

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	2 October 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2019/2020 - Finance and Corporate Resources
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2019 to 16 August 2019 for Finance and Corporate Resources
- ◆ provide a forecast for the year to 31 March 2020

2. Recommendation(s)

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

- (1) that the breakeven position on the Finance and Corporate Resources' revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2020 of breakeven, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the second revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2019/2020.

3.2. The report details the financial position for Finance and Corporate Resources on Appendix A, along with variance explanations in Appendices B-H.

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 16 August 2019, there is a breakeven position against the phased budget. The financial forecast for the revenue budget to 31 March 2020 is a breakeven position.

5.2. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report, as appropriate.

6. Other Implications

6.1. 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.

- 6.2. There are no implications for sustainability in terms of the information contained in this report.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. 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.
- 7.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning
Executive Director (Finance and Corporate Resources)

4 September 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Finance and Corporate Resources Committee – 7 August 2019

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 16 August 2019

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

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	33,586	33,586	0	12,233	12,345	(112)	over	(0.9%)	
Property Costs	2,682	2,682	0	644	653	(9)	over	(1.4%)	
Supplies & Services	6,312	6,312	0	3,643	3,751	(108)	over	(3.0%)	
Transport & Plant	85	85	0	19	14	5	under	26.3%	
Administration Costs	7,819	7,819	0	2,907	2,906	1	under	0.0%	
Payments to Other Bodies	2,763	2,763	0	987	980	7	under	0.7%	
Payments to Contractors	265	265	0	23	22	1	under	4.3%	
Transfer Payments	80,387	80,387	0	26,121	26,000	121	under	0.5%	
Financing Charges	1,044	1,044	0	651	639	12	under	1.8%	
Total Controllable Exp.	134,943	134,943	0	47,228	47,310	(82)	over	(0.2%)	
Total Controllable Inc.	(102,161)	(102,161)	0	(27,532)	(27,614)	82	over recovered	0.3%	
Net Controllable Exp.	32,782	32,782	0	19,696	19,696	0	-	0.0%	

Variance Explanations

Variance explanations are shown in Appendices B to H as appropriate.

Budget Virements

Budget virements are shown in Appendices B to H as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Finance - Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	2,991	2,991	0	1,075	1,106	(31)	over	(2.9%)	1, a
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	19	0	9	12	(3)	over	(33.3%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	111	111	0	6	16	(10)	over	(166.7%)	
Payments to Other Bodies	495	495	0	163	163	0	-	0.0%	
Payments to Contractors	22	22	0	7	5	2	under	28.6%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	16	16	0	6	6	0	-	0.0%	
Total Controllable Exp.	3,654	3,654	0	1,266	1,308	(42)	over	(3.3%)	
Total Controllable Inc.	(1,507)	(1,507)	0	0	0	0	-	n/a	
Net Controllable Exp.	2,147	2,147	0	1,266	1,308	(42)	over	(3.3%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

Budget Virements

- a. Realignment of budget to reflect current service delivery across the Resource (£0.139m): Employee Costs (£0.139m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Finance - Transactions Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	11,686	11,686	0	4,242	4,175	67	under	1.6%	1, a
Property Costs	2,016	2,016	0	451	462	(11)	over	(2.4%)	
Supplies & Services	829	829	0	326	380	(54)	over	(16.6%)	2
Transport & Plant	7	7	0	2	0	2	under	100.0%	
Administration Costs	1,039	1,039	0	339	357	(18)	over	(5.3%)	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	243	243	0	16	16	0	-	0.0%	
Transfer Payments	80,387	80,387	0	26,121	26,000	121	under	0.5%	3
Financing Charges	104	104	0	43	47	(4)	over	(9.3%)	
Total Controllable Exp.	96,311	96,311	0	31,540	31,437	103	under	0.3%	
Total Controllable Inc.	(84,003)	(84,003)	0	(22,902)	(22,962)	60	over recovered	0.3%	4
Net Controllable Exp.	12,308	12,308	0	8,638	8,475	163	under	1.9%	

Variance Explanations**1. Employee Costs**

The underspend is due to vacancies which are being considered in line with service requirements.

2. Supplies and Services

The overspend relates to one off costs in relation to the Payroll and Benefits and Revenues systems.

3. Transfer Payments

The underspend is due to the reduced cost of overpayments as part of the administration of Housing Benefit.

4. Income

The over recovery relates to the receipt of income from the Department of Work and Pensions in relation to the recovery of Housing Benefit overpayments.

