

Report To: Safe, Sustainable Communities Committee **Date:** 26 October 2010

Report By: Chief Financial Officer and Corporate Director Regeneration & Environment **Report No:** FIN/66/10/MMcC/AP

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Subject: Safe, Sustainable Communities 2010/11 Revenue Budget Period 5 to 31 August 2010

1.0 PURPOSE

- 1.1 To advise Committee of the position of the 2010/11 Revenue Budget at Period 5 to 31 August 2010.

2.0 SUMMARY

- 2.1 The 2010/11 budget is £17,940,690 with a further £6,495,000 brought forward as earmarked reserves. The current projection is an overspend of £39,000, a decrease of £2,000 since last reported to Committee at period 3. This position is after absorbing £68,770 mid-year savings and £86,000 as a result of the 0.65% pay award.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected overspend of £39,000 as at 31 August 2010 which officers will seek to bring back on budget.
- 3.2 Committee is asked to approve virement as detailed in Appendix 4. Where appropriate, the virement is reflected throughout the report.

Alan Puckrin
Chief Financial Officer

Aubrey Fawcett
Corporate Director Regeneration &
Environment

4.0 BACKGROUND

- 4.1 The purpose of the report is to advise Committee of the current position of the 2010/11 revenue budget and to highlight the main issues contributing to the £39,000 projected overspend.
- 4.2 The revised budget reflects a decrease of £42,470 from last Committee. This is due to:
- £68,770 decrease in budget due to mid-year savings.
 - £28,000 increase in budget due to increase in Ingleston property rental costs being funded from the Asset Management Plan.
 - £1,700 decrease in budget due to added years pension costs being centralised.
- 4.3 The cost of pay award at 0.65% equates to £85,000 and is included within the projections.

5.0 2010/11 PROJECTION

5.1 The main issues to highlight in relation to the projected overspend of £39,000 are:

5.2 Planning & Cleaner, Greener, Safer, Stronger Inverclyde

The current projection is an overspend of £70,000, a decrease in projected spend of £3,000 since period 3 last reported to Committee due to:

- £7,000 increase in salary costs due to annual pay award increase of 0.65%.
- £23,000 decrease in costs due to additional turnover savings.
- £13,000 increase in Payments to Other Bodies due to contributions made to third parties. Service is actively reviewing these payments with a view to maintaining essential contributions only in future years.

5.3 Environmental Services:

An underspend of £22,000 was reported to Committee at period 3. The current projected underspend is £29,000, a £7,000 decrease in costs due to:

- (a) Employee costs are projected at an overspend of £16,000, an increase in underspend of £1,000 since last reported to Committee due to:
- £56,000 increase in salary costs due to annual pay award increase of 0.65%.
 - £15,000 underspend projected within salaries and other employee costs due to additional vacancies.
 - £44,000 additional budget vired from Zero Waste Fund and Grounds Maintenance Supplies & Services as outlined in appendix 4.
- (b) Property costs are projected to be underspent by £61,000, which is an additional underspend of £29,000 since last reported to Committee due to:
- Landfill Tax and Waste Disposal are projected at an underspend of £94,000 due to a reduction in landfill waste for the year based on latest data, a further underspend of £30,000 since period 3.
 - Rents and Feu Duties are projected at an overspend of £4,000, a reduction in overspend of £28,000 since period 3 due to previously projected increase in rental costs for Ingleston Park being funded from the Asset Management Plan.
- Non-Contract waste disposal is projected to be overspent by £15,000 due to increased recycling of wood and rubber.
 - Hire of Skips is projected to be overspent by £14,000 due to increase in Landfill

and Disposal costs.

