
Report To: Regeneration Committee **Date:** 27 October 2011

Report By: Chief Financial Officer, Corporate **Report No:** FIN/96/11/AP/MCC
Director Regeneration and
Environment and Corporate
Director Education & Communities

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Subject: Regeneration 2011/12 Revenue Budget – Period 5 to 31 August 2011

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position at period 5 to 31 August 2011.

2.0 SUMMARY

- 2.1 The revised 2011/12 budget for Regeneration is £14,872,000 which excludes Earmarked Reserves.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £5,000 being 0.03% of the revised budget.
- 2.3 Virement of £92,530 is required because Community Development within Sports and Leisure Services is now being amalgamated with Community Learning and Development within Education Services. The same approval has been requested from the Education and Lifelong Learning Committee. Where appropriate, the virement is reflected throughout the report.

3.0 RECOMMENDATION

- 3.1 The Committee note the current projected underspend for 2011/12 of £5,000 as at 31 August 2011.
- 3.2 Committee is asked to approve virement as detailed in Appendix 4.

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 and to highlight the main issues contributing to the projected underspend in 2011/12.
- 4.2 The revised budget reflects a decrease of £115,000 from last Committee. This is mainly due to:
- £92,530 transfer of budget from Sports & Leisure to Community Learning Development within Education Services.
 - £26,900 transfer of budget from Property Assets and Facilities Management to Finance and Planning Services to part fund CEEF technicians post and Carbon Reduction Officer's post respectively.

5.0 2011/12 CURRENT POSITION

5.1 The current projection for 2011/12 is an underspend of £5,000.

5.2 Economic Development Services - £91,000 Overspend

The current projected out-turn for Economic Development is an increase in spend of £24,000 since last reported to Committee mainly due to:

(a) Employee Costs:

The current projection is an underspend of £27,000 which is an increase in spend of £14,000 since last Committee mainly due to an increase in Manual employee costs within the Getting Ready for Work programme due to new entrants projected to enter the programme.

(b) Property Costs:

There is a projected overspend of £13,000 relating to Non-domestic Rates on unoccupied Industrial & Commercial Properties. This is a £7,000 decrease in spend since last reported to Committee resulting from an increase in empty property relief.

(c) Payments to Other Bodies:

Payments to Other Bodies is projected to out-turn online with budget. A £10,000 projected underspend was reported to Committee in Period 3. The current projected increase in spend is due to payments to external Skillseekers Placement providers which was not reported to previous Committee.

(d) Income:

There is a projected underrecovery in income of £105,000, a further reduction in income of £7,000 since last reported to Committee mainly due to:

- i. £36,000 additional under-recovery within Industrial & Commercial Rents based on current occupancy.
- ii. £24,000 increase in income due to a recovery of employee costs from ESF Grant Funding.

5.3 Property Assets and Facilities Management - £63,000 Underspend

The current projected out-turn for Property and Facilities Management is an increase in spend of £5,000 since last reported to Committee mainly due to:

(a) Employee Costs:

There is a projected underspend of £132,000 which is an increased underspend of £2,000 since last reported to Committee mainly due to a £7,000 reduction in Janitors costs following a reduction in overtime and other allowances which is offset by a reduction in income.

(b) Property Costs

An underspend of £40,000 was reported to last Committee which remains unchanged.

(c) Supplies & Services

There is a projected overspend of £40,000 within Catering Provisions based on prior year's spend. There is no change to projections since last Committee.

(d) Income:

There is a projected under-recovery of £69,000 an increase in under-recovery of £7,000 since last reported to Committee primarily due to a reduction in Janitor's recharge income as mentioned in 5.3(a) above.

5.4 Cultural - £6,000 Underspend

The current projection is a decrease in spend of £16,000 since last Committee mainly due to a post being vacant within libraries which is not expected to be filled this financial year.

5.5 Sports, Leisure, Halls and Communities & Grants to Voluntary Organisations - £27,000 Underspend

Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations are currently projecting an increase in spend of £7,000 since last Committee due to a reduction in turnover savings on that previously reported.

5.6 Corporate Director - £nil Variance

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

6.0 VIREMENTS

6.1 Committee is asked to approve virement as detailed in Appendix 4 which includes a budget transfer of £92,530 from this Committee to Education and Lifelong Learning Committee due to Community Development within Sports and Leisure Services now being amalgamated with Community Learning and Development within Education Services. The same approval has been requested from the Education and Lifelong Learning Committee. Where appropriate, the virement is reflected throughout the report.

7.0 CONCLUSIONS

7.1 The Committee is currently reporting an underspend of £5,000.

8.0 FINANCIAL IMPLICATIONS

8.1 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	7009	91	1.32%
Property & Facilities Management	3,755	3,715	3,652	(63)	(1.71)%
Cultural	1,635	1,642	1,636	(6)	(0.37)%
Sports, Leisure, Halls and Communities & Grants to Vol Orgs	2,550	2,445	2,418	(27)	(1.10)%
Corporate Director	148	152	152	0	0.00%
TOTAL	15,016	14,872	14,867	(5)	(0.03)%
Transfer to Earmarked Reserves		(990)	(990)		
TOTAL NET EXPENDITURE	15,016	13,882	13,877	(5)	(0.04)%

9.0 EARMARKED RESERVES

9.1 There is a planned £990,000 contribution to Earmarked Reserves in the current financial year. Spend to date is 18.7% of projected spend as detailed in Appendix 3. Lead officers have reviewed the phasing of each project and have confirmed that the 2011/12 spend is realistic.

