

To: CORPORATE SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT – PROVISIONAL OUTTURN CORPORATE SERVICES 01/04/10 to 31/03/11
FROM: EXECUTIVE DIRECTOR OF CORPORATE SERVICES		
DATE: 3 May 2011	Ref: PD/JMcE	

1. Purpose of Report

- 1.1. This report advises Committee on the overall financial position of Corporate Services for the period 1st April 2010 to 31ST March 2011 and provides explanations for the major outturn variances.

2. Summary of Financial Position

- 2.1. The provisional outturn shows a year end surplus of £768,930. This is attributable to turnover savings across all divisions in Corporate Services, but primarily within the Design Services division. Additional details regarding budget variations are outlined in paragraph four below, and the appendices to this report.

3. Risks and Uncertainty

- 3.1. Although risks are inherent in any financial planning and monitoring process, the continuing economic climate has the potential to impact upon the Council's ability to provide services within its existing budgetary provision.
- 3.2. The most significant risk which has had an impact upon the financial outcome of Corporate Services at the moment is :
- 3.2.1 The on-going effect of the economic climate on the level of rental income from Commercial Rents.
- 3.2.2 This has been a factor throughout 2010/11 with a downturn in real terms being experienced. The position has been managed relatively well throughout the year with some one off sources of income and new on going income streams being identified which has helped to minimise the overall reduction. The provisional outturn in respect of Commercial Rental income being an under-recovery of approximately £118k.

4. Major Variations

- 4.1. Appendices 1 and 2 outline the Services' performance against budget, with a summary of the major variances within each division outlined within the table below. Appendix 3 provides some additional information on expenditure items contained within the "Payments to Other Bodies" category.
- 4.2 Service Overview

CORPORATE SERVICES	Budget (£)	Provisional Outturn Actual (£)	Provisional Outturn Variance (£)
Central Services	4,430,234	4,297,784	132,450 Underspend
Design Services	13,735,736	13,307,386	428,350 Underspend
Human Resources	1,896,230	1,796,930	99,300 Underspend
Legal Services	2,114,048	2,020,648	93,400 Underspend
Property Services	9,014,648	8,999,218	15,450 Underspend
Total	31,190,896	30,421,966	768,930 Underspend

4.3 Central Services (including Registration) £
132,450 Underspend

An underspend of £132,450 is the provisional outturn position for Central Services and is mainly as a result of savings against printing and stationery costs and also transportation costs as a result of the change in the Council's committee cycles. These are offset to some extent by corresponding reduced income recoveries in these areas as well as in respect of property enquiry fees.

The other main factor is the underspend against Employee costs.

Following the Corporate Services Structure Review reports approved during this financial year, the division has a total of 4 vacant posts at this point in time. These and the other budgeted posts, to be removed from the budgeted establishment for 2010/11, are contributing to the overall underspend in employee costs of £46,500, while also covering the on-going turnover savings for the division for the current year.

4.4 Design Services 428,350 Underspend

The Design Services division is projecting expenditure to be £428,350 less than budget at the year end. The main reason for this is the number of vacant posts within the Design Unit.

As with the position in Central Services, the structure review reports approved earlier in the year have seen the number of posts vacant reduce as the new structures are implemented. A total of 14 posts having being deleted from the original establishment at the start of the financial year.

The number of vacancies within Design now stands at 12 posts, with 7.5 of these contributing to the divisions turnover saving. All of these vacant posts are effectively on hold pending the outcomes of the latest series of Service structure reviews, with temporary cover sourced when necessary. This all adds significantly to the overall Service's bottom line underspend position.

4.5 Human Resources 99,300 Underspend

An underspend of £99,300 is expected within the Human Resources division, mainly due to vacancies against the original budgeted establishment for 2010/11 within this division.

Following the Corporate Services Structure Review reports this financial year, mentioned above, there remains no posts vacant at this point in time.

The stand out variance is against Medical Referral expenses which are in excess of budget by upwards of £290k this year.

While this shows as a large overspend against this particular line it is fully offset by a corresponding over-recovery in income, with all costs being fully recharged on to the appropriate Service. So it has no impact as such on HR's bottom line outturn position. This area is purely demand led with all costs only being incurred following order requests and referrals from the other Services of the Council.

