

Report To: Policy & Resources Committee **Date:** 2 February 2010

Report By: Chief Financial Officer, Corporate Director Improvement & Performance and Corporate Director Regeneration & Resources **Report No:** FIN/08/10/AP/AB

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

Subject: Policy & Resources Committee 2009/10 Revenue Budget – Period 8 to 30 November 2009

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 Revenue Budget position at Period 8 to 30 November 2009.

2.0 SUMMARY

- 2.1 The revised 2009/10 budget for Policy & Resources is £31,080,000 which excludes Earmarked Reserves of £2,103,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £740,000, a further underspend of £325,000 on that previously reported to Committee, mainly due to £300,000 saving within General Contingency, further turnover savings of £93,000 partially offset by a projected overspend of £59,000 in property costs within Legal & Admin.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2009/10 of £740,000 as at 30 November 2009.
- 3.2 That Committee approve virement as detailed in paragraph 7.1 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 8, to 30 November 2009.

5.0 2009/10 CURRENT POSITION

- 5.1 It can be seen from Appendix 1 that the projected underspend of £740,000 (excluding Earmarked Reserves) comprises of a projected underspend of £465,000 in Miscellaneous and £329,000 underspend for the Improvement & Performance Directorate and a £54,000 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 £260,000, a reduction in underspend of £24,000 since last reported. The main movements are detailed below:

Employee Costs: There is a projected underspend of £164,000, a reduction in underspend of £38,000 since last Committee, due to budget virement from the Revenues employee budget to the General Contingency.

Legal Expenses Expenditure: There is an overspend in expenditure of £80,000 in relation to Sheriff Officers charges for recovery of Council Tax penalties, this is offset by additional income as detailed below. This is a movement of £20,000 since last Committee.

Legal Expenses Income: There is an overrecovery of £70,000 due to an increase in income from Council Tax payers incurring legal costs due to defaulting on payment of their Council Tax. This is an increase in overspend of £20,000 since last Committee.

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.

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.

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 saving of £31,000 within Benefits & Allowances following a mid year estimate of ongoing payments.

5.3 ICT

The current projection for ICT is an overspend of £25,000, a reduction in overspend of £12,000 since last reported. The main movement is detailed below:

Computer Hardware Maintenance: There is a projected overspend of £20,000, a reduction in underspend of £12,000 since last Committee, due to new maintenance costs in 2009/10 now funded under the Future Operating Model.

5.4 **Performance Management & Procurement**

Employee Costs: There is a projected underspend of £54,000, a further underspend of £30,000 since last Committee, due to a further delay in filling the Corporate Risk Advisor & Procurement Manager posts, previously projected to be filled in January 2010.

External Support & Advice: There is a projected overspend of £13,000, this is due to the appointment of an interim Procurement Officer funded by turnover savings, identified above. This is an increase in overspend of £2,000 since last Committee.

5.5 **Corporate Communications**

Employee Costs: There is a projected underspend of £51,000, a further underspend of £28,000 since last Committee, this is mainly due to turnover savings from the Head of Service & a Communication Officers post.

5.6 **Miscellaneous**

The overall position for Miscellaneous is an underspend of £465,000, an increase in underspend of £315,000 since last reported. The movements are detailed below:

General Contingency: There has been little call on this contingency to date therefore £300,000 can be reported as a saving, £191,000 now remains within this contingency.

Pension Costs: There is a projected underspend of £15,000 within teachers pension costs.

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

5.8 **Legal & Administration**

The current projection for Legal & Administration is an overspend of £74,000, an increase in overspend of £42,000 since last reported. The main movements are detailed below:

Employee Costs: The projected underspend of £46,000, due to additional turnover savings, has not changed since last reported to Committee.

Property Costs: There is a projected overspend of £59,000, previously unreported, due to:-

£11,000 projected overspend on Empty Property Rates within Industrial, Commercial & Miscellaneous Properties based on costs to date and current occupancy levels.

