

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	4 May 2021
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Community and Enterprise Resources)

Subject:	Community and Enterprise Resources - Revenue Budget Monitoring 2020/2021
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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 2020 to 26 February 2021 for Community and Enterprise Resources
- ◆ provide a forecast for the year to 31 March 2021

2. Recommendation(s)

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

- (1) that the forecast to 31 March 2021 of an overspend of £8.169m after approved transfers to reserves as detailed in Appendix A of the report, be noted;
- (2) that an overspend of £7.066m as at 26 February 2021 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 G are 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 2020/2021.
- 3.2. The Resource has completed its formal probable outturn exercise for the year identifying expected spend to the 31 March 2021. 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 G, including variance explanation. This year the position includes the impact of COVID-19.

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 overspend of £8.169m after approved transfers to reserves of £0.447m. This includes projected costs of COVID-19 of £8.199m. 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 forecast cost of COVID-19 is £8.199m. This is the net effect of expenditure of £4.701m, as outlined in Appendix G, relating to increased staff costs in support of the COVID-19 response; additional costs from increased domestic waste tonnages, fly tipping costs, traffic management and security at civic amenity sites; additional fleet costs and the costs of additional PPE and enhanced cleaning regimes. Included within the Resource position is the approved contribution to South Lanarkshire Leisure and Culture (SLLC) of £1.269m as previously reported.

In addition the Resource is projecting a significant impact as a result of loss of income due to the pandemic of £4.811m including parking charges, Planning Building Standards applications, Care of Gardens and school meals, as well as savings not achieved of £0.100m and an underspend in budget of £1.413m in the main due to expenditure not incurred in relation to food cost for school meals.

- 5.3 The core budget of the Resource has a minor underspend due to underspends in employees costs across all services offset by an overspend in Fleet due to the timing of efficiencies and the cost of waste contracts.
- 5.4 **Position as 26 February 2021:** The Resource position as at 26 February 2021 is an overspend of £7.066m after approved transfers to reserves. Appendix A outlines this position. Detailed variance explanations by service area are included in appendices B to F.
- 5.5 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. 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)

30 March 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 26 February 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 12 Ended 26 February 2021 (No. 12)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual BEFORE Transfers 26/02/21	Variance 26/02/21		% Variance 26/02/21	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	83,901	82,796	1,105	1,105	74,349	73,287	1,062	under	1.4%	
Property Costs	4,126	4,607	(481)	(481)	3,593	3,998	(405)	over	(11.3%)	
Supplies & Services	15,021	13,410	1,611	1,611	12,819	11,305	1,514	under	11.8%	
Transport & Plant	21,886	20,257	1,629	1,584	19,923	18,600	1,323	under	6.6%	
Administration Costs	911	940	(29)	(54)	772	796	(24)	over	(3.1%)	
Payments to Other Bodies	34,679	34,424	255	115	27,478	27,176	302	under	1.1%	
Payments to Contractors	41,143	44,329	(3,186)	(3,353)	37,028	40,109	(3,081)	over	(8.3%)	
Transfer Payments	595	595	0	0	595	597	(2)	over	(0.3%)	
Financing Charges	184	176	8	8	174	176	(2)	over	(1.1%)	
Total Controllable Exp.	202,446	201,534	912	535	176,731	176,044	687	under	0.4%	
Total Controllable Inc.	(92,808)	(84,174)	(8,634)	(8,704)	(63,747)	(56,409)	(7,338)	under recovered	(11.5%)	
Net Controllable Exp.	109,638	117,360	(7,722)	(8,169)	112,984	119,635	(6,651)	over	(5.9%)	
Transfer to Reserves (as at 26/02/21)	-	-	(447)	-	-	415	(415)	over		
Position After Transfers to Reserves (as at 26/02/21)	109,638	118,347	(8,169)	(8,169)	112,984	120,050	(7,066)	over	(6.3%)	

Variance Explanations

Detailed in Appendix B to G.

Budget Virements

Budget virements are shown in Appendices B to G.