4.6 Legal Services 93,400 Underspend

This favourable 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 in general administration and storage costs. In particular, postage costs have become under more pressure in recent years with a need to send items by recorded delivery in many cases. This makes it difficult to meet procurement and efficiency targets already implemented in respect of postage costs.

In terms of Employee costs, an underspend of £107,900 is expected with there currently being 3.5 vacancies within the Legal Services division. 3 posts have been deleted from the original budgeted establishment following the Corporate Services staffing reviews of June and December 2010 and these will help to meet the budgeted turnover saving target for the division. The current vacancies are being held as part of the management action plan to ensure that Legal Services remains within budget levels, with 1 in the process of being considered for some temporary cover.

4.7 Property Services 15,430 Underspend

The provisional year end variance is an underspend of £15,430, which is an improvement from that previously reported earlier in the year as a result of Property Services staff being able to secure some significant Rates and Water Rates rebates through extensive rates relief investigations and also in identifying some historical billing anomalies. These items in particular have contributed to the positive shift in the outturn position.

There are still areas though of on-going cost pressures that will continue to be required to be managed carefully, arising, most significantly, against property costs in the Commercial Property and Office Accommodation portfolios. These on-going cost pressures relate mainly to the budgets of Scomag House and Park St. being transferred several years ago to support the new Dalziel Building in Motherwell. As part of that strategy, it was planned that the Division would support these Office Accommodation budget pressures until the leases terminate in 2011 and 2013 respectively. These unbudgeted costs mainly relate to property rates and rents payable and are projected to be in the region of £160k for the current year.

The other main area under pressure relates to commercial rental income recovery where, as a direct result of the current economic situation and its impact on existing and potential new tenants, an under-recovery of approximately £118k will transpire in this area. Overall, income is set to be around £104k under-recovered with additional income from external sources through management fees helping to offset the commercial rental position.

Another area where improvement has been possible from that previously reported is in relation to the non achievement of the Coates House efficiency savings for 2010/11. This efficiency has been fully offset by other efficiencies and management actions elsewhere within the Property Services budget. The main improvement areas being additional income streams, savings against energy costs where the pattern of reduced consumption in 2009/10 has continued throughout 2010/11 and also in relation to some Water Rates rebates achieved through the work of Property Services staff, as mentioned above.

The Corporate Services staffing review reports from earlier this financial year saw 4.5 vacant posts removed from the establishment with these posts contributing to the required turnover saving for the division.

At the end of the financial year there were 8 posts vacant, with all of them currently being held vacant as part of the management action strategy to offset as far as is possible the cost pressures mentioned above. The estimated saving in employee costs has risen to around the £279k mark with additional savings being identified in respect of internal energy unit recharges.

5. Management Action

- 5.1. The provisional year end variance for Corporate Services as a whole is an underspend of £768,930. This has mainly been achieved through management of vacancy levels across all divisions of the Service, without impacting on service delivery.

6. Financial Concurrence

- 6.1. The Head of Financial Services has confirmed that the information detailed within this report reflects the anticipated financial position of the Service.

7. Recommendations

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



Executive Director of Corporate Services

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

NORTH LANARKSHIRE COUNCIL**FINANCIAL MONITORING REPORT - Divisional Analysis****1 April 2010 to 31 March 2011****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	4,430,234	4,297,784	132,450 Underspend	3.0%	Vacancies & Printing costs
2.	DESIGN SERVICES	13,735,736	13,307,386	428,350 Underspend		
3	HUMAN RESOURCES	1,896,230	1,796,930	99,300 Underspend		
4	LEGAL SERVICES	2,114,048	2,020,648	93,400 Underspend		
5	PROPERTY SERVICES	9,014,648	8,999,218	15,430 Underspend		
6	NET EXPENDITURE	31,190,896	30,421,966	768,930 Underspend	2.5%	

