
Report To:	Environment & Regeneration Committee	Date:	14 January 2016
Report By:	Chief Financial Officer and Corporate Director Environment, Regeneration and Resources	Report No:	FIN/02/16/AP/MMcC
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Environment and Regeneration 2015/16 Revenue Budget – Period 7 to 31 October 2015		

1.0 PURPOSE

1.1 To advise Committee of the 2015/16 Revenue Budget position at Period 7 to 31 October 2015.

2.0 SUMMARY

2.1 The revised 2015/16 budget for Environment and Regeneration is £20,643,000 which excludes Earmarked Reserves.

2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £154,000, an increase in spend of £58,000 since Period 5 Committee.

2.3 The major variances projected at Period 7 are:

- i. An underspend within the residual waste contract of £86,000 due to a reduction in tonnages of waste treated.
- ii. Turnover savings within Environmental Services Management of £120,000; £60,000 of which is the early achievement of a future year saving.
- iii. An underrecovery of Roads Client sales, fees and charges income of £43,000. This is due to fewer construction consent applications than anticipated.
- iv. An underspend in Roads Client electrical power of £49,000 in part due to energy reduction resulting from lantern conversions.
- v. Underrecovery of Property Physical Assets rental income of £63,000.
- vi. An underspend of £54,000 within the Corporate Director budget due to recharges to Riverside Inverclyde.

2.4 Earmarked Reserves for 2015/16 total £2,643,000 of which £1,293,000 is projected to be spent in the current financial year. As detailed in Appendix 4 expenditure of £310,000 (24%) has been incurred to Period 7, which is 93% of phased expenditure.

3.0 RECOMMENDATION

3.1 The Committee note the current projected underspend for 2015/16 of £154,000 as at 31 October 2015.

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 2015/16 budget and to highlight the main issues contributing to the projected underspend.

4.2 The revised 2015/16 budget for Environment and Regeneration, excluding earmarked reserves, is £20,643,000. This is a reduction of £1,553,000 from the approved budget. Appendix 1 gives details of this budget movement.

5.0 2015/16 CURRENT POSITION

5.1 The current projection for 2015/16 is an underspend of £154,000.

5.2 Regeneration & Planning - £39,000 overspend

The current projected out-turn for Regeneration & Planning is an overspend of £39,000, an increase in projected spend of £30,000 since Period 5.

The main issues relating to the current projected overspend for Regeneration & Planning are detailed below and in Appendix 3:

(a) Employee Costs

There is a projected underspend of £5,000 due to turnover savings, a reduction in spend of £10,000 since Period 5.

(b) Income

There is a projected underrecovery of Commercial Industrial rental income of £40,000, not previously reported. This is due to a higher than budgeted level of voids. This is in line with last financial year's outturn.

5.3 Property Services - £116,000 overspend

The current projected out-turn for Property Services is an overspend of £116,000, an increase in net spend of £81,000 since last Committee.

The main issues contributing to the current projected overspend for Property Services are detailed below and in Appendix 3:

(a) Employee Costs

There is a projected overspend of £28,000, £11,000 less spend than previously reported, made up as follows:

- i. Cost of additional Technical Services employee of £49,000; offset by additional fee income.
- ii. Excess turnover savings of £21,000, partially offset by increased agency worker costs.

(b) Property Costs

There is a projected overspend of £34,000, £11,000 more spend than at Period 5, mainly due to:

- i. Overspend on Non Domestic Rates of £13,000, as previously reported.

- ii. Overspend on Surplus Property property costs of £10,000, an increase in spend of £5,000 since last Committee.

(c) Administration Costs

There is a projected overspend of £118,000, an increase in spend of £6,000 since last Committee, due mainly to agency worker costs within Technical Services of £100,000; partially offset by additional fee income.

(d) Income

There is a projected overrecovery in income of £65,000, a reduction in income of £74,000 from that projected at Period 5. This variance is mainly due to:

- i. Additional Technical Services capital recharge income of £119,000 – offset by increased employee costs and agency worker costs, as previously reported.
- ii. Overrecovery of biomass and solar energy income of £20,000, as previously reported.
- iii. Underrecovery of Physical Assets rental income of £63,000. This projection is in line with the previous year's outturn.

5.4 Environmental & Commercial Services - £255,000 underspend

The current projected out-turn for Environmental & Commercial Services is an underspend of £255,000, a reduction in projected spend of £54,000 since Period 5.

