
Report To:	Environment & Regeneration Committee	Date:	30 October 2014
Report By:	Acting Corporate Director Environment, Regeneration and Resources and Head of Finance	Report No:	FIN/57/14/MMcC/JB
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Environment and Regeneration 2014/15 Revenue Budget – Period 5 to 31 August 2014		

1.0 PURPOSE

1.1 To advise Committee of the 2014/15 Revenue Budget position at period 5 to 31 August 2014.

2.0 SUMMARY

2.1 The revised 2014/15 budget for Environment and Regeneration is £21,560,860 which excludes Earmarked Reserves.

2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £112,000, an increase in spend of £19,000 since Period 3 Committee.

2.3 The major variances projected at Period 5 are:

- i. Employee Cost underspends across the Committee of £307,000; £222,000 of savings due to the early achievement of future year's savings.
- ii. An underrecovery in Special Catering income of £50,000 in line with previous year's outturn, as previously reported.
- iii. A proposed one off cost of £90,000 to create an Earmarked Reserve to cover the costs of the City Deal project management office for a 3 year period.

3.0 RECOMMENDATIONS

3.1 The Committee note the current projected underspend for 2014/15 of £112,000 as at 31 August 2014.

3.2 The Committee is asked to approve virement as detailed in Section 7 and Appendix 4.

3.3 The Committee is asked to approve the creation of an earmarked reserve of £90,000 to cover City Deal project management office costs for 2014/17.

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 and to highlight the main issues contributing to the projected underspend.
- 4.2 The revised 2014/15 budget reflects an increase from the approved budget of £87,140, an increase of £4,940 from Period 3, due to:
- i. Removal of a procurement saving resulting from the new Waste Recycling contract of (£18,000).
 - ii. Increased Street Lighting budget from the Inflation Contingency of £13,000.
 - iii. Net increase in Electricity and Gas budgets from the Inflation Contingency of £3,910.
 - iv. Increase in transport and plant budgets due to realignment of budgets (nil impact across the Council) – £6,030.

5.0 2014/15 CURRENT POSITION

- 5.1 The current projection for 2014/15 is an underspend of £112,000.

5.2 Regeneration & Planning - £80,000 Overspend

The current projected out-turn for Regeneration & Planning is an overspend of £80,000, an increase in spend of £104,000 from Period 3.

The main issues relating to the current projected overspend for Regeneration & Planning are detailed in Appendix 2 and the movement from last period is explained below:

(a) Employee Costs

There is a projected underspend of £41,000, £4,000 less spend than Period 3. This underspend is mainly due to the early achievement of a 2015/16 saving.

(b) Administration Costs

There is a projected overspend of £19,000 within Administration Costs. This is due to a projected overspend in Local Plan Preparation of £19,000 due to additional costs resulting from this being year five of the five year local plan cycle.

(c) Payments to Other Bodies

There is a projected overspend of £100,000 within PTOB, not previously reported. This is due to:

- i. The proposed creation of an earmarked reserve to cover the costs of the City Deal Project Management Office for 3 years, totalling £90,000.
- ii. RCH Management Fees relating to previous years within Industrial & Commercial Properties of £10,000 which will be recovered by additional income, per 5.2(d) below.

(d) Income

There is a projected underrecovery in income of £2,000, £10,000 more income than previously reported due to the recovery of Industrial & Commercial Management Fees per 5.2(c)(ii) above.

5.3 **Property Services - £31,000 Overspend**

The current projected out-turn for Property Services is an overspend of £31,000, a reduction in projected spend of £2,000 since last Committee.

The main issues contributing to the current projected overspend for Property Services are detailed in Appendix 2 and the movement from last period is explained below:

(a) **Employee Costs**

There is an overspend of £6,000 projected, a reduction in spend of £23,000 since Period 3. This movement is mainly due to additional expenditure for an architectural assistant funded from fee income now being charged to agency staff under Administration Costs.

