
Report To:	Policy & Resources Committee	Date:	24 March 2020
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/27/20/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2019/20 Revenue & Capital Budget – Period 10 to 31 January 2020		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the 2019/20 Revenue and Capital position as at period 10, 31 January 2020.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2019/20 is £15,560,000. This excludes Earmarked Reserves of £2,630,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,083,000 (13.38%), a reduction in spend of £126,000 since Period 8. Movement in projected outturn from the last Committee is mainly due to less call on the Pay Inflation Contingency of £50,000 and a further one-off NDR reduction of £33,000 relating to 2017/19 following a review of School Rateable Values.
- 2.3 The main reasons for the £2.083 million underspend are:
- a) £150,000 projected underspend of non-pay inflation contingency
 - b) £950,000 projected underspend of pay inflation contingency
 - c) £250,000 over recovery of Internal Resource Interest
 - d) £100,000 over recovery Council Tax Previous Years
 - e) £300,000 one-off underspend on Schools NDR
 - f) £124,000 projected underspend within employee costs
- 2.4 The Earmarked Reserves for 2019/20 total £2,630,000 of which £1,324,000 is projected to be spent in the current financial year. To date expenditure of £905,000 (68.35%) has been incurred which is £383,000 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 of £34,200 which will result in a fund balance at 31 March 2020 of £60,730. There remains an audit action to increase the fund balance to £100,000.

2.6 The Policy and Resources capital budget is £2.126m and the total projected spend is on budget. Expenditure at 31 January 2020 is 47.6% of 2019/20 projected spend. Net advancement of £97,000 (23.3%) is being reported.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the 2019/20 Revenue Budget projected underspend of £2,083,000 as at Period 10, 31 January 2020.

3.2 It is recommended that the Committee notes the projected 2019/20 surplus of £34,200 for the Common Good Fund.

3.3 It is recommended that the Committee notes the current projected capital position.

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 2019/20 Revenue and Capital budgets and to highlight the main issues contributing to the projected underspend of £2,083,000 which is an increase in the underspend projected to the last Committee of £126,000.

5.0 2019/20 CURRENT REVENUE POSITION

- 5.1 The current projection is an underspend of £2,083,000.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £370,000 underspend

Employee Costs: £95,000 projected underspend mainly due to additional turnover savings. This is a £18,000 increase in costs since the last Committee due to various minor movements.

Other Expenditure: There is an overspend of £126,000 projected, an increase in spend of £34,000 from the last Committee. This is mainly due to an increase in Housing Benefit Bad Debt. The total overspend of Housing Benefit Bad Debt is £167,000 which is partially offset by ongoing recoveries, see income below. The remaining balance is made up of various small underspends, none of which are material totalling £41,000.

Income: An over-recovery of £406,000 is being projected, which is an increase in income of £42,000 from the last Committee. The major variances are as follows: (a) An over recovery of Council Tax prior years income, as previously reported of £100,000. (b) An over recovery in recoveries of Housing Benefit overpayments of £184,000. This is largely offset by Housing Benefit bad debt provision, see other expenditure above. These budgets were reviewed as part of the 2020/21 Budget process. (c) Income received to offset additional employee costs incurred due to staff members undertaking Early Years Education courses of £24,000. (d) An over recovery of £40,000 due to additional Government funding for Housing Benefit changes.

Legal & Property - £20,000 underspend

Projected variances are all below £20,000.

- 5.3 The following relates to the Education, Communities & Organisational Development Directorate:

Organisational Development, Policy & Communications - £52,000 underspend

Various projected overspends, all of which are below £20,000.

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

Miscellaneous – £1,650,000 underspend

Non-Pay Inflation Contingency: There is a projected underspend of £150,000 based on current estimated calls on inflation contingency. There is no change in underspend since the last Committee.

Pay Inflation: Currently projecting £950,000 underspend arising from a reduced call on Teachers Pay Inflation due to a higher Scottish Government contribution towards pay and a delay in the implementation of increases in teachers' superannuation. This is an increase of £50,000 since last reported to Committee due to a reduction in the projected cost for auto-enrolment and will now be captured within the 2020/21 employee Budget calculations.

Other Expenditure: There is a projected one-off underspend of £300,000 due to a reduction in Schools NDR relating to prior years. This is an increase of £33,000 since last reported to Committee due to further previous year rebates.

Internal Resource Interest: Projecting a £250,000 over-recovery of income based on 2018/19 out-turn after a budget increase of £100,000 in 2019/20. An increase of £250,000 has already been factored into the 2020/21 Revenue Budget.

5.5 The following position relates to the Chief Executive budget.

Chief Executive – £9,000 overspend

Projected variances are all below £10,000.

