

Report To: Policy & Resources Committee **Date:** 17 November 2009

Report By: Chief Financial Officer, Corporate Director Improvement & Performance and Corporate Director Regeneration & Resources **Report No:** FIN/68/09/AP/AB

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

Subject: Policy & Resources Committee 2009/10 Revenue Budget – Period 6 to 30 September 2009

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 Revenue Budget position at Period 6 to 30 September 2009.

2.0 SUMMARY

- 2.1 The revised 2009/10 budget for Policy & Resources is £31,084,000 which excludes Earmarked Reserves of £2,103,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £415,000, a further underspend of £277,000 on that previously reported to Committee, mainly due to £150,000 saving within Inflation Contingency and £110,000 additional turnover savings.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2009/10 of £415,000 as at 30 September 2009.
- 3.2 That Committee approve virement as detailed in paragraph 7.1 and Appendix 5.
- 3.3 That Committee approve virement within the Common Good Fund as detailed in paragraph 10.2 and Appendix 5.

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 revenue budget and to highlight the main variances projected at Period 6, to 30 September 2009.

5.0 2009/10 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that the projected underspend of £415,000 (excluding Earmarked Reserves) comprises a projected underspend of £431,000 for the Improvement & Performance Directorate and a £16,000 projected overspend for the Regeneration & Resources Directorate.

The following movements relate to the Improvement & Performance Directorate:

5.2 Finance

The current projection for Finance is an underspend of £284,000, a further underspend of £154,000 since last reported. The main movements are detailed below:

Employee Costs: There is a projected underspend of £202,000, a further underspend of £89,000 since last Committee, due to a combination of additional turnover and non filling of vacancies.

Commission: There is a projected underspend on Debt Recovery Commission of £10,000, this is due to a reduction in the amount of debt collected by our Debt Recovery Partners.

Benefits & Allowances: There is a projected net saving of £31,000 within Benefits & Allowances following a mid year estimate of ongoing payments.

The following areas remain unchanged since last reported to committee:

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 £60,000 in relation to Sheriff Officers legal charges including sequestrations, this is largely 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 and is in line with 2008/09 outturn.

5.3 ICT

Computer Hardware Maintenance: There is a projected overspend of £32,000, previously unreported, due to an accrual error of £13,000 and additional maintenance costs associated with new hardware in 2009/10.

5.4 **Performance Management & Procurement**

Employee Costs: There is a projected underspend of £24,000, a further underspend of £7,000 since last Committee, due to additional turnover savings.

External Support & Advice: As reported at last Committee 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 turnover savings, identified above.

5.5 **Corporate Communications**

Employee Costs: There is a projected underspend of £23,000, a reduction in costs of £10,000 since last Committee, this is mainly due to turnover savings from a Communication Officer post.

5.6 **Miscellaneous**

Inflation Contingency: There has been little call on this contingency to date therefore £150,000 can be reported as a saving, £138,000 now remains within this contingency.

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

5.7 **Legal & Administration**

Employee Costs: There is a projected underspend of £46,000, a further underspend of £22,000 since last Committee, due to delay in filling vacancies.

Supplies & Services Costs: There is a projected overspend of £13,000, previously unreported, due to unbudgeted costs for the annual maintenance and support costs of the new Property Asset Management System. These costs are being contained within the Regeneration & Resources Directorate for 2009/10.

Administration Costs: As reported at last Committee there is a projected overspend of £47,000, in respect of estimated Judicial and Legal expenses.

Income: The projected £18,000 underrecovery has not changed since last reported to Committee.

5.8 **Organisational Development & Human Resources**

Employee Costs: The projected underspend of £16,000 has not changed since last reported to Committee.

5.9 The projected net overspend relating to Regeneration & Resources will be contained within Directorate in current financial year.

6.0 **OTHER ISSUES**

6.1 The District Court was due to transfer to the Scottish Courts Service on 23 November 2009. The revised date for the transfer is now 14 December 2009 and the financial impact of this delay will be reported to the next Committee meeting.

6.2 There have been two movements within the Inflation Contingency, in line with Financial Regulations:

- Heating and Oil prices did not increase in 2009/10 as anticipated therefore £100,000 was returned into the Inflation Contingency within Miscellaneous from the Education & Lifelong Learning Committee.
- £12,000 has been allocated from the Inflation Contingency to Education in relation to increased Trade Waste charges.