£20,000 projected overspend within Industrial, Commercial & Miscellaneous Properties Insurance costs, offset by £17,000 charges to tenants as detailed below.

£13,000 projected overspend within Office Accommodation Gas charges based on year to date costs projected to the financial year end. Projection excludes a one off monthly charge made in November 2009 for £42,000 which is being queried with the supplier.

£15,000 projected overspend within Office Accommodation Electricity charges based on year to date costs projected to the financial year end.

Supplies & Services Costs: The projected overspend of £13,000 for the Property Asset Management System has not changed since last reported to Committee.

Administration Costs: The projected overspend of £47,000 for estimated Judicial and Legal expenses has not changed since last reported to Committee.

Other Expenditure: There is a projected overspend of £18,000, previously unreported, for Commission charges incurred recovering outstanding Industrial, Commercial and Miscellaneous properties rent. The expenditure is projected to recover £144,000 outstanding debt.

Income: There is a projected over-recovery of £17,000 of which a favourable movement of £35,000 is previously unreported mainly due to:-

£18,000 additional Legal Fees Recharged to Capital, due to Fees generated to date on property disposals, and the Service anticipating having a similar workload as last Financial Year; and

£17,000 additional projected income through invoicing tenants for their share of Insurance Premiums.

The remaining projected £18,000 under-recovery in Feu Duties/Wayleaves has not changed since last reported to Committee.

5.9 **Organisational Development & Human Resources**

The current projection for Human Resources & Organisational Development is an underspend of £20,000, an increase in underspend of £4,000 since last reported. The main movements are detailed below:

Employee Costs: There is a projected underspend of £20,000, an increase in underspend of £4,000 since last Committee.

6.0 **OTHER ISSUES**

6.1 The delay in transferring the District Court to Scottish Courts Service from 23 November 2009 to 14 December 2009 resulted in a small surplus of £4,000 being achieved as cash receipts taken over the period exceeded additional costs.

7.0 **VIREMENTS**

7.1 Committee are asked to approve virement of £127,000 as detailed in Appendix 5, £14,000 of which was included in Safe & Sustainable Communities Committee on 12 January 2010. 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	305	(9)
Corporate Communications & Public Affairs	230	254	202	(52)
Corporate Director	156	156	158	2
Finance	2,895	2,888	2,628	(260)
Information Technology	1,669	1,794	1,819	25
Performance Management & Procurement	777	863	828	(35)
Joint Boards	19,746	19,751	19,751	0
Miscellaneous	1,624	2,171	1,706	(465)
Total Net Expenditure (Exc. Regen)	27,411	28,191	27,397	(794)
Legal & Administration	1,510	1,486	1,560	74
Organisational Development & Human Resources	1,388	1,403	1,383	(20)
Total Net Expenditure	30,309	31,080	30,340	(740)

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 £1,404,000 represents 28.24% 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 November 2009. There is a projected under-recovery of Property Rental of £16,400 with the Contingency available for future Community Events being reduced by a similar amount.

The projected available fund balance is £177,000 after adjusting for contributions to the Tall Ships, European Pipe Band Championship & replacement of the SV Comet.

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 & RESOURCESREVENUE BUDGET MONITORING REPORTPERIOD 8: 1st April - 30th November 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	9,677	9,338	(339)
Property Costs	1,808	1,808	1,864	56
Supplies and Services	417	424	441	17
Transport and Plant	9	9	9	0
Administration Costs	914	828	980	152
Payments to Other Bodies	30,884	30,929	30,913	(16)
Other Expenditure	39,313	39,477	39,004	(473)
Capital & Loans Charges	(156)	259	259	0
Income	(52,451)	(52,331)	(52,468)	(137)
TOTAL NET EXPENDITURE	30,309	31,080	30,340	(740)

