

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: 2005/2006 BUDGET MONITORING REPORT PERIOD: 01/04/05 – 3/02/06 (PERIOD 11) FINANCE DEPARTMENT
From: DIRECTOR OF FINANCE		
Date: 22 Feb 2006	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. **Corporate Review of Expenditure**

- 2.1 The Council has requested each Department to conduct detailed reviews of all areas of "non-essential " expenditure towards the end of the financial year. As a direct consequence of this request, the Finance Department has engaged in a proactive review of its immediate spending requirements. Due to the continued effective management of vacancies, the identification of further areas of operational efficiency and a curtailment/delay in non-essential areas of immediate expenditure, the Department can now contribute £522,500 towards the Council's corporate requirements.

3. **Summary of Budget Variances**

- 3.1 Net expenditure for the period shows an underspend of £701,103 or 6% of the budget to date while the projected outturn reports an underspend of £522,500 or 3% of the annual budget.
- 3.2 This represents a small movement of £37,000 from the previous report and is a direct consequence of the Department's review of all areas of non-essential expenditure. Further areas of management vacancy control have been identified within both Accounting Services and Internal Audit.
- 3.3 The table overleaf 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	1,669,435	1,562,971	106,464	101,500	Underspend
Internal Audit	582,749	396,946	185,803	120,000	Underspend
Revenue Services	3,116,151	2,955,128	161,023	126,000	Underspend
Information Technology	5,069,961	4,845,294	224,667	130,000	Underspend
Cost of Collection of Local Taxes	1,512,066	1,488,920	23,146	45,000	Underspend
Total	11,950,362	11,249,259	701,103	522,500	Underspend

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

4.1 **Accounting Services - £101,500 Underspend**

4.1.1 As a direct result of the departments review of all areas of non-essential expenditure, the level of contribution from the control of vacancies within Accounting Services is now confirmed at £60,000.

4.1.2 In addition, a number of operational efficiencies have been realised within this division 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 £18,000 which will be generated from work relating to treasurer duties carried out by North Lanarkshire Council for the Safety Camera Partnership, coupled with additional income of £4,000 relating to a VAT refund.

4.2 **Internal Audit – £120,000 Underspend**

4.2.1 Employee costs are projected to be £180,000 less than budgeted. This reflects both 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. It is now anticipated that the requirement for external payments can be limited to £60,000 for the current year, thereby releasing some £120,000 as non-essential expenditure.

4.3 **Revenue Services – £126,000 Underspend**

4.3.1 The department's review of non-essential expenditure within this division has resulted in the level of contribution from the control of vacancies being confirmed at £75,000. These vacancies are primarily within the Income and Debt Recovery sections.

4.3.2 Increasing efficiencies are being achieved within the Creditors Section as a result of Data Image Processing (DIP). An underspend of £28,000 is anticipated in this area, particularly within general administration and microfilming.

4.3.3 Other operational efficiencies associated with external printing (£8,000) and re-charging to departments for Debit/Credit Card transactions (£19,000) have been achieved in the current year, along with savings in the quarterly recharge payable to the Authorities Buying Consortium (£5,000). These savings are being partially offset by external fees paid to Tax Consultants for advice on changing legislation (£9,000).

4.4 **Information Technology - £130,000 Underspend**

4.4.1 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.

4.5 **Cost of Local Tax Collection – £45,000 Underspend**

4.5.1 A general review of all areas of non-essential expenditure within the current year, coupled with the identification of operational efficiencies has yielded savings of £45,000 within this area. These savings include £8,000 from the control of vacancies.

4.5.2 In addition, operational improvements in areas such as Telephones, Postages and General Office Supplies have yielded £25,000, and there have been additional savings in Printing and General Administration of some £12,000.

5. **SUMMARY**

5.1 The Department has complied with the requirement to review all areas of non-essential expenditure and as a direct consequence has managed to identify further areas, which can positively, contribute towards the Council's corporate goals. This can be quantified as an overall anticipated Departmental underspend of £522,500 by the financial year-end.

6. **RECOMMENDATION**

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



Director of Finance

NORTH LANARKSHIRE COUNCIL
FINANCIAL MONITORING REPORT

1 April 2005 to 3 February 2006

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	8,641,439	7,876,760	764,679	Underspend	9	10,255,028	9,512,028	743,000	Underspend	-
2.	PROPERTY COSTS	-	-	-		-	-	-	-		-
3.	SUPPLIES AND SERVICES	1,121,078	1,112,323	8,755	Underspend	1	1,531,596	1,517,596	14,000	Underspend	1
4.	TRANSPORT AND PLANT	221,992	230,048	(8,056)	Overspend	(4)	245,956	255,956	(10,000)	Overspend	- 4
5.	ADMINISTRATION COSTS	671,291	718,357	(47,066)	Overspend	(7)	1,342,630	1,524,630	(182,000)	Overspend	(14)
6.	PAYMENTS TO OTHER BODIES	1,605,125	1,654,189	(49,064)	Overspend	3	1,842,327	1,907,827	(65,500)	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	12,260,925	11,591,677	669,248	Underspend	5	19,376,764	18,877,264	499,500	Underspend	-
12.	INCOME	310,563	342,418	31,855	Over-recovery	10	2,861,760	2,884,760	23,000	Over-recovery	1
13.	NET EXPENDITURE	11,950,362	11,249,259	701,103	Underspend	6	16,515,004	15,992,504	522,500	Underspend	3