

# Report

Report to:	<b>Community and Enterprise Resources Committee</b>
Date of Meeting:	<b>7 December 2021</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)</b>

Subject:	<b>Community and Enterprise Resources - Revenue Budget Monitoring 2021/2022</b>
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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 8 October 2021 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 £2.468m as at 8 October 2021 on 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 third revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2021/2022.

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-19 response in Appendix G

## 4. Employee Implications

4.1. None

## 5. Financial Implications

5.1. As at 8 October 2021, there is a reported overspend of £2.468m against the phased budget.

5.2. The current cost of COVID-19 for the Resource is an overspend of £2.460m.

This reflects expenditure of £1.344m relating to increased staff costs in support of the COVID-19 response; costs resulting from increased waste tonnage; additional transport costs and the costs of PPE and enhanced cleaning regimes. In addition, £1.352m represents loss of income from parking charges, private care of gardens and

school meals, with a minor budget underspend of £0.236m on food cost for school meals, corporate catering and the cancellation of the Firework event offsetting these costs. This position does not reflect any impact for South Lanarkshire Leisure and Culture (SLLC) as at 8 October 2021.

5.3. The core budget for the Resource has a minor overspend position of £0.008m at 8 October 2021 and variance explanations for each service area are detailed in appendices B to F where appropriate.

5.4. 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. Climate Change, Sustainability and Environmental Implications**

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

## **7. Other Implications**

7.1 The main risk associated with the Council's Revenue Budget is that there is an overspend. 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 the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

**Michael McGlynn**

**Executive Director (Community and Enterprise Resources)**

2 November 2021

## **Link(s) to Council Values/Ambitions/Objectives**

♦ Accountable, Effective, Efficient and Transparent

## **Previous References**

♦ Community and Enterprise Resources Committee – 28 September 2021

## **List of Background Papers**

♦ Financial ledger and budget monitoring results to 8 October 2021.

## **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 7 Ended 8 October 2021 (No.7)

## Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/10/21	Actual 08/10/21	Variance 08/10/21		% Variance 08/10/21	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	87,074	87,074	0	42,471	41,961	510	under	1.2%	
Property Costs	3,477	3,477	0	2,169	2,344	(175)	over	(8.1%)	
Supplies & Services	16,642	16,642	0	7,278	7,356	(78)	over	(1.1%)	
Transport & Plant	20,521	20,521	0	10,560	11,323	(763)	over	(7.2%)	
Administration Costs	906	906	0	260	268	(8)	over	(3.1%)	
Payments to Other Bodies	30,432	30,432	0	21,756	21,740	16	under	0.1%	
Payments to Contractors	39,948	39,948	0	19,597	20,391	(794)	over	(4.1%)	
Transfer Payments	604	604	0	151	151	0	-	0.0%	
Financing Charges	185	185	0	92	108	(16)	over	(17.4%)	
<b>Total Controllable Exp.</b>	200,289	200,289	0	104,334	105,642	(1,308)	over	(1.3%)	
<b>Total Controllable Inc.</b>	(84,086)	(84,086)	0	(55,462)	(54,302)	(1,160)	under recovered	(2.1%)	
<b>Net Controllable Exp.</b>	116,203	116,203	0	48,872	51,340	(2,468)	over	(5.0%)	

**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 7 Ended 8 October 2021 (No.7)

## Facilities, Streets, Waste and Grounds (including Support)

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 08/10/21</b>	<b>Actual 08/10/21</b>	<b>Variance 08/10/21</b>		<b>% Variance 08/10/21</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	56,846	56,846	0	27,811	27,509	302	under	1.1%	1,a,c,d
Property Costs	2,319	2,319	0	1,153	1,187	(34)	over	(2.9%)	2,c
Supplies & Services	7,874	7,874	0	3,269	3,274	(5)	over	(0.2%)	b,c
Transport & Plant	7,467	7,467	0	3,796	3,828	(32)	over	(0.8%)	3
Administration Costs	305	305	0	114	115	(1)	over	(0.9%)	a
Payments to Other Bodies	516	516	0	11	11	0	-	0.0%	b
Payments to Contractors	14,332	14,332	0	7,095	7,096	(1)	over	0.0%	d
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	77	77	0	36	38	(2)	over	(5.6%)	
<b>Total Controllable Exp.</b>	89,736	89,736	0	43,285	43,058	227	under	0.5%	
<b>Total Controllable Inc.</b>	(20,505)	(20,505)	0	(12,561)	(12,107)	(454)	under recovered	(3.6%)	4,c
<b>Net Controllable Exp.</b>	69,231	69,231	0	30,724	30,951	(227)	over	(0.7%)	

**Variance Explanations**

1. The under spend in employee costs is due to vacancies within School Crossing Patrollers, Catering and Cleaning services and within Business Support which are being recruited.
2. The variance relates to the upgrade of the CCTV system and previous year's water charges at the Castlehill Transfer station.
3. The over spend relates to cost of hired vehicles and fuel.
4. The under recovery of income is due to less cash received from school meals and the demand for private care of garden services being less as result of the COVID-19 pandemic which is partially offset by an over recovery within Waste from the sale of bins and an increased demand for additional Waste clearance services.

