
Report To: Policy & Resources Committee **Date:** 17 November 2015

Report By: Chief Executive, Corporate
Director Environment,
Regeneration & Resources,
Head of Inclusive Education,
Culture and Corporate Policy,
Head of Organisational
Development, H.R &
Communications and Chief
Financial Officer

Report No: FIN/110/15/AP/AE

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Subject: Policy & Resources Committee 2015/16 Revenue Budget – Period 6 to
30th September 2015

1.0 PURPOSE

- 1.1 To advise Committee of the 2015/16 projected out-turn for the Policy & Resources Committee as at period 6, 30th September 2015.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2015/16 is £17,533,000. This excludes Earmarked Reserves of £1,631,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,437,000 which is an increase in underspend of £443,000 since period 4 report to Committee.
- 2.3 The main reasons for this underspend are:
- a) £1,900,000 projected underspend due to a projected significant reduction in call on Pay and Non Pay Inflation Contingency. This is an increase of £200,000 since last reported to Committee which has been factored into the Budget Strategy.
 - b) One-off £200,000 underspend projected due to no significant calls being anticipated on the Pressures Contingency until 2016/17.
 - c) £100,000 over-recovery of Benefit subsidy in line with mid-year estimate.
 - d) £120,000 over-recovery of prior year Council Tax income collection which is in line with 2014/15 out-turn.
 - e) A £91,000 projected underspend within Finance Services employee costs not previously reported to Committee. This is mainly due to additional turnover savings and a delay in restructure of the Customer Service Centre.
 - f) An £80,000 projected over-recovery of Internal Resource Interest income based on previous year out-turn not previously reported to Committee
- 2.4 The Earmarked Reserves for 2015/16 totals £1,631,000 of which £523,000 is projected to be spent in the current financial year. To date expenditure of £219,000 (41.87%) has been incurred which is £53,000 over the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 4 excludes Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2016 of £43,010.

This is below the minimum level of reserves of £100,000 recommended. Rates costs are also being examined to ensure all appropriate relief has been obtained. It is important that the Common Good budget operates on a sustainable basis and a full review will take place as part of the budget.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the projected underspend of £2,437,000 for the Policy and Resources Committee as at Period 6, 30th September 2015.
- 3.2 The Committee note the projected fund balance of £43,010 for the Common Good Fund and that a full review of the Common Good budget is being undertaken as part of the 2016/18 budget.

John Mundell
Chief Executive

Alan Puckrin
Chief Financial Officer

Angela Edwards
Head of Service
Inclusive Education,
Culture & Corporate Policy

Aubrey Fawcett
Corporate Director
Environment, Regeneration &
Resources

Steven McNab
Head of Service
Organisational Development,
H.R & Communications

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2015/16 budget and to highlight the main issues contributing to the projected underspend of £2,437,000.

5.0 2015/16 CURRENT POSITION

- 5.1 The current projection is an underspend of £2,437,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £321,000 underspend

Employee Costs: £91,000 projected underspend which is a further decrease in spend of £78,000 since period 4 report to Committee mainly due to a delay in restructure of the Customer Service Centre and additional turnover savings.

Supplies & Services: £22,000 projected underspend, an increase in underspend of £12,000 since last reported to Committee mainly due to a reduction in costs for Software upgrades.

Other Expenditure: Current projection is an underspend of £103,000, a minor increase in underspend of £3,000 since period 4 report to Committee.

Income: £109,000 projected over-recovery of income which is an additional £51,000 increase in income mainly due to a further £20,000 increase in prior year Council Tax income based on collections to date, £20,000 increase in Statutory Additions income based on prior year out-turn and £10,000 reduction in previously projected income under-recovery from sale of PC's.

Legal & Property - £55,000 overspend

Employee Costs: An overspend of £48,000 is being projected due to turnover target not being met. This is a decrease in spend of £12,000 since last reported to Committee due to early achievement of savings. It is anticipated that this overspend will be reduced by charging fees to specific projects.

