

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	29 August 2023
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Revenue Budget Monitoring 2022/2023 - Community and Enterprise Resources
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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 2022 to 31 March 2023 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 outturn position as at 31 March 2023 of an underspend of £0.025 million after approved transfers to reserves, as detailed in Appendix A of the report, be noted; and
- (3) that the proposed budget virements as detailed in appendices B to F 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 2022/2023.

3.2. The report details the financial position for Community and Enterprise Resources in appendix A for the full financial year 2022/2023 compared to the probable outturn position and the individual Services' reports in appendices B to F, including variance explanation.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. **Year End Position as at 31 March 2023:** The year end position is a reported underspend of £0.025 million after approved transfers to reserves. The Resource position is detailed in Appendix A and the transfers to reserves by service area are noted in appendices B to F.

5.2. The underspend of £0.025 million is a net effect of underspends in employee costs within Facilities, Waste and Grounds, Planning and Regulatory and Roads, Transportation and Fleet services, an over recovery of Planning and Building

Standards income and vehicle maintenance income within Fleet services. This is partially offset by costs within Roads in relation to charging of Electric Vehicles, prior to tariffs being introduced, overspend in transport costs within Fleet services due to timing of efficiencies and expenditure in the workshop, costs associated with replacement bin programme and medical costs across the service, as well as the reduced levels of income for school meals. Detailed variance explanations by service area are included in appendices B to F.

- 5.3 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. Climate Change, Sustainability and Environmental Implications

- 6.1 There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

7. Other Implications

- 7.1. The main risk associated with the Council's revenue budget is that there is an overspend. There are inflationary and budget pressures including utilities, food and fuel (as well as general inflation pressures) this year which increase the risk of overspend, however, we have mitigated this going forward by providing additional funds in future years' budget strategy, and in this year, through some reserve funds available. There are also emerging underspends in employee costs which will help offset increasing inflationary pressures.
- 7.2. We will also continue to monitor the actual impact through 4 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.

8 Equality Impact Assessment and Consultation Arrangements

- 8.1 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.
- 8.2 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)

David Booth

Executive Director (Community and Enterprise Resources)

9 June 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 31 March 2023.

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 14 Ended 31 March 2023 (No. 14)

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 31/03/23	Actual BEFORE Transfers 31/03/23	Variance 31/03/23		% Variance 31/03/23	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	94,868	92,492	2,376	2,376	94,868	91,807	3,061	under	3.2%	
Property Costs	4,418	5,132	(714)	(814)	4,418	5,595	(1,177)	over	(26.6%)	
Supplies & Services	17,738	18,095	(357)	(397)	17,738	18,523	(785)	over	(4.4%)	
Transport & Plant	23,550	23,991	(441)	(441)	23,550	24,782	(1,232)	over	(5.2%)	
Administration Costs	800	972	(172)	(172)	800	1,043	(243)	over	(30.4%)	
Payments to Other Bodies	12,038	12,113	(75)	(75)	12,038	12,231	(193)	over	(1.6%)	
Payments to Contractors	46,750	46,412	338	(792)	46,750	46,278	472	under	1.0%	
Transfer Payments	603	603	0	0	603	604	(1)	over	(0.2%)	
Financing Charges	185	237	(52)	(52)	185	240	(55)	over	(29.7%)	
Total Controllable Exp.	200,950	200,047	903	(367)	200,950	201,103	(153)	over	(0.1%)	
Total Controllable Inc.	(71,515)	(71,889)	374	374	(71,515)	(73,223)	1,708	over recovered	2.4%	
Net Controllable Exp.	129,435	128,284	1,277	7	129,435	127,880	1,555	under	1.2%	
Transfer to Reserves (as at 31/03/23)	-	1,270	(1,270)	-	-	1,530	(1,530)	over		
Position After Transfers to Reserves (as at 31/03/23)	129,435	129,428	7	7	129,435	129,410	25	under	0.0%	

Variance Explanations

Detailed in appendices B to F.

Budget Virements

Budget virements are shown in appendices B to F.

