

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref GT

Date 22/05/2018

Enterprise and Communities – Revenue Monitoring (Non Trading) – Provisional Outturn

From Robert Steenson, Executive Director (Enterprise and Communities)
Email telferg@northlan.gov.uk **Telephone** Greg Telfer, Business Finance Manager, 01698 302836

Executive Summary

This report introduces the provisional outturn revenue reports for the former Enterprise and Housing Resources service and the former Infrastructure service, excluding the Council's trading operations. .

The former Enterprise and Housing Resources provisional outturn position highlights an underspend of £0.641m which is detailed in Appendix A.

The former Infrastructure service provisional outturn position reflects an underspend of £0.009m. Throughout the financial year the Service identified a number of financial pressures across each division which have been fully offset by planned management action. Further information on these matters is detailed in Appendix B.

Recommendations

It is recommended that Communities and Housing 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 12) and supporting appendices.

Appendix B Former Infrastructure Revenue Monitoring (Period 12) 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.
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2. Report

- 2.1 Appendix A contains the provisional outturn report for the former Enterprise and Housing Resources which highlights a year end underspend of £0.641m.
 - 2.2 Appendix B contains the provisional outturn report for the former Infrastructure service, excluding Trading Operations, which highlights a year end underspend of £0.009m 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.
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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.
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4. Implications

- 4.1 **Financial Impact**
Financial impacts are outlined in the respective reports for the former Enterprise and Housing Resources and Infrastructure services.
- 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.

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.

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 22/05/2019

Enterprise and Housing Resources - Revenue Monitoring Report – 1 April 2018 to 1 March 2019 (Provisional Outturn)

From Robert Steenson, Executive Director (Enterprise and Communities)

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Business Finance Manager,
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Executive Summary

This report provides a summary of Enterprise and Housing Resources financial performance for the period 1 April 2018 to 31 March 2019 (Period 13 Provisional Outturn), with major outturn variances highlighted and explained in accordance with the Council's approved Financial Regulations.

The Service provisional outturn is an underspend of £0.641m for the financial year, a favourable movement of £0.621m from period 10.

The 2018/19 Enterprise and Housing Resources budget incorporated £0.945m of savings previously approved by the Council. These savings (100%) have been delivered by the financial year-end.

Recommendations

It is recommended that the Communities and Housing Committee:

- (1) 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.

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 £45.370m, due to the realignment of Regeneration Projects, receipt of additional income, pool car efficiencies, payroll standardisation and landlord registration income.
- 2.1.2. The Service provisional outturn is a surplus of £0.641 at the financial year end, which is 2.1% 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. £0.945m of savings (100%) have been 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. Vacancies, particularly within the Housing Property and Projects division, have resulted in an underspend of £1.632m. This is largely offset by a reduction in income recoveries from capital.
- 2.2.2. Within Supplies and Services, an overspend of £0.012m 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 contributed to an overspend of £0.670m within Administration costs.
- 2.2.4. Within Payments to Other Bodies, there is an underspend of £0.514m, largely attributable to the reduced uptake of private sector improvement grants, partially offset by additional costs associated with homeless accommodation support contracts and business support contracts.
- 2.2.5. In addition, the Service has reduced recharge income from the HRA capital programme of £0.796m, as a result of the impact of staff vacancies and increased use of agency staff outlined above.
- 2.2.6. Fees and charges are over-recovered by £0.160m in the main due to planning fee income partially offset by under recoveries within NLI and Building Standards income.

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. The reserves for Kitchener Street (£0.187m) and North Lanarkshire Development Plan (£0.260m) were not utilised during 2018/19, with a request to carry forward to next year. The reserve for Wishaw Shop Fronts (£0.250m) is no longer required, 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 13, the Service has delivered its savings of £0.945m (100%).

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.

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.

