
Report To:	Regeneration Committee	Date:	3 September 2009
Report By:	Chief Financial Officer and Corporate Director Regeneration and Resources	Report No:	FIN/41/10/AP/CB
Contact Officer:	Hugh MacMaster	Contact No:	01475 712163
Subject:	Regeneration and Resources 2009/10 Revenue Budget – Period 3 to 30 June 2009		

1.0 PURPOSE

- 1.1 To advise Committee of the 2008/09 out-turn and the 2009/10 Revenue Budget position at period 3 to 30 June 2009 for Economic & Social Regeneration, Property Resources & Facilities Management and Corporate Director.

2.0 SUMMARY

- 2.1 In 2008/09 excluding the carry forward of Earmarked Reserves, there was an underspend of £4,000. This was a decrease of £17,000 from the underspend reported to members at the March Committee, on the operational budgets controlled by Committee.
- 2.2 This position excludes £400,000 settlement of legal action in relation to the Waterfront Complex and £72,000 depreciation included in the Office Accommodation charges made at the financial year end both of which were outwith the control of the Committee.
- 2.3 Therefore the total out-turn position was an underspend of £332,000, an increase of £311,000 from the underspend reported to members at the March Committee.
- 2.4 The revised 2009/10 budget for Economic & Social Regeneration, Property Resources & Facilities Management and the Corporate Director is £10,339,000 which excludes Earmarked Reserves.
- 2.5 The latest projection, excluding Earmarked Reserves, is an underspend of £64,000.

3.0 RECOMMENDATION

- 3.1 The Committee note the out-turn for 2008/09 and the current projected underspend for 2009/10 of £64,000 as at 30 June 2009.
- 3.2 That Committee approve the virements as detailed in paragraph 8.1 and 8.2 and Appendix 4.

Alan Puckrin
Chief Financial Officer

Aubrey Fawcett
Corporate Director
Regeneration & Resources

4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2009/10 budget as well as the 2008/09 out-turn and to highlight the main issues contributing to the underspend in 2008/09 and projected underspend 2009/10.

5.0 2008/09 OUT-TURN

5.1 Economic & Social Regeneration

The actual out-turn, excluding Earmarked Reserves was £5,118,000, which represents an underspend of £377,000.

Excluding the Waterfront Complex settlement of £400,000 and depreciation within Office Accommodation charges of £52,000 this is underspend of £29,000 which represents an increase in underspend of £64,000 on the forecast reported to Members at the March Committee. The material variances for the out-turn position and movement are:

Employee Costs:

The underspend for the year was £102,000. This is an increase in underspend of £70,000 from the position reported at the March Committee, due to an error in the projection of employee costs which meant that APT&C costs were overstated by £80,000 and Manual costs understated by £12,000. This has been rectified for 2009/10.

Property Costs:

The overspend for the year was £72,000. This is an increase of £58,000 from the position reported at the March Committee mainly due to:

- £37,000 increase in gas due to price increases, funded centrally from the utilities inflation contingency;
- £14,000 increase in electricity due to price increases not fully projected; and
- £12,000 overspend in water charges due to price increases in water charges not fully projected.

Supplies & Services Costs:

There was an overspend of £11,000 which had not been previously reported to Committee. This was due to £10,000 consultancy costs to review community and outdoor leisure facilities within Inverclyde.

Income:

The under-recovery for the year was £39,000, an increase of £20,000 from the position reported at the March Committee.

5.2 Property Resources & Facilities Management

The actual out-turn, excluding Earmarked Reserves was £2,428,000, which represents an overspend of £45,000. This is a £97,000 increase in costs since the underspend of £52,000 reported to Members at the March Committee. The material variances for the movement are:

Employee Costs:

The underspend for the year was £127,000, an increase in underspend of £87,000 from the position reported at the March Committee, due to:

- £53,000 savings on Catering manual wages. The underspend led to a partial under-recovery in Recharges to other Council Services as reported below; and
- £23,000 savings on Cleaning manual wages; and
- £11,000 underspend on overtime/travel & subsistence payments.

Property Costs:

The overspend for the year was £89,000, an increase of £122,000 since last reported to committee. This increase relates to:

- £94,000 Repairs & Maintenance costs undertaken by the Building Services Unit in the final quarter of 2008/09. This was not previously projected and monitoring procedures are being revised to prevent a future re-occurrence; and
- £23,000 Office Accommodation charges outwith Committee control.

