
Report To: Regeneration Committee **Date:** 14 January 2010

Report By: Chief Financial Officer and
Corporate Director Regeneration
and Resources **Report No:** FIN/73/10/AP/CB

Contact Officer: Hugh MacMaster **Contact No:** 01475 712163

Subject: Regeneration and Resources 2009/10 Revenue Budget – Period 7 to
31 October 2009

1.0 PURPOSE

- 1.1 To advise Committee of the 2009/10 Revenue Budget position at period 7 to 31 October 2009 for Economic & Social Regeneration, Property Resources & Facilities Management and Corporate Director.

2.0 SUMMARY

- 2.1 The revised 2009/10 budget for Economic & Social Regeneration, Property Resources & Facilities Management and the Corporate Director is £8,900,000 which excludes Earmarked Reserves.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £58,000, a decrease in underspend of £45,000 on that previously reported to Committee.

3.0 RECOMMENDATION

- 3.1 The Committee note the current projected underspend for 2009/10 of £58,000 as at 31 October 2009.
- 3.2 That Committee approve the virements as detailed in paragraph 7.1 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 and to highlight the main issues contributing to the projected underspend.

5.0 2009/10 CURRENT POSITION

5.1 The current projection for 2009/10 is an underspend of £58,000.

5.2 Economic and Social Regeneration

The current projected out-turn for Economic and Social Regeneration is an underspend of £48,000 (excluding earmarked reserves) which is shown in Appendix 1. This represents a further underspend of £1,000 since last reported to the September 2009 Committee.

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 £93,000, an increase in underspend of £19,000 since last reported to Members at the September Committee due to two additional vacancies within the Service projected to the year end.

Property Costs:

There is a projected overspend of £32,000, not previously reported, due to:

- £16,000 overspend in Property Rates; and
- £16,000, projected overspend in Water Charges based on current usage.

Income:

There is a projected under-recovery of £13,000 an improvement of £14,000 since the previous Committee, due to:

- £5,000 repayment of VAT from HM Revenue & Customs which had previously been charged on Library Fines;
- £5,000 in printing charges associated with members of the public using computers within Libraries; and
- £4,000 over-recovery in golf fees & charges.

5.3 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 £10,000 which is shown in Appendix 1. This represents a net increase in costs of £46,000 since last reported to the September Committee.

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

Employee Costs:

There is a projected overspend of £58,000, of which £66,000 is previously unreported, mainly due to:

- £84,000 projected increase in cleaning manual wages based on year to date costs, of which £10,000 will be recovered through additional income as reported below;
- £37,000 projected increase in demand led Janitorial overtime covering evening lets,

- which will be offset by additional recharges to Education for the same amount; and
- £59,000 projected underspend in catering manual wages due to additional turnover.

The remaining £8,000 underspend relating to additional turnover savings within Property Resources has not changed since last reported to Committee. This is offset by the Services use of external consultants as reported below.

Transport Costs

The Vehicle Management budget has been amended to reflect the revised charging policy approved by Policy and Resources Committee in June 2009.

Other Expenditure:

There is a projected overspend of £24,000, previously unreported, relating to the use by the Service of external consultants, mainly due to a vacancy for a Senior Quantity Surveyor.

Income:

There is a projected over-recovery of £92,000, of which £47,000 is previously unreported, due to

- £37,000 additional Janitorial recharges as a result of overtime for Community lets within schools. Under current charging arrangements these costs are passed on in full to Education Services and as a result there is now a projected overspend of £37,000 which will be contained within the overall Education budget. These additional costs are partially offset by additional school let income as previously reported to the Regeneration Committee. A new internal charging procedure will be in place for the start of the next Financial Year and this will ensure that costs and income associated with school lets are reported to the same Committee in future.
- £10,000 additional morning cleanings to schools following lets the evening before.

The remaining £45,000 over-recovery in income, relating to Catering income, has not changed since last reported to Committee.

6.0 OTHER ISSUES

6.1 The Head of Property Resources & Facilities Management reported to the Policy & Resources Committee in November 2009 about the recently completed Facilities Management efficiency review. This was accepted by Members and the majority of staff agreed to new terms and conditions effective from 1 March 2010.

The 2009/10 budget includes an efficiency saving of £75,000 in relation to Facilities Management. Savings of £49,000 have been identified to date and the remaining balance is projected to be achieved in full by the year end.