Administration Costs: A £11,000 underspend is being projected mainly due to a £10,000 projected reduction in Franking Machine costs which is fully offset by a reduction in rechargeable income.

Income: An under-recovery of £20,000 is being projected which is a £10,000 increase in under-recovery since last reported to Committee, due to a reduction in rechargeable Franking Machine income, fully offset by a reduction in costs.

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

Organisational Development, H.R. & Communications - £4,000 underspend

Employee Costs: £23,000 overspend is being projected mainly due to turnover target not being met. This is an increase in spend of £1,000 since last reported to Committee.

Other Expenditure: £15,000 underspend projected which is an increase in underspend of £5,000 since last reported to Committee due to Service projecting a decrease in spend for Workforce Development.

- 5.4 The following material variances relate to the Miscellaneous budget.

Miscellaneous – £2,180,000 underspend

Inflation Contingency: A £1,900,000 underspend is being projected which is an increase in underspend of £200,000 since last reported to Committee and is due to a further projected reduction in calls on non-pay inflation contingency.

Pressures Contingency: As no significant calls are expected, a one off £200,000 underspend is being projected for the pressures contingency until 2016/17. This was reported to Committee in period 4.

Internal Resource Interest: An over-recovery of £80,000 is being projected in period 6 which is in line with 2014/15 out-turn.

6.0 VIREMENT

6.1 There are no virements to report in period 6.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £1,631,000 of which £523,000 is projected to be spent in 2015/16 and the remaining balance of £1,108,000 to be carried forward to 2016/17 and beyond. It can be seen that expenditure of £219,000 has been achieved which is £53,000 over the phased budgeted spend to date and represents 41.87% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 5 shows a projected overspend of £7,000 in the Common Good Fund as at 30th September 2015. This results in a projected available fund balance at 31st March 2016 of £43,010. This is below the minimum level of reserves of £100,000 recommended. Rates costs are also being examined to ensure all appropriate relief has been obtained.

8.2 It is important that the Common Good budget operates on a sustainable basis and a full review will take place as part of the budget.

9.0 IMPLICATIONS

9.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

9.2 Legal

There are no specific legal implications arising from this report.

9.3 Human Resources

There are no specific human resources implications arising from this report.

9.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

9.5 Repopulation

There are no repopulation issues arising from this report.

10.0 CONSULTATIONS

10.1 The Chief Executive, Corporate Director Environment, Regeneration & Resources, Head of Inclusive Education, Culture and Corporate Policy, Head of Organisational Development, H.R and Communications and the Chief Financial officer have been consulted in the preparation of this report.

11.0 CONCLUSIONS

11.1 The Committee note the 2014/15 Revenue Budget out-turn and the 2015/16 projected underspend of £2,437,000 for the Policy and Resources Committee as at Period 6, 30th September 2015.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2015/16

Period 6: 1st April - 30th September 2015

Service	Approved Budget	Movements			Revised Budget	
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Finance	7,585	5	(307)			7,283
Legal & Property	1,507					1,507
Organisational Development, HR & Communications	1,669		(4)			1,665
Corporate Policy	180					180
Chief Exec	398					398
Miscellaneous	7,496	(990)	(6)			6,500
Totals	<u>18,835</u>	<u>(985)</u>	<u>(317)</u>	<u>0</u>	<u>0</u>	<u>17,533</u>

Supplementary Budget Detail

£000

External Resources

Internal Resources

Savings/Reductions

0

POLICY & RESOURCES

Appendix 2

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 6: 1st April 2015- 30th September 2015

Service	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000
Finance	7,585	7,283	6,962	(321)
Legal & Property Services	1,507	1,507	1,562	55
Total Net Expenditure Environment, Regeneration & Resources	9,092	8,790	8,524	(266)
Organisational Development, Human Resources & Communications	1,669	1,665	1661	(4)
Corporate Policy	180	180	184	4
Total Net Expenditure Education, Communities & Organisational Development	1,849	1,845	1,845	0
Chief Executive	398	398	407	9
Miscellaneous	7,496	6,500	4,320	(2,180)
TOTAL NET EXPENDITURE	18,835	17,533	15,096	(2,437)
Earmarked reserves				
Total Net Expenditure excluding Earmarked Reserves	18,835	17,533	15,096	(2,437)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 6: 1st April 2015 - 30th September 2015**

