
Report To: Policy & Resources Committee **Date:** 22 May 2018

Report By: Chief Executive, Corporate Director Environment, Regeneration & Resources, Head of Organisational Development, Human Resources, Communications & Policy and Chief Financial Officer **Report No:** FIN/56/18/AP/AE

Contact Officer: Angela Edmiston **Contact No:** 01475 712143

Subject: Policy & Resources Committee 2017/18 Revenue Budget – Period 11 to 28 February 2018

1.0 PURPOSE

- 1.1 To advise the Committee of the 2017/18 projected out-turn for the Policy & Resources Committee as at period 11, 28 February 2018.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2017/18 is £15,924,000. This excludes Earmarked Reserves of £2,489,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,376,000. This is an increase of £493,000 in the underspend since Period 10.
- 2.3 The main reasons for this underspend are:
- a) £600,000 release of non-pay inflation contingency
 - b) £408,000 release of pay inflation contingency
 - c) £50,000 over recovery of prior years' council tax
 - d) £37,000 over-recovery on DWP grants
 - e) £50,000 underspend on Pension Fund costs
 - f) £40,000 over-recovery on Statutory Additions income
- 2.4 The Earmarked Reserves for 2017/18 totals £2,489,000 of which £975,000 is projected to be spent in the current financial year. To date expenditure of £828,000 (84.92%) has been incurred which is £148,000 more than 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 2018 of £11,220. This is below the recommended minimum level of reserves of £100,000. As part of the 2017/18 Budget action was taken to increase the annual surplus and as a result the Fund Balance will increase over the coming years. The Policy & Resources Committee approved the 2018/19 Common Good Budget on 6 February based on a planned budget surplus of £26,000.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the 2017/18 projected underspend of £1,376,000 for the Policy and Resources Committee as at Period 11, 28 February 2018.
- 3.2 That the Committee notes the projected fund balance of £11,220 for the Common Good Fund as at 31 March 2018.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Steven McNab
Head of OD, HR, Communication
& Policy

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 2017/18 budget and to highlight the main issues contributing to the projected underspend of £1,376,000 in 2017/18.

5.0 2017/18 CURRENT POSITION

- 5.1 The current projection is an underspend of £1,376,000 an increase in underspend of £493,000 since period 10.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £311,000 underspend

Employee Costs: £107,000 projected underspend mainly due to additional turnover savings from vacancies within Revenues & Customer Services. No change from last Committee.

Administration Costs: £35,000 projected overspend mainly due to a £43,000 overspend within Legal Expenses Sheriff Officer, fully off-set within income. This is an decrease in overspend of £4,000 since last reported at Committee.

Income: An over-recovery of £157,000 is being projected. This is mainly due to an over-recovery of income in relation to DWP Benefit's grants of £37,000 and an over recovery of prior years' Council Tax Income of £50,000 as previously reported. Also a £56,000 over-recovery within Legal fee income which is partially off-set within Administration Costs and a £40,000 projected over recovery for Statutory Additions which is in line with last years outturn.

Legal & Property - £14,000 overspend

Income: An income under-recovery of £35,000 mainly due to a £32,000 under-recovery for liquor licences due to less applications received. This is an decrease of under-recovery of £6,000 since period 10.

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

Organisational Development, H.R. & Communications - £10,000 underspend

Employee Costs: £52,000 projected overspend mainly due to £35,000 additional turnover savings from vacant posts and a reduction in hours off-set in full by a £71,000 overspend in relation to an outstanding saving for a Manager post currently being funded from the overall Education Directorate underspend. This represents an increase in overspend of £2,000 since last reported at Committee.

Supplies & Services: £21,000 projected underspend mainly due to a £20,000 one-off underspend for Computer Software due to change in service requirements. No change since last Committee.

Payments to Other Bodies: £27,000 projected underspend mainly due to £15,000 underspend within the overall Events budget, this is due to increased income and temporary reductions in promotional spending.

5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £1,064,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £600,000 based on current estimated calls on inflation contingency. Increase in underspend of £50,000 since last reported to Committee. This underspend will be added to the 2018/19 allowance and reviewed as part of the 2019/20 Budget.

Pay Inflation Contingency: There is a projected one-off underspend of £408,000 mainly due to £268,000 auto-enrolment projected costs contained within the Services in 2017/18.

Pension Fund: There is a projected underspend of £50,000 based on current monthly costs. No change from last Committee.

6.0 EARMARKED RESERVES

6.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,489,000 of which £975,000 is projected to be spent in 2017/18 and the remaining balance of £1,514,000 to be carried forward to 2018/19 and beyond. It can be seen that expenditure of £828,000 has been achieved which is £161,000 more than the phased budgeted spend to date and represents 84.92% of the annual projected spend.

