

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.14 – 27.02.15 (PERIOD 12) REGENERATION AND ENVIRONMENTAL SERVICES
From: EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES		
Date: 21 APRIL 2015	Ref: PJ/RC/JM/P12	

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 27 February 2015 (period 12). 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 an underspend of £0.905m (£0.805m Non-Trading and £0.101m Trading Account). The non-trading variance consists mainly of underspends within Environment and Estates £0.385m, Facility Support Services £0.27m and Protective Services £0.111m and Planning and Regeneration £0.056m. The Trading Account is reporting a £0.01m increased surplus, however this is mainly as a result of a movement of Janitorial income between Non-Trading and Trading services. The overall period 12 position is a favourable movement of £0.542m since that reported at period 11. The movement is mainly as a result of additional employee savings and the freeze on non-essential spend within Non Trading. 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 2,652.31 FTEs and a budgeted turnover requirement of £2.22m (79.06 FTEs). At period 12, the Service had 174.66 FTE vacant posts, equating to a potential full-year saving of £2.988m. The Service is currently projecting to be £0.628m underspent on employee costs. Within this projection, the actual vacancy savings projected for this financial year equate to £1.381m. 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 (£0.13m), general overtime £0.08m and increased employee costs which are recovered through income charges to other departments (£0.125m), the Commonwealth Games fund (£0.065m), one off payments for changes to pay and grading (£0.055m) and pension increase costs (£0.127m).

- 3.2. Roads and Transportation are forecasting an underspend of £1.25m on payments to the Roads maintenance contractor due to their failure to deliver the programme of works this financial year. This risk was highlighted previously and still remains for the remainder of the year. This figure is not included in the overall Service underspend reported in paragraph 2.2, as it is requested that this be carried forward for summer works as previously approved by Council.
- 3.3. Similarly within Environment and Estates, the Waste Management service is forecasting an underspend of £0.33m on bin purchases for the expansion of the recycling service. This is not included in the overall total as this underspend will be carried forward in an earmarked reserve as the expansion of the service has been approved by the Council and will now take place in 2015.
- 3.4. Income is over recovered within Environment and Estates by £0.495m mainly due to Transport grant income £0.196m, Estates Service Level Agreement income £0.095m and Land Rent income £0.068m. There are also underspends within transport and plant costs of £0.3m and advertising costs £0.126m. These are partly offset by overspends on property costs of £0.42m, primarily due to increased tipping fees £0.157m, rates £0.11m, repairs £0.065m, health and safety issues £0.054m and security costs £0.032m. Overall Environment and Estates division are forecasting an underspend of £0.385m.
- 3.5. Roads and Transportation are forecasting £0.215m of an under-recovery for design fee income and third party damage recovery of £0.09m. These are mainly being offset by employee savings of £0.208m and savings on upkeep of grounds and other minor underspends.
- 3.6. Payments to other bodies account for £20.783m of the Service's annual budget and are currently forecast to be under budget by £0.066m (as detailed in Appendix 3).
- 3.7. Within the Service there are elements of expenditure which are being met from either earmarked reserves or a balance sheet provision; these are detailed in Appendix 4. These are not contained within the figures in this report.
- 3.8. Growth funding of £5.77m has been allocated to the Service; this is detailed in Appendix 5. Within this, the Local Development Programme was granted £1.8m, however, it should be noted that this budget will be utilised across more than one financial year, thus it is anticipated that £0.729m will be spent in 2014/15, with the balance being spent in 2015/16. Growth funding for LED lighting of £0.15m and Air quality traffic management £0.25m 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 12 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 Budget Virements

- 4.1 A temporary budget virement is requested within Land Management from employee costs £0.048m and transport and plant costs £0.152m to capital financing costs £0.2m to cover the purchase of essential plant machinery within capital.
- 4.2 A temporary budget virement is requested within Roads and Transportation from payments to other bodies to capital financing costs £0.2m, to cover roads maintenance work which was transferred to capital.

5 2014/15 Budget Savings

5.1 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. The service will achieve the remainder of the targeted amounts through management of vacancies and the actions outlined in paragraph 6.

