

**Report To:** Policy & Resources Committee      **Date:** 22 September 2009

**Report By:** Chief Financial Officer, Corporate Director Improvement & Performance and Corporate Director Regeneration & Resources      **Report No:** FIN/54/09/AP/AB

**Contact Officer:** Matt Thomson      **Contact No:** 01475 712256

**Subject:** Policy & Resources Committee 2009/10 Revenue Budget – Period 4 to 31 July 2009

---

## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2008/09 outturn and the 2009/10 Revenue Budget position for the Policy & Resources Committee as at Period 4 (31 July 2009).

## **2.0 SUMMARY**

- 2.1 In 2008/09 there was an underspend of £313,000, 1.09% of the total 2008/09 budget, details of which are shown in Section 5 of the report.
- 2.2 The total approved Committee budget for 2009/10 is £30,309,000. This excludes Earmarked Reserves of £4,716,000.
- 2.3 The latest projection, excluding Earmarked Reserves, is an underspend of £138,000.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the outturn for 2008/09 and the current projected underspend for 2009/10 of £138,000 as at 31 July 2009.

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 2009/10 budget as well as the 2008/09 outturn and to highlight the main issues contributing to the underspend of £313,000 in 2008/09 and projected underspend of £138,000 in 2009/10.

## 5.0 2008/09 OUTTURN

- 5.1 The main variations from budget in 2008/09 were:

	Revised Budget 2008/09	Out-turn 2008/09	Variance to Budget	Period 10 Projection	Movement since P10 Projection
	£000	£000	£000	£000	£000
Chief Executive	317	354	37	317	37
Corporate Communications	247	225	(22)	229	(4)
Corporate Director	150	159	9	156	3
Finance	3,079	2,597	(482)	2,844	(247)
Information Technology	1,818	1,808	(10)	1,808	0
Performance, Management & Procurement	780	806	26	797	9
Joint Boards	19,072	19,055	(17)	19,055	0
Miscellaneous	731	525	(206)	553	(28)
Legal & Support Services	1,093	1,432	339	1,148	284
Org. Development & Human Resources	1,270	1,283	13	1,274	9
<b>TOTAL NET EXPENDITURE</b>	<b>28,557</b>	<b>28,244</b>	<b>(313)</b>	<b>28,181</b>	<b>63</b>

- 5.2 The allocation of Office Accommodation charges, as part of the year end process, has resulted in a number of variances as reported below that are outwith committee control.

The Office Accommodation allocation methodology is being reviewed to eliminate depreciation and impairment charges from revenue monitoring reporting as these variances are outwith the control of the Committee, whilst depreciation charges are a statutory requirement it should be possible to report these outside of the revenue monitoring process.

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

### **Chief Executive**

There was an overspend of £37,000 not projected at the April Committee due to allocation of office accommodation costs as part of the year end process.

### **Corporate Communications**

There was an underspend of £22,000 mainly due to additional turnover savings for the vacant Marketing Team Leader post, an increase of £4,000 since the April Committee.

### **Corporate Director**

There was an overspend of £9,000 due to an overspend in employee and admin costs, an increase of £3,000 since the April Committee.

## **Finance**

There was an underspend of £482,000 an increase of £247,000 since the April Committee. The main reasons for this underspend and movement from the April Committee projections were:

- £147,000 saving within employee costs due to additional turnover savings and reduced travel and overtime costs, an increase of £37,000 since reported at the April Committee.
- £190,000 Office Accommodation charges, allocated as part of the year end process, therefore no variance was reported at the April Committee.
- £101,000 underspend in supplies and services mainly due to a reduction in computer software maintenance due to the Financial System now held in-house and a reduction within benefits related computer software costs, an increase in underspend of £12,000 since the April Committee.
- £11,000 overspend within printing and stationery as previously reported.
- Net underspend of £452,000 relating to Benefits and Allowances, of which £99,000 was previously reported. The movement of £353,000 is due to two factors; a reduction in case load and the previous projection based on the statutory mid year return produced in August 2008.

