

North Lanarkshire Council

Report

Communities and Housing Committee

approval noting

Ref GT

Date 13/02/2018

Enterprise and Communities – Revenue Monitoring

From Robert Steenson, Executive Director (Enterprise and Communities)

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Executive Summary

This report introduces the Period 10 revenue monitoring reports for the former Enterprise and Housing Resources service and the former Infrastructure service.

The former Enterprise and Housing Resources is currently reporting a year end underspend of £0.020m which is detailed in Appendix A.

The former Infrastructure service is currently forecasting a year end balanced budget position. The Service has identified a number of financial pressures across each division which are being fully offset by planned management action. Further information on these matters is detailed in Appendix B.

Recommendations

It is recommended that Committee:

1. Notes the financial position of the former Enterprise and Housing Resources revenue budget for 2018/19.
2. Notes the financial position of the former Infrastructure revenue budget for 2018/19.
3. Otherwise notes the contents of the report.

Supporting Documents

Council business plan to 2020 Improve the Council's resource base

Appendix A Former Enterprise and Housing Resources Revenue Monitoring (Period 10) and supporting appendices.

Appendix B Former Infrastructure Revenue Monitoring (Period 10) and supporting appendices.

1. Background

- 1.1 In the 'We Aspire – A Shared Ambition for North Lanarkshire' report approved at Policy Resources Committee on 27 September 2018 a number of service realignments were approved which created the new Enterprise and Communities service. This new service incorporates components of the former Infrastructure, Enterprise & Housing Resources and Education, Youth & Communities services.

In addition, elements of the former services are now placed within the expanded Chief Executive's Office (i.e. People and Organisational Development).

- 1.2 Following the approval of the new Committee structure at Council in December 2018, financial monitoring reports for the new Enterprise and Communities service will be reported to the Communities and Housing Committee.
- 1.3 To ensure consistency of reporting, it has been agreed by the Council's Section 95 Officer that monitoring reports will continue to be prepared in line with the former Council structure for the remainder of the 2018/19 financial year.

2. Report

- 2.1 Appendix A contains the revenue monitoring report for the former Enterprise and Housing Resources which highlights a projected year end underspend of £0.020m.
- 2.2 Appendix B contains the revenue monitoring report for the former Infrastructure service which highlights an anticipated year end break even position and outlines the steps taken by the service throughout the financial year to address financial pressures.
- 2.3 Specific details of significant variances, use of earmarked reserves and achievement of savings are outlined in the respective reports contained in the appendices.

3. Equality and Diversity

- 3.1 **Fairer Scotland**
There are no specific impacts on Fairer Scotland.
- 3.2 **Equality Impact Assessment**
There are no specific Equality Impact Assessments to note.

4. Implications

- 4.1 **Financial Impact**
Financial impacts are outlined in the respective reports for Enterprise and Housing Resources and Infrastructure.
- 4.2 **HR/Policy/Legislative Impact**
There are no HR / Policy / Legislative impacts linked to this report.
- 4.3 **Environmental Impact**
There are no Environmental impacts linked to this report.
- 4.4 **Risk Impact**
All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

Reflecting the risk analysis matrix included within the Risk Management Strategy, Service considers further delays or amendments to savings proposals could present an ongoing risk to the financial outturn for 2018/19.

To minimise risk, this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations. There are no significant financial risks which have been identified at this stage in the financial year, however this will continue to be closely monitored.

5. Measures of success

5.1 The Service continues to operate within approved budget resources.



Robert Steenson
Executive Director (Enterprise and Communities)

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref AN/GT

Date 13/02/2019

Enterprise and Housing Resources - Revenue Monitoring Report

From Robert Steenson, Executive Director (Enterprise and Communities)
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 Finance Manager, 01698
 301836

Executive Summary

This report provides a summary of the former Enterprise and Housing Resources financial performance for the period 1 April 2018 to 4 January 2019 (Period 10). The report illustrates the projected outturn as at 31 March 2019, with major outturn variances highlighted and explained in accordance with the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 23 February 2018, of which £44.281m represented the Gross Revenue Budget for Enterprise and Housing Resources. Due to the realignment of Regeneration Projects, pool car efficiencies, payroll standardisation and landlord registration income, the budget has now increased to £44.478m.

The Service is currently projecting a year end underspend of £0.020m for the financial year, a minor movement from the position reported to the previous Enterprise and Housing Committee. The 2018/19 Enterprise and Housing Resources budget incorporates £0.945m of savings previously approved by the Council. It is currently anticipated that £0.945m of savings (100%) will be delivered by the financial year-end.

Recommendations

It is recommended that the Committee:

- i. Notes the financial position of the 2018/19 Enterprise and Housing Resources Revenue Budget.

Supporting Documents

Council business plan to 2020 Improve the Council's resource base.

Appendix 1 Objective Analysis
Appendix 2 Subjective Analysis
Appendix 3 Payment to Other Bodies
Appendix 4 Earmarked Reserves
Appendix 5 Budget Savings

1. Background

- 1.1. The Council approved Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such deviations, and where relevant, must also highlight the impact this has on other budget headings.
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2. Report

2.1. Summary of Financial Position

- 2.1.1. The Council approved its General Fund Revenue Budget on 23 February 2018, of which £44.281m represented the approved Gross Revenue Budget for Enterprise and Housing Resources. This has now increased to £44.478m, due to the realignment of Regeneration Projects, pool car efficiencies, payroll standardisation saving and landlord registration income.
- 2.1.2. The Service is currently projecting a surplus of £0.020m at the financial year end, which is 0.1% of the net Enterprise and Housing Resources budget. Paragraph 2.2 below and Appendices one to three of this report further explain the significant budget variations contributing to this outturn position.
- 2.1.3. The 2018/19 budget incorporates £0.945m of savings previously approved by the Council on 23 February 2018. It is presently anticipated that £0.945m of savings (100%) will be delivered by the financial year-end (see Appendix 5).

