

# **Report**

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>20 January 2021</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2020/2021 - Finance and Corporate Resources</b>
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## **1. Purpose of Report**

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2020 to 6 November 2020 for Finance and Corporate Resources

## **2. Recommendation(s)**

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the overspend of £1.159 million on the Finance and Corporate Resources' revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2021 of breakeven, be noted; and
- (2) that the proposed budget virements be approved.

## **3. Background**

- 3.1. This is the third revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2020/2021.
- 3.2. The report details the financial position for Finance and Corporate Resources on Appendix A, along with variance explanations in Appendices B-I.
- 3.3. The Resource has incurred expenditure in relation to COVID-19, and in order to separate these costs from the Resource's normal activities, a COVID-19 Service has been included at Appendix I.

## **4. Employee Implications**

4.1. None.

## **5. Financial Implications**

- 5.1. As at 6 November 2020, there is an overspend of £1.159 million against the phased budget. This is due to the costs of COVID-19 as shown in Appendix I (£0.880 million) and also the loss of income totalling £0.279 million in relation to COVID-19 which is included in the positions for Administration, Legal and Licensing and Communications and Strategy (being £0.184 million and £0.095 million, respectively).
- 5.2. The budget included in Appendix I for COVID-19 relates to Scottish Government funding in relation to COVID-19 Business Support Grants.

- 5.3. The financial forecast for the revenue budget to 31 March 2021 is a breakeven position, excluding the COVID-19 costs and loss of income.
- 5.4. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report, as appropriate.

**6. Climate Change, Sustainability and Environmental Implications**

- 6.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

**7. Other Implications**

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.

**8. Equality Impact Assessment and Consultation Arrangements**

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

27 November 2020

**Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- ◆ Finance and Corporate Resources Committee, 28 October 2020

**List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 6 November 2020

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	33,218	33,218	0	19,747	20,702	(955)	over	(4.8%)	
Property Costs	4,122	4,122	0	1,108	1,033	75	under	6.8%	
Supplies & Services	6,477	6,477	0	5,416	5,339	77	under	1.4%	
Transport & Plant	104	104	0	65	27	38	under	58.5%	
Administration Costs	7,624	7,624	0	4,186	3,847	339	under	8.1%	
Payments to Other Bodies	49,876	49,876	0	45,204	44,917	287	under	0.6%	
Payments to Contractors	265	265	0	27	28	(1)	over	(3.7%)	
Transfer Payments	70,686	70,686	0	38,818	38,277	541	under	1.4%	
Financing Charges	1,020	1,020	0	624	671	(47)	over	(7.5%)	
<b>Total Controllable Exp.</b>	173,392	173,392	0	115,195	114,841	354	under	0.3%	
<b>Total Controllable Inc.</b>	(138,166)	(138,166)	0	(87,884)	(86,371)	(1,513)	under recovered	(1.7%)	
<b>Net Controllable Exp.</b>	35,226	35,226	0	27,311	28,470	(1,159)	over	(4.2%)	

**Variance Explanations**

Variance explanations are shown in Appendices B to I as appropriate.

**Budget Virements**

Budget virements are shown in Appendices B to I as appropriate.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Finance - Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	2,848	2,848	0	1,795	1,768	27	under	1.5%	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	19	0	16	17	(1)	over	(6.3%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	112	112	0	12	13	(1)	over	(8.3%)	
Payments to Other Bodies	495	495	0	338	343	(5)	over	(1.5%)	
Payments to Contractors	22	22	0	14	12	2	under	14.3%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	16	16	0	12	10	2	under	16.7%	
<b>Total Controllable Exp.</b>	3,512	3,512	0	2,187	2,163	24	under	1.1%	
<b>Total Controllable Inc.</b>	(1,547)	(1,547)	0	0	0	0	-	n/a	
<b>Net Controllable Exp.</b>	1,965	1,965	0	2,187	2,163	24	under	1.1%	

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Finance - Transactions Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	11,283	11,283	0	6,735	6,756	(21)	over	(0.3%)	1
Property Costs	3,242	3,242	0	650	646	4	under	0.6%	
Supplies & Services	828	828	0	590	574	16	under	2.7%	
Transport & Plant	7	7	0	4	0	4	under	100.0%	
Administration Costs	1,280	1,280	0	736	641	95	under	12.9%	2
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	243	243	0	13	13	0	-	0.0%	
Transfer Payments	70,686	70,686	0	38,818	38,197	621	under	1.6%	3
Financing Charges	104	104	0	76	73	3	under	3.9%	
<b>Total Controllable Exp.</b>	87,673	87,673	0	47,622	46,900	722	under	1.5%	
<b>Total Controllable Inc.</b>	(73,947)	(73,947)	0	(37,406)	(36,621)	(785)	under recovered	(2.1%)	4
<b>Net Controllable Exp.</b>	13,726	13,726	0	10,216	10,279	(63)	over	(0.6%)	

**Variance Explanations****1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

**2. Administration Costs**

The underspend is due to lower than anticipated legal fees to date.

