

# Report

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Report to:	<b>Enterprise Resources Committee</b>
Date of Meeting:	<b>1 September 2010</b>
Report by:	<b>Executive Director (Finance and Information Technology Resources)</b> <b>Executive Director (Enterprise Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2010/2011 - Enterprise Resources</b>
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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 2010 to 9 July 2010 for Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2011.

## 2. Recommendation(s)

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

- (1) that the underspend on Enterprise Resources' revenue budget of £0.008 million (0.06%), as detailed in Appendix A of the report, and the forecast to 31 March 2011 of break even be noted.
- (2) that the proposed budget virements be approved.

## 3. Background

- 3.1. This is the first revenue budget monitoring report presented to the Enterprise Resources Committee for the financial year 2010/2011. Further reports will follow throughout the financial year.
- 3.2. The report details the financial position for Enterprise Resources in Appendix A, and then details the individual services, along with variance explanations, in Appendices B to G.

## 4. Employee Implications

4.1. None

## 5. Financial Implications

- 5.1. As at 9 July 2010, the variance from phased budget to date is an underspend of £0.008 million (0.06%). The forecast for the revenue budget to 31 March 2011 is a break even position.

- 5.2. Virements are also proposed to realign budgets across the services. These include a realignment of budget to address the reduction in Planning and Building Standards Income. This realignment has increased the Resource budget by £0.200 million which has been wholly offset by an increase of £0.200 million in the Roads Trading Service Surplus. These movements are detailed in Appendices B to G of this report.

## **6. Other Implications**

- 6.1. The main risk associated with the Council's Revenue Budget is failure to manage the budget resulting in a significant 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.

## **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 the report.

**Linda Hardie**

**Executive Director (Finance and Information Technology Resources)**

**Colin McDowall**

**Executive Director (Enterprise Resources)**

27 July 2010

## **Link(s) to Council Objectives**

- ◆ Value: Accountable, Effective and Efficient

## **Previous References**

- ◆ None

## **List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 9 July 2010

## **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

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/07/10	Actual 09/07/10	Variance 09/07/10		% Variance 09/07/10	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	17,317	17,317	0	4,588	4,633	(45)	over	(1.0%)	
Property Costs	824	824	0	100	89	11	under	11.0%	
Supplies & Services	2,527	2,527	0	472	570	(98)	over	(20.8%)	
Transport & Plant	137	137	0	42	35	7	under	16.7%	
Administration Costs	908	908	0	156	187	(31)	over	(19.9%)	
Payments to Other Bodies	18,540	18,540	0	9,017	9,047	(30)	over	(0.3%)	
Payments to Contractors	22,830	22,830	0	2,177	2,284	(107)	over	(4.9%)	
Transfer Payments	348	348	0	174	174	0	-	0.0%	
Financing Charges	261	261	0	70	71	(1)	over	(1.4%)	
<b>Total Controllable Exp.</b>	63,692	63,692	0	16,796	17,090	(294)	over	(1.8%)	
<b>Total Controllable Inc.</b>	(15,481)	(15,481)	0	(4,127)	(4,429)	302	over recovered	7.3%	
<b>Net Controllable Exp.</b>	48,211	48,211	0	12,669	12,661	8	under	0.1%	

**Variance Explanations**

Variance explanations are shown in Appendices B-G as appropriate.

**Budget Virements**

Budget Virements are shown in Appendices B-G as appropriate.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Planning and Building Standards

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/07/10	Actual 09/07/10	Variance 09/07/10		% Variance 09/07/10	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	3,710	3,710	0	994	1,000	(6)	over	(0.6%)	a
Property Costs	38	38	0	4	4	0	-	0.0%	
Supplies & Services	58	58	0	23	33	(10)	over	(43.5%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	955	955	0	40	38	2	under	5.0%	
Payments to Other Bodies	140	140	0	73	75	(2)	over	(2.7%)	
Payments to Contractors	300	300	0	97	97	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	51	51	0	21	21	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>5,252</b>	<b>5,252</b>	<b>0</b>	<b>1,252</b>	<b>1,268</b>	<b>(16)</b>	<b>over</b>	<b>(1.3%)</b>	
<b>Total Controllable Inc.</b>	<b>(3,262)</b>	<b>(3,262)</b>	<b>0</b>	<b>(977)</b>	<b>(962)</b>	<b>(15)</b>	<b>under recovered</b>	<b>(1.5%)</b>	<b>1, a</b>
<b>Net Controllable Exp.</b>	<b>1,990</b>	<b>1,990</b>	<b>0</b>	<b>275</b>	<b>306</b>	<b>(31)</b>	<b>over</b>	<b>(11.3%)</b>	

**Variance Explanations****1. Income**

The under recovery in income is due to less than anticipated income from Property Inquiries and will be managed within the overall Enterprise budget.

