

North Lanarkshire Council Report

Finance & Resources Committee

approval noting

Ref VR/RM

Date 18/09/19

Revenue Budget Monitoring Report; Chief Executives & Other Corporate Services 01.04.19 – 19.07.19 (Period 4)

From Elaine Kemp, Head of 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 2019 to 19 July 2019 (Period 4). The report illustrates the projected outturn as at 31 March 2020, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 21 February 2019, of which £70.642m currently represents the Net Revenue Budget for the Chief Executive & Other Corporate Services. The Service is currently projecting a year-end balanced budget for the financial year. In addition, the 2019/20 budget incorporates £1.957m of savings previously approved by the Council. It is currently anticipated that £1.879m of savings (96%) will be delivered by the financial year-end.

Recommendations

It is recommended that the Finance & Resources Committee:

- (1) note the financial position of the 2019/20 Chief Executive & Other Corporate Services revenue budget.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

1. Background

- 1.1 The Council's 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 2019, of which £69.845m (9.32%) represented the approved Revenue Budget for the Chief Executive & Other Corporate Services. Subsequent realignments of service budgets has resulted in a revised budget of £70.642m; an increase of £0.797m primarily due to realignment of bank interest income with loan charges which are reported corporately as part of the Revenue Monitoring Council Summary report.
- 2.1.2 The Service is currently projecting a balanced budget for the financial year. Paragraph 2.2 below and appendices one to five of this report further explain any significant budget variations contributing to this outturn position.
- 2.1.3 The 2019/20 budget incorporates £1.957m of savings previously approved by the Council on 23 February 2019. It is presently anticipated that £1.879m of savings (96%) 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 Supplies & Services costs are anticipated to be overspent by £0.232m primarily due to increased ICT licencing and maintenance costs in Business Solutions.
- 2.2.2 Income is projected to be over-recovered by £0.170m, primarily due to increased capital recharges of £0.100m, other Government grant funding of £0.027m and ICT recharges of £0.037m.
- 2.2.5 Payments to other bodies are detailed in appendix 3. These account for £14.569m of the Chief Executive & Other Corporate Services annual budget. A minor overspend is currently anticipated primarily due to increased COSLA and Audit fees.

2.3 Earmarked and One-Off Resources

- 2.3.1 In finalising the Council's draft accounts to 31 March 2019, the service was given approval to earmark £10.638m of resources to fund key projects and initiatives. It is anticipated that £2.110m of these reserves balances will be utilised in 2019/20, with the remaining balance required for future years.
- 2.3.2 It is anticipated that there will be increased expenditure of £1.400m in revenue in 2019/20 in relation to ICT Service Delivery licence, support and maintenance contracts. This cost pressure will be addressed by the benefits realised from the Digital NL programme as indicated in the approved business case. Until the savings are realised, these costs will be offset by earmarked reserves.
- 2.3.3 In addition, it is envisaged that a further £0.300m of the Digital NL reserve will be utilised in 19/20 for resourcing the Digital NL project team. The project delivery is being

reviewed and further updates on estimated timing of expenditure will be provided in future reports.

2.3.4 Details of the service's earmarked funds are provided in appendix 4.

2.3.5 The Service also anticipates a requirement to utilise £0.247m of the corporate earmarked funds to support VRS costs in relation to 2019/20 savings / restructures (£0.076m) and 2020/21 savings (£0.171m). These costs are not included in the Service outturn position as stated in section 2.1.2.

2.4 **2019/20 Budget Savings**

2.4.1 The Council approved total savings of £1.957m which relates to the Chief Executive & Other Corporate Services. As at period 4 the Service anticipates £1.879m (96%) of its approved savings will be delivered by the financial year-end.

2.4.2 The unachieved savings of £0.078m has predominantly arisen as a result of delays in implementation of savings proposals. The service are currently considering opportunities for alternative savings to manage this shortfall in year, with the full approved saving expected to be achieved from 2020/21.

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 2019/20 budget provision, including the close management of vacant posts and curtailment of non-essential expenditure.

