
Report To:	Regeneration Committee	Date:	19 January 2012
Report By:	Chief Financial Officer, Corporate Director Regeneration and Environment and Corporate Director Education & Communities	Report No:	FIN/123/11AP/MMcC
Contact Officer:	Mary McCabe	Contact No:	01475 712222
Subject:	Regeneration 2011/12 Revenue Budget – Period 7 to 31 October 2011		

1.0 PURPOSE

- 1.1 To advise Committee of the 2011/12 Revenue Budget position at period 7 to 31 October 2011.

2.0 SUMMARY

- 2.1 The revised 2011/12 budget for Regeneration is £12,377,000 which excludes Earmarked Reserves. The latest projection is an underspend of £137,000, this being 1.1% of the revised budget. This represents a reduction in spend of £132,000 since last Committee.
- 2.2 The main reasons for this movement are a reduction in employee costs within Property Assets and Facilities Management and additional Cleaning income received relating to previous years.

3.0 RECOMMENDATIONS

- 3.1 The Committee note the current projected underspend for 2011/12 of £137,000 as at 31 October 2011.
- 3.2 The Committee note that although an underspend of £137,000 is projected per above, elsewhere on the agenda Building Services is reporting an overspend of £151,000, resulting in a net Committee overspend of £14,000.
- 3.3 The Committee approve the revised Riverside Inverclyde spend profile and the revised allocation across the project areas as summarised in Paragraph 9.3 and detailed in Appendix 4.

Alan Puckrin
Chief Financial Officer

Aubrey Fawcett
Corporate Director
Regeneration & Environment

Albert Henderson
Corporate Director Education &
Communities

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2011/12 budget and to highlight the main issues contributing to the projected underspend in 2011/12.
- 4.2 The revised budget reflects an increase of £25,000 from last Committee due to:
- the allocation of £8,000 from the Inflation Contingency to offset inflationary increases in the cost of butcher meat within Catering.
 - the allocation of £16,890 from the General Contingency to fund the overspend in the 2011 Gourrock Highland Games, as agreed by the Policy and Resources Committee, 15 November 2011.

5.0 2011/12 CURRENT POSITION

- 5.1 The current projection for 2011/12 is an underspend of £137,000.

5.2 Economic Development Services - £69,000 Overspend

The current projected out-turn for Economic Development is a decrease in projected spend of £22,000 since last reported to Committee, mainly due to:

(a) Employee Costs:

The current projection is an underspend of £35,000 which is a reduction in spend of £8,000 since last Committee due to various minor movements.

(b) Property Costs:

There is a projected underspend of £10,000 on utilities for the Business Store, occupied by Economic Development, in line with previous year's outturn.

5.3 Property Assets and Facilities Management - £148,000 Underspend

The current projected out-turn for Property and Facilities Management is a decrease in projected spend of £85,000 since last reported to Committee mainly due to:

(a) Employee Costs:

There is a projected underspend of £223,000 which is a reduction in projected spend of £92,000 since last reported to Committee mainly due to:

- a £26,000 reduction in Janitors' costs following a reduction in overtime and other allowances resulting from the commencement of the let officers' posts, which is offset by a reduction in income.
- a £75,000 reduction in Cleaning employee costs resulting from the loss of the Police contract and the cessation of RCH's tenancy of Wallace Place, offset by reduced income per 5.3(d) below, and a reduction in overtime and additional hours.
- a £23,000 increase in Property Resources employee costs, due to an error in the previous projection.

(b) Property Costs

There is a projected underspend of £32,000, an increase in projected spend of £8,000 due to a projected overspend within Public Conveniences' Non Domestic Rates and Water Rates.

(c) Supplies & Services

There is a projected overspend of £32,000 within Catering Provisions, a reduction of £8,000 since last Committee, due to the allocation of budget from the Inflation Contingency, as noted in 4.2 above.

(d) Income:

There is a projected under-recovery of £75,000 an increase in under-recovery of £6,000 since last reported to Committee, mainly due to:

- a reduction in Janitors' recharge income of £26,000, offset by a reduction in employee costs, per 5.3(a) above.
- a reduction in Cleaning income of £6,000 for 2011/12, resulting from RCH vacating Wallace Place.
- a reduction in Cleaning income of £27,000 due to the loss of the Police Contract, which will terminate on 7 January 2012.
- additional Cleaning income of £50,000, relating to previous years, for which the charge has now been agreed.

5.4 Cultural - £25,000 Underspend

The current projection is a decrease in spend of £19,000 since last Committee mainly due to the allocation of additional budget of £16,890 to offset the overspend on the Gourock Highland Games, as outlined in Paragraph 4.2.