Outturn 2014/15 £000	Budget Heading	Budget 2015/16 £000	Proportion of Budget £000	Actual to 30/09/15 £000	Projection 2015/2016 £000	Over/(Under) Budget £000
	<u>Finance</u>					
5,391	Employee Costs	5,325	2,568	2,506	5,234	(91)
35,720	Benefit Subsidy	36,486	12,162	11,169	36,386	(100)
3	Legal Expenses	3	2	1	13	10
(299)	Statutory additions	(260)	(130)	(131)	(280)	(20)
132	Computer Software Upgrade	140	70	126	128	(12)
(304)	Council tax income Prior Year	(187)	(94)	0	(307)	(120)
(99)	ICT - Income	(60)	(30)	(28)	(36)	24
	<u>Organisational Development, HR & Communications & Events</u>					
1,525	Employee Costs	1,359	653	668	1,382	23
91	Consultants costs	100	33	28	90	(10)
	<u>Miscellaneous</u>					
553	Inflation Contingency	4,678	2,339	935	2,778	(1,900)
0	Pressures Contingency	232	116	0	32	(200)
(334)	Internal Resource Interest	(226)	(113)	0	(306)	(80)
	<u>Legal & Property Services</u>					
1,850	Employee Costs	1,071	516	766	1,119	48
31	Postages	40	20	18	30	(10)
(17)	Income recharges	(28)	(14)	(7)	(18)	10
(4)	Income	(24)	(12)	0	(14)	10
44,239	TOTAL MATERIAL VARIANCES	48,649	18,086	16,051	46,231	(2,418)

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 6 2015/16</u>	<u>Actual To Period 6 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	308	80	80	161	147	4 employees fully/part funded from Fund at present. Business case being developed for HR EDRMS project
Procurement Development Fund	Alan Puckrin	4	0	0	0	4	£18k vired to fund Procurement Apprentice. Use of balance being considered or written back.
Welfare Reforms - Operational	Alan Puckrin	344	15	14	39	305	Extra funding of £27k but £30k vired to fund 2 Modern Apprentices in the CSC. Further temporary CSC resource funded from EMR to meet increased demand for services and funding extra Benefits post.
Budget Development	Alan Puckrin	310	0	20	129	181	Budget development spend being incurred. Budget also includes allocations for ad-hoc projects.
Protection of Vulnerable Groups	S McNab	48	39	35	48	0	Full spend expected to be incurred by October 2015.
2013/16 Revenue Contingency	Alan Puckrin	212	32	70	122	90	Nepal earthquake, Waverly Enterprise and Kelburn Park fully spent. £16k spend incurred for Corlic Farm legal representation and full spend expected by November 2015. Full spend of £9k incurred for Inverclyde Leisure playschemes with £3k balance to be returned to uncommitted reserves. £28k for Newark Castle lighting expected to be incurred end of 2015. The Event fee for Powerboat Grand Prix is expected to be in Jan 2016. Future spend will consist of £5k for Toll Boys, £65k for Powerboat Grand Prix and £20k uncommitted reserves.
Discretionary Housing Payments / Welfare Reform - Policy	Alan Puckrin	405	0	0	24	381	£24k allocation for Discretionary Housing Payments. Decisions required on the balance and will be taken as part of the 2016/18 budget.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 6 2015/16</u>	<u>Actual To Period 6 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Total Category C to E		1,631	166	219	523	1,108	

REVENUE BUDGET MONITORING REPORT 2015/16PERIOD 6 : 1st April 2015 to 30th September 2015