NORTH LANARKSHIRE COUNCIL**FINANCIAL MONITORING REPORT - Subjective Analysis****1 April 2010 to 31 March 2011****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	15,405,147	14,522,627	882,520 Underspend	5.7%	Vacancy levels
2.	PROPERTY COSTS	16,190,048	16,191,668	(1,620) Overspend	0.0%	
3.	SUPPLIES AND SERVICES	419,980	421,900	(1,920) Overspend	-0.5%	
4.	TRANSPORT & PLANT	707,032	558,242	148,790 Underspend	21.0%	Delivery / Travel Exp's /Allowances
5.	ADMINISTRATION COSTS	1,346,805	1,393,455	(46,650) Overspend	-3.5%	Bad Debt Provision
6.	PAYMENTS TO OTHER BODIES	173,900	462,450	(288,550) Overspend	-165.9%	Medical Referral Fees
7.	OTHER COSTS	11,411	10,561	850 Underspend	7.4%	
8.	APPORTIONED EXPENSES	5,687,233	5,687,233			
9.	CAPITAL FINANCING CHARGES	1,491,529	1,491,529			
10.	C.F.C.R					
11.	TOTAL EXPENDITURE	41,433,085	40,739,665	693,420 Underspend	1.7%	
12.	INCOME	10,242,189	10,317,699	75,510 Over-recovery	0.7%	Medical Referral Fee incomes
13	NET EXPENDITURE	31,190,896	30,421,966	768,930 Underspend	2.5%	

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2010 to 31 March 2011

COMMITTEE: CORPORATE SERVICES

SERVICE: CENTRAL SERVICES (including Registration)

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	2,934,095	2,887,595	46,500 Underspend	1.6%	Vacancy Levels
2.	PROPERTY COSTS	35,804	33,104	2,700 Underspend	7.5%	
3.	SUPPLIES AND SERVICES	189,490	190,490	(1,000) Overspend	-0.5%	
4.	TRANSPORT & PLANT	149,144	110,394	38,750 Underspend	26.0%	Delivery Costs / Travel Exp's
5.	ADMINISTRATION COSTS	590,928	435,928	155,000 Underspend	26.2%	Lower Printing Costs
6.	PAYMENTS TO OTHER BODIES	84,000	72,800	11,200 Underspend	13.3%	Town Twining
7.	OTHER COSTS	10,000	10,000	- -		
8.	APPORTIONED EXPENSES	1,403,701	1,403,701	- -		
9.	CAPITAL FINANCING CHARGES	12,215	12,215	- -		
10.	C.F.C.R			- -		
11.	TOTAL EXPENDITURE	5,409,377	5,156,227	253,150 Underspend	4.7%	
12.	INCOME	979,143	858,443	(120,700) Under-Recovery	-12.3%	Printing Recharges & Enquiry Fees
13	NET EXPENDITURE	4,430,234	4,297,784	132,450 Underspend	3.0%	

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2010 to 31 March 2011

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	5,512,761	5,146,961	365,800	Underspend	6.6%	Vacancy Levels
2.	PROPERTY COSTS	6,154,988	6,188,088	(33,100)	Overspend	-0.5%	CRA Planned Exp
3.	SUPPLIES AND SERVICES	88,235	73,535	14,700	Underspend	16.7%	General Supplies
4.	TRANSPORT & PLANT	390,489	323,589	66,900	Underspend	17.1%	Travel Expenses/ CRA Transport
5.	ADMINISTRATION COSTS	136,083	122,883	13,200	Underspend	9.7%	General Admin Exp
6.	PAYMENTS TO OTHER BODIES						
7.	OTHER COSTS	1,411	561	850	Underspend	60.2%	
8.	APPORTIONED EXPENSES	1,477,902	1,477,902				
9.	CAPITAL FINANCING CHARGES	73,867	73,867				
10.	C.F.C.R						
11.	TOTAL EXPENDITURE	13,835,736	13,407,386	428,350	Underspend	3.1%	
12.	INCOME	100,000	100,000	-	-	-	
13	NET EXPENDITURE	13,735,736	13,307,386	428,350	Underspend	3.1%	