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)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL OUTTURN VARIANCE (4)	% (5)	PERIOD MOVEMENT (6)	ANALYSIS (7)
	£	£	£			
BUSINESS, HOUSING PROPERTY & PROJECTS	1,674,344	1,571,176	103,168 FAV	6.2%	103,168	Turnover savings fully offset by increased staff agency costs and a reduction to HRA capital recharge.
HOUSING SOLUTIONS	7,838,959	7,795,477	43,482 FAV	0.6%	107,775	Turnover savings fully offset by homeless rent loss and repairs.
ENTERPRISE & PLACE	10,775,104	10,118,292	656,812 FAV	6.1%	321,814	Vacancy savings, lower demand for Private Sector Housing grants and an over-recovery of planning fee income, partially offset by costs associated with the delivery of the Tour Series cycling event & business awards and an under-recovery of building control fee income.
BUSINESS ORGANISATION & PEOPLE SOLUTIONS	7,526,694	7,727,760	(201,066) ADV	(2.7%)	36,163	Employee cost pressure associated with lower than budgeted staff turnover and ICT cost pressures partially offset by a number of one-off operational efficiencies.
BUSINESS INTELLIGENCE & POLICY	716,302	762,685	(46,383) ADV	(6.5%)	(33,060)	Employee cost pressures associated with lower than budgeted staff turnover and additional costs associated with the hosting of the European Championships.
CENTRAL SUPPORT	1,406,548	1,321,813	84,735 FAV	6.0%	84,735	Administration cost underspends offset by an under-recovery of departmental income
NET EXPENDITURE	29,937,952	29,297,202	640,750 FAV	2.1%	620,596	

FAV = Favourable variation / underspend / income over-recovery

ADV= Adverse variation / overspend / income under-recovery

CATEGORY (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL OUTTURN VARIANCE (4)	% (5)	PERIOD MOVEMENT (6)	ANALYSIS (7)
EMPLOYEE COSTS	25,586,162	23,954,772	1,631,390 FAV	6.4%	(162,436)	Turnover savings (largely offset by reduced income recoveries from capital)
PROPERTY COSTS	4,521,525	4,573,473	(51,947) ADV	(1.1)%	(18,851)	Impact of increased costs associated with homeless rents
SUPPLIES & SERVICES	1,346,496	1,358,672	(12,176) ADV	(0.9)%	129,302	Additional ICT maintenance costs
TRANSPORT & PLANT COSTS	222,430	217,529	4,901 FAV	2.2%	6,901	Lower than anticipated staff travel costs
ADMINISTRATION COSTS	911,292	1,580,916	(669,624) ADV	(73.5)%	(277,148)	Increased staff agency costs with the HRA capital investment team partially offset by a reduction in non-essential expenditure across the service.
PAYS TO AGENCIES & OTHER BODIES	4,739,480	4,225,014	514,466 FAV	10.9%	105,464	Reduced demand for Private Sector Housing improvement grants, partially offset by inflationary cost increases within the service's contracts for homeless accommodation provision.
APPORTIONED EXPENSES	3,991,479	3,991,479	0 -	0.0%	0	Balanced budget
CAPITAL FINANCING COSTS	3,421,201	3,421,201	0 -	0.0%	0	Balanced budget
C.F.C.R.	0	0	0 -	0.0%	0	Balanced budget
OTHER COSTS	630,267	660,880	(30,613) ADV	(4.9)%	35,434	Additional costs associated with the delivery of the Tour Series cycling event, European Championships 2018 and business awards
TOTAL EXPENDITURE	45,370,332	43,983,936	1,386,397 FAV	3.1%	(181,335)	
OTHER GRANTS	3,614,786	3,603,332	(11,454) ADV	0.3%	(11,454)	Under-recovery within energy projects
FEES AND CHARGES	4,464,657	4,624,411	159,754 FAV	(3.6)%	172,004	An over-recovery of planning fee income partially offset by lower than anticipated external income for the Tour Series cycling event, under recovery of NLI income, under recovery of building control fees, under recovery of demolition fees and lower private sector housing recharges
RENTS	647,080	565,080	(82,000) ADV	(12.7)%	(14,867)	Under recovery of homeless rent payments
INTEREST	0	0	0 -	0.0%	0	
DEPARTMENTAL CHARGES	6,614,858	5,818,525	(796,333) ADV	0.0%	656,862	Reduced capital recovery
HOME LOANS	91,000	75,385	(15,615) ADV	17.2%	(615)	Lower than anticipated recovery from borrowers
INCOME	15,432,381	14,686,734	(745,647) ADV	(4.8)%	801,931	
NET EXPENDITURE	29,937,952	29,297,202	640,750 FAV	2.1%	620,596	

