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**Report To:** Safe, Sustainable Communities Committee      **Date:** 6 March 2012

**Report By:** Chief Financial Officer,  
Corporate Director Regeneration &  
Environment & Corporate Director  
Education & Communities      **Report No:** FIN17/12/AP/MMcC

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

**Subject:** Safe, Sustainable Communities 2011/12 Revenue Budget - Period 9 to 31  
December 2011

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### **1.0 PURPOSE**

- 1.1 To advise Committee of the 2011/12 Revenue Budget position at Period 9 to 31 December 2011.

### **2.0 SUMMARY**

- 2.1 The 2011/12 budget is £16,842,000 with a further £6,878,000 brought forward as earmarked reserves. The current projection is an underspend of £256,000, this being 1.5% of the revised budget. This represents a decrease in spend of £154,000 since last Committee.
- 2.2 The main reasons for this movement are a £62,000 net reduction in projected expenditure within Roads mainly due to the current mild winter, a £38,000 net additional income within Roads and a £34,000 decrease in utilities costs based on current spend and usage to date.

### **3.0 RECOMMENDATION**

- 3.1 That the Committee note the current projected underspend of £256,000 as at 31 December 2011.

**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 £256,000 projected underspend.

## 5.0 2011/12 PROJECTION

5.1 The main issues to highlight in relation to the projected £256,000 underspend are:

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

Overall there has been no change to the projected out-turn since period 7. However the main changes on a subjective level are as follows:

a) Employee Costs:

Projected to be £10,000 overspent which is a decrease in spend of £10,000 since last reported to Committee mainly due to a projected reduction in overtime and travel costs.

b) Income:

The current projection is an under-recovery of £20,000 which is a reduction in income of £15,000 since last reported to Committee due to a projected decrease in external income resulting from the current economic downturn.

### 5.3 Environmental Services - £272,000 underspend:

The projection for period 9 is a decrease in spend of £157,000 since period 7 Committee mainly due to:

a) Employee Costs:

Projected to be £48,000 underspent which is a reduction in spend of £19,000 since last reported to Committee mainly due to:

- i. £14,000 projected increase in spend due to 10 Seasonal Grounds Maintenance employees starting in February which is 4 weeks earlier than previously projected.
- ii. £42,000 projected decrease in overtime spend within Roads mainly due to the current mild winter. Previous overtime projections were based on the severe winter of 2010/11.

b) Property Costs:

Property costs are projected to out-turn £95,000 less than budget which is a decrease in spend of £57,000 since Period 7 Committee mainly due to:

- i. £34,000 projected underspend on utilities (Electricity, Gas, Water and Heating Oil) based on current spend and usage to date.
- ii. £19,000 decrease in spend within Landfill Tax and Waste Disposal based on current projections which represents a 239 tonnes decrease in landfill waste.

c) Supplies & Services:

An overspend of £227,000 was projected to Committee in period 7. The current projection is an overspend of £460,000 which is an increase in spend of £233,000 mainly due to:

- i. £21,000 increase in spend within Roads Payments to Contractors and Lighting Contractors for recoverable works, offset by additional income, see 5.3(f)(i) below.
- ii. £356,000 increase in projected spend within Roads sub-contractors and materials due to an increase in Capital works funded through the £1 million additional funding, an increase in Revenue pot-hole works and an increase in External work. This increase in spend is offset by additional income.

- iii. £100,000 reduction in Roads Client Winter Maintenance payments to the Trading Account, offset by a reduction in income, see 5.3(f)(iii), together with a £20,000 reduction in the purchase of salt. Previous projections were based on winter costs for 2010/11. Projections are subject to change depending upon the weather conditions. Subject to Policy and Resources agreement it is proposed that any Winter Maintenance underspend be carried forward to 2012/13 as an earmarked reserve.
  - iv. At the last Committee Vehicle Maintenance Materials spend was projected to be £26,000 overspent. The current projection is online with budget due to year end stock projected to be higher in value than previously estimated. This reduction in spend is offset by a reduction in Vehicle Maintenance rechargeable income.
- d) Transport Costs:  
There is a projected overspend of £48,000 which is a minor decrease in spend of £3,000 since last reported to Committee mainly due to:
- i. £15,000 increase in spend within the Materials and Spares budget due to an increase in the cost of tyres and new vehicles now requiring replacement tyres. This projected increase in spend is offset by an increase in Vehicle Maintenance rechargeable income.
  - ii. £10,000 decrease in non-routine vehicle costs within Client Transport and Plant Budgets.
- e) Payments to Other Bodies:  
At the last Committee spend was projected to be £1,000 under budget. The current projection is an underspend of £10,000. This movement is mainly due to a reduction in projected spend on Payments to Greenlight resulting from an increase in recycling quantity and rates.
- f) Income:  
Income is projected to out-turn £629,000 over-recovered which is a £296,000 increase in income since last reported to Committee mainly due to:
- i. £21,000 increase in Roads income due to recoverable works as outlined in Paragraph 5.3(c)(i) above.
  - ii. £394,000 increase in income mainly due to an increase in Capital, Revenue and External works as detailed in paragraph 5.3(c)(ii) above.
  - iii. £100,000 decrease in Roads Trading Account income due to a reduction in winter maintenance costs, per paragraph 5.3(c)(iii) above.
  - iv. £14,000 decrease in rechargeable Vehicle Maintenance income as outlined in paragraph 5.3(c)(iv) and 5.3(d)(i).

