

To: CORPORATE SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.14 – 27.02.15 (PERIOD 12) CORPORATE SERVICES
From: EXECUTIVE DIRECTOR OF CORPORATE SERVICES		
Date: 9 APRIL 2015	Ref: KS/FR/PD	

## 1. Purpose of Report

This report provides a summary of Corporate Services financial performance for the period 1<sup>st</sup> April 2014 to 27<sup>th</sup> February 2015 (period 12). The report illustrates the projected outturn as at 31<sup>st</sup> March 2014, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

## 2. Summary of Financial Position

- 2.1. The Council approved its General Fund Revenue Budget on 13<sup>th</sup> February 2014, of which £26.508m represents the approved Gross Revenue Budget for Corporate Services. To reflect the staffing restructures in relation to Design Services and Procurement the Corporate Services 2014-15 budget has reduced by £0.731m, resulting in a revised budget of £25.777m.
- 2.2. The Service is reporting a projected underspend of £1.530m as at 27<sup>th</sup> February 2015. This is primarily as a result of vacancy savings and accelerated employee related efficiency savings. There are also underspends in rents (£0.100m) and rates (£0.118m) within Office Accommodation, and increased Fee income (£0.170m). These are partially offset by overspend in professional Design fees as a result of vacancy levels (£0.208m), and IT costs in relation to the unavoidable replacement of HSMS repairs system (£0.100m). Further details of any significant budget variations are outlined in paragraph three below and appendix 1 to this report, per the requirements of the Council's approved Financial Regulations.
- 2.3. The projected outturn represents a favourable movement of £0.316m from that previously reported. This is primarily due to a reduction of £0.100m in the projected spend in professional fees within Corporate Property and Procurement, following further analysis of costs and apportionment between Housing and Corporate Services. There is also projected increased employee savings of £0.047m, water savings £0.040m and increased fee income of £0.072m.
- 2.4. The Service's 2014/15 budget incorporates £0.493m of savings in line with the Council's approved three-year savings package. The Service monitors progress monthly and is presently projecting £0.493m (100%) of approved savings being achievable by the financial year-end. Further information regarding particularly challenging savings is noted in paragraph four below.
- 2.5. Within the Service, some elements of expenditure are being met from earmarked reserves. These elements are not contained within the figures in this report but are detailed in Appendix 4.

## 3. Analysis of Significant Variations

- 3.1. Democratic and Legal Services is currently projected to spend £0.526m less than budget. This is primarily due to vacancy savings and accelerated efficiency savings totalling £0.169m and increased income in relation to Registration, Legal and Licensing Fees of £0.189m. There are further savings in relation to Children's Panels of £0.047m and Civic Welcome and Hospitality of £0.047m, as a result of a drive to reduce these costs, an underspend in print recharges of £0.037m due to reduced printing activity, and a underspend of £0.022m in transport and plant.

- 3.2. Corporate Property and Procurement is projected to spend £0.943m less than budget mainly due to vacancy savings and accelerated 2015/16 efficiency savings of £0.746m. Rental savings of £0.100m as a result of rationalising the office premise portfolio, along with savings from the purchase of Coats House, rates savings of £0.118m primarily in relation to Buchanan Centre, water savings of £0.040m and an underspend in Carbon Trading Allowances of £0.038m due to 13/14 consumption being lower than previously anticipated are also projected. In addition service charges on repairs instructed through the Property Unit on behalf of external clients, is projected to be £0.035 greater than budget. These savings are partially offset by an overspend in professional Design fees of £0.108m required in order to maintain the level of service given vacancy levels. In addition, work to replace the Council's repairs system, HSMS, is currently underway by HSW. It is anticipated that the legacy system will not be supported from August 2015 which will impact on Corporate Property as users of HSMS. It is hoped that the new system being implemented by HSW can also be used by the Service, but development work will be required to adapt the system to meet Service needs. This is estimated to cost £0.100m and has been reported as an overspend in supplies and services. However the service does not envisage this development work taking place during 2015/16 and requests that consideration be given to the appropriateness of earmarking this at the financial year end.
- 3.3. Human Resources division is currently projected to be underspent by £0.061m as a result of vacancy savings of £0.069m, partially offset by an overspend on ICT costs associated with the Cyborg replacement programme of £0.015m. In addition, there is a projected overspend of £0.013m in respect of expenditure associated with the recruitment process, and £0.295m in Medical Referral expenses. These services are demand led by referrals from other Services of the council therefore the costs are fully offset by a corresponding over-recovery in income.
- 3.4. The Service operates with an establishment of 255 FTEs and a budgeted turnover requirement of £0.414m (9.8 FTEs). At period 11, the service has 24.5 vacant posts, equating to full-year savings of £0.615m. The service is currently exceeding its turnover requirement by £0.201m with further savings included in monitoring figures above as a result of efficiency savings where posts which have been deleted from the establishment for which budget has not yet been given up resulting in the £0.989m underspend in employee costs.
- 3.5. Payments to other bodies are detailed in Appendix 3. These account for £0.159m of the Service's annual budget, a significant element of which is for Medical Referrals which are anticipated to be £0.295m over budget. As indicated 3.3 above these costs are recharged to other Services therefore have no impact on the overall Corporate Services outturn position.

