

Report

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Report to:	Enterprise Services Committee
Date of Meeting:	4 February 2014
Report by:	Executive Director (Finance and Corporate Resources) and Executive Director (Community and Enterprise Resources)

Subject:	Enterprise 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 13 December 2013 for Enterprise 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 overspend on the Enterprise Services' revenue budget of £0.461million (1.54%), as detailed in Appendices B to E of the report, be noted;
- (2) that, following the probable exercise, the forecast to 31 March 2014 of an overspend of £0.698m be noted; and
- (3) that the proposed budget virements in respect of Enterprise Services, as detailed in Appendices B to E of the report, be approved.

3. Background

- 3.1. This is the third revenue budget monitoring report presented to the Enterprise 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 Enterprise Services reports are included, along with variance explanations, in Appendices B to E. For information, the report details the financial position for Community and Enterprise Resources in Appendix A. As Appendices B to E reflect Enterprise 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 13 December 2013, the Enterprise Services' variance from phased budget is an overspend of £0.461million (1.54%). This includes a transfer from Reserves of £1.360m for spend on Infrastructure. Money was placed in Reserves at the end of 2012/13 to provide for Infrastructure works.
- 5.2. Following the probable exercise, the Enterprise Services' forecast for the revenue budget to 31 March 2014 is an overspend of £0.698m. Taking the Community Services forecast of an underspend of £0.837m 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. Virements are also proposed to realign budgets across the services and with other Resources including virements of £1m to Planning and Building Standards from Roads and £0.360m to Community Services from Roads. The level of investment in the Roads Infrastructure remains at previously agreed levels to reflect one of the Council's priorities. These movements have been detailed in the appendices to 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)

Colin McDowall

Executive Director (Community and Enterprise Resources)

6 January 2014

Link(s) to Council Objectives/Values

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ Enterprise Services Committee, 12 November 2013

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 13 December 2013.

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 13 December 2013 (No.10)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/12/13	Actual 13/12/13	Variance 13/12/13		% Variance 13/12/13	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	37,766	37,358	408	25,716	25,541	175	under	0.7%	
Property Costs	13,020	13,235	(215)	9,953	10,088	(135)	over	(1.4%)	
Supplies & Services	4,788	5,613	(825)	2,136	2,522	(386)	over	(18.1%)	
Transport & Plant	5,821	6,084	(263)	4,268	4,452	(184)	over	(4.3%)	
Administration Costs	1,143	1,273	(130)	832	943	(111)	over	(13.3%)	
Payments to Other Bodies	20,672	20,807	(135)	13,718	13,807	(89)	over	(0.6%)	
Payments to Contractors	56,216	55,428	788	38,286	37,709	577	under	1.5%	
Transfer Payments	586	586	0	440	440	0	-	0.0%	
Financing Charges	660	640	20	416	415	1	under	0.2%	
Total Controllable Exp.	140,672	141,024	(352)	95,765	95,917	(152)	over	(0.2%)	
Total Controllable Inc.	(24,100)	(24,591)	491	(12,315)	(12,573)	258	over recovered	2.1%	
Net Controllable Exp.	116,572	116,433	139	83,450	83,344	106	under	0.1%	

Variance Explanations

Variance explanations are shown in Appendices B to E.

Budget Virements

Budget virements are shown in Appendices B to E.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 December 2013 (No.10)

Planning and Building Standards

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/12/13	Actual 13/12/13	Variance 13/12/13		% Variance 13/12/13	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,073	3,167	(94)	2,112	2,174	(62)	over	(2.9%)	1
Property Costs	37	69	(32)	21	37	(16)	over	(76.2%)	
Supplies & Services	103	133	(30)	41	55	(14)	over	(34.1%)	
Transport & Plant	24	39	(15)	15	29	(14)	over	(93.3%)	
Administration Costs	123	205	(82)	65	118	(53)	over	(81.5%)	2
Payments to Other Bodies	125	145	(20)	97	111	(14)	over	(14.4%)	
Payments to Contractors	300	300	0	164	164	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	22	19	3	17	16	1	under	5.9%	
Total Controllable Exp.	3,807	4,077	(270)	2,532	2,704	(172)	over	(6.8%)	
Total Controllable Inc.	(2,727)	(2,683)	(44)	(2,122)	(2,085)	(37)	under recovered	(1.7%)	3, a
Net Controllable Exp.	1,080	1,394	(314)	410	619	(209)	over	(51.0%)	

Variance Explanations**1. Employee Costs**

The overspend reflects the current staffing establishment within the service. These costs will be managed overall within the Resource.

2. Administration Costs

The overspend is due to external legal costs in relation to an ongoing tribunal.

3. Income

The under recovery is due to less than anticipated income from planning applications and building warrants.

