

Report

Report to: **Executive Committee**
Date of Meeting: **21 February 2024**
Report by: **Head of Finance (Strategy)**

Subject: **Revenue Budget Monitoring for Period 01 April to 28 December 2023 and Probable Outturn**

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 2023 to 28 December 2023, and a projection for the year to 31 March 2024.

2. Recommendation(s)

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

- (1) that the Council's breakeven probable outturn position after Transfers to Reserves (section 4.1), be noted;
- (2) that the underspend of £1.509 million on the General Fund Revenue Account at 28 December 2023 (section 5.1), be noted; and
- (3) that the breakeven position on the Housing Revenue Account at 28 December 2023, and the forecast to 31 March 2024 of breakeven (sections 6.1 and 6.2), be noted.

3. Background

3.1. This report will summarise the previously reported Probable Outturn position for the Council's General Fund Revenue Account to 31 March 2024 (section 4). Sections 5 and 6 provide the position on the General Fund Account and the Housing Revenue Account for the current period 1 April 2023 to 28 December 2023, respectively.

4. 2023/2024 General Services Probable Outturn

4.1. As reported previously, the 2023/2024 probable outturn position for the General Fund presented an underspend of £9.000 million. This underspend was after proposed Transfers to Reserves totalling £14.985 million. It was proposed that the £9.000 million probable outturn underspend be transferred to Reserves with £3.000 million being set aside to support budget pressures in 2024/2025 and the remaining £6.000 million be considered to support the Council's Budget Strategy, including pay.

4.2. Full details of the Transfers to Reserves were included in the 24 January 2024 report to the Executive Committee. The forecast position before and after Transfers to Reserves is shown in Appendices 1 and 2. The position presented in Appendix 2 includes the probable outturn underspend of £9.000 million as a Transfer to Reserves resulting in a breakeven position for the Council's 2023/2024 Probable Outturn.

- 4.3. **Teacher Numbers:** As previously reported, the Cabinet Secretary had held back £45.5 million of funding nationally for the maintenance of Teacher Numbers, until after the 2023 Census details are received by the Government, and until councils provide assurance that they have maintained teacher numbers and pupil support numbers at the 2022 level. For the Council, this amounts to £2.934 million. The release of these monies was not confirmed in the recent Finance Circular, however, on the basis that the Council has maintained its Teacher Numbers, the amount of £2.934 million has been assumed as being received. There has been no update on this position at the time of writing.

5. 2023/2024 General Services Monitoring Position

- 5.1. **Financial Position as at 28 December 2023:** As at 28 December 2023, the position on the General Services budget is a net underspend of £1.509 million, after Transfers to Reserves. This is shown in Appendix 2 with the position before Transfers to Reserves in Appendix 1 for information.
- 5.2. This position is in line with the forecast position for the General Fund (section 4).

6. Housing Revenue Account Position

- 6.1. **Financial Position as at 28 December 2023:** Appendix 3 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.
- 6.2. **Probable Outturn Position:** Appendix 3 also shows the forecast position for the financial year, being a breakeven position for the Housing Revenue Account.
- 6.3. This breakeven position includes a lower than budgeted Transfer from Reserves being required in the financial year. It is assumed that the increased level of costs experienced will be offset by an underspend in Loan Charges this financial year.
- 6.4. The reduction in Loan Charges is anticipated in 2023/2024 as a result of utilising an in-year benefit from the Housing Revenue Account Loans Fund Review. This work has been carried out and forms part of the 2024/2025 budget setting report for the HRA to this Committee (Housing Revenue and Capital Account Budget 2024/2025).

7. Employee Implications

- 7.1. None.

8. Financial Implications

- 8.1. As detailed in sections 4 to 6 of the 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. 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 through the one-off use of reserves in the current year.
- 10.2. 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 information included in this report 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.

