

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Confero and in Committee Room 1, Council Offices, Almada Street, Hamilton on 24 August 2023

Chair:

Councillor Grant Ferguson

Councillors Present:

Councillor Colin Dewar, Councillor Ross Gowland, Councillor Celine Handibode (substitute for Councillor Mathew Buchanan), Councillor Gavin Keatt, Councillor Richard Lockhart, Councillor Julia Marris (Depute)

Councillors' Apologies:

Councillor Mathew Buchanan, Councillor Monique McAdams, Councillor Carol Nugent

Attending:

Finance and Corporate Resources

E-A McGonigle, Administration Officer; A Norris, Administration Assistant; 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 27 April 2023 were submitted for approval as a correct record.

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

3 Capital Budget Monitoring 2022/2023 – General Fund Capital Programme

A report dated 7 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2022/2023 for the period 1 April 2022 to 31 March 2023.

The General Services Capital Programme for 2022/2023 totalled £78.396 million. This revised programme consisted of the base budget plus carry forward projects and adjustments that had been agreed by the Executive Committee up to and including the meeting held on 29 March 2023.

Total spend on the General Fund Capital Programme of £65.736 million was detailed in Appendix A to the report. This was compared to the budget of £78.396 million and resulted in an underspend of £12.660 million.

This underspend related to projects within Community and Enterprise Resources (£12.121 million), Education Resources (£1.121 million) and Housing and Technical Resources (£3.553 million). Greater spend than anticipated was achieved within Education Resources (£1.424 million), Finance and Corporate Resources (£1.283 million) and Social Work Resources (£0.307 million). The programme underspend was due to the timing of project spend and the main projects responsible for the underspend were detailed in Appendix B to the report. The majority of those projects would continue into 2023/2024. Details were also given of year end and accounting adjustments.

The Forum decided: that the final outturn position on the 2022/2023 General Capital Fund Programme be noted.

[Reference: Minutes of 27 April 2023 (Paragraph 3a) and Minutes of the Executive Committee of 29 March 2023 (Paragraph 4) and 21 June 2023 (Paragraph 5)]

Councillor Gowland joined the meeting during consideration of this item of business and Councillor Lockhart joined the meeting after consideration of the above item of business

4 Capital Budget Monitoring 2022/2023 – Housing Capital Programme

A report dated 7 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2022/2023 for the period 1 April 2022 to 31 March 2023.

The revised Housing Capital Programme for 2022/2023 totalled £66.361 million and spend to 31 March 2023 totalled £60.695 million, which represented an underspend of £5.666 million, as detailed in Appendix A to the report. The underspend could be attributed to a number of factors which included:-

- ◆ operatives diverted away from capital investment to tackle the impact of bad weather in December that had resulted in flooding to a number of council properties
- ◆ delays in relation to the expected milestone payments for the new build project in Kirk Street, Strathaven
- ◆ delays in external fabric projects due to the suspected presence of bats
- ◆ reduced owner uptake for external works
- ◆ higher than normal volumes of no access for legislative works

Housing and Technical Resources had also received additional one-off income totalling £2.415 million in relation to Renewable Heating Initiative/Feed in Tariffs, land sales, developer contributions and Scottish Government Grants. This would be added to the overall funding available for the Housing Programme.

Taking into account the year-end underspend position of £5.666 million and the additional income of £2.415 million, meant a carry forward of £8.081 million. This would be added into the Capital Programme as part of the new year monitoring report.

The Forum decided: that the final outturn position on the Housing Capital Programme be noted.

[Reference: Minutes of 27 April 2023 (Paragraph 3b) and Minutes of the Executive Committee of 21 June 2023 (Paragraph 5)]

5 Capital Budget Monitoring 2023/2024 – General Fund Capital Programme

A report dated 7 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Capital Programme 2023/2024 for the period 1 April to 14 July 2023.

On 22 February 2023, the Council approved a base budget of £91.061 million for the General Services Capital Programme for 2023/2024. Since then, further amendments had been approved, along with financial year end and additional funding received, which resulted in a revised General Services base budget position for 2023/2024 of £77.849 million. This was a net decrease of £13.212 million. A full list of those adjustments was detailed in Appendix A to the report. Appendix B to the report detailed projects where budget was not required in 2023/2024.

A number of further adjustments had been approved by the Executive Committee during 2023/2024, and included additional funding and profiling adjustments, resulting in a revised budget of £83.322 million. A full list of those adjustments was detailed in appendices C and D respectively.

The programme spend and funding for the General Fund was summarised in Appendix D to the report.

