
Report To:	Policy & Resources Committee	Date:	20 June 2017
Report By:	Chief Executive, Corporate Director Education, Communities & Organisational Development, Corporate Director Environment, Regeneration & Resources and Chief Financial Officer	Report No:	FIN/33/17/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2016/17 Revenue Budget – Probable Outturn 2016/17		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 probable out-turn for the Policy & Resources Committee to 31 March 2017.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2016/17 is £13,388,000. This excludes Earmarked Reserves of £2,495,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £618,000. This is an increase of £454,000 in the underspend since Period 10.
- 2.3 The main reasons for this underspend are:
- £181,000 underspend projected mainly due to additional turnover savings being achieved.
 - £120,000 under-recovery on Internal Resource Interest income due to a reduction in interest rates.
 - £189,000 underspend on Inflation Contingency.
 - £106,000 of additional income received for prior year Council Tax.
 - £112,000 reduction in Housing Benefit bad debt provision off-set in part by an under-recovery of sundry debt income of £75,000.
- 2.4 The Earmarked Reserves for 2016/17 totals £2,495,000. To date expenditure of £447,000 has been incurred which is £170,000 less than the originally projected 2016/17 spend. This represents slippage of 27.6%. 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 provisional surplus fund balance at 31 March 2017 of £1,020 which is £3,030 less than projected in January, 2017. This is below the minimum level of reserves of £100,000 recommended. 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 probable out-turn of an underspend of £618,000 for the Policy and Resources Committee as at 31 March 2017.

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 probable out-turn for the 2016/17 budget and to highlight the main issues contributing to the underspend of £618,000 in 2016/17.

5.0 2016/17 CURRENT POSITION

5.1 The probable out-turn is an underspend of £618,000 (4.6%) which represents a £454,000 increase in the projected underspend since Period 10.

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

Finance - £505,000 underspend (Increase of £308,000 since Period 10)

Employee Costs: £143,000 projected underspend which is a decrease in underspend of £4,000 since last reported to the Committee mainly due to additional turnover savings being achieved.

Admin Costs: £138,000 projected overspend which is an increase in costs of £71,000 since last reported to the Committee. Overspend mainly due to a £136,000 increase in line rental costs, offset through internal recharge income.

Payments to Other Bodies: Current projection is an underspend of £34,000 which is an increase of £13,000 in the underspend reported to the last Committee.

Benefits & Allowances: Underspend of £44,000 in net benefits payments not reported to last Committee.

Other Expenditure: £115,000 projected underspend which is an increase of £8,000 in the underspend since reported to the last Committee. Underspend is mainly due to a previously reported reduction in the Bad Debt Provision required due to a reduction in Housing Benefit overpayments Sundry Debt invoices raised, partly off-set within income recoveries.

Income: An over-recovery of £390,000 is being projected which is an increase in income of £369,000 since last reported to the Committee. This over-recovery of income is mainly due to off-setting line rental income of £179,000, £106,000 of additional income received for prior year Council Tax collection, £36,000 greater than previously reported, £44,000 Statutory Additions, £38,000 Universal Credit administration grant previously reported and a £75,000 improvement in the previously reported shortfall in Housing Benefit recoveries.

Legal & Property - £30,000 overspend (Decrease of £3,000 since Period 10)

Employee Costs: £13,000 projected overspend which is an decrease in overspend of £11,000 since last reported to the Committee.

Other Expenditure: £24,000 projected underspend which was previously not reported, mainly due to additional election costs of £16,000.

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

Organisational Development, H.R. & Communications - £20,000 overspend (Increase in underspend of £10,000 since Period 10)

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

5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £140,000 underspend (£150,000 increase in underspend from Period 10)

Inflation Contingency: Projecting an underspend of £189,000. This is an increase in underspend of £89,000 since last reported to the Committee.

Internal Resource Interest: Projecting an under-recovery of £120,000, £30,000 increase in costs since last reported to the Committee. This is due to a change within interest rates.

