

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE		Subject: 2006/2007 BUDGET MONITORING REPORT
From: DIRECTOR OF FINANCE		
Date: 4 Oct 2006	Ref: EMCA1	
		PERIOD: 01/04/06 – 15/9/06 (PERIOD 6) FINANCE DEPARTMENT

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 £249,174 or 4% of the budget to date while the projected outturn reports an underspend of £484,000. This is in line with the previous report and is a consequence of anticipated savings within IT/Development Division due to the growth 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 this financial year within IT /e-Government and Development due to the growth of e-government initiatives. Members will be aware that a report presented to a previous meeting of the Sub-Committee, described the new arrangements within the Division and the resultant savings that will accrue from 2006/07 onwards.

2.3 It is anticipated that a total of £400,000 will be delivered 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	987,287	919,230	68,057	72,000	Underspend
Internal Audit	259,789	239,118	20,671	25,000	Underspend
Revenue Services	1,590,403	1,626,965	(36,562)	(5,000)	Overspend
IT/e-Government and Development	3,069,732	2,873,444	196,288	400,000	Underspend
Cost of Collection of Local Taxes	725,691	724,971	720	(8,000)	Overspend
Total	6,632,902	6,383,728	249,174	484,000	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 – £25,000 Underspend

- 3.2.1 Employee costs are projected to be £25,000 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 IT / e-Government and Development - £400,000 Underspend

- 3.4.1 The net saving of £400,000 is a result of the new arrangements within the Division (ref para 2.2 & 2.3). The savings within the computer hardware and software budgets, the termination of the current leasing arrangements and the consequential changes in the way the IT/e-Government service is delivered throughout the Council, will result in savings in Equipment and Maintenance costs of £285,000, whilst ensuing staffing structure changes within the division will result in savings of £115,000 for the year.

3.5 Cost of Collection - £8,000 Overspend

- 3.5.1 It is anticipated that salary costs will be overspent by £4,000 as a result of lower than anticipated staff turnover savings. 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, which is being marginally offset by a small underspend in general administration costs. Action will be taken to ensure that overspends are absorbed within other budget lines.

4. **SUMMARY**

4.1 The year-end projection is a budget underspend of £484,000. This is largely a result of anticipated savings within computer hardware and software, coupled with increased staff turnover savings.

5. **RECOMMENDATION**

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

A handwritten signature in black ink, consisting of two distinct parts. The first part is a cursive 'A' followed by 'l' and 't', and the second part is a cursive 'L' followed by 'u' and a long horizontal stroke.

Director of Finance

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

NORTH LANARKSHIRE COUNCIL
FINANCIAL MONITORING REPORT

1 April 2006 to 15 September 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	4,967,236	4,743,028	224,208	Underspend	5	10,899,359	10,693,359	206,000	Underspend	-
2.	PROPERTY COSTS	36,153	35,961	192	Underspend	-	230,974	230,974	-	Breakeven	-
3.	SUPPLIES AND SERVICES	600,089	597,167	2,922	Underspend	0	1,421,532	1,136,532	285,000	Underspend	20
4.	TRANSPORT AND PLANT	98,915	99,972	(1,057)	Overspend	(1)	215,053	226,053	(11,000)	Overspend	(5)
5.	ADMINISTRATION COSTS	271,418	262,745	8,673	Underspend	3	1,501,105	1,497,105	4,000	Underspend	-
6.	PAYMENTS TO OTHER BODIES	840,478	834,811	5,667	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	6,814,289	6,573,684	240,605	Underspend	4	20,605,139	20,121,139	484,000	Underspend	-
12.	INCOME	181,387	189,956	8,569	Over-recovery	5	2,978,160	2,978,160	-	Breakeven	-
13.	NET EXPENDITURE	6,632,902	6,383,728	249,174	Underspend	4	17,626,979	17,142,979	484,000	Underspend	3