FAV = Favourable variation, underspend etc

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

DESCRIPTION (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL OUTTURN VARIANCE (4)	% (5)	PERIOD MOVEMENT (6)	Typical Areas of Expenditure/ Analysis of Variations (7)
	£	£	£			
HOMELESS	1,214,144	1,270,708	(56,564) ADV	0%	(56,564)	To support homelessness
BUSINESS GATEWAY CONTRACT	1,450,000	1,450,000	0	0%	0	Lanarkshire Enterprise Services - support to existing businesses, SME, start ups
TOWN CENTRE ACTIVITIES	322,410	321,498	912 FAV	0%	912	CCTV Monitoring and Town Centre Management Fees
BUSINESS SUPPORT PROGRAMMES	248,930	349,140	(100,210) ADV	0%	(100,210)	Provide grants to business and match fund projects
REVENUE LEVERAGE FUND	131,500	107,208	24,292 FAV	0%	24,292	Provide leverage funding to council projects
SUPPORTED EMPLOYMENT	23,411	12,534	10,877 FAV	0%	10,877	Supported Employment
PRIVATE SECTOR HOUSING GRANT	1,164,000	533,028	630,972 FAV	54%	221,970	Grant paid to owner occupiers. The underspend is as a result of reduced demand for grants.
OTHER	185,085	180,898	4,187 FAV	2%	4,187	Contributions to strategic planning bodies, medical fees and other minor budgets throughout the Service
NET EXPENDITURE	4,739,480	4,225,014	514,466 FAV	11%	105,464	

FAV = Favourable variation, underspend etc

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

DESCRIPTION OF EARMARKED RESOURCE	VALUE OF EARMARKED RESOURCE	PROVISIONAL OUTTURN 2018/19		RESERVE NO LONGER REQUIRED	RESERVE REQUIRED FOR 2019/20	COMMENTARY REGARDS USAGE
		VALUE	%			
	£	£		£	£	
City Deal	785,000	785,000	100%	0		Project management / Medicity / Working Matters - Due to increased elements of staff costs falling within eligible expenditure criteria
Business Gateway	892,000	58,281	7%		833,720	Business Gateway contract / management
Wishaw Shop Front	306,000	25,226	8%	250,000	30,775	Upgrading business shop fronts
Kitchener Street	187,000	16,648	9%	0	170,352	Sound proofing for residents due to noise from new road layout
Business Support New Apps (NLC Match)	95,000	92,895	98%		2,105	Business support programme / business growth new apps
North Lanarkshire Development Plan	260,000	0	0%	0	260,000	Local Development Plan
Edward Lawson Centre	50,000	40,056	80%	9,944	0	Maintenance costs 18/19
North Lanarkshire Industries	145,000	0	0%	145,000	0	NLI support 18/19
Business Gateway Management (North only)	46,000	0	0%		46,000	Business Gateway contract / management
TOTAL EXPENDITURE	2,766,000	1,018,106	37%	404,944	1,342,951	

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref RM/GT/JM Date 22/05/2019

Infrastructure – Revenue Monitoring Report (Non-Trading)

From Robert Steenson, Executive Director (Enterprise & Communities)
Email telferg@northlan.gov.uk **Telephone** Greg Telfer, Business Finance Manager, 01698 302836

Executive Summary

This report provides a summary of the financial performance of the former Infrastructure Service for the period 1 April 2018 to 31 March 2019 (Period 13 Provisional Outturn). The report illustrates the provisional outturn as at 31 March 2019, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.

In summary, the former Infrastructure had a minor year-end underspend of £0.009m based on performance to Period 13. The Service had identified a number of financial pressures across each division which were 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 Communities and Housing Committee:

- (1) Notes the financial position of the 2018/19 Infrastructure revenue budget.

