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<b>Report To:</b>	Safe, Sustainable Communities Committee	<b>Date:</b>	30 August 2011
<b>Report By:</b>	Chief Financial Officer, Corporate Director Regeneration & Environment & Corporate Director Education & Communities	<b>Report No:</b>	FIN/75/11/ AP/MMC
<b>Contact Officer:</b>	Mary McCabe	<b>Contact No:</b>	712222
<b>Subject:</b>	Safe, Sustainable Communities 2011/12 Revenue Budget Period 3 to 30 June 2011		

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### 1.0 PURPOSE

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

### 2.0 SUMMARY

- 2.1 In 2010/11, there was an underspend of £311,610 representing 1.82% of the total budget of £17,163,470 excluding earmarked reserves of £8,248,240. This was an increase in underspend of £272,420 from that reported to Committee in May 2011.
- 2.2 The 2011/12 budget is £17,068,350 with a further £8,056,000 brought forward as earmarked reserves. The current projection is an overspend of £18,000.

### 3.0 RECOMMENDATIONS

- 3.1 The Committee note the out-turn for 2010/11 and the reasons for the current projected overspend of £18,000 as at 30 June 2011 which officers will seek to bring back on budget.
- 3.2 Committee are 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

**Albert Henderson**  
Corporate Director  
Education & Communities

## 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 underspend in 2010/11 and the projected overspend 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:

Service	Revised Budget 2010/11	Out-turn 2010/11	Variance to Budget	Period 11 Projected Variance	Movement since P11 projection
	£'000	£'000	£'000	£'000	£'000
Planning	772	794	22	37	(15)
Environmental Services	11,876	11,684	(192)	(37)	(155)
Safer Communities	3,841	3,689	(152)	(70)	(82)
Housing	674	685	11	31	(20)
<b>Total</b>	<b>17,163</b>	<b>16,852</b>	<b>(311)</b>	<b>(39)</b>	<b>(272)</b>

The main movements are explained further in paragraphs 5.2 to 5.5.

### 5.2 Planning

There was an overspend of £22,000, a decrease in spend of £15,000 from that reported to Committee in May, mainly due to reduction over various individual budget lines within Planning and Green Charter.

### 5.3 Environmental Services:

There was an underspend of £192,000 in 2010/11, a decrease in spend of £155,000 from that previously reported, mainly due to:

a) Employee Costs:

Final spend was per budget, resulting from an additional underspend of £18,000 since the May Committee due to a delay in employing seasonal Grounds Maintenance staff.

b) Property Costs:

Overspend of £31,000, an increase in spend of £40,000 since May Committee due to:

- i. £13,000 increase in Waste Landfill and Disposal costs, due to 193 tonnes of waste in excess of that previously projected.
- ii. £27,000 increase in spend mainly due to unanticipated prior years' utility bills (£18,000) being paid in 2010/11 and additional tipping charges (£9,000) offset by additional income within Refuse Transfer Station.

c) Supplies & Services:

Ended the year with a £100,000 overspend. At the previous Committee a £170,000 overspend was reported, with the subsequent £70,000 decrease primarily relating to:

- i. £12,000 underspend within Roads Client basic contract / payments to contractor due to less work completed than anticipated.
  - ii. £27,000 decrease in spend within Vehicles Materials costs mainly due to fewer than anticipated overhauls of small grounds equipment prior to the cutting season.
  - iii. £13,000 underspend in Roads Client payments to lighting contractor, mainly due to less recoverable work carried out than estimated at the May Committee. This is partially offset by an under-recovery of income.
  - iv. £10,000 decrease in spend on Refuse Collection Plastic Sacks.
- d) Administration Costs:  
Underspent by £61,000 of which £11,000 was reported to the May Committee. The increase in underspend was primarily due to insurance costs being £47,000 lower than budgeted; these costs are allocated at year end.
- e) Other Expenditure:  
Underspent by £171,000, an increase in underspend of £30,000 since last reported to Committee, mainly due to
- i. £11,000 decrease in Payments to Invergreen due to an increase in recycling rates.
  - ii. £17,000 decrease in spend within Zero Waste Fund.
- f) Income:  
Over-recovery of £245,000; an increase of £20,000 since previously reported. This was mainly due to a £15,000 increase in Refuse Transfer Station usage and tipping charges income.