Budget for the period was £9.998 million and spend to 14 July 2023 was £9.856 million, which was slightly behind programme by £0.142 million. Actual funding received at 14 July 2023 was £41.715 million.

The physical progress achieved with the General Fund Capital Programme 2023/2024 at 14 July 2023 was detailed in appendices F to H of the report.

The Forum decided: that the position on the General Fund Capital Programme as at 14 July 2023 be noted.

[Reference: Minutes of South Lanarkshire Council of 22 February 2023 (Paragraph 3) and Minutes of the Executive Committee of 21 June 2023 (Paragraph 6) and 16 August 2023 (Paragraph 4)]

6 Capital Budget Monitoring 2023/2024 – Housing Capital Programme

A report dated 7 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the progress of the Housing Capital Programme 2023/2024 at 14 July 2023 (Period 4).

On 22 February 2023, the Council had approved a Housing Capital Programme for 2023/2024, including funding carried forward from previous years, which totalled £63.916 million.

As reported in the final outturn report for 2022/2023, there was a carry forward of £8.081 million into future years. Further analysis of this budget confirmed that £3.997 million was required in 2023/2024, with the remainder being carried forward into future years.

In addition, the Executive Committee on 16 August 2023 agreed that the 2023/2024 Capital Programme be increased by a further £1.683 million to reflect the expenditure on new build homes at East Whitlawburn, which were being built on behalf of West Whitlawburn Housing Association.

As a result of those adjustments, the revised programme for 2023/2024 was £69.596 million. Programmed funding for the year also totalled £69.596 million and was detailed, along with the funding sources, in Appendix A to the report.

Budget for the period was £13.250 million and spend to 14 July 2023 was £12.469 million. Actual funding received at 14 July 2023 was £12.469 million.

The physical progress achieved with the Housing Capital Programme 2023/2024 at 14 July 2023 was detailed in Appendix B to the report.

The Forum decided: that the position on the Housing Capital Programme as at 14 July 2023 (Period 4) be noted.

[Reference: Minutes of South Lanarkshire Council of 22 February 2023 (Paragraph 3) and Minutes of the Executive Committee on 21 June 2023 (Paragraph 6) and 16 August 2023 (Paragraph 4)]

7 Revenue Budget Year-End 2022/2023

A report dated 27 July 2023 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 for the period 1 April 2022 to 31 March 2023.

The Council's overall probable outturn position for the year, including approved transfers to reserves, was reported to the meeting of the Executive Committee held on 1 February 2023 as an underspend of £4.969 million. This assumed underspend of £4.696 million on the Council's General Services would be transferred to reserves, resulting in a forecast breakeven position for the year.

Across Resources, Corporate Items and Council Tax, the year end position was an underspend of £3.966 million. This was after proposed transfers to reserves and was in addition to the £4.696 million reported as part of the probable outturn. Details of the year end position were provided in appendices 1 and 2 to the report. The year end underspend of £3.966 million included total transfers to reserves of £47.334 million. This included the transfers to reserves approved as part of the Probable Outturn (£39.111 million) adjusted for movements totalling £0.302 million to reflect the final position. The revisions to the Probable Outturn transfers were shown in Appendix 3 to the report, giving a total of £39.009 million for Probable Outturn transfers. Additional transfers to reserves proposed at year end totalled £8.325 million. This reflected carry forward of funding in reserves to allow committed areas of spend to be incurred in 2023/2024. Details of those additional proposed transfers were given in Appendix 4 of the report. It was agreed at the meeting of the Executive Committee held on 21 June 2023 that the £3.966 million underspend be used to meet future budget pressures and that those monies would be transferred to reserves, resulting in a breakeven position for the financial year 2022/2023.

The outcome of the Job Evaluation Exercise for Home Carers would result in significant recurring costs for the Care at Home service, which was delegated to the Integration Joint Board (IJB), in 2023/2024 and beyond. The costs of grade changes, estimated to be in the region of £7 million, were not included in the budget set by the IJB. Details were provided on the process set out in the IJB's Financial Regulations and Integration Scheme for such an eventuality. The financial position for both the IJB and Council partner indicated significant ongoing budget gaps and it was likely that any recovery plan identified would require changes to the services commissioned by the IJB. At its meeting on 1 February 2023, the Executive Committee agreed that an underspend on core funding from the Council to the IJB would be dealt with as overfunding in year and the resultant underspend was presented as a transfer to reserves of £5.635 million. Since then, following a decision taken by the Council, at its meeting on 24 May 2023, to a review being undertaken of the implementation date of the outcome of the Home Carers' Job Evaluation, a basis had been established for backdating implementation to October 2020. Those costs would require to be included in the financial position for 2022/2023. As a result, it would not now be possible to implement the decision taken by the Executive Committee

