

Report

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Report to:	Community and Enterprise Resources Committee
Date of Meeting:	21 August 2018
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2018/2019
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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 22 June 2018 for Community and Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2019.

2. Recommendation(s)

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

- (1) that the breakeven position on the Community and Enterprise Resources' revenue budget, as detailed in Appendix A of the report and the forecast to 31 March 2019 of a breakeven position, be noted; and
- (2) that the proposed budget virements 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 2018/2019.

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 explanation.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 22 June 2018, there is a breakeven position against the phased budget. The forecast for the revenue budget to 31 March 2019 is a break even position.

5.2. 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. 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)

19 July 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 22 June 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 4 Ended 22 June 2018 (No.4)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	64,914	64,914	0	13,008	12,966	42	under	0.3%	
Property Costs	3,334	3,334	0	499	499	0	-	0.0%	
Supplies & Services	8,216	8,216	0	1,660	1,624	36	under	2.2%	
Transport & Plant	7,457	7,457	0	1,381	1,386	(5)	over	(0.4%)	
Administration Costs	677	677	0	94	110	(16)	over	(17.0%)	
Payments to Other Bodies	6,919	6,919	0	1,610	1,608	2	under	0.1%	
Payments to Contractors	51,701	51,701	0	11,674	11,669	5	under	0.0%	
Transfer Payments	563	563	0	141	141	0	-	0.0%	
Financing Charges	179	179	0	5	4	1	under	20.0%	
Total Controllable Exp.	143,960	143,960	0	30,072	30,007	65	under	0.2%	
Total Controllable Inc.	(29,003)	(29,003)	0	(9,827)	(9,762)	(65)	under recovered	(0.7%)	
Net Controllable Exp.	114,957	114,957	0	20,245	20,245	0	-	0.0%	

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 22 June 2018 (No.4)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	50,834	50,834	0	10,162	10,128	34	under	0.3%	1,a,c,d, e,f,h
Property Costs	2,427	2,247	0	359	359	0	-	0.0%	i
Supplies & Services	6,437	6,437	0	1,407	1,367	40	under	2.8%	2,g,h
Transport & Plant	7,053	7,053	0	1,324	1,328	(4)	over	(0.3%)	b,g,h
Administration Costs	254	254	0	45	60	(15)	over	(33.3%)	3,h
Payments to Other Bodies	30	30	0	22	20	2	under	9.1%	
Payments to Contractors	13,532	13,532	0	3,094	3,085	9	under	0.3%	h
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	81	81	0	2	1	1	under	50.0%	
Total Controllable Exp.	80,648	80,648	0	16,415	16,348	67	under	0.4%	
Total Controllable Inc.	(17,987)	(17,987)	0	(5,677)	(5,610)	(67)	under recovered	(1.2%)	4,c,h
Net Controllable Exp.	62,661	62,661	0	10,738	10,738	0	-	0.0%	

Variance Explanations

- The variance is mainly due to vacancies within the service due to turnover and timing of recruitment, partially offset by overtime costs.
- The favourable variance is due to lower than anticipated food cost within Facilities Management (Catering). The under spend is partially offset by an under recovery of income.
- The overspend is due to expenditure on waste publications (stickers) to manage contamination issues being ahead of profile.
- The under recovery of income relates to lower than budgeted cash income from school meals.

Budget Virements

- Transfer of budget in respect of corporate overtime saving. Net effect: (£0.100m): Employees (£0.100m)
- Reallocation of CER16 Fleet Asset Movement saving. Net effect (£0.007m): Transport and Plant (£0.007m)
- Transfer of budget from Housing and Technical Resources in relation to Care of Garden post. Net effect £0.018m: Employees £0.026, Income (£0.008m)
- Transfer of budget to Finance and Corporate Resources in respect of Scottish Vocational Qualification Assessor post. Net effect (£0.031m): Employees (£0.031m)
- Transfer of budget from Education Resources for the new initiatives for Free Schools Meals. Net effect £0.480m: Employees £0.225m, Supplies and Services £0.255m
- Reallocation of Free School Lets From Leisure. Net effect £0.036m: Employees £0.036m
- Reallocation of 2018/19 Alternative Service Delivery Model (ASDM) saving from Environmental. Net effect (£0.500m): Transport (£0.500m)
- Realignment of budget to reflect service delivery. Net effect £0.050m: Employees £0.544m, Property £0.025m, Supplies & Services (£0.092m), Transport and Plant (£0.130m), Administration (£0.023m), Payment to Contactors £0.085m, Income (£0.359m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 22 June 2018 (No.4)

Environmental (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,944	3,944	0	748	747	1	under	0.1%	a
Property Costs	12	12	0	1	1	0	-	0.0%	
Supplies & Services	168	168	0	94	94	0	-	0.0%	a
Transport & Plant	99	99	0	16	16	0	-	0.0%	b
Administration Costs	70	70	0	7	8	(1)	over	(14.3%)	a
Payments to Other Bodies	133	133	0	21	21	0	-	0.0%	a
Payments to Contractors	868	868	0	121	121	0	-	0.0%	a,c,d
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	25	25	0	0	0	0	-	n/a	
Total Controllable Exp.	5,319	5,319	0	1,008	1,008	0	-	0.0%	
Total Controllable Inc.	(1,136)	(1,136)	0	(218)	(218)	0	-	0.0%	a,d
Net Controllable Exp.	4,183	4,183	0	790	790	0	-	0.0%	

Variance Explanations

No significant variances to report

Budget Virements

- Establish budget to reflect external income for Air Quality Projects. Net effect £0.000m: Employees £0.009m, Supplies and Services £0.077m, Administration £0.041m, Payment to Other Bodies £0.007m, Payment to Contractors £0.264m, Income (£0.398m)
- Reallocation of 2018/19 Alternative Service Delivery Model (ASDM) saving. Net effect £0.500m, Transfer to Waste : Transport £0.500m
- Transfer of Revenue Consequences Budget to Facilities, Streets and Waste. Net effect (£0.050m): Payment to Contractors (£0.050m)
- Establish budget for Clinical Waste Removal to reflect current demand. Net effect £0.000m: Payment to Contractors £0.335m, Income (£0.335m).

