

To: CORPORATE SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT  CORPORATE SERVICES  01/04/08 to 31/03/09  PROVISIONAL OUTTURN
FROM: EXECUTIVE DIRECTOR OF CORPORATE SERVICES		
DATE: 27-Apr-09	Ref: JMcE	

**1. Purpose of Report**

1.1. This report advises Committee on the overall financial position of Corporate Services for the period 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009 and provides explanations for the major outturn variances.

**2. Executive Summary of Financial Position**

2.1. The provisional outturn shows a year-end surplus of £415,715. This is a favourable movement from that previously reported and is being achieved by the continued management of vacancy levels within the Service and cost pressures within the Property Services division. In particular, by maintaining the current staffing levels within Design Services and Central Services, without impacting on service delivery, the adverse position reported earlier in the year has now been successfully managed with a surplus position being returned at the year end. An analysis of variances at both divisional and subjective level is provided in Appendices 1 and 2 respectively.

**3. Corporate Review of Expenditure**

3.1. Due to the currently volatile nature of energy, the Council (through the Scotland Excel contract) extended its existing energy contracts to 31<sup>st</sup> March 2009. This will result in electricity and gas tariffs increasing by 45% and 55% respectively from October 2008 to March 2009. As a result of these very large increases the impact on Corporate Services was a significant one with the overspend on energy costs being of the order of £356k. This is the principal reason for the overspend in the Property Services Division, with the other cost pressures being successfully managed within the overall service.

3.2. All services were required to take relevant management action, including minimising areas of 'non-essential' expenditure to ensure that the Council was able to lessen the impact of these additional cost burdens on existing budget provisions, whilst continuing to provide the same quality of service delivery. Details of Corporate Services' proposals for managing these additional obligations are discussed throughout this report.

**4. Explanation of Major Out-Turn Variances**

4.1. Appendices 1 and 2 outline the Services' performance against budget; however a summary of the major variances within each division is outlined within the table below.

4.2. Service Overview ( see over)

<b>CORPORATE SERVICES</b>	<b>Annual Budget (£)</b>	<b>Provisional Outturn (£)</b>	<b>Provisional Outturn Variance (£)</b>
Central Services	4,540,400	4,276,400	<b>264,000 Underspend</b>
Design Services	13,187,133	12,692,727	<b>494,406 Underspend</b>
Human Resources	1,924,590	1,859,590	<b>65,000 Underspend</b>
Legal Services	2,102,883	2,089,233	<b>13,650 Underspend</b>
Property Services	7,504,551	7,925,892	<b>(421,341) Overspend</b>
<b>Total</b>	<b>29,259,557</b>	<b>28,843,842</b>	<b>415,715 Underspend</b>

£

4.3 Central Services 264,000 Underspend

An underspend of £264,000 is the provisional anticipated year end position and is mainly as a result of vacancies that exist at present within Central Services (£195k).

The other main areas of variance are within Administration costs where savings against printing and stationery costs have been achieved. (£110k)

This is largely offset by a corresponding reduction in printing income recovery.

There are other smaller variances which contribute to the overall positive position against supplies and services and transport costs. These are as a result of the tight management control on consumable expenditure items and a reduction in the use of transport and plant.

4.4 Design Services 494,406 Underspend

Design Services provisional outturn is for expenditure to be £494,406 less than budget for the year.

The main reason for this is the continued number of vacant posts within both the Design and Maintenance Units. There is also a saving in Transport costs (£36k) as a result of a reduction in the level of claims for staff travel.

These are partially offset by the conclusion of an income stream from Strathclyde Fire Brigade (£80k) and it is proposed that a budget virement for this amount, £80k, between the income budget line and employee costs is approved for this report and to also enable the budgets to be realigned accordingly for 2009/10.

4.5 Human Resources 65,000 Underspend

There is an underspend of £65,000 provisionally expected within the Human Resources division. This is due to vacancies that have existed throughout parts of the year in the division.

There are overspends against the existing budgets within Human Resources for both Job Adverts and Medical Referral costs, where expenditure in excess of the nominal budgets in these areas of £128k and £204k has occurred respectively.

