

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Microsoft Teams on 18 February 2021

Chair:

Councillor Monique McAdams

Councillors Present:

Councillor Walter Brogan, Councillor Grant Ferguson, Councillor Eric Holford, Councillor Jared Wark

Councillors' Apologies:

Councillor Archie Buchanan, Councillor Janine Calikes, Councillor Mary Donnelly, Councillor Martin Lennon

Attending:

Finance and Corporate Resources

C Lyon, Administration Officer; L O'Hagan, Finance Manager (Strategy); J Taylor, Head of Finance (Strategy)

Housing and Technical Resources

D Craig, Property Manager (Commercial)

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Financial Resources Scrutiny Forum held on 21 January 2021 were submitted for approval as a correct record.

The Forum decided: that the minutes be approved as a correct record.

3a Capital Budget Monitoring 2020/2021– General Fund Capital Programme

A report dated 2 February 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2020/2021 at 1 January 2021 (Period 10).

The revised programme for the General Fund Capital Programme for 2020/2021 totalled £80.648 million, as detailed in Appendix B to the report. The revised programme consisted of the base budget plus carry forward projects, previously approved adjustments and adjustments to the programme, which totalled a net increase of £0.627 million, as detailed in Appendix A to the report, which had been agreed at the Executive Committee on 10 February 2021. In addition, the revised programme of £80.648 million also included accounting adjustments, which totalled a net decrease of £3.412 million.

Following a review of the 2020/2021 Capital Programme, it had been identified that, to comply with accounting rules, some of the expenditure projects should be reported through the revenue budget, therefore, £4.112 million had been transferred to the Resources' Revenue budgets. Conversely, expenditure in relation to Education Information Communications Technology (ICT) was currently funded through the Resource's Revenue budget and was more appropriate to sit under the Capital Programme, therefore, £0.700 million had been transferred to Capital.

Work had been ongoing to clarify the predicted spend position for the General Services Capital Programme for this financial year and this had been broken down into 2 specific elements. The costs associated with COVID-19 and the Resource position, excluding the costs of COVID-19. In summary, excluding the costs of COVID-19, there was an expected underspend of £5.7 million, which was linked to the anticipated timing of project spend. A list of the main projects responsible for this underspend were detailed in Appendix E to the report, along with their anticipated completion dates.

The Capital Programme included an element of budget for capital costs associated with COVID-19 spend, estimated at £7.891 million. Current estimates were anticipated at £6.6 million and included £4.6 million of costs from Property Services, £1.4 million of contractor claim costs and £0.6 million relating to Education projects. As a result, there was £1.291 million of budget available to support further COVID-19 costs if required.

Removing the budget and costs associated with COVID-19, the current estimates from Housing and Technical Resources suggested an outturn of £67 million, against a budget of £72.757 million, excluding COVID-19 costs of £7.891 million, across Resources, leaving an underspend of £5.7 million. This underspend related mainly to timing of spend and resulted in budget required in 2021/2022 rather than 2020/2021.

At 1 January 2021, £40.066 million had been spent and actual funding received to 1 January 2021 was £62.443 million, as detailed in Appendix D to the report.

The physical progress achieved with the General Fund Capital Programme 2020/2021 at 1 January 2021 was detailed in Appendices F to H of the report.

Councillor Ferguson requested information on the IT Infrastructure Refresh. Officers agreed to obtain this information and feedback to Councillor Ferguson.

The Forum decided: that the position as at 1 January 2021 be noted.

[Reference: Minutes of 21 January 2021 (Paragraph 3a) and Minutes of the Executive Committee of 10 February 2021 (Paragraph 4)]

3b Capital Budget Monitoring 2020/2021 – Housing Capital Programme

A report dated 2 February 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2020/2021 at 1 January 2021 (Period 10).

The revised Housing Capital Programme for 2020/2021 totalled £48.172 million and spend to 1 January 2021 totalled £27.039 million. This was an underspend of £0.422 million and reflected the timing of spend. Actual funding received was £27.039 million, as detailed in Appendix A to the report.

Current estimates suggested an outturn of £48.172 million on the Housing Capital Programme.

The physical progress achieved with the Housing Capital Programme 2020/2021 at 1 January 2021 was detailed in Appendix B to the report.

The Forum decided: that the position as at 1 January 2021 (Period 10) be noted.

