
Report To:	Policy & Resources Committee	Date:	22 March 2016
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/35/16/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475712143
Subject:	Policy & Resources Committee 2015/16 Revenue Budget – Period 10 to 31st January 2016		

1.0 PURPOSE

- 1.1 To advise Committee of the 2015/16 projected out-turn for the Policy & Resources Committee as at period 10, 31st January 2016.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2015/16 is £16,191,000. This excludes Earmarked Reserves of £1,613,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,828,000 which is an increase in underspend of £353,000 since period 8 report to Committee.
- 2.3 The main reasons for this underspend are:
- £2,150,000 projected underspend due to a significant reduction in call on Pay and Non Pay Inflation Contingency which has been factored into the Budget Strategy.
 - One-off £200,000 underspend projected due to no significant calls being anticipated on the Pressures Contingency until 2016/17.
 - £100,000 over-recovery of Benefit subsidy in line with mid-year estimate.
 - £90,000 over-recovery of prior year Council Tax income collection which is in line with 2014/15 out-turn.
 - A £121,000 projected underspend within Finance Services employee costs mainly due to additional turnover savings and a delay in filling vacancies within the Customer Service Centre.
 - A £100,000 projected over-recovery of Internal Resource Interest income based on previous year out-turn.
- 2.4 The Earmarked Reserves for 2015/16 totals £1,613,000 of which £477,000 is projected to be spent in the current financial year. To date expenditure of £338,000 (70.86%) has been incurred which is £30,000 under the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 4 excludes Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2016 of £34,750. This is below the minimum level of reserves of £100,000 recommended. Rates costs are being examined to ensure all appropriate relief has been obtained. It is important that the Common Good budget operates on a sustainable basis and proposals to address this were provisionally

approved at the last meeting and will be considered as part of the 2016/18 budget.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the projected underspend of £2,828,000 for the Policy and Resources Committee as at Period 10, 31st January 2016.
- 3.2 The Committee note the projected fund balance of £34,750 for the Common Good Fund and that this will be addressed as part of the 2016/18 budget.

John Mundell
Chief Executive

Alan Puckrin
Chief Financial Officer

Wilma Bain
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 2015/16 budget and to highlight the main issues contributing to the projected underspend of £2,828,000.

5.0 2015/16 CURRENT POSITION

- 5.1 The current projection is an underspend of £2,828,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £412,000 underspend

Employee Costs: £121,000 projected underspend which is an increase in underspend of £33,000 since period 8 report to Committee mainly due to additional turnover savings being achieved.

Supplies & Services: £11,000 projected underspend, an increase in spend of £8,000 since last reported to Committee mainly due to a delay in achieving procurement savings target.

Administration Costs: £51,000 projected underspend an increase in underspend of £56,000 since period 8 report to Committee mainly due to one off savings in relation to the new SWAN contract.

Other Expenditure: Current projection is an underspend of £103,000, a decrease in spend of £20,000 since period 8 report to Committee mainly due to a decrease in Bad debt provision offset by a decrease in income.

Payments to Other Bodies: An underspend of £19,000 is being projected which is an increase in underspend of £15,000 since last reported to Committee. The increase in underspend is within Discretionary Relief budget and is based on current expenditure profile to date and projected to year end.

Income: £106,000 projected over-recovery of income which is a £52,000 decrease in income mainly due to a decrease in projected debts raised during the year offset by a decrease in bad debt provision as mentioned above.

Legal & Property - £42,000 overspend

Employee Costs: An overspend of £45,000 is being projected due to turnover target not being met. This is a decrease in spend of £9,000 since last reported to Committee mainly due to maternity leave savings and underspends projected within overtime and travel budgets.

Administration Costs: A £23,000 underspend is being projected, an increase in underspend of £8,000 since last reported to Period 8 Committee mainly due to Service estimating a reduction in spend within External Legal Expenses and Training budgets.

Income: An under-recovery of £18,000 is being projected which is a £7,000 increase in under-recovery since last reported to Committee, due to a reduction in income rechargeable to Capital.

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

Organisational Development, H.R. & Communications - £3,000 underspend

Employee Costs: £29,000 overspend is being projected mainly due to turnover target not being

met. This is an increase in spend of £3,000 since last reported to Committee.

Administration Costs: An overall underspend of £7,000 is being projected which is over various budget lines such as Printing and Stationery, Postages, Legal Expenses etc. This is an increase in spend of £3,000 since period 8 report to Committee.

Other Expenditure: £21,000 underspend projected which is an increase in underspend of £3,000 since last reported to Committee due to Service projecting a decrease in spend for Workforce Development.

5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £2,466,000 underspend

Inflation Contingency: £2,150,000 underspend is being projected due to projected reduction in calls on non-pay inflation contingency. This is a further increase in underspend of £250,000 since period 8 report to Committee.

