
Report To:	Policy & Resources Committee	Date:	21 March 2017
Report By:	Chief Executive, Corporate Director Education, Communities & Organisational Development, Corporate Director Environment, Regeneration & Resources and Chief Financial Officer	Report No:	FIN/19/17/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2016/17 Revenue Budget – Period 10 to 31 January 2017		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 projected out-turn for the Policy & Resources Committee as at period 10, 31 January 2017.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2016/17 is £14,287,000. This excludes Earmarked Reserves of £1,766,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £164,000. This is an increase of £108,000 in the underspend since Period 8.
- 2.3 The main reasons for this underspend are:
- £145,000 underspend projected mainly due to additional turnover savings being achieved.
 - £150,000 under-recovery on Internal Resource Interest income due to a reduction in interest rates.
 - £100,000 underspend based on current estimated calls on Inflation Contingency.
 - £70,000 of additional income received for prior year Council Tax based on most recent projections.
- 2.4 The Earmarked Reserves for 2016/17 totals £1,766,000 of which £567,000 is projected to be spent in the current financial year. To date expenditure of £354,000 (62%) has been incurred which is £1,000 over 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 2017 of £2,430. 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.
- 2.6 As part of the 2017/18 Budget it was agreed to move funding for one project from the Common Good Budget to the General Fund. This will improve the stability of the Common Good Budget and increase the Fund Balance.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the 2016/17 projected underspend of £164,000 for the Policy and Resources Committee as at Period 10, 31st January 2017.

- 3.2 That the Committee note the action taken in respect of the Common Good Budget.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Wilma Bain
Corporate Director
Education, Communities
& Organisational Development

Scott Allan
Corporate Director
Environment, Regeneration
& Resources

4.0 BACKGROUND

4.1 The purpose of this report is to advise the Committee of the current position of the 2016/17 budget and to highlight the main issues contributing to the projected underspend of £164,000 in 2016/17.

5.0 2016/17 CURRENT POSITION

5.1 The current projection is an underspend of £164,000 which represents a £108,000 increase in the projected underspend since Period 8.

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

Finance - £197,000 underspend

Employee Costs: £147,000 projected underspend which is an increase in underspend of £33,000 since last reported to the Committee mainly due to additional turnover savings being achieved and delays in recruiting to professional posts.

Supplies & Services: £32,000 projected overspend which is an increase in spend of £8,000 since the last Committee.

Admin Costs: £67,000 projected overspend which is a decrease in costs of £11,000 since last reported to the Committee. Overspend mainly due to £61,000 overspend for Sheriff Officer Legal fees which is off-set within Income.

Payments to Other Bodies: Current projection is an underspend of £21,000 which is an increase of £1,000 in the underspend reported to the last Committee.

Other Expenditure: £107,000 projected underspend, this was not reported at the last Committee. This is due to a reduction in Bad Debt Provision required due to a reduction in Housing Benefit overpayments Sundry Debt invoices raised.

Income: An over-recovery of £20,870 is being projected which is a decrease in income of £156,000 since last reported to the Committee. Over-recovery is mainly due to £70,000 of additional income due to be received for prior year Council Tax based on most recent projections and £34,000 received from the DWP for Universal Credit for which additional costs will be contained within existing budgets. There is a £61,000 over-recovery for Sheriff Officer Legal fees which offsets increased costs within Admin fees and a £150,000 shortfall due to a reduction in projected Housing Benefit recoveries caused by a change in DWP processes. This is partly off-set by a reduction in Bad Debt Provision.

Legal & Property - £33,000 overspend

Employee Costs: An overspend of £24,000 was projected at period 4 and there have been no changes.

Income: Under recovery of £22,000 is being projected which is an increase of income of £24,000 since last reported to the Committee. Under recovery due to a combination of a shortfall in legal fee income of £18,000, a decrease in liquor licence applications of £28,000 and £24,000 of additional income for various licence fees.

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

Organisational Development, H.R. & Communications - £12,000 overspend

Various projected overspends all of which are below £10,000.

- 5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £10,000 overspend

Inflation Contingency: Projecting an underspend of £100,000 based on current estimated calls on inflation contingency. This is an increase in underspend of £50,000 since last reported to the Committee.

Internal Resource Interest: Projecting an under-recovery of £150,000, no change since last reported to the Committee. This is due to a reduction in interest rates.

- 5.5 The following material variances relate to the Chief Executive budget.

Chief Executive – £26,000 underspend

Employee Cost: Projecting an underspend of £26,000 which is a reduction in cost of £2,000 since the last Committee.

