

To: CORPORATE SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT  CORPORATE SERVICES  01/04/11 to 24/06/11 (PERIOD 3)
FROM: EXECUTIVE DIRECTOR OF CORPORATE SERVICES		
DATE: 8 July 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 1<sup>st</sup> April 2011 to 24 June 2011. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained.

**2. Approved Revenue Budget 2011-2012**

2.1. The Council approved an overall Base Revenue Budget of £777.547 million on 10<sup>th</sup> February 2011, £30.8m (3.9%) of which is the approved Gross Revenue Budget for Corporate Services. Whilst the 2011-2012 budget process recognised various budget pressures facing Corporate Services, it also resulted in the Service contributing around £2.5m towards the Council's approved 2011-2012 efficiency savings. Further details regarding this year's budget are available within the general revenue monitoring appendices 1 and 2.

2.2 Subsequent to the approval of the base revenue budget, the Council has approved a restructuring of Services. That restructuring, which has been implemented following the end of period 3, has the effect of removing from Corporate Services and transferring to Environmental Services responsibility for a number of property functions including commercial rental incomes recovery. This report covers the period prior to the implementation of that restructuring – and, accordingly, provides information on the whole of the approved budget. Future reports will reflect the restructuring and the consequential reallocation of responsibilities.

**3. Summary of Financial Position**

3.1. The Service is currently projecting a year-end surplus of £269,451. 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.

**4. Risks and Uncertainty**

4.1. 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.

- 4.2 The most significant risk identified in this report is the potential effect of the economic climate on the level of rental income from commercial rents. This has been a factor throughout 2009/10 and 2010/11 with a downturn in real terms being experienced. Throughout these years the position has been managed relatively well with some one-off sources of income and new income streams helping to minimise the overall drop.
- 4.3 As at the early part of the financial year, a drop is being anticipated mainly in respect of imposing rent review increases on tenants already under financial pressure themselves. With the restructuring and consequential reallocation of responsibilities and budgets, however, this risk will not have an impact on the financial outcome of Corporate Services budget. It is, however, a risk which will continue to be monitored with future reports being submitted, as appropriate, to the Environmental Services Committee and the Policy and Resources (Property) Sub-Committee.

## 5. Major Variations

- 5.1. 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.
- 5.2. Included within the overall outturn position for Corporate Services is a projected underspend on employee costs of £426,451. Following approval of the Workforce Changes savings report of 16<sup>th</sup> December 2010, the service currently has 396.5 FTEs, and a budgeted turnover of £400,475 (14.5 FTEs). At period 3 there were 34 vacant posts within the Service, contributing to meet this turnover requirement and generating further savings as well.
- 5.3. Service Overview:

<b>Corporate Services</b>	<b>Budget to date (£)</b>	<b>Actual to date (£)</b>	<b>Variance to date (£)</b>	<b>Projected Outturn Variance (£)</b>
Central Services	908,726	894,751	13,975	<b>25,000 Underspend</b>
Design Services	2,545,806	2,477,178	68,628	<b>260,000 Underspend</b>
Human Resources	473,517	470,478	3,039	<b>- On Budget</b>
Legal Services	422,526	413,375	9,151	<b>30,000 Underspend</b>
Property Services	1,733,005	1,746,699	(13,694)	<b>(45,549) Overspend</b>
<b>Total</b>	<b>6,083,580</b>	<b>6,002,481</b>	<b>81,099</b>	<b>269,461 Underspend</b>

- 5.4 Central Services (including Registration) £  
25,000 Underspend

An underspend of £25,000 is anticipated and is mainly as a result of savings against printing, stationery and postage costs. These are being achieved through the more efficient use of resources and savings against contract renewals.

5.5 Design Services 260,000 Underspend

The Design Services division is projecting expenditure to be £260,000 less than budget at the year end. The main reason for this is the number of vacant posts within the Design Unit.

The number of vacancies within Design stands at 16 posts. 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.

5.6 Human Resources - On Budget

At the moment the outturn for the Human Resources division is to be on budget come the year end.