Pressures Contingency: As no significant calls are expected, a one off £200,000 underspend is being projected for the pressures contingency until 2016/17. This was reported to Committee in period 8.

Internal Resource Interest: In period 8 an over-recovery of £100,000 was projected. The current projection remains the same.

Audit Fee: An underspend of £16,000 is being projected based on fee confirmation received from Audit Scotland.

6.0 VIREMENT

6.1 There are no virements to report in period 10.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £1,613,000 of which £477,000 is projected to be spent in 2015/16 and the remaining balance of £1,136,000 to be carried forward to 2016/17 and beyond. It can be seen that expenditure of £338,000 has been achieved which is £30,000 under the phased budgeted spend to date and represents 70.86% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 5 shows a projected overspend of £47,060 in the Common Good Fund as at 31st January 2016. This results in a projected available fund balance at 31st March 2016 of £34,750. This is below the minimum level of reserves of £100,000 recommended. Rates costs are being examined to ensure all appropriate relief has been obtained.

8.2 It is important that the Common Good budget operates on a sustainable basis and this is being addressed as part of the 2016/18 budget.

9.0 IMPLICATIONS

9.1 **Finance**

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

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

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

9.5 Repopulation

There are no repopulation 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 CONCLUSIONS

11.1 The Committee note the 2015/16 projected underspend of £2,828,000 for the Policy and Resources Committee as at Period 10, 31st January 2016.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2015/16**Period 10: 1st April - 31st January 2016**

Service	Approved Budget		Movements			Revised Budget
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Finance	7,585	98	(306)			7,377
Legal & Property	1,507	17	(3)			1,521
Organisational Development, HR & Communications	1,669	21	(4)			1,686
Corporate Policy	180	2				182
Chief Exec	398	6				404
Miscellaneous	7,496	(2,469)	(6)			5,021
Totals	<u>18,835</u>	<u>(2,325)</u>	<u>(319)</u>	<u>0</u>	<u>0</u>	<u>16,191</u>

Supplementary Budget Detail

£000

External ResourcesInternal ResourcesFinanceLegalOrganisational Development, HR & CommunicationsCorporate PolicyChief ExecMiscSavings/Reductions0

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 10: 1st April 2015- 31st January 2016

Service	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000
Finance	7,585	7,377	6,965	(412)
Legal & Property Services	1,507	1,521	1,563	42
Total Net Expenditure Environment, Regeneration & Resources	9,092	8,898	8,528	(370)
Organisational Development, Human Resources & Communications	1,669	1,686	1683	(3)
Corporate Policy	180	182	186	4
Total Net Expenditure Education, Communities & Organisational Development	1,849	1,868	1,869	1
Chief Executive	398	404	411	7
Miscellaneous	7,496	5,021	2,555	(2,466)
TOTAL NET EXPENDITURE	18,835	16,191	13,363	(2,828)
Earmarked reserves				
Total Net Expenditure excluding Earmarked Reserves	18,835	16,191	13,363	(2,828)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2015 - 31st January 2016**

Outturn 2014/15 £000	Budget Heading	Budget 2015/16 £000	Proportion of Budget £000	Actual to 31/01/16 £000	Projection 2015/2016 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,391	Employee Costs	5,404	4,264	4,168	5,283	(121)
733	Supplies & Services	680	567	676	669	(11)
35,720	Benefit Subsidy	36,486	30,405	36,627	36,386	(100)
861	Admin Costs	917	764	594	866	(51)
(299)	Statutory Additions	(260)	(217)	(228)	(275)	(15)
132	Computer Software Upgrade	140	117	126	128	(12)
97	Discretionary Relief-PTOB	113	94	(5)	98	(15)
0	Income - Universal Credit	0	0	(18)	(18)	(18)
(304)	Council tax income Prior Year	(223)	(186)	0	(313)	(90)
(99)	ICT - Income	(65)	(54)	(41)	(50)	15
	<u>Organisational Development, HR & Communications & Events</u>					
1,525	Employee Costs	1,380	1,088	1,110	1,409	29
36	Workforce Development Fund	48	27	33	37	(11)
91	Consultants costs	100	83	70	90	(10)
	<u>Miscellaneous</u>					
553	Inflation Contingency	4,678	3,898	2,469	2,528	(2,150)
262	Audit Fee	273	228	167	257	(16)
0	Pressures Contingency	232	155	0	32	(200)
(334)	Internal Resource Interest	(226)	(151)	0	(326)	(100)
	<u>Legal & Property Services</u>					
1,850	Employee Costs	1,140	900	1,138	1,185	45
31	Postages/Printing/Training -Admin	87	73	63	72	(15)
(17)	Income recharges	(28)	(23)	(15)	(18)	10
46,229	TOTAL MATERIAL VARIANCES	50,876	42,030	46,934	48,040	(2,836)

