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<b>Report To:</b>	<b>Regeneration Committee</b>	<b>Date:</b>	<b>8 March 2012</b>
<b>Report By:</b>	<b>Chief Financial Officer, Corporate Director Regeneration and Environment and Corporate Director Education &amp; Communities</b>	<b>Report No:</b>	<b>FIN/15/12/AP/MCC</b>
<b>Contact Officer:</b>	<b>Mary McCabe</b>	<b>Contact No:</b>	<b>01475 712222</b>
<b>Subject:</b>	<b>Regeneration 2011/12 Revenue Budget – Period 9 to 31 December 2011</b>		

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## **1.0 PURPOSE**

- 1.1 To advise Committee of the 2011/12 Revenue Budget position at period 9 to 31 December 2011.

## **2.0 SUMMARY**

- 2.1 The revised 2011/12 budget for Regeneration is £12,372,000 which excludes Earmarked Reserves. The latest projection is an underspend of £95,000, this being 0.77% of the revised budget. This represents an increase in spend of £42,000 since last Committee.
- 2.2 The main reasons for this movement are:
- £31,000 increase in expenditure within Central Repairs resulting from storm damage incurred during the adverse weather conditions experienced on 3 January 2012. This figure is made up of minor works and insurance excesses
  - £26,000 increase in Rental Income within Physical Assets resulting from the lease of the Greenock Academy site to Shed Media. In future years, the income budget will be adjusted to incorporate this additional income.
  - £27,000 virement from Community Halls to Community, Learning and Development within the Education and Lifelong Learning Committee as outlined in Section 6 and Appendix 4. An underspend had previously been projected and this virement eliminates this underspend.

## **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the current projected underspend for 2011/12 of £95,000 as at 31 December 2011.
- 3.2 The Committee note that although an underspend of £95,000 is projected per above, elsewhere on the agenda Building Services is reporting an overspend of £151,000, resulting in a net Committee overspend of £56,000.
- 3.3 Committee is asked to approve virement as detailed in Appendix 4.

- 3.4 Committee is asked to approve a one-off virement in 2012/13 of £50,000 from the Regeneration Fund within this Committee to the ICHCP Sub Committee to support the implementation of new governance, management and operational delivery arrangements for financial advice and support services.

Alan Puckrin  
Chief Financial Officer

Albert Henderson  
Corporate Director Education & Communities

Aubrey Fawcett  
Corporate Director  
Regeneration & Environment

## 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 a decrease of £4,000 from last Committee due to:

- Additional £15,000 allocated from Contingency to cover a donation to Waverley Excursions Ltd, as agreed at the meeting of the Inverclyde Council on 6 October 2011.
- Increase of £11,000 in the Committee's Client Cleaning expenditure budgets due to a redistribution of budget across all Services.
- Reduction of £3,000 within Cultural resulting from a saving in line rentals.
- Reduction of £27,000 within Community Halls due to virement to the Education and Lifelong Learning Committee as outlined in Section 6 and Appendix 4. Approval for this virement is sought at Paragraph 3.3.

## 5.0 2011/12 CURRENT POSITION

5.1 The current projection for 2011/12 is an underspend of £95,000.

### 5.2 **Economic Development Services - £58,000 Overspend**

The current projected out-turn for Economic Development is a decrease in projected spend of £11,000 since last reported to Committee, mainly due to:

#### (a) Employee Costs:

The current projection is an underspend of £28,000 which is an increase in spend of £7,000 since last Committee due to: £17,000 increase in projected spend as a result of the Business Liaison Development officer remaining in post until the year end, offset by income from Inverclyde Community Development Trust (ICDT), see 5.2(b) below; £5,000 reduction in Getting Ready for Work expenditure offset by a reduction in income, see 5.2(b) below; and additional turnover savings of £5,000.

#### (b) Income:

There is a projected underrecovery of £82,000 which is an increase in projected income of £13,000 due to additional income from ICDT of £17,000 to cover the cost of the Business Liaison Development officer, see 5.2(a) above; offset by a reduction in Getting Ready for Work income of £5,000, also per 5.2 (a) above.

