

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	3 September 2019
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2018/2019
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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 2018 to 31 March 2019 for Community and Enterprise Resources

2. Recommendation(s)

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

- (1) that the Community and Enterprise Resources' outturn position as at 31 March 2019 of an underspend of £2.282m before transfers to reserves, as detailed in Appendix A of the report, and after transfers to reserves of £1.117m, be noted;
- (2) that the actual underspend be used to support the under recovery in the targeted surplus within the Resources' Trading Operations resulting in an overspend of £0.427m for the Resource; and
- (3) that the proposed budget virements, as detailed in appendices B to F of the report, be approved.

3. Background

- 3.1. This is the final revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2018/2019.
- 3.2. The report details the financial position for Community and Enterprise Resources in Appendix A and the individual services' reports in appendices B to F, including variance explanation.

4. Employee Implications

4.1. None

5. Financial Implications

- 5.1. **Yearend Outturn Position as at 31 March 2019:** The year-end position is an underspend of £2.282m before transfer to reserves. The Resource is transferring funding to reserves totalling £1.165m to meet ongoing commitments. This is an increased position from the probable position reported during the year by £0.768m mainly due to insurance contributions to the Food Safety case and a refund from the

Waste contract and this takes the final position **after transfers** to reserves to an underspend of £1.117m.

- 5.2. The variance explanations for the overall Resource underspend position is detailed by service in appendices B to F.
- 5.3. The underspend will be used to support the under recovery in the targeted surplus within Fleet Trading Operation of (£0.996m) and Roads Trading (£0.548m) resulting in an overspend of £0.427m for the Resource. The transfer to reserves are detailed in appendices B to F.
- 5.4. The year-end position includes legal costs associated with compensation paid for the court case on food safety (£0.254m) and financial pressures within SLL&C (£0.400m) as previously reported.
- 5.5. Virements are proposed to realign budgets across budget categories and with other Resources. These movements are detailed in the appendices B to F of this report.

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)

Michael McGlynn

Executive Director (Community and Enterprise Resources)

30 July 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 31 March 2019

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 14b Ended 31 March 2019 (No.14b)

Community and Enterprise Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/19	Actual BEFORE Transfers 31/03/19	Variance 31/03/19		% Variance 31/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	65,525	64,171	1,353	1,353	65,525	63,846	1,679	under	2.6%	
Property Costs	4,167	4,166	1	(9)	4,167	4,177	(10)	over	(0.2%)	
Supplies & Services	8,274	8,261	(988)	(1,215)	8,274	9,425	(1,151)	over	(13.9%)	
Transport & Plant	8,022	8,171	(148)	(148)	8,022	8,128	(106)	over	(1.3%)	
Administration Costs	759	1,220	(461)	(461)	759	1,113	(354)	over	(46.6%)	
Payments to Other Bodies	11,941	12,419	(477)	(537)	11,941	12,015	(74)	over	(0.6%)	
Payments to Contractors	55,430	55,536	(106)	(206)	55,430	55,006	424	under	0.8%	
Transfer Payments	563	563	0	0	563	563	0	-	0.0%	
Financing Charges	181	157	24	24	181	168	13	under	7.2%	
Total Controllable Exp.	154,862	155,664	(802)	(1,199)	154,862	154,441	421	under	0.3%	
Total Controllable Inc.	(36,809)	(38,341)	1,532	1,532	(36,809)	(38,670)	1,861	over recovered	5.1%	
Net Controllable Exp.	118,053	117,323	730	333	118,053	115,771	2,282	under	1.9%	
Transfer to Reserves (as at 31/03/19)					-	1,165	(1,165)	over		
Position After Transfers to Reserves (as at 31/03/19)					118,053	116,936	1,117	under	1.0%	

Variance Explanations

Detailed in Appendix B to F.

Budget Virements

Budget virements are shown in Appendices B to F.

