
Report To:	Policy & Resources Committee	Date:	02 February 2016
Report By:	Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/15/16/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475712143
Subject:	Policy & Resources Committee 2015/16 Revenue Budget – Period 8 to 30th November 2015		

1.0 PURPOSE

- 1.1 To advise Committee of the 2015/16 projected out-turn for the Policy & Resources Committee as at period 8, 30th November 2015.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2015/16 is £16,197,000. This excludes Earmarked Reserves of £1,581,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,475,000 which is an increase in underspend of £38,000 since the period 6 report to Committee.
- 2.3 The main reasons for this underspend are:
- £1,900,000 projected underspend due to a projected significant reduction in call on Pay and Non Pay Inflation Contingency which has been factored into the Budget Strategy.
 - One-off £200,000 underspend projected due to no significant calls being anticipated on the Pressures Contingency until 2016/17.
 - £100,000 over-recovery of Benefit subsidy in line with mid-year estimate.
 - £120,000 over-recovery of prior year Council Tax income collection which is in line with 2014/15 out-turn.
 - An £88,000 projected underspend within Finance Services employee costs mainly due to additional turnover savings and a delay in filling vacancies within the Customer Service Centre.
 - An £100,000 projected over-recovery of Internal Resource Interest income based on previous year out-turn.
- 2.4 The Earmarked Reserves for 2015/16 totals £1,581,000 of which £523,000 is projected to be spent in the current financial year. To date expenditure of £275,000 (52.58%) has been incurred which is £12,000 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 £41,990. This is below the minimum level of reserves of £100,000 recommended. Rates costs are 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 is taking place as part of the

2016/18 budget.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the projected underspend of £2,475,000 for the Policy and Resources Committee as at Period 8, 30th November 2015.
- 3.2 The Committee note the projected fund balance of £41,990 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

Wilma Bain
Corporate Director
Education, Communities
& Organisational Development

Aubrey Fawcett
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 2015/16 budget and to highlight the main issues contributing to the projected underspend of £2,475,000

5.0 2015/16 CURRENT POSITION

- 5.1 The current projection is an underspend of £2,475,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £347,000 underspend

Employee Costs: £88,000 projected underspend which is an increase in spend of £3,000 since period 6 report to Committee mainly due to an agreed upgrade of salary costs for two employees which is being contained within the overall budget.

Supplies & Services: £19,000 projected underspend, an increase in spend of £3,000 since last reported to Committee mainly due to unallocated savings earlier projected to be achieved in 2015/16 now being delayed to 2016/17.

Other Expenditure: Current projection is an underspend of £83,000, an increase in spend of £20,000 since the period 6 report to Committee mainly due to an increase in Bad debt provision offset by an increase in income.

Income: £158,000 projected over-recovery of income which is an additional £49,000 increase in income mainly due to an increase in projected debts raised during the year offset by an increase in bad debt provision.

Legal & Democratic - £66,000 overspend

Employee Costs: An overspend of £54,000 is being projected due to turnover target not being met. This is a increase in spend of £6,000 since last reported to Committee mainly due to additional hours costs.

Administration Costs: A £15,000 underspend is being projected, an increase in underspend of £4,000 since last reported to the Period 6 Committee mainly due to Service estimating a reduction in spend within Printing and Stationery.

Income: An under-recovery of £25,000 is being projected which is a £5,000 increase in under-recovery since last reported to Committee, due to a reduction income rechargeable to Capital.

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

Organisational Development, H.R. & Communications - £7,000 underspend

Employee Costs: £26,000 overspend is being projected mainly due to turnover target not being met. This is an increase in spend of £3,000 since last reported to Committee.

Administration Costs: An overall underspend of £10,000 is being projected which is over various budget lines such as Printing and Stationery, Postages, Legal Expenses etc. This is an increase in underspend of £3,000 since period 6 report to Committee.

Other Expenditure: £18,000 underspend projected which is an increase in underspend of £3,000 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 – 2,200,000 underspend

Inflation Contingency: £1,900,000 underspend is being projected due to projected reduction in calls on non-pay inflation contingency. This was reported to Committee in period 6.

