

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	31 March 2020
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2019/2020
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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 2019 to 31 January 2020 for Community and Enterprise Resources
- ♦ provide a forecast for the year to 31 March 2020.

2. Recommendation(s)

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

- (1) that the forecast to 31 March 2020 of an overspend of £0.034m before transfers to reserves, as detailed in Appendix A of the report and the forecast, after transfers to reserves, of £0.144m overspend, be noted;
- (2) that an overspend of £0.040m as at 31 January 2020, as detailed in Appendix A of the report and the overspend of £0.150m, after transfers to reserves, 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 fourth revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2019/2020.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to the 31 March 2020. Details are included in section 5.
- 3.3. 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. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the Resource position is reporting an overspend of £0.144m after approved transfers to reserves of £0.110 million. The transfers and the overall position are detailed in Appendix A.
- 5.2 This net overspend reflects the costs in respect of the food safety case and the timing of efficiencies within Fleet, Environmental and Project Services as previously reported, partially offset by an underspend in employee costs and an over recovery of income within Planning and Economic Development.
- 5.3. **Position as 31 January 2020:** The Resource position as at 31 January 2020 **after** approved transfers to reserves is an overspend of £0.150 million. Appendix A shows this position highlighting also the overspend of £0.040 million against the phased budget **before** the transfers to reserves are made. Detailed variance explanations of the Resource position is included in Appendices B to F as well as the approved transfers.
- 5.4. As at 31 January 2020, South Lanarkshire Leisure and Culture (SLLC) have notified the Council of a budget pressure resulting from a loss of income following the closure of the Dollan Aqua Centre and Hamilton Water Palace for essential works. It is proposed that the Council assists SLLC with this pressure (estimated at £0.090m) if it is required this year and will be billed accordingly.
- 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. 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. 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.

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)

Michael McGlynn
Executive Director (Community and Enterprise Resources)

28 February 2020

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 January 2020.

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 11 Ended 31 January 2020 (No. 11)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/01/20	Actual BEFORE Transfers 31/01/20	Variance 31/01/20		% Variance 31/01/20	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	81,193	80,142	1,051	1,021	66,218	65,205	1,013	under	1.5%	
Property Costs	4,352	4,411	(59)	(89)	3,752	3,922	(170)	over	(4.5%)	
Supplies & Services	16,294	17,028	(734)	(734)	12,249	12,884	(635)	over	(5.2%)	
Transport & Plant	21,881	21,363	518	518	17,405	16,597	808	under	4.6%	
Administration Costs	1,129	1,381	(252)	(252)	928	1,182	(254)	over	(27.4%)	
Payments to Other Bodies	9,009	9,113	(104)	(104)	6,789	6,845	(56)	over	(0.8%)	
Payments to Contractors	42,100	43,059	(959)	(1,009)	35,538	36,364	(826)	over	(2.3%)	
Transfer Payments	595	595	0	0	595	595	0	-	0.0%	
Financing Charges	191	177	14	14	172	199	(27)	over	(15.7%)	
Total Controllable Exp.	176,744	177,269	(525)	(635)	143,646	143,793	(147)	over	(0.1%)	
Total Controllable Inc.	(68,053)	(68,544)	491	491	(51,230)	(51,337)	107	over recovered	0.2%	
Net Controllable Exp.	108,691	108,725	(34)	(144)	92,416	92,456	(40)	over	(0.0%)	
Transfer to Reserves (as at 31/01/20)					-	110	(110)	over		
Position After Transfers to Reserves (as at 31/01/20)					92,416	92,566	(150)	over	(0.2%)	

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 11 Ended 31 January 2020 (No. 11)

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 31/01/20 £000	Actual BEFORE Transfers 31/01/20 £000	Variance 31/01/20 £000		% Variance 31/01/20	Note
Employee Costs	52,803	52,632	171	141	43,179	42,953	226	under	0.5%	1,a
Property Costs	2,480	2,522	(42)	(72)	2,163	2,294	(131)	over	(6.1%)	2,a,b
Supplies & Services	6,770	7,576	(806)	(806)	4,928	5,617	(689)	over	(14.0%)	3,a
Transport & Plant	7,749	7,321	428	428	6,318	6,042	276	under	4.4%	4
Administration Costs	267	311	(44)	(44)	216	259	(43)	over	(19.9%)	5
Payments to Other Bodies	30	50	(20)	(20)	27	38	(11)	over	(40.7%)	6
Payments to Contractors	14,508	14,577	(69)	(119)	11,907	11,913	(6)	over	(0.1%)	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	84	62	22	22	70	73	(3)	over	(4.3%)	
Total Controllable Exp.	84,691	85,051	(360)	(470)	68,808	69,189	(381)	over	(0.6%)	
Total Controllable Inc.	(18,314)	(18,730)	416	416	(16,384)	(16,779)	395	over recovered	2.4%	7,a
Net Controllable Exp.	66,377	66,321	56	(54)	52,424	52,410	14	under	0.0%	
Transfer to Reserves (as at 31/01/20)					-	110	(110)	over		
Position After Transfers to Reserves (as at 31/01/20)					52,424	52,520	(96)	over	(0.2%)	