(b) **Administration Costs**

There is an overspend of £30,000 projected due to agency costs for architectural assistant services which are offset by additional fee income.

(c) **Income**

Income is projected to outturn on budget. A £30,000 overrecovery of fee income, see 5.3(b), is offset by an underrecovery of Physical Assets income, as previously reported.

5.4 **Environmental & Commercial Services - £223,000 Underspend**

The current projected out-turn for Environmental & Commercial Services is an underspend of £223,000; a reduction in projected spend of £83,000 since last Committee.

The main issues contributing to the current projected underspend for Environmental & Commercial Services are detailed in Appendix 2 and the movement from last period is explained below:

(a) **Employee Costs**

There is a projected underspend of £252,000 within employee costs, a reduction in projected spend of £42,000 from last Committee. Of this underspend £183,000 is the early achievement of future year's savings. The major variances are as follows:

- i. A projected underspend in Ground Maintenance of £26,000 due to non-filling of vacant posts. This is a reduction in spend of £8,000 since last Committee but this movement is offset by virement of £20,000 requested at 3.2 and outlined in Appendix 4, to supplies and services to cover the costs of external tree maintenance contractors. The remaining underspend will be removed as part of the 2015/16 savings exercise.
- ii. A projected underspend in Street Cleaning of £55,000 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. A projected underspend within Vehicle Maintenance of £17,000 due to the non-filling of a vacant post which will contribute to the Social Transport review savings; not previously reported.
- iv. Projected turnover savings within Environmental management of £68,000; a £30,000 reduction in spend from last Committee; £29,000 of the total relates to the early achievement of a 2015/16 saving.
- v. Projected underspends in Facilities Management of £58,000; £33,000 of which is within Janitors and is offset by a reduction in recharge income. This is £11,000 less spend than projected at last Committee.

- vi. Projected turnover savings within Building Services of £77,000; £57,000 of which relates to the early achievement of a future saving. This represents a £10,000 reduction in spend from Period 3.
- vii. A projected overspend in the Roads Operational Account of £44,000; £20,000 more than projected at Period 3; which reflects the current workload. This overspend is offset by additional income.

(b) Property Costs

Property Costs are projected to outturn £2,000 under budget. This is a reduction in projected spend of £37,000 since Period 3 due mainly to a reduction in residual waste costs of £35,000 resulting from a reduction in tonnages compared with the same period last year.

(c) Supplies & Services

There is a projected overspend of £1,274,000 within Supplies & Services, an increase in projected spend of £76,000 since last Committee, mainly due to the following:

- i. A further increase in Roads Operational Account subcontractors and materials of £133,000; total projected spend being £1,263,000. This overspend is offset by additional income and is a result of the current work programme, in particular increased capital works.
- ii. An underspend in Catering provisions based on current expenditure of £15,000.
- iii. An overspend in Building Services direct purchases of £36,000, partially offset by a reduction in subcontractors costs of £20,000; based on the current workload.
- iv. At Period 3 an overspend on Vehicle Maintenance subcontractors and materials of £68,000 was reported. Committee were advised that a virement would be presented to offset this overspend from an underspend in fuel purchases. This virement is included as Appendix 4 and has been reflected throughout the report.

(d) Transportation & Plant

There is a projected overspend of £293,000, an increase in spend of £88,000 since last Committee, mainly due to:

- i. A further reduction in Vehicle Maintenance fuel spend of £21,000; offset by virement to subcontractors and materials under Supplies & Services of £68,000, as requested at 3.2 and detailed in Appendix 4. There remains £32,000 projected underspend in fuel purchases.
- ii. An increase in Roads Operational Account external hires of £24,000; total projection being £299,000; mainly due to additional capital works. Also, an increase in non-routine-maintenance expenditure of £21,000. Both of which are offset by additional income.

