
Report To:	Policy & Resources Committee	Date:	21 May 2019
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/52/19/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2018/19 Revenue Budget – Period 11 to 28 February 2019		

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 11, 28 February 2019.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2018/19 is £18,598,000. This excludes Earmarked Reserves of £2,297,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £778,000 (4.35%, an increase of £62,000 since the last report).
- 2.3 The main reasons for this underspend are:
- £728,000 projected underspend of non-pay inflation contingency.
 - £100,000 over-recovery of Internal Resource Interest.
 - £68,000 projected underspend for overall directorate employee costs.
 - £52,000 one-off income within ICT for PEF funding.
 - £44,000 one-off additional income received from DWP for new initiatives.

The above is offset by a projected overspend of £264,000 on pay inflation based on the current pay offer.

- 2.4 The Earmarked Reserves for 2018/19 total £2,297,000 of which £436,000 is projected to be spent in the current financial year. To date, expenditure of £328,000 (75.2%) has been incurred which is £144,000 less 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. Write backs of £260,000 Earmarked Reserves were approved as part of the Budget and this has been reflected in appendix 4.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2019 of £27,810. The potential disposal of Common Good assets is under review and if approved would increase the Fund Balance accordingly. The Committee approved the 2019/20 Budget in February, 2019.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the 2018/19 projected underspend of £778,000 for the Policy and Resources Committee as at Period 11, 28 February 2019.
- 3.2 That the Committee notes the projected 2018/19 surplus of £20,410 for the Common Good Fund.

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 £778,000 (4.19%) in 2018/19.

5.0 2018/19 CURRENT POSITION

5.1 The current projection is an underspend of £778,000, an increase in underspend of £62,000 since the previous report. The following are the material variances:

5.2 The following position relates to the Environment, Regeneration & Resources Directorate:

Finance - £206,000 underspend

Employee Costs: £61,000 projected underspend mainly due to additional turnover. This is an increase in the underspend reported to the last Committee of £11,000 mainly due to further vacancies.

Admin Costs: £7,000 overspend mainly due to a £40,000 overspend within Legal Expenses Sheriff Officer, offset within income. In addition, £50,000 overspend for ICT Line Rental Recharges fully offset within income. Various underspends being projected, which include £27,000 for ICT corporate calls and £22,000 postage costs within Revenues following a move to increased electronic communication. Overall decrease in overspend of £5,000 since last reported to the Committee.

Other Expenditure: An underspend of £78,000 projected to the Committee mainly due to £50,000 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 £28,000 underspend due to the Universal Support payment to River Clyde Homes being less than budget. Overall decrease in spend of £7,000 since last reported to the Committee.

Income: An over-recovery of £77,000 is being projected. This is mainly due to a £48,000 over-recovery within Legal fee income and £50,000 ICT income for Line Rental charges which are offset within Admin Costs. Also £70,000 reduction in Housing Benefit recoveries which is largely offset by a reduced Bad Debt Provision.

In addition, one-off income of £52,000 within ICT received from Education PEF funding and other ICT service charges and £44,000 over Recovery within Revenues mainly due to additional one-off grant funding from the DWP. Partially offset by an under recovery of prior years' Council Tax Income of £50,000.

Legal & Property - £32,000 overspend

Income: An under-recovery of £32,000 for liquor licence fees offset by an over-recovery of £26,000 within betting licences. Decrease in under-recovery of £10,000 since last reported to the Committee due to a decrease in fees received to date.

5.3 The following position relates to the Miscellaneous budget.

Miscellaneous – £573,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £728,000 based on current estimated calls on inflation contingency. £28,000 further underspend projected since last reported to the Committee.

Pay Inflation – Based on the recent pay offer of 3.5% it is estimated that there is a shortfall of £264,000 against the pay inflation allowance. No change since last reported to the Committee.

Internal Resource Interest: Projecting £100,000 over-recovery of income based on 2017/18 out-turn. Both these matters will be factored into the 2019/20 draft budget. No change since last reported.

5.4 The following position relates to the Chief Executive budget.

Chief Executive - £25,000 underspend

Employee Costs: £21,000 projected underspend mainly due to a vacant post which is part of the 2019/20 savings exercise. Employee costs underspend has increased by £2,000 since last reported to the Committee.

5.5 The following position relates to the Education, Communities & Organisational Development Directorate:

Organisational Development, Policy & Communications - £20,000 overspend

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

6.0 VIREMENT

6.1 There are no virements to report in period 11.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current Earmarked Reserves position. Total funding is £2,297,000 of which £436,000 is projected to be spent in 2018/19 and the remaining balance of £1,861,000 to be carried forward to 2019/20 and beyond. It can be seen that expenditure of £328,000 has been achieved which is £144,000 less than the phased budgeted spend to date and represents 75.2% of the annual projected spend. Write backs of £260,000 Earmarked Reserves were proposed during February 2019 and this has been reflected in appendix 4.

