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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>15 November 2016</b>
<b>Report By:</b>	<b>Chief Executive, Corporate Director Education, Communities &amp; Organisational Development and Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/107/16/AP/AE</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475712143</b>
<b>Subject:</b>	<b>Policy &amp; Resources Committee 2016/17 Revenue Budget – Period 6 to 30 September 2016</b>		

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## **1.0 PURPOSE**

- 1.1 To advise the Committee of the 2016/17 projected out-turn for the Policy & Resources Committee as at period 6, 30 September 2016.

## **2.0 SUMMARY**

- 2.1 The total revised Committee budget for 2016/17 is £14,307,000. This excludes Earmarked Reserves of £1,766,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £87,000.
- 2.3 The main reasons for this underspend are:
- £111,000 underspend projected mainly due to additional turnover savings being achieved.
  - £100,000 under-recovery on Internal Resource Interest income due to a reduction in interest rates.
  - £57,000 underspend within Inflation Contingency based on current estimated calls on inflation contingency.
  - £70,000 of additional income received for prior year Council Tax based on most recent projections.
- 2.4 The Earmarked Reserves for 2016/17 totals £1,766,000 of which £630,000 is projected to be spent in the current financial year. To date expenditure of £272,000 (43%) has been incurred which is £39,000 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 2017 of £15,330. 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 an action from the 2015/16 Members' Report will be progressed to review the Common Good position.

### **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the 2016/17 projected underspend of £87,000 for the Policy and Resources Committee as at Period 6, 30 September 2016.
  
- 3.2 The Committee note the projected fund balance of £15,330 for the Common Good Fund and that a full review of the Common Good budget is being undertaken.

Aubrey Fawcett  
Chief Executive

Alan Puckrin  
Chief Financial Officer

Wilma Bain  
Corporate Director  
Education, Communities  
& Organisational Development

#### 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise the Committee of the current position of the 2016/17 budget and to highlight the main issues contributing to the projected underspend of £87,000 in 2016/17.

#### 5.0 2016/17 CURRENT POSITION

- 5.1 The current projection is an underspend of £87,000.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

##### **Finance - £210,000 underspend**

Employee Costs: £124,000 projected underspend which is an increase in underspend of £41,000 since last reported to Committee mainly due to additional turnover savings being achieved and difficulties in recruiting to professional posts.

Supplies & Services: £38,000 projected overspend which is a reduction in spend of £6,000 since last Committee mainly due to a reduction in spend identified within Computer Software Maintenance.

Payments to Other Bodies: Current projection is an underspend of £24,000 which is a reduction in spend of £2,000 since last Committee.

Income: An over-recovery of £118,000 is being projected which is an increase in income of £100,000 since period 4 report to Committee. This is mainly due to £70,000 of additional income received for prior year Council Tax based on most recent projections and £34,000 received from the DWP for which additional costs will be contained within existing budgets.

##### **Legal & Property - £70,000 overspend**

Employee Costs: An overspend of £24,000 was projected at period 4 there has been no change since.

Income: Under recovery of £46,000 is being projected at period 6 due to a combination of a shortfall in legal fee income of £18,000 and a decrease in liquor licence applications of £28,000.

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

##### **Organisational Development, H.R. & Communications - £33,000 overspend**

Various projected overspends all of which are below £10,000.

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

##### **Miscellaneous – £38,000 overspend**

Inflation Contingency: Projecting an underspend of £57,000 based on current estimated calls on inflation contingency. This is a movement of £35,000 since last reported to Committee.

Internal Resource Interest: Projecting an under-recovery of £100,000 due to a reduction in interest rates. There has been no change since period 4 report to Committee.

5.5 The following material variances relate to the Chief Executive budget.

**Chief Executive – £22,000 underspend**

Employee Cost: Projecting an underspend of £22,000 which is an increase in cost of £6,000 since last Committee mainly due to a vacant post being filled.

**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 £1,766,000 of which £630,000 is projected to be spent in 2016/17 and the remaining balance of £1,136,000 to be carried forward to 2017/18 and beyond. It can be seen that expenditure of £272,000 has been achieved which is £39,000 over the phased budgeted spend to date and represents 43% of the annual projected spend.

**8.0 COMMON GOOD FUND**

8.1 Appendix 5 shows a projected overspend of £7,500 in the Common Good Fund as at 30 September 2016. This results in a projected available fund balance at 31 March 2017 of £15,330. 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 this issue was picked up in the 2015/16 Members Letter by External Audit. A full review of the sustainability of the budget will be undertaken as part of the 2017/18 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 Communities & Organisational Development and the Chief Financial officer have been consulted in the preparation of this report.