Approved Transfers to Reserves

Detailed in appendices B to F

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2023 (No. 14)

Facilities, Waste and Grounds Services

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 31/03/23 £000	Actual BEFORE Transfers 31/03/23 £000	Variance 31/03/23 £000		% Variance 31/03/23	Note
Employee Costs	60,081	59,230	851	851	60,081	58,638	1,443	under	2.4%	1,c,d
Property Costs	1,856	2,048	(192)	(292)	1,856	2,344	(488)	over	(26.3%)	2
Supplies & Services	8,586	8,603	(17)	(17)	8,586	9,175	(589)	over	(6.9%)	3,a,b,c
Transport & Plant	8,506	8,523	(17)	(17)	8,506	8,499	7	under	0.1%	
Administration Costs	165	211	(46)	(46)	165	289	(124)	over	(75.2%)	4
Payments to Other Bodies	51	53	(2)	(2)	51	49	2	under	3.9%	
Payments to Contractors	16,012	14,783	1,229	99	16,012	14,619	1,393	under	8.7%	5,b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	45	63	(18)	(18)	45	70	(25)	over	(55.6%)	6
Total Controllable Exp.	95,302	93,514	1,788	558	95,302	93,683	1,619	under	1.7%	
Total Controllable Inc.	(19,583)	(19,552)	(31)	(31)	(19,583)	(19,774)	191	over recovered	1.0%	7,c
Net Controllable Exp.	75,719	73,962	1,757	527	75,719	73,909	1,810	under	2.4%	
Transfer to Reserves (as at 31/03/23)	-	1,230	(1,230)	-	-	1,440	(1,440)	over		
Position After Transfers to Reserves (as at 31/03/23)	75,719	75,192	527	527	75,719	75,349	370	under	0.5%	

Variance Explanations

- The variance was mainly due to vacancies within School Crossing Patrollers, Catering and Janitors Services within Facilities and turnover and staff working on reduced hourly contracts as a result of flexible retirement throughout the service.
- The overspend was due to greater than budgeted expenditure on refuse uplifts and health and hygiene charges within Janitorial Service and rates charges associated with historic public conveniences and higher than anticipated expenditure on the security and upkeep of the Castlehill Transfer station. In addition, the overspend was also due to the retention of the additional death facility at Peel Park, however partial income was recovered this financial year to support those costs.
- The overspend was mainly due to higher than anticipated expenditure on bin purchases and PPE along with upgrading of IT systems within Waste. In addition, there was a greater spend within Grounds on general materials because of additional service requests which were recoverable. These were partially offset by an underspend within Facilities on school meals food purchases partially offset by an overspend on equipment.
- The overspend was mainly due to an overspend on medical costs throughout the service along with printing costs within Facilities Management.
- The variance was mainly due to income received from the disposal of both fibres and containers within the Waste Service.
- The overspend was due to increased IT leasing costs.
- The over recovery of income mainly related to an over recovery within Waste, Grounds and Streets because of additional service requests from Housing and Technical Resources, additional service requests within Facilities Management and income recovered from North Lanarkshire Council and the NHS for the additional death facility at Peel Park. This is partially offset by a decrease in uptake of the Care of Gardens Service, no income recovered from Adoption Monies within Grounds, an under recovery in school meals income which was increased due to loss of income from school closures and teachers strike days and less demand for bereavement services within Streets and Bereavement.

Budget Virements

- Transfer of budget to capital for CFCR in respect of Chatelherault Allotments and works at the Palace Grounds. Net effect (£0.094m): Supplies and Services (£0.094m).
- Transfer of budget from reserves in respect of the Crematorium sinking fund and realignment of virement from earlier in the year in respect of the IT Development fund. Net effect (£0.046m): Supplies and Services (£0.062m), Payment to Contractors £0.016m.
- Realignment of budget to reflect service provision within Amenity and Facilities. Net effect £0.000m: Employees (£0.011m), Supplies and Services (£0.022m), Income £0.033m.
- Transfer of budget in relation to apprenticeship levy. Net effect £0.232m: Employees £0.232m.

