
Report To:	Policy & Resources Committee	Date:	13 November 2018
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/112/18/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2018/19 Revenue Budget – Period 6 to 30 September 2018		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2018/19 projected outturn for the Policy & Resources Committee as at Period 6, 30 September 2018.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2018/19 is £19,048,000. This excludes Earmarked Reserves of £2,507,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £827,000 (4.3%, an increase of £362,000).
- 2.3 The main reasons for this underspend are:
- a) £504,000 projected underspend of non-pay inflation contingency.
 - b) £100,000 projected one-off underspend of pay inflation allowance.
 - c) £100,000 over recovery of Internal Resource Interest.
- 2.4 The Earmarked Reserves for 2018/19 total £2,507,000 of which £661,000 is projected to be spent in the current financial year. To date, expenditure of £158,000 (23.9%) has been incurred which is £10,000 more than the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 4 exclude Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2019 of £24,040. Whilst this is below the recommended minimum level of reserves of £100,000, 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 Committee notes the 2018/19 projected underspend of £827,000 for the Policy and Resources Committee as at Period 6, 30 September 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 the Committee of the current position of the 2018/19 budget and to highlight the main issues contributing to the projected underspend of £827,000 (4.3%) in 2018/19.

5.0 2018/19 CURRENT POSITION

5.1 The current projection is an underspend of £827,000, an increase in underspend of £362,000 since the previous report. The following are the material variances:

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

Finance - £151,000 underspend

Employee Costs: £3,000 projected overspend mainly due to turnover shortfall. This is a reduction in the underspend reported to the last Committee of £33,000.

Admin Costs: £21,000 overspend mainly due to a £30,000 overspend within Legal Expenses Sheriff Officer, off-set within income. In addition, £69,000 overspend for ICT Line Rental Recharges fully off-set within income. Various underspends being projected, which includes £27,000 for ICT corporate calls, £24,000 ICT non-rechargeable line rental and £22,000 postage costs within Revenues following a move to increased electronic communication.

Other Expenditure: An underspend of £104,000 projected to Committee mainly due to £77,000 reduction in Bad Debt Provision due to the reduced amount of Housing Benefit debt now raised due to Universal Credit, offset by under-recovery in income. Also £27,000 underspend due to the Universal Support payment to River Clyde homes being less than budget.

Income: An over-recovery of £86,000 is being projected. This is mainly due to a £25,000 over-recovery within Legal fee income which is fully off-set, £69,000 ICT income for Line Rental charges which is off-set within Admin Costs and £85,000 reduction in Housing Benefit recoveries which is largely offset by a reduced Bad Debt Provision. In addition, one-off income of £41,000 received from Education from PEF funding for ICT service charges.

Legal & Democratic - £36,000 overspend

Employee Costs: An underspend of £5,000 is being projected which is a reduction in costs of £28,000 since last reported to Committee.

Income: An under-recovery of £38,000, with £44,000 under-recovery for liquor licences due to fewer applications received. Reduction in under-recovery of £12,000 since last reported to Committee due to various minor movements.

5.3 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £704,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £500,000 based on current estimated calls on inflation contingency. £200,000 further underspend projected since last reported to Committee.

Pay Inflation Contingency: There is a projected one-off underspend of £100,000 for pay inflation. This situation may change depending on the ultimately agreed 2018/19 Pay Award.

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.

6.0 VIREMENT

6.1 There are no virements to report in Period 6.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,507,000 of which £661,000 is projected to be spent in 2018/19 and the remaining balance of £1,846,000 to be carried forward to 2019/20 and beyond. It can be seen that expenditure of £158,000 has been achieved which is £10,000 more than the phased budgeted spend to date and represents 23.9% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 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.

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 It is recommended that the Committee notes the 2018/19 projected underspend of £827,000 for the Policy and Resources Committee as at Period 6, 30 September 2018.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2018/19**Period 6: 1st April - 30th Sept 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	7,581	6	121		(300)	7,408
Legal	1,674		10			1,684
Organisational Development, HR & Communications	2,001		(6)			1,995
Chief Exec	332		8			340
Miscellaneous	7,886	(15)	(250)			7,621
Totals	<u>19,474</u>	<u>(9)</u>	<u>(117)</u>	<u>0</u>	<u>(300)</u>	<u>19,048</u>

Supplementary Budget Detail

£000

Inflation

Software Maintenance Inflation - Finance & ICT
Miscellaneous Inflation Contingency:
 Software Maintenance Inflation - Finance & ICT
 Getting Ready for Work Scheme (Ec Dev)

6

(6)

(9)

