

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Confero and in the Council Chamber, Council Offices, Almada Street, Hamilton on 1 September 2022

Chair:

Councillor Grant Ferguson (after Item 2)

Councillors Present:

Councillor Mathew Buchanan, Councillor Colin Dewar, Councillor Ross Gowland, Councillor Celine Handibode (*substitute for Councillor Monique McAdams*), Councillor Keatt, Councillor Richard Lockhart, Councillor Julia Marrs (Depute – after Item 3)

Councillors' Apologies:

Councillor Monique McAdams, Councillor Carol Nugent

Attending:

Finance and Corporate Resources

G Cochran, Administration Assistant; 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 Appointment of Chair

Councillor Marrs, seconded by Councillor Dewar, moved that Councillor Ferguson be appointed as Chair of the Financial Resources Scrutiny Forum.

The Forum decided: that Councillor Ferguson be appointed as Chair of the Financial Resources Scrutiny Forum.

In terms of Standing Order No 14, the Chair adjourned the meeting at 2.17pm and reconvened at 2.22pm

Councillor Lockhart joined the meeting after this item of business

3 Appointment of Depute Chair

Councillor Ferguson, seconded by Councillor Dewar, moved that Councillor Marrs be appointed as Depute Chair of the Financial Resources Scrutiny Forum.

The Forum decided: that Councillor Marrs be appointed as Depute Chair of the Financial Resources Scrutiny Forum.

4 Capital Budget Monitoring 2021/2022– General Fund Capital Programme

A report dated 16 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the final outturn position of the General Fund Capital Programme 2021/2022 for the period 1 April 2021 to 31 March 2022.

The General Services Capital Programme for 2021/2022 totalled £72.732 million. This reflected the programme agreed by the Executive Committee on 2 March 2022 and subsequent amendments made through regular monitoring reports throughout 2021/2022.

Total spend on the General Fund Capital Programme of £61.587 million was detailed in Appendix A to the report. This was compared to the budget of £72.732 million and resulted in an underspend of £11.145 million.

This underspend related to projects within Community and Enterprise Resources (£7.218 million), Education Resources (£1.121 million), Finance and Corporate Resources (£1.190 million), Housing and Technical Resources (£1.317 million) and Social Work Resources (£0.299 million). Overall, the programme underspend was due to the timing of project spend.

Accounting regulations meant that adjustments were required to report spend correctly as either capital or revenue for the purposes of publishing the Annual Accounts. From reviewing the spend, £1.627 million of capital spend required to be recorded as revenue spend. Conversely, £0.378 million of revenue spend required to be recorded as capital. Those transfers meant that, for the purpose of publishing the Annual Accounts only, there was capital spend of £60.338 million.

Reflecting the spend made in 2020/2021 and the requirement for the balance of budget available to be carried forward to undertake approved projects, £11.145 million would be carried forward into 2022/2023.

Councillor Lockhart requested some budget detail in respect of Appendix B in relation to projects carried forward into 2022/2023. The Head of Finance (Strategy) advised that those projects were now in the new Capital Programme and she would circulate the project budgets to him.

The Forum decided: that the final outturn position on the 2021/2022 General Fund Capital Programme be noted.

[Reference: Minutes of 10 February 2022 (Paragraph 3a) and Minutes of the Executive Committee of 22 June 2022 (Paragraph 4)]

5 Capital Budget Monitoring 2021/2022 – Housing Capital Programme

A report dated 16 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2021/2022 for the period 1 April 2021 to 31 March 2022.

The revised Housing Capital Programme for 2021/2022 totalled £79.640 million and spend to 31 March 2022 totalled £73.181 million, which represented an underspend of £6.459 million, as detailed in Appendix A to the report.

The delivery of the Housing Capital Programme had been affected by the pandemic. Part of this underspend related to the New Housing Supply Programme, which was solely due to the volume of buy backs that had been lower than targeted levels due to current market conditions. The remainder of the underspend related to the Council's ongoing investment in stock, which had been affected by Covid-19 restrictions.

