

Report

Report to:	Executive Committee
Date of Meeting:	23 June 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 2: 1 April 2021 to 21 May 2021
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ advise the Committee on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2021 to 21 May 2021.

2. Recommendation(s)

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

- (1) that 2021/2022 COVID position (section 4.1), be noted;
- (2) that the total net expenditure of £1.294 million in relation to COVID-19, offset by Government Grant included in the Council's position as at 21 May 2021 (section 4.4) be noted;
- (3) that the net overspend of £0.007 million on the General Fund Revenue Account at 21 May 2021, after COVID-19 spend and funding (section 5.1 and Appendix 1), be noted; and
- (4) that the breakeven position on the Housing Revenue Account at 21 May 2021 (section 6 and Appendix 3 of the report), be noted.

3. Background

3.1. General Fund Position

The report will summarise the actual expenditure and income to 21 May 2021 compared with the budget for the same period. This includes spend to date due to the ongoing COVID-19 pandemic.

3.2. The 2021/2022 in-year costs of the pandemic to 21 May 2021 are detailed in section 4, while the Council's General Fund position is detailed in section 5. The Housing Revenue Account position to 21 May is summarised in section 6.

4. 2021/2022 COVID Position

4.1. As part of the 2021/2022 budget, the Scottish Government announced a number of COVID funding allocations for 2021/2022. These include £259 million of Flexible Funding and specific funding for Education Recovery (£60 million) and for support to low income households and to tackle poverty (£100 million). The Council's share of this funding totals £25.394 million. This funding will be used to manage the costs of COVID in the current year. This funding is included in the overall Council monitoring position shown in Appendix 1.

4.2. In addition to this, the Council carried forward £31.490 million of unspent COVID funding from 2020/2021 and this is available to assist in managing costs during the year. This is split between Specific Funding of £14.290 million and General (or non-specific) funding of £17.199 million. The carry forward of these monies into 2021/2022 is part of the 2020/2021 Outturn position which will be presented in a separate report to this Committee today, for approval.

4.3. **COVID Current Position as at 21 May 2021**

The total COVID net expenditure as at 21 May 2021 is **£1.294 million**. This has been assumed as fully funded from the 2021/2022 allocation of £25.394 million (section 4.1), resulting in a break-even position. The position will continue to be monitored and reported in the Revenue reports throughout the year.

4.4. A summary of the current position is included in Table 1 with a full breakdown included in Appendix 2.

Table 1: Analysis of COVID expenditure at 21 May 2021 (Period 2)

	As at 21 May 2021 £m
Additional Resource Spend	0.878
Lost Income	0.422
Unachieved Savings	0.000
Less: Unspent Budget	(0.006)
Total Net Expenditure incl in Resources	1.294
Total COVID Funding Utilised	(1.294)
Net COVID Expenditure	0.000

4.5. The COVID costs above exclude the costs of the Social Work Mobilisation Plan. The assumption is that this will continue to be fully funded. The spend to period 2 in relation to the Social Work Mobilisation Plan is £1.907 million.

4.6. As lockdown restrictions ease, there will be an impact on the level of spend moving forward. Work has commenced to establish an estimated spend position for the year 2021/2022. This will be brought to a future meeting of this Committee.

5. 2021/2022 General Services Position (excluding COVID)

5.1. **General Services Current Position as at 21 May 2021**

As at 21 May 2021, the position on the General Services budget is an overspend of £0.007 million (Appendix 1). This includes a break-even position on COVID spend and income referred to in section 4.3.

5.2. **Loans Fund Review:** The proposal to implement a Loans Fund Review was part of the Revenue Budget Strategy paper presented to Executive Committee on 24 June 2020. The Committee agreed to implement the Loans Fund Review and noted that the benefit each year will be realised through an underspend in Loan Charges which would be taken to reserves for use in future years budget strategies. Through the changes introduced as part of the Loans Fund Review, Loan Charges will underspend by £11.900 million in 2021/2022. This underspend will be treated as a transfer to reserves and has been moved to the budget line Corporate Items - 2022/2023 Strategy.