#### 5.4 Safer Communities:

The Service out-turned at £152,000 underspent, a further £82,000 underspend since last reported, mainly due to:

- a) Employee Costs:  
Out-turned at £62,000 underspent, a movement of £50,000 from the May Committee due to:
- i. £29,000 of Employee Costs were funded from Earmarked Reserves and Grants on a one-off basis in 2010/11. This will not continue in 2011/12.
  - ii. £22,000 underspend within Overtime and Travel and Subsistence.
- b) Supplies & Services:  
Ended the year with a £23,000 underspend, an increase in underspend of £12,000 since the May Committee due to additional minor underspends within various budget lines including Tools and Equipment and Kennelling of Dogs.
- c) Other Expenditure:  
The underspend was £34,000, an increase in spend of £13,000 since last reported to Committee, mainly due to additional Joint Boards charges from Glasgow City Council for provision of Scientific Services.
- d) Income:  
Out-turned at £39,000 over-budget, having been projected on budget at the May Committee. This over-recovery was mainly due to greater than anticipated income from Registration of Private Landlords and treatment of Wasp Infestation fees along with an un-anticipated insurance receipt for damaged CCTV equipment relating to prior years.

## 5.5 Housing:

Within Housing there was an overspend of £11,000, a further £20,000 reduction in spend since last Committee. This movement was mainly due to £10,000 additional income received after re-invoicing of tenants of former HRA Houses for repair works relating to work carried out several years ago and £5,000 of unanticipated income from Housing Advances.

## 6.0 2011/12 PROJECTION

6.1 The main issues to highlight in relation to the projected overspend of £18,000 are:

### 6.2 Planning & Cleaner, Greener, Safer, Stronger Inverclyde - £19,000 overspend:

The current projected overspend is due to:

a) Employee Costs:

Projected to be £7,000 overspent due to all posts being filled resulting in the turnover savings target not being fully achieved.

b) Payments to Other Bodies:

Projected to out-turn at £12,000 overspent which is online with previous years' spend.

### 6.3 Environmental Services - £11,000 overspend:

The main issues relating to the current projected overspend are:

a) Employee Costs:

Projected to be £71,000 underspent due to turnover savings resulting from vacant posts.

b) Property Costs:

There is a projected overspend of £16,000 mainly due to:

- i. £10,000 overspend projected within Grounds Maintenance hire of skips based on current spend.
- ii. £11,000 overspend within Pottery Street security costs which is online with previous year spend.

c) Supplies & Services:

An overspend of £97,000 is projected due to:

- i. £64,000 overspend in Street Lighting Electrical Power due to increase in prices.
- ii. £33,000 overspend in Payments to Contractors for recoverable works for which there is associated income within Roads Client.

d) Transport Costs:

There is a projected underspend of £82,000 due to:

- i. £46,000 underspend within Vehicle Maintenance due to a decrease in fuel usage resulting from the new fleet, offset by a decrease in fuel recharge income, the net impact being nil within Vehicle Maintenance.
- ii. £36,000 underspend in projected fuel recharge to Grounds Maintenance, Refuse Collection, Street Sweeping and Roads based on current usage, as outlined above.

e) Income:

Projected to out-turn £44,000 under-recovered mainly due to:

- i. £46,000 under-recovery of Vehicle Maintenance fuel recharge income as outlined in 6.3(d)(i) above.
- ii. £20,000 under-recovery of Registrars income based on current income trends, and per previous years' out-turn.
- iii. £13,000 under-recovery of Cab/MOT income which is consistent with previous years' out-turn.
- iv. £33,000 additional income within Roads Client for recoverable works for which there is associated increase in costs as per para 6.3(c)(ii) above.

#### 6.4 Housing - £4,000 underspend:

The current projected underspend is £4,000 within employee costs, resulting from delay in filling vacant posts.

#### 6.5 Safer Communities - £8,000 underspend:

The current projected underspend is £8,000 due to turnover savings resulting from current vacant posts. The underspends reported in para 5.4 for 2010/11 are not anticipated to re-occur in 2011/12.

### **7.0 OTHER ISSUES**

7.1 The projections for Roads expenditure and income include an element of external work that the Service will be required to secure which is currently not guaranteed. However, a report will be submitted to the September Policy & Resources Committee requesting additional funding to reduce the backlog of roads repairs. If this is approved the Service may require to review external work which will result in a revision of the current expenditure and income projections.