8.0 COMMON GOOD FUND

8.1 The Common Good Fund is projecting a surplus fund balance at 31 March 2018 of £27,810. The 2018/19 surplus is after the Fund incurred minimum expenditure for the Annual Fireworks display following the cancellation of the 2018 event due to inclement weather. All costs incurred have been recovered via an insurance claim.

8.2 The Committee approved the 2019/20 Budget, based on a surplus of £27,810, at the February 2019 meeting.

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

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 is asked to note the 2018/19 projected underspend of £778,000 for the Policy and Resources Committee as at Period 11, 28 February 2019.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2018/19**Period 11: 1st April - 28th Feb 2019**

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	27	93		(350)	7,351
Legal	1,674		27			1,701
Organisational Development, Policy & Communications	2,001		(6)			1,995
Chief Exec	332		8			340
Miscellaneous	7,886	(431)	(276)			7,179
Totals	19,474	(404)	(154)	0	(350)	18,566

Supplementary Budget Detail

£000

Inflation

Software Maintenance Inflation - Finance & ICT & Discr Relief

8

Miscellaneous Inflation Contingency:

Auto Enrolment

(133)

Software Maintenance Inflation - Finance & ICT

(6)

Discretionary Relief

(2)

Getting Ready for Work Scheme (Ec Dev)

(9)

Electricity & Gas Inflation 2018/19

(126)

Industrial & Commercial Rents Income

(60)

Residual Waste

(43)

Unmetered Electricity

(28)

Dalrymple Street Carpark

(5)

(404)Virement

RVJB

(29)

Welfare refund - Social Work triage Education Anti Poverty Fund

84

Misc - Inflation Contingency (HSCP, Mgmt Restruc, Turnover Realign, Misc)

(214)

Admin Restructure - Legal & Property

17

Rankin Park costs from Capital Programme to ERR Directorate

(12)

(154)

REVENUE BUDGET MONITORING REPORTCURRENT POSITIONPERIOD 11: 1st April 2018- 28th February 2019

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	8,267	8,199	(68)
523	Property Costs	547	547	547	0
602	Supplies & Services	899	936	965	29
3	Transport & Plant	5	5	4	(1)
1,551	Administration Costs	1,428	1,400	1,390	(10)
34,428	Payments to Other Bodies	42,434	41,765	41,185	(580)
(31,943)	Income	(34,054)	(34,004)	(34,152)	(148)
13,486	TOTAL NET EXPENDITURE	19,474	18,916	18,138	(778)
	Earmarked reserves		(350)	(350)	0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	18,566	17,788	(778)

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	7,701	7,495	(206)
1,631	Legal Services	1,674	1,701	1,733	32
8,909	Total Net Expenditure Environment, Regeneration & Resources	9,255	9,402	9,228	(174)
1,997	Organisational Development, Policy & Communications	2,001	1,995	1,988	(7)
1,997	Total Net Expenditure Education, Communities & Organisational Development	2,001	1,995	1,988	(7)
341	Chief Executive	332	339	314	(25)
2,239	Miscellaneous	7,886	7,179	6,607	(573)
13,486	TOTAL NET EXPENDITURE	19,474	18,916	18,138	(778)
	Earmarked reserves		(350)	(350)	0
13,486	Total Net Expenditure excluding Earmarked Reserves	19,474	18,566	17,788	(778)

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

Outturn 2017/18 £000	Budget Heading	Budget 2018/19 £000	Proportion of Budget £000	Actual to 28/02/2018 £000	Projection 2018/2019 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,178	Fin/Rev/ICT - Employee Costs	5,099	4,346	4,320	5,038	(61)
41	ICT - Admin Costs - Corporate Calls	38	35	9	11	(27)
437	ICT - Admin Costs - Telephone Line Rental	333	317	296	383	50
(47)	ICT - Income - Recharges	0	0	(109)	(52)	(52)
(437)	ICT - Income - Line Rental Charges	(333)	(317)	(351)	(383)	(50)
280	Rev - Admin costs - Legal Expenses Sheriff Officer	242	222	251	282	40
45	Rev- Admin costs - Postage	67	63	26	45	(22)
21	Rev- Other Expenditure UC	47	43	10	19	(28)
(8)	Rev - Other Expenditure - Bad Debt Provision	100	75	36	50	(50)
(141)	Rev - Income - Other Income	(95)	(88)	(135)	(139)	(44)
(138)	Rev - Income - Recoveries HB	(220)	(165)	(131)	(150)	70
(283)	Rev - Income - Legal Fee Recoveries	(238)	(218)	(258)	(286)	(48)
	Rev - CT Income Previous Years	(356)	0	0	(306)	50
	<u>Legal Services</u>					
(78)	Liquor Licences	(122)	(98)	(116)	(90)	32
(2)	Licensing - Betting	0	0	0	(26)	(26)
	<u>Chief Executive</u>					
319	Employee Costs	315	270	252	294	(21)
	<u>Miscellaneous</u>					
253	Non-pay Inflation Contingency	1,428	675	675	700	(728)
1,452	Pay Inflation Contingency	3,977	0	0	4,241	264
(277)	Internal Resource Interest	(150)	(125)	0	(250)	(100)
1,437	TOTAL MATERIAL VARIANCES	5,033	689	455	4,343	(690)