- (c) Supplies & Services are projected to out-turn £195,000 less than budget (Roads Trading Account Supplies & Services underspend reported to Period 3 Committee £182,000), which is a £13,000 decrease in costs since last reported to Committee, due to reducing spend within Roads Assessment and Feasibility budget.
- (d) Other Expenditure is projected to out-turn £82,000 underspend which is a £99,000 decrease in costs since last reported, due to:
- £79,000 projected underspend in Payments to Invergreen due to an increase in performance of the MRF unit along with increase in price for recyclable materials.
 - £20,000 underspend projected within Waste Strategy Other Expenditure in line with last year's out-turn.
- (e) Transport & Plant costs are projected to be overspent by £96,000, an increase of £53,000 in costs since period 3 mainly due to:
- £10,000 increase in Grounds Maintenance External Hires due to a delay in procurement of vehicles.
 - £28,000 increase in Roads Trading External Hires due to additional hires and a delay in procurement of vehicles.
- (f) Income projected to out-turn £192,000 less than budget an increase in under-recovery of £77,000 mainly due to:
- £95,000 decrease in Refuse Collection income mainly due to a decrease in Trade Waste Collections and decrease in income from Sale of Bins and Sacks and Skip income which is due to downturn in the current economic climate.
 - £19,000 decrease in Refuse Transfer Station income due to a reduction in business.
 - £24,000 increase in Roads Client income mainly due to administration fees charged for external work undertaken by the Roads Trading account.

5.4 Housing:

The cost of pay award was £1,000 and mid year savings reduction minimal, both are contained within existing budgets.

5.5 Safer Communities:

The current projection is an underspend of £2,000 an increase in spend of £1,000 since last reported to Committee due to:

- £22,000 increase in salary costs due to annual pay award increase of 0.65%.
- £21,000 decrease in salary costs due to additional turnover savings.

6.0 VIREMENT

- 6.1 Committee is asked to approve virement as detailed in Appendix 4. Where appropriate, the virement is reflected throughout the report.

7.0 OTHER ISSUES

- 7.1 The impact of the 0.65% pay award is included within the report. No additional budget is being allocated and Services will contain costs within existing budgets.

8.0 CONCLUSIONS

8.1 The Committee is currently reporting an overspend of £39,000 and will take appropriate action to bring spend back on budget.

9.0 FINANCIAL IMPLICATIONS

9.1 The current projected out-turn per Service 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 %
Planning	788	782	852	70	8.95
Environmental Services	12,551	12,641	12,612	(29)	(0.23)
Safer Communities	3,867	3,843	3,841	(2)	(0.05)
Housing	675	675	675	0	(0.00)
Total	17,881	17,941	17,980	39	0.22
Earmarked Reserves		927	927	0	
NET UNDERSPEND EXCLUDING EARMARKED RESERVES	17,881	17,014	17,053	39	0.23

10.0 EARMARKED RESERVES

10.1 48.8% of the total earmarked reserves projected spend has been spent to date. A detailed breakdown of the current earmarked reserves position is included as Appendix 3.