#### **4. 2014/15 Budget Savings**

- 4.1. As outlined in paragraph 2.5 above, Corporate Services have made good progress in delivering its approved 2014/15 efficiency saving of £0.493m with £0.493m presently considered achievable and included within the projected outturn position.

#### **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, including control of staff recruitment and curtailment of non essential expenditure.

#### **6. Risks and Uncertainty**

- 6.1. The Council's Risk Management Strategy, approved October 2012, recognises there are risks involved in everything it does, with the current economic climate in particular having potential to impact upon the Council's ability to provide quality services within its existing budgetary provision.
- 6.2. Risks are a combination of probability and impact of particular events, and Corporate Services manage these as part of the overall corporate and service planning processes. Reflecting the risk analysis matrix included within the Council's approved Risk Management Strategy, there are no areas at the moment within Corporate Services that are considered to present a high risk to the financial outcome of the service.

## **7. Financial Concurrence**

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.

## **8. Recommendations**

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

A handwritten signature in black ink, appearing to read 'Paul Donnelly', with a large, stylized flourish at the end.

**Executive Director of Corporate Services**

For further information on this report please contact Paul Donnelly, Corporate Services on ext 2422

**Corporate Services**  
**Revenue Budget Monitoring Report - Objective Analysis**  
**1 April 2014 to 27 February 2015**  
**Period 12**

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)
	£	£	£		£	£	£				
DEMOCRATIC AND LEGAL SERVICES	4,664,356	4,160,937	503,420	FAV	5,455,787	4,929,787	526,000	FAV	9.6%	66,000	Primarily savings in Employee costs, along with reduced Printing Costs, Civic Welcome and Hospitalitys and Childrens Panel Expenses
CORPORATE PROPERTY AND PROCUREMENT	14,484,753	13,491,012	993,741	FAV	18,565,357	17,622,357	943,000	FAV	5.1%	254,000	Vacancy savings throughout the division which have now been evaluated following restructures. Rental and rates savings within Office Accomodation, Carbon Trading Allowances and external service charge income, offset by increased professional fees as a result of vacancy levels and an overspend in IT costs as a result of unavoidable development work related to the replacement of HSMS
HUMAN RESOURCES	2,114,259	2,046,504	67,754	FAV	1,756,106	1,695,107	61,000	FAV	3.5%	(4,000)	Vacancy savings, partially offset by an overspend in relation to the Cyborg replacement programme. Overspends in medical fees and job adverts met by corresponding overrecoveries in income.
<b>NET EXPENDITURE</b>	<b>21,263,368</b>	<b>19,698,453</b>	<b>1,564,915</b>	<b>FAV</b>	<b>25,777,250</b>	<b>24,247,252</b>	<b>1,530,000</b>	<b>FAV</b>	<b>5.9%</b>	<b>316,000</b>	

FAV = Favourable variation, underspend etc  
 ADV = Adverse variation, overspend etc

Corporate Services  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2014 to 27 February 2015  
Period 12