### 5.3 **Property Assets and Facilities Management - £120,000 Underspend**

The current projected out-turn for Property Assets and Facilities Management is an increase in projected spend of £28,000 since last reported to Committee, mainly due to:

#### (a) Employee Costs:

There is a projected underspend of £229,000 which is a reduction in projected spend of £5,000 since last reported to Committee, mainly due to:

- a further £23,000 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 £13,000 increase in Cleaning employee costs resulting from the continuation of the Police contract which had previously been projected to terminate in January. This increase is more than offset by an increase in income.

(b) Property Costs

There is a projected overspend of £26,000, an increase in projected spend of £58,000 since last Committee, due to:

- a £31,000 increase in Central Repairs costs resulting from storm damage incurred during January's storms.
- a £10,000 increase in Central Repairs resulting from higher than anticipated Fire Risk works.
- a £17,000 increase in costs for cleaning materials within Catering.

(c) Income:

There is a projected under-recovery of £51,000, an increase in income of £24,000 since last reported to Committee, mainly due to:

- a reduction in Janitors' recharge income of £23,000, offset by a reduction in employee costs, per 5.3(a) above.
- an increase in Cleaning income of £27,000 due to the Police Contract not terminating as anticipated.
- additional income of £26,000 for the lease of the Greenock Academy site. The budget will be amended in future years to incorporate this additional income.

5.4 **Cultural - £25,000 Underspend**

There has been no movement since last report to Committee. The projected underspend remains due to employee turnover savings.

5.5 **Sports, Leisure, Halls and Communities & Grants to Voluntary Organisations - £8,000 Underspend**

The current projected outturn for Sports, Leisure, Halls & Communities and Grants to Voluntary Organisations is a reduction in the underspend of £25,000 since last Committee due to virement requested at Section 6 and Appendix 4 of £27,000 offset by a small reduction in Payments to Other Bodies of £2,000.

5.6 **Corporate Director - £nil Variance**

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

**6.0 VIREMENTS**

6.1 Committee is asked to approve virement as detailed in Appendix 4 which comprises a budget transfer of £27,300 from this Committee to the Education and Lifelong Learning Committee. The same approval has been requested from the Education and Lifelong Learning Committee. Where appropriate, the virement is reflected throughout the report.

6.2 A new Financial Inclusion Strategy for Inverclyde has recently been finalised by a multi-agency Working Group. To ensure the effective implementation of this Strategy a review was undertaken of the current governance, management, funding and delivery arrangements for financial advice and support services.

The review made recommendations to improve the governance, management, funding and delivery arrangements for financial advice and support services. It is proposed that the one-off virement of £50,000 in 2012/13 from the Regeneration Fund within this Committee to the ICHCP Sub Committee will be utilised to support the implementation of these recommendations as required.

## 7.0 CONCLUSIONS

7.1 The Committee is currently reporting an underspend of £95,000.

## 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	6,941	6,999	58	0.83%
Property Assets & Facilities Management	3,755	3,722	3,602	(120)	(3.22)%
Cultural	1,635	1,660	1,635	(25)	(1.51)%
Sports, Leisure, Halls and Communities & Grants to Vol Orgs	2,550	2,417	2,409	(8)	(0.33)%
Corporate Director	148	152	152	0	0.00%
<b>TOTAL</b>	<b>15,016</b>	<b>14,892</b>	<b>14,797</b>	<b>(95)</b>	<b>(0.64)%</b>
Transfer to Earmarked Reserves		(2,520)	(2,520)		
<b>TOTAL NET EXPENDITURE</b>	<b>15,016</b>	<b>12,372</b>	<b>12,277</b>	<b>(95)</b>	<b>(0.77)%</b>