6.3 An overbudget on Stairlighting electricity of £35,000 and Stairlighting repairs and Maintenance of £30,000 has been identified. The budgets for 2009/10 are based on historical budget prior to stock transfer and the subsequent over-budget of £65,000 is to be transferred back to the General Contingency, in line with Financial Regulations.

7.0 VIREMENTS

7.1 Committee are asked to approve virement of £128,840 as detailed in Appendix 5, included in Education & Lifelong Learning Committee on 3 November. The virement is included in Appendix 1 and has been reflected throughout this report.

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	203	(27)
Corporate Director	156	156	158	2
Finance	2,895	2,927	2,643	(284)
Information Technology	1,669	1,794	1,831	37
Performance Management & Procurement	777	863	850	(13)
Joint Boards	19,746	19,751	19,751	0
Miscellaneous	1,624	2,139	1,989	(150)
Total Net Expenditure (Exc. Regen)	27,411	28,174	27,743	(431)
Legal & Administration	1,510	1,507	1,539	32
Organisational Development & Human Resources	1,388	1,403	1,387	(16)
Total Net Expenditure	30,309	31,084	30,669	(415)

9.0 EARMARKED RESERVES

9.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. It can be seen that expenditure of £335,000 represents 7.21% of the annual projected spend. Due to the nature of some of the reserves held within the Policy & Resources Committee spend does not occur evenly throughout the year but is weighted towards the year end.

10.0 COMMON GOOD FUND

- 10.1 Appendix 4 shows the position of the approved Common Good Fund as at 30 September 2009. The projected available fund balance is £387,000 after adjusting for contributions to the Tall Ships & European Pipe Band Championship.
- 10.2 Committee are asked to approve virement of £8,000 due to current level of interest rates. The virement is included in Appendix 4.

11.0 EQUALITIES

- 11.1 There are no equality issues arising from this report.

12.0 CONSULTATIONS

- 12.1 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 06: 1st April - 30th September 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	9,737	9,429	(308)
Property Costs	1,808	1,808	1,808	0
Supplies and Services	417	424	458	34
Transport and Plant	9	9	9	0
Administration Costs	914	828	954	126
Payments to Other Bodies	30,884	30,905	30,904	(1)
Other Expenditure	39,313	39,445	39,254	(191)
Capital & Loans Charges	(156)	259	259	0
Income	(52,451)	(52,331)	(52,406)	(75)
TOTAL NET EXPENDITURE	30,309	31,084	30,669	(415)

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 6: 1st April - 30th September 2009