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	9,824,194	8,919,758	904,435	FAV	9.2%	11,080,040	10,091,040	989,000	FAV	8.9%	47,000	Vacancy savings across the service which have now been evaluated in light of restructures.
PROPERTY COSTS	9,287,523	9,073,211	214,312	FAV	2.3%	11,504,366	11,265,366	239,000	FAV	2.1%	45,000	Rental savings and underspend on Buchanan Centre rates within Office Accomodation
SUPPLIES AND SERVICES	314,531	261,656	52,875	FAV	16.8%	399,098	525,099	(126,000)	ADV	-31.6%	(7,000)	Unavoidable development work in relation to HSMS replacement
TRANSPORT & PLANT	316,834	232,666	84,168	FAV	26.6%	375,965	280,965	95,000	FAV	25.3%	34,000	Savings in mileage within Corporate Property & Procurement as a result of vacancies and in plating costs and additional work in Democratic & Legal
ADMINISTRATION COSTS	2,916,574	2,817,574	98,999	FAV	3.4%	4,549,892	4,482,892	67,000	FAV	1.5%	118,000	Underspends in external printing costs, internal print recharges, civic welcome and hospitalities, offset by overspend in professional fees within CP&P
PAYMENTS TO OTHER BODIES	211,543	430,156	(218,613)	ADV	-103.3%	251,719	499,719	(248,000)	ADV	-98.5%	15,000	Increased Medical Fees partially offset by underspend in Childrens Panel expenses
CAPITAL FINANCING CHARGES	381,741	381,741	-	-	-	508,983	508,983	-	-	-	-	
REVENUE FINANCING CHARGES	-	-	-	-	-	-	-	-	-	-	-	
OTHER COSTS	9,228	(29,991)	39,219	FAV	425.0%	1,413,000	1,375,000	38,000	FAV	2.7%	-	Reduced Carbon Trading Allowance charge
<b>TOTAL EXPENDITURE</b>	<b>23,262,167</b>	<b>22,086,772</b>	<b>1,175,395</b>	<b>FAV</b>	<b>5.1%</b>	<b>30,083,063</b>	<b>29,029,064</b>	<b>1,054,000</b>	<b>FAV</b>	<b>3.5%</b>	<b>252,000</b>	
<b>INCOME</b>	<b>1,998,800</b>	<b>2,388,319</b>	<b>389,520</b>	<b>FAV</b>	<b>19.5%</b>	<b>4,305,813</b>	<b>4,781,813</b>	<b>476,000</b>	<b>FAV</b>	<b>11.1%</b>	<b>64,000</b>	Overrecovery in relation to recharge of job adverts and medical fees, service charge on NLP/CNL repairs and increased registration, legal and licencing fees, partially offset by reduced print recharges
<b>NET EXPENDITURE</b>	<b>21,263,368</b>	<b>19,698,453</b>	<b>1,564,915</b>	<b>FAV</b>	<b>7.4%</b>	<b>25,777,250</b>	<b>24,247,251</b>	<b>1,530,000</b>	<b>FAV</b>	<b>5.9%</b>	<b>316,000</b>	

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Corporate Services  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2014 to 27 February 2015  
Period 12

Division:

