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| To: POLICY & RESOURCES (FINANCE)<br>SUB COMMITTEE |            | Subject: 2005/2006 BUDGET<br>MONITORING REPORT                  |
| From: DIRECTOR OF FINANCE                         |            |   |
| Date: 5 Oct 2005                                  | Ref: EMCA3 |   |
|   |            | PERIOD: 01/04/05 – 16/09/05<br>(PERIOD 6)<br>FINANCE DEPARTMENT |

1. **Introduction**

1.1 This report compares actual income and expenditure against estimates for the year to date and provides explanations for the major projected outturn variances.

2. **Summary of Budget Variances**

2.1 Net expenditure for the period shows an underspend of £411,694 or 7% of the budget to date while the projected outturn reports an underspend of £249,000 or 2% of the annual budget.

2.2 This represents a small increase of £10,500 from the previous report and is a result of minor favourable fluctuations, particularly within staff turnover in the Accounting Services Division.

2.3 The table below provides an analysis of the variances to date and the projected outturn variances across the Divisions included within the Finance Department. Section 3 of this report highlights these Divisional variances in detail.

|                                   | Budget<br>To date | Actual<br>To date | Variance<br>To date | Projected<br>Outturn Variance |                   |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------------------|-------------------|
| Division of Service Analysis      | (£)               | (£)               | (£)                 | (£)                           |                   |
| Accounting Services               | 937,441           | 901,331           | 36,110              | <b>29,000</b>                 | Underspend        |
| Internal Audit                    | 317,878           | 207,313           | 110,565             | <b>50,000</b>                 | Underspend        |
| Revenue Services                  | 1,648,449         | 1,565,574         | 82,875              | <b>50,000</b>                 | Underspend        |
| Information Technology            | 2,648,295         | 2,484,923         | 163,372             | <b>100,000</b>                | Underspend        |
| Cost of Collection of Local Taxes | 732,467           | 713,695           | 18,772              | <b>20,000</b>                 | Underspend        |
| <b>Total</b>                      | <b>6,284,530</b>  | <b>5,872,836</b>  | <b>411,694</b>      | <b>249,000</b>                | <b>Underspend</b> |

3. **Explanations of Major Projected Out-turn Variances - Divisional Analysis**

3.1 **Accounting Services - £29,000 Underspend**

3.1.1 An underspend of £12,000 is projected in employee costs as a direct result of staff turnover savings within Accounting Services.

3.1.2 There are minor anticipated savings in administration costs, payments to other bodies and professional fees totalling £2,000. However, the balance of the underspend is a direct result of additional income of £15,000 which will be generated from work relating to treasurer duties carried out by North Lanarkshire Council for the Safety Camera Partnership.

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

3.2.1 Employee costs are projected to be £150,000 less than budgeted. This reflects staff secondments and greater than expected savings arising from vacancies/staff turnover. It is anticipated that this underspend will be partially offset by the use of external professional staff to carry out Value for Money studies and assist with other audit reviews to meet the Section's planned operational commitments. Additional expenditure of £100,000 will be utilised in this area to fulfil these commitments.

### 3.3 **Revenue Services – £50,000 Underspend**

3.3.1 An underspend of £35,000 is projected in employee costs as a direct result of staff turnover savings within the Income and Debt Recovery sections.

3.3.2 Operational efficiencies associated with external printing (£5,000) and more effective use of Debit/Credit Card transactions (£10,000) have been achieved in the current year.

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

3.4.1 The net saving of £100,000 is a consequence of the new service delivery contract which is expected to yield significant operational efficiencies in service delivery and a consequential reduction in the overall IT cost base.

### 3.5 **Cost of Local Tax Collection – £20,000 Underspend**

3.5.1 Savings of £10,000 are anticipated in staff costs as a result of staff turnover savings within collection offices.

3.5.2 There will be savings of £1,000 within Supplies and Services from lower than anticipated expenditure on office equipment, and a minor saving of £3,000 within General Office Supplies.

