

NORTH LANARKSHIRE COUNCIL REPORT

To: SOCIAL WORK COMMITTEE		Subject: REVENUE BUDGET MONITORING REPORT PERIOD 1.4.98-31.01.99 SOCIAL WORK DEPARTMENT SHELTERED WORKSHOP
From: DIRECTOR OF FINANCE		
Date: 17 FEBRUARY 1999	Ref: EM/CP	

Introduction

I enclose the budget monitoring report in respect of the Sheltered Workshop for the period 1 April 1998 to 31 January 1999. The report provides a comparison between actual expenditure and income and estimated expenditure and income and provides explanation of the more significant variances. This report also presents a projected out-turn for the Social Work Department with details of major underspends and overspends.

Summary of Budget Variances

The net expenditure for the period shows an Overspend of £81,794 or -43% of the budget to date. The projected out-turn shows that the department is on course to keep within its overall budget.

The major year to date variances as detailed within the attached pages, can be summarised as follows.

Explanation of Major Variances

1. Employee Costs

Total employee costs for the period are overspent by £17,879. This is anticipated to out-turn at £30,000 of an overspend for the year. The major reason for the overspend is as follows:-

The workshop is receiving grant allocation for 21 workers while they are actually operating with 23 workers. Grant allocation is not expected for the extra workers until April 1999. Consequently, this area will be overspent at the year end. £17,879 Overspend

2. Supplies and Services

£51,399 Overspend

This area is currently showing an overspend of £51,399. This is anticipated to out-turn at £20,000 over budget at the year end. The reason for the significant overspend is the higher than anticipated level of refurbishment work carried out by the workshop for sections within the Social Work department as well as for other departments. There has been

a high level of activity in the area of refurbishment of residential homes within North Lanarkshire and large scale purchase of materials has been necessary. However, this expenditure will be partially offset by the subsequent billing of other sections and departments for work completed although there will be an overspend at the year end.

3. Payments to Other Bodies

£9,819 Overspend

There is an overspend in this area due to the fact that payments have recently been made to Blindcraft Workshop in Glasgow for North Lanarkshire clients employed there. Payments have been for seven workers but North Lanarkshire are only due to pay for four workers. It is anticipated that a recovery will be made for the overpayment which will in turn reduce the overspend for the year. This area is expected to out-turn at £30,000 over budget at the year end.

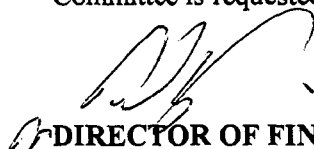
4. Income

£12,151 Under-recovery

The Workshop is anticipating some recoveries to be accrued at the year end for work completed for other divisions. Income in the form of charges will not reach budgeted levels as the change in the production to upholstery was not accompanied by a review of the price/product mix. This is being reviewed for the year 1999/2000. This under-recovery will however be compensated for by charges made to South Lanarkshire Council for clients within Beltane Workshop and also Grant from Employment Services which is still to be received. Income will consequently be over-recovered at the year end.

Recommendation

Committee is requested to note the contents of this report.


