

Report

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| Report to: | Community Services Committee |
| Date of Meeting: | 1 April 2014 |
| Report by: | Executive Director (Finance and Corporate Resources) and Executive Director (Community and Enterprise Resources) |

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| Subject: | Community Services - Revenue Budget Monitoring 2013/2014 |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2013 to 7 February 2014 for Community Services
- ◆ provide a forecast for the year to 31 March 2014

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the underspend on the Community Services' revenue budget of £0.799million (1.19%), as detailed in Appendices B to F of the report, be noted; and
- (2) that, following the probable exercise, the forecast to 31 March 2014 of an underspend of £0.837m be noted.

3. Background

- 3.1. This is the fourth revenue budget monitoring report presented to the Community Services Committee for the financial year 2013/2014.
- 3.2. The Community and Enterprise Resources' budget is managed in totality by the Resource. The individual Community Services' reports are included, along with variance explanations, in Appendices B to F. For information, the report details the financial position for Community and Enterprise Resources in Appendix A. As Appendices B to F reflect Community Services only, the total of Appendix A does not balance to the total of these.
- 3.3. Support Services within the Resource provides support for all Services, however, this is monitored through the Community Services Committee.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 7 February 2014, the Community Services' variance from phased budget is an underspend of £0.799million (1.19%).

- 5.2. Following the probable exercise, the Community Services' forecast for the revenue budget to 31 March 2014 is an underspend of £0.837m. Taking the Enterprise Services' forecast of an overspend of £0.698m and the Trading Services' forecast of an under recovery of surplus of £0.139m, the Community and Enterprise Resources forecast for the revenue budget to 31 March 2014 is a breakeven position.
- 5.3. The Executive Committee (26 February 2014) agreed to proceed with a settlement in relation to Equal Pay claims, and agreed the funding in relation to these costs. As a small proportion of the affected employees work within South Lanarkshire Leisure and Culture Trust, some of the costs of the settlement will lie with the Trust. Under the terms agreed at the Executive Committee, the Council will meet these costs through increasing the service fee paid to the Trust. This will not affect the operational position reported for this Service, as funding has been identified for these costs.

6. Other Implications

- 6.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 6.2. There are no implications for sustainability in terms of the information contained in this report.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 7.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

Colin McDowall

Executive Director (Community and Enterprise Resources)

24 February 2014

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ Community Services Committee, 4 February 2014
- ◆ Executive Committee, 26 February 2014

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 7 February 2014

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Community and Enterprise Resources Summary

| | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|------------------|----------------------|--------------------------------|----------------------------------|--------------------|----------------------|-------------------|---------------------------|------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| <u>Budget Category</u> | | | | | | | | | |
| Employee Costs | 37,766 | 37,358 | 408 | 31,755 | 31,378 | 377 | under | 1.2% | |
| Property Costs | 13,020 | 13,235 | (215) | 11,565 | 11,778 | (213) | over | (1.8%) | |
| Supplies & Services | 4,788 | 5,613 | (825) | 3,277 | 3,895 | (618) | over | (18.9%) | |
| Transport & Plant | 5,821 | 6,084 | (263) | 4,963 | 5,257 | (294) | over | (5.9%) | |
| Administration Costs | 1,143 | 1,273 | (130) | 969 | 1,122 | (153) | over | (15.8%) | |
| Payments to Other Bodies | 20,672 | 20,807 | (135) | 16,218 | 16,347 | (129) | over | (0.8%) | |
| Payments to Contractors | 56,216 | 55,428 | 788 | 47,886 | 46,997 | 889 | under | 1.9% | |
| Transfer Payments | 586 | 586 | 0 | 586 | 586 | 0 | - | 0.0% | |
| Financing Charges | 660 | 640 | 20 | 462 | 457 | 5 | under | 1.1% | |
| Total Controllable Exp. | 140,672 | 141,024 | (352) | 117,681 | 117,817 | (136) | over | (0.1%) | |
| Total Controllable Inc. | (24,100) | (24,591) | 491 | (14,795) | (15,136) | 341 | over recovered | 2.3% | |
| Net Controllable Exp. | 116,572 | 116,433 | 139 | 102,886 | 102,681 | 205 | under | 0.2% | |