Approved Transfers to Reserves (£1.440m):

- i. Allotments - (£0.100m)
- ii. Crematorium Sinking fund - (£0.050m)
- iii. Unbudgeted Waste Income - (£1.080m)
- iv. Waste - (£0.210m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2023 (No. 14)

Planning and Regulatory Services

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 31/03/23 £000	Actual BEFORE Transfers 31/03/23 £000	Variance 31/03/23 £000		% Variance 31/03/23	Note
Employee Costs	7,426	7,029	397	397	7,426	6,940	486	under	6.5%	1,b,c
Property Costs	298	300	(2)	(2)	298	299	(1)	over	(0.3%)	b
Supplies & Services	252	266	(14)	(14)	252	256	(4)	over	(1.6%)	a,b
Transport & Plant	572	537	35	35	572	544	28	under	4.9%	2,b
Administration Costs	130	134	(4)	(4)	130	149	(19)	over	(14.6%)	3,b
Payments to Other Bodies	2,419	2,342	77	77	2,419	2,332	87	under	3.6%	4,b,d
Payments to Contractors	1,492	1,517	(25)	(25)	1,492	1,663	(171)	over	(11.5%)	5,b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	46	63	(17)	(17)	46	62	(16)	over	(34.8%)	6
Total Controllable Exp.	12,635	12,188	447	447	12,635	12,245	390	under	3.1%	
Total Controllable Inc.	(7,501)	(8,096)	595	595	(7,501)	(8,267)	766	over recovered	10.2%	7,b,d
Net Controllable Exp.	5,134	4,092	1,042	1,042	5,134	3,978	1,156	under	22.5%	
Transfer to Reserves (as at 31/03/23)	-	-	-	-	-	-	-	-		
Position After Transfers to Reserves (as at 31/03/23)	5,134	4,092	1,042	1,042	5,134	3,978	1,156	under	22.5%	

Variance Explanations

- The variance was mainly due to vacant posts within the services and staff turnover.
- The variance was mainly due to lower than anticipated pool car charges within Environmental Services.
- The over spend was mainly due to legal costs associated with planning inquiries.
- The variance was mainly due to lower than anticipated expenditure on scientific services within Environmental Services.
- The overspend was mainly due to greater than anticipated expenditure on clinical waste which was offset by an over recovery of income within Environmental services.
- The overspend was due to higher than budgeted IT leasing costs within Environmental and Planning & Building Standards.
- The over recovery was due to a greater demand for Planning and Building standard applications and greater than anticipated income from the recovery of clinical waste and income from property checks for Ukrainian refugees.

Budget Virements

- Realignment of virement from earlier in the year in respect of the IT Development Fund within Environmental. Net (£0.030m): Supplies and Services (£0.030m).
- Realignment of budget to reflect service delivery within Projects and Planning. Net effect £0.000m: Employees (£0.008m), Property £0.105m, Supplies and Services £0.012m, Transport and Plant £0.017m, Administration (£0.016m), Payments to Other Bodies £0.066m, Payment to Contractor (£0.147m), Income (£0.029m).
- Transfer of budget in relation to apprenticeship levy. Net effect £0.026m: Employees £0.026m.
- Establish budget for non-Capital spend. Net effect £0.000m: Payment to Other Bodies £2.077m, Income (£2.077m).

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2023 (No. 14)

South Lanarkshire Leisure and Culture

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/23	Actual BEFORE Transfers 31/03/23	Variance 31/03/23		% Variance 31/03/23	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	4	6	(2)	(2)	4	6	(2)	over	(50.0%)	
Property Costs	98	76	22	22	98	92	6	under	6.1%	1
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	9	(1)	(1)	8	10	(2)	over	(25.0%)	
Payments to Other Bodies	80	91	(11)	(11)	80	71	9	under	11.3%	2
Payments to Contractors	24,352	24,352	0	0	24,352	24,349	3	under	0.0%	a
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.	24,542	24,534	8	8	24,542	24,529	13	under	0.1%	
Total Controllable Inc.	0	(4)	4	4	0	(5)	5	over recovered	n/a	
Net Controllable Exp.	24,542	24,530	12	12	24,542	24,524	18	under	0.1%	
Transfer to Reserves (as at 31/03/23)	-	-	-	-	-	-	-	-		
Position After Transfers to Reserves (as at 31/03/23)	24,542	24,530	12	12	24,542	24,524	18	under	0.1%	

Variance Explanations

1. The variance related to reduced service charges for East Kilbride ice rink.
2. The variance related to lower expenditure costs on the fireworks display held at Strathclyde Park.

