

North Lanarkshire Council Report

Finance & Resources Committee

approval noting

Ref KS/RM

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Revenue Budget Monitoring Report; Chief Executives & Other Corporate Services 01.04.18 – 31.03.19 (Provisional Outturn)

From Elaine Kemp, Head of Business for Financial Solutions

Email KempE@northlan.gov.uk

Telephone 01698 302408

Executive Summary

This report provides a summary of the Chief Executive & Other Corporate Services financial performance for the period 1 April 2018 to 31 March 2019. The report illustrates the provisional 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. As a result of additional funding of £1.540m received from Scottish Government in relation to Customer First (Joint Board), the revised approved budget is £31.832m. The Service is currently projecting a surplus of £1.673m 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:

- (1) note the provisional outturn 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.
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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 £30.292m represents the approved Revenue Budget for the Chief Executive & Other Corporate Services. As a result of additional funding of £1.540m received from Scottish Government in relation to Customer First (Joint Boards), the revised approved budget is £31.832m.

2.1.2 The Service is currently projecting an under spend of £1.673m at the financial year end, which is equivalent to 5.3% of the budget. Paragraph 2.2 below and appendices one to five of this report further explain the significant budget variations contributing to this outturn position.

2.1.3 The movement in outturn from that previously reported is an increased underspend of £0.390m, which is primarily in relation to increased income in relation to PPP discount and SLA income, partly offset by reduced bank interest receivable.

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 £0.122m, 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, Transport and Administration costs are anticipated to be underspent by £0.264m primarily due to reduced expenditure in CCTV equipment, mileage/other transport costs, and a number of other administration budgets including member's costs, which are partly offset by increased legal and subscription costs.

2.2.3 Other costs are projected to be underspent by £0.266m due to one-off savings from un-presented cheques and other miscellaneous costs.

2.2.4 Income is projected to be over-recovered by £1.007m, 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 £12.977m of the Chief Executive & Other Corporate Services annual budget and are currently expected to underspend by £0.029m due to lower expenditure requirements for by-election.

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 £0.124m of these reserves balances will be utilised in 2018/19. The remaining budget is no longer required.

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 13 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 will take a range of corrective management actions 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**

As the Service is reporting an underspend this has a positive impact on the overall Council financial performance. Known burdens and pressures continue to be managed to ensure the Service remains within the approved budget.

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, 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.



Elaine Kemp
Head of Financial Solutions

Chief Executive & Other Corporate Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2018 - 31 March 2019
Period 13

DIVISION OF SERVICE (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)	%	PERIOD MOVEMENT (9)	ANALYSIS (10)
CHIEF EXECUTIVE	849,363	819,574	29,789 FAV	3.5%	7,235	Underspends in employee, publications, office equipment, ICT and other administration costs
LEGAL & DEMOCRATIC SOLUTIONS	4,248,550	4,376,522	(127,972) ADV	(3.0%)	2,791	Primarily due to additional costs in relation to delays in implementing facilities management review.
AUDIT & INSPECTION	635,318	591,668	43,650 FAV	6.9%	1,330	Additional turnover savings, underspends in ICT, pool car and mileage
FINANCIAL SOLUTIONS	4,376,344	4,057,369	318,975 FAV	7.3%	114,655	Additional turnover savings, underspends in ICT and training costs, and increased income
OTHER CORPORATE SERVICES	7,938,197	6,529,596	1,408,601 FAV	17.7%	264,418	Primarily NLP loan guarantee fee income, increased PPP and interest income, one-off savings from un-presented cheques and underspends in members costs, pensions, election costs, mileage & other costs
JOINT BOARDS	13,784,600	13,784,599	1 FAV	0.0%	1	
TOTAL NET EXPENDITURE	31,832,372	30,159,327	1,673,044 FAV	5.3%	390,430	

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend etc

Chief Executive & Other Corporate Services
Revenue Budget Monitoring Report - Subjective Analysis
1 April 2018 - 31 March 2019
Period 13

CATEGORY (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	9,623,224	9,501,127	122,097 FAV	1.3%	(35,606)	Primarily due to increased turnover savings and underspend in pension costs, partly offset by additional
PROPERTY COSTS	478,640	492,468	(13,828) ADV	(2.9%)	(6,115)	Primarily expenditure on Councillors surgery hire costs, partly offset by underspend in rates
SUPPLIES & SERVICES	471,828	395,472	76,356 FAV	16.2%	42,079	Primarily underspends relating to delays in security measures (CCTV) and ICT/Telecoms
TRANSPORT & PLANT	203,322	129,053	74,269 FAV	36.5%	39,697	Underspends on mileage, pool car and transport costs
ADMINISTRATION COSTS	8,679,388	8,566,195	113,193 FAV	1.3%	61,894	Primarily underspends on advertising, members costs, training, postages & general admin, partly offset by overspends on subscriptions and legal costs
PAYMENTS TO OTHER BODIES	12,977,466	12,948,817	28,649 FAV	0.2%	(9,688)	Underspend in election costs, partly offset in increased expenditure in Childrens Panels
CAPITAL FINANCING COSTS	16,885	16,885	0	0.0%	0	
OTHER EXPENDITURE	3,695,917	3,430,391	265,526 FAV	7.2%	(20,487)	One-off savings in unpresented cheques and underspends in other miscellaneous expenditure, partly offset by increased Apprenticeship Levy
TOTAL EXPENDITURE	36,146,670	35,480,408	666,261 FAV	1.8%	71,774	
INCOME	4,314,298	5,321,081	1,006,783 FAV	23.3%	318,656	Over-recovery of income due to loan guarantee fee income to NLP, and increased PPP, bank interest and SLA income
NET EXPENDITURE	31,832,372	30,159,327	1,673,044 FAV	5.3%	390,430	

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 - 31 March 2019
 Period 13

DESCRIPTION (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)		%	PERIOD MOVEMENT (9)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
Medical Fees	837	4,787	(3,950)	ADV	(471.9%)	(3,586)	Recharges of medical charges from HR Centre
PTOB General	4,475	0	4,475	FAV	100.0%	3,775	Reduced requirement in 2018/19
Town Twinning	9,033	4,060	4,973	FAV	55.1%	4,973	Underspend due to reduced visits
Childrens Panel	25,035	30,339	(5,304)	ADV	(21.2%)	(5,304)	Increased demand for service
COSLA Annual Levy	186,586	186,528	58	FAV	0.0%	58	
Community Council Grants	25,000	25,996	(996)	ADV	(4.0%)	(996)	
Community Council Audit Fee	0	0	0		0.0%	0	
External Audit Fee	501,900	502,023	(123)	ADV	(0.0%)	(123)	
Election Provision	96,000	66,486	29,514	FAV	30.7%	(8,486)	Underspend in election costs
COSLA Migration Scotland	150,000	150,000	0		0.0%	0	
Lands Valuation Contribution	1,812,915	1,812,915	0		0.0%	0	
SPT Contribution	5,373,887	5,373,887	0		0.0%	0	
SPT Concessionary Fares Contribution	551,798	551,798	0		0.0%	0	
Customer First Contribution	4,240,000	4,240,000	0		0.0%	0	
TOTAL EXPENDITURE	12,977,466	12,948,818	28,648	FAV	0.2%	(9,689)	

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 - 31 March 2019

Period 13

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	24,289	24,289	44.98%	29,711	0	Post appointed in October 2018
Total Expenditure	154,000	124,290	124,290	80.71%	29,711	0	

**Chief Executive & Other Corporate Services
Challenging Budget Savings Monitoring Report
Period 13**

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	