Outturn 2008/09 £000	Budget Heading	Budget 2009/10 £000	Proportion of Budget £000	Actual to 30/09/09 £000	Projection 2009/2010 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,458	Employee Costs	3,797	1,899	1,778	3,595	(202)
152	Supplies & Services - Computer Hardware Maintenance	78	39	55	68	(10)
110	Admin - Legal Expenses	92	46	84	152	60
92	Commission - Other Expenditure	94	47	36	84	(10)
31,403	Benefits & Allowances - Other Expenditure	37,660	18,830	14,537	37,629	(31)
(275)	Income - Statutory Additions	(205)	(103)	(113)	(235)	(30)
(108)	Income - Legal Expenses	(80)	(40)	(73)	(130)	(50)
	<u>Miscellaneous</u>					
0	Inflation Contingency - Other Expenditure	288	144	0	138	(150)
	<u>IT</u>					
192	Supplies & Services - Computer Hardware Maintenance	229	115	201	261	32
	<u>PMP</u>					
697	Employee Costs	769	385	311	745	(24)
30	Admin - External Support & Advice (Purchasing)	0	0	9	11	11
	<u>Corporate Communications</u>					
200	Employee Costs	231	116	99	208	(23)
	<u>Legal & Administration</u>					
1,542	Employee Costs - APT&C	1,646	825	790	1,600	(46)
19	Supplies & Services - Systems Maintenance	0	0	13	13	13
0	Admin - Legal Fees	10	5	46	57	47
(3)	Income - Physical Investment Team Feu Duties/Wayleaves	(15)	(8)	0	0	15
	<u>Organisational Development & Human Resources</u>					
1,053	Employee Costs - APT&C	1,138	571	560	1,122	(16)
38,562	TOTAL MATERIAL VARIANCES	45,732	22,870	18,333	45,318	(414)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 06 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	799	2,800	3,599	24	1,500	2,099	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. Request to add £1.8 million to reserves agreed by P&R Committee 22/09/09.
Single Status	Alan Puckrin	309		309	33	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 & training in progress.
MGF	Gordon McLoughlin	514		514	41	514	0	Modernisation and Efficiency programme extends over a number of years. Anticipate full spend to be incurred in 2009/10.
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 negotiations with contractor to agree final account. Making Good Defects certificate still to be issued. A further £20k of spend will be met by the Capital Complete on Site budget.
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	32	128	64	£115k committed to date on various projects with £48k to be spent by end of November 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. Part of balance to be used to cashflow delays in Capital receipts.
Future Operating Model Delivery	Gordon McLoughlin	0	1,000	1,000	66	452	548	Detailed budget approved by Committee, anticipate full spend of 09/10 budget.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2008/09</u>	<u>New Funding 2009/10</u>	<u>Total Funding 2009/10</u>	<u>Actual To Period 06 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Amount to be Earmarked for 2010/11 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
One off Costs, Savings Implementation	Alan Puckrin	0	150	150	8	100	50	Funding to manage implementation of savings. Sums agreed to mothball Parklea Greenhouses pending future decision, carry out Office rationalisation feasibility work and progress Mearns Centre future feasibility work.
Allowance for Elections to May 2012	Elaine Paterson	0	300	300	12	30	270	Projected 2009/10 spend allows for the possibility of further by-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. £11k committed to date expected spend within period 7.
Taxi Study	Howard McNeilly	0	15	15	0	12	3	Contract awarded for the sum of £11.5k to be now fully spent by end of calendar year as survey still to be completed. 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.
Total		2,103	6,491	8,594	335	4,645	3,949	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2009/10

PERIOD 6 : 1st April 2009 to 30th September 2009

	Final Outturn 2008/09	Approved Budget 2009/10	Budget to Date 2009/10	Actual to Date 2009/10	Projected Outturn 2009/10
<u>PROPERTY COSTS</u>	0	2,000	1,000	0	2,000
Repairs & Maintenance	0	1,000	500	0	1,000
Property Insurance	0	1,000	500	0	1,000
<u>ADMINISTRATION COSTS</u>	2,310	10,500	200	8,000	10,500
Sundries	114	300	200	0	300
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy		8,000	0	8,000	8,000
<u>OTHER EXPENDITURE</u>	111,150	153,260	45,600	32,370	153,260
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	22,514	27,900
Armistice Service	6,679	5,900	0	692	5,900
Megawatt Festival	17,635	17,700	17,700	9,160	17,700
Fireworks	11,600	11,900	0	0	11,900
Contingency for future Community Events	15,850	21,560	0	0	21,560
Bad Debt Provision	(16,654)	0	0	0	0
<u>INCOME</u>	(186,410)	(165,760)	(80,900)	(72,490)	(165,760)
Property Rental	(165,323)	(161,760)	(80,900)	(72,450)	(161,760)
Internal Resources Interest	(21,090)	(4,000)	0	(39)	(4,000)
<u>NET EXPENDITURE</u>	(72,950)	0	(34,100)	(32,120)	0

Fund Balance as at 31st March 2009

591,000

Projected Fund Balance as at 31st March 2010

591,000

Earmarked Fund for 2011 Tall Ships Event

150,000

Earmarked Fund for 2009 European Pipe Band Championships

54,000

Projected Available Fund Balance

387,000

POLICY AND RESOURCES COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Policy & Resources (ICT) - Salaries	1	122,640	
Education & Lifelong Learning (Other Education) - Salaries			(122,640)
Policy & Resources (ICT) - Whiteboard Maintenance	2	14,200	
Education & Lifelong Learning (SSDN/GLOW) - Other Expenditure			(14,200)
Common Good - Contingency for Future Community Events	3	(8,000)	
Common Good - Internal Resource Interest			8,000
Total		128,840	(128,840)

Note

1 - £122,640 is budget for 5 ICT Technicians who have transferred from Education Services to ICT Services.

2 - ICT Services budget increased as Whiteboard Projector support now being provided in-house rather than by an external supplier.

3 - Anticipated shortfall in interest due to current level of bank interest rates.