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<b>Report To:</b>	<b>Regeneration Committee</b>	<b>Date:</b>	<b>2 September 2010</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Regeneration and Environment</b>	<b>Report No:</b>	<b>FIN/47/10/AP/CMcL</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>Regeneration &amp; Resources 2010/11 Revenue Budget – Period 3 to 30 June 2010</b>		

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## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2009/10 out-turn and the 2010/11 Revenue Budget position at period 3 to 30 June 2010 for Economic & Social Regeneration, Property Resources & Facilities Management and Corporate Director.

## **2.0 SUMMARY**

- 2.1 In 2009/10 excluding the carry forward of Earmarked Reserves, there was an overspend of £879,000. This was an increase of £990,000 from the underspend reported to Members at the March Committee, on the operational budgets controlled by Committee due to the increase in Equal Pay provision of £928,000 processed at the year end. Excluding this the outturn would have been an underspend of £49,000, a decrease of £62,000 to that reported at the March Committee.
- 2.2 The revised 2010/11 budget for Regeneration & Resources is £16,083,000 which excludes Earmarked Reserves.
- 2.3 The latest projection, excluding Earmarked Reserves, is an overspend of £140,000. £56,000 of this overspend is due to the part year effect River Clyde Homes vacating Crescent St. Depot.

## **3.0 RECOMMENDATION**

- 3.1 The Committee note the out-turn for 2009/10 and the current projected overspend for 2010/11 of £140,000 as at 30 June 2010.
- 3.2 Whilst £53,000 of these projected overspends can be offset against the projected increase in surplus within Building Services, the Committee notes that the Corporate Director Regeneration & Environment will investigate possible courses of action to bring the Committee budget back on target.

Alan Puckrin  
Chief Financial Officer

Aubrey Fawcett  
Corporate Director  
Regeneration & Environment

## 4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the current position of the 2010/11 budget as well as the 2009/10 out-turn and to highlight the main issues contributing to the overspend in 2009/10 and projected overspend in 2010/11.

## 5.0 2009/10 OUT-TURN

### 5.1 Economic & Social Regeneration

The actual out-turn, excluding Earmarked Reserves was £5,316,000, which represents an overspend of £54,000. This is a movement of £137,000 from the underspend reported to Members at the March Committee. The material variances for the out-turn position and movement are:

a) Employee Costs:

The underspend for the year was £117,000. This is an increase of £15,000 from the underspend reported at the March Committee.

b) Property Costs:

The overspend for the year was £57,000. This is an increase of £25,000 from the position reported at the March Committee mainly due to a £15,000 overspend in Insurance costs due to Insurance budget not being re-allocated across Services to match spend.

c) Supplies & Services Costs:

There was a previously unreported overspend of £29,000 This was mainly due to £23,000 overspend relating to Summer Playschemes offset by Income.

d) Administration Costs:

There was a previously unreported overspend of £45,000. This was mainly due to a £26,000 overspend in Insurance costs due to Insurance budget not being re-allocated across Services to match spend.

e) Other Expenditure:

The overspend for the year was £132,000. This is an increase of £106,000 from the position reported at the March Committee mainly due to:

- £66,000 overspend in Grants to Voluntary Organisations due to funding of Waivers of lets, partly offset by additional Income in School and Hall lets;
- £23,000 internal Legal Charges relating to the transfer of Communities Facilities; and
- £18,000 overspend in Special Economic Interventions.

f) Income:

The over-recovery for the year was £93,000, an increase of £84,000 from the position reported at the March Committee mainly due to:

- £28,000 Summer Playschemes Income;
- £18,000 Grant Income for Museum Exhibitions; and
- £54,000 over-recovery of School and Hall let Income.

