

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.14 – 05.12.14 (PERIOD 9) REGENERATION AND ENVIRONMENTAL SERVICES
From: EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES		
Date: 19 December 2014	Ref: PJ/RC/JM/P9	

1. Purpose of Report

- 1.1. This report provides a summary of Regeneration and Environmental Services financial performance for the period 1 April 2014 to 5 December 2014 (period 9). The report forecasts the outturn as at 31 March 2015, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.

2. Summary of Financial Position

- 2.1. The Council approved its General Fund Revenue Budget on 13 February 2014, including the approved net revenue budget for Regeneration and Environmental Services of £107.23m. This increased by £0.1m for Food Banks within Regeneration Services, bringing the revised net budget to £107.33m. In addition, there is a net budget surplus for the Trading Account of £0.09m, giving a total net budget for the Service of £107.42m. The budget also increased to cover the introduction of free school meals to all P1-P3 pupils from January 2015, however, the increase of £0.7m was in both income and expenditure within Catering and, therefore, has a nil effect on the net budget.
- 2.2. The Service is currently projecting a balanced budget. Roads and Transportation are projecting a £0.05m overspend due to an under recovery of design fees. The Building Cleaning Non-Trading service is £0.03m overspent, however, there is an increased surplus within the Trading Account of £0.08m. This is a result of a movement of Janitorial income between Non Trading and Trading services and additional vacancy savings projected within Building Cleaning. The overall period 9 position is the same as that reported at period 8. Details of significant budget variations within this projection are outlined in paragraph 3 below, and Appendix 1 and 2 of this report.
- 2.3. The Services' 2014-15 budget includes £4.968m of savings, in-line with the Council's approved three-year savings package. The Service forecasts that £4.6m (92.61%) of approved savings will be achieved by the financial year-end. Further information regarding savings is noted in Section 4 below.

3. Analysis of Significant Variations

- 3.1. The Service operates with an establishment of 2,631.03 FTEs and a budgeted turnover requirement of £2.22m (78.11 FTEs). At period 9, the Service had 168.75 FTE vacant posts, equating to a potential full-year saving of £2.826m. The Service is currently projecting to be £0.553m underspent on employee costs. Within this projection, the actual vacancy savings projected for this financial year equate to £1.083m. This is partly offset by increased costs due to staff savings that have not been fully achieved this year (£0.187m). There is also increased overtime to cover vacancy savings (£0.112m) and increased employee costs which are recovered through income charges to other departments (£0.122m), the Commonwealth Games fund (£0.65m) and other minor pension increase costs (£0.055m). It should be noted that there is ongoing recruitment

for essential posts particularly in Facility Support Services, however, there have been some difficulties in securing interest from suitable applicants.

- 3.2. Within Environment and Estates, the Estates section is forecast to be £0.251m overspent. £0.117m of this overspend relates to a saving that can now no longer be achieved. It was originally anticipated that this saving would be made from the externalisation of the Commercial Property company, while the remaining £0.134m overspend relates to additional spend on essential health and safety repairs.
- 3.3. These overspends are offset by an underspend in employee costs within Directorate and Support (£0.117m) and also an underspend within Protective Services (£0.134m); mainly due to vacancy savings (£0.067m), an over-recovery of income for Landlord registration fees (£0.040m) plus other miscellaneous income (£0.022m).
- 3.4. The underspend of £0.117m within Directorate and Support has been redistributed across the Service as it is an overhead which is out with the managers' control.
- 3.5. Within Environment and Estates, Waste Management are forecasting an underspend of £0.33m in bin purchases for the expansion of the recycling service. This underspend will be carried forward in an earmarked reserve until the expansion of the service has been approved by the Council. Details of this expansion will be included in a separate report to Committee.
- 3.6. Payments to other bodies account for £20.752m of the Service's annual budget and are currently forecast to be under-budget by £0.002m (as detailed in Appendix 3).
- 3.7. Within the Service there are elements of expenditure are being met from either earmarked reserves or a balance sheet provision; these are detailed in Appendix 4. These elements are not contained within the figures in this report.
- 3.8 Growth funding of £5.770m has been allocated to the Service; this is detailed in Appendix 5. Within this, the Local Development Programme was granted £1.800m, however, it should be noted that this budget will be utilised across more than one financial year, thus it is anticipated that £1.126m will be spent in 2014/15, with the balance being spent in 2015/16. Growth funding for LED lighting of £0.150m will no longer be spent in 2014/15.
- 3.9 There are several Regeneration projects which are either externally funded or match funded from the Council; at period 9 it is forecast these projects will remain on budget. The year to date and outturn position for each project are detailed in Appendix 6.