7.0 COMMON GOOD FUND

7.1 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £11,220. This is below the recommended minimum level of reserves of £100,000. As part of the 2017/18 Budget action was taken to increase the annual surplus and as a result the Fund Balance will increase over the coming years. The Policy & Resources Committee approved the 2018/19 Common Good Budget on 6 February based on a planned budget surplus of £26,000.

8.0 IMPLICATIONS

8.1 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					

8.2 Legal

There are no specific legal implications arising from this report.

8.3 Human Resources

There are no specific human resources implications arising from this report.

8.4 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.

8.5 Repopulation

There are no repopulation issues arising from this report.

9.0 CONSULTATIONS

9.1 Relevant Chief Officers have been consulted in the preparation of this report.

10.0 CONCLUSIONS

10.1 The Committee note the 2017/18 projected underspend of £1,376,000 for the Policy and Resources Committee as at Period 11, 28 February 2018.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2017/18**Period 11: 1st April - 28th February 2018**

Service	Approved Budget		Movements			Revised Budget
	2017/18 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2017/18 £000
Finance	8,059	121	128		(428)	7,880
Legal	1,489	59	32			1,580
Organisational Development, HR & Communications	1,755	25				1,780
Corporate Policy	233	3				236
Chief Exec	345	6				351
Miscellaneous	5,353	(1,244)	(12)			4,097
Totals	17,234	(1,030)	148	0	(428)	15,924

Supplementary Budget Detail

£000

Inflation

Apprenticeship Levy	32
Pay Inflation 2017/18 - all P&R services	129
Postages (Revenues)	9
Software Maintenance Inflation - Finance	23
Councillors Salaries - Legal Services	32
DHP allocation	40
DHP allocation	(40)
Scottish Welfare Fund surplus to reserves	(51)
<i>Miscellaneous Inflation Contingency:</i>	
Apprenticeship Levy	(331)
Pay Award 2017/18	(706)
Postages (Revenues)	(9)
Software Maintenance Inflation - Finance	(23)
Councillors Salaries - Legal Services	(32)
Unmetered Electricity	(32)
Refuse Transfer/Waste Strategy	69
SEMP	20
NDR Increase	(193)
IL living wage	33
	<u>(1,030)</u>

Virements

Budget correction within employee costs from Property Services to Legal Services	32
IT Information Classification Policy	3
Triage Team budget from HSCP to Finance Services	62
Welfare Reform - Temp Accommodation	128
Line rental recharges	(65)
Rankin Park (Capital Programme)	(12)
	<u>148</u>
	<u>(882)</u>

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 11: 1st April 2017- 28th February 2018

Service	Approved Budget 2017/18 £000	Revised Budget 2017/18 £000	Projected Out-turn 2017/18 £000	Projected Over/(Under) Spend £000
Finance	8,059	8,308	7,997	(311)
Legal Services	1,489	1,580	1,594	14
Total Net Expenditure Environment, Regeneration & Resources	9,548	9,888	9,591	(297)
Organisational Development, Human Resources & Communications	1,755	1,780	1770	(10)
Corporate Policy	233	236	225	(11)
Total Net Expenditure Education, Communities & Organisational Development	1,988	2,016	1,995	(21)
Chief Executive	345	351	357	6
Miscellaneous	5,353	4,097	3,033	(1,064)
TOTAL NET EXPENDITURE	17,234	16,352	14,976	(1,376)
Earmarked reserves		(428)	(428)	0
Total Net Expenditure excluding Earmarked Reserves	17,234	15,924	14,548	(1,376)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 11: 1st April 2017 - 28th February 2018**