2.2. Analysis of Significant Variations

- 2.2.1. The Service has a total employee cost budget of £25.586m. At this stage of the financial year a number of vacancies, particularly within the Housing Property and Projects division, result in a projected underspend of £1.794m.
- 2.2.2. Within Supplies and Services a projected overspend of £0.141m is largely attributable to non-recurring expenditure increases associated with IT maintenance.
- 2.2.3. As a result of the number of vacancies within the Housing Property and Projects division, the Service has increased the use of agency staff to ensure that investment plans across the housing stock are not adversely affected. This has contributed to the projected overspend within Administration Costs of £0.392m.
- 2.2.4. Within Payments to Other Bodies, there is a projected underspend of £0.409m, largely attributable to the reduced uptake of private sector improvement grants.
- 2.2.5. In addition, the Service anticipates reduced recharge income from the HRA capital programme of £1.453m, as a result of the impact of staff vacancies and increased use of agency staff outlined above.

2.3. Earmarked Reserves

- 2.3.1. In finalising the Council's draft accounts to 31 March 2018, the Service was given approval to earmark £2.766m of resources to fund key projects and initiatives. It is anticipated that most of these reserve balances will be utilised during 2018/19 with the exception of Wishaw Shop Fronts (£0.250m) as per Appendix 4.
- 2.3.2. As these resources are met from Balance Sheet funds, they are not included in the report as part of the projected outturn position for the Service. Details of the Service's Earmarked Reserves are provided in Appendix 4.

2.4. 2018/19 Budget Savings

- 2.4.1. The Council approved total savings, including base budget adjustments, for the year of £20.017m, of which £0.945m relates to Enterprise & Housing Resources. As at Period 10, the Service anticipates £0.945m (100%) of its approved savings will be delivered by the financial year-end.
- 2.4.2. Appendix 5 provides further details regarding these savings.

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment

There are no specific Equality Impact Assessments to note.

4. Implications

4.1 Financial Impact

There is no significant financial impact on the Service which have been identified at this stage in the financial year. Known burdens will be addressed through management action.

4.2 HR/Policy/Legislative Impact

There are no HR/Policy/Legislative impacts linked to this report.

4.3 Environmental Impact

There are no Environmental impacts linked to this report.

4.4 Risk Impact

All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

Reflecting the risk analysis matrix included within the Risk Management Strategy, Service considers further delays or amendments to savings proposals could present an ongoing risk to the financial outturn for 2018/19.

To minimise risk, this report has been prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations. There are no significant financial risks which have

been identified at this stage in the financial year, however this will continue to be closely monitored.

5. Measures of success

5.1 The Service continues to operate within approved budget resources.

Robert Steenson
Executive Director (Enterprise and Communities)

| DIVISION OF SERVICE (1) | NET BUDGET TO DATE (2) | ACTUAL TO DATE (3) | YEAR TO DATE VARIANCES (4) |
|--|------------------------------|--------------------------|----------------------------------|
| | £ | £ | £ |
| BUSINESS, HOUSING PROPERTY & PROJECTS | 5,815,905 | 5,633,897 | 182,008 FAV |
| HOUSING SOLUTIONS | 4,946,286 | 5,339,092 | (392,806) ADV |
| ENTERPRISE & PLACE | 4,429,386 | 4,075,783 | 353,603 FAV |
| BUSINESS ORGANISATION & PEOPLE SOLUTIONS | 5,190,753 | 5,347,474 | (156,721) ADV |
| BUSINESS INTELLIGENCE & POLICY | 458,391 | 457,998 | 393 FAV |
| CENTRAL SUPPORT | 184,229 | 167,062 | 17,167 FAV |
| NET EXPENDITURE | 21,024,950 | 21,021,306 | 3,644 FAV |

| ANNUAL BUDGET (5) | PROJECTED OUTTURN (6) | PROJECTED OUTTURN VARIANCE (7) | % (8) | PERIOD MOVEMENT (9) | ANALYSIS (10) |
|-------------------------|-----------------------------|--------------------------------------|-------------|---------------------------|--|
| £ | £ | £ | | | |
| 1,674,355 | 1,674,355 | 0 | 0.0% | 0 | Turnover savings fully offset by increased staff agency costs and a reduction in recharge to HRA capital programme. |
| 8,193,439 | 8,257,732 | (64,293) ADV | (0.8%) | (64,293) | ICT cost pressures and homeless rent loss |
| 11,969,494 | 11,634,496 | 334,998 FAV | 2.8% | 255,845 | Vacancy savings and lower than anticipated demand for Private Sector Housing grants, partially offset by costs associated with the delivery of the Tour Series cycling event and business awards |
| 7,526,694 | 7,763,923 | (237,229) ADV | (3.2%) | (198,229) | Less staff turnover resulting in divisional turnover savings not being met and the impact of ICT cost pressures |
| 716,302 | 729,625 | (13,323) ADV | (1.9%) | (13,323) | Less staff turnover resulting in divisional turnover savings not being met |
| 1,052,068 | 1,052,068 | 0 | 0.0% | 0 | Balanced Budget |
| 31,132,352 | 31,112,199 | 20,153 FAV | 0.1% | (20,000) | |