Supporting Documents

Council Business Plan to 2020 Improving the Council's resource base

Appendix 1	Objective Analysis
Appendix 2	Subjective Analysis
Appendix 3	Payments to Other Bodies
Appendix 4	Earmarked 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 resulted in a revised Infrastructure Net Revenue Budget of £137.861m; a decrease of £0.017m. Infrastructure is also responsible for the Council's Trading Account, which is included within a separate budget monitoring report.

2.1.2. Infrastructure's provisional outturn position reflects a minor year end underspend of £0.009m. There were a number of cost pressures, for example the timing of savings delivery and operational demands on front line services which were offset by management actions across all divisions to achieve this overall year-end 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 incorporated £7.884m of savings approved by Council on 23 February 2018 and £4.849m of savings (62%) have been delivered during the financial year. Further information regarding particularly challenging savings is noted in paragraph 2.4 below.

2.2. Analysis of Significant Variations

2.2.1. Environmental Assets (£1.726m underspend)

The provisional outturn position reflects an underspend within Land Management of £1.006m due to early implementation of the new Streetscene structure and reduced expenditure within transport and plant costs. Management action was taken to reduce planned expenditure on roads maintenance by £0.234m and there was an underspend in winter maintenance of £0.519m. Furthermore, the division had underspends associated within increased income in third party damages, efficiency rebate and road occupation fees of £0.396m.

These underspends were partially offset by an under recovery of £0.233m from capital projects and an under recovery in cemetery income of £0.226m due to a drop in burial numbers. There was also an overspend of £0.374m as a result of timing delays in the roll out of the LED lamp replacement programme coupled with energy tariff increases.

2.2.2. Assets & Procurement Solutions (£0.160m underspend)

Assets & Procurement's outturn position reflects an underspend of £0.907m attributable to management action by rescheduling the central repairs

programme. In addition, there was a reduction in the Carbon Trading Allowances payment to reflect energy efficiency improvements across the Council's property estate of £0.106m and one-off underspends within ICT budgets of £0.100m.

These have been partially offset by timing delays in the achievement of property savings of £0.411m, increased rates and utility costs within the office accommodation portfolio of £0.387m, delay in achievement procurement savings of £0.240m and increased food costs within catering of £0.231m.

2.2.3. Regulatory Services & Waste Solutions (£0.884m overspend)

Protective Services had an overspend in employee costs £0.134m primarily due to a timing delay in implementing staff restructures. There was also a net under recovery in pest control income of £0.111m. These costs were partially offset by savings in supplies and services of £0.175m. Fleet Operations had an overspend of £0.555m due to delays in vehicle lease savings and as a consequence of this delay there was also an overspend in relation to lease extension costs of £0.245m.

Waste Solutions had an overspend in employee costs of £0.501m and fuel costs of £0.312m to meet operational demands. This was partially offset by reduced bin purchases of £0.188m. The Service also received £1.580m of in-year support from the Council's Earmarked Reserves to support operation demand and market pressures (See Appendix 4).

2.2.4. Revenues & e-Government Solutions (£0.874m overspend)

Revenues & E-Government Solutions had an overspend of £0.876m in relation to contractual licence and maintenance costs to support ICT systems. In addition, approved savings within the division equivalent to £0.830m were not 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 were partially offset by a net over-recovery of £0.225m in relation to the recovery of Housing Benefit overpayments, additional DWP grant £0.225m and Statutory Addition charges £0.150m.

There was an overspend in the Council Tax Reduction Scheme (CTRS) of £0.120m which is being offset through general uplifts in Council Tax collection. This is not included in this outturn position as 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 (£0.118m overspend)

Directorate & Support had an overspend of £0.103m in relation to the timing delays in achieving management savings.