 DIRECTOR OF FINANCE

FINANCIAL MONITORING REPORT

1 April 1998 to 31 January 1999

COMMITTEE: SOCIAL WORK

SERVICE: SHELTERED WORKSHOPS

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	% (6)	ANNUAL BUDGET (7)	PROJECTED OUTTURN (8)	PROJECTED OUTTURN VARIANCES (9)	% (10)
		£	£	£		£	£	£	
1.	EMPLOYEE COSTS	252,662	270,541	(17,879) Overspend	-7%	314,832	344,832	(30,000) Overspend	-10%
2.	PROPERTY COSTS	10,112	10,332	(220) Overspend	-2%	12,750	12,750	-	
3.	SUPPLIES AND SERVICES	68,684	120,083	(51,399) Overspend	-75%	86,200	106,200	(20,000) Overspend	-23%
4.	TRANSPORT & PLANT	23,952	13,577	10,375 Underspend	43%	30,000	30,000	-	
5.	ADMINISTRATION COSTS	2,790	3,491	(701) Overspend	-25%	3,500	3,500	-	
6.	PAYMENTS TO OTHER BODIES	125,000	134,819	(9,819) Overspend	-8%	125,000	155,000	(30,000) Overspend	-24%
7.	OTHER COSTS			- Overspend				-	
8.	APPORTIONED EXPENSES			- Overspend				-	
9.	CAPITAL FINANCING CHARGES			-				-	
10.	TOTAL EXPENDITURE	483,200	552,843	(69,643) Overspend	-14%	572,282	652,282	(80,000) Overspend	-14%
11.	INCOME	293,291	281,140	(12,151) Under-recovery	-4%	436,470	520,040	83,570 Over-recovery	19%
12.	NET EXPENDITURE	189,909	271,703	(81,794) Overspend	-43%	135,812	132,242	3,570 Underspend	3%

NORTH LANARKSHIRE COUNCIL
FINANCIAL MONITORING REPORT
1 April 1998 to 31 January 1999

COMMITTEE: SOCIAL WORK

**SERVICE: SHELTERED WORKSHOP
(BELTANE)**

ANALYSIS OF MAJOR VARIANCES

	YEAR TO DATE		PROJECTED OUT-TURN
	£		£
1. EMPLOYEE COSTS	17,879 OVERSPEND	The overspend in this area is due to the fact that the Workshop is presently receiving disabled grant to employ 21 workers, however 23 disabled workers are presently employed to cope with increased demand. It is anticipated that grant will not now be received to cover for extra workers carried until April 1999 therefore the workshop will show an overspend in this area at year end.	30,000 Overspend
2. SUPPLIES AND SERVICES	51,399 OVERSPEND	The overspend in Supplies and Services is mainly due to the increase in the purchase of materials. The workshop has taken on more refurbishment work than originally anticipated. It has been heavily involved in the refurbishment of residential homes within North Lanarkshire as well as refurbishment work for other departments and has consequently been required to purchase materials such as fabric for curtains and upholstery in order to meet demand. It is expected that increased billing of clients for work completed will be done by the year end and this will reduce the overspend.	20,000 Overspend

NORTH LANARKSHIRE COUNCIL**FINANCIAL MONITORING REPORT****1 April 1998 to 31 January 1999****COMMITTEE: SOCIAL WORK****SERVICE: SHELTERED WORKSHOP
(BELTANE)****ANALYSIS OF MAJOR VARIANCES**

	YEAR TO DATE		PROJECTED OUT-TURN
	£		£
3. PAYMENTS TO OTHER BODIES	9,819 OVERSPEND	The budget within this line relates to payments to Glasgow City Council for clients employed in Blindcraft Workshop. The budget allows for the employment of seven people, however the actual number of North Lanarkshire clients employed is four. This area was being investigated before payment was made. It is now expected that expenditure in this area may exceed budget although there will also be income received into this expenditure line as the workshop has been paying for seven clients instead of four. Negotiations are ongoing for the recovery of any overpayment.	30,000 Overspend
4. INCOME	12,151 UNDER-RECOVERY	The workshop is anticipating some recoveries to be accrued for work done before the year end, however it should also be noted that the slow rate of income recovery is due to a change in the product/pricing mix. In the past production and pricing was based around work done for Blindcraft Workshop in Glasgow. This work has eroded over the past year and most of the production is now centred on upholstery. This requires a policy review for the year 1999/2000 and this process has now begun. The result will be that sales will not reach budgeted levels. However this will be underpinned because the workshop will be billing South Lanarkshire Council for their clients within the workshop and a grant from SEPACS is also expected before the year end. The result will be a higher than anticipated level of income which will compensate for other overspends.	83,570 Over-recovery