POLICY & RESOURCES

APPENDIX 2

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

PERIOD 8: 1st April - 30th November 2009

Outturn 2008/09 £000	Budget Heading	Budget 2009/10 £000	Proportion of Budget £000	Actual to 30/11/09 £000	Projection 2009/2010 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,458	Employee Costs	3,806	2,492	2,315	3,642	(164)
152	Supplies & Services - Computer Hardware Maintenance	78	52	55	68	(10)
110	Admin - Legal Expenses	92	61	113	172	80
92	Commission - Other Expenditure	94	63	50	84	(10)
31,403	Benefits & Allowances - Other Expenditure	37,660	25,107	19,640	37,629	(31)
(275)	Income - Statutory Additions	(225)	(150)	(148)	(255)	(30)
(108)	Income - Legal Expenses	(80)	(53)	(101)	(150)	(70)
	<u>Miscellaneous</u>					
0	Other Expenditure - Inflation Contingency	270	180	0	120	(150)
0	Other Expenditure - General Contingency	491	327	0	191	(300)
578	Payments to Other Bodies - Pension Added Years	660	440	367	645	(15)
	<u>IT</u>					
192	Supplies & Services - Computer Hardware Maintenance	229	153	210	249	20
	<u>PMP</u>					
697	Employee Costs	769	504	475	715	(54)
30	Admin - External Support & Advice (Purchasing)	0	0	12	13	13
	<u>Corporate Communications</u>					
200	Employee Costs	231	151	132	180	(51)
	<u>Legal & Administration</u>					
1,542	Employee Costs - APT&C	1,625	939	937	1,579	(46)
80	Property Costs - Physical Investment Team Misc Properties Rates	34	35	45	45	11
32	Property Costs - Physical Investment Team Misc Properties Insurance	0	0	20	20	20
209	Property Costs - Office Accommodation - Electricity	143	72	83	158	15
70	Property Costs - Office Accommodation - Gas	52	26	20	65	13
0	Supplies & Services - Physical Investment Team Office Accom Equipment	0	0	13	13	13
19	Admin - Legal Fees	10	6	46	57	47
12	Other Expenditure - Physical Investment Team Misc Properties Commission	0	0	10	18	18
(76)	Income - Physical Investment Team Recharges to Capital	(63)	(32)	(55)	(81)	(18)
0	Income - Physical Investment Team Misc Properties Insurance Recoveries	0	0	(17)	(17)	(17)
(3)	Income - Physical Investment Team Feu Duties/Wayleaves	(15)	(9)	0	0	15
	<u>Organisational Development & Human Resources</u>					
1,053	Employee Costs - APT&C	1,138	655	644	1,122	(16)
39,467	TOTAL MATERIAL VARIANCES	46,999	31,018	24,866	46,282	(717)

APPENDIX 3

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 08 2009/10</u> £000	<u>Projected Spend 2009/10</u> £000	<u>Amount to be Earmarked for 2010/11 & Beyond</u> £000	<u>Lead Officer Update</u>	<u>Proposed to Write Back to General Fund Reserves</u>
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	799	2,800	3,599	923	2,599	1,000	Anticipated that the bulk of the earmarked sum will be committed by 31/03/10. £1.8 million added to reserves by P&R Committee 22/09/09.	
Single Status	Alan Puckrin	309		309	33	80	229	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	0	500	Allocation for back dating any appeals. No appeals yet considered but pre appeals process & training in progress.	
MGF	Gordon McLoughlin	514		514	86	284	230	Modernisation and Efficiency programme extends over a number of years. Slippage of £230k: £50k for Back Office Systems Integration and £180k for E-Procurement.	
Modernisation & Efficiency Fund	Gordon McLoughlin	205		205	117	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	Final internal fee claim for £10k passed to finance for processing on 8 December 2009. The final invoice from the contractor for £40.6k was paid on 4 December 2009.	
RVJB Capital Contribution	Alan Puckrin	30		56	0	30	26	Council invoiced at the year end.	
Workforce Development Fund	Alasdair Moore	42	150	192	33	112	80	£112k committed to date on various projects with £48k to be spent by end of November 2009. Payments totalling £9k have been processed for payment in December 2009.	
Short Term Cash Flow - Economic Downturn	Alan Puckrin	0	1,500	1,500	0	900	600	£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	139	452	548	Detailed budget approved by Committee, anticipate full spend of 09/10 budget.	

