

**NORTH LANARKSHIRE COUNCIL  
REPORT**

<b>To: Policy and Resources (Finance) Sub Committee</b>		<b>Subject: 2002 / 2003 Budget Monitoring Report Period: 01/04/02 – 13/09/02 Period 6 Finance Department</b>
<b>From: Director of Finance</b>		
<b>Date: 3 October, 2002</b>	<b>Ref: MC/PS</b>	

1. **INTRODUCTION**

1.1 This report compares actual income and expenditure against estimates for the year to date and shows projected outturn variances. Explanations are provided for the major projected outturn variances.

2. **SUMMARY OF BUDGET VARIANCES**

2.1 Net expenditure for the period shows an underspend of £95,854 or 1.84% of the budget to date whilst the projected outturn reports an underspend of £268,134 or 1.78% of the annual budget, which compares favourably with figures previously reported.

2.2 The table below provides an analysis of the variances to date and the projected outturn variances across the Divisions included within the Finance Department.

	Budget To date	Actual To date	Variance To date	Projected Outturn Variance	
Division of Service Analysis	(£)	(£)	(£)	(£)	
Accounting Services	912,331	865,298	47,033	-71,402	Overspend
Revenue Services	1,299,595	1,247,037	52,558	84,536	Underspend
Information Technology	2,265,266	2,311,204	-45,938	100,000	Underspend
Cost of Collection of Local Taxes	745,087	702,886	42,201	155,000	Underspend
<b>Total</b>	<b>5,222,279</b>	<b>5,126,425</b>	<b>95,854</b>	<b>268,134</b>	<b>Underspend</b>

3. **DEPARTMENTAL TREND THROUGHOUT THE FINANCIAL YEAR**

3.1 The main projected departmental savings relate to the following:-

- Employee Costs: £435,800.
- Transport & Plant: £4,000.
- Payments to Other Bodies: £68,000.
- Income: £81,878 over-recovered.

3.2 However, additional expenditure/reductions in income are anticipated in the following areas :-

- The purchase of uniforms for cash office staff in relation to Chartermark resulting in £10,000 of additional expenditure in Supplies & Services.
- The employment of external agencies in order to supplement the existing staff to undertake a number of key service tasks. The projected additional cost amounts to £311,544 in Administration Costs and will be funded from the underspend in Employee Costs.
- A £101,402 under-recovery of income from Home Insurance commission due to a fall in the uptake of this service.

Details of these variances are included within the Divisional Analysis section of this report.

#### 4. **DIVISIONAL ANALYSIS AT PERIOD 6**

##### 4.1 **Accounting Services - £71,402 Overspend**

4.1.1 Employee costs are expected to be £137,000 below budget level at the year-end. This is a result of the secondment of the VFM Audit team to support the Modernising Government Initiative. The work of this team will be undertaken by external contractors meantime and will give rise to the increase of supplementary professional fees of around £105,000.

4.1.2 An under-recovery of £101,402 for Home Insurance commission is projected. This is due to the reduction in insurance premiums for householders, which has had a knock-on effect on the level of commission received by the Council. Additionally, it reflects a reduction in the number of homeowners taking home insurance through the Council.

##### 4.2 **Revenue Services - £84,536 Underspend**

4.2.1 Employee costs are expected to be underspent due to the Head of Revenue's post remaining vacant and other unfilled vacancies. However most of these savings will be offset mainly due to the expansion of e-Financials, in particular the ongoing development of the Purchase Ordering module, and the rationalisation of the Human Resources module of Cyborg with Personnel Services.

4.2.2 An overspend of £10,000 in Supplies and Services for the purchase of staff uniforms.

4.2.3 A £7,544 overspend in Transport and Administration costs relates to staff travel expenses and postages.

4.2.4 An underspend of £38,000 in Payments to Other Bodies is mainly attributable to anticipated savings in the printing contract.

4.2.5 The financial position projects a £63,280 over-recovery of income mainly from Morrison's for work undertaken by Treasury and Payroll.