### 5.2 Property Resources & Facilities Management

The actual out-turn, excluding Earmarked Reserves was £3,524,000, which represents an overspend of £825,000. This is a £853,000 increase in costs since the underspend of £28,000 reported to Members at the March Committee. Excluding the increase in the Equal Pay provision the out-turn would have been a £103,000 underspend, an increase in underspend of £75,000. The material variances for the movement are:

a) Employee Costs:

The overspend for the year was £905,000, an increase in overspend of £859,000 from the position reported at the March Committee, due to:

- £928,000 increase in Equal Pay Provision for Cleaning and Catering;
- £60,000 decrease in Manual Employee Costs across Cleaning, Catering and Janitors; and
- £36,000 underspend in Property APT&C Overtime and Travel/Subsistence.

b) Property Costs:

There was a previously unreported underspend of £32,000 This was mainly due to:

- £82,000 underspend due to additional contributions from Insurance Fund;
- £61,000 underspend in Office Accommodation Charges;
- £31,000 increase in utility costs and Rates at Devol; and
- £58,000 increase in Central Repairs.

c) Administration Costs:

There was a previously unreported underspend of £23,000. This was mainly due to a £10,000 underspend in Insurance costs due to Insurance budget not being re-allocated across Services to match spend.

d) Payments to Other Bodies:

There was a previously unreported overspend of £20,000 on Subscriptions to Software Maintenance. This has been funded from the underspend in Travel/Subsistence, 2010/11 budgets have been amended to reflect this.

e) Other Expenditure:

The overspend for the year was £98,000. This is an increase of £74,000 from the position reported at the March Committee due to one-off year end transfer of Revenue Expenditure from Capital.

f) Income:

The over-recovery for the year was £145,000. This is an increase in over-recovery of £47,000 from the position reported at the March Committee due to:

- £41,000 over-recovery of Property Fees;
- £26,000 net over-recovery of Cleaning, Catering and Janitors Income; and
- £16,000 reduction Central Repairs recharges to Office Accommodation.

## **6.0 2010/11 CURRENT POSITION**

6.1 The current projection for 2010/11 is an overspend of £140,000.

### **6.2 Economic Development Services**

The current projected out-turn for Economic Development Services is an overspend of £65,000 (excluding earmarked reserves) which is shown in 11.1.

The main issues relating to the current projected overspend for Economic Development Services are detailed below and in Appendix 2:

#### Employee Costs:

There is a projected underspend of £36,000 which is due to:

- £31,000 underspend relating to a delay in filling vacancies;
- £5,000 underspend in Student Training Fees.

#### Property Costs:

There is a projected overspend of £58,000 relating to the Non-domestic Rates on unoccupied Industrial & Commercial Properties. A review of empty property relief is being undertaken, this may reduce the anticipated overspend and will be reflected in future reports.

#### Other Expenditure:

There is a projected overspend of £10,000 relating to commission on collection of aged debt, this is in line with 2009/10 outturn.

#### Income:

There is a projected under-recovery of £33,000 income from Industrial & Commercial Rents based on current occupancy, this is in line with 2009/10 outturn.

### 6.3 Property and Facilities Management

The current projected out-turn for Property and Facilities Management inclusive of the contribution from Catering and Cleaning is an overspend of £81,000 which is shown in 11.1. The main issues to the current projected underspend for Property and Facilities Management are detailed below and in Appendix 2.

#### Employee Costs:

There is a projected underspend of £14,000 which is mainly due to:

- £109,000 overspend in Cleaning Wages;
- £98,000 underspend in Catering APT&C & Wages;
- £47,000 underspend in Janitors Wages, offset by a reduction in Income;
- £19,000 overspend in APT&C within the Physical Asset Team; and
- £8,000 overspend due to a student placement which is funded from additional fees.

The significant movements in Cleaning and Catering Employee costs are in line with 2009/10 outturn, the reasons for these are being reviewed by Service management, in conjunction with Finance, along with the review of Recharging.

#### Income:

There is a projected under-recovery of £95,000 due to:

- £47,000 under-recovery in Janitors Income in line with reduced Employee costs;
- £45,000 shortfall in Rental Income due to River Clyde Homes vacating Crescent St Depot;
- £11,000 shortfall in Cleaning Income due to River Clyde Homes vacating Crescent St Depot; and
- £8,000 over-recovery of fees due to student placement.

#### 6.4 Cultural

The current projected out-turn for Cultural Services is an underspend of £6,000 (excluding earmarked reserves) which is shown in 11.1. This is due to minor projected underspends in Employee Costs.

#### 6.5 Sports, Leisure, Halls & Communities & Grants to Voluntary Organisations

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting to outturn on budget.

In 2009/10 there were significant overspends in Grants to Voluntary Organisations due to the funding of Waivers of Let for Voluntary Organisations, largely offset by additional Income within Halls & Communities. As a result of this and the subsequent transfer of management of the Halls to Inverclyde Leisure, Officers are reviewing these budget lines and putting in place management procedures to control the budget. An update will be reported during the next Committee cycle.