Transfers to Reserves

Detailed in Appendix B to F

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14b Ended 31 March 2019 (No.14b)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 31/03/19 £000	Actual BEFORE Transfers 31/03/19 £000	Variance 31/03/19 £000		% Variance 31/03/19	Note
Employee Costs	50,864	50,129	735	735	50,864	50,035	829	under	1.6%	1,a
Property Costs	2,505	2,515	(10)	(20)	2,505	2,558	(53)	over	(2.1%)	2,a
Supplies & Services	6,383	7,313	(930)	(1,105)	6,383	7,497	(1,114)	over	(17.5%)	3,b
Transport & Plant	7,576	7,486	90	90	7,576	7,605	(26)	over	(0.3%)	a
Administration Costs	266	359	(93)	(93)	266	405	(139)	over	(52.3%)	4
Payments to Other Bodies	30	31	(1)	(1)	30	37	(7)	over	(23.3%)	
Payments to Contractors	14,386	14,630	(244)	(344)	14,386	14,415	(29)	over	(0.2%)	c
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	84	67	17	17	84	78	6	under	7.1%	
Total Controllable Exp.	82,094	82,530	(436)	(721)	82,094	82,627	(533)	over	(0.6%)	
Total Controllable Inc.	(17,397)	(17,938)	541	541	(17,397)	(18,598)	1,201	over recovered	6.9%	5,a,c
Net Controllable Exp.	64,697	64,592	105	(180)	64,697	64,029	668	under	1.0%	
Transfer to Reserves (as at 31/03/19)					-	783	(783)	over		
Position After Transfers to Reserves (as at 31/03/19)					64,697	64,812	(115)	over	(0.2%)	

Variance Explanations

- The variance was mainly due to staff turnover within the service due to the timing of recruitment, partially offset by overtime costs.
- This relates to rates associated with a former civic amenity site at Muttonhole Road.
- The over spend was mainly due to a higher level of bin purchases than budgeted within Waste Services, general material spend within Grounds Maintenance and the purchase of catering and cleaning equipment within Facilities. The overspend within Grounds was offset by an over recovery within Income.
- The overspend was mainly due to the printing of Recycling/Blue Bin Campaign Flyers within Waste, promotional material for school meals within Facilities Management and medical costs being higher than budgeted.
- The over recovery of income relates to the sale of bins, scrap and clearances being greater than budget within Waste Services along with a credit received from the contractor due to a reduction in tonnages and additional service requests of a capital nature within Grounds. These over recoveries are partially offset by lower than budgeted cash income from school meals and service movements mainly within the Concierge service.

Budget Virements

- Budget uploaded in respect of 0.5% pay award £0.249m, apprenticeship levy £0.201m and carbon reduction £0.012m. Net effect £0.462m: Employees £0.438m, Property £0.012m, Transport and Plant £0.013m, Income (£0.001m).
- Transfer of CFCR in respect of Play Equipment, installation of CCTV and Kitchen equipment. Net effect (£0.044m): Supplies & Services (£0.038m), Payment to Contractor (£0.006m),
- Transfer from Reserves for adoption monies (Grounds). Net effect £0.213m: Income £0.213m.

Transfers to Reserves (£0.783m):

- Comfort Scheme – New initiative in Lanark to encourage tourism by reimbursing businesses for allowing the public to use their toilet facilities (£0.010m)
- Cashless System – Transfer to fund associated costs with a new cashless school system (£0.175m)
- Crematorium Sinking Fund - Contribution to meet future replacement costs at the crematorium (£0.050m)
- Crematorium Shelter – Funding required to manage the costs of erecting a shelter for visitors at the Crematorium (£0.050m)
- Waste Contract - Transfer of credit from contractor in respect of waste contract to be used to assist in managing future cost pressures (£0.488m)
- Health & Safety Cemeteries - Transfer of funding from 2018/19 to fund 2019/20 costs of health and safety requirements in cemeteries (£0.010m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14b Ended 31 March 2019 (No.14b)

Environmental (Inc Projects)

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/19	Actual BEFORE Transfers 31/03/19	Variance 31/03/19	% Variance 31/03/19	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	3,759	3,529	230	230	3,759	3,522	237 under	6.3%	1,a
Property Costs	12	17	(5)	(5)	12	17	(5) over	(41.7%)	
Supplies & Services	264	274	(10)	(62)	264	305	(41) over	(15.5%)	2
Transport & Plant	149	129	20	20	149	137	12 under	8.1%	b
Administration Costs	67	332	(265)	(265)	67	202	(135) over	(201.5%)	3
Payments to Other Bodies	133	146	(13)	(13)	133	100	33 under	24.8%	4
Payments to Contractors	799	818	(19)	(19)	799	919	(120) over	(15.0%)	5
Transfer Payments	0	0	0	0	0	0	0 -	n/a	
Financing Charges	24	17	7	7	24	18	6 under	25.0%	
Total Controllable Exp.	5,207	5,262	(55)	(107)	5,207	5,220	(13) over	(0.2%)	
Total Controllable Inc.	(1,212)	(1,348)	136	136	(1,212)	(1,535)	323 over recovered	26.7%	6
Net Controllable Exp.	3,995	3,914	81	29	3,995	3,685	310 under	7.8%	
Transfer to Reserves (as at 31/03/19)					-	252	(252) over		
Position After Transfers to Reserves (as at 31/03/19)					3,995	3,937	58 under	1.5%	

