

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.15 – 04.03.16 (PERIOD 12) REGENERATION AND ENVIRONMENTAL SERVICES
From: ACTING EXECUTIVE DIRECTOR OF REGENERATION AND ENVIRONMENTAL SERVICES		
Date: 26 April 2016	Ref: KW/RC/JMP12	

1. Purpose of Report

1.1. This report provides a summary of Regeneration and Environmental Services financial performance for the period 1 April 2015 to 4 March 2016 (Period 12). The report forecasts the outturn as at 31 March 2016, 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 12 February 2015, including the approved net revenue budget for Regeneration and Environmental Services of £106.091m. A number of budget transfers have been completed to other services including the Fleet realignment and Facility Support Services realignment resulting in a revised approved budget of £105.201m. In addition, there is a net budget surplus for the Trading Account of £0.147m, giving a total net budget for the Service of £105.054m.
- 2.2. The Service is currently projecting an underspend of £2.35m from non-trading services and an increased surplus of £0.151m from the Trading Account resulting in an overall Service underspend of £2.501m. This underspend is mainly due to the freeze on recruitment, delays in seasonal recruitment, the freeze on non-essential spend and contract efficiencies. Within this projection there is an estimate included of £0.27m under recovery in income within Roads and Transportation as a result of a review of the overhead policy linked to design fee charges.
- 2.3. The non-trading underspend is minor decrease of £0.016m since that reported at Period 11. The movement is mainly due to increased income for Planning and Building Standards income £0.08m, reduced food costs £0.07m, reduced transport and plant costs within Waste Management £0.1m, partly offset by increased Waste disposal costs £0.191m mainly due to increased tonnage mainly for Household recycling centres and residual waste tonnage, increased Bad Debt provision within Planning £0.061m and also home working costs within Protective Services £0.03m.
- 2.4. The non-trading underspend of £2.35m is within the following areas; Facility Support Services £1.256m, Environment and Estates £0.352m, Planning and Regeneration £0.41m, Protective Services £0.163m, Directorate and Support £0.137m and Roads and Transportation £0.033m. Significant budget variations within this projection are outlined in paragraph 3 below, and detailed in Appendix 1 and 2 of this report.
- 2.5. The Services' 2015-16 budget includes £1.751m of savings, in line with the Council's approved three-year savings package. The Service forecasts that £1.736m (99%) 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 currently has an establishment of 2,692.82 FTE and a budgeted turnover requirement of £2.102m (82 FTE). At Period 12, the Service had 259.14 FTE vacant posts, equating to a potential full-year saving of £5,273m. The Service is currently projecting to be £2.582m underspent on employee costs. Within this projection, after taking account of the turnover requirements, the actual vacancy savings projected for this financial year equate to £3.565m. This underspend is partly offset by the increased wage award £0.471m, increased overtime £0.437m to cover vacant posts and other pay items £0.075m.
- 3.2. Catering are forecasting an employee underspend of £0.578m, an underspend on food of £0.476m, transport and plant of £0.045m and overhead recharge of £0.037m. These underspends are partly offset by increased spend on essential equipment £0.102m. In line with the base budget adjustments, approved at the Policy and Resources Committee in October, the Catering Service completed an assessment of free school meals for primary 1-3 and therefore reduced charges to Learning and Leisure of £0.5m.
- 3.3. Building Cleaning are forecasting an employee underspend of £0.753m; mainly within janitorial and cleaning due to vacancies. There is also an underspend forecast of £0.040m for an overhead recharge. There is an under-recovery in income of £0.064m which is the recharge for Housing and Social Work as well as an under-recovery of £0.043m which is a combination of window cleaning, overtime recoveries and SLA income.
- 3.4. Roads and Transportation are forecasting an under-recovery of £0.704m for design fee income. This is mainly as a result of a revised overhead recharge policy currently estimated at approximately £0.36m. The impact of this will reduce charges to clients in both Revenue and Capital across the Council. There is also a £0.344m under-recovery of income as a result of reduced landscape architect workload within the section and the recruitment process to establish the new City Deal posts. This under recovery is offset by a corresponding underspend in employee costs of £0.652m, other reduced income £0.11m mainly as a result of third party damage recovery and roads construction consent income and an underspend forecast on roads contractors work of £0.097m. Work of £0.8m has been transferred from the main contractor to other contractors due to the risk previously reported on performance. There is also a forecast underspend of £0.5m relating to the availability of materials for energy efficient lighting installations. As this investment is being targeted to achieve savings in 2016/17 and 2017/18 it is requested this be carried forward in an earmarked reserve. The winter budget is also forecasting a £0.5m underspend which is dependent on the weather in March, it is also requested this is carried forward into the summer works reserve as per the Council policy.
- 3.5. Within Environment and Estates an underspend is forecast within transport and plant of £0.476m mainly as a result of reduced fuel and external fleet hire requirements. There is also an underspend on leasing costs £0.153m. There is also increased cemetery income projected at £0.235m. These underspends are partially offset by a Capital from Current Revenue contribution £0.175m within Land Management toward essential drainage works at two cemeteries which could not be funded from this year's capital programme.
- 3.6. Within Planning and Regeneration, Planning and Building Standards income is currently projected to be £0.339m over recovered.
- 3.7. Payments to other bodies account for £17.929m of the Service's annual budget and are currently forecast to be under budget by £0.092m (as detailed in Appendix 3).
- 3.8. Within Planning and Regeneration there is an underspend of £0.806m on payments to the Business Gateway contractor. The contract is being closely monitored and the situation has been reported to the Business Gateway Steering Group who are considering options by North and South Lanarkshire. It is requested this be carried forward in an earmarked reserve until the outcome of the review is known.

