

Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	15 September 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
----------	---

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 2019 to 31 March 2020 for Community and Enterprise Resources

2. Recommendation(s)

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

- (1) that the Community and Enterprise Resources' outturn position as at 31 March 2020 of an overspend of £0.525m before transfers to reserves, as detailed in Appendix A of the report, and after transfers to reserves of £0.783m, be noted; and
- (2) that the proposed budget virements, as detailed in appendices B to F, be approved.

3. Background

- 3.1. This is the final revenue budget monitoring report presented to the Community and Enterprise Resources Committee for the financial year 2019/2020.
- 3.2. The report details the financial position for Community and Enterprise Resources in appendix A for the full financial year 2019/2020 compared to the probable outturn position and the individual services' reports in appendices B to F, including variance explanation.
- 3.3. Appendix G of the report details the additional costs incurred by the Resource in relation to COVID-19.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. **Yearend Outturn Position as 31 March 2020:** The yearend position is an overspend of £0.525m before approved transfers to reserves. This is a higher overspend from the probable outturn reported during the year mainly due to additional costs associated with COVID-19.

- 5.2. This overspend reflects costs in respect of the food safety case and the timing of efficiencies within Fleet, Environmental and Project Services and the additional support for South Lanarkshire Leisure and Culture (SLLC) for loss of income as previously reported, partially offset by an underspend in employee costs and an over recovery of income within Planning and Economic Development. Variance explanations for each individual service are detailed in appendices B to F.
- 5.3. The yearend position includes additional costs of £0.467m in respect to COVID-19 as outlined in Appendix G in relation to cleaning materials, PPE and equipment, as well as a £0.365m payment to SLLC for loss of income due to COVID-19 closures.
- 5.4. The final Resource position as at 31 March 2020, after all transfers to reserves, is an overspend of £0.783m, compared to a probable outturn overspend position of £0.234m, mainly due to expenditure of £0.467m on the Resources' COVID-19 response and increased reserves.
- 5.5. The Executive Committee on 24 June 2020 approved transfers to reserves of £0.258m to meet ongoing commitments. This figure was slightly higher than the probable outturn mainly due to the timing of match funding commitments for electric vehicles. The revised Resource position after approved transfers and the details of the reserves is outlined in Appendix A.
- 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)

11 August 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 31 March 2020.

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Louise Harvey, Finance Manager

Ext: 2658 (Tel: 01698 452658)

E-mail: louise.harvey@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

Community and Enterprise Resources Summary

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/20	Actual BEFORE Transfers 31/03/20	Variance 31/03/20		% Variance 31/03/20	Note
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	81,605	80,554	1,051	1,021	81,605	80,539	1,066	under	1.3%	
Property Costs	4,277	4,336	(59)	(89)	4,277	4,780	(503)	over	(11.8%)	
Supplies & Services	16,067	16,801	(734)	(734)	16,067	16,496	(429)	over	(2.7%)	
Transport & Plant	21,883	21,365	518	518	21,883	21,324	559	under	2.6%	
Administration Costs	1,120	1,372	(252)	(252)	1,120	1,409	(289)	over	(25.8%)	
Payments to Other Bodies	9,278	9,382	(104)	(104)	9,278	9,444	(166)	over	(1.8%)	
Payments to Contractors	41,792	42,841	(1,049)	(1,099)	54,326	55,975	(1,649)	over	(3.0%)	
Transfer Payments	595	595	0	0	595	595	0	-	0.0%	
Financing Charges	184	170	14	14	184	179	5	under	2.7%	
Total Controllable Exp.	176,801	177,416	(615)	(725)	189,335	190,741	(1,406)	over	(0.7%)	
Total Controllable Inc.	(66,462)	(66,953)	491	491	(78,996)	(79,877)	881	over recovered	1.1%	
Net Controllable Exp.	110,339	110,463	(124)	(234)	110,339	110,864	(525)	over	(0.5%)	
Transfer to Reserves (as at 31/03/20)					-	258	(258)	over		
Position After Transfers to Reserves (as at 31/03/20)					110,339	111,122	(783)	over	(0.7%)	

Variance Explanations

Detailed in Appendix B to G.

Budget Virements

Budget virements are shown in Appendices B to G.

