

Report

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Report to:	Community and Enterprise Resources Committee
Date of Meeting:	22 May 2018
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2017/2018
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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 2017 to 2 March 2018 for Community and Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2018.

2. Recommendation(s)

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

- (1) that the overspend of £0.588million on the Community and Enterprise Resources revenue budget, as detailed in appendix A of the report and the forecast to 31 March 2018 of an overspend of £0.684million, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the fifth revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2017/2018.

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 explanations.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 2 March 2018, there is an overspend of £0.588m against the phased budget. The forecast for the revenue budget to 31 March 2018 is an overspend of £0.684m. This overspend primarily relates to the cost of Winter Maintenance and will be managed within the overall Council position.

5.2. The outturn position also includes proposed transfers to reserves totalling £0.318m in respect of the Crematorium (£0.050m), Cashless Meals System (£0.060m), Energy Academy (£0.074m) and Youth Employment Initiative Phase 2 funding for projects carrying forward into future years (£0.134m).

- 5.3. 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.
- 5.4. The figures included in Appendix F take us to 2 March 2018. As reported to the Executive Committee on 28 March 2018, the Bellwin Scheme had been activated and at that time, it was anticipated that the Council would be able to reclaim eligible costs, above its allocated threshold of £1.352 million, in respect of the recent inclement weather.
- 5.5. On 6 April 2018, COSLA received correspondence from the Scottish Government recognising councils' efforts in responding to the exceptional weather. The letter also recognised that councils have faced financial pressures to deal with the damage caused to the roads network, and confirmed that an additional £10 million will be shared equitably across all councils. This funding is in place of the Bellwin Scheme and no further payments will be made.
- 5.6. The Scottish Government has confirmed the Council's share of the £10 million, being £0.509 million. The funding will be provided through Transport Scotland. This funding is significantly less than the additional costs experienced this winter.
- 5.7. It is estimated that the net cost of winter this year will be approximately £7.2 million. This is £1.5 million higher than the estimate of £5.7 million included within the probable outturn position. This additional £1.5 million will be funded from a draw from the Winter Maintenance Reserve (£0.500 million), the £0.509 million allocation from the Scottish Government (5.6 above) and the balance from the overall Council position due to the improved outturn anticipated.

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)

18 April 2018

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 2 March 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 Ended 2 March 2018 (No.13)

Community and Enterprise Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	63,809	62,826	983	57,414	56,453	961	under	1.7%	
Property Costs	3,985	3,878	107	3,417	3,378	39	under	1.1%	
Supplies & Services	8,264	8,730	(466)	6,275	6,813	(538)	over	(8.6%)	
Transport & Plant	7,800	8,158	(358)	7,129	7,435	(306)	over	(4.3%)	
Administration Costs	867	1,096	(229)	791	1,042	(251)	over	(31.7%)	
Payments to Other Bodies	11,896	11,859	37	9,238	9,191	47	under	0.5%	
Payments to Contractors	56,991	57,397	(406)	48,788	49,421	(633)	over	(1.3%)	
Transfer Payments	586	575	11	586	575	11	under	1.9%	
Financing Charges	180	151	29	175	183	(8)	over	(4.6%)	
Total Controllable Exp.	154,378	154,670	(292)	133,813	134,491	(678)	over	(0.5%)	
Total Controllable Inc.	(34,243)	(33,851)	(392)	(27,162)	(27,252)	90	over recovered	0.3%	
Net Controllable Exp.	120,135	120,819	(684)	106,651	107,239	(588)	over	(0.6%)	

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 2 March 2018 (No.13)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	48,919	48,331	588	44,032	43,437	595	under	1.4%	1
Property Costs	2,441	2,473	(32)	2,111	2,207	(96)	over	(4.5%)	2, a
Supplies & Services	6,498	6,741	(243)	5,212	5,564	(352)	over	(6.8%)	3
Transport & Plant	7,327	7,714	(387)	6,723	7,058	(335)	over	(5.0%)	4
Administration Costs	276	271	5	225	253	(28)	over	(12.4%)	
Payments to Other Bodies	30	38	(8)	28	36	(8)	over	(28.6%)	
Payments to Contractors	14,844	15,032	(188)	13,967	14,047	(80)	over	(0.6%)	5
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	82	66	16	78	92	(14)	over	(17.9%)	
Total Controllable Exp.	80,417	80,666	(249)	72,376	72,694	(318)	over	(0.4%)	
Total Controllable Inc.	(17,681)	(17,691)	10	(16,472)	(16,610)	138	over recovered	0.8%	6, a
Net Controllable Exp.	62,736	62,975	(239)	55,904	56,084	(180)	over	(0.3%)	

Variance Explanations

1. The variance is mainly due to vacancies within the service due to turnover and timing of recruitment, partially offset by overtime costs.
2. The overspend relates to rates associated with a civic amenity site, Muttonhole Road.
3. The overspend in supplies & services relates mainly to greater than anticipated expenditure within Waste for bins and Grounds for material for capital service requests which is offset by an over recovery of income.
4. The overspend reflects the timing of the reduction in the number of operational vehicles required.
5. The overspend is mainly due to works being carried out on allotments and an increase in service requests within Grounds which is offset by additional income.
6. The over recovery of income mainly relates to greater than budgeted income within Grounds due to additional service requests of a capital nature.