Housing and Technical Resources had also received additional one-off income totalling £6.166 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 £6.459 million and the additional income of £6.166 million, meant a carry forward of £12.625 million. Further analysis of this budget confirmed that £6.820 million was required in 2022/2023, with the remainder being carried forward into future years.

The budgeted programme for 2022/2023 was £52.230 million. In addition to the carry forward of £6.820 million noted, the Capital Programme for 2022/2023 had been increased by a further £7.311 million to reflect additional expenditure on new build homes at East Whitlawburn. This resulted in a revised budget for the year of £66.361 million.

The Forum decided: that the position on the Housing Capital Programme as at 31 March 2021 be noted.

[Reference: Minutes of 10 February 2022 (Paragraph 3b) and Minutes of the Executive Committee of 29 June 2022 (Paragraph 4)]

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

A report dated 16 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Capital Programme 2021/2022 for the period 1 April to 15 July 2022.

On 23 February 2022, the Council approved a base budget of £82.284 million for the General Services Capital Programme for 2022/2023. Since then, further amendments had been approved, along with additional funding, which resulted in a revised budget of £95.232 million. This was a movement of £12.948 million. A full list of those adjustments was detailed in Appendix A to the report.

A number of further adjustments had been approved by the Executive Committee during 2022/2023, and included additional funding and profiling adjustments, resulting in a revised budget of £98.083 million. A full list of those adjustments was detailed in appendices B and C respectively.

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

Budget for the period was £8.096 million and spend to 15 July 2022 was £8.176 million. Actual funding received at 15 July was £71.677 million.

The physical progress achieved with the General Fund Capital Programme 2022/2023 at 15 July 2022 was detailed in appendices F to H of the report.

The Forum decided: that the position on the General Fund Capital Programme as at 15 July 2022 be noted.

[Reference: Minutes of South Lanarkshire Council of 23 February 2022 (Paragraph 4) and Minutes of the Executive Committee of 24 August 2022 (Paragraph 4)]

7 Capital Budget Monitoring 2022/2023 – Housing Capital Programme

A report dated 16 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted on the progress of the Housing Capital Programme 2022/2023 at 15 July 2022 (Period 4).

On 23 February 2022, the Council had approved a Housing Capital Programme for 2022/2023, including funding carried forward from previous years, which totalled £52.230 million.

As reported in the final outturn report for 2021/2022, there was a carry forward of £11.434 million into future years. Further analysis of this budget confirmed that £6.820 million was required in 2022/2023, with the remainder being carried forward into future years.

In addition, the Executive Committee on 24 August 2022 agreed that the 2022/2023 Capital Programme be increased by a further £7.311 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 2022/2023 was £66.361 million. Programmed funding for the year also totalled £66.361 million and was detailed, along with the funding sources, in Appendix A to the report.

Budget for the period was £11.339 million and spend to 15 July 2022 was £11.339 million. Actual funding received at 15 July was £11.339 million.

The physical progress achieved with the Housing Capital Programme 2022/2023 at 15 July 2022 was detailed in Appendix B to the report.

The Forum decided: that the position on the Housing Capital Programme as at 15 July 2022 (Period 4) be noted.

[Reference: Minutes of the Executive Committee of 29 June 2022 (Paragraph 5) and 24 August 2022 (Paragraph 4)]

In terms of Standing Order No 14, the Chair adjourned the meeting at 3.00pm and reconvened at 3.05pm

8 Revenue Budget Monitoring 2021/2022

A report dated 24 August 2022 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 2021 to 31 March 2022.

The Council's overall probable outturn position for the year (including COVID and approved Transfers to Reserves) was reported to the meeting of the Executive Committee held on 2 March 2022 as an underspend of £4.794 million. This assumed full funding of COVID expenditure and an underspend of £4.794 million on the Council's General Services.

The year end position was an underspend of £6.109 million, an improvement of £1.315 million on the probable outturn figure. This included proposed transfers to reserves, COVID expenditure and funding, as detailed in appendices 1 and 2 to the report. It was proposed that the final underspend of £6.109 million be transferred to reserves for use in future years' budget strategies, including 2023/2024.