The main issues contributing to the current projected underspend for Environmental & Commercial Services are detailed below and in Appendix 3:

(a) Employee Costs

There is a projected underspend of £253,000, a further reduction in spend of £60,000 since last Committee, mainly due to:

- i. An underspend in Refuse Collection of £37,000, a reduction in projected spend of £13,000 since the last report. This underspend is due to delays in filling vacant posts. This is offset by increased agency worker costs, per 5.4(e) below.
- ii. Additional turnover savings within Management of £120,000; further turnover savings of £32,000 since last report; £60,000 of which is the early achievement of a 2016/17 saving.
- iii. An underspend in Janitors employee costs of £41,000 which is offset by reduced recharge income. This is a further underspend of £10,000 since last Committee.
- iv. An underspend in Catering of £31,000 due to turnover savings and reduced additional hours; a further reduction in expenditure of £19,000 since last Committee. This is offset by reduced income.
- v. Turnover savings within Building Services of £16,000 due to delays in filling vacant posts. This is a further reduction in spend of £3,000 since Period 5.
- vi. An underspend in Roads Operational employee costs of £13,000, £1,000 more spend than at Period 5; due to delays in filling vacant posts.

(b) Property Costs

There is a projected underspend of £102,000, a further reduction in spend of £25,000 since Period 5 Committee, mainly due to an underspend in the residual waste contract of £86,000, a reduction in spend of £21,000 from Period 5 due to a reduction in waste tonnages treated.

(c) Supplies & Services

There is a projected overspend of £616,000, an increase in spend of £141,000 since last Committee, mainly due to the following:

- i. Projected overspend on Roads Operational Sub Contractors and Materials of £375,000; £25,000 less spend than reported at Period 5. This overspend is based on the current workplan and is offset by additional income.
- ii. Roads Client rechargeable spend of £200,000; £151,000 more spend than last Committee; which is offset by additional income.
- iii. Overspend on Crematorium technical equipment of £36,000, as previously reported, as a result of necessary repairs to the cremators.
- iv. A projected underspend in Catering provisions of £39,000, a reduction in spend of £14,000 since last Committee. This underspend partially offsets the underrecovery in Catering income.
- v. An overspend on Roads assessments/feasibilities of £37,000 due to consultants costs relating to the Parking strategy, not previously reported. This overspend is offset by employee turnover savings.
- vi. An overspend on Building Services Sub Contractors of £30,000, not previously reported. This is offset by additional income.
- vii. An underspend in Roads Client electrical power of £49,000, not previously reported. This underspend is in part due to energy reduction resulting from lantern conversions.

(d) Transportation & Plant

There is an underspend of £16,000, £32,000 more spend than previously reported. This movement is due to virement returning fuel inflation to the inflation contingency. The underspend is mainly as a result of:

- i. An underspend in the purchase of fuel of £41,000. This is offset by an underrecovery of fuel income.
- ii. Underspends in fuel under the Client Services of £19,000, in line with reduced Vehicle Maintenance fuel spend. This is the position after the return of £30,000 to the inflation contingency.
- iii. An overspend in Roads Operational external hires of £41,000, £5,000 more spend than previously projected. This is based on the current workplan and is offset by additional income.
- iv. A small underspend in non-routine maintenance across the client services of £21,000, as previously reported.
- v. Overspend on Roads Fund licences of £11,000, as previously reported.

(e) Administration Costs

There is a projected overspend of £52,000, £5,000 less spend than at Period 5, mainly due to:

- i. A projected overspend in Refuse Collection agency staff costs of £20,000, £10,000 less spend than previously reported. This is more than offset by reduced employee costs, as reported above.
- ii. A projected overspend on Vehicle Maintenance Drivers' agency staff costs of £15,000, as previously reported. This overspend is offset by additional recharge income.

(f) Payments to Other Bodies

There is a projected underspend of £26,000, mainly due to a projected underspend of £28,000 in recycling contract costs based on current projected tonnages, as reported at last Committee.

There is a potential overspend on legal fees relating to an ongoing dispute with a former contractor. The final cost of this is at present unknown but will be reported to Committee in

due course and contained within the Committee's bottom line.

