
Report To:	Policy & Resources Committee	Date:	19 May 2015
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/35/15/AP/AE
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Subject:	Policy & Resources Committee 2014/15 Revenue Budget – Period 11 to 28th February 2015		

1.0 PURPOSE

- 1.1 To advise Committee of the 2014/15 projected out-turn for the Policy & Resources Committee as at Period 11 (28th February 2015).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2014/15 is £17,301,000. This excludes Earmarked Reserves of £2,110,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,272,000 which is a further decrease in spend of £234,000 since last reported to Committee.

The main reasons for this underspend are:

- a) One-off £1,500,000 underspend due to a significant reduction in calls on the non-pay inflation contingency. This is a further increase in underspend of £100,000 since last reported to Committee.
 - b) Projected underspend of £162,000 within Finance Employee costs, mainly due to extra turnover savings.
 - c) £102,000 projected underspend within Benefit Subsidy, an increase in underspend of £42,000 since last reported to Committee based on revised out-turn as at March 2015.
 - d) £200,000 projected over-recovery of prior year council tax income, an increase of £50,000 from that reported at the period 10 Committee.
 - e) A further £71,000 income is projected arising from a revised SLA with Scottish water for the collection of water and sewerage income. This was reported to the period 10 Committee.
 - f) £44,000 projected underspend within Organisational Development, HR & Communications due to additional turnover savings.
- 2.3 The Earmarked Reserves for 2014/15 totals £2,122,000 of which £751,000 is projected to be spent in the current financial year. To date expenditure of £690,000 (91.88%) has been incurred which is £107,000 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. Earmarked reserves reflect the write back decisions agreed in February as part of the 2015/16 budget.

2.4 The Common Good Fund is projecting a fund balance at 31 March 2015 of £69,810. 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 The Committee note the 2014/15 projected underspend of £2,272,000 for the Policy & Resources Committee as at Period 11 (28 February 2015).

3.2 The Committee note the projected fund balance of £69,810 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 £2,272,000.

5.0 2014/15 CURRENT POSITION

5.1 The current projection is an underspend of £2,272,000. This is an increase in underspend of £234,000 since period 10.

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

Finance - £561,000 Underspend

Employee Costs: Projected underspend of £162,000, a decrease in spend of £5,000 since last reported to Committee mainly due to additional turnover savings being achieved.

Supplies & Services: Projected overspend of £13,000, a decrease in spend of £6,000 since last reported to Committee mainly due to a reduction in costs for Computer Software maintenance and other sundries.

Other Expenditure: Current projection is an underspend of £102,000, a decrease in spend of £42,000 since period 10 report to Committee mainly within Benefit Subsidy based on the revised out-turn report as at March 2015.

Income: Current projected over-recovery is £296,000, an increase in income of £58,000 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 further £13,000 projected over-recovery within Housing benefit recoveries.

ICT - £44,000 Underspend

Supplies & Services: Current projection is an underspend of £10,000, an increase in spend of £9,000 since last reported to Committee mainly due to an increase in computer software maintenance costs.

Administration Costs: Current projection is an underspend of £13,000. There have been no changes to projections since last reported to Committee.

Legal & Democratic Service – £53,000 Underspend

Employee Costs: Current projection is an underspend of £27,000, a decrease in spend of £7,000 since last reported to Committee due to additional turnover savings.

Administration Costs: £20,000 underspend was reported to Committee in period 10. There has been no change in projections since then.

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

Organisational Development, HR & Communications – £100,000 Underspend

Employee Costs: Projected underspend of £44,000, an increase in underspend of £3,000 since last reported mainly due to additional turnover savings.

Other Expenditure Costs: Projected underspend of £30,000. There has been no change to projection since last reported to Committee.

Administration Costs: £18,000 underspend is being projected, which is an increase in

underspend of £4,000 over various administration budget lines since period 10 report to Committee.