Jackie Taylor
Head of Finance (Strategy)

18 January 2024

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 28 December 2023

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 (BEFORE Transfers)
Period Ended 28 December 2023 (No.10)

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion To 28/12/23	Actual to Period 10 28/12/23	Variance to 28/12/23	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	139.295	139.055	0.240	98.548	98.367	0.181	under
Facilities, Waste and Grounds	83.216	82.889	0.327	55.544	54.991	0.553	under
Leisure and Culture Services	23.227	23.044	0.183	22.433	22.290	0.143	under
Planning and Regulatory Services	5.382	5.018	0.364	4.063	3.899	0.164	under
Enterprise and Sustainable Development	5.973	5.664	0.309	2.934	2.698	0.236	under
Roads, Transportation and Fleet	21.497	22.440	(0.943)	13.574	14.489	(0.915)	over
Education Resources	439.709	440.004	(0.295)	313.603	313.791	(0.188)	over
Education	439.709	440.004	(0.295)	313.603	313.791	(0.188)	over
Finance and Corporate Resources	44.104	44.320	(0.216)	41.196	41.375	(0.179)	over
Finance Services - Strategy	2.306	2.272	0.034	2.670	2.619	0.051	under
Finance Services - Transactions	19.450	19.631	(0.181)	15.080	15.165	(0.085)	over
Audit and Compliance Services	0.411	0.417	(0.006)	0.446	0.467	(0.021)	over
Information Technology Services	5.542	5.542	0.000	8.390	8.455	(0.065)	over
Communications and Strategy Services	2.966	2.966	0.000	2.428	2.428	0.000	-
Administration and Licensing Services	4.510	4.730	(0.220)	3.878	4.004	(0.126)	over
Personnel Services	8.919	8.762	0.157	8.304	8.237	0.067	under
Housing and Technical Resources	17.592	16.082	1.510	23.944	23.944	0.000	-
Housing Services	10.229	8.673	1.556	8.730	8.670	0.060	under
Property Services	7.363	7.409	(0.046)	15.214	15.274	(0.060)	over
Social Work Resources	239.322	239.322	0.000	158.173	158.173	0.000	-
Performance and Support Services	6.686	6.501	0.185	4.704	4.455	0.249	under
Children and Families	48.943	49.233	(0.290)	35.974	36.340	(0.366)	over
Adults and Older People	182.252	182.252	0.000	115.961	115.961	0.000	-
Justice and Substance Misuse	1.441	1.336	0.105	1.534	1.417	0.117	under
Joint Boards	2.053	2.053	0.000	1.579	1.579	0.000	-
	882.075	880.836	1.239	637.043	637.229	(0.186)	over

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion To 28/12/23	Actual to Period 10 28/12/23	Variance to 28/12/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	882.075	880.836	1.239	637.043	637.229	(0.186)	over
CFCR	0.038	0.038	0.000	0.000	0.000	0.000	-
Loan Charges	38.796	29.340	9.456	0.000	0.000	0.000	-
Corporate Items	(5.093)	(12.127)	7.034	0.326	(1.369)	1.695	under
Investments – 2023/24 (T/f to Reserves)	2.994	0.000	2.994	0.000	0.000	0.000	-
2023/2024 Probable Outturn Underspend (T/f to Reserves)	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	918.810	898.087	20.723	637.369	635.860	1.509	under
Council Tax	179.102	182.394	3.292	137.771	137.771	0.000	-
Less: Council Tax Reduction Scheme	(23.278)	(23.308)	(0.030)	(17.906)	(17.906)	0.000	-
Net Council Tax	155.824	159.086	3.262	119.865	119.865	0.000	-
General Revenue Grant	350.757	350.757	0.000	269.813	269.813	0.000	-
Non-Domestic Rates	341.536	341.536	0.000	262.720	262.720	0.000	-
Transfer from Reserves	70.693	70.693	0.000	70.693	70.693	0.000	-
Total Income	918.810	922.072	3.262	723.091	723.091	0.000	-
Net Expenditure / (Income)	0.000	(23.985)	23.985	(85.722)	(87.231)	1.509	under

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report (AFTER Transfers)

Period Ended 28 December 2023 (No.10)

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion To 28/12/23	Actual to Period 10 28/12/23	Variance to 28/12/23	
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Leisure and Culture Services	23.227	23.244	(0.017)	22.433	22.290	0.143	under
Planning and Regulatory Services	5.382	5.018	0.364	4.063	3.899	0.164	under
Enterprise and Sustainable Development	5.973	5.664	0.309	2.934	2.698	0.236	under
Roads, Transportation and Fleet	21.497	22.480	(0.983)	13.574	14.489	(0.915)	over
Education Resources	439.709	440.004	(0.295)	313.603	313.791	(0.188)	over
Education	439.709	440.004	(0.295)	313.603	313.791	(0.188)	over
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Communications and Strategy Services	2.966	2.966	0.000	2.428	2.428	0.000	-
Administration and Licensing Services	4.510	4.730	(0.220)	3.878	4.004	(0.126)	over
Personnel Services	8.919	8.762	0.157	8.304	8.237	0.067	under
Housing and Technical Resources	17.592	17.592	0.000	23.944	23.944	0.000	-
Housing Services	10.229	10.158	0.071	8.730	8.670	0.060	under
Property Services	7.363	7.434	(0.071)	15.214	15.274	(0.060)	over
Social Work Resources	239.322	239.322	0.000	158.173	158.173	0.000	-
Performance and Support Services	6.686	6.501	0.185	4.704	4.455	0.249	under
Children and Families	48.943	49.233	(0.290)	35.974	36.340	(0.366)	over
Adults and Older People	182.252	182.252	0.000	115.961	115.961	0.000	-
Justice and Substance Misuse	1.441	1.336	0.105	1.534	1.417	0.117	under
Joint Boards	2.053	2.053	0.000	1.579	1.579	0.000	-
	882.075	882.586	(0.511)	637.043	637.229	(0.186)	over

