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**Report To:** Safe, Sustainable Communities Committee      **Date:** 17 January 2012

**Report By:** Chief Financial Officer, Corporate Director  
Regeneration & Environment & Corporate  
Director Education & Communities      **Report No:** IN/125/11/AP/MMcC

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

**Subject:** Safe, Sustainable Communities 2011/12 Revenue Budget - Period 7 to 31  
October 2011

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## **1.0 PURPOSE**

1.1 To advise Committee of the 2011/12 position at Period 7 to 31 October 2011.

## **2.0 SUMMARY**

2.1 The 2011/12 budget is £16,841,000 with a further £7,478,000 brought forward as earmarked reserves. The current projection is an underspend of £102,000 which is a projected decrease in spend of £99,000 since last Committee.

2.2 There are a number of minor variances which have resulted in this movement and these are outlined in Section 5 below. It should be noted that whilst a further saving of £63,000 is projected within Ground Maintenance employee costs, the Service are currently reviewing their future resource requirements and this underspend is likely to reduce.

2.3 This report includes a request for a one-off virement from Environmental employee costs to offset increased spend on pothole repairs.

## **3.0 RECOMMENDATIONS**

3.1 The Committee note the current projected underspend of £102,000 as at 31 October 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 £102,000 projected underspend.
- 4.2 The revised budget reflects a decrease of £133,000 from last Committee. This is due to:
- £29,000 decrease in Environmental Waste Strategy budget to reflect part year savings resulting from the new composting contract starting October 2011.
  - £46,000 increase in Environmental Services Roads electrical power budget funded from Inflation Contingency.
  - £150,000 one-off decrease in Environmental Waste Strategy budget to offset shortfall in the Building Services unit as agreed at the last Committee.

## 5.0 2011/12 PROJECTION

5.1 The main issues to highlight in relation to the projected £102,000 underspend are:

5.2 Planning & Cleaner, Greener, Safer, Stronger Inverclyde - £36,000 overspend:

The current projected overspend, which is a decrease in spend of £3,000 since last reported to Committee, remains due to:

a) Employee Costs:

Projected to be £20,000 overspent which is a minor increase in spend of £1,000 since last reported to Committee.

b) Payments to Other Bodies:

The current projection is an overspend of £12,000 which is a decrease in spend of £7,000 since last reported to Committee due to an agreed reduction in contribution to Glasgow and Clyde Valley Strategic Development Planning Authority.

5.3 Environmental Services - £115,000 underspend:

The projection for period 7 is a decrease in spend of £96,000 since period 5 Committee mainly due to:

a) Employee Costs:

Projected to be £29,000 underspent which is an increase in spend of £8,000 since last reported to Committee, mainly due to:

- i. 10 Seasonal Grounds Maintenance staff left in October, when it was previously projected that they would remain in post from October to March. This has resulted in a saving of £63,000. The Service are currently reviewing the level and timing of seasonal cover they require and this underspend is likely to reduce.
- ii. A £30,000 increase in Roads employee costs due to additional Roads funding offset by an increase in income.
- iii. An £18,000 decrease in Street Sweeping employee costs due to the establishment of a new working pattern.
- iv. £60,000 one-off virement from Employee Costs to Roads' Payment to Contractors, as requested in Paragraph 6.1 and Appendix 4 and reflected throughout the report. This virement is one-off in nature and will be used to offset increased spend on pothole repairs.

b) Property Costs:

Property costs are projected to out-turn £38,000 less than budget which is a movement of £33,000 since Period 5 Committee as a result of budget virement requested in Paragraph 6.1 and Appendix 4.

c) Supplies & Services:

An overspend of £139,000 was projected to Committee in period 5. The current projection is an overspend of £227,000 which is an increase in spend of £88,000 mainly due to:

- i. £46,000 reduction in overspend in Roads Electrical Power due to additional budget being allocated, as mentioned in Paragraph 4.2 above.
- ii. £90,000 increase in spend within Roads Payments to Contractors for recoverable works, offset by additional income.
- iii. £60,000 increase in spend within Roads' Payment to Contractors relating to spend on pothole repairs offset by a one-off virement from Employee Costs, as outlined in Paragraph 5.3(a)(iv), Paragraph 6.1 and Appendix 4.
- iv. £54,000 additional Roads Supplies and Services costs as a result of additional funding offset by additional income.