Within this there are a couple of variances which are offsetting one another in respect of Medical Referral expenses which are being projected to be in excess of budget by £80,000 at this early point in the financial year. This will be fully offset though by a corresponding over-recovery in income, with all costs being fully recharged on to the appropriate Service. This area is purely demand led with all costs only being incurred following order requests and referrals from the other Services of the Council.

5.7 Legal Services 30,000 Underspend

This favourable projected outturn position at this early juncture in the year is primarily a result of a savings against Employee costs with an underspend of £30,000 being anticipated.

There are currently 4.5 vacancies within Legal Services with all of these being held as part of the management action plan to ensure that Legal Services remains within budget levels.

5.8 Property Services (45,549) Overspend

The projected year end variance reported at this stage is an overspend of £45,549, which is mainly a result of an anticipated shortfall in commercial rental incomes recovery.

The current economic situation has had an on-going impact on this area of the division, and it is currently estimated that some of the efficiencies approved for this area may prove difficult to fully achieve over the course of the financial year. Namely an increase in rent levels as a result of scheduled rent reviews. That is, the impact of increasing rents on existing tenants has to be considered against the ability of said tenants being able to meet and continue to meet such increases. It is still early in the year though, and the outturn projections will possibly change as more information becomes available and with potentially some new income streams helping to offset the general downward trend of recent times.

Offsetting this to some extent are anticipated savings against employee costs. At period 3 there were 10 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 likely cost pressures to face the division over the coming year. The estimated saving in employee costs at this point of the year is £126,000.

## 6. Management Action

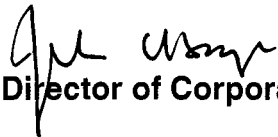
6.1 The year end variance for Corporate Services as a whole – projected forward from this Period 3 report – is an underspend of £269,451. This is being achieved mainly through management of vacancy levels across all Divisions of the Service while minimising the impact on service delivery. This projection, however, does not take account of the reallocation of responsibilities and budgets consequent on the restructuring approved by the Council.

**7. Financial Concurrence**

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

**8. Recommendations**

8.1. Members are asked to note the Services approved 2011-12 budget and projected performance against this as at 24 June 2011.



**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 2011 to 24 June 2011****COMMITTEE: CORPORATE SERVICES****SERVICE: CORPORATE SERVICES DIVISIONAL SUMMARY**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£	£	£	£		
1.	CENTRAL SERVICES	908,726	894,751	13,975 Underspend	3,948,124	3,923,124	25,000 Underspend	0.6%	Vacancy levels
2.	DESIGN SERVICES	2,545,806	2,477,178	68,628 Underspend	13,086,137	12,826,137	260,000 Underspend	2.0%	Vacancy levels
3	HUMAN RESOURCES	473,517	470,478	3,039 Underspend	1,802,279	1,802,279	- -	-	
4	LEGAL SERVICES	422,526	413,375	9,151 Underspend	1,978,465	1,948,465	30,000 Underspend	1.5%	Vacancy levels
5	PROPERTY SERVICES	1,733,005	1,746,699	(13,694) Overspend	8,663,472	8,709,021	(45,549) Overspend	-0.5%	Vacancy levels
<b>6</b>	<b>NET EXPENDITURE</b>	<b>6,083,580</b>	<b>6,002,481</b>	<b>81,099 Underspend</b>	<b>29,478,477</b>	<b>29,209,026</b>	<b>269,451 Underspend</b>	<b>0.9%</b>	

## NORTH LANARKSHIRE COUNCIL

## FINANCIAL MONITORING REPORT - Subjective Analysis

1 April 2011 to 24 June 2011

COMMITTEE: CORPORATE SERVICES

SERVICE: CORPORATE SERVICES (CONSOLIDATED)