- 3.9. 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.
- 3.10. 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 5.

4. 2015/16 Budget Savings

- 4.1. As stated in paragraph 2.4 above the Service is projecting to achieve £1.736m (99%) of its required savings. The minor balance of £0.015m not being achieved is mainly as a result of delays in reconfiguring Protective Services structure, however this will be managed within the overall Service budget and finalised next year.

5. Management Actions

- 5.1. The Service is taking a range of management action to ensure it contains expenditure within its approved 2015-16 budget. These measures include a freeze in recruitment where possible and a freeze on non-essential expenditure.

6. Risks and Uncertainty

- 6.1. All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The following activities are considered to present a high risk to the financial outcome of Regeneration and Environmental Services and are therefore included within our risk register.
- 6.2. A significant risk currently facing the Service is the potential for compensation claims in relation to one of the main strategic partnerships. There are also two potential legal cases pending within Planning which may have a material impact on the Service, if the outcome is not favourable to North Lanarkshire Council. These will continue to be monitored and will be reported once the timescale and values become known. One of these legal cases will now not be determined until next financial year.
- 6.3. Waste Management Services are currently in dispute with a contractor. This may have a material impact on the Service if the dispute cannot be resolved in North Lanarkshire Council's favour. Discussions are on-going and the situation will continue to be monitored and reported once the outcome of the dispute is known.

7. Financial Concurrence

- 7.1. 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 following assessment and due diligence by service-based finance personnel.