d) Transport Costs:

There is a projected overspend of £51,000 which is an increase in spend of £72,000 since last reported to Committee mainly due to:

- i. £89,000 increase in Roads External Hires due to the additional roads funding offset by additional income.
- ii. £10,000 increase in Grounds Maintenance External Hires due to rechargeable work carried out during the Election, offset by additional income.
- iii. £9,000 decrease in External Hire costs and Hire of Plant Costs within Refuse Transfer Station and Waste Strategy.
- iv. £18,000 decrease in fuel expenditure and non-routine vehicle costs due to minor decreases in fuel and materials, offset by a decrease in income.

e) Payments to Other Bodies:

At the last Committee spend was projected to be £29,000 under budget. The current projection is an underspend of £1,000. This movement is due to a reduction in composting budget, as outlined in paragraph 4.2.

f) Income:

Income is projected to out-turn £333,000 over-recovered which is a £329,000 increase in income since last reported to Committee mainly due to:

- i. £90,000 additional Roads income due to recoverable works as mentioned in Paragraph 5.3(c)(ii).
- ii. Reduction in Capital and Non Client Involvement income of £229,000 offset by £400,000 additional funding which is part of the £1,000,000 awarded to Roads. Net increase in income being £171,000 offset by additional costs as mentioned in Paragraph 5.3(a)(ii), 5.3(c)(iii) and 5.3(d)(i).
- iii. £35,000 additional income projected within Grounds Maintenance, which is an increase in income of £25,000 since last Committee due to additional external maintenance work relating to the elections. Part of this additional income is offset by an increase in cost as mentioned in 5.3(d)(ii) above.
- iv. £53,000 of net income under-recovery was reported to Committee in period 5 relating to Refuse Collection, Refuse Transfer Station, Cab/MOT and Registrars. A budget virement has been requested in Paragraph 6.1 and Appendix 4 to eliminate this under-recovery and is reflected throughout this report.
- v. £14,000 decrease in rechargeable Vehicle Maintenance income as outlined in 5.3(d)(iv) above.

#### 5.4 Housing - £4,000 underspend:

The current projected underspend is £4,000 within employee costs due to turnover savings. There has been no change since Period 5 report to Committee.

#### 5.5 Safer Communities - £19,000 underspend:

The current projected underspend remains at £19,000 as reported to Committee in Period 5. This underspend is mainly within employee costs due to turnover savings.

### 6.0 VIREMENT

6.1 Committee is asked to approve virement as detailed in Appendix 4. Where appropriate, the virement is reflected throughout the report. This virement is requested to square off a number of underlying over/under budgeting issues in Environmental and Commercial Services.

### 7.0 CONCLUSIONS

7.1 The Committee is currently reporting an underspend of £102,000.

### 8.0 FINANCIAL IMPLICATIONS

8.1 The current projected out-turn per Service is:

Service	Approved Budget 2011/12 £'000	Revised Budget 2011/12 £'000	Projecte d Out- turn 2011/12 £'000	Projected over/(under) spend £'000	Percentage Variance %
Planning	803	818	854	36	4.40
Environmental Services	12,830	12,484	12,369	(115)	(0.92)
Safer Communities	3,733	3,719	3,700	(19)	(0.51)
Housing	749	747	743	(4)	(0.54)
<b>Total</b>	<b>18,115</b>	<b>17,768</b>	<b>17,666</b>	<b>(102)</b>	<b>(0.57)</b>
Earmarked Reserves		(927)	(927)	0	
<b>NET UNDERSPEND EXCLUDING EARMARKED RESERVES</b>	<b>18,115</b>	<b>16,841</b>	<b>16,739</b>	<b>(102)</b>	<b>(0.61)</b>

### 9.0 EARMARKED RESERVES

9.1 There is a planned £927,000 contribution to Earmarked Reserves in the current financial year. Spend to date is 25.83% of projected spend as detailed in Appendix 3.

