This excludes Earmarked Reserves of £2,353,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,038,000 which is a further decrease in spend of £508,000 since last reported to Committee.

The main reasons for this underspend are:

- a) One-off £1,400,000 underspend due to a significant reduction in calls on the non-pay inflation contingency. This is an increase in underspend of £300,000 since last reported to Committee.
  - b) Projected underspend of £157,000 within Finance Employee costs, an increase in underspend of £28,000 since period 8 report to Committee, mainly due to extra turnover savings.
  - c) £60,000 projected underspend within Benefit Subsidy based on mid-year return produced in August 2014 due to a reduction in Housing Benefits caseload.
  - d) £150,000 projected over-recovery of prior year council tax income which is an increase of £50,000 since last reported to Committee.
  - e) Since last reported to Committee a further £71,000 income is projected arising from a revised SLA with Scottish water for the collection of water and sewerage income.
  - f) £41,000 projected underspend within Organisational Development, HR & Communications due to additional turnover savings.
- 2.3 The Earmarked Reserves for 2014/15 total £2,353,000 of which £854,000 is projected to be spent in the current financial year. To date expenditure of £650,000 (76.11%) has been incurred which is £123,000 over the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 3 exclude Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.4 The Common Good Fund is projecting a fund balance at 31 March 2015 of £90,490. This is below the minimum level of reserves of £100,000 recommended and action to address this was agreed as part of the 2015/17 budget.

### **3.0 RECOMMENDATIONS**

- 3.1 That the Committee note the 2014/15 projected underspend of £2,038,000 for the Policy & Resources Committee as at Period 10 (31 January 2015).
- 3.2 That the Committee note the projected fund balance of £90,490 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 £2,038,000.

## 5.0 2014/15 CURRENT POSITION

- 5.1 The current projection is an underspend of £2,038,000. This is an increase in underspend of £508,000 since period 8.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

### **Finance - £441,000 Underspend**

Employee Costs: Projected underspend of £157,000, a decrease in spend of £28,000 since last reported to Committee mainly due to additional turnover savings being achieved.

Supplies & Services: Projected overspend of £19,000, an increase in spend of £12,000 since last reported to Committee mainly due to additional telephony software being purchased for the Customer Service Centre.

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: Current projected over-recovery is £238,000, an increase in income of £128,000 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 based on current recovery levels and a £71,000 projected over-recovery for Water and Sewerage SLA. Both these over-recoveries have been factored into the 2015/17 budget.

### **ICT - £53,000 Underspend**

Supplies & Services: Current projection is an underspend of £19,000 a minor decrease in spend of £1,000 since last reported to Committee.

Administration Costs: Current projection is an underspend of £13,000, a decrease in spend of £8,000 since last reported to Committee. The reduction in spend is mainly due to further minor projected underspends within Telephone and Line Rental budgets.

Income: Current projection is an over-recovery of £8,000, a reduction of £7,000 since last reported to Committee mainly due to a reduction in projected income from sale of PCs.

### **Legal & Democratic Service – £44,000 Underspend**

Employee Costs: Current projection is an underspend of £20,000. There has been no change in projections since last reported to Committee.

Administration Costs: An underspend of £20,000 is being projected which is an increase in underspend of £14,000 since last reported to Committee mainly due to minor underspend projected over various budget lines such as Printing & Stationery, Training Courses, Conference Courses, Telephones & Legal Expenses.

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

**Organisational Development, HR & Communications – £92,000 Underspend**

Employee Costs: Projected underspend of £41,000 mainly due to additional turnover savings which is a minor increase in underspend of £5,000 since last reported to Committee.

Other Expenditure Costs: Projected underspend of £30,000, an increase in underspend of £5,000 since last reported to Committee mainly due to an underspend projected within the Events budget.

Administration Costs: An underspend of £14,000 is being projected which is an increase of £11,000 since period 8 report to Committee. The underspend is mainly due to an £8,000 projected underspend within training budgets based on current spend profile.

5.4 The following material variance relate to the Miscellaneous budget:

**Miscellaneous – £1,400,000 Underspend**

Inflation Contingency: A £1,400,000 projected reduction in spend due to a significant reduction in calls on the non-pay inflation contingency arising from the historically low levels of inflation. This is an increase of £300,000 since last reported to Committee.

**6.0 VIREMENT**

6.1 There are no virements to report in period 10.

**7.0 EARMARKED RESERVES**

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,353,000 of which £854,000 is projected to be spent in 2014/15 and the remaining balance of £1,499,000 to be carried forward to 2015/16 and beyond. It can be seen that expenditure of £650,000 has been achieved which is £123,000 over the phased budgeted spend to date and represents 76.11% of the annual projected spend.