6.0 2019/20 CURRENT CAPITAL POSITION

- 6.1 Appendix 6 details the Capital position at 31 January 2020. Expenditure to date is £244,000 (47.6% of the 2019/20 projected spend).
- 6.2 The current budget for the period to 31 March 2023 is £2,126,000. The current projection is £2,126,000 which means the total projected spend is on budget.
- 6.3 The approved budget for 2019/20 is £415,000. The Committee is projecting to spend £512,000 with net advancement of £97,000 (23.3%) mainly due to advancement within the Rolling Replacement of PCs and the Server & Switch Replacement Programme.
- 6.4 **PC Refresh Programme** – ICT implements a six year desktop and laptop refresh strategy. Following the successful Schools Estate programme, the 2019/20 refresh programme has targeted laptop devices within the corporate estate targeting staff within the Health and Social Care Partnership, particularly those staff required to work in a more flexible and mobile environment. To date in 2019/20, £157,000 has been spent through the Scottish Government National Framework for mobile devices. This represents the best overall value for the procurement of IT Equipment and guarantees supply and support of identified models for their period of the contract. Of the 603 devices procured, 230 have been installed with the remaining 373 to be installed prior to year-end. A further £166,000 has been committed to address the replacement of PCs in the Technical Departments within the Secondary Estate. This is to ensure that the equipment in these locations can support the latest versions of software required for delivery of core subjects.
- 6.5 **Server and Switch Replacement** – Replacement or upgrade of the Council's central file storage services is currently being evaluated and will be implemented in line with a Cloud Migration Strategy to improve resilience and availability of systems in 2019/20. £120,000 has been allocated for this project and it is anticipated that this will be largely implemented prior to year-end. To date in 2019/20, £41,000 has been spent on other switch and server infrastructure.
- 6.6 **Whiteboard Projector/Refresh** – A number of whiteboard projectors within the school estate are coming to the end of their useful lifecycle or are no longer available for replacement in the event of equipment failure. Devices are replaced "as and when" they fail and are subject to budgetary availability. Migration away from traditional projector/screen configuration to all one LED active panels, where possible, is being investigated. £5,000 has been invested in this programme.
- 6.7 **Modernisation Fund** – As previously reported two Business Cases for investment as part of the Council's Digital Strategy have been approved. Citizens Account Revenues will allow Council Tax payers to update aspects of their account on line. It went live in January 2020. In addition a major upgrade to the CRM system is in progress. Once in place it will allow the implementation of various "book and pay" tasks on line. The first phase was complete late 2019.

7.0 VIREMENT

7.1 There are no virements this committee cycle.

8.0 EARMARKED RESERVES

8.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £2,630,000 of which £1,324,000 is projected to be spent in 2019/20 and the remaining balance of £1,306,000 to be carried forward to 2020/21 and beyond. It can be seen that expenditure of £905,000 has been achieved which is £383,000 more than the phased budgeted spend to date and represents 68.35% of the annual projected spend. This is due to the Pay & Grading cost being paid earlier than phased.

9.0 COMMON GOOD FUND

9.1 The Common Good Fund is projecting a surplus in 2019/20 of £34,200 which will result in a Fund Balance of £60,730 by 31 March 2020.

10.0 IMPLICATIONS

10.1 Finance

All financial implications are discussed in detail within the report above.

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

(a) Equalities

Has an Equality Impact Assessment been carried out?

	Yes	See attached appendix
X	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.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

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 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2019/20**Period 10: 1st April - 31st January 2020**

Service	Approved Budget	Movements			Revised Budget	
	2019/20 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2019/20 £000
Finance	7,933	66	69		(300)	7,768
Legal	1,860	3		2		1,865
Organisational Development, Policy & Communications	2,061	2	(7)			2,056
Chief Exec	318	(1)				317
Miscellaneous	6,053	(1,869)	(630)			3,554
Totals	18,225	(1,799)	(568)	2	(300)	15,560

Supplementary Budget Detail

£000

Inflation

Miscellaneous Inflation breakdown:

Miscellaneous Pay Inflation

(1,015)

Miscellaneous Non Pay Inflation

(854)

OD, Policy & Comms - Various annual inflationary increases

2

Finance - Various annual inflationary increases

66

Legal - Various annual inflationary increases

3

Chief Exec - reduction in insurance budget

(1)

(1,799)Virements

Return Welfare reform from Social work for Triage Team

62

Contribution from Reserves - Pay & Grading Model

(630)(568)Supplementary Budgets

Legal - redetermination for Alcohol Personal Licence Holder renewals

22**Total Inflation & Virements****(2,365)**

REVENUE BUDGET MONITORING REPORT**CURRENT POSITION****PERIOD 10: 1st April 2019- 31st January 2020**