### 10.0 EQUALITIES

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

### 11.0 CONSULTATIONS

11.1 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 7: 1st April 2011 - 31st October 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> 31-Oct-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>						
6,253	Manual Employee Costs	6,117	3,483	3,418	6,086	(31)	(0.51)%
38	Grounds Maintenance - External Hires	9	5	13	19	10	111.11%
86	Grounds Maintenance - Non Routine Vehicle Costs	42	25	50	59	17	40.48%
112	Grounds Maintenance - Fuel	126	74	87	113	(13)	(10.32)%
(26)	Grounds Maintenance - Income	0	0	(10)	(30)	(30)	(100.00)%
2,223	Refuse Transfer Stn - Landfill & Waste Disposal	2,519	1,469	981	2,485	(34)	(1.35)%
150	Refuse Collection - Fuel	216	126	113	203	(13)	(6.02)%
108	Waste Strategy - Payments to Invergreen	93	54	68	63	(30)	(32.26)%
134	Waste Strategy - Composting	93	54	115	122	29	31.18%
640	Vehicle Maintenance - Fuel	730	425	393	690	(40)	(5.48)%
(640)	Vehicle Maintenance - Fuel Income	(730)	(425)	(404)	(690)	40	(5.48)%
154	Vehicle Maintenance - Materials	145	85	103	171	26	17.93%
(172)	Vehicle Maintenance - Non Routine Income	(61)	(35)	(84)	(87)	(26)	42.62%
(642)	Roads Client - Income	(411)	(242)	(204)	(540)	(129)	31.39%
426	Roads Client - Electrical Power (Street Lighting)	459	248	235	476	17	3.70%
346	Roads Client - Payment to Lighting Contractors	327	190	259	409	82	25.08%
1,181	Roads Client - Payment to Contractors/ Basic Contract	972	567	645	1,019	47	4.84%
102	Roads Trading Account - Subcontractors	119	69	74	102	(17)	(14.29)%
889	Roads Trading Account - Materials	813	474	485	883	70	8.61%
190	Roads Trading Account - External Hires	94	55	100	183	89	94.68%
(908)	Roads Trading Account - Income from Capital	(1,100)	(641)	(546)	(1,413)	(313)	28.45%
(392)	Roads Trading Account - Non Client Involvement Income	(529)	(309)	(334)	(387)	142	(26.84)%
	<b>PLANNING &amp; CLEANER GREENER</b>						
1,149	Employee Costs	1,163	656	663	1,183	20	1.72%
139	Payments to Other Bodies	106	62	82	118	12	11.32%
	<b>SAFER COMMUNITIES</b>						
3,201	Employee Costs	3,188	1,820	1,799	3,173	(15)	(0.47)%
<b>Total Material Variances</b>						<b>(90)</b>	

**SAFE, SUSTAINABLE COMMUNITIES COMMITTEE****REVENUE BUDGET MONITORING REPORT****SUBJECTIVE ANALYSIS****PERIOD 7: 1st April 2011 - 31st October 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	13,284	13,199	13,169	(30)	(0.23)%
Property Costs	4,544	4,594	4,556	(38)	(0.83)%
Supplies & Services	3,670	3,810	4,035	225	5.91%
Transport & Plant Costs	2,390	2,292	2,347	55	2.40%
Administration Costs	374	358	366	8	2.24%
Payments to Other Bodies	1,829	1,871	1,877	6	0.32%
Income	(7,976)	(8,356)	(8,684)	(328)	3.93%
<b>TOTAL NET EXPENDITURE</b>	<b>18,115</b>	<b>17,768</b>	<b>17,666</b>	<b>(102)</b>	<b>(57.41)%</b>
Earmarked Reserves		(927)	(927)	0	0.00
<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>18,115</b>	<b>16,841</b>	<b>16,739</b>	<b>(102)</b>	<b>(60.57)%</b>