##### 4.3 **Information Technology - £100,000 Underspend**

4.3.1 Savings of £300,000 are projected in Employee Costs' as a result of ongoing difficulties in the recruitment of I.T. specialist staff. Action is currently being considered to resolve the recruitment problems.

4.3.2 An overspend of £200,000 relates to Professional Fees within Administration Costs as a consequence of the current vacancy levels with external agencies undertaking contracts. This overspend is compensated for by the underspend in 4.3.1 above.

##### 4.4 **Cost of Local Tax Collection - £155,000 Underspend**

4.4.1 It is anticipated that Employee Costs will be overspent by £2,000. This is a result of current staffing levels with lower than anticipated turnover savings.

4.4.2 An underspend in Transport and Payments to Other Bodies costs of £37,000 has been projected. This relates to savings in staff transport costs and the printing contract.

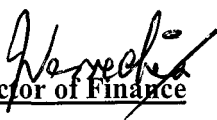
4.4.3 The financial position projects a £120,000 over-recovery of income from Scottish Water in relation to collection bonus payments and from the growth in the number of Band D properties.

5. **SUMMARY**

- 5.1 The year-end projection is currently indicating that costs will fall short of budget by £268,134. This is a result of a number of under and overspends within the Department. Savings are identified in Employee Costs, Transport Costs, Payments to Other Bodies, the provision of Payroll and Treasury services to Morrison's (PPP) and the over-recovery of income from Scottish Water.
- 5.2 These savings are partly offset by the costs associated with the employment of contractors to perform duties arising due to unfilled/seconded posts, the purchase of uniforms for cash office staff and the shortfall in income due for home insurance commission.

6. **RECOMMENDATION**

- 6.1 It is recommended that the Committee notes the contents of this report.

JP   
Director of Finance

**NORTH LANARKSHIRE COUNCIL**  
**FINANCIAL MONITORING REPORT**

**1 April 2002 to 13 September 2002 (Period 6)**

**COMMITTEE : POLICY & RESOURCES (FINANCE) SUB COMMITTEE**

**FINANCE DEPARTMENT SUMMARY**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUT-TURN (8)	PROJECTED OUT-TURN VARIANCE (9)		(10)
		£	£	£		%	£	£	£		%
1.	EMPLOYEE COSTS	3,741,111	3,552,199	188,912	Underspend	5.05	8,935,076	8,499,276	435,800	Underspend	4.88
2.	PROPERTY COSTS	0	0	0			0	0	0		
3.	SUPPLIES AND SERVICES	634,338	652,696	-18,358	Overspend	-2.89	1,470,499	1,480,499	-10,000	Overspend	-0.68
4.	TRANSPORT AND PLANT	97,673	99,148	-1,475	Overspend	-1.51	212,756	208,756	4,000	Underspend	1.88
5.	ADMINISTRATION COSTS	251,891	377,772	-125,881	Overspend	-49.97	985,664	1,297,208	-311,544	Overspend	-31.61
6.	PAYMENTS TO OTHER BODIES	697,901	661,250	36,651	Underspend	5.25	2,287,941	2,219,941	68,000	Underspend	2.97
7.	OTHER EXPENDITURE	0	0	0			0	0	0		
8.	APPORTIONED EXPENSES	0	0	0			3,060,123	3,060,123	0		
9.	CAPITAL FINANCING COSTS	0	0	0			790,879	790,879	0		
10.	TOTAL EXPENDITURE	5,422,914	5,343,065	79,849	Underspend	1.47	17,742,938	17,556,682	186,256	Underspend	1.05
11.	INCOME	200,635	216,640	16,005	Over-recovery	7.98	2,712,149	2,794,027	81,878	Over-recovery	3.02
12.	NET EXPENDITURE	5,222,279	5,126,425	95,854	Underspend	1.84	15,030,789	14,762,655	268,134	Underspend	1.78

