

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	8 March 2018
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 5 January 2018.

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 11 (5 January 2018) 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 28 February 2018. The reports detail the position as at 5 January 2018 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 11 (5 January 2018) for General Services
- ◆ Appendix B - 2017/2018 Financial Position as at Period 11 (5 January 2018) for Housing Revenue Account
- ◆ Appendix C - 2017/2018 Financial Position as at Period 11 (5 January 2018) 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 5 January 2018, Appendix A of the report details an underspend of £1.125 million (1.4%) against the phased budget. This position reflects underspends anticipated on a number of Corporate Items, Council Tax and Council Tax Reduction Scheme, which are partially offset by an overspend on Social Work Resources.
- 5.3. **Other Funding:** There has been no additional funding notified to Resources since the last report.
- 6. 2017/2018 General Services Probable Outturn**
- 6.1. Following the probable outturn exercise, the financial forecast for year ended 31 March 2018, has been confirmed. Taking account of all known commitments, the figures in Appendix A (page 1 and 2) show an underspend position of £0.500 million on the current year budget, which will be transferred to the Uncommitted General Fund at the end of the financial year.
- 6.2. This final outturn position includes transfers to reserves of £11.018 million from Resources and £10.852 million additional Corporate transfers.
- 7. Housing Revenue Account Position**
- 7.1. As at 5 January 2018, Appendix B of the report shows a breakeven position against the phased budget on the Housing Revenue Account, after taking account of the proposed transfer to reserves of £0.029 million. The forecast to 31 March 2018 on the Housing Revenue Account is a breakeven position. This is detailed in Appendix B of the report.
- 8. Trading Operations**
- 8.1. Included within the underspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations. As at 5 January 2018, the actual surpluses achieved by the Trading Operations total £7.100 million, representing an under recovery of £0.143 million against the phased budget. These are detailed in Appendix C of the report.
- 9. Other Implications**
- 9.1. 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.
- 9.2. There are no implications for sustainability in terms of the information contained in this report.
- 10. Equality Impact Assessment and Consultation Arrangements**
- 10.1. 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.
- 10.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Executive Director (Finance and Corporate Resources)

28 February 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 5 January 2018

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 5 January 2018 (No.11)

<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (After Transfers)	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18	
Departments:	£m	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	120.135	120.501	120.819	(0.684)	82.550	82.477	0.073	under
Facilities Streets and Waste (Inc. Support)	62.736	62.865	62.975	(0.239)	45.177	45.418	(0.241)	over
Environmental Services (Inc. Projects)	4.542	4.401	4.401	0.141	3.352	3.175	0.177	under
Leisure and Culture Services	18.765	18.722	18.722	0.043	14.091	14.055	0.036	under
Planning and Economic Development	4.665	4.942	5.150	(0.485)	2.347	2.757	(0.410)	over
Roads	29.427	29.571	29.571	(0.144)	17.583	17.072	0.511	under
Education Resources	294.159	287.619	293.517	0.642	210.190	209.769	0.421	under
Finance and Corporate Resources	33.912	33.621	33.912	0.000	32.898	32.898	0.000	-
Finance Services	16.118	15.926	15.926	0.192	16.497	16.323	0.174	under
Audit and Compliance Services	0.421	0.445	0.445	(0.024)	0.462	0.486	(0.024)	over
Information Technology Services	3.902	3.902	3.902	0.000	4.650	4.650	0.000	-
Communications and Strategy Services	1.046	1.164	1.164	(0.118)	1.081	1.214	(0.133)	over
Administration and Licensing Services	5.756	5.806	5.806	(0.050)	4.897	4.914	(0.017)	over
Personnel Services	6.669	6.378	6.669	0.000	5.311	5.311	0.000	-
Housing and Technical Resources	23.967	23.308	23.967	0.000	18.605	18.605	0.000	-
Housing Services	7.639	6.784	7.443	0.196	4.713	4.619	0.094	under
Property Services	16.328	16.524	16.524	(0.196)	13.892	13.986	(0.094)	over
Social Work Resources	139.279	140.203	140.203	(0.924)	90.552	91.216	(0.664)	over
Performance and Support Services	7.944	7.544	7.544	0.400	6.245	6.122	0.123	under
Children and Family	27.200	28.224	28.224	(1.024)	21.078	21.797	(0.719)	over
Adults and Older People	103.169	103.553	103.553	(0.384)	62.637	62.768	(0.131)	over
Justice and Substance Misuse	0.966	0.882	0.882	0.084	0.592	0.529	0.063	under
Joint Boards	2.363	2.363	2.363	0.000	1.910	1.910	0.000	-
	613.815	607.615	614.781	(0.966)	436.705	436.875	(0.170)	over
Resource Forecast Variance BEFORE Transfers		6.200						

