
Report To:	Regeneration Committee	Date:	1 September 2011
Report By:	Chief Financial Officer, Corporate Director Regeneration and Environment and Corporate Director Education & Communities	Report No:	FIN/73/11/AP/MMC
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Regeneration 2011/12 Revenue Budget – Period 3 to 30 June 2011		

1.0 PURPOSE

- 1.1 To advise Committee of the 2010/11 out-turn and the 2011/12 Revenue Budget position at period 3 to 30 June 2011.

2.0 SUMMARY

- 2.1 In 2010/11, excluding the carry forward of Earmarked Reserves, there was an overspend of £631,000. This was an increase in expenditure of £937,000 from the underspend reported at the May Committee.

Of this overspend £731,000 relates to a provision for the clawback of Scottish Enterprise monies relating to East India Harbour; £130,000 is due to the increase in the Equal Pay provision within Facilities Management; and £50,000 relates to the cost of the buyout of the Janitors' conditions; all of which were transferred under the Committee's budget at the year end.

Excluding these the out-turn would have been an underspend of £280,000; a decrease in the underspend of £26,000 on that reported in May.

- 2.2 The revised 2011/12 budget for Regeneration is £14,986,820 which excludes Earmarked Reserves.
- 2.3 The latest projection, excluding Earmarked Reserves, is an underspend of £24,000.

3.0 RECOMMENDATION

- 3.1 The Committee note the out-turn for 2010/11 and the current projected underspend for 2011/12 of £24,000 as at 30 June 2011.

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 2011/12 budget as well as the 2010/11 out-turn and to highlight the main issues contributing to the overspend in 2010/11 and the projected underspend in 2011/12.

5.0 2010/11 OUT-TURN

5.1 The main variations from budget and movements from Period 11 Projection in 2010/11 were as follows:

	Revised Budget 2010/11	Out-turn 2010/11	Variance to Budget	Period 11 Projected Variance	Movement since P11 Projection
	£000	£000	£000	£000	£000
Economic Development Services	6,840	7,231	391	(303)	694
Property Assets & Facilities Management	2,796	3,116	320	54	266
Cultural	1,652	1,654	2	8	(6)
Sports, Leisure, Halls & Communities	2,567	2,484	(83)	(70)	(13)
Grants to Voluntary Organisations	220	218	(2)	0	(2)
Corporate Director	158	161	3	5	(2)
TOTAL NET EXPENDITURE	14,233	14,864	631	(306)	937

The main movements are explained further in paragraphs 5.2 and 5.3.

5.2 Economic Development Services

The actual out-turn, excluding Earmarked Reserves was £7,231,000, which represents an overspend of £391,000. This is a movement of £694,000 from the underspend reported to Members at the May Committee. The material variances contributing to this movement are:

- a) As outlined in 2.1, £731,000 was charged to Economic Development due to a provision being made for the clawback of Scottish Enterprise monies relating to East India Harbour. This has been funded corporately through a reduction in loan charges spend.
- b) A provision made in relation to Gourock Transport Interchange of £50,000.
- c) Further underspend, since Period 11, within former Fairer Scotland Fund (FSF) projects of £46,000 due to underspends within projects which came to light following receipt of final quarter grant claims. The total underspend on these projects being £344,000.
- d) Minor underspends in Property Costs and Admin Costs of £31,000. Included within this underspend is £20,000 of insurance underspend; insurance charges are allocated at the year end.

5.3 Property Assets and Facilities Management

The actual out-turn, excluding Earmarked Reserves was £3,116,000, which represents an overspend of £320,000. This is a £266,000 increase in costs from that reported at Period 11. The material variances contributing to the movement are:

- a) As outlined in Paragraph 2.1, there was an increase in the Equal Pay provision of £130,000 and a £50,000 payment made in settlement of Janitors' Employment Tribunals.
- b) Outstanding insurance claims within Central Repairs of £44,000, reimbursement for which should be received in the current financial year.
- c) Overspend on provisions within Catering of £55,000, due to current prices and usage.

6.0 2011/12 CURRENT POSITION

6.1 The current projection for 2011/12 is an underspend of £24,000.

6.2 Economic Development Services - £67,000 Overspend

The current projected out-turn for Economic Development Services is an overspend of £67,000 (excluding earmarked reserves) which is shown in 10.1.

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 £41,000 which is due to:

- i. £21,000 underspend due to delays in filling vacancies;
- ii. £8,000 overspend in Skillseekers Other Allowances;
- iii. £28,000 reduction in Getting Ready for Work, offset by a reduction in income.

(b) Property Costs:

There is a projected overspend of £20,000 relating to the Non-domestic Rates on unoccupied Industrial & Commercial Properties. This is in line with the previous year's out-turn. A review of empty property relief is currently being undertaken, this may reduce the anticipated overspend and will be reflected in future reports to this Committee.

