
Report To: Regeneration Committee **Date:** 10 March 2011

Report By: Chief Financial Officer, Corporate **Report No:** FIN/21/11/AP/CM
Director Regeneration &
Environment and Corporate
Director Education & Communities

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Subject: Regeneration & Resources 2010/11 Revenue Budget – Period 9 to
31 December 2010

1.0 PURPOSE

- 1.1 To advise Committee of the position for the 2010/11 Revenue Budget at period 9 to 31 December 2010.

2.0 SUMMARY

- 2.1 The revised 2010/11 budget for Regeneration & Resources is £15,728,350 which excludes Earmarked Reserves.
- 2.2 The latest projection, excluding Earmarked Reserves, is an overspend of £61,000, an increase in costs of £26,000 from last Committee.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected overspend for 2010/11 of £61,000 as at 31 December 2010.
- 3.2 The Committee note that £21,000 of the projected overspend can be offset against the projected surplus within Building Services, as reported elsewhere on the agenda giving the Committee a net position of £40,000 overspend. The Corporate Director Regeneration and Environment will control expenditure towards the end of the budget year to bring the Committee back in line with budget.

Alan Puckrin
Chief Financial Officer

Albert Henderson
Corporate Director Education &
Communities

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.

5.0 2010/11 CURRENT POSITION

5.1 The current projection for 2010/11 is an overspend of £61,000, as analysed by Service at the table in 8.1. The main issues to highlight in relation to this projected overspend are:

5.2 Economic Development Services - £65,000 Overspend

The current projected out-turn for Economic Development Services is an overspend of £65,000. This represents a decrease in projected spend of £5,000 since last Committee.

Whilst Fairer Scotland Fund is projected to be spent in full, monitoring of the third quarter returns suggest that there could be underspends in the region of £205,000 within core FSF projects and £80,000 within SOA Initiatives. Any proposed write back to general reserves or carry forward bids will be addressed in a future report to the Corporate Management Team.

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

(a) Employee Costs:

There is a projected underspend of £83,000; a reduction in projected spend of £43,000 on that previously reported, due to an underspend within Skillseekers. This is partly offset by a projected overspend of £12,000 within Payments to Other Bodies, as detailed at 5.2(c) below.

(b) Property Costs:

There is a projected overspend of £39,000 within Industrial, Commercial and Miscellaneous Properties; an increase in projected spend of £14,000 since last Committee, due to the cost of irrecoverable Tenants' Insurance Premiums.

(c) Payments to Other Bodies:

There is a projected overspend of £12,000, not previously reported, due to payments to an external contractor for Skillseekers, offset by a reduction in employee costs, per 5.2(a) above.

(d) Income:

There is a projected shortfall of £96,000 within income, a further projected underrecovery of £11,000 since last reported, mainly due to a £12,500 reduction in rental income.

5.3 Property Assets and Facilities Management - £36,000 Overspend

The current projected out-turn for Property Assets and Facilities Management inclusive of the contribution from Catering and Cleaning is an overspend of £36,000. This is an increase in projected spend of £86,000 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 £116,000. This is a further underspend of £1,000 since last Committee and is mainly due to:

- £22,000 increase in costs within Facilities Management Cleaning. This is partly offset by an increase in Variation Order income, see 5.3(b) below.
- £26,000 projected reduction in Facilities Officers' employee costs due to reduced spend on overtime and allowances and delays in filling vacant posts, offset by a reduction in recharges income, see 5.3(b) below.

(b) Income:

There is a projected under-recovery of £158,000, a further projected income shortfall of £92,000 since last Committee, mainly due to:

- £32,000 further rental underrecovery within Physical Assets due to the closure of offices for which rental income had been anticipated.
- £44,000 underrecovery of non rental income within Physical Assets previously assumed to be covered by the overachievement of capital fee income, in line with previous years. However based on current activity levels this will not be the case.
- £26,000 reduction in Facilities Officers' recharge income in line with reduced employee costs as outlined in 5.3(a) above.
- £11,000 increase in Cleaning Variation Order Income.

5.4 Cultural - £7,000 Overspend.

Cultural Services is projecting an overspend of £7,000, a reduction in projected spend of £3,000 since last reported, due to a combination of minor variances.

