

North Lanarkshire Council Report

Finance & Resources Committee

approval noting

Ref KS/RM

Date 18 January 2019

Revenue Budget Monitoring Report; Chief Executives & Other Corporate Services 01.04.18 – 01.02.19 (Period 11)

From Paul Hughes, Head of Financial Solutions

Email hughesp@northlan.gov.uk

Telephone 01698 302275

Executive Summary

This report provides a summary of the Chief Executive & Other Corporate Services financial performance for the period 1 April 2018 to 1 February 2019 (Period 11). The report illustrates the projected outturn as at 31 March 2019, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 23 February 2018, of which £30.292m represents the Gross Revenue Budget for the Chief Executive & Other Corporate Services. The Service is currently projecting a surplus of £1.283m for the financial year. In addition, the 2018/19 budget incorporates £0.413m of savings previously approved by the Council. It is currently anticipated that £0.349m of savings (85%) will be delivered by the financial year-end.

Recommendations

It is recommended that the Finance & Resources Committee:

- i. note the financial position of the 2018/19 Chief Executive & Other Corporate Services revenue budget.

Supporting Documents

Council business plan to 2020

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

1. Background

- 1.1 The Council approved Financial Regulations require the Chief Executive to remain within the approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within budget monitoring reports. Where significant deviations are identified, the Chief Executive 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 £30.292m represents the approved Revenue Budget for the Chief Executive & Other Corporate Services.
- 2.1.2 The Service is currently projecting it will deliver a year-end under spend of £1.283m. Paragraphs 2.2 below and appendices one to five of this report explain significant budget variations contributing to the outturn position.
- 2.1.3 The movement in outturn from that previously reported is an increased underspend of £0.585m, which is primarily in relation to additional underspend in employee costs, lower than anticipated requirements in areas such as by-elections & other external payments and increased income recovery.
- 2.1.4 The 2018/19 budget incorporates £0.413m of savings previously approved by the Council on 23 February 2018. It is presently anticipated that £0.349m of savings (85%) will be delivered by the financial year-end. Further information regarding particularly challenging savings is included in appendix 5.

2.2 Analysis of Significant Variances

- 2.2.1 Employee costs are projected to be under spent by £0.158m, primarily due to increased turnover savings and underspend in pension costs, which are partly offset by additional facilities management costs at the Civic Centre due to the delay in implementing savings proposals.
- 2.2.2 Supplies & Services, Administration and Transport costs are anticipated to be underspent by £0.120m primarily due to reduced expenditure in ICT, CCTV equipment, mileage/pool car costs and a number of other administration budgets, which are partly offset by increased members training and subscription costs.
- 2.2.3 Other costs are projected to underspend by £0.286m due to one-off savings from un-presented cheques and other miscellaneous costs.
- 2.2.4 Income is projected to be over-recovered by £0.688m, primarily due to additional income in relation to loan guarantee fee recharges to North Lanarkshire Properties LLP, PPP volume discount income and bank interest receivable.
- 2.2.5 Payments to other bodies are detailed in appendix 3. These account for £11.437m of the Chief Executive & Other Corporate Services annual

budget and are currently expected to underspend by £0.038m due to lower requirements for by-election costs.

2.3 Earmarked and One-Off Resources

2.3.1 In finalising the Council's draft accounts to 31 March 2018, the service was given approval to earmark £0.154m of resources to fund key projects and initiatives. It is anticipated that £0.125m of these reserves balances will be utilised in 2018/19.

2.3.2 As these resources are met from balance sheet funds, they are not included in the report as part of the balanced budget position for the Service. Details of the service's earmarked funds are provided in appendix 4.

2.4 2018-19 Budget Savings

2.4.1 The Council approved total savings of £0.413m which relates to the Chief Executive & Other Corporate Services. As at period 11 the Service anticipates £0.349m (85%) of its approved savings will be delivered by the financial year-end.