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 2019/20 & Beyond	Lead Officer Update
		2018/19	2018/19	2018/19	2018/19		
		£000	£000	£000	£000	£000	
Digital Strategy	Alan Puckrin	267	90	50	60	207	2017/20 Digital Strategy approved and projects progressing. Funding KANA Upgrade & Revenues On Line projects. Both Projects have minor delays.
Welfare Reform - Operational	Alan Puckrin	259	45	20	69	190	Funding temporary employees and brought forward SWF balance of £60k. Project to use £40k of SWF balance in 2018/19
Budget Development	Alan Puckrin	36	20	5	11	25	Will fund Participatory Budget pilots once the sum is clarified. £21k uncommitted for 2019/20.
2013/18 Revenue Contingency	Alan Puckrin	110	40	26	26	84	Projects to date include £20k Youth Event, £5k for Gourrock Highland Games & £10k for The Great Get Together, £5k for Armed Forces - Tommy Memorials and £10k for the Jewish Heritage Centre. Total uncommitted funds in 2019/20 of £60k.
Anti-Poverty Fund	Alan Puckrin	1,500	225	191	231	1,269	Committee agreed further 12 month funding extensions in September with further proposals agreed in February 2019. Proposals linked to Child Poverty Action Plan elsewhere on the agenda.
GDPR	Gerry Malone	75	7	7	7	68	£7k to be spent within 2018/19 GDPR training, ICT requirements and storage.
Develop Pay & Grading Model	Steven McNab	50	45	29	32	18	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.
Total Category C to E		2,297	472	328	436	1,861	

COMMON GOOD FUND

REVENUE BUDGET MONITORING REPORT 2018/19

PERIOD 10 : 1st April 2018 to 28th February 2019

		Final Outturn 2017/18	Approved Budget 2018/19	Budget to Date 2018/19	Actual to Date 2018/19	Projected Outturn 2018/19
PROPERTY COSTS						
Repairs & Maintenance	1	16,740	22,000	20,200	19,510	21,500
Rates	2	4,730	9,000	8,300	4,540	6,500
Property Insurance		14,900	12,000	11,000	14,970	15,000
		(2,890)	1,000	900		0
ADMINISTRATION COSTS						
Sundries	3	11,480	7,700	7,600	19,560	19,700
Commercial Rent Management Recharge		5,280	1,500	1,400	13,360	13,500
Recharge for Accountancy		2,200	2,200	2,200	2,200	2,200
		4,000	4,000	4,000	4,000	4,000
OTHER EXPENDITURE						
Christmas Lights Switch On		83,370	79,100	78,700	51,330	64,350
Gourock Highland Games		10,500	10,500	10,500		10,500
Armistice Service		29,400	29,400	29,400	29,400	29,400
Comet Festival		8,400	8,300	8,300	6,130	7,000
Fireworks	4	13,300	13,300	13,300	13,300	13,300
Society of the Innocents Rent Rebate		12,600	12,600	12,600		400
Bad Debt Provision		5,000	5,000	4,600	2,500	3,750
		4,170				0
INCOME						
Property Rental		(124,220)	(135,440)	(124,200)	(125,000)	(125,960)
Void Rents	5	(168,950)	(168,950)	(154,900)	(166,630)	(168,950)
Internal Resources Interest		44,750	34,010	31,200	41,690	43,140
Disposal of Land		(20)	(500)	(500)	(60)	(150)
NET ANNUAL EXPENDITURE						
		(12,630)	(26,640)	(17,700)	(34,600)	(20,410)
EARMARKED FUNDS						
		0	0	0	0	0
TOTAL NET EXPENDITURE						
		(12,630)	(26,640)	(17,700)	(34,600)	(20,410)

Fund Balance as at 31st March 2018

7,400

Projected Fund Balance as at 31st March 2019

27,810

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.

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 Sundries

Significant utilities costs have been incurred for 12 Bay St, these costs date back to 2015 when the property became vacant. While costs relating to this property while vacant are the responsibility of the Common Good fund it is believed the costs are excessive and these are currently being challenged. Any subsequent credit received will be reflected in future reports.

4 Fireworks

The 2018 Fireworks event was cancelled due to extreme weather. The Common Good Fund is not liable for any of the abortive costs.

5 Current Empty Properties are:Vacant since:

12 Bay St
6 John Wood Street
10 John Wood Street
15 John Wood Street
17 John Wood Street
74 Port Glasgow Road

April 2015
January 2019
August 2018
June 2017
March 2014
September 2012