| 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 | £ 18,817,582 | £ 17,791,820 | £ 1,025,762 FAV | 25,586,153 | 23,792,327 | 1,793,826 FAV | 7.0% | 935,376 | Turnover savings |
| PROPERTY COSTS | 1,931,275 | 1,947,576 | (16,301) ADV | 3,753,340 | 3,786,436 | (33,096) ADV | (0.9)% | (33,096) | Impact of increased costs associated with homeless rents |
| SUPPLIES & SERVICES | 854,120 | 863,620 | (9,500) ADV | 1,336,347 | 1,477,825 | (141,478) ADV | (10.6)% | (141,478) | Additional ICT maintenance costs |
| TRANSPORT & PLANT COSTS | 135,204 | 139,669 | (4,465) ADV | 222,430 | 224,430 | (2,000) ADV | (0.9)% | (2,000) | Excess travel costs associated with employee work location changes |
| ADMINISTRATION COSTS | 453,271 | 847,384 | (394,113) ADV | 911,292 | 1,303,768 | (392,476) ADV | (43.1)% | (62,476) | Increased staff agency costs with the HRA capital investment team, increased consultant costs associated with the development of local plans and general administration costs |
| PAYS TO AGNCYS & OTHER BODIES | 2,390,760 | 2,013,918 | 376,842 FAV | 4,625,391 | 4,216,389 | 409,002 FAV | 8.8% | 309,002 | Reduced demand for Private Sector Housing improvement grants |
| APPORTIONED EXPENSES | 236,885 | 265,461 | (28,576) ADV | 3,991,479 | 3,991,479 | 0 - | 0.0% | 0 | Balanced budget |
| CAPITAL FINANCING COSTS | 0 | 0 | 0 - | 3,421,201 | 3,421,201 | 0 - | 0.0% | 0 | Balanced budget |
| C.F.C.R. | 0 | 0 | 0 - | 0 | 0 | 0 - | 0.0% | 0 | Balanced budget |
| OTHER COSTS | 373,540 | 394,928 | (21,387) ADV | 630,267 | 696,314 | (66,047) ADV | (10.5)% | (9,000) | Additional costs associated with the delivery of the Tour Series Cycling event and business awards |
| TOTAL EXPENDITURE | 25,192,638 | 24,264,374 | 928,263 FAV | 44,477,900 | 42,910,169 | 1,567,731 FAV | 3.5% | 996,328 | |
| OTHER GRANTS | 164,431 | 162,725 | (1,706) ADV | 2,808,540 | 2,808,540 | 0 - | 0.0% | 0 | Balanced budget |
| FEES AND CHARGES | 2,669,877 | 2,584,539 | (85,339) ADV | 4,378,470 | 4,366,220 | (12,250) ADV | 0.3% | 19,000 | Lower than anticipated external income for the Tour Series Cycling event and private sector housing recharges |
| RENTS | 344,519 | 346,030 | 1,511 FAV | 647,080 | 579,947 | (67,133) ADV | (10.4)% | (67,133) | Under recovery of Homeless rent payments |
| INTEREST | 0 | 0 | 0 - | 0 | 0 | 0 - | 0.0% | 0 | Balanced budget |
| DEPARTMENTAL CHARGES | 918,854 | 93,835 | (825,019) ADV | 5,420,458 | 3,967,263 | (1,453,195) ADV | 0.0% | (953,195) | Reduced capital recovery |
| HOME LOANS | 70,007 | 55,938 | (14,069) ADV | 91,000 | 76,000 | (15,000) ADV | 16.5% | (15,000) | Lower than anticipated recovery from borrowers |
| INCOME | 4,167,688 | 3,243,068 | (924,621) ADV | 13,345,548 | 11,797,970 | (1,547,578) ADV | (11.6)% | (1,016,328) | |
| NET EXPENDITURE | 21,024,950 | 21,021,306 | 3,644 FAV | 31,132,352 | 31,112,199 | 20,153 FAV | 0.1% | (20,000) | |

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend, income under-recovery etc

| DESCRIPTION (1) | BUDGET TO DATE (2) | ACTUAL TO DATE (3) | YEAR TO DATE VARIANCES (4) | ANNUAL BUDGET (5) | PROVISIONAL OUTTURN (6) | PROVISIONAL OUTTURN VARIANCE (7) | % (8) | PERIOD MOVEMENT (9) | Typical Areas of Expenditure/ Analysis of Variations |
|------------------------------|--------------------------|--------------------------|----------------------------------|-------------------------|-------------------------------|--|-----------|---------------------------|---|
| | £ | £ | £ | £ | £ | £ | | | |
| HOMELESS | 580,938 | 586,714 | (5,776) ADV | 1,089,910 | 1,089,910 | 0 | 0% | 0 | To support homelessness |
| BUSINESS GATEWAY CONTRACT | 782,643 | 782,643 | 0 | 1,450,000 | 1,450,000 | 0 | 0% | 0 | Lanarkshire Enterprise Services - support to existing businesses, SME, start ups |
| TOWN CENTRE ACTIVITIES | 260,371 | 249,243 | 11,128 FAV | 322,410 | 322,410 | 0 | 0% | 0 | CCTV Monitoring and Town Centre Management Fees |
| BUSINESS SUPPORT PROGRAMMES | 112,346 | 19,756 | 92,590 FAV | 248,930 | 248,930 | 0 | 0% | 0 | Provide grants to business and match fund projects |
| REVENUE LEVERAGE FUND | 101,163 | 24,838 | 76,325 FAV | 131,500 | 131,500 | 0 | 0% | 0 | Provide leverage funding to council projects |
| SUPPORTED EMPLOYMENT | 25,819 | 220 | 25,599 FAV | 33,560 | 33,560 | 0 | 0% | 0 | Supported Employment |
| PRIVATE SECTOR HOUSING GRANT | 387,650 | 209,467 | 178,183 FAV | 1,164,000 | 754,998 | 409,002 FAV | 35% | 309,002 | Grant paid to owner occupiers. The underspend is as a result of reduced demand for grants. |
| OTHER | 139,830 | 141,037 | (1,207) ADV | 185,081 | 185,081 | 0 | 0% | 0 | Contributions to strategic planning bodies, medical fees and other minor budgets throughout the Service |
| NET EXPENDITURE | 2,390,760 | 2,013,918 | 376,842 FAV | 4,625,391 | 4,216,389 | 409,002 FAV | 9% | 309,002 | |