5.5 Sports, Leisure, Halls and Communities & Grants to Voluntary Organisations - £33,000 Underspend

The current projected outturn for Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations is a decrease in spend of £6,000 since last Committee due to a refund of NDR costs within Halls, relating to previous financial years.

5.6 Corporate Director - £nil Variance

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

6.0 VIREMENTS

6.1 There are no virement requests in this report.

7.0 CONCLUSIONS

7.1 The Committee is currently reporting an underspend of £137,000.

8.0 FINANCIAL IMPLICATIONS

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

Service	Approved Budget 2011/12 £'000	Revised Budget 2011/12 £'000	Projected Out-turn 2011/12 £'000	Projected Over/(Under - Spend) £'000	Percentage Variance %
Economic Development Services	6,928	6,925	6,994	69	0.99%
Property & Facilities Management	3,755	3,716	3,568	(148)	(3.98)%
Cultural	1,635	1,659	1,634	(25)	(1.51)%
Sports, Leisure, Halls and Communities & Grants to Vol Orgs	2,550	2,445	2,412	(33)	(1.35)%
Corporate Director	148	152	152	0	0.00%
TOTAL	15,016	14,897	14,760	(137)	(0.92)%
Transfer to Earmarked Reserves		(2,520)	(2,520)		
TOTAL NET EXPENDITURE	15,016	12,377	12,240	(137)	(0.99)%

9.0 EARMARKED RESERVES

9.1 There is a planned £2,520,000 contribution to Earmarked Reserves in the current financial year. Spend to date on the existing earmarked reserves is 59.6% of the total projected spend as detailed in Appendix 3.

9.2 The projected spend for 2011/12 has reduced by £1.731 million since last Committee. This movement is mainly due to revised phasing of Riverside Inverclyde (RI) spend; £1.53 million of spend being projected to be spent in future years in order that RI can maximise spend from other funding partners in the current year; and amended phasing on the Asset Management Plan resulting in £245,000 being phased into 2012/13. Lead officers have reviewed the phasing of each project and have confirmed that the 2011/12 spend is realistic.

9.3 In terms of RI's projected expenditure, Committee are asked to approve the revised project list as outlined in Appendix 4. The main changes are an overall reduction in funding for the Commercial Development of Kelburn of £1.42 million, of which £670,000 was to be Council funded together with an overall increase in funding for Riverside Business Park – Phase 2 of £1.395 million. The proposals include various movements in terms of which Partner is funding which project, as detailed in Appendix 4. The result is that the total Council funding for Riverside Business Park – Phase 2 will be £1.53 million and it is proposed that this amount be carried forward to 2012/13, as outlined in Paragraph 9.2 and Appendix 3.

10.0 EQUALITIES

10.1 There are no equality issues arising from this report.

11.0 CONSULTATION

11.1 The report has been jointly prepared by the Corporate Director of Regeneration &

Environment, the Corporate Director Education & Communities and the Chief Financial Officer.

REGENERATION COMMITTEE**APPENDIX 1****REVENUE BUDGET MONITORING REPORT****PERIOD 7: 1st April 2011 - 31st October 2011**

Subjective Heading	Approved Budget 2011/12 £000	Revised Budget 2011/12 £000	Projected Out- turn 2011/12 £000	Projected Over/(Under) Spend 2011/12 £000	Percentage Variance %
Employee Costs	9,383	9,584	9,273	(311)	(3.24)%
Property Costs	5,072	4,952	4,918	(34)	(0.70)%
Supplies & Services	2,863	2,889	2,920	31	1.06%
Transport Costs	45	35	35	0	0.00%
Administration Costs	210	230	227	(3)	(1.27)%
Payments to Other Bodies	7,694	8,117	8,128	11	0.14%
Income	(10,251)	(10,910)	(10,741)	169	1.55%
TOTAL NET EXPENDITURE	15,016	14,897	14,760	(137)	(0.92)%
Transfer to Earmarked Reserves *	0	(2,520)	(2,520)	0	0.00%
TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES	15,016	12,377	12,240	(137)	(1.11)%

* Per Appendix 3: New funding transferred to earmarked reserves during 2011/12

REGENERATION COMMITTEE

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

PERIOD 7: 1st April 2011 - 31st October 2011[illegible]

