

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	22 January 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 to 9 November 2018 for Community and Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2019

2. Recommendation(s)

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

- (1) that the £0.300m underspend on the Community and Enterprise Resources' revenue budget as at 9 November 2018, as detailed in Appendix A of the report, currently being used to support the under recovery against the targeted surplus within Fleet Trading Operation, resulting in a breakeven position for the total Resource, and the forecast to 31 March 2019 of a breakeven position, be noted; and
- (2) that the proposed budget virements, as detailed in appendices B to F of the report, be approved.

3. Background

3.1. This is the third 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. As at 9 November 2018, there is an underspend of £0.300m against the phased budget. The forecast for the revenue budget to 31 March 2019 is a breakeven position.

- 5.2. As reported to the Executive Committee on 21 November 2018 the Committee is advised of the following financial management issues that are potential risks to the Resource and Council's outturn position.
- 5.3. Legal Costs: the Council has met legal costs in connection with the recent costs of a court case in relation to food safety. Following the findings of the court, the Council will be required to pay compensation and contribute towards the legal costs of the other party. Compensation has been agreed at £0.254m, and has been paid mid-December, however legal costs have still to be agreed. These figures will be included in future monitoring reports.
- 5.4. SLLC: a report has been presented to the Board of South Lanarkshire Leisure and Culture on 21 November 2018 which advises of the financial pressures experienced this year. The paper recognises that there may be a requirement for support from the Council of around £0.400 million. The position will continue to be monitored over the remainder of the year.
- 5.5. The resource position as outlined in Appendix A reflects transfers from reserves as detailed in the specific Service appendices.
- 5.6. Virements are proposed to realign budgets across budget categories and with other Resources. These movements are detailed in 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)

27 December 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Community and Enterprise Resources Committee – 30 October 2018

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 9 November 2018.

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 9 Ended 9 November 2018 (No.9)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11/18	Actual 09/11/18	Variance 09/11/18		% Variance 09/11/18	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	65,159	65,159	0	37,426	36,808	618	under	1.7%	
Property Costs	3,437	3,437	0	2,296	2,380	(84)	over	(3.7%)	
Supplies & Services	8,249	8,249	0	4,281	4,428	(147)	over	(3.4%)	
Transport & Plant	7,971	7,971	0	4,577	4,603	(26)	over	(0.6%)	
Administration Costs	689	689	0	464	536	(72)	over	(15.5%)	
Payments to Other Bodies	8,150	8,150	0	5,464	5,466	(2)	over	0.0%	
Payments to Contractors	53,268	53,268	0	32,896	32,911	(15)	over	0.0%	
Transfer Payments	563	563	0	422	421	1	under	0.2%	
Financing Charges	181	181	0	102	102	0	-	0.0%	
Total Controllable Exp.	147,667	147,667	0	87,928	87,655	273	under	0.3%	
Total Controllable Inc.	(32,184)	(32,184)	0	(20,217)	(20,244)	27	over recovered	0.1%	
Net Controllable Exp.	115,483	115,483	0	67,711	67,411	300	Under	0.4%	

Variance Explanations

Detailed within Appendices B to F.

Budget Virements

Budget virements are shown in Appendices B to F.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 9 November 2018 (No.9)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11/18	Actual 09/11/18	Variance 09/11/18		% Variance 09/11/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	50,696	50,696	0	29,329	29,014	315	under	1.1%	1,a,c
Property Costs	2,498	2,498	0	1,616	1,679	(63)	over	(3.9%)	2,b
Supplies & Services	6,440	6,440	0	3,609	3,682	(73)	over	(2.0%)	3,a
Transport & Plant	7,541	7,541	0	4,366	4,390	(24)	over	(0.5%)	a
Administration Costs	267	267	0	169	204	(35)	over	(20.7%)	4
Payments to Other Bodies	30	30	0	25	25	0	-	0.0%	
Payments to Contractors	13,328	13,328	0	8,499	8,545	(46)	over	(0.5%)	5,a,b
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	84	84	0	41	40	1	under	2.4%	
Total Controllable Exp.	80,884	80,884	0	47,654	47,579	75	under	0.2%	
Total Controllable Inc.	(17,853)	(17,853)	0	(12,618)	(12,708)	90	over recovered	0.7%	6,a
Net Controllable Exp.	63,031	63,031	0	35,036	34,871	165	Under	0.5%	