| DESCRIPTION OF EARMARKED RESOURCE | VALUE OF EARMARKED RESOURCE | SPEND TO DATE | PROJECTED SPEND 2018/19 | | RESERVE NO LONGER REQUIRED | RESERVE REQUIRED FOR 2019/20 | COMMENTARY REGARDS USAGE |
|--|-----------------------------|----------------|-------------------------|------------|----------------------------|------------------------------|---|
| | | | Value | % | | | |
| | £ | £ | £ | % | £ | £ | |
| City Deal | 785,000 | 479,513 | 785,000 | 100% | 0 | 0 | Project management / Medicity / Working Matters - Due to increased elements of staff costs falling within eligible expenditure criteria |
| Business Gateway | 892,000 | 38,273 | 892,000 | 100% | 0 | 0 | Business Gateway contract / management |
| Wishaw Shop Front | 306,000 | 25,226 | 56,000 | 18% | 250,000 | 0 | Upgrading business shop fronts |
| Kitchener Street | 187,000 | 0 | 0 | 0% | 0 | 187,000 | Sound proofing for residents due to noise from new road layout |
| Business Support New Apps (NLC Match) | 95,000 | 0 | 95,000 | 100% | 0 | 0 | Business support programme / business growth new apps |
| North Lanarkshire Development Plan | 260,000 | 0 | 0 | 0% | 0 | 260,000 | Local Development Plan |
| Edward Lawson Centre | 50,000 | 34,466 | 50,000 | 100% | 0 | 0 | Maintenance costs 18/19 |
| North Lanarkshire Industries | 145,000 | 0 | 145,000 | 100% | 0 | 0 | NLI support 18/19 |
| Business Gateway Management (North only) | 46,000 | 0 | 46,000 | 100% | 0 | 0 | Business Gateway contract / management |
| TOTAL EXPENDITURE | 2,766,000 | 577,478 | 2,069,000 | 75% | 250,000 | 447,000 | |

| Description/Reference | APPROVED SAVINGS | | | |
|-----------------------|------------------|-------------------|-------------------------|-------------------------|
| | Target Value | Value Deliverable | Gap in Approved Savings | Reasons for Savings Gap |

| REPLACEMENT SAVING/FUNDING | | Revised Savings Gap | Any additional information |
|----------------------------|-------|---------------------|----------------------------|
| Description | Value | | |

| | £000's | £000's | £000's | |
|---|------------|------------|----------|--|
| Approved Savings (February 2018) | | | | |
| Workforce Deployment | | | | |
| Review of HRA Housing New Build Programme | 147 | 147 | 0 | |
| Review of Enterprise & Place | 143 | 143 | 0 | |
| Review of Business Transformation | 17 | 17 | 0 | |
| Review of Business Solutions | -5 | -5 | 0 | |
| | | | | |
| Revised Working Arrangements | | | | |
| Anti Social Activity Review | 179 | 179 | 0 | |
| Planning & Place operational savings | 30 | 30 | 0 | |
| Homeless furniture packs reclassified | 57 | 57 | 0 | |
| | | | | |
| Service Prioritisation | | | | |
| Review of Sheltered Housing overtime | 30 | 30 | 0 | |
| HR / Payroll | 330 | 330 | 0 | |
| | | | | |
| Asset Management | | | | |
| n/a | | | | |
| | | | | |
| Procurement | | | | |
| n/a | | | | |
| | | | | |
| Income Generation | | | | |
| AVC NI saving | 17 | 17 | 0 | |
| | | | | |
| | 945 | 945 | 0 | |

| | £000 | £000 | |
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North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref RM/TO/JM Date 13/02/2019

Infrastructure – Revenue Monitoring Report (Non-Trading)

From Robert Steenson, Executive Director (Enterprise & Communities)
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Executive Summary

This report provides a summary of the financial performance of the former Infrastructure Service for the period 1 April 2018 to 4 January 2018 (Period 10). The report illustrates the projected outturn as at 31 March 2019, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.

In summary, Infrastructure is forecasting a year-end balanced budget position based on performance to Period 10. The Service has identified a number of financial pressures across each division which are being fully offset by planned management action. Further information on these matters is included in the main report and attached appendices.

Recommendations

It is recommended that Committee:

- i. Notes the financial position of the 2018/19 Infrastructure revenue budget.

