
Report To:	Environment & Regeneration Committee	Date:	30 August 2012
Report By:	Chief Financial Officer and Corporate Director Environment, Regeneration and Resources	Report No:	FIN/58/12/AP/MMcC
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Environment and Regeneration 2012/13 Revenue Budget – Period 3 to 30 June 2012		

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 out-turn and the 2012/13 Revenue Budget position at period 3 to 30 June 2012.

2.0 SUMMARY

- 2.1 In 2011/12, excluding the carry forward of Earmarked Reserves, there was an underspend of £712,000 within the Services which make up the Environment and Regeneration Committee. This was a further reduction in expenditure of £351,000 from the underspend reported at March's Safe, Sustainable Communities and Regeneration Committees.
- 2.2 The major variances making up this underspend were as follows:
- (a) Excess Turnover Savings of £305,000.
 - (b) Underspend in the Regeneration Fund of £108,000 arising from the fourth quarter monitoring returns. A further £250,000 underspend was earmarked for spend in 2012/13.
 - (c) Overspend in Catering Provisions of £156,000 due to increased price and usage, an increase in spend of £118,000 from that reported at Period 9.
 - (d) Underspend within Refuse Transfer Station Waste Disposal costs of £109,000 due to a reduction in tonnages. This was a reduction in spend of £56,000 from that reported at Period 9.
 - (e) Underspend in Waste Strategy Supplies & Services and Payments to Other Bodies of £120,000 due to the delayed implementation of the Food Waste Collection Scheme.
- 2.3 The revised 2012/13 budget for Environment and Regeneration is £21,083,000 which excludes Earmarked Reserves.
- 2.4 The latest projection, excluding Earmarked Reserves, is an underspend of £284,000.
- 2.5 The main variances projected at Period 3 are:
- (a) Within Facilities Management there are projected underspends on employee costs within Cleaning and Catering of £101,000 and £68,000, respectively. These underspends are mainly due to reduced additional hours and reduced sickness.
 - (b) Within Catering there is a projected overspend on Provisions of £150,000. This projected overspend takes account of last year's outturn and current usage. A budget

alignment exercise will take place and be reported to the next meeting of the Committee.

- (c) Within Ground Maintenance, there is a projected underspend on employee costs of £102,000 partially offset by a projected underrecovery in income of £50,000. These variances are mainly due to uncertainty over the pending RCH contract.
- (d) Within Refuse Transfer Station there is a projected underspend on Waste Disposal of £195,000 due to a reduction in residual waste tonnages in line with last year's out-turn.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the out-turn for 2011/12 and the current projected underspend for 2012/13 of £284,000 as at 30 June 2012.
- 3.2 The Committee note that elsewhere on the agenda, Building Services is reporting an overspend of £28,000, resulting in a net Committee underspend of £256,000.

Alan Puckrin
Chief Financial Officer

Aubrey Fawcett
Corporate Director
Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2012/13 budget as well as the 2011/12 out-turn and to highlight the main issues contributing to the underspend in 2011/12 and the projected underspend in 2012/13.
- 4.2 The 2011/12 out-turn position included in the report relates to the Services within the remit of the new Environment & Regeneration Committee and as such excludes those Services which were reported to the Regeneration and Safe, Sustainable, Communities Committees which were transferred under Education and Communities in the Committee restructure.
- 4.3 The revised budget reflects a reduction from the approved budget of £174,000, due to the following:
- (a) Reduction in budget of £189,000 due to the Grants to Voluntary Organisations budget transferring under the remit of the Education and Communities Committee.
 - (b) Increase of £15,000 within Roads Supplies & Services due to budget being allocated from the Inflation Contingency to cover price increases in the purchase of Roadstone.

