

# Report

Report to:	<b>Community and Enterprise Resources Committee</b>
Date of Meeting:	<b>14 March 2023</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 2022/2023</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 2022 to 27 January 2023 for Community and Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2023

## 2. Recommendation(s)

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

- (1) that the forecast to 31 March 2023 of an underspend of £0.007 million after approved transfers to reserves as detailed in Appendix A of the report, be noted;
- (2) that an overspend of £0.015 million as at 27 January 2023 after approved transfers to reserves, as detailed in Appendix A of the report, be noted; and
- (3) that the proposed budget virements as detailed in appendices B to F 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 2022/2023.
- 3.2. The Resource has completed its formal probable outturn exercise for the year identifying expected spend to the 31 March 2023. Details are outlined in section 5 below.
- 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 probable outturn exercise, the Resource is reporting an underspend of £0.007 million after approved transfers to reserves of £1.270 million. The Resource position is detailed in Appendix A and the transfers to reserves by service area are noted in appendices B to F.
- 5.2. The Resource is showing an underspend of £0.007 million and this is due to underspends in employee costs across all services, income from waste streams and an over recovery of Planning and Building Standards income offset by costs within Roads, Transportation and Fleet services in relation to transport costs and charging of Electric Vehicles, prior to tariffs being introduced, loss of income for school meals and costs of PPE, bin replacement and increased ICT costs within supplies and services.
- 5.3. **Position as 27 January 2023:** The Resource position as at 27 January 2023 is an overspend of £0.015 million after approved transfers to reserves. Appendix A outlines this position and the overspend in the main reflects further under recovery on school meal income. Detailed variance explanations by service area are included in appendices B to F.
- 5.4. 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. 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. There are inflationary and budget pressures including utilities and fuel (as well as general inflation pressures) this year which increase the risk of overspend, however, we have mitigated this going forward by providing additional funds in future years' budget strategy, and in this year, through some reserve funds available. There are also emerging underspends in employee costs which will help offset increasing inflationary pressures.
- 7.2. We will also continue to monitor the actual impact 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)**

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

8 February 2023

**Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, effective, efficient and transparent

**Previous References**

- ◆ None

**List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 27 January 2023.

**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 11 Ended 27 January 2023 (No. 11)

## Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 27/01/23	Actual BEFORE Transfers 27/01/23	Variance 27/01/23		% Variance 27/01/23	Note
	£000	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>										
Employee Costs	94,463	92,087	2,376	2,376	75,836	73,640	2,196	under	2.9%	
Property Costs	4,012	4,726	(714)	(814)	3,313	4,042	(729)	over	(22.0%)	
Supplies & Services	17,920	18,277	(357)	(397)	13,516	13,768	(252)	over	(1.9%)	
Transport & Plant	23,531	23,972	(441)	(441)	18,282	18,878	(596)	over	(3.3%)	
Administration Costs	816	988	(172)	(172)	593	667	(74)	over	(12.5%)	
Payments to Other Bodies	10,989	11,064	(75)	(75)	7,713	7,692	21	under	0.3%	
Payments to Contractors	46,304	45,966	338	(792)	31,522	30,931	591	under	1.9%	
Transfer Payments	603	603	0	0	530	530	0	-	0.0%	
Financing Charges	185	237	(52)	(52)	171	207	(36)	over	(21.1%)	
<b>Total Controllable Exp.</b>	198,823	197,920	903	(367)	151,476	150,355	1,121	under	0.7%	
<b>Total Controllable Inc.</b>	(69,026)	(69,400)	374	374	(54,009)	(53,948)	(61)	under recovered	(0.1%)	
<b>Net Controllable Exp.</b>	129,797	128,520	1,277	7	97,467	96,407	1,060	under	1.1%	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	1,270	(1,270)	-	-	1,075	(1,075)	over		
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	129,797	129,790	7	7	97,467	97,482	(15)	over	(0.0%)	

**Variance Explanations**

Detailed in Appendix B to F.