Variance Explanations

Variance explanations are shown in Appendices B to F.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Facilities, Streets and Waste

| Budget Category | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|----------------------|--------------------------|---------------------------------|-----------------------------------|------------------------|--------------------------|-----------------------|----------------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| Employee Costs | 18,080 | 17,766 | 314 | 15,187 | 14,894 | 293 | under | 1.9% | 1 |
| Property Costs | 11,527 | 11,621 | (94) | 10,272 | 10,374 | (102) | over | (1.0%) | 2 |
| Supplies & Services | 1,251 | 1,640 | (389) | 1,036 | 1,336 | (300) | over | (29.0%) | 3 |
| Transport & Plant | 5,193 | 5,426 | (233) | 4,395 | 4,666 | (271) | over | (6.2%) | 4 |
| Administration Costs | 276 | 252 | 24 | 215 | 250 | (35) | over | (16.3%) | |
| Payments to Other Bodies | 62 | 103 | (41) | 57 | 88 | (31) | over | (54.4%) | |
| Payments to Contractors | 15,094 | 13,943 | 1,151 | 13,489 | 12,373 | 1,116 | under | 8.3% | 5 |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Financing Charges | 507 | 515 | (8) | 333 | 336 | (3) | over | (0.9%) | |
| Total Controllable Exp. | 51,990 | 51,266 | 724 | 44,984 | 44,317 | 667 | under | 1.5% | |
| Total Controllable Inc. | (11,676) | (11,849) | 173 | (7,178) | (7,371) | 193 | over recovered | 2.7% | 6 |
| Net Controllable Exp. | 40,314 | 39,417 | 897 | 37,806 | 36,946 | 860 | under | 2.3% | |

Variance Explanations**1. Employee Costs**

The underspend is within Refuse and Disposal Services and is mainly due to vacancies, with the recruitment process underway to fill a number of posts. In addition, overtime costs are less than anticipated.

2. Property Costs

The overspend is due to the maintenance of depots and dilapidation costs.

3. Supplies and Services

The overspend is mainly due to expenditure on items of materials.

4. Transport and Plant

The overspend is mainly due to vehicle maintenance, hired vehicles and fuel costs being greater than anticipated.

5. Payments to Contractors

The underspend is within Refuse and Disposal Services and reflects the profile of expenditure on the Strategic Waste project.

6. Income

The over recovery is mainly due to street cleansing sales within Streets and Bereavement Services being greater than anticipated and additional service requests within Facilities Management.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Environmental

| Budget Category | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|---------------|-------------------|--------------------------|----------------------------|-----------------|-------------------|----------------|---------------------|------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| Employee Costs | 3,842 | 3,788 | 54 | 3,236 | 3,150 | 86 | under | 2.7% | 1 |
| Property Costs | 12 | 12 | 0 | 11 | 14 | (3) | over | (27.3%) | |
| Supplies & Services | 165 | 161 | 4 | 116 | 122 | (6) | over | (5.2%) | |
| Transport & Plant | 121 | 146 | (25) | 104 | 124 | (20) | over | (19.2%) | |
| Administration Costs | 96 | 73 | 23 | 77 | 63 | 14 | under | 18.2% | |
| Payments to Other Bodies | 151 | 144 | 7 | 142 | 140 | 2 | under | 1.4% | |
| Payments to Contractors | 239 | 357 | (118) | 213 | 324 | (111) | over | (52.1%) | 2 |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Financing Charges | 25 | 17 | 8 | 25 | 18 | 7 | under | 28.0% | |
| Total Controllable Exp. | 4,651 | 4,698 | (47) | 3,924 | 3,955 | (31) | over | (0.8%) | |
| Total Controllable Inc. | (414) | (493) | 79 | (377) | (434) | 57 | over recovered | 15.1% | 3 |
| Net Controllable Exp. | 4,237 | 4,205 | 32 | 3,547 | 3,521 | 26 | under | 0.7% | |

Variance Explanations**1. Employee Costs**

The underspend is mainly due to vacancies that exist across the Service which are being filled in line with service requirements.

2. Payments to Contractors

The overspend is mainly due to the high level of expenditure incurred on the treatment of clinical waste which is offset by an over recovery of income (see below).