6.2 Within Property Resources Central Repairs, funding for £300,000 Repairs and Maintenance costs has been made available through the School Estate Modernisation Programme. It is anticipated the full amount will be recharged at the financial year end.

7.0 VIREMENTS

7.1 Committee are asked to approve virement of £397,000 as detailed in Appendix 4. The virements are included in Appendix 1 and have been reflected throughout this report.

8.0 IMPLICATIONS

8.1 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	7,454	7,406	(48)	(0.64%)
Property Resources & Facilities Management	2,746	2,737	2,727	(10)	(0.37%)
Corporate Director	136	136	136	0	0
Total	10,327	10,327	10,269	(58)	(0.56%)
Earmarked Reserves		(1,427)	(1,427)		
TOTAL NET EXPENDITURE	10,327	8,900	8,842	(58)	(0.65%)

9.0 EARMARKED RESERVES

9.1 There is a planned £2,402,000 contribution to Earmarked Reserves in the current financial year as detailed in Appendix 3. Spend to date is 47.47% of projected spend.

10.0 EQUALITIES

10.1 There are no equality issues arising from the report.

11.0 CONSULTATION

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

REGENERATION

APPENDIX 1

REVENUE BUDGET MONITORING REPORT

PERIOD 7: 1st April 2009 - 31st October 2009

2008/09 Actual £000	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 %
5,118	Economic & Social Regeneration	7,445	7,454	7,406	(48)	(0.64)%
2,428	Property Resources & Facilities Mgt	2,746	2,737	2,727	(10)	(0.37)%
152	Corporate Director	136	136	136	0	0.00%
7,698	TOTAL NET EXPENDITURE	10,327	10,327	10,269	(58)	(0.56)%
	Transfer to Earmarked Reserves *	0	(1,427)	(1,427)	0	
7,698	TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	10,327	8,900	8,842	(58)	(0.65)%

2008/09 Actual £000	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 %
6,155	Employee Costs	10,561	10,581	10,546	(35)	(0.33)%
3,083	Property Costs	2,877	3,202	3,232	30	0.94%
1,848	Supplies & Services	2,597	2,631	2,631	0	0.00%
4	Transport Costs	59	47	47	0	0.00%
211	Administration Costs	251	251	251	0	0.00%
9,823	Other Expenditure	9,048	9,060	9,084	24	0.26%
(10,368)	Income	(15,066)	(15,445)	(15,522)	(77)	(0.50)%
10,756	TOTAL NET EXPENDITURE	10,327	10,327	10,269	(58)	(0.20)%
	Transfer to Earmarked Reserves *	0	(1,427)	(1,427)	0	
10,756	TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	10,327	8,900	8,842	(58)	(0.65)%

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

REGENERATION**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 7: 1st April 2009 - 31st October 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>31-Aug-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	2,264	1,309	953	2,198	(66)	(2.92)%
	Manual	560	324	262	542	(18)	(3.21)%
Property Costs	Leisure & Communities - Rates	90	90	11	100	11	12.22%
	Leisure & Communities - Water	14	8	14	30	16	114.29%
Income	Cultural - Audio/Visual Unit Charges	(19)	(8)	(4)	(9)	10	51.43%
	Leisure & Communities - Leisure Pass	(30)	(13)	(3)	(5)	25	83.33%
	Leisure & Communities - Hall Lets	(196)	(82)	(86)	(206)	(10)	(5.10)%
	Leisure & Communities - School Lets	(48)	(20)	(30)	(58)	(10)	(20.83)%
TOTAL ECONOMIC & SOCIAL REGENERATION		2,635	1,608	1,117	2,592	(42)	(1.61)%
PROPERTY RESOURCES & FACILITIES MANAGEMENT							
Employee costs	Catering -APTC	457	264	249	420	(37)	(8.10)%
	Catering -Manual Wages	1,509	846	788	1,452	(57)	(3.78)%
	Cleaning -Manual Wages	2,015	1,105	1,164	2,099	84	4.17%
	Janitors-Manual Wages	1,666	917	918	1,703	37	2.22%
	Legal expenses	0	0	0	25	25	100%
Other Expenditure	Property Resources - External consultants	0	0	12	24	24	100%
Income	Catering - Recharges	(654)	(286)	(361)	(684)	(30)	(4.59)%
	Catering -Special Catering	(90)	(45)	(27)	(80)	10	(11.11)%
	Cleaning - Additional Hours Cleaning	(29)	(15)	(21)	(39)	(10)	34.48%
	Janitors - Recharges to Services	(1,769)	(974)	(968)	(1,806)	(37)	2.09%
	Property Resources - Recharges to Capital	(1,100)	(550)	(465)	(1,125)	(25)	(2.27)%
TOTAL PROPERTY RESOURCES & FACILITIES MANAGEMENT		2,005	1,263	1,289	1,989	(16)	(0.80)%
TOTAL FOR REGENERATION		4,640	2,871	2,406	4,581	(58)	(1.26)%

