

Report

3

Report to:	Enterprise Resources Committee
Date of Meeting:	2 February 2011
Report by:	Chief Executive Executive Director (Enterprise Resources)

Subject:	Enterprise Resources - Revenue Budget Monitoring 2010/2011
----------	---

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 23 December 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 £0.045 million (0.15%), as detailed in Appendix A of the report, be noted;
- (2) that following the probable outturn exercise, the forecast to 31 March 2011 of £0.045 million underspend be noted; and
- (3) that the proposed budget virements be approved.

3. Background

- 3.1. This is the third 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 23 December 2010, the variance from phased budget to date is an underspend of £0.045 million (0.15%).
- 5.2. The forecast for the revenue budget to 31 March 2011 is an underspend of £0.045 million.

- 5.3. The extreme weather conditions since 28 November 2010 have resulted in greater than anticipated expenditure in the first two months of winter and costs to mid December have been significantly greater than those experienced to the same point in 2009/10. Costs for the financial year to 6 January 2011 are £3.850 million. Costs of the ongoing response to the extreme winter conditions are being closely monitored and will be reported to future Committees as appropriate.
- 5.4. Virements are also proposed to realign budgets across the services. 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.

Archie Strang
Chief Executive

Colin McDowall
Executive Director (Enterprise Resources)

10 January 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ Enterprise Resources Committee, 10 November 2010

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 23 December 2010

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Paul Manning, Head of Finance

Ext: 4532 (Tel: 01698 454532)

E-mail: paul.manning@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10)

Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	17,614	17,662	(48)	13,121	13,054	67	under	0.5%	
Property Costs	826	840	(14)	630	628	2	under	0.3%	
Supplies & Services	2,538	2,848	(310)	1,578	1,846	(268)	over	(17.0%)	
Transport & Plant	140	157	(17)	98	103	(5)	over	(5.1%)	
Administration Costs	787	840	(53)	324	376	(52)	over	(16.0%)	
Payments to Other Bodies	22,827	22,914	(87)	15,753	15,856	(103)	over	(0.7%)	
Payments to Contractors	22,946	24,329	(1,383)	10,893	11,232	(339)	over	(3.1%)	
Transfer Payments	348	348	0	261	261	0	-	0.0%	
Financing Charges	261	240	21	181	159	22	under	12.2%	
Total Controllable Exp.	68,287	70,178	(1,891)	42,839	43,515	(676)	over	(1.6%)	
Total Controllable Inc.	(20,319)	(22,255)	1,936	(12,320)	(13,041)	721	over recovered	5.9%	
Net Controllable Exp.	47,968	47,923	45	30,519	30,474	45	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 23 December 2010 (No.10)

Planning and Building Standards

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	3,676	3,638	38	2,669	2,644	25	under	0.9%	1, a
Property Costs	38	35	3	15	15	0	-	0.0%	
Supplies & Services	56	98	(42)	45	72	(27)	over	(60.0%)	2
Transport & Plant	0	12	(12)	0	5	(5)	over	n/a	
Administration Costs	863	897	(34)	91	111	(20)	over	(22.0%)	3
Payments to Other Bodies	140	140	0	104	104	0	-	0.0%	
Payments to Contractors	300	300	0	221	221	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	51	52	(1)	35	35	0	-	0.0%	
Total Controllable Exp.	5,124	5,172	(48)	3,180	3,207	(27)	over	(0.8%)	
Total Controllable Inc.	(3,262)	(3,262)	0	(2,529)	(2,529)	0	-	0.0%	
Net Controllable Exp.	1,862	1,910	(48)	651	678	(27)	over	(4.1%)	

Variance Explanations**1. Employee Costs**

This underspend is due to the non-filling of vacant posts and is partially offset by an overspend on pension costs.

2. Supplies & Services

This overspend is partly due to additional costs in relation to the implementation of the Electronic Data & Record Management System (EDRMS).

3. Administration Costs

This overspend is partly due to new regulations in advertising of planning/building standards applications which is offset by a recovery of costs through income.

Budget Virements

- a. Transfer of excess pay award budget to the centre (£0.033m): Employee Costs (£0.033m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10)

Regeneration

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	3,380	3,362	18	2,598	2,560	38	under	1.5%	1, a, b
Property Costs	61	79	(18)	7	14	(7)	over	(100.0%)	
Supplies & Services	126	120	6	84	80	4	under	4.8%	
Transport & Plant	0	5	(5)	0	1	(1)	over	n/a	
Administration Costs	545	544	1	78	81	(3)	over	(3.8%)	
Payments to Other Bodies	7,426	7,382	44	4,171	4,167	4	under	0.1%	a
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	42	29	13	25	16	9	under	36.0%	
Total Controllable Exp.	11,580	11,521	59	6,963	6,919	44	under	0.6%	
Total Controllable Inc.	(6,893)	(6,913)	20	(4,687)	(4,693)	6	over recovered	0.1%	a
Net Controllable Exp.	4,687	4,608	79	2,276	2,226	50	under	2.2%	

Variance Explanations**1. Employee Costs**

This underspend is due to the non-filling of vacant posts and is partially offset by an overspend on pension costs.