Approved Transfers to Reserves

Detailed in Appendix B to G

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	54,407	53,871	536	536	48,098	47,796	602	under	1.3%	1
Property Costs	2,363	2,307	56	56	2,058	1,976	82	under	4.0%	2
Supplies & Services	6,532	5,781	751	751	5,485	4,364	1,121	under	20.4%	3
Transport & Plant	7,847	7,509	338	338	7,258	7,037	221	under	3.0%	4,a
Administration Costs	302	293	9	9	234	213	21	under	9.0%	
Payments to Other Bodies	51	43	8	8	47	44	3	under	6.4%	
Payments to Contractors	14,730	14,860	(130)	(297)	13,114	13,242	(128)	over	(1.0%)	5
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	77	63	14	14	72	60	12	under	16.7%	
Total Controllable Exp.	86,309	84,727	1,582	1,415	76,366	74,432	1,934	under	2.5%	
Total Controllable Inc.	(19,116)	(17,369)	(1,747)	(1,817)	(17,900)	(15,876)	(2,024)	under recovered	(11.3%)	6
Net Controllable Exp.	67,193	67,358	(165)	(402)	58,466	58,556	(90)	Over	(0.2%)	
Transfer to Reserves (as at 26/02/21)	-	-	(237)	-	-	219	(219)	over		
Position After Transfers to Reserves (as at 26/02/21)	67,193	67,358	(402)	(402)	58,466	58,775	(309)	over	(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 variance is due to an under spend in rent as a result of vacating premises, partially offset by higher utility charges and an over spend in rates associated with a former civic amenity site, Muttonhole Road.
3. The under spend is mainly due to food purchases within the Catering service due to school closures as a result of the COVID-19 pandemic. This is offset by a loss of school meals income during school closures. This is partially offset by greater material costs within Grounds for additional service requests and a greater spend on domestic waste bins which are partly offset by an over recovery of income.
4. The underspend relates to Streets, where leasing costs are less than budget due to the timing of replacing vehicles, fuel and vehicle maintenance costs. There is an over spend within Waste on hired vehicles.
5. The over spend is due to the cost of the fibre contract being higher than budget within Waste and the cost of chemical toilets for allotment sites.
6. The under recovery of income relates to Grounds, Waste and Facilities for services covering the care of gardens, bulky uplifts, school meals and coffee shops as a result of the COVID-19 pandemic.

Budget Virements

- a. Realignment of the Fleet Vehicle Saving 20/21. Net effect (£0.005m): Transport and Plant (£0.005m).

Approved Transfers to Reserves (£0.237m):

- i. Parent Pay development (£0.070m)
- ii. Crematorium Sinking fund (£0.025m)
- iii. Electric Sweeper - Payback (£0.065m)
- iv. Restoration works – Alexander Park, Stonehouse (£0.077m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	8,976	8,498	478	478	7,928	7,527	401	under	5.1%	1
Property Costs	191	243	(52)	(52)	187	206	(19)	over	(10.2%)	
Supplies & Services	335	312	23	23	273	264	9	under	3.3%	
Transport & Plant	9,709	8,308	1,401	1,356	9,070	7,801	1,269	under	14.0%	2,a,b
Administration Costs	92	95	(3)	(3)	61	63	(2)	over	(3.3%)	
Payments to Other Bodies	192	147	45	45	159	114	45	under	28.3%	3
Payments to Contractors	1,140	1,188	(48)	(48)	929	973	(44)	over	(4.7%)	4
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	24	22	2	2	24	20	4	under	16.7%	
Total Controllable Exp.	20,659	18,813	1,846	1,801	18,631	16,968	1,663	under	8.9%	
Total Controllable Inc.	(19,587)	(17,020)	(2,567)	(2,567)	(17,903)	(15,559)	(2,344)	under recovered	(13.1%)	5b
Net Controllable Exp.	1,072	1,793	(721)	(766)	728	1,409	(681)	over	(93.5%)	
Transfer to Reserves (as at 26/02/21)	-	-	(45)	-	-	42	(42)	over		
Position After Transfers to Reserves (as at 26/02/21)	1,072	1,793	(766)	(766)	728	1,451	(723)	over	(99.3%)	

Variance Explanations

1. The variance is mainly due to vacancies within the services that are actively being recruited.
2. The variance relates mainly to an underspend in fuel and casual hire which are offset by an under recovery in income, partially offset by greater than budgeted expenditure within the workshop and the timing of efficiencies.
3. The under spend is due to lower than anticipated payments for scientific services.
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 less income from fuel, casual hire and taxi inspections due to the COVID19 pandemic, partially offset by an over recovery for clinical waste.