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

Chief Executive – £28,000 underspend (Increase in underspend of £2,000 since Period 10)

Employee Cost: Projecting an underspend of £25,000 which is a reduction in cost of £1,000 since the last Committee.

6.0 VIREMENT

6.1 There are no virements to report.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,495,000 of which £2,048,000 is to be carried forward to 2017/18 and beyond. To date expenditure of £447,000 has been incurred which is £170,000 (27.6%) less than the projected 2016/17 spend.

8.0 COMMON GOOD FUND

8.1 Appendix 5 shows a provisional outturn of £13,210 in the Common Good Fund as at 31 March 2017. This results in a provisional available fund balance at 31 March 2017 of £1,020. 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. This is an increase in deficit of £1,410 as a result of higher than projected income offset by an increase in the Bad Debt Provision.

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 £618,000 for the Policy and Resources Committee as at 31 March 2017.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2016/17**Probable Outturn: 1st April - 31st Mar 2017**

Service	Approved Budget	Inflation £000	Movements Virement £000	Supplementary Budgets £000	Transferred to EMR £000	Revised Budget
	2016/17 £000					2016/17 £000
Finance	7,897	25	(39)	0	(928)	6,955
Legal & Property	1,496	(4)	(26)	0	0	1,466
Organisational Development, HR & Communications	1,642	(16)	(2)	0	0	1,624
Corporate Policy	190	0	0	0	0	190
Chief Exec	414	(1)	(5)	0	0	408
Miscellaneous	3,213	(408)	(60)	0	0	2,745
Totals	<u>14,852</u>	<u>(404)</u>	<u>(132)</u>	<u>0</u>	<u>(928)</u>	<u>13,388</u>

Supplementary Budget Detail

£000

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

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PROBABLE OUTTURN: 1st April 2016- 31st Mar 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	7,883	7,378	(505)
Legal & Property Services	1,496	1,466	1,496	30
Total Net Expenditure Environment, Regeneration & Resources	9,393	9,349	8,874	(475)
Organisational Development, Human Resources & Communications	1,642	1,624	1,644	20
Corporate Policy	190	190	195	5
Total Net Expenditure Education, Communities & Organisational Development	1,832	1,814	1,839	25
Chief Executive	414	408	380	(28)
Miscellaneous	3,213	2,745	2,605	(140)
TOTAL NET EXPENDITURE	14,852	14,316	13,698	(618)
Earmarked reserves		(928)	(928)	
Total Net Expenditure excluding Earmarked Reserves	14,852	13,388	12,770	(618)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PROBABLE OUTTURN: 1st April 2016 - 31st Mar 2017**