Transfers to Reserves

Detailed in Appendix B to G

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

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 31/03/20 £000	Actual BEFORE Transfers 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	53,024	52,853	171	141	53,024	52,645	379	under	0.7%	1,a
Property Costs	2,431	2,473	(42)	(72)	2,431	2,803	(372)	over	(15.3%)	2,a
Supplies & Services	6,528	7,334	(806)	(806)	6,528	7,272	(744)	over	(11.4%)	3
Transport & Plant	7,751	7,323	428	428	7,751	7,508	243	under	3.1%	4
Administration Costs	259	303	(44)	(44)	259	361	(102)	over	(39.4%)	5
Payments to Other Bodies	30	50	(20)	(20)	30	56	(26)	over	(86.7%)	6
Payments to Contractors	14,441	14,510	(69)	(119)	14,441	14,348	93	under	0.6%	7
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	77	55	22	22	77	66	11	under	14.3%	
Total Controllable Exp.	84,541	84,901	(360)	(470)	84,541	85,059	(518)	over	(0.6%)	
Total Controllable Inc.	(18,313)	(18,729)	416	416	(18,313)	(18,873)	560	over recovered	3.1%	8
Net Controllable Exp.	66,228	66,172	56	(54)	66,228	66,186	42	under	0.1%	
Transfer to Reserves (as at 31/03/20)					-	218	(218)	over		
Position After Transfers to Reserves (as at 31/03/20)					66,228	66,404	(176)	over	(0.3%)	

Variance Explanations

- The variance is mainly due to vacant posts within Facilities, partially offset by overtime costs.
- The overspend relates to rates associated with a former civic amenity site, Muttonhole Road, utility charges for closed properties and works being carried out at the Eddlewood Central Production kitchen.
- The overspend is mainly due to a greater spend on food purchases within Facilities, materials within Grounds for additional service requests which are fully recoverable within income and a greater spend on domestic waste bins which is partly offset by an over recovery of income. Also contributing to the over spend is the purchase of playground equipment.
- The variance relates to the timing of vehicle lease replacement, partially offset by an increase in fuel costs within Grounds and Waste.
- The overspend relates mainly to the printing of Health & Safety handbook materials, catering menus and replacement programme for silicone wrist bands for school meals.
- The overspend relates mainly to payments made to SEPA in respect of former landfill sites and payments made within the Countryside Rangers. The latter offset by additional income.
- The variance is the net effect of waste disposal costs being less than budgeted, partially offset by costs within Grounds and Streets being greater. The additional costs within Grounds and Streets offset by additional income.
- The over recovery of income relates to additional service requests within Grounds, Streets and Facilities and the sale of bins, scrap and clearances being greater than budget within Waste Services. These over recoveries are partially offset by lower than budgeted cash income from school meals.

Budget Virements

- Budget upload in respect of Apprenticeship Levy. Net Effect £0.211m: Employees £0.211m
- Transfer of CFCR in respect of capital items. Net effect (£0.374m): Property (£0.051m), Supplies & Services (£0.240m), Administration (£0.008m), Payment to Contractors (£0.067m), Financing Charges (£0.008m).

Transfers to Reserves (£0.218m):

- Food Development Officer (£0.030m)
- Upgrade of road at allotment site, Allers (£0.030m)
- Environmental Initiatives (£0.064m)
- Forrest Street Shed (£0.034m)
- Electric Vehicles (£0.060m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

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 31/03/20 £000	Actual BEFORE Transfers 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	8,810	8,441	369	369	8,810	8,396	414	under	4.7%	1,a
Property Costs	207	220	(13)	(13)	207	230	(23)	over	(11.1%)	2
Supplies & Services	382	314	68	68	382	279	103	under	27.0%	3,b
Transport & Plant	9,575	9,852	(277)	(277)	9,575	9,831	(256)	over	(2.7%)	4
Administration Costs	305	461	(156)	(156)	305	410	(105)	over	(34.4%)	5
Payments to Other Bodies	127	152	(25)	(25)	127	123	4	under	3.1%	
Payments to Contractors	1,076	1,185	(109)	(109)	1,076	1,084	(8)	over	(0.7%)	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	24	23	1	1	24	22	2	under	8.3%	
Total Controllable Exp.	20,506	20,648	(142)	(142)	20,506	20,375	131	under	0.6%	
Total Controllable Inc.	(18,958)	(18,462)	(496)	(496)	(18,958)	(18,281)	(677)	under recovered	(3.6%)	6
Net Controllable Exp.	1,548	2,186	(638)	(638)	1,548	2,094	(546)	over	(35.3%)	
Transfer to Reserves (as at 31/03/20)					-	40	(40)	over		
Position After Transfers to Reserves (as at 31/03/20)					1,548	2,134	(586)	over	(37.9%)	