3. Income

The over recovery is mainly due to greater than anticipated income received for the treatment of clinical waste which is offset by an overspend in Payments to Contractors (see above).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Leisure and Culture

| Budget Category | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|----------------------|--------------------------|---------------------------------|-----------------------------------|------------------------|--------------------------|----------------|----------------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| Employee Costs | 4 | 5 | (1) | 4 | 4 | 0 | - | 0.0% | |
| Property Costs | 230 | 226 | 4 | 178 | 176 | 2 | under | 1.1% | |
| Supplies & Services | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Transport & Plant | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Administration Costs | 11 | 13 | (2) | 11 | 12 | (1) | over | (9.1%) | |
| Payments to Other Bodies | 112 | 115 | (3) | 23 | 23 | 0 | - | 0.0% | |
| Payments to Contractors | 21,631 | 21,775 | (144) | 21,200 | 21,335 | (135) | over | (0.6%) | 1 |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Financing Charges | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Total Controllable Exp. | 21,988 | 22,134 | (146) | 21,416 | 21,550 | (134) | over | (0.6%) | |
| Total Controllable Inc. | 0 | (1) | 1 | 0 | (1) | 1 | over recovered | n/a | |
| Net Controllable Exp. | 21,988 | 22,133 | (145) | 21,416 | 21,549 | (133) | over | (0.6%) | |

Variance Explanations**1. Payments to Contractors**

The variance is mainly due to payments to South Lanarkshire Leisure and Culture Trust to reflect the cost of changes in service provision in 2013/14.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Projects

| Budget Category | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|----------------------|--------------------------|---------------------------------|-----------------------------------|------------------------|--------------------------|----------------|----------------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| Employee Costs | 501 | 534 | (33) | 431 | 453 | (22) | over | (5.1%) | |
| Property Costs | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Supplies & Services | 57 | 165 | (108) | 42 | 142 | (100) | over | (238.1%) | 1 |
| Transport & Plant | 154 | 153 | 1 | 153 | 153 | 0 | - | 0.0% | |
| Administration Costs | 0 | 4 | (4) | 0 | 3 | (3) | over | n/a | |
| Payments to Other Bodies | 0 | 4 | (4) | 0 | 4 | (4) | over | n/a | |
| Payments to Contractors | 317 | 289 | 28 | 235 | 226 | 9 | under | 3.8% | |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Financing Charges | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Total Controllable Exp. | 1,029 | 1,149 | (120) | 861 | 981 | (120) | over | (13.9%) | |
| Total Controllable Inc. | (1,007) | (1,108) | 101 | (861) | (964) | 103 | over recovered | 12.0% | 2 |
| Net Controllable Exp. | 22 | 41 | (19) | 0 | 17 | (17) | over | n/a | |

Variance Explanations**1. Supplies and Services**

The overspend is mainly due to material purchases related to the Air Quality project and is offset by an over recovery of income.

2. Income

The over recovery is within the Air Quality project and offsets the overspend on supplies and services above.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 7 February 2014 (No.12)

Support Services

| Budget Category | Annual Budget | Forecast for Year | Annual Forecast Variance | Budget Proportion 07/02/14 | Actual 07/02/14 | Variance 07/02/14 | | % Variance 07/02/14 | Note |
|--------------------------------|----------------------|--------------------------|---------------------------------|-----------------------------------|------------------------|--------------------------|----------------|----------------------------|-------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| Employee Costs | 4,483 | 4,356 | 127 | 3,763 | 3,733 | 30 | under | 0.8% | 1 |
| Property Costs | 294 | 300 | (6) | 293 | 291 | 2 | under | 0.7% | |
| Supplies & Services | 161 | 231 | (70) | 74 | 75 | (1) | over | (1.4%) | |
| Transport & Plant | 73 | 71 | 2 | 71 | 68 | 3 | under | 4.2% | |
| Administration Costs | 250 | 254 | (4) | 225 | 220 | 5 | under | 2.2% | |
| Payments to Other Bodies | 0 | 2 | (2) | 0 | 2 | (2) | over | n/a | |
| Payments to Contractors | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | - | n/a | |
| Financing Charges | 51 | 34 | 17 | 30 | 30 | 0 | - | 0.0% | |
| Total Controllable Exp. | 5,312 | 5,248 | 64 | 4,456 | 4,419 | 37 | under | 0.8% | |
| Total Controllable Inc. | (1,427) | (1,435) | 8 | (8) | (34) | 26 | over recovered | 325.0% | 2 |
| Net Controllable Exp. | 3,885 | 3,813 | 72 | 4,448 | 4,385 | 63 | under | 1.4% | |

Variance Explanations**1. Employee Costs**

The underspend is mainly due to vacancies that exist across the Service which are being filled in line with service requirements.

2. Income

The over recovery is due to greater than anticipated rental income from Estates managed properties.