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 22 June 2018 (No.4)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	4	0	1	1	0	-	0.0%	a
Property Costs	238	238	0	121	121	0	-	0.0%	
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	0	0	0	-	n/a	
Payments to Other Bodies	80	80	0	0	0	0	-	n/a	c
Payments to Contractors	18,575	18,575	0	4,461	4,461	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.	18,905	18,905	0	4,583	4,583	0	-	0.0%	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	18,905	18,905	0	4,583	4,583	0	-	0.0%	

Variance Explanations

No variances to report.

Budget Virements

- Realignment of budget to reflect service delivery. Net effect (£0.000m): Employee Costs (£0.066m), Payment to Contractors £0.066m
- Reallocation of Free School Lets To Facilities, Streets and Waste. Net effect (£0.036m): Payment to Contractor (£0.036m)
- Transfer of budget from Finance & Corporate Resources in respect of Third Sector funding. Net effect £0.009m: Payment to Other Bodies £0.009m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 22 June 2018 (No.4)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,281	4,281	0	960	969	(9)	over	(0.9%)	a
Property Costs	26	26	0	1	1	0	-	0.0%	
Supplies & Services	56	56	0	42	46	(4)	over	(9.5%)	
Transport & Plant	29	29	0	6	9	(3)	over	(50.0%)	2
Administration Costs	66	66	0	16	16	0	-	0.0%	
Payments to Other Bodies	1,317	1,317	0	228	228	0	-	0.0%	a,b,c
Payments to Contractors	2,808	2,808	0	2,506	2,510	(4)	over	(0.2%)	d
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	33	33	0	0	0	0	-	n/a	
Total Controllable Exp.	8,616	8,616	0	3,759	3,779	(20)	over	(0.5%)	
Total Controllable Inc.	(5,721)	(5,721)	0	(3,239)	(3,259)	20	over recovered	0.6%	1,d
Net Controllable Exp.	2,895	2,895	0	520	520	0	-	0.0%	

Variance Explanations

1. The over recovery reflects increased planning and building warrant fees.
2. The overspend is due to the cost of transport for business purposes.

Budget Virements

- a. Transfer of budget to Finance & Corporate and Education Resources in respect of Employability Programme budgets. Net effect (£1.983m): Employee Costs (£0.409m) and Payments to Other Bodies (£1.574m).
- b. Transfer of budget to Education Resources in respect of Tackling Poverty Programme. Net effect (£0.202m): Payments to Other Bodies (£0.202m).
- c. Transfer of budget from Finance & Corporate Resources in respect of Third Sector funding. Net effect £0.020m: Payments to Other Bodies £0.020m.
- d. Transfer of restoration bond income to establish budget for works at Broken Cross South and Mainhill sites. Net effect £0.000m: Payments to Contractors £2.506m and Income (£2.506m).

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 22 June 2018 (No.4)

Roads Total

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 22/06/18	Actual 22/06/18	Variance 22/06/18		% Variance 22/06/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,851	5,851	0	1,137	1,121	16	under	1.4%	1,a
Property Costs	631	631	0	17	17	0	-	0.0%	b
Supplies & Services	1,555	1,555	0	117	117	0	-	0.0%	
Transport & Plant	276	276	0	35	33	2	under	5.7%	
Administration Costs	279	279	0	26	26	0	-	0.0%	b
Payments to Other Bodies	5,359	5,359	0	1,339	1,339	0	-	0.0%	c
Payments to Contractors	15,918	15,918	0	1,492	1,492	0	-	0.0%	c,d,e
Transfer Payments	563	563	0	141	141	0	-	0.0%	
Financing Charges	40	40	0	3	3	0	-	0.0%	
Total Controllable Exp.	30,472	30,472	0	4,307	4,289	18	under	0.4%	
Total Controllable Inc.	(4,159)	(4,159)	0	(693)	(675)	(18)	under recovered	(2.6%)	2,c,f
Net Controllable Exp.	26,313	26,313	0	3,614	3,614	0	-	0.0%	

Variance Explanations

1. The under spend mainly relates to employee turnover being higher than budgeted within the service.
2. The under recovery is due to lower income than budgeted from car parks. This is a demand led service.

Budget Virements

- a. Transfer of Roads Trading posts to Roads Client. Net effect £0.076m: Employee Costs £0.076m.
- b. Transfer of budget for Carbon Reduction Commitment costs. Net effect £0.222m: Property Costs £0.222m
- c. Establish budget for Transport Scotland Act Income. Net effect £0.000m: Payments to Other Bodies £0.022m, Payments to Contractors £0.043m and Income (£0.065m).
- d. Transfer of budget to Loan Charges for Street Lighting Programme SALIX. Net effect (£0.071m): Payments to Contractors (£0.071m).
- e. Transfer of CFCR for Street Lighting Programme. Net effect (£0.522m): Payments to Contractors (£0.522m).
- f. Removal of Roads Trading Central Administration income budget. Net effect £0.198m: Income £0.198m.