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 £1,766,000 of which £567,000 is projected to be spent in 2016/17 and the remaining balance of £1,199,000 to be carried forward to 2017/18 and beyond. It can be seen that expenditure of £354,000 has been achieved which is £1,000 over the phased budgeted spend to date and represents 62% of the annual projected spend.

8.0 COMMON GOOD FUND

- 8.1 Appendix 5 shows a projected overspend of £20,400 in the Common Good Fund as at 31 January 2017. This results in a projected available fund balance at 31 March 2017 of £2,430. 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 As part of the 2017/18 Budget it was agreed to move funding for one project from the Common Good Budget to the General Fund. This will improve the stability of the Common Good Budget and increase the Fund Balance.

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 2016/17 projected underspend of £164,000 for the Policy and Resources Committee as at Period 10, 31 January 2017.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2016/17**Period 10: 1st April - 31st Jan 2017**

Service	Approved Budget	Movements				Revised Budget
	2016/17 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2016/17 £000
Finance	7,897	21	(1)	0	(200)	7,717
Legal & Property	1,496	0	0	0	0	1,496
Organisational Development, HR & Communicati	1,642	0	0	0	0	1,642
Corporate Policy	190	0	0	0	0	190
Chief Exec	414	0		0	0	414
Miscellaneous	3,213	(258)	(127)	0	0	2,828
Totals	<u>14,852</u>	<u>(237)</u>	<u>(128)</u>	<u>0</u>	<u>(200)</u>	<u>14,287</u>

Supplementary Budget Detail

£000

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

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 10: 1st April 2016- 31st Jan 2017

Service	Approved Budget 2016/17 £000	Revised Budget 2016/17 £000	Projected Out-turn 2016/17 £000	Projected Over/(Under) Spend £000
Finance	7,897	7,916	7,719	(197)
Legal & Property Services	1,496	1,496	1,529	33
Total Net Expenditure Environment, Regeneration & Resources	9,393	9,412	9,248	(164)
Organisational Development, Human Resources & Communications	1,642	1,642	1,654	12
Corporate Policy	190	190	194	4
Total Net Expenditure Education, Communities & Organisational Development	1,832	1,832	1,848	16
Chief Executive	414	414	388	(26)
Miscellaneous	3,213	2,829	2,839	10
TOTAL NET EXPENDITURE	14,852	14,487	14,323	(164)
Earmarked reserves		(200)	(200)	
Total Net Expenditure excluding Earmarked Reserves	14,852	14,287	14,123	(164)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2016 - 31st Jan 2017**

Outturn 2015/16 £000	Budget Heading	Budget 2016/17 £000	Proportion of Budget £000	Actual to 31/01/17 £000	Projection 2016/2017 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,179	Employee Costs	5,260	4,123	3,996	5,113	(147)
(338)	Rev & Bens - Government Grants	(232)	(232)	(265)	(255)	(23)
(295)	Council Tax Prior Year	(305)	(260)	(293)	(375)	(70)
(37)	Rev & Bens - Income	(21)	(13)	(42)	(58)	(37)
(316)	ICT - Income	(385)	(325)	(403)	(365)	20
87	Revenues - Bad Debt Provision	100	75	(40)	0	(100)
(259)	Revenues - Recoveries	(244)	(185)	(66)	(94)	150
	<u>Legal & Property Services</u>					
1,141	Audit & legal- Employee Costs	1,076	841	895	1,100	24
(94)	Legal - Liquor Licences	(122)	(92)	(73)	(94)	28
	<u>Miscellaneous</u>					
1,889	Pension Costs	2,270	1,892	1,882	2,250	(20)
260	Audit Fee	273	175	168	253	(20)
2,219	Inflation Contingency - Non Pay	557	273	273	457	(100)
(362)	Internal Resource Interest	(326)	0	0	(176)	150
	<u>Chief Executive</u>					
369	Employee Costs	371	291	270	345	(26)
9,443	TOTAL MATERIAL VARIANCES	8,272	6,562	6,302	8,101	(171)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manage</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget To period 10 2016/17</u>	<u>Actual To period 10 2016/17</u>	<u>Projected Spend 2016/17</u>	<u>Amount to be Earmarked for 2017/18 & 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	323	58	36	40	283	DAG overseeing developments including Schools On Line payments , EDRMS and Customer Service developments.
Welfare Reforms - Operational	Alan Puckrin	234	80	70	81	153	Funding temporary Posts.
Budget Development	Alan Puckrin	137	43	37	95	42	Uncommitted £46k. Assuming 50% of uncommitted funds to be utilised in 2016/17 along with £32k spend for temporary Grade G Greenock Town Centre post, £16k for PPP review, £20k for Social transport & £4k for budget development.
2013/18 Revenue Contingency	Alan Puckrin	318	70	118	209	109	Total uncommitted funds £62k, £10k of which is projected to be spent in 2016/17. Spend for 2016/17 includes £65k for Grand Prix Boats, £40k for Chief Exec post advertisement, £10k for contribution to Oxfam, £10k contribution to Yemen Crisis Appeal, £5k for Toll Boys and £10k for Gourock Highland Games. A further £50k is committed within 2017/18 for Grand Prix Boats. CCTV underspend will be included at Year End.
Welfare Reform - Policy	Alan Puckrin	503	0	0	0	503	£325k allocated to HSCP / Finance in 2016/17. A further £313k allocated from the £503k balance in 2017/18 and £200k to be added in 2017/18 Budget.
Corporate Complaints Improvements	Steven McNab	80	15	13	22	58	Post for 2 years - Grade I filled 26th Sept 2016 and continue to Aug 2018.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manage</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget To period 10 2016/17</u>	<u>Actual To period 10 2016/17</u>	<u>Projected Spend 2016/17</u>	<u>Amount to be Earmarked for 2017/18 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
HR Temporary Resources	Steven McNab	80	33	26	35	45	Two posts being funded from EMR for 2016/17. 1 PT Grade H and 1 Grade D post for 2 years.
Specialist Post - Equalities Officer to 31/03/17	Ruth Binks	46	25	25	40	6	Projected spend on Employee Costs up to 31/03/17 is £40k with £6k of EMR not required and can be written back to General Reserves at Year End.
Specialist Post - Information Governance to 31/03/17	Helen Watson	45	29	29	45	0	The spend relates to the Council's Information Governance Officer.
Total Category C to E		1,766	353	354	567	1,199	