**3. Transfer Payments**

The underspend is due to the current profile of Housing Benefit payments and is offset by an under recovery of income (see 4 below).

**4. Income**

The under recovery relates to the under recovery of Housing Benefit Subsidy income, offset by reduced expenditure (see 3 above), and an under recovery of Housing Benefit Overpayment income.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Audit Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	535	535	0	366	373	(7)	over	(1.9%)	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	5	4	1	under	20.0%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	7	7	0	2	0	2	under	100.0%	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	4	4	0	3	3	0	-	0.0%	
<b>Total Controllable Exp.</b>	553	553	0	376	380	(4)	over	(1.1%)	
<b>Total Controllable Inc.</b>	(223)	(223)	0	0	0	0	-	n/a	
<b>Net Controllable Exp.</b>	330	330	0	376	380	(4)	over	(1.1%)	

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Information Technology Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	5,108	5,108	0	3,061	3,350	(289)	over	(9.4%)	1,a
Property Costs	504	504	0	314	270	44	under	14.0%	
Supplies & Services	4,613	4,613	0	4,190	3,878	312	under	7.4%	2
Transport & Plant	4	4	0	2	0	2	under	100.0%	
Administration Costs	2,059	2,059	0	1,096	1,080	16	under	1.5%	a
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	499	499	0	311	329	(18)	over	(5.8%)	
<b>Total Controllable Exp.</b>	12,787	12,787	0	8,974	8,907	67	under	0.7%	
<b>Total Controllable Inc.</b>	(8,030)	(8,030)	0	(4,119)	(3,948)	(171)	under recovered	(4.2%)	3
<b>Net Controllable Exp.</b>	4,757	4,757	0	4,855	4,959	(104)	over	(2.1%)	

**Variance Explanations****1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

**2. Supplies and Services**

The underspend reflects the timing of spend for IT systems to date.

**3. Income**

The income under recovery relates to external income for services provided at Caird.

**Budget Virements**

- a. Contribution from IT Development Fund for IT projects. Net Effect £0.060m: Employee Costs £0.030m, Administration Costs £0.030m.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Personnel Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	7,570	7,570	0	4,297	4,451	(154)	over	(3.6%)	1,a
Property Costs	358	358	0	136	110	26	under	19.1%	
Supplies & Services	273	273	0	173	127	46	under	26.6%	2
Transport & Plant	51	51	0	26	0	26	under	100.0%	
Administration Costs	1,136	1,136	0	608	566	42	under	6.9%	a
Payments to Other Bodies	2,496	2,496	0	891	617	274	under	30.8%	3
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	39	39	0	32	40	(8)	over	(25.0%)	
<b>Total Controllable Exp.</b>	<b>11,923</b>	<b>11,923</b>	<b>0</b>	<b>6,163</b>	<b>5,911</b>	<b>252</b>	<b>under</b>	<b>4.1%</b>	
<b>Total Controllable Inc.</b>	<b>(2,636)</b>	<b>(2,636)</b>	<b>0</b>	<b>(487)</b>	<b>(310)</b>	<b>(177)</b>	<b>under recovered</b>	<b>(36.3%)</b>	<b>4</b>
<b>Net Controllable Exp.</b>	<b>9,287</b>	<b>9,287</b>	<b>0</b>	<b>5,676</b>	<b>5,601</b>	<b>75</b>	<b>under</b>	<b>1.3%</b>	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

**2. Supplies and Services**

The underspend reflects lower expenditure within the Cafes, which are closed due to COVID, offset by an under recovery of income (see 4 below).

**3. Administration Costs**

The underspend reflects lower than anticipated expenditure in relation to medicals and also reduced expenditure within the Employability Programme due to the timing of the commencement of projects.

**4. Income**

The under recovery reflects lower than anticipated income from the Cafes, which are currently closed due to COVID-19, offset by a reduction in expenditure (see 2 above).

