
Report To:	Policy & Resources Committee	Date:	18 September 2018
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/81/18/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2018/19 Revenue Budget – Period 4 to 31 July 2018		

1.0 PURPOSE

- 1.1 To advise Committee of the 2017/18 Revenue Budget outturn and the 2018/19 projected outturn for the Policy & Resources Committee as at period 4, 31 July 2018.

2.0 SUMMARY

- 2.1 In 2017/18 the underspend was £1,645,000, details of which are shown in Section 5 of the report.
- 2.2 The major variances making up this underspend are as follows:
- a) Internal Resource Interest under-recovery £108,000.
 - b) Inflation & Pressures contingencies underspend returned to reserves £1,021,000.
 - c) £96,000 over-recovery of prior year's Council Tax.
- 2.3 The total revised Committee budget for 2018/19 is £19,465,000. This excludes Earmarked Reserves of £2,507,000.
- 2.4 The latest projection, excluding Earmarked Reserves, is an underspend of £465,000.
- 2.5 The main reasons for this underspend are:
- a) £300,000 projected underspend of non-pay inflation contingency.
 - b) £100,000 over recovery of Internal Resource Interest.
- 2.6 The Earmarked Reserves for 2018/19 total £2,507,000 of which £663,000 is projected to be spent in the current financial year. To date, expenditure of £140,000 (21.11%) has been incurred which is £3,000 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.
- 2.7 The Common Good Fund is projecting a surplus fund balance at 31 March 2019 of £24,040. This is below the recommended minimum level of reserves of £100,000. As part of the Budget, action was taken to increase the annual surplus and as a result, the Fund Balance will increase over the coming years. In addition, the potential disposal of Common Good assets is under review and if approved would increase the Fund Balance accordingly.

3.0 RECOMMENDATIONS

- 3.1 That the Committees notes the 2017/18 Revenue Budget outturn and the 2018/19 projected underspend of £465,000 for the Policy and Resources Committee as at Period 4, 31 July 2018.
- 3.2 That the Committee notes the projected 2018/19 surplus of £16,640 for the Common Good Fund and that action was agreed as part of the 2018/19 budget to begin to increase the fund balance to its recommended level.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Ruth Binks
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 Committee of the current position of the 2018/19 budget as well as the 2017/18 out-turn and to highlight the main issues contributing to the underspend of £1,645,000 in 2017/18 and projected underspend of £465,000 in 2018/19.

5.0 2017/18 OUTTURN

5.1 The main variations from budget in 2017/18 were:

	Revised Budget 2017/18	Out-turn 2017/18	Variance to Budget	Variance to Budget	Movement since P11 Outturn Projection
	£000	£000	£000	%	£000
Finance	7,236	6,748	(488)	(6.74)	(177)
Legal & Democratic Services	1,625	1,631	6	0.36	(8)
Total Net Expenditure Environment, Regeneration & Resources	9,888	8,952	(482)	(4.87)	(185)
Organisational Development, Human Resources & Communications	1,773	1,766	(7)	(0.39)	3
Corporate Policy	236	219	(16)	(6.77)	(5)
Total Net Expenditure Education, Communities & Organisational Development	2,016	1,712	(23)	(1.14)	(2)
Chief Executive	335	341	(6)	(1.79)	0
Miscellaneous	4,097	2,239	(1,134)	(27.67)	(82)
TOTAL NET EXPENDITURE	16,352	13,244	(1,645)	(10.05)	(269)
Earmarked reserves	(428)	(428)			
Total Net Expenditure (Excluding Earmarked Reserves)	15,924	12,816	(1,645)	(10.75)	(269)

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

Finance - £488,000 underspend (£177,000 increase in underspend since P11)

Employee Costs: Final outturn is £104,000 underspend due to additional turnover savings being achieved. This is a £3,000 reduction in costs since last reported to Committee.

Admin Costs: £98,000 overspend mainly due to a £63,000 increase in line rental costs, offset through internal recharge income.

Other Expenditure: £128,000 underspend 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 £303,000 mainly due to off-setting line rental income of £104,000, additional income received for prior year Council Tax collection of £96,000, additional Statutory Additions Income of £45,000 and £47,000 over-recovery of income in relation to DWP Benefit's grants.