## **ICT**

There was an underspend of £10,000 which is the same as the position reported to the April Committee, due to:

- £94,000 saving within employee costs due to additional turnover savings.
- £93,000 Office Accommodation charges, allocated as part of the year end process, therefore no variance was reported at the April Committee.
- £27,000 underspend within supplies and services mainly due to £29,000 overspend in computer hardware maintenance offset by £53,000 underspend in computer software maintenance, not reported in April.
- £152,000 overspend within admin costs; £104,000 overspend on line rental recharges offset by a corresponding increase in income, £30,000 overspend on external support offset through vacant project manager post and £14,000 overspend on line rental costs due to inadequate budget.
- £136,000 overrecovery in income: £104,000 increase internal recharges as above and £30,000 overrecovery in ICT recharges relating to Riverclyde Homes and Inverclyde Leisure.

## **Performance Management & Procurement**

There was an overspend of £26,000 an increase of £9,000 since the April Committee. The main reasons for this overspend and movement from the April Committee projections were:

- £23,000 Office Accommodation charges, allocated as part of the year end process, therefore no variance was reported at the April Committee.
- £20,000 overspend for external support & advice to cover long-term sickness.
- £10,000 overrecovery of income relating to ABC purchase cards and Inverclyde Alliance. £3,000 overrecovery relating to Inverclyde Alliance was not reported in April.

## **Joint Boards**

There was an underspend of £17,000 relating to a reduction in the contribution to IT projects, as previously reported.

### **Miscellaneous**

There was an underspend of £206,000 which was mainly due to £214,000 underspend within the general contingency fund, £165,000 underspend within the inflation contingency fund, £35,000 underrecovery within Internal Resource Interest and £61,000 overspend within Waterfront Legal Fees. This is an increase in the underspend of £28,000 since the April Committee.

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

### **Legal & Administration**

The out-turn, excluding Earmarked Reserves was £1,432,000 and is an overspend of £339,000. This is a £284,000 increase in costs since last reported. The key reasons for the outturn and this movement are:

- £63,000 underspend on employee costs, of which £43,000 was previously reported.
- £403,000 overspend in property costs which is an increase of £363,000 since April, analysed between:
  - £196,000 for Office Accommodation charged at year to the Service and;
  - £115,000 utility costs under projected, however this is offset in income below
- £14,000 underspend in Supplies & Services, not previously reported
- £65,000 legal fees and expenses not previously reported as these had been incorrectly assumed as a capital cost
- £12,000 Commission charges for debt recovery, previously excluded from projections.
- £103,000 over-recovery due to Office Accommodation recharges made to Services, as above, offset by the shortfall in Feu Duties and Industrial and Commercial Rents as previously reported.

### **Organisational Development & Human Resources**

The out-turn, excluding Earmarked Reserves was £1,283,000, an overspend of £13,000 and is an increase in costs of £9,000 since last reported. The key reasons for the outturn and this movement are:

- £48,000 underspend in employee costs relating to a turnover savings and recharged costs. This is an increase of £42,000 since last reported, as at that point the recharges were still subject to confirmation.
- £57,000 overspend in property, an increase of £47,000 predominantly due to Office Accommodation charges.
- £10,000 underspend in administration costs, of which £2,000 was reported in April.

## **6.0 2009/10 CURRENT POSITION**

6.1 It can be seen from Appendix 1 that there is a projected underspend of £138,000 for the Policy & Resources Committee at Period 4. The projected underspend comprises of a projected underspend of £130,000 for the Improvement & Performance Directorate £8,000 for the Regeneration & Resources Directorate.

6.2 The following material variances relate to the Improvement & Performance Directorate:

### **Finance**

Employee Costs: There is a projected underspend of £113,000, this is due to additional turnover savings, resulting from three vacant Benefit posts and a reduction in overtime and travel costs.

Computer Hardware Maintenance: There is a projected £10,000 underspend due to a reduction in costs due to the Financial system now held in-house.

Legal Expenses Expenditure: There is an overspend in expenditure of £48,000 in relation to Sheriff Officers charges for recovery of Council Tax penalties, this is offset by additional income as detailed below.