**NORTH LANARKSHIRE COUNCIL**  
**FINANCIAL MONITORING REPORT**

**1 April 2002 to 13 September 2002 (Period 6)**

**COMMITTEE : POLICY & RESOURCES (FINANCE) SUB COMMITTEE**

**SERVICE : ACCOUNTING SERVICES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUT-TURN (8)	PROJECTED OUT-TURN VARIANCE (9)		(10)
		£	£	£		%	£	£	£		%
1.	EMPLOYEE COSTS	963,841	885,495	78,346	Underspend	8.13	2,295,477	2,158,477	137,000	Underspend	5.97
2.	PROPERTY COSTS	0	0	0			0	0	0		
3.	SUPPLIES AND SERVICES	7,898	5,118	2,780	Underspend	35.20	200,311	200,311	0		
4.	TRANSPORT AND PLANT	27,283	23,249	4,034	Underspend	14.79	59,480	61,480	-2,000	Overspend	-3.36
5.	ADMINISTRATION COSTS	26,736	45,471	-18,735	Overspend	-70.07	441,214	546,214	-105,000	Overspend	-23.80
6.	PAYMENTS TO OTHER BODIES	3,902	125	3,777	Underspend	96.80	8,450	8,450	0		
7.	OTHER EXPENDITURE	0	0	0			0	0	0		
8.	APPORTIONED EXPENSES	0	0	0			663,308	663,308	0		
9.	CAPITAL FINANCING COSTS	0	0	0			0	0	0		
10.	TOTAL EXPENDITURE	1,029,660	959,458	70,202	Underspend	6.82	3,668,240	3,638,240	30,000	Underspend	0.82
11.	INCOME	117,329	94,160	-23,169	Under-recovery	-19.75	280,970	179,568	-101,402	Under-recovery	-36.09
12.	NET EXPENDITURE	912,331	865,298	47,033	Underspend	5.16	3,387,270	3,458,672	-71,402	Overspend	-2.11

**NORTH LANARKSHIRE COUNCIL**  
**FINANCIAL MONITORING REPORT**

**1 April 2002 to 13 September 2002 (Period 6)**

**COMMITTEE : POLICY & RESOURCES (FINANCE) SUB COMMITTEE**

**SERVICE : REVENUE SERVICES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)	(6)	ANNUAL BUDGET (7)	PROJECTED OUT-TURN (8)	PROJECTED OUT-TURN VARIANCE (9)	(10)		
		£	£	£	%	£	£	£	%		
1.	EMPLOYEE COSTS	1,108,366	1,108,284	82	Underspend	0.01	2,573,197	2,572,397	800	Underspend	0.03
2.	PROPERTY COSTS	0	0	0			0	0	0		
3.	SUPPLIES AND SERVICES	18,395	15,741	2,654	Underspend	14.43	89,330	99,330	-10,000	Overspend	-11.19
4.	TRANSPORT AND PLANT	5,214	5,549	-335	Overspend	-6.43	19,100	20,100	-1,000	Overspend	-5.24
5.	ADMINISTRATION COSTS	60,643	58,332	2,311	Underspend	3.81	154,194	160,738	-6,544	Overspend	-4.24
6.	PAYMENTS TO OTHER BODIES	132,418	118,355	14,063	Underspend	10.62	349,544	311,544	38,000	Underspend	10.87
7.	OTHER EXPENDITURE	0	0	0			0	0	0		
8.	APPORTIONED EXPENSES	0	0	0			896,031	896,031	0		
9.	CAPITAL FINANCING COSTS	0	0	0			9,912	9,912	0		
10.	TOTAL EXPENDITURE	1,325,036	1,306,261	18,775	Underspend	1.42	4,091,308	4,070,052	21,256	Underspend	0.52
11.	INCOME	25,441	59,224	33,783	Over-recovery	132.79	79,030	142,310	63,280	Over-recovery	80.07
12.	NET EXPENDITURE	1,299,595	1,247,037	52,558	Underspend	4.04	4,012,278	3,927,742	84,536	Underspend	2.11