Budget Virements

- a. Concierge Cleaning Contract – Hamilton Accies. Net Effect £0.000m: Property Costs £0.036m and Income (£0.036m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 2 March 2018 (No.13)

Environmental (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,985	3,717	268	3,588	3,335	253	under	7.1%	1
Property Costs	13	14	(1)	13	16	(3)	over	(23.1%)	
Supplies & Services	155	166	(11)	131	144	(13)	over	(9.9%)	
Transport & Plant	168	144	24	162	133	29	under	17.9%	
Administration Costs	211	357	(146)	208	381	(173)	over	(83.2%)	2
Payments to Other Bodies	177	132	45	166	122	44	under	26.5%	
Payments to Contractors	809	813	(4)	630	601	29	under	4.6%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	25	20	5	25	19	6	under	24.0%	
Total Controllable Exp.	5,543	5,363	180	4,923	4,751	172	under	3.5%	
Total Controllable Inc.	(1,001)	(962)	(39)	(817)	(780)	(37)	under recovered	(4.5%)	
Net Controllable Exp.	4,542	4,401	141	4,106	3,971	135	under	3.3%	

Variance Explanations

1. The variance is mainly due to vacancies within Environmental Services.
2. The variance is due to legal costs.

Budget Virements

There has been no movement in budget since the previous report.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 2 March 2018 (No.13)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	5	(1)	3	4	(1)	over	(33.3%)	
Property Costs	239	193	46	239	197	42	under	17.6%	1
Supplies & Services	0	0	0	0	0	0	-	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	71	74	(3)	28	28	0	-	0.0%	
Payments to Contractors	18,443	18,443	0	18,441	18,441	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	18,765	18,723	42	18,719	18,678	41	under	0.2%	
Total Controllable Inc.	0	(1)	1	0	0	0	-	n/a	
Net Controllable Exp.	18,765	18,722	43	18,719	18,678	41	under	0.2%	

Variance Explanations

1. The variance is due to lower than anticipated property costs for East Kilbride ice rink.

Budget Virements

There has been no movement in budget since the previous report.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 2 March 2018 (No.13)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,227	5,295	(68)	4,699	4,772	(73)	over	(1.6%)	1
Property Costs	531	526	5	418	415	3	under	0.7%	
Supplies & Services	56	101	(45)	52	75	(23)	over	(44.2%)	
Transport & Plant	29	48	(19)	27	46	(19)	over	(70.4%)	2
Administration Costs	93	103	(10)	86	97	(11)	over	(12.8%)	
Payments to Other Bodies	6,149	6,163	(14)	3,547	3,553	(6)	over	(0.2%)	a
Payments to Contractors	3,417	3,417	0	815	815	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	33	22	11	32	28	4	under	12.5%	
Total Controllable Exp.	15,535	15,675	(140)	9,676	9,801	(125)	over	(1.3%)	
Total Controllable Inc.	(10,870)	(10,525)	(345)	(6,452)	(6,470)	18	over recovered	0.3%	a
Net Controllable Exp.	4,665	5,150	(485)	3,224	3,331	(107)	over	(3.3%)	

Variance Explanations

1. The overspend relates to current establishment of staffing.
2. The overspend is due to the cost of transport for business purposes.

Budget Virements

- a. Establish temporary budget for Smarter Choices Smarter Places funding. Net Effect £0.000m: Payment to Other Bodies £0.284m and Income (£0.284m).

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 2 March 2018 (No.13)

Roads Total

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 02/03/18	Actual 02/03/18	Variance 02/03/18		% Variance 02/03/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,674	5,478	196	5,092	4,905	187	under	3.7%	1
Property Costs	761	672	89	636	543	93	under	14.6%	
Supplies & Services	1,555	1,722	(167)	880	1,030	(150)	over	(17.0%)	2
Transport & Plant	276	252	24	217	198	19	under	8.8%	
Administration Costs	279	357	(78)	264	303	(39)	over	(14.8%)	
Payments to Other Bodies	5,469	5,452	17	5,469	5,452	17	under	0.3%	
Payments to Contractors	19,478	19,692	(214)	14,935	15,517	(582)	over	(3.9%)	3,a
Transfer Payments	586	575	11	586	575	11	under	1.9%	
Financing Charges	40	43	(3)	40	44	(4)	over	(10.0%)	
Total Controllable Exp.	34,118	34,243	(125)	28,119	28,567	(448)	over	(1.6%)	
Total Controllable Inc.	(4,691)	(4,672)	(19)	(3,421)	(3,392)	(29)	under recovered	(0.8%)	4,a
Net Controllable Exp.	29,427	29,571	(144)	24,698	25,175	(477)	over	(1.9%)	

Variance Explanations

1. The underspend mainly relates to staff turnover savings, and vacancies are considered as part of future service delivery.
2. The overspend is due to higher than anticipated electrical power costs for Street Lighting, as a result of price increases.
3. The overspend is due to higher than anticipated winter maintenance costs which is partially offset by continued savings resulting from the Street Lighting Improvement Programme.
4. The under recovery is due to reduced income from car parks.

Budget Virements

- a. Transfer of construction consent income to establish temporary budget for increased winter maintenance. Net Effect £0.000m: Payment to Contractors £0.580m and Income (£0.580m).