

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	3 September 2019
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 to 19 July 2019 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 an over spend of £0.031m on the Community and Enterprise Resources' revenue budget, as detailed in Appendix A of the report, as at 19 of July 2019 and the forecast to 31 March 2020 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 first revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2019/2020.

3.2. **Change in Status of Trading Operations:** The Executive Committee on 1 May 2019 approved the removal of Trading Services for the remaining trading operations of Fleet, Roads and Property Services and as a result there is no longer a requirement to report them separately. The appropriate revenue budget for the former trading operations of Fleet and Roads Services is now reflected in the figures reported to the Community and Enterprise Committee.

In order to ensure the full cost of all services are appropriately reported, there will still be internal transactions between service departments where spend is incurred in one service and recharged to another.

3.3. The report details the financial position for Community and Enterprise Resources, including Fleet and Roads Construction Unit, 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 19 July 2019, there is a reported overspend of £0.031m against the phased budget. The forecast for the revenue budget to 31 March 2020 is a breakeven position. Variance explanations for each service area are detailed in appendices B to F where appropriate.
- 5.2. 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)

30 July 2019

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 19 July 2019.

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 4 Ended 19 July 2019 (No.4)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	81,004	81,004	0	23,111	22,779	332	under	1.4%	
Property Costs	3,723	3,723	0	740	747	(7)	over	(0.9%)	
Supplies & Services	15,168	15,168	0	4,359	4,370	(11)	over	(0.3%)	
Transport & Plant	20,823	20,823	0	5,964	6,116	(152)	over	(2.5%)	
Administration Costs	873	873	0	176	201	(25)	over	(14.2%)	
Payments to Other Bodies	8,019	8,019	0	3,308	3,315	(7)	over	(0.2%)	
Payments to Contractors	41,556	41,556	0	11,630	11,626	4	under	0.0%	
Transfer Payments	595	595	0	297	297	0	-	0.0%	
Financing Charges	184	184	0	37	34	3	under	8.1%	
Total Controllable Exp.	171,945	171,945	0	49,622	49,485	137	under	0.3%	
Total Controllable Inc.	(64,921)	(64,921)	0	(19,657)	(19,489)	(168)	under recovered	(0.9%)	
Net Controllable Exp.	107,024	107,024	0	29,965	29,996	(31)	over	(0.1%)	

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 19 July 2019 (No.4)

Facilities, Streets, Waste and Grounds (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	52,374	52,374	0	15,068	14,991	77	under	0.5%	1,a,b,c,d
Property Costs	2,283	2,283	0	471	481	(10)	over	(2.1%)	a,b,c
Supplies & Services	6,556	6,556	0	1,811	1,816	(5)	over	(0.3%)	c
Transport & Plant	7,576	7,576	0	2,432	2,439	(7)	over	(0.3%)	c
Administration Costs	241	241	0	53	63	(10)	over	(18.9%)	2
Payments to Other Bodies	30	30	0	25	28	(3)	over	(12.0%)	
Payments to Contractors	13,738	13,738	0	4,485	4,482	3	under	0.1%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	85	85	0	13	12	1	under	7.7%	
Total Controllable Exp.	82,883	82,883	0	24,358	24,312	46	under	0.2%	
Total Controllable Inc.	(18,687)	(18,687)	0	(7,738)	(7,744)	6	over recovered	0.1%	c
Net Controllable Exp.	64,196	64,196	0	16,620	16,568	52	under	0.3%	

Variance Explanations

1. The variance is mainly due to vacant posts which are in the process of being filled, partially offset by overtime costs.
2. The over spend is mainly due to promotional material within Facilities Management and medical costs.