Legal & Property - £6,000 overspend (Decrease of £8,000 since P11)

Other Expenditure: Final outturn is £13,000 overspend. This is an increase in costs of £11,000 mainly due to £6,000 additional election costs.

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

Organisational Development, H.R. & Communications - £7,000 underspend (Decrease of £3,000 since P11)

Employee Costs: Final Outturn of £49,000 overspend, of which £71,000 is in relation to an outstanding saving for a Manager post currently being funded from the overall Education Directorate underspend. This represents a decrease in overspend of £3,000 since last reported at Committee.

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

Miscellaneous – £1,134,000 underspend (£82,000 increase in underspend since P11)

Non-Pay Inflation Contingency: Final underspend of £614,000 underspend based on current estimated calls on inflation contingency. Increase in underspend of £14,000 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: Final underspend of £407,000 mainly due to £268,000 auto-enrolment projected costs contained within the Services in 2017/18. Decrease in underspend of £1,000 since last reported to Committee.

Internal Resource Interest: Final outturn is £108,000 over-recovery, no overspend was projected in last report to Committee.

Pension Fund: Final underspend of £57,000 due to reduced monthly costs. No change from last Committee.

External Audit Fee: Final overspend of £72,000 due to realignment of 2017/18 and future budget. £77,000 increase in cost from last report to Committee.

6.0 2018/19 CURRENT POSITION

- 6.1 The current projection is an underspend of £465,000. The following are the material variances:

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

Finance - £133,000 underspend

Employee Costs: £36,000 projected overspend mainly due to turnover shortfall.

Admin Costs: £25,000 overspend mainly due to a £30,000 overspend within Legal Expenses Sheriff Officer, off-set within income. In addition, £61,000 overspend for ICT Line Rental Recharges fully off-set within income.

Other Expenditure: An underspend of £127,000 projected to Committee mainly due to £100,000 underspend due to the reduced amount of Housing Benefit debt now raised due to Universal Credit, offset by under-recovery in income.

Income: An over-recovery of £80,000 is being projected. This is mainly due to a £30,000 over-recovery within Legal fee income which is fully off-set, £61,000 ICT income for Line Rental charges which is off-set within Admin Costs and £85,000 under recovery for Housing Benefit recoveries which are off set within Other Expenditure under Bad Debt. In addition, one-off income of £41,000 received from Education from PEF funding for ICT service charges.

Legal & Democratic - £77,000 overspend

Employee Costs: An overspend of £23,000 is being projected mainly due to turnover target not yet met.

Income: An under-recovery of £50,000, with £44,000 under-recovery for liquor licences due to fewer applications received.

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

Organisational Development, H.R. & Communications - £11,000 overspend

All projected variances are under £20,000.

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

Miscellaneous – £378,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £300,000 based on current estimated calls on inflation contingency.

Internal Resource Interest: Projecting £100,000 over-recovery of income based on 2017/18 outturn. Both these matters will be factored into the 2019/20 draft budget.

7.0 VIREMENT

- 7.1 There are no virements to report in period 4.

8.0 EARMARKED RESERVES

- 8.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,507,000 of which £663,000 is projected to be spent in 2018/19 and the remaining balance of £1,844,000 to be carried forward to 2019/20 and beyond. It can be seen that expenditure of £140,000 has been achieved which is £3,000 more than the phased budgeted spend to date and represents 21.11% of the annual projected spend.

9.0 COMMON GOOD FUND

- 9.1 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £24,040. Whilst this is below the recommended minimum level of reserves of £100,000 the action approved as part of the 2017/18 Budget is gradually increasing the balance.

10.0 IMPLICATIONS

10.1 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					

10.2 Legal

There are no specific legal implications arising from this report.

10.3 Human Resources

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

10.4 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.

10.5 Repopulation

There are no repopulation issues arising from this report.

11.0 CONSULTATIONS

11.1 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.

12.0 CONCLUSIONS

12.1 The Committee is asked to note the 2017/18 Revenue Budget outturn and the 2018/19 projected underspend of £465,000 for the Policy and Resources Committee as at Period 4, 31st July 2018.