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 10 2015/16</u>	<u>Actual To Period 10 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	308	130	114	131	177	Various projects being progressed at present.
Procurement Development Fund	Alan Puckrin	4	0	0	0	4	No impact on removing uncommitted funds.
Welfare Reforms - Operational	Alan Puckrin	376	35	36	55	321	Used to fund temp employees to manage workload. Propose £36k write back.
Budget Development	Alan Puckrin	260	80	72	125	135	£50k written back to reserves. Total funding now available for 2015/16 is £260k of which revised commitments for spend is £195k. This includes additional £20k of commitment for Social Transport. Of these commitments £125k is projected to be spent in 2015/16 with the balance of £70k and £65k of un-committed funds being carried forward for spend in future years.
Protection of Vulnerable Groups	S McNab	48	48	37	48	0	Full spend expected to be incurred by year end.
2013/16 Revenue Contingency	Alan Puckrin	212	75	79	94	118	Nepal earthquake, Waverly Enterprise and Kelburn Park and Corlic Farm legal representation now fully spent. Full spend of £9k incurred for Inverclyde Leisure playschemes with £3k balance to be returned to uncommitted reserves. The Event fee for Powerboat Grand Prix is expected to be spent by Mar 2016. Future spend will consist of £5k for Toll Boys, £65k for Powerboat Grand Prix and £48k uncommitted reserves.
Discretionary Housing Payments / Welfare Reform - Policy	Alan Puckrin	405	0	0	24	381	Proposals agreed at P&R in Feb to spend a large part of this budget.
Total Category C to E		1,613	368	338	477	1,136	

REVENUE BUDGET MONITORING REPORT 2015/16PERIOD 10 : 1st April 2015 to 31st January 2016

		Final Outturn 2014/15	Approved Budget 2015/16	Budget to Date 2015/16	Actual to Date 2015/16	Projected Outturn 2015/16
PROPERTY COSTS		28,400	10,000	8,300	17,710	28,060
Repairs & Maintenance	1	19,650	9,000	7,500	1,360	9,000
Rates	2	11,140		0	18,060	18,060
Property Insurance		(2,390)	1,000	800	(1,710)	1,000
Marketing Costs						
ADMINISTRATION COSTS		21,670	8,700	3,100	5,390	9,700
Sundries	3	14,470	1,500	1,300	3,190	2,500
Commercial Rent Management Recharge		2,200	2,200	1,800	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		5,000
OTHER EXPENDITURE		145,650	98,800	97,800	31,580	100,700
Christmas Lights Switch On		10,500	10,500	10,500		10,500
Christmas Dinners/Parcels		18,000	21,600	21,600	21,600	21,600
Christmas Decorations		35,400	0			0
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		6,930	8,300	8,300	6,230	8,300
Comet Festival		13,300	13,300	13,300		13,300
Fireworks		12,600	12,600	12,600		12,600
Society of the Innocents Rent Rebate		7,620	3,100	2,100	3,750	5,000
World War 1 Centenary	4	600				0
Bad Debt Provision		11,300				0
INCOME		(145,880)	(149,300)	(124,400)	(89,030)	(123,200)
Property Rental		(164,150)	(181,100)	(150,900)	(88,950)	(183,000)
Void Rents	5	19,340	33,800	28,200		61,800
Internal Resources Interest		(1,070)	(2,000)	(1,700)	(80)	(2,000)
Disposal of Land	6	0				0
NET ANNUAL EXPENDITURE		49,840	(31,800)	(15,200)	(34,350)	15,260
EARMARKED FUNDS		76,580	49,170	0	36,520	49,170
John Wood St/Bay St Shop Improvemnts	7	76,576	18,420		18,420	18,420
World War 1 Centenary	4		3,750		3,570	3,750
Port Glasgow Road - Demolition			15,000		8,340	15,000
Repairs & Renewals Fund			12,000		6,190	12,000
TOTAL NET EXPENDITURE		126,420	17,370	(15,200)	2,170	64,430

Fund Balance as at 31st March 2015

99,180

Projected Fund Balance as at 31st March 2016

34,750

Notes:

1 Repairs & Maintenance

Additional Repairs costs are due to be incurred in respect of 12 Bay St to bring this property to an adequate condition to allow the property to be let out. These costs are estimated to be £16,000 and will be funded from a combination of the ongoing repairs & Maintenance budget and the Repairs & Renewals Fund.

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 were incurred in 2014/15 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 were not delivered until 2015/16 and as a result the budget was set aside for carry forward and is included in the Earmarked Funds section.

5 Current Empty Properties are:

Vacant since:

12 Bay St
4 John Wood Street
17 John Wood Street
74 Port Glasgow Road

April 2015
May 2010
March 2014
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.

In addition allowance has been made for the clearance of the site at 74 Port Glasgow Road and a Repairs & Renewals Fund was set up as part of the 2015/16 budget process.