5.0 2011/12 OUT-TURN

- 5.1 The main variations from budget and movements from Period 9 Projection in 2011/12 were as follows:

	Revised Budget 2011/12	Out-turn 2011/12	Variance to Budget	Percentage Variance to Budget	Movement since P9 Projection
	£000	£000	£000	%	£000
Regeneration & Planning	7,758	7,746	(12)	(0.16)	(106)
Property Assets & Facilities Management	3,742	3,694	(48)	(1.29)	91
Environmental & Commercial Services	12,528	11,868	(660)	(5.26)	(344)
Corporate Director	152	160	8	5.24	8
TOTAL NET EXPENDITURE	24,179	23,468	(712)	(2.94)	(351)
Earmarked Reserves	(4,284)	(4,284)	0	0	
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	19,895	19,184	(712)	(2.94)	

- 5.2 The actual out-turn, excluding Earmarked Reserves was £23,468,000, which represents an underspend of £712,000. This is a reduction in spend of £351,000 from the position reported to Members at March's Committee meetings. The material variances are outlined in 5.3 to 5.7:

5.3 Committee-wide Variances

- a) Turnover Savings across all Services of £305,000, a further reduction in spend of £123,000 from the position reported at Period 9.
- b) Underspend in insurance of £66,000, not previously reported based on the year end allocation.
- c) Underspend of £80,000 due to lower than anticipated spend on Utilities, due in part to the mild winter. This is a reduction in spend of £56,000 from the Period 9 projection.

5.4 Regeneration and Planning Variances

- a) Overspend in Economic Development, Business Development due to increased bad debt provision for loans of £79,000 calculated as part of the year end accounts. Underspend in the Regeneration Fund of £108,000, not previously reported, due to lower than projected fourth quarter returns from projects. The underspend by theme is Employability - £7k, Health Inequalities, Addictions and Community based Services - £63k, the remaining £38k can be attributed to a reduction in core costs.
- b) Underspend within Industrial, Commercial & Miscellaneous properties of £88,000 due to NDR and Utilities refunds and lower than anticipated Commission charges. This underspend is substantially offset by a reduction in rental income of £74,000.
- c) Underrecovery of Planning income of £68,000 resulting from the current downturn in the economy. This represents a further reduction in income of £48,000 from that projected at Period 9.

5.5 Property Assets & Facilities Management Variances

- a) Overspend on Catering Provisions of £156,000, mainly resulting from inflationary increases in food prices. This is £118,000 more spend than was projected at Period 9. The latest identification of this overspend is being investigated and improvements will be made in 2012/13.

5.6 Environmental & Commercial Services Variances

- a) An underspend in Refuse Transfer Station Waste Disposal costs of £109,000 due to a reduction in tonnages processed. This represents a further reduction in spend of £56,000 from that reported at Period 9.
- b) Underspend within Waste Strategy Supplies & Services and Payments to Other Bodies of £120,000 due to timing of implementing the Food Waste Scheme, not previously reported.
- c) Underspend in purchase of Fuel of £79,000 within Roads, Ground Maintenance and Refuse Collection, mainly due to improved fuel efficiency as a result of the new fleet. This represents a further reduction in spend of £44,000 since Period 9.

6.0 2012/13 CURRENT POSITION

6.1 The current projection for 2012/13 is an underspend of £284,000.

6.2 Regeneration & Planning - £59,000 Underspend

The current projected out-turn for Regeneration & Planning is an underspend of £59,000.

The main issues relating to the current projected underspend for Regeneration & Planning are detailed below and in Appendix 2.

(a) Employee Costs:

There is a projected underspend of £60,000 which is due to:

- i. £21,000 excess turnover savings within Economic Development;
- ii. £39,000 excess turnover savings within Planning.

(b) Income:

Overall income is projected to be underrecovered by £1,000, due to:

- i. £16,000 overrecovery within Industrial & Commercial Rents based on current occupancy levels resulting in fewer voids than budgeted.

- ii. £17,000 underrecovery within Economic Development Admin, in line with the previous year's out-turn.