Supporting Documents

Council business plan to 2020: Improve the Council's resource base.

| | |
|------------|--------------------------|
| Appendix 1 | Objective Analysis |
| Appendix 2 | Subjective Analysis |
| Appendix 3 | Payments to Other Bodies |
| Appendix 4 | Ear Marked Reserves |
| Appendix 5 | Challenging Savings |

1. Background

- 1.1 The Council's approved Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive

Directors must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

2. Report

2.1. Summary of Financial Position

2.1.1. The Council approved its General Fund Revenue Budget on 23 February 2018, of which £137.879m (18%) represented the approved Net Revenue Budget for Infrastructure (Non-trading) Services. Subsequent realignments of service budgets of £0.155m and additional roads maintenance funding of £0.438m has resulted in a revised Infrastructure Net Revenue Budget of £138.472m; an increase of £0.593m. Infrastructure is also responsible for the Council's Trading Account, which is included within a separate budget monitoring report.

2.1.2. Infrastructure is forecasting a year-end balanced budget position. There are a number of cost pressures, for example the timing of savings delivery, and operational demands on front line services, which are being offset by management actions to achieve this overall balanced budget position. Section 2.2 provides commentary on the financial performance within each division. In addition, Appendices 1 to 5 of this report provide further explanation of the significant budget variations contributing to this outturn position.

2.1.3. The 2018-19 Infrastructure budget incorporates £7.884m of savings previously approved by Council on 23 February 2018 and £5.053m of savings (64%) have been delivered as at the period end date. Further information regarding particularly challenging savings is noted in paragraph 2.4 below.

2.2. Analysis of Significant Variations

2.2.1. Environmental Assets (£2.061m underspend)

It is anticipated that there will be an underspend within Land Management this financial year of £1.041m due to early implementation of the new Streetscene structure and reduced expenditure within transport and plant costs. Management action has also been taken to reduce planned expenditure on roads maintenance by £0.797m, and there is an anticipated underspend in winter maintenance of £0.510m. In addition, there is an overspend of £0.439m forecast as a result of timing delays in the roll out of the LED lamp replacement programme coupled with energy tariff increases. The net overspend resulting from the European Championships 2018 was £0.090m.

2.2.2. Assets & Procurement (£0.441m underspend)

There are variances due to timing delays in the achievement of property savings (£0.411m) and procurement savings (£0.240m). In response management action of rescheduling expenditure within the central repairs programme (£0.773m) has been implemented. Following energy efficiency improvements across the estate there has been a reduction in the Carbon Trading Allowances payment (£0.165m).

2.2.3. **Regulatory Services & Waste Solutions (£1.238m overspend)**

Within Protective Services there is an overspend in employee costs (£0.190m) mainly due to a timing delay in implementing staff restructures and also a net under recovery in pest control income (£0.111m), partly off-set by savings in supplies and services (£0.115m).

There is a timing delay in achievement of current year transport savings in respect of lease costs and fleet reductions (£0.520m).

The Service has received £1.500m of in-year support (See Appendix 4) for the Waste Service which reflects operational demand and market pressures. Furthermore, there are overspends in employee costs (£0.569m) and fuel (£0.315m), partially offset by a net reduction in gate fees (£0.169m) and reduced bin purchases (£0.141m).

2.2.4. **Revenues & E- Government Solutions (£1.225m overspend)**

There is a projected overspend of £1.131m in relation to contractual licence and maintenance costs to support ICT systems. In addition, approved savings within the Division equivalent to (£0.830m) will not be achieved in the current year. Alternative savings totalling (£0.600m) have been identified for 2019/20 and the remaining (£0.230m) will be incorporated into future years programmes as part of the wider digitalisation project and other ICT contract reviews. These financial pressures are partially offset by a net over-recovery of £0.445m in relation to the recovery of Housing Benefit overpayments, additional DWP grant (£0.227m) and Statutory Addition charges (£0.150m).

There is a projected overspend in the Council Tax Reduction Scheme (CTRS) which is being offset through general uplifts in Council Tax collection, further information on Council Tax is monitored and reported as a whole within the overall Council Revenue Monitoring report.

2.2.5. **Directorate & Support and ALEO & External Bodies (£0.039m overspend)**

There is an anticipated overspend of (£0.106m) caused by a timing delay in achieving management savings and turnover savings partially offset by various underspends within the Service.

2.2.6 Payments to other bodies are detailed in Appendix 3. This expenditure category accounts for £17.210m of the annual budget and is projected to be £1.504m underspent. This underspend is mainly linked to reduced spend in relation to road contractors.

2.3. **Earmarked and One-off Resources**

2.3.1. Infrastructure Non-Trading has been given approval to earmark £4.544m of resources. It is anticipated that £3.635m of these reserve balances will be utilised in 2018/19, £0.062m earmarked for the development of the HSMS system is no longer required with the remaining funding likely to be required in future years. As expenditure against these resources is met from balance sheets funds, the totals shown within Appendix 4 are not included in the reported balanced budget position for the Service.

2.4. 2018/19 Budget Savings

- 2.4.1. Infrastructure uses a variety of information, records and processes to monitor achievement of its approved budget savings of £7.884m. As at period 10, £5.053m (64%) of its approved savings have been identified.
- 2.4.2 The main reason for the partial achievement of the savings is linked to timing and process delays in staff restructures and reconfiguring services. There is also a delay in identifying actions which will contribute to the ICT target. Whilst there are in year timing delays in the full achievement of property savings, the Service will have confirmed a complete programme by the end of the financial year.
- 2.4.3 Infrastructure aims to address the £2.831m savings gap in 2018/19 by undertaking management action in a number of areas. This includes only undertaking essential expenditure across all divisions. Specific actions include delaying non-essential expenditure in roads maintenance and central repairs. There is also ongoing vacancy management in relation to filling posts and targeted use of one-off reserves. Appendix 5 provides further commentary regarding these challenging savings and the actions taken to address the budget gaps that arose.

