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<b>Report To:</b>	<b>Regeneration Committee</b>	<b>Date:</b>	<b>28 October 2010</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Regeneration and Environment</b>	<b>Report No:</b>	<b>FIN/67/10/MMcC/AP</b>
<b>Contact Officer:</b>	<b>Mary McCabe</b>	<b>Contact No:</b>	<b>01475 712222</b>
<b>Subject:</b>	<b>Regeneration &amp; Resources 2010/11 Revenue Budget – Period 5 to 31 August 2010</b>		

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## **1.0 PURPOSE**

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

## **2.0 SUMMARY**

- 2.1 The revised 2010/11 budget for Regeneration & Resources is £15,916,000 which excludes Earmarked Reserves. This budget reflects virement of £96,000 which was removed as part of the 2010/11 mid-year savings exercise and £39,000 which was removed due to the reallocation of NDR budgets.
- 2.2 The latest projection, excluding Earmarked Reserves, is an overspend of £92,000, a decrease of £48,000 from last Committee. This position is after absorbing £96,000 of mid-year savings and £63,000 as a result of the 0.65% pay award.

## **3.0 RECOMMENDATION**

- 3.1 The Committee note the current projected overspend for 2010/11 of £92,000 as at 31 August 2010.
- 3.2 Committee is asked to approve virement as detailed in Appendix 4. Where appropriate, the virement is reflected throughout the report.
- 3.3 Whilst £34,000 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 take appropriate action to bring the Committee 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 and to highlight the main issues contributing to the projected overspend.
- 4.2 The revised budget reflects a decrease of £96,000 as a result of the 2010/11 mid-year savings exercise and £39,000 removed as part of the NDR budget reallocation.
- 4.3 The cost of the pay award, at 0.65%, is included at £63,000.

## 5.0 2010/11 CURRENT POSITION

- 5.1 The current projection for 2010/11 is an overspend of £92,000, as analysed by Service at the table in 9.1. The main issues to highlight in relation to this projected overspend are:

### 5.2 Economic Development Services

The current projected out-turn for Economic Development Services is an overspend of £61,000. This represents a reduction in the overspend of £4,000 since last reported to the September 2010 Committee.

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

#### (a) Employee Costs:

There is a projected underspend of £44,000, a further underspend of £8,000 since last Committee. This movement is due to the 0.65% annual pay award at £6,000 offset by a reduction in Getting Ready to Work employee costs of £12,000. This reduction is offset by a reduction in income, per point (d) below.

#### (b) Property Costs:

There is a projected overspend of £25,000, a decrease of £33,000 on that previously reported, for Non-Domestic Rates on unoccupied Industrial, Commercial and Miscellaneous Properties. This decrease has resulted from a review of the NDR charges, including exemptions where applicable.

#### (c) Other Expenditure:

The projected overspend for the year of £10,000 relates to Commission on collection of aged debt. This remains unchanged since the last report to Committee.

#### (d) Income:

There is a projected under-recovery of £63,000 within income, a further underrecovery of £30,000 since last reported to Committee, due to:

- Economic Development Services Getting Ready for Work is now projecting an under-recovery of £30,000 due to notification from Skills Development Scotland of the 2010/11 contract value; this is offset by a reduction in employee costs.
- Industrial, Commercial and Miscellaneous Properties - a projected rental under-recovery of £40,000, of which £33,000 was previously reported. The movement in projection is due to rent reviews and recently vacated properties.

### 5.3 Property Assets and Facilities Management

The current projected out-turn for Property Assets and Facilities Management inclusive of the contribution from Catering and Cleaning is an overspend of £28,000. This is a reduction in the overspend of £53,000 since the last report to Committee.

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

#### (a) Employee Costs:

There is a projected underspend of £14,000. Whilst there have been some movements, per below, the overall position remains unchanged.

