

Report

3

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	6 March 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
----------	---

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 5 January 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 underspend of £0.073m 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 £0.684m, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

- 3.1. This is the fourth 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 5 January 2018, there is an underspend of £0.073m 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 YEI 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.

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)

06 February 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 5 January 2018.

Contact for Further Information

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

Louise Harvey, Finance Manager

Ext: 2658 (Tel: 01698 452658)

E-mail: louise.harvey@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 5 January 2018 (No.11)

Community and Enterprise Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	63,810	62,827	983	47,655	46,974	681	under	1.4%	
Property Costs	3,949	3,842	107	2,953	2,951	2	under	0.1%	
Supplies & Services	8,264	8,730	(466)	4,856	5,073	(217)	over	(4.5%)	
Transport & Plant	7,800	8,158	(358)	5,659	5,980	(321)	over	(5.7%)	
Administration Costs	866	1,095	(229)	674	793	(119)	over	(17.7%)	
Payments to Other Bodies	11,612	11,575	37	8,211	8,159	52	under	0.6%	
Payments to Contractors	56,411	56,817	(406)	35,630	35,304	326	under	0.9%	
Transfer Payments	586	575	11	586	575	11	under	1.9%	
Financing Charges	180	151	29	101	78	23	under	22.8%	
Total Controllable Exp.	153,478	153,770	(292)	106,325	105,887	438	under	0.4%	
Total Controllable Inc.	(33,343)	(32,951)	(392)	(23,775)	(23,410)	(365)	under recovered	(1.5%)	
Net Controllable Exp.	120,135	120,819	(684)	82,550	82,477	73	under	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 5 January 2018 (No.11)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	48,920	48,332	588	36,562	36,120	442	under	1.2%	1,a
Property Costs	2,405	2,437	(32)	1,735	1,817	(82)	over	(4.7%)	2, b
Supplies & Services	6,498	6,741	(243)	4,126	4,307	(181)	over	(4.4%)	3,b
Transport & Plant	7,327	7,714	(387)	5,343	5,670	(327)	over	(6.1%)	4
Administration Costs	275	270	5	189	212	(23)	over	(12.2%)	c
Payments to Other Bodies	30	38	(8)	28	33	(5)	over	(17.9%)	
Payments to Contractors	14,844	15,032	(188)	11,893	12,011	(118)	over	(1.0%)	5
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	82	66	16	40	32	8	under	20.0%	
Total Controllable Exp.	80,381	80,630	(249)	59,916	60,202	(286)	over	(0.5%)	
Total Controllable Inc.	(17,645)	(17,655)	10	(14,739)	(14,784)	45	over recovered	0.3%	6,b,d
Net Controllable Exp.	62,736	62,975	(239)	45,177	45,418	(241)	over	(0.5%)	

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 school meal food and equipment costs within the Catering service and greater than anticipated expenditure within Grounds 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 relates to the net effect of greater than budgeted income within Grounds due to additional service requests of a Capital nature.

Budget Virements

- a. Transfer from reserves to support service costs Net Effect £0.115m: Employees £0.115m
- b. Temporary budget for setup costs for nursery school meals Net Effect £0.000m: Property Costs £0.002m, Supplies & Services £0.068m, Income (£0.070m).
- c. Transfer of budget to Finance & Corporate Resources for 17/18 printing savings. Net Effect (£0.033m): Administration Costs (£0.033m)
- d. Realign budget between Facilities Management and Leisure Net Effect (£0.109m): Income (£0.109m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 5 January 2018 (No.11)

Environmental (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,985	3,717	268	2,976	2,782	194	under	6.5%	1
Property Costs	13	14	(1)	6	7	(1)	over	(16.7%)	
Supplies & Services	155	166	(11)	59	63	(4)	over	(6.8%)	
Transport & Plant	168	144	24	138	123	15	under	10.9%	a
Administration Costs	211	357	(146)	155	217	(62)	over	(40.0%)	2, b, c
Payments to Other Bodies	177	132	45	145	113	32	under	22.1%	
Payments to Contractors	809	813	(4)	517	492	25	under	4.8%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	25	20	5	15	10	5	under	33.3%	
Total Controllable Exp.	5,543	5,363	180	4,011	3,807	204	under	5.1%	
Total Controllable Inc.	(1,001)	(962)	(39)	(659)	(632)	(27)	under recovered	(4.1%)	a
Net Controllable Exp.	4,542	4,401	141	3,352	3,175	177	under	5.3%	

Variance Explanations

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

Budget Virements

- a. Establish temporary budget for electric vehicles phase 4, Net Effect £0.000m: Transport & Plant £0.021m, Income (£0.021m)
- b. Transfer of budget from Finance & Corporate Resources to reflect service delivery, Net Effect £0.175m: Administration Costs £0.175m.
- c. Transfer of budget to Finance & Corporate Resources for 17/18 printing savings. Net Effect (£0.002m): Administration Costs (£0.002m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 5 January 2018 (No.11)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	5	(1)	3	3	0	-	0.0%	
Property Costs	239	193	46	215	179	36	under	16.7%	1, a
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)	8	8	0	-	0.0%	
Payments to Contractors	18,443	18,443	0	13,857	13,857	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	14,091	14,055	36	under	0.3%	
Total Controllable Inc.	0	(1)	1	0	0	0	-	n/a	
Net Controllable Exp.	18,765	18,722	43	14,091	14,055	36	under	0.3%	