## EARMARKED RESERVES POSITION - STATEMENT

COMMITTEE: Safe Sustainable Communities

Project	Lead Officer/ Responsible Manager	Clf Funding 2010/11 £000	New Funding 2011/12 £000	Total Funding 2011/12 £000	Actual To Period 7 2011/12 £000	Projected Spend 2011/12 £000	Amount to be Earmarked for 2012/13 & Beyond £000	Lead Officer Update
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	863	1,541	24	678	863	A formal offer of grant for £863k (10/11 RTB receipts) was received from the Scottish Government in October 2011 and is shown as new funding for 2011/12. A provisional 2011/12 SFO programme has been agreed with RCH and projects full spend of the 2010/11 carry forward by 2011/12 year end. A plan of works for the £863k is still being worked on by RCH and it is likely that this will not be utilised before the end of 2011/12.
Implementation of Green Charter	Stuart Jamieson	27	0	27	0	27	0	Reserve to be used for specific projects. Spend expected to start from November 2011 with the bulk of the spend expected to be incurred by February 2012.
Landfill Penalty Scheme	Ian Moifat	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	0	184	Discussions have taken place regarding potential use of 2011/12 funding towards Regeneration Plan for Clune Park. Report to be presented to November P&R Committee recommending reducing discounts and hence increasing the reserve balance for 2012/13.
Lower Clyde River Valley Projects	Stuart Jamieson	57	10	67	39	67	0	Additional £10k received from Riverside Inverclyde for Waterfront Heritage Trail Feasibility study. At present reserve is expected to be fully used during this financial year on schemes within the Inverclyde Council and Argyll and Bute Council areas. However, Service to prepare a spend profile by December 2011. £18k of earmarked reserves to fund employee costs and the balance £49k to be utilised for project costs.
Aids and Adaptations 2011/13	John Arthur	300	300	600	250	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	140	0	140	10	110	30	Majority of Flooding funding is being spent on capital expenditure and is being reported through the capital programme therefore not reflected here. The remaining funding is required for ongoing Legal Expenses and to employ a temporary Flooding Officer to assist in the development and design of the Strategy.

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Safe Sustainable Communities

Project	Lead Officer/ Responsible Manager	Off Funding 2010/11 £000	New Funding 2011/12 £000	Total Funding 2011/12 £000	Actual To Period 7 2011/12 £000	Projected Spend 2011/12 £000	Amount to be Earmarked for 2012/13 & Beyond £000	Lead Officer Update
Roads Assessment /Feasibilities	Robert Graham	48	0	48	0	48	0	Consultants have developed the initial Greenock Town Centre Parking strategy and it is currently under consultation with stakeholders. The feedback from the consultation will then be reviewed and the detailed design amended.
Renewal of Clune Park Area	Albert Henderson	0	500	500	10	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. Spend to Period 7 relates to Project Management Costs.
<b>Total</b>		<b>4,788</b>	<b>2,690</b>	<b>7,478</b>	<b>333</b>	<b>1,230</b>	<b>6,248</b>	



**REVENUE BUDGET MONITORING REPORT****VIREMENT REQUEST****Period 7: 1st April 2011 - 31st October 2011**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
APT&C Other Employee Costs	1	90,000	
Grounds Maintenance - Hire of Skips	1	33,000	
Street Cleaning - Income	1	5,000	
Registrars - Income	1	20,000	
Refuse Collection - Trade Waste Income	1	31,000	
Refuse Collection - Bulk Uplift Income	1	11,000	
Refuse Collection - Skip Income	1	9,000	
Cab / MOT Sales, Fees & charges	1	13,000	
Refuse Transfer Station - Non Contract Waste Disposal	1	40,000	
Greenhouses - Manual Emp Costs	1		(13,000)
Pottery Street - Manual Emp Costs	1		(3,000)
Refuse Transfer Station - Manual Emp Costs	1		(6,000)
Grounds Maint Perm - Manual Emp Costs	1		(68,000)
Refuse Transfer Station - Income	1		(20,000)
Street Cleaning - Manual Emp Costs	1		(18,000)
Grounds Maint Temp - Manual Emp Costs	1		(20,000)
Refuse Transfer Station - Landfill Tax	1		(35,920)
Refuse Transfer Station - Waste Disposal	1		(15,080)
Waste Strategy - Payments to Greenlight	1		(13,000)
Refuse Transfer Station - Landfill Tax	1		(28,180)
Refuse Transfer Station - Waste Disposal	1		(11,820)
Manual Employee Costs	2		(60,000)
Roads' Payments to Contractors	2	60,000	
<b>Total</b>		<b>312,000</b>	<b>(312,000)</b>

- 1) Realignment of budget based on a review carried out with Environmental Services Management Team in order to bring the budget in line with the current service activity.
- 2) One-off virement utilising employee cost underspend to offset additional spend on pot hole repairs.