Budget Virements

- a. Transfer of funding from corporate items for the Warm Welcome Initiative. Net £0.600m: Payment to Contractors £0.600m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2023 (No. 14)

Enterprise and Sustainable Development

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/23	Actual BEFORE Transfers 31/03/23	Variance 31/03/23		% Variance 31/03/23	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	5,363	5,255	108	108	5,363	5,195	168	under	3.1%	1,b,c
Property Costs	806	816	(10)	(10)	806	865	(59)	over	(7.3%)	2,b
Supplies & Services	301	312	(11)	(11)	301	315	(14)	over	(4.7%)	3,
Transport & Plant	47	42	5	5	47	43	4	under	8.5%	
Administration Costs	99	77	22	22	99	87	12	under	12.1%	4,b
Payments to Other Bodies	3,855	3,894	(39)	(39)	3,855	3,915	(60)	over	(1.6%)	5,a,b
Payments to Contractors	303	303	0	0	303	349	(46)	over	(15.2%)	6,b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	44	36	8	8	44	45	(1)	over	(2.3%)	
Total Controllable Exp.	10,818	10,735	83	83	10,818	10,814	4	under	0.0%	
Total Controllable Inc.	(4,585)	(4,616)	31	31	(4,585)	(4,699)	114	over recovered	2.5%	7,b
Net Controllable Exp.	6,233	6,119	114	114	6,233	6,115	118	under	1.9%	
Transfer to Reserves (as at 31/03/23)	-	-	-	-	-	-	-	-		
Position After Transfers to Reserves (as at 31/03/23)	6,233	6,119	114	114	6,233	6,115	118	under	1.9%	

Variance Explanations

1. This variance was mainly due to vacant posts and staff turnover within the services.
2. The over spend was mainly due to additional service provision at the vaccination centre in Council Headquarters which was offset by an over recovery of income received from NHS Lanarkshire.
3. The over spend mainly related to greater than budgeted IT costs within Business Support.
4. The variance was due to lower than anticipated printing & stationery, telephone costs and membership fees within Business Support.
5. The overspend was due to higher than anticipated costs for Christmas events.
6. The over spend was mainly due payments made for Leisure staff costs supporting community testing. This spend was offset by an over recovery income from NHS Lanarkshire.
7. The income is over recovered due to greater than budgeted rental income within Support Services and income recovered for the additional service provision for community testing and the vaccination centre.

Budget Virements

- a. Carry forward of funding in respect of Food Strategy, Climate Change and Get South Lanarkshire Working. Net effect (£0.743m): Payment to Other Bodies (£0.743m).
- b. Realignment of budget to reflect service delivery within Support and Economic Development. Net effect £0.000m: Employees £0.067, Property £0.008m, Administration (£0.001m), Payment to Other Bodies (£0.349m), Payment to Contractors £0.252m, Income (£0.023m).
- c. Transfer of budget in relation to apprenticeship levy. Net effect £0.018m: Employees £0.018m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2023 (No. 14)