5.5 Sports, Leisure, Halls & Communities & Grants to Voluntary Organisations - £52,300 Underspend

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting to outturn £52,300 under budget; previously the projected outturn was on budget.

The main issues relating to the current projected underspend for Sports, Leisure, Halls & Communities are detailed below and in Appendix 2:

(a) Employee Costs:

There is £28,000 of turnover savings projected, not previously reported.

(b) Income:

There is a projected £24,300 overrecovery of income within Sports and Leisure, mainly due to under-16 football income, based on current activity and a review of the waivers process in conjunction with Inverclyde Leisure.

6.0 VIREMENTS

6.1 There are no virement requests as at Period 9.

7.0 CONCLUSIONS

7.1 The Committee is currently reporting an overspend of £61,000.

8.0 FINANCIAL IMPLICATIONS

8.1 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	7,520	7,585	65	0.87%
Property Assets & Facilities Management	3,936	3,601	3,637	36	1.01%
Cultural	1,581	1,646	1,653	7	0.43%
Sports, Leisure, Halls & Communities	2,684	2,583	2,531	(52)	(2.02)%
Grants to Voluntary Organisations	227	220	220	0	0%
Corporate Director	159	158	163	5	3.16%
TOTAL	16,156	15,728	15,789	61	0.39%
Transfer to Earmarked Reserves		(1,380)	(1,380)		
TOTAL NET EXPENDITURE	16,156	14,348	14,409	61	0.43%

9.0 EARMARKED RESERVES

9.1 There is a planned £1,380,000 contribution to Earmarked Reserves in the current financial year as detailed in Appendix 3. Spend to date is 47% of projected spend. The contribution to Riverside Inverclyde earmarked reserve constitutes 65% of the total projected spend on earmarked reserves for this Committee in 2010/11. Although spend to date is low, the latest proposals from Riverside Inverclyde, 21 February 2011, demonstrate how the projected spend will be achieved by year end.

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 of Regeneration & Environment, the Corporate Director Education & Communities and the Chief Financial Officer.

REGENERATION

APPENDIX 1

REVENUE BUDGET MONITORING REPORT

PERIOD 9: 1st April 2010 - 31st December 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	10,244	10,510	10,278	(232)	(2.21)%
4,645	Property Costs	5,181	4,900	4,938	38	0.79%
2,828	Supplies & Services	2,969	2,997	3,009	12	0.38%
57	Transport Costs	44	44	45	1	2.26%
293	Administration Costs	228	234	247	13	5.78%
1,813	Payments to Other Bodies	8,342	8,325	8,379	54	0.65%
(11,922)	Income	(10,852)	(11,282)	(11,107)	175	1.55%
9,989	TOTAL NET EXPENDITURE	16,156	15,728	15,789	61	0.39%
0	Transfer to Earmarked Reserves *	0	(1,380)	(1,380)	0	0.00%
9,989	TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	16,156	14,348	14,409	61	0.43%