2.5. Management Actions

- 2.5.1. The Service has taken a range of corrective management action to ensure it maintains a balanced budget position whilst delivering key operational targets. The Service will continue to monitor the financial position throughout the financial year and further updates will be provided to future committees.

2.6. Change Management

An updated projection for VRS costs related to 2018/19 savings / restructures forecast a requirement of a further £0.591m, Digital NL costs, including Procurement commitments, are forecasting costs of £0.492m, both sums are required from the Change Management Fund in 2018/19. These costs are not included in the Service outturn position as stated in section 2.1.2.

3. Equality and Diversity

3.1 Fairer Scotland

There are no actions required per the Fairer Scotland duties included in this report.

3.2 Equality Impact Assessment

There are no specific Equality Impact Assessments required per the content of this report.

4. Implications

4.1. Financial Impact

4.1.1 The Service has addressed identified financial burdens through taking management action.

4.2 HR/Policy/Legislative Impact

4.2.1 There are no HR/Policy/Legislative impacts linked to the content of this report.

4.3 Environmental Impact

4.3.1 There are currently no specific environmental impacts linked to the content of this report.

4.4 Risk Impact

4.4.1 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 current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

4.4.2 Reflecting the risk analysis matrix included within the Risk Management Strategy, the Service have been advised of two potential contractor claims linked to the quality of recycling materials currently being processed. This position will continue to be monitored and actioned in accordance with finance/legal advice.

4.4.3 The Service is progressing a further contractor claim linked to payment of historic Sheriff Officer fees. When the outcome of this claim is confirmed the information will be included in future monitoring reports.

4.4.4 To reduce financial risks this report was prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

5 Measures of success

5.1 The Service continue to operate within approved budget resources.

Robert Steenson
Executive Director (Enterprise & Communities)

Infrastructure
Revenue Budget Monitoring Report - Objective Analysis
1st April 2018 - 4th January 2018 (PERIOD 10)

| 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) | PERIOD MOVEMENT (9) | ANALYSIS (10) |
|--|--------------------------|--------------------------|---------------------------------|-------------------------|-----------------------------|--------------------------------------|---------------------------|--|
| £ | £ | £ | £ | £ | £ | £ | | |
| DIRECTORATE & SUPPORT AND A LEO & EXTERNAL | 2,847,032 | 3,055,602 | (208,570) ADV | 4,065,656 | 4,105,058 | (39,402) ADV | 0 | Timing delay in management savings and turnover shortfall. |
| ENVIRONMENTAL ASSETS | 33,919,204 | 33,610,674 | 308,530 FAV | 49,460,593 | 47,399,755 | 2,060,838 FAV | 1 | Early implementation of new streetscene structure has resulted in increased employee savings. Management action to review phasing of expenditure to road contractors, vacancies and underspend in external hires. These underspends are partially offset by increased electrical power costs. |
| ASSETS & PROCUREMENT | 11,915,275 | 9,268,445 | 2,646,830 FAV | 15,984,923 | 15,543,691 | 441,232 FAV | 0 | Underspends created by vacancy management across Assets & Procurement and management action to rephase expenditure within the Central Repairs are partly offset by delays in implementing property & procurement rationalisation. |
| REGULATORY SERVICES AND WASTE SOLUTIONS | 20,071,686 | 24,708,993 | (4,637,307) ADV | 29,345,461 | 30,583,331 | (1,237,870) ADV | (1) | Waste employee & vehicle overspends to maintain frontline targets in the face of increasing operational demands for the service, partly off-set by reduced gate fees for recycled waste. Protective Services employee overspend mainly due to timing delay in staff restructure and an under recovery of pest control income. Fleet timing delay in leasing savings and Fleet reduction savings. |
| REVENUES & E-GOVERNMENT SOLUTIONS | 19,798,974 | 21,747,930 | (1,948,956) ADV | 39,150,862 | 40,375,662 | (1,224,800) ADV | 0 | Overspends linked to ICT maintenance / licence contracts and timing delays in relation to ICT savings are partially offset by recovery of Housing Benefit overpayments, further income projected from DWP & Other Grants and expected over recovery of Statutory Additions. |
| NET EXPENDITURE | 88,552,172 | 92,391,645 | (3,839,474) ADV | 138,007,495 | 138,007,497 | 0 | 0 | |

Infrastructure
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2018 - 4th January 2018 (PERIOD 10)