3.5.3 Further additional income of £6,000 will be received from Scottish Water. This relates to the additional commission payment as a result of the significant collection rate improvements over recent years.

## 4. **SUMMARY**

4.1 The year-end projection is a budget underspend of £249,000. This is a direct result of net savings in employee costs from staff turnover savings, combined with a range of operational efficiencies within the Department.

- 4.2 The Council will receive additional commission income of £6,000 from Scottish Water during the year and will also generate additional income from the Safety Camera Partnership of £15,000.

5. **RECOMMENDATION**

- 5.1 It is recommended that the Committee notes 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 2005 to 16 September 2005**

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

**FINANCE DEPARTMENT SUMMARY**

| LINE NO.<br>(1) | DESCRIPTION<br>(2)       | BUDGET TO DATE<br>(3) | ACTUAL TO DATE<br>(4) | YEAR TO DATE VARIANCE<br>(5) |                   | (6)      | ANNUAL BUDGET<br>(7) | PROJECTED OUT-TURN<br>(8) | PROJECTED OUT-TURN VARIANCE<br>(9) |                   | (10)     |
|-----------------|--------------------------|-----------------------|-----------------------|------------------------------|-------------------|----------|----------------------|---------------------------|------------------------------------|-------------------|----------|
|                 |                          | £                     | £                     | £                            |                   | %        | £                    | £                         | £                                  |                   | %        |
| 1.              | EMPLOYEE COSTS           | 4,717,974             | 4,303,861             | 414,113                      | Underspend        | 9        | 10,255,028           | 9,798,028                 | 457,000                            | Underspend        | -        |
| 2.              | PROPERTY COSTS           | -                     | -                     | -                            |                   | -        | -                    | -                         | -                                  |                   | -        |
| 3.              | SUPPLIES AND SERVICES    | 504,275               | 498,100               | 6,175                        | Underspend        | 1        | 1,531,596            | 1,530,596                 | 1,000                              | Underspend        | 0        |
| 4.              | TRANSPORT AND PLANT      | 147,094               | 144,934               | 2,160                        | Underspend        | 1        | 245,956              | 245,956                   | -                                  | Breakeven         | -        |
| 5.              | ADMINISTRATION COSTS     | 302,551               | 290,953               | 11,598                       | Underspend        | 4        | 1,342,630            | 1,537,630                 | (195,000)                          | Overspend         | (15)     |
| 6.              | PAYMENTS TO OTHER BODIES | 760,560               | 786,286               | (25,726)                     | Overspend         | - 3      | 1,842,327            | 1,877,327                 | (35,000)                           | Overspend         | -        |
| 7.              | OTHER EXPENDITURE        | -                     | -                     | -                            |                   |          | -                    | -                         | -                                  |                   |          |
| 8.              | CFCR                     | -                     | -                     | -                            |                   |          | -                    | -                         | -                                  |                   |          |
| 9.              | APPORTIONED EXPENSES     | -                     | -                     | -                            |                   |          | 3,355,663            | 3,355,663                 | -                                  | Breakeven         |          |
| 10.             | CAPITAL FINANCING COSTS  | -                     | -                     | -                            |                   |          | 803,564              | 803,564                   | -                                  | Breakeven         |          |
| 11.             | TOTAL EXPENDITURE        | 6,432,454             | 6,024,134             | 408,320                      | Underspend        | 6        | 19,376,764           | 19,148,764                | 228,000                            | Underspend        | -        |
| 12.             | INCOME                   | 147,924               | 151,298               | 3,374                        | Over-recovery     | 2        | 2,861,760            | 2,882,760                 | 21,000                             | Over-recovery     | 1        |
| 13.             | <b>NET EXPENDITURE</b>   | <b>6,284,530</b>      | <b>5,872,836</b>      | <b>411,694</b>               | <b>Underspend</b> | <b>7</b> | <b>16,515,004</b>    | <b>16,266,004</b>         | <b>249,000</b>                     | <b>Underspend</b> | <b>2</b> |