

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	29 September 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2022/2023
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Forum on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2022 to 12 August 2022.

2. Recommendation(s)

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

- (1) that the underspend of £0.259 million on the General Fund Revenue Account at 12 August 2022, relating to the delegated Integration Joint Board (IJB) budget, (section 4 and Appendix 1), be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 12 August 2022 (section 5 and Appendix 2 of the report), be noted.

3. Background

3.1. The Revenue reports attached provide detail on the most recent report considered at the Executive Committee on 21 September 2022.

3.2. General Fund Position

This overview report will summarise the actual expenditure and income to 12 August 2022 compared with the budget for the same period for both the Council's General Fund (section 4) and for the Housing Revenue Account (section 5).

4. 2022/2023 General Services Position

4.1. Summary Position: General Services Current Position as at 12 August 2022

As at 12 August 2022, the position on the General Services budget is a net underspend of £0.259 million (Appendix 1), made up of variances across the Resources. The majority of the underspend lies within Social Work Resources (Adults and Older People) as a result of vacancies across Social Workers, Day Care and Residential homes. This is part of the delegated IJB budget. The core Council position, without the IJB underspend, is a small overspend of £0.050 million.

4.2. Inflationary / Budget Pressures

4.2.1. As detailed in the last report, the Council is facing exceptional cost increases across a number of areas. Non-recurring funding from reserves is being used in the current year to help manage these pressures. The situation will continue to be monitored and any further updates brought to future meetings, as required.

4.3. Areas of Underspend

- 4.3.1. **Employee Costs:** Included within the overall position already at this point in the year there is an underspend in employee costs (£1.9 million) which reflects the impact of difficulties in recruiting staff across a number of areas. This is an increase of £0.4 million from period 4. This includes vacancies in Community and Enterprise Resources (Facilities Drivers, mechanics, Environmental Health Officers, Planning Officers, parking and roads operatives), and Social Work/ Care roles.
- 4.3.2. Whilst significant efforts are made across these areas to recruit, the current level of underspend is unlikely to be reversed. These difficulties in recruiting are a result of the tight labour market at present and skills shortages in certain areas, HGV drivers for example. The Council has put in place new recruitment and development routes to address this recruitment challenge, however, until all posts are recruited, this level of underspend is likely to increase.
- 4.3.3. When looking at the underspend in employee costs we also have to take into account the broader financial position in services including experiencing higher costs elsewhere, as well as the pressure of future savings requirements and a currently unresolved pay award. However, through analysis carried out over the past 4 weeks, it is anticipated that by the end of the financial year, the net available underspend in Employee Costs is expected to run to between £0.500 million and £0.600 million.
- 4.3.4. The position across Resource employee costs will continue to be monitored. An update will be included in the regular reports to Committee.
- 4.3.5. **Adults and Older People:** As previously reported, there are likely to be further underspends in relation to specific funding streams in Adults and Older People, where spend has not yet commenced or is not fully committed, predominantly related to the recruitment challenges. Finance Services are currently in discussion with the Chief Financial Officer from the IJB to confirm the anticipated position and this will be reported back in the regular reports to the Executive Committee.

5. Housing Revenue Account Position

- 5.1. As at 12 August 2022, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account. Levels of rent collection are regularly monitored by the Housing Services team and appropriate corrective action will be taken, as required.

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed within this report.

8. Climate Change, Sustainability and Environmental Implications

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

9. Other Implications

- 9.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. As detailed in section 4, inflationary and budget pressures this year increase the risk of overspend however we have mitigated this going forwards through providing additional funds in future years budget strategy, and in this year,

through funds available (section 4.2.1). There are also emerging underspends in employee costs (section 4.3.1) which will help offset increasing inflationary pressures.

- 9.2. We will also continue to monitor the actual impact 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.

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.

Paul Manning

Executive Director (Finance and Corporate Resources)

21 September 2022

Link(s) to Council Values/Priorities/Outcomes

Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 12 August 2022

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 12 August 2022 (No.5)

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion To 12/08/22	Actual to Period 5 12/08/22	Variance to 12/08/22	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	122.629	122.629	0.000	41.871	41.921	(0.050)	over
Facilities, Waste and Grounds	72.466	72.466	0.000	20.782	20.713	0.069	under
Leisure and Culture Services	21.088	21.088	0.000	10.685	10.685	0.000	-
Planning and Regulatory Services	5.012	5.012	0.000	1.500	1.105	0.395	under
Enterprise and Sustainable Development	7.173	7.173	0.000	1.207	1.209	(0.002)	over
Roads, Transportation and Fleet	16.890	16.890	0.000	7.697	8.209	(0.512)	over
Education Resources	386.173	386.173	0.000	137.289	137.289	0.000	-
Education	386.173	386.173	0.000	137.289	137.289	0.000	-
Finance and Corporate Resources	41.826	41.826	0.000	21.362	21.362	0.000	over
Finance Services - Strategy	2.023	2.023	0.000	1.202	1.192	0.010	under
Finance Services - Transactions	18.852	18.852	0.000	8.566	8.488	0.078	under
Audit and Compliance Services	0.355	0.355	0.000	0.197	0.197	0.000	-
Information Technology Services	5.095	5.095	0.000	5.083	5.368	(0.285)	over
Communications and Strategy Services	3.043	3.043	0.000	0.897	0.917	(0.020)	over
Administration and Licensing Services	4.113	4.113	0.000	2.010	2.073	(0.063)	over
Personnel Services	8.345	8.345	0.000	3.407	3.127	0.280	under
Housing and Technical Resources	17.342	17.342	0.000	7.257	7.257	0.000	-
Housing Services	8.481	8.481	0.000	3.632	3.620	0.012	under
Property Services	8.861	8.861	0.000	3.625	3.637	(0.012)	over
Social Work Resources	211.377	211.377	0.000	73.547	73.238	0.309	under
Performance and Support Services	6.500	6.500	0.000	2.049	1.882	0.167	under
Children and Families	38.808	38.808	0.000	14.340	14.578	(0.238)	over
Adults and Older People	165.201	165.201	0.000	56.740	56.392	0.348	under
Justice and Substance Misuse	0.868	0.868	0.000	0.418	0.386	0.032	under
Joint Boards	2.152	2.152	0.000	0.876	0.876	0.000	-
	781.499	781.499	0.000	282.202	281.943	0.259	under

