
Report To:	Environment & Regeneration Committee	Date:	4 September 2014
Report By:	Acting Corporate Director Environment, Regeneration and Resources and Head of Finance	Report No:	FIN/35/14/MMCC/JB
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Environment and Regeneration 2014/15 Revenue Budget – Period 3 to 30 June 2014		

1.0 PURPOSE

- 1.1 To advise Committee of the 2013/14 out-turn and the 2014/15 Revenue Budget position at period 3 to 30 June 2014.

2.0 SUMMARY

- 2.1 In 2013/14, excluding the carry forward of Earmarked Reserves, there was an underspend of £269,000 within the Environment and Regeneration Committee. This was a further reduction in expenditure of £54,000 from the Period 11 position reported to Committee in May 2014.
- 2.2 The major variances making up this underspend were as follows:
- i. Excess Turnover Savings of £269,000.
 - ii. An underspend on the Roads Client Lighting Maintenance contract of £108,000.
 - iii. Overspends on Vehicle and Plant costs of £83,000 due to the age of the current fleet and the point in the vehicle replacement cycle.
- 2.3 The revised 2014/15 budget for Environment and Regeneration is £21,555,480 which excludes Earmarked Reserves. The latest projection, excluding Earmarked Reserves, is an underspend of £131,000.
- 2.4 The major variances projected at Period 3 are:
- i. Employee Cost underspends across the Committee of £218,000; £205,000 of savings being due to the early achievement of future year's savings.
 - ii. Overspends on subcontractors and materials within Vehicle Maintenance of £68,000. This is a result of increased non routine maintenance mainly due to vehicles outwith their warranty period requiring specialist maintenance.
 - iii. An underspend in purchase of fuel within Vehicle Maintenance of £79,000 resulting from efficiencies due to the tracking system, lower than anticipated fuel prices and a decrease in usage.
 - iv. An underrecovery in Special Catering income of £50,000 in line with previous year's outturn.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the out-turn for 2013/14 and the current projected underspend for 2014/15 of £131,000 as at 30 June 2014.
- 3.2 The Committee note virement which was processed during the 2014/15 budget finalisation to realign budgets, as detailed in Section 8 and Appendix 4.
- 3.3 The Committee note that in line with the Financial Regulations, £74,000 windfall saving in 2014/15, due to the early release of the Head of Property Services, has been transferred to Policy and Resources Committee.

Jan Buchanan
Head of Finance

Alan Puckrin
Acting 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 2014/15 budget as well as the 2013/14 out-turn and to highlight the main issues contributing to the underspend in 2013/14 and the projected underspend in 2014/15.
- 4.2 The revised 2014/15 budget reflects a decrease from the approved budget of £81,760, due to:
- i. Net reduction in Building Services income of £21,760 due to previously approved changes in terms and conditions.
 - ii. Reduction due to the transfer of a windfall saving, relating to the early release of the Head of Property Services, to Contingency (£74,000).
 - iii. Increase due to allocation from the Inflation Contingency for the residual waste contract and tyres of £112,000 and £22,000, respectively.

5.0 2013/14 OUT-TURN

- 5.1 The main variations from budget and movements from Period 11 Projection in 2013/14 were as follows:

	Revised Budget 2013/14	Out-turn 2013/14	Variance to Budget	Percentage Variance to Budget	Movement since P11 Projection
	£000	£000	£000	%	£000
Regeneration & Planning	4,942	4,834	(108)	-2.18%	(5)
Property Assets & Facilities Management	3,824	3,879	55	1.43%	94
Environmental & Commercial Services	14,389	14,166	(223)	-1.56%	(152)
Corporate Director	164	171	7	4.45%	9
TOTAL NET EXPENDITURE	23,319	23,050	(269)	-1.16%	(54)
Earmarked Reserves	(2,755)	(2,755)	0	0.00%	0
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	20,564	20,295	(269)	-1.16%	(54)

- 5.2 The actual out-turn, excluding Earmarked Reserves was £20,295,000, which represents an underspend of £269,000. This is a reduction in spend of £54,000 from the position reported to Committee on 1st May 2014. The material variances are outlined in 5.3 to 5.6:

5.3 Committee-wide Variances

Turnover Savings across all Services of £269,000, a further reduction in spend of £22,000 from the Period 11 projection.

5.4 Regeneration and Planning Variances

There were no material variances within Regeneration & Planning.

