

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	16 November 2017
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2017/2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update members of the Financial Resources Scrutiny Forum of progress on the Council's revenue budget for the period covering 1 April 2017 to 15 September 2017.

2. Recommendation(s)

2.1. The Forum is asked to note the following recommendation(s):-

- (1) that the 2017/2018 Financial Position as at period 7 (15 September 2017) and the forecast to 31 March 2018, for General Services, Housing Revenue Account and Trading Operations (as detailed in Appendices A to C), be noted.

3. Background

3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 8 November 2017. The reports detail the position as at 15 September 2017 for General Services, Housing Revenue Account and the Council's Trading Operations.

3.2. The papers have been split into separate Appendices as shown below:

- ◆ Appendix A - 2017/2018 Financial Position as at Period 7 (15 September 2017) for General Services
- ◆ Appendix B - 2017/2018 Financial Position as at Period 7 (15 September 2017) for Housing Revenue Account
- ◆ Appendix C - 2017/2018 Financial Position as at Period 7 (15 September 2017) for the Council's Trading Operations

4. Employee Implications

4.1. None

5. Financial Implications

5.1. The financial position of the General Services Revenue Budget, Housing Revenue Account and the Council's Trading Operations are detailed in Appendices A to C attached.

5.2. **General Fund Revenue Account Position (including Trading Operations)**

As at 15 September 2017, Appendix 1 of the report details an overspend of £0.743m (0.30%) against the phased budget. The overspend relates to Social Work Resources.

5.3. **Social Work Position:** As reported in previous periods, it is expected that the requirement for social care services in 2017/18 will continue to exceed the budget available, including service areas such as Care at Home, and continuing pressures in Children and Families for Children's placements in Residential Schools.

5.4. Indications continue to show that the total level of spend for social care services will result in an overspend of **£2.3m for 2017/18**. Work on a recovery plan is ongoing, including discussions with Health and the Integrated Joint Board, and analysing the impact on council costs following the completed client financial assessments.

5.5. The position will be closely monitored as the requirement for Home Care is difficult to predict. Whilst the current budget pressure estimate is £2.3m, this could increase should there be fluctuations from our projections.

5.6. As reported to the Executive Committee on 27 September 2017, there are other areas expected to contribute to the overall Council outturn position. These are an underspend in relation to Loan Charges for the year due to the timing of when new debt will be taken, and also in relation to expected interest rates currently available. This will help contribute to the overall council financial outturn for the year. Additional council tax collectable for the year due to new properties is also being evaluated.

5.7. Work continues to quantify the expected value of these underspends. Updates on both of these will be provided to future committees.

5.8. **Other Funding**

5.8.1. Housing and Technical Resources have been notified of funding from the Home Office of £2.462 million in relation to the resettlement of refugees. The funding covers the costs of the refugees for a 5 year period and will be received across a number of financial years depending when the refugees arrived and how many are being funded in each year. The 2017/18 allocation of £0.379m has been included in the budgets in Appendix A.

6. **Housing Revenue Account Position**

6.1. As at 15 September 2017, Appendix B of the report shows a breakeven position against the phased budget on the Housing Revenue Account. The forecast to 31 March 2018 on the Housing Revenue Account is a breakeven position.

7. **Trading Operations**

7.1. Included within the overspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations.

7.2. As at 15 September 2017, the actual surpluses achieved by the Trading Operations total £4.728 million, representing a breakeven position against the phased budget. These are detailed in Appendix C of the report.

8. Other Implications

- 8.1. 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.
- 8.2. There are no implications for sustainability in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. 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.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

8 November 2017

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 15 September 2017

Contact for Further Information

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

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SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 September 2017 (No.7)

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	97.774	97.774	0.000	43.185	43.185	0.000	-
Facilities Streets and Waste (Inc. Support)	39.408	39.408	0.000	20.931	20.917	0.014	under
Environmental Services (Inc. Projects)	4.369	4.369	0.000	1.883	1.897	(0.014)	over
Leisure and Culture Services	18.748	18.748	0.000	9.203	9.203	0.000	-
Planning and Economic Development	4.484	4.484	0.000	0.670	0.884	(0.214)	over
Roads	30.765	30.765	0.000	10.498	10.284	0.214	under
Education Resources	314.021	314.021	0.000	124.957	124.957	0.000	-
Finance and Corporate Resources	32.870	32.870	0.000	18.216	18.216	0.000	-
Finance Services	15.813	15.813	0.000	7.847	7.706	0.141	under
Audit and Compliance Services	0.423	0.423	0.000	0.321	0.325	(0.004)	over
Information Technology Services	3.963	3.963	0.000	3.290	3.290	0.000	-
Communications and Strategy Services	0.879	0.879	0.000	0.688	0.739	(0.051)	over
Administration and Licensing Services	5.218	5.218	0.000	2.956	3.021	(0.065)	over
Personnel Services	6.574	6.574	0.000	3.114	3.135	(0.021)	over
Housing and Technical Resources	22.475	22.475	0.000	10.712	10.712	0.000	-
Area Services	6.276	6.276	0.000	2.836	2.829	0.007	under
Property Services	16.199	16.199	0.000	7.876	7.883	(0.007)	over
Social Work Resources	139.260	139.260	0.000	53.145	53.889	(0.744)	over
Performance and Support Services	7.950	7.950	0.000	3.459	3.455	0.004	under
Children and Family	27.233	27.233	0.000	12.909	13.384	(0.475)	over
Adults and Older People	103.084	103.084	0.000	36.683	36.975	(0.292)	over
Justice and Substance Misuse	0.993	0.993	0.000	0.094	0.075	0.019	under
Joint Boards	2.363	2.363	0.000	0.906	0.906	0.000	
	608.763	608.763	0.000	251.121	251.865	(0.744)	over