4. 2014/15 Budget Savings

- 4.1. The Services' 2014-15 budget includes £4.968m of savings, in-line with the Council's approved three-year savings package. The Service is projecting to achieve £4.6m (92.61%) of these savings. Delays in reconfiguring the Service have led to £0.367m of approved savings not being fully realised in this financial year. This includes the budget saving as detailed in paragraph 3.2. The service will achieve the remainder of the targeted amounts through management of vacancies and the actions outlined in paragraph 5.

5. Management Actions

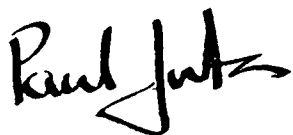
- 5.1. The Service is taking a range of management action to ensure it contains expenditure, as far as possible, within its approved 2014-15 budget provision. These measures include delays in recruiting seasonal/non-essential staff and curtailment of non-essential expenditure.

6. Risks and Uncertainty

- 6.1. The Council's Risk Management Strategy, approved September 2012, recognises that there are risks involved in everything the Council does, in particular, in the current economic climate these risks have the potential to impact upon the Council's ability to provide quality services within its existing budgetary provision.
- 6.2. Regeneration and Environmental Services manages risk as part of the overall corporate and service planning processes. There is currently a potential legal case pending within Planning which may have a material impact on Regeneration and Environmental Services, if the outcome is not favourable to North Lanarkshire Council. This will continue to be monitored and will be reported once the timescale and values become known. Another significant risk for the Service is the potential for a severe winter, where costs are above the level of the winter contingency reserve. The Roads maintenance contractor has currently failed its quarterly performance target therefore there is a risk of underspend which is currently being managed. The contractor has put in place an improvement plan this will continue to be monitored closely.

7. Recommendations

- 7.1. It is recommended that the contents of this report be noted.



PAUL JUKES

Executive Director of Regeneration and Environmental Services

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager, Finance & Technology Solutions 01236 63244

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2014 - 5 December 2014
Period 09