5.5 Property Assets & Facilities Management Variances

- a) There was an overspend on Surplus Property NDR for empty properties of £42,000, a further increase in spend of £18,000 since Period 11.
- b) There was an underrecovery of Physical Assets income of £66,000 which is a further reduction in income of £8,000 since Period 11. This underrecovery was mainly due to reduced rental income, reduced charges for lease transactions and reduced fees as a result of minimal disposal of property assets.

5.6 Environmental & Commercial Services Variances

- a) There was an underspend on the Roads Client Lighting Maintenance contract of £108,000 an increase in spend of £10,000 from Period 11. This underspend was due to the new contractor focussing on unplanned maintenance which had not been completed by the previous contractor at the expense of planned maintenance, with a reduced requirement on the Scottish power costs.
- b) There was an underspend on Waste Strategy bins and plastic sacks of £59,000, a further reduction in spend of £12,000 since last Committee. This underspend is mainly due to the use of external grant prior to spending core budget.
- c) Across Environmental Services there were overspends in Vehicle and Plant costs of £83,000, mainly due to increased non routine maintenance. This was an increase in spend of £18,000 since the last Committee.
- d) Within Roads Client there was an underrecovery in construction consent income of £64,000, which had been previously reported.
- e) There was an overrecovery of Vehicle Maintenance Drivers' income of £70,000, an increase in income of £28,000 from Period 11.

6.0 2014/15 CURRENT POSITION

6.1 The current projection for 2014/15 is an underspend of £131,000.

6.2 Regeneration & Planning - £24,000 Underspend

The current projected out-turn for Regeneration & Planning is an underspend of £24,000.

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 £37,000, mainly due to the early achievement of a saving, not due to be made until 2015/16.

(b) Income

There is a projected underrecovery of Skills Development Scotland contract income of £12,000 following notification of the annual contract award.

6.3 Property Services - £33,000 Overspend

The current projected out-turn for Property Services is an overspend of £33,000.

The main issues contributing to the current projected overspend for Property Services are detailed below and in Appendix 2:

(a) Employee Costs

There is a projected overspend of £29,000, mainly due to the costs of a new one-year architectural assistant post funded by additional fee income, per 6.3(b) below.

(b) Income

Income is projected to be £4,000 underrecovered, due to:

- i. A projected overrecovery of Technical Services fee income of £26,000 due to the projected workload which has necessitated the creation of a one-year post, see 6.3(a) above.
- ii. An underrecovery in Physical Assets income of £30,000, in line with previous years.

6.4 Environmental & Commercial Services - £140,000 Underspend

The current projected out-turn for Environmental & Commercial Services is an underspend of £140,000.

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 £210,000 within employee costs, mainly due to:

- i. A projected underspend in Ground Maintenance of £38,000 due to non-filling of vacant posts. This budget will be reduced by £25,000 as part of the 2015/16 savings exercise.
- ii. A projected underspend in Street Cleaning of £54,000 due to non-filling of vacant posts and reduced overtime. The full underspend will be removed when the budget is reduced as part of the 2015/16 savings exercise.
- iii. Projected turnover savings within Environmental management of £38,000; £29,000 of which relates to the early achievement of a 2014/15.
- iv. Projected underspends in Facilities Management of £47,000; £20,000 of which is within Janitors and is offset by a reduction in recharge income.
- v. Projected turnover savings within Building Services of £67,000; £57,000 of which relates to the early achievement of a future saving.
- vi. A projected overspend in the Roads Operational Account of £24,000, which reflects the current workload. This overspend is offset by additional income.

(b) Property Costs

There is a projected overspend of £35,000 within Property Costs, mainly due to the following:

- i. Projected overspend within Public Conveniences repairs & maintenance of £12,000, in line with the previous year's spend.
- ii. Projected overspend on Catering cleaning materials of £10,000, in line with previous year's spend.
- iii. The residual waste disposal contract is projecting to outturn £11,000 higher than budget based on current tonnages.

(c) Supplies & Services

There is a projected overspend of £1,198,000 within Supplies & Services, mainly due to the following:

- i. A projected overspend in Vehicle Maintenance subcontractors and materials of £16,000 and £52,000, respectively. This is mainly due to the fact that some vehicles are no longer under warranty and require specialist maintenance. A virement to partially offset this overspend will be presented to the next Committee.
- ii. A projected overspend in the Roads Operational Account subcontractors and materials of £1,130,000. This overspend is offset by additional income and is a result of the current work programme, in particular increased capital works.

(d) Transportation & Plant

There is a projected overspend of £205,000, mainly due to:

- i. A projected underspend in fuel of £79,000 based on the current usage. This underspend is earmarked to offset budget pressures elsewhere. A virement request will be presented to the next Committee.
- ii. A projected overspend in Roads Operational Account External Hires of £275,000, mainly due to additional capital works. This is offset by additional income.