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 6.

Internal Resource Interest: In period 6 an over-recovery of £80,000 was projected. Current projection is an over-recovery of £100,000 an increase of £20,000 due to improved cash-flow management.

6.0 VIREMENT

6.1 There are no virements to report in period 8.

7.0 EARMARKED RESERVES

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £1,581,000 of which £523,000 is projected to be spent in 2015/16 and the remaining balance of £1,058,000 to be carried forward to 2016/17 and beyond. It can be seen that expenditure of £275,000 has been achieved which is £12,000 over the phased budgeted spend to date and represents 52.58% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 5 shows a projected overspend of £39,820 in the Common Good Fund as at 30th November 2015. This results in a projected available fund balance at 31st March 2016 of £41,990. This is below the minimum level of reserves of £100,000 recommended. Rates costs are 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 is taking place as part of the 2016/18 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, Corporate Director Education, Communities & Organisational Development and the Chief Financial officer have been consulted in the preparation of this report.

11.0 CONCLUSIONS

11.1 That the Committee note the 2015/16 projected underspend of £2,475,000 for the Policy and Resources Committee as at Period 8, 30th November 2015.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2015/16**Period 8: 1st April - 30th November 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	98	(307)			7,376
Legal & Property	1,507		17			1,524
Organisational Development, HR & Communications	1,669	21	(4)			1,686
Corporate Policy	180	2				182
Chief Exec	398	6				404
Miscellaneous	7,496	(2,465)	(6)			5,025
Totals	18,835	(2,338)	(300)	0	0	16,197

Supplementary Budget Detail

£000

External ResourcesInternal ResourcesFinance

Employee pay award	80
NDR Discretionary Relief	13
ICT Maintenance	5
ICT Savings allocations - vire from Loan charges	30
Starter pack to Social Work	(7)
Council Tax reduction Scheme	(330)
<u>Legal</u>	
Employee pay award	17
<u>Organisational Development, HR & Communications</u>	
Employee pay award	21
Employee re-evaluation budget transferred to Contingency	(4)
<u>Corporate Policy</u>	
Employee pay award	2
<u>Chief Exec</u>	
Employee pay award	6
<u>Misc</u>	
Employee pay award	(1,538)
Teachers Pension	(399)
Inflation Contingency allocations / refunds	(528)
Klargester System - vired from Capital Programme	(6)

Savings/Reductions

(2,638)

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 8: 1st April 2015- 30th November 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	7,376	7,029	(347)
Legal & Property Services	1,507	1,524	1,590	66
Total Net Expenditure Environment, Regeneration & Resources	9,092	8,900	8,619	(281)
Organisational Development, Human Resources & Communications	1,669	1,686	1,679	(7)
Corporate Policy	180	182	186	4
Total Net Expenditure Education, Communities & Organisational Development	1,849	1,868	1,865	(3)
Chief Executive	398	404	413	9
Miscellaneous	7,496	5,025	2,825	(2,200)
TOTAL NET EXPENDITURE	18,835	16,197	13,722	(2,475)
Earmarked reserves				
Total Net Expenditure excluding Earmarked Reserves	18,835	16,197	13,722	(2,475)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2015 - 30th November 2015**

Outturn 2014/15 £000	Budget Heading	Budget 2015/16 £000	Proportion of Budget £000	Actual to 30/11/15 £000	Projection 2015/2016 £000	Over/(Under) Budget £000
	<u>Finance</u>					
5,391	Employee Costs	5,325	3,385	2,506	5,237	(88)
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)	(173)	(131)	(280)	(20)
132	Computer Software Upgrade	140	93	126	128	(12)
(304)	Council tax income Prior Year	(187)	(125)	0	(307)	(120)
(99)	ICT - Income	(60)	(40)	(28)	(45)	15
202	Other Expenditure - Bad debt Provision	100	67	61	120	20
(397)	Income - Recoveries	(220)	(147)	(123)	(260)	(40)
	<u>Organisational Development, HR & Communications & Events</u>					
1,525	Employee Costs	1,380	875	886	1,406	26
91	Consultants costs	100	33	28	90	(10)
	<u>Miscellaneous</u>					
553	Inflation Contingency	4,678	3,119	2,465	2,778	(1,900)
0	Pressures Contingency	232	155	0	32	(200)
(334)	Internal Resource Interest	(226)	(151)	0	(326)	(100)
	<u>Legal & Property Services</u>					
1,850	Employee Costs	1,071	681	766	1,125	54
31	Postages	40	27	18	30	(10)
(17)	Income recharges	(28)	(19)	(7)	(13)	15
(4)	Income	(24)	(16)	0	(14)	10
44,044	TOTAL MATERIAL VARIANCES	48,550	19,928	17,737	46,100	(2,450)

