
Report To: Policy & Resources Committee **Date:** 30 March 2010

Report By: Chief Financial Officer, Corporate Director Improvement & Performance and Corporate Director Regeneration & Resources **Report No:** FIN/25/10/MT/AB

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

Subject: Policy & Resources Committee 2009/10 Revenue Budget – Period 10 to 31 January 2010

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 Revenue Budget position at Period 10 to 31 January 2010.

2.0 SUMMARY

- 2.1 The revised 2009/10 budget for Policy & Resources is £31,633,000 which excludes Earmarked Reserves of £2,103,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £1,041,000, a further underspend of £301,000 on that previously reported to Committee. This is mainly due to a further saving of £100,000 within the General Contingency fund, £50,000 further saving within the Inflation Contingency fund and £100,000 overrecovery within Benefit Recoveries.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2009/10 of £1,041,000 as at 31 January 2010.
- 3.2 That Committee approve virement as detailed in paragraph 6.1 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 10, to 31 January 2010.

5.0 2009/10 CURRENT POSITION

5.1 It can be seen from Appendix 1 that the projected underspend of £1,041,000 (excluding Earmarked Reserves) comprises of:

- Chief Executives - £9,000 underspend
- Improvement & Performance Directorate - £444,000 underspend
- Miscellaneous - £620,000 underspend; and
- Regeneration & Resources Directorate - £32,000 overspend

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

5.2 Finance

The current projection for Finance is an underspend of £374,000, an increase in underspend of £114,000 since last reported at Committee. The main movements are detailed below:

Employee Costs: There is a projected underspend of £194,000, an increase in underspend of £30,000 since last Committee, due to staff turnover and further savings within overtime.

Computer Hardware Maintenance: There is a projected £20,000 underspend, an increase in underspend of £10,000 since last Committee due to a reduction in costs as Financial system now held in-house.

Bad Debt Provision: There is a projected overspend of £20,000 this is in line with the amount of Benefits being recovered.

Recoveries: There is a projected overrecovery of £100,000 on Benefit Overpayment Recoveries, this is due to the number of debts being raised and is in line with the Bad Debt Provision.

The following areas remain largely unchanged since last reported to Committee:

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.

Statutory Additions: There is a projected overrecovery on Statutory Additions of £25,000. 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.

Legal Expenses Expenditure: There is an overspend of £80,000 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 £70,000 due to an increase in income from Council Tax payers incurring legal costs due to defaulting on payment of their Council Tax.

5.3 **ICT**

The current projection for ICT is an overspend of £14,000, a reduction in overspend of £11,000 since last reported at Committee. The main movement is detailed below:

Computer Hardware Maintenance: There is a projected overspend of £11,000, a reduction of £9,000 since last Committee, due to new maintenance costs in 2009/10 now funded under the Future Operating Model.

5.4 **Performance Management & Procurement**

The current projection for Performance Management & Procurement is an underspend of £32,000, a reduction in underspend of £3,000 since last reported at Committee. The main movements are detailed below:

Employee Costs: There is a projected underspend of £50,000, an increase in underspend of £3,000 since last Committee.

External Support & Advice: There is a projected overspend of £12,000, this is due to the appointment of an interim Procurement Manager funded by turnover savings as previously reported.

5.5 **Corporate Communications**

The current projection for Corporate Communications is an underspend of £54,000, an increase in underspend of £2,000 since last reported at Committee. The main movement is detailed below:

Employee Costs: There is a projected underspend of £53,000, this is mainly due to turnover savings from the Head of Service & Communication Officers post.

The following material variances relate to Miscellaneous:

5.6 **Miscellaneous**

The overall position for Miscellaneous is an underspend of £620,000, an increase in underspend of £155,000 since last reported at Committee. The movements are detailed below:

General Contingency: There has been little call on this contingency to date therefore £400,000 can be reported as a saving, £31,000 now remains within this contingency. Movement of £100,000 since last reported.

Inflation Contingency: There has been little call on this contingency to date therefore £200,000 can be reported as a saving, £70,000 now remains within this contingency. Movement of £50,000 since last reported.

Pension Costs: There is a projected underspend of £20,000 within teachers pension costs, movement of £5,000 since last reported to Committee.