Budget Virements

- a. Transfer of budget to other Resources in respect of Repairs and Maintenance and staff. Net effect (£0.093m): Employees (0.003m), Property (£0.096m).
- b. Budget uploaded in respect of incremental change and utilities. Net effect £0.123m: Employees £0.095m, Property £0.028m.
- c. Realign budget to reflect service delivery in relation to RPI, operations management and savings. Net effect (£0.564m): Employees £0.034m, Property £0.056m, Supplies and Services £0.131m, Transport and Plant (£0.025m), Income (£0.760m).
- d. Transfer from Reserves for Food Development Officer, Support. Net effect £0.030m: Employees £0.030m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 19 July 2019 (No.4)

Fleet and Environmental Services (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	8,865	8,865	0	2,496	2,373	123	under	4.9%	1,b,c,d,e
Property Costs	205	205	0	29	27	2	under	6.9%	a,b
Supplies & Services	323	323	0	86	84	2	under	2.3%	e
Transport & Plant	9,181	9,181	0	2,387	2,529	(142)	over	(5.9%)	2,b,c
Administration Costs	104	104	0	22	30	(8)	over	(36.4%)	3,e
Payments to Other Bodies	127	127	0	18	21	(3)	over	(16.7%)	e
Payments to Contractors	1,076	1,076	0	144	143	1	under	0.7%	c,e
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	24	24	0	6	5	1	under	16.7%	
Total Controllable Exp.	19,905	19,905	0	5,188	5,212	(24)	over	(0.5%)	
Total Controllable Inc.	(18,750)	(18,750)	0	(5,052)	(5,068)	16	over recovered	0.3%	c,e
Net Controllable Exp.	1,155	1,155	0	136	144	(8)	over	(5.9%)	

Variance Explanations

1. The variance is mainly due to vacant posts which are in the process of being filled.
2. The over spend relates to expenditure on materials and spare, outside repairs and the timing of the achievement of efficiencies.
3. The over spend relates to subscription fees being higher than budget.

Budget Virements

- a. Transfer of budget to other Resources in respect of Repairs and Maintenance. Net effect (£0.006m): Property (£0.006m).
- b. Budget uploaded in respect of incremental change, fuel and utilities. Net effect £0.159m: Employees £0.005m, Property £0.009m, Transport and Plant £0.0145m.
- c. Realign budget to reflect service delivery in relation to RPI, operations management and savings. Net effect £0.420m: Employees (£0.035m), Transport and Plant £0.535m, Payment to Contractor, £0.335m, Income (£0.415m).
- d. Transfer from Reserves in respect of fly tipping. Net Effect £0.025m: Employees £0.025m.
- e. Establish budget to reflect external income for Air Quality Projects. Net effect £0.000m: Employees £0.007m, Supplies and Services £0.046m, Administration £0.073m, Payment to Other Bodies £0.004m, Payment to Contractors £0.503m, Income (£0.633m).

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 19 July 2019 (No.4)

Leisure and Culture

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4	4	0	1	2	(1)	over	(100%)	
Property Costs	473	473	0	125	123	2	under	1.6%	a
Supplies & Services	27	27	0	27	28	(1)	over	(3.7%)	a
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	8	8	0	0	0	0	-	n/a	
Payments to Other Bodies	80	80	0	0	0	0	-	n/a	
Payments to Contractors	18,625	18,625	0	4,657	4,657	0	-	0.0%	a,b
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	19,217	19,217	0	4,810	4,810	0	-	0.0%	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	19,217	19,217	0	4,810	4,810	0	-	0.0%	

Variance Explanations

No variances to report.

Budget Virements

- Budget uploaded in respect of incremental change, utilities and EK Central Library. Net effect £0.354m: Property £0.234m, Supplies and Services £0.027m, Payment to Contractors £0.093m.
- Realign budget to reflect service delivery in relation to RPI and operations management. Net effect £0.050m: Payment to Contractor, £0.050m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 19 July 2019 (No.4)