to claw back the non-recurring underspend from the IJB of £5.635 million as the IJB would not now underspend and that funding would no longer be available. Other funding would require to be identified to help with Children and Families costs into 2023/2024 and it was agreed, at the meeting of the Executive Committee held on 21 June 2023, that the additional underspend of £3.966 million be considered as a means of contributing towards meeting those costs, together with residual COVID-19 funding held in the Council's reserves. The outcome of the review on the Home Carers' job evaluation had been reached and a report covering expenditure and funding was presented to the Executive Committee on 16 August 2023.

As at 31 March 2023, the position on the Housing Revenue Account was breakeven. This was after a transfer to the Housing Revenue Account reserves of £3.990 million, which was £0.490 million higher than budgeted, as detailed in Appendix 5 to the report.

The Forum decided:

- (1) that across Resources, Corporate Items and Council Tax, it be noted that the Council was showing an additional year end underspend of £3.966 million after proposed transfers to reserves, as detailed in section 4 and Appendix 1 of the report;
- (2) that it be noted that the probable outturn transfers approved by members of the Executive Committee had now been revised to £39.009 million, previously £39.311 million, as detailed in Appendix 3 of the report;
- (3) that the Resources' requests for transfers to reserves to spend on commitments against specific streams of funding during the final part of the year totalling £8.325 million, as detailed in Appendix 4 of the report, be noted;
- (4) that the overfunding position on the IJB contribution, as detailed at section 4.5 of the report, be noted;
- (5) that it be noted that the £3.966 million underspend, after proposed transfers to reserves, be transferred to reserves and used to fund future budget pressures, as detailed at section 4.13 of the report;
- (6) that it be noted that, following the transfer to reserves of the £3.966 million, as detailed at recommendation 5, the result would be a breakeven position for the Council;
- (7) that the position regarding the recurring costs in relation to the Home Carers' Job Evaluation exercise, as detailed at sections 5.1 to 5.4 of the report, be noted;
- (8) that it be noted that the outcome of the review on Home Carers' job evaluation had been reached, and that a full paper covering expenditure and funding was presented to the Executive Committee on 16 August 2023, as detailed in sections 5.5 to 5.7 of the report;
- (9) that it be noted that the clawback of underspend from the IJB would now not be possible, and that alternative funds had been identified to contribute towards Children and Families costs in 2023/2024, as detailed in section 5.6; and
- (10) that the breakeven position on the Housing Revenue Account, as detailed in section 6 of the report, be noted.

[Reference: Minutes of 27 April 2023 (Paragraph 4) and Minutes of the Executive Committee of 21 June 2023 (Paragraph 3 and 16 August 2023 (Paragraph 7))]

8 Revenue Budget Year-End 2022/2023 – Detailed Resource Analysis

A report dated 27 July 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's revenue budget year-end position for 2022/2023.

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

- ◆ an Executive Summary showing the top level position for each of the Services
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings

The Forum decided: that the 2022/2023 year-end detailed financial analysis for each of the individual Resources and the Housing Revenue Account be noted.

[Reference: Minutes of 27 April 2023 (Paragraph 5)]

9 Revenue Budget Monitoring 2023/2024

A report dated 7 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April to 14 July 2023.

At 14 July 2023, the position on the General Fund Revenue Account was breakeven. Details were given on:-

- ◆ budget pressures within Children and Families Services
- ◆ the position following the outcome of the Job Evaluation exercise for Home Carers

The Housing Revenue Account showed a breakeven position at 14 July 2023, as detailed in Appendix 2 to the report.

The Forum decided:

- (1) that the breakeven position on the General Fund Revenue Account at 14 July 2023, detailed in section 4 and Appendix 1 of the report, be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 14 July 2023, detailed in section 5 and Appendix 2 of the report, be noted.

[Reference: Minutes of the Executive Committee of 16 August 2023 (Paragraph 3)]

10 Revenue Budget Monitoring 2023/2024 – Detailed Resource Analysis

A report dated 27 July 2023 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period 1 April to 14 July 2023 (Period 4).

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 14 July 2023
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 14 July 2023
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 14 July 2023

The Forum decided: that the position as at 14 July 2023 (Period 4) be noted.

11 Urgent Business

There were no items of urgent business.