7.2 The 2011/12 budget for Environmental Services has not been adjusted to reflect the new contracts for Waste Disposal. The budgets will be reduced accordingly when projections based on the new contract are established. These savings will contribute to the procurement Workstream Savings target.

7.3 Virement of £49,770 resulting from the budget topslice exercise is reflected in the revised budget figures in 10.1 and Appendix 1 and 2.

### **8.0 VIREMENT**

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

### **9.0 CONCLUSIONS**

9.1 The Committee is currently reporting an overspend of £18,000 and will take appropriate action to bring spend back on budget.

## 10.0 FINANCIAL IMPLICATIONS

10.1 The current projected out-turn per Service is:

Service	Approved Budget 2011/12	Revised Budget 2011/12	Projected Out-turn 2011/12	Projected over/(under) spend	Percentage Variance
	£'000	£'000	£'000	£'000	%
Planning	803	791	810	19	2.35
Environmental Services	12,830	12,739	12,750	11	0.09
Safer Communities	3,733	3,718	3,710	(8)	(0.22)
Housing	749	747	743	(4)	(0.54)
<b>Total</b>	<b>18,115</b>	<b>17,995</b>	<b>18,013</b>	<b>18</b>	<b>0.10</b>
Earmarked Reserves		(927)	(927)	0	
<b>NET UNDERSPEND EXCLUDING EARMARKED RESERVES</b>	<b>18,115</b>	<b>17,068</b>	<b>17,086</b>	<b>18</b>	<b>0.10</b>

## 11.0 EARMARKED RESERVES

11.1 7.3% 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.

## 12.0 EQUALITIES

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

## 13.0 CONSULTATIONS

13.1 The report has been jointly prepared by the Corporate Director Regeneration & Environment, the Corporate Director Education and Communities and the Chief Financial Officer.

**SAFE, SUSTAINABLE COMMUNITIES COMMITTEE****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 3: 1st April 2011 - 30th June 2011**

<u>Out Turn</u> 2010/11 £000	<u>Budget</u> <u>Heading</u>	<u>Budget</u> 2011/12 £000	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> 30-Jun-11 £000	<u>Projection</u> 2011/12 £000	<u>(Under)/Over</u> <u>Budget</u> £000	<u>Percentage</u> <u>Variance</u> %
	<b>ENVIRONMENTAL SERVICES</b>						
165	Overtime Travel Etc	61	16	42	170	109	179
6,253	Manual Employee Costs	6,236	1,313	1,238	6,057	(179)	(3)
61	Grounds Maintenance - Hire of Skips	36	9	10	46	10	28
42	Pottery Street - Security Costs	31	8	10	42	11	35
(66)	Cab / MOT - Income	(74)	(18)	(9)	(61)	13	(18)
194	Refuse Collection - Fuel	216	54	50	201	(15)	(7)
640	Vehicle Maintenance - Fuel	730	182	166	684	(46)	(6)
(640)	Vehicle Maintenance - Fuel Income	(730)	(182)	(166)	(684)	46	(6)
104	Waste Strategy - Rents & Feu Duties	111	28	40	101	(10)	(9)
(88)	Registrars - Sales, Fees & Charges	(108)	(27)	(26)	(88)	20	(19)
(642)	Roads Client - Income	(388)	(103)	(11)	(421)	(33)	9
426	Roads Client - Electrical Power (Street Lighting)	416	104	74	480	64	15
346	Roads Client - Payment to Lighting Contractors	327	81	107	360	33	10
	<b>PLANNING &amp; CLEANER GREENER</b>						
139	Payments to Other Bodies	106	27	41	118	12	11
<b>Total Material Variances</b>						<b>35</b>	

**SAFE, SUSTAINABLE COMMUNITIES COMMITTEE****REVENUE BUDGET MONITORING REPORT****SUBJECTIVE ANALYSIS****PERIOD 3: 1st April 2011 - 30th June 2011**