APPENDIX 3

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	c/f Funding 2008/09 £000	New Funding 2009/10 £000	Total Funding 2009/10 £000	Actual To Period 08 2009/10 £000	Projected Spend 2009/10 £000	Amount to be Earmarked for 2010/11 & Beyond £000	Lead Officer Update	Proposed to Write Back to General Fund Reserves
One off Costs, Savings Implementation	Alan Puckrin	0	150	150	53	80	70	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. The Head of PRFM has advised that approximately £80k would be spent on the office/depot rationalisation and other feasibility studies.	
Allowance for Elections to May 2012	Elaine Paterson	0	300	300	12	12	288	Projected 2009/10 spend allows for the possibility of further by-elections. No further spend in 2009/10 expected.	
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	3	20	0	Funding to make cash collection system fully credit card compliant. Server purchased and upgrade ongoing. £10k committed.	
Taxi Study	Howard McNeilly	0	15	15	0	12	3	Survey now completed and a presentation by the consultant was made to the General Purposes Board on 11 November 2009. An invoice for the full amount of £11.5k has still to be received which the service will request is submitted as soon as possible.	
Waterfront Legal Fees	Elaine Paterson	0	50	50	4	4	46	Litigation costs. Final invoice for 2009/10 of £1k has been paid on 7 December 2009. Although £46k has been earmarked for future years, only £10k of this may be needed in the unlikely event of a claim being submitted allowing potentially £36k to be written back to reserves at the end of 2009/10.	Write back to reserves in 2009/10 of £36k with £10k carried forward to allow for remote possibility of a future claim being made.
Total		2,103	6,491	8,594	1,404	4,974	3,620		

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2009/10**PERIOD 8 : 1st April 2009 to 30th November 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	51,500	50,910	136,860
Christmas Lights Switch On	21,268	9,900	0	0	9,900
Christmas Dinners/Parcels	17,769	24,000	0	17,287	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	5,900	1,953	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	5,160
Bad Debt Provision	(16,654)	0	0	0	0
<u>INCOME</u>	(186,410)	(165,760)	(107,800)	(98,640)	(149,360)
Property Rental	(165,323)	(161,760)	(107,800)	(98,600)	(145,360)
Internal Resources Interest	(21,090)	(4,000)	0	(39)	(4,000)
<u>NET EXPENDITURE</u>	(72,950)	0	(55,100)	(39,730)	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

84,000

Earmarked Fund for replacement of SV Comet

180,000

Projected Available Fund Balance

177,000

POLICY AND RESOURCES COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Policy & Resources (Customer Services Centre) - Salaries	1	35,000	
Policy & Resources (Legal & Admin) - Salaries			(21,000)
Safe & Sustainable (Environmental) - Salaries			(14,000)
Policy & Resources (Finance) - Salaries	2		(24,000)
Policy & Resources (Corporate Communications) - Advertising/Publicity		24,000	
Policy & Resources (Revenues) - Salaries	3		(50,000)
Policy & Resources (Miscellaneous) - General Contingency		50,000	
Policy & Resources (Miscellaneous) - Inflation Contingency	4		(18,000)
Safe & Sustainable (Environmental) - Street Lighting		18,000	
Total		127,000	(127,000)

Note

- 1 £35,000 is budget for new Customer Services staff who have transferred from Environmental & Legal Services from 19 October 2009.
- 2 £24,000 removed from Finance budget for Debt Recovery post to cover shortfall in corporate advertising/publications saving.
- 3 £50,000 removed from Revenues salary budget to General Contingency fund due to outdated employee budget.
- 4 £18,000 removed from Inflation Contingency fund to Safe & Sustainable (Environmental) Street Lighting Inflation.