#### 6.6 Corporate Director

The Corporate Director budget is currently projecting to outturn on budget.

### **7.0 OTHER ISSUES**

7.1 The impact of the mid-year savings review will be factored in to future reports to Committee.

### **8.0 EARMARKED RESERVES**

8.1 Appendix 3 shows the latest position in respect of the Earmarked Reserves. As at 30<sup>th</sup> June 15% of the 2010/11 projected spend had occurred.

### **9.0 VIREMENTS**

9.1 There are no virement requests in this report.

### **10.0 CONCLUSIONS**

10.1 The Committee is currently reporting an overspend of £140,000 which is partly offset by an underspend of £53,000 within the Building Services Unit reported elsewhere on the agenda. The Director of Regeneration and Environment will take appropriate action to bring the overall Committee spend back on budget.

## 11.0 IMPLICATIONS

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

Service	Approved Budget 2010/11 £'000	Revised Budget 2010/11 £'000	Projected Out-turn 2010/11 £'000	Projected Over/(Under-Spend) £'000	Percentage Variance %
Economic Development Services	7,569	7,569	7,634	65	0.86%
Property & Facilities Management	3,937	3,863	3,944	81	2.10%
Cultural	1,581	1,581	1,575	(6)	(0.38)%
Sports, Leisure, Halls & Communities	2,684	2,684	2,684	0	0%
Grants to Voluntary Organisations	227	227	227	0	0%
Corporate Director	159	159	159	0	0%
<b>TOTAL</b>	<b>16,157</b>	<b>16,083</b>	<b>16,223</b>	<b>140</b>	<b>0.87%</b>
Transfer to Earmarked Reserves		(1,169)	(1,169)		
<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>14,914</b>	<b>15,054</b>	<b>140</b>	<b>0.94%</b>

## 12.0 EARMARKED RESERVES

12.1 There is a planned £1,169,000 contribution to Earmarked Reserves in the current financial year as detailed in Appendix 3. Spend to date is 15% of projected spend.

## 13.0 EQUALITIES

13.1 There are no equality issues arising from the report.

## 14.0 CONSULTATION

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

**REGENERATION**

APPENDIX 1

**REVENUE BUDGET MONITORING REPORT**

**PERIOD 3: 1st April 2010 - 30th June 2010**

2009/10 Actual £000	Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out- turn 2010/11 £000	Projected Over/(Under) Spend 2010/11 £000	Percentage Variance %
12,275	Employee Costs	10,245	10,162	10,104	(58)	(0.57)%
4,645	Property Costs	5,180	5,180	5,238	58	1.12%
2,828	Supplies & Services	2,968	2,977	2,977	0	0.00%
57	Transport Costs	44	44	44	0	0.00%
293	Administration Costs	226	226	226	0	0.00%
1,408	Payments to Other Bodies	7,817	7,817	7,817	0	0.00%
405	Other Expenditure	528	528	538	10	1.89%
(11,922)	Income	(10,851)	(10,851)	(10,721)	130	1.20%
0	Contribution from Trading Accounts	0	0	0	0	
<b>9,989</b>	<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>16,083</b>	<b>16,223</b>	<b>140</b>	<b>0.87%</b>
0	Transfer to Earmarked Reserves *	0	(1,169)	(1,169)	0	0.00%
<b>9,989</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>16,157</b>	<b>14,914</b>	<b>15,054</b>	<b>140</b>	<b>0.94%</b>