Variance Explanations

- The variance is mainly due to vacant posts within the services which are actively being filled.
- The overspend relates mainly to electricity charges for the Fleet workshop, partially offset by the rates charges.
- The variance is mainly due to lower than expected expenditure on equipment and protective clothing within Fleet and software licences and equipment calibration within Environmental Services.
- The overspend is mainly within Fleet and due to the net effect of an over spend in materials and spares, outside repairs, fuel and the timing of efficiencies partially offset by underspends on leasing, casual hire and operating costs of pool cars. The underspends in pool cars and casual hire are offset by an under recovery of income.
- The overspend is mainly due to costs in respect of the food safety court case, partially offset by an under spend within Environmental Air quality projects. The latter offset by an under recovery of income.
- The under recovery is mainly due to lower than anticipated income within the Fleet workshop and under recovery of income for pool cars and casual hire along with an under recovery from Environmental Air Quality projects, partially offset by income recovered from Housing & Technical Resources for the removal of clinical waste.

Budget Virements

- Budget upload in respect of Apprenticeship Levy. Net Effect £0.031m: Employees £0.031m
- Temporary budget upload in respect of Brexit within Environmental Services. Net Effect £0.038m: Supplies and Services £0.038m.

Transfers to Reserves (£0.040m):

- Electric Vehicles (£0.040m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

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 31/03/20 £000	Actual BEFORE Transfers 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	91	92	(1)	(1)	91	93	(2)	over	(2.2%)	a
Property Costs	277	229	48	48	277	229	48	under	17.3%	1
Supplies & Services	4	5	(1)	(1)	4	4	0	-	0.0%	b
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	82	(2)	(2)	80	89	(9)	over	(11.3%)	2
Payments to Contractors	19,109	19,199	(90)	(90)	19,109	19,197	(88)	over	(0.5%)	3
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.	19,569	19,615	(46)	(46)	19,569	19,620	(51)	over	(0.3%)	
Total Controllable Inc.	0	(1)	1	1	0	(1)	1	over recovered	n/a	
Net Controllable Exp.	19,569	19,614	(45)	(45)	19,569	19,619	(50)	over	(0.3%)	
Transfer to Reserves (as at 31/03/20)					-	-	-	-		
Position After Transfers to Reserves (as at 31/02/20)					19,569	19,619	(50)	over	(0.3%)	

Variance Explanations

1. The variance is due to lower than anticipated costs for Council owned properties.
2. The overspend is due to higher than budgeted payments to North Lanarkshire Council for 2019 fireworks display.
3. The overspend is due to higher than budgeted payments to SLLC Ltd to support loss of income from Hamilton Water Palace and Dollan.

Budget Virements

- a. Budget upload in respect of Apprenticeship Levy. Net Effect £0.087m: Employees £0.087m
- b. Transfer of CFCR in respect of capital items. Net effect (£0.023m): Supplies & Services (£0.023m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

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 31/03/20 £000	Actual BEFORE Transfers 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	4,668	4,611	57	57	4,668	4,574	94	under	2.0%	1,a
Property Costs	606	605	1	1	606	614	(8)	over	(1.3%)	b
Supplies & Services	131	133	(2)	(2)	131	122	9	under	6.9%	
Transport & Plant	38	38	0	0	38	39	(1)	over	(2.6%)	
Administration Costs	143	158	(15)	(15)	143	157	(14)	over	(9.8%)	2
Payments to Other Bodies	3,119	3,176	(57)	(57)	3,119	3,133	(14)	over	(0.4%)	3,b
Payments to Contractors	2,360	2,360	0	0	2,360	2,363	(3)	over	(0.1%)	b,c
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	34	34	0	0	34	33	1	under	2.9%	
Total Controllable Exp.	11,099	11,115	(16)	(16)	11,099	11,035	64	under	0.6%	
Total Controllable Inc.	(9,085)	(9,623)	538	538	(9,085)	(9,526)	441	over recovered	4.9%	4,b
Net Controllable Exp.	2,014	1,492	522	522	2,014	1,509	505	under	25.1%	
Transfer to Reserves (as at 31/03/20)					-	0	0	-		
Position After Transfers to Reserves (as at 31/03/20)					2,014	1,509	505	under	25.1%	

Variance Explanations

1. The variance is mainly due to staff turnover within the service.
2. The overspend is mainly due to legal costs associated with planning inquiries.
3. The overspend relates to increased security costs for Christmas switch on events.
4. The over recovery of income represents an increased level of income from planning and building standards applications.

