

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	12 November 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 13 September 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 overspend of £0.170m on the Community and Enterprise Resources' revenue budget, as detailed in Appendix A of the report as at 13 September 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 second revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2019/2020.

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 13 September 2019, there is a reported overspend of £0.170m against the phased budget. The forecast for the revenue budget to 31 March 2020 is a breakeven position.

5.2. The overspend position for the Resource in the main reflects the settlement of the legal costs associated with the food safety case and the timing of efficiencies identified through the Fleet review.

- 5.3. In respect of the legal costs, the Council has now reached agreement with the other party to contribute £0.320m towards their legal costs in respect of the food safety court case. The Resource is able to fund £0.200m from monies carried forward to reserves in 2018/19, however this still leaves a pressure of £0.120m for 2019/2020.
- 5.4. Variance explanations for each service area are detailed in appendices B to F where appropriate. Additionally, 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 (Including Environmental and Risk Issues)**
- 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)

9 October 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 13 September 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 Ended 13 September 2019 (No.6)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	81,174	81,174	0	35,502	34,909	593	under	1.7%	
Property Costs	4,091	4,091	0	1,254	1,289	(35)	over	(2.8%)	
Supplies & Services	16,506	16,506	0	6,523	6,563	(40)	over	(0.6%)	
Transport & Plant	21,310	21,310	0	9,045	9,358	(313)	over	(3.5%)	
Administration Costs	1,103	1,103	0	479	656	(177)	over	(37.0%)	
Payments to Other Bodies	8,389	8,389	0	3,746	3,764	(18)	over	(0.5%)	
Payments to Contractors	42,047	42,047	0	19,292	19,280	12	under	0.1%	
Transfer Payments	595	595	0	297	297	0	-	0.0%	
Financing Charges	184	184	0	77	83	(6)	over	(7.8%)	
Total Controllable Exp.	175,399	175,399	0	76,215	76,199	16	under	0.0%	
Total Controllable Inc.	(67,826)	(67,826)	0	(30,490)	(30,304)	(186)	under recovered	(0.6%)	
Net Controllable Exp.	107,573	107,573	0	45,725	45,895	(170)	over	(0.4%)	

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 13 September 2019 (No.6)

Facilities, Streets, Waste and Grounds (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	52,443	52,443	0	23,171	23,075	96	under	0.4%	1,b,c
Property Costs	2,283	2,283	0	620	649	(29)	over	(4.7%)	
Supplies & Services	6,556	6,556	0	2,749	2,803	(54)	over	(2.0%)	2
Transport & Plant	7,576	7,576	0	3,429	3,473	(44)	over	(1.3%)	3
Administration Costs	242	242	0	88	109	(21)	over	(23.9%)	4
Payments to Other Bodies	30	30	0	25	35	(10)	over	(40.0%)	5
Payments to Contractors	13,707	13,707	0	6,551	6,539	12	under	0.2%	b
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	85	85	0	31	31	0	-	0.0%	
Total Controllable Exp.	82,922	82,922	0	36,664	36,714	(50)	over	(0.1%)	
Total Controllable Inc.	(18,627)	(18,627)	0	(12,540)	(12,717)	177	over recovered	1.4%	6,a
Net Controllable Exp.	64,295	64,295	0	24,124	23,997	127	under	0.5%	

Variance Explanations

1. The variance is mainly due to vacant posts within Facilities which are being actively recruited, partially offset by overtime costs.
2. The overspend is mainly due to a greater spend on food purchases which are fully recoverable and a greater spend on domestic waste bins which are partly offset by an over recovery of income.
3. The overspend is mainly due to fuel costs as a result of price increases.
4. The over spend is mainly due to printing costs associated with H&S material and medical costs.
5. The overspend relates to payments to SEPA in relation to waste services and the costs of disclosures.
6. The over recovery is mainly due to the sale of the food purchases, sale of bins, additional service requests within Grounds and service movements within Facilities.

Budget Virements

- a. Transfer of budget from Education in respect of Cleaning and Janitorial Services. Net effect £0.059m: Income £0.059m.
- b. Realign budget to reflect service delivery in relation to the Crematorium. Net effect £0.000m: Employees £0.031m, Payment to Contractors (£0.031m).
- c. Transfer from Reserves for Grounds Seasonal Employees. Net effect £0.040m: Employees £0.040m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 September 2019 (No.6)

Fleet and Environmental Services (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	8,867	8,867	0	3,828	3,632	196	under	5.1%	1
Property Costs	205	205	0	34	34	0	-	0.0%	
Supplies & Services	323	323	0	117	101	16	under	13.7%	
Transport & Plant	9,261	9,261	0	3,917	4,184	(267)	over	(6.8%)	2,a
Administration Costs	304	304	0	231	374	(143)	over	(61.9%)	3,b
Payments to Other Bodies	127	127	0	44	47	(3)	over	(6.8%)	
Payments to Contractors	1,076	1,076	0	293	293	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	24	24	0	12	12	0	-	0.0%	
Total Controllable Exp.	20,187	20,187	0	8,476	8,677	(201)	over	(2.4%)	
Total Controllable Inc.	(18,832)	(18,832)	0	(7,764)	(7,654)	(110)	under recovered	(1.4%)	4,a
Net Controllable Exp.	1,355	1,355	0	712	1,023	(311)	over	(43.7%)	

Variance Explanations

1. The variance is mainly due to vacant posts in respect of mechanics and one driver, as well as vacancies in Environmental services which are being actively recruited.
2. The over spend relates to expenditure on materials and spares, outside repairs and the timing of the achievement of efficiencies.
3. The over spend in the main relates to legal costs associated with the public health case.
4. The under recovery is mainly due to lower than anticipated income within the Fleet workshop.