(g) Income

There is a projected overrecovery of £526,000, a projected increase in income of £138,000 since Period 5, made up as follows:

- i. An overrecovery of Roads Operational income of £462,000, £10,000 less income than previously reported. This overrecovery is offset by increased costs, as outlined above. The net projected variance for Roads Operational being an overrecovery of £23,000.
- ii. An overrecovery of Roads Client recharge income of £200,000, £151,000 more income than previously projected, offset by additional spend, as detailed above.
- iii. A projected underrecovery of Roads Client sales, fees and charges income of £43,000, as previously reported. This underrecovery is due to less construction consent income than anticipated.
- iv. An underrecovery in Janitors recharge income of £41,000, in line with reduced employee costs. This is a further reduction in income of £10,000 since last Committee.
- v. An overrecovery of Vehicle Maintenance Drivers income of £43,000, partially offset by increased employee costs and agency costs, as previously reported.
- vi. An underrecovery of Vehicle Maintenance fuel recharge income of £41,000, in line with reduced costs, £6,000 less income than previously reported.
- vii. An underrecovery of special catering income of £46,000, as previously reported. This is partially offset by reduced spend on employee costs and provisions and is in line with previous years. A review of Special Catering is being undertaken by officers in order to bring this back on budget by the year end.
- viii. An underrecovery of Refuse Collection trade waste income of £30,000, not previously reported. This projection is based on the current customer base.
- ix. A projected overrecovery of BSU income of £50,000, partially offset by additional supplies and services costs, not previously reported.

5.5 Corporate Director - £54,000 underspend

The Corporate Director budget is projecting £54,000 under budget as a result of recharges to Riverside Inverclyde, as previously reported.

6.0 EARMARKED RESERVES

- 6.1 There is a planned contribution of £1,874,000 to Earmarked Reserves in the current financial year. Appendix 4 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 93% of phased budget.

7.0 VIREMENTS

- 7.1 There are no virement requests in this report.

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
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

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 Corporate Director Environment, Regeneration & Resources and the Chief Financial Officer.

10.0 CONCLUSIONS

10.1 The Committee is currently reporting an underspend of £154,000.

11.0 LIST OF BACKGROUND PAPERS

11.1 There are no background papers relating to this report.

Environment & Regeneration Budget Movement - 2015/16**PERIOD 7: 1st April 2015- 31st October 2015**

Service	Approved Budget	Movements			Revised Budget	
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Regeneration & Planning	4,594	29			(960)	3,663
Property Services	3,485	27		32	(914)	2,630
Environmental & Commercial Services	13,958	225	(1)	7		14,189
Corporate Director	159	2				161
Totals	22,196	283	(1)	39	(1,874)	20,643

Supplementary Budget Detail

£000

External ResourcesInternal Resources

Parklea Klargest system - funded from Revenue Implications of the Capital Programme	6
Ground Maintenance Clothing & Uniforms from contingency	1
Tied Houses income budget reduction funded from Free Reserves (P&R 17/11/15)	32
Waste Disposal Contract - inflationary increase funded from the Inflation Contingency	41
Non Contract Waste Disposal inflation	21
Pay Inflation	251
Fuel inflation returned to inflation contingency	(30)

Savings/Reductions

322

ENVIRONMENT AND REGENERATION COMMITTEEREVENUE BUDGET MONITORING REPORTPERIOD 7: 1st April 2015- 31st October 2015

Subjective Heading	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend	Percentage Variance %
Employee Costs	17,873	18,036	17,752	(284)	(1.58)%
Property Costs	8,239	8,297	8,233	(64)	(0.77)%
Supplies & Services	6,498	6,510	7,126	616	9.47%
Transport Costs	3,505	3,456	3,441	(15)	(0.45)%
Administration Costs	521	521	692	171	32.70%
Payments to Other Bodies	6,035	6,116	6,089	(27)	(0.43)%
Income	(20,475)	(20,419)	(20,970)	(551)	(2.70)%
TOTAL NET EXPENDITURE	22,196	22,517	22,363	(154)	(0.69)%
Transfer to Earmarked Reserves *	0	(1,874)	(1,874)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	22,196	20,643	20,489	(154)	(0.75)%

Objective Heading	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend	Percentage Variance %
Regeneration & Planning	4,594	4,623	4,662	39	0.84%
Property Services	3,485	3,544	3,660	116	3.26%
Environmental & Commercial Services	13,958	14,189	13,934	(255)	(1.79)%
Corporate Director	159	161	107	(54)	(33.55)%
TOTAL NET EXPENDITURE	22,196	22,517	22,363	(154)	(0.69)%
Transfer to Earmarked Reserves *	0	(1,874)	(1,874)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	22,196	20,643	20,489	(154)	(0.75)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2015/16