**NORTH LANARKSHIRE COUNCIL**  
**FINANCIAL MONITORING REPORT**

**1 April 2002 to 13 September 2002 (Period 6)**

**COMMITTEE : POLICY & RESOURCES (FINANCE) SUB COMMITTEE**

**SERVICE : INFORMATION TECHNOLOGY**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)		(6)	ANNUAL BUDGET (7)	PROJECTED OUT-TURN (8)	PROJECTED OUT-TURN VARIANCE (9)		(10)
		£	£	£		%	£	£	£		%
1.	EMPLOYEE COSTS	1,182,382	1,077,348	105,034	Underspend	8.88	2,946,155	2,646,155	300,000	Underspend	10.18
2.	PROPERTY COSTS	0	0	0			0	0	0		
3.	SUPPLIES AND SERVICES	579,710	605,687	-25,977	Overspend	-4.48	1,094,454	1,094,454	0		
4.	TRANSPORT AND PLANT	58,510	64,899	-6,389	Overspend	-10.92	110,176	110,176	0		
5.	ADMINISTRATION COSTS	104,625	238,974	-134,349	Overspend	-128.41	225,922	425,922	-200,000	Overspend	-88.53
6.	PAYMENTS TO OTHER BODIES	397,904	387,552	10,352	Underspend	2.60	861,219	861,219	0		
7.	OTHER EXPENDITURE	0	0	0			0	0	0		
8.	APPORTIONED EXPENSES	0	0	0			329,780	329,780	0		
9.	CAPITAL FINANCING COSTS	0	0	0			670,005	670,005	0		
10.	TOTAL EXPENDITURE	2,323,131	2,374,460	-51,329	Overspend	-2.21	6,237,711	6,137,711	100,000	Underspend	1.60
11.	INCOME	57,865	63,256	5,391	Over-recovery	9.32	125,389	125,389	0		
12.	NET EXPENDITURE	2,265,266	2,311,204	-45,938	Overspend	-2.03	6,112,322	6,012,322	100,000	Underspend	1.64

**NORTH LANARKSHIRE COUNCIL**  
**FINANCIAL MONITORING REPORT**

**1 April 2002 to 13 September 2002 (Period 6)**

**COMMITTEE : POLICY & RESOURCES (FINANCE) SUB COMMITTEE**

**SERVICE : COST OF COLLECTION OF LOCAL TAXES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCE (5)	(6)	ANNUAL BUDGET (7)	PROJECTED OUT-TURN (8)	PROJECTED OUT-TURN VARIANCE (9)	(10)	
		£	£	£	%	£	£	£	%	
1.	EMPLOYEE COSTS	486,522	481,072	5,450	Underspend	1,120,247	1,122,247	-2,000	Overspend	-0.18
2.	PROPERTY COSTS	0	0	0		0	0	0		
3.	SUPPLIES AND SERVICES	28,335	26,150	2,185	Underspend	86,404	86,404	0		
4.	TRANSPORT AND PLANT	6,666	5,451	1,215	Underspend	24,000	17,000	7,000	Underspend	29.17
5.	ADMINISTRATION COSTS	59,887	34,995	24,892	Underspend	164,334	164,334	0		
6.	PAYMENTS TO OTHER BODIES	163,677	155,218	8,459	Underspend	1,068,728	1,038,728	30,000	Underspend	2.81
7.	OTHER EXPENDITURE	0	0	0		0	0	0		
8.	APPORTIONED EXPENSES	0	0	0		1,171,004	1,171,004	0		
9.	CAPITAL FINANCING COSTS	0	0	0		110,962	110,962	0		
10.	TOTAL EXPENDITURE	745,087	702,886	42,201	Underspend	3,745,679	3,710,679	35,000	Underspend	0.93
11.	INCOME	0	0	0		2,226,760	2,346,760	120,000	Over-recovery	5.39
12.	NET EXPENDITURE	745,087	702,886	42,201	Underspend	1,518,919	1,363,919	155,000	Underspend	10.20