Democratic &amp; Legal Services

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)		%	ANNUAL BUDGET (5)	PROJECTED OUTFURN (6)	PROJECTED OUTFURN VARIANCE (7)		%	PERIOD MOVEMENT (9)	Analysis (10)
	£	£	£			£	£	£				
EMPLOYEE COSTS	3,972,249	3,846,591	125,658	FAV	3.2%	4,560,723	4,386,723	174,000	FAV	3.8%	5,000	Accelerated efficiency savings (£40k), and vacancy savings (£214k) partially offset by overspend in registrars due to shortfall in turnover (£25k) and increased pension increases costs (£55k)
PROPERTY COSTS	32,088	43,111	(11,023)	ADV	-34.4%	38,960	54,960	(16,000)	ADV	-41.1%	(2,000)	Rents on election storage unit
SUPPLIES AND SERVICES	186,576	152,489	34,087	FAV	18.3%	225,200	222,200	3,000	FAV	1.3%	-	
TRANSPORT & PLANT	143,398	126,007	17,391	FAV	12.1%	168,131	146,131	22,000	FAV	13.1%	(9,000)	Underspend in additional work (£14k) and various other minor underspends
ADMINISTRATION COSTS	1,795,204	1,623,833	171,371	FAV	9.5%	2,285,413	2,122,413	163,000	FAV	7.1%	8,000	External printing costs (£56k), reduced print recharge (£37k), reduced civic welcome and hospitalities (£47k), membership fees and subscriptions (£15k)
PAYMENTS TO OTHER BODIES	53,940	26,588	27,351	FAV	50.7%	84,000	37,000	47,000	FAV	56.0%	7,000	Reduced Childrens Panel expenses
CAPITAL FINANCING CHARGES	636	636	-	-	-	847	847	-	-	-	-	
REVENUE FINANCING CHARGES	-	-	-	-	-	-	-	-	-	-	-	
OTHER COSTS	9,228	8,301	927	FAV	10.0%	10,000	10,000	-	-	-	-	
<b>TOTAL EXPENDITURE</b>	<b>6,193,318</b>	<b>5,827,556</b>	<b>365,762</b>	<b>FAV</b>	<b>5.9%</b>	<b>7,373,274</b>	<b>6,980,274</b>	<b>393,000</b>	<b>FAV</b>	<b>5.3%</b>	<b>9,000</b>	
<b>INCOME</b>	<b>1,528,962</b>	<b>1,666,619</b>	<b>137,657</b>	<b>FAV</b>	<b>9.0%</b>	<b>1,917,487</b>	<b>2,050,487</b>	<b>133,000</b>	<b>FAV</b>	<b>6.9%</b>	<b>57,000</b>	Increased Licencing (£90k) registration (£12k) and legal (£87k) fee income, offset by reduced print recharges (£56k)
<b>NET EXPENDITURE</b>	<b>4,664,356</b>	<b>4,160,937</b>	<b>503,420</b>	<b>FAV</b>	<b>10.8%</b>	<b>5,455,787</b>	<b>4,929,787</b>	<b>526,000</b>	<b>FAV</b>	<b>9.6%</b>	<b>66,000</b>	

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**Corporate Services**  
**Revenue Budget Monitoring Report - Subjective Analysis**  
**1 April 2014 to 27 February 2015**  
**Period 12**

Division:

Corporate Property &amp; Procurement

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	4,000,896	3,290,929	709,967	FAV	17.7%	4,388,426	3,642,426	746,000	FAV	17.0%	46,000	Vacancy Savings throughout the division which have now been evaluated following service restructures
PROPERTY COSTS	9,255,435	9,030,100	225,335	FAV	2.4%	11,465,406	11,210,406	255,000	FAV	2.2%	47,000	Savings within Office Accomodation on rents (£100k), metered water (£40k) and NDR (£118k)
SUPPLIES AND SERVICES	104,057	103,526	532	FAV	0.5%	114,851	228,851	(114,000)	ADV	-99.3%	(7,000)	Unavoidable development work in relation to HSMS replacement
TRANSPORT & PLANT	166,533	104,115	62,418	FAV	37.5%	200,121	127,121	73,000	FAV	36.5%	43,000	Savings in mileage as a result of vacancies
ADMINISTRATION COSTS	709,711	776,476	(66,765)	ADV	-9.4%	1,659,690	1,749,690	(90,000)	ADV	-5.4%	110,000	Overspend in professional fees as a result of vacancies within the service
PAYMENTS TO OTHER BODIES	92,698	91,901	797	FAV	0.9%	92,819	92,819	-	-	-	-	
CAPITAL FINANCING CHARGES	381,105	381,105	-	-	-	508,136	508,136	-	-	-	-	
REVENUE FINANCING CHARGES	-	-	-	-	-	-	-	-	-	-	-	
OTHER COSTS	-	(38,292)	38,292	FAV	-	1,403,000	1,365,000	38,000	FAV	2.7%	-	Carbon Trading Allowances
<b>TOTAL EXPENDITURE</b>	<b>14,710,434</b>	<b>13,739,860</b>	<b>970,575</b>	<b>FAV</b>	<b>6.6%</b>	<b>19,832,449</b>	<b>18,924,449</b>	<b>908,000</b>	<b>FAV</b>	<b>4.6%</b>	<b>239,000</b>	
INCOME	225,682	248,848	23,167	FAV	10.3%	1,267,092	1,302,092	35,000	FAV	2.8%	15,000	Service charge on NLP/CNL repairs
<b>NET EXPENDITURE</b>	<b>14,484,753</b>	<b>13,491,012</b>	<b>993,741</b>	<b>FAV</b>	<b>6.9%</b>	<b>18,566,357</b>	<b>17,622,357</b>	<b>943,000</b>	<b>FAV</b>	<b>5.1%</b>	<b>254,000</b>	

