

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: 2006/2007 BUDGET MONITORING REPORT PERIOD: 01/04/06 – 21/7/06 (PERIOD 4) FINANCE DEPARTMENT
From: DIRECTOR OF FINANCE		
Date: 9 Aug 2006	Ref: EMCA3	

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 £147,741 or 3% of the budget to date while the projected outturn reports an underspend of £387,000. This is in line with the previous report and is a consequence of anticipated savings within IT Services due to the development of e-government initiatives, coupled with increased staff turnover savings, particularly within Accounting Services.

2.2 It is anticipated that there will be significant savings in this financial year within IT Services. Members will be aware that a report presented to the previous meeting of this Committee, described the new arrangements within the IT Division and the resultant savings that will accrue from 2006/07 onwards.

2.3 It is anticipated that £300,000 will be delivered in this financial year and this includes the development and introduction of new generation Enterprise Computing Facilities, which presents the Council with cost savings in hardware and software. In addition, the major changes planned for this financial year will allow the current leasing arrangements to be terminated which will result in savings in maintenance costs.

2.4 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	736,710	698,224	38,486	72,000	Underspend
Internal Audit	172,154	163,600	8,554	30,000	Underspend
Revenue Services	1,045,434	1,092,142	(46,708)	(5,000)	Overspend
Information Technology	2,096,362	1,950,766	145,596	300,000	Underspend
Cost of Collection of Local Taxes	494,925	493,112	1,813	(10,000)	Overspend
Total	4,545,585	4,397,844	147,741	387,000	Underspend

3 Explanations of Major Projected Out-turn Variances – Divisional Analysis

3.1 Accounting Services - £72,000 Underspend

3.1.1 An underspend of £70,000 is projected in employee costs. This is a result of staff turnover savings within the Accounting & Budgeting and Research & Development Sections.

3.2 Internal Audit – £30,000 Underspend

3.2.1 Employee costs are projected to be £30,000 less than budgeted and this reflects staff turnover savings within the Division. In previous years, Internal Audit utilised these savings to augment the service through the use of professional consultants. In this financial year, operational commitments are such that the services of external consultants will not be required, and consequently expenditure will be less than budget at the year-end.

3.3 Revenue Services - £5,000 Overspend

3.3.1 The overspend in this area is a result of increased expenditure for staff travel within Income and Debt Recovery Sections. Management is reviewing budgets in other areas with a view to ensuring expenditure remains within budget by the year-end.

3.4 Information Technology - £300,000 Underspend

3.4.1 The net saving of £300,000 is a result of the new arrangements within the Division (ref para 2.2 & 2.3). The consequential savings within the computer hardware and software budgets, the termination of the current leasing arrangements and the consequential changes in the way the IT service is delivered throughout the Council, will result in savings in Equipment and Maintenance costs of £285,000, whilst resultant staffing structure changes within the division will result in savings of £15,000 for the year.

3.5 Cost of Collection - £10,000 Overspend

3.5.1 It is anticipated that salary costs will be overspent by £4,000 as a result of increased expenditure on overtime and temporary staff cover. However, management is reviewing budgets in other areas with a view to ensuring expenditure remains within budget by the year-end.

3.5.2 There will also be an overspend of £6,000 within staff travel and again, action will be taken to ensure that this overspend is absorbed within other budget lines.

4. SUMMARY

4.1 The year-end projection is a budget underspend of £387,000. This is largely a result of anticipated savings within computer hardware and software, coupled with increased staff turnover savings, this financial year.

5 **RECOMMENDATION**

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

A handwritten signature in black ink, appearing to read "Alta" followed by a stylized flourish.

Director of Finance

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

NORTH LANARKSHIRE COUNCIL
FINANCIAL MONITORING REPORT

1 April 2006 to 21 July 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	3,273,203	3,156,073	117,130	Underspend	4	10,899,359	10,788,359	111,000	Underspend	-
2.	PROPERTY COSTS	22,197	19,160	3,037	Underspend	-	230,974	230,974	-	Breakeven	-
3.	SUPPLIES AND SERVICES	449,026	446,042	2,984	Underspend	1	1,421,532	1,136,532	285,000	Underspend	20
4.	TRANSPORT AND PLANT	76,875	71,542	5,333	Underspend	7	215,053	226,053	(11,000)	Overspend	5
5.	ADMINISTRATION COSTS	179,932	171,864	8,068	Underspend	4	1,501,055	1,499,055	2,000	Underspend	0
6.	PAYMENTS TO OTHER BODIES	562,494	555,729	6,765	Underspend	1	1,880,497	1,880,497	-	Breakeven	-
7.	OTHER EXPENDITURE	-	-	-			-	-	-		
8.	CFCR	-	-	-			-	-	-		
9.	APPORTIONED EXPENSES	-	-	-			3,432,674	3,432,674	-	Breakeven	
10.	CAPITAL FINANCING COSTS	-	-	-			1,023,945	1,023,945	-	Breakeven	
11.	TOTAL EXPENDITURE	4,563,727	4,420,410	143,317	Underspend	3	20,605,089	20,218,089	387,000	Underspend	-
12.	INCOME	18,142	22,566	4,424	Over-recovery	24	2,978,160	2,978,160	-	Breakeven	-
13.	NET EXPENDITURE	4,545,585	4,397,844	147,741	Underspend	3	17,626,929	17,239,929	387,000	Underspend	2