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2010 to 31 March 2011

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	£ 1,631,556	£ 1,549,056	£ 82,500 Underspend	5.1%	Vacancy levels
2.	PROPERTY COSTS			- -		
3.	SUPPLIES AND SERVICES	62,371	63,841	(1,470) Overspend	-2.4%	
4.	TRANSPORT & PLANT	24,513	2,873	21,640 Underspend	88.3%	Travel Expenses/Allowances
5.	ADMINISTRATION COSTS	323,000	296,900	26,100 Underspend	8.1%	Job Adverts
6.	PAYMENTS TO OTHER BODIES	89,900	389,650	(299,750) Overspend	-333.4%	Medical Referral Fees
7.	OTHER COSTS			- -		
8.	APPORTIONED EXPENSES	187,954	187,954	- -		
9.	CAPITAL FINANCING CHARGES	23,936	23,936	- -		
10.	C.F.C.R			- -		
11.	TOTAL EXPENDITURE	2,343,230	2,514,210	(170,980) Overspend	-7.3%	
12.	INCOME	447,000	717,280	270,280 Over-recovery	60.5%	Medical Referral recharges..
13	NET EXPENDITURE	1,896,230	1,796,930	99,300 Underspend	5.2%	

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2010 to 31 March 2011

COMMITTEE: CORPORATE SERVICES

SERVICE: LEGAL SERVICES

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£		
1.	EMPLOYEE COSTS	2,517,593	2,409,693	107,900 Underspend	4.3%	Vacancy levels
2.	PROPERTY COSTS	15,000	14,500	500 Underspend	3.3%	
3.	SUPPLIES AND SERVICES	17,076	17,076			
4.	TRANSPORT & PLANT	63,074	58,774	4,300 Underspend	6.8%	Travel Expenses/Allowances
5.	ADMINISTRATION COSTS	117,178	166,478	(49,300) Overspend	-42.1%	Postages/Storage/Subscriptions
6.	PAYMENTS TO OTHER BODIES					
7.	OTHER COSTS					
8.	APPORTIONED EXPENSES	374,341	374,341			
9.	CAPITAL FINANCING CHARGES					
10.	C.F.C.R					
11.	TOTAL EXPENDITURE	3,104,262	3,040,862	63,400 Underspend	2.0%	
12.	INCOME	990,214	1,020,214	30,000 Over-recovery	3.0%	General Legal fees
13.	NET EXPENDITURE	2,114,048	2,020,648	93,400 Underspend	4.4%	

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2010 to 31 March 2011

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	2,809,142	2,529,322	279,820 Underspend	10.0%	Vacancy Levels
2.	PROPERTY COSTS	9,984,256	9,955,976	28,280 Underspend	0.3%	Rates Rebates / Refunds
3.	SUPPLIES AND SERVICES	62,808	76,958	(14,150) Overspend	-22.5%	IT Equipment Maintenance
4.	TRANSPORT & PLANT	79,812	62,612	17,200 Underspend	21.6%	Travel Expenses/Allowances
5.	ADMINISTRATION COSTS	179,616	371,266	(191,650) Overspend	-106.7%	BDP & Legal Fees / Subscriptions
6.	PAYMENTS TO OTHER BODIES				-	
7.	OTHER COSTS				-	
8.	APPORTIONED EXPENSES	2,243,335	2,243,335		-	
9.	CAPITAL FINANCING CHARGES	1,381,511	1,381,511		-	
10.	C.F.C.R				-	
11.	TOTAL EXPENDITURE	16,740,480	16,620,980	119,500 Underspend	0.7%	
12.	INCOME	7,725,832	7,621,762	(104,070) Under-Recovery	-1.3%	Commercial Rents
13	NET EXPENDITURE	9,014,648	8,999,218	15,430 Underspend	0.2%	

NORTH LANARKSHIRE COUNCILFINANCIAL MONITORING REPORT1 April 2010 to 31 March 2011**COMMITTEE: CORPORATE SERVICES****PAYMENT TO OTHER BODIES**

LINE NO. (1)	DESCRIPTION (2)	ANNUAL BUDGET (6)	PROVISIONAL OUTTURN (7)	PROVISIONAL OUTTURN VARIANCES (8)	% (9)	Analysis (10)
1.	Central Services	£ 84,000	£ 72,800	£ 11,200 Underspend	13.3%	Reduced activity
2.	TOWN TWINNING	19,000	8,169	10,831 Underspend	57.0%	
3.	CHILDREN'S PANEL	65,000	64,631	369 Underspend	0.6%	
4.	Human Resources	89,900	389,650	(299,750) Overspend	-333.4%	Offset by Income
5.	MEDICAL REFERRALS	89,900	389,650	(299,750) Overspend	-333.4%	
8.	TOTAL EXPENDITURE	173,900	462,450	(288,550) Overspend	-165.9%	