(e) Income

There is a projected overrecovery in income of £1,382,000, mainly due to:

- i. A projected overrecovery of Clothing Bank income of £15,000 due to improved rates following the award of a new contract.
- ii. A projected underrecovery of Special Catering income of £50,000 in line with previous year's outturn. Officers are reviewing other income streams with a view to offsetting this variance. Any associated virement will be reported to the next Committee.
- iii. A projected underrecovery in Janitors income of £20,000, in line with reduced employee costs, per 6.4(a)(v) above.
- iv. A projected overrecovery of Roads Trading income of £1,448,000 due to additional income; mainly from capital. This additional income is offset by additional costs, see 6.4(a)(vi), 6.4(c)(ii) and 6.4(d)(ii).

6.5 Corporate Director - £nil Variance

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

7.0 EARMARKED RESERVES

- 7.1 There is a planned contribution of £1,548,000 to Earmarked Reserves in the current financial year. Appendix 3 gives an update on the operational Earmarked Reserves, ie excluding strategic funding models such as RI funding, AMP and Vehicle Replacement Programme. Spend to date on these operational Earmarked Reserves is 33% of the phased budget (£397,000 less spend than anticipated). Whilst this is early in the Financial Year, Officers are reviewing projected spend in detail to minimise any underspend in 2014/15.

8.0 VIREMENTS

- 8.1 Committee is asked to note virement attached as Appendix 4. These budget adjustments were processed during the 2014/15 budget estimate process in order to better align budgets with historical spend patterns.

9.0 IMPLICATIONS

Finance

9.1 All finance implications are discussed in detail within the report above.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

Legal

9.2 There are no specific legal implications arising from this report.

Human Resources

9.3 There are no specific human resources implications arising from this report

Equalities

9.4 There are no equality issues arising from this report.

Repopulation

9.5 There are no repopulation issues within this report.

10.0 CONSULTATIONS

10.1 The report has been jointly prepared by the Acting Corporate Director Environment, Regeneration & Resources and the Head of Finance, in consultation with the Corporate Director Environment, Regeneration & Resources.

11.0 CONCLUSIONS

11.1 The Committee is currently reporting an underspend of £131,000.

12.0 LIST OF BACKGROUND PAPERS

12.1 There are no background papers relating to this report.

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****PERIOD 3: 1st April 2014 - 30th June 2014**

Subjective Heading	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend	Percentage Variance %
Employee Costs	18,101	18,004	17,786	(218)	(1.21)%
Property Costs	8,066	8,180	8,215	35	0.43%
Supplies & Services	5,395	5,393	6,591	1,198	22.21%
Transport Costs	2,221	2,243	2,448	205	9.16%
Administration Costs	506	520	535	15	2.87%
Payments to Other Bodies	7,206	7,329	7,329	0	0.00%
Income	(18,473)	(18,566)	(19,932)	(1,366)	(7.36)%
TOTAL NET EXPENDITURE	23,022	23,103	22,972	(131)	(0.57)%
Transfer to Earmarked Reserves *	0	(1,548)	(1,548)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	23,022	21,555	21,424	(131)	(0.61)%

Objective Heading	Approved Budget 2014/15 £000	Revised Budget 2014/15 £000	Projected Out-turn 2014/15 £000	Projected Over/(Under) Spend	Percentage Variance %
Regeneration & Planning	4,840	4,840	4,816	(24)	(0.51)%
Property Services	3,777	3,604	3,637	33	0.92%
Environmental & Commercial Services	14,247	14,501	14,361	(140)	(0.97)%
Corporate Director	158	158	158	0	0.00%
TOTAL NET EXPENDITURE	23,022	23,103	22,972	(131)	(0.56)%
Transfer to Earmarked Reserves *	0	(1,548)	(1,548)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	23,022	21,555	21,424	(131)	(0.61)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2014/15

ENVIRONMENT AND REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 3: 1st April 2014 - 30th June 2014