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£	£	£	£		
1.	EMPLOYEE COSTS	3,148,674	3,049,824	98,850 Underspend	15,164,275	14,737,824	426,451 Underspend	2.8%	Vacancy levels
2.	PROPERTY COSTS	2,359,136	2,373,754	(14,618) Overspend	15,512,760	15,587,760	(75,000) Overspend	-0.5%	Rates Rebates / Reliefs
3.	SUPPLIES AND SERVICES	93,014	90,957	2,057 Underspend	499,088	519,088	(20,000) Overspend	-4.0%	IT Equipment Maintenance
4.	TRANSPORT & PLANT	83,959	77,575	6,384 Underspend	466,495	456,495	10,000 Underspend	2.1%	Delivery / Travel Exp's /Allowances
5.	ADMINISTRATION COSTS	158,842	148,039	10,803 Underspend	1,176,563	1,141,563	35,000 Underspend	3.0%	
6.	PAYMENTS TO OTHER BODIES	40,136	58,007	(17,871) Overspend	173,900	253,900	(80,000) Overspend	-46.0%	Medical Referral Fees
7.	OTHER COSTS	-	-	- -	11,011	11,011	- -	-	
8.	APPORTIONED EXPENSES	1,207,996	1,207,996	- -	5,245,478	5,245,478	- -	-	
9.	CAPITAL FINANCING CHARGES	627,855	627,855	- -	2,721,548	2,721,548	- -	-	
10.	C.F.C.R	-	-	- -	-	-	- -	-	
11.	TOTAL EXPENDITURE	7,719,612	7,634,007	85,605 Underspend	40,971,118	40,674,667	296,451 Underspend	0.7%	
12.	INCOME	1,636,032	1,631,526	(4,506) Under-Recovery	11,492,641	11,465,641	(27,000) Under-Recovery	-0.2%	Medical Referral Fee incomes
13.	NET EXPENDITURE	6,083,580	6,002,481	81,099 Underspend	29,478,477	29,209,026	269,451 Underspend	0.9%	

NORTH LANARKSHIRE COUNCILFINANCIAL MONITORING REPORT1 April 2011 to 24 June 2011

## COMMITTEE: CORPORATE SERVICES

PAYMENT TO OTHER BODIES

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£		£	£	£			
1.	<b>Central Services</b>	<b>19,386</b>	<b>17,416</b>	<b>1,970</b>	Underspend	<b>84,000</b>	<b>84,000</b>	-	-	-	Reduced activity
2.	TOWN TWINNING	4,389	3,445	944	Underspend	19,000	19,000	-	-	-	
3.	CHILDREN'S PANEL	14,997	13,971	1,026	Underspend	65,000	65,000	-	-	-	
4.	<b>Human Resources</b>	<b>20,750</b>	<b>40,591</b>	<b>(19,841)</b>	Overspend	<b>89,900</b>	<b>169,900</b>	<b>(80,000)</b>	Overspend	-89.0%	Offset by Income
5.	MEDICAL REFERRALS	20,750	40,591	(19,841)	Overspend	89,900	169,900	(80,000)	Overspend	-89.0%	
8.	TOTAL EXPENDITURE	40,136	58,007	(17,871)	Overspend	173,900	253,900	(80,000)	Overspend	-46.0%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2011 to 24 June 2011**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: CENTRAL SERVICES (including Registration)**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)	ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)	% (9)	Analysis (10)
		£	£	£	£	£	£		
1.	EMPLOYEE COSTS	584,556	583,171	1,385 Underspend	2,692,579	2,682,579	10,000 Underspend	0.4%	Vacancy Levels
2.	PROPERTY COSTS	2,762	1,063	1,699 Underspend	35,804	35,804	- -	-	
3.	SUPPLIES AND SERVICES	54,311	52,035	2,276 Underspend	239,694	239,694	- -	-	
4.	TRANSPORT & PLANT	11,432	9,291	2,141 Underspend	112,410	112,410	- -	-	Delivery Costs / Travel Exp's
5.	ADMINISTRATION COSTS	81,626	71,153	10,473 Underspend	433,721	388,721	45,000 Underspend	10.4%	Lower Printing Costs
6.	PAYMENTS TO OTHER BODIES	19,386	17,416	1,970 Underspend	84,000	84,000	- -	-	
7.	OTHER COSTS	-	-	- -	10,000	10,000	- -	-	
8.	APPORTIONED EXPENSES	290,911	290,911	- -	1,269,670	1,269,670	- -	-	
9.	CAPITAL FINANCING CHARGES	1,923	1,923	- -	8,341	8,341	- -	-	
10.	C.F.C.R	-	-	- -	-	-	- -	-	
11.	<b>TOTAL EXPENDITURE</b>	<b>1,046,907</b>	<b>1,026,963</b>	<b>19,944 Underspend</b>	<b>4,886,219</b>	<b>4,831,219</b>	<b>55,000 Underspend</b>	<b>1.1%</b>	
12.	<b>INCOME</b>	<b>138,181</b>	<b>132,212</b>	<b>(5,969) Under-Recovery</b>	<b>938,095</b>	<b>908,095</b>	<b>(30,000) Under-Recovery</b>	<b>-3.2%</b>	<b>Printing &amp; Enquiry Fees</b>
<b>13</b>	<b>NET EXPENDITURE</b>	<b>908,726</b>	<b>894,751</b>	<b>13,975 Underspend</b>	<b>3,948,124</b>	<b>3,923,124</b>	<b>25,000 Underspend</b>	<b>0.6%</b>	