6 Management Actions

6.1 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 the freeze of non-essential expenditure.

7 Risks and Uncertainty

7.1 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.

7.2 Regeneration and Environmental Services manages risk as part of the overall corporate and service planning processes. A significant risk currently facing the Service is that the underspend on the Roads maintenance contract as detailed in paragraph 3.2 may increase due to the proximity of the year end and the timing of the winter period. This is being closely monitored and will be reported in the final accounts. There is also currently a potential legal case pending within Planning which may have a material impact on the Service, 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.

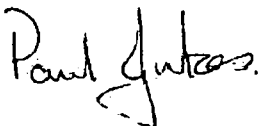
8 Financial Concurrence

8.1 Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

9 Recommendations

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

9.2 It is recommended that the virements in section 4 be approved.



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 632444

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2014 - 27 February 2015
Period 12

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	3,934,637	3,983,843	(49,206)	ADV	0	0	0	0.0%	0	Vacancy savings £17k, underspend on health and safety £70k. £40k additional concierge fees and agency staff. Overspend on legal fees £67k and medical fees £32k, offset by savings in disclosure fees £25k.	
ENVIRONMENT & ESTATES	43,357,147	43,488,831	(131,684)	ADV	49,989,942	49,604,678	385,264	FAV	0.8%	415,029	Underspend of £385k. Income over -recovered by £495k; mainly due increased misc income of £299k (mainly due to £272k in Fleet Ops due to Bus Operator Grant, Electric bus refund and Pool Cars) and Land rents £68k and SLA income £95k. Underspends in Transport & Plant costs of £301k (£207k in Waste and £38k in GM partly due to reduction in Fuel costs of £198k), Supplies & Services of £102k (£132k underspend in leasing costs offset by overspends of £36k Sub-contractors and Admin costs of £124k due to £127k saving in Waste for advertising. These are offset by overspends in employee costs of £110k (Overspends of £146k in Waste, Fleet £184k, C&L £74k and Estates £25k offset by an underspend in GM of £320k), Property costs of £420k (Rates £103k, Tip Fees £158k, Repairs £65k, H&S £54k and Security £32k), and Capital charges of £58k due to contributions to capital of £48k. Other overspend in Payments to Other Bodies of £52k
FACILITY SUPPORT	(1,690,485)	(1,987,118)	296,633	FAV	167,253	(102,880)	270,133	FAV	161.5%	64,752	Underspend of £270k. Vacancy savings £450k and transport savings £75k. Increased food and other supplies and services costs £286k. Income over recovered by £243k mainly due to increased income from Education Catering of £377k, partly offset by reduced recharges to Social Work of £74k and reduced cleaning income £15k mainly due to budgeted janitorial recharges reflected through the Trading Account.
PLANNING AND REGENERATION	14,868,367	14,539,005	329,362	FAV	18,846,890	18,791,203	55,687	FAV	0.3%	74,000	Underspend of £56k. Within this vacancy savings of £80k and saving in PTOB £19k, this is offset by an overspend in Planning and Development £39k mainly due to staff savings not being fully achieved £88k. There is also increased income of £108k which offset by associated expenditure for the demolition of unsafe buildings.
ROADS & TRANSPORTATION	22,145,566	22,268,082	(122,516)	ADV	31,276,020	31,292,486	(16,466)	ADV	-0.1%	6,641	Overspend of £16k. Under recovery in design fee income £215k, under recovery in 3rd party damage income £90k, work transferred to capital £200k, and one off costs for pay and grading £55k. Partly offset by Vacancy savings £264k, reduced property costs due to reduced upkeep of grounds charges £35k and spend with sub contractors £176k and efficiency rebate from roads contractor £60k.
PROTECTIVE SERVICES	5,592,353	5,540,747	51,606	FAV	7,055,611	6,944,870	110,741	FAV	1.6%	(27,824)	Underspend of £111k including vacancy savings £52k and additional income Landlord Registration Fee income £67k.
NET EXPENDITURE	88,207,585	87,833,390	374,195	FAV	107,335,716	106,530,356	805,360	FAV	0.8%	532,598	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2014 - 27 February 2015