<u>Out Turn</u> 2013/14 £000	<u>Budget</u> <u>Heading</u>	<u>Subjective Head</u>	<u>Budget</u> 2014/15 £000	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> 30-Jun-14 £000	<u>Projection</u> 2014/15 £000	<u>(Under)/Over</u> <u>Budget</u> £000	<u>Percentage</u> <u>Variance</u> %
90	REGENERATION & PLANNING Cleaner, Greener	Employee Costs	91	23	19	52	(39)	(42.86)%
(98)	Getting Ready for Work Contract Income	Income	(108)	(27)	(28)	(96)	12	(11.11)%
1,757	PROPERTY SERVICES Technical Services	Employee Costs	1,534	409	404	1,563	29	1.89%
(1,106)	Technical Services Recharge Income	Income	(1,100)	(275)	0	(1,126)	(26)	0.00%
(94)	Physical Assets Income	Income	(177)	(44)	(64)	(147)	30	
1,530	ENVIRONMENTAL & COMMERCIAL SERVICES Ground Maintenance	Employee Costs	1,562	415	406	1,524	(38)	(2.43)%
947	Street Sweeping	Employee Costs	1,043	266	248	989	(54)	(5.18)%
2,561	Management	Employee Costs	2,563	653	630	2,525	(38)	(1.48)%
775	Road Trading Account	Employee Costs	788	200	216	812	24	3.05%
1,658	Cleaning	Employee Costs	1,632	416	378	1,612	(20)	(1.23)%
1,021	Janitors	Employee Costs	1,063	271	257	1,043	(20)	(1.88)%
863	Building Services Unit	Employee Costs	919	235	216	852	(67)	(7.29)%
2,306	Transfer Station Waste Disposal	Property Costs	2,392	414	417	2,403	11	0.46%
19	Public Conveniences Repairs & Maintenance	Property Costs	9	2	3	21	12	133.33%
58	Catering Cleaning Materials	Property Costs	45	11	19	55	10	22.22%
148	VMTA Sub-Contractors	Supplies & Services	69	17	21	85	16	23.19%
192	VMTA Materials	Supplies & Services	118	29	41	170	52	44.07%
244	Roads Trading Account Sub-contractors	Supplies & Services	119	15	45	237	118	99.16%
1,876	Roads Trading Account Materials	Supplies & Services	810	44	360	1,818	1,008	124.44%
578	VMTA Fuel	Transport & Plant	634	158	128	555	(79)	(12.46)%
381	Roads Trading Account External Hires	Transport & Plant	94	12	58	369	275	292.55%
(29)	Waste Strategy Clothing Banks	Income	(34)	(9)	(9)	(49)	(15)	44.12%
(3,004)	Roads Trading Account Capital	Income	(1,666)	(212)	(607)	(3,061)	(1,395)	83.73%
(133)	Roads Trading Account Non Client Involvement	Income	0	0	(3)	(50)	(50)	0.00%
(38)	Catering Special Catering Income	Income	(90)	(22)	(3)	(40)	50	(55.56)%
(1,143)	Janitors Recharge Income	Income	(1,180)	(295)	(260)	(1,160)	20	(1.69)%
	Total Material Variances						(174)	

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration & Environment

<u>Project</u>	<u>Lead Officer</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 3 2014/15</u>	<u>Actual To Period 3 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Youth Employment	SJ	702	174	45	612	90	Continuing to Support the Employability programme including MA's
Business Support Initiative	SJ	219	54	9	214	5	Some slippage on external graduate programme however steps have been taken to address this.
Birkmyre Park, Port Glasgow	IM	181	0	0	181	0	In progress - contract completion due October 2014.
Investment Fund for Council Owned Bowling Clubs	GM	77	25	0	0	77	Work completed for Wellington, Hillend, Gourrock Park and Parklea. Rankin Park out to tender with return date 02.08.14 and update on project and funding awaited until then. Lady Alice scheme is not viable in terms of budget as present figure is £60k and culvert structure is too expensive a solution - complete restructure of these two projects needed in light of costs against available resources.
Whinhill Golf Club	IM	145	0	0	145	0	Contract awarded to construct 2 new buildings. Pre-start meeting took place Wed 21/05/14 - 8 week contract. Original 4 week lead-in period for manufacture of buildings has not been met by the manufacturer. Revised start date is now during w/c 21/07/14.
Lower Clyde River Valley Projects	SJ	15	0	0	15	0	Project briefs developed
Flooding Strategy	IM	44	0	0	0	44	The funding is for Legal costs associated with the Eastern line of Falls and is unlikely to be spent before period 12 2014/15.
Local Environment Improvement Fund	IM	40	25	4	40	0	Kelburn Park main resurfacing works complete, but still to be charged - £17k. Painting of structures in parks and open spaces still in progress and will be complete by the end of summer.
Greenock Town Centre Parking Strategy	IM	84	50	0	84	0	Funding is for implementation of the Greenock Town Centre Parking Strategy and Decriminalised Parking Enforcement. It is estimated that the Reporter's costs and incidentals for the hearing venue will be approximately £20k and spend is now likely to be in Period 4. The remaining spend will be achieved before 6 Oct 2014 on P&D machines, PA equipment and training.
Roads - Additional revenue investment	IM	55	0	0	55	0	£43k of carry over funding is for pot hole repairs and patching works to commence w/c 4 August 2014; £12k of carry forward is for further work in developing the RAMP survey and evaluation report.
Greenock Town Centre - Extra Police	AP	36	0	0	36	0	Update reported to both E&R plus E&C Committees. Agreed that future updates would go to the Education & Communities Committee. Annual invoice now received.