2018/19 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000
9,075	Employee Costs	8,685	8,675	8,551	(124)
534	Property Costs	564	563	564	1
673	Supplies & Services	932	981	968	(13)
3	Transport & Plant	4	4	4	0
1,503	Administration Costs	1,345	1,323	1,338	15
33,812	Payments to Other Bodies	36,048	33,593	32,305	(1,287)
(32,147)	Income	(29,353)	(29,278)	(29,953)	(675)
13,454	TOTAL NET EXPENDITURE	18,225	15,860	13,777	(2,083)
	Earmarked reserves		(300)	(300)	0
13,454	Total Net Expenditure excluding Earmarked Reserves	18,225	15,560	13,477	(2,083)

2018/19 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000
7,278	Finance	7,933	8,068	7,699	(370)
1,772	Legal Services	1,860	1,865	1,845	(20)
9,050	Total Net Expenditure Environment, Regeneration & Resources	9,793	9,933	9,544	(390)
2,075	Organisational Development, Human Resources & Communications	2,061	2,056	2,004	(52)
2,075	Total Net Expenditure Education, Communities & Organisational Development	2,061	2,056	2,004	(52)
321	Chief Executive	318	317	326	9
2,007	Miscellaneous	6,053	3,554	1,904	(1,650)
13,454	TOTAL NET EXPENDITURE	18,225	15,860	13,777	(2,083)
	Earmarked reserves		(300)	(300)	0
13,454	Total Net Expenditure excluding Earmarked Reserves	18,225	15,560	13,477	(2,083)

	Approved Reserves £000	Revised Reserves £000	19/20 Budget £000	Projected Spend £000	Projected Carry Forward £000
Earmarked Reserves	14,994	16,764	3,992	4,734	12,030
CFCR	0	450	450	450	0
Policy & Resources Overall Expenditure	14,994	17,214	4,442	5,184	12,030

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2019 - 31st January 2020**

Outturn 2018/19 £000	Budget Heading	Budget 2019/20 £000	Proportion of Budget £000	Actual to 31/01/20 £000	Projection 2019/2020 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,207	Employee Costs	5,300	4,117	4,059	5,205	(95)
10	Fin - Supp & Services - Computer Software	3	3	10	28	25
401	ICT - Computer Hardware/Software Maintenance	421	505	501	386	(35)
14	Revenues - Legal Expenses	7	5	29	37	30
(52)	Housing Benefits Bad Debt Provision	20	17	205	187	167
0	Revenues - PTOB -	45	33	0	7	(38)
	Revenues - Prior Year Council Tax	(306)	0	0	(406)	(100)
(4)	Fin/Rev - Internal Income			(24)	(24)	(24)
(121)	Housing Benefits Recoveries	(140)	(107)	(319)	(324)	(184)
(139)	Revenues - Other Income	(66)	(66)	(86)	(106)	(40)
	ICT - Internal Recharges			(28)	(28)	(28)
	<u>Miscellaneous</u>					
1,651	Non-pay Inflation Contingency	1,042	861	861	892	(150)
3,423	Pay Inflation Contingency	1,742	792	792	792	(950)
(493)	Internal Resource Interest	(250)	0	0	(500)	(250)
	Other Expenditure	0	0	0	(300)	(300)
9,897	TOTAL MATERIAL VARIANCES	7,818	6,160	6,000	5,846	(1,972)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 10	Actual To Period 10	Projected Spend	Amount to be Earmarked for 2020/21 & Beyond	Lead Officer Update
		2019/20 £000	2019/20 £000	2019/20 £000	2019/20 £000	£000	
Voluntary Severance Reserve - HR Support	Steven McNab	90	0	11	25	65	Additional support for HR to support Trawls and associated work. Part time HR advisor & Full Time support from 04/11/19 to 31/03/21.
Digital Strategy	Alan Puckrin	197	70	58	139	58	KANA upgarde and Revenues citizens access projects are both due to go live for the public in January, 2020. £43k unallocated
Welfare Reform - Operational	Alan Puckrin	229	65	52	71	158	Being used to pay for additional temporary employees to address workload demands. £109k currently unallocated £450k of which is to help mitigate the potential budget saving if agreed as part of the 20/21 Budget.
Budget Development	Alan Puckrin	26	10	16	22	4	£18k proposed to be used for the 2020/23 Budget consultation exercise. Proposing to write back £4k of unallocated future years budget.
2013/18 Revenue Contingency	Alan Puckrin	73	15	3	10	63	Projects to date include £10k Jewish Heritage Centre, £5k for Gourock Highland Games, £9k for The Great Get Together & £10k for SIMBA tree of tranquility. Total uncommitted funds in 2019/20 of £7k.
Anti-Poverty Fund	Alan Puckrin	1,302	320	194	456	846	Wide range of projects on going and requests to allocate further resources contained in the February, Policy & Resources Committee update.
GDPR	Gerry Malone	67	32	7	37	30	Estimated spend of £37k this financial year on training, ICT requirements, storage and CPD.
Develop Pay & Grading Model	Steven McNab	16	10	13	13	3	Staffing resources to assist with the development and implementation of pay and grading Model. Grade H (22.75hrs) to 31/10/19. £3k to be written back 31/03/20.
Pay & Grading Model - Funding for 2019/20	Alan Puckrin	630	0	551	551	79	To fund implementation of new pay and grading model from 2019/20. £79k to be written back 31/03/20.
Spend to Save		500	0	23	23	477	New EMR from Aug 2019 P&R Committee. Proposals to be considered by CMT. £23k spend on Garden Waste payments system. £35k this year water and garden waste. Further proposals totaling £32k approved by CMT 05/12/19.
Total Category C to E		2,630	522	905	1,324	1,306	

