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| To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE | | Subject: 2006/2007 BUDGET MONITORING REPORT |
| From: DIRECTOR OF FINANCE | | |
| Date: 1 Dec 2006 | Ref: EMCA1 | |
| | | PERIOD: 01/04/06 – 10/11/06 (PERIOD 8) 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 £417,018 or 5% of the budget to date while the projected outturn reports an underspend of £541,000. This is a favourable movement of £0.057m from the figure reported previously and is a consequence of increased savings within the Efficient Government Division, coupled with additional operational efficiencies throughout all other Divisions.

2.2 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. It is anticipated that a total of £423,000 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 | 1,290,139 | 1,213,369 | 76,770 | 92,000 | Underspend |
| Internal Audit | 330,959 | 297,975 | 32,984 | 25,000 | Underspend |
| Revenue Services | 2,100,107 | 2,145,148 | (45,041) | 3,000 | Underspend |
| Efficient Government and Development | 4,124,078 | 3,770,057 | 354,021 | 423,000 | Underspend |
| Cost of Collection of Local Taxes | 1,058,594 | 1,060,310 | (1,716) | (2,000) | Overspend |
| Total | 8,903,877 | 8,486,859 | 417,018 | 541,000 | Underspend |

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

3.1 Accounting Services - £92,000 Underspend

3.1.1 An underspend of £80,000 is projected in employee costs. This is a result of staff turnover savings within the Accounting & Budgeting and Research & Development Sections. In addition, there are anticipated savings in administration costs of £2,000 with the balance of the underspend being a result of additional income of £10,000 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 – £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 - £3,000 Underspend

3.3.1 There has been a favourable movement in the period within the Revenue Services Division.

3.4 Efficient Government and Development - £423,000 Underspend

3.4.1 The net saving of £423,000 is a result of the new arrangements within the Division (para 2.2 & 2.3 refer).

3.5 Cost of Collection - £2,000 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 will continue to review budgets in other areas with a view to ensuring expenditure remains within overall budget by the year-end.

4. SUMMARY

4.1 The year-end projection is a budget underspend of £541,000. 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.



Director of Finance

NORTH LANARKSHIRE COUNCIL
FINANCIAL MONITORING REPORT

1 April 2006 to 10 November 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 | 6,753,517 | 6,358,229 | 395,288 | Underspend | 6 | 10,899,276 | 10,660,276 | 239,000 | Underspend | - |
| 2. | PROPERTY COSTS | 42,132 | 43,025 | (893) | Overspend | - | 50,739 | 50,739 | - | Breakeven | - |
| 3. | SUPPLIES AND SERVICES | 640,319 | 633,476 | 6,843 | Underspend | 1 | 1,421,532 | 1,136,532 | 285,000 | Underspend | 20 |
| 4. | TRANSPORT AND PLANT | 123,184 | 124,372 | (1,188) | Overspend | (1) | 215,003 | 226,003 | (11,000) | Overspend | (5) |
| 5. | ADMINISTRATION COSTS | 400,652 | 388,662 | 11,990 | Underspend | 3 | 1,486,195 | 1,468,195 | 18,000 | Underspend | - |
| 6. | PAYMENTS TO OTHER BODIES | 1,149,461 | 1,148,175 | 1,286 | Underspend | 0 | 1,880,497 | 1,880,497 | - | Breakeven | - |
| 7. | OTHER EXPENDITURE | - | - | - | | | - | - | - | | |
| 8. | CFCR | - | - | - | | | - | - | - | | |
| 9. | APPORTIONED EXPENSES | - | - | - | | | 3,627,583 | 3,627,583 | - | Breakeven | |
| 10. | CAPITAL FINANCING COSTS | - | - | - | | | 1,023,945 | 1,023,945 | - | Breakeven | |
| 11. | TOTAL EXPENDITURE | 9,109,265 | 8,695,939 | 413,326 | Underspend | 5 | 20,604,770 | 20,073,770 | 531,000 | Underspend | - |
| 12. | INCOME | 205,388 | 209,080 | 3,692 | Over-recovery | 2 | 2,978,160 | 2,988,160 | 10,000 | Over-recovered | 0 |
| 13. | NET EXPENDITURE | 8,903,877 | 8,486,859 | 417,018 | Underspend | 5 | 17,626,610 | 17,085,610 | 541,000 | Underspend | 3 |