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	608.763	608.763	0.000	251.121	251.865	(0.744)	over
Trading Accounts Surplus	(10.032)	(10.032)	0.000	(4.727)	(4.728)	0.001	under
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.197	66.197	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	670.936	670.936	0.000	246.394	247.137	(0.743)	over
Council Tax	137.458	137.458	0.000	0.000	0.000	0.000	-
Less: Council Tax Reduction Scheme	(19.382)	(19.382)	0.000	0.000	0.000	0.000	-
Net Council Tax	118.076	118.076	0.000	0.000	0.000	0.000	-
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.263	16.263	0.000	0.000	0.000	0.000	-
Total Income	670.936	670.936	0.000	0.000	0.000	0.000	-
Net Expenditure	0.000	0.000	0.000	246.394	247.137	(0.743)	over

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 15 September 2017 (No.7)

<u>Budget Category</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17	
Service Departments:	£m	£m	£m	£m	£m	£m	
Expenditure							
Employee Cost	399.265	399.265	0.000	174.703	174.213	0.490	under
Property Costs	66.853	66.853	0.000	29.275	29.389	(0.114)	over
Supplies and Services	42.383	42.383	0.000	10.766	10.832	(0.066)	over
Transport Costs	21.986	21.986	0.000	9.465	9.541	(0.076)	over
Administration Costs	10.867	10.867	0.000	4.119	4.356	(0.237)	over
Payments to Other Bodies	53.849	53.849	0.000	22.612	22.692	(0.080)	over
Payments to Contractors	177.025	177.025	0.000	70.450	71.157	(0.707)	over
Transfer Payments	2.012	2.012	0.000	8.425	8.489	(0.064)	over
Housing Benefits	97.075	97.075	0.000	35.947	35.947	0.000	-
Financing Charges (controllable)	1.630	1.630	0.000	0.654	0.635	0.019	under
Total	872.945	872.945	0.000	366.416	367.251	(0.835)	over
Service Departments Total	872.945	872.945	0.000	366.416	367.251	(0.835)	over
Trading Accounts Surplus	(10.032)	(10.032)	0.000	(4.727)	(4.728)	0.001	under
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.197	66.197	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	935.118	935.118	0.000	361.689	362.523	(0.834)	over
Income							
Housing Benefit Subsidy	94.643	94.643	0.000	36.465	36.465	0.000	-
Other Income	169.539	169.539	0.000	78.830	78.921	0.091	over rec
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	118.076	118.076	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.263	16.263	0.000	0.000	0.000	0.000	-
Total Income	935.118	935.118	0.000	115.295	115.386	0.091	over rec
Net Expenditure	0.000	0.000	0.000	246.394	247.137	(0.743)	over

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 September 2017 (No.7)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	12.661	12.661	0.000	5.469	5.227	0.242	under	4.4%	1
Property Costs	37.906	37.906	0.000	12.816	13.204	(0.388)	over	(3.0%)	2,a
Supplies & Services	0.612	0.612	0.000	0.336	0.331	0.005	under	1.5%	
Transport & Plant	0.215	0.215	0.000	0.060	0.060	0.000	-	0.0%	
Administration Costs	4.161	4.161	0.000	0.321	0.340	(0.019)	over	(5.9%)	
Payments to Other Bodies	5.060	5.060	0.000	0.007	0.011	(0.004)	over	(57.1%)	
Payments to Contractors	0.100	0.100	0.000	0.040	0.040	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.520	0.000	7.719	7.719	0.000	-	0.0%	
Total Controllable Expenditure	80.235	80.235	0.000	26.768	26.932	(0.164)	over	(0.6%)	
Total Controllable Income	(95.237)	(95.237)	0.000	(38.383)	(38.394)	0.011	over recovered	0.0%	a
Transfer to/(from) Balance Sheet	0.619	0.619	0.000	0.286	0.133	0.153	under	53.5%	
Net Controllable Expenditure	(14.383)	(14.383)	0.000	(11.329)	(11.329)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	14.383	14.383	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(11.329)	(11.329)	0.000	-	0.0%	

Variance Explanations**1. Employee Costs**

This underspend reflects the current turnover levels within the service and overtime underspends.