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion To 28/12/23	Actual to Period 10 28/12/23	Variance to 28/12/23	
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CFCR	0.038	0.038	0.000	0.000	0.000	0.000	-
Loan Charges	38.796	38.598	0.198	0.000	0.000	0.000	-
Corporate Items	(5.093)	(11.144)	6.051	0.326	(1.369)	1.695	under
Investments – 2023/24 (T/f to Reserves)	2.994	2.994	0.000	0.000	0.000	0.000	-
2023/204 Probable Outturn Underspend (T/f to Reserves)	0.000	9.000	(9.000)	0.000	0.000	0.000	-
Total Expenditure	918.810	922.072	(3.262)	637.369	635.860	1.509	under
Council Tax	179.102	182.394	3.292	137.771	137.771	0.000	over
Less: Council Tax Reduction Scheme	(23.278)	(23.308)	(0.030)	(17.906)	(17.906)	0.000	over
Net Council Tax	155.824	159.086	3.262	119.865	119.865	0.000	-
General Revenue Grant	350.757	350.757	0.000	269.813	269.813	0.000	-
Non-Domestic Rates	341.536	341.536	0.000	262.720	262.720	0.000	-
Transfer from Reserves	70.693	70.693	0.000	70.693	70.693	0.000	-
Total Income	918.810	922.072	3.262	723.091	723.091	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(85.722)	(87.231)	1.509	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 28 December 2023 (No.10)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 28/12/23	Actual to Period 10 28/12/23	Variance to 28/12/23		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	15.310	15.401	(0.091)	11.167	11.236	(0.069)	over	(0.6%)	
Property Costs	50.929	56.610	(5.681)	32.177	36.583	(4.406)	over	(13.7%)	1
Supplies & Services	0.653	0.691	(0.038)	0.512	0.526	(0.014)	over	(2.7%)	
Transport & Plant	0.196	0.189	0.007	0.111	0.103	0.008	under	7.2%	
Administration Costs	5.570	5.597	(0.027)	0.385	0.401	(0.016)	over	(4.2%)	
Payments to Other Bodies	2.974	2.979	(0.005)	1.545	1.551	(0.006)	over	(0.4%)	
Payments to Contractors	0.100	0.145	(0.045)	0.064	0.064	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	0.0%	
Financing Charges	27.162	27.162	0.000	25.167	25.167	0.000	-	0.0%	
Total Controllable Expenditure	102.894	108.774	(5.880)	71.128	75.631	(4.503)	over	(6.3%)	
Total Controllable Income	(115.940)	(116.768)	0.828	(79.757)	(80.164)	0.407	over recovered	0.5%	2
Transfer to/(from) Balance Sheet	(4.907)	(0.853)	(4.054)	(3.118)	(0.749)	(2.369)	under recovered	(76.0%)	3
Net Controllable Expenditure	(17.953)	(8.846)	(9.107)	(11.747)	(5.282)	(6.456)	over	(55.0%)	
Add: Non Controllable Budgets									
Financing Charges	17.953	8.846	9.107	6.495	0.030	6.456	under	(99.5%)	
Total Budget	0.000	0.000	0.000	(5.252)	(5.252)	0.000	-	0.0%	

Variance Explanations

1. The net overspend reflects the volume and cost of repairs and maintenance, including additional costs for the internal contractor. There is also an overspend in relation to cleaning charges.
2. The additional income is due to the favourable timing of new build and purchased council housing units being available to rent.
3. The timing impact of the net overspend requires a higher than budgeted transfer from reserves at this time.

Virements

None.