Supplies & Services Costs:

The overspend for the year was £3,000. This is an increase in overspend of £28,000 from the position reported at the March Committee due to the following:

- £19,000 under-projection in Drinking Milk supplied at Primary Schools whose costs are recharged by Catering to Education per income below; and
- £13,000 under-projection of Catering Provisions.

Administration Costs:

The underspend for the year was £16,000, not previously reported and due to minor underspends over various budget lines.

Payments to Other Bodies:

The underspend for the year was £12,000, not previously reported and due to an underspend on payments to the Council's energy management consultants following re-negotiation of contract.

Other Expenditure:

The overspend for the year was £127,000. This is an increase of £77,000 from the position reported at the March Committee due to:

- £67,000 costs recharged at year end to Central Repairs following formal approval for the creation of the Fund for maintenance work to Greenock Cut, offset by additional income as reported below; and
- £10,000 previously unreported overspend over various budget lines.

Income:

The over-recovery for the year was £8,000. This is an increase in over-recovery of £4,000 from the position reported at the March Committee due to:

- £35,000 under-recovery of Internal Fee Recharges to Capital due to movements in the Capital Programme during the final quarter; and
- £67,000 income from various sources including the Repairs and Renewal Fund and Internal Resources Interest made at the financial year end to Central Repairs to offset costs of maintenance work at Greenock Cut; and
- £28,000 under-recovery in Recharges made to other Council Services. Client Services received lower recharges mainly due to the net underspend in Catering Manual Wages, Drinking Milk and Provisions reported above.

6.0 2009/10 CURRENT POSITION

6.1 The current projection for 2009/10 is an underspend of £64,000.

6.2 Economic and Social Regeneration

The current projected out-turn for Economic and Social Regeneration is an underspend of £44,000 (excluding earmarked reserves) which is shown in Appendix 1.

The main issues relating to the current projected underspend for Economic and Social Regeneration are detailed below and in Appendix 2:

Employee Costs:

There is a projected underspend of £69,000 which is due to:

- £66,000 underspend relating to eight vacant APT&C posts;
- £25,000 underspend relating to three vacant Manual posts; and
- £22,000 proposed virement as detailed in paragraph 8.2 and Appendix 4.

Four of the vacant APT&C posts have now been filled with all but one of the remaining posts expected to be filled by October 2009.

Income:

There is a projected under-recovery of £25,000, mainly due to:

- £10,000 under-recovery in income related to library charges for audio & visual items;
- £25,000 under-recovery in Leisure Pass Income;
- £20,000 over-recovery in Lets;
- £21,000 over-recovery at Lady Octavia 3G pitch; and
- £21,000 proposed virement as detailed in paragraph 8.2 and Appendix 4.

6.3 Property Resources and Facilities Management

The current projected out-turn for Property Resources and Facilities Management inclusive of the contribution from Catering and Cleaning is an underspend of £20,000 which is shown in Appendix 1.

The main issues to the current projected underspend for Property Resources and Facilities Management are detailed below and in Appendix 2.

Supplies & Services Costs:

There is a projected overspend of £16,000 due to an increase in Drinking Milk costs, based on 2008/09 out-turn, and continued increase in demand for supplies to Primary Schools. This is offset by additional recharges as reported below.

Income:

There is a projected over-recovery of £36,000 due to:

- £30,000 recharges by Catering to the Nutrition in Schools budget within Education
- £16,000 over-recovery of Milk recharges to Education arising from above reported overspend within Supplies & Services costs; and
- £10,000 under-recovery of special catering income based on year to date charges and the 2008/09 out-turn. The Service is currently investigating this to identify possible related savings on expenditure budget lines.

7.0 OTHER ISSUES

7.1 The Head of Property Resources and Facilities Management has recently completed an efficiency review into Facilities Management that will be reported to the Policy & Resources Committee meeting in September 2009.

The 2009/10 approved budget includes a saving of £75,000 and it is projected that this will be achieved in full.

7.2 Financial implications from the Efficiency Report, including the impact on Recharges made to other Council Services will be reported to a future committee.