<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (after Transfers)	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18	
	£m	£m	£m	£m	£m	£m	£m	
Service Departments Total	613.815	607.615	614.781	(0.966)	436.705	436.875	(0.170)	over
Trading Accounts Surplus	(9.907)	(9.753)	(9.753)	(0.154)	(7.243)	(7.100)	(0.143)	over
CFCR	0.707	0.271	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	52.501	5.250	48.866	44.424	4.442	under
Corporate Items	7.054	3.456	4.808	2.246	5.969	4.068	1.901	under
Transfer to Reserves	0.000	0.000	10.852	(10.852)	0.000	9.182	(9.182)	over
Total Expenditure	669.420	654.090	673.460	(4.040)	485.004	487.720	(2.716)	over
Council Tax	137.458	142.218	140.718	3.260	116.311	119.069	2.758	over rec
Less: Council Tax Reduction Scheme	(21.370)	(19.090)	(20.090)	1.280	(18.082)	(16.999)	1.083	under
Net Council Tax	116.088	123.128	120.628	4.540	98.229	102.070	3.841	over rec
General Revenue Grant	252.599	252.599	252.599	0.000	213.738	213.738	0.000	-
Non Domestic Rates	287.862	287.862	287.862	0.000	243.576	243.576	0.000	-
Transfer from Reserves	12.871	12.871	12.871	0.000	10.891	10.891	0.000	-
Total Income	669.420	676.460	673.960	4.540	566.434	570.275	3.841	over rec
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	(0.500)	0.500	(81.430)	(82.555)	1.125	under

	Annual Budget	Forecast for Year	Forecast After Transfers	Annual Forecast Variance (after Transfers)
	£m	£m	£m	£m
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	-	-
Transfers to Specific Reserves	0.000	5.102	-	-
(Surplus) After Transfers to Specific Reserves	0.000	(17.268)	-	-
Transfer to Earmarked General Fund	0.000	16.768	-	-
Surplus for Year Transferred to Uncommitted General Fund	0.000	(0.500)	(0.500)	0.500

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report (including Transfers to Reserves)

Period Ended 5 January 2018 (No.11)