Variance Explanations

1. The variance was mainly due to staff turnover within the service due to the timing of recruitment and vacancies.
2. This overspend was mainly due to spend on materials within Air Quality Projects. This expenditure was recovered through grant income from the Scottish Government.
3. This relates to compensation costs in respect of the food safety court case.
4. The variance was mainly due to spend on Scientific Services in respect of sample testing being lower than budget.
5. The over spend was due to the cost of clinical waste, which was demand led, partially offset by an under spend within Projects for property related works. The over spend in clinical waste is offset by an over recovery in income.
6. The over recovery of income was mainly due to income recovered from Housing & Technical Resources for the removal of clinical waste and a contribution from Food Standards Scotland in respect of the food safety case. In addition, further grant income was received for Air Quality Projects from the Scottish Government.

Budget Virements

- a. Budget Uploaded in respect of 0.5% pay award £0.018m and apprenticeship levy £0.013m. Net effect: Employees £0.031m.

Transfers to Reserves (£0.252m):

- i. Flare System - Transfer in respect of costs to upgrade the Flare IT system within Environmental Services (£0.052m)
- ii. Public Health Legal Case - Transfer to fund costs following completion of the public safety legal case (£0.200m)

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14b Ended 31 March 2019 (No.14b)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/19	Actual BEFORE Transfers 31/03/19	Variance 31/03/19		% Variance 31/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	85	85	(1)	(1)	85	86	(1)	over	(1.2%)	a
Property Costs	440	401	39	39	440	390	50	under	11.4%	1,b
Supplies & Services	0	0	0	0	0	1	(1)	over	n/a	
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	8	8	0	0	8	8	0	-	0.0%	
Payments to Other Bodies	80	88	(8)	(8)	80	79	1	under	1.3%	
Payments to Contractors	18,789	19,188	(399)	(399)	18,789	19,189	(400)	over	(2.1%)	2,a,b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	19,402	19,771	(369)	(369)	19,402	19,752	(350)	Over	(1.8%)	
Total Controllable Inc.	0	(2)	2	2	0	(1)	1	over recovered	n/a	
Net Controllable Exp.	19,402	19,769	(367)	(367)	19,402	19,751	(349)	over	(1.8%)	
Transfer to Reserves (as at 31/03/19)					-	-	-	-		
Position After Transfers to Reserves (as at 31/03/19)					19,402	19,751	(349)	over	(1.8%)	

Variance Explanations

1. The variance was due to lower than anticipated service charge for East Kilbride ice rink and other property costs.
2. The over spend was mainly due to higher than budgeted payments to SLLC Ltd to contribute towards budget pressures.

Budget Virements

- a. Budget Uploaded in respect of 0.5% pay award £0.112m, apprenticeship levy £0.081m, carbon reduction £0.201m and funding the SLLC Deficit £0.100m. Net effect £0.494m: Employees £0.081m, Property £0.201m, Payment to Contractor £0.212m.
- b. Transfer of RPI from Facilities. Net effect £0.006m: Payment to Contractor £0.006m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14b Ended 31 March 2019 (No.14b)

Planning and Economic Development

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 31/03/19 £000	Actual BEFORE Transfers 31/03/19 £000	Variance 31/03/19 £000		% Variance 31/03/19	Note
Employee Costs	4,792	4,799	(7)	(7)	4,792	4,740	52	under	1.1%	1,a
Property Costs	640	660	(20)	(20)	640	590	50	under	7.8%	2
Supplies & Services	81	91	(10)	(10)	81	127	(46)	over	(56.8%)	3
Transport & Plant	29	37	(8)	(8)	29	35	(6)	over	(20.7%)	
Administration Costs	139	191	(52)	(52)	139	200	(61)	over	(43.9%)	4,b
Payments to Other Bodies	5,615	5,680	(65)	(125)	5,615	5,707	(92)	over	(1.5%)	5,b,c
Payments to Contractors	6,249	6,250	(1)	(1)	6,249	6,256	(7)	over	(0.1%)	b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	33	30	3	3	33	32	1	under	3.0%	
Total Controllable Exp.	17,578	17,738	(160)	(220)	17,578	17,687	(109)	over	(0.6%)	
Total Controllable Inc.	(12,980)	(13,415)	435	435	(12,980)	(13,273)	293	over recovered	2.3%	6,b,c
Net Controllable Exp.	4,598	4,323	275	215	4,598	4,414	184	under	4.0%	
Transfer to Reserves (as at 31/03/19)					-	130	(130)	over		
Position After Transfers to Reserves (as at 31/03/19)					4,598	4,544	54	under	1.2%	

Variance Explanations

1. This variance was mainly due to staff turnover within the service due to the timing of recruitment
2. Lower levels of spend to budget was due to reduced rent and service costs for Hamilton Towers offset by reduced income.
3. The over spend was mainly due to increased costs for IT equipment and other supplies & services.
4. The over spend was mainly due to increased legal expenses for planning enquiries.
5. The over spend was mainly due to increased security costs for Christmas switch on events.
6. The over recovery reflects income from applications as a result of increased fees offset by reduced income for Hamilton Towers.