8.0 VIREMENTS

8.1 On 25th May 2009 the Health and Social Care Committee approved a virement of £12,000 from Social Care Services budget to the Voluntary Sector Grants voluntary organisation projects budget as detailed in Appendix 4. The virement is to cover rent of a unit within Drumfrochar Road Industrial Estate by Inverclyde Voluntary Council for Social Service and has been reflected throughout this report.

8.2 On 13th August it was reported to the Corporate Management Team that the transfer of Community Facilities to a third party will not be completed until 31 March 2010, subject to Members approval. The £43,000 saving envisaged by this transfer in 2009/10 will now be contained by the proposed virement and has been reflected throughout this report:

- £21,000 income from Inverclyde Leisure in relation to Lady Octavia 3G pitch; and
- £22,000 from employee cost underspend.

9.0 IMPLICATIONS

9.1 The current projected out-turn, per Service, excluding Earmarked Reserves, is:

Service	Approved Budget 2009/10 £'000	Revised Budget 2009/10 £'000	Projected Out-turn 2009/10 £'000	Projected Over/(Under-Spend) £'000	Percentage Variance %
Economic & Social Regeneration	7,445	6,242	6,198	(44)	(0.70%)
Property Resources & Facilities Management	2,746	2,746	2,726	(20)	(0.73%)
Corporate Director	136	136	136	0	0
TOTAL NET EXPENDITURE	10,327	9,124	9,060	(64)	(0.70%)

10.0 EARMARKED RESERVES

10.1 There is a planned £1,215,000 contribution to Earmarked Reserves in the current financial year as detailed in Appendix 3. Spend to date is 11% of projected spend.

11.0 EQUALITIES

11.1 There are no equality issues arising from the report.

12.0 CONSULTATION

12.1 The report has been jointly prepared by the Corporate Director of Regeneration & Resources and the Chief Financial Officer.

REGENERATION

APPENDIX 1

REVENUE BUDGET MONITORING REPORT**PERIOD 3: 1st April 2009 - 30th June 2009**

Service	Approved Budget 2009/10 £000	Revised Budget 2009/10 £000	Projected Out- turn 2009/10 £000	Projected Over/(Under) Spend 2009/10 £000	Percentage Variance %
Economic & Social Regeneration	7,445	7,457	7,413	(44)	(0.59)%
Property Resources & Facilities Mgt	2,746	2,746	2,726	(20)	(0.73)%
Corporate Director	136	136	136	0	0.00%
TOTAL NET EXPENDITURE	10,327	10,339	10,275	(64)	(0.62)%
Transfer to Earmarked Reserves *	0	(1,215)	(1,215)	0	
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	10,327	9,124	9,060	(64)	(0.70)%

Subjective Heading	Approved Budget 2009/10 £000	Revised Budget 2009/10 £000	Projected Out- turn 2009/10 £000	Projected Over/(Under) Spend 2009/10 £000	Percentage Variance %
Employee Costs	10,561	10,561	10,492	(69)	(0.65)%
Property Costs	2,877	2,877	2,877	0	0.00%
Supplies & Services	2,597	2,597	2,613	16	0.62%
Transport Costs	59	59	59	0	0.00%
Administration Costs	251	251	251	0	0.00%
Other Expenditure	9,048	9,060	9,060	0	0.00%
Income	(15,066)	(15,066)	(15,077)	(11)	(0.07)%
TOTAL NET EXPENDITURE	10,327	10,339	10,275	(64)	(0.20)%
Transfer to Earmarked Reserves *	0	(1,215)	(1,215)	0	
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	10,327	9,124	9,060	(64)	(0.70)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2009/10

REGENERATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2009 - 30th June 2009**

