

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	28 September 2021
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2021/2022
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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 August 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 £1.939m as at 13 August 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, as detailed in appendices B to G, 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 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 13 August 2021, there is a reported overspend of £1.939m against the phased budget.

5.2. The current cost of COVID-19 for the Resources is an overspend of £1.891m.

This reflects expenditure of £1.033m 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,

£0.939m represents loss of income from parking charges, private care of gardens and school meals, with a minor budget underspend of £0.081m 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 13 August 2021.

5.3. The core budget for the Resource has a minor overspend position of £0.048m at 13 August 2021 and variance explanations for each service area are detailed in appendices B to G 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 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 4 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)

25 August 2021

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 August 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 5 Ended 13 August 2021 (No.5)

Community and Enterprise Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	86,876	86,876	0	29,536	29,255	281	under	1.0%	
Property Costs	3,489	3,489	0	597	710	(113)	over	(18.9%)	
Supplies & Services	16,986	16,986	0	4,388	4,502	(114)	over	(2.6%)	
Transport & Plant	21,163	21,163	0	7,553	8,121	(568)	over	(7.5%)	
Administration Costs	902	902	0	170	173	(3)	over	(1.8%)	
Payments to Other Bodies	28,522	28,522	0	18,944	18,921	23	under	0.1%	
Payments to Contractors	39,382	39,382	0	16,342	16,852	(510)	over	(3.1%)	
Transfer Payments	604	604	0	151	151	0	-	0.0%	
Financing Charges	184	184	0	12	16	(4)	over	(33.3%)	
Total Controllable Exp.	198,108	198,108	0	77,693	78,701	(1,008)	over	(1.3%)	
Total Controllable Inc.	(82,387)	(82,387)	0	(41,620)	(40,689)	(931)	under recovered	(2.2%)	
Net Controllable Exp.	115,721	115,721	0	36,073	38,012	(1,939)	over	(5.4%)	

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 13 August 2021 (No.5)

Facilities, Streets, Waste and Grounds (including Support)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	56,319	56,319	0	19,278	19,031	247	under	1.3%	1,a,b,d,e
Property Costs	1,835	1,835	0	322	345	(23)	over	(7.1%)	2,e
Supplies & Services	8,423	8,423	0	2,024	2,030	(6)	over	(0.3%)	c,d,e
Transport & Plant	7,467	7,467	0	2,975	2,988	(13)	over	(0.4%)	b
Administration Costs	296	296	0	75	76	(1)	over	(1.3%)	
Payments to Other Bodies	2,041	2,041	0	4	4	0	-	0.0%	
Payments to Contractors	14,292	14,292	0	5,259	5,259	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	77	77	0	6	6	0	-	0.0%	
Total Controllable Exp.	90,750	90,750	0	29,943	29,739	204	under	0.7%	
Total Controllable Inc.	(19,879)	(19,879)	0	(10,707)	(10,355)	(352)	under recovered	(3.3%)	3,e
Net Controllable Exp.	70,871	70,871	0	19,236	19,384	(148)	over	(0.8%)	

Variance Explanations

- 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.
- The variance relates to the upgrade of the CCTV system and previous year's water charges at the Castlehill Transfer station.
- 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.

Budget Virements

- Transfer of the Alternative Service Delivery Model saving from Fleet and Environmental Services (Incl Projects) and transfer of property costs to Leisure. Net effect (£0.416m): Employees (£0.416m).
- Realign budget to reflect reallocation of corporate overtime 21/22 savings to services and the allocation of Fleet savings for avoidable damage and bunkered fuel. Net effect £0.050m: Employees £0.063m, Transport and Plant (£0.013m)
- Transfer from reserves for Nutritional Food and Drink in school regulations. Net effect £0.180m: Supplies and Services £0.180m.
- Creation of budget for free school meal funding for primary 4 and 5. Net effect £1.716m: Employees £0.414m, Supplies and Services £1.302m.
- Creation of budget for funding for dilapidation costs, additional services to Education and realignment of budget due to Covid. Net effect £0.000m: Employees £1.084m, Property £0.049m, Supplies and Services (£0.039m), Income (£1.094m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 August 2021 (No.5)

Fleet and Environmental Services (Incl Projects)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	9,015	9,015	0	3,213	3,078	135	under	4.2%	1,b,d
Property Costs	179	179	0	18	19	(1)	over	(5.6%)	
Supplies & Services	332	332	0	124	131	(7)	over	(5.6%)	d
Transport & Plant	9,373	9,373	0	3,051	3,410	(359)	over	(11.8%)	2,a,b,d
Administration Costs	89	89	0	28	27	1	under	3.6%	d
Payments to Other Bodies	269	269	0	30	27	3	under	10.0%	d
Payments to Contractors	453	453	0	213	211	2	under	0.9%	d
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	24	24	0	1	2	(1)	over	(100%)	
Total Controllable Exp.	19,734	19,734	0	6,678	6,905	(227)	over	(3.4%)	
Total Controllable Inc.	(20,412)	(20,412)	0	(6,445)	(6,428)	(17)	under recovered	(0.3%)	3,c,d
Net Controllable Exp.	(678)	(678)	0	233	477	(244)	over	(104.7%)	