## 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 67.9% of the total projected spend as detailed in Appendix 3.

9.2 Lead officers have reviewed the phasing of each project and have confirmed that the 2011/12 spend is realistic.

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

**REGENERATION COMMITTEE****APPENDIX 1****REVENUE BUDGET MONITORING REPORT****PERIOD 9: 1st April 2011 - 31st December 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	9,466	9,185	(281)	(2.97)%
Property Costs	5,072	4,958	4,980	22	0.45%
Supplies & Services	2,863	2,886	2,914	28	0.96%
Transport Costs	45	35	35	0	0.00%
Administration Costs	210	224	218	(6)	(2.64)%
Payments to Other Bodies	7,694	8,083	8,092	9	0.11%
Income	(10,251)	(10,760)	(10,627)	133	1.24%
<b>TOTAL NET EXPENDITURE</b>	<b>15,016</b>	<b>14,892</b>	<b>14,797</b>	<b>(95)</b>	<b>(0.64)%</b>
Transfer to Earmarked Reserves *	0	(2,520)	(2,520)	0	0.00%
<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>15,016</b>	<b>12,372</b>	<b>12,277</b>	<b>(95)</b>	<b>(0.77)%</b>

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

[illegible]

EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>CfF Funding 2010/11 £000</u>	<u>New Funding 2011/12 £000</u>	<u>Total Funding 2011/12 £000</u>	<u>Actual To Period 9 2011/12 £000</u>	<u>Projected Spend 2011/12 £000</u>	<u>Amount to be Earmarked for 2012/13 &amp; Beyond £000</u>	<u>Lead Officer Update</u>
Riverside Inverclyde	Aubrey Fawcett	682	2,100	2,782	788	1,252	1,530	Spend to date includes £360k contribution to Tail 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. The revised spend profile was agreed at the Regeneration Committee on 19 January 2012.
Tail 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. Latest update indicates that potentially the Council will be repaid £25k.
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 crèche 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. Committee approved £15k for ICDT to undertake the Clune Park School feasibility study. This is likely to be incurred in 2012/13. £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. £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. The remaining balance of £20k is expected to be allocated and spent in 2012/13.
Asset Management Plan - Office Rationalisation	Andrew Gerrard	852	790	1,642	338	535	1,107	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. 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.
Asset Management Plan - Replacement Depot	Andrew Gerrard	155	200	355	0	59	296	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 Kim Drive Depot/Civic Amenity site refurbishment.



EARMARKED RESERVES POSITION STATEMENT

Appendix 3

COMMITTEE: Regeneration

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Ci/f Funding 2010/11 £000</u>	<u>New Funding 2011/12 £000</u>	<u>Total Funding 2011/12 £000</u>	<u>Actual To Period 9 2011/12 £000</u>	<u>Projected Spend 2011/12 £000</u>	<u>Amount to be Earmarked for 2012/13 &amp; Beyond £000</u>	<u>Lead Officer Update</u>
Support for Community Facilities	Aubrey Fawcett	600	450	1,050	76	86	964	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 that £86k of grants will be disbursed before the financial year end.
Business Development Liason Officer	Stuart Jamieson	22	0	22	22	22	0	Temporary appointment of a Grade I post employment terminated 29th November 2011, as planned.
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.
<b>Total</b>		<b>2,727</b>	<b>4,740</b>	<b>7,467</b>	<b>1,582</b>	<b>2,330</b>	<b>5,137</b>	

**REVENUE BUDGET MONITORING REPORT****VIREMENT REQUEST****PERIOD 9: 1st April 2011 - 31st December 2011**

Budget Heading		Increase Budget	(Decrease) Budget
		£	£
Community Division - APT&C Basic Pay	1		(21,800)
Community Division - APT&C Superann	1		(4,000)
Community Division - APT&C National Ins	1		(1,500)
CLD Community Development - APT&C Basic Pay	1	21,800	
CLD Community Development - APT&C Superann	1	4,000	
CLD Community Development - APT&C National Ins	1	1,500	
Total		<b>27,300</b>	<b>(27,300)</b>

1) Community Halls vacancy reallocated to Community Learning and Development within the Education and Lifelong Learning Committee.

The same approval has been requested from the Education and Lifelong Learning Committee.