**Budget Virements**

- a. Transfer of budgets from Finance & Corporate Resources to Facilities Management for Fairhill Café and to Support Services for Climate Ready Clyde. Net effect £0.055m: Employees £0.045m, Administration £0.010m.
- b. Transfer of investment balances to reserves to reflect expenditure plans. Net effect (£1.785m): Supplies & Services (£0.260m), Payment to Other Bodies (£1.525m).
- c. Creation of budgets within Facilities to reflect service delivery and additional service provision to Education (ELC & summer clubs). Net effect £0.000m: Employees £0.429m, Property £0.484m, Supplies £0.177m, Income (£1.090m)
- d. Transfer from reserves to Support services for food development officer and Streets for cemetery infrastructure. Net effect £0.090m: Employees £0.050m, Payment to Contractor £0.040m

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 8 October 2021 (No.7)

## Fleet and Environmental Services (Incl Projects)

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 08/10/21</b>	<b>Actual 08/10/21</b>	<b>Variance 08/10/21</b>		<b>% Variance 08/10/21</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	9,014	9,014	0	4,548	4,324	224	under	4.9%	1,a
Property Costs	181	181	0	141	143	(2)	over	(1.4%)	
Supplies & Services	355	355	0	178	202	(24)	over	(13.5%)	2,a,b
Transport & Plant	8,731	8,731	0	4,653	5,156	(503)	over	(10.8%)	3,a
Administration Costs	91	91	0	33	36	(3)	over	(9.1%)	a
Payments to Other Bodies	258	258	0	31	32	(1)	over	(3.2%)	a,b
Payments to Contractors	919	919	0	510	508	2	under	0.4%	b
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	25	25	0	13	12	1	under	7.7%	a
<b>Total Controllable Exp.</b>	<b>19,574</b>	<b>19,574</b>	<b>0</b>	<b>10,107</b>	<b>10,413</b>	<b>(306)</b>	<b>over</b>	<b>(3.0%)</b>	
<b>Total Controllable Inc.</b>	<b>(20,217)</b>	<b>(20,217)</b>	<b>0</b>	<b>(12,760)</b>	<b>(12,757)</b>	<b>(3)</b>	<b>under recovered</b>	<b>0.0%</b>	<b>4,a,b</b>
<b>Net Controllable Exp.</b>	<b>(643)</b>	<b>(643)</b>	<b>0</b>	<b>(2,653)</b>	<b>(2,344)</b>	<b>(309)</b>	<b>over</b>	<b>11.6%</b>	

**Variance Explanations**

1. The variance is mainly due to vacant posts within the services which are being recruited.
2. The variance is mainly due to IT costs, the purchase of office equipment and equipment repairs within Fleet and IT costs for the new Flare system within Environmental service.
3. The overspend mainly relates to the timing in the achievement of efficiencies and greater than budgeted expenditure within the workshop for materials and outside repairs, which is due to the vacancies in the service.
4. The under recovery relates to less income from taxi inspections through Fleet Services as a result of the COVID-19 pandemic, partially offset by income from sale of vehicles.

**Budget Virements**

- a. Realignment of Fleet services budgets to reflect service delivery. Net effect £0.000m: Employees (£0.001m), Supplies and Services (£0.006m), Transport and Plant (£0.642m), Administration £0.002m, Payment to Other Bodies (£0.001m), Financing Charges £0.001m, Income £0.647m.
- b. Creation of budget for Environmental services for external income and to reflect service delivery changes in Projects. Net effect £0.000m: Supplies and Services (£0.005m), Payment to Other Bodies (£0.010m), Payment to Contractors £0.465m, Income (£0.450m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 8 October 2021 (No.7)

## South Lanarkshire Leisure and Culture

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 08/10/21</b>	<b>Actual 08/10/21</b>	<b>Variance 08/10/21</b>		<b>% Variance 08/10/21</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	4	4	0	2	2	0	-	0.0%	
Property Costs	98	98	0	41	41	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%	1
Payments to Contractors	19,280	19,280	0	9,632	9,632	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
<b>Total Controllable Exp.</b>	19,470	19,470	0	9,695	9,675	20	under	0.2%	
<b>Total Controllable Inc.</b>	0	0	0	0	0	0	-	n/a	
<b>Net Controllable Exp.</b>	19,470	19,470	0	9,695	9,675	20	under	0.2%	

**Variance Explanations**

1. The variance 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 8 October 2021 (No.7)

## Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/10/21	Actual 08/10/21	Variance 08/10/21		% Variance 08/10/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,359	5,359	0	2,415	2,353	62	under	2.6%	1,a
Property Costs	607	607	0	294	294	0	-	0.0%	
Supplies & Services	119	119	0	82	82	0	-	0.0%	
Transport & Plant	33	33	0	15	15	0	-	0.0%	
Administration Costs	105	105	0	55	56	(1)	under	(1.8%)	
Payments to Other Bodies	23,739	23,739	0	11,375	17,375	0	-	0.0%	a,b,c
Payments to Contractors	529	529	0	486	466	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	18	18	0	-	0.0%	
<b>Total Controllable Exp.</b>	30,525	30,525	0	20,720	20,659	61	under	0.3%	
<b>Total Controllable Inc.</b>	(22,744)	(22,744)	0	(19,455)	(19,536)	81	over recovered	0.4%	2,c
<b>Net Controllable Exp.</b>	7,781	7,781	0	1,265	1,123	142	under	11.2%	

**Variance Explanations**

1. The underspend is mainly due to staff working reduced hours and flexible working arrangements.
2. The over recovery is due to a greater demand for Planning and Building standard applications.