Period 12

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	65,791,341	65,197,389	593,952 FAV	71,174,807	70,547,214	627,593 FAV	0.9%	(8,509)	Vacancy savings £1.381m partly offset by increased costs for staff efficiency savings not fully achieved £187k, overtime £217k, employee costs recovered from user departments £125k, and commonwealth games fund £65k. One off for Pay and Grading £55k and pension increase costs £135k.
PROPERTY COSTS	15,549,692	15,890,633	(340,941) ADV	17,342,413	18,109,468	(767,055) ADV	-4.4%	(421,956)	Overspends in rates £108k, insurance £274k, forestry costs £141k (recovered in income), repairs costs £65k, tipping fees £155k and security costs £32k. Partly offset by an underspend in upkeep of grounds £36k.
SUPPLIES & SERVICES	10,703,907	11,065,893	(361,986) ADV	13,813,172	14,382,757	(569,585) ADV	-4.1%	324,110	Additional food costs (recovered in income) £262k, increased sub-contractor costs £220k, supplies expenditure mainly within Countryside and Landscape £93k (mainly recovered in project income), consumable costs mainly within Grounds Maintenance £29k and small tools and implements £65k. Underspends in office equipment purchases £24k and operational leasing £131k.
TRANSPORT & PLANT	12,349,990	12,206,420	143,570 FAV	14,457,526	13,879,647	577,879 FAV	4.0%	74,110	Underspends on fuel £396k machinery £258k, fleet stock £76k, car allowance £73k, repairs £45k, car leasing £29k and inspections £29k. Offset by overspends on Additional works £98k, insurance £72k, licences £72k, internal hires £54k, Pool car charges £43k and consumable materials £38k.
ADMINISTRATION COSTS	7,745,343	8,022,168	(276,825) ADV	18,223,108	18,210,097	13,011 FAV	0.1%	88,849	Underspends on advertising costs £138k & professional fees £57k. Offset by overspends on Legal fees £90k, consultants fees £32k, increased bad debt provision £28k and operational overheads £35k.
PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	15,487,840	15,323,241	164,599 FAV	20,783,043	20,717,053	65,990 FAV	0.3%	(28,896)	Efficiency rebate from roads contract £60k and work transferred to other roads sub contractors £175k partly offset by payments to sub contractors for demolition of unsafe buildings £169k and additional medical fees £32k.
CAPITAL FINANCING COSTS	12,002,216	12,083,085	(80,869) ADV	16,766,350	17,206,798	(440,448) ADV	-2.6%	(30,000)	Contributions to capital for Roads maintenance £200k, Land Management machinery £200k and purchase of Waste vehicles £30k.
REVENUE FINANCING COSTS	0	0	0	10,293	10,293	0	0.0%	0	
OTHER EXPENDITURE	4,888,665	4,956,108	(67,444) ADV	9,676,803	9,765,667	(88,864) ADV	-0.9%	(4,684)	Overspend for Greenspace Project fees £49k (recovered via income) and £27k Regeneration.
TOTAL EXPENDITURE	144,518,994	144,744,937	(225,943) ADV	182,247,515	182,828,993	(581,478) ADV	-0.3%	(6,975)	
INCOME	56,311,409	56,911,547	600,137 FAV	74,911,799	76,298,638	1,386,839 FAV	1.9%	539,576	Bus Operator Grant income £125k, electric bus refund £71k, pool cars recharges £72k, charges to users £198k, offset by reduced fuel, bus and fleet recharges £242k. Under-recovery of income from other departments/ external clients £120ks, offset by increased cemetery income £220k. Commonwealth Games staff income £65k, increased project/grant funding £313k, land rent income £68k and additional maintenance £50k partially offset by an under-recovery of booking office charges £40k. £108k over recovery of demolition/unsafe buildings recharges. Additional landlord registration fee income £67k. Increased management fee income £95k. Under recovery in Roads design team fee recharges £215k and 3rd Party damage income £90k. Income over recovery £377k mainly due to increased income from Education Catering, partly offset by reduced recharges to Social Work of £64k.
NET EXPENDITURE	88,207,585	87,833,390	374,195 FAV	107,335,716	106,530,355	805,361 FAV	0.8%	532,601	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Payments to Other Bodies Analysis
1 April 2014 - 27 February 2015
Period 12