Legal Expenses Income: There is an overrecovery of £50,000 due to an increase in income from Council Tax payers incurring legal costs due to defaulting on payment of their Council Tax.

Statutory Additions: There is a projected overrecovery on Statutory Additions of £30,000, this is due to Council Tax payers incurring penalties for defaulting on payment of their Council Tax.

Water SLA: There is a projected underrecovery of £10,000 due to a reduction in the fee paid by Scottish Water.

## **ICT**

Line Rental Costs: There is a projected overspend of £10,000 on Line Rental Costs due to inadequate budget.

## **Performance Management & Procurement**

Employee Costs: There is a projected underspend of £17,000 due to two vacant posts within Internal Audit due to the restructure of the service and a vacant Procurement Manager post. This is partially offset by External Support & Advice costs.

External Support & Advice: There is a projected overspend on External Support & Advice Costs of £11,000, this is due to the appointment of an interim Procurement Officer funded by additional turnover savings, identified above.

## **Corporate Communications**

Employee Costs: There is a projected underspend of £13,000 due to the vacant Marketing Team Leaders post projected to be filled September 2009.

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

## **Legal & Administration**

Employee Costs: There is a projected underspend of £24,000 due to additional turnover savings.

Income: There is a projected £18,000 under-recovery, primarily for Feu Duties in line with the 2008/09 out-turn and based activity to date. The underlying shortfall in Industrial and Commercial Rent has been mitigated by a reduction in the income budget as an agreed pressure in the 2009/10 budget process.

## **Organisational Development & Human Resources**

Employee Costs: There is a projected underspend of £16,000 mainly due to pay differentials between permanent staff seconded to the HR/Payroll system and the backfilling of these posts.

## **7.0 EARMARKED RESERVES**

7.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. It can be seen that expenditure of £247,000 represents 5.23% of the annual projected spend.

## 8.0 FINANCIAL IMPLICATIONS

8.1 The current projected outturn per service:

Service	Approved Budget 2009/10 £000	Revised Budget 2009/10 £000	Projected Out-turn 2009/10 £000	Projected Over/(Under) Spend £000
Chief Executive	314	314	318	4
Corporate Communications & Public Affairs	230	230	217	(13)
Corporate Director	156	156	158	2
Finance	2,895	2,916	2,774	(142)
Information Technology	1,669	1,634	1,659	25
Performance Management & Procurement	777	863	857	(6)
Joint Boards	19,746	19,746	19,746	0
Miscellaneous	1,624	2,009	2,009	0
<b>Total Net Expenditure (Exc. Regen)</b>	<b>27,411</b>	<b>27,868</b>	<b>27,738</b>	<b>(130)</b>
Legal & Administration	1,510	1,507	1,515	8
Organisational Development & Human Resources	1,388	1,403	1,387	(16)
<b>Total Net Expenditure</b>	<b>30,309</b>	<b>30,778</b>	<b>30,640</b>	<b>(138)</b>

## 9.0 COMMON GOOD FUND

9.1 Appendix 4 shows the position of the approved Common Good Fund as at 31<sup>st</sup> July 2009. The projected available fund balance is £392,200 after adjusting for contributions to the Tall Ships & European Pipe Band Championship.

## 10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

## 11.0 CONSULTATIONS

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

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****PERIOD 04: 1st April - 31st July 2009**

Subjective Heading	Approved Budget 2009/10 £000	Revised Budget 2009/10 £000	Projected Out-turn 2009/10 £000	Projected Over/(Under) Spend £000
Employee Costs	9,571	9,614	9,444	(170)
Property Costs	1,808	1,808	1,808	0
Supplies and Services	417	376	374	(2)
Transport and Plant	9	9	9	0
Administration Costs	914	828	909	81
Payments to Other Bodies	30,884	30,900	30,900	0
Other Expenditure	39,313	39,315	39,315	0
Capital & Loans Charges	(156)	259	259	0
Income	(52,451)	(52,331)	(52,378)	(47)
<b>TOTAL NET EXPENDITURE</b>	<b>30,309</b>	<b>30,778</b>	<b>30,640</b>	<b>(138)</b>