(e) Income

There is a projected overrecovery in income of £1,554,000, an increase in income of £172,000 since Period 3, mainly due to:

- i. A projected underrecovery in Janitors income of £33,000, in line with reduced employee costs, per 6.4(a)(v) above. This is £11,000 less income than reported at Period 3.
- ii. A projected overrecovery of Roads Trading income of £1,671,000 due to additional income; mainly from capital. This additional income is partially offset by additional costs, see 6.4(a)(vii), 6.4(c)(i) and 6.4(d)(ii) and is £223,000 more income than previously reported.
- iii. A projected underrecovery of Special Catering income of £50,000 in line with previous year's outturn, as previously reported.

- iv. A potential shortfall in income from the bus shelter advertising contract of £30,000, following a dispute over the contract termination date. This is the shortfall for a four month period. Committee are advised that this reduction in income will form a proposed budget pressure in the 2015/17 budget process.

5.5 Corporate Director - £nil Variance

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

6.0 EARMARKED RESERVES

- 6.1 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 53% of the phased budget (£570,000 less spend than anticipated). Note that whilst expenditure is behind phased budget, the position has improved from Period 3 and officers will continue to minimise slippage by the year end.
- 6.2 As requested at 3.3 and outlined in 5.2(c)(i), it is proposed that an earmarked reserve of £90,000 is established from the Committee underspend to cover the costs of the City Deal Project Management Office for a period of three years.

7.0 VIREMENTS

- 7.1 Committee is asked to approve virement as detailed in Appendix 4. This virement is reflected throughout the report. It is requested in order to:
- Align Vehicle Maintenance budgets in light of decreased fuel expenditure and increased non routine maintenance costs.
 - Reallocate Ground Maintenance budget for tree maintenance works from employee costs to supplies and services as these services will be procured externally.

8.0 IMPLICATIONS

Finance

- 8.1 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
Earmarked Reserve	City Deal	2014/15	£90	2014/15 Committee Underspend	One off virement to fund City Deal Project Management Office

Annually Recurring Costs/ (Savings)

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

Legal

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

Human Resources

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

Equalities

8.4 There are no equality issues arising from this report.

Repopulation

8.5 There are no repopulation issues within this report.

9.0 CONSULTATIONS

9.1 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.

10.0 CONCLUSIONS

10.1 The Committee is currently reporting an underspend of £112,000.

11.0 LIST OF BACKGROUND PAPERS

11.1 There are no background papers relating to this report.

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTPERIOD 5: 1st April 2014 - 31st August 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	17,988	17,701	(287)	(1.60)%
Property Costs	8,066	8,184	8,183	(1)	(0.02)%
Supplies & Services	5,395	5,493	6,767	1,274	23.19%
Transport Costs	2,221	2,177	2,469	292	13.41%
Administration Costs	506	521	590	69	13.33%
Payments to Other Bodies	7,206	7,303	7,396	93	1.28%
Income	(18,473)	(18,557)	(20,109)	(1,552)	(8.36)%
TOTAL NET EXPENDITURE	23,022	23,109	22,997	(112)	(0.48)%
Transfer to Earmarked Reserves *	0	(1,548)	(1,548)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	23,022	21,561	21,449	(112)	(0.52)%

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	4,841	4,921	80	1.66%
Property Services	3,777	3,565	3,596	31	0.86%
Environmental & Commercial Services	14,247	14,545	14,322	(223)	(1.53)%
Corporate Director	158	158	158	0	0.00%
TOTAL NET EXPENDITURE	23,022	23,109	22,997	(112)	(0.48)%
Transfer to Earmarked Reserves *	0	(1,548)	(1,548)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	23,022	21,561	21,449	(112)	(0.52)%

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

ENVIRONMENT AND REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 5: 1st April 2014 - 31st August 2014