8. Recommendations

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



KENNETH WILSON
Acting 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 2015 - 04 March 2016 (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	3,424,297	3,330,164	94,132 FAV	0	(136,826)	136,826 FAV	0.00%	3,414	Vacancies £0.127m. Underspend of £0.073m on health and safety, furniture and fittings £0.059m. Overspends on sub contractor £0.153m, legal fees £0.052m and medical fees £0.030m. The underspend will be allocated across the service.
ENVIRONMENT & ESTATES	43,208,873	42,223,305	985,568 FAV	49,447,415	49,095,797	351,618 FAV	0.7%	(66,390)	Vacancy savings of £0.892m, £0.14m due to delays in seasonal recruitment, combine £0.753m other vacancies offset by additional pay award £0.150m, overtime £0.799m and other costs £0.055m. Underspends in fuel £0.353m, fleet operating lease refund £0.153m, internal/external hires £0.090m and advertising £0.065m. Increased cemetery income £0.235m, over recovery of royalties £0.080m, private tipping fees £0.032m, estates management fee £0.030m and fleet miscellaneous income £0.044m partly offset by overspends on other supplies and services £0.144m, minor property costs £0.064m, consumables £0.051m, sub contractor costs £0.043, plant and machinery £0.042m protective clothing £0.037m. Under recovery of fleet services overall £0.093m, grounds maintenance charges £0.081m. Transfer to capital fund to fund drainage issues at cemeteries £0.175m.
FACILITY SUPPORT	(1,198,519)	(2,468,801)	1,270,282 FAV	256,163	(1,000,112)	1,256,276 FAV	490.4%	90,238	Vacancy savings of £1.167m (£0.234m offset by reduced income) underspend on overtime £0.354m partly offset by increased payaward £0.167m. Underspend on food costs £0.476m, car leasing and allowance costs £0.069m, reduced overhead recharge of £0.078m. Overspends on repairs and maintenance £0.036m, consumables £0.047m. Increase in paid meal income £0.284m, a reduced subsidy from Learning and Leisure of £0.5m.
PLANNING AND REGENERATION	12,891,759	12,780,170	111,589 FAV	17,080,301	16,670,310	409,991 FAV	2.4%	(6,156)	£0.574m vacancy savings, Increased income for Building Standards £0.208m and Planning £0.130m partly offset by overspend on legal fees £0.035m, provision for doubtful debts £0.084m.
ROADS & TRANSPORTATION	27,926,747	26,635,175	1,291,572 FAV	31,586,119	31,553,614	32,504 FAV	0.1%	(1,373)	Vacancies £0.756m partly offset by additional pay award £0.095m, underspend on software maintenance £0.028m, other supplies and services £0.034m, roads contractors £0.097m, design fees £0.049m, reduced design team income £0.704m, over recovery on agency fees £0.030, under recovery of lighting cable damage £0.054m, construction consent £0.044m, third party damage recoveries £0.035m.
PROTECTIVE SERVICES	5,171,527	5,231,583	(60,057) ADV	6,830,595	6,667,520	163,075 FAV	2.4%	(36,168)	Vacancy savings £0.047m. Overspent on other supplies and services £0.033m. Over recovery of income £0.034m due to staff working on capital projects and landlord registration fees £0.040m.
NET EXPENDITURE	91,424,684	87,731,597	3,693,087 FAV	105,200,593	102,850,303	2,350,290 FAV	2.2%	(16,435)	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2015 - 04 March 2016 (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	£ 66,522,384	£ 64,670,259	£ 1,852,125 FAV		£ 74,364,162	£ 71,782,304	£ 2,581,858 FAV	3.5%	270,415	Vacancy savings £3.565m partly offset by additional pay award £0.471m, overspends in overtime £0.437m and other employee costs £0.075m.
PROPERTY COSTS	15,542,519	15,622,850	(80,332) ADV		18,160,226	18,253,460	(93,234) ADV	-0.5%	(229,932)	Underspends on health and safety £0.072m and £0.034m electricity. Overspends on minor property costs £0.086m and rents £0.037m.
SUPPLIES & SERVICES	12,055,865	11,648,802	407,063 FAV		14,309,253	14,095,511	213,742 FAV	1.5%	(707)	Underspends in food costs £0.476m, operating lease refund £0.153m and furniture and fittings £0.059m. Partly offset by overspends on supplies and services £0.152m, sub-contractors £0.205m, consumables £0.082m, repairs and maintenance £0.036m, protective clothing £0.029m.
TRANSPORT & PLANT	11,142,515	10,480,066	662,448 FAV		14,779,544	13,544,271	1,235,273 FAV	8.4%	34,926	Underspends on fuel £0.795m, fleet materials £0.311m, internal/external hires £0.087m, additional work £0.042m, car allowance/leasing charges £0.081m partly offset by overspends on Plant and Machinery £0.042m, Tyres £0.026m, pool car charges £0.038m.
ADMINISTRATION COSTS	8,661,987	8,791,296	(129,309) ADV		19,069,761	18,947,365	122,396 FAV	0.6%	(123,658)	Underspends on facility support overhead recharge £0.078m, roads design fees £0.039m, professional fees £0.035m, advertising £0.073m partly offset by overspends on legal fees £0.84m, provision of doubtful debts £0.103m.
PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	16,519,837	14,475,849	2,043,988 FAV		17,929,987	17,838,289	91,698 FAV	0.5%	(6,714)	Underspend in payments to roads maintenance contractors £0.097m and Protective Services testing fees £0.039m partly offset by an overspend in medical fees £0.030m.
CAPITAL FINANCING COSTS	12,378,773	12,560,545	(181,772) ADV		15,492,225	15,667,543	(175,318) ADV	-1.1%	0	Transfer to capital to fund drainage issues at two cemeteries £0.175m.
REVENUE FINANCING COSTS	0	0	0		10,293	10,293	0	0.0%	0	
OTHER EXPENDITURE	7,053,925	7,324,621	(270,696) ADV		8,619,443	8,583,769	35,674 FAV	0.4%	(303,099)	Fireworks £16k and other minor variances
TOTAL EXPENDITURE	149,877,803	145,574,288	4,303,515 FAV		182,734,894	178,722,805	4,012,089 FAV	2.2%	(358,769)	
INCOME	58,453,119	57,842,691	(610,429) ADV		77,534,300	75,872,501	(1,661,799) ADV	-2.1%	342,334	Under recovery of roads design fees £0.704m, lighting able damage £0.054m, roads construction consent £0.044m, third party damages £0.035m partly offset by over-recovery of agency fees £0.030m. Reduction in subsidy from Learning and Leisure £0.500m, increased paid school meal income £0.284m, reduced income in line with welfare catering expenditure £0.134m, reduced overhead recharge £0.079m, and under recovery of building cleaning income due to vacancies £0.064m. Over recovery of Visitor Services booking office charges £0.027m. Over recovery of Greenspace additional maintenance £0.031m. Over recovery of fleet miscellaneous income £0.045m offset by under recovery of fleet services £0.776m, increased cemetery income £0.235m, under recovery of grounds maintenance internal/external charges £0.081m, increased gas royalties £0.080m, increase in private tipping fees £0.032m, over recovery of estates management fee £0.030m, increased Planning income £0.130m and Building standards income £0.208m. Over recovery of landlord registration fees £0.040m, staff working capital projects £0.034m.
NET EXPENDITURE	91,424,684	87,731,597	3,693,087 FAV		105,200,594	102,850,304	2,350,290 FAV	2.2%	(16,435)	

