

# AGENDA ITEM No. 6(a)

NORTH LANARKSHIRE COUNCIL

REPORT

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject: 2004/2005 BUDGET MONITORING REPORT
From: DIRECTOR OF FINANCE	PERIOD: 01/04/04 – 04/02/05 PERIOD 11
Date: 18 February 2005	Ref: EMCA/5 FINANCE DEPARTMENT

## 1. Introduction

1.1 This report compares actual income and expenditure against estimates for the year to date. The report also presents a projected out-turn for the department and provides explanations for the major projected out-turn variances.

## 2. Summary of Budget Variances

2.1 Net expenditure for the period shows an underspend of £244,816 or 2% of the budget to date while the projected out-turn reports an underspend of £135,000 or 1% of the annual budget. This variance is in line with that previously reported.

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

	Budget To date (£)	Actual To date (£)	Variance To date (£)	Projected Outturn Variance (£)	%	
<i>Division of Service Analysis</i>	(£)	(£)	(£)	(£)		
Accounting Services	1,606,512	1,576,673	29,839	<b>25,000</b>	1	Underspend
Internal Audit	567,036	418,957	148,079	<b>50,000</b>	6	Underspend
Revenue Services	2,519,146	2,506,869	12,277	<b>(62,000)</b>	2	Overspend
Information Technology	4,636,086	4,561,146	74,940	<b>45,000</b>	1	Underspend
Cost of Collection of Local Taxes	1,594,192	1,614,511	(20,319)	<b>77,000</b>	5	Underspend
<b>Total</b>	<b>10,922,972</b>	<b>10,678,156</b>	<b>244,816</b>	<b>135,000</b>	<b>1</b>	<b>Underspend</b>

## 3. Departmental Trend Throughout the Financial Year

3.1 The trends previously reported in respect of savings in employee costs continue. A saving of £135,000 is anticipated as a result of staff vacancies and secondments to other departments. In addition, savings of £26,000 are projected in a number of other budget lines, with these ranging from Group 4 security costs, general administration and printing and postages. There is a favourable increase in the level of projected income of approximately £59,000 generated from the Council's treasury role in the Strathclyde Safety Camera Partnership.

- 3.2 Members will recall my report which set out a strategy for developing e-procurement within the Council, with costs being spread out over three years and met from a variety of sources. The net cost of the project start-up will be around £48,000 to be funded in the current year and this will be funded from anticipated additional agency fee income from Scottish Water.
- 3.3 Property costs of £50,000, associated with the use of Cumbernauld First Stop Shop and Airdrie and Coatbridge offices, were not originally included within the Department's budget and a resulting overspend will ensue.

#### 4 **Divisional Analysis**

##### 4.1 **Accounting Services - £25,000 Underspend**

- 4.1.1 The majority of this underspend relates to an anticipated over-recovery of income. This is due to the recharge of work relating to treasurer duties carried out by North Lanarkshire Council for the Safety Camera Partnership.

##### 4.2 **Internal Audit – £50,000 Underspend**

- 4.2.1 Employee costs are projected to be £120,000 less than budgeted and this reflects staff secondments. It is also projected that this underspend will be partially offset by the use of external professional staff to carry out Value for Money studies to meet the Section's operational commitments. The level of payments to external bodies for this service will be less than originally anticipated and this has resulted in a net saving of £50,000.

##### 4.3 **Revenue Services - £62,000 Overspend**

- 4.3.1 An overspend of £8,000 is projected in Employee Costs arising from payments to agencies for staffing to cover the vacancies within the Division and allow for operational commitments to be met. These costs are expected to exceed the budget provision at the year-end.
- 4.3.2 A projected underspend in Administration costs of £20,000 is anticipated. This underspend has arisen due largely to operational efficiencies in areas such as printing, postages and microfilm expenditure.
- 4.3.3 It is anticipated that an underspend of £22,000 will be achieved in Payments to Other Bodies. This relates to the recharging of Group 4 and debit/credit card expenditure to departments. This will however, be offset by the additional net expenditure of £48,000, which will be incurred within the Division by way of start-up costs for the e-procurement initiative.
- 4.3.4 An overspend of £50,000 is projected in Property Costs. This relates to expenditure incurred from the usage of the First Stop Shop in Cumbernauld and the Airdrie and Coatbridge Offices.
- 4.3.5 It is anticipated that there will be an over-recovery of income within this division of £2,000 as a result of additional paypoint commission expected by the end of the year,

