
Report To:	Policy & Resources Committee	Date:	19 November 2013
Report By:	Chief Executive, Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Head of Finance	Report No:	FIN 84/13/JB/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2013/14 Revenue Budget – Period 6 to 30 September 2013		

1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 6 (30 September 2013).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2013/14 is £21,726,000. This excludes Earmarked Reserves of £6,855,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £249,000 which is an increase in underspend of £209,000 since last reported to Committee.

The main reasons for this underspend are:

- a) A projected increase of £74,000 within Internal Resource Interest which is in line with the 2012/13 out-turn.
 - b) £108,000 underspend within Finance Employee costs due to turnover savings.
 - c) £50,000 over-recovery within Benefit Subsidy based on the mid year return produced in September 2013.
- 2.3 The Earmarked Reserves for 2013/14 totals £6,855,000 of which £2,509,000 is projected to be spent in the current financial year. To date expenditure of £143,000 (5.7%) has been incurred, however a further £1,636,000 has been legally committed mostly relating to early release of employees increasing the overall percentage spend at 30 September to 70.9%. The spend to date per profiling was expected to be £190,000 therefore slippage equates to £47,000 (24.7%). Given the number and nature of the projects this slippage is manageable.
- 2.4 The Common Good Fund is projecting an available fund balance at 31 March 2014 of £137,260.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2013/14 projected underspend of £249,000 for the Policy & Resources Committee as at Period 6 (30 September 2013).
- 3.2 The Committee note the projected fund balance of £137,260 for the Common Good Fund.

John Mundell
Chief Executive

Jan Buchanan
Head of Finance

Albert Henderson
Corporate Director
Education, Communities &
Organisational Development

Alan Puckrin
Acting Corporate Director
Environment, Regeneration &
Resources

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2013/14 budget and to highlight the main issues contributing to the projected underspend of £249,000.

5.0 2013/14 CURRENT POSITION

- 5.1 The current projection is an underspend of £249,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £168,000 Underspend

Employee Costs: Projected underspend of £108,000, which is an increase in underspend of £72,000 since last reported to Committee in period 4, mainly due to additional turnover savings following a number of recent resignations and the temporary promotion of the Chief Financial Officer and Finance Manager.

Supplies & Services: An underspend of £9,000 is being projected which is a decrease in projected spend of £20,000 since last reported to Committee. This is mainly due to minor underspends within various budget lines such as computer software maintenance and books and publications.

Payments to Other Bodies: A £30,000 overspend in NDR Discretionary Relief was projected in period 4 based on level of reliefs awarded. Virement has been identified from income resulting in projected overspend being removed.

Other Expenditure: In period 4 an overspend of £11,000 was projected within Sheriff Officer Commission. Virement has been identified from Administration costs resulting in projected overspend being removed.

Income: Since period 4 £50,000 over-recovery within Benefit Subsidy is being projected based on the mid year return produced in September 2013.

5.3 **Legal & Democratic Service – £1,000 Overspend**

Employee Costs: An overspend of £12,000 is projected mainly due to turnover savings target not being achieved. This represents a decrease in overspend of £1,000 since last reported to Committee.

Administration Costs: An underspend of £24,000 is projected within Administration costs. This is mainly due to a projected underspend in Franking Machine postage costs of £18,000 which is offset by a reduction in Franking Machine income.

Income: An under-recovery of £13,000 is projected within income mainly due to a reduction in Franking Machine income offset by a reduction in costs above.

- 5.4 The following material variance relate to the Miscellaneous budget:

5.5 **Miscellaneous – £74,000 Underspend**

Capital & Loan Charges: A £74,000 projected increase in Internal Resources Interest received in line with 2012/13 was reported to Committee in period 4. There have been no changes to projections.