| 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) | PERIOD MOVEMENT (9) | ANALYSIS (10) |
|--|--------------------------|--------------------------|---------------------------------|-------------------------|-----------------------------|--------------------------------------|---------------------------|--|
| | £ | £ | £ | £ | £ | £ | | |
| EMPLOYEE COSTS | 55,198,434 | 56,015,718 | (817,284) ADV | 76,181,055 | 76,337,665 | (156,610) ADV | (82,766) | Early implementation of new streetscene structure has resulted in increased employee savings, which are partly offset by timing delays in other staff restructures. |
| PROPERTY COSTS | 19,889,016 | 17,953,644 | 1,935,372 FAV | 26,550,077 | 26,094,642 | 455,435 FAV | (38,228) | Rescheduling expenditure within the Central Repairs and various minor variances have resulted in an underspend which is partially offset by delays in implementing property & procurement rationalisation. |
| SUPPLIES & SERVICES | 9,900,709 | 14,095,896 | (4,195,187) ADV | 15,489,295 | 18,382,516 | (2,893,221) ADV | 11,817 | There are overspends as a result in the delay in implementing lease savings, increased street lighting costs, increased food costs, increased ICT contract costs, consumable materials and various cumulative minor variances. |
| TRANSPORT & PLANT | 7,909,635 | 7,194,302 | 715,333 FAV | 12,674,766 | 12,938,393 | (263,627) ADV | 34,089 | A timing delay in achieving the Fleet reduction and servicing frequency saving and various minor cumulative variances are partially offset by an underspend within external hires. |
| ADMINISTRATION COSTS | 8,471,423 | 9,248,285 | (776,862) ADV | 16,903,696 | 17,867,950 | (964,254) ADV | 6,732 | The Bad debt provision in relation to Housing Benefit Overpayment Recovery has been increased. |
| PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3) | 9,983,123 | 9,650,551 | 332,572 FAV | 17,209,582 | 15,705,109 | 1,504,473 FAV | (25,924) | Management action to reduce expenditure on road contractors. |
| TRANSFER PAYMENTS | 76,130,915 | 76,130,915 | 0 | 128,714,851 | 128,714,851 | 0 | 0 | |
| CAPITAL FINANCING COSTS | 11,743,060 | 11,175,826 | 567,234 FAV | 16,249,293 | 16,249,293 | 0 | 0 | |
| REVENUE FINANCING COSTS | 2,373 | 0 | 2,373 FAV | 10,293 | 10,293 | 0 | 0 | |
| OTHER EXPENDITURE | 960,661 | 959,958 | 703 FAV | 1,210,684 | 1,059,595 | 151,089 FAV | 400 | Reduction in carbon trading allowance payments |
| TOTAL EXPENDITURE | 200,189,349 | 202,425,096 | (2,235,747) ADV | 311,193,592 | 313,360,306 | (2,166,714) ADV | (93,880) | |
| INCOME | 111,637,178 | 110,033,451 | (1,603,727) ADV | 173,186,097 | 175,353,359 | 2,167,262 FAV | 94,427 | Recovery of Housing Benefit Overpayments |
| NET EXPENDITURE | 88,552,172 | 92,391,645 | (3,839,474) ADV | 138,007,495 | 138,006,947 | 548 FAV | 547 | |

Infrastructure
Revenue Budget Monitoring Report - Payments to Other Bodies Analysis
1st April 2018 - 4th January 2018 (PERIOD 10)

| 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) | TYPICAL AREA OF EXPENDITURE/ANALYSIS OF VARIATIONS (10) |
|---|--------------------------|--------------------------|---------------------------------|-------------------------|-----------------------------|--------------------------------------|---|
| | £ | £ | £ | £ | £ | £ | |
| PUBLIC ANALYST FEES | 166,008 | 166,008 | 0 | 235,886 | 225,797 | 10,089 FAV | |
| VOLUNTARY ORGANISATIONS | 420,480 | 420,480 | 0 | 420,724 | 420,724 | 0 | |
| AMEY PUBLIC SERVICES | 6,658,576 | 6,648,630 | 9,945 FAV | 11,746,968 | 10,503,968 | 1,243,000 FAV | Management action to maintain overall balanced budget within the Service. |
| PAYMENTS TO CONTRACTORS - ROADS | 818,208 | 588,255 | 229,953 FAV | 1,216,000 | 1,013,543 | 202,457 FAV | Management action to maintain overall balanced budget within the Service. |
| TOWN CENTRE INITIATIVES | 60,000 | 60,000 | 0 | 120,000 | 120,000 | 0 | |
| MEDICAL FEES | 101,667 | 101,667 | 0 | 114,715 | 110,069 | 4,646 FAV | |
| OTHER | 410,619 | 317,945 | 92,674 FAV | 739,099 | 694,818 | 44,281 FAV | Timing delay in realisation of nursery saving. |
| COMMUNITY CARE GRANTS / CRISIS LOANS | 1,347,565 | 1,347,565 | 0 | 2,616,190 | 2,616,190 | 0 | |
| TOTAL EXPENDITURE | 9,983,123 | 9,650,551 | 332,572 FAV | 17,209,582 | 15,705,109 | 1,504,473 FAV | |

Infrastructure
Revenue Budget Monitoring - Ear Marked Reserves
1st April 2018 - 4th January 2018 (PERIOD 10)

Appendix 4

| Description of Earmarked Resource | Value of Earmarked Resource £ | Spend to Date £ | Projected Spend 2018/19 £ | | Reserves No Longer Required £ | Reserves Required for 2019/120 £ | Commentary regarding usage |
|---|----------------------------------|--------------------|------------------------------|---------------|----------------------------------|-------------------------------------|--|
| | | | Value | % | | | |
| Service Specific Earmarked Reserves: | | | | | | | |
| Flagship Events & Promotions | 157,000 | 157,000 | 157,000 | 100.00% | 0 | 0 | To maintain water quality within Strathclyde Park |
| Decriminalised Parking Enforcement | 131,000 | 131,000 | 131,000 | 100.00% | 0 | 0 | Fully spent at P8. |
| Waste Management Fund | 1,580,000 | 1,277,895 | 1,580,000 | 100.00% | 0 | 0 | To support operational demand pressures |
| Clyde Valley Residual Waste | 264,000 | 86,400 | 86,400 | 32.73% | 0 | 177,600 | NLC Contributions to Clyde Valley Contract Management team |
| HSMS Development | 62,000 | 0 | 62,000 | 100.00% | 62,000 | 0 | Upgrade to the property repairs system |
| Dilapidations Fund | 750,000 | 0 | 18,359 | 2.45% | 0 | 731,641 | Property repairs to restore leased buildings to original condition |
| Digitalisation | 750,000 | 293,434 | 750,000 | 100.00% | 0 | 0 | Digital NL project team and consultant costs. |
| Discretionary Housing Payment | 850,000 | 0 | 850,000 | 100.00% | 0 | 0 | Support for individual claimants |
| Total Expenditure | 4,544,000 | 1,945,729 | 3,634,759 | 79.99% | 62,000 | 909,241 | |

