

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	4 February 2020
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 6 December 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 the forecast to 31 March 2020 of an overspend of £0.034m before transfers to reserves, as detailed in Appendix A of the report and the forecast after transfers to reserves of £0.144m overspend, be noted;
- (2) that an overspend of £0.055m as at 6 December 2019, as detailed in Appendix A of the report and the overspend of £0.165m, after transfers to reserves, be noted; and
- (3) that the proposed budget virements, as detailed in appendices B to F of the report, be approved.

3. Background

- 3.1. This is the third revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2019/2020.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to 31 March 2020. Details are included in section 5.
- 3.3. 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. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the Resource position before any transfers to reserves is an overspend of £0.034 million.
- 5.2. The Resource is proposing transfers to reserves totalling £0.110 million. These have been approved by the Executive Committee on 29 January 2020 and take the reported position **after transfers** to an overspend of £0.144 million. The transfers and the overall position are detailed in Appendix A.
- 5.3. This net overspend reflects the costs in respect of the food safety case and the timing of efficiencies within Fleet, Environmental and Project Services as previously reported, partially offset by an underspend in employee costs and an over recovery of income within Planning and Economic Development.
- 5.4. **Position as 6 December 2019:** Appendix A shows the position as at 6 December 2019 of a £0.055 million overspend against the phased budget. This is the position **before** transfers to reserves. Detailed variance explanations of the Resource position is included in Appendices B to F.
- 5.5. The Resource position as at 6 December 2019 **after** transfers to reserves are taken into account, is an overspend of £0.165 million. These transfers to reserves are detailed at the bottom of each of the service appendices.
- 5.6. 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. Climate Change, Sustainability and Environmental Implications

- 6.1 There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

7. Other Implications

- 7.1 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.

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)

3 January 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 6 December 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 9 Ended 6 December 2019 (No. 9)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 06/12/19	Actual BEFORE Transfers 06/12/19	Variance 06/12/19		% Variance 06/12/19	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	81,196	80,145	1,051	1,021	53,845	53,047	798	under	1.48%	
Property Costs	4,148	4,207	(59)	(89)	2,806	2,915	(109)	over	(3.9%)	
Supplies & Services	16,294	17,028	(734)	(734)	10,334	10,800	(466)	over	(4.5%)	
Transport & Plant	21,883	21,365	518	518	14,432	14,351	81	under	0.6%	
Administration Costs	1,128	1,380	(252)	(252)	653	862	(209)	over	(32.0%)	
Payments to Other Bodies	9,009	9,113	(104)	(104)	5,101	5,145	(44)	over	(0.9%)	
Payments to Contractors	42,101	43,060	(959)	(1,009)	27,452	27,956	(504)	over	(1.8%)	
Transfer Payments	595	595	0	0	446	446	0	-	0.0%	
Financing Charges	192	178	14	14	133	134	(1)	over	(0.8%)	
Total Controllable Exp.	176,546	177,071	(525)	(635)	115,202	115,656	(454)	over	(0.4%)	
Total Controllable Inc.	(68,015)	(68,506)	491	491	(44,287)	(44,686)	399	over recovered-	0.9%	
Net Controllable Exp.	108,531	108,565	(34)	(144)	70,915	70,970	(55)	over	(0.1%)	
Transfer to Reserves (as at 06/12/19)					-	110	(110)	over		
Position After Transfers to Reserves (as at 06/12/19)					70,915	71,080	(165)	over	0.2%	

Variance Explanations

Detailed in Appendix B to F.

Budget Virements

Budget virements are shown in Appendices B to F.