Out Turn 2013/14 £000	Budget Heading	Subjective Head	Budget 2014/15 £000	Proportion of Budget	Actual to 31-Aug-14 £000	Projection 2014/15 £000	(Under)/Over Budget £000	Percentage Variance %
90	REGENERATION & PLANNING Cleaner, Greener	Employee Costs	91	23	19	52	(39)	(42.86)%
							(39)	
13	Local Plan	Administration	8	0	22	27	19	237.50%
							19	
0	Payments to Other Bodies	PTOB	0	0	0	90	90	
							90	
(98)	Getting Ready for Work Contract Income	Income	(108)	(27)	(28)	(96)	12	(11.11)%
							12	
0	PROPERTY SERVICES Technical Services Agency Staff	Administration	0	0	18	30	30	
							30	
(11)	Physical Assets Income	Income	(44)	(18)	(2)	(14)	30	(68.18)%
(1,106)	Technical Services Income	Income	(1,100)	(458)	(26)	(1,130)	(30)	2.73%
							0	
	ENVIRONMENTAL & COMMERCIAL SERVICES							
1,530	Ground Maintenance	Employee Costs	1,542	666	661	1,516	(26)	(1.69)%
947	Street Sweeping	Employee Costs	1,043	426	397	988	(55)	(5.27)%
600	Vehicle Maintenance	Employee Costs	618	252	250	601	(17)	(2.75)%
2,561	Management	Employee Costs	2,563	1,046	999	2,495	(68)	(2.65)%
775	Roads Operational Account	Employee Costs	788	322	330	832	44	5.58%
1,658	Cleaning	Employee Costs	1,632	666	635	1,621	(11)	(0.67)%
1,021	Janitors	Employee Costs	1,063	434	436	1,030	(33)	(3.10)%
1,730	Catering	Employee Costs	1,691	690	664	1,679	(12)	(0.71)%
863	Building Services Unit	Employee Costs	929	379	340	852	(77)	(8.29)%
							(255)	
2,306	Transfer Station Waste Disposal	Property Costs	2,504	840	757	2,480	(24)	(0.96)%
19	Public Conveniences Repairs & Maintenance	Property Costs	11	5	6	21	10	90.91%
58	Catering Cleaning Materials	Property Costs	45	19	24	55	10	22.22%
							(4)	
244	Roads Operational Account Sub-contractors	Supplies & Services	119	34	115	252	133	111.76%
1,876	Roads Operational Account Materials	Supplies & Services	810	168	786	1,936	1,126	139.01%
204	Building Services Unit - Direct Purchases	Supplies & Services	164	68	77	200	36	21.95%
290	Building Services Unit - Subcontractors	Supplies & Services	220	92	36	200	(20)	(9.09)%
927	Catering - Provisions	Supplies & Services	930	278	274	915	(15)	(1.61)%
							1,260	
578	Vehicle Maintenance Fuel	Transport & Plant	566	236	221	534	(32)	(5.65)%
381	Roads Operational Account External Hires	Transport & Plant	94	27	143	393	299	318.09%
70	Roads Operational Account Non-Routine Maintenance	Transport & Plant	26	11	15	47	21	80.77%
							288	
(583)	Vehicle Maintenance Fuel Income	Income	(566)	(236)	(221)	(534)	32	(5.65)%
(451)	Vehicle Maintenance Non Routine Maintenance Income	Income	(278)	(88)	(128)	(305)	(27)	9.71%
(124)	Roads Client Advertising Income	Income	(115)	(29)	(32)	(85)	30	(26.09)%
(3,004)	Roads Operational Account Capital	Income	(1,666)	(377)	(990)	(3,219)	(1,553)	93.22%
(798)	Roads Operational Account Revenue/EMR	Income	(700)	(158)	(229)	(740)	(43)	6.14%
(133)	Roads Operational Account Non Client Involvement	Income	0	0	(52)	(75)	(75)	0.00%
(38)	Catering Special Catering Income	Income	(90)	(38)	(8)	(40)	50	(55.56)%
(1,143)	Janitors Recharge Income	Income	(1,180)	(492)	(437)	(1,147)	33	(2.80)%
							(1,553)	
Total Material Variances							(152)	