Planning and Economic Development

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4,851	4,851	0	1,388	1,388	0	-	0.0%	b,c
Property Costs	26	26	0	11	11	0	-	0.0%	a,b
Supplies & Services	97	97	0	45	49	(4)	over	(8.9%)	c
Transport & Plant	38	38	0	10	10	0	-	0.0%	c
Administration Costs	115	115	0	22	22	0	-	0.0%	c
Payments to Other Bodies	2,601	2,601	0	1,643	1,643	0	-	0.0%	b,c
Payments to Contractors	2,762	2,762	0	1,643	1,643	0	-	0.0%	c
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	9	7	2	under	22.2%	c
Total Controllable Exp.	10,524	10,524	0	3,830	3,832	(2)	over	(0.1%)	
Total Controllable Inc.	(7,356)	(7,356)	0	(1,251)	(1,255)	4	over recovered	0.3%	c
Net Controllable Exp.	3,168	3,168	0	2,579	2,577	2	under	0.1%	

Variance Explanations

No major variances to report.

Budget Virements

- Transfer of budget to Housing & Tech in respect of internal repairs. Net effect (£0.001m): Property (£0.001m).
- Budget uploaded in respect of incremental change, sanitary products and utilities. Net effect £0.198m: Employees £0.009m, Property £0.001m, Payment to Other Bodies £0.188m.
- Realign budget to reflect service delivery in relation to Paths for All, Leader Projects, Business Support, and Restoration Bonds and to reflect transfer of capital projects to revenue for the Clyde and Avon Landscape Partnership and the Crawfordjohn Community. Net effect £0.000m: Employees £0.483m, Supplies and Services £0.041m, Transport and Plant £0.009m, Administration £0.050m, Payment to Other Bodies £1.098m, Payment to Contractors £2.460m, Financing Charges £0.001m, Income (£4.142m).

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 19 July 2019 (No.4)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 19/07/19	Actual 19/07/19	Variance 19/07/19		% Variance 19/07/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	14,910	14,910	0	4,158	4,025	133	under	3.2%	1,b,d
Property Costs	736	736	0	104	105	(1)	over	(1.0%)	a,b,d
Supplies & Services	8,165	8,165	0	2,390	2,393	(3)	over	(0.1%)	b,d
Transport & Plant	4,028	4,028	0	1,135	1,138	(3)	over	(0.3%)	d
Administration Costs	405	405	0	79	86	(7)	over	(8.9%)	d
Payments to Other Bodies	5,181	5,181	0	2,563	2,564	(1)	over	0.0%	c
Payments to Contractors	5,355	5,355	0	701	701	0	-	0.0%	c,d,e
Transfer Payments	595	595	0	297	297	0	-	0.0%	c
Financing Charges	41	41	0	9	10	(1)	over	(11.1%)	d
Total Controllable Exp.	39,416	39,416	0	11,436	11,319	117	under	1.0%	
Total Controllable Inc.	(20,128)	(20,128)	0	(5,616)	(5,422)	(194)	under recovered	(3.5%)	2,d,e
Net Controllable Exp.	19,288	19,288	0	5,820	5,897	(77)	over	(1.3%)	

Variance Explanations

1. The variance is mainly due to vacant posts and a campaign for Roads Operatives is being progressed.
2. The under recovery of income is mainly due to less than anticipated income for reactive maintenance works.

Budget Virements

- a. Transfer of budget to Housing & Technical Resources in respect of internal repairs. Net effect (£0.040m): Property (£0.040m).
- b. Budget uploaded in respect of incremental change and utilities. Net effect £0.132m: Employees £0.008m, Property £0.019m, Supplies and Services £0.105m.
- c. Transfer of budget for Strathclyde Passenger Transport to reflect 19/20 requisition and Capital Funded from Revenue. Net effect (£1.640m): Payment to Other Bodies (£0.141m), Transfer Payments £0.032m, Payment to Contractor (£1.531m)
- d. Realign budget to reflect service delivery and staffing structure. Net effect £0.000m: Employees £0.181m, Property £0.020m, Supplies and Services (£0.010m), Transport and Plant £0.368m, Administration £0.009m, Payment to Contractor (£0.529m), Financing Charges £0.001m, Income (£0.040m).
- e. Budget realignment to reflect revenue works completed by the Construction Unit for Roads General Services as a result of the change to trading services. Net effect £0.000m: Payment to Contractor (£10.605m), Income £10.605m