**POLICY & RESOURCES**

APPENDIX 2

**REVENUE BUDGET MONITORING REPORT**

**MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)**

**PERIOD10: 1st April - 31st July 2009**

Outturn 2008/09 £000	Budget Heading	Budget 2009/10 £000	Proportion of Budget £000	Actual to 31/07/09 £000	Projection 2009/2010 £000	Over/(Under) Budget £000
	<b><u>Finance</u></b>					
3,458	Employee Costs	3,797	1,266	1,246	3,684	(113)
152	Supplies & Services - Computer Hardware Maintenance	78	26	55	68	(10)
110	Admin - Legal Expenses	92	31	47	140	48
(275)	Income - Statutory Additions	(215)	(72)	(75)	(245)	(30)
(108)	Income - Legal Expenses	(80)	(27)	(43)	(130)	(50)
(227)	Income - Water SLA	(233)	(78)	(66)	(223)	10
	<b><u>IT</u></b>					
98	Admin - Line Rental Costs	84	28	29	94	10
	<b><u>PMP</u></b>					
697	Employee Costs	769	256	259	752	(17)
30	Admin - External Support & Advice (Purchasing)	0	0	0	11	11
	<b><u>Corporate Communications</u></b>					
200	Employee Costs	231	77	67	218	(13)
	<b><u>Legal &amp; Administration</u></b>					
1,542	Employee Costs - APT&C	1,646	573	550	1,622	(24)
(3)	Income - Physical Investment Team Feu Duties/Wayleaves	(15)	(5)	0	0	15
	<b><u>Organisational Development &amp; Human Resources</u></b>					
1,053	Employee Costs - APT&C	1,138	396	398	1,122	(16)
<b>6,727</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>7,292</b>	<b>2,472</b>	<b>2,467</b>	<b>7,113</b>	<b>(179)</b>



EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u> £000	<u>New Funding 2009/10</u> £000	<u>Total Funding 2009/10</u> £000	<u>Actual To Period 04 2009/10</u> £000	<u>Projected Spend 2009/10</u> £000	<u>Amount to be Earmarked for 2010/11 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	799	1,000	1,799	0	1,500	299	Delegated authority granted to Chief Executive to release employees until Sept 09. Anticipated that the bulk of the earmarked sum will be committed by 31/03/10.
Single Status	Alan Puckrin	309		309	7	120	189	Sum held for financing training of red circled employees and managing the appeals process.
Single Status Appeals Back Pay	Alan Puckrin	0	500	500	0	300	200	Allocation for back dating any appeals. No appeals yet considered but pre appeals process in progress.
MGF	Gordon McLoughlin	514		514	35	514	0	Modernisation and Efficiency programme extends over a number of years. Anticipate full spend to be incurred in 2009/10. Reduction in spend of £132k from P3 due to FOM (capital) costs incorrectly allocated to MGF.
Modernisation & Efficiency Fund	Gordon McLoughlin	205		205	115	205	0	Modernisation and Efficiency Fund created in 2008/09. Anticipate full spend of original fund to be incurred in 2009/10.
Birkmyre Pavilion	Aubrey Fawcett	9		9	1	9	0	Internal fees anticipated in 2009/10. Service in contractual negotiations with contractor to agree final account.
RVJB Capital Contribution	Alan Puckrin	30	26	56	0	30	26	Council invoiced at the year end.
Workforce Development Fund	Alasdair Moore	42	150	192	31	115	77	£55k committed to date on various projects and £60k anticipated commencing September 2009.
Short Term Cash Flow - Economic Downturn	Alan Puckrin	0	1,500	1,500	0	1,000	500	£850k approved to fund vehicle replacements 16/06/09. Approved at P&R Committee 26th May 2009.
Future Operating Model Delivery	Gordon McLoughlin	0	1,000	1,000	5	466	534	Detailed budget being compiled and reported separately to Committee.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u> £000	<u>New Funding 2009/10</u> £000	<u>Total Funding 2009/10</u> £000	<u>Actual To Period 04 2009/10</u> £000	<u>Projected Spend 2009/10</u> £000	<u>Amount to be Earmarked for 2010/11 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
One off Costs, Savings Implementation	Alan Puckrin	0	150	150	5	150	0	Funding to manage implementation of savings. Sums agreed to mothball Parklea Greenhouses pending future decision, carry out Office rationalisation feasibility work and progress Meams Centre future feasibility work.
Allowance for Elections to May 2012	Elaine Paterson	0	300	300	45	50	250	Projected 2009/10 spend unchanged to allow for possibility of further bi-elections.
Revenue Expenditure Transferred from Capital	Alan Puckrin	175	0	175	0	175	0	Sum set aside and utilised as part of the accounts closure process.
ICMS Security Upgrade	Alan Puckrin	20	0	20	0	20	0	Funding to make cash collection system fully credit card compliant. £9k committed to date.
Taxi Study	Howard McNeilly	0	15	15	0	12	3	Contract awarded for the sum of £11.5k to be fully spent in the next two to three months. Anticipated balance will be written back to the General Fund Reserves at the financial year end.
Waterfront Legal Fees	Elaine Paterson	0	50	50	3	50	0	Litigation costs. Full spend expected in 2009/10.
<b>Total</b>		<b>2,103</b>	<b>4,691</b>	<b>6,794</b>	<b>247</b>	<b>4,716</b>	<b>2,078</b>	