6.3 **Property Assets and Facilities Management - £30,000 Overspend**

The current projected out-turn for Property and Facilities Management is an overspend of £30,000.

The main issues contributing to the current projected overspend for Property Assets and Facilities Management are detailed below and in Appendix 2.

(a) Employee Costs:

There is a projected underspend of £141,000 which is mainly due to:

- i. £46,000 overspend within Property Resources resulting from all posts being filled and a resultant underrecovery of turnover savings;
- ii. £68,000 underspend in Catering due to vacant posts remaining unfilled and a voluntary reduction in working weeks by a number of employees;
- iii. £101,000 underspend in Cleaning due to a reduction in additional hours, reduced sickness and a voluntary reduction in working weeks;
- iv. £12,000 underspend in Janitors' wages, offset by a reduction in Income;

(b) Supplies & Services

There is a projected overspend of £150,000 within Catering Provisions based on prior year's spend and expenditure to date. Finance and the Service are currently investigating this overspend and will endeavour to reduce expenditure where possible and identify virement to offset the overspend.

(c) Income:

There is a projected £12,000 under-recovery in Janitors' recharge income in line with reduced employee costs.

6.4 **Environmental & Commercial Services - £255,000 Underspend**

The current projected out-turn for Environmental & Commercial Services is an underspend of £255,000.

The main issues contributing to the current projected underspend for Environmental & Commercial Services are detailed below and in Appendix 2.

(a) Employee Costs

There is a projected underspend of £120,000, mainly due to:

- i. A projected underspend of £102,000 in Ground Maintenance employee costs. This underspend is due to delays in filling seasonal posts pending the outcome of the RCH tender. The current RCH ground maintenance contract comes to an end in October 2012. In order to be prudent, the projection reflects the termination of this contract. If the Service are successful in winning this tender, employee costs will increase, so too will projected income.
- ii. There is a projected underspend in Roads Operational Account employee costs of £21,000. Overall Roads are projecting to outturn on budget.

(b) Property Costs

Within the Refuse Transfer Station, there is a projected underspend on Waste Disposal costs of £195,000. This underspend has resulted from a reduction in residual waste tonnages and continues the trend from 2011/12.

(c) Supplies & Services

Within the Roads Operational Account, there is a projected overspend on Materials and Subcontractors of £280,000. This overspend is offset by an overrecovery of income, per 6.4(e) below.

(d) Transportation & Plant

Within the Roads Operational Account, there is a projected overspend on External Hires of £50,000. This overspend is offset by additional income, see 6.4(e) below.

(e) Income

There is a projected overrecovery in income of £268,000, mainly due to:

- i. A projected underrecovery in Ground Maintenance income of £50,000. This is due to the pending RCH tender exercise. If the Service are successful in winning this contract, income will increase, so too will employee costs, see 6.4 (a) above.
- ii. A projected overrecovery within the Roads Trading Account of £309,000; offset by increases in Supplies & Services and Transport & Plant costs, per 6.4(c) and 6.4(d) above. The mix of income projected against budget has also been revised, with an underrecovery of £342,000 in Non Client Involvement income projected offset by projected overrecoveries in Capital and Revenue Income of £569,000 and £82,000 respectively.

6.5 Corporate Director - £nil Variance

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

7.0 VIREMENTS

7.1 There are no virement requests in this report.

8.0 CONCLUSIONS

8.1 The Committee is currently reporting an underspend of £284,000.

9.0 FINANCIAL IMPLICATIONS

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

Service	Approved Budget 2012/13 £'000	Revised Budget 2012/13 £'000	Projected Out-turn 2012/13 £'000	Projected Over/(Under - Spend) £'000	Percentage Variance %
Regeneration & Planning	7,094	6,905	6,846	(59)	(0.86)%
Property & Facilities Management	3,754	3,754	3,784	30	0.80%
Environmental & Commercial Services	12,701	12,716	12,461	(255)	(2.01)%
Corporate Director	159	159	159	0	0.00%
TOTAL	23,708	23,534	23,250	(284)	(1.21)%
Transfer to Earmarked Reserves		(2,451)	(2,451)	0	0.00%
TOTAL NET EXPENDITURE	23,708	21,083	20,799	(284)	(1.21)%

10.0 EARMARKED RESERVES

10.1 There is a planned £2,451,000 contribution to Earmarked Reserves in the current financial year. Spend to date is 5.6% of projected spend as detailed in Appendix 3.