2. Property Costs

This overspend is due to repairs and grounds maintenance works which are demand led services and will be managed within the overall budget.

Budget Virements

- a. Realignment of repairs budget to reflect current service delivery. Net Effect £0.000m: Property Costs £0.450m and Income (£0.450m).

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 September 2017 (No.7)
Fleet Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	4.616	4.616	0.000	2.003	1.964	0.039	under	1.9%	1
Property Costs	0.222	0.222	0.000	0.185	0.185	0.000	-	0.0%	
Supplies & Services	0.239	0.239	0.000	0.132	0.131	0.001	under	0.8%	
Transport & Plant	13.806	13.806	0.000	5.157	5.233	(0.076)	over	(1.5%)	2
Administration Costs	0.012	0.012	0.000	0.006	0.006	0.000	-	0.0%	
Pmts to Other Bodies	0.007	0.007	0.000	0.001	0.001	0.000	-	0.0%	
Pmts to Contractors	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.056	0.056	0.000	0.014	0.014	0.000	-	0.0%	
Total Controllable Expenditure	18.958	18.958	0.000	7.498	7.534	(0.036)	over	(0.5%)	
Total Controllable Income	(21.052)	(21.052)	0.000	(8.466)	(8.503)	0.037	over recovered	0.4%	3
Net Controllable Expenditure	(2.094)	(2.094)	0.000	(0.968)	(0.969)	0.001	over surplus	0.1%	

Variance Explanations

- 1. Employee Costs**
This underspend relates to vacancies across the Service.
- 2. Transport and Plant**
The overspend relates to expenditure on external repairs to plant.
- 3. Income**
The over recovery of income relates to recharges for plant maintenance.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 September 2017 (No.7)
Roads Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	8.152	8.152	0.000	3.049	3.003	0.046	under	1.5%	
Property Costs	0.234	0.234	0.000	0.094	0.095	(0.001)	over	(1.1%)	
Supplies & Services	8.355	8.355	0.000	3.824	3.822	0.002	under	0.1%	
Transport & Plant	5.122	5.122	0.000	1.632	1.632	0.000	-	0.0%	
Administration Costs	0.319	0.319	0.000	0.172	0.171	0.001	under	0.6%	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	6.294	6.294	0.000	1.370	1.370	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.000	0.000	0.000	0.003	(0.003)	over	n/a	
Total Controllable Expenditure	28.476	28.476	0.000	10.141	10.096	0.045	under	0.4%	
Total Controllable Income	(32.289)	(32.289)	0.000	(11.902)	(11.857)	(0.045)	under recovered	(0.4%)	
Net Controllable Expenditure	(3.813)	(3.813)	0.000	(1.761)	(1.761)	0.000	-	0.0%	

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 September 2017 (No.7)
Property Services Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 15/09/17	Actual to Period 7 15/09/17	Variance to 15/09/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.874	31.874	0.000	14.600	14.459	0.141	under	1.0%	1
Property Costs	1.048	1.048	0.000	0.482	0.422	0.060	under	12.4%	1
Supplies & Services	12.839	12.839	0.000	5.060	4.887	0.173	under	3.4%	1
Transport & Plant	4.440	4.440	0.000	1.984	1.776	0.208	under	10.5%	1
Administration Costs	3.454	3.454	0.000	1.590	1.601	(0.011)	over	(0.7%)	
Pmts to Other Bodies	2.271	2.271	0.000	1.045	1.029	0.016	under	1.5%	1
Pmts to Contractors	15.591	15.591	0.000	7.936	8.163	(0.227)	over	(2.9%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.104	0.104	0.000	0.048	0.051	(0.003)	over	(6.3%)	1
Total Controllable Expenditure	71.621	71.621	0.000	32.745	32.388	0.357	under	1.1%	
Total Controllable Income	(75.746)	(75.746)	0.000	(34.743)	(34.386)	(0.357)	under recovered	(1.0%)	1
Net Controllable Expenditure	(4.125)	(4.125)	0.000	(1.998)	(1.998)	0.000	-	0.0%	

Variance Explanations

1. Income

This under recovery of income is due to the level of rechargeable work completed to date. This offsets underspends in Employee Costs, Property Costs, Supplies and Services, Transport and Plant and Payment to Other Bodies and overspends in Administration Costs, Payments to Contractors and Financing Charges.