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

REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 9: 1st April 2010 - 31st December 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-Dec-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>
	ECONOMIC DEVELOPMENT SERVICES						
30	Employee Costs - Overtime, Travel & Subsistence	35	28	14	18	(17)	(48.57)%
(30)	Economic Development - Other Income	(45)	(34)	0	(28)	17	(37.78)%
33	Skillsseekers - Other Allowances	58	48	11	15	(43)	(74.14)%
0	Skillsseekers - Payments to Other Bodies	0	0	12	12	12	100.00%
126	Getting Ready for Work - Employee Costs	157	115	101	131	(26)	(16.56)%
(150)	Getting Ready for Work - Income Recoveries	(162)	(122)	(104)	(132)	30	(18.52)%
100	Tourism Payments to Other Bodies	62	46	12	52	(10)	(16.13)%
	Commercial, Industrial & Misc Properties :						
71	Property Costs - Rates	16	16	37	41	25	156.25%
12	Property Costs - Property Insurance	3	2	16	17	14	466.67%
14	Other Expenditure - Commission	0	0	4	10	10	100.00%
(655)	Income - Rent	(694)	(521)	(489)	(655)	39	(5.62)%
	PROPERTY ASSETS & FACILITIES MGT						
1,879	Facilities Officers - Employee Costs	1,331	984	948	1,285	(46)	(3.46)%
(2,087)	Facilities Officers - Income	(1,429)	(1,113)	(369)	(1,385)	44	(3.08)%
2,716	Cleaning - Employee Costs	1,986	1,404	1,411	2,006	20	1.01%
2,266	Catering Employee Costs	1,915	1,411	1,378	1,928	13	0.68%
1,430	Property Resources - Employee Costs	1,672	1,218	1,216	1,644	(28)	(1.67)%
30	Property Resources - Overtime etc.	56	41	22	31	(25)	(44.64)%
(1,136)	Property Resources - Recharge	(1,099)	(733)	(226)	(1,108)	(9)	0.82%
486	School Estate Team - Employee Costs	368	273	254	332	(36)	(9.78)%
478	Physical Assets - Employee Costs	219	149	148	205	(14)	(6.39)%
(77)	Physical Assets - Property Leases	(105)	(79)	(15)	(28)	77	(73.33)%
	Physical Assets - Other Income	(45)	(34)	(2)	(1)	44	(97.78)%
	SPORTS, LEISURE, HALLS & COMMUNITIES						
618	Community Halls - Employee Costs	99	73	53	71	(28)	(28.28)%
(92)	Sports & Leisure - Income	(14)	(11)	0	(3)	11	(78.57)%
0	Sports & Leisure - Fees & Charges-Football	(38)	(16)	(18)	(98)	(60)	157.89%
(9)	Sports & Leisure - Leisure Pass	(31)	(23)	(5)	(11)	20	(64.52)%
Total Material Variances						34	

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	C/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 9 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	628	2,452	870	Spend is based on Riverside Inverclyde's 2010/11 Plan. Spend reflects funding requests covering the period to 30th November 2010. Two further claims amounting to £817k (covering the period to 31st January) have been received and will be paid in due course. Riverside Inverclyde have advised, 21 February 2011, that £548k of the original £3million projected to be spent in 2010/11 will now not be spent until 2011/12 in order to maximise drawdown from other parties.
Modern Apprenticeship	Stuart Jamieson	58	100	158	117	158	0	Since commencement of the programme in 2009, a total of 14 apprentices have been recruited across a range of occupational areas within Inverclyde Council. In the current financial year, 3 have completed their apprenticeships and made positive progressions to employment or higher education.
Tail Ships	Aubrey Fawcett	210	12	222	22	55	167	Spend includes £20k for port fees and the costs of a Traffic Engineer. As part of the budget process, a further £100k of funding was approved for spend in 2011/12.
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	47	66	25	Reserve will fund SOA / Commissioning works/ream support to 31st March 2011. The Business Development officer post Grade 1 has been filled from 29th November 2010 on a temporary basis for one year. The Officer has held meetings with local businesses to encourage applications to be made for the funding available.
Area Renewal Fund	Aubrey Fawcett	280	0	280	24	35	245	£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 by March 2010/11. Approval given by Regeneration Committee (meeting 20th January 2011) to spend £20k to fund a feasibility study for the development of a community facility at Woodhall and £3k for Task Group creche facilities, it is projected that £22k of this will be spent in 2011/12. £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 £48k is expected to be allocated and spent in 2011/12.

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	C/f Funding 2009/10 £000	New Funding 2010/11 £000	Total Funding 2010/11 £000	Actual To Period 9 2010/11 £000	Projected Spend 2010/11 £000	Amount to be Earmarked for 2011/12 & Beyond £000	Lead Officer Update
Arts Guild - Further Funding	Aubrey Fawcett	297	0	297	18	18	279	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 the remainder of the Council's funding will not be required until 2011/12.
Asset Management Plan	Andrew Gerrard	0	1,172	1,172	73	139	1,033	The Office Rationalisation report was approved by the P & R committee on the 21st September 2010 and the Depot Rationalisation report on 8th February 2011. 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 by the Council and funded by the DWP for a further six months.
Support for Community Facilities	Aubrey Fawcett	750	0	750	150	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. This is currently being reviewed as part of the final outturn costs for the project.
Lunderston Bay Toilets	Aubrey Fawcett	203	0	203	3	35	168	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.
Total		3,759	3,425	7,184	1,771	3,797	3,387	