2.4.2 The unachieved savings of £0.064m has predominantly arisen as a result of delay in implementing the review of Civic Centre facilities management, however this saving will be fully implemented for 2019/20.

2.4.3 Appendix 5 provides further commentary regarding the challenging savings and the actions being taken to address the funding gap which has arisen.

2.5 Management Actions

2.5.1 The Service continues to take a range of management action to ensure it contains expenditure within its approved 2018/19 budget provision, including the close management of vacant posts and curtailment of non essential expenditure.

3. Equality and Diversity

3.1 Fairer Scotland

There are no specific impacts to note.

3.2 Equality Impact Assessment

There are no specific impacts 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 have been addressed through management action.

4.2 HR/Policy/Legislative Impact

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

4.3 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, the 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.



Paul Hughes
Head of Financial Solutions

Chief Executive & Other Corporate Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2018 - 1 February 2019
Period 11

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)
CHIEF EXECUTIVE	622,177	600,934	21,243 FAV	849,363	826,809	22,554 FAV	2.7%	22,554	Underspends in employee, publications, office equipment, ICT and other administration costs
LEGAL & DEMOCRATIC SOLUTIONS	2,275,984	2,423,281	(147,297) ADV	4,248,210	4,378,972	(130,763) ADV	(3.1%)	40,532	Primarily non-achievement of turnover savings target, additional costs due to delay in implementing facilities management review and shortfall in recoveries from capital
AUDIT & INSPECTION	498,201	457,233	40,968 FAV	635,318	592,998	42,320 FAV	6.7%	12,988	Additional turnover savings, underspends in ICT, pool car, mileage and training costs
FINANCIAL SOLUTIONS	3,462,309	3,293,559	168,750 FAV	4,376,344	4,172,024	204,320 FAV	4.7%	53,577	Additional turnover savings, underspends in ICT, office equipment, pool car and mileage costs
OTHER CORPORATE SERVICES	3,677,998	2,771,203	906,796 FAV	7,938,197	6,794,014	1,144,183 FAV	14.4%	454,944	Primarily NLP loan guarantee fee income, increased PPP and interest income, one-off savings from unrepresented cheques and underspend in pension, election & other costs
JOINT BOARDS	9,220,953	9,220,953	0	12,244,600	12,244,600	0	0.0%	0	
TOTAL NET EXPENDITURE	19,757,622	18,767,162	990,460 FAV	30,292,032	29,009,417	1,282,615 FAV	4.2%	584,595	

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend etc

Chief Executive & Other Corporate Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2018 - 1 February 2019
Period 11

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	7,629,400	7,553,425	75,975 FAV	9,623,224	9,465,521	157,703 FAV	1.6%	119,618	Primarily due to increased turnover savings and underspend in pension costs, partly offset by additional
PROPERTY COSTS	50,669	58,241	(7,572) ADV	478,640	486,353	(7,713) ADV	(1.6%)	(6,852)	
SUPPLIES & SERVICES	343,058	315,178	27,880 FAV	471,828	437,551	34,277 FAV	7.3%	8,790	Primarily underspends relating to delays in security measures (CCTV), and ICT/Telecoms
TRANSPORT & PLANT	140,188	103,911	36,278 FAV	202,982	168,410	34,572 FAV	17.0%	28,572	Underspends on mileage, pool car and transport costs
ADMINISTRATION COSTS	3,220,369	3,169,998	50,371 FAV	8,679,388	8,628,089	51,299 FAV	0.6%	19,056	Primarily underspends on advertising, members expenses, training, partly offset by overspends on members training, subscriptions and legal costs
PAYMENTS TO OTHER BODIES	8,456,589	8,442,184	14,405 FAV	11,437,466	11,399,129	38,337 FAV	0.3%	38,337	Underspend in election costs
CAPITAL FINANCING COSTS	0	0	0	16,885	16,885	0	0.0%	0	
OTHER EXPENDITURE	2,670,978	2,474,538	196,440 FAV	3,695,917	3,409,904	286,013 FAV	7.7%	188,854	One-off savings in unrepresented cheques and underspends in other miscellaneous expenditure
TOTAL EXPENDITURE	22,511,251	22,117,474	393,777 FAV	34,606,330	34,011,841	594,489 FAV	1.7%	396,375	
INCOME	2,753,628	3,350,312	596,684 FAV	4,314,298	5,002,424	688,126 FAV	15.9%	188,220	Over-recovery of income due to loan guarantee fee income to NLP, and increased PPP & interest income,
NET EXPENDITURE	19,757,622	18,767,162	990,460 FAV	30,292,032	29,009,417	1,282,615 FAV	4.2%	584,595	