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

5.7 Legal & Administration

The current projection for Legal & Administration is an overspend of £67,000, a decrease in overspend of £7,000 since last reported at Committee. The main movements are detailed below:

Property Costs: There is a projected overspend of £107,000, an increase of £48,000 on that previously reported due to the following:-

There is a £55,000 projected overspend within Office Accommodation Gas charges based on year to date costs projected to the financial year end. This is an increase of £42,000 on that previously reported due to a revised billing for actual readings, backdated to June 2008.

There is a £11,000 projected overspend on Tenants Insurance Premiums within Industrial, Commercial & Miscellaneous Properties. This has decreased by £9,000 from that previously reported due to a review identifying costs chargeable to other Council Services or the Common Good Fund.

The remaining projected overspend of £26,000 has already been reported to Committee and remains unchanged.

- £11,000 on Empty Property Rates within Industrial, Commercial & Miscellaneous Properties based on cost to date; and
- £15,000 within Office Accommodation Electricity charges based on year to date costs projected to the financial year end.

The above gas and electricity projected overspends (£55,000 and £15,000 respectively) totalling £70,000 within Office Accommodation, will require to be fully recharged to Services occupying the six shared properties.

Income: There is a projected overrecovery of £72,000, an improvement of £55,000 on that previously reported mainly due to :-

There is a projected overrecovery of £40,000 in Office Accommodation, Rental income, previously unreported, due to invoicing the tenant who took occupancy of the top floor of Port Glasgow Municipal Building.

There is a projected overrecovery of £37,000 in Legal Fees recharged to capital. This is an increase of £19,000 from that last reported to Committee, following a review of fees recharged to date and an update provided by the Service for work anticipated over the last quarter of the financial year.

There is a £4,000 projected overrecovery of Industrial, Commercial & Miscellaneous Properties Rental Income. This is an increase of £7,000 on that previously reported due to a debtors account being issued for a property previously thought to be vacant.

There is a £6,000 projected recovery of Tenants Insurance Premium costs which is £11,000 lower than that previously reported as the previous projection included amounts to be recovered by other Council Services and the Common Good Fund.

The remaining projected £15,000 underrecovery in Feu Duties/Wayleaves has not changed since last reported to Committee.

The following areas remain unchanged since last reported to committee:

Employee Costs: The projected underspend of £46,000, due to turnover savings.

Supplies & Services Costs: The projected overspend of £13,000 for the Property Asset

Management System.

Administration Costs: The projected overspend of £47,000 for estimated Judicial and Legal expenses.

Other Expenditure: The projected overspend of £18,000 for Commission charges incurred recovering outstanding Industrial, Commercial and Miscellaneous properties rent.

5.8 **Organisational Development & Human Resources**

The current projection for Human Resources & Organisational Development is an underspend of £35,000, a further increase in underspend of £15,000 since last reported. The main movements are detailed below:

Employee Costs: There is a projected underspend of £14,000 on relocation expenses, a further increase of £10,000 since last Committee, as no call will be made on the budget before the financial year end.

The remaining £16,000 underspend mainly relating to pay differentials between permanent staff seconded to the HR/Payroll system and the backfilling of these posts has not changed since last reported to Committee.

6.0 **VIREMENTS**

6.1 Committee are asked to approve virement of £200,000 as detailed in Appendix 5. The virement is included in Appendix 1 and has been reflected throughout this report.

7.0 **FINANCIAL IMPLICATIONS**

7.1 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	200	(54)
Corporate Director	156	156	158	2
Finance	2,895	2,881	2,507	(374)
Information Technology	1,669	1,788	1,802	14
Performance Management & Procurement	777	861	829	(32)
Joint Boards	19,746	19,915	19,915	0
Miscellaneous	1,624	2,598	1,978	(620)
Total Net Expenditure (Exc. Regen)	27,411	28,767	27,694	(1,073)
Legal & Administration	1,510	1,466	1,533	67
Organisational Development & Human Resources	1,388	1,400	1,365	(35)
Total Net Expenditure	30,309	31,633	30,592	(1,041)
Transfer to Earmarked Reserves		(133)	(133)	
Total Net Expenditure Excluding Earmarked Reserve		31,500	30,459	

8.0 EARMARKED RESERVES

- 8.1 Appendix 3 gives a detailed breakdown of the current earmarked reserves position. It can be seen that expenditure of £1,606,000 represents 28.51% 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.