[Reference: Minutes of 21 January 2021 (Paragraph 3b) and Minutes of the Executive Committee of 10 February 2021 (Paragraph 4)]

4 Revenue Budget Monitoring – 2020/2021

A report dated 10 February 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the overall financial position of the Council's General Fund Revenue Account and the Housing Revenue Account as at 1 January 2021, along with a projection for the year to 31 March 2021.

As part of the probable outturn exercise, a revised COVID-19 Cost of Recovery position had been prepared, as detailed in Appendix 1 to the report.

Whilst the estimated costs of each of the different elements of COVID-19 had moved and resulted in revised estimates for each of the Resources, the cost of COVID-19 was still estimated as a shortfall of £4.657 million. Due the allocation of £2.755 million of Loss of Income funding from the Scottish Government, the revised shortfall was £1.902 million.

This comprised overall net costs which totalled £36.033 million before the additional funding of £2.755 million, less the amounts recharged to Capital of £7.891 million and also to the Housing Revenue Account of £23.485 million.

In terms of the overall probable outturn position, additional funding received from the Government's Loss of Income Scheme of £2.755 million and the over-recovery of Council Tax of £2.604 million more than offset the projected outturn of £4.657 million and the additional expenditure across Resources and Corporate Items of £0.441 million, which resulted in the revised probable outturn underspend of £0.261 million.

The current position had been prepared before further Level 4 restrictions had been applied in December 2020 due to COVID-19. Depending on the impact, timing and extent of any further restrictions, the position could change significantly by the end of the year.

Proposed transfers to reserves of £7.574 million were included in the Resources' probable outturn exercise. In addition, £3.000 million had been included in the report to the Executive Committee in December 2020 which proposed a contribution to the Insurance Fund, Winter Maintenance Fund and the Strategic Waste Fund. The total transfers to reserves proposed, and for which approval had been sought, was £10.574 million.

Currently, the Capital account was absorbing additional costs associated with COVID-19, estimated at approximately £7.8 million. There was a possibility that, depending on how COVID-19 costs progressed over the next few months and the Council's ability to use the options on fiscal flexibility, revenue COVID-19 funds could be used to cover some of those additional costs and reduce the burden on the Capital Programme. This would continue to be monitored.

As at 1 January 2021, the position on the General Fund (including COVID-19 spend and income) before transfers to reserves was an underspend of £9.183 million. Assuming the approval of the proposed transfers to reserves, there was an underspend of £1.748 million, which was mainly due to the over recovery of Council Tax.

The figures showed a breakeven position on the Housing Revenue Account at 1 January 2021. The forecast to 31 March 2021 on the Housing Revenue Account was a breakeven position.

Councillor Brogan advised that he had not yet received information on when the MUGA/playpark at Mill Road, Halfway, would be replaced that was removed as part of the 1,140 hours project. Officers agreed to obtain this information and feedback to Councillor Brogan.

The Forum decided:

- (1) that the revised COVID-19 position, taking into account the reported COSLA position, strategic funding solutions and additional income, resulting in the revised COVID-19 shortfall of £1.902 million and the total Council revised outturn underspend of £0.261 million including Resources, Council Tax and this COVID-19 shortfall, be noted;
- (2) that the potential for the outturn position to change, based on the current COVID-19 restrictions be noted;
- (3) that the total transfers to reserves included in the revised outturn position, which included the proposed transfers agreed by members totalling £10.574 million be noted;
- (4) that the potential to reduce the burden on the Capital Programme due to COVID-19 would continue to be monitored;
- (5) that the underspend on the General Revenue Account at 1 January 2021 be noted; and
- (6) that the breakeven position on the Housing Revenue Account at 1 January 2021 and the forecast to 31 March 2021 of a breakeven position be noted;

[Reference: Minutes of 21 January 2021 (Paragraph 4) and Minutes of the Executive Committee of 16 December 2020 (Paragraph 4)]

5 Revenue Budget Monitoring 2020/2021 – Detailed Resource Analysis

A report dated 10 February 2021 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 1 January 2021 (Period 10).

Appendices A to F to the report provided the following information for each Resource and the Housing Revenue Account:-

- ◆ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 1 January 2021 (Period 10)
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 1 January 2021 (Period 10)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 1 January 2021 (Period 10)

Councillor McAdams asked if the underspend relating to the provision of sanitary products within schools was due to a lower than anticipated uptake. Officers agreed to obtain this information from the Resource and feedback to Councillor McAdams.

The Forum decided: that the position as at 1 January 2021 (Period 10) be noted.

[Reference: Minutes of 21 January 2021 (Paragraph 5)]

6 Urgent Business

There were no items of urgent business.