**Budget Virements**

Budget virements are shown in Appendices B to F.

**Approved Transfers to Reserves**

Detailed in Appendix B to F

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 27 January 2023 (No. 11)

## Facilities, Waste and Grounds 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 27/01/23 £000	Actual BEFORE Transfers 27/01/23 £000	Variance 27/01/23 £000		% Variance 27/01/23	Note
Employee Costs	59,860	59,009	851	851	48,120	47,279	841	under	1.7%	1,a,b,f
Property Costs	1,855	2,047	(192)	(292)	1,490	1,703	(213)	over	(14.3%)	2,c,d,f
Supplies & Services	8,763	8,780	(17)	(17)	6,509	6,604	(95)	over	(1.5%)	3,f
Transport & Plant	8,506	8,523	(17)	(17)	6,630	6,652	(22)	over	(0.3%)	f
Administration Costs	165	211	(46)	(46)	103	159	(56)	over	(54.4%)	4
Payments to Other Bodies	51	53	(2)	(2)	44	44	0	-	0.0%	
Payments to Contractors	15,997	14,768	1,229	99	11,684	10,636	1,048	under	9.0%	5,a
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	45	63	(18)	(18)	44	52	(8)	over	(18.2%)	6
<b>Total Controllable Exp.</b>	95,242	93,454	1,788	558	74,624	73,129	1,495	under	2.0%	
<b>Total Controllable Inc.</b>	(19,616)	(19,585)	(31)	(31)	(16,244)	(16,200)	(44)	under recovered	(0.3%)	7,b,e
<b>Net Controllable Exp.</b>	75,626	73,869	1,757	527	58,380	56,929	1,451	under	2.5%	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	1,230	(1,230)	-	-	1,041	(1,041)	over		
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	75,626	75,099	527	527	58,380	57,970	410	under	0.7%	

Variance Explanations

- The variance is mainly due to vacancies that are being actively recruited within School Crossing Patrollers, Catering and Janitors Services within Facilities, and turnover and staff working on reduced hourly contracts as a result of flexible retirement throughout the service.
- The overspend is due to greater than budgeted expenditure on refuse uplifts and Health and Hygiene charges within Janitorial Service and rates charges associated with historic public conveniences, and higher than anticipated expenditure on the security and upkeep of the Castlehill Transfer station. In addition, the overspend is also due to the retention of the additional death facility at Peel Park, however, partial income is anticipated this financial year to support costs.
- The overspend is mainly due to higher than anticipated expenditure on bin purchases and PPE along with upgrading of IT systems within Waste, partially offset by an underspend within Facilities on school meals food purchases partially offset by an overspend on equipment.
- The overspend is mainly due to an overspend on medical costs within the service along with printing costs within Facilities Management.
- The variance is mainly due to income received from the disposal of both fibres and containers within the Waste Service.
- The overspend is due to increased IT leasing costs.
- The under recovery of income mainly relates to the decrease in uptake of the Care of Gardens Service, no income recovered from Adoption Monies within Grounds, an under recovery in school meals income which has increased due to loss of income from school closures and teachers strike days and less demand for bereavement services within Streets and Bereavement. These are partially offset by an over recovery within Waste and Streets as a result of additional service requests from Housing and Tech and additional service requests within Facilities.

Budget Virements

- Transfer of budget to corporate items in respect of National Insurance budget 22-23 clawback and domestic waste tonnage support for COVID. Net effect (£1.011m): Employees (£0.111m), Payment to Contractor (£0.900m).
- Transfer of budget in relation to pay award. Net effect £4.286m: Employees £4.411m, Income (£0.125m).
- Transfer of budget in respect of additional rates poundage. Net effect £0.007m: Property £0.007m.
- Transfer of budget in respect of utilities. Net effect £0.084m: Property £0.084m.
- Realignment of budget to reflect service provision within Grounds and Facilities. Net effect £0.000m: Employees (£0.385m), Property £0.007m, Supplies and Services £0.223m, Transport and Plant (£0.082m), Income £0.237m.