**Budget Virements**

- a. Realignment of budget to address the reduction in Planning and Building Standards Income £0.360m: Employee Costs (£0.040m), Income £0.400m. The balance of the reduction (£0.360m) lies within Regeneration Services' Employee Costs (£0.160m) and an increase in the Roads Trading Service Surplus (£0.200m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Regeneration

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 09/07/10</b>	<b>Actual 09/07/10</b>	<b>Variance 09/07/10</b>		<b>% Variance 09/07/10</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	2,833	2,833	0	876	878	(2)	over	(0.2%)	a, b, c
Property Costs	66	66	0	3	3	0	-	0.0%	
Supplies & Services	107	107	0	21	20	1	under	4.8%	b
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	599	599	0	47	50	(3)	over	(6.4%)	b
Payments to Other Bodies	3,200	3,200	0	578	577	1	under	0.2%	a, b
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	42	42	0	9	9	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>6,847</b>	<b>6,847</b>	<b>0</b>	<b>1,534</b>	<b>1,537</b>	<b>(3)</b>	<b>over</b>	<b>(0.2%)</b>	
<b>Total Controllable Inc.</b>	<b>(2,081)</b>	<b>(2,081)</b>	<b>0</b>	<b>(1,478)</b>	<b>(1,485)</b>	<b>7</b>	<b>over recovered</b>	<b>(0.5%)</b>	<b>a, b</b>
<b>Net Controllable Exp.</b>	<b>4,766</b>	<b>4,766</b>	<b>0</b>	<b>56</b>	<b>52</b>	<b>4</b>	<b>under</b>	<b>7.1%</b>	

**Budget Virements**

- Establish Budget for Future Jobs Fund: Employee Costs £0.295m, Payments to Other Bodies £0.299m, Income (£0.594m).
- Establish Budget for Activity Agreement Pilot: Employee Costs £0.497m, Supplies and Services £0.066m, Administration £0.039m, Payment to Other Bodies £0.702m, Income (£1.304m).
- Budget realignment to offset reduction in Planning and Building Standards Income (£0.160m): Employees Costs (£0.160m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Support Services

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 09/07/10</b>	<b>Actual 09/07/10</b>	<b>Variance 09/07/10</b>		<b>% Variance 09/07/10</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	2,912	2,912	0	785	747	38	under	4.8%	1, a
Property Costs	39	39	0	0	0	0	-	n/a	
Supplies & Services	140	140	0	33	33	0	-	0.0%	
Transport & Plant	7	7	0	5	5	0	-	0.0%	
Administration Costs	(2,348)	(2,348)	0	25	24	1	under	4.0%	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	66	66	0	10	10	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>816</b>	<b>816</b>	<b>0</b>	<b>858</b>	<b>819</b>	<b>39</b>	<b>under</b>	<b>4.5%</b>	
<b>Total Controllable Inc.</b>	<b>(816)</b>	<b>(816)</b>	<b>0</b>	<b>(6)</b>	<b>0</b>	<b>(6)</b>	<b>under recovered</b>	<b>(100.0%)</b>	
<b>Net Controllable Exp.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>852</b>	<b>819</b>	<b>33</b>	<b>under</b>	<b>3.9%</b>	

Variance Explanations**1. Employee Costs**

The underspend relates to vacancies as a result of staff turnover. All vacancies are under review and are only being filled where there is an identified business need.

Budget Virements

- a. Transfer to centrally held funds in respect of National Diagnostic exercise (£0.131m): Employee Costs (£0.131m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Estates

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/07/10	Actual 09/07/10	Variance 09/07/10		% Variance 09/07/10	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	902	902	0	244	247	(3)	over	(1.2%)	
Property Costs	245	245	0	55	55	0	-	0.0%	
Supplies & Services	23	23	0	11	14	(3)	over	(27.3%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	204	204	0	3	7	(4)	over	(133.3%)	
Payments to Other Bodies	95	95	0	94	94	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	13	13	0	4	8	(4)	over	(100.0%)	
<b>Total Controllable Exp.</b>	1,482	1,482	0	411	425	(14)	over	(3.4%)	
<b>Total Controllable Inc.</b>	(3,086)	(3,086)	0	(757)	(772)	15	over recovered	2.0%	
<b>Net Controllable Exp.</b>	(1,604)	(1,604)	0	(346)	(347)	1	under	0.3%	