Budget Virements

- a. Realignment of budget to reflect current service delivery across the Resource £0.139m: Employee Costs £0.139m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Audit Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	565	565	0	218	219	(1)	over	(0.5%)	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	3	3	0	-	0.0%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	7	7	0	1	1	0	-	0.0%	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	4	4	0	2	1	1	under	50.0%	
Total Controllable Exp.	583	583	0	224	224	0	-	0.0%	
Total Controllable Inc.	(223)	(223)	0	(1)	(1)	0	-	0.0%	
Net Controllable Exp.	360	360	0	223	223	0	-	0.0%	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,266	5,266	0	1,970	2,072	(102)	over	(5.2%)	1
Property Costs	502	502	0	146	140	6	under	4.1%	
Supplies & Services	4,447	4,447	0	2,877	2,899	(22)	over	(0.8%)	a, b
Transport & Plant	4	4	0	1	1	0	-	0.0%	
Administration Costs	2,147	2,147	0	801	792	9	under	1.1%	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	1	(1)	over	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	507	507	8	481	466	15	under	3.1%	
Total Controllable Exp.	12,873	12,873	0	6,276	6,371	(95)	over	(1.5%)	
Total Controllable Inc.	(8,025)	(8,025)	0	(2,710)	(2,722)	12	over recovered	0.4%	a
Net Controllable Exp.	4,848	4,848	0	3,566	3,649	(83)	over	(2.3%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

Budget Virements

- Realignment of budget to reflect current service delivery of IT contracts. Net Effect £0.000m: Supplies and Services £0.109m and Income (£0.109m).
- Realignment of budget to reflect Licenses funding carried forward in Reserves £0.842m: Supplies and Services £0.842m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Personnel Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	6,943	6,943	0	2,500	2,515	(15)	over	(0.6%)	a
Property Costs	147	147	0	43	46	(3)	over	(7.0%)	
Supplies & Services	271	271	0	116	125	(9)	over	(7.8%)	
Transport & Plant	32	32	0	8	3	5	under	62.5%	
Administration Costs	1,504	1,504	0	565	534	31	under	5.5%	1, a
Payments to Other Bodies	1,561	1,561	0	379	373	6	under	1.6%	a, b
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	39	39	0	20	20	0	-	0.0%	
Total Controllable Exp.	10,497	10,497	0	3,631	3,616	15	under	0.4%	
Total Controllable Inc.	(2,479)	(2,479)	0	(402)	(397)	(5)	under recovered	(1.2%)	b
Net Controllable Exp.	8,018	8,018	0	3,229	3,219	10	under	0.3%	

Variance Explanations**1. Administration Costs**

The underspend reflects the reduced cost of Employability programmes in the financial year to date.

Budget Virements

- Realignment of budget to reflect 2019/20 Employability Programmes. Net Effect £0.000m: Employee Costs £0.042m, Administration Costs £0.309m and Payments to Other Bodies (£0.351m).
- Realignment of budget to reflect 2019/20 No-One Left Behind project funding from Scottish Government. Net Effect £0.000m: Payments to Other Bodies £0.180m and Income (£0.180m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Administration, Legal and Licensing Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,266	4,266	0	1,554	1,595	(41)	over	(2.6%)	1
Property Costs	17	17	0	4	5	(1)	over	(25.0%)	
Supplies & Services	126	126	0	68	73	(5)	over	(7.4%)	
Transport & Plant	14	14	0	8	10	(2)	over	(25.0%)	
Administration Costs	2,056	2,056	0	816	810	6	under	0.7%	
Payments to Other Bodies	679	679	0	423	422	1	under	0.2%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	48	48	0	16	12	4	under	25.0%	
Total Controllable Exp.	7,206	7,206	0	2,889	2,927	(38)	over	(1.3%)	
Total Controllable Inc.	(3,188)	(3,188)	0	(719)	(781)	62	over recovered	8.6%	2
Net Controllable Exp.	4,018	4,018	0	2,170	2,146	24	under	1.1%	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

2. Income

The over recovery relates to greater than anticipated landlord registration income received in the financial year to date.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 August 2019 (No.5)

Communications and Strategy Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/08/19	Actual 16/08/19	Variance 16/08/19		% Variance 16/08/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	1,869	1,869	0	674	663	11	under	1.6%	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	613	613	0	244	259	(15)	over	(6.1%)	
Transport & Plant	28	28	0	0	0	0	-	n/a	
Administration Costs	955	955	0	379	396	(17)	over	(4.5%)	
Payments to Other Bodies	28	28	0	22	22	0	-	0.0%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	326	326	0	83	87	(4)	over	(4.8%)	
Total Controllable Exp.	3,819	3,819	0	1,402	1,427	(25)	over	(1.8%)	
Total Controllable Inc.	(2,736)	(2,736)	0	(798)	(751)	(47)	under recovered	(5.9%)	1
Net Controllable Exp.	1,083	1,083	0	604	676	(72)	over	(11.9%)	

Variance Explanations**1. Income**

The under recovery is due to less than anticipated income from external work completed to date.