Approved Transfers to Reserves (£1.230m):

- Allotment (£0.100m)
- Crematorium Sinking fund (£0.050m)
- Unbudgeted Waste Income - (£1.080m)

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 27 January 2023 (No. 11)

## Planning and Regulatory 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 27/01/23 £000	Actual BEFORE Transfers 27/01/23 £000	Variance 27/01/23 £000		% Variance 27/01/23	Note
Employee Costs	7,409	7,012	397	397	5,952	5,585	367	under	6.2%	1,a,b
Property Costs	193	195	(2)	(2)	143	143	0	-	0.0%	c
Supplies & Services	270	284	(14)	(14)	150	169	(19)	over	(12.7%)	2,c
Transport & Plant	553	516	35	35	522	503	19	under	3.6%	3
Administration Costs	146	150	(4)	(4)	89	94	(5)	over	(5.6%)	
Payments to Other Bodies	277	200	77	77	142	94	48	under	33.8%	4,c
Payments to Contractors	1,640	1,665	(25)	(25)	1,219	1,239	(20)	over	(1.6%)	c
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	46	63	(17)	(17)	44	48	(4)	over	(9.1%)	
<b>Total Controllable Exp.</b>	10,534	10,087	447	447	8,261	7,875	386	under	4.7%	
<b>Total Controllable Inc.</b>	(5,396)	(5,991)	595	595	(4,101)	(4,564)	463	over recovered	11.3%	5,c
<b>Net Controllable Exp.</b>	5,138	4,096	1,042	1,042	4,160	3,311	849	under	20.4%	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	-	-	-	-	-	-	-		
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	5,138	4,096	1,042	1,042	4,160	3,311	849	under	20.4%	

Variance Explanations

1. The variance is mainly due to vacant posts within the services which are being recruited.
2. The over spend is due to greater than anticipated IT charges for the Flare Environmental IT system.
3. The variance is mainly due to lower than anticipated pool car charges within Environmental Services.
4. The variance is due to lower than anticipated expenditure on scientific services within Environmental Services.
5. The over recovery of income is mainly due to a greater demand for Planning and Building Standard applications.

Budget Virements

- a. Transfer of budget to corporate items in respect of National Insurance budget 22-23 clawback. Net (£0.022m): Employees (£0.022m).
- b. Transfer of budget in relation to pay award. Net effect £0.222m: Employees £0.222m.
- c. Realignment of budget to reflect service delivery within Projects, Environmental and Planning. Net effect £0.000m: Property £0.045m, Supplies and Services (£0.007m), Payment to Other Bodies £0.022m, Payment to contractor £0.016m, Income (£0.076m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 27 January 2023 (No. 11)

## South Lanarkshire 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 27/01/23 £000	Actual BEFORE Transfers 27/01/23 £000	Variance 27/01/23 £000		% Variance 27/01/23	Note
Employee Costs	4	6	(2)	(2)	3	43	(1)	over	(33.3%)	
Property Costs	98	76	22	22	81	64	17	under	21.0%	1
Supplies & Services	0	0	0	0	0	0	0	-	n/a	
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	8	9	(1)	(1)	8	9	(1)	over	(12.5%)	
Payments to Other Bodies	80	91	(11)	(11)	0	0	0	-	n/a	
Payments to Contractors	23,752	23,752	0	0	15,778	15,778	0	-	0.0%	a,b
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	0	0	0	0	0	0	0	-	n/a	
<b>Total Controllable Exp.</b>	23,942	23,934	8	8	15,870	15,856	14	under	0.1%	
<b>Total Controllable Inc.</b>	0	(4)	4	4	0	(3)	3	over recovered	n/a	
<b>Net Controllable Exp.</b>	23,942	23,930	12	12	15,870	15,853	17	under	0.1%	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	-	-	-	-	-	-	-		
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	23,942	23,930	12	12	15,870	15,853	17	under	0.1%	

Variance Explanations

- The variance relates to reduced service charges for East Kilbride ice rink.