Transfers to Reserves

Detailed in Appendix B to F

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 9 Ended 6 December 2019 (No. 9)

Facilities, Streets and Waste (including Support)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual BEFORE Transfers 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	52,806	52,635	171	141	35,327	35,165	162	under	0.5%	1,a,b,c
Property Costs	2,277	2,319	(42)	(72)	1,481	1,556	(75)	over	(5.1%)	2,a,c,d
Supplies & Services	6,771	7,577	(806)	(806)	4,046	4,539	(493)	over	(12.2%)	3,a,b,d
Transport & Plant	7,752	7,324	428	428	5,492	5,334	158	under	2.9%	4,a,d
Administration Costs	265	309	(44)	(44)	168	196	(28)	over	(16.7%)	a
Payments to Other Bodies	30	50	(20)	(20)	25	38	(13)	over	(52.0%)	5
Payments to Contractors	14,508	14,577	(69)	(119)	9,521	9,465	56	under	0.6%	6,a,d
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	85	63	22	22	54	49	5	under	9.3%	
Total Controllable Exp.	84,494	84,854	(360)	(470)	56,114	56,342	(228)	over	(0.4%)	
Total Controllable Inc.	(18,277)	(18,693)	416	416	(14,711)	(14,978)	267	over recovered	1.8%	7,a,d
Net Controllable Exp.	66,217	66,161	56	(54)	41,403	41,364	39	under	0.1%	
Transfer to Reserves (as at 06/12/19)					-	110	(110)	over		
Position After Transfers to Reserves (as at 06/12/19)					41,403	41,474	(71)	over	(0.17%)	

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 over spend relates to rates associated with a former civic amenity site, Muttonhole Road and utility charges for public conveniences.
3. The overspend is mainly due to a greater spend on food purchases and materials within Grounds for additional service requests which are fully recoverable within income and a greater spend on domestic waste bins which are partly offset by an over recovery of income.
4. The variance relates to the timing of vehicle lease replacement partially offset by an increase in fuel costs within Grounds.
5. The over spend relates mainly to payments made to SEPA in respect of former landfill sites.
6. The variance is within Waste and mainly relates to the level of domestic tonnage being less than predicted, partially offset by a greater spend within Grounds as a result of additional service requests which are offset by income.
7. The over recovery of income relates to the sale of bins, scrap and clearances being greater than budget within Waste Services and additional service requests within Grounds and Facilities. These over recoveries are partially offset by lower than budgeted cash income from school meals.

Budget Virements

- a. Realignment of budgets to reflect service delivery. Net effect £0.100m: Employee Costs (£0.228m), Property Costs (£0.039m), Supplies & Services £0.089m, Transport & Plant £0.024m Administration Costs £0.025m, Payment to Contractor £0.032m, Income £0.197m.
- b. Transfer of budget from Education Resources in respect of an increase in cleaning service requests. Net Effect £0.059m: Employees £0.034m, Supplies & Services £0.025m
- c. Transfer of budget in respect of superannuation auto enrolment and rates poundage. Net Effect £0.566m: Employee Costs £0.556m, Property Costs £0.010m
- d. Transfer from Reserves for adoptions within Grounds, SWF in Waste and Eddlewood Central Production Kitchen. Net Effect £1.256m: Property Costs £0.024m, Supplies & Services £0.100m, Transport & Plant £0.150m, Payment to Contractors £0.769m, Income £0.213m,

Transfers to Reserves (£0.110m):

- i. Food Development Officer (£0.030m)
- ii. Upgrade of road at allotment site, Allers (£0.030m)
- iii. Environmental Initiatives (£0.050m)

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 9 Ended 6 December 2019 (No. 9)

