

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	8 August 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring Final Outturn and Annual Report and Accounts - 2018/2019
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Forum on the year-end position for the General Fund and the revenue budget performance of each Resource,
- ◆ advise on the year-end position of the Housing Revenue Account (HRA),
- ◆ provide a reconciliation of the outturn position in the Annual Accounts (Expenditure and Funding Analysis Statement) to the revenue budget performance for the year 2018/2019,
- ◆ provide details of the full unaudited South Lanarkshire Council Accounts 2018/2019 and Charitable Accounts 2018/2019 for consideration, and
- ◆ provide the publication details for the unaudited Annual Accounts.

2. Recommendation(s)

2.1. The Forum is asked to note the following recommendation(s):-

- (1) that the position of the General Fund (Section 5 and summarised in Appendix 1), be noted;
- (2) that the proposed additional transfers to reserves by Resources and Corporate Items totalling £5.739 million (Sections 6.3, 6.7.6 and 6.8.6), be noted;
- (3) that the change to the Treasury Management Strategy to reflect the method of debt repayment be referred to Council for endorsement, be noted (section 6.7.5),
- (4) that the final outturn position of an underspend of £1.298 million, and the transfer of this underspend to the Uncommitted General Fund (Section 7.5), be noted;
- (5) that the position on the Housing Revenue Account, including the transfer from reserves of £2.613 million (Section 9), be noted;
- (6) that the publication details for the unaudited Annual Accounts for 2018/2019 (Section 10), be noted; and
- (7) that South Lanarkshire Council Accounts 2018/2019 and the Charitable Accounts 2018/2019 have been provided to members for their consideration, be noted.

3. Background

- 3.1. The Revenue reports attached provide details on the Executive Committee report dated 26 June 2019, which shows the final outturn on the Council's Revenue Budget, including Trading Operations and the Housing Revenue Account.
- 3.2. Under existing regulations, the Council's unaudited Annual Accounts for the year ended 31 March 2019 require to be submitted for audit by 30 June 2019. This deadline was met and the full unaudited Annual Accounts were submitted to the Risk and Audit Scrutiny Committee on 19 June 2019 for consideration, prior to submission to the External Auditor.
- 3.3. This report will provide information on the following areas:
 - Executive Summary on 2018/2019 Outturn Position (Section 4)
 - General Services Probable Outturn position for 2018/2019 (Section 5)
 - General Services year-end monitoring position for 2018/2019 (detailed in Section 6 and summarised in Section 7)
 - Summary of Year End Reserves position (Section 8)
 - Year-end position on the Housing Revenue Account (Section 9)
 - Information on the Annual Accounts including details of publication arrangements for the unaudited Accounts (Section 10)
 - Reconciliation of the year-end monitoring position summarised in section 6, to the figures presented in the Annual Accounts (Section 11)
 - Details of the Charities Accounts (Section 12)

4. Executive Summary

- 4.1. Audit recommendations require the Council to present a report to Elected Members detailing the final outturn position on the Council's Revenue Budget, including seeking approval for any transfers to reserves not previously reported or approved throughout the year.
- 4.2. This report and appendices provides a detailed analysis of the Council's financial position. Whilst the full detail and background is provided for Member's information in the report, in order to summarise the position and provide Members with the key highlights, we have provided an Executive Summary below:
 - **Final outturn position:** The position after all transfers to reserves is an underspend of £1.298 million, compared to the position of £0.758 million previously reported. This is an improvement of £0.540 million and is mainly due to an improved Council Tax position (section 5.2).
 - **Resource position:** The position after transfers to reserves is an overspend of £2.912 million, compared to the previously reported position of £3.004 million, an improvement of £0.092 million (section 6.4).
 - **Loan Charges:** The final position is an underspend of £8.703 million, an improvement of £2.803 million on the position previously reported during the year. This is due to a late change advised by Audit Scotland in relation to the approach to the principal repayment of debt. This allowed the Council to re-profile its principal repayments in 2018/2019 in relation Schools, generating an additional underspend of £2.841 million (section 6.7).
 - **Council Tax:** The final position is an over recovery of £3.138 million, mainly as a result of lower demand for the Council Tax Reduction Scheme and a slightly

higher in-year collection of Council Tax. This is an improved position of £0.432 million on that previously reported (section 6.11).

- **Transfer to Reserves:** As part of the probable outturn, the Executive Committee approved the transfer of £15.390 million to Reserves and at the year end approval is being sought to transfer a further £5.739 million including the £2.841 million of loan charges underspend, taking the total transfers to reserves to £21.129 million.
- Some of the further transfers to reserves will be used in the 2020/2021 budget to reduce the need for savings. This includes monies transferred to reserves from the Loan Charge underspend, and Interest on Revenue Balances.
- **Uncommitted Reserves:** It is proposed that this underspend of £1.298 million is added to the earmarked reserves to be used to fund future pressures, and be held in the Uncommitted General Fund (section 7.5).
- **Reserves:** The Council's General Fund Reserves at the end of 2018/2019 will be £82.785 million. There are £50 million of reserves set aside for future budget strategies of which £26 million has been allocated to specific years (section 8).
- **Annual Accounts:** The Council's Annual Accounts and Charities Accounts have been considered by the Risk and Audit Scrutiny Committee and a copy of the accounts provided to Members. A reconciliation between the accounts and figures contained in this report is provided.

4.3. Full details of each of these items is included in the remainder of the report.

5. 2018/2019 General Services – Summary of Final Outturn

5.1. After taking into account Transfers to Reserves approved by the Executive Committee on 13 February 2019, along with the approved commitment to fund corporate budget pressures (2019/2020 Strategy and 2018/19 additional 0.5% pay award), the Probable Outturn position anticipated was an underspend of £0.758 million. This is illustrated in the Table 1 below:

Table 1 - General Services 2018/19 Probable Outturn

	Probable Outturn £m
Forecast Underspend Before Transfers to Reserves	13.257
Less: Transfer to Reserves	(6.194)
Forecast Underspend After Transfers to Reserves	7.063
Less: Contribution to 2018/2019 Pay Award	(1.305)
Less: 2019/2020 Strategy (approved Executive Committee - 13 February 2019)	(5.000)
= General Fund Underspend (at Probable Outturn)	0.758

5.2. **Final Outturn:** The final outturn position after all transfers to Reserves is an underspend of £1.298 million. This is an improvement of £0.540 million, the details of which are summarised in Table 2 below.

Table 2 - Movement from Probable

	£m
Total Resources incl. Trading Operations (section 6.4)	0.092
Centrally Held Budgets (sections 6.6 - 6.9)	0.016
Council Tax / Council Tax Reduction Scheme (section 6.11)	0.432
Total Movement from Probable	0.540

6. 2018/2019 Year-End Position

- 6.1. **Resources (including Trading Operations):** At the Year-End, the net