<u>Budget Heading</u>		<u>Budget</u> <u>2009/10</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u> <u>£000</u>	<u>Actual to</u> <u>30-Jun-09</u> <u>£000</u>	<u>Projection</u> <u>2009/10</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>%</u>
ECONOMIC & SOCIAL REGENERATION							
Employee costs	APT&C	2,272	442	390	2,228	(44)	(1.94)%
	Manual	574	112	97	549	(25)	(4.36)%
Income	Cultural - Audio/Visual Unit Charges	(19)	(5)	(2)	(9)	10	51.43%
	Leisure & Communities - Leisure Pass	(30)	(8)	(2)	(5)	25	83.33%
	Leisure & Communities - Hall Lets	(196)	(49)	(58)	(206)	(10)	(5.10)%
	Leisure & Communities - School Lets	(48)	(12)	(21)	(58)	(10)	(20.83)%
TOTAL ECONOMIC & SOCIAL REGENERATION		2,553	480	404	2,499	(54)	(2.13)%
PROPERTY RESOURCES & FACILITIES MANAGEMENT							
Supplies & Services Costs	Catering - Drinking Milk	82	18	18	98	16	19.51%
Income	Catering - Recharges	(628)	(136)	(170)	(658)	(30)	(4.78)%
	Catering -Drinking Milk Recharges	(93)	(21)	(19)	(109)	(16)	17.20%
	Catering -Special Catering	(90)	(23)	(10)	(80)	10	(11.11)%
TOTAL PROPERTY RESOURCES & FACILITIES MANAGEMENT		(729)	(162)	(181)	(749)	(20)	2.74%
TOTAL FOR REGENERATION		1,824	318	223	1,750	(74)	(4.08)%

EARMARKED RESERVES POSITION STATEMENT

APPENDIX 3

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	c/f	New	Total	Actual	Projected	Amount to be	Lead Officer Update
		Funding	Funding	Funding	To Period 03	Spend	Earmarked for	
		2008/09	2009/10	2009/10	2009/10	2009/10	2010/11 & Beyond	
		£000	£000	£000	£000	£000	£000	
Riverside Inverclyde	Stuart Jamieson	1,052	1,513	2,565	169	1,500	1,065	Two invoices totalling £105k were received in Period 3. Riverside Inverclyde is currently forecasting that they will require funding of £1.5m from Inverclyde Council for 2009/10.
Modern Apprenticeship	Stuart Jamieson	50	100	150	12	150	0	The Service advertised for two admin apprenticeships in July with a view for starting in August. The Service also re-advertised the vacant trainee accountant position in July.
Tall Ships	Aubrey Fawcett	70	150	220	0	70	150	The Service is investigating the spending profile expected for 2009/10
FSF	Stuart Jamieson	1,150	6,125	7,275	900	7,275	0	The Service is currently looking at the phasing of the projected spend and will update Members further at the next Committee.
FSF Community Hubs	Stuart Jamieson	22	506	528	47	528	0	The Service is currently reviewing their spending profile. However, the Service anticipates that some of the new funding will not be utilised and will be clawed back to the FSF central pot for redistribution. Previously FSF Community Hubs was accounted for as 4 individual projects: - Auchmountain; - Paton Street (£22k brought forward); - Central Greenock; and - Clune Park.
Arts Guild - Further Funding	Aubrey Fawcett	0	500	500	0	500	0	Latest Business Plan assessed and awaiting information from Arts Guild
Area Renewal Fund	Aubrey Fawcett	0	500	500	0	500	0	The following amounts have been allocated to date: Retail Assessment for Greenock South West - £25k Master planning for Drumfrochar Road/ Broomhill Area - £30k Match funding for bid to Town Centre Regeneration Fund for Port Glasgow and Greenock Town Centre's - £200k
Hunter Place Toilet - Refurbishment	Joe Lynch	0	20	20	19	20	0	Opening in July
Total		2,344	9,414	11,758	1,147	10,543	1,215	

REGENERATION & RESOURCES COMMITTEE

VIREMENT REQUESTS

Budget Heading	Increase Budget	(Decrease) Budget
	£000	£000
Social Work Services - Rent and Other Property Costs		(12)
Voluntary Sector Grants - Voluntary Organisation Projects	12	
Transfer of Community Facilities	43	
Leisure & Communities Employee Costs		(22)
Lady Octavia 3G Pitch Income		(21)
Total	55	(55)

Reasons for virements:

The Health and Social Care Committee approved a virement of £12,000 from Social Care Services budget to the Voluntary Sector Grants voluntary organisation projects budget in order to cover the rental cost of a unit within Drumfrochar Road Industrial Estate by Inverclyde Voluntary Council for Social Service.

On 13th August it was reported to the Corporate Management Team that the transfer of Community Facilities to a third party will not be completed until 31 March 2010. The £43,000 saving envisaged by this transfer in 2009/10 will now be covered by the proposed existing underspend in employee costs and additional income from Lady Octavia.