
Report To:	Policy & Resources Committee	Date:	31 January 2017
Report By:	Chief Executive, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	Report No:	FIN/08/17/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Policy & Resources Committee 2016/17 Revenue Budget – Period 8 to 30th November 2016		

1.0 PURPOSE

- 1.1 To advise the Committee of the 2016/17 projected out-turn for the Policy & Resources Committee as at period 8, 30th November 2016.

2.0 SUMMARY

- 2.1 The total revised Committee budget for 2016/17 is £14,503,000. This excludes Earmarked Reserves of £1,766,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £56,000. This is a reduction of £31,000 in the underspend since Period 6.
- 2.3 The main reasons for this underspend are:
- a) £120,000 underspend projected mainly due to additional turnover savings being achieved.
 - b) £150,000 under-recovery on Internal Resource Interest income due to a reduction in interest rates.
 - c) £50,000 underspend based on current estimated calls on the Inflation Contingency.
 - d) £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 £571,000 is projected to be spent in the current financial year. To date expenditure of £330,000 (58%) has been incurred which is £22,000 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 £2,930. 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 an action from the 2015/16 Members Report will be progressed to review the Common Good position as part of the 2017/18 Budget.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the 2016/17 projected underspend of £56,000 for the Policy and Resources Committee as at Period 8, 30th November 2016.
- 3.2 The Committee note the projected fund balance of £2,930 for the Common Good Fund and that a 2017/18 Common Good budget will be presented to the Council February 2017.

Aubrey Fawcett
Chief Executive

Alan Puckrin
Chief Financial Officer

Wilma Bain
Corporate Director
Education, Communities
& Organisational Development

Scott Allan
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 2016/17 budget and to highlight the main issues contributing to the projected underspend of £56,000 in 2016/17.

5.0 2016/17 CURRENT POSITION

- 5.1 The current projection is an underspend of £56,000 which represents a £31,000 reduction in the projected underspend since Period 6.
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

Finance - £210,000 underspend

Employee Costs: £114,000 projected underspend which is an decrease in underspend of £10,000 since last reported to Committee mainly due to additional turnover savings being achieved and delays in recruiting to professional posts.

Supplies & Services: £24,000 projected overspend which is a reduction in spend of £14,000 since last Committee mainly due to a budget virement for inflationary increase within Computer Software Maintenance.

Admin Costs: £78,000 projected overspend mainly due to £61,000 overspend for Sheriff Officer Legal fees which is off-set within Income. This overspend was not reported at last Committee.

Payments to Other Bodies: Current projection is an underspend of £20,000 which is a reduction in spend of £4,000 since last Committee.

Income: An over-recovery of £176,870 is being projected which is an increase in income of £58,870 since last reported to Committee. This is mainly due to £70,000 of additional income due to be 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. Also £61,000 over-recovery for Sheriff Officer Legal fees which offsets increased costs within Admin fees. This over-recovery was not reported at last Committee.

Legal & Property - £63,000 overspend

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

Income: Under recovery of £46,000 was projected at period 6 with no changes to date. Under recovery 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 - £15,000 overspend

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

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

Miscellaneous – £95,000 overspend

Inflation Contingency: Projecting an underspend of £50,000 based on current estimated calls on inflation contingency. This is a movement of £7,000 since last reported to Committee.

Internal Resource Interest: Projecting an under-recovery of £150,000 which is a reduction in income of £50,000 since last reported at Committee. This is due to a reduction in interest rates.

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

Chief Executive – £23,800 underspend

Employee Cost: Projecting an underspend of £23,800 which is a reduction in cost of £1,800 since last Committee.

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 £1,766,000 of which £571,000 is projected to be spent in 2016/17 and the remaining balance of £1,195,000 to be carried forward to 2017/18 and beyond. It can be seen that expenditure of £330,000 has been achieved which is £22,000 over the phased budgeted spend to date and represents 58% of the annual projected spend.

8.0 COMMON GOOD FUND

8.1 Appendix 5 shows a projected overspend of £19,900 in the Common Good Fund as at 30 November 2016. This results in a projected available fund balance at 31 March 2017 of £2,930. 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 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 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 The Committee note the 2016/17 projected underspend of £56,000 for the Policy and Resources Committee as at Period 8, 30th November 2016.

12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Policy & Resources Budget Movement - 2016/17**Period 8: 1st April - 30th Nov 2016**

Service	Approved Budget		Movements			Revised Budget
	2016/17 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2016/17 £000
Finance	7,897	3	(80)	0	(100)	7,720
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	(144)	(28)	0	0	3,041
Totals	14,852	(141)	(108)	0	(100)	14,503

Supplementary Budget Detail

£000

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

0

POLICY & RESOURCES

Appendix 2

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 8: 1st April 2016- 30th Nov 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	7,820	7,611	(209)
Legal & Property Services	1,496	1,496	1,559	63
Total Net Expenditure Environment, Regeneration & Resources	9,393	9,316	9,170	(146)
Organisational Development, Human Resources & Communications	1,642	1,642	1,657	15
Corporate Policy	190	190	194	4
Total Net Expenditure Education, Communities & Organisational Development	1,832	1,832	1,851	19
Chief Executive	414	414	390	(24)
Miscellaneous	3,213	3,041	3,136	95
TOTAL NET EXPENDITURE	14,852	14,603	14,547	(56)
Earmarked reserves		(100)	(100)	
Total Net Expenditure excluding Earmarked Reserves	14,852	14,503	14,447	(56)