3. **Equality and Diversity**

3.1 **Fairer Scotland Duty**

3.1.1 There are no specific impacts to note.

3.2 **Equality Impact Assessment**

3.2.1 There are no specific impacts to note.

4. **Implications**

4.1 **Financial Impact**

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, 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 delays or amendments to savings proposals could present an ongoing risk to the financial outturn for 2019/20.

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.

6. Supporting documents

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



Elaine Kemp
Head of Financial Solutions

Chief Executive & Other Corporate Services
Revenue Budget Monitoring Report - Objective Analysis
1 April 2019 - 19 July 2019
Period 4

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)	ANALYSIS (10)
CHIEF EXECUTIVE	207,509	204,464	3,045	FAV	837,507	837,507	0	0.0%	
LEGAL & DEMOCRATIC SOLUTIONS	579,984	603,395	(23,411)	ADV	1,944,105	1,944,105	0	0.0%	
AUDIT & INSPECTION	146,545	146,545	0		507,601	507,601	0	0.0%	
FINANCIAL SOLUTIONS	5,278,556	5,242,631	35,925	FAV	36,461,384	36,461,384	0	0.0%	
BUSINESS SOLUTIONS	3,500,302	3,547,913	(47,611)	ADV	7,500,490	7,500,490	0	0.0%	
PEOPLE & ORGANISATIONAL DEVELOPMENT	1,914,788	2,055,924	(141,136)	ADV	6,729,199	6,729,199	0	0.0%	
STRATEGIC COMMUNICATIONS	317,848	325,479	(7,630)	ADV	769,659	769,659	0	0.0%	
OTHER CORPORATE SERVICES	670,711	670,711	0		3,293,978	3,293,978	0	0.0%	
JOINT BOARDS	6,019,163	6,019,163	0		12,598,046	12,598,046	0	0.0%	
TOTAL NET EXPENDITURE	18,635,407	18,816,224	(180,817)	ADV	70,641,969	70,641,969	0	0.0%	

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend etc

Chief Executive & Other Corporate Services
 Revenue Budget Monitoring Report - Subjective Analysis
 1 April 2019 - 19 July 2019
 Period 4

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)	ANALYSIS (10)
EMPLOYEE COSTS	7,527,436	7,673,715	(146,279) ADV	27,944,866	27,857,432	87,434 FAV	0.3%	Increased expenditure on ICT licensing and maintenance costs £0.234m
PROPERTY COSTS	22,437	29,208	(6,770) ADV	2,975,206	2,980,553	(5,347) ADV	(0.2%)	
SUPPLIES & SERVICES	2,307,056	2,372,877	(65,822) ADV	5,647,349	5,879,727	(232,377) ADV	(4.1%)	
TRANSPORT & PLANT	28,501	30,270	(1,769) ADV	222,888	222,888	0	0.0%	
ADMINISTRATION COSTS	737,352	772,056	(34,704) ADV	5,191,268	5,204,556	(13,288) ADV	(0.3%)	
PAYMENTS TO OTHER BODIES	5,602,776	5,604,185	(1,409) ADV	14,569,216	14,575,923	(6,707) ADV	(0.0%)	
TRANSFER PAYMENTS	26,183,101	26,183,101	0	119,241,711	119,241,711	0	0.0%	
CAPITAL FINANCING COSTS	409,969	409,969	0	1,249,283	1,249,283	0	0.0%	
OTHER EXPENDITURE	1,180,287	1,180,669	(383) ADV	3,944,954	3,944,204	750 FAV	0.0%	
TOTAL EXPENDITURE	43,998,914	44,256,050	(257,136) ADV	180,986,742	181,156,277	(169,535) ADV	(0.1%)	
INCOME	25,363,507	25,439,825	76,319 FAV	110,344,773	110,514,308	169,535 FAV	0.2%	Primarily increased capital recharges £0.100m, other grant funding of £0.027m and ICT recharges of £0.037m.
NET EXPENDITURE	18,635,407	18,816,224	(180,817) ADV	70,641,969	70,641,969	0	0.0%	

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 2019 - 19 July 2019
Period 4