Regeneration and Environmental Services
Revenue Budget Monitoring Report - Payments to Other Bodies Analysis
1 April 2015 - 04 March 2016 (PERIOD 12)

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	201,678	201,678	0	266,659	266,659	0	0.0%	0	
VOLUNTARY ORGANISATIONS	509,340	509,340	0	509,343	509,343	0	0.0%	0	
AMEY PUBLIC SERVICES	10,750,395	9,094,443	1,655,952 FAV	11,645,970	10,747,714	898,256 FAV	7.7%	499,335	Underspend with main roads contractor due to performance issues.
PAYMENTS TO CONTRACTORS - ROADS	1,281,638	1,228,978	52,660 FAV	1,388,440	2,189,440	(801,000) ADV	-57.7%	(499,975)	Overspend on Roads private contractor costs to partly offset spend with main roads contractor.
TOWN CENTRE INITIATIVES	731,350	708,848	22,502 FAV	764,850	761,350	3,500 FAV	0.5%	3,500	
MEDICAL FEES	126,286	126,286	0	109,739	140,000	(30,261) ADV	-27.6%	0	Overspend based on previous years demand levels.
NL PARTNERSHIP FUNDING	932,189	932,189	0	932,189	932,189	0	0.0%	0	
BUSINESS GATEWAY CONTRACT	1,329,070	1,106,982	222,088 FAV	1,450,000	1,450,000	0	0.0%	0	
COMMUNITY ENGAGEMENT	38,405	24,170	14,235 FAV	38,500	38,500	0	0.0%	0	
LOCAL DEVELOPMENT PROGRAMME	94,833	94,833	0 FAV	100,000	100,000	0	0.0%	0	
OTHER	524,651	448,101	76,550 FAV	724,297	703,094	21,203 FAV	2.9%	(9,574)	Minor variances.
TOTAL EXPENDITURE	16,519,835	14,475,848	2,043,987 FAV	17,929,987	17,838,289	91,698 FAV	0.5%	(6,714)	

