

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>31 March 2009</b>
<b>Report By:</b>	<b>Chief Financial Officer, Corporate Director Improvement &amp; Performance and Corporate Director Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>FIN/24/09/MMcC/CB</b>
<b>Contact Officer:</b>	<b>Mary McCabe</b>	<b>Contact No:</b>	<b>01475 712222</b>
<b>Subject:</b>	<b>2008/09 Revenue Budget – Period 10 to 31st January 2009</b>		

---

## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2008/09 Revenue Budget position at Period 10 to 31st January 2009.

## **2.0 SUMMARY**

- 2.1 The revised 2008/09 budget is £29,451,000 with a further £3,859,000 brought forward as earmarked reserves. The current projection is an underspend of £376,000, an increase of £22,000 since the last report.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the current projected underspend for 2008/09 of £376,000 as at 31st January 2009.
- 3.2 That Committee approve virement as detailed in paragraph 8.1 and Appendix 4.

Paul Wallace  
Corporate Director Improvement & Performance

Alan Puckrin  
Chief Financial Officer

Aubrey Fawcett  
Corporate Director Regeneration & Resources

## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2008/09 revenue budget and to highlight the main variances projected at Period 10, to 31st January 2009.
- 4.2 The revised budget reflects an increase of £410,000 since last reported to Committee at period 8. This is due to:
- £229,000 movement in Earmarked Reserves.
  - £52,000 added to Single Status budget line within Miscellaneous.
  - £124,000 increase within Police Loan Charges.
  - £5,000 Employee costs due to Single Status.

## 5.0 2008/09 PROJECTION

- 5.1 It can be seen from Appendix 1 that there is a projected underspend of £376,000 for the Policy & Resources Committee at Period 10. The projected net underspend is comprised of a projected underspend of £435,000 within the Improvement & Performance Directorate and a projected overspend of £59,000 for the Regeneration & Resources Directorate.
- 5.2 The revised projection shows an increase in the underspend of £22,000 since last Committee. The main movements in projection which are discussed in detail below are:
- Finance – reduction in costs of £74,000
  - ICT – increase in costs of £15,000
  - Corporate Communications – reduction in costs of £11,000
  - Legal & Admin – increase in costs of £76,000

- 5.3 The following movements relate to the Improvement & Performance Directorate:

### Finance

Employee Costs: There is a projected underspend of £145,000, which is an increase in underspend of £55,000 since last Committee, due to an increase in turnover savings, associated travel costs and further overtime savings.

Agency Fees: There is a projected overspend of £15,000. This is due to an increase in the cost of collecting Council Tax. There is an increase in the overspend of £10,000 since last Committee.

Computer Hardware Maintenance: There is a projected underspend of £45,000 within Computer Hardware Maintenance, which is an increase in the underspend of £5,000 since last Committee. This underspend is a result of the end of the finance agreement with the current FMS providers in December 2008.

Recoveries: The projected income shortfall on Benefit Overpayment Recoveries is £20,000. This is an improvement of £30,000 since the £50,000 shortfall last reported to committee, due to a reduction in overpayments made and continues the trend from 2007/08.

Water SLA: There is a projected under-recovery of £11,000, relating to a reduction in the annual performance payment from Scottish Water due to a reduction in collection rates.

Legal Fees Recovery: There is a projected over-recovery of £10,000. This is in line with previous years and represents an increase in the over-recovery of £5,000 since last Committee.

## **ICT**

Employee Costs: There is a projected underspend on employee costs of £81,000, which is a projected increase in costs of £15,000 since last Committee, due to effects of finalising Single Status and Pay Award implementation.

## **Performance Management & Procurement**

External Support & Advice - Purchasing: Projecting £18,000 overspend within External Support & Advice due to the appointment of an interim manager to cover long-term sickness and is a minor increase of £1,000.

## **Corporate Communications**

Employee Costs: Projecting underspend of £14,000 due to turnover savings from vacant 'Marketing & Customer Relations Manager' post, an increase in the underspend of £3,000 since last Committee.

## **Miscellaneous & Joint Boards**

There has been no changes to the above since last Committee.

- 5.4 The following material variances relate to the Regeneration & Resources Directorate:

## **Legal & Administration**

Employee Costs: There is a projected underspend of £43,000 on salaries due to turnover savings offset by an appointment to cover for maternity leave. This is an increase in projection of £26,000 due to inclusion of costs previously omitted in error.

Property Costs: There is a projected overspend of £20,000 on Office Accommodation gas charges due to a British Gas invoice covering previous financial years for Port Glasgow Municipal Buildings. This cost is greater than the amount previously estimated.