Infrastructure
Revenue Budget Monitoring Report - Challenging Savings
1st April 2018 - 4th January 2018 (PERIOD 10)

| Reference / Descriptions | APPROVED SAVINGS | | | Reason for Savings Gap | REPLACEMENT SAVING / FUNDING | | Revised Savings Gap | Any additional information |
|--|------------------|-------------------|--------------|--|---|--------------|---------------------|---|
| | Target Value | Value Deliverable | Saving Gap | | Description | Value | | |
| | £000 | £000 | £000 | | | £000 | £000 | |
| Base Budget adjustments as agreed as part of 17/18 Budget | | | | | | | | |
| INF19 Asset management rationalisation | 478 | 67 | 411 | Timing delay in property utilisation | Management action to reduce non essential spend | 411 | 0 | The Service will identify a full programme of property savings by the end of the financial year. |
| Base Budget Adjustments 2018/19 | | | | | | | | |
| INF38 Rationalisation of systems | 75 | 25 | 50 | Further systems to review have not been identified at this stage | Housing Benefit Overpayment Recovery | 50 | 0 | In the current year the £25k will be achieved. The Service will build the remaining £50k into operational plans for next financial year. |
| INF34 Review of ICT applications | 95 | 0 | 95 | Further systems to review have not been identified at this stage | Housing Benefit Overpayment Recovery | 95 | 0 | The Service will build the £95k into operational plans for next financial year. |
| INF80 Review of Management and Staffing (Support Solutions) | 200 | 109 | 91 | Timing delays / delay in identifying posts | Management action to reduce non essential spend | 91 | 0 | This saving will be fully achieved in 2019/20. |
| INF50 Review of Fleet | 996 | 449 | 547 | Reprofiling of vehicle lease end dates based on updated procurement information. | Management action to reduce non essential spend | 547 | 0 | This saving will be fully achieved in 2019/20. |
| INF99 Salary sacrifice | 33 | 17 | 17 | Timing delay in implementing scheme | Management action to reduce non essential spend | 17 | 0 | This saving will be fully achieved in 2019/20. |
| Workforce Changes | | | | | | | | |
| Restructure Workforce changes 18/19 | 75 | 47 | 28 | Timing delay in VRS process | Management action to reduce non essential spend | 28 | 0 | This saving will be fully achieved in 2019/20. |
| 2017/18 Second Year Impact | | | | | | | | |
| INF09 Streetlighting | 100 | 0 | 100 | A delay in the implementation of the LED programme | Management action to reduce non essential spend | 100 | 0 | This saving will be fully achieved in 2019/20. |
| INF17 Review Pest Control | 20 | 11 | 9 | Timing delays in VRS process | Management action to reduce non essential spend | 9 | 0 | This saving will be fully achieved in 2019/20. |
| INF18 Review of Consumer Advice provision within Trading Standards | 73 | 57 | 16 | Timing delays in VRS process | Management action to reduce non essential spend | 16 | 0 | This saving will be fully achieved in 2019/20. |
| INF24 ICT contracts review | 85 | 0 | 85 | Delays in identifying contracts to be reviewed. | Housing Benefit Overpayment Recovery | 85 | 0 | The Service will build the £85k into operational plans for next financial year. |
| Trans Transformation savings | 1,484 | 644 | 840 | Carry forwards in operational plans within Digital NL, £240k of procurement savings have been identified for 19/20 / Delays in identifying digital projects deliverable in 2018/19 | Management action to reduce non essential spend | 840 | 0 | The £240k Procurement savings will be fully achieved in 2019/20. In addition alternative restructure / Council Tax income savings totalling £0.600m have been identified for 2019/20. |
| Budget Savings 2018/19 (Year 2) | | | | | | | | |
| INF45 Investment in Street Lighting | 205 | 0 | 205 | A delay in the implementation of the LED programme | Management action to reduce non essential spend | 205 | 0 | This saving will be fully achieved in 2019/20. |
| INF6 Review of HWRC Sites | 215 | 96 | 119 | Timing delays in VRS process/reduction of Fleet vehicles | Management action to reduce non essential spend | 119 | 0 | This saving will be fully achieved in 2019/20. |
| INF15 Review of Environmental Health & Trading Standards Establishment | 286 | 123 | 163 | Timing delays in VRS process | Management action to reduce non essential spend | 163 | 0 | £109k of the shortfall has been identified for 2019/20 the remaining £10k will be incorporated into operational plans. |
| INF51 Externalise the supply and installation of Floral Features and Associated Plants | 105 | 50 | 55 | Timing delays in VRS process | Management action to reduce non essential spend | 55 | 0 | This saving will be fully achieved in 2019/20. |
| Totals | 4,525 | 1,694 | 2,831 | | | 2,831 | 0 | |