- 5.3. **Accounting Requirements:** As has been the case in previous years, it has been identified that, to comply with accounting rules, some project expenditure should be reported through the revenue budget as it cannot be classed as capital. Budget of £4.819 million will be transferred to Resources' Revenue budgets, along with the relevant funding for Private Housing Scheme of Assistance project (£1 million) Clyde Gateway (£0.819 million) and £3.000 million of the Planned Asset Management budget. In relation to Planned Asset Management, the total overall budget across capital and revenue, remains at £4.809 million. This will continue to be reviewed to ensure that it is classed appropriately (as revenue or capital), and any further movement reported to a future meeting.
- 5.4. Conversely, it is proposed that roads carriageways revenue budget totalling £1.531 million and £0.700 million of Education Information Communication Technology (ICT) revenue budget be transferred to the 2021/2022 Capital Programme. The total overall budget for both Roads Carriageways and Education ICT across capital and revenue remains unchanged.
- 5.5. The adjustments detailed in sections 5.2 to 5.4 are included in the figures in Appendix 1.
- 6. Housing Revenue Account Position**
- 6.1. As at 21 May 2021, Appendix 3 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.
- 7. Employee Implications**
- 7.1. None.
- 8. Financial Implications**
- 8.1. As detailed within this report.
- 9. Climate Change, Sustainability and Environmental Implications**
- 9.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.
- 10. Other Implications**
- 10.1. 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.
- 11. Equality Impact Assessment and Consultation Arrangements**
- 11.1. 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.
- 11.2. 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)

3 June 2021

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 21 May 2021

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 21 May 2021 (No.2)

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion To21/05/21	Actual to Period 2 21/05/21	Variance to 26/02/21	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	115.204	115.204	0.000	11.682	12.295	(0.613)	over
Facilities, Waste and Grounds	69.341	69.341	0.000	5.908	6.027	(0.119)	over
Fleet, Environmental and Projects	0.189	0.189	0.000	0.921	1.033	(0.112)	over
Leisure and Culture Services	19.554	19.554	0.000	4.829	4.829	0.000	-
Planning and Economic Development	5.870	5.870	0.000	(3.833)	(3.833)	0.000	-
Roads	20.250	20.250	0.000	3.857	4.009	(0.152)	over
COVID-19	0.000	0.000	0.000	0.000	0.230	(0.230)	over
Education Resources	354.072	354.072	0.000	40.023	40.359	(0.336)	over
Education	354.072	354.072	0.000	40.023	40.082	(0.059)	over
COVID-19	0.000	0.000	0.000	0.000	0.277	(0.277)	over
Finance and Corporate Resources	31.920	31.920	0.000	6.959	7.047	(0.088)	over
Finance Services - Strategy	1.877	1.877	0.000	0.333	0.335	(0.002)	over
Finance Services - Transactions	10.730	10.730	0.000	1.754	1.759	(0.005)	over
Audit and Compliance Services	0.324	0.324	0.000	0.082	0.082	0.000	-
Information Technology Services	5.695	5.695	0.000	2.568	2.567	0.001	under
Communications and Strategy Services	0.884	0.884	0.000	0.228	0.221	0.007	under
Administration and Licensing Services	4.004	4.004	0.000	1.098	1.096	0.002	under
Personnel Services	8.406	8.406	0.000	0.896	0.899	(0.003)	over
COVID-19	0.000	0.000	0.000	0.000	0.088	(0.088)	over
Housing and Technical Resources	16.359	16.359	0.000	5.295	5.365	(0.070)	over
Housing Services	8.234	8.234	0.000	2.777	2.777	0.000	-
Property Services	8.125	8.125	0.000	2.518	2.518	0.000	-
COVID-19	0.000	0.000	0.000	0.000	0.070	(0.070)	over
Social Work Resources	175.808	175.808	0.000	19.019	19.213	(0.194)	over
Performance and Support Services	7.903	7.903	0.000	0.977	0.956	0.021	under
Children and Families	34.380	34.380	0.000	3.939	3.944	(0.005)	over
Adults and Older People	131.940	131.940	0.000	13.889	13.886	0.003	under
Justice and Substance Misuse	1.585	1.585	0.000	0.214	0.214	0.000	-
COVID-19	0.000	0.000	0.000	0.000	0.213	(0.213)	over
Joint Boards	2.155	2.155	0.000	0.351	0.351	0.000	-
	695.518	695.518	0.000	83.329	84.630	(1.301)	over