These services are 100% demand led by other Services and are fully rechargeable to the respective Services and as such it has no impact on the performance of the Human Resources division.

i.e. Any overspend in these 2 areas will be matched by a corresponding over-recovery in income. Thus, achieving the favourable year end position for Human Resources.

4.6 Legal Services 13,650 Underspend

This favourable provisional outturn position is result of a series of anticipated underspends and income over-recoveries being able to offset areas of cost pressure.

The main area of overspend is within administration costs in the Legal Public sector and is mainly due to the licensing and maintenance costs of the District Court Administration System, along with high postal expenses as a result of legal requirements to send certain documentation by recorded delivery etc.

These areas of overspend are being fully offset by an over-recovery in licensing income, which has enabled an overall surplus position to be achieved in Legal Services at the year end.

#### 4.7 Property Services (421,341) Overspend

The provisional outturn is an overspend of £421,341.

The most significant element in this overspend is the huge energy tariff increases, applied from October 1<sup>st</sup> 2008, impacting adversely across the Commercial Property and Office Accommodation divisions. This has resulted in an £356k overspend alone for energy costs within Property Services. Other factors such as the non achievement of some of the approved budget efficiency savings (e.g. Fleming House purchase and the proposed Antonine Centre income stream) have been just about successfully managed by Property Services in the current year.

The other main factor contributing to the adverse outturn is an overspend in rents payable which has been an on-going issue for a couple of years with the actual costs exceeding the historical budget provision, particularly within Office Accommodation. Efforts will be made to address this particular issue by realigning certain budget heads for the 2009/10 budget.

The overall impact of these cost pressures has been reduced significantly throughout the year through the management of rates budgets through relief claims and appeals, additional one off income recoveries and strict management of current vacancy levels.

Further additional income from council services occupying commercial properties has helped to fully offset the position with the Antonine centre and to return a much better than previously expected final position.

The income levels generated from the Councils' commercial property portfolio held up remarkably well during the year, despite the current economic conditions. However, given such a climate, this is a situation that can change quite quickly and it is one that will be closely monitored in 2009/10 and future years.

### **5. Cost Pressures and Management Action**

5.1 The provisional year-end variance for Corporate Services as a whole is an underspend of £415,715. This was primarily achieved through the management of vacancy levels, particularly within the Design Services and Central Services divisions, without impacting on service delivery, to offset the large cost pressures that exist within the Property Services division.

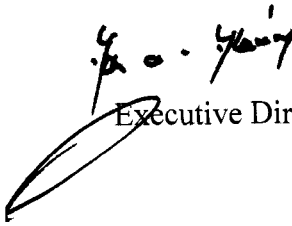
5.2 These large pressures within Property Services, discussed above, have presented an on-going challenge to Corporate Services to return a balanced bottom line position at the year end. The efforts made throughout the year have enabled a balanced budget to be achieved with a healthy surplus also being returned. This increase in the level of surplus returned in the latter part of the year is the result of the efforts made to maximise income streams, particularly in the Commercial Property sector. This, along with the ongoing commitment to minimise any areas of unnecessary expenditure across the service has enabled the positive year end position to be achieved.

### **6. Financial Concurrence**

6.1. The Executive Director of Finance and Customer Services concurs with the financial information contained in this report.

## 7. Recommendations

- 7.1. It is recommended that the contents of this report be noted.
- 7.2. The virement proposed in Para 4.4 is approved.

  
Executive Director of Corporate Services

For further information on this report please contact John McEwan of Finance and Customer Services on ext 2720

**NORTH LANARKSHIRE COUNCIL****FINANCIAL MONITORING REPORT - Divisional Analysis****1 April 2008 to 31 March 2009****COMMITTEE: CORPORATE SERVICES****SERVICE: CORPORATE SERVICES DIVISIONAL SUMMARY**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	CENTRAL SERVICES	4,540,400	4,276,400	264,000 Underspend	5.8%	Vacancies & Printing costs
2	DESIGN SERVICES	13,187,133	12,692,727	494,406 Underspend	3.7%	Vacancy levels
3	HUMAN RESOURCES	1,924,590	1,859,590	65,000 Underspend	3.4%	Vacancy levels
4	LEGAL SERVICES	2,102,883	2,089,233			
5	PROPERTY SERVICES	7,504,551	7,925,892			
<b>6</b>	<b>NET EXPENDITURE</b>	<b>29,259,557</b>	<b>28,843,842</b>	<b>415,715 Underspend</b>	<b>1.4%</b>	