**8.0 COMMON GOOD FUND**

8.1 Appendix 3 shows a projected overspend of £24,100 in the Common Good Fund as at 31 January 2015. This results in a projected available fund balance at 31 March 2015 of £90,490. This is below the minimum level of reserves of £100,000 recommended and has been addressed as part of the 2015/17 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**

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 10: 1st April 2014- 31st Jan 2015**

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	6,382	5,941	(441)
ICT	2,206	2,166	2,113	(53)
Legal & Property Services	1,731	1,719	1,675	(44)
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>9,991</b>	<b>10,267</b>	<b>9,729</b>	<b>(538)</b>
Organisational Development, Human Resources & Communications	1,877	1,876	1784	(92)
Corporate Policy	183	183	175	(8)
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>2,060</b>	<b>2,059</b>	<b>1,959</b>	<b>(100)</b>
Chief Executive	356	368	368	0
Miscellaneous	5,638	5,118	3,718	(1,400)
<b>TOTAL NET EXPENDITURE</b>	<b>18,045</b>	<b>17,812</b>	<b>15,774</b>	<b>(2,038)</b>
Earmarked reserves				
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>18,045</b>	<b>17,812</b>	<b>15,774</b>	<b>(2,038)</b>

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2014 - 31st Jan 2015**

Outturn 2013/14 £000	Budget Heading	Budget 2014/15 £000	Proportion of Budget £000	Actual to 31/01/15 £000	Projection 2014/2015 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,897	Employee Costs	4,179	3,309	3,192	4,023	(156)
24	Computer Software Upgrade	9	8	9	23	14
0	Council tax income Prior Year	(100)	(83)	0	(250)	(150)
36,407	Benefits & Allowances	36,957	30,798	30,712	36,897	(60)
(268)	Statutory Additions	(240)	(200)	(150)	(252)	(12)
(228)	Water SLA	(227)	(189)	(298)	(298)	(71)
	<b><u>Organisational Development, HR &amp; Communications &amp; Events</u></b>					
1,574	Employee Costs	1,570	1,002	967	1,534	(36)
85	Administration Costs	65	50	33	51	(14)
228	Other Expenditure	265	247	189	235	(30)
	<b><u>Miscellaneous</u></b>					
2,677	Inflation Contingency	3,231	2,692	633	1,831	(1,400)
	<b><u>ICT</u></b>					
30	Supplies & Services -Computer Hardware - Maint	24	20	52	38	14
448	Supplies & Services -computer software maintenance	462	385	505	437	(25)
496	Admin costs	421	351	338	408	(13)
	<b><u>Legal &amp; Property Services</u></b>					
1,081	Employee Costs	1,265	1,002	981	1,245	(20)
280	Admin costs	301	238	80	281	(20)
<b>46,731</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>48,182</b>	<b>39,628</b>	<b>37,243</b>	<b>46,203</b>	<b>(1,979)</b>

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 10 2014/15</u>	<u>Actual To Period 10 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 &amp; Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	514	131	181	255	259	Largely funding extra staff for development and backscanning. Ahead of phased budget due to increase in cost of CHCP Backscanning. £179k unallocated.
Procurement Development Fund	Alan Puckrin	79	40	34	47	32	Funding additional Procurement Officer until March 2015. £10k write back agreed, February 2015.
Workforce Development Fund	S McNab	20	7	8	9	11	£5k set aside for Finance Development Capacity Plan - budget training for teachers which is now expected to be incurred in 2015/16. Remaining £15k is for setting up the new Port Glasgow Training suite. £9k spend expected to be incurred by year end. £6k write back agreed, February 2015.
Welfare Reforms - Operational	Alan Puckrin	336	127	172	172	164	£172k spend relates to Scottish Welfare fund carry forward from 2013/14. No further spend expected in 2014/15.
Budget Development	Alan Puckrin	150	30	8	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. £30k write back agreed, February 2015.
Protection of Vulnerable Groups	S McNab	146	60	43	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. £25k write back agreed, February 2015.