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion to 21/05/21	Actual to Period 2 21/05/21	Variance to 21/05/21	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	695.428	695.428	0.000	83.329	84.630	(1.301)	over
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-
Loan Charges	38.533	38.533	0.000	5.505	5.505	0.000	-
Corporate Items	9.376	9.376	0.000	0.019	0.019	0.000	-
Corporate Items - COVID-19	25.394	25.394	0.000	1.294	0.000	1.294	under
Corporate Items - 2022/2023 Strategy	11.900	11.900	0.000	0.000	0.000	0.000	-
Total Expenditure	780.721	780.721	0.000	90.147	90.154	(0.007)	over
Council Tax	161.171	161.171	0.000	23.024	23.024	0.000	-
Less: Council Tax Reduction Scheme	(21.444)	(21.444)	0.000	(3.063)	(3.063)	0.000	-
Net Council Tax	139.727	139.727	0.000	19.961	19.961	0.000	-
General Revenue Grant	266.014	266.014	0.000	18.999	18.999	0.000	-
General Revenue Grant – COVID19	25.394	25.394	0.000	0.000	0.000	0.000	-
Non-Domestic Rates	319.312	319.312	0.000	45.616	45.616	0.000	-
Transfer from Reserves	30.274	30.274	0.000	30.274	30.274	0.000	-
Total Income	780.721	780.721	0.000	114.850	114.850	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(24.703)	(24.696)	(0.007)	over

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 21 May 2021 (No.2)

Budget Category**Service Departments:****Expenditure**

	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion to 21/05/21	Actual to Period 2 21/05/21	Variance to 21/05/21	
	£m	£m	£m	£m	£m	£m	
Employee Cost	533.760	533.760	0.000	63.385	65.053	(1.668)	over
Property Costs	54.152	54.152	0.000	4.822	5.016	(0.194)	over
Supplies and Services	57.993	57.993	0.000	6.902	6.627	0.275	under
Transport Costs	39.841	39.841	0.000	3.771	3.989	(0.218)	over
Administration Costs	14.336	14.336	0.000	1.628	1.652	(0.024)	over
Payments to Other Bodies	96.276	96.276	0.000	25.121	25.281	(0.160)	over
Payments to Contractors	199.273	199.273	0.000	16.285	15.814	0.471	under
Transfer Payments	5.490	5.490	0.000	0.845	0.869	(0.024)	over
Housing Benefits	68.542	68.542	0.000	5.465	5.465	0.000	-
Financing Charges (controllable)	2.125	2.125	0.000	0.304	0.270	0.034	under
Total	1,071.788	1,071.788	0.000	128.528	130.036	(1.508)	over
Service Departments Total	1,071.788	1,071.788	0.000	128.528	130.036	(1.508)	over
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-
Loan Charges	38.533	38.533	0.000	5.505	5.505	0.000	-
Corporate Items	9.376	9.376	0.000	0.019	0.019	0.000	-
Corporate Items - COVID-19	25.394	25.394	0.000	1.294	0.000	1.294	under
Corporate Items - 22/23 Strategy	11.900	11.900	0.000	0.000	0.000	0.000	-
Total Expenditure	1,156.991	1,156.991	0.000	135.346	135.560	(0.214)	under
Income							
Housing Benefit Subsidy	64.158	64.158	0.000	5.100	5.100	0.000	-
Other Income	312.112	312.112	0.000	40.099	40.306	0.207	over rec
Council Tax (Net of Council Tax Reduction Scheme)	139.727	139.727	0.000	19.961	19.961	0.000	-
General Revenue Grant	266.014	266.014	0.000	18.999	18.999	0.000	-
General Revenue Grant - COVID-19	25.394	25.394	0.000	0.000	0.000	0.000	-
Non Domestic Rates	319.312	319.312	0.000	45.616	45.616	0.000	-
Transfer from Reserves	30.274	30.274	0.000	30.274	30.274	0.000	-
Total Income	1,156.991	1,156.991	0.000	160.049	160.256	0.207	over rec
Net Expenditure / (Income)	0.000	0.000	0.000	(24.703)	(24.696)	(0.007)	over