North Lanarkshire Council
 Revenue Budget Monitoring Report - Ear marked Reserves / Balance Sheet Provision
 1st APRIL 2015 - 4TH MARCH 2016 (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 2014/15 is additional spend on essential carriageway and footway resurfacing and lighting works to help achieve a steady state investment for roads.
ROADS - WINTER MAINTENANCE	1,250,000	0	0	0.0%	Funding removed for 16/17 Council Budget requirements
WASTE MANAGEMENT	4,038,312	2,823,830	1,214,482	30.1%	Ongoing maintenance at Landfill site / Contribution towards Clyde Valley Residual Waste Project / Recycling initiatives.
YOUTH INVESTMENT PROGRAMME	3,984,022	2,483,472	1,500,550	37.7%	Year 3 commitments towards the Youth Investment Programme.
COMMUNITY PLANNING PARTNERSHIP	1,104,150	0	1,104,150	0.0%	NLC match funding / Wage subsidy - utilising current year funding first.
LOCAL DEVELOPMENT PROGRAMME	1,455,792	1,364,792	91,000	0.0%	64 Projects to be delivered in 2015/16. £40k to be carried forward to 2016/17 for the 7 Lochs project & £51k Townhead Play Development
OTHER RESERVES	3,076,580	1,500,911	1,575,669	0.0%	Town Centre Activities WIFI project / Business Gateway Plus / Community Engagement Residents Survey /North Lanarkshire Local Development Plan /City Deal/Biocity/NLLDP/LED Lighting/Air Quality Traffic Management/ Health and Safety work
TOTAL EXPENDITURE	16,158,856	9,423,005	5,485,851	33.9%	

North Lanarkshire Council
Financial Monitoring Report - Projects Appendix
1 April 2015 - 05 February 2016 (PERIOD 11)

Regeneration Projects

APPENDIX 5

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)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£	£	£	£			
Equally Well	2,400	2,400	0 On Target	10,655	10,655	0 On Target	0.0%		Income from NHS to deliver bespoke training
The Work Programme	777,128	777,128	0 On Target	832,000	832,000	(0) On Target	-0.0%		Income from Working Links - 5th year of 7 year project
YIP - Youth Investment Programme	2,416,526	2,416,526	0 On Target	2,416,527	2,416,527	0 On Target	0.0%		NLC funding for YIP Programme
YIP - Youth Employment Scotland YES	1,868,368	1,868,369	0 On Target	2,271,383	2,271,383	0 On Target	0.0%		Scottish Government funding for YIP Programme
CPP - North Lanarkshire's Working	104,810	104,810	0 On Target	104,810	104,810	0 On Target	0.0%		ERDF funded project - NLC and partners have contributed match funding
Scottish Employment Recruitment Initiative	307,056	307,056	0 On Target	528,857	528,857	0 On Target	0.0%		Income from Scottish Government - payment to private bodies for employability projects.
Business Gateway Plus	99,159	99,159	0 On Target	112,000	112,000	0 On Target	0.0%		ERDF funded project - NLC and partners have contributed match funding
Pearl Izumi Tour Series	84	84	0 On Target	22,509	22,509	0 On Target	0.0%		Short life project - budget will be transferred to offset costs
Business Awards	5,000	5,000	0 On Target	10,000	10,000	0 On Target	0.0%		NLC funding for Business awards ceremony
Food & Drink Industry	15,052	15,052	0 On Target	15,195	15,195	0 On Target	0.0%		NLC funding to support local events
LEADER	2,000	2,000	0 On Target	15,000	15,000	0 On Target	0.0%		Scottish Government funded project - all expenditure will be reclaimed
Lanarkshire Business Week	75,001	75,001	0 On Target	140,000	140,000	0 On Target	0.0%		NLC funding to support local events
Business Growth (New Application)	0	0	0 On Target	0	0	0 On Target	0.0%		NLC funding to private bodies for business growth
TOTAL EXPENDITURE	5,672,586	5,672,586	1 U	6,478,936	6,478,937	(0) On Target	-0.0%		