Variance Explanations

1. The variance is mainly due to vacant posts within Facilities which are being actively recruited, partially offset by overtime costs.
2. The over spend relates to rates associated with a former civic amenity site, Muttonhole Road, utility charges for closed properties and works being carried out at the Eddlewood Central Production Kitchen.
3. The over spend is mainly due to a greater spend on food purchases within Facilities, materials within Grounds for additional service requests which are fully recoverable within income and a greater spend on domestic waste bins which are partly offset by an over recovery of income.
4. The variance relates to the timing of vehicle lease replacement, partially offset by an increase in fuel costs within Grounds and Waste.
5. The over spend relates mainly to the printing of Health & Safety handbook materials, catering menus and replacement programme for silicone wrist bands for school meals.
6. The over spend relates mainly to payments made to SEPA in respect of former landfill sites.
7. The over recovery of income relates to the sale of bins, scrap and clearances being greater than budget within Waste Services and additional service requests within Grounds and Facilities. 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. Net effect £0.000m: Employee Costs (£0.005m), Property Costs £0.043m, Supplies & Services (£0.001m), Income (£0.037m).
- b. Transfer from Reserves for Eddlewood Central Production Kitchen. Net Effect £0.160m: Property Costs £0.160m.

Transfers to Reserves (£0.110m):

- i. Food Development Officer (£0.030m)
- ii. Upgrade of road at allotment site, Allers (£0.030m)
- iii. Environmental Initiatives (£0.050m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 31 January 2020 (No. 11)

Fleet and Environmental (Inc Projects)

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 31/01/20 £000	Actual BEFORE Transfers 31/01/20 £000	Variance 31/01/20 £000		% Variance 31/01/20	Note
Employee Costs	8,779	8,410	369	369	7,172	6,817	355	under	4.9%	1
Property Costs	207	220	(13)	(13)	189	203	(14)	over	(7.4%)	
Supplies & Services	344	276	68	68	258	205	53	under	20.5%	2
Transport & Plant	9,575	9,852	(277)	(277)	7,765	7,619	146	under	1.9%	3
Administration Costs	305	461	(156)	(156)	260	417	(157)	over	(60.4%)	4
Payments to Other Bodies	127	152	(25)	(25)	84	86	(2)	over	(2.4%)	
Payments to Contractors	1,076	1,185	(109)	(109)	521	696	(175)	over	(33.6%)	5
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	24	23	1	1	24	26	(2)	over	(8.3%)	
Total Controllable Exp.	20,437	20,579	(142)	(142)	16,273	16,069	204	under	1.3%	
Total Controllable Inc.	(18,958)	(18,462)	(496)	(496)	(15,122)	(14,400)	(722)	under recovered	(4.8%)	6
Net Controllable Exp.	1,479	2,117	(638)	(638)	1,151	1,669	(518)	over	(45.0%)	
Transfer to Reserves (as at 31/01/20)					-	0	0	-		
Position After Transfers to Reserves (as at 31/01/20)					1,151	1,669	(518)	over	(45.0%)	

Variance Explanations

1. The variance is mainly due to vacancies within the services that are actively being recruited.
2. The variance is mainly due to lower than expected expenditure on equipment and protective clothing within Fleet.
3. The variance relates mainly to leasing and fuel costs within passenger services and pool cars and casual hire partially offset by an over spend in spares and materials, outside repairs and the timing of the achievement of efficiencies within Fleet. The under spend in pool cars and casual hire are offset by an under recovery of income.
4. The over spend is mainly due to costs in respect of the food safety court case.
5. The over spend is due to the cost of clinical waste, which is demand led, and is offset by an over recovery of income.
6. The under recovery is mainly due to lower than anticipated income within the Fleet workshop and under recovery of income for pool cars and casual hire partially offset by income recovered from Housing & Technical Resources for the removal of clinical waste.