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 8 2015/16</u>	<u>Actual To Period 8 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	100	100	161	147	4 employees fully/part funded from Fund at present. Business case developed for HR EDRMS project and e - Building Standards.
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	25	24	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	260	30	44	129	131	£50k written back to reserves. Total funding now available for 2015/16 is £260k of which revised commitments for spend is £199k. This includes additional £20k of commitment for Social Transport. Of these commitments £129k is projected to be spent in 2015/16 with the balance of £70k and £61k of un-committed funds being carried forward for spend in future years.
Protection of Vulnerable Groups	S McNab	48	48	37	48	0	Full spend expected to be incurred by year end.
2013/16 Revenue Contingency	Alan Puckrin	212	60	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 March 2016. 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 by February 2016. 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.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u> £000	<u>Phased Budget To Period 8 2015/16</u> £000	<u>Actual To Period 8 2015/16</u> £000	<u>Projected Spend 2015/16</u> £000	<u>Amount to be Earmarked for 2016/17 & Beyond</u> £000	<u>Lead Officer Update</u>
Discretionary Housing Payments / Welfare Reform - Policy	Alan Puckrin	405	0	0	24	381	£24k allocation for Discretionary Housing Payments. Report elsewhere on the Agenda has proposals to allocate much of the balance.
Total Category C to E		1,581	263	275	523	1,058	

REVENUE BUDGET MONITORING REPORT 2015/16PERIOD 8 : 1st April 2015 to 30th November 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	6,700	20,600	28,060
Repairs & Maintenance	1	19,650	9,000	6,000	4,250	9,000
Rates	2	11,140		0	18,060	18,060
Property Insurance		(2,390)	1,000	700	(1,710)	1,000
Marketing Costs						
ADMINISTRATION COSTS		21,670	8,700	2,500	4,700	9,700
Sundries	3	14,470	1,500	1,000	2,500	2,500
Commercial Rent Management Recharge		2,200	2,200	1,500	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		5,000
OTHER EXPENDITURE		145,650	98,800	65,700	29,190	100,700
Christmas Lights Switch On		10,500	10,500	0		10,500
Christmas Dinners/Parcels		18,000	21,600	0	19,220	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	8,300	6,220	8,300
Comet Festival		13,300	13,300	13,300		13,300
Fireworks		12,600	12,600	12,600		12,600
Society of the Innocents Rent Rebate		7,620	3,100	2,100	3,750	5,000
World War 1 Centenary	4	600				0
Bad Debt Provision		11,300				0
INCOME		(145,880)	(149,300)	(99,500)	(77,270)	(130,440)
Property Rental		(164,150)	(181,100)	(120,700)	(77,230)	(183,000)
Void Rents	5	19,340	33,800	22,500		54,560
Internal Resources Interest		(1,070)	(2,000)	(1,300)	(40)	(2,000)
Disposal of Land	6	0				0
NET ANNUAL EXPENDITURE		49,840	(31,800)	(24,600)	(22,780)	8,020
EARMARKED FUNDS		76,580	49,170	0	22,850	49,170
John Wood St/Bay St Shop Improvemnts	7	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		860	15,000
Repairs & Renewals Fund			12,000			12,000
TOTAL NET EXPENDITURE		126,420	17,370	(24,600)	70	57,190

Fund Balance as at 31st March 2015

99,180

Projected Fund Balance as at 31st March 2016

41,990

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.