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11 £000</u>	<u>New Funding 2011/12 £000</u>	<u>Total Funding 2011/12 £000</u>	<u>Actual To Period 7 2011/12 £000</u>	<u>Projected Spend 2011/12 £000</u>	<u>Amount to be Earmarked for 2012/13 & Beyond £000</u>	<u>Lead Officer Update</u>
Riverside Inverclyde	Aubrey Fawcett	682	2,100	2,782	793	1,252	1,530	Spend to date includes £360k contribution to Tall Ships. Riverside Inverclyde have advised that there will be slippage of £1.53 million into next financial year in order that they can maximise spend from other funding partners - the projected spend reflects this position.
Tall Ships	Aubrey Fawcett	167	200	367	358	358	9	This project is subject to regular reports to the Regeneration Committee. It was agreed at the P&R Committee (20 September 2011) to fund 50% of the shortfall in funds to a maximum of £100,000. The full £100,000 has been paid out to cashflow the event. If the final requirement is less than £100k, the balance will be repaid to the Council.
Area Renewal Fund	Aubrey Fawcett	249	0	249	0	18	231	Master planning study at Drumfrochar Road/Broomhill Area now complete. A further £3k spend is expected to be incurred in 2011/12 after final presentation to the Community Group. Approval was given by Regeneration Committee (meeting 20th January 2011 & 12 May 2011) to spend £20k to fund a feasibility study for the development of a community facility at Woodhall. £3k for Task Group creche facilities and £10k to fund feasibility works in association with Inverclyde Association for Mental Health in the Wellington Academy area. It is projected that £15k spend will be incurred in 2011/12. £100k has been allocated to Gibshill Community Centre which is currently being reviewed by the group. Spend may take place between 2012/13 but is subject to review. £75k has been allocated to Clune Park Resource Centre and spend is expected to be incurred in 2012/13 after a review into the future of the former Clune Park School. The remaining balance of £38k is expected to be allocated and spent in 2012/13.
Asset Management Plan - Office Rationalisation	Andrew Gerrard	852	790	1,642	225	472	1,170	The Office Rationalisation report was approved by the P&R committee on the 21st September 2010. The spend profile of the earmarked reserve will be monitored and reported to Committee. Work to the customer centre is on site with completion due in early 2012. Design work is complete for the conversion of the business store to a library however work will not start on site until January 2012 in order that the library does not relocate too far in advance of the start date for the conversion of the central library to offices, which will be on site in June 2012.

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>c/f Funding 2010/11 £000</u>	<u>New Funding 2011/12 £000</u>	<u>Total Funding 2011/12 £000</u>	<u>Actual To Period 7 2011/12 £000</u>	<u>Projected Spend 2011/12 £000</u>	<u>Amount to be Earmarked for 2012/13 & Beyond £000</u>	<u>Lead Officer Update</u>
Asset Management Plan - Replacement Depot	Andrew Gerrard	155	200	355	0	49	306	The Depot Rationalisation report was approved by the P&R committee on the 8th February 2011. The spend profile of the earmarked reserve will be monitored and reported to Committee. Different options are being considered for Pottery Street Depot. It is anticipated that a final option will be selected shortly and design work will progress. Initial design work is underway for the Kirn Drive Depot/Civic Amenity site refurbishment.
Support for Community Facilities	Aubrey Fawcett	600	450	1,050	0	173	877	Social Regeneration and Area Renewal Group (SOA2) is responsible for administering the Area Renewal Fund and making recommendations to the Regeneration Committee to distribute funds. The P&R Committee of 17 August 2010 granted approval for this fund to become the responsibility of SOA2 and be administered in the same way as the Area Renewal Fund. Spend of £173k was agreed at the Regeneration Committee on 1st September 2011. This expenditure is made up of grants to 9 organisations and it is anticipated these grants will be disbursed by February 2012.
Business Development Liason Officer	Stuart Jamieson	22	0	22	22	22	0	Temporary appointment of a Grade 1 post employment will terminate 29th November 2011.
Regeneration of Port Glasgow Town Centre	Aubrey Fawcett	0	1,000	1,000	0	0	1,000	Agreed at the Regeneration Committee, 12th May 2011, that authority be delegated to Corporate Director Regeneration and Environment to develop proposals with Riverside Inverclyde to regenerate Port Glasgow Town Centre. An update report was presented to the Committee on 27th October 2011 at which time Committee endorsed the development framework and delegated authority to the Corporate Director to negotiate and conclude agreements to enable Riverside Inverclyde to progress the detail of the framework and to act as the delivery vehicle for the project.
Total		2,727	4,740	7,467	1,398	2,344	5,123	