11.0 EQUALITIES

11.1 There are no equality issues arising from this report.

12.0 CONSULTATION

12.1 The report has been jointly prepared by the Corporate Director Environment, Regeneration & Resources and the Chief Financial Officer.

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTPERIOD 3: 1st April 2012 - 30th June 2012

Subjective Heading	Approved Budget 2012/13	Revised Budget 2012/13	Projected Out-turn 2012/13	Projected Over/(Under) Spend	Percentage Variance %
Employee Costs	17,514	17,560	17,239	(321)	(1.83)%
Property Costs	9,323	9,323	9,133	(190)	(2.04)%
Supplies & Services	4,749	4,764	5,203	439	9.21%
Transport Costs	2,313	2,313	2,352	39	1.68%
Administration Costs	439	439	439	0	0.00%
Payments to Other Bodies	6,846	6,611	6,611	0	0.00%
Income	(17,476)	(17,476)	(17,727)	(251)	(1.44)%
TOTAL NET EXPENDITURE	23,708	23,534	23,250	(284)	(1.21)%
Transfer to Earmarked Reserves *	0	(2,451)	(2,451)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	23,708	21,083	20,799	(284)	(1.35)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2012/13

ENVIRONMENT AND REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 3: 1st April 2012 - 30th June 2012

<u>Out Turn</u> <u>2011/12</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2012/13</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-12</u> <u>£000</u>	<u>Projection</u> <u>2012/13</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Variance</u> <u>%</u>
	REGENERATION & PLANNING						
1,010	Planning - Employee Costs	1,113	291	276	1,074	(39)	(3.50)%
989	Economic - Net Employee Costs	953	246	213	932	(21)	(2.20)%
(28)	Economic - Admin Income	(45)	0	0	(28)	17	(37.78)%
(603)	Commercial & Industrial Income	(599)	(150)	(156)	(615)	(16)	2.67%
	PROPERTY ASSETS & FACILITIES MGT						
1,152	Facilities Officers - Employee Costs	1,005	196	198	993	(12)	(1.19)%
1,177	Facilities Officers - Income	(1,100)	(275)	(201)	(1,088)	12	(1.09)%
1,806	Catering Employee Costs	1,882	394	375	1,814	(68)	(3.61)%
1,022	Catering Supplies and Services	863	216	258	1,013	150	17.38%
1,712	Cleaning Employee Costs	1,585	317	286	1,484	(101)	(6.37)%
1,504	Property - Employee Costs	1,666	438	451	1,712	46	2.76%
	ENVIRONMENTAL & COMMERCIAL SERVICES						
1,983	Ground Maintenance - Manual Employee Costs	2,060	519	425	1,958	(102)	(4.95)%
(492)	Ground Maintenance - RCH Income	(468)	(197)	(128)	(418)	50	(10.68)%
2,423	Refuse Transfer Station - Landfill/Waste Disposal	2,532	438	204	2,337	(195)	(7.70)%
650	Roads Trading Account - Manual Employee Costs	663	120	105	642	(21)	(3.17)%
218	Roads Trading Account - Subcontractors	119	15	64	189	70	58.82%
1,333	Roads Trading Account - Materials	810	44	35	1,020	210	25.93%
167	Roads Trading Account - External Hires	94	12	58	144	50	53.19%
(599)	Roads Trading Account - Income (Revenue)	(700)	(89)	(56)	(782)	(82)	11.71%
(1,864)	Roads Trading Account - Income (Capital)	(1,100)	(138)	(401)	(1,669)	(569)	51.73%
(604)	Roads Trading Account - Income (Non Client Involvement)	(539)	(68)	(41)	(197)	342	(63.45)%
Total Material Variances						(279)	