13.0 BACKGROUND PAPERS

13.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2018/19**Period 4: 1st April - 31st July 2018**

Service	Approved Budget	Movements			Revised Budget	
	2018/19 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2018/19 £000
Finance	7,591		6			7,597
Legal	1,674					1,674
Organisational Development, HR & Communications	1,991					1,991
Chief Exec	332					332
Miscellaneous	7,886	(15)				7,871
Totals	<u>19,474</u>	<u>(9)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,465</u>

Supplementary Budget Detail

£000

Inflation

Software Maintenance Inflation - Finance & ICT

6

Miscellaneous Inflation Contingency:

Software Maintenance Inflation - Finance & ICT

(6)

Getting Ready for Work Scheme (Ec Dev)

(9)

(9)(9)

REVENUE BUDGET MONITORING REPORT**CURRENT POSITION****PERIOD 4: 1st April 2018- 31st July 2018**

2017/18 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2018/19 £000	Revised Budget 2018/19 £000	Projected Out-turn 2018/19 £000	Projected Over/(Under) Spend £000
8,322	Employee Costs	8,215	8,185	8,247	62
523	Property Costs	547	547	547	0
602	Supplies & Services	899	905	921	17
3	Transport & Plant	5	5	3	(2)
1,551	Administration Costs	1,442	1,447	1,475	28
34,428	Payments to Other Bodies	42,420	42,400	41,954	(446)
(31,943)	Income	(34,054)	(34,024)	(34,147)	(123)
13,486	TOTAL NET EXPENDITURE	19,474	19,465	19,000	(465)
	Earmarked reserves				0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	19,465	19,000	(465)

2017/18 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2018/19 £000	Revised Budget 2018/19 £000	Projected Out-turn 2018/19 £000	Projected Over/(Under) Spend £000
7,278	Finance	7,581	7,597	7,464	(133)
1,631	Legal Services	1,674	1,674	1,751	77
8,909	Total Net Expenditure Environment, Regeneration & Resources	9,255	9,271	9,215	(56)
1,997	Organisational Development, Human Resources & Communications	2,001	1,991	2,002	11
1,997	Total Net Expenditure Education, Communities & Organisational Development	2,001	1,991	2,002	11
341	Chief Executive	332	332	320	(12)
2,239	Miscellaneous	7,886	7,871	7,463	(408)
13,486	TOTAL NET EXPENDITURE	19,474	19,465	19,000	(465)
	Earmarked reserves				0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	19,465	19,000	(465)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 4: 1st April 2018- 31st July 2018**