11.0 EQUALITIES

11.1 This report has no impact on the Council's Equality Agenda.

12.0 CONSULTATIONS

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

SAFE, SUSTAINABLE COMMUNITIES COMMITTEE**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****Period 5: 1st April 2010 - 31 August 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>31-Aug-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>
	ENVIRONMENTAL SERVICES						
2,599	APT&C Basic, Superann & NI	2,466	1,040	1,035	2,482	16	1
162	APT&C Overtime Travel Etc	63	27	71	154	91	144
6,256	Manual Employee Costs	6,306	2,362	2,304	6,215	(91)	(1)
1,975	Refuse Transfer - Landfill Tax & Waste Disposal	2,258	941	856	2,164	(94)	(4)
51	Refuse Transfer - Non Contract Waste Disposal	39	16	26	54	15	38
45	Grounds Maintenance - Hire of Skips	36	15	21	46	10	28
88	RoadsTrading - Subcontractors	120	50	48	84	(36)	(30)
722	RoadsTrading - Materials	825	344	356	680	(145)	(18)
56	Roads Client - Assessment & Feasibility	85	35	26	75	(10)	(12)
440	Waste Strategy - Payments to Invergreen	438	182	116	361	(77)	(18)
21	Waste Strategy - Other Exp	50	21	8	30	(20)	(40)
141	Refuse Collection - Fuel	139	58	54	155	16	12
92	Grounds Maintenance - Fuel	125	52	49	140	15	12
552	Vehicle Maintenance - Fuel	593	247	233	622	29	5
76	Grounds Maintenance - External Hires	23	10	25	33	10	43
170	Roads Trading - External Hires	95	40	100	123	28	29
(578)	Vehicle Maintenance - Recharge Fuel	(593)	(247)	(233)	(622)	(29)	5
(85)	Roads Client - Recoveries	0	0	(5)	(24)	(24)	(100)
(678)	Refuse Collection - Trade Waste Income	(739)	(308)	(244)	(695)	44	(6)
(23)	Refuse Collection - Sale of Bins & Sacks Income	(37)	(15)	(6)	(17)	20	(54)
(42)	Refuse Collection - Skip Income	(46)	(19)	(10)	(17)	29	(63)
(208)	Refuse Transfer Station - Income	(183)	(76)	(61)	(164)	19	(10)
(721)	Roads Trading - Non Client Involvement	(421)	(175)	(247)	(311)	110	(26)
(72)	Registrars - Sales, Fees & Charges	(84)	(35)	(33)	(68)	16	(19)
(58)	Cab / M.O.T testing - Sales, Fees & Charges	(66)	(27)	(21)	(56)	10	(15)
0	Environmental Services - Commission charges	0	0	0	10	10	100
	SAFER COMMUNITIES & HOUSING						
3,354	Employee costs	3,404	1,412	1,373	3,417	13	0
70	Emergency Planning - Payments to Other Bodies	80	65	65	65	(15)	(19)
	PLANNING & CLEANER GREENER						
1,282	APT&C Employee Costs	1,181	498	471	1,145	(36)	(3)
155	Payments to Other Bodies	123	51	83	136	13	11
(558)	Income	(651)	(271)	(210)	(558)	93	(14)
Total Material Variances						30	

SAFE, SUSTAINABLE COMMUNITIES COMMITTEE**REVENUE BUDGET MONITORING REPORT****SUBJECTIVE ANALYSIS****PERIOD 5: 1st April 2010 - 31st August 2010**

Subjective Heading	Approved Budget 2010/11 £000	Revised Budget 2010/11 £000	Projected Out-turn 2010/11 £000	Projected Over/(Under) Spend £000	Percentage Variance %
Employee Costs	13,345	13,421	13,414	(7)	(0.05)
Property Costs	4,363	4,220	4,159	(61)	(1.45)
Supplies & Services	3,635	3,691	3,496	(195)	(5.28)
Transport & Plant Costs	2,029	2,226	2,322	96	4.31
Administration Costs	487	429	434	5	1.17
Payments to Other Bodies	1,928	2,013	1,929	(84)	(4.17)
Income	(7,906)	(8,059)	(7,774)	285	(3.53)
TOTAL NET EXPENDITURE	17,881	17,941	17,980	39	0.22
Earmarked Reserves		927	927	0	0.00
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	17,881	17,014	17,053	39	0.23

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u> £000	<u>New Funding 2010/11</u> £000	<u>Total Funding 2010/11</u> £000	<u>Actual To Period 5 2010/11</u> £000	<u>Projected Spend 2010/11</u> £000	<u>Amount to be Earmarked for 2011/12 & Beyond</u> £000	<u>Lead Officer Update</u>
Maintenance of Trunk Road Network	Alan Barnes	59	0	59	0	59	0	Transport Scotland are programmed to commence the next phase of works in October 2010. Thereafter IC will carry out alterations to Nelson Street and adjacent areas. Work planned to be complete by end of financial year.
Strategic Housing Fund	John Arthur	1,280	0	1,280	3	100	1,180	Funding is for Strategic Housing functions, especially Contaminated Land costs. Projected expenditure of £100k to be incurred in 2010/11 for Private Sector House condition survey.
Private Sector Housing Grant	John Arthur	270	286	556	148	556	0	Full spend expected by year end as reported to SSC Committee in March 2010.
Support for Owners (Right to Buy Receipts)	John Arthur	749	804	1,553	666	1,349	204	£666k of the £749k carried forward from 09/10 has been spent with the balance committed awaiting invoices. The new funding of £804k relates to the RCH Right To Buy Receipts for 2009/10 and the projected expenditure of £1,349k means that £204k of the £804k will not be spent. This is due to reductions in the RCH Capital Programme. Unspent funds will be returned to Scottish Government.
Play Areas	Alan Barnes	443	0	443	0	421	22	Action plan has been approved by August 2010 Committee. Work on some sites underway and community consultation and tender preparation is also underway. Major spend expected between November and the end of the financial year. Approximately 5% of total cost to be earmarked for spend in next financial year for retention costs. It should be noted that £250k of budget and projected costs assumes successful external funding is achieved by Community Groups.
Implementation of Green Charter	Stuart Jamieson	50	0	50	5	20	30	Reserve to be used for specific projects and year to date commitments are £18k.
Traffic Study - George Rd/Larkfield Rd	Alan Barnes	7	0	7	0	7	0	Anti Skid surfacing complete - awaiting invoice.

