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**Report To:** Regeneration Committee                      **Date:** 20 January 2011

**Report By:** Chief Financial Officer and                      **Report No:** FIN/83/10/AP/CM  
Corporate Director Regeneration  
and Environment

**Contact Officer:** Mary McCabe                                      **Contact No:** 01475 712222

**Subject:** Regeneration & Resources 2010/11 Revenue Budget – Period 7 to  
31 October 2010

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### **1.0 PURPOSE**

- 1.1 To advise Committee of the position for the 2010/11 Revenue Budget at period 7 to 31 October 2010.

### **2.0 SUMMARY**

- 2.1 The revised 2010/11 budget for Regeneration & Resources is £15,729,000 which excludes Earmarked Reserves. This budget has reduced by £95,000 since Period 5 as a result of anticipated utilities savings arising from a new contract.
- 2.2 The latest projection, excluding Earmarked Reserves, is an overspend of £35,000, a decrease in the overspend of £57,000 from last Committee.

### **3.0 RECOMMENDATION**

- 3.1 The Committee note the current projected overspend for 2010/11 of £35,000 as at 31 October 2010.
- 3.2 £30,000 of the projected overspend can be offset against the projected increase in surplus within Building Services, as reported elsewhere on the agenda. This gives a Committee net position of £5,000 overspend.

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 £95,000 from Period 5 due to a new utilities contract which has resulted in anticipated savings. These savings have been allocated against the Procurement workstream saving.

## 5.0 2010/11 CURRENT POSITION

5.1 The current projection for 2010/11 is an overspend of £35,000, 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 - £70,000 Overspend

The current projected out-turn for Economic Development Services is an overspend of £70,000. This represents an increase in the overspend of £9,000 since last reported to the October 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 £40,000 a reduction of £4,000 on that previously reported.

#### (b) Property Costs:

The projected overspend of £25,000 for Non-Domestic Rates on unoccupied Industrial, Commercial and Miscellaneous Properties has not changed since last reported to Committee.

#### (c) Payments to Other Bodies:

There is a projected underspend within Tourism of £10,000, not previously reported.

#### (d) Other Expenditure:

The projected overspend for the year of £10,000, relating to commission on collection of aged debt has not changed since last reported to Committee.

#### (e) Income:

There is a projected shortfall of £85,000 within income, a further underrecovery of £15,000 since last reported to the October 2010 Committee due to:

- Employee Recharges has a projected shortfall of £17,000 due to the cessation of staff recharges to Riverside Inverclyde, not previously reported.
- Skillseekers Recoveries projected under-recovery of £12,000 based on current levels of attainment.
- Industrial, Commercial and Miscellaneous Properties - the projected Rental under-recovery of £26,000 has improved by £14,000 from that previously reported due to rent reviews resulting in additional income.
- Getting Ready for Work Recoveries projected under-recovery of £30,000 has not changed since last reported to Committee.

### 5.3 Property Assets and Facilities Management - £50,000 Underspend

The current projected out-turn for Property Assets and Facilities Management inclusive of the contribution from Catering and Cleaning is an underspend of £50,000. This is a projected reduction in spend of £78,000 since the last report to Committee.

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

#### (a) Employee Costs:

There is a projected underspend of £115,000. This is a further underspend of £101,000 since last Committee and is due to:

- £81,000 additional savings due to delays in filling vacant posts and reduced overtime and allowances within Property Assets and School Estates.
- £19,000 projected reduction in Facilities Officers' overtime and allowances, offset by a reduction in recharges income.

#### (b) Income:

There is a projected under-recovery of £66,000, a further projected income shortfall of £19,000 since last Committee due to a reduction in Facilities Officers' recharge income in line with reduced employee costs as outlined in 5.3 (a) above.

### 5.4 Cultural - £10,000 Overspend.

Cultural Services is projecting an overspend of £10,000, not previously reported, mainly due to £7,000 employee costs due to filling a post previously projected to remain vacant until the year end.