Administration Costs: There is a projected overspend of £30,000 due to specialist advice sought related to the farm disposals programme. This was not previously reported as any costs incurred would have been netted against capital receipt had any sale gone ahead.

## **Organisational Development & Human Resources**

Employee Costs: There is a projected overspend of £4,000 in Salaries mainly due to low turnover. This is an improvement of £12,000 from that last reported to Committee.

Property Costs: There is a projected overspend of £10,000 due to the relocation of staff to Ladyburn Business Centre resulting in additional costs to the service. This will end on 31 March 2009 due to the relocation of employees to the William Street office. This was not previously reported whilst clarification was sought over who was to meet costs.

## **6.0 EARMARKED RESERVES**

- 6.1 A detailed breakdown of the current earmarked reserves position is included in Appendix 3. Spend to date is 66.9% of the current projected spend for 2008/09.

## 7.0 FINANCIAL IMPLICATIONS

7.1 The current projected outturn per Service is:

Actual 2007/08 £000	Service	Approved Budget 2008/09 £000	Revised Budget 2008/09 £000	Projected Out-turn 2008/09 £000	Projected Over/(Under) Spend £000
312	Chief Executive's	311	326	326	0
250	Corporate Communications & Public Affairs	241	247	229	(18)
208	Corporate Director	147	150	156	6
2,786	Finance	2,745	2,982	2,747	(235)
1,984	Information Technology	1,684	1,931	1,921	(10)
671	Performance Management & Procurement	751	767	784	17
18,713	Joint Boards	19,080	19,098	19,081	(17)
643	Miscellaneous	4,181	1,554	1,376	(178)
<b>25,567</b>	<b>Total Net Expenditure (Exc. Regen)</b>	<b>29,140</b>	<b>27,055</b>	<b>26,620</b>	<b>(435)</b>
1,368	Legal & Administration	987	1,070	1,125	55
1,400	Organisational Development & Human Resources	1,267	1,326	1,330	4
<b>28,335</b>	<b>Adjusted Net Expenditure</b>	<b>31,394</b>	<b>29,451</b>	<b>29,075</b>	<b>(376)</b>
	Transfer to Earmarked Reserves		<b>(700)</b>	<b>(700)</b>	
	<b>Total Net Expenditure Excluding Earmarked Reserve</b>		<b>28,751</b>	<b>28,375</b>	

## 8.0 VIREMENT

8.1 Committee are asked to approve virement of £1,000 as detailed in Appendix 4. This virement is included in the projections in the table within 7.1 above and in Appendix 1 attached. This virement involves a transfer of budget from Legal & Administration professional fees and will also be reported at the Regeneration Committee.

## 9.0 COMMON GOOD FUND

9.1 Appendix 5 shows the position of the approved Common Good Fund as at 31<sup>st</sup> January 2009. The projected available fund balance is £359,560 after adjusting for contributions to the Tall Ships & European Pipe Band Championship.

## 10.0 CONSULTATIONS

10.1 The Corporate Directors, Improvement & Performance and Regeneration & Resources and the Chief Financial Officer have been consulted in the preparation of this report.

## 11.0 EQUALITIES

11.1 This report has no impact on the Council's Equality Agenda.

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****PERIOD 10: 1st April - 31st Jan 2009**

Subjective Heading	Approved Budget 2008/09 £000	Revised Budget 2008/09 £000	Projected Out-turn 2008/09 £000	Projected Over/(Under) Spend £000
Employee Costs	8,788	9,188	8,906	(282)
Property Costs	1,754	1,768	1,819	51
Supplies and Services	741	746	734	(12)
Transport and Plant	11	11	11	0
Administration Costs	1,435	1,420	1,529	109
Payments to Other Bodies	30,011	30,044	29,886	(34)
Other Expenditure	42,099	40,207	39,829	(378)
Capital & Loans Charges	(600)	(1,180)	(1,180)	0
Income	(52,845)	(52,753)	(52,583)	170
<b>TOTAL NET EXPENDITURE</b>	<b>31,394</b>	<b>29,451</b>	<b>28,951</b>	<b>(376)</b>