Variance Explanations

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

Budget Virements

- Realign budget between Leisure and Facilities Management, Net Effect £0.109m: Property £0.109m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 5 January 2018 (No.11)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,227	5,295	(68)	3,900	3,983	(83)	over	(2.1%)	1,a
Property Costs	531	526	5	431	429	2	under	0.5%	b
Supplies & Services	56	101	(45)	39	58	(19)	over	(48.7%)	
Transport & Plant	29	48	(19)	23	43	(20)	over	(87.0%)	2
Administration Costs	93	103	(10)	74	78	(4)	over	(5.4%)	c,d
Payments to Other Bodies	5,865	5,879	(14)	2,587	2,579	8	under	0.3%	d,e,f
Payments to Contractors	3,417	3,417	0	815	815	0	-	0.0%	g
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	33	22	11	22	12	10	under	45.5%	
Total Controllable Exp.	15,251	15,391	(140)	7,891	7,997	(106)	over	(1.3%)	
Total Controllable Inc.	(10,586)	(10,241)	(345)	(5,544)	(5,240)	(304)	under recovered	(5.5%)	3,a,b c,e,g h
Net Controllable Exp.	4,665	5,150	(485)	2,347	2,757	(410)	over	(17.5%)	

Variance Explanations

1. The overspend relates to current establishment of staffing.
2. The overspend is due to the cost of transport for business purposes.
3. The under recovery is due to fewer than anticipated Planning and Building Warrant Applications.

Budget Virements

- a. Establish budget for staff secondments to Scottish Government and LEADER Programme. Net Effect £0.000m: Employee Costs £0.077m and Income (£0.077m).
- b. Establish budget for head lease costs and rental income. Net Effect £0.000m: Property Costs £0.505m and Income (£0.505m).
- c. Transfer of budget to Finance & Corporate Resources for 17/18 printing savings and reduction of GRG funding for Building Warrant price increase. Net Effect (£0.065m): Administration Costs (£0.008m), Income (£0.057m).
- d. Transfer from reserves to support service costs for Planning Local Plan Costs, Legal costs, Older Workers, Youth Employment Initiative Phase 1, Net Effect £0.266m: Administration £0.026m, Payments to Other Bodies £0.240m.
- e. Establish budget for City Deal Working Matters funding and LEADER Programme funding. Net Effect £0.000m: Payments to Other Bodies £0.453m and Income (£0.453m).
- f. Transfer of Employability Connect 2 budget to Finance and Corporate Resources. Net Effect (£0.179m): Payments to Other Bodies (£0.179m).
- g. Transfer of restoration bond income to establish budget for works at Broken Cross South and Mainhill sites. Net effect £0.000m: Payments to Contractors £1.275m and Income (£1.275m).
- h. Transfer of budget to reflect service delivery, Net Effect £0.163m: Income £0.163m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 5 January 2018 (No.11)

Roads Total

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 05/01/18	Actual 05/01/18	Variance 05/01/18		% Variance 05/01/18	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,674	5,478	196	4,214	4,086	128	under	3.0%	1
Property Costs	761	672	89	566	519	47	under	8.3%	a
Supplies & Services	1,555	1,722	(167)	632	645	(13)	over	(2.1%)	
Transport & Plant	276	252	24	155	144	11	under	7.1%	
Administration Costs	279	357	(78)	248	278	(30)	over	(12.1%)	b
Payments to Other Bodies	5,469	5,452	17	5,443	5,426	17	under	0.3%	
Payments to Contractors	18,898	19,112	(214)	8,548	8,129	419	under	4.9%	2
Transfer Payments	586	575	11	586	575	11	under	1.9%	
Financing Charges	40	43	(3)	24	24	0	-	0.0%	
Total Controllable Exp.	33,538	33,663	(125)	20,416	19,826	590	under	2.9%	
Total Controllable Inc.	(4,111)	(4,092)	(19)	(2,833)	(2,754)	(79)	under recovered	(2.8%)	3,a,c
Net Controllable Exp.	29,427	29,571	(144)	17,583	17,072	511	under	2.9%	

Variance Explanations

1. The underspend mainly relates to staff turnover savings, and vacancies are considered as part of future service delivery.
2. The underspend is mainly due to continued savings resulting from the Street Lighting Improvement Programme. This underspend will be reversed by expected spend in relation to winter maintenance over the coming months.
3. The under recovery is due to reduced income from car parks.

Budget Virements

- a. Transfer of budget for Carbon Reduction Commitment costs Net Effect £0.212m: Property Costs £0.212m
- b. Transfer of budget for Print Saving. Net Effect (£0.019m): Administration Costs (£0.019m).
- c. Transfer from reserves for City Deal income. Net Effect £0.332m: Income £0.332m.