		Final Outturn 2014/15	Approved Budget 2015/16	Budget to Date 2015/16	Actual to Date 2015/16	Projected Outturn 2015/16
PROPERTY COSTS		28,400	10,000	5,000	16,340	28,040
Repairs & Maintenance	1	19,650	9,000	4,500	10	9,000
Rates	2	11,140		0	18,040	18,040
Property Insurance		(2,390)	1,000	500	(1,710)	1,000
Marketing Costs						
ADMINISTRATION COSTS		21,670	8,700	1,900	4,100	8,700
Sundries	3	14,470	1,500	800	1,900	1,500
Commercial Rent Management Recharge		2,200	2,200	1,100	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		5,000
OTHER EXPENDITURE		145,650	98,800	44,300	3,230	100,700
Christmas Lights Switch On		10,500	10,500	0		10,500
Christmas Dinners/Parcels		18,000	21,600	0		21,600
Christmas Decorations		35,400	0	0		0
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		6,930	8,300	0	730	8,300
Comet Festival		13,300	13,300	13,300		13,300
Fireworks		12,600	12,600	0		12,600
Society of the Innocents Rent Rebate		7,620	3,100	1,600	2,500	5,000
World War 1 Centenary	4	600				0
Bad Debt Provision		11,300				0
INCOME		(145,880)	(149,300)	(74,700)	(51,650)	(130,440)
Property Rental		(164,150)	(181,100)	(90,600)	(51,610)	(183,000)
Void Rents	5	19,340	33,800	16,900		54,560
Internal Resources Interest		(1,070)	(2,000)	(1,000)	(40)	(2,000)
Disposal of Land	6	0				0
NET ANNUAL EXPENDITURE		49,840	(31,800)	(23,500)	(27,980)	7,000
EARMARKED FUNDS	7	76,580	49,170	0	21,990	49,170
John Wood St/Bay St Shop Improvemnts		76,576	18,420		18,420	18,420
World War 1 Centenary	4		3,750		3,570	3,750
Port Glasgow Road - Demolition			15,000			15,000
Repairs & Renewals Fund			12,000			12,000
TOTAL NET EXPENDITURE		126,420	17,370	(23,500)	(5,990)	56,170

Fund Balance as at 31st March 2015

99,180

Projected Fund Balance as at 31st March 2016

43,010

Notes:

1 Repairs & Maintenance

Additional Repairs costs are due to be incurred in respect of 12 Bay St to bring this property to an adequate condition to allow the property to be let out. These costs are estimated to be £16,000 and will be funded from a combination of the ongoing repairs & Maintenance budget and the Repairs & Renewals Fund.

2 Rates (Empty Properties)

Rates are currently being paid on empty properties, projection reflects current Rates levels however all historic Rates costs are being examined to ensure all appropriate empty property relief has been obtained. Any subsequent credit will be included in future reports.

3 Sundries

Additional Legal Fees of £12,400 were incurred in 2014/15 in respect of a dispute over unpaid rent. The dispute is ongoing and may result in further additional costs and/or a write-off of bad debt. A provision has previously been made for bad debt which will partly offset any write-off. Should the dispute be resolved in the Common Good's favour these costs may be recoverable.

4 World War 1 Centenary

World War 1 Centenary includes purchase of commemorative benches and attendance at Drumhead Service. The benches were not delivered until 2015/16 and as a result the budget was set aside for carry forward and is included in the Earmarked Funds section.

5 Current Empty Properties are:

12 Bay St
4 John Wood Street
15 John Wood Street
17 John Wood Street
74 Port Glasgow Road

Vacant since:

April 2015
May 2010
December 2012 (currently under offer)
March 2014
September 2012

6 Land at Port Glasgow Road

Following a marketing exercise of the site at Port Glasgow Road, Greenock, no satisfactory offers were received. The site will now be re-marketed and the remaining buildings demolished to make the site more marketable.

7 Approved Projects

In addition to the annual budget highlighted above committee have previously approved funding for Improvements to Shops in Bay St/John Wood St, Port Glasgow. As noted an allowance for the World War 1 commemorative benches has also now been included here.

In addition allowance has been made for the clearance of the site at 74 Port Glasgow Road and a Repairs & Renewals Fund was set up as part of the 2015/16 budget process.