Budget Virements

- a. Realignment of the Fleet Vehicle Saving 20/21. Net effect £0.020m: Transport and Plant £0.020m.
- b. Establish budget within Fleet services in respect of a government grant for Electrical Vehicles. Net effect £0.000m: Transport and Plant £0.404m, Income (£0.404m).

Approved Transfers to Reserves (£0.045m):

- b. Fleet Sinking fund (£0.045m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	4	5	(1)	(1)	3	3	0	-	0.0%	
Property Costs	207	192	15	15	192	178	14	under	7.3%	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	8	0	0	8	8	0	-	0.0%	
Payments to Other Bodies	80	60	20	20	48	28	20	under	41.7%	2
Payments to Contractors	19,239	19,239	0	0	18,988	18,988	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.	19,538	19,504	34	34	19,239	19,205	34	under	0.2%	
Total Controllable Inc.	0	(1)	1	1	0	(1)	1	over recovered	n/a	
Net Controllable Exp.	19,538	19,503	35	35	19,239	19,204	35	under	0.2%	
Transfer to Reserves (as at 26/02/21)	-	-	-	-	-	-	-	-		
Position After Transfers to Reserves (as at 26/02/21)	19,538	10,503	35	35	19,239	19,204	35	under	0.2%	

Variance Explanations

1. The variance relates to reduced service charges for East Kilbride ice rink.
2. The variance relates to the cancellation of the Fireworks events as a result of the COVID-19 pandemic

Budget Virements

No budget virements

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	4,870	4,766	104	104	4,291	4,199	92	under	2.1%	1
Property Costs	607	650	(43)	(43)	445	464	(19)	over	(4.3%)	2
Supplies & Services	101	97	4	4	89	84	5	under	5.6%	
Transport & Plant	33	37	(4)	(4)	28	26	2	under	7.1%	
Administration Costs	104	82	22	(3)	93	73	20	under	21.5%	
Payments to Other Bodies	28,314	28,162	152	12	21,635	21,422	213	under	1.0%	3,a
Payments to Contractors	949	951	(2)	(2)	889	893	(4)	over	(0.4%)	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	0	34	35	(1)	over	(2.9%)	
Total Controllable Exp.	35,012	34,779	233	68	27,504	27,196	308	under	1.1%	
Total Controllable Inc.	(32,892)	(32,178)	(714)	(714)	(9,269)	(8,978)	(291)	under recovered	(3.1%)	4,a
Net Controllable Exp.	2,120	2,601	(481)	(646)	18,235	18,218	17	under	0.1%	
Transfer to Reserves (as at 26/02/21)	-	-	(165)	-	-	154	(154)	-		
Position After Transfers to Reserves (as at 26/02/21)	2,120	2,601	(646)	(646)	18,235	18,372	(137)	over	(0.8%)	

Variance Explanations

1. This variance is mainly due to flexible retirement arrangements within the service.
2. The over spend relates to additional rates costs for Economic Development rental properties as a result of vacant units.
3. The under spend is due to the cancellation of Christmas events as a result of COVID-19 and reduced spend on core business support grants due to COVID-19.
4. The under recovery relates to reduced income from planning and building standards applications as a result of the COVID-19 pandemic.

Budget Virements

- a. Establish budget in respect of COVID 19 additional Strategic Framework Business Fund and Discretionary Funds. Net effect £0.000m: Payment to Other Bodies £20.705m, Income (£20.705m).