#### 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 7 report to Committee.

#### 5.5 **Safer Communities - £16,000 underspend:**

Period 7 projection was an underspend of £19,000. The current projected underspend is £16,000. The movement is mainly due to a minor increase in spend within employee costs.

## 6.0 VIREMENT

6.1 There are no virement requests in this report.

## 7.0 CONCLUSIONS

7.1 The Committee is currently reporting an underspend of £256,000.

## 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	Projected Out-turn 2011/12 £'000	Projected over/(under) spend £'000	Percentage Variance %
Planning	803	818	854	36	4.40
Environmental Services	12,830	12,485	12,213	(272)	(2.18)
Safer Communities	3,733	3,719	3,703	(16)	(0.43)
Housing	749	747	743	(4)	(0.54)
<b>Total</b>	<b>18,115</b>	<b>17,769</b>	<b>17,513</b>	<b>(256)</b>	<b>(1.44)</b>
Earmarked Reserves		(927)	(927)	0	
<b>NET UNDERSPEND EXCLUDING EARMARKED RESERVES</b>	<b>18,115</b>	<b>16,842</b>	<b>16,586</b>	<b>(256)</b>	<b>(1.52)</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 15.56% of projected spend as detailed in Appendix 3.

## EQUALITIES

### 10.0

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 9: 1st April 2011 - 31st December 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-Dec-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>
	<b>ENVIRONMENTAL SERVICES</b>						
6,253	Manual Employee Costs	6,117	4,561	4,527	6,066	(51)	(0.83)%
38	Grounds Maintenance - External Hires	9	5	13	19	10	111.11%
112	Grounds Maintenance - Fuel Costs	126	106	103	111	(15)	(11.90)%
86	Grounds Maintenance - Non Routine Vehicle Costs	42	32	40	53	11	26.19%
(34)	Grounds Maintenance - Special Events & Other Income	0	0	(11)	(28)	(28)	(100.00)%
2,223	Refuse Transfer Strn - Landfill & Waste Disposal	2,519	1,890	1,708	2,466	(53)	(2.10)%
194	Refuse Collection - Fuel	216	162	134	202	(14)	(6.48)%
108	Waste Strategy - Payments to Invergreen	93	70	56	52	(41)	(44.09)%
134	Waste Strategy - Composting	93	70	118	127	34	36.56%
640	Vehicle Maintenance - Fuel	730	547	486	687	(43)	(5.89)%
(640)	Vehicle Maintenance - Fuel Income	(730)	(547)	(486)	(687)	43	(5.89)%
68	Vehicle Maintenance - Materials & Spares	58	43	60	73	15	25.86%
(214)	Vehicle Maintenance - Non Routine Income	(202)	(151)	(163)	(217)	(15)	7.43%
298	Environmental - Utilities	328	246	140	294	(34)	(10.37)%
187	Environmental - Non Domestic Rates	202	202	192	192	(10)	(4.95)%
(664)	Roads Client - Income	(411)	(315)	(290)	(561)	(150)	36.50%
426	Roads Client - Electrical Power (Street Lighting)	459	344	275	476	17	3.70%
346	Roads Client - Payment to Lighting Contractors	326	244	309	416	90	27.61%
521	Roads Client - Winter Maintenance	426	320	45	306	(120)	(28.17)%
1,339	Roads Client - Payment to Contractors/ Basic Contract	746	560	425	806	60	8.04%
102	Roads Trading Account - Subcontractors	119	89	126	195	76	63.87%
889	Roads Trading Account - Materials	813	610	806	1,142	329	40.47%
190	Roads Trading Account - External Hires	94	71	148	183	89	94.68%
(1,183)	Roads Trading Account - Income from Revenue	(700)	(525)	(321)	(660)	40	(5.71)%
(908)	Roads Trading Account - Income from Capital	(1,100)	(825)	(1,071)	(1,594)	(494)	44.91%
(392)	Roads Trading Account - Non Client Involvement Income	(529)	(369)	(364)	(540)	(11)	2.08%
	<b>PLANNING &amp; CLEANER GREENER</b>						
1,149	Employee Costs	1,163	831	839	1,173	10	0.86%
139	Payments to Other Bodies	106	79	119	119	13	12.26%
(583)	Income	(573)	(430)	(399)	(553)	20	(3.49)%
	<b>SAFER COMMUNITIES</b>						
3,201	Employee Costs	3,188	2,308	2,295	3,175	(13)	(0.41)%
<b>Total Material Variances</b>						<b>(235)</b>	