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration & Environment

Project	Lead Officer/ Responsible Manager	Clf Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual To Period 3 2012/13 £000	Projected Spend 2012/13 £000	Amount to be Earmarked for 2013/14 & Beyond £000	Lead Officer Update
Riverside Inverclyde	Aubrey Fawcett	1,953	1,900	3,853	0	3,853	0	At present full spend of earmarked reserve projected for 2012/13. Riverside Inverclyde currently preparing 2012/13 spend profile, on receipt of this the phasing will be revised accordingly.
Area Renewal Fund	Aubrey Fawcett	235	0	235	6	150	85	Master planning study at Drumfrochar Road/Broomhill Area now complete, with £3k spend expected to be incurred in 2012/13 after final presentation to the Community Group. Approval was given by Regeneration Committee (meeting 20th January 2011, 12 May 2011 & 08 Mar 2012) to fund the following projects with a total spend of £235k (£14k in 2011/12, £136k in 2012/13 including £5k unallocated and £85k in 2013/14): £20k feasibility study for the development of a community facility at Woodhall with £6k spent to date Task Group creche facilities £3k £10k feasibility works in association with Inverclyde Association for Mental Health in the Wellinglton Academy area £15k for Craigend Resource Centre £100k has been allocated to Gibshill Community Centre which is currently being progressed by the group. Some spend may take place in 2012/13 but is subject to review. £15k for ICOT to undertake the Clune Park School feasibility study, likely to be incurred in 2012/13. £75k has been allocated to Clune Park Resource Centre and spend is expected to be incurred in 2013/15 after a review into the future of the former Clune Park School. £3k of legal expenses spend projected to be incurred in 2012/13 for the transfer of land currently held by RCH to Inverclyde Council to facilitate a lease of land to Greenock Central Residents Action Group.
Asset Management Plan - Office Rationalisation	Andrew Gerrard	1,306	800	2,106	73	751	1,355	The Office Rationalisation report was approved by the P&R committee on the 21st September 2010. The spend profile of the earmarked reserve is monitored and reported to Committee. The Customer Centre is now complete and open. The conversion of the business store to a library was completed in March 2012, the library has now relocated. The Design work for the Central Library Offices is being progressed and will be on site in October. Design work for Wallace Place offices is being progressed. Various minor alterations to Greenock Municipal buildings are being progressed.
Asset Management Plan - Replacement Depot	Andrew Gerrard	345	500	845	0	154	691	The Depot Rationalisation report was approved by the P&R committee on the 8th February 2011 and a further report presented to the Environment and Regeneration Committee on 7th June 2012 at which time it was agreed to purchase the MRF building at Ingleston Park. Design works for Pottery St and the Kilm Drive Depot/Civic Amenity site refurbishment are progressing.