ENVIRONMENT AND REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 7: 1st April 2015- 31st October 2015

Out Turn 2014/15 £000	Budget Heading	Subjective Head	Budget 2015/16 £000	Proportion of Budget	Actual to 31-Oct-15 £000	Projection 2015/16 £000	(Under)/Over Budget £000	Percentage Variance %
(650)	REGENERATION & PLANNING							
	Commercial & Industrial Rent	Income	(690)	(337)	(366)	(650)	40	(5.80)%
							40	
	PROPERTY SERVICES							
1,264	Technical Services	Employee Costs	1,108	666	642	1,167	59	5.32%
159	Central Repairs	Employee Costs	157	87	76	143	(14)	(8.92)%
							45	
10	Technical Services - Rates	Property Costs	1	1	11	11	10	1000.00%
89	Surplus Property	Property Costs	51	32	56	61	10	19.61%
							20	
64	Technical Services - Agency Staff	Administration	0	0	86	100	100	0.00%
							100	
(60)	Technical Services - Income (Feed in Tariffs)	Income	(55)	(32)	(49)	(75)	(20)	36.36%
(1,128)	Technical Services - Recharges to Capital	Income	(1,100)	(550)	(563)	(1,219)	(119)	10.82%
(99)	Physical Assets - Rent	Income	(161)	(115)	(64)	(98)	63	(39.13)%
							(76)	
	ENVIRONMENTAL & COMMERCIAL SERVICES							
2,770	Management	Employee Costs	2,899	1,634	1,588	2,779	(120)	(4.14)%
1,153	Refuse Collection	Employee Costs	1,311	747	691	1,274	(37)	(2.82)%
1,025	Janitorial	Employee Costs	1,044	582	546	1,003	(41)	(3.93)%
1,709	Catering	Employee Costs	1,842	1,027	988	1,811	(31)	(1.68)%
732	Roads Operational Account	Employee Costs	761	422	397	748	(13)	(1.71)%
822	Building Services	Employee Costs	868	484	458	852	(16)	(1.84)%
							(258)	
2,434	Transfer Station - Waste Disposal	Property Costs	2,458	1,436	1,381	2,372	(86)	(3.50)%
							(86)	
24	Crematorium - Technical Equipment	Supplies & Services	20	12	49	56	36	180.00%
950	Catering - Provisions	Supplies & Services	1,070	624	472	1,031	(39)	(3.64)%
95	Building Services - Subcontractors	Supplies & Services	150	88	127	180	30	20.00%
267	Roads Operational Account - Subcontractors	Supplies & Services	235	137	169	299	64	27.23%
1,645	Roads Operational Account - Materials	Supplies & Services	1,525	890	1,203	1,836	311	20.39%
526	Roads Client - Street Lighting Electrical Power	Supplies & Services	539	314	169	490	(49)	(9.09)%
46	Roads Client - Road Assessment/Feasibility	Supplies & Services	70	41	50	107	37	52.86%
141	Roads Client - Rechargeable Works	Supplies & Services	0	0	200	200	200	0.00%
							590	
37	Vehicle Maintenance - Road Fund	Transport & Plant	31	19	16	42	11	35.48%
531	Vehicle Maintenance - Fuel Purchases	Transport & Plant	526	324	283	485	(41)	(7.79)%
416	Environmental Fuel	Transport & Plant	409	263	214	390	(19)	(4.65)%
242	Environmental Non Routine (excluding Roads)	Transport & Plant	226	139	145	176	(50)	(22.12)%
63	Roads Operational Account - Non Routine	Transport & Plant	26	15	41	55	29	111.54%
309	Roads Operational Account - External Hires	Transport & Plant	305	122	262	346	41	13.44%
							(29)	
36	VMTA - Agency Staff	Administration	20	12	19	35	15	75.00%
56	Refuse Collection - Agency Staff	Administration	20	12	30	40	20	100.00%
							35	
144	Waste Strategy - Payments to Greenlight	PTOB	160	80	66	132	(28)	(17.50)%
							(28)	
(28)	Catering - Special Catering	Income	(90)	(52)	(10)	(28)	61	(68.42)%
(135)	Catering - Recharges Social Work	Income	(120)	(70)	(75)	(135)	(15)	12.50%
(1,136)	Janitorial - Recharges	Income	(1,139)	(664)	(603)	(1,098)	41	(3.60)%
(132)	Cleaning - Charges outwith contract	Income	(159)	(93)	(80)	(149)	10	(6.29)%
(11)	Cleaning - Variations Income	Income	0	0	0	(19)	(19)	0.00%
(399)	Building Services - Work Won in Tender	Income	(513)	(299)	(91)	(563)	(50)	9.75%
(93)	Roads Client - Sales, Fees & Charges	Income	(141)	(82)	(45)	(93)	48	(34.04)%
(141)	Roads Client - Recoveries	Income	0	0	(34)	(200)	(200)	0.00%
(2,836)	Roads Operational Account - Capital	Income	(2,705)	(1,098)	(1,935)	(3,155)	(450)	16.64%
(530)	VMTA Recharges - Fuel	Income	(526)	(324)	(283)	(485)	41	(7.79)%
(433)	VMTA Recharges - Drivers	Income	(389)	(227)	(228)	(432)	(43)	11.05%
(670)	Refuse Collection - Trade Waste	Income	(694)	(486)	(458)	(664)	30	(4.32)%
							(546)	
117	CORPORATE DIRECTOR							
	Corporate Director	Employee Costs	138	76	76	84	(54)	(39.13)%
							(54)	
Total Material Variances							-247	