Variance Explanations

1. The under spend is mainly due to vacancies within the service due to turnover and timing of recruitment, partially offset by overtime costs.
2. The over spend relates to rates associated with a civic amenity site, Muttonhole Road.
3. The over spend is mainly due to high level of bin purchase within Waste Services partially offset by lower than anticipated food costs within Facilities Management (Catering). The under spend within Facilities Management is offset by an under recovery of income.
4. The over spend is mainly due to the printing of Recycling/Blue Bin Campaign Flyers and medical costs.
5. The over spend is mainly due to the additional service requests which are capital in nature within Grounds. This is offset by an over recovery of income.
6. The over recovery of income relates to the sale of bins, scrap and clearances being greater than budget within Waste Services, additional service requests of a capital nature within Grounds and service movements mainly within the Concierge service. These over recoveries are partially offset by lower than budgeted cash income from school meals.

Budget Virements

- a. Realignment of budgets to reflect service delivery (Facilities, Streets and Waste). Net effect £0.000m: Employee Costs (£0.500m), Supplies & Services (£0.073m), Transport & Plant £0.490m, Payment to Contractor (£0.234m), Income £0.317m.
- b. Transfer from Reserves for St Kentigerns (Grounds), Allers Allotments (Ops) and Security Gates at Forrest Street (Ops). Net Effect £0.100m: Property Costs £0.070m, Payment to Contractor £0.030m.
- c. Transfer of budget from Education Resources for the provision of additional Cleaning services. Net effect £0.025m: Employee £0.025m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 9 November 2018 (No.9)

Environmental (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11/18	Actual 09/11/18	Variance 09/11/18		% Variance 09/11/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,728	3,728	0	2,132	2,005	127	under	6.0%	1
Property Costs	12	12	0	5	5	0	-	0.0%	
Supplies & Services	183	183	0	127	133	(6)	over	(4.7%)	2
Transport & Plant	132	132	0	82	81	1	under	1.2%	
Administration Costs	69	69	0	30	55	(25)	over	(83.3%)	3
Payments to Other Bodies	133	133	0	63	63	0	-	0.0%	
Payments to Contractors	868	868	0	507	476	31	under	6.1%	4
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	24	24	0	14	14	0	-	0.0%	
Total Controllable Exp.	5,149	5,149	0	2,960	2,832	128	under	4.3%	
Total Controllable Inc.	(1,186)	(1,186)	0	(759)	(767)	8	over recovered	1.1%	
Net Controllable Exp.	3,963	3,963	0	2,201	2,065	136	under	6.2%	

Variance Explanations

1. The under spend is mainly due to vacancies within the service and timing of recruitment.
2. The over spend is mainly due to storage costs of cheese relating to a food safety case.
3. The over spend is mainly due to legal costs relating to a food safety case. .
4. The variance is due to an underspend within projects for revenue consequences.

Budget Virements

No virements to report.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 9 November 2018 (No.9)

Leisure and Culture

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11//18	Actual 09/11/18	Variance 09/11//18		% Variance 09/11//18	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4	4	0	2	3	(1)	over	(50.0%)	
Property Costs	238	238	0	176	175	1	under	0.6%	
Supplies & Services	0	0	0	0	1	(1)	over	n/a	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	8	8	0	8	8	0	-	0.0%	
Payments to Other Bodies	80	80	0	8	8	0	-	0.0%	
Payments to Contractors	18,572	18,572	0	13,368	13,368	0	-	0.0%	a
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	18,902	18,902	0	13,562	13,563	(1)	over	0.0%	
Total Controllable Inc.	0	0	0	0	(1)	1	Over recovered	n/a	
Net Controllable Exp.	18,902	18,902	0	13,562	13,562	0	-	0.0%	

Variance Explanations

No major variances to report.