2.2.6 Payments to other bodies are detailed in Appendix 3. This expenditure category accounts for £17.210m of the annual budget and was £0.958m underspent. This underspend was 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. The amount utilised in 2018/19 was £3.554m with £0.062m earmarked for the development of the HSMS system being no longer required

and the remaining £0.927m being required in future years for the Clyde Valley waste project and dilapidations. 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. The Service used a variety of information, records and processes to monitor achievement of its approved budget savings of £7.884m. The provisional outturn position reflects achievement of £4.849m (62%) of approved savings during 2018/19.
- 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 was also a delay in identifying actions which will contribute to the ICT saving target. Whilst there were in year timing delays in the full achievement of property savings, the Service have now confirmed a complete programme.
- 2.4.3 The Service addressed the £3.035m savings gap in 2018/19 by undertaking management action in a number of areas. This included only undertaking essential expenditure across all divisions. Specific actions include delaying non-essential expenditure in roads maintenance and central repairs. There was 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 took a range of corrective management action to ensure it maintains a balanced budget position whilst delivering key operational targets.

2.6. Change Management

The Service has a £3.294m requirement to utilise the Council's Change Management Fund to support VRS costs related to 2018/19 savings / restructures (£0.984m), 2019/20 savings (£1.140m), the impact of the increase to the 3.5% wage award (£0.850m) and Digital NL costs for procurement interim support (£0.320m). 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 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, as previously reported the Service have been advised of two potential contractor claims linked to the quality of recycling materials, one of which has now been settled at a cost of £0.134m. The position regarding the other potential claim 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 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

DIVISION OF SERVICE (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)	ANALYSIS (10)
	£	£	£	
DIRECTORATE & SUPPORT AND ALEO & EXTERNAL	4,065,656	4,184,340	(118,684) ADV	Timing delay in management savings and turnover shortfall.
ENVIRONMENTAL ASSETS	49,453,623	47,727,534	1,726,089 FAV	Early implementation of new streetscene structure has resulted in increased employee savings. Management action to review phasing of expenditure to road contractors and vacancies together with underspends in winter maintenance and external hires. These underspends are partially offset by delays in electrical power savings, increased electrical power costs and under recovery of income from capital projects.
ASSETS & PROCUREMENT	15,974,462	15,814,373	160,089 FAV	Underspends created by vacancy management across Assets & Procurement and management action to rephase expenditure on IT systems and Central Repairs are partly offset by delays in implementing property & procurement rationalisation and increased rates and utility costs within office accommodation. In addition there was an increase in catering income from paid meals.
REGULATORY SERVICES AND WASTE SOLUTIONS	29,230,407	30,114,854	(884,447) ADV	Waste employee & vehicle overspends to maintain frontline targets in the face of increasing operational demands for the service were partly offset 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 consequently lease extension costs.
REVENUES & E-GOVERNMENT SOLUTIONS	39,172,065	40,045,754	(873,689) ADV	Overspends linked to ICT maintenance / licence contracts and timing delays in relation to ICT contract savings are partially offset by recovery of Housing Benefit overpayments, further income from DWP & Other Grants and over recovery of Statutory Additions.
NET EXPENDITURE	137,896,213	137,886,855	9,358 FAV	

Infrastructure
Revenue Budget Monitoring Report - Subjective Analysis
1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

CATEGORY (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)	ANALYSIS (10)
EMPLOYEE COSTS	£ 76,333,822	£ 76,974,052	£ (640,231) ADV	Timing delays in staff restructures partly offset by early implementation of new streetscene structure.
PROPERTY COSTS	26,551,268	26,302,088	249,181 FAV	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 saving programmes.
SUPPLIES & SERVICES	15,722,221	18,298,631	(2,576,410) ADV	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 material partially offset by an underspend in winter maintenance and various cumulative minor variances.
TRANSPORT & PLANT	12,860,502	13,035,483	(174,981) ADV	A timing delay in achieving the Fleet reduction and servicing frequency saving and various minor cumulative variances are partially offset by increased lease extension costs and an underspend within external hires.
ADMINISTRATION COSTS	16,892,748	17,369,027	(476,280) ADV	A number of adverse variances relating to use of external professional advice (offset by income), additional legal costs, increase in provision for doubtful debts in relation to Housing Benefit overpayments and delays in the achievement of savings partially offset by operational efficiencies as management action.
PAYMENTS TO OTHER BODIES (See Overleaf Appendix 3)	17,209,582	16,251,634	957,948 FAV	Management action to reduce expenditure on road contractors.
TRANSFER PAYMENTS	124,250,769	124,262,172	(11,403) ADV	Minor variance
CAPITAL FINANCING COSTS	16,249,293	16,249,293	0 FAV	-
REVENUE FINANCING COSTS	10,293	7,205	3,088 FAV	Minor variance
OTHER EXPENDITURE	1,210,684	1,100,462	110,222 FAV	Reduction in carbon trading allowance payments
TOTAL EXPENDITURE	307,291,182	309,850,046	(2,558,864) ADV	
INCOME	169,394,970	171,963,192	2,568,222 FAV	Recovery of Housing Benefit Overpayments and various other income items
NET EXPENDITURE	137,896,212	137,886,854	9,358 FAV	