- £42,000 savings due to delays in filling vacant posts; this is a reduction in projected costs of £69,000 since last Committee. The movement is due to additional turnover savings and the recharge of certain employees to relevant cost centres;
- £31,000 overspend in Cleaning Manual, an increase of £17,000 since last reported, this overspend will be addressed as part of the review of Recharging;
- At period 3, there was a projected underspend in Janitors' employee costs of £47,000, revised to £100,000 in Period 5. However, as there is a corresponding reduction in income, virement has been requested in order to align this budget, as outlined in Appendix 4.

Included in the above is £47,000 of costs for the 0.65% pay award.

#### (b) Income:

There is a projected under-recovery of £47,500, a reduction of £47,500 since last period due to virement, per employee costs above and as outlined in Appendix 4, to realign the Janitors' budget. The remaining under-recovery is due to:

- £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
- £8,500 over-recovery of fees due to student placement.

### 5.4 Cultural

Cultural Services is currently projecting to out-turn on budget. This is an increase in projected costs of £6,000 from last Committee due to the effect of the pay award.

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

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting to outturn on budget. The £3,000 cost of the pay award is offset by minor turnover savings.

A review of the Waivers of Let for Voluntary Organisations is ongoing and progress will be reported to a future Committee.

## 6.0 OTHER ISSUES

6.1 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.

## 7.0 VIREMENTS

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

## 8.0 CONCLUSIONS

8.1 The Committee is currently reporting an overspend of £92,000 which is partly offset by an underspend of £34,000 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.

## 9.0 IMPLICATIONS

9.1 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	7,517	7,578	61	0.81%
Property Assets & Facilities Management	3,937	3,764	3,792	28	0.74%
Cultural	1,581	1,643	1,643	0	0%
Sports, Leisure, Halls & Communities	2,684	2,607	2,607	0	0%
Grants to Voluntary Organisations	227	227	227	0	0%
Corporate Director	159	158	161	3	1.9%
<b>TOTAL</b>	<b>16,157</b>	<b>15,916</b>	<b>16,008</b>	<b>92</b>	<b>0.58%</b>
Transfer to Earmarked Reserves		(1,169)	(1,169)		
<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>14,747</b>	<b>14,839</b>	<b>92</b>	<b>0.62%</b>

## 10.0 EARMARKED RESERVES

10.1 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 22% of projected spend. The Corporate Director has reviewed the spend to date and is confident that these reserves will be committed by the year end.

## 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 & Environment and the Chief Financial Officer.

**REGENERATION**

**APPENDIX 1**

**REVENUE BUDGET MONITORING REPORT**

**PERIOD 5: 1st April 2010 - 31st August 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	10,356	10,288	(68)	(0.66)%
4,645	Property Costs	5,180	5,023	5,046	23	0.46%
2,828	Supplies & Services	2,968	2,931	2,932	1	0.03%
57	Transport Costs	44	45	46	1	2.22%
293	Administration Costs	226	223	224	1	0.45%
1,408	Payments to Other Bodies	7,817	7,907	7,909	2	0.03%
405	Other Expenditure	528	496	507	11	2.22%
(11,922)	Income	(10,851)	(11,065)	(10,944)	121	1.09%
0	Contribution from Trading Accounts	0	0	0	0	
<b>9,989</b>	<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>15,916</b>	<b>16,008</b>	<b>92</b>	<b>0.58%</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>14,747</b>	<b>14,839</b>	<b>92</b>	<b>0.62%</b>