Budget Virements

- Transfer of budget in relation to pay award. Net £0.878: Payment to Contractors £0.878m.
- Transfer of funding to corporate items for Warm Welcome Initiative. Net (£0.600m): Payment to Contractors (£0.600m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 27 January 2023 (No. 11)

## Enterprise and Sustainable Development

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year BEFORE Transfers</b>	<b>Annual Forecast Variance BEFORE Transfers</b>	<b>Annual Forecast Variance AFTER Transfers</b>	<b>Budget Proportion 27/01/23</b>	<b>Actual BEFORE Transfers 27/01/23</b>	<b>Variance 27/01/23</b>		<b>% Variance 27/01/23</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	5,276	5,168	108	108	4,254	4,130	124	under	2.9%	1,a,b,d,f
Property Costs	798	808	(10)	(10)	670	676	(6)	over	(0.9%)	c
Supplies & Services	300	311	(11)	(11)	143	155	(12)	over	(8.4%)	2,e
Transport & Plant	47	42	5	5	45	43	2	under	4.4%	
Administration Costs	99	77	22	22	68	52	16	under	23.5%	3
Payments to Other Bodies	4,948	4,987	(39)	(39)	2,091	2,118	(27)	over	(1.3%)	4,f
Payments to Contractors	52	52	0	0	52	52	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	44	36	8	8	42	48	(6)	over	(14.3%)	
<b>Total Controllable Exp.</b>	11,564	11,481	83	83	7,365	7,274	91	under	1.2%	
<b>Total Controllable Inc.</b>	(4,607)	(4,638)	31	31	(1,827)	(1,853)	26	over recovered	1.4%	5,f
<b>Net Controllable Exp.</b>	6,957	6,843	114	114	5,538	5,421	117	under	2.1%	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	-	-	-	-	-	-	-		
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	6,957	6,843	114	114	5,538	5,421	117	under	2.1%	

**Variance Explanations**

1. This variance is mainly due to vacant posts within the services which are being recruited.
2. The overspend mainly relates to greater than budgeted IT costs within Business Support.
3. The variance is due to lower than anticipated printing & stationery, telephone costs and membership fees within Business Support.
4. The overspend is due to higher than anticipated costs for Christmas events.
5. The income is over recovered due to greater than budgeted rental income within Support Services.

**Budget Virements**

- a. Transfer of budget to corporate items in respect of National Insurance budget 22-23 clawback. Net effect (£0.011m): Employees (£0.011m).
- b. Transfer of budget in relation to pay award. Net effect £0.221m: Employees £0.221m.
- c. Transfer of budget in respect of utilities. Net effect £0.002m: Property £0.002m.
- d. Transfer to reserves funding for the Food Development officer post within Support Services. Net effect (£0.056m): Employees (£0.056m).
- e. Transfer from reserves in respect of expenditure commitments for Montrose House move to Headquarters. Net effect £0.004m: Supplies and Services £0.004m.
- f. Establish budgets in respect of external income from Hamilton Palace Grounds, Strathaven Cars, Business Support Fund, Business Loans Scotland Funding and Business Ventilation Fund along with realignment of budget within Get South Lanarkshire Working to reflect service. Net effect £0.000m: Employees £0.008m, Payment to Other Bodies £0.762m, Income (£0.770m).



## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 11 Ended 27 January 2023 (No. 11)

## Roads, Transportation and Fleet 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 27/01/23 £000	Actual BEFORE Transfers 27/01/23 £000	Variance 27/01/23 £000		% Variance 27/01/23	Note
Employee Costs	21,914	20,892	1,022	1,022	17,507	16,642	865	under	4.9%	1,a,b,e
Property Costs	1,068	1,600	(532)	(532)	929	1,456	(527)	over	(56.7%)	2,c,d,e
Supplies & Services	8,587	8,902	(315)	(355)	6,714	6,839	(125)	over	(1.9%)	3,d,e
Transport & Plant	14,425	14,889	(464)	(464)	11,085	11,680	(595)	over	(5.4%)	4,e
Administration Costs	398	541	(143)	(143)	325	353	(28)	over	(8.6%)	5
Payments to Other Bodies	5,633	5,733	(100)	(100)	5,436	5,436	0	-	0.0%	e
Payments to Contractors	4,863	5,729	(866)	(866)	2,789	3,226	(437)	over	(15.7%)	6,f
Transfer Payments	603	603	0	0	530	530	0	-	0.0%	
Financing Charges	50	75	(25)	(25)	41	59	(18)	over	(43.9%)	7
<b>Total Controllable Exp.</b>	57,541	58,964	(1,423)	(1,463)	45,356	46,221	(865)	over	(1.9%)	
<b>Total Controllable Inc.</b>	(39,407)	(39,182)	(225)	(225)	(31,837)	(31,328)	(509)	under recovered	(1.6%)	8,b,e
<b>Net Controllable Exp.</b>	18,134	19,782	(1648)	(1,688)	13,519	14,893	(1,374)	over	(10.2%)	
<b>Transfer to Reserves (as at 27/01/23)</b>	-	40	(40)	-	-	34	(34)			
<b>Position After Transfers to Reserves (as at 27/01/23)</b>	18,134	19,782	(1,688)	(1,688)	13,519	14,927	(1,408)	over	(10.4%)	

Variance Explanations

1. The variance relates to staff turnover and vacancies within Roads and Fleet which are being recruited.
2. The overspend is in the main due to higher than anticipated electricity costs for Electrical Vehicle charging points and the upkeep of Roads depots.
3. The overspend mainly relates to increased costs for annual subscriptions for Computer Licences and PPE within roads.
4. The overspend is mainly due to the timing of efficiencies and greater than anticipated expenditure in the workshop within Fleet services, partially offset by under spend in casual hire charges.
5. The overspend is mainly due to a greater than budgeted spend on printing & stationery, telephones, membership fees and medical costs within Fleet services and advertising of road closures within Roads.
6. The overspend is mainly due to higher than anticipated routine maintenance costs within Clydesdale and Lighting services in Roads.
7. The overspend is due increased IT leasing costs.
8. The under recovery in income is mainly due to less than anticipated income from taxi inspections income, pool car charges, casual hire charges partially offset by income from the sale of vehicles and the recovery of vehicle maintenance within Fleet. The under recovery is also due to less than anticipated income from maintenance works within Roads at this time, which is partially offset by the recovery of income from previous years within Parking and an over recovery within HQ Operations for inspection fees.

Budget Virements

- a. Transfer of budget to corporate items in respect of National Insurance budget 22-23 clawback. Net effect (£0.058m): Employees (£0.058m).
- b. Transfer of budget in relation to pay award. Net effect £1.046m: Employees £1.083m, Income (£0.037m).
- c. Transfer of budget in respect of additional rates poundage. Net effect £0.009m: Property £0.009m.
- d. Transfer of budget in respect of utilities Net effect £0.098m: Property £0.049m, Supplies and Services £0.049m.
- e. Realignment of budget to reflect service provision within Roads and Fleet. Net effect £0.000m: Employees (£0.028m), Property £0.007m, Supplies and Services £0.002m, Transport and Plant £0.014m, Payment to Other Bodies £0.380m, Income (£0.368m).
- f. Transfer from reserves in respect of Roads Winter Maintenance. Net effect £0.404m: Payment to Contractors £0.404m.

Approved Transfers to Reserves (£0.040m):

- i. Fleet Sinking Fund (£0.025m)
- ii. Year 3 of Electric Vehicle Payback (£0.015m)