Budget Virements

- a. Transfer from reserves for the Leadership Programme. Net Effect £0.046m: Employee Costs £0.016m, Administration Costs £0.030m.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Administration, Legal and Licensing Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,107	4,107	0	2,464	2,494	(30)	over	(1.2%)	1
Property Costs	18	18	0	8	3	5	under	62.5%	
Supplies & Services	125	125	0	82	92	(10)	over	(12.2%)	
Transport & Plant	14	14	0	5	0	5	under	100.0%	
Administration Costs	2,140	2,140	0	1,271	1,198	73	under	5.7%	2
Payments to Other Bodies	679	679	0	307	291	16	under	5.2%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	32	32	0	23	40	(17)	over	(73.9%)	
<b>Total Controllable Exp.</b>	<b>7,115</b>	<b>7,115</b>	<b>0</b>	<b>4,160</b>	<b>4,118</b>	<b>42</b>	<b>under</b>	<b>1.0%</b>	
<b>Total Controllable Inc.</b>	<b>(2,911)</b>	<b>(2,911)</b>	<b>0</b>	<b>(969)</b>	<b>(773)</b>	<b>(196)</b>	<b>under recovered</b>	<b>(20.2%)</b>	<b>3</b>
<b>Net Controllable Exp.</b>	<b>4,204</b>	<b>4,204</b>	<b>0</b>	<b>3,191</b>	<b>3,345</b>	<b>(154)</b>	<b>over</b>	<b>(4.8%)</b>	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

**2. Administration Costs**

The underspend is mainly due to lower than anticipated expenditure on printing and stationery, and also a reduction in expenditure on civic events which have not taken place due to COVID, offset by an under recovery of income (see 3 below).

**3. Income**

The under recovery of income relates to income from civic events which have not taken place due to COVID, offset by a reduction in expenditure (see 2 above). In addition, income from licensing and registration has been lower than anticipated due to COVID.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## Communications and Strategy Services

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 06/11/20</b>	<b>Actual 06/11/20</b>	<b>Variance 06/11/20</b>		<b>% Variance 06/11/20</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	1,767	1,767	0	1,029	1,012	17	under	1.7%	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	612	612	0	360	349	11	under	3.1%	
Transport & Plant	28	28	0	28	27	1	under	3.6%	
Administration Costs	890	890	0	461	324	137	under	29.7%	1
Payments to Other Bodies	6	6	0	3	1	2	under	66.7%	
Payments to Contractors	0	0	0	0	3	(3)	over	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	326	326	0	167	176	(9)	over	(5.4%)	
<b>Total Controllable Exp.</b>	<b>3,629</b>	<b>3,629</b>	<b>0</b>	<b>2,048</b>	<b>1,892</b>	<b>156</b>	<b>under</b>	<b>7.6%</b>	
<b>Total Controllable Inc.</b>	<b>(2,672)</b>	<b>(2,672)</b>	<b>0</b>	<b>(1,238)</b>	<b>(1,029)</b>	<b>(209)</b>	<b>under recovered</b>	<b>(16.9%)</b>	<b>2</b>
<b>Net Controllable Exp.</b>	<b>957</b>	<b>957</b>	<b>0</b>	<b>810</b>	<b>863</b>	<b>(53)</b>	<b>over</b>	<b>(6.5%)</b>	

Variance Explanations**1. Administration Costs**

The underspend relates to a reduction in the costs of printing from multi-functional devices a result of COVID, offset by an under recovery of income from recharges (see 2 below).

**2. Income**

The net under recovery of income reflects the impact of COVID-19 on the work of the service, including recharges for multi-functional devices (see 1 above).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 6 November 2020 (No.8)

## COVID - 19

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 06/11/20	Actual 06/11/20	Variance 06/11/20		% Variance 06/11/20	Note
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	0	0	0	0	498	(498)	over	n/a	1
Property Costs	0	0	0	0	4	(4)	-	n/a	
Supplies & Services	0	0	0	0	298	(298)	over	n/a	2
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	0	0	0	0	25	(25)	over	n/a	3
Payments to Other Bodies	46,200	46,200	0	43,665	43,665	0	-	0.0%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	80	(80)	-	n/a	
Financing Charges	0	0	0	0	0	0	-	n/a	
<b>Total Controllable Exp.</b>	46,200	46,200	0	43,665	44,570	(905)	over	(0.8%)	
<b>Total Controllable Inc.</b>	(46,200)	(46,200)	0	(43,665)	(43,690)	25	-	n/a	
<b>Net Controllable Exp.</b>	0	0	0	0	880	(880)	over	n/a	

**Variance Explanations****1. Employee Costs**

The overspend relates to overtime and includes the cost of the Wellbeing helpline and also additional time required to process the Business Support Grants and other benefits, including Social Welfare Payments and Council Tax Reduction Scheme applications in relation to COVID-19.

**2. Supplies and Services**

The overspend relates mainly to IT expenditure including licences and devices to support staff working from home.

**3. Administration Costs**

The overspend relates to printing and postage costs in relation to COVID-19.