Variance Explanations

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

Budget Virements

- a. Transfer of the Alternative Service Delivery Model saving to Facilities, Streets, Waste and Grounds (Including Support). Net effect £0.500m: Transport and Plant £0.500m.
- b. Realign budget to reflect allocation of savings in corporate overtime 21/22 and reallocation of Fleet avoidable damage and bunkered fuel to services. Net effect £0.024m: Employees (£0.008m), Transport and Plant £0.032m.
- c. Establish budget in respect of vehicle replacement spend to save programme. Net effect (£1.391m): Income (£1.391m).
- d. Establish budgets in respect of Environmental Projects and realignment of budgets to reflect service delivery. Net effect £0.000m: Employees £0.005m, Supplies and Services £0.065m, Transport and Plant £0.498m, Administration £0.058m, Payment to Other Bodies £0.146m, Payment to Contractors £0.216m, Income (£0.988m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 August 2021 (No.5)

South Lanarkshire Leisure and Culture

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4	4	0	1	1	0	-	0.0%	
Property Costs	98	98	0	25	25	0	-	0.0%	a
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	
Total Controllable Exp.	19,470	19,470	0	9,678	9,658	20	under	0.2%	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	19,470	19,470	0	9,678	9,658	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

a. Transfer of budget for property costs to Facilities, Streets, Waste and Grounds (Including Support). Net effect (£0.084m): Property (£0.084m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 August 2021 (No.5)

Planning and Economic Development

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,687	5,687	0	1,646	1,626	20	under	1.2%	1,a
Property Costs	607	607	0	144	144	0	-	0.0%	
Supplies & Services	119	119	0	74	74	0	-	0.0%	a
Transport & Plant	33	33	0	10	13	(3)	over	(30%)	
Administration Costs	104	104	0	33	33	0	-	0.0%	a
Payments to Other Bodies	20,864	20,864	0	16,110	16,110	0	-	0.0%	a,b
Payments to Contractors	529	529	0	316	316	0	-	0.0%	a
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	1	1	0	-	0.0%	
Total Controllable Exp.	27,977	27,977	0	18,334	18,317	17	under	0.1%	
Total Controllable Inc.	(22,107)	(22,107)	0	(17,833)	(17,890)	57	over recovered	0.3%	2,a,b
Net Controllable Exp.	5,870	5,870	0	501	427	74	under	14.8%	

Variance Explanations

1. This variance is mainly due to flexible retirement arrangements within the service.
2. The over recovery is due to a greater demand for Planning and Building standard applications.

Budget Virements

- a. Realignment of budget to reflect service delivery within Planning and Economic Development. Net Effect £0.000m: Employee Costs £0.742m, Supplies and Services £0.020m, Administration £0.040m, Payment to Other Bodies (£0.700m), Payment to Contractor £0.227m, Income (£0.329m).
- b. Establish budget for Strathaven CARS, Covid 19 Localised Restrictions and Road Map Extension Restrictions and Paths for All Smarter Choices Smarter Places. Net effect £0.000m: Payments to Other Bodies £1.417m, Income (£1.417m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 August 2021 (No.5)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	15,851	15,851	0	5,398	5,300	98	under	1.8%	1,a,b
Property Costs	770	770	0	88	101	(13)	over	(14.8%)	b
Supplies & Services	8,112	8,112	0	2,166	2,237	(71)	over	(3.3%)	2,b
Transport & Plant	4,290	4,290	0	1,517	1,516	1	under	0.1%	a
Administration Costs	405	405	0	34	35	(1)	over	(2.9%)	
Payments to Other Bodies	5,268	5,268	0	2,780	2,780	0	-	0.0%	
Payments to Contractors	4,828	4,828	0	922	922	0	-	0.0%	b
Transfer Payments	604	604	0	151	151	0	-	0.0%	
Financing Charges	49	49	0	4	7	(3)	over	(75%)	
Total Controllable Exp.	40,177	40,177	0	13,060	13,049	11	under	0.1%	
Total Controllable Inc.	(19,989)	(19,989)	0	(6,635)	(6,016)	(619)	under recovered	(9.3%)	3,b
Net Controllable Exp.	20,188	20,188	0	6,425	7,033	(608)	over	(9.5%)	

Variance Explanations

1. The variance is mainly due to staff turnover.
2. The overspend is due to increased costs for electrical power for street lighting.
3. The under recovery is mainly due to reduced fee income for parking.

Budget Virements

- a. Realign budget to reflect allocation of savings in corporate overtime saving 21/22, Fleet avoidable damage and bunkered fuel. Net effect (£0.063m): Employees (£0.055m), Transport and Plant (£0.008m).
- b. Realignment of budget to reflect service provision. Net effect £0.000m: Employees (£0.017m), Property £0.013m, Supplies and Services £0.059m, Payment to Contractors £0.056m, Income (£0.111m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period Ended 13 August 2021 (No.5)

COVID-19

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 13/08/21	Actual 13/08/21	Variance 13/08/21		% Variance 13/08/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	0	0	0	0	219	(219)	over	n/a	1
Property Costs	0	0	0	0	76	(76)	over	n/a	2
Supplies & Services	0	0	0	0	30	(30)	over	n/a	3
Transport & Plant	0	0	0	0	194	(194)	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	512	(512)	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	1,033	(1,033)	over	n/a	
Total Controllable Inc.	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	0	0	0	0	1,033	(1,033)	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.