Budget Virements

- a. Transfer from Roads to Planning and Building Standards to reflect current service delivery (per 5.3 in Report) £1.000m: Income £1.000m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 December 2013 (No.10)

Regeneration

Budget Category	Annual Budget £000	Forecast for Year £000	Annual Forecast Variance £000	Budget Proportion 13/12/13 £000	Actual 13/12/13 £000	Variance 13/12/13 £000		% Variance 13/12/13	Note
Employee Costs	2,262	2,165	97	1,562	1,482	80	under	5.1%	1
Property Costs	414	414	0	194	194	0	-	0.0%	a
Supplies & Services	19	22	(3)	13	16	(3)	over	(23.1%)	
Transport & Plant	8	8	0	6	6	0	-	0.0%	
Administration Costs	47	51	(4)	22	26	(4)	over	(18.2%)	
Payments to Other Bodies	5,165	5,216	(51)	1,978	2,014	(36)	over	(1.8%)	2
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	11	10	1	8	7	1	under	12.5%	
Total Controllable Exp.	7,926	7,886	40	3,783	3,745	38	under	1.0%	
Total Controllable Inc.	(3,202)	(3,162)	(40)	(828)	(792)	(36)	under recovered	(4.3%)	3
Net Controllable Exp.	4,724	4,724	0	2,955	2,953	2	under	0.1%	

Variance Explanations**1. Employee Costs**

The underspend is due to vacancies within Property Development, including the effect of staff secondments. Vacancies are being considered in line with service requirements.

2. Payments to Other Bodies

The overspend is due to additional expenditure within Property Development on Town Centre maintenance and within Business Support on tourism. These are offset by an underspend in employee costs noted in 1 above.

3. Income

The under recovery is due to less than anticipated income received from recharges for staff secondments which is offset by an underspend in employee costs.

Budget Virements

- a. Transfer from centrally held funds in respect of rental properties £0.414m: Property Costs £0.414m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 December 2013 (No.10)

Roads

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/12/13	Actual 13/12/13	Variance 13/12/13		% Variance 13/12/13	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,056	5,112	(56)	3,493	3,527	(34)	over	(1.0%)	1, a
Property Costs	506	593	(87)	472	553	(81)	over	(17.2%)	2
Supplies & Services	3,029	3,258	(229)	1,207	1,370	(163)	over	(13.5%)	3
Transport & Plant	248	241	7	177	181	(4)	over	(2.3%)	
Administration Costs	340	421	(81)	306	347	(41)	over	(13.4%)	4
Payments to Other Bodies	10,985	11,006	(21)	9,251	9,266	(15)	over	(0.2%)	b
Payments to Contractors	18,635	18,764	(129)	11,070	11,093	(23)	over	(0.2%)	5, b, c, d, e, f
Transfer Payments	586	586	0	440	440	0	-	0.0%	
Financing Charges	44	45	(1)	33	32	1	under	3.0%	
Total Controllable Exp.	39,429	40,026	(597)	26,449	26,809	(360)	over	(1.4%)	
Total Controllable Inc.	(3,647)	(3,860)	213	(2,396)	(2,502)	106	over recovered	4.4%	6
Net Controllable Exp.	35,782	36,166	(384)	24,053	24,307	(254)	over	(1.1%)	

Variance Explanations

- Employee Costs**
The overspend is mainly due to overtime and standby costs.
- Property Costs**
The overspend is mainly due to security costs at Canderside Depot and rates and utility costs for Roads depots. A budget realignment exercise will take place in 2014/15 to address any recurring variances.
- Supplies and Services**
The overspend is mainly a result of increased electrical power costs for street lighting.
- Administration Costs**
The overspend is mainly due to one off costs across a number of expenditure areas.
- Payments to Contractors**
The overspend is mainly due to an increase in rechargeable works and is offset by an over recovery of income.
- Income**
The over recovery is mainly due to an increase in rechargeable works. This is offset by an under recovery of parking income.

Budget Virements

- Transfer to Trading Services in respect of 2013/14 Living Wage allocation (£0.021m): Employee Costs (£0.021m).
- Transfer from Trading Services in respect of 2013/14 Trading Living Wage reallocation to Resources £0.060m: Payments to Other Bodies £0.032m, Payments to Contractors £0.028m.
- Transfer from Reserves for Roads Infrastructure £1.360m: Payments to Contractors £1.360m.
- Transfer to Planning and Building Standards from Roads to reflect current service delivery (per 5.3 in report) (£1.000m): Payments to Contractors (£1.000m).
- Transfer to Community Services from Roads to reflect current service delivery (per 5.3 in report) (£0.360m): Payments to Contractors (£0.360m).
- Additional General Revenue Grant for Street Lighting Pilot £0.117m: Payments to Contractors £0.117m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 December 2013 (No.10)

Tackling Poverty Programme

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/12/13	Actual 13/12/13	Variance 13/12/13	% Variance 13/12/13	Note
	£000	£000	£000	£000	£000	£000		
<u>Budget Category</u>								
Employee Costs	465	465	0	207	207	0	-	0.0%
Property Costs	0	0	0	0	0	0	-	n/a
Supplies & Services	3	3	0	0	0	0	-	n/a
Transport & Plant	0	0	0	0	0	0	-	n/a
Administration Costs	0	0	0	0	0	0	-	n/a
Payments to Other Bodies	4,072	4,072	0	2,214	2,214	0	-	0.0%
Payments to Contractors	0	0	0	0	0	0	-	n/a
Transfer Payments	0	0	0	0	0	0	-	n/a
Financing Charges	0	0	0	0	0	0	-	n/a
Total Controllable Exp.	4,540	4,540	0	2,421	2,421	0	-	0.0%
Total Controllable Inc.	0	0	0	0	0	0	-	n/a
Net Controllable Exp.	4,540	4,540	0	2,421	2,421	0	-	0.0%