<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 10 2014/15</u>	<u>Actual To Period 10 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
2013/16 Revenue Contingency	Alan Puckrin	457	90	138	155	302	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 £75k 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, Polling Booths and Ebola Appeal have been fully spent. £244k remains uncommitted. Note that EMR has been reduced by £71k to create new Budget Development EMR. £100k write back agreed, February 2015.
Increased Officer Capacity - Equalities Officer	Wilma Bain	50	20	27	35	15	Equalities Officer reverted to 1.0fte on 1/8/14 with additional funding of £9k allocated to fund the extra hours (not included in original phasing)
Increased Officer Capacity - Communications Assistant	S McNab	34	22	21	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		566	0	17	67	499	Further £50k allocated to projects at P&R Committee and £100k allocated for increased clothing grants as part of the Feb 2015 budget leaving £349k unallocated. £60k write back agreed, February 2015.
Civic Hospitality (Inverclyde Music Festival)	Alan Puckrin Gerard Malone	1	0	1	1	0	Complete.
<b>Total Category C to E</b>		<b>2,353</b>	<b>527</b>	<b>650</b>	<b>854</b>	<b>1,499</b>	

**REVENUE BUDGET MONITORING REPORT 2014/15****PERIOD 10 : 1st April 2014 to 31st January 2015**

		<b>Final Outturn 2013/14</b>	<b>Approved Budget 2014/15</b>	<b>Budget to Date 2014/15</b>	<b>Actual to Date 2014/15</b>	<b>Projected Outturn 2014/15</b>
<b>PROPERTY COSTS</b>		<b>16,560</b>	<b>5,000</b>	<b>4,100</b>	<b>16,980</b>	<b>9,000</b>
Repairs & Maintenance	1	530	4,000	3,300	5,480	8,000
Rates	2	12,210			13,890	0
Property Insurance		2,900	1,000	800	(2,390)	1,000
Marketing Costs		920				
<b>ADMINISTRATION COSTS</b>		<b>11,200</b>	<b>8,500</b>	<b>2,500</b>	<b>8,030</b>	<b>14,200</b>
Sundries	3	3,000	300	300	5,830	6,000
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		6,000	6,000	0		6,000
<b>OTHER EXPENDITURE</b>		<b>113,390</b>	<b>133,000</b>	<b>130,100</b>	<b>128,980</b>	<b>135,600</b>
Christmas Lights Switch On		10,130	10,500	10,500	10,500	10,500
Christmas Dinners/Parcels		17,990	18,000	18,000	18,000	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		7,990	8,300	8,300	6,930	8,300
Comet Festival		13,300	13,300	13,300	13,300	13,300
Fireworks		12,600	12,600	12,600	12,600	12,600
Contingency for future Community Events			2,400	0		0
Society of the Innocents Rent Rebate		3,000	3,100	2,600	2,250	3,100
World War 1 Centenary	4				600	5,000
Bad Debt Provision		(16,420)	0	0		0
<b>INCOME</b>		<b>(117,950)</b>	<b>(146,500)</b>	<b>(120,400)</b>	<b>(108,890)</b>	<b>(134,700)</b>
Property Rental		(116,650)	(164,150)	(136,800)	(108,810)	(164,150)
Void Rents	5		19,650	16,400		30,750
Internal Resources Interest		(1,300)	(2,000)	0	(80)	(1,300)
Donations						0
Lease Premium						0
Disposal of Land	6					0
<b>NET ANNUAL EXPENDITURE</b>		<b>23,200</b>	<b>0</b>	<b>16,300</b>	<b>45,100</b>	<b>24,100</b>
<b>EARMARKED FUNDS</b>	7	<b>0</b>	<b>95,000</b>	<b>0</b>	<b>71,450</b>	<b>110,000</b>
John Wood St/Bay St Shop Improvemnts			95,000		71,450	95,000
Port Glasgow Road - Demolition						15,000
<b>TOTAL NET EXPENDITURE</b>		<b>23,200</b>	<b>95,000</b>	<b>16,300</b>	<b>116,550</b>	<b>134,100</b>

Fund Balance as at 31st March 2014 224,590

Projected Fund Balance as at 31st March 2015

**90,490****Notes:****1 Repairs & Maintenance**

Additional Repairs costs have been incurred in respect of 17 John Wood St to bring this property to an adequate condition to allow the property to be let out. The property is now under offer.

**2 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.

**3 Sundries**

Additional Legal Fees of £2,700 have been incurred in respect of a dispute over unpaid rent. The dispute is ongoing and may result in further additional costs and/or a write-off of bad debt. A provision has previously been made for bad debt which will partly offset any write-off.

**4 World War 1 Centenary**

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

**5 Current Empty Properties are:**Vacant since:

4 John wood Street	May 2010
15 John Wood Street	December 2012
17 John Wood Street	March 2014 (currently under offer)
74 Port Glasgow Road	September 2012

**6 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.

**7 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.