COMMON GOOD FUND

Appendix 5

REVENUE BUDGET MONITORING REPORT 2016/17**PERIOD 10 : 1st April 2016 to 31st January 2017**

		Final Outturn 2015/16	Approved Budget 2016/17	Budget to Date 2016/17	Actual to Date 2016/17	Projected Outturn 2016/17
<u>PROPERTY COSTS</u>		38,790	21,000	17,500	21,920	24,800
Repairs & Maintenance	1	19,700	9,000	7,500	4,540	9,000
Rates	2	20,810	11,000	9,200	19,090	14,800
Property Insurance		(1,720)	1,000	800	(1,710)	1,000
<u>ADMINISTRATION COSTS</u>		17,370	8,700	3,500	5,190	9,200
Sundries		10,170	1,500	1,300	2,990	3,000
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		4,000
<u>OTHER EXPENDITURE</u>		101,230	100,700	99,000	31,820	100,700
Christmas Lights Switch On		10,500	10,500	10,500		10,500
Christmas Dinners/Parcels		21,600	21,600	21,600	21,600	21,600
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		6,710	8,300	8,300	7,720	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		5,000	5,000	3,300	2,500	5,000
Bad Debt Provision		2,120				0
<u>INCOME</u>		(114,870)	(139,010)	(115,400)	(100,250)	(122,910)
Property Rental		(183,000)	(187,470)	(156,200)	(100,210)	(187,470)
Void Rents	3	68,640	50,460	42,100		65,060
Internal Resources Interest		(510)	(2,000)	(1,300)	(40)	(500)
Disposal of Land						
<u>NET ANNUAL EXPENDITURE</u>		42,520	(8,610)	4,600	(41,320)	11,790
<u>EARMARKED FUNDS</u>		42,440	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>		84,960	(8,610)	4,600	(41,320)	11,790

Fund Balance as at 31st March 2016 14,220

Projected Fund Balance as at 31st March 2017

2,430

REVENUE BUDGET MONITORING REPORT 2016/17

PERIOD 10 : 1st April 2016 to 31st January 2017

Notes:

1 Repairs & Maintenance

Significant repairs costs continue to be incurred in respect of vacant properties to bring them to an adequate condition to all let out. An estimate of the repairs costs is currently being prepared and will be reported to future Committee. Should this estimate existing Repairs & Maintenance budgets Officers will consider and recommend how any shortfall should be addressed.

2 Rates (Empty Properties)

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

3 Current Empty Properties are:

Vacant since:

12 Bay St	April 2015
14 Bay St	March 2015
4 John Wood Street	May 2010
17 John Wood Street	March 2014
74 Port Glasgow Road	September 2012 (Under Offer)