FAV = Favourable variation, underspend etc

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

Chief Executive & Other Corporate Services
 Revenue Budget Monitoring Report - PTOB Analysis
 1 April 2018 - 1 February 2019
 Period 11

DESCRIPTION (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCES (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
Medical Fees	755	1,119	(364) ADV	837	1,201	(364) ADV	(43.5%)	(364)	
PTOB General	594	0	594 FAV	4,475	3,775	700 FAV	15.6%	700	
Town Twinning	3,523	3,523	0	9,033	9,033	0	0.0%	0	
Childrens Panel	23,251	23,251	0	25,035	25,035	0	0.0%	0	
COSLA Annual Levy	186,528	186,528	0	186,586	186,586	0	0.0%	0	
Community Council Grants	22,623	22,623	0	25,000	25,000	0	0.0%	0	
Community Council Audit Fee	0	0	0	0	0	0	0.0%	0	
External Audit Fee	168,363	168,363	0	501,900	501,900	0	0.0%	0	
Election Provision	72,000	57,825	14,175 FAV	96,000	58,000	38,000 FAV	39.6%	38,000	Underspend in election costs
COSLA Migration Scotland	150,000	150,000	0	150,000	150,000	0	0.0%	0	
Lands Valuation Contribution	1,359,690	1,359,690	0	1,812,915	1,812,915	0	0.0%	0	
SPT Contribution	4,030,415	4,030,415	0	5,373,887	5,373,887	0	0.0%	0	
SPT Concessionary Fares Contribution	413,848	413,848	0	551,798	551,798	0	0.0%	0	
Customer First Contribution	2,025,000	2,025,000	0	2,700,000	2,700,000	0	0.0%	0	
TOTAL EXPENDITURE	8,456,589	8,442,184	14,405 FAV	11,437,466	11,399,129	38,337 FAV	0.3%	38,336	

FAV = Favourable variation, underspend etc

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

Chief Executive & Other Corporate Services

Status of Earmarked Resources

1 April 2018 - 1 February 2019

Period 11

Description of Earmarked Resource	Value of Earmarked Resource	Spend to Date	Projected Spend, 2018/19		Reserves No Longer Required	Reserves Required for 2019/20	Commentary regards usage
			Value	%			
Service Specific Earmarked Reserves:							
Flagship Events & Promotions	100,000	100,000	100,000	100.00%	0	0	European Championships 2018
Solicitor GDPR	54,000	14,646	25,000	46.30%	29,000	0	Post appointed in October 2018
Total Expenditure	154,000	114,647	125,000	81.17%	29,000	0	

**Chief Executive & Other Corporate Services
Challenging Budget Savings Monitoring Report
Period 11**

Description/Reference	APPROVED SAVINGS			REPLACEMENT SAVING/FUNDING		Revised Savings Gap	Any Additional Information
	Target Value	Value Deliverable	Gap in Approved Savings	Description	Value		
	£000	£000	£000		£000	£000	
Approved Savings (February 2018)							
Review of Civic Centre Facilities Management	64	0	64		0	64	Service currently investigating alternative saving options.
Total Chief Executive Savings	64	0	64		0	64	
Total Savings	413	349	64		0	64	