5.4 The following material variance relates to the Miscellaneous budget:

Miscellaneous – £1,505,000 Underspend

Inflation Contingency: A £1,500,000 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 £100,000 since last reported to Committee.

6.0 VIREMENT

6.1 There are no virements to report in period 11.

7.0 EARMARKED RESERVES

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,122,000 of which £751,000 is projected to be spent in 2014/15 and the remaining balance of £1,371,000 to be carried forward to 2015/16 and beyond. It can be seen that expenditure of £690,000 has been achieved which is £107,000 over the phased budgeted spend to date and represents 91.88% of the annual projected spend. Earmarked reserves reflect the write back decisions agreed in February as part of the 2015/16 budget.

8.0 COMMON GOOD FUND

8.1 Appendix 3 shows a projected overspend of £41,030 in the Common Good Fund as at 28 February 2015. This results in a projected available fund balance at 31 March 2015 of £69,810. 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 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 11: 1st April 2014- 28th Feb 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	5,932	5,371	(561)
ICT	2,206	2,166	2,122	(44)
Legal & Property Services	1,731	1,718	1,665	(53)
Total Net Expenditure Environment, Regeneration & Resources	9,991	9,816	9,158	(658)
Organisational Development, Human Resources & Communications	1,877	1,876	1776	(100)
Corporate Policy	183	183	175	(8)
Total Net Expenditure Education, Communities & Organisational Development	2,060	2,059	1,951	(108)
Chief Executive	356	368	367	(1)
Miscellaneous	5,638	5,070	3,565	(1,505)
TOTAL NET EXPENDITURE	18,045	17,313	15,041	(2,272)
Earmarked reserves		(12)	(12)	
Total Net Expenditure excluding Earmarked Reserves	18,045	17,301	15,029	(2,272)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 11: 1st April 2014 - 28th Feb 2015**

Outturn 2013/14 £000	Budget Heading	Budget 2014/15 £000	Proportion of Budget £000	Actual to 28/02/15 £000	Projection 2014/2015 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,897	Employee Costs	4,179	3,629	3,488	4,017	(162)
24	Computer Software Upgrade	9	8	9	25	16
0	Council tax income Prior Year	(100)	(92)	0	(300)	(200)
36,407	Benefits & Allowances	36,429	33,393	33,634	36,329	(100)
(34,941)	Benefit Subsidy	(35,414)	(32,463)	(32,196)	(35,427)	(13)
(268)	Statutory Additions	(240)	(220)	(242)	(252)	(12)
(228)	Water SLA	(231)	(212)	(265)	(302)	(71)
	<u>Organisational Development, HR & Communications & Events</u>					
1,574	Employee Costs	1,570	1,362	1,323	1,526	(44)
85	Administration Costs	65	60	35	49	(16)
228	Other Expenditure	265	251	208	235	(30)
	<u>Miscellaneous</u>					
2,677	Inflation Contingency	3,231	2,962	681	1,731	(1,500)
	<u>ICT</u>					
30	Supplies & Services -Computer Hardware - Maint	24	22	52	38	14
448	Supplies & Services -computer software maintenance	462	424	512	447	(15)
496	Admin costs	421	386	363	408	(13)
	<u>Legal & Property Services</u>					
1,081	Employee Costs	1,269	1,102	1,468	1,242	(27)
280	Admin costs	301	276	87	281	(20)
11,790	TOTAL MATERIAL VARIANCES	12,240	10,889	9,157	10,047	(2,193)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 11 2014/15</u>	<u>Actual To Period 11 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	
Modernisation Fund	Alan Puckrin	514	137	193	206	308	Largely funding extra staff for development and backscanning. Ahead of phased budget due to increase in cost of CHCP Backscanning. £147k unallocated.
Procurement Development Fund	Alan Puckrin	69	44	41	47	22	Funding additional Procurement Officer until March 2015.
Workforce Development Fund	S McNab	14	10	8	9	5	£5k set aside for Finance Development Capacity Plan - budget training for teachers which is now expected to be incurred in 2015/16. £9k spend expected to be incurred by year end.
Welfare Reforms - Operational	Alan Puckrin	351	160	172	172	179	£172k spend relates to Scottish Welfare Fund carry forward from 2013/14. (£3k) income for Real time information. 1x grade c 12mth and 1x grade E 5mth £28k, leaving £139k unallocated
Budget Development	Alan Puckrin	120	30	9	15	105	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.
Protection of Vulnerable Groups	S McNab	121	66	57	73	48	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 11 2014/15</u>	<u>Actual To Period 11 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	357	90	138	150	207	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. £144k remains uncommitted. Note that EMR has been reduced by £71k to create new Budget Development EMR.
Increased Officer Capacity - Equalities Officer	Wilma Bain	50	22	30	33	17	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). Please note that following the resignation of the equalities officer on 6/3/15, the projection spend has reduced to £33k.
Increased Officer Capacity - Communications Assistant	S McNab	34	24	24	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	491	0	17	18	473	Funding to support Policy impacts arising from Welfare Reform changes. Further £50k allocated to projects at P&R Committee and £100k allocated for increased clothing grants as part of the Feb 2015 budget, £6k GC Saving rent contribution, leaving £317k unallocated.
Civic Hospitality (Inverclyde Music Festival)	Gerard Malone	1	0	1	1	0	Complete.
Total Category C to E		2,122	583	690	751	1,371	