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration & Environment

Project	Lead Officer/ Responsible Manager	Cif Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual To Period 3 2012/13 £000	Projected Spand 2012/13 £000	Amount to be Earmarked for 2013/14 & Beyond £000	Lead Officer Update
Support for Community Facilities	Aubrey Fawcett	946	0	946	15	246	700	Spend of £173k was agreed at the Regeneration Committee on 1st September 2011. This expenditure is made up of grants to 9 organisations of which £104k was disbursed in 2011/12 and the balance of £69k will be spent in 2012/13. £200k was approved to be spent on Wellington Community Facility, consultation is ongoing with the Community and £77k of this £200k is envisaged to be expended on fees in 2012/13 with the balance being spent in 2013/14. Additional £350k was approved to be spent on Inverkip Community Facility, up to £50k will be expended in 2012/13 with the remainder being spent in 2013/14. £100k has been approved for spend on Gibshill Community Facility, project progressed by GRA. Up to £50k is expected to be spent in 2012/13 and remaining in 2013/14.
Youth Employment	Stuart Jamieson	450	600	1,050	0	350	700	Approved by Policy & Resources Committee 27/03/12. Three year programme to address youth unemployment. Detailed spend profile is currently being developed with an anticipated start date of Autumn 2012.
Regeneration Fund (FSF)	Stuart Jamieson	250	0	250	140	250	0	Earmarked reserve from 2011/12 slippage £200k used to keep current projects going for 12 months and £50k used to fund Financial Inclusion Pilot.
Business Support Initiative	Stuart Jamieson	0	600	600	2	250	350	Funding will be used to support 2 two year Business Development posts and improvement to shop fronts.
Birkmyre Park, Port Glasgow	Ian Moffat	0	200	200	0	200	0	Initial feasibility study has been carried out which is still under review by Service. At present full £200k is projected to be spent in 2012/13, however, this is subject to change once the review by Service is concluded.
Investment Fund for Council Owned Bowling Clubs	Andrew Garrard	0	200	200	0	150	50	£150k projected to be spent in 2012/13 and balance in future years. Report on proposals considered by CMT. Further option appraisal required.
Whinhill Golf Club	Ian Moffat	0	200	200	0	200	0	Spend profile being worked on by Service which includes plans for an upgrade of all facilities including work on the Golf course. The planned work is subject to ongoing consultation with the Whinhill Golf Club.
Implementation of Green Charter	Stuart Jamieson	11	0	11	0	11	0	Reserve to be used for specific projects. Full spend projected by Service in 2012/13.
Lower Clyde River Valley Projects	Stuart Jamieson	24	0	24	0	24	0	Reserve to be used for specific projects. Full spend anticipated by year end.

EARMARKED RESERVES POSITION STATEMENT
COMMITTEE: Regeneration & Environment

Appendix 3

Project	Lead Officer/ Responsible Manager	Clf Funding 2011/12 £000	New Funding 2012/13 £000	Total Funding 2012/13 £000	Actual To Period 3 2012/13 £000	Projected Spend 2012/13 £000	Amount to be Earmarked for 2013/14 & Beyond £000	Lead Officer Update
Flooding Strategy	Robert Graham	109	0	109	14	109	0	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. The QC appointed by the Council has provided an opinion and the Council are now carrying out further research on the land title.
Roads Assessment /Feasibilities	Robert Graham	65	0	65	2	65	0	The Greenock Town Centre Parking Strategy and the Decriminalised Parking Enforcement report has been reviewed by the CMT and an all members briefing has taken place. The Service is now engaging with the Consultants to rework the business case to identify further economies.
Winter Maintenance	Robert Graham	198	416	614	0	390	224	Funding is in addition to the Roads Services Winter Maintenance budget and is to provide additional funds should a severe winter arise.
Local Plan Preparation	Stuart Jamieson	7	16	23	0	23	0	Full spend projected by period 9.
Local Environment Improvement Fund	Ian Moffat	0	200	200	0	200	0	Service to liaise with Community Councils with regard to prioritising work for their areas.
Greenock Town Centre Parking Strategy	Robert Graham	0	300	300	0	0	300	Funding is for implementation of the Greenock Town Centre Parking Strategy.
Food Waste	Ian Moffat	346	0	346	183	346	0	Zero Waste Scotland have awarded £346,000 to Inverclyde Council to roll out food waste collection services. The funding is for the purchase of containers and vehicles along with publicity, the collection of food waste went live at the beginning of July 2012.
Utilities Spend to Save Fund	Andrew Gerrard	270	0	270	0	75	195	Programme of minor energy and water saving works being progressed.
Total		6,515	5,932	12,447	435	7,797	4,650	