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

**REGENERATION 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>
	<b>ECONOMIC DEVELOPMENT SERVICES</b>						
503	Employee Costs	629	121	106	602	(27)	(4.29)%
77	Getting Ready for Work - Employee Costs	89	35	34	77	(12)	(13.48)%
(150)	Income - Getting Ready for Work Recoveries	(162)	(68)	(71)	(132)	30	(18.52)%
	Commercial, Industrial & Misc Properties :						
71	Property Costs - Rates	16	16	36	41	25	156.25%
14	Other Expenditure - Commission	0	0	3	10	10	100.00%
(655)	Income - Rent	(694)	(347)	(314)	(654)	40	(5.76)%
	<b>PROPERTY ASSETS &amp; FACILITIES MGT</b>						
2,716	Cleaning - Employee Costs	1,986	684	720	2,017	31	1.56%
(165)	Cleaning Income (See PAS Property Leases below)	(149)	(62)	(7)	(138)	11	(7.38)%
1,430	Property Resources - Employee Costs	1,672	705	688	1,650	(22)	(1.32)%
486	School Estate Team - Employee Costs	368	155	152	356	(12)	(3.26)%
478	Property Assets - Employee Costs	219	92	85	206	(13)	(5.94)%
(77)	Property Assets - Property Leases	(105)	(52)	(15)	(60)	45	(42.86)%
<b>Total Material Variances</b>						<b>106</b>	

**EARMARKED RESERVES POSITION STATEMENT**

**Appendix 3**

**COMMITTEE: Regeneration**

<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 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Riverside Inverclyde	Stuart Jamieson	1,222	2,100	3,322	172	3,000	322	Spend is based on Riverside Inverclyde's 2010/11 Plan. A further request for £111k has been received and payment will be made in due course.
Modern Apprenticeship	Stuart Jamieson	58	100	158	62	111	47	Decisions by Skills Development Scotland on funding for future modern apprenticeship placements are usually taken quarterly. Progress was last reported to the Regeneration Committee on 2 September 2010..
Tall Ships	Aubrey Fawcett	210	12	222	8	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 Tall Ships e.g. Traffic Engineer, breakdown vehicle road signs etc.
FSF - Carry Forward Grant	Stuart Jamieson	404		404	404	404	0	All of the earmarked reserve has been spent in the first quarter of 2010/11.
Commissioning / SOA	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 October 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	13	297	0	Work began in July 2010 and will commence on site in October 2010 with completion expected by March 2012. However, there is potential slippage due to delays in getting on site.
Asset Management Plan	Andrew Gerrard	0	972	972	19	172	800	The Office Rationalisation report was approved by the P & R committee on the 21st September 2010. The spend profile of the earmarked reserve will be monitored and reported to committee. It should be noted that £28k has been allocated to cover the rental increases at Ingleston Park.

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<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 &amp; Beyond</u> £000	<u>Lead Officer Update</u>
Future Jobs Fund - Carry Forward Funding	Stuart Jamieson	285	0	285	285	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. Progress was last reported to the Regeneration Committee on 2 September 2010.
Support for Community Facilities	Aubrey Fawcett	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 granted approval for this fund to become the responsibility of SOA2 and be administered in the same way as the Area Renewal Fund. Although the allocation of funding can now commence, there is unlikely to be any expenditure in this Financial Year.
Lunderston Bay Toilets	Aubrey Fawcett	203	0	203	0	133	70	Project designed and ready for submission to planning once the drainage issue is resolved with Scottish Water. £57k of additional funding is available within the Capital programme and is expected to be fully spent this financial year.
<b>Total</b>		<b>3,759</b>	<b>3,225</b>	<b>6,984</b>	<b>986</b>	<b>4,582</b>	<b>2,402</b>	



**REGENERATION & RESOURCES COMMITTEE****VIREMENT REQUESTS**

Budget Heading		Increase Budget	(Decrease) Budget
		£000	£000
Educational Planning & Culture - Events Management	1	25,630	
Economic Development Services - Millenium Events (Tourism)			(25,630)
Cleaning Employee Costs	2	95,000	
Catering Employee Costs			(95,000)
Janitors' Employee Costs	3		(100,000)
Janitors' Income		100,000	
Waste Strategy - Rents & Feu Duties - Safe, Sustainable Committee	4	28,000	
Asset Management Plan			(28,000)
<b>Total</b>		<b>248,630</b>	<b>(248,630)</b>

Reasons for virement:

- 1 Transfer of Promotions/Publicity budget within Services as part of a budget re-alignment.
- 2 Alignment of budget to reflect actual activity levels.
- 3 Alignment of budget to reflect actual activity levels.
- 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.