6.0 VIREMENT

- 6.1 Committee is asked to approve the virements as detailed in Appendix 4. Where appropriate, the virements are reflected throughout the report. The virements requested are to align an increase in Housing Benefit Overpayment recoveries with an increase in NDR Discretionary relief and offset overspend within Sheriff Officer Commission with underspend within Postages.
- 6.2 There are several pressures on the Environment & Regeneration aspects of the Directorate budget and Committee is asked to note that a request to vire some of the Finance underspend to Environment & Regeneration on a one off basis will be presented to the next meeting of the Committee.

7.0 EARMARKED RESERVES

- 7.1 Appendix 2 gives a detailed breakdown of the current earmarked reserves position. Total funding is £6,855,000 of which £2,509,000 is projected to be spent in 2013/14 and the remaining balance of £4,346,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £143,000 represents 5.7% of the annual projected spend. A further £1,636,000 has been legally committed in respect of early release costs which will be incurred at year end thus increasing the overall percentage spend at 30 September to 70.9%. Further costs have been committed against the Procurement Development Fund due to extension of the temporary Project Officer post to March 2015. The spend to date per profiling was expected to be £190,000 therefore slippage equates to £47,000 (24.7%). Given the number and nature of the projects this slippage is manageable.

8.0 FINANCIAL IMPLICATIONS

- 8.1 The current projected outturn per service:

Service	Approved Budget 2013/14 £000	Revised Budget 2013/14 £000	Projected Out-turn 2013/14 £000	Projected Over/(Under) Spend £000
Finance	10,859	10,851	10,683	(168)
ICT	2,172	2,160	2,160	0
Legal & Democratic Services	1,726	1,727	1,728	1
Total Net Expenditure Environment, Regeneration & Resources	14,757	14,738	14,571	(167)
Organisational Development, Human Resources & Communications	1,897	1,899	1888	(11)
Corporate Policy	178	178	180	2
Total Net Expenditure Education, Communities & Organisational Development	2075	2077	2068	(9)
Chief Executive	366	366	367	1
Miscellaneous	5,389	4,545	4,471	(74)
Total Net Expenditure	22,587	21,726	21,477	(249)

9.0 COMMON GOOD FUND

9.1 Appendix 3 shows a projected overspend of £13,300 in the Common Good Fund as at 30 September 2013. This results in a projected available fund balance at 31 March 2014 of £137,260.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

11.0 REPOPULATION IMPLICATIONS

11.1 There are no repopulation implication issues arising from this report.

12.0 CONSULTATIONS

12.1 The Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Head of Finance have been consulted in the preparation of this report.

POLICY & RESOURCESREVENUE BUDGET MONITORING REPORTMATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)PERIOD 6: 1st April 2013- 30th Sept 2013

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 30/09/13 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,982	Employee Costs	3,867	1,874	1,911	3,759	(108)
(35,684)	Benefits Subsidy	(37,840)	(18,913)	(17,805)	(37,890)	(50)
30	Other Expenditure - Commission	25	12	15	36	11
	<u>Miscellaneous & Joint Boards</u>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
	<u>Legal & Democratic Services</u>					
1,199	Employee Costs	1,333	650	655	1,345	12
31	Admin - Postages (Franking Machine)	49	25	17	31	(18)
(12)	Income - Recharges (Franking Machine)	(28)	(14)	(3)	(10)	18
-30,825	TOTAL MATERIAL VARIANCES	(32,820)	(16,366)	(15,210)	(33,029)	(209)