### 5.5 Sports, Leisure, Halls & Communities & Grants to Voluntary Organisations - £nil Variance

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting to outturn on budget. This is consistent with the position reported at Period 5.

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

## 6.0 VIREMENTS

6.1 There are no virement requests as at Period 7.

## 7.0 OTHER ISSUES

7.1 Policy and Resources Committee (16<sup>th</sup> November 2010) approved a further review of Janitorial Services and agreed the introduction of a new 'demand led' post of Let Officer to resource demand led Lets. The associated impacts of this will be reported to a future Regeneration Committee.

## 8.0 CONCLUSIONS

8.1 The Committee is currently reporting an overspend of £35,000 which is largely offset by an underspend of £30,000 within the Building Services Unit reported elsewhere on the agenda.

## 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	7,513	7,583	70	0.93%
Property Assets & Facilities Management	3,937	3,601	3,551	(50)	(1.39)%
Cultural	1,581	1,636	1,646	10	0.61%
Sports, Leisure, Halls & Communities	2,684	2,594	2,594	0	0%
Grants to Voluntary Organisations	227	227	227	0	0%
Corporate Director	159	158	163	5	3.16%
<b>TOTAL</b>	<b>16,157</b>	<b>15,729</b>	<b>15,764</b>	<b>35</b>	<b>0.22%</b>
Transfer to Earmarked Reserves		(1,141)	(1,141)		
<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>14,588</b>	<b>14,623</b>	<b>35</b>	<b>0.24%</b>

## 10.0 EARMARKED RESERVES

10.1 There is a planned £1,141,000 contribution to Earmarked Reserves in the current financial year as detailed in Appendix 3. Spend to date is 26% of projected spend. The contribution to Riverside Inverclyde earmarked reserve constitutes 68% of the total projected spend on earmarked reserves for this Committee. Although spend to date is low, the latest proposals from Riverside Inverclyde, per the Finance and Governance Sub Group, 24<sup>th</sup> November 2010, demonstrate how full spend will be achieved by 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 7: 1st April 2010 - 31st October 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	10,238	10,080	(158)	(1.54)%
4,645	Property Costs	5,180	4,928	4,953	25	0.51%
2,828	Supplies & Services	2,968	2,970	2,971	1	0.03%
57	Transport Costs	44	44	46	2	4.55%
293	Administration Costs	226	223	229	6	2.69%
1,408	Payments to Other Bodies	7,817	7,906	7,898	(8)	(0.10)%
405	Other Expenditure	528	522	534	12	2.30%
(11,922)	Income	(10,851)	(11,102)	(10,947)	155	1.40%
<b>9,989</b>	<b>TOTAL NET EXPENDITURE</b>	<b>16,157</b>	<b>15,729</b>	<b>15,764</b>	<b>35</b>	<b>0.22%</b>
0	Transfer to Earmarked Reserves *	0	(1,141)	(1,141)	0	0.00%
<b>9,989</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>16,157</b>	<b>14,588</b>	<b>14,623</b>	<b>35</b>	<b>0.24%</b>