Fleet and Environmental (Inc Projects)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual BEFORE Transfers 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	8,779	8,410	369	369	5,810	5,545	265	under	4.6%	1,a,c
Property Costs	207	220	(13)	(13)	177	179	(2)	over	(1.1%)	c
Supplies & Services	344	276	68	68	180	154	26	under	14.4%	b
Transport & Plant	9,575	9,852	(277)	(277)	6,177	6,510	(333)	over	(5.4%)	2,a,b
Administration Costs	305	461	(156)	(156)	253	408	(155)	over	(61.3%)	3,a
Payments to Other Bodies	127	152	(25)	(25)	55	58	(3)	over	(5.5%)	
Payments to Contractors	1,076	1,185	(109)	(109)	397	481	(84)	over	(21.2%)	4
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	24	23	1	1	18	18	0	-	0.0%	
Total Controllable Exp.	20,437	20,579	(142)	(142)	13,067	13,353	(286)	over	(2.2%)	
Total Controllable Inc.	(18,958)	(18,462)	(496)	(496)	(12,113)	(11,938)	(175)	under recovered	(1.4%)	5,a
Net Controllable Exp.	1,479	2,117	(638)	(638)	954	1,415	(461)	over	(48.3%)	
Transfer to Reserves (as at 06/12/19)					-	0	0	-		
Position After Transfers to Reserves (as at 06/12/19)					954	1,415	(461)	over	(48.3%)	

Variance Explanations

1. This variance is mainly due to vacancies within the services that are actively being recruited.
2. The over spend mainly to spares and materials, outside repairs and the timing of the achievement of efficiencies within Fleet partially offset by under spend in pool car costs.
3. The over spend is mainly due to costs in respect of the food safety court case.
4. The over spend is due to the cost of clinical waste, which is demand led, and is offset by an over recovery of income.
5. The under recovery is mainly due to lower than anticipated income within the Fleet workshop and the recovery of income for pool cars partially offset by income recovered from Housing & Technical Resources for the removal of clinical waste.

Budget Virements

- a. Realignment of budgets to reflect service delivery. Net effect (£0.100m): Employee Costs (£0.100m) Transport & Plant £0.126m, Income (£0.126m).
- b. Transfer from Reserves for Fleet Tranman system and the non-achievement of efficiencies. Net Effect £0.209m: Supplies & Services £0.021m, Transport & Plant £0.188m
- c. Transfer of budget in respect of superannuation auto enrolment and rates poundage. Net Effect £0.015m. Employee Costs £0.013m Property Costs £0.002m

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Community and Enterprise Resources: Period 9 Ended 6 December 2019 (No. 9)

Leisure and Culture

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual BEFORE Transfers 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	4	5	(1)	(1)	4	4	0	-	0.0%	
Property Costs	277	229	48	48	229	201	28	under	12.2%	1,a
Supplies & Services	27	28	(1)	(1)	28	28	0	-	0.0%	
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	8	8	0	0	0	0	0	-	n/a	
Payments to Other Bodies	80	82	(2)	(2)	17	17	0	-	0.0%	
Payments to Contractors	19,109	19,109	0	0	14,267	14,267	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	19,505	19,461	44	44	14,545	14,517	28	under	0.2%	
Total Controllable Inc.	0	(1)	1	1	0	(1)	1	over recovered	n/a	
Net Controllable Exp.	19,505	19,460	45	45	14,545	14,516	29	under	0.2%	
Transfer to Reserves (as at 06/12/19)					-	-	-	-		
Position After Transfers to Reserves (as at 06/12/19)					14,545	14,516	29	under	0.2%	

Variance Explanations

- The variance is due to lower than anticipated costs for Council owned properties.

Budget Virements

- Transfer from Reserves in respect of EK Central Library. Net Effect £0.038m: Property Costs £0.038m

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 9 Ended 6 December 2019 (No. 9)

Planning and Economic Development

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual BEFORE Transfers 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	4,651	4,594	57	57	3,083	3,039	44	under	1.4%	1,a,b,c
Property Costs	630	629	1	1	308	318	(10)	over	(3.2%)	
Supplies & Services	130	132	(2)	(2)	93	96	(3)	over	(3.2%)	c
Transport & Plant	38	38	0	0	30	31	(1)	over	(3.3%)	
Administration Costs	145	160	(15)	(15)	57	55	2	under	3.5%	
Payments to Other Bodies	3,550	3,607	(57)	(57)	1,082	1,107	(25)	over	(2.3%)	a,c
Payments to Contractors	2,762	2,762	0	0	1,811	1,811	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	0	26	26	0	-	0.0%	
Total Controllable Exp.	11,940	11,956	(16)	(16)	6,490	6,483	7	under	0.1%	
Total Controllable Inc.	(9,985)	(10,523)	538	538	(2,609)	(2,958)	349	over recovered	13.4%	2,c
Net Controllable Exp.	1,955	1,433	522	522	3,881	3,525	356	under	9.2%	
Transfer to Reserves (as at 06/12/19)					-	0	0	-		
Position After Transfers to Reserves (as at 06/12/19)					3,881	3,525	356	under	9.2%	