## 11.0 CONCLUSIONS

11.1 The Committee note the 2016/17 projected underspend of £87,000 for the Policy and Resources Committee as at Period 6, 30 September 2016.

## 12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

**Policy & Resources Budget Movement - 2016/17****Period 6: 1st April - 30th Sept 2016**

Service	Approved Budget		Movements			Revised Budget
	2016/17 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	
Finance	7,897	3	(78)	0	(100)	7,722
Legal & Property	1,496	0	0	0	0	1,496
Organisational Development, HR & Communications	1,642	0	0	0	0	1,642
Corporate Policy	190	0	0	0	0	190
Chief Exec	414	0	0	0	0	414
Miscellaneous	3,213	(342)	(28)	0	0	2,843
Totals	<u>14,852</u>	<u>(339)</u>	<u>(106)</u>	<u>0</u>	<u>(100)</u>	<u>14,307</u>

**Supplementary Budget Detail**

£000

External ResourcesInternal ResourcesFinanceLegalOrganisational Development, HR & CommunicationsCorporate PolicyChief ExecMiscSavings/Reductions0

**POLICY & RESOURCES**

Appendix 2

**REVENUE BUDGET MONITORING REPORT**

**CURRENT POSITION**

**PERIOD 6: 1st April 2016- 30th Sept 2016**

Service	Approved Budget 2016/17 £000	Revised Budget 2016/17 £000	Projected Out-turn 2016/17 £000	Projected Over/(Under) Spend £000
Finance	7,897	7,822	7,612	(210)
Legal & Property Services	1,496	1,496	1,566	70
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>9,393</b>	<b>9,318</b>	<b>9,178</b>	<b>(140)</b>
Organisational Development, Human Resources & Communications	1,642	1,642	1675	33
Corporate Policy	190	190	194	4
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>1,832</b>	<b>1,832</b>	<b>1,869</b>	<b>37</b>
Chief Executive	414	414	392	(22)
Miscellaneous	3,213	2,843	2,881	38
<b>TOTAL NET EXPENDITURE</b>	<b>14,852</b>	<b>14,407</b>	<b>14,320</b>	<b>(87)</b>
Earmarked reserves		(100)	(100)	
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>14,852</b>	<b>14,307</b>	<b>14,220</b>	<b>(87)</b>

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 6: 1st April 2016 - 30th Sept 2016**

Outturn 2015/16 £000	Budget Heading	Budget 2016/17 £000	Proportion of Budget £000	Actual to 30/09/16 £000	Projection 2016/2017 £000	Over/(Under) Budget £000
	<b><u>Finance/ICT</u></b>					
5,179	FIN - Employee Costs	5,260	2,511	2,465	5,136	(124)
378	ICT - Computer Hardware Purchase & Software Maintenance	453	76	420	478	25
(338)	Rev & Bens - Government Grants	(232)	(39)	(49)	(255)	(23)
0	Council Tax Prior Year	(305)	(51)	(191)	(375)	(70)
(37)	Rev & Bens - Income	(17)	(3)	(21)	(57)	(40)
	<b><u>Legal &amp; Property Services</u></b>					
1,597	Audit & legal- Employee Costs	1,076	348	369	1,100	24
(94)	Legal - Liquor Licences	(122)	(68)	(48)	(94)	28
	<b><u>Miscellaneous</u></b>					
2,219	Inflation Contingency	650	370	370	593	(57)
(362)	Internal Resource Interest	(326)	0	0	(226)	100
	<b><u>Chief Executive</u></b>					
369	Employee Costs	371	177	165	349	(22)
<b>8,911</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>6,808</b>	<b>3,321</b>	<b>3,480</b>	<b>6,649</b>	<b>(159)</b>



## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Policy &amp; Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget To period 6 2016/17</u>	<u>Actual To period 6 2016/17</u>	<u>Projected Spend 2016/17</u>	<u>Amount to be Earmarked for 2017/18 &amp; Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Modernisation Fund	Alan Puckrin	323	33	26	87	236	DAG overseeing developments including Schools On Line payments , EDRMS and Customer Service developments.
Welfare Reforms - Operational	Alan Puckrin	234	36	52	97	137	Funding temporary Posts.
Budget Development	Alan Puckrin	137	37	37	95	42	Uncommitted £46k. Assuming 50% of uncommitted funds to be utilised in 2016/17 along with £34k spend for temporary Grade G Greenock Town Centre post, £16k for PPP review, £20k for Social transport & £4k for budget development.
2013/18 Revenue Contingency	Alan Puckrin	318	70	105	209	109	Total uncommitted funds £125k. Spend for 2016/17 includes £65k for Grand Prix Boats, £40k for Chief Exec post advertisement, £20k for play schemes, £10k for contribution to Oxfam, £5k for Toll Boys and £4k for Gourrock Highland Games. The balance of the £65k spend assumes part of the uncommitted funds to be spent during the year. A further £49k is committed for play scheme spend in 2017/18.
Welfare Reform - Policy	Alan Puckrin	503	0	0	0	503	£325k allocated to HSCP / Finance in 2016/17. A further £313k allocated from the £503k balance in 2017/18.
Corporate Complaints Improvements	Steven McNab	80	0	0	22	58	Post for 2 years - Grade I filled 26th Sept 2016 and continue to Aug 2018.
HR Temporary Resources	Steven McNab	80	19	14	35	45	Two posts being funded from EMR for 2016/17. 1 PT Grade H and 1 Grade D post for 2 years.
Specialist Post - Equalities Officer to 31/03/17	Ruth Binks	46	17	17	40	6	Projected spend on Employee Costs up to 31/03/17 is £40k with £6k of EMR not required and can be written back to General Reserves at Year End.
Specialist Post - Information Governance to 31/03/17	Helen Watson	45	21	21	45	0	The spend relates to the Council's Information Governance Officer.
<b>Total Category C to E</b>		<b>1,766</b>	<b>233</b>	<b>272</b>	<b>630</b>	<b>1,136</b>	

## REVENUE BUDGET MONITORING REPORT 2016/17

## PERIOD 6 : 1st April 2016 to 30th September 2016

	Final Outturn 2015/16	Approved Budget 2016/17	Budget to Date 2016/17	Actual to Date 2016/17	Projected Outturn 2016/17
<b>PROPERTY COSTS</b>	<b>38,790</b>	<b>21,000</b>	<b>10,500</b>	<b>14,590</b>	<b>21,000</b>
Repairs & Maintenance 1	19,700	9,000	4,500	3,800	9,000
Rates 2	20,810	11,000	5,500	12,500	11,000
Property Insurance	(1,720)	1,000	500	(1,710)	1,000
<b>ADMINISTRATION COSTS</b>	<b>17,370</b>	<b>8,700</b>	<b>3,000</b>	<b>4,500</b>	<b>9,700</b>
Sundries	10,170	1,500	800	2,300	2,500
Commercial Rent Management Recharge	2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy	5,000	5,000	0		5,000
<b>OTHER EXPENDITURE</b>	<b>101,230</b>	<b>100,700</b>	<b>45,200</b>	<b>2,890</b>	<b>100,700</b>
Christmas Lights Switch On	10,500	10,500	0		10,500
Christmas Dinners/Parcels	21,600	21,600	0		21,600
Gourock Highland Games	29,400	29,400	29,400		29,400
Armistice Service	6,710	8,300	0	1,640	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	5,000	5,000	2,500	1,250	5,000
Bad Debt Provision	2,120				0
<b>INCOME</b>	<b>(114,870)</b>	<b>(139,010)</b>	<b>(69,500)</b>	<b>(62,100)</b>	<b>(132,510)</b>
Property Rental	(183,000)	(187,470)	(93,700)	(62,060)	(187,470)
Void Rents 3	68,640	50,460	25,200		55,460
Internal Resources Interest	(510)	(2,000)	(1,000)	(40)	(500)
Disposal of Land					
<b>NET ANNUAL EXPENDITURE</b>	<b>42,520</b>	<b>(8,610)</b>	<b>(10,800)</b>	<b>(40,120)</b>	<b>(1,110)</b>
<b>EARMARKED FUNDS</b>	<b>42,440</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL NET EXPENDITURE</b>	<b>84,960</b>	<b>(8,610)</b>	<b>(10,800)</b>	<b>(40,120)</b>	<b>(1,110)</b>

Fund Balance as at 31st March 2016

14,220

Projected Fund Balance as at 31st March 2017

15,330

## Notes:

**1 Repairs & Maintenance**

Significant repairs costs continue to be incurred in respect of vacant properties to bring them to an adequate condition to allow the property to be let out. An estimate of the repairs costs is currently being prepared and will be reported to future Committee. Should this estimate be in excess of existing Repairs & Maintenance budgets Officers will consider and recommend how any shortfall should be addressed.

**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 Current Empty Properties are:**Vacant since:

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

April 2015  
March 2015  
May 2010  
March 2014  
September 2012 (Under Offer)