

# North Lanarkshire Council Report

## Finance & Resources Committee

approval  noting

Ref VR/RM

Date 27/11/19

## Revenue Budget Monitoring Report; Chief Executives & Other Corporate Services 01.04.19 – 11.10.19 (Period 7)

**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 11 October 2019 (Period 7). 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 £70.670m 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 £1.726m of savings (88%) 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.

---

## **2. Report**

### **2.1 Summary of Financial Position**

- 2.1.1 The Council approved its General Fund Revenue Budget on 21 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 £70.670m; an increase of £0.825m primarily due to realignment of bank interest income of £0.750m within 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. Section 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 There is no overall movement in outturn from that previously reported, however within the Service there is increased expenditure in employee costs of £0.500m primarily due to further review of budget requirements within People & Organisational Development and IT costs of £0.275m primarily due to the renewal of the iTrent contract. These variances are offset by projected underspends in administration and property costs of £0.626m primarily in relation to underspend in insurance charges of £0.750m, and increased income recoveries of £0.168m, due to increased PPP income of £0.339m partly offset by increased under-recovery of advertising income of £0.170m.

- 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 £1.726m of savings (88%) 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 anticipated to be overspent by £0.412m primarily due to delay in achievement of savings targets, additional structure review costs, which are partly offset by increased turnover savings. This overspend is currently being managed on a one off basis across the Service however, there is an underlying budget issue, mainly in relation to People and Organisational Development. The Service continues to consider options to address this on a permanent basis.

- 2.2.2 Supplies & Services are anticipated to be overspent by £0.516m primarily due to increased ICT licencing and maintenance costs in Business Solutions (of £0.178m) due to legacy transformation contracts and People & Organisational Development (of £0.336m) mainly due to the renewal of the iTrent contract.

- 2.2.3 Administration and Property costs are anticipated to be underspent by £0.570m primarily due to an underspend in Insurance Fund costs of £0.750m, which is partly offset by increased expenditure of £0.075m on legacy IT transformation project resources and Printing of £0.038m which is offset by increased income recovery.

- 2.2.4 Income is projected to be over-recovered by £0.375m, primarily due to increased PPP income of £0.338m, capital recharges of £0.100m, other Government grant funding of £0.027m, ICT recharges of £0.037m within Business Solutions, support recharges of

£0.048m in Legal & Democratic Solutions and Financial Solutions and printing recharges of £0.038m within Strategic Communications. These increases are partly offset by reduced fees & charges income of £0.220m primarily due to Strategic Communications advertising income under-recovery of £0.170m and under-recovery of registration and legal recharges in Legal & Democratic Solutions of £0.050m.

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 of £0.007m is currently anticipated primarily due to increased COSLA and Audit fees and medical costs, partly offset by a minor underspend in election costs.

### 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 £5.074m of these reserves balances will be utilised in 2019/20, with the remaining balance required for future years.

2.3.2 Committee should note that costs in relation to Digitisation are anticipated to be £4.206m. This reflects increased expenditure of £1.400m 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. In addition, it is envisaged that a further £3.206m of the Digital NL reserve will be utilised in 19/20 for resourcing the Digital NL project team, and forecast delivery of the initial phases of the project within the financial year.

2.3.3 Details of the Service's earmarked funds are provided in appendix 4.

2.3.4 The Service has an anticipated requirement to utilise £0.923m of the corporate earmarked funds to support VRS costs related to 2019/20 savings / restructures (£0.752m) and 2020/21 savings (£0.171m). These costs are not included in the Service outturn position as stated in paragraph 2.1.2.

### 2.5 2019/20 Budget Savings

2.5.1 The Council approved total savings of £1.957m which relates to the Chief Executive & Other Corporate Services. As at period 6 the Service anticipates £1.726m (88%) of its approved savings will be delivered by the financial year-end.

2.5.2 The unachievable savings of £0.231m has predominantly arisen as a result of delays in implementation. The Service is currently considering opportunities for alternative savings to manage this shortfall in year. It is envisaged that £0.099m of these savings will be fully achieved from 2020/21, with a potential recurring savings gap of £0.132m been identified. These are in relation to non-achievement of Advertising income in Strategic Communications, and delays in implementation of workforce changes in Legal & Democratic Solutions.

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

### 2.6 Management Actions

2.6.1 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

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**

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 - 11 October 2019  
Period 7