FAV = Favourable variation, underspend etc

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**Corporate Services**  
**Revenue Budget Monitoring Report - Subjective Analysis**  
**1 April 2014 to 27 February 2015**  
**Period 12**

**Division:** **Human Resources**

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	1,851,049	1,782,239	68,810	FAV	3.7%	2,130,891	2,061,891	69,000	FAV	3.2%	(4,000)	Vacancy Savings
PROPERTY COSTS	-	-	-	-	-	-	-	-	-	-	-	
SUPPLIES AND SERVICES	23,898	5,641	18,257	FAV	76.4%	59,047	74,048	(15,000)	ADV	-25.4%	-	Overspend expected as a result of costs associated with Cyborg replacement programme
TRANSPORT & PLANT	6,903	2,544	4,359	FAV	63.1%	7,713	7,713	-	-	-	-	
ADMINISTRATION COSTS	411,659	417,265	(5,606)	ADV	-1.4%	604,789	610,789	(6,000)	ADV	-1.0%	-	Increased Job Adverts costs (£13k) offset by various minor savings
PAYMENTS TO OTHER BODIES	64,906	311,667	(246,761)	ADV	-380.2%	74,900	369,900	(295,000)	ADV	-393.9%	8,000	Increased Medical Fees
CAPITAL FINANCING CHARGES	-	-	-	-	-	-	-	-	-	-	-	
REVENUE FINANCING CHARGES	-	-	-	-	-	-	-	-	-	-	-	
OTHER COSTS	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL EXPENDITURE</b>	<b>2,358,415</b>	<b>2,519,356</b>	<b>(160,942)</b>	<b>ADV</b>	<b>-6.8%</b>	<b>2,877,340</b>	<b>3,124,341</b>	<b>(247,000)</b>	<b>ADV</b>	<b>-8.6%</b>	<b>4,000</b>	
<b>INCOME</b>	<b>244,156</b>	<b>472,852</b>	<b>228,696</b>	<b>FAV</b>	<b>93.7%</b>	<b>1,121,234</b>	<b>1,429,234</b>	<b>308,000</b>	<b>FAV</b>	<b>27.5%</b>	<b>(8,000)</b>	Onward recharge of job adverts and medical fees
<b>NET EXPENDITURE</b>	<b>2,114,259</b>	<b>2,046,504</b>	<b>67,754</b>	<b>FAV</b>	<b>3.2%</b>	<b>1,756,106</b>	<b>1,695,107</b>	<b>61,000</b>	<b>FAV</b>	<b>3.5%</b>	<b>(4,000)</b>	

FAV = Favourable variation, underspend etc  
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**Corporate Services**  
**Revenue Budget Monitoring Report - PTOB Analysis**  
**1 April 2014 to 27 February 2015**  
**Period 12**

**PAYMENT TO OTHER BODIES**

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (4)		%	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCES (7)		% (8)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£			£	£	£				
<b>Central Services</b>	<b>29,013</b>	<b>20,082</b>	<b>8,931</b>	FAV	30.8%	<b>84,000</b>	<b>37,000</b>	<b>47,000</b>	FAV	56.0%	<b>10,000</b>	
TOWN TWINNING	11,316	7,676	3,640	FAV	32.2%	19,000	19,000	-	-	-	-	
CHILDREN'S PANEL	17,697	12,406	5,291	FAV	29.9%	65,000	18,000	47,000	FAV	72.3%	10,000	Reduced expenses claims
<b>Human Resources</b>	<b>64,906</b>	<b>311,667</b>	<b>(246,761)</b>	ADV	-380.2%	<b>74,900</b>	<b>369,900</b>	<b>(295,000)</b>	ADV	-393.9%	<b>10,000</b>	
MEDICAL REFERRALS	64,906	311,667	(246,761)	ADV	-380.2%	74,900	369,900	(295,000)	ADV	-393.9%	10,000	Demand led service - fully rechargeable to user Services
<b>TOTAL EXPENDITURE</b>	<b>93,919</b>	<b>331,749</b>	<b>(237,830)</b>	<b>ADV</b>	<b>-253.2%</b>	<b>158,900</b>	<b>406,901</b>	<b>(248,001)</b>	<b>ADV</b>	<b>-156.1%</b>	<b>20,000</b>	

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