
Report To:	Policy & Resources Committee	Date:	4th February 2014
Report By:	Chief Executive, Acting Corporate Director Environment, Regeneration & Resources, Corporate Director Education Communities & Organisational Development and Head of Finance	Report No:	FIN/03/14/JB/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2013/14 Revenue Budget – Period 8 to 30 Nov 2013		

1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 projected out-turn for the Policy & Resources Committee as at Period 8 (30 Nov 2013).

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2013/14 is £15,152,000. This excludes Earmarked Reserves of £6,855,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £194,000 which is an increase in spend of £55,000 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) £18,000 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.
 - d) £25,000 over-recovery of ICT income mainly due to sale of PC's.
- 2.3 The Earmarked Reserves for 2013/14 totals £6,855,000 of which £2,406,000 is projected to be spent in the current financial year. To date expenditure of £226,000 (9.39%) 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 Nov to 77.39%. Spend to date per profiling was expected to be £264,000 therefore slippage equates to £38,000 (14.39%). 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 £295,290.
- 2.5 As highlighted in last committee report there is a request for a one off virement from Finance Employee Costs to offset budget pressures within the Environmental and Commercial Service.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2013/14 projected underspend of £194,000 for the Policy & Resources Committee as at Period 8 (30 Nov 2013).
- 3.2 The Committee agree that any underspend in the Welfare Reform budget are added to the existing Welfare Reform Earmarked Reserve
- 3.3 The Committee note the projected fund balance of £295,290 for the Common Good Fund.
- 3.4 The Committee approve the virement detailed at appendix 4.

John Mundell
Chief Executive

Jan Buchanan
Acting 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 £194,000.

5.0 2013/14 CURRENT POSITION

5.1 The current projection is an underspend of £194,000. The following are the material variances:

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

5.3 **Finance - £79,000 Underspend**

Employee Costs: At period 6 Finance was projecting an underspend of £108,000 which has increased by a further £60,000 mainly due to additional turnover savings. Committee is advised that a one-off virement for 2013/14 is requested to offset in year budget pressures within Environmental and Commercial Service from the underspend in Finance Service Employee costs. This virement is being reflected throughout the body of the report, resulting in a projected underspend of £18,000 within Finance Employee costs.

5.4 Income: As reported to the period 6 Committee, a £50,000 over-recovery within Benefit Subsidy is being projected based on the mid year return produced in September 2013.

5.5 **ICT Services - £20,000 Underspend**

Income: £25,000 projected over-recovery of income which is an increase of £20,000 since last reported to Committee due to income from sale of PC's.

5.6 **Legal & Democratic Service – Projected online with budget**

Employee Costs: An overspend of £11,000 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: As reported to the last Committee, 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: As reported to the last Committee, 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.

5.7 The following material variances relate to the Education, Communities & Organisational Development Directorate:

5.8 **Organisational Development - £27,000 Underspend**

Employee Costs: An underspend of £13,000 is projected mainly due to turnover savings. This is an increase in underspend of £9,000 since last reported to Committee.

The following material variance relate to the Miscellaneous budget:

5.9 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 one-off virement as detailed in Appendix 4. Where appropriate, the virement has been reflected throughout the report. The one-off virement requested is to offset current budget pressures within Environmental and Commercial Service against underspend within Finance Service Employee costs.

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 £2,406,000 is projected to be spent in 2013/14 and the remaining balance of £4,449,000 to be carried forward to 2014/15 and beyond. It can be seen that expenditure of £226,000 represents 9.39% 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 November to 77.39%. Spend to date per profiling was expected to be £264,000 therefore slippage equates to £38,000 (14.4%). Given the number and nature of the projects this slippage is manageable.

7.2 Committee approval is being sought to transfer any year end underspend in the Welfare Reform budget to the existing Welfare Reform Earmarked Reserve, for spend in future years. The original budget approved at the budget setting process was £800,000.

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	4,876	4,797	(79)
ICT	2,172	2,173	2,153	(20)
Legal & Democratic Services	1,726	1,740	1,740	0
Total Net Expenditure Environment, Regeneration & Resources	14,757	8,789	8,690	(99)
Organisational Development, Human Resources & Communications	1,897	1,915	1888	(27)
Corporate Policy	178	179	181	2
Total Net Expenditure Education, Communities & Organisational Development	2075	2094	2069	(25)
Chief Executive	366	368	372	4
Miscellaneous	5,389	3,901	3,827	(74)
Total Net Expenditure	22,587	15,152	14,958	(194)

9.0 COMMON GOOD FUND

9.1 Appendix 3 shows a projected underspend of £144,730 in the Common Good Fund as at 30 November 2013. This results in a projected available fund balance at 31 March 2014 of £295,290.