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion to 12/08/22	Actual to Period 5 12/08/22	Variance to 12/08/22	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	781.499	781.499	0.000	282.202	281.943	0.259	under
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	31.833	31.833	0.000	0.033	0.033	0.000	-
Corporate Items – Strategy (Tfr to Reserves)	17.420	17.420	0.000	0.000	0.000	0.000	
Investments – 2022/23 (Tfr to Reserves)	1.700	1.700	0.000	0.000	0.000	0.000	
Total Expenditure	868.077	868.077	0.000	282.235	281.976	0.259	under
Council Tax	167.437	167.437	0.000	59.799	59.799	0.000	-
Less: Council Tax Reduction Scheme	(23.263)	(23.263)	0.000	(8.308)	(8.308)	0.000	-
Net Council Tax	144.174	144.174	0.000	51.491	51.491	0.000	-
General Revenue Grant	236.298	236.298	0.000	84.392	84.392	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	150.925	150.925	0.000	-
Transfer from Reserves	65.014	65.014	0.000	65.014	65.014	0.000	-
Total Income	868.077	868.077	0.000	351.822	351.822	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(69.587)	(69.846)	0.259	under

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 12 August 2022 (No.5)

<u>Budget Category</u>	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion To 12/08/22	Actual to Period 5 12/08/22	Variance to 12/08/22	
	£m	£m	£m	£m	£m	£m	
Service Departments:							
Expenditure							
Employee Cost	580.654	580.654	0.000	195.322	193.328	1.994	under
Property Costs	55.571	55.571	0.000	14.120	14.519	(0.399)	over
Supplies and Services	65.893	65.893	0.000	19.406	18.040	1.366	under
Transport Costs	45.427	45.427	0.000	13.152	13.759	(0.607)	over
Administration Costs	14.345	14.345	0.000	4.958	5.082	(0.124)	over
Payments to Other Bodies	83.661	83.661	0.000	30.569	30.861	(0.292)	over
Payments to Contractors	231.716	231.716	0.000	72.927	73.123	(0.196)	over
Transfer Payments	6.671	6.671	0.000	3.667	3.682	(0.015)	over
Housing Benefits	65.107	65.107	0.000	21.082	21.082	0.000	-
Financing Charges (controllable)	2.134	2.134	0.000	0.843	0.912	(0.069)	over
Total	1,151.179	1,151.179	0.000	376.046	374.388	1.658	under
Service Departments Total	1,151.179	1,151.179	0.000	376.046	374.388	1.658	under
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	31.833	31.833	0.000	0.033	0.033	0.000	-
Corporate Items – Strategy	17.420	17.420	0.000	0.000	0.000	0.000	-
22/23 Investments – T/f to Reserves	1.700	1.700	0.000	0.000	0.000	0.000	-
Total Expenditure	1,237.757	1,237.757	0.000	376.079	374.421	1.658	under
Income							
Housing Benefit Subsidy	60.158	64.158	0.000	19.008	19.008	0.000	-
Other Income	309.522	309.522	0.000	74.836	73.437	(1.399)	under rec
Council Tax (Net of Council Tax Reduction Scheme)	144.174	144.174	0.000	51.491	51.491	0.000	-
General Revenue Grant	236.298	236.298	0.000	84.392	84.392	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	150.925	150.925	0.000	-
Transfer from Reserves	65.014	65.014	0.000	65.014	65.014	0.000	-
Total Income	1,237.757	1,237.757	0.000	445.666	444.267	(1.399)	under rec
Net Expenditure / (Income)	0.000	0.000	0.000	(69.587)	(69.846)	0.259	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 12 August 2022 (No.5)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 12/08/22	Actual to Period 5 12/08/22	Variance to 12/08/22		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	13.914	13.914	0.000	4.727	4.678	0.049	under	1.0%	1
Property Costs	46.906	46.906	0.000	19.728	19.718	0.010	under	0.1%	
Supplies & Services	0.609	0.609	0.000	0.139	0.137	0.002	under	1.4%	
Transport & Plant	0.195	0.195	0.000	0.058	0.032	0.026	under	44.8%	
Administration Costs	5.644	5.644	0.000	1.373	1.376	(0.003)	over	(0.2%)	
Payments to Other Bodies	3.030	3.030	0.000	0.752	0.752	0.000	-	0.0%	
Payments to Contractors	0.100	0.100	0.000	0.040	0.049	(0.009)	over	(22.5%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	26.050	26.050	0.000	16.160	16.146	0.014	under	0.1%	
Total Controllable Expenditure	96.448	96.448	0.000	42.977	42.888	0.089	under	0.2%	
Total Controllable Income	(112.000)	(112.000)	0.000	(37.203)	(37.208)	0.005	over recovered	0.0%	
Transfer to/(from) Balance Sheet	(2.773)	(2.773)	0.000	(1.155)	(1.061)	(0.094)	under recovered	(8.1%)	2
Net Controllable Expenditure	(18.325)	(18.325)	0.000	4.619	4.619	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	18.325	18.325	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	4.619	4.619	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

The underspend is due to higher than anticipated staff turnover to date.

2. Income

The net combined underspend to date allows for a lower than anticipated transfer from reserves.