Budget Virements

No budget virements.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 31 January 2020 (No. 11)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/01/20	Actual BEFORE Transfers 31/01/20	Variance 31/01/20	% Variance 31/01/20	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	4	5	(1)	(1)	3	3	(0)	-	0.0%
Property Costs	277	229	48	48	271	232	39	under	14.4% 1
Supplies & Services	27	28	(1)	(1)	27	28	(1)	over	(3.7%)
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	82	(2)	(2)	16	18	(2)	over	(12.5%)
Payments to Contractors	19,109	19,109	0	0	19,106	19,106	0	-	0.0%
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.	19,505	19,461	44	44	19,431	19,395	36	under	0.2%
Total Controllable Inc.	0	(1)	1	1	0	(1)	1	over recovered	n/a
Net Controllable Exp.	19,505	19,460	45	45	19,431	19,394	37	under	0.2%
Transfer to Reserves (as at 31/01/20)					-	-	-	-	
Position After Transfers to Reserves (as at 31/01/20)					19,431	19,394	37	under	0.2%

Variance Explanations

- The variance is due to lower than anticipated costs for Council owned properties.

Budget Virements

No budget virements.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 31 January 2020 (No. 11)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/01/20	Actual BEFORE Transfers 31/01/20	Variance 31/01/20	% Variance 31/01/20	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	4,652	4,595	57	57	3,798	3,730	68	under	1.8%
Property Costs	630	629	1	1	456	466	(10)	over	(2.2%)
Supplies & Services	131	133	(2)	(2)	102	109	(7)	over	(6.9%)
Transport & Plant	38	38	0	0	34	33	1	under	2.9%
Administration Costs	143	158	(15)	(15)	72	87	(15)	over	(20.8%)
Payments to Other Bodies	3,550	3,607	(57)	(57)	1,470	1,511	(41)	over	(2.8%)
Payments to Contractors	2,762	2,762	0	0	2,173	2,173	0	-	0.0%
Transfer Payments	0	0	0	0	0	0	0	-	n/a
Financing Charges	34	34	0	0	32	38	(6)	over	(18.8%)
Total Controllable Exp.	11,940	11,956	(16)	(16)	8,137	8,147	(10)	over	(0.1%)
Total Controllable Inc.	(9,985)	(10,523)	538	538	(3,287)	(3,742)	455	over recovered	13.8%
Net Controllable Exp.	1,955	1,433	522	522	4,850	4,405	445	under	9.2%
Transfer to Reserves (as at 31/01/20)					-	0	0	-	
Position After Transfers to Reserves (as at 31/01/20)					4,850	4,405	445	under	9.2%

Variance Explanations

1. This variance is mainly due to vacancies within the services that are actively being recruited.
2. The over spend is mainly due to legal costs associated with planning inquiries.
3. The over spend is mainly due to increased security costs for Christmas switch on events.
4. The over recovery is mainly due to an increased level of income from planning and building applications.

Budget Virements

No budget virements.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 31 January 2020 (No. 11)

Roads Total (Inc Roads Constructing 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 31/01/20 £000	Actual BEFORE Transfers 31/01/20 £000	Variance 31/01/20 £000		% Variance 31/01/20	Note
Employee Costs	14,955	14,500	455	455	12,066	11,701	365	under	3.0%	1
Property Costs	758	811	(53)	(53)	673	728	(55)	over	(8.2%)	2
Supplies & Services	9,022	9,015	7	7	6,934	6,925	9	under	0.1%	
Transport & Plant	4,519	4,152	367	367	3,288	2,903	385	under	11.7%	3
Administration Costs	406	443	(37)	(37)	372	411	(39)	over	(10.5%)	4
Payments to Other Bodies	5,222	5,222	0	0	5,192	5,192	0	-	0.0%	
Payments to Contractors	4,645	5,426	(781)	(781)	1,831	2,476	(645)	over	(35.2%)	5
Transfer Payments	595	595	0	0	595	595	0	-	0.0%	
Financing Charges	49	58	(9)	(9)	46	62	(16)	over	(34.8%)	
Total Controllable Exp.	40,171	40,222	(51)	(51)	30,997	30,993	4	under	0.0%	
Total Controllable Inc.	(20,796)	(20,828)	32	32	(16,437)	(16,415)	(22)	under recovered	(0.1%)	6
Net Controllable Exp.	19,375	19,394	(19)	(19)	14,560	14,578	(18)	over	(0.1%)	
Transfer to Reserves (as at 31/01/20)					-	-	-			
Position After Transfers to Reserves (as at 31/01/20)					14,560	14,578	(18)	over	(0.1%)	

Variance Explanations

- The variance mainly relates to vacant posts for Roads Operatives as well as vacant hours due to flexible retirement and other staff movements which are being recruited.
- The over spend mainly relates to cost of depot repairs.
- The variance is mainly due to the timing of vehicle lease replacements.
- The over spend is mainly due to advertising costs of road closures.
- The over spend is mainly due to increased costs for reactive repairs.
- The under recovery is partly due to reduced income for car parking and is partially offset by increased income for Flooding from Glasgow City Council and additional income for rechargeable works. This increased income is offset by additional costs for payment to contractors.

Budget Virements

No budget virements.