SE = Scottish Enterprise
IC = Inverclyde Council
SG = Scottish Government

Project List	ORIGINAL FUNDING 2011/12				PROPOSED ADJUSTMENTS			REVISED FUNDING 2011/12				INCREASE/ (DECREASE) IN TOTAL FUNDING
	Total	SE	IC	SG	SE	IC	SG	Total	SE	IC	SG	
1 Arts Guild Theatre - Operational Support	50,000	0	0	50,000				50,000	0	0	50,000	0
Spend to date	0	0	0	0					0	0	0	0
4 Custom House Maintenance / Refurbishment	1,200,000	0	0	1,200,000				1,200,000	0	0	1,200,000	0
Spend to date	0	0	0	38,663					0	0	38,663	0
5 Carlsburn Office Space Development	50,000	0	50,000	0	50,000	(50,000)		50,000	50,000	0	0	0
Spend to date	0	0	0	0	Note 1	Note 1			0	0	0	0
6 Carlsdyke Site Enabling	388,000	388,000	0	0				388,000	388,000	0	0	0
Spend to date	333,810	333,810	0	0				333,810	333,810	0	0	0
7 Riverside Business Park - Phase 2	1,350,000	750,000	0	600,000	(485,000)	1,530,000	350,000	2,745,000	265,000	1,530,000	950,000	1,395,000
Spend to date	109,872	109,872	0	0	Note 5	Note 5	Note 5	109,872	109,872	0	0	0
9 Town Centre Regeneration - Port Glasgow	360,000	0	360,000	0	435,000	(360,000)		435,000	435,000	0	0	75,000
Spend to date	0	0	66,741	0	Note 2	Note 2		0	0	66,741	0	0
10 Town Centre Regeneration - Greenock	400,000	0	400,000	0	400,000	(400,000)		400,000	400,000	0	0	0
Spend to date	0	0	42,848	0	Note 2	Note 2		0	0	42,848	0	0
11 Port Glasgow Industrial Estate	75,000	0	75,000	0		(75,000)		0	0	0	0	(75,000)
Spend to date	0	0	0	0		Note 2			0	0	0	0
12 Ocean Terminal - Infrastructure	10,000	10,000	0	0				10,000	10,000	0	0	0
Spend to date	0	0	0	0					0	0	0	0
13 Facilitate commercial development at Kelburn	1,545,000	525,000	670,000	350,000	(400,000)	(670,000)	(350,000)	125,000	125,000	0	0	(1,420,000)
Spend to date	64,787	64,787	0	0	Note 4	Note 4	Note 4	64,787	64,787	0	0	0
14 Pierhead Gourcock	100,000	0	100,000	0				100,000	0	100,000	0	0
Spend to date	0	0	65,350	0				0	0	65,350	0	0
15 Management and Administration Costs	450,000	175,000	175,000	100,000				450,000	175,000	175,000	100,000	0
Spend to date	102,083	102,083	58,333	58,333				102,083	102,083	102,083	58,333	0
16 Project Marketing (Energy and Renewables)	40,000	40,000	0	0				40,000	40,000	0	0	0
Spend to date	24,072	24,072	0	0				24,072	24,072	0	0	0
17 Project feasibility and implementation costs	100,000	0	100,000	0				100,000	0	100,000	0	0
Spend to date	0	0	20,949	0				0	0	20,949	0	0
18 Business Support	45,000	0	45,000	0				45,000	0	45,000	0	0
Spend to date	0	0	0	0					0	0	0	0
19 Tall Ships rri Contribution	460,000	0	460,000	0				460,000	0	460,000	0	0
Spend to date	0	0	460,000	0					0	460,000	0	0
21 General Marketing	25,000	0	25,000	0		25,000		50,000	0	50,000	0	25,000
Spend to date	0	0	15,303	0	Note 3	Note 3		0	0	15,303	0	0
Total Budget for Year	6,648,000	1,888,000	2,460,000	2,300,000	0	0	0	6,648,000	1,888,000	2,460,000	2,300,000	0

NB
It is proposed that £1,530,000 Inverclyde Council funding for Riverside Business Park - Phase 2 be carried forward for spend in 2012/13.
The total funding from Inverclyde Council excludes £322,000 earmarked reserves carried forward from previous years.

Notes

- Note 1 Cartsburn Office Space Development
Change funding source from IC to SE
- Note 2 Greenock and Port Glasgow Town Centres
Transfer funding from Port Glasgow Industrial Estate project which is not proceeding to Port Glasgow Town Centre.
Change funding source from IC to SE
- Note 3 General Marketing
Increase budget from £25,000 to £50,000 to meet anticipated spend.
Funding Source IC
- Note 4 Kelburn
Transfer all funding for this section bar £125,000 which is the anticipated spend required to meet present commitments to Riverside Business Park.
SE funding to remain for £125,000
- Note 5 Riverside Business Park – Phase 2
Transfer balance of reallocated funding sums at Notes 1 to 4 to this section to enable build of a further Office Development to proceed.