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

## REGENERATION COMMITTEE

## REVENUE BUDGET MONITORING REPORT

## MATERIAL VARIANCES

PERIOD 7: 1st April 2010 - 31st October 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-Oct-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>						
(30)	Income - Other Income	(45)	(26)	0	(28)	17	(37.78)%
(47)	Skillsseekers - Income Recoveries	(63)	(37)	(26)	(51)	12	(19.05)%
77	Getting Ready for Work - Employee Costs	171	96	84	135	(36)	(21.05)%
(150)	Getting Ready for Work - Income Recoveries	(162)	(95)	(82)	(132)	30	(18.52)%
100	Tourism	72	42	11	62	(10)	(13.89)%
	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)	(333)	(654)	26	(3.75)%
	<b>PROPERTY ASSETS &amp; FACILITIES MGT</b>						
1,879	Facilities Officers - Employee Costs	1,331	729	695	1,312	(19)	(1.43)%
(2,087)	Facilities Officers - Income	(1,429)	(892)	(639)	(1,410)	19	(1.33)%
2,716	Cleaning - Employee Costs	1,986	1,099	1,098	2,004	18	0.91%
(165)	Cleaning Income (See PAS Property Leases below)	(149)	(87)	(63)	(138)	11	(7.38)%
2,266	Catering Employee Costs	1,915	1,061	1,028	1,927	12	0.63%
1,430	Property Resources - Employee Costs	1,672	962	937	1,610	(62)	(3.71)%
30	Property Resources - Overtime etc	53	31	17	41	(12)	(22.64)%
(1,136)	Property Resources - Recharge	(1,099)	(550)	(470)	(1,108)	(9)	0.82%
486	School Estate Team - Employee Costs	368	212	205	332	(36)	(9.78)%
478	Property Assets - Employee Costs	219	126	115	204	(15)	(6.85)%
(77)	Property Assets - Property Leases	(105)	(53)	(15)	(60)	45	(42.86)%
	<b>CULTURAL</b>						
	No material Variances.						
	<b>SPORTS, LEISURE, HALLS &amp; COMMUNITIES</b>						
	No material Variances.						
	<b>GRANTS TO VOLUNTARY ORGANISATIONS</b>						
	No material Variances.						
	<b>CORPORATE DIRECTOR</b>						
	No material Variances.						
<b>Total Material Variances</b>						<b>26</b>	

## EARMARKED RESERVES POSITION STATEMENT

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 7 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	239	3,000	322	Projected Spend is based on Riverside Inverclyde's 2010/11 Plan. Confirmation has been given by it (24/11/10) that this projected spend remains in line with their projections. Spend reflects funding requests covering the period to 31st August 2010. A further claim for £143k (covering period to 31st October) has been received and will be paid in due course.
Modern Apprenticeship	Stuart Jamieson	58	100	158	93	111	47	Decisions by Skills Development Scotland on funding for future modern apprenticeship placements are taken quarterly. Progress was last reported to the Regeneration Committee on 2 September 2010.
Tall Ships	Aubrey Fawcett	210	12	222	15	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 was spent in the first quarter of 2010/11.
Commissioning / SOA	Stuart Jamieson	50	41	91	31	91	0	Reserve will fund SOA / Commissioning workstream support to 31/03/2011. The Business Development officer post Grade I has been filled from 29 November 2010.
Area Renewal Fund	Aubrey Fawcett	280	0	280	24	34	246	£4k spend incurred relates to final payment for Greenock Southwest Retail Capacity unit. £20k spend incurred relates to master planning at Drumfrochar Road/Broomhill Area. Study nearing completion and further £10k spend is expected to be incurred in November 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. £10-£15k expected to be allocated to Woodhall CC for a feasibility study. The remaining balance of £56k is expected to be allocated in 2010/11 but not spent until 2011/12.
Arts Guild - Further Funding	Aubrey Fawcett	297	0	297	13	13	284	Work began in July 2010 and commenced on site in mid November 2010 with completion expected by March 2012. In order to maximise partner funding for the project it is likely that Council funding will not be required until 2011/12.

Project	Lead Officer/ Responsible Manager	c/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 7 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
Asset Management Plan	Andrew Gerrard	0	972	972	29	200	772	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 vired to cover the rental increase at Ingleston Park.
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. The contract will end 31 March 2011 although trainees will continue to be employed for a further six months.
Support for Community Facilities	Aubrey Fawcett	750	0	750	0	150	600	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. Regeneration Committee agreed a request for £150k for KNCC on 26th October 2010.
Lunderston Bay Toilets	Aubrey Fawcett	203	0	203	5	50	153	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 next financial year.
<b>Total</b>		<b>3,759</b>	<b>3,225</b>	<b>6,984</b>	<b>1,138</b>	<b>4,393</b>	<b>2,591</b>	