(9)Virement

Turnover Realignment - Chief Executive
 Turnover Realignment - OD, HR & Comms
 Turnover Realignment - Legal
 Turnover Realignment - Finance & ICT
 Welfare refund - Social Work triage
 Welfare refund - Education Anti Poverty Fund
 Misc - Inflation Contingency (CHCP, Mgmt Restruc, Turnover Realign, Misc)

8

4

10

27

62

22

(250)

(117)

REVENUE BUDGET MONITORING REPORT**CURRENT POSITION****PERIOD 6: 1st April 2018- 30th September 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	8,231	8,225	(6)
523	Property Costs	547	547	547	0
602	Supplies & Services	899	937	956	20
3	Transport & Plant	5	5	4	(1)
1,551	Administration Costs	1,442	1,426	1,446	20
34,428	Payments to Other Bodies	42,420	42,222	41,503	(719)
(31,943)	Income	(34,054)	(34,020)	(34,161)	(141)
13,486	TOTAL NET EXPENDITURE	19,474	19,348	18,521	(827)
	Earmarked reserves		(300)	(300)	0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	19,048	18,221	(827)

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	7,708	7,557	(151)
1,631	Legal Services	1,674	1,684	1,720	36
8,909	Total Net Expenditure Environment, Regeneration & Resources	9,255	9,392	9,277	(115)
1,997	Organisational Development, Human Resources & Communications	2,001	1,995	2,006	11
1,997	Total Net Expenditure Education, Communities & Organisational Development	2,001	1,995	2,006	11
341	Chief Executive	332	339	320	(19)
2,239	Miscellaneous	7,886	7,621	6,917	(704)
13,486	TOTAL NET EXPENDITURE	19,474	19,348	18,521	(827)
	Earmarked reserves		(300)	(300)	0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	19,048	18,221	(827)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 6: 1st April 2018- 30th September 2018**

Outturn 2017/18 £000	Budget Heading	Budget 2018/19 £000	Proportion of Budget £000	Actual to 30/09/2018 £000	Projection 2018/2019 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
41	ICT - Admin Costs - Corporate Calls	38	19	4	11	(27)
437	ICT - Admin Costs - Telephone Line Rental	333	113	181	402	69
72	ICT - Admin Costs - Line Rental - Non Rechargeable	66	39	16	42	(24)
280	Rev - Admin costs - Legal Expenses Sherriff Officer	242	121	123	272	30
45	Rev- Admin costs - Postage	67	37	16	45	(22)
21	Rev- Other Expenditure UC	47	24	1	20	(27)
(8)	Rev - Other Expenditure - Bad Debt Provision	100	50	0	23	(77)
(138)	Rev- Income - Recoveries HB	(220)	(110)	(84)	(135)	85
(309)	Rev- Income - Statutory Additions	(284)	(121)	(121)	(309)	(25)
(283)	Rev - Income - Legal Fee Recoveries	(238)	(119)	(128)	(273)	(35)
(47)	ICT - Income - Recharges	0	0	(51)	(49)	(49)
(437)	ICT - Income - Line Rental Charges	(333)	(113)	(213)	(402)	(69)
	<u>Legal & Property Services</u>					
(78)	Liquor Licences	(122)	(68)	(41)	(78)	44
	<u>Miscellaneous</u>					
253	Non-pay Inflation Contingency	1,428	15	15	924	(504)
1,452	Pay Inflation Contingency	3,977	0	0	3,877	(100)
(277)	Internal Resource Interest	(150)	(75)	0	(250)	(100)
1,024	TOTAL MATERIAL VARIANCES	4,951	(188)	(282)	4,120	(831)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 6	Actual To Period 6	Projected Spend	Amount to be Earmarked for 2019/20 & Beyond	Lead Officer Update
		2018/19 £000	2018/19 £000	2018/19 £000	2018/19 £000	£000	
Digital Strategy	Alan Puckrin	217	30	62	164	53	2017/20 Digital Strategy approved and projects progressing. Funding KANA Upgrade & Revenues On Line projects.
Welfare Reform - Operational	Alan Puckrin	339	15	8	97	242	Funding temporary employees and brought forward SWF balance of £60k.
Budget Development	Alan Puckrin	61	0	5	20	41	No committed projects to date but will fund Participatory Budget pilots once the sum is clarified. £15k 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 Gourock Highland Games & £10k for The Great Get Together and £5k for Armed Forces - Tommy Memorials. Total uncommitted funds in 2018/19 of £39k .
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	4	7	47	103	£47k to be spent within 2018/19 GDPR training, ICT requirements and storage.
Develop Pay & Grading Model	Steven McNab	50	24	24	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	148	158	661	1,846	

COMMON GOOD FUND**REVENUE BUDGET MONITORING REPORT 2018/19****PERIOD 6 : 1st April 2018 to 30th September 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