NORTH LANARKSHIRE COUNCILFINANCIAL MONITORING REPORT - Subjective Analysis1 April 2008 to 31 March 2009

COMMITTEE: CORPORATE SERVICES

SERVICE: CORPORATE SERVICES (CONSOLIDATED)

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	15,124,953	14,304,653	820,300 Underspend	5.4%	Vacancy levels
2.	PROPERTY COSTS	15,270,806	15,891,356	(620,550) Overspend	-4.1%	Energy Costs & Property Rents
3.	SUPPLIES AND SERVICES	463,798	476,398	(12,600) Overspend	-2.7%	IT Equipment purchases/leases
4.	TRANSPORT & PLANT	740,926	642,426	98,500 Underspend	13.3%	Lower travel costs across service
5.	ADMINISTRATION COSTS	1,532,395	1,710,667	(178,272) Overspend	-11.6%	Job Adverts / Professional Fees/ IT Licensing costs
6.	PAYMENTS TO OTHER BODIES	238,882	417,504	(178,622) Overspend	-74.8%	Medical Fees
7.	OTHER COSTS	11,411	33,011	(21,600) Overspend	-189.3%	Storage costs for Election materials
8.	APPORTIONED EXPENSES	5,068,347	5,068,347		-	
9.	CAPITAL FINANCING CHARGES	1,245,411	1,245,411		-	
10.	C.F.C.R				-	
11.	TOTAL EXPENDITURE	39,696,929	39,789,773	(92,844) Overspend	-0.2%	
12.	INCOME	10,437,372	10,945,931	508,559 Over-recovery	4.9%	HR Recharges / Licensing Fees & Commercial Rental income
13.	NET EXPENDITURE	29,259,557	28,843,842	415,715 Underspend	1.4%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2008 to 31 March 2009**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: CENTRAL SERVICES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£			
1.	EMPLOYEE COSTS	2,880,389	2,685,789	194,600 Underspend	6.8%	Vacancy levels
2.	PROPERTY COSTS	43,414	43,414	- -		
3.	SUPPLIES AND SERVICES	235,714	218,914	16,800 Underspend	7.1%	Equipment purchase & rental
4.	TRANSPORT & PLANT	143,001	104,601	38,400 Underspend	26.9%	Travel Expenses
5.	ADMINISTRATION COSTS	783,754	672,754	111,000 Underspend	14.2%	Lower printing costs
6.	PAYMENTS TO OTHER BODIES	98,410	84,110	14,300 Underspend	14.5%	Town Twinning
7.	OTHER COSTS	10,000	31,600	(21,600) Overspend	-216.0%	Storage costs for Election materials
8.	APPORTIONED EXPENSES	1,362,496	1,362,496	- -		
9.	CAPITAL FINANCING CHARGES	31,165	31,165	- -		
10.	C.F.C.R			- -		
11.	TOTAL EXPENDITURE	5,588,343	5,234,843	353,500 Underspend	6.3%	
12.	INCOME	1,047,943	958,443	(89,500) Under-Recovery	-8.5%	Printing & P/copying Recharges & reduced property enquiry demand
13.	NET EXPENDITURE	4,540,400	4,276,400	264,000 Underspend	5.8%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2008 to 31 March 2009**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: DESIGN SERVICES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	5,565,599	5,066,099	499,500 Underspend	9.0%	Vacancy levels
2.	PROPERTY COSTS	5,877,051	5,904,951	(27,900) Overspend	-0.5%	CRA
3.	SUPPLIES AND SERVICES	89,865	112,365	(22,500) Overspend	-25.0%	It & Equip Leases
4.	TRANSPORT & PLANT	420,271	384,071	36,200 Underspend	8.6%	Car Allowances
5.	ADMINISTRATION COSTS	139,083	131,855	7,228 Underspend	5.2%	Printing Costs
6.	PAYMENTS TO OTHER BODIES	2,820	942	1,878 Underspend	66.6%	
7.	OTHER COSTS	1,411	1,411			
8.	APPORTIONED EXPENSES	1,100,363	1,100,363			
9.	CAPITAL FINANCING CHARGES	90,670	90,670			
10.	C.F.C.R					
11.	TOTAL EXPENDITURE	13,287,133	12,792,727	494,406 Underspend	3.7%	
12.	INCOME	100,000	100,000	- -	-	
13.	NET EXPENDITURE	13,187,133	12,692,727	494,406 Underspend	3.7%	