Budget Virements

- a. Budget upload in respect of Apprenticeship Levy. Net Effect £0.017m: Employees £0.017m
- b. Realignment of budget to reflect payments made and income recovered in respect of Non Capital, Restoration Bonds, Hamilton Towers, Leader Projects and Strathaven Cars. Net Effect £0.00m: Property (£0.024m), Payment to Other Bodies (£0.461m), Payment to Contractors (£0.445m), Income £0.930m
- c. Transfer from reserves for Local Plan. Net Effect £0.043m: Payment to Contractor £0.043m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

Roads Total (Inc Roads Constructing Services)

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/20	Actual BEFORE Transfers 31/03/20	Variance 31/03/20		% Variance 31/03/20	Note
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	15,012	14,557	455	455	15,012	14,830	182	under	1.2%	1,a
Property Costs	756	809	(53)	(53)	756	827	(71)	over	(9.4%)	2
Supplies & Services	9,022	9,015	7	7	9,022	8,795	227	under	2.5%	3
Transport & Plant	4,519	4,152	367	367	4,519	3,946	573	under	12.7%	4
Administration Costs	405	442	(37)	(37)	405	473	(68)	over	(16.8%)	5
Payments to Other Bodies	5,922	5,922	0	0	5,922	6,043	(121)	over	(2.0%)	6
Payments to Contractors	4,806	5,587	(781)	(781)	17,340	18,618	(1,278)	over	(7.4%)	7,b,c,d
Transfer Payments	595	595	0	0	595	595	0	-	0.0%	
Financing Charges	49	58	(9)	(9)	49	58	(9)	over	(18.4%)	
Total Controllable Exp.	41,086	41,137	(51)	(51)	53,620	54,185	(565)	over	(1.1%)	
Total Controllable Inc.	(21,106)	(21,138)	32	32	(32,640)	(33,196)	556	over recovered	1.7%	8,b,c
Net Controllable Exp.	20,980	20,999	(19)	(19)	20,980	20,989	(9)	over	(0.0%)	
Transfer to Reserves (as at 31/03/20)					-	-	-			
Position After Transfers to Reserves (as at 31/03/20)					20,980	20,989	(9)	over	(0.0%)	

Variance Explanations

1. The variance mainly relates to turnover savings as well as vacant hours due to flexible retirement.
2. The overspend mainly relates to cost of depot repairs and increased electricity charges in respect of vehicle charging posts.
3. The underspend relates to reduced material costs within the Construction Unit.
4. The variance is mainly due to the timing of vehicle lease replacements and reduced external hire costs within the Construction Unit.
5. The overspend is mainly due to advertising costs of road closures and printing costs.
6. The overspend relates to costs associated with weather forecasts for winter maintenance service and wider WOSLA group (West of Scotland Local Authority). The overspend is offset by income recovered from other WOSLA members.
7. The overspend relates to increased costs for reactive repairs.
8. The over recovery is partly due to increased income for rechargeable works and increased income from WOSLA members. This increased income is partially offset by reduced parking and roads design fee income.

Budget Virements

- a. Budget upload in respect of Apprenticeship Levy. Net Effect £0.055m: Employees £0.055m
- b. Creation of a temporary budget to reflect draw down for maintenance works in the Clydesdale area. Net Effect £0.000m: Payment to Contractors £0.540m, Income £0.540m.
- c. Budget realignment to reflect revenue works completed by the Construction Unit for Roads General Services as a result of the change to trading services. Net effect £0.000m: Payment to Contractor (£1.929m), Income £1.929m
- d. Transfer from reserves for winter maintenance. Net Effect £1.550m: Payment to Contractors £1.550m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Community and Enterprise Resources: Period 14 Ended 31 March 2020 (No. 14)

COVID-19

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/20	Actual BEFORE Transfers 31/03/20	Variance 31/03/20	% Variance 31/03/20	Note
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	0	0	0	0	0	1	(1)	over	n/a
Property Costs	0	0	0	0	0	77	(77)	over	n/a 1
Supplies & Services	0	0	0	0	0	24	(24)	over	n/a 2
Transport & Plant	0	0	0	0	0	0	0	-	n/a
Administration Costs	0	0	0	0	0	0	0	-	n/a
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a
Payments to Contractors	0	0	0	0	0	365	(365)	over	n/a 3
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	0	0	0	0	467	(467)	over	n/a
Total Controllable Inc.	0	0	0	0	0	0	0	-	n/a
Net Controllable Exp.	0	0	0	0	0	467	(467)	over	n/a
Transfer to Reserves (as at 31/03/20)					-	-	-		
Position After Transfers to Reserves (as at 31/03/20)					0	467	(467)	over	n/a

Variance Explanations

1. The variance relates to cleaning materials required in response to the pandemic.
2. The variance relates to equipment, food purchases and protective clothing in relation to the pandemic.
3. The variance relates to payments made to SLLC Ltd to reflect loss of income following the closures as a result of the COVID-19 pandemic.