**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2011 to 24 June 2011**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: DESIGN SERVICES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	1,059,744	998,570	61,174	Underspend	5,178,661	4,928,661	250,000	Underspend	4.8%	Vacancy Levels           Travel Expenses/Allowances
2.	PROPERTY COSTS	1,091,045	1,090,372	673	Underspend	6,014,333	6,014,333	-	-	-	
3.	SUPPLIES AND SERVICES	8,508	6,835	1,673	Underspend	88,235	88,235	-	-	-	
4.	TRANSPORT & PLANT	36,270	32,877	3,393	Underspend	209,231	199,231	10,000	Underspend	4.8%	
5.	ADMINISTRATION COSTS	13,285	11,570	1,715	Underspend	134,086	134,086	-	-	-	
6.	PAYMENTS TO OTHER BODIES	-	-	-	-	-	-	-	-	-	
7.	OTHER COSTS	-	-	-	-	1,011	1,011	-	-	-	
8.	APPORTIONED EXPENSES	325,347	325,347	-	-	1,410,262	1,410,262	-	-	-	
9.	CAPITAL FINANCING CHARGES	11,607	11,607	-	-	50,318	50,318	-	-	-	
10.	C.F.C.R	-	-	-	-	-	-	-	-	-	
11.	TOTAL EXPENDITURE	2,545,806	2,477,178	68,628	Underspend	13,086,137	12,826,137	260,000	Underspend	2.0%	
12.	INCOME	-	-	-	-	-	-	-	-	-	
13.	NET EXPENDITURE	2,545,806	2,477,178	68,628	Underspend	13,086,137	12,826,137	260,000	Underspend	2.0%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2011 to 24 June 2011**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: HUMAN RESOURCES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	439,272	437,966	1,306	Underspend	2,176,609	2,176,609	-	-	-	
2.	PROPERTY COSTS	-	-	-	-	-	-	-	-	-	
3.	SUPPLIES AND SERVICES	14,193	13,368	825	Underspend	62,792	62,792	-	-	-	
4.	TRANSPORT & PLANT	1,683	1,068	615	Underspend	12,513	12,513	-	-	-	
5.	ADMINISTRATION COSTS	17,726	16,958	768	Underspend	365,726	365,726	-	-	-	
6.	PAYMENTS TO OTHER BODIES	20,750	40,591	(19,841)	Overspend	89,900	169,900	(80,000)	Overspend	-89.0%	Medical Referral Fees
7.	OTHER COSTS	-	-	-	-	-	-	-	-	-	
8.	APPORTIONED EXPENSES	37,449	37,449	-	-	162,332	162,332	-	-	-	
9.	CAPITAL FINANCING CHARGES	3,669	3,669	-	-	15,907	15,907	-	-	-	
10.	C.F.C.R	-	-	-	-	-	-	-	-	-	
11.	TOTAL EXPENDITURE	534,742	551,069	(16,327)	Overspend	2,885,779	2,965,779	(80,000)	Overspend	-2.8%	
12.	INCOME	61,225	80,591	19,366	Over-recovery	1,083,500	1,163,500	80,000	Over-recovery	7.4%	Medical Referral recharges..
13	NET EXPENDITURE	473,517	470,478	3,039	Underspend	1,802,279	1,802,279	-	-	-	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2011 to 24 June 2011**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: LEGAL SERVICES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	500,859	491,987	8,872	Underspend	2,411,650	2,371,650	40,000	Underspend	1.7%	Vacancy levels
2.	PROPERTY COSTS	-	-	-	-	-	-	-	-	-	
3.	SUPPLIES AND SERVICES	4,032	2,585	1,447	Underspend	17,476	17,476	-	-	-	
4.	TRANSPORT & PLANT	18,553	17,140	1,413	Underspend	63,074	63,074	-	-	-	
5.	ADMINISTRATION COSTS	19,574	22,045	(2,471)	Overspend	99,023	109,023	(10,000)	Overspend	-10.1%	
6.	PAYMENTS TO OTHER BODIES	-	-	-	-	-	-	-	-	-	
7.	OTHER COSTS	-	-	-	-	-	-	-	-	-	
8.	APPORTIONED EXPENSES	77,028	77,028	-	-	334,456	334,456	-	-	-	
9.	CAPITAL FINANCING CHARGES	-	-	-	-	-	-	-	-	-	
10.	C.F.C.R	-	-	-	-	-	-	-	-	-	
11.	TOTAL EXPENDITURE	620,046	610,785	9,261	Underspend	2,925,679	2,895,679	30,000	Underspend	1.0%	
12.	INCOME	197,520	197,410	(110)	Under-Recovery	947,214	947,214	-	-	-	General Legal fees
13.	NET EXPENDITURE	422,526	413,375	9,151	Underspend	1,978,465	1,948,465	30,000	Underspend	1.5%	