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)	TYPICAL AREAS OF EXPENDITURE/ANALYSIS OF VARIATIONS (10)
Medical Fees	837	288	548 FAV	8,359	9,107	(748) ADV	(8.9%)	
PTOB General	0	118	(118) ADV	730	848	(118) ADV	(16.2%)	
Agency Fees	5,937	5,992	(55) ADV	84,468	84,523	(55) ADV	(0.1%)	
Town Twinning	4,411	4,390	21 FAV	9,033	9,012	21 FAV	0.2%	
Childrens Panel	6,455	6,455	0	25,035	25,035	0	0.0%	
COSLA Annual Levy	186,587	188,393	(1,806) ADV	186,586	188,393	(1,807) ADV	(1.0%)	COSLA actual costs higher than budgeted
Community Council Grants	3,102	3,102	0	25,000	25,000	0	0.0%	
External Audit Fee	0	0	0	501,900	505,900	(4,000) ADV	(0.8%)	Audit fees under accrued by 4k prior year
Election Provision	0	0	0	96,000	96,000	0	0.0%	
Tourism - Visit North Lanarkshire	0	0	0	37,000	37,000	0	0.0%	
CCG Invoices/Paypoint/Cash	199,642	199,642	0	1,835,051	1,835,051	0	0.0%	
Crisis Invoices/Paypoint/Cash	0	0	0	781,139	781,139	0	0.0%	
Sub-contractor Payments	0	0	0	1,869	1,869	0	0.0%	
Local Tax Paypoint Commission	4,641	4,641	0	35,000	35,000	0	0.0%	
COSLA Migration Scotland	150,000	150,000	0	150,000	150,000	0	0.0%	
Lands Valuation Contribution	696,845	696,845	0	2,103,410	2,103,410	0	0.0%	
SPT Contribution	2,710,638	2,710,638	0	5,421,275	5,421,275	0	0.0%	
SPT Concessionary Fares Contribution	283,681	283,681	0	567,361	567,361	0	0.0%	
Customer First Contribution	1,350,000	1,350,000	0	2,700,000	2,700,000	0	0.0%	
TOTAL EXPENDITURE	5,602,776	5,604,185	(1,410) ADV	14,569,216	14,575,923	(6,707) ADV	(0.0%)	

FAV = Favourable variation, underspend etc

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

Chief Executive & Other Corporate Services

Status of Earmarked Resources

1 April 2019 - 19 July 2019

Period 4

Description of Earmarked Resource	Total Earmarked Reserve	2019/20								Commentary regards usage
		Initial 19/20 Allocation	Adjustments in Year	19/20 Approved Reserve Total	Spend to Date	Projected Spend, 2019/20		Reserves No Longer Required in 19/20	Reserves Required for Future Years	
						Value	%			
Service Specific Earmarked Reserves:										
Chip and Pin Equipment	46	46	0	46	0	46	100.00%	0	0	
Flagship Events & Promotions	200	200	0	200	0	200	100.00%	0	0	
Family Firm (4 Years)	492	164	0	164	18	164	100.00%	0	328	
Digitisation	9,900	0	1,700	1,700	1,088	1,700	100.00%	0	8,200	£1.4m overspend in relation to Service Delivery ICT Licence, Support and Maintenance Contracts and £300k estimated spend regarding NLC resource for DNL Project. All other spend in relation to DNL has still to be profiled by project team.
Total	10,638	410	1,700	2,110	1,106	2,110	100.00%	0	8,528	

**Chief Executive & Other Corporate Services
Challenging Budget Savings Monitoring Report
Period 4**

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 2019)							
Rationalisation of Print and Mail Operations	53	10	43		0	43	Delay in implementation of savings. Service currently investigating alternative saving options.
Recognition of National Statutory Marriage Fee Increases	27	7	20		0	20	Increase in fees effective from December 2019. Service currently investigating alternative saving options.
Review of the Administration and Members' Support staff	36	21	15		0	15	Delay in implementation of savings. Service currently investigating alternative saving options.
Total Chief Executive Savings	116	38	78		0	78	
Total Savings	1,957	1,879	78		0	78	