Appendix 1

DIVISION OF SERVICE (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)		ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
	£	£	£		£	£	£	%		
DIRECTORATE & SUPPORT	2,937,520	2,935,306	2,214	FAV	0	0	0	0.0%	0	Underspend on employee costs due to vacancy savings £199k and property costs £54k, offset by an overspend on legal fees £107k. Overall underspend then allocated across the Service £117k.
ENVIRONMENT & ESTATES	34,131,151	34,145,768	(14,617)	ADV	49,927,541	50,146,008	(218,467)	-0.4%	1	Estates £117k for non achievement of saving and £134k additional Health and Safety repairs. This is offset by reduced Directorate & Support Overheads £33k across the division. Other compensatory overspends are as follows: Over-recovery in income due to increased staff costs for the Commonwealth Games £65k, increased project/grant funding (to offset associated costs) £269k, land rent income £64k partially offset by an under-recovery of booking office charges £31k. Waste Management turnover shortfall £122k offset by an underspend in sub contractor costs £27k and transport and plant costs £64k. Increased income within Fleet for charges to user departments £101k additional work, increased external hires partly offset by reduced fuel charges based on demand. Bus Operator Grant income £125k and increased pool car charges income £83k. This income is offset by associated costs and savings relating to staff not achieved £99k. Under-recovery of Land Management income from other departments and external clients £148k based on demand levels. Increased Land Management property costs £100k, supplies and services £35k and transport costs £117k. These are offset by employee savings £321k and increased cemetery fee income £86k.
FACILITY SUPPORT	(747,657)	(1,163,432)	415,774	FAV	230,957	235,346	(4,389)	-1.9%	50,000	Overspend within Building Cleaning £30k due to Janitorial income now reflected in the Trading account, offset by reduced Directorate and Support overheads £26k. Other compensatory variances are as follows: Vacancy savings £107k, increased income £76k mainly due to increased income from Education Catering of £280k, partly offset by reduced recharges to Social Work of £139k. This is offset by increased associated expenditure.
PLANNING AND REGENERATION	12,872,762	12,593,513	279,249	FAV	18,860,242	18,840,804	19,438	0.1%	(1)	Reduced Directorate and Support overheads £19k. Regeneration vacancy savings £70k, offset by an overspend in Planning and Development £70k due to staff savings not being fully achieved £88k and increased income and expenditure on demolition of unsafe buildings £51k
ROADS & TRANSPORTATION	15,490,692	15,466,454	24,238	FAV	31,211,088	31,241,649	(30,561)	-0.1%	(50,000)	Under recovery in design fee income £280k and sales, fees and charges £50k partly offset by Vacancy savings £254k, reduced payment to contractor £46k and reduced Directorate and support overheads £19k.
PROTECTIVE SERVICES	4,293,836	4,266,851	26,985	FAV	7,105,895	6,951,783	154,112	2.2%	0	Vacancy savings £67k, reduced scientific samples £30k and increased Landlord registration income £40k, reduced Directorate and Support overheads £20k.
NET EXPENDITURE	68,978,304	68,244,460	733,843	FAV	107,335,723	107,415,590	(79,867)	-0.1%	0	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2014 - 5 December 2014
Period 09

Appendix 2

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)		ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)		% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	£ 49,617,240	£ 49,059,201	£ 558,039	FAV	£ 71,485,893	£ 70,932,741	£ 553,152	FAV	0.8%	100,464	Vacancy savings £1.083m, increased overtime to cover vacancies £0.122m, increased overtime recovered from other departments £0.122m and commonwealth games fund £0.065m. Increased pension costs £0.055m.
PROPERTY COSTS	11,481,956	11,669,248	(187,292)	ADV	17,138,683	17,511,718	(373,035)	ADV	-2.2%	45,776	Overspends in forestry costs £144k, repairs costs of £199k in Estates, contract cleaning £28k, Gas £28k and tipping fees of £45k. This is partly offset by underspends on Health and Safety issues £54k in Directorate and Support.
SUPPLIES & SERVICES	8,558,162	8,697,422	(139,260)	ADV	13,617,960	14,070,212	(452,252)	ADV	-3.3%	(12,092)	Additional food costs in Catering, in line with increased income from projected service demand £151k, increased sub-contractor costs of £247k, increased supplies expenditure mainly within Countryside and Landscape £77k, and increased consumable costs mainly within Grounds Maintenance £58k
TRANSPORT & PLANT	9,476,452	9,579,751	(103,299)	ADV	14,457,484	14,494,058	(36,574)	ADV	-0.3%	215,698	Overspends in line with additional income recoveries on additional works £232k, insurance £72k, licences £72k, pool car charges £39k, consumable materials £43k and hires £55k, offset by savings in fuel £124k, inspections £32k, plant and machinery contracts £88k, repairs £47k, mileage £45k and Internal Materials/Parts Stock Issued £63k
ADMINISTRATION COSTS	5,535,312	5,696,706	(161,394)	ADV	18,437,266	18,659,627	(222,361)	ADV	-1.2%	(42,180)	Overspend on Legal fees £139k, increased consultants fees of £166k offset by grant income, increased bad debt provision £30k. Partly offset by reduced internal recharges £28k and advertising and promotions £28k
PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	8,639,636	8,422,287	217,350	FAV	20,752,128	20,750,059	2,069	FAV	0.0%	139,856	Reduced scientific sample fees £30k, reduced payment to roads contractor £45k, partly offset by increased costs associated with demolition of unsafe buildings £38k, additional medical fees £22k.
CAPITAL FINANCING COSTS	11,981,655	12,028,806	(47,151)	ADV	16,756,600	16,767,048	(10,448)	ADV	-0.1%	0	Minor variance
REVENUE FINANCING COSTS	0	0	0		10,293	10,293	0		0.0%	0	
OTHER EXPENDITURE	4,235,118	4,201,904	33,214	FAV	9,707,718	9,729,654	(21,936)	ADV	-0.2%	1,938	Minor variance
TOTAL EXPENDITURE	109,525,532	109,355,326	170,207	FAV	182,364,025	182,925,409	(561,384)	ADV	-0.3%	449,460	
INCOME	40,547,229	41,110,865	563,637	FAV	75,028,302	75,509,818	481,516	FAV	0.6%	(449,461)	Directorate and support overhead allocation £117k, Fleet increased recharges £101k mainly for additional work and external hires, bus operator grant £125k, pool car recharges £83k. Increased cemetery fee income £86k, reduced grounds maintenance charges £113k, reduced street cleaning charges £35k. Countryside and Landscape project/grant funding £269k, recharge to commonwealth games fund £65k, land rents £64k, under-recovery of booking office charges £31k, waste audit grant £55k, increased school meal income from rising number in Catering £280k, reduction in social work charges £140k, reduced Janitorial income £65k. Under recovery in roads design fee income £280k, general sales income £50k, increased land lord registration income £40k, over recovery to offset increased costs for demolition of unsafe buildings £51k.
NET EXPENDITURE	68,978,304	68,244,460	733,843	FAV	107,335,723	107,415,591	(79,868)	ADV	-0.1%	(0)	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - PTOB Analysis
1 April 2014 - 5 December 2014
Period 09