EARMARKED RESERVES POSITION STATEMENT

Appendix 2

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2013/14 £000	Phased Budget To Period 6 2013/14 £000	Actual To Period 6 2013/14 £000	Projected Spend 2013/14 £000	Amount to be Earmarked for 2014/15 & Beyond £000	Lead Officer Update
Early Retirement/Voluntary Severance Reserve	Alan Puckrin	4,260	0	0	1,850	2,410	To meet costs of early release of employees arising from the 2013/16 budget. Commitments to date for 2013/14 are £1,636k. Budget implementation is ongoing. Estimated spend for 2013/14 is £1.85m which is expected to be incurred at year end.
Modernisation Fund	Alan Puckrin	502	11	6	56	446	Various modernisation projects, proposals on utilisation to be developed during 2013/14 for £50k CHCP backscanning. Options for Channel Shift projects being discussed, 2 x Temp posts funding agreed.
Procurement Development Fund	Alan Puckrin	134	30	22	45	89	To be spent on Procurement Development. Temporary Project officer funded to 31/03/15.
RVJB Capital Contribution	Alan Puckrin	27	0	0	10	17	Annual recharge at year end.
Workforce Development Fund	Alasdair Moore	27	10	0	27	0	Sum set aside for Finance Development Capacity Plan courses and setting up the new Port Glasgow Training suite. £5k for Finance Development Capacity Plan expected to be spent in November and December 2013. £12k will be utilised to set up the new Port Glasgow Training Suite and another £10k for various other training needs. No spend has been incurred to date due to delay in completion of the Training suite. There is a possibility that some spend will be incurred in 2014.
Revenue Expenditure Transferred from Capital	Alan Puckrin	76	0	0	40	36	Sum set aside and utilised as part of the accounts closure process to allow expenditure incorrectly charged to Capital to be funded from Revenue. Spend to be incurred at year end.
Welfare Reforms	Alan Puckrin	303	47	72	138	165	Funding from DWP & Government used for upgrading systems & extra temporary staff to address Welfare Reforms.
Implementation of Saving Workstreams	Alan Puckrin	79	10	0	30	49	New workstream programme approved. Envisaged that delivery of the workstreams will result in some one-off costs. Spend expected to be incurred from period 6 onwards.
ICT Shared Services	Aubrey Fawcett	100	13	0	33	67	The £33k spend expected in period 6 covers the initial spend for year 1 of the Collaboration Project. This is a £20k increase in spend for 2013/14 since last reported to CMT and is based on the spend information provided by East Renfrewshire Council.
Protection of Vulnerable Groups	Alasdair Moore	208	31	26	67	141	PVG expenditure is phased over 3 years starting from November 2012. An 18.5hr Grade C Admin post starting beginning of November 2012 is being funded from this budget. Spend expected to be incurred throughout the year.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u>	<u>Phased Budget To Period 6 2013/14</u>	<u>Actual To Period 6 2013/14</u>	<u>Projected Spend 2013/14</u>	<u>Amount to be Earmarked for 2014/15 & Beyond</u>	<u>Lead Officer Update</u>
Feasibility Study - Hydro Electric Scheme	John Mundell	11	0	0	8	3	To fund Hydro Electric Project Feasibility and assist current project implementation. Costs relate to potential partnership with Scottish Water Horizons for Hydro Project. Spend projected to be incurred November onwards with £3k expected to be incurred in 2014/15. Note that the phasing of spend is subject to change after discussion with Scottish Water.
Microsoft Licensing	Robert Stoakes	138	0	0	15	123	To fund 3 year contract for Microsoft licenses. Spend expected to start from October 2013 onwards.
2013/16 Revenue Contingency	Alan Puckrin	600	20	0	150	450	Sum set aside for unforeseen items over the 3 year budget 2013/14. Spend expected to be incurred from period 6 onwards. Decisions to date are for £45k WEL, £28k Newark Castle Lighting & £50k Temporary Travellers site pending the outcome of the Public Consultation.
Increased Officer Capacity - Equalities Officer	Wilma Bain	85	8	7	19	66	1 fte Equalities Officer (Grade 1) started on 15/7/13. Hours were reduced to 0.6fte from 16/09/13 with no backfill anticipated. Post will return to 1 fte during University summer holidays. Cost for 2 year contract now projected to be £56k saving £29k on original funding level. Post in place until 15/07/15.
Increased Officer Capacity - Communications Assistant	Alasdair Moore	55	10	10	21	34	New Grade F post for 2 year period to support Communications Officer (Media). Post started 28 May 2013.
Discretionary Housing Payments / Welfare Reform	Alan Puckrin	250	0	0	0	250	This new reserve was approved at Policy & Resources Committee on 24 September 2013 and is additional funding to support those affected by the 'bedroom tax' and other aspects of welfare reform.
Total		6,855	190	143	2,509	4,346	