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	227,618	236,898	(9,280) ADV	266,659	245,939	20,720 FAV	7.8%	(9,280)	Reduced requirement for Scientific Samples
VOLUNTARY ORGANISATIONS	558,496	558,496	0	559,815	559,815	0	0.0%	0	
AMEY PUBLIC SERVICES	8,987,375	8,987,375	0	11,676,795	11,516,538	160,257 FAV	1.4%	100,000	Efficiency rebate from roads contract. Transfer of £100k to other Roads contractors.
PAYMENTS TO CONTRACTORS - ROADS	1,016,907	1,016,907	0	1,433,000	1,357,433	75,567 FAV	5.3%	(90,607)	Roads maintenance work transferred to capital
TOWN CENTRE INITIATIVES	806,872	806,872	0 FAV	804,850	806,872	(2,022) ADV	-0.3%	(2,022)	
MEDICAL FEES	114,363	114,363	0	109,739	141,739	(32,000) ADV	-29.2%	0	Additional medical fees
NL PARTNERSHIP FUNDING	1,315,909	1,315,909	0	1,315,909	1,315,909	0	0.0%	0	
BUSINESS GATEWAY CONTRACT	1,329,070	1,095,334	233,736 FAV	1,450,000	1,450,000	0	0.0%	0	
COMMUNITY ENGAGEMENT	62,769	30,386	32,383 FAV	68,000	68,000	0	0.0%	0	
LOCAL DEVELOPMENT PROGRAMME	118,863	118,863	0	1,889,910	1,889,910	0	0.0%	0	
OTHER	949,598	1,041,837	(92,240) ADV	1,208,366	1,364,898	(156,532) ADV	-13.0%	(26,987)	Overspend on subcontractors within Planning and Development £96k- offset by income re demolitions/unsafe buildings. Additional end of lease charges in Fleet £52k.
TOTAL EXPENDITURE	15,487,840	15,323,241	164,599 FAV	20,783,043	20,717,053	65,990 FAV	0.3%	(28,896)	

North Lanarkshire Council
 Revenue Budget Monitoring Report - Ear marked Reserves / Balance Sheet Provision
 1st April 2014 - 27th February 2014 Period 12

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	2,300,000	1,049,297	31.3%	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	6,611,586	8,970,647	57.6%	

North Lanarkshire Council
Revenue Budget Monitoring Report -Growth Funding
1st April 2014 - 27th February 2014 Period 12

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	729	41%	1,071	36 Projects to be delivered in 2015/16
Air Quality Traffic Management	600	350	58%	250	Due to an outline design to identify land requirements the Chapelhall project will not be delivered this financial year.
Increased Support to Advice Centres	50	50	100%	0	
Food Banks	100	100	100%	0	
Total Expenditure	5,770	4,299	74.51%	1,471	

North Lanarkshire Council
 Revenue Budget Monitoring Report -Projects
 1st April 2014 - 27th February 2015 Period 12

Appendix 6

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (U OR O) (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED VARIANCE (U OR O) (7)	% (8)	PERIOD MOVEMENT (9)	SOURCES OF INCOME (10)
	£	£	£	£	£	£			
Employability Fund	718	718	0 On Target	48,909	48,909	0 On Target	0.0%		Income from Skills Development Scotland - project finishes this year
Equally Well	1,877	1,877	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	867,369	867,369	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	509,674	509,674	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	2,786,290	2,786,290	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	27,695	27,695	0 On Target	50,000	50,000	0 On Target	0.0%		Accruals for projects which have still to be paid
TOTAL EXPENDITURE	5,898,598	5,898,598	0 On Target	7,035,650	7,035,650	0 On Target	0.0%		