REVENUE BUDGET MONITORING REPORT 2014/15

PERIOD 11 : 1st April 2014 to 28th February 2015

		Final Outturn 2013/14	Approved Budget 2014/15	Budget to Date 2014/15	Actual to Date 2014/15	Projected Outturn 2014/15
PROPERTY COSTS		16,560	5,000	4,600	16,480	22,900
Repairs & Maintenance	1	530	4,000	3,700	4,980	8,000
Rates	2	12,210			13,890	13,900
Property Insurance		2,900	1,000	900	(2,390)	1,000
Marketing Costs		920				
ADMINISTRATION COSTS		11,200	8,500	2,500	17,750	22,800
Sundries	3	3,000	300	300	15,550	15,600
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		6,000	6,000	0		5,000
OTHER EXPENDITURE		113,390	133,000	130,300	128,980	129,830
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	6,930
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	2,800	2,250	3,100
World War 1 Centenary	4				600	600
Bad Debt Provision		(16,420)	0	0		0
INCOME		(117,950)	(146,500)	(134,300)	(112,720)	(134,500)
Property Rental		(116,650)	(164,150)	(150,500)	(111,650)	(164,150)
Void Rents	5		19,650	18,000		30,750
Internal Resources Interest		(1,300)	(2,000)	(1,800)	(1,070)	(1,100)
Donations						0
Lease Premium						0
Disposal of Land	6					0
NET ANNUAL EXPENDITURE		23,200	0	3,100	50,490	41,030
EARMARKED FUNDS		0	95,000	0	76,450	113,750
John Wood St/Bay St Shop Improvemnts	7		95,000		76,450	95,000
World War 1 Centenary	4					3,750
Port Glasgow Road - Demolition						15,000
TOTAL NET EXPENDITURE		23,200	95,000	3,100	126,940	154,780

Fund Balance as at 31st March 2014

224,590

Projected Fund Balance as at 31st March 2015

69,810

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, projection reflects current Rates levels however all historic Rates costs are being examined to ensure all appropriate empty property relief has been obtained. Any subsequent credit will be included in future reports.

3 Sundries

Additional Legal Fees of £12,400 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. Should the dispute be resolved in the Common Good's favour these costs may be recoverable.

4 World War 1 Centenary

World War 1 Centenary includes purchase of commemorative benches and attendance at Drumhead Service. The benches will not now be delivered until 2015/16 and as a result the budget has been set aside for carry forward and is included in the Earmarked Funds section.

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. As noted an allowance for the World War 1 commemorative benches has also now been included here.