

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: 2005/2006 BUDGET MONITORING REPORT  PERIOD: 01/04/05 – 9/12/05 (PERIOD 9)  FINANCE DEPARTMENT
From: DIRECTOR OF FINANCE		
Date: 30 Dec 2005	Ref: EMCA1	

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 £560,290 or 6% of the budget to date while the projected outturn reports an underspend of £441,500 or 3% of the annual budget.

2.2 This represents an increase of £137,500 from the previous report and is a result of a review of expenditure on essential items leading up to the year-end. Increased staff turnover savings, operational efficiencies within Accounting Services, Internal Audit, Information Technology and Revenue Services, coupled with additional income received from Scottish Water reflect the movement from the previous period.

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 To date	Actual To date	Variance To date	Projected Outturn Variance	
Division of Service Analysis	(£)	(£)	(£)	(£)	
Accounting Services	1,449,394	1,380,016	69,378	<b>69,500</b>	Underspend
Internal Audit	474,950	319,557	155,393	<b>95,000</b>	Underspend
Revenue Services	2,472,915	2,367,730	105,185	<b>100,000</b>	Underspend
Information Technology	4,097,480	3,881,358	216,122	<b>130,000</b>	Underspend
Cost of Collection of Local Taxes	1,180,162	1,165,950	14,212	<b>47,000</b>	Underspend
<b>Total</b>	<b>9,674,901</b>	<b>9,114,611</b>	<b>560,290</b>	<b>441,500</b>	<b>Underspend</b>

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

#### 3.1 **Accounting Services - £69,500 Underspend**

3.1.1 An underspend of £35,000 is projected in employee costs as a direct result of staff turnover savings within Accounting Services.

3.1.2 A number of operational efficiencies will be achieved within this division by the year-end and consequently, there are anticipated savings in administration costs, payments to other bodies and professional fees totalling £19,500. 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 – £95,000 Underspend**

3.2.1 Employee costs are projected to be £170,000 less than budgeted. This is a movement of £20,000 from the previous report and it 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 £75,000 will be utilised in this area to fulfil these commitments.

#### 3.3 **Revenue Services – £100,000 Underspend**

3.3.1 An underspend of £75,000 is projected in employee costs as a direct result of staff turnover savings within the Income and Debt Recovery sections.

3.3.2 Efficiencies are being achieved within the Creditors Section as a result of Data Image Processing (DIP). It is anticipated that there will be an underspend of £15,000 in this area particularly within general administration and microfilming.

3.3.3 Operational efficiencies associated with external printing (£4,000) and re-charging to departments for Debit/Credit Card transactions (£10,000) have been achieved in the current year, along with savings in the quarterly recharge payable to the Authorities Buying Consortium (£5,000). These are being partially offset by external fees paid to Tax Consultants for advice on changing legislation (£9,000).

#### 3.4 **Information Technology - £130,000 Underspend**

3.4.1 The net saving of £130,000 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 – £47,000 Underspend**

- 3.5.1 Savings of £8,000 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.
- 3.5.3 Operational efficiencies have resulted in anticipated savings of £12,000 within Telephone Costs, Postages and General Office Supplies.
- 3.5.4 Further additional income of £26,000 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 £441,500. 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. In addition, the Department has undertaken a review of expenditure needs on essential items with a view to limiting spend in a variety of areas.
- 4.2 The Council will receive additional commission income of £26,000 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 9 December 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	7,070,270	6,452,088	618,182	Underspend	9	10,255,028	9,577,028	678,000	Underspend	-
2.	PROPERTY COSTS	-	-	-	-	-	-	-	-	-	-
3.	SUPPLIES AND SERVICES	941,352	932,772	8,580	Underspend	1	1,531,596	1,517,596	14,000	Underspend	1
4.	TRANSPORT AND PLANT	223,945	233,157	(9,212)	Overspend	(4)	245,956	253,956	(8,000)	Overspend	- 3
5.	ADMINISTRATION COSTS	459,880	528,048	(68,168)	Overspend	(15)	1,342,630	1,535,630	(193,000)	Overspend	(14)
6.	PAYMENTS TO OTHER BODIES	1,189,943	1,188,180	1,763	Underspend	0	1,842,327	1,932,827	(90,500)	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	9,885,390	9,334,245	551,145	Underspend	6	19,376,764	18,976,264	400,500	Underspend	-
12.	INCOME	210,489	219,634	9,145	Over-recovery	4	2,861,760	2,902,760	41,000	Over-recovery	1
13.	NET EXPENDITURE	9,674,901	9,114,611	560,290	Underspend	6	16,515,004	16,073,504	441,500	Underspend	3