<b>Subjective Heading</b>	<b>Approved Budget 2011/12 £000</b>	<b>Revised Budget 2011/12 £000</b>	<b>Projected Out-turn 2011/12 £000</b>	<b>Projected Over/(Under) Spend £000</b>	<b>Percentage Variance %</b>
Employee Costs	13,345	13,235	13,159	(76)	(0.58)
Property Costs	4,363	4,529	4,545	16	0.35
Supplies & Services	3,635	3,711	3,808	97	2.61
Transport & Plant Costs	2,029	2,294	2,212	(82)	(3.57)
Administration Costs	487	358	359	1	0.28
Payments to Other Bodies	1,928	1,806	1,824	18	0.99
Income	(7,906)	(7,938)	(7,894)	44	(0.55)
<b>TOTAL NET EXPENDITURE</b>	<b>17,881</b>	<b>17,995</b>	<b>18,013</b>	<b>18</b>	<b>0.10</b>
Earmarked Reserves		927	927	0	0.00
<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>17,881</b>	<b>17,068</b>	<b>17,086</b>	<b>18</b>	<b>0.10</b>



EARMARKED RESERVES POSITION STATEMENT  
 COMMITTEE: Safe Sustainable Communities

Project	Lead Officer/ Responsible Manager	CF 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
Maintenance of Trunk Road Network	Robert Graham	59	0	59	0	59	0	Plans are being reviewed by Inverclyde Council and Transport Scotland to determine what works can be completed prior to the completion of the Newton Street rail bridge beam repairs.
Strategic Housing Fund	John Arthur	1,164	0	1,164	0	0	1,164	Funding is for Strategic Housing functions, especially Contaminated Land costs. No spend anticipated at the moment for 2011/12.
Support for Owners (Right to Buy Receipts)	John Arthur	678	0	678	24	678	0	Full spend of 2010/11 carry forward expected by year end. An application has also been made for new funding to a maximum of £870k (the 10/11 Receipts) - awaiting approval from Scottish Government. This will be shown as new funding for 2011/12 when the amount awarded is known.
Play Areas	Ian Moffat	409	300	709	0	709	0	Phase 1 of 2011/12 work underway on 10 sites. First site completed early July, awaiting costs from contractor. Final site completion date is late August. Phase 2 of 2011/12 - tender preparation underway. Full spend expected by year end.
Implementation of Green Charter	Stuart Jamieson	27	0	27	0	27	0	Reserve to be used for specific projects and year to date commitments are £5k.
Landfill Penalty Scheme	Ian Moffat	2,280	927	3,207	0	0	3,207	Spend is subject to Scottish Government deciding to levy the penalties.
Affordable HRA (Council Tax 2nd Home Discount)	John Arthur	94	90	184	0	94	90	Discussions are ongoing regarding potential use of funding in 2011/12.
Lower Clyde River Valley Projects	Stuart Jamieson	57	0	57	15	57	0	Reserve expected to be fully used during year on schemes within the Inverclyde Council and Argyll and Bute Council areas.
Aids and Adaptations 2011/13	John Arthur	300	300	600	148	250	350	£300k of the original funding remains and will be phased at £100k per year for next 3 years. As part of the 2011/13 Budget Process a further £300k was made available. This will be phased at £150k per year for next 2 years.
Flooding Strategy	Robert Graham	323	500	823	0	573	250	Phase 1 works are 80% complete and estimated to be complete by mid July 2011. Phase 2 works have been approved by Committee and design works and tender documentation are being prepared.
Roads Assessment/Feasibilities	Robert Graham	48	0	48	0	48	0	Reserve to be used to employ consultants to further develop detailed proposals and design a supporting business case in relation to the Greenock Town Centre Parking Strategy.

Project	Lead Officer/ Responsible Manager	cf/ 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
Renewal of Clune Park Area	Albert Henderson	0	500	500	0	50	450	The Renewal of Clune Park was the subject of a report to a special meeting of the Safe, Sustainable Communities Committee on 24th May 2011. Proposals for spend of this reserve were outlined and agreed at this Committee.
<b>Total</b>		<b>5,439</b>	<b>2,617</b>	<b>8,056</b>	<b>167</b>	<b>2,545</b>	<b>5,511</b>	

**REVENUE BUDGET MONITORING REPORT****VIREMENT REQUEST****Period 3: 1st April 2011 - 30th June 2011**

<b>Budget Heading</b>		<b>Increase Budget</b>	<b>(Decrease) Budget</b>
		£	£
Grounds Maintenance 2 Weekly Employee Cost	1		(21,000)
Street Sweeping 2 Weekly Employee Cost	1	21,000	
<b>Total</b>		<b>21,000</b>	<b>(21,000)</b>

1) Budget transfer due to one employee being transferred from Grounds Maintenance to Street Sweeping.