<u>Budget Category</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18	
Service Departments:	£m	£m	£m	£m	£m	£m	
Expenditure							
Employee Cost	403.529	401.294	2.235	298.688	297.499	1.189	under
Property Costs	54.976	54.163	0.813	41.730	41.204	0.526	under
Supplies and Services	33.198	34.996	(1.798)	18.676	19.328	(0.652)	over
Transport Costs	22.652	23.821	(1.169)	17.263	18.116	(0.853)	over
Administration Costs	11.964	12.445	(0.481)	7.838	8.112	(0.274)	over
Payments to Other Bodies	53.525	53.009	0.516	36.867	36.567	0.300	under
Payments to Contractors	177.024	178.243	(1.219)	116.651	116.927	(0.276)	over
Transfer Payments	2.444	2.503	(0.059)	2.248	2.313	(0.065)	over
Housing Benefits	85.034	85.034	0.000	63.594	63.594	0.000	-
Financing Charges (controllable)	1.564	1.459	0.105	1.059	0.972	0.087	under
Total	845.910	846.967	(1.057)	604.614	604.632	(0.018)	over
Service Departments Total	845.910	846.967	(1.057)	604.614	604.632	(0.018)	over
Trading Accounts Surplus	(9.907)	(9.753)	(0.154)	(7.243)	(7.100)	(0.143)	over
CFCR	0.707	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	5.250	48.866	44.424	4.442	under
Corporate Items	7.054	4.808	2.246	5.969	4.068	1.901	under
Transfer to Reserves	0.000	10.852	(10.852)	0.000	9.182	(9.182)	over
Total Expenditure	901.515	905.646	(4.131)	652.913	655.477	(2.564)	over
Income							
Housing Benefit Subsidy	79.594	79.344	(0.250)	59.661	59.515	(0.146)	under rec
Other Income	152.501	152.842	0.341	108.248	108.242	(0.006)	under rec
General Revenue Grant	252.599	252.599	0.000	213.738	213.738	0.000	-
Non Domestic Rates	287.862	287.862	0.000	243.576	243.576	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	116.088	120.628	4.540	98.229	102.070	3.841	over rec
Transfer from Reserves	12.871	12.871	0.000	10.891	10.891	0.000	-
Total Income	901.515	906.146	4.631	734.343	738.032	3.689	over rec
Net Expenditure	0.000	(0.500)	0.500	(81.430)	(82.555)	1.125	under

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 5 January 2018 (No.11)

Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	12.639	12.197	0.442	9.430	9.053	0.377	under	4.0%	1
Property Costs	37.938	39.460	(1.522)	27.213	28.008	(0.795)	over	(2.9%)	2
Supplies & Services	0.610	0.619	(0.009)	0.376	0.381	(0.005)	over	(1.3%)	
Transport & Plant	0.215	0.175	0.040	0.142	0.130	0.012	under	8.5%	
Administration Costs	5.886	5.903	(0.017)	0.527	0.542	(0.015)	over	(2.8%)	
Payments to Other Bodies	3.491	3.233	0.258	0.063	0.068	(0.005)	over	(7.9%)	
Payments to Contractors	0.100	0.061	0.039	0.083	0.087	(0.004)	over	(4.8%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.513	0.007	19.031	19.023	0.008	under	0.0%	
Total Controllable Expenditure	80.399	81.161	(0.762)	56.865	57.292	(0.427)	over	(0.8%)	
Total Controllable Income	(95.401)	(95.664)	0.263	(60.814)	(60.776)	(0.038)	over recovered	0.0%	
Transfer to/(from) Balance Sheet	0.619	0.029	0.590	0.476	0.011	0.465	under	97.7%	
Net Controllable Expenditure	(14.383)	(14.474)	0.091	(3.473)	(3.473)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	14.383	14.474	(0.091)	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(3.473)	(3.473)	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

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

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.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 5 January 2018 (No.11)

Fleet Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	4.740	4.428	0.312	3.519	3.305	0.214	under	6.1%	1
Property Costs	0.234	0.263	(0.029)	0.210	0.233	(0.023)	over	(11.0%)	
Supplies & Services	0.250	0.192	0.058	0.195	0.152	0.043	under	22.1%	2
Transport & Plant	13.700	13.398	0.302	9.895	9.695	0.200	under	2.0%	3
Administration Costs	0.010	0.015	(0.005)	0.007	0.013	(0.006)	over	(85.7%)	
Pmts to Other Bodies	0.007	0.003	0.004	0.004	0.003	0.001	under	25.0%	
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	0.060	(0.004)	0.042	0.043	(0.001)	over	(2.4%)	
Total Controllable Expenditure	18.997	18.359	0.638	13.872	13.444	0.428	under	3.1%	
Total Controllable Income	(20.954)	(20.245)	(0.709)	(15.397)	(14.889)	(0.508)	under recovered	(3.3%)	4
Net Controllable Expenditure	(1.957)	(1.886)	(0.071)	(1.525)	(1.445)	(0.080)	under surplus	(5.2%)	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies across the Service.