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration & Environment

<u>Project</u>	<u>Lead Officer</u>	<u>Total Funding 2014/15</u>	<u>Phased Budget To Period 3 2014/15</u>	<u>Actual To Period 3 2014/15</u>	<u>Projected Spend 2014/15</u>	<u>Amount to be Earmarked for 2015/16 & Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Repopulating/Promoting Inverclyde	AP	886	90	9	360	526	Two major exhibitions in Glasgow attended in May to promote the area. Self Build update to E&R Committee in June and agreed that ri will take on management of the sale of plots. Relocation Officer resigned and options being considered by Service. 3 year SLA developed with ri for Tourism Business development. 2014/15 spend under review.
Increased Officer Capacity - External Funding Officer	SJ	99	11	11	41	58	On programme, salary costs.
Employability Initiatives	SJ	533	27	7	533	0	Detailed spend being agreed.
Greenock Municipal Buildings Tourism Initiative	GM	150	0	0	0	150	Design commenced for Victoria Tower however will be delayed due to decision to combine with refurbishment of the District Court and apply for Heritage Lottery Fund funding. Rot survey for District Court being arranged and design to be taken to stage C to allow for grant application to be made but there will then be a delay until funding application considered.
Shopfront Improvements Grants	SJ	50	0	0	50	0	Planning applications submitted.
Commonwealth Flotilla Event	AF	250	50	50	250	0	Approved funding towards a major sailing event to showcase Inverclyde, its sailing opportunities, its maritime history and to celebrate the Commonwealth games. Spend expected from June 2014 onwards.
Roads Defects and Drainage works	IM	500	0	0	250	250	Spend proposals being assessed and developed; external contracts for pothole patching being procured; main site works to commence w/c 4 August 2014.
Street Lighting Surveys	IM	28	25	0	28	0	Surveys are now complete and invoice being processed.
Coastal Communities	SJ	40	40	39	40	0	EMR to cover Employee costs of Modern Apprentices taken on under Coastal Communities scheme. When budget is spent costs will be covered by Employability initiative EMR above.
Miscellaneous Planning & Economic	SJ	21	21	21	21	0	Reserve made up of Heritage Development Officer, Employability Review and Local Plan Preparation. Full spend achieved.
Total		4,155	592	195	2,955	1,200	

AF	Aubrey Fawcett
AP	Alan Puckrin
SJ	Stuart Jamieson
IM	Ian Moffat
GM	Gerard Malone

ENVIRONMENT AND REGENERATION COMMITTEE**REVENUE BUDGET MONITORING REPORT****Virements processed in 2014/15 Budget Process to square off underlying budget issues**

Budget Heading	Subjective Heading	Increase Budget	(Decrease) Budget
		£	£
<u>Environmental & Commercial Services</u>			
Ground Maintenance Waste Disposal Charges	Property Charges	33,000	
Refuse Transfer Station Waste Disposal Internal Income	Income		(33,000)
Waste Strategy Other Expenditure	Other Expenditure		(20,000)
Refuse Transfer Station Scrap Metal Income	Income	29,500	
Waste Strategy Clothing Bank Income	Income		(12,500)
Waste Strategy Promotions and Publicity	Administration		(5,000)
Civic Amenities/Refuse Transfer Station Overtime	Employee Costs	8,000	
Roads Client Security	Property Costs	40,000	
Roads Client Winter Maintenance	Supplies & Services		(20,000)
Roads Client Emergency Works/Miscellaneous	Supplies & Services		(15,000)
Roads Client Roads Assessment/Feasibilities	Supplies & Services		(5,000)
<u>Legal & Property Services</u>			
Physical Assets Office Equipment Purchase	Supplies & Services		(9,750)
Physical Assets Sales, Fees & Charges	Income		(760)
Physical Assets Feu Duties/Way Leaves	Income	17,070	
Physical Assets Charges for Lease Transactions	Income	8,920	
Property Resources Landscape Architect	Other Expenditure		(16,000)
Property Resources Sales, Fees & Charges	Income	4,460	
Central Repairs Health & Safety	Property Costs		(3,940)
Total		140,950	(140,950)