Outturn 2016/17 £000	Budget Heading	Budget 2017/18 £000	Proportion of Budget £000	Actual to 28/02/18 £000	Projection 2017/2018 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,116	Finance/ICT - Employee Costs	5,283	4,531	4,432	5,176	(107)
277	Rev's Admin Costs - Legal Expenses - Sherrif Officer	242	222	249	285	43
0	Rev's - Other Expenditure - Universal Credit	47	34	16	21	(26)
(12)	Rev's - Other Expenditure - Bad Debt Provision	100	75	10	50	(50)
87	Rev's PTOB - Rev's Discretionary Relief	105	0	0	83	(22)
(273)	Rev's Income - legal fee recoveries	(238)	(218)	(255)	(294)	(56)
(59)	Rev's - Other Income (FERIS payments)	(95)	(88)	(128)	(132)	(37)
(106)	Rev's - Income - Council Tax Prior Years	(306)	(280)	0	(356)	(50)
(304)	Rev's - Income - Statutory Additions	(264)	(225)	(230)	(304)	(40)
(169)	Rev's - Income - Recoveries (HB Raised Sundry Debt)	(244)	(187)	(143)	(191)	53
	<u>Legal & Property Services</u>					
(90)	Liquor Licences	(122)	(98)	(79)	(90)	32
	<u>Miscellaneous</u>					
	Non-pay Inflation Contingency	868	796	268	268	(600)
	Pay Inflation Contingency	1,860	1,705	1,020	1,452	(408)
2,256	Pension Fund	2,273	2,084	2,030	2,223	(50)
	<u>Organisational Development, HR & Communications</u>					
1,373	HR - Employee Costs	1,459	1,251	1,289	1,511	52
8,096	TOTAL MATERIAL VARIANCES	10,968	9,601	8,479	9,702	(1,266)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 11	Actual To Period 11	Projected Spend	Amount to be Earmarked for 2018/18 & Beyond	Lead Officer Update
		2017/18	2017/18	2017/18	2017/18		
		£000	£000	£000	£000	£000	
Digital Strategy	Alan Puckrin	297	53	44	68	229	2017/20 Digital Strategy approved and projects progressing. Major investment approved March 2018 Committee.
Welfare Reform - Operational	Alan Puckrin	346	50	34	97	249	Funding temporary employees and brought forward Scottish Welfare Fund balance of £60k.
Budget Development	Alan Puckrin	86	40	12	25	61	Main Projects are Income Review and the Budget Consultation.
2013/18 Revenue Contingency	Alan Puckrin	156	100	86	86	70	Projects to date include £50k for Grand Prix Boats, £30k for contribution to East Africa appeal, £20k for Youth Event, £5k for Toll Boys and £6.5k for Gourock Highland Games. Total uncommitted funds £44.5k projected to be spent in 2018/19.
Anti-Poverty Fund	Alan Puckrin	1,363	220	442	473	890	£150k agreed for Scotcash and Committee agreed further 12 month funding extensions in September with further proposals agreed in February 2018.
Local Government Elections	Gerry Malone	117	117	113	117	0	Reserve to fund local elections May 2017.
Corporate Complaints Improvements	Steven McNab	57	40	39	45	12	Grade I post to Aug 2018. Remaining £12k to be written back.
HR Temporary Resources	Steven McNab	45	38	36	42	3	Two posts to March 2018. PT Grade H and 37hr Grade D post. Expected underspend in 2017/18.
Specialist Post - Information Governance	Helen Watson	22	22	22	22	0	Additional funding identified to fund post extension for 6 months to 30/09/17.
Total Category C to E		2,489	680	828	975	1,514	

COMMON GOOD FUND**REVENUE BUDGET MONITORING REPORT 2017/18****PERIOD 11 : 1st April 2017 to 28th February 2018**

	Final Outturn 2016/17	Approved Budget 2017/18	Budget to Date 2017/18	Actual to Date 2017/18	Projected Outturn 2017/18
<u>PROPERTY COSTS</u>	28,280	19,000	17,500	15,530	19,000
Repairs & Maintenance 1	10,900	9,000	8,300	3,520	7,000
Rates 2	19,090	9,000	8,300	14,900	15,000
Property Insurance	(1,710)	1,000	900	(2,890)	(3,000)
<u>ADMINISTRATION COSTS</u>	9,800	7,700	7,600	10,040	10,050
Sundries	3,600	1,500	1,400	3,840	3,850
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	4,000	4,000	4,000	4,000	4,000
<u>OTHER EXPENDITURE</u>	107,140	79,100	78,700	77,950	79,200
Christmas Lights Switch On	10,500	10,500	10,500	10,500	10,500
Christmas Dinners/Parcels	21,600	0	0	0	0
Gourock Highland Games	29,400	29,400	29,400	29,400	29,400
Armistice Service	8,700	8,300	8,300	8,400	8,400
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	12,600	12,600	12,600
Society of the Innocents Rent Rebate	5,000	5,000	4,600	3,750	5,000
Bad Debt Provision	6,040				0
<u>INCOME</u>	(125,770)	(132,440)	(121,500)	(119,950)	(124,700)
Property Rental	(187,470)	(168,950)	(154,900)	(166,690)	(168,950)
Void Rents 3	61,900	37,010	33,900	46,770	44,750
Internal Resources Interest	(200)	(500)	(500)	(30)	(500)
Disposal of Land					
<u>NET ANNUAL EXPENDITURE</u>	19,450	(26,640)	(17,700)	(16,430)	(16,450)
<u>EARMARKED FUNDS</u>	0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	19,450	(26,640)	(17,700)	(16,430)	(16,450)

Fund Balance as at 31st March 2017 (5,230)

Projected Fund Balance as at 31st March 2018

11,220

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 the next Committee. Should this estimate be in excess of existing Repairs & Maintenance budgets Officers will 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
17 John Wood Street
74 Port Glasgow Road

April 2015
March 2014
September 2012