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Regeneration & Environment

<u>Project</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 7 2015/16</u>	<u>Actual To Period 7 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Youth Employment	199	35	10	167	32	Funding will be used to enhance core revenue budget in support of the Modern Apprenticeship scheme and Graduate support.
Business Support Initiative	31	19	17	31	0	This relates to Business Development Officer post which assists local businesses in accessing support.
Birkmyre Park, Port Glasgow	13	13	13	13	0	Project is now complete.
Whinhill Golf Club	43	43	7	43	0	The Project is now complete. Internal recharge from Roads to be processed.
Flooding Strategy	44	0	0	44	0	Funding for legal fees related to discussions with Scottish Water on ownership of Eastern Line of Falls.
Greenock Town Centre Parking Strategy	30	0	0	10	20	£20k to be spent on Towns and Villages parking strategy signing/lining and the balance will be used for signing, etc. within the Bullring and Waterfront car parks. The Towns and Villages parking is subject to consultation planned for December 2015 with the implementation date being delayed until next financial year.
Repopulating/Promoting Inverclyde	606	149	139	308	298	All workstreams proceeding well.
Employability Initiatives	426	5	11	200	226	Payment will be made to ICDT by year end.
Greenock Municipal Buildings Tourism Initiative	133	2	6	6	127	Agreed at Environment and Regeneration Committee on 29/10/15 that Funding be used for refurbishment of the District Court. Property Services are preparing a specification with spend delayed until 2016/17.
Commonwealth Flotilla Event	74	0	0	40	34	Spend will be directed to creating a legacy from the sailing event undertaken to celebrate the Commonwealth Games. The legacy involves the relocation of pontoons used during the event to East India Harbour.
Roads Defects and Drainage works	291	58	107	291	0	15/16 Jetpatcher contract #1 completed ; carry over costs from 14/15 Patching Contract #3 completed; quotation for vactor unit is being implemented (one day per week). Spend profile being reviewed as drainage scheme preparation delayed due to staffing issues.

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Regeneration & Environment

<u>Project</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 7 2015/16</u>	<u>Actual To Period 7 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 & Beyond</u>	<u>Lead Officer Update</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
City Deal	83	8	0	40	43	Inverclyde's anticipated share of Project Management Office Costs for this year.
Play Facilities	120	0	0	60	60	Funding for new Play facilities or replacing equipment in existing facilities. Allocation of proposed spend by location reported to ERR 29/10/15, it is anticipated that £60k will be spent this financial year with the remaining £60k projected to be spent in 2016/17.
Town and Village Centre Environmental Improvements	300	0	0	40	260	Minor spend expected this year. Working group to be set up to report back to Environment & Regeneration Committee on detailed use of reserve.
Substitute Funding - Riverside Inverclyde	250	0	0	0	250	To allow saving in Riverside Inverclyde ongoing revenue budget from 2016/17 while retaining funding levels to Riverside Inverclyde.
Total Category C to E	2,643	332	310	1,293	1,350	