Budget Virements

- a. Establish budget to reflect external income for Electrical Cars. Net effect £0.000m: Transport and Plant £0.080m, Income (£0.080m).
- b. Transfer from Reserves for legal costs in respect of the public health issue. Net Effect £0.200m: Administration £0.200m.

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 September 2019 (No.6)

Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	4	0	2	2	0	-	0.0%	
Property Costs	239	239	0	137	134	3	under	2.2%	b
Supplies & Services	27	27	0	27	28	(1)	over	(3.7%)	
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	2	(2)	over	n/a	
Payments to Contractors	19,109	19,109	0	9,339	9,339	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.	19,467	19,467	0	9,505	9,505	0	-	0.0%	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	19,467	19,467	0	9,505	9,505	0	-	0.0%	

Variance Explanations

No major variances to report.

Budget Virements

- a. Budget uploaded in respect of utilities. Net effect £0.250m: Payment to Contractors £0.250m.
- b. Realign budget to reflect service delivery. Net effect £0.000m: Property (£0.234m), Payment to Contractor, £0.234m.

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 September 2019 (No.6)

Planning and Economic Development

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4,904	4,904	0	2,140	2,126	14	under	0.7%	b
Property Costs	630	630	0	294	294	0	-	0.0%	a
Supplies & Services	97	97	0	55	56	(1)	over	(1.8%)	
Transport & Plant	38	38	0	17	17	0	-	0.0%	
Administration Costs	144	144	0	38	38	0	-	0.0%	b
Payments to Other Bodies	2,944	2,944	0	1,087	1,087	0	-	0.0%	b
Payments to Contractors	2,762	2,762	0	1,954	1,954	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	15	16	(1)	over	(6.7%)	
Total Controllable Exp.	11,553	11,553	0	5,600	5,588	12	under	0.2%	
Total Controllable Inc.	(8,385)	(8,385)	0	(1,942)	(1,942)	0	-	0.0%	a,b
Net Controllable Exp.	3,168	3,168	0	3,658	3,646	12	under	0.3%	

Variance Explanations

No major variances to report.

Budget Virements

- Budget uploaded in respect of Hamilton Towers. Net effect £0.000m: Property £0.604m, Income (£0.604m).
- Realign budget to reflect service delivery within Regeneration for City Deal and Inclusion Grants and within Planning and Building Standards to reflect demand. Net effect £0.000m: Employees £0.052m, Administration £0.030m, Payment to Other Bodies £0.342m, Income (£0.424m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 September 2019 (No.6)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/09/19	Actual 13/09/19	Variance 13/09/19		% Variance 13/09/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	14,956	14,956	0	6,361	6,074	287	under	4.5%	1,a
Property Costs	734	734	0	169	178	(9)	over	(5.3%)	
Supplies & Services	9,503	9,503	0	3,575	3,575	0	-	0.0%	a
Transport & Plant	4,435	4,435	0	1,682	1,684	(2)	over	(0.1%)	a
Administration Costs	405	405	0	122	135	(13)	over	(10.7%)	2
Payments to Other Bodies	5,208	5,208	0	2,590	2,593	(3)	over	(0.1%)	a
Payments to Contractors	5,393	5,393	0	1,155	1,155	0	-	0.0%	a
Transfer Payments	595	595	0	297	297	0	-	0.0%	
Financing Charges	41	41	0	19	24	(5)	over	(26.3%)	
Total Controllable Exp.	41,270	41,270	0	15,970	15,715	255	under	1.6%	
Total Controllable Inc.	(21,982)	(21,982)	0	(8,244)	(7,991)	(253)	under recovered	(3.1%)	3,a
Net Controllable Exp.	19,288	19,288	0	7,726	7,724	2	under	0.0%	

Variance Explanations

1. The variance is mainly due to vacant posts and a campaign for Roads Operatives is being progressed.
2. This relates to telephone costs being higher than budget.
3. The under recovery of income is mainly due to less than anticipated income for reactive maintenance works and income from car parking being less.

Budget Virements

- a. Realign budget to reflect service delivery mainly as a result of additional capital income. Net effect £0.000m: Employees £0.045m, Supplies and Services £1.338m, Transport and Plant £0.407m, Payment to Other Bodies £0.027m, Payment to Contractor £0.038m, Income (£1.855m).