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2009/10</u> £000	<u>New Funding 2010/11</u> £000	<u>Total Funding 2010/11</u> £000	<u>Actual To Period 5 2010/11</u> £000	<u>Projected Spend 2010/11</u> £000	<u>Amount to be Earmarked for 2011/12 & Beyond</u> £000	<u>Lead Officer Update</u>
Landfill Penalty Scheme	Alan Barnes	1,353	927	2,280	0	0	2,280	Spend is subject to Scottish Government deciding to levy the penalties.
Affordable HRA (Council Tax 2nd Home Discount)	John Arthur	90	90	180	0	90	90	£90k Cloch Housing invoice currently awaiting payment. This will complete the expenditure for 10/11. Second Home Council Tax income collected in 10/11 will be earmarked for carry forward to 11/12.
Lower Clyde River Valley Projects	Stuart Jamieson	27	111	138	31	131	7	£32k spend expected by October 2010 and a further £99k spend by March 2011. New funding represents contributions from Argyll & Bute Council, Inverclyde Council's and Forest Commission grant.
Youthlink Cromdale Road Integration	John Arthur	10	0	10	10	10	0	Project now completed.
Joint Action Group on Violence Reduction	John Arthur	7	37	44	15	44	0	Funding includes staff secondment costs and project expected to finish in March 2011.
Pot Hole Repair Budget 2010/11	Alan Barnes	400	0	400	376	400	0	Full spend expected by October 2010.
Aids and Adaptations 2010/14	John Arthur	400	0	400	100	100	300	Spend will be phased £100k per year.
Flooding Strategy - Initial Allowance	Alan Barnes	500	0	500	10	400	100	£425k spend approved by Committee on 19/05/10. £250k of Reservoir Works to commence subject to approval from Historic Scotland. Proposals have been submitted and decision expected by end of October.
Vehicle Replacement Programme	Alan Barnes	850	0	850	850	850	0	Earmarked Reserve fully spent.
Total		6,495	2,255	8,750	2,214	4,537	4,213	

REVENUE BUDGET MONITORING REPORT**VIREMENT REQUEST****Period 5: 1st April 2010 - 31st August 2010**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Grounds Maintenance - Employee Costs	1	20,000	
Street Cleaning - Income		5,000	
Grounds Maintenance - Supplies & Services			(25,000)
Waste Strategy - Employee Costs	2	24,000	
Waste Strategy - Zero Waste Fund			(24,000)
Planning - Payments to Other Bodies	3	16,830	
Planning - Local Plan Preparation			(16,830)
Waste Strategy - Rents & Feu Duties	4	28,000	
Asset Management Plan - Regeneration Committee			(28,000)
Total		93,830	(93,830)

1) Budget increase of £20k to reflect employee cost for JJ Gallachers work, budget for which is currently under supplies & services. Costs for this work were previously being projected but budget not allowed for. Reduction in Street Cleaning income of £5k due to reduction in work from River Clyde Homes offset by a reduction in Supplies & Services.

2) Employee Budget increase of £24k due to one post being funded from Zero Waste Fund, costs for which were previously being projected, but additional budget not allowed for.

3) Increase in Planning Payments to Other Bodies budget due to contractual contributions to third parties, funded from projected underspend within Local Plan Preparation budget resulting from reduced level of activity in 2010/11.

4) Increase in Waste Strategy Rents and Feu Duties due to increase in rental costs for Ingleston Park being funded from the Asset Management Plan.