##### 4.4 **Information Technology - £45,000 Underspend**

4.4.1 A net underspend of £45,000 is anticipated in Employee Costs due to savings from staff vacancies partly offset by the use of external contractors to meet operational requirements in the provision of the Information Technology service. This position continues to be closely monitored and will continue to be reported to Committee.

4.5 **Cost of Local Tax Collection - £77,000 Underspend**

4.5.1 There is a net projected underspend in employee related costs of £22,000 due mainly to staff vacancies. There are a significant number of vacancies still unfilled and consequently, it is anticipated that there will be savings in this area.

4.5.2 A net underspend in Administration costs of £7,000 is anticipated reflecting savings in postage and telephone expenditure. This is due partly to postages being incorporated as part of the external printing contract.

4.5.3 An additional net over-recovery of £48,000 in income has also been identified within this Division. This relates to the additional commission payment to be received from Scottish Water, due to the significant collection rate improvements over recent years.

5. **SUMMARY**

5.1 The year-end projection is a budget underspend of £135,000. The majority of this projected underspend relates to net savings of £138,000 in Employee Costs and Professional Fees within Administration Costs. There are also income over-recoveries from the re-charges for Group 4, Debit/Credit cards and the Safety Camera Partnership as well as additional agency fee income from Scottish Water.

5.2 These savings are partly offset by property costs for Cumbernauld First Stop Shop and Airdrie and Coatbridge Offices, as well as net additional costs for the start-up of e-procurement within the department.

6. **RECOMMENDATION**

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



**Director of Finance**

For further information please contact Elaine McAtamney on tel. ext. 2457

**NORTH LANARKSHIRE COUNCIL  
FINANCIAL MONITORING REPORT**

1 April 2004 to 4 February 2005

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	8,158,689	7,744,690	413,999 Underspend	5	9,654,365	9,296,365	358,000 Underspend	4
2.	PROPERTY COSTS	-	37,006	(37,006) Overspend		-	50,000	(50,000) Overspend	
3.	SUPPLIES AND SERVICES	1,140,893	1,120,793	20,100 Underspend	2	1,383,581	1,378,081	5,500 Underspend	0
4.	TRANSPORT AND PLANT	183,949	186,764	(2,815) Overspend	(2)	240,756	251,756	(11,000) Overspend	(5)
5.	ADMINISTRATION COSTS	613,579	717,563	(103,984) Overspend	(17)	764,604	984,104	(219,500) Overspend	(29)
6.	PAYMENTS TO OTHER BODIES	1,312,430	1,296,524	15,906 Underspend	1	2,361,086	2,385,086	(24,000) Overspend	- 1
7.	OTHER EXPENDITURE	-	-	-		-	-	-	
8.	CFCR	-	95,060	(95,060) Overspend		-	95,060	(95,060) Overspend	
9.	APPORTIONED EXPENSES	-	-	-		3,245,429	3,245,429	-	
10.	CAPITAL FINANCING COSTS	-	-	-		790,879	790,879	-	
11.	TOTAL EXPENDITURE	11,409,540	11,198,400	211,140 Underspend	2	18,440,700	18,476,760	(36,060) Overspend	- 0
12.	INCOME	486,568	520,244	33,676 Over-recovery	7	2,776,760	2,947,820	171,060 Over-recovery	6
13.	NET EXPENDITURE	10,922,972	10,678,156	244,816 Underspend	2	15,663,940	15,528,940	135,000 Underspend	1