2. Supplies and Services

This underspend is due to the upkeep costs for the bus fleet being lower than anticipated.

3. Transport and Plant

The net underspend relates to expenditure on fuel and casual hires being lower than anticipated, partially offset by additional repairs within the workshop. The underspend on fuel and casual hires is offset by an under recovery of income.

4. Income

The under recovery relates to lower than anticipated income from fuel and casual hires, offset by a reduction in expenditure (see Transport and Plant).

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 5 January 2018 (No.11)
Roads Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	7.655	7.362	0.293	5.462	5.274	0.188	under	3.4%	1
Property Costs	0.188	0.192	(0.004)	0.163	0.165	(0.002)	over	(1.2%)	
Supplies & Services	8.055	8.134	(0.079)	6.484	6.558	(0.074)	over	(1.1%)	2
Transport & Plant	4.086	3.985	0.101	3.188	3.104	0.084	under	2.6%	3
Administration Costs	0.319	0.324	(0.005)	0.282	0.286	(0.004)	over	(1.4%)	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	3.793	3.700	0.093	2.583	2.517	0.066	under	2.6%	4
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.005	(0.005)	0.000	0.003	(0.003)	over	n/a	
Total Controllable Expenditure	24.096	23.702	0.394	18.162	17.907	0.255	under	1.4%	
Total Controllable Income	(27.916)	(27.439)	(0.477)	(21.100)	(20.782)	(0.318)	under recovered	(1.5%)	5
Net Controllable Expenditure	(3.820)	(3.737)	(0.083)	(2.938)	(2.875)	(0.063)	under surplus	(2.1%)	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies and a reduction in overtime across the Service.

2. Supplies and Services

The overspend relates to expenditure on salt as a result of the recent winter conditions.

3. Transport and Plant

The underspend is mainly due to lower than anticipated expenditure on leasing and the external hire of plant and equipment as a result of a more efficient use of the overall fleet of vehicles.

4. Payment to Contractors

The underspend reflects a reduction in the level of sub contractor works carried out by external contractors, offset by additional in-house delivery.

5. Income

The under recovery of income is due to the timing of income for rechargeable works

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 5 January 2018 (No.11)
Property Services Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 05/01/18	Actual to Period 11 05/01/18	Variance to 05/01/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.872	31.778	0.094	24.380	24.297	0.083	under	0.3%	1
Property Costs	1.061	0.974	0.087	0.814	0.697	0.117	under	14.4%	1
Supplies & Services	12.838	12.933	(0.095)	8.249	8.326	(0.077)	over	(0.9%)	1
Transport & Plant	4.432	3.996	0.436	3.100	2.865	0.235	under	7.6%	1
Administration Costs	3.445	3.461	(0.016)	2.643	2.650	(0.007)	over	(0.3%)	
Pmts to Other Bodies	2.271	2.263	0.008	1.742	1.740	0.002	under	0.1%	
Pmts to Contractors	15.591	19.552	(3.961)	11.960	12.695	(0.735)	over	(6.1%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.106	0.099	0.007	0.080	0.072	0.008	under	10.0%	
Total Controllable Expenditure	71.616	75.056	(3.440)	52.968	53.342	(0.374)	over	(0.7%)	
Total Controllable Income	(75.746)	(79.186)	3.440	(55.748)	(56.122)	0.374	over recovered	0.7%	1
Net Controllable Expenditure	(4.130)	(4.130)	0.000	(2.780)	(2.780)	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 is largely demand led. The over recovery of income offsets underspends in Employee Costs, Property Costs, and Transport and Plant and overspends in Payments to Contractors.