**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2008 to 31 March 2009**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: HUMAN RESOURCES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	1,453,791	1,399,791	54,000 Underspend	3.7%	Vacancy levels
2.	PROPERTY COSTS					
3.	SUPPLIES AND SERVICES	63,978	57,978	6,000 Underspend	9.4%	Equipment & software expenses
4.	TRANSPORT & PLANT	27,013	13,013	14,000 Underspend	51.8%	Car Allowances
5.	ADMINISTRATION COSTS	288,005	420,005	(132,000) Overspend	-45.8%	Job Advert costs
6.	PAYMENTS TO OTHER BODIES	119,900	323,900	(204,000) Overspend	-170.1%	Medical Referral costs
7.	OTHER COSTS					
8.	APPORTIONED EXPENSES	177,917	177,917			
9.	CAPITAL FINANCING CHARGES	109,864	109,864			
10.	C.F.C.R					
11.	TOTAL EXPENDITURE	2,240,468	2,502,468	(262,000) Overspend	-11.7%	
12.	INCOME	315,878	642,878	327,000 Over-recovery	103.5%	Medical Referral and Job Advert recharges
13.	NET EXPENDITURE	1,924,590	1,859,590	65,000 Underspend	3.4%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2008 to 31 March 2009**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: LEGAL SERVICES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	ROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£			
1.	EMPLOYEE COSTS	2,586,685	2,575,485	11,200	Underspend	0.4%	Vacancy levels
2.	PROPERTY COSTS		6,650	(6,650)	Overspend	100.0%	Legal storage expenses
3.	SUPPLIES AND SERVICES	28,238	29,938	(1,700)	Overspend	-6.0%	
4.	TRANSPORT & PLANT	75,074	69,574	5,500	Underspend	7.3%	Lower travel costs
5.	ADMINISTRATION COSTS	126,279	196,779	(70,500)	Overspend	-55.8%	District Court Income System software & licence costs
6.	PAYMENTS TO OTHER BODIES	17,383	8,183	9,200	Underspend	52.9%	JP expenses
7.	OTHER COSTS			-	-		
8.	APPORTIONED EXPENSES	565,045	565,045	-	-		
9.	CAPITAL FINANCING CHARGES	21,898	21,898	-	-		
10.	C.F.C.R			-	-		
11.	TOTAL EXPENDITURE	3,420,602	3,473,552	(52,950)	Overspend	-1.5%	
12.	INCOME	1,317,719	1,384,319	66,600	Over-recovery	5.1%	Licensing fees
13.	NET EXPENDITURE	2,102,883	2,089,233	13,650	Underspend	0.6%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2008 to 31 March 2009**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE:**

**PROPERTY SERVICES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	2,638,489	2,577,489	61,000 Underspend	2.3%	Vacancy levels
2.	PROPERTY COSTS	9,350,341	9,936,341	(586,000) Overspend	-6.3%	Energy costs & property rents
3.	SUPPLIES AND SERVICES	46,003	57,203	(11,200) Overspend	-24.3%	IT Equipment purchases
4.	TRANSPORT & PLANT	75,567	71,167	4,400 Underspend	5.8%	
5.	ADMINISTRATION COSTS	195,274	289,274	(94,000) Overspend	-48.1%	Prof fees & technical expenses eg Autocad/Cadcam
6.	PAYMENTS TO OTHER BODIES	369	369			
7.	OTHER COSTS					
8.	APPORTIONED EXPENSES	1,862,526	1,862,526			
9.	CAPITAL FINANCING CHARGES	991,814	991,814			
10.	C.F.C.R					
11.	TOTAL EXPENDITURE	15,160,383	15,786,183	(625,800) Overspend	-4.1%	
12.	INCOME	7,655,832	7,860,291	204,459 Over-recovery	2.7%	Management Fees & Commercial Rental income
13.	NET EXPENDITURE	7,504,551	7,925,892	(421,341) Overspend	-5.6%	