COMMON GOOD FUND**REVENUE BUDGET MONITORING REPORT 2019/20****PERIOD 10 : 1st April 2019 to 31st January 2020**

	Final Outturn 2018/19	Approved Budget 2019/20	Budget to Date 2019/20	Actual to Date 2019/20	Projected Outturn 2019/20
<u>PROPERTY COSTS</u>	26,190	22,000	18,300	30,000	29,000
Repairs & Maintenance	6,260	9,000	7,500	3,910	9,000
Rates 1	18,690	12,000	10,000	26,090	20,000
Property Insurance	1,240	1,000	800		0
<u>ADMINISTRATION COSTS</u>	15,690	7,700	3,500	3,970	7,700
Sundries	9,490	1,500	1,300	1,770	1,500
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	4,000	4,000	0		4,000
<u>OTHER EXPENDITURE</u>	64,940	79,100	55,560	71,630	74,100
Christmas Lights Switch On	10,500	10,500	0	10,500	10,500
Gourock Highland Games	29,400	29,400	29,400	29,400	29,400
Armistice Service	6,930	8,300	8,300	5,830	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	450	12,600	1,260	12,600	12,600
Society of the Innocents Rent Rebate	3,820	5,000	3,300	0	0
Bad Debt Provision	540				0
<u>INCOME</u>	(125,960)	(135,440)	(112,900)	(90,510)	(145,000)
Property Rental	(168,950)	(168,950)	(140,800)	(127,070)	(168,950)
Void Rents 2	43,140	34,010	28,300	36,590	59,450
Internal Resources Interest	(150)	(500)	(400)	(30)	(500)
Disposal of Land					(35,000)
<u>NET ANNUAL EXPENDITURE</u>	(19,140)	(26,640)	(35,540)	15,090	(34,200)
<u>EARMARKED FUNDS</u>	0	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>	(19,140)	(26,640)	(35,540)	15,090	(34,200)

Fund Balance as at 31st March 2019 **26,530**Projected Fund Balance as at 31st March 2020 **60,730****Notes:****1 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.

2 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, currently being marketed
January 2019
August 2018
June 2017, currently being marketed
March 2014, currently being marketed
September 2012

COMMITTEE: POLICY & RESOURCES

	1	2	3	4	5	6	7	8	9
<u>Project Name</u>	<u>Est Total Cost</u>	<u>Actual to 31/3/19</u>	<u>Approved Budget 2019/20</u>	<u>Revised Est 2019/20</u>	<u>Actual to 31/01/20</u>	<u>Est 2020/21</u>	<u>Est 2021/22</u>	<u>Est 2022/23</u>	<u>Future Years</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<u>Environment, Regeneration & Resources</u>									
<u>ICT</u>									
Storage/Backup Devices/Minor Works and Projects	65	24	41	41	19	0	0	0	0
Rolling Replacement of PC's	612	267	267	345	179	0	0	0	0
Whiteboard/Projector Refresh	10	5	5	5	5	0	0	0	0
Server & Switch Replacement Programme	235	114	91	121	41	0	0	0	0
Annual Allocation	1,081	0	0	0		355	363	363	0
<u>ICT Total</u>	2,003	410	404	512	244	355	363	363	0
<u>Finance</u>									
Modernisation Fund	123	112	11	0	0	11	0	0	0
<u>Finance Total</u>	123	112	11	0	0	11	0	0	0
TOTAL	2,126	522	415	512	244	366	363	363	0