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 & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2013- 30th Nov 2013**

Outturn 2012/13 £000	Budget Heading	Budget 2013/14 £000	Proportion of Budget £000	Actual to 30/11/13 £000	Projection 2012/2013 £000	Over/(Under) Budget £000
	<u>Finance</u>					
3,982	Employee Costs	3,948	2,531	2,521	3,930	(18)
(35,684)	Benefits Subsidy	(35,414)	(53,121)	(23,494)	(35,464)	(50)
	<u>Organisational Development, HR & Communications & Events</u>					
1,654	Employee Costs	1,593	1,024	1,009	1,580	(13)
	<u>Miscellaneous</u>					
(371)	Internal Resource Interest	(226)	0	0	(300)	(74)
	<u>ICT</u>					
(23)	Sales Fees & Charges	(26)	(17)	(49)	(46)	(20)
	<u>Legal & Democratic Services</u>					
1,199	Employee Costs	1,333	855	859	1,344	11
31	Admin - Postages (Franking Machine)	49	33	23	31	(18)
(12)	Income - Recharges (Franking Machine)	(28)	(19)	(5)	(10)	18
(29,224)	TOTAL MATERIAL VARIANCES	(28,771)	(48,715)	(19,136)	(28,935)	(164)

EARMARKED RESERVES POSITION STATEMENT

Appendix 2

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2013/14</u> £000	<u>Phased Budget To Period 8 2013/14</u> £000	<u>Actual Actual 2013/14</u> £000	<u>Projected Spend 2013/14</u> £000	<u>Amount to be Earmarked for 2014/15 & Beyond</u> £000	<u>Lead Officer Update</u>
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	21	6	59	443	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. CHCP Backscanning post to be funded from 1st March 14
Procurement Development Fund	Alan Puckrin	134	30	29	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	12	0	5	22	Sum set aside for Finance Development Capacity Plan courses and setting up the new Port Glasgow Training suite. £5k for Finance Development Capacity Plan is now expected to be spent in Feb / March 2014 instead of Nov / Dec 2013 as previously envisaged. £17k will be utilised to set up the new Port Glasgow Training Suite which will now be incurred in 2014/15. The remaining £5k will be written back to Reserves.
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	83	99	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	10	69	New workstream programme approved. Envisaged that delivery of the workstreams will result in some one-off costs. No spend incurred to date.
ICT Shared Services	Aubrey Fawcett	100	13	33	33	67	The £33k spend covers the initial spend for year 1 of the Collaboration Project. No further spend is expected to be incurred in 2013/14 based on spend information provided by East Renfrewshire Council.
Protection of Vulnerable Groups	Alasdair Moore	208	43	36	64	144	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. This post has been vacant from end of October 2013 and therefore projected spend for 2013/14 has been reduced by £3k. 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 8 2013/14</u>	<u>Actual Actual 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	4	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. Due to a delay in start of the project no spend has been incurred to date. However, £8k is projected to be spend in 2013/14 with the balance in 2014/15.
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	89	511	Sum set aside for unforeseen items over the 3 year budget 2013/14. Current commitments are £45k WEL, £28k Newark Castle Lighting, £50k for Kelburn Park improvements and upgrades along with other Council parks and £44k for City Deal. For 2013/14 full spend is projected for WEL, £3k for Newark Castle Lighting and £41k for City deal. The Parks spend plans are being prepared and will be reported to the next CMT.
Increased Officer Capacity - Equalities Officer	Wilma Bain	85	15	10	19	66	1 fte Equalities Officer (Grade I) 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	13	13	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	264	226	2,406	4,449	

COMMON GOOD FUND

Appendix 3

REVENUE BUDGET MONITORING REPORT 2013/14

PERIOD 8 : 1st April 2013 to 30th November 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	3,400	13,510	7,000
Repairs & Maintenance	9,680	4,000	2,700	1,300	4,000
Rates 1	8,700			12,210	0
Property Insurance	140	1,000	700		1,000
Marketing Costs					2,000
ADMINISTRATION COSTS	11,620	8,500	200	970	10,700
Sundries	3,420	300	200	970	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	65,700	71,380	129,770
Christmas Lights Switch On	9,530	10,500	0		10,500
Christmas Dinners/Parcels	16,570	18,000	0	16,530	18,000
Christmas Decorations	35,400	35,400	0		35,400
Gourock Highland Games	29,400	29,400	29,400	26,370	26,370
Armistice Service	5,470	8,300	8,300	3,370	8,300
Comet Festival	13,300	13,300	13,300	13,300	13,300
Fireworks	12,600	12,600	12,600	10,310	12,600
Contingency for future Community Events		2,200	0		2,200
Society of the Innocents Rent Rebate	3,750	3,100	2,100	1,500	3,100
Bad Debt Provision	21,160	0	0		0
INCOME	(212,590)	(146,300)	(96,200)	(89,310)	(292,200)
Property Rental	(144,550)	(188,800)	(125,900)	(89,270)	(188,800)
Void Rents 2		44,500	29,700		53,600
Internal Resources Interest	(1,540)	(2,000)	0	(40)	(2,000)
Donations	(1,500)				0
Lease Premium	(65,000)				0
Disposal of Land 3					(155,000)
NET ANNUAL EXPENDITURE	(35,270)	0	(26,900)	(3,450)	(144,730)
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	(26,900)	(1,690)	(45,730)

Fund Balance as at 31st March 2013 249,560

Projected Fund Balance as at 31st March 2014

295,290

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:Vacant since:

4 John Wood Street	May 2010 - Remedial Works Scheduled
15 John Wood Street	December 2012
10 Bay Street	December 2010
74 Port Glasgow Road	September 2012

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 8: 1st April 2013 - 30th November 2013**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Finance - Employee Costs	1		(150,000)
Environmental Services - Roads	1	150,000	
Total		150,000	(150,000)

1) One off virement for 2013/14 to offset Environmental Budget pressures with underspends within Finance Employee costs.