Budget Virements

- a. Budget Uploaded in respect of 0.5% pay award £0.020m, apprenticeship levy £0.018m. Net effect £0.038m: Employees £0.020m.
- b. Realignment in Budget to reflect service delivery including Leader and restoration bonds. Net effect £0.000m: Admin £0.055m, Payment to Other (£0.223m), Payment to Contractor £0.003m, Income £0.165m.
- c. Transfer of CFCR in respect of Clyde Gateway, Clyde & Avon Valley Landscape Partnership and Vacant & Derelict Land. Net Effect £0.543m. Payment to Other Bodies £2.064m, Income (£1.521m).

Transfers to Reserves (£0.130m):

- i. East Kilbride Task Force - Funding identified to manage the cost of equipment replacement in fleet services in future years (£0.030m)
- ii. Local Plan – Transfer to fund additional costs associated with the multi-year production of the Local Plan which will be completed in 2019/20 (£0.100m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14b Ended 31 March 2019 (No.14b)

Roads Total

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/19	Actual BEFORE Transfers 31/03/19	Variance 31/03/19		% Variance 31/03/19	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	6,025	5,628	396	396	6,025	5,463	562	under	9.3%	1,a
Property Costs	570	573	(3)	(3)	570	622	(52)	over	(9.1%)	2,a
Supplies & Services	1,546	1,583	(38)	(38)	1,546	1,496	50	under	3.2%	3
Transport & Plant	268	519	(250)	(250)	268	354	(86)	over	(32.1%)	4
Administration Costs	279	330	(51)	(51)	279	298	(19)	over	(6.8%)	
Payments to Other Bodies	6,083	6,474	(390)	(390)	6,083	6,092	(9)	over	(0.1%)	b
Payments to Contractors	15,207	14,650	557	557	15,207	14,227	980	under	6.4%	5,a,c,d
Transfer Payments	563	563	0	0	563	563	0	-	0.0%	
Financing Charges	40	43	(3)	(3)	40	40	0	-	0.0%	
Total Controllable Exp.	30,581	30,363	218	218	30,581	29,155	1,426	under	4.7%	
Total Controllable Inc.	(5,220)	(5,638)	418	418	(5,220)	(5,263)	43	over recovered	0.8%	6,b
Net Controllable Exp.	25,361	24,725	636	636	25,361	23,892	1,469	under	5.8%	
Transfer to Reserves (as at 31/03/19)					-	-	-			
Position After Transfers to Reserves (as at 31/03/19)					25,361	23,892	1,469	under	5.8%	

Variance Explanations

1. This variance was mainly due to staff turnover within the service due to the timing of recruitment
2. This over spend mainly relates to a greater than anticipated spend on electricity for electric car charging power points and increased electrical power rates.
3. This variance was mainly due to less than anticipated IT support costs partially offset by the price increases for electrical power within street lighting.
4. The over spend was due to the timing of hire costs for gritters and was offset by an underspend in payment to contractors (see Note 5 below)
5. Due to winter gritter costs being charged directly to Fleet Service Charges - Hired Vehicles (see Note 4 above) and less than anticipated expenditure for reactive maintenance works across all areas, lower than budgeted costs experienced.
6. Over recovery was the net effect of additional income recovered from rechargeable lighting works and inspection fees, potholing, resurfacing and lining works and a greater demand for road permits, partially offset by reduced income from car parks.

Budget Virements

- a. Budget Uploaded in respect of 0.5% pay award £0.065m, apprenticeship levy £0.023m and carbon reduction £0.005m. Net effect £0.093m: Employees £0.048m, Property £0.005m, Payment to Contractors £0.040m.
- b. Realignment in Budget to reflect service delivery for WOSLA. Net effect £0.000m: Payment to Other Bodies £0.086m, Income (£0.086m).
- c. Transfer from Reserves for winter maintenance and carriageway repairs. Net effect £0.670m: Payment to Contractor £0.670m.
- d. Transfer of CFCR in respect of gritters and roads surface dressing and retread works. Net effect (£1.431m): Payment to Contractor (£1.431m).