9.0 COMMON GOOD FUND

- 9.1 Appendix 4 shows the position of the approved Common Good Fund as at 31 January 2010. There is a projected underrecovery of Property Rental of £25,720 and an underspend within Christmas Decorations of £9,000. The European Pipe Band Championships outturned at £1,400 under budget. It is anticipated that there will be no further call on the Contingency for future Community Events.

The projected available fund balance is £160,160 after adjusting for contributions to the Tall Ships, replacement of the SV Comet & Fitzgerald Centre Garden Project.

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 10: 1st April - 31st January 2010**

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	9,293	(384)
Property Costs	1,808	1,795	1,897	102
Supplies and Services	417	424	434	10
Transport and Plant	9	6	6	0
Administration Costs	914	1,231	1,381	150
Payments to Other Bodies	30,884	31,155	31,133	(22)
Other Expenditure	39,313	39,417	38,814	(603)
Capital & Loans Charges	(156)	259	259	0
Income	(52,451)	(52,331)	(52,625)	(294)
TOTAL NET EXPENDITURE	30,309	31,633	30,592	(1,041)

POLICY & RESOURCES

APPENDIX 2

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

PERIOD 10: 1st April - 31st January 2010

Outturn 2008/09 £000	Budget Heading	Budget 2009/10 £000	Proportion of Budget £000	Actual to 31/01/10 £000	Projection 2009/2010 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,458	Employee Costs	3,819	3,087	2,854	3,625	(194)
152	Supplies & Services - Computer Hardware Maintenance	78	65	55	58	(20)
110	Admin - Legal Expenses	92	77	137	172	80
92	Other Expenditure - Commission	94	78	64	84	(10)
(6)	Other Expenditure - Bad Debt Provision	40	33	47	60	20
31,403	Benefits & Allowances - Other Expenditure	37,660	31,383	2,573	37,629	(31)
(275)	Income - Statutory Additions	(225)	(188)	(197)	(250)	(25)
(216)	Income - Recoveries	(100)	(83)	(179)	(200)	(100)
(28)	Income - Grant Income	(29)	(24)	(41)	(41)	(12)
(108)	Income - Legal Expenses	(80)	(67)	(123)	(150)	(70)
	<u>Miscellaneous</u>					
0	Other Expenditure - Inflation Contingency	270	225	0	70	(200)
0	Other Expenditure - General Contingency	431	359	0	31	(400)
578	Payments to Other Bodies - Pension Added Years	662	552	529	642	(20)
	<u>IT</u>					
192	Supplies & Services - Computer Hardware Maintenance	229	191	208	240	11
	<u>PMP</u>					
697	Employee Costs	769	621	575	719	(50)
30	Admin - External Support & Advice (Purchasing)	0	0	12	12	12
	<u>Corporate Communications</u>					
200	Employee Costs	231	187	160	178	(53)
	<u>Legal & Administration</u>					
1,542	Employee Costs - APT&C	1,624	1,195	1,188	1,578	(46)
80	Property Costs - Physical Investment Team Misc Properties Rates	34	34	45	45	11
32	Property Costs - Physical Investment Team Misc Properties Insurance	0	0	11	11	11
14	Property Costs - Accomodation - Refuse Collection/Disposal	0	0	0	15	15
209	Property Costs - Office Accomodation - Electricity	143	95	106	158	15
70	Property Costs - Office Accomodation - Gas	52	35	76	107	55
0	Supplies & Services - Physical Investment Team Office Accom Equipment	0	0	13	13	13
19	Admin - Legal Fees	10	8	47	57	47
12	Other Expenditure - Physical Investment Team Misc Properties Commission	0	0	12	18	18
(76)	Income - Physical Investment Team Recharges to Capital	(63)	(47)	(55)	(100)	(37)
(3)	Income - Physical Investment Team Feu Duties/Wayleaves	(15)	(11)	(1)	0	15
0	Income - Office Accommodation Rent	(102)	(77)	(91)	(142)	(40)
	<u>Organisational Development & Human Resources</u>					
1,053	Employee Costs - APT&C	1,138	832	814	1,117	(21)
0	Employee Costs - Relocation Expenses	14	11	0	0	(14)
39,231	TOTAL MATERIAL VARIANCES	46,776	38,572	8,839	45,756	(1,020)