POLICY & RESOURCES

APPENDIX 2

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

PERIOD 10: 1st April - 31st Jan 2009

Outturn 2007/08 £000	Budget Heading	Budget 2008/09 £000	Proportion of Budget £000	Actual to 31/01/09 £000	Projection 2008/2009 £000	Over/(Under) Budget £000
	<b>Finance</b>					
3,420	Employee Costs	3,605	3,004	2,763	3,460	(145)
90	Admin - Printing & Stationery	54	45	44	74	20
62	Admin - Agency Fees	65	54	65	80	15
202	S&S - Computer Hardware Maintenance	202	168	152	157	(45)
250	Other Exp - Commission	169	141	71	94	(75)
26,483	Other Exp - Benefits & Allowances	37,630	31,358	26,605	37,480	(150)
(396)	Income - Statutory Additions	(365)	(304)	(194)	(220)	145
(239)	Income - Recoveries	(140)	(117)	(110)	(120)	20
(227)	Income - Water SLA	(231)	(193)	(205)	(220)	11
(92)	Income - Legal Fees Recovery	(80)	(67)	(76)	(90)	(10)
	<b>IT</b>					
1,391	Employee Costs	1,498	1,248	1,113	1,417	(81)
26	Admin - External Support & Advice	0	0	30	30	30
89	Admin - Line Rental Costs	84	70	84	98	14
157	S&S - Computer S/W Maintenance	151	126	181	180	29
	<b>PMP</b>					
0	Admin - External Support & Advice (Purchasing)	0	0	5	18	18
	<b>Corporate Communications</b>					
195	Employee Costs	221	184	162	207	(14)
	<b>Miscellaneous</b>					
103	PTOB - Teachers Actuarial Reduction	108	90	94	118	10
73	PTOB - Teachers Added Years	59	49	53	79	20
552	PTOB - Added Years Monthly	620	517	433	590	(30)
165	Other Exp - Group Life Assurance	159	133	133	133	(26)
391	Other Exp - Waterfront Legal Fees	300	250	361	370	70
73	Other Exp - Bad Debt Provision	120	100	0	80	(40)
0	Other Exp - Insurance	0	0	0	(170)	(170)
	<b>Joint Boards</b>					
1,365	PTOB - Joint Boards (SPTE)	1,498	1,248	1,612	1,481	(17)
	<b>Legal &amp; Administration</b>					
1,248	Employee Costs - APT&C	1,617	1,311	1,234	1,574	(43)
8	Physical Investment Team Ind,Comm & Misc Properties Property Insurance	0	0	20	20	20
0	Physical Investment Team (Office Accommodation) Gas	42	35	7	62	20
3	Other Exp - Physical Investment Team Consultants	0	0	19	30	30
(743)	Physical Investment Team Ind,Comm & Misc Properties Rents	(932)	(699)	(652)	(884)	48
(47)	Support Services Licensing Income	(14)	(12)	(37)	(34)	(20)
	<b>Organisational Development &amp; Human Resources</b>					
10	Employee Costs - Relocation Expenses	14	11	0	4	(10)
	Property Costs	0	0	0	10	10
	<b>TOTAL MATERIAL VARIANCES</b>	<b>46,454</b>	<b>38,752</b>	<b>33,967</b>	<b>46,108</b>	<b>(346)</b>

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Of Funding 2007/08</u> £000	<u>New Funding 2008/09</u> £000	<u>Total Funding 2008/09</u> £000	<u>Actual Spend to P10 2008/09</u> £000	<u>Projected Spend 2008/09</u> £000	<u>Amount to be Earmarked for 2009/10 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	529	700	1,229	44	500	729	One off retrial costs approved at Committee, 2007/08 earmarked reserves included. Associated costs are one-off annual costs with spend only when employee leaves authority.
Single Status	Alan Puckrin	1,652		1,652	1,178	1,592	60	2008/09 Single Status outturn completed. £60k slippage carried forward into 2009/10.
MGF	Gordon McLoughlin	683		683	169	248	435	Modernisation and Efficiency programme extends over a number of years. Spend for e-procurement & CRM integration services planned for 09/10 (net of funding returned from previous CRM project). Possible slippage within CRM, Corporate GIS and Back Office Integration projects. Also awaiting confirmation from the Scot Exec on claw back of £51k funding for the Smart Card Young Persons scheme.
Modernisation & Efficiency Fund	Gordon McLoughlin	516		516	311	444	72	Modernisation and Efficiency programme extends over a number of years. Anticipate majority of spend to be incurred in 2008/09.
Design Mandate	Gordon McLoughlin	130	160	290	214	290	0	Funding for Design Mandate & Operating Model. Full spend anticipated 2008/09.
Implementation of Employment & Support Allowance (ESA)	Fiona Borthwick	42		42	42	42	0	Funding received from DWP to facilitate the implementation of ESA which is replacing Incapacity Benefit, Severe Disablement Allowance and Income Support.