(c) Income:

There is a projected underrecovery in income of £98,000, due to:

- i. £55,000 underrecovery within Industrial & Commercial Rents based on current occupancy.
- ii. £17,000 underrecovery within Economic Development Admin, in line with the previous year's out-turn.
- iii. £26,000 underrecovery within Getting Ready for Work. This is offset by a reduction in manual employee costs.

6.3 Property Assets and Facilities Management - £68,000 Underspend

The current projected out-turn for Property and Facilities Management is an underspend of £68,000 which is shown in 10.1.

The main issues contributing 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 £130,000 which is mainly due to:

- i. £35,000 turnover savings;
- ii. £9,000 projected saving in Property Resources overtime and travel & subsistence;
- iii. £54,000 underspend in Catering due to vacant posts remaining unfilled;
- iv. £32,000 underspend in Janitors' wages, offset by a reduction in Income;

(b) Property Costs

Within Central Repairs there is a projected underspend of £40,000 due to the anticipated reimbursement of insurance claims; expenditure relating to these claims having resulted in an overspend in last financial year as outlined in 5.3(b).

(c) Supplies & Services

There is a projected overspend of £40,000 within Catering Provisions based on prior year's spend.

(d) Income:

There is a projected under-recovery of £62,000 due to:

- i. £32,000 under-recovery in Janitors' recharge income in line with reduced employee costs;
- ii. £29,000 net shortfall in Physical Assets income.

6.4 Cultural - £10,500 Overspend

There is a projected overspend of £10,500 for the Events Team as a result of a shortfall in income for the Gourrock Highland Games. This was due to lower than expected crowds as a result of rain.

6.5 Sports, Leisure, Halls and Communities & Grants to Voluntary Organisations - £34,000 Underspend

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting an underspend of £34,000 within employee costs as a result of projected turnover savings.

There was an overrecovery within Sports and Leisure income last financial year. The Service will meet with Inverclyde Leisure in order to ascertain this year's income projection. Any projected deviations from budget will be reported to a future Committee.

6.6 Corporate Director - £nil Variance

The Corporate Director budget is currently projecting to out-turn on budget.

7.0 OTHER ISSUES

7.1 Virement of £76,000 resulting from the budget topslice exercise is reflected in the revised budget figures in 10.1 and Appendix 1.

8.0 VIREMENTS

8.1 There are no virement requests in this report.

9.0 CONCLUSIONS

9.1 The Committee is currently reporting an underspend of £24,000.

10.0 FINANCIAL IMPLICATIONS

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

Service	Approved Budget 2011/12 £'000	Revised Budget 2011/12 £'000	Projected Out-turn 2011/12 £'000	Projected Over/(Under - Spend) £'000	Percentage Variance %
Economic Development Services	6,928	6,918	6,985	67	0.98%
Property & Facilities Management	3,755	3,743	3,675	(68)	(1.82)%
Cultural	1,635	1,642	1,653	11	0.67%
Sports, Leisure, Halls and Communities & Grants to Vol Orgs	2,550	2,538	2,504	(34)	(1.34)%
Corporate Director	148	146	146	0	0.00%
TOTAL	15,016	14,987	14,963	(24)	(0.16)%
Transfer to Earmarked Reserves		(990)	(990)		
TOTAL NET EXPENDITURE	15,016	13,997	13,973	(24)	(0.16)%

11.0 EARMARKED RESERVES

11.1 There is a planned £990,000 contribution to Earmarked Reserves in the current financial year. Spend to date is 16.9% of projected spend as detailed in Appendix 3.

12.0 EQUALITIES

12.1 There are no equality issues arising from this report.

13.0 CONSULTATION

13.1 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 3: 1st April 2011 - 30th June 2011

2010/11 Actual £000	Subjective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out- turn 2011/12 £000	Projected Over/(Under) Spend 2011/12 £000	Percentage Variance %
10,774	Employee Costs	9,383	9,688	9,483	(205)	(2.11)%
4,201	Property Costs	5,072	5,049	5,029	(20)	(0.40)%
3,132	Supplies & Services	2,863	2,874	2,914	40	1.39%
36	Transport Costs	45	35	35	0	0.00%
279	Administration Costs	210	226	226	0	0.00%
10,888	Payments to Other Bodies	7,694	8,039	8,040	1	0.01%
(14,446)	Income	(10,251)	(10,924)	(10,764)	160	1.46%
14,864	TOTAL NET EXPENDITURE	15,016	14,987	14,963	(24)	(0.16)%
	Transfer to Earmarked Reserves *	0	(990)	(990)	0	0.00%
14,864	TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	15,016	13,997	13,973	(24)	(0.17)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2011/12

REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 3: 1st April 2011 - 30th June 2011