Budget Virements

- a. Future Jobs Fund Realignment: Net Effect 0: Employee Costs £0.133m, PTOB £0.932m, Income (£1.065m).
b. Transfer of excess pay award budget to the centre (£0.018m): Employee Costs (£0.018m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10)

Support Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	2,743	2,682	61	1,994	1,940	54	under	2.7%	1, a, b
Property Costs	38	35	3	3	3	0	-	0.0%	
Supplies & Services	135	149	(14)	100	102	(2)	over	(2.0%)	a
Transport & Plant	7	7	0	6	6	0	-	0.0%	
Administration Costs	(2,173)	(2,193)	20	49	34	15	under	30.6%	2, a
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	36	30	43	29	14	under	32.6%	a
Total Controllable Exp.	816	716	100	2,195	2,114	81	under	3.7%	
Total Controllable Inc.	(816)	(766)	(50)	(38)	0	(38)	under recovered	(100.0%)	3
Net Controllable Exp.	0	(50)	50	2,157	2,114	43	under	2.0%	

Variance Explanations**1. Employee Costs**

This 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.

2. Administration Costs

This underspend is due to a reduction in training costs regarding the Roads Graduate Programme.

3. Income

This under recovery is due to reduced income as a result of the recovery of Support staff salaries from Planning and Building Standards and Roads being lower than anticipated.

Budget Virements

- Centralisation of Learning & Development and Health & Safety to Corporate Resources (£0.261m): Employee Costs (£0.138m), Administration (£0.121m), Supplies & Services (£0.001m), Financing Charges (£0.001m).
- Transfer of excess pay award budget to the centre (£0.032m): Employee Costs (£0.032m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10))

Estates

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	889	903	(14)	655	669	(14)	over	(2.1%)	a
Property Costs	245	245	0	208	208	0	-	0.0%	
Supplies & Services	23	33	(10)	21	27	(6)	over	(28.6%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	183	183	0	4	6	(2)	over	(50.0%)	
Payments to Other Bodies	95	94	1	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	19	(6)	10	13	(3)	over	(30.0%)	
Total Controllable Exp.	1,448	1,477	(29)	992	1,017	(25)	over	(2.5%)	
Total Controllable Inc.	(3,104)	(3,097)	(7)	(1,959)	(1,961)	2	over recovered	0.1%	
Net Controllable Exp.	(1,656)	(1,620)	(36)	(967)	(944)	(23)	over	(2.4%)	

Budget Virements

- a. Transfer of excess pay award budget to the centre (£0.013m): Employee Costs (£0.013m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10)

Roads

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,547	5,627	(80)	4,082	4,098	(16)	over	(0.4%)	b
Property Costs	432	432	0	386	377	9	under	2.3%	
Supplies & Services	2,125	2,375	(250)	1,268	1,505	(237)	over	(18.7%)	1
Transport & Plant	106	106	0	79	78	1	under	1.3%	
Administration Costs	1,350	1,390	(40)	85	127	(42)	over	(49.4%)	2
Payments to Other Bodies	11,599	11,731	(132)	9,875	9,982	(107)	over	(1.1%)	3
Payments to Contractors	22,646	24,029	(1,383)	10,672	11,011	(339)	over	(3.2%)	4, a
Transfer Payments	348	348	0	261	261	0	-	0.0%	
Financing Charges	87	102	(15)	66	64	2	under	3.0%	
Total Controllable Exp.	44,240	46,140	(1,900)	26,774	27,503	(729)	over	(2.7%)	
Total Controllable Inc.	(6,236)	(8,136)	1,900	(3,099)	(3,830)	731	over recovered	23.6%	5
Net Controllable Exp.	38,004	38,004	0	23,675	23,673	2	under	0.0%	

Variance Explanations**1. Supplies and Services**

This overspend is due to rechargeable expenditure on signs and is offset by additional income. Also, the costs in relation to Parking and Electronic Data & Record Management System (EDRMS), have been higher than anticipated.

2. Administration Costs

This overspend relates mainly to increased phone and advertising costs (Traffic Regulation Orders) and greater than budgeted subscription costs for technical updates.

3. Payments to Other Bodies

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

4. Payments to Contractors

This overspend is due to increased rechargeable work carried out by private contractors and 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 work required from a mineral extraction agreement and also increased rechargeable works carried to date. This offsets additional expenditure. (See 4. above)

Budget Virements

- Additional revenue grant from Scottish Government for Flood Prevention £0.060m: PTC £0.060m.
- Transfer of excess pay award budget to the centre (£0.046m): Employee Costs (£0.046m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Enterprise Resources Committee: Period Ended 23 December 2010 (No.10)

Fairer Scotland Fund

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 23/12/10	Actual 23/12/10	Variance 23/12/10		% Variance 23/12/10	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	1,379	1,450	(71)	1,123	1,143	(20)	over	(1.8%)	1
Property Costs	12	14	(2)	11	11	0	-	0.0%	
Supplies & Services	73	73	0	60	60	0	-	0.0%	
Transport & Plant	27	27	0	13	13	0	-	0.0%	
Administration Costs	19	19	0	17	17	0	-	0.0%	
Payments to Other Bodies	3,567	3,567	0	1,509	1,509	0	-	0.0%	a
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	2	2	0	-	0.0%	
Total Controllable Exp.	5,079	5,152	(73)	2,735	2,755	(20)	over	(0.7%)	
Total Controllable Inc.	(8)	(81)	73	(8)	(28)	20	over recovered	250.0%	2
Net Controllable Exp.	5,071	5,071	0	2,727	2,727	0	-	0.0%	

Variance Explanations**1. Employee Costs**

This is due to higher than anticipated costs within the Fairer Scotland Fund support team, which is offset by additional income (See 2. below).

2. Income

This over recovery offsets additional expenditure on Employee Costs (See 1. above).

Budget Virements

- a. Reduction in contribution to Capital Programme for Hareleeshill Sports Barn £0.065m: PTOB £0.065m.