EARMARKED RESERVES POSITION STATEMENT

APPENDIX 3

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	£/ Funding 2008/09 £000	New Funding 2009/10 £000	Total Funding 2009/10 £000	Actual To Period 07 2009/10 £000	Projected Spend 2009/10 £000	Amount to be Earmarked for 2010/11 & Beyond £000	Lead Officer Update
Riverside Inverclyde	Stuart Jamieson	1,052	1,513	2,565	708	1,500	1,065	A request for funding totalling £76k was received in period 7.
Modern Apprenticeship	Stuart Jamieson	50	100	150	37	80	70	The two admin apprenticeships have recently started with one in Economic Development and the other in HR. The Trainee Accountant started mid November. Furthermore the Service has recently advertised for 2 part-skilled Apprentices Joiners with a view to them starting before the end of 2009.
Tail Ships	Aubrey Fawcett	70	150	220	0	20	200	Spend is online with projection.
FSF	Stuart Jamieson	1,150	6,125	7,275	3,615	6,983	292	Reflects the anticipated year end position.
FSF Community Hubs	Stuart Jamieson	22	306	328	157	328	0	After reviewing their spending profile it was decided that the Service would return £200k back to FSF for redistribution to Wellpark Community Centre (Capital). 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	0	500	Report was presented to the September Regeneration Committee updating the timescales. As a result £500k will be carried forward.
Area Renewal Fund	Aubrey Fawcett	0	500	500	0	225	275	To date £430k has been allocated, however it is expected that only £225k of this will actually be spent in 2009/10 with £205k carried forward into 2010/11. The funding has been allocated as follows: - Retail Assessment for Greenock South West - £25k; - Master planning for Drumrochar Road/Broomhill Area - £30k; - Match funding for bid to Town Centre Regeneration Fund for Port Glasgow and Greenock Town Centre's - £200k; - Match funding contribution to Gibshill Community Centre project - £100k; and - Clune Park Resource Centre - £75k
Hunter Place Toilet - Refurbishment	Joe Lynch	0	20	20	19	20	0	The remaining balance of £70k is expected to be allocated by the year end but not spent until 2010/11. Public Convenience now opened
Facilities Management Efficiency Review	Joe Lynch	0	400	400	0	400	0	Expenditure expected in December 2009 through to February 2010 with full amount spent by financial year end as most staff accepted review. Report about review was accepted at the P & R meeting on 17 November 2009.
Total		2,344	9,614	11,958	4,538	9,556	2,402	

REGENERATION & RESOURCES COMMITTEE**VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£000	£000
Property Costs - Central Repairs Repairs & Maintenance	1	300	
Income - Central Repairs Recharges to Internal Clients			300
Supplies & Services - Catering Drinking Milk	2	16	
Income - Catering Recharges Drinking Milk			16
Employee costs - Catering Manual	3	24	
Supplies & Services - Catering Provisions		18	
Income - Catering Recharges to Education	3		26
Income - Catering Recharges to Social Care			16
Employee Costs - Cleaning Manual	4	27	
Employee Costs - Catering Manual			27
Corporate Transport	5	12	
Internal Transport			12
Total		397	397

Reasons for virement:

- 1 Funding for unbudgeted work requested by the client for School Estate Strategy which will be recharged at the financial year end
- 2 Increase in Drinking Milk costs, based on 2008/09 out-turn, and continued increase in demand for supplies to Primary Schools.
- 3 Effect of price increases due to inflation on Provisions and the annual pay award resulting in higher than budgeted Recharges to Client Services.
- 4 When setting the 2009/10 Facilities Management budgets the £75,000 efficiency saving was split pro-rata between Catering , Cleaning and Janitorial Services as the efficiency review was still being undertaken by the service. Based on the Efficiency Review report recently approved by P & R committee corrections to the Catering and Cleaning budgets are required.
- 5 Re-Allocation of Corporate Transport budget following Vehicle, Plant & Equipment review approved by Policy & Resources Committee on 16 June 2009.