10.0 EQUALITIES

10.1 There are no equality issues arising from this 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 5: 1st April 2011 - 31st August 2011**

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 %
Employee Costs	9,383	9,575	9,366	(209)	(2.18)%
Property Costs	5,072	4,961	4,935	(26)	(0.52)%
Supplies & Services	2,863	2,881	2,921	40	1.39%
Transport Costs	45	35	35	0	0.00%
Administration Costs	210	234	234	0	0.00%
Payments to Other Bodies	7,694	8,093	8,093	(0)	(0.00)%
Income	(10,251)	(10,907)	(10,717)	190	1.74%
TOTAL NET EXPENDITURE	15,016	14,872	14,867	(5)	(0.03)%
Transfer to Earmarked Reserves	0	(990)	(990)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	15,016	13,882	13,877	(5)	(0.04)%

REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES****PERIOD 5: 1st April 2011 - 31st August 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>31-Aug-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						
528	Economic Dev. - APT & C Employee Costs	578	242	227	561	(17)	(2.94)%
76	Getting Ready for Work - Manual Employee Costs	89	38	18	76	(13)	(14.61)%
(146)	Getting Ready for Work - Income Recoveries	(162)	(68)	(40)	(134)	28	(17.28)%
	Commercial, Industrial & Misc Properties :						
38	Property Costs - Rates	18	18	31	31	13	72.22%
5	Other Expenditure - Commission	0	0	(15)	(10)	(10)	0.00%
(648)	Income - Rent	(688)	(336)	(284)	(597)	91	(13.23)%
	PROPERTY ASSETS & FACILITIES MGT						
1,335	Facilities Officers - Employee Costs	1,147	449	443	1,108	(39)	(3.40)%
1,364	Facilities Officers - Income	(1,243)	(518)	460	(1,204)	39	(3.14)%
1,967	Catering Employee Costs	1,900	756	738	1,857	(43)	(2.26)%
928	Catering Supplies and Services	854	356	302	894	40	4.68%
3,774	Property - Employee Costs	3,478	1,359	1,365	3,430	(48)	(1.38)%
2,242	Central Repairs	2,085	869	656	2,045	(40)	(1.92)%
(36)	Physical Assets - Rent and Other Income	(85)	(59)	(25)	(56)	29	(34.12)%
	CULTURAL						
0	Gourock Highland Games	0	0	0	17	17	100.00%
814	Libraries - Employee Costs	854	356	341	831	(23)	(2.69)%
	SPORTS, LEISURE, HALLS & COMMUNITIES						
32	Community Halls - Employee Costs	27	11	0	0	(27)	(100.00)%
Total Material Variances						(3)	

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>C/f Funding 2010/11</u> £000	<u>New Funding 2011/12</u> £000	<u>Total Funding 2011/12</u> £000	<u>Actual To Period 5 2011/12</u> £000	<u>Projected Spend 2011/12</u> £000	<u>Amount to be Earmarked for 2012/13 & Beyond</u> £000	<u>Lead Officer Update</u>
Riverside Inverclyde	Aubrey Fawcett	682	2,100	2,782	389	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	188	258	9	This project is subject to regular reports to the Regeneration Committee. A report was presented to the Committee on 1 September 2011. P&R Committee (20 September 2011) approved funding 50% of the shortfall to a maximum of £100,000.
Area Renewal Fund	Aubrey Fawcett	249	0	249	0	74	175	Master planning study at Drumfrochar 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 Gibshill 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 Clune Park Resource Centre and spend is expected to be incurred in 2012/13 after a review into the future of the former Clune 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	790	1,597	167	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 in early 2012. 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 November 2011 and March 2012 respectively.
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. 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.

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11 £000</u>	<u>New Funding 2011/12 £000</u>	<u>Total Funding 2011/12 £000</u>	<u>Actual To Period 5 2011/12 £000</u>	<u>Projected Spend 2011/12 £000</u>	<u>Amount to be Earmarked for 2012/13 & Beyond £000</u>	<u>Lead Officer Update</u>
Support for Community Facilities	Aubrey Fawcett	600	450	1,050	0	173	877	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. Spend of £173k was agreed at the Regeneration Committee on 1st September 2011. This expenditure is made up of grants to 9 organisations.
Business Development Liason Officer	Stuart Jamieson	22	0	22	17	22	0	Temporary appointment of a Grade I post 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. An update report was presented to the Committee on 1 September 2011 at which time it was agreed that authority be delegated to the Corporate Director to engage RI in preparing the development framework and that a further report will be brought back to the next Committee in October 2011.
Total		2,727	4,640	7,367	761	4,075	3,292	

VIREMENT REQUEST

Appendix 4

Period 5: 1st April 2011 - 31st August 2011

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Sports & Leisure - Employee Costs	1		(92,220)
Sports & Leisure - Conference, Courses, Seminars	1		(150)
Sports & Leisure - Membership Fees & Subscription	1		(160)
Education - Employee Costs	1	92,220	
Education - Conference, Courses, Seminars	1	150	
Education - Membership Fees & Subscription	1	160	
Catering - Employee Costs	2		(27,000)
Catering - Income	2	27,000	
Total		119,530	(119,530)

1) Community Development has now been amalgamated with Community Learning and Development within Education and Lifelong Learning Committee. Virement required to move budget from Sports & Leisure to Education Services. The same approval has been requested from the Education and Lifelong learning Committee.

2) Reduction in income for Education due to amalgamation of schools resulting in an offsetting reduction in catering employee costs and rechargeable income.