Variance Explanations

1. This variance is mainly due to vacancies within the services that are actively being recruited.
2. The over recovery is mainly due to an increased level of income from planning and building applications.

Budget Virements

- a. Transfer to Finance & Corporate in relation to Tackling Poverty. Net Effect (£1.232m): Employee Costs (£0.290m), Payment to Other Bodies (£0.942m)
- b. Transfer for the effects of superannuation auto enrolment. Net Effect £0.019m: Employee Costs £0.019m
- c. Realignment of budgets to reflect service delivery within Planning & Building Standards and Leader. Net effect £0.000m: Employee Costs £0.023m, Supplies & Services £0.034m, Payment to Other Bodies £1.543m, Income (£1.600m).

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Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 9 Ended 6 December 2019 (No. 9)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual BEFORE Transfers 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	14,956	14,501	455	455	9,621	9,294	327	under	3.4%	1,a,b
Property Costs	757	840	(53)	(53)	611	661	(50)	over	(8.2%)	2,a,b
Supplies & Services	9,022	9,015	7	7	5,987	5,983	4	under	0.1%	b
Transport & Plant	4,518	4,151	367	367	2,733	2,476	257	under	9.4%	3,b
Administration Costs	405	442	(37)	(37)	175	203	(28)	over	(16.0%)	4
Payments to Other Bodies	5,222	5,222	0	0	3,922	3,925	(3)	over	(0.1%)	b
Payments to Contractors	4,646	5,427	(781)	(781)	1,456	1,932	(476)	over	(32.7%)	5,b
Transfer Payments	595	595	0	0	446	446	0	-	0.0%	
Financing Charges	49	58	(9)	(9)	35	41	(6)	over	(17.1%)	b
Total Controllable Exp.	40,170	40,221	(51)	(51)	24,986	24,961	25	under	0.1%	
Total Controllable Inc.	(20,795)	(20,827)	32	32	(14,854)	(14,811)	(43)	under recovered	(0.3%)	6,b
Net Controllable Exp.	19,375	19,394	(19)	(19)	10,132	10,150	(18)	over	(0.2%)	
Transfer to Reserves (as at 06/12/19)					-	-	-			
Position After Transfers to Reserves (as at 06/12/19)					10,132	10,150	(18)	over	(0.2%)	

Variance Explanations

1. The variance mainly relates to vacant post and a campaign for Roads Operatives is being progressed as well as vacant hours due to flexible retirement which are being recruited.
2. The over spend mainly relates to depot repairs.
3. The variance is due to the timing of vehicle lease replacements.
4. The over spend is mainly due to advertising costs of road closures.
5. The over spend is mainly due to increased costs for reactive repairs.
6. The under recovery is partly due to reduced income for car parking and is partially offset by increased income for Flooding from Glasgow City Council and additional income for rechargeable works. This increased income is offset by additional costs for payment to contractors.

Budget Virements

- a. Transfer of budget in respect of superannuation auto enrolment and rates poundage. Net Effect £0.085m. Employee Costs £0.076m, Property Costs £0.009m.
- b. Realignment of budgets to reflect service delivery. Net effect £0.000m: Employee Costs (£0.076m), Property Costs £0.013m, Supplies & Services (£0.481m), Transport & Plant £0.084m, Payment to Other Bodies £0.014m, Payment to Contractor (£0.748m), Financing Charges £0.008m, Income £1.186m.