Outturn 2015/16 £000	Budget Heading	Budget 2016/17 £000	Proportion of Budget £000	Actual to 31/03/17 £000	Projection 2016/2017 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,179	Employee Costs	5,260	5,260	5,115	5,115	(145)
(295)	Council Tax Prior Year	(305)	(305)	(411)	(411)	(106)
(37)	Rev & Bens - Income	(21)	(21)	(56)	(56)	(35)
87	Revenues - Bad Debt Provision	100	100	(12)	(12)	(112)
(259)	Revenues - Recoveries	(244)	(244)	(169)	(169)	75
252	Rev - C/Tax - Legal Expenses	231	231	268	268	37
62	Revenues - Supplies & Services - Software Maintenance	54	54	88	88	34
(316)	ICT - Income	(385)	(385)	(550)	(550)	(165)
275	ICT Line Rental Recharge	334	334	470	470	136
395	ICT - Supplies and Services Software Maintenance	490	490	448	448	(42)
	<u>Legal & Property Services</u>					
(94)	Legal - Liquor Licences	(122)	(122)	(90)	(90)	32
	<u>Miscellaneous</u>					
260	Audit Fee	273	273	253	253	(20)
2,219	Inflation Contingency - Non Pay	557	557	467	467	(90)
	Inflation Contingency - Pay					(99)
(362)	Internal Resource Interest	(326)	(326)	(206)	(206)	120
0	Other Expenditure	44	44	0	0	(44)
	<u>Chief Executive</u>					
369	Employee Costs	371	371	346	346	(25)
7,735	TOTAL MATERIAL VARIANCES	6,311	6,311	5,961	5,961	(449)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget Provisional Outturn 2016/17</u>	<u>Actual Provisional Outt 2016/17</u>	<u>Projected Spend 2016/17</u>	<u>Amount to be Earmarked for 2017/18 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	338	75	41	41	297	DAG overseeing developments including Schools On Line payments , EDRMS and Customer Service developments. £15k additional budget from Education for WIFI Assessment work.
Welfare Reform - Operational	Alan Puckrin	282	102	83	83	199	Funding temporary Posts.
Budget Development	Alan Puckrin	137	95	51	51	86	Spend for 2016/17 includes £30k spend for temporary Grade G Greenock Town Centre post, £16k for PPP review, £3k for Social transport & £2k for budget development.
2013/18 Revenue Contingency	Alan Puckrin	283	209	127	127	156	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. 2017/18 commitments include £50k Grand Prix Boats, £6.5k Gourock Highland Games & £5k Toll Boys.
Anti-Poverty Fund	Alan Puckrin	1,182	0	0	0	1,182	£325k allocated to HSCP / Finance in 2016/17. A further £313k allocated from the £503k balance in 2017/18.
Corporate Complaints Improvements	Steven McNab	80	22	23	23	57	Post for 2 years - Grade I filled 26th Sept 2016 and continue to Aug 2018.
HR Temporary Resources	Steven McNab	80	41	35	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	34	42	42	4	Projected spend on Employee Costs up to 31/03/17 is now £42k with £4k 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	67	39	45	45	22	The spend relates to the Council's Information Governance Officer.
Total Category C to E		2,495	617	447	447	2,048	

COMMON GOOD FUND**APPENDIX 5****REVENUE BUDGET MONITORING REPORT 2016/17****PERIOD 13 : 1st April 2016 to 31st March 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	21,000	22,040	22,050
Repairs & Maintenance 1	19,700	9,000	9,000	4,666	4,670
Rates 2	20,810	11,000	11,000	19,090	19,090
Property Insurance	(1,720)	1,000	1,000	(1,713)	(1,710)
<u>ADMINISTRATION COSTS</u>	17,370	8,700	8,700	9,800	9,800
Sundries	10,170	1,500	1,500	3,597	3,600
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	5,000	5,000	5,000	4,000	4,000
<u>OTHER EXPENDITURE</u>	101,230	100,700	100,700	107,040	107,040
Christmas Lights Switch On	10,500	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	29,400
Armistice Service	6,710	8,300	8,300	8,703	8,700
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	12,600	12,500	12,500
Society of the Innocents Rent Rebate	5,000	5,000	5,000	5,000	5,000
Bad Debt Provision	2,120			6,037	6,040
<u>INCOME</u>	(114,870)	(139,010)	(139,010)	(125,680)	(125,680)
Property Rental	(183,000)	(187,470)	(187,470)	(125,477)	(187,470)
Void Rents 3	68,640	50,460	50,460		61,990
Internal Resources Interest	(510)	(2,000)	(2,000)	(201)	(200)
Disposal of Land					
<u>NET ANNUAL EXPENDITURE</u>	42,520	(8,610)	(8,610)	13,200	13,210
<u>EARMARKED FUNDS</u>	42,440	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	84,960	(8,610)	(8,610)	13,200	13,210

Fund Balance as at 31st March 2016 14,220

Projected Fund Balance as at 31st March 2017

1,010

REVENUE BUDGET MONITORING REPORT 2016/17

PERIOD 13 : 1st April 2016 to 31st March 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 allow the property to be let out. An estimate of the repairs costs is currently being prepared and will be reported to future Committee. Should this estimate be in excess of existing Repairs & Maintenance budgets Officer 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 are being examined 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)