

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	24 November 2020
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2020/2021
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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 11 September 2020 for Community and Enterprise Resources.

2. Recommendation(s)

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

- (1) that an overspend of £4.401m as at 11 September 2020 on the Community and Enterprise Resources revenue budget, as detailed in appendix A of the report, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the second revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2020/2021.

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, and outlines the specific costs incurred in relation to the Resources' COVID response in Appendix G

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 11 September 2020, there is a reported overspend of £4.401m against the phased budget including the approved additional contribution to South Lanarkshire Leisure and Culture (SLLC) of £1.269m.

5.2. Variance explanations for each service area are detailed in appendices B to G where appropriate. This overspend, in the main, is COVID related and reflects an overspend relating to increased staff costs in support of the COVID response; additional costs resulting from increased domestic waste tonnages and the costs of additional PPE and enhanced cleaning regimes. In addition, the Resource has seen a significant

impact as a result of loss of income due to the pandemic of £2.486m including parking charges, Planning Building Standards applications, Care of Gardens and school meals, which itself is offset by reduced spend on food. Also within the Resource position, is the contribution to offset loss of income in relation to SLLC of £1.269m, as reported to and approved at Executive Committee.

- 5.2. Virements are proposed to realign budgets across budget categories and with other Resources. 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 that there is an over spend. 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. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no climate change, sustainability or environmental implications arising from the information in this report.

8 Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. 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)

9 November 2020

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 11 September 2020.

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 6 Ended 11 September 2020 (No.6)

Community and Enterprise Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	83,880	83,880	0	35,995	34,965	1,030	under	2.9%	
Property Costs	3,991	3,991	0	1,008	1,477	(469)	over	(46.5%)	
Supplies & Services	14,987	14,987	0	5,698	3,568	2,130	under	37.4%	
Transport & Plant	20,813	20,813	0	7,417	7,665	(248)	over	(3.3%)	
Administration Costs	891	891	0	268	329	(61)	over	(22.8%)	
Payments to Other Bodies	9,239	9,239	0	4,148	4,067	81	under	2.0%	
Payments to Contractors	39,876	39,876	0	17,486	19,549	(2,063)	over	(11.8%)	
Transfer Payments	595	595	0	298	298	0	-	0.0%	
Financing Charges	184	184	0	109	117	(8)	over	(7.3%)	
Total Controllable Exp.	174,456	174,456	0	72,427	72,035	392	under	0.5%	
Total Controllable Inc.	(66,266)	(66,266)	0	(30,075)	(25,282)	(4,793)	under recovered	(15.9%)	
Net Controllable Exp.	108,190	108,190	0	42,352	46,753	(4,401)	over	(10.4%)	

Variance Explanations

Detailed within Appendices B to G.

Budget Virements

Budget virements are shown in Appendices B to G.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

Facilities, Streets, Waste and Grounds (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/0/920	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	54,469	54,469	0	23,420	22,979	441	under	1.9%	1,a,b
Property Costs	2,197	2,197	0	568	585	(17)	over	(3.0%)	
Supplies & Services	6,557	6,557	0	2,259	1,258	1,001	under	44.3%	2,b,c,e
Transport & Plant	7,460	7,460	0	3,128	3,185	(57)	over	(1.8%)	3,c,e
Administration Costs	295	295	0	94	96	(2)	over	(2.1%)	
Payments to Other Bodies	28	28	0	22	26	(4)	over	(18.2%)	
Payments to Contractors	14,005	14,005	0	5,784	5,882	(98)	-	(1.7%)	4,c,d
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	77	77	0	41	41	0	-	0.0%	
Total Controllable Exp.	85,088	85,088	0	35,316	34,052	1,264	under	3.6%	
Total Controllable Inc.	(19,001)	(19,001)	0	(10,756)	(9,549)	(1,162)	under recovered	(10.8%)	5,b,c,e
Net Controllable Exp.	66,087	66,087	0	24,560	24,458	102	under	0.4%	

Variance Explanations

1. The variance relates to vacant posts within Facilities that are actively being recruited.
2. The variance is mainly due to an under spend on food purchases within the Catering service due to school closures as a result of the COVID-19 pandemic. This is offset by a loss of school meals income during school closures.
3. The variance is mainly due to the timing of the implementation of work pattern changes as a result of COVID 19 within Grounds.
4. The variance is due to cost of the fibre contract being higher than budget within Waste.
5. The loss of income relates to Grounds, Waste and Facilities for services covering the care of gardens, bulky uplifts, school meals and coffee shops as a result of the COVID-19 pandemic.