Outturn 2017/18 £000	Budget Heading	Budget 2018/19 £000	Proportion of Budget £000	Actual to 31/07/18 £000	Projection 2018/2019 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,178	Employee Costs - Fin/Rev/ICT	5,056	1,607	1,649	5,092	36
280	Rev - Admin costs - Legal Expenses Sherriff Officer	242	81	63	272	30
41	ICT - Admin Costs - Corporate Calls	38	13	2	11	(27)
437	ICT - Admin Costs -Telephone Line Rental	333	90	115	394	61
72	ICT - Admin Costs - Line Rental - Non Rechargeable	89	30	2	65	(24)
21	Rev- Other Expenditure UC	47	16	0	20	(27)
(8)	Rev - Other Expenditure - Bad Debt Provision	100	25	0	0	(100)
(138)	Rev- Income - Recoveries HB	(220)	(55)	(32)	(135)	85
(309)	Rev- Income - Statutory Additions	(284)	(85)	(88)	(309)	(25)
(283)	Rev - Income - Legal Fee Recoveries	(238)	(79)	(67)	(268)	(30)
(47)	ICT - Income - Recharges	0	0	(42)	(41)	(41)
(437)	ICT - Income - Line Rental Charges	(333)	(90)	(148)	(394)	(61)
	<u>Legal & Property Services</u>					
1,170	Employee Costs	1,236	393	408	1,259	23
(78)	Liquor Licences	(122)	(41)	(18)	(78)	44
	<u>Miscellaneous</u>					
253	Non-pay Inflation Contingency	1,428	15	15	1,128	(300)
(277)	Internal Resource Interest	(150)	(50)	0	(250)	(100)
5,875	TOTAL MATERIAL VARIANCES	7,222	1,870	1,859	6,766	(456)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 4	Actual To Period 4	Projected Spend	Amount to be Earmarked for 2019/20 & Beyond	Lead Officer Update
		2018/19	2018/19	2018/19	2018/19		
		£000	£000	£000	£000	£000	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	4,240			1,000	3,240	Any material spend in 2018/19 depends on timing of VER trawls.
Digital Strategy	Alan Puckrin	217	30	65	164	53	2017/20 Digital Strategy approved and projects progressing. Funding KANA Upgrade & Revenues On Line projects.
Welfare Reform - Operational	Alan Puckrin	339	15	5	79	260	Funding temporary employees and brought forward SWF balance of £60k.
Budget Development	Alan Puckrin	61	0	0	40	21	No committed projects to date but will fund Participatory Budget pilots once the sum is clarified. £40k of uncommitted funds projected to be spent in 2018/19.
2013/18 Revenue Contingency	Alan Puckrin	190	0	0	70	120	Projects to date include £20k Youth Event, £5k for Gourrock Highland Games & £10k for The Great Get Together. Total uncommitted funds in 2018/19 of £44k .
Anti-Poverty Fund	Alan Puckrin	1,500	75	52	213	1,287	Committee agreed further 12 month funding extensions in September with further proposals agreed in February 2018. Proposals linked to Child Poverty Action Plan to be developed.
GDPR	Gerry Malone	150	1	2	47	103	£47k to be spent within 2018/19 GDPR training, ICT requirements and storage.
Develop Pay & Grading Model	Steven McNab	50	16	16	50	0	Staffing resources to develop pay and grading options for consideration by the Corporate Management Team and Members with a view to implementing a revised pay structure in 2019. Budget to be fully spent in 2018/19.
Total Category C to E		2,507	137	140	663	1,844	

COMMON GOOD FUND**REVENUE BUDGET MONITORING REPORT 2018/19****PERIOD 4 : 1st April 2018 to 31st July 2018**

		Final Outturn 2017/18	Approved Budget 2018/19	Budget to Date 2018/19	Actual to Date 2018/19	Projected Outturn 2018/19
<u>PROPERTY COSTS</u>		16,740	22,000	7,300	15,010	22,000
Repairs & Maintenance	1	4,730	9,000	3,000	2,390	9,000
Rates	2	14,900	12,000	4,000	12,620	13,000
Property Insurance		(2,890)	1,000	300		0
<u>ADMINISTRATION COSTS</u>		11,480	7,700	4,500	5,100	7,700
Sundries		5,280	1,500	500	1,100	1,500
Commercial Rent Management Recharge		2,200	2,200	0		2,200
Recharge for Accountancy		4,000	4,000	4,000	4,000	4,000
<u>OTHER EXPENDITURE</u>		83,370	79,100	44,400	15,810	79,100
Christmas Lights Switch On		10,500	10,500	0		10,500
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		8,400	8,300	0	1,260	8,300
Comet Festival		13,300	13,300	13,300	13,300	13,300
Fireworks		12,600	12,600	0		12,600
Society of the Innocents Rent Rebate		5,000	5,000	1,700	1,250	5,000
Bad Debt Provision		4,170				0
<u>INCOME</u>		(124,220)	(135,440)	(45,200)	(61,750)	(125,440)
Property Rental		(168,950)	(168,950)	(56,300)	(83,220)	(168,950)
Void Rents	3	44,750	34,010	11,300	21,500	44,010
Internal Resources Interest		(20)	(500)	(200)	(30)	(500)
Disposal of Land						
<u>NET ANNUAL EXPENDITURE</u>		(12,630)	(26,640)	11,000	(25,830)	(16,640)
<u>EARMARKED FUNDS</u>		0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>		(12,630)	(26,640)	11,000	(25,830)	(16,640)

Fund Balance as at 31st March 2018

7,400

Projected Fund Balance as at 31st March 2019

24,040**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
10 John Wood Street
15 John Wood Street
17 John Wood Street
74 Port Glasgow Road

April 2015
August 2018
June 2017
March 2014
September 2012