POLICY & RESOURCES**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 8: 1st April 2016 - 30th Nov 2016**

Outturn 2015/16 £000	Budget Heading	Budget 2016/17 £000	Proportion of Budget £000	Actual to 30/11/16 £000	Projection 2016/2017 £000	Over/(Under) Budget £000
	<u>Finance/ICT</u>					
5,179	Employee Costs	5,260	3,317	3,265	5,146	(114)
(338)	Rev & Bens - Government Grants	(232)	(155)	(49)	(255)	(23)
(295)	Council Tax Prior Year	(305)	(210)	(191)	(375)	(70)
(37)	Rev & Bens - Income	(21)	(8)	(26)	(57)	(36)
	<u>Legal & Property Services</u>					
1,141	Audit & legal- Employee Costs	1,076	676	755	1,100	24
(94)	Legal - Liquor Licences	(122)	(87)	(68)	(94)	28
	<u>Miscellaneous</u>					
2,219	Inflation Contingency - Non Pay	557	156	156	507	(50)
(362)	Internal Resource Interest	(326)	0	0	(176)	150
	<u>Chief Executive</u>					
369	Employee Costs	371	234	216	347	(24)
7,782	TOTAL MATERIAL VARIANCES	6,258	3,923	4,058	6,143	(115)

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2016/17</u>	<u>Phased Budget To period 8 2016/17</u>	<u>Actual To period 8 2016/17</u>	<u>Projected Spend 2016/17</u>	<u>Amount to be Earmarked for 2017/18 & 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	48	34	40	283	DAG overseeing developments including Schools On Line payments , EDRMS and Customer Service developments.
Welfare Reforms - Operational	Alan Puckrin	234	58	62	85	149	Funding temporary Posts.
Budget Development	Alan Puckrin	137	43	37	95	42	Uncommitted £46k. Assuming 50% of uncommitted funds to be utilised in 2016/17 along with £32k 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	118	209	109	Total uncommitted funds £69k, £65k of which is projected to be spent in 2016/17. 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 £10k for Gourock Highland Games. A further £99k is committed within 2017/18; £49k for Play Schemes & £50k Grand Prix Boats. CCTV underspend will be included at Year End.
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	9	6	22	58	Post for 2 years - Grade I filled 26th Sept 2016 and continue to Aug 2018.
HR Temporary Resources	Steven McNab	80	26	19	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	25	25	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	29	29	45	0	The spend relates to the Council's Information Governance Officer.
Total Category C to E		1,766	308	330	571	1,195	

COMMON GOOD FUND

Appendix 5

REVENUE BUDGET MONITORING REPORT 2016/17

PERIOD 8 : 1st April 2016 to 30th November 2016

		Final Outturn 2015/16	Approved Budget 2016/17	Budget to Date 2016/17	Actual to Date 2016/17	Projected Outturn 2016/17
<u>PROPERTY COSTS</u>		38,790	21,000	14,000	19,920	24,800
Repairs & Maintenance	1	19,700	9,000	6,000	3,890	9,000
Rates	2	20,810	11,000	7,300	17,740	14,800
Property Insurance		(1,720)	1,000	700	(1,710)	1,000
<u>ADMINISTRATION COSTS</u>		17,370	8,700	3,200	4,750	8,700
Sundries		10,170	1,500	1,000	2,550	2,500
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		4,000
<u>OTHER EXPENDITURE</u>		101,230	100,700	54,300	21,240	100,700
Christmas Lights Switch On		10,500	10,500	0		10,500
Christmas Dinners/Parcels		21,600	21,600	0	13,690	21,600
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		6,710	8,300	8,300	5,050	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	3,300	2,500	5,000
Bad Debt Provision		2,120				0
<u>INCOME</u>		(114,870)	(139,010)	(92,700)	(90,990)	(122,910)
Property Rental		(183,000)	(187,470)	(125,000)	(90,950)	(187,470)
Void Rents	3	68,640	50,460	33,600		65,060
Internal Resources Interest		(510)	(2,000)	(1,300)	(40)	(500)
Disposal of Land						
<u>NET ANNUAL EXPENDITURE</u>		42,520	(8,610)	(21,200)	(45,080)	11,290
<u>EARMARKED FUNDS</u>		42,440	0	0	0	0
<u>TOTAL NET EXPENDITURE</u>		84,960	(8,610)	(21,200)	(45,080)	11,290

Fund Balance as at 31st March 2016 14,220

Projected Fund Balance as at 31st March 2017 2,930

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:

	<u>Vacant since:</u>
12 Bay St	April 2015
14 Bay St	March 2015
4 John Wood Street	May 2010
17 John Wood Street	March 2014
74 Port Glasgow Road	September 2012 (Under Offer)