Budget Virements

- a. Transfer of budgets from Education Resources to Facilities Management in relation to the provision of additional services.: Net effect £0.035m: Employees £0.035m
- b. Removal of holiday clubs budgets within Facilities Management. Net effect £0.000m: Employees (£0.077m), Supplies & Services (£0.010m), Income £0.087m
- c. Realign budget to reflect service delivery within Streets and Grounds and Roads and Support Services. Net effect £0.090m: Supplies and Services £0.083m, Transport and Plant (£0.005m), Payment to Contractors (£0.011m), Income £0.023m.
- d. Transfer from reserves for waste contract refund. Net effect £0.488m: Payment to Contractors £0.488m.
- e. Reduction in income and expenditure to reflect reduction in service provision within Facilities Management, Streets and Grounds services due to COVID-19. Net effect £0.000m: Supplies & Services (£0.183m), Transport & Plant (£0.041m), Income £0.224m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

Fleet and Environmental Services (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	8,929	8,929	0	3,826	3,662	164	under	4.3	1,a
Property Costs	191	191	0	12	19	(7)	over	(58.3%)	
Supplies & Services	275	275	0	156	156	0	-	0.0%	a
Transport & Plant	9,120	9,120	0	2,685	3,062	(377)	over	(14.0%)	2,b
Administration Costs	79	79	0	35	36	(1)	over	(2.9%)	a,b
Payments to Other Bodies	178	178	0	84	64	20	under	23.8%	a
Payments to Contractors	1,055	1,055	0	525	524	1	under	0.2%	a
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	24	24	0	14	15	(1)	over	(7.1%)	
Total Controllable Exp.	19,851	19,851	0	7,337	7,538	(201)	over	(2.7%)	
Total Controllable Inc.	(18,926)	(18,926)	0	(8,616)	(8,534)	(82)	under recovered	(1.0%)	3,a,b
Net Controllable Exp.	925	925	0	(1,279)	(966)	(283)	over	(22.1%)	

Variance Explanations

1. The variance is mainly due to vacant posts within the services which are actively being filled.
2. The overspend relates to the timing in the achievement of efficiencies and greater than budgeted expenditure within the Fleet workshop.
3. The under recovery relates to less income from asset modifications and taxi inspections through Fleet Services as a result of the COVID-19 pandemic.

Budget Virements

- a. Establish budget to reflect external income for Air Quality Projects. Net effect £0.000m: Employee Costs £0.014m, Supplies and Services £0.004m, Administration £0.035m, Payment to Other Bodies £0.032m, Payment to Contractors £0.438m, Income (£0.523m).
- b. Realign budget to reflect service delivery within Fleet and Environmental Services. Net effect (£0.000m): Transport and Plant £0.031m, Administration £0.011m, Income (£0.042m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	4	0	2	2	0	-	0.0%	
Property Costs	239	239	0	137	137	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	20	0	20	under	100.0%	1
Payments to Contractors	18,990	18,990	0	9,494	9,494	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.	19,321	19,321	0	9,653	9,653	20	under	0.2%	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	19,321	19,321	0	9,653	9,653	20	under	0.2%	

Variance Explanations

1. The underspend relates to the cancellation of the Fireworks events as a result of the COVID-19 pandemic.

Budget Virements

There are no budget virements.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,833	4,833	0	2,082	2,062	20	under	1.0%	1a
Property Costs	607	607	0	148	148	0	-	0.0%	a
Supplies & Services	101	101	0	31	33	(2)	over	(6.5%)	a
Transport & Plant	33	33	0	5	9	(4)	over	(80.0%)	
Administration Costs	104	104	0	35	35	0	-	0.0%	
Payments to Other Bodies	3,731	3,731	0	1,420	1,375	45	under	3.2%	2,a,b
Payments to Contractors	794	794	0	546	573	(27)	over	(4.9%)	3,a
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	25	25	0	-	0.0%	
Total Controllable Exp.	10,237	10,237	0	4,292	4,260	32	under	0.7%	
Total Controllable Inc.	(8,097)	(8,097)	0	(2,772)	(2,382)	(390)	under recovered	(14.1%)	43,a
Net Controllable Exp.	2,140	2,140	0	1,520	1,878	(358)	over	(23.6%)	

Variance Explanations

1. The under spend is due to flexible retirement arrangements within the service.
2. The variance relates to the cancellation of the Christmas events as a result of the COVID-19 pandemic.
3. The overspend relates to additional costs associated with the Local Plan.
4. The under recovery relates to reduced income from planning and building standards applications as a result of the COVID-19 pandemic.