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	397,281	397,604	(324) ADV	837,507	827,476	10,031 FAV	1.2%	10,031	
LEGAL & DEMOCRATIC SOLUTIONS	1,006,313	1,127,650	(121,337) ADV	1,944,105	2,176,809	(232,704) ADV	(12.0%)	(232,704)	Primarily due to non-achievement and delay in achievement of approved savings, shortfall in turnover savings target, and additional costs being incurred
AUDIT & INSPECTION	282,650	268,270	14,380 FAV	507,601	492,024	15,577 FAV	3.1%	15,577	
FINANCIAL SOLUTIONS	7,048,385	6,467,028	581,357 FAV	36,489,597	35,606,777	882,820 FAV	2.4%	882,820	Increased turnover savings, underspend in overtime costs offset by one-off costs associated with structure review. Underspend in Insurance Fund costs due to review of insurance requirements.
BUSINESS SOLUTIONS	6,141,586	6,282,991	(141,405) ADV	7,500,490	7,500,490	0	0.0%	0	
PEOPLE & ORGANISATIONAL DEVELOPMENT	3,652,941	4,195,135	(542,194) ADV	6,729,199	7,582,279	(853,080) ADV	(12.7%)	(853,080)	Shortfall in turnover savings target, additional costs due to delay in implementation of savings targets and increased ICT licence costs
STRATEGIC COMMUNICATIONS	502,592	573,981	(71,388) ADV	769,659	967,307	(197,648) ADV	(25.7%)	(197,648)	Primarily under-recovery of advertising income, and shortfall in turnover savings target
OTHER CORPORATE SERVICES	1,199,453	1,183,081	16,372 FAV	3,293,978	2,918,974	375,004 FAV	11.4%	375,004	Primarily increased PPP income and underspends in pensions, superannuation and Members costs
JOINT BOARDS	7,577,018	7,577,018	0	12,598,046	12,598,046	0	0.0%	0	
<b>TOTAL NET EXPENDITURE</b>	<b>27,808,220</b>	<b>28,072,758</b>	<b>(264,538) ADV</b>	<b>70,670,182</b>	<b>70,670,182</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend etc

**Chief Executive & Other Corporate Services**  
Revenue Budget Monitoring Report - Subjective Analysis  
1 April 2019 - 11 October 2019  
Period 7

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	14,017,037	14,163,287	(146,250) ADV	28,031,750	28,443,665	(411,915) ADV	(1.5%)	(499,349)	Primarily additional costs being managed across service (£0.418m), unfunded posts (£0.107m), one-off costs associated with structure reviews (£0.115m) and increased pension costs (£0.054m) partly offset by increased turnover savings £0.242m and underspend on overtime £0.046m
PROPERTY COSTS	1,109,902	992,258	117,644 FAV	2,547,159	2,318,129	229,030 FAV	9.0%	234,377	Primarily underspend in property insurance costs of £0.250m
SUPPLIES & SERVICES	3,053,758	3,443,224	(389,466) ADV	5,667,872	6,184,248	(516,376) ADV	(9.1%)	(283,999)	Increased expenditure on ICT licensing and maintenance costs £0.508m (iTrent licences and maintenance of £0.338m and legacy transformation IT contracts £0.178m)
TRANSPORT & PLANT	48,944	51,488	(2,545) ADV	222,901	222,934	(33) ADV	(0.0%)	(33)	
ADMINISTRATION COSTS	3,525,861	3,378,257	147,604 FAV	8,545,258	8,203,943	341,315 FAV	4.0%	354,603	Primarily underspend in Insurance Fund of £0.500m, offset by increased expenditure on legacy IT project resources of £0.075m, Legal fees £0.028m, Members alarms £0.018m and Printing £0.038m (offset by increased income recovery below)
PAYMENTS TO OTHER BODIES	7,457,698	7,462,302	(4,604) ADV	14,569,216	14,576,013	(6,797) ADV	(0.0%)	(90)	
TRANSFER PAYMENTS	46,783,812	46,783,812	0	119,241,711	119,241,711	0	0.0%	0	
CAPITAL FINANCING COSTS	717,445	717,445	0	1,249,283	1,249,283	0	0.0%	0	
OTHER EXPENDITURE	2,125,937	2,137,351	(11,414) ADV	3,944,954	3,955,410	(10,456) ADV	(0.3%)	(11,206)	
<b>TOTAL EXPENDITURE</b>	<b>78,840,394</b>	<b>79,129,425</b>	<b>(289,031) ADV</b>	<b>184,020,104</b>	<b>184,395,336</b>	<b>(375,232) ADV</b>	<b>(0.2%)</b>	<b>(205,697)</b>	
INCOME	51,032,175	51,056,667	24,493 FAV	113,349,922	113,725,153	375,230 FAV	0.3%	205,697	Primarily increased PPP income £0.338m, capital recharges £0.100m, other grant funding of £0.027m, ICT recharges of £0.037m, support recharges £0.048m and printing recharges £0.038m, partly offset by reduced fees and charges income £0.220m (advertising £0.170m, registration fees £0.020m & legal recharges £0.030m).
<b>NET EXPENDITURE</b>	<b>27,808,220</b>	<b>28,072,758</b>	<b>(264,538) ADV</b>	<b>70,670,182</b>	<b>70,670,182</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	

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 - 11 October 2019  
 Period 7