Appendix 3

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	TYPICAL AREA OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£	£	£	£	%		
PUBLIC ANALYST FEES	175,320	175,320	0	266,659	236,659	30,000 FAV	11.3%	0	Reduced requirement for Scientific Samples
VOLUNTARY ORGANISATIONS	558,496	558,496	0	559,815	559,815	0	0.0%	0	
AMEY PUBLIC SERVICES	3,778,430	3,778,430	0	11,616,795	11,616,795	0	0.0%	0	
PAYMENTS TO CONTRACTORS - ROADS	716,936	716,936	0	1,493,000	1,446,923	46,077 FAV	3.1%	147,872	Underspend to offset reduced roads design fee income.
TOWN CENTRE INITIATIVES	650,647	650,647	0	804,850	804,850	0	0.0%	0	
MEDICAL FEES	73,715	73,715	0	109,739	131,739	(22,000) ADV	-20.0%	0	Additional medical fees within Directorate and Support
NL PARTNERSHIP FUNDING	986,932	986,932	0	1,315,909	1,315,909	0	0.0%	0	
BUSINESS GATEWAY CONTRACT	966,570	765,575	200,995 FAV	1,450,000	1,450,000	0	0.0%	0	
COMMUNITY ENGAGEMENT	47,075	29,702	17,373 FAV	68,000	68,000	0	0.0%	0	
LOCAL DEVELOPMENT PROGRAMME	68,817	68,817	0	1,858,995	1,858,995	0	0.0%	0	
OTHER	616,699	617,715	(1,017) ADV	1,208,366	1,260,374	(52,008) ADV	-4.3%	(8,016)	Overspend on subcontractors within Planning and Development £38k - partly offset by income re demolitions/unsafe buildings.
TOTAL EXPENDITURE	8,639,637	8,422,285	217,351 FAV	20,752,128	20,750,059	2,069 FAV	0.0%	139,856	

North Lanarkshire Council
 Financial Monitoring Report - EAR MARKED RESERVES / BALANCE SHEET PROVISION
 1st April 2014 - 5th December 2014 Period 09