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 5 2014/15</u>	<u>Actual To Period 5 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	209	188	612	90	Continuing to Support the Employability programme including MA's.
Business Support Initiative	SJ	219	90	15	202	17	The Contractor is on site at West Station shops with a completion date of November, it is anticipated that the Contractor will start billing the Council shortly.
Birkmyre Park, Port Glasgow	IM	181	0	46	181	0	In progress - contract completion due October 2014.
Investment Fund for Council Owned Bowling Clubs	GM	77	65	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. Report due to Committee January, 2015.
Whinhill Golf Club	IM	145	0	2	145	0	Contract awarded to construct x2 new buildings. Work in progress completion due early November.
Lower Clyde River Valley Projects	SJ	15	11	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	11	40	0	Kelburn Park main resurfacing works complete. Painting and repair 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	84	13	84	0	Funding is for implementation of the Greenock Town Centre Parking Strategy and Decriminalised Parking Enforcement. The actual cost for the Reporter and incidentals for the hearing venue is £8k. Consultants costs are estimated at approx. £16k and the remaining spend will be achieved before 6 Oct 2014 on P&D machines, PA equipment and training.
Roads - Additional revenue investment	IM	55	43	0	43	12	£43k of carry over funding is for pot hole repairs and patching works which are substantially complete and awaiting invoice from contractor. It is now intended that the £12k of carry forward funding for the RAMP Survey be used as a contribution to the survey work required to identify and assess the condition of the Council's sea walls and coastal protection along Inverclyde's coastline.
Greenock Town Centre - Extra Police	AP	36	0	34	36	0	Agreed that future updates would go to the Education & Communities Committee. Annual invoice received and processed in P5.
Repopulating/Promoting Inverclyde	AP	886	150	50	261	625	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 now replaced. 3 year SLA developed with ri for Tourism Business development. 2014/15 spend reviewed and £99,000 moved into 2015/16.
Increased Officer Capacity - External Funding Officer	SJ	99	17	17	41	58	Officer has tendered his resignation, Service currently evaluating back fill options for this financial year.
Employability Initiatives	SJ	533	46	15	400	133	Contracts will be in place as of the 1st October and subsequent spend will follow.

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 5 2014/15</u>	<u>Actual To Period 5 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	
Greenock Municipal Buildings Tourism Initiative	GM	150	105	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.
Shop Front Improvements Grants	SJ	50	0	0	50	0	Planning applications submitted.
Commonwealth Flotilla Event	AF	250	250	140	217	33	Approved funding towards a major sailing event to showcase Inverclyde, its sailing opportunities, its maritime history and to celebrate the Commonwealth games. The event was managed by RYAS who delivered the event £33k under budget.
Roads Defects and Drainage works	IM	500	20	42	250	250	Jetpaching works have been carried out and 1st external contract for pothole patching has been substantially completed; procurement ongoing for further contracts.
Street Lighting Surveys	IM	28	28	0	28	0	Surveys are complete and meeting held with contractor to discuss survey results; some clarification being undertaken.
Coastal Communities	SJ	40	40	40	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	1,204	634	2,666	1,489	

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

ENVIRONMENT AND REGENERATION COMMITTEE**VIREMENT REQUESTS****PERIOD 5: 1st April 2014 - 31st August 2014**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Vehicle Maintenance Fuel	1)		(68,000)
Vehicle Maintenance Materials	1)	52,000	
Vehicle Maintenance Subcontractors	1)	16,000	
Ground Maintenance Wages	2)		(20,000)
Ground Maintenance Tree Contractors	2)	20,000	
Total		88,000	(88,000)

Note

1) This virement reallocates budget from Fuel purchases; which are lower than budget due to efficiencies resulting from the tracking system and reduced usage; to Vehicle Maintenance Materials & Subcontractors; which are overspent mainly due to vehicles being outwith their warranty period and increased non routine maintenance. This virement is permanent in nature but these budget lines will be continually reviewed as and when vehicles are replaced and if fuel usage changes.

2) This virement reallocates Ground Maintenance budget for tree maintenance works from employee costs to supplies and services as these services will be procured externally.