**SAFE, SUSTAINABLE COMMUNITIES COMMITTEE****REVENUE BUDGET MONITORING REPORT****SUBJECTIVE ANALYSIS****PERIOD 9: 1st April 2011 - 31st December 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	13,207	13,152	(55)	(0.42)%
Property Costs	4,544	4,597	4,502	(95)	(2.07)%
Supplies & Services	3,670	3,807	4,259	452	11.87%
Transport & Plant Costs	2,390	2,292	2,345	53	2.31%
Administration Costs	374	373	374	1	0.27%
Payments to Other Bodies	1,829	1,871	1,868	(3)	(0.16)%
Income	(7,976)	(8,378)	(8,987)	(609)	7.27%
<b>TOTAL NET EXPENDITURE</b>	<b>18,115</b>	<b>17,769</b>	<b>17,513</b>	<b>(256)</b>	<b>(1.44)%</b>
Earmarked Reserves		(927)	(927)	0	0.00
<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>18,115</b>	<b>16,842</b>	<b>16,586</b>	<b>(256)</b>	<b>(1.52)%</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 9 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. Discussions are on going with River Clyde Homes and any liability arising will be funded from this reserve.
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. Although this work has been agreed with RCH there is a danger that most of the £678k will not be spent by the end of this Financial Year and the money will have to be returned to the Scottish Government. A plan of works for the £863k is still being worked on by RCH however this will be carried forward to 2012/13
Implementation of Green Charter	Stuart Jamieson	27	0	27	5	17	10	Reserve to be used for specific projects. Bulk of the spend expected to be incurred by February 2012. Reprofitting of spend profile resulting in £10k spend to be incurred in 2012/13
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. Officers are writing to the Scottish Government to get written confirmation as to their intentions in levying this penalty
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. The November P&R Committee approved a reduction in discount to 10% from 2012/13 which will increase the new funding available in 2012/13
Lower Clyde River Valley Projects	Stuart Jamieson	57	10	67	49	67	0	Additional £10k received from Riverside Inverclyde for Waterfront Heritage Trail Feasibility study. Reserve is expected to be fully used during this financial year on schemes within the Inverclyde Council and Argyll and Bute Council areas. £18k of earmarked reserves to fund employee costs and the balance £49k to be utilised for project costs.

## 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 9 2011/12 £,000	Projected Spend 2011/12 £,000	Amount to be Earmarked for 2012/13 & Beyond £,000	Lead Officer Update
Flooding Strategy	Robert Graham	140	0	140	17	45	95	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. There are currently ongoing legal issues with Scottish Water over land ownership within the New Eastern Line of Falls. Legal Services have advised that it is not possible at this time to give a reliable estimate of the cost of legal proceedings and court actions, however, a reasonable ballpark figure for spend within 2011/12 is approx. £15k. The balance of £65k has been phased into 2012/13 until this is resolved and to fund other areas of land ownership included within the Flood Action Plan
Roads Assessment /Feasibilities	Robert Graham	48	0	48	24	48	0	Consultants are amending the detailed design of the Greenock Town Centre Parking Strategy following consultation with stakeholders. The detailed design will be reviewed and when approved further consultation will take place
Renewal of Clune Park Area	Albert Henderson	0	500	500	17	19	481	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 9 relates to Project Management Costs. Revised projected spend due to vacancy with effect from January 2012
<b>Total</b>		<b>4,488</b>	<b>2,390</b>	<b>6,878</b>	<b>136</b>	<b>874</b>	<b>6,004</b>	