Budget Virements

- a. Realign budget to reflect service delivery within Planning and Building Standards in relation to Leader Projects, Hamilton Towers, Palace Grounds and the Supplier Development Programme. Net Effect £0.000m: Employees £0.016m, Property £0.414m, Supplies and Services £0.002m, Payment to Other Bodies £1.580m, Payment to Contractors £0.435m, Income (£2.447m).
- b. Transfer from reserves for Smart Sustainable EK. Net Effect £0.020m: Payment to Other Bodies £0.020m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	15,645	15,645	0	6,665	6,088	577	under	8.7%	1,a
Property Costs	757	757	0	143	165	(22)	over	(15.4%)	
Supplies & Services	8,054	8,054	0	3,252	1,837	1,415	under	43.5%	2,a
Transport & Plant	4,200	4,200	0	1,599	1,308	291	under	18.2%	3
Administration Costs	405	405	0	104	115	(11)	over	(10.6%)	
Payments to Other Bodies	5,222	5,222	0	2,602	2,602	0	-	0.0%	
Payments to Contractors	5,032	5,032	0	1,137	987	150	under	13.2%	4,b
Transfer Payments	595	595	0	298	298	0	-	0.0%	
Financing Charges	49	49	0	29	36	(7)	over	(24.1%)	
Total Controllable Exp.	39,959	39,959	0	15,829	13,436	2,393	under	15.1%	
Total Controllable Inc.	(20,242)	(20,242)	0	(7,931)	(4,772)	(3,159)	under recovered	(39.8%)	5,a
Net Controllable Exp.	19,717	19,717	0	7,898	8,664	(766)	over	(9.7%)	

Variance Explanations

1. The variance is mainly due to vacant posts and less overtime being worked during lockdown.
2. The variance is due to reduced material costs as a result of reduced road maintenance works carried out during the pandemic.
3. The variance is mainly due to the level of hired vehicles and fuel usage being less as a result of lockdown.
4. The variance is due to reduced demand for sub-contractors within the Construction Unit and project spend within the Flooding Section during the COVID19 pandemic.
5. The under recovery is partly due to reduced works being carried out within the Construction Unit during lockdown and reduced fee income for parking.

Budget Virements

- a. Realign budget to reflect service delivery and staffing structure within Transport Engineering and Roads. Net effect (£0.090m): Employees £0.283m, Supplies & Services (£0.090m), Income (£0.283m).
- b. Transfer of budget for Capital Funded from Revenue. Net effect (£1.531m): Payment to Contractor (£1.531m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 11 September 2020 (No.6)

COVID - 19

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/09/20	Actual 11/09/20	Variance 11/09/20		% Variance 11/09/20	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	0	0	0	0	172	(172)	over	n/a	1
Property Costs	0	0	0	0	423	(423)	over	n/a	2
Supplies & Services	0	0	0	0	284	(284)	over	n/a	3
Transport & Plant	0	0	0	0	101	(101)	over	n/a	4
Administration Costs	0	0	0	0	47	(47)	over	n/a	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	2,089	(2,089)	over	n/a	5
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	0	0	0	0	3,116	(3,116)	over	n/a	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	0	0	0	0	3,116	(3,116)	over	n/a	

Variance Explanations

1. The variance is directly related to employee costs associated with the Resources' response to the pandemic.
2. The variance relates to additional cleaning costs and materials as a result of enhanced cleaning regimes.
3. The variance relates to additional costs for equipment, PPE and health and hygiene during the COVID-19 pandemic.
4. The variance relates to the purchase of equipment, fuel and vehicles costs directly related to the COVID-19 pandemic.
5. The variance is due to payments made to South Lanarkshire Leisure to reflect loss of income and additional domestic waste tonnage and fly tipping costs as a result of the pandemic.