\* Per Appendix 3: New funding transferred to earmarked reserves during 2010/11

## REGENERATION COMMITTEE

## REVENUE BUDGET MONITORING REPORT

## MATERIAL VARIANCES

Period 3: 1st April 2010 - 30 June 2010

<u>Out Turn</u> <u>2009/10</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2010/11</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-10</u> <u>£000</u>	<u>Projection</u> <u>2010/11</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
	<b>ECONOMIC DEVELOPMENT SERVICES</b>						
503	Employee Costs - APT&C	629	121	106	598	(31)	(4.93)%
	Commercial, Industrial & Misc Properties :						
71	Property Costs - Rates	33	33	91	91	58	175.76%
14	Other Expenditure - Commission	0	0	2	10	10	100.00%
(655)	Income - Rent	(694)	(173)	(166)	(661)	33	(4.76)%
	<b>PROPERTY ASSETS &amp; FACILITIES MGT</b>						
2,716	Cleaning -Manual Wages	1,891	394	416	2,000	109	5.76%
(165)	Cleaning Income (See PAS Property Leases below)	(149)	(37)	(7)	(138)	11	(7.38)%
371	Catering -APTC	482	92	79	410	(72)	(14.94)%
1,896	Catering -Manual Wages	1,528	310	293	1,502	(26)	(1.70)%
1,879	Janitors-Manual Wages	1,432	290	271	1,385	(47)	(3.28)%
(2,087)	Janitors - Recharges to Services	(1,529)	(310)	(239)	(1,482)	47	(3.07)%
478	PAS Employee Costs - APT&C	250	48	50	269	19	760.00%
(77)	PAS Property Leases	(105)	(78)	(15)	(60)	45	(43)
	<b>CULTURAL</b>						
	No material Movements.						
	<b>SPORTS, LEISURE, HALLS &amp; COMMUNITIES</b>						
	No projected Movements.						
	<b>GRANTS TO VOLUNTARY ORGANISATIONS</b>						
	No projected Movements.						
	<b>CORPORATE DIRECTOR</b>						
	No projected Movements.						
<b>Total Material Variances</b>						<b>156</b>	



## EARMARKED RESERVES POSITION STATEMENT

## COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	Clf Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 3 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
Riverside Inverclyde	Stuart Jamieson	1,222	2,100	3,322	0	3,000	322	Spend is based on Riverside Inverclyde's 2010/11 Plan
Modern Apprenticeship	Stuart Jamieson	58	100	158	29	111	47	The Council has until 7 August 2010 to submit a bid to Skills Development Scotland for additional funding, based on Council Services Identifying 10 level 2 places of which 3 are currently on licence.
Tail Ships	Aubrey Fawcett	210	12	222	0	55	167	Spend of £20k for port fees is expected to be incurred in January 2011 and £35k will be spent on preparing for the Tail Ships e.g. Traffic Engineer, breakdown vehicle road signs etc.
FSF - Carry Forward Grant	Stuart Jamieson	404		404	404		0	All of the earmarked reserve has been spent in the first quarter of 2010/11.
Commissioning / SAO	Stuart Jamieson	50	41	91	19	91	0	Reserve will fund SOA / Commissioning workstream support to 31/03/2011.
Area Renewal Fund	Aubrey Fawcett	280	0	280	4	34	246	£4k spend incurred to date relates to final payment for Greenock Southwest Retail Capacity unit. £30k for master planning at Drumfrochar Road/Broomhill Area is expected to be incurred in 2010/11. £100k has been allocated to Gibshill Community Centre but this project is now expected to start in 2011/12. £75k has been allocated to Clune Park Resource Centre but is not expected to be incurred until 2011/12 due to a review into the future of the former Clune Park School. The remaining balance of £71k is expected to be allocated in 2010/11 but not spent until 2011/12.
Arts Guild - Further Funding	Aubrey Fawcett	297	0	297	0	297	0	Work began in July 2010. Project managers have been asked to provide up to date spend and job profiles.
Asset Management Plan	Joe Lynch	0	1,000	1,000	12	200	800	Work is ongoing to populate the AMP, once this is completed there will be a greater understanding of the spend requirements in 10/11 & an estimate will be made of the cfwd amount.
Future Jobs Fund - Carry Forward Funding	Stuart Jamieson	285	0	285	198	285	0	The maximum funding that we can claim from the DWP in 2010/11 is £2,340k however the DWP paid £273k of this in advance in March 2010. The amount of funding we can claim depends on the number of people going through the Future Job programme. There will be regular reports to Committee detailing progress.
Support for Community Facilities	John Arthur	750	0	750	0	0	750	Social Regeneration and Area Renewal Group (SOA2) is responsible for administering the Area Renewal Fund and making recommendations to the Regeneration Committee to distribute funds. The P&R Committee of 17 August 2010 is being asked to approve that this fund also becomes the responsibility of SOA2 and be administered in the same way as the Area Renewal Fund. Upon approval the funding allocation and phasing of spend will commence.
<b>Total</b>		<b>3,556</b>	<b>3,253</b>	<b>6,809</b>	<b>666</b>	<b>4,477</b>	<b>2,332</b>	