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	925	5,702	(4,778) ADV	8,359	13,137	(4,778) ADV	(57.2%)	(4,030)	Increased medical costs
PTOB General	0	118	(118) ADV	730	848	(118) ADV	(16.2%)	0	minor variance
Agency Fees	25,778	20,943	4,835 FAV	84,468	79,633	4,835 FAV	5.7%	4,890	Projected underspend to offset Disputes/Settlements costs
Town Twinning	4,811	4,790	21 FAV	9,033	9,012	21 FAV	0.2%	0	
Childrens Panel	10,823	12,517	(1,694) ADV	25,035	25,035	0	0.0%	0	
COSLA Annual Levy	186,586	188,393	(1,807) ADV	186,586	188,393	(1,807) ADV	(1.0%)	0	COSLA actual costs higher than budgeted
Community Council Grants	13,015	13,015	0	25,000	25,000	0	0.0%	0	
External Audit Fee	0	0	0	501,900	505,900	(4,000) ADV	(0.8%)	0	Audit fees under accrued by 4k prior year
Election Provision	8,081	4,255	3,826 FAV	96,000	92,061	3,939 FAV	4.1%	3,939	Underspend in by-election costs
Tourism - Visit North Lanarkshire	0	0	0	37,000	37,000	0	0.0%	0	
Disputes / Settlements	0	4,890	(4,890) ADV	0	4,890	(4,890) ADV	0.0%	(4,890)	Previous years settlement costs
CCG Invoices/Paypoint/Cash	861,353	861,353	0	1,835,051	1,835,051	0	0.0%	0	
Crisis Invoices/Paypoint/Cash	0	0	0	781,139	781,139	0	0.0%	0	
Sub-contractor Payments	0	0	0	1,869	1,869	0	0.0%	0	
Local Tax Paypoint Commission	11,308	11,308	0	35,000	35,000	0	0.0%	0	
COSLA Migration Scotland	150,000	150,000	0	150,000	150,000	0	0.0%	0	
Lands Valuation Contribution	1,165,700	1,165,700	0	2,103,410	2,103,410	0	0.0%	0	
SPT Contribution	2,710,638	2,710,638	0	5,421,275	5,421,275	0	0.0%	0	
SPT Concessionary Fares Contribution	283,681	283,681	0	567,361	567,361	0	0.0%	0	
Customer First Contribution	2,025,000	2,025,000	0	2,700,000	2,700,000	0	0.0%	0	
<b>TOTAL EXPENDITURE</b>	<b>7,457,698</b>	<b>7,462,302</b>	<b>(4,605) ADV</b>	<b>14,569,216</b>	<b>14,576,013</b>	<b>(6,797) ADV</b>	<b>(0.0%)</b>	<b>(91)</b>	

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 - 11 October 2019

Period 7

Description of Earmarked Resource	Total Earmarked Reserve	Initial 19/20 Allocation	Adjustments in Year	19/20 Approved Reserve Total	Spend to Date	2019/20		Reserves No Longer Required in 19/20	Reserves Required for Future Years	Commentary regards usage
						Projected Spend, 2019/20				
						Value	%			
<b>Service Specific Earmarked Reserves:</b>										
Chip and Pin Equipment	46	46	0	46	32	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	47	164	100.00%	0	328	
Digitisation	9,900	0	4,606	4,606	2,189	4,606	100.01%	0	5,294	£1.4m overspend in relation to Service Delivery ICT Licence, Support and Maintenance Contracts and £3.206m estimated spend regarding DNL Project.
Best Value Team	0	0	58	58	40	58	100.19%	0	0	
<b>Total</b>	<b>10,638</b>	<b>410</b>	<b>4,664</b>	<b>5,074</b>	<b>2,307</b>	<b>5,074</b>	<b>100.01%</b>	<b>0</b>	<b>5,680</b>	



**Chief Executive & Other Corporate Services  
Challenging Budget Savings Monitoring Report  
Period 7**

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		
<b>Approved Savings (February 2019)</b>							
Rationalisation of Print and Mail Operations	53	21	32		0	32	Non achievement in implementation of savings. Service currently investigating alternative saving options.
Recognition of National Statutory Marriage Fee Increases	27	7	20		0	20	Delay in achievement due to increase in fees effective from December 2019. Service currently investigating alternative saving options within year. Will be achieved in full for 2020/21
Advertising	100	0	100		0	100	Non achievement due to delays in feasibility studies (this may remain unachievable after feasibility is complete).
Review of the Administration and Members' Support staff	36	27	9		0	9	Delay in achievement due to delays in staff leaving posts. Will be achieved in full for 2020/21
Review of Financial Solutions/Revenues & Benefits	233	174	59	Delay in Creditors Manger Leaving anticipated leaving date Dec 2019, 1 SWF Processing Officer post deduction not realised YTD. Gap covered by reduction in SWF processing hours worked and saving in overtime budget	59	0	
Reduction in Staff within People & Organisational Development	90	79	11		0	11	Delay in achievement due to delays staff leaving posts. Will be achieved in full for 2020/21
<b>Total Chief Executive Savings</b>	<b>539</b>	<b>308</b>	<b>231</b>		<b>0</b>	<b>172</b>	
<b>Total Savings</b>	<b>1,957</b>	<b>1,726</b>	<b>231</b>		<b>59</b>	<b>172</b>	