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Roads

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 09/07/10</b>	<b>Actual 09/07/10</b>	<b>Variance 09/07/10</b>		<b>% Variance 09/07/10</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	5,581	5,581	0	1,494	1,546	(52)	over	(3.5%)	1, a, c
Property Costs	424	424	0	33	23	10	under	30.3%	b
Supplies & Services	2,126	2,126	0	376	462	(86)	over	(22.9%)	2, a, d
Transport & Plant	103	103	0	30	23	7	under	23.3%	a
Administration Costs	1,479	1,479	0	31	59	(28)	over	(90.3%)	
Payments to Other Bodies	11,611	11,611	0	7,826	7,872	(46)	over	(0.6%)	3
Payments to Contractors	22,530	22,530	0	2,080	2,187	(107)	over	(5.1%)	4, a, d
Transfer Payments	348	348	0	174	174	0	-	0.0%	
Financing Charges	87	87	0	25	22	3	under	12.0%	
<b>Total Controllable Exp.</b>	<b>44,289</b>	<b>44,289</b>	<b>0</b>	<b>12,069</b>	<b>12,368</b>	<b>(299)</b>	<b>over</b>	<b>(2.5%)</b>	
<b>Total Controllable Inc.</b>	<b>(6,236)</b>	<b>(6,236)</b>	<b>0</b>	<b>(909)</b>	<b>(1,209)</b>	<b>300</b>	<b>over recovered</b>	<b>33.0%</b>	<b>5, a, c</b>
<b>Net Controllable Exp.</b>	<b>38,053</b>	<b>38,053</b>	<b>0</b>	<b>11,160</b>	<b>11,159</b>	<b>1</b>	<b>under</b>	<b>0.0%</b>	

**Variance Explanations****1. Employee Costs**

This overspend is due to higher than anticipated employee costs incurred to date. This will be offset by underspends on posts which have now become vacant.

**2. Supplies and Services**

The overspend is due to rechargeable expenditure on signs and is offset by additional income.

**3. Payments to Other Bodies**

This overspend is due to higher than anticipated charges for school crossing patrollers.

**4. Payments to Contractors**

The overspend is due to work carried out by the Roads Trading Operation being higher than anticipated and an increase in rechargeable work carried out by private contractors. The rechargeable work is offset by additional income. (See 5. below)

**5. Income**

This over recovery is due to income from Scottish Coal in respect of additional road maintenance works required from a mineral extraction agreement and also increased rechargeable works carried out by the Roads Trading Operation and private contractors. (See 4. above)

**Budget Virements**

- Realignment in respect of Transport Scotland Act and also the creation of a lighting design post as a result of a Service Review: Net effect 0: Employee Costs £0.140m, Supplies and Services £0.075m, Transport and Plant £0.030m, Payment to Contractors (£0.075m) and Income (£0.170m).
- Transfer to centrally held funds in respect of Rates realignment (£0.126m): Property Costs (£0.126m).
- Realignment of Roads Graduates Budget: Net effect 0: Employee Costs £0.049m and Income (£0.049m).
- Realignment of Major Supply of Electrical Power Budgets: Net effect 0: Supplies and Services £0.320m, Payment to Contractors (£0.320m),



## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 9 July 2010 (No.4)

## Fairer Scotland Fund

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 09/07/10	Actual 09/07/10	Variance 09/07/10		% Variance 09/07/10	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	1,379	1,379	0	195	215	(20)	over	(10.3%)	1, b
Property Costs	12	12	0	5	4	1	under	20.0%	b
Supplies & Services	73	73	0	8	8	0	-	0.0%	b
Transport & Plant	27	27	0	7	7	0	-	0.0%	b
Administration Costs	19	19	0	10	9	1	under	10.0%	b
Payments to Other Bodies	3,494	3,494	0	446	429	17	under	3.8%	2, a, b,
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	2	2	0	1	1	0	-	0.0%	b
<b>Total Controllable Exp.</b>	<b>5,006</b>	<b>5,006</b>	<b>0</b>	<b>672</b>	<b>673</b>	<b>(1)</b>	<b>over</b>	<b>(0.1%)</b>	
<b>Total Controllable Inc.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>over recovered</b>	<b>n/a</b>	<b>a</b>
<b>Net Controllable Exp.</b>	<b>5,006</b>	<b>5,006</b>	<b>0</b>	<b>672</b>	<b>672</b>	<b>0</b>	<b>-</b>	<b>0.0%</b>	

Variance Explanations**1. Employee Costs**

This overspend reflects the current projects in place and is offset by an underspend on Payment to Other Bodies.

**2. Payment to Other Bodies**

This underspend offsets an overspend on Employee Costs.

Budget Virements

- Transfer budget to Capital Projects to reflect Capital Financed by Current Revenue (CFCR) (£0.639m): Payment to Other Bodies (£0.639m).
- Realignment of Fairer Scotland Fund Budget: Employee Costs £1.379m, Property Costs £0.012m, Supplies and Services £0.073m, Transport and Plant £0.027m, Administration Costs £0.020m, Payments to Other Bodies (£1.513m), Financing Charges £0.002m.