**Budget Virements**

- a. Transfer of investment balances to reserves to reflect expenditure plans. Net Effect (£2.585m): Payment to Other Bodies (£2.258m), Employee Costs (£0.327m)
- b. Transfer of COVID-19 discretionary fund from reserves. Net Effect £4.496m: Payment to Other Bodies £4.496m
- c. Establish budget for COVID business support grants, Levelling Up Fund, Low Carbon and Clyde Cycle vacant & derelict land investment programme. Net effect £0.000m: Payments to Other Bodies £0.637m, Income (£0.637m)

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 8 October 2021 (No.7)

## Roads Total (Inc Roads Constructing Services)

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 08/10/21</b>	<b>Actual 08/10/21</b>	<b>Variance 08/10/21</b>		<b>% Variance 08/10/21</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	15,851	15,851	0	7,695	7,449	246	under	3.2%	1
Property Costs	772	772	0	540	585	(45)	over	(8.3%)	2
Supplies & Services	8,294	8,294	0	3,749	3,753	(4)	over	(0.1%)	a,b
Transport & Plant	4,290	4,290	0	2,096	2,098	(2)	over	(0.1%)	
Administration Costs	397	397	0	58	59	(1)	over	(1.7%)	a
Payments to Other Bodies	5,839	5,839	0	4,319	4,322	(3)	over	(0.1%)	a
Payments to Contractors	4,888	4,888	0	1,894	2,044	(150)	over	(7.9%)	3,a
Transfer Payments	604	604	0	151	151	0	-	0.0%	
Financing Charges	49	49	0	25	32	(7)	over	(28.0%)	
<b>Total Controllable Exp.</b>	<b>40,984</b>	<b>40,984</b>	<b>0</b>	<b>20,527</b>	<b>20,493</b>	<b>34</b>	<b>under</b>	<b>0.2%</b>	
<b>Total Controllable Inc.</b>	<b>(20,620)</b>	<b>(20,620)</b>	<b>0</b>	<b>(10,686)</b>	<b>(9,902)</b>	<b>(784)</b>	<b>under recovered</b>	<b>(7.3%)</b>	<b>4,a</b>
<b>Net Controllable Exp.</b>	<b>20,364</b>	<b>20,364</b>	<b>0</b>	<b>9,841</b>	<b>10,591</b>	<b>(750)</b>	<b>over</b>	<b>(7.6%)</b>	

**Variance Explanations**

1. The variance is mainly due to staff turnover and post are being actively recruited.
2. The overspend is mainly due to higher than anticipated water charges and repair costs for depots and higher than anticipated electricity costs for electric vehicle charging points as a result of increased demand.
3. The overspend is mainly due to increased level of subcontractors being used due to staff turnover during the year and specialist works.
4. The under recovery is mainly due to reduced fee income for parking due to COVID-19.

**Budget Virements**

- a. Realignment of budget to reflect service provision (WoSLA, Flooding, Road Safety). Net effect £0.000m: Supplies and Services £0.007m, Administration (£0.008m), Payment to Other Bodies £0.571m, Payment to Contractors £0.061m, Income (£0.631m).
- b. Funding to support increased charges for electrical street lighting. Net effect £0.176m: Supplies & Services £0.176m



## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 8 October 2021 (No.7)

## COVID-19

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/10/21	Actual 08/10/21	Variance 08/10/21		% Variance 08/10/21	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	0	0	0	0	324	(324)	over	n/a	1
Property Costs	0	0	0	0	94	(94)	over	n/a	2
Supplies & Services	0	0	0	0	45	(45)	over	n/a	3
Transport & Plant	0	0	0	0	226	(226)	over	n/a	4
Administration Costs	0	0	0	0	2	(2)	over	n/a	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	645	(645)	over	n/a	5
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	8	0	-	n/a	6
<b>Total Controllable Exp.</b>	0	0	0	0	1,344	(1,344)	over	n/a	
<b>Total Controllable Inc.</b>	0	0	0	0	0	0	-	n/a	
<b>Net Controllable Exp.</b>	0	0	0	0	1,344	(1,344)	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.
4. The variance relates to fuel and vehicles costs directly related to the COVID-19 pandemic.
5. The variance relates mainly to additional costs in relation to waste tonnage as a result of the pandemic.
6. The variance relates to IT equipment leasing charges.