<u>Out Turn</u> <u>2010/11</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2011/12</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-11</u> <u>£000</u>	<u>Projection</u> <u>2011/12</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						
(28)	Administration - Income	(45)	(15)	0	(28)	17	(37.78)%
528	Economic Dev. - APT & C Employee Costs	578	195	188	557	(21)	(3.63)%
76	Getting Ready for Work - Manual Employee Costs	89	31	18	61	(28)	(31.46)%
(146)	Getting Ready for Work - Income Recoveries	(162)	(54)	(26)	(136)	26	(16.05)%
	Commercial, Industrial & Misc Properties :						
38	Property Costs - Rates	18	18	38	38	20	111.11%
5	Other Expenditure - Commission	0	0	(15)	(10)	(10)	0.00%
(648)	Income - Rent	(688)	(168)	(139)	(633)	55	(7.99)%
	PROPERTY ASSETS & FACILITIES MGT						
1,335	Facilities Officers - Employee Costs	1,147	229	243	1,115	(32)	(2.79)%
1,364	Facilities Officers - Income	(1,243)	(311)	0	(1,211)	32	(2.57)%
1,967	Catering Employee Costs	1,927	413	401	1,873	(54)	(2.80)%
928	Catering Supplies and Services	854	214	221	894	40	4.68%
1,503	Property Resources - Employee Costs	1,663	446	441	1,635	(28)	(1.68)%
2,242	Central Repairs	2,094	524	376	2,054	(40)	(1.91)%
1,100	Property Resources - Recharge	(1,104)	(276)	(65)	0	0	0.00%
(36)	Physical Assets - Rent and Other Income	(85)	(21)	(31)	(56)	29	(34.12)%
	CULTURAL						
0	Gourock Highland Games	0	0	0	11	11	100.00%
	SPORTS, LEISURE, HALLS & COMMUNITIES						
32	Community Halls - Employee Costs	27	6	0	0	(27)	(100.00)%
Total Material Variances						(10)	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Regeneration

Appendix 3

Project	Lead Officer/ Responsible Manager	clif Funding 2010/11 £000	New Funding 2011/12 £000	Total Funding 2011/12 £000	Actual To Period 3 2011/12 £000	Projected Spend 2011/12 £000	Amount to be Earmarked for 2012/13 & Beyond £000	Lead Officer Update
Asset Management Plan - Replacement Depot	Andrew Gerrard	200	200	400	0	49	351	The Depot Rationalisation report was approved by the P&R committee on the 8th February 2011. The spend profile of the earmarked reserve will be monitored and reported to Committee. Different options are being considered for Pottery Street Depot. It is anticipated that a final option will be selected shortly and design work will progress. Initial design work is underway for the Kilm Drive Depot/Civic Amenity site refurbishment.
Support for Community Facilities	Aubrey Fawcett	600	450	1,050	0	0	1,050	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.
Business Development Liaison Officer	Stuart Jamieson	22	0	22	11	22	0	Temporary appointment of a Grade 1 Employee, employment will terminate 29th November 2011.
Regeneration of Port Glasgow Town Centre	Aubrey Fawcett	0	1,000	1,000	0	0	1,000	Agreed at the Regeneration Committee, 12th May 2011, that authority be delegated to Corporate Director Regeneration and Environment to develop proposals with Riverside Inverclyde to regenerate Port Glasgow Town Centre; with proposals to be presented to the next Regeneration Committee.
Total		2,727	4,640	7,367	661	3,911	3,456	

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

Project	Lead Officer/ Responsible Manager	cll Funding 2010/11 £000	New Funding 2011/12 £000	Total Funding 2011/12 £000	Actual To Period 3 2011/12 £000	Projected Spend 2011/12 £000	Amount to be Earmarked for 2012/13 & Beyond £000	Lead Officer Update.
Riverside Inverclyde	Aubrey Fawcett	682	2,100	2,782	397	2,782	0	Spend to date includes £360k contribution to Tall Ships. Further spend will be incurred following receipt of funding requests from Riverside Inverclyde evidencing spend to date.
Tall Ships	Aubrey Fawcett	167	100	267	189	267	0	This project is subject to regular reports to the Regeneration Committee. Given the shortfall in Park & Ride receipts, a request for further Council funding is awaited.
Area Renewal Fund	Aubrey Fawcett	249	0	249	0	74	175	Master planning study at Drumrochar Road/Broomhill Area now complete. A further £3k spend is expected to be incurred in 2011/12 after final presentation to the Community Group. Approval was given by Regeneration Committee (meeting 20th January 2011 & 12 May 2011) to spend £20k to fund a feasibility study for the development of a community facility at Woodhall, £3k for Task Group creche facilities and £10k to fund feasibility works in association with Inverclyde Association for Mental Health in the Wellington Academy area. It is projected that full spend will be incurred in 2011/12. £100k has been allocated to Gishill Community Centre which is currently being reviewed by the group. Spend may take place between 2012/13 but is subject to review. £75k has been allocated to Cluna Park Resource Centre and spend is expected to be incurred in 2012/13 after a review into the future of the former Cluna Park School. The remaining balance of £38k is expected to be allocated and spent in 2011/13.
Asset Management Plan - Office Rationalisation	Andrew Gerrard	807	750	1,597	64	717	880	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. Work to the customer centre is on site with completion due at the end of 2011. Design work is ongoing for the conversion of the business store to a library and conversion of the central library to offices, to be on site in October 2011 and January 2012 respectively.