Infrastructure

Revenue Budget Monitoring Report - Payments to Other Bodies Analysis
1st April 2018 - 31st March 2019 (PERIOD 13 - PROVISIONAL OUTTURN)

DESCRIPTION (1)	ANNUAL BUDGET (5)	PROVISIONAL OUTTURN (6)	PROVISIONAL OUTTURN VARIANCE (7)	TYPICAL AREA OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
	£	£	£	
PUBLIC ANALYST FEES	235,886	224,669	11,217 FAV	Minor variance
VOLUNTARY ORGANISATIONS	420,724	420,480	244 FAV	Minor variance
AMEY PUBLIC SERVICES	11,746,968	11,046,334	700,634 FAV	Management action to maintain overall balanced budget within the Service.
PAYMENTS TO CONTRACTORS - ROADS	1,216,000	1,002,838	213,162 FAV	Management action to maintain overall balanced budget within the Service.
TOWN CENTRE INITIATIVES	120,000	120,000	0	-
MEDICAL FEES	114,715	167,988	(53,273) ADV	Increased Medical Fees.
OTHER	739,099	684,307	54,792 FAV	Timing delay in realisation of nursery saving.
COMMUNITY CARE GRANTS / CRISIS LOANS	2,616,190	2,585,017	31,173 FAV	Minor variance
TOTAL EXPENDITURE	17,209,582	16,251,634	957,948 FAV	

Infrastructure
Revenue Budget Monitoring - Ear Marked Reserves
1st April 2018 - 31st March 2019 (PERIOD 13 PROVISIONAL OUTTURN)

Appendix 4

Description of Earmarked Resource	Value of Earmarked Resource £	Provisional Outturn 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	100.00%	0	0	To maintain water quality within Strathclyde Park
Decriminalised Parking Enforcement	131,000	131,000	100.00%	0	0	Sets up costs and equipment
Waste Management Fund	1,580,000	1,580,000	100.00%	0	0	To support operational demand pressures
Clyde Valley Residual Waste	264,000	86,400	32.73%	0	177,600	NLC Contributions to Clyde Valley Contract Management team
HSMS Development	62,000	0	0.00%	62,000	0	Upgrade to the property repairs system
Dilapidations Fund	750,000	0	0.00%	0	750,000	Property repairs to restore leased buildings to original condition
Digitalisation	750,000	750,000	100.00%	0	0	Digital NL project team and consultant costs.
Discretionary Housing Payment	850,000	850,000	100.00%	0	0	Support for individual claimants
Total Expenditure	4,544,000	3,554,400	78.22%	62,000	927,600	

Infrastructure

Revenue Budget Monitoring Report - Challenging Savings
1st April 2018 - 31st March 2019 (PERIOD 13 PROVISIONAL OUTTURN)

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	441	555	Reprofiling of vehicle lease end dates based on updated procurement information.	Management action to reduce non essential spend	555	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)								
INF1 Reduce Burial Subsidy	196	0	196	Lower burial numbers has resulted in lower projected income figures	Management action to reduce non essential spend elsewhere across EA	196	0	This saving will be fully achieved in 2019/20.
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	£153K 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	4,721	1,686	3,035			3,035	0	