**NORTH LANARKSHIRE COUNCIL**

**FINANCIAL MONITORING REPORT**

**1 April 2011 to 24 June 2011**

**COMMITTEE: CORPORATE SERVICES**

**SERVICE: PROPERTY SERVICES**

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCES (8)		% (9)	Analysis (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	564,243	538,130	26,113	Underspend	2,704,776	2,578,325	126,451	Underspend	4.7%	Vacancy Levels
2.	PROPERTY COSTS	1,265,329	1,282,319	(16,990)	Overspend	9,462,623	9,537,623	(75,000)	Overspend	-0.8%	Rents/Rates @ surplus properties
3.	SUPPLIES AND SERVICES	11,970	16,134	(4,164)	Overspend	90,891	110,891	(20,000)	Overspend	-22.0%	IT Equipment Maintenance
4.	TRANSPORT & PLANT	16,021	17,199	(1,178)	Overspend	69,267	69,267	-	-	-	
5.	ADMINISTRATION COSTS	26,631	26,313	318	Underspend	144,007	144,007	-	-	-	
6.	PAYMENTS TO OTHER BODIES	-	-	-	-	-	-	-	-	-	
7.	OTHER COSTS	-	-	-	-	-	-	-	-	-	
8.	APPORTIONED EXPENSES	477,261	477,261	-	-	2,068,758	2,068,758	-	-	-	
9.	CAPITAL FINANCING CHARGES	610,656	610,656	-	-	2,646,982	2,646,982	-	-	-	
10.	C.F.C.R	-	-	-	-	-	-	-	-	-	
11.	TOTAL EXPENDITURE	2,972,111	2,968,012	4,099	Underspend	17,187,304	17,155,853	31,451	Underspend	0.2%	
12.	INCOME	1,239,106	1,221,313	(17,793)	Under-Recovery	8,523,832	8,446,832	(77,000)	Under-Recovery	-0.9%	Commercial Rents
13.	NET EXPENDITURE	1,733,005	1,746,699	(13,694)	Overspend	8,663,472	8,709,021	(45,549)	Overspend	-0.5%	