APPENDIX 4

EAR MARKED RESERVES /BALANCE SHEET PROVISION DESCRIPTION (1)	EAR MARKED RESERVE BUDGET (5)	PROJECTED OUTTURN (6)	CARRY FORWARD (7)	% (8)	Analysis (10)
	£	£	£		
ROADS - SUMMER WORKS	1,250,000	1,250,000	0	0.0%	As a result of an underspend on winter maintenance in 2013/14 there has been additional spend on essential carriageway and footway resurfacing works to help achieve a steady state investment for roads.
ROADS - WINTER MAINTENANCE	1,250,000	0	1,250,000	100.0%	
WASTE MANAGEMENT	4,709,599	658,151	4,051,448	86.0%	Ongoing maintenance at Landfill site / Contribution towards Clyde Valley Residual Waste Project / Recycling initiatives.
YOUTH INVESTMENT PROGRAMME	3,349,297	1,300,000	2,049,297	61.2%	Year 3 commitments towards the Youth Investment Programme.
CPP	2,355,297	790,238	1,565,059	66.4%	Wage subsidy
OTHER RESERVES	1,733,040	678,197	1,054,843	60.9%	Town Centre Activities WIFI project / Business Gateway Plus / Community engagement residents survey /North Lanarkshire Local Development Plan /Promoting NL as a successful business location.
COMMONWEALTH GAMES	935,000	935,000	0	0.0%	
TOTAL EXPENDITURE	15,582,233	5,611,586	9,970,647	64.0%	

North Lanarkshire Council
Financial Monitoring Report -GROWTH FUNDING
1st April 2014 - 5th December 2014 Period 09

APPENDIX 5

Description of Earmarked Resource	Value of Earmarked Resource	Projected Spend,		Projected Carry Forward	Envisaged use of Carry Forward (Rationale)
		Value	%		
	£000	£000			
Drumpellier Country Park	685	685	100%	0	
Palacerigg Country Park	685	685	100%	0	
LED Lighting Units	150	0	0%	150	An examination of the existing inventory of data has highlighted the need to revise the method of collection and recording the data which would require the development of a database/IT system.
Youth Investment Programme	1,700	1,700	100%	0	
Local Development Programme	1,800	1,306	73%	494	15 Projects to be delivered in 2015/16
Reduced Pollution	600	600	100%	0	
Increased Support to Advice Centres	50	50	100%	0	
Food Banks	100	100	100%	0	
Total Expenditure	5,770	5,126	88.84%	644	

North Lanarkshire Council
Financial Monitoring Report -PROJECTS
1st April 2014 - 5th December 2014 Period 09

APPENDIX 6

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (<i>U OR O</i>) (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED VARIANCE (<i>U OR O</i>) (7)	% (8)	PERIOD MOVEMENT (9)	SOURCES OF INCOME (10)
	£	£	£	£	£	£			
Employability Fund	(123)	(123)	0 On Target	48,909	48,909	0 On Target	0.0%		Income from Skills Development Scotland - project finishes this year
Equally Well	1,055	1,055	0 On Target	12,783	12,783	0 On Target	0.0%		Income from NHS to deliver bespoke training - project finishes this year
The Work Programme	520,879	520,879	0 On Target	1,041,408	1,041,408	0 On Target	0.0%		Income from Working Links - 4th year of 7 year project
YIP - Youth Investment Programme	1,700,000	1,700,000	0 On Target	1,700,000	1,700,000	0 On Target	0.0%		£3m in Earmarked Reserves
FSF2 - Flexible Support Fund	4,975	4,975	0 On Target	134,880	134,880	0 On Target	0.0%		Income from DWP to deliver bespoke training - project finishes this year
Business Gateway Plus	191,283	191,283	0 On Target	1,261,380	1,261,380	0 On Target	0.0%		ERDF funded project - NLC and partners have contributed match funding
CPP - North Lanarkshire's Working	2,405,501	2,405,501	0 On Target	2,786,290	2,786,290	0 On Target	0.0%		ERDF funded project - NLC and partners have contributed match funding
Other Projects	(20,480)	(20,480)	0 On Target	25,000	25,000	0 On Target	0.0%		Accruals for projects which have still to be paid
TOTAL EXPENDITURE	4,803,090	4,803,090	0 On Target	7,010,650	7,010,650	0 On Target	0.0%		