COVID Expenditure**Summary**

– Cost of COVID 2021/2022 (to 21 May 2021)	Costs Incurred	Lost Income	Less: Spend Not Made	Total Costs
Community and Enterprise	0.230	0.363	(0.006)	0.587
Education	0.277	0.059	0	0.336
Finance and Corporate	0.088	0	0	0.088
Housing and Technical	0.070	0	0	0.070
Social Work	0.213	0	0	0.213
Net Resource Expenditure in 2021/2022	0.878	0.422	(0.006)	1.294

Detail:**Additional Costs**

Service	Description of Cost	Value £m
Community and Enterprise Resources		
FWG/Fleet & Environmental	Staffing costs supporting COVID response	0.088
FWG/Fleet & Environmental/Roads	Cleaning, janitorial and utilities costs	0.017
FWG/Fleet & Environmental/Roads	Materials and PPE	0.014
FWG/Roads	Fleet costs including fuel supporting COVID19 response	0.014
All Services	Telephones	0.001
FWG	Increase in domestic waste tonnage	0.089
FWG	Webcast system and live webcasts	0.007
Education Resources		
Schools	Additional Teachers (April and May)	0.188
Support Services	Additional Support Assistants	0.013
Support Services	Additional Support Assistants – Lateral Flow Testing	0.013
Schools	Facilities Orders (Hand sanitisers / soap dispensers / bins / wipes / hand towels)	0.063
Finance and Corporate Resources		
Personnel Services	Foodbank expenditure	0.010
Finance (Transactions)	£100 Spring Hardship Payments	0.047
Finance (Transactions)	Free School Meals - Easter	0.031
Housing and Technical Resources		
Housing and Property Services	Homelessness accommodation and property related costs	0.070
Social Work Resources		
Children and Families	External and residential placements within Children and Family services.	0.213
Total Additional Costs as at Period 2		0.878

Lost Income

Service	Description of Lost Income	Value £m
Community and Enterprise Resources		
Facilities, Waste and Grounds	Reduced school meals and coffee shop income	0.145
Facilities, Waste and Grounds	Care of Gardens	0.050
Fleet, Environmental and Projects	Reduced income from taxi inspections.	0.019
Roads	Reduced Parking income	0.149
Education Resources		
Support Services	Reduced income from Music Tuition fees	0.059
Total Lost Income as at Period 2		0.422

Unspent Budget

Service	Description of Lost Income	Value £m
Community and Enterprise Resources		
Facilities, Waste and Grounds	Reduced expenditure on food purchases	(0.006)
Unspent Budget as at Period 2		(0.006)
Net Cost of COVID-19 as at Period 2		1.294

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 21 May 2021 (No.2)

Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 21/05/21	Actual to Period 2 21/05/21	Variance to 21/05/21		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	14.090	14.090	0.000	1.672	1.631	0.041	under	2.5%	1
Property Costs	48.021	48.021	0.000	3.265	3.284	(0.019)	over	(0.6%)	
Supplies & Services	0.879	0.879	0.000	0.094	0.090	0.004	under	4.3%	
Transport & Plant	0.195	0.195	0.000	0.015	0.011	0.004	under	26.7%	
Administration Costs	5.645	5.645	0.000	0.067	0.064	0.003	under	4.5%	
Payments to Other Bodies	3.030	3.030	0.000	0.301	0.301	0.000	-	0.0%	
Payments to Contractors	0.100	0.100	0.000	0.000	0.001	(0.001)	over	n/a	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.637	19.637	0.000	5.720	5.720	0.000	-	0.0%	
Total Controllable Expenditure	91.597	91.597	0.000	11.134	11.102	0.032	under	0.3%	
Total Controllable Income	(109.186)	(109.186)	0.000	(9.544)	(9.512)	(0.032)	under recovered	(0.3%)	2
Transfer to/(from) Balance Sheet	(0.052)	(0.052)	0.000	0.000	0.000	0.000	-	0.0%	
Net Controllable Expenditure	(17.641)	(17.641)	0.000	1.590	1.590	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	17.641	17.641	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	1.590	1.590	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

This underspend reflects higher than anticipated staff turnover within the Service.

2. Income

The under recovery of income reflects the delay in the level of additional new build properties resulting in a reduction in rental income.