REVENUE BUDGET MONITORING REPORT 2013/14

PERIOD 6 : 1st April 2013 to 30th September 2013

	Final Outturn 2012/13	Approved Budget 2013/14	Budget to Date 2013/14	Actual to Date 2013/14	Projected Outturn 2013/14
PROPERTY COSTS	18,520	5,000	2,500	11,640	7,000
Repairs & Maintenance	9,680	4,000	2,000	1,280	4,000
Rates 1	8,700			10,360	0
Property Insurance	140	1,000	500		1,000
Marketing Costs					2,000
ADMINISTRATION COSTS	11,620	8,500	200	670	10,700
Sundries	3,420	300	200	670	2,500
Commercial Rent Management Recharge	2,200	2,200	0		2,200
Recharge for Accountancy	6,000	6,000	0		6,000
OTHER EXPENDITURE	147,180	132,800	44,300	2,950	132,800
Christmas Lights Switch On	9,530	10,500	0		10,500
Christmas Dinners/Parcels	16,570	18,000	0		18,000
Christmas Decorations	35,400	35,400	0		35,400
Gourock Highland Games	29,400	29,400	29,400		29,400
Armistice Service	5,470	8,300	0	1,450	8,300
Comet Festival	13,300	13,300	13,300		13,300
Fireworks	12,600	12,600	0		12,600
Contingency for future Community Events		2,200	0		2,200
Society of the Innocents Rent Rebate	3,750	3,100	1,600	1,500	3,100
Bad Debt Provision	21,160	0	0		0
INCOME	(212,590)	(146,300)	(72,100)	(57,030)	(137,200)
Property Rental	(144,550)	(188,800)	(94,400)	(56,990)	(188,800)
Void Rents 2		44,500	22,300		53,600
Internal Resources Interest	(1,540)	(2,000)	0	(40)	(2,000)
Donations	(1,500)				0
Lease Premium	(65,000)				0
NET ANNUAL EXPENDITURE	(35,270)	0	(25,100)	(41,770)	13,300
EARMARKED FUNDS	6,270	99,000	0	1,760	99,000
Replacement of SV Comet	6,270	0			0
John Wood St/Bay St Shop Improvemnts		95,000			95,000
Contribution to Parade - Royal Regiment of Scotland		4,000		1,760	4,000
TOTAL NET EXPENDITURE	(29,000)	99,000	(25,100)	(40,010)	112,300

Fund Balance as at 31st March 2013 249,560

Projected Fund Balance as at 31st March 2013

137,260

Notes:

1 Rates (Empty Properties)

Rates are currently being paid on empty properties, the Assessor has been contacted with a view to obtaining empty Property relief on these properties, it is hoped that 100% relief will be obtained but this is yet to be confirmed and there may be some cost to the Common Good.

2 Current Empty Properties are:Current Position

4 John Wood Street	In final stages of negotiating a lease
15 John Wood Street	In final stages of negotiating a lease
10 Bay Street	Short term lease awarded
74 Port Glasgow Road Site	In final stages of agreeing sale of site

It should also be noted that 10 John Wood Street, which had been vacant since November 2009, has recently been let out under "Business Start Up" conditions. While there is an initial rent free period for part of this year full year rent should be achieved in future years.

3 Disposal of Land

Following a marketing exercise of the site at Port Glasgow Road, Greenock, offers have been received and it is proposed to dispose of the site for a receipt of £155,000.

REVENUE BUDGET MONITORING REPORT**VIREMENT REQUEST****Period 6: 1st April 2013 - 30th September 2013**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Finance - NDR Discretionary Relief	1		30,000
Finance - Overpayment Recoveries	1	(30,000)	
Total		(30,000)	30,000

1) Additional Budget allocation to reflect increase in Housing Benefit Overpayments recoveries offset by an increase in NDR Discretionary Relief.