Roads, Transportation and Fleet Services

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 31/03/23 £000	Actual BEFORE Transfers 31/03/23 £000	Variance 31/03/23 £000		% Variance 31/03/23	Note
Employee Costs	21,994	20,972	1,022	1,022	21,994	21,028	966	under	4.4%	1,e
Property Costs	1,360	1,892	(532)	(532)	1,360	1,995	(635)	over	(46.7%)	2,b
Supplies & Services	8,599	8,914	(315)	(355)	8,599	8,776	(177)	over	(2.1%)	3,a
Transport & Plant	14,425	14,889	(464)	(464)	14,425	15,696	(1,271)	over	(8.8%)	4,
Administration Costs	398	541	(143)	(143)	398	508	(110)	over	(27.6%)	5
Payments to Other Bodies	5,633	5,733	(100)	(100)	5,633	5,864	(231)	over	(4.1%)	6
Payments to Contractors	4,591	5,457	(866)	(866)	4,591	5,298	(707)	over	(15.4%)	7,a,c,d,f
Transfer Payments	603	603	0	0	603	604	(1)	over	(0.2%)	
Financing Charges	50	75	(25)	(25)	50	63	(13)	over	(26.0%)	8
Total Controllable Exp.	57,653	59,076	(1,423)	(1,463)	57,653	59,832	(2,179)	over	(3.8%)	
Total Controllable Inc.	(39,846)	(39,621)	(225)	(225)	(39,846)	(40,478)	632	over recovered	1.6%	9,b,c
Net Controllable Exp.	17,807	19,455	(1,648)	(1,688)	17,807	19,354	(1,547)	over	(8.7%)	
Transfer to Reserves (as at 31/03/23)	-	40	(40)	-	-	90	(90)			
Position After Transfers to Reserves (as at 31/03/23)	17,807	19,495	(1,688)	(1,688)	17,807	19,444	(1,637)	over	(9.2%)	

Variance Explanations

- The variance related to staff turnover and vacancies within Roads and Fleet.
- The overspend was in the main due to higher than anticipated electricity costs for electrical vehicle charging points and the upkeep of Roads depots.
- The overspend mainly relates to increased costs for annual subscriptions for computer licences, general materials and PPE within the Roads service.
- The overspend was mainly due to the timing of efficiencies and greater than anticipated expenditure in the workshop within Fleet services.
- The overspend is mainly due to a greater than budgeted spend on printing & stationery, telephones, membership fees and medical costs within Fleet services and advertising of road closures and training costs within Roads.
- The overspend was mainly due to payments in respect of WoSLA for winter weather forecasts being greater than anticipated. This was partially offset by an over recovery of income.
- The overspend resulted from an increased level of sub-contractors being used within Roads Construction due to staff turnover during the year and, also the level of specialist works required. In addition, further overspends were within Structures due to accident damage and Traffic Management due to the upkeep of Traffic signals.
- The overspend was due increased IT leasing costs.
- The over recovery in income is mainly due to greater income from the sale of vehicles and the recovery of vehicle maintenance within Fleet, partially offset by less than anticipated income from taxi inspections income, pool car charges and casual hire charges. The over recovery within Roads was mainly due to greater than anticipated income from WoSLA, income recovered from previous years within parking, an over recovery within HQ Operations for inspection fees and an increase in the level of recoverable capital works that were undertaken within Transport and Engineering.

Budget Virements

- Carry forward of funding in respect of Community Engagement Winter Resilience and transfer of budget from reserves in respect of additional street lighting electrical power. Net (£0.014m): Supplies and Services £0.012m, Payment to Contractors (£0.026m).
- Establish budgets for Electrical Power of Electric Vehicles and Developers Contributions within Roads. Net effect (£0.663m): Property £0.293m, Income (£0.956m).
- Budget realignment to reflect revenue works completed by the Construction Unit for Roads General Services because of the change to Trading Services. Net effect £0.000m: Payment to Contractors (£0.517m), Income £0.517m.
- Transfer of budget from capital funded to revenue. Net effect £0.675m: Payment to Contractors £0.675m.
- Transfer of budget in relation to apprenticeship levy. Net effect £0.079m: Employees £0.079m.
- Realignment of virement from earlier in the year in respect of Roads Winter Maintenance. Net effect (£0.404m): Payment to Contractors (£0.404m).

Approved Transfers to Reserves (£0.090m):

- i. Fleet Sinking Fund - (£0.025m)
- ii. Year 3 of Electric Vehicle Payback - (£0.015m)
- iii. Emergency Car Park Works at Community Facilities - (£0.050m)