Approved Transfers to Reserves (£0.165m):

- v. Local Plan (£0.025m)
- vi. Business Support Grants (£0.140m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	15,644	15,025	619	619	14,029	13,579	450	under	3.2%	1
Property Costs	758	820	(62)	(62)	711	739	(28)	over	(3.9%)	2
Supplies & Services	8,053	6,829	1,224	1,224	6,972	6,261	711	under	10.2%	3
Transport & Plant	4,297	3,931	366	366	3,567	3,304	263	under	7.4%	4,a
Administration Costs	405	411	(6)	(6)	376	390	(14)	over	(3.7%)	
Payments to Other Bodies	6,042	6,012	30	30	5,589	5,568	21	under	0.4%	
Payments to Contractors	5,085	5,330	(245)	(245)	3,108	3,286	(178)	over	(5.7%)	5
Transfer Payments	595	595	0	0	595	597	(2)	over	(0.3%)	
Financing Charges	49	57	(8)	(8)	44	57	(13)	over	(29.5%)	
Total Controllable Exp.	40,928	39,010	1,918	1,918	34,991	33,781	1,210	under	3.5%	
Total Controllable Inc.	(21,213)	(17,606)	(3,607)	(3,607)	(18,675)	(15,995)	(2,680)	under recovered	(14.4%)	6
Net Controllable Exp.	19,715	21,404	(1,689)	(1,689)	16,316	17,786	(1,470)	over	(9.0%)	
Transfer to Reserves (as at 26/02/21)	-	-	-	-	-	-	-			
Position After Transfers to Reserves (as at 26/02/21)	19,715	21,404	(1,689)	(1,689)	16,316	17,786	(1,470)	over	(9.0%)	

Variance Explanations

1. The variance relates to vacant posts within the service which are actively being filled and reduced overtime costs through the initial lockdown period.
2. The over spend mainly relates to water utility charges and electricity costs for electrical vehicle charging points.
3. The under spend is due to reduced material costs as a result of reduced road maintenance works carried out during the pandemic, partially offset by an over spend on street lighting electrical power.
4. The variance is mainly due to the level of hired vehicles and fuel usage being less during the lockdown.
5. The over spend is due to a greater requirement for sub-contractors to support Roads programmes partially offset by less project spend within the Flooding section.
6. The under recovery is due to reduced works being carried out within the Construction Unit during lockdown and reduced fee income for parking.

Budget Virements

- a. Realignment of the Fleet Vehicle Saving 20/21. Net effect (£0.002m): Transport and Plant (£0.002m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 12 Ended 26 February 2021 (No. 12)

COVID-19

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 26/02/21 £000	Actual BEFORE Transfers 26/02/21 £000	Variance 26/02/21 £000		% Variance 26/02/21	Note
Employee Costs	0	631	(631)	(631)	0	483	(483)	over	n/a	1
Property Costs	0	395	(395)	(395)	0	435	(436)	over	n/a	2
Supplies & Services	0	391	(391)	(391)	0	332	(332)	over	n/a	3
Transport & Plant	0	472	(472)	(472)	0	432	(432)	over	n/a	4
Administration Costs	0	51	(51)	(51)	0	49	(49)	over	n/a	5
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	2,761	(2,761)	(2,761)	0	2,727	(2,727)	over	n/a	6
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.	0	4,701	(4,701)	(4,701)	0	4,462	(4,462)	over	n/a	
Total Controllable Inc.	0	0	0	0	0	0	0	-	n/a	
Net Controllable Exp.	0	4,701	(4,701)	(4,701)	0	4,462	(4,462)	over	n/a	
Transfer to Reserves (as at 26/02/21)	-	-	-	-	-	-	-			
Position After Transfers to Reserves (as at 26/02/21)	0	4,701	(4,701)	(4,701)	0	4,462	(4,462)	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 the purchase of equipment, fuel and vehicles costs directly related to the COVID-19 pandemic.
5. The variance relates to Health and Safety signage and posters costs.
6. The variance includes a payment made to South Lanarkshire Leisure to reflect loss of income and additional costs in relation to domestic waste tonnage, fly tipping costs and traffic management at civic amenity sites as a result of the pandemic.