Transfers to reserves, approved at probable outturn, were detailed in Appendix 3 to the report and new transfers to reserves, requested by Resources at year end and approved by the Executive Committee, were detailed in Appendix 4.

The Resource position included an underspend on core funding from the Council to the Integration Joint Board (IJB). This would be dealt with as an overfunding in year which was permissible in the IJB financial regulations. Over provision of funding to the IJB in the sum of £2.051 million would be held in reserves and used to manage pressures within Children and Family Services.

As at 31 March 2022, the position on the Housing Revenue Account was breakeven. This was after a transfer to the Housing Revenue Account Reserves of £2.917 million, which was £1.946 million higher than budgeted, as detailed in Appendix 5 to the report.

The Forum decided:

- (1) that it be noted that across Resources, Corporate Items and Council Tax, the Council was showing a year end underspend of £6.109 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 had been revised to £55.062 million, previously £49.636 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 £4.902 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, after using Scottish Government funding and reserves brought forward from 2020/2021, the position on COVID expenditure was breakeven, as detailed in section 4.9 of the report;
- (6) that the £6.109 million underspend after proposed transfers to reserves be allocated, as detailed in section 4.12 to the report, resulting in a breakeven position for the Council; and
- (7) that the breakeven position on the Housing Revenue Account, as detailed in section 5 of the report, be noted.

[Reference: Minutes of the Executive Committee of 29 June 2022 (Paragraph 2)]

9 Revenue Budget Monitoring 2021/2022 – Detailed Resource Analysis

A report dated 24 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period 1 April 2021 to March 2022 (Period 14).

As part of the probable outturn exercise, Resources had been asked to forecast their position to 31 March 2021. As part of this exercise, Resources had also been asked to take all known commitments into account, resulting in the inclusion of information on the position before transfers to reserves and the position after taking into account the proposed transfers to reserves. The Resource summaries, attached as appendices to the report, replicated the before and after transfer to reserves position, while the information in the trends and variance analysis concentrated on the position before transfers to reserves at 31 March 2022 (Period 14).

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 31 March 2022
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 31 March 2022
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 31 March 2022

The Forum decided: that the position as at 31 March 2022 (Period 14) be noted.

[Reference: Minutes of 10 February 2022 (Paragraph 5)]

10 Revenue Budget Monitoring 2022/2023

A report dated 24 August 2022 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 15 July 2022.

At 15 July 2022, the position on the General Fund Revenue Account was an underspend of £0.362 million. The underspend was mainly within Social Work Resources (Adults and Older People) as a result of vacancies relating to Social Workers, day care and residential homes. This formed part of the delegated Integration Joint Board (IJB) budget. The core Council position, without the IJB underspend, was a small overspend of £0.045 million.

The Housing Revenue Account showed a breakeven position at 15 July 2022, as detailed in Appendix 2 to the report.

In response to Councillor Marrs' question on what plans were in place to mitigate the rising costs of the Retail Price Index, particularly in respect of the PPP contract, and a request for a briefing to be circulated to members on the issue which she had raised in relation to the PPP contract, the Head of Finance (Strategy) advised that this information formed part of the Budget Strategy report that was considered by the Executive Committee in June 2022. She advised that she would circulate this report to members of the Forum.

The Forum decided:

- (1) that the underspend of £0.362 million on the General Fund Revenue Account at 15 July 2022, relating to the delegated Integration Joint Board (IJB) budget, detailed in section 4 and Appendix 1 of the report, be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 15 July 2022, detailed in section 5 and Appendix 2 of the report, be noted.

[Reference: Minutes of the Executive Committee of 24 August 2022 (Paragraph 3)]

11 Revenue Budget Monitoring 2022/2023 – Detailed Resource Analysis

A report dated 24 August 2022 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period 1 April to 15 July 2022 (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 15 July 2022
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 15 July 2022
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 15 July 2022

The Forum decided: that the position as at 15 July 2022 (Period 4) be noted.

12 Urgent Business

There were no items of urgent business.