**COMMON GOOD FUND**

APPENDIX 4

**REVENUE BUDGET MONITORING REPORT 2009/10**

**PERIOD 4 : 1st April 2009 to 31st July 2009**

	<b>Final Outturn 2008/09</b>	<b>Approved Budget 2009/10</b>	<b>Budget to Date 2009/10</b>	<b>Actual to Date 2009/10</b>	<b>Projected Outturn 2009/10</b>
<b><u>PROPERTY COSTS</u></b>	<b>0</b>	<b>2,000</b>	<b>600</b>	<b>0</b>	<b>2,000</b>
Repairs & Maintenance	0	1,000	300	0	1,000
Property Insurance	0	1,000	300	0	1,000
<b><u>ADMINISTRATION COSTS</u></b>	<b>2,310</b>	<b>10,500</b>	<b>100</b>	<b>0</b>	<b>10,500</b>
Sundries	114	300	100	0	300
Management Allocation	2,200	2,200	0	0	2,200
Recharge for Accountancy		8,000	0	0	8,000
<b><u>OTHER EXPENDITURE</u></b>	<b>111,150</b>	<b>161,260</b>	<b>45,600</b>	<b>31,870</b>	<b>156,060</b>
Christmas Lights Switch On	21,268	9,900	0	0	9,900
Christmas Dinners/Parcels	17,769	24,000	0	0	24,000
Christmas Decorations	21,000	34,400	0	0	34,400
Gourock Highland Games	16,000	27,900	27,900	22,678	22,700
Armistice Service	6,679	5,900	0	386	5,900
Megawatt Festival	17,635	17,700	17,700	8,803	17,700
Fireworks	11,600	11,900	0	0	11,900
Contingency for future Community Events	15,850	29,560	0	0	29,560
Bad Debt Provision	(16,654)	0	0	0	0
<b><u>INCOME</u></b>	<b>(186,410)</b>	<b>(173,760)</b>	<b>(53,900)</b>	<b>(53,560)</b>	<b>(173,760)</b>
Gross Rent	(165,323)	(161,760)	(53,900)	(53,525)	(161,760)
Internal Resources Interest	(21,090)	(12,000)	0	(39)	(12,000)
<b><u>NET EXPENDITURE</u></b>	<b>(72,950)</b>	<b>0</b>	<b>(7,600)</b>	<b>(21,700)</b>	<b>(5,200)</b>

Fund Balance as at 31st March 2009 **591,000**

Projected Fund Balance as at 31st March 2010 **596,200**

Earmarked Fund for 2011 Tall Ships Event **150,000**

Earmarked Fund for 2009 European Pipe Band Championships **54,000**

Projected Available Fund Balance **392,200**