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 10 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>
Early Retiral/Voluntary Severance Reserve	Alan Puckrin	799	2,800	3,599	923	3,599	0	Anticipated that all 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	309	65	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.
IMGF	Gordon McLoughlin	514		514	99	103	411	Modernisation and Efficiency programme extends over a number of years. Slippage in 2009/10 of £411k previously reported. The Young Persons Smartcard scheme was funded by the Scottish Government however the scheme was abandoned and to date funding has not been requested as a result £51k proposed to be written back to General Fund as part of 2010/11 budget process.
Modernisation & Efficiency Fund	Gordon McLoughlin	205		205	117	117	88	Modernisation and Efficiency Fund created in 2008/09. Slippage of £74k earmarked for 2010/11 will be used on Asset Management projects. Fund has a £14k balance which is to be transferred to the Future Operating Model.
Birkmyre Pavilion	Aubrey Fawcett	9		9	9	9	0	Final internal fee claim was paid on December 2009.
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	84	85	107	£112k committed to date on various projects. The £107k earmarked for 2010/11 will be mainly used on an employee survey.
Short Term Cash Flow - Economic Downturn	Alan Puckrin	0	1,500	1,500	0	850	650	£850k approved to fund vehicle replacements 16/06/09. Balance proposed to be written back to General Fund as part of 2010/11 budget process.
Future Operating Model Delivery	Gordon McLoughlin	0	1,000	1,000	227	452	548	Detailed budget approved by Committee, anticipate full spend of 2009/10 budget.

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 10 2009/10 £000	Projected Spend 2009/10 £000	Amount to be Earmarked for 2010/11 & Beyond £000	Lead Officer Update
One off Costs. Savings Implementation	Alan Puckrin	0	150	150	62	90	60	Funding to manage implementation of savings. Balance proposed to be written back to General Fund as part of 2010/11 budget process.
Allowance for Elections to May 2012	Elaine Paterson	0	300	300	12	12	288	Projected 2009/10 spend assumes no further by-elections before the financial year end.
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	4	16	4	Funding to make cash collection system fully credit card compliant. Server purchased and upgrade ongoing. £12k committed to date. Balance proposed to be written back to General Fund as part of 2010/11 budget process.
Taxi Study	Howard McNeilly	0	15	15	0	12	3	The Taxi Study has been completed and the Service has again requested that an invoice for £11.5k be issued by the consultant.
Waterfront Legal Fees	Elaine Paterson	0	50	50	4	4	46	Litigation costs. Final invoice paid in December 2009. Balance proposed to be written back to General Fund as part of 2010/11 budget process.
Total		2,103	6,491	8,594	1,606	5,634	2,960	

COMMON GOOD FUND

APPENDIX 4

REVENUE BUDGET MONITORING REPORT 2009/10

PERIOD 10 : 1st April 2009 to 31st January 2010

	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	230	2,000
Repairs & Maintenance	0	1,000	500	50	1,000
Property Insurance	0	1,000	500	183	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	108,490	123,800
Christmas Lights Switch On	21,268	9,900	0	9,900	9,900
Christmas Dinners/Parcels	17,769	24,000	0	17,287	24,000
Christmas Decorations	21,000	34,400	0	25,400	25,400
Gourock Highland Games	16,000	27,900	27,900	27,900	27,900
Armistice Service	6,679	5,900	5,900	6,004	6,000
Megawatt Festival	17,635	17,700	17,700	9,103	17,700
Fireworks	11,600	11,900	0	11,900	11,900
Contingency for future Community Events	15,850	21,560	0	1,000	1,000
Bad Debt Provision	(16,654)	0	0	0	0
<u>INCOME</u>	(186,410)	(165,760)	(107,800)	(136,120)	(140,040)
Property Rental	(165,323)	(161,760)	(107,800)	(136,037)	(136,040)
Internal Resources Interest	(21,090)	(4,000)	0	(79)	(4,000)
<u>NET EXPENDITURE</u>	(72,950)	0	(55,100)	(19,390)	(3,740)

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

Funding of 2009 European Pipe Band Championships **82,580**

Projected Fund Balance as at 31st March 2010 **512,160**

Earmarked Funds:

2011 Tall Ships Event

162,000

Replacement of SV Comet

180,000

Fitzgerald Centre Garden Project

10,000

352,000

Projected Available Fund Balance

160,160

POLICY AND RESOURCES COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Policy & Resources (Miscellaneous) - General Contingency	1		(200,000)
Safe & Sustainable (Environmental - Roads Client) - Pot Holes		200,000	
Total		200,000	(200,000)

Note

1 £200,000 transferred from General Contingency Fund for Pot Holes project until Insurance saving is allocated.