Budget Virements

- a) Transfer to Housing and Technical Resources for maintenance contract at EK ice rink. Net Effect (£0.003m): Payment to Contractor (£0.003m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 09 November 2018 (No.9)

Planning and Economic Development

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11/18	Actual 09/11/18	Variance 09/11/18		% Variance 09/11/18	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4,754	4,754	0	2,728	2,725	3	Under	0.1%	
Property Costs	26	26	0	13	28	(15)	over	(115.4%)	1
Supplies & Services	81	81	0	69	70	(1)	over	(1.4%)	b
Transport & Plant	29	29	0	24	26	(2)	over	(8.3%)	
Administration Costs	66	66	0	50	55	(5)	over	(10.0%)	
Payments to Other Bodies	2,549	2,549	0	1,368	1,368	0	-	0.0%	
Payments to Contractors	4,652	4,652	0	4,502	4,502	0	-	0.0%	a
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	33	33	0	20	20	0	-	0.0%	
Total Controllable Exp.	12,190	12,190	0	8,774	8,794	(20)	over	(0.2%)	
Total Controllable Inc.	(9,250)	(9,250)	0	(4,665)	(4,685)	20	over recovered	0.4%	2,a,b
Net Controllable Exp.	2,940	2,940	0	4,109	4,109	0	-	0.0%	

Variance Explanations

1. This over spend relates to bad debt write off for irrecoverable debts.
2. The over recovery reflects increased income from planning and building warrant fees.

Budget Virements

- a) Creation of temporary budget to support restoration costs at Brokencross and Mainhill and is offset by income from bonds. Net effect: £0.000m: Payment to Contractors £1.844m, Income (£1.844m)
- b) Realignment of budget to reflect service delivery. Net effect: £0.000m: Supplies & Services £0.025m, Income (£0.025m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 9 November 2018 (No.9)

Roads Total

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/11/18	Actual 09/11/18	Variance 09/11/18		% Variance 09/11/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,977	5,977	0	3,235	3,061	174	under	5.4%	1,c
Property Costs	663	663	0	486	493	(7)	over	(1.4%)	a
Supplies & Services	1,545	1,545	0	476	542	(66)	over	(13.9%)	2,c
Transport & Plant	269	269	0	105	106	(1)	over	(1.0%)	c
Administration Costs	279	279	0	207	214	(7)	over	(3.4%)	
Payments to Other Bodies	5,358	5,358	0	4,000	4,002	(2)	over	(0.1%)	
Payments to Contractors	15,848	15,848	0	6,020	6,020	0	-	0.0%	
Transfer Payments	563	563	0	422	421	1	under	0.2%	
Financing Charges	40	40	0	27	28	(1)	over	(3.7%)	
Total Controllable Exp.	30,542	30,542	0	14,978	14,887	91	under	0.6%	
Total Controllable Inc.	(3,895)	(3,895)	0	(2,175)	(2,083)	(92)	under recovered	(4.2%)	3,b,c
Net Controllable Exp.	26,647	26,647	0	12,803	12,804	(1)	Over	0.0%	

Variance Explanations

1. The under spend mainly relates to employee turnover being higher than budgeted within the service.
2. The over spend relates to the price increases for electrical power within street lighting.
3. The under recovery is due to lower income than budgeted from car parks. This is a demand led service.

Budget Virements

- a) Transfer of funding from Finance and Corporate for rates. Net effect £0.012m: Property Costs £0.012m
- b) Transfer from Reserves for City Deal Income. Net effect £0.323m: Income £0.323m
- c) Realignment of budget to reflect service. Net effect £0.000m: Employees £0.075m, Supplies & Services (£0.009m), Transport & Plant (£0.008m), Income (£0.058m)