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

Project	Lead Officer/ Responsible Manager	Clf Funding 2007/08 £000	New Funding 2008/09 £000	Total Funding 2008/09 £000	Actual Spend to P10 2008/09 £000	Projected Spend 2008/09 £000	Amount to be Earmarked for 2009/10 & Beyond £000	Lead Officer Update
Local Housing Allowance	Fiona Borthwick	66		66	38	56	10	Funding for Central Governments reform of Housing Benefit. Small carry forward.
HBSD/IAD Sean Funding	Fiona Borthwick	3		3	3	3	0	Funding for Central Governments reform of Housing Benefit. Full spend anticipated 2008/09.
RVJB Capital Contribution	Alan Puckrin	16		16	0	16	0	Balance of 2007/08 RVJB contribution. Full spend anticipated 2008/09, invoice due to be paid March 2009.
Waterfront Legal Fees	Elaine Paterson	0	300	300	300	300	0	Litigation costs. Reserve approved August 2008. Allowance fully spent. Projected overspend of £70k to be contained within 2008/09 Miscellaneous budget.
Birkmyre Pavilion	Aubrey Fawcett	222		222	170	182	40	Practical completion certificate issued late April 2008 with final account payment due April 2009.
Workforce Development Fund	Alasdair Moore	0		87	35	67	20	Balance of 2008/09 to fund Occupational Health Scheme costs. 2008/09 projection includes £30k IPF consultancy costs.
<b>Policy &amp; Resources Total</b>		<b>3,859</b>	<b>1,160</b>	<b>5,106</b>	<b>2,504</b>	<b>3,740</b>	<b>1,366</b>	



**Policy & Resources Committee****VIREMENT REQUESTS**

<b>Budget Heading</b>	<b>Increase Budget</b>	<b>(Decrease) Budget</b>
	£000	£000
Legal & Administration Professional Fees	1	
Property Resources Professional Fees		(1)
<b>Total</b>	<b>1</b>	<b>(1)</b>

Reasons for virement :

Transfer of the cost of professional fees for two staff who moved to the Physical Investment Team.

COMMON GOOD FUND

APPENDIX 5

REVENUE BUDGET MONITORING REPORT 2008/09

PERIOD 10 : 1st April 2008 to 31st January 2009

	<b>Final Outturn 2007/08</b>	<b>Approved Budget 2008/09</b>	<b>Budget to Date 2008/09</b>	<b>Actual to Date 2008/09</b>	<b>Projected Outturn 2008/09</b>
<b><u>PROPERTY COSTS</u></b>	<b>0</b>	<b>2,000</b>	<b>1,400</b>	<b>0</b>	<b>2,000</b>
Repairs & Maintenance	0	1,000	700	0	1,000
Property Insurance	0	1,000	700	0	1,000
<b><u>ADMINISTRATION COSTS</u></b>	<b>2,200</b>	<b>2,500</b>	<b>200</b>	<b>0</b>	<b>2,500</b>
Sundries	0	300	200	0	300
Management Allocation	2,200	2,200	0	0	2,200
<b><u>OTHER EXPENDITURE</u></b>	<b>144,200</b>	<b>158,300</b>	<b>118,900</b>	<b>80,000</b>	<b>141,000</b>
Christmas Lights Switch On	9,300	9,600	9,600	500	9,600
Christmas Dinners/Parcels	17,800	24,000	24,000	17,800	17,800
Christmas Decorations	21,000	23,700	23,700	0	23,700
Gourock Highland Games	26,300	27,100	27,100	16,000	16,000
Armistice Service	5,700	5,700	5,700	3,800	5,700
Megawatt Festival	18,500	17,200	17,200	14,400	17,200
Community Arts Festival 2007	25,000	0	0	0	0
Fireworks	11,300	11,600	11,600	11,600	11,600
Contingency for future Community Events	9,300	39,400	0	15,900	39,400
<b><u>INCOME</u></b>	<b>(180,000)</b>	<b>(162,800)</b>	<b>(104,100)</b>	<b>(150,800)</b>	<b>(191,060)</b>
Gross Rent	(151,800)	(138,800)	(104,100)	(150,800)	(167,060)
Internal Resources Interest	(28,200)	(24,000)	0	0	(24,000)
<b><u>NET EXPENDITURE</u></b>	<b>(33,600)</b>	<b>0</b>	<b>16,400</b>	<b>(70,800)</b>	<b>(45,560)</b>

Fund Balance as at 31st March 2008 (518,000)

Projected Fund Balance as at 31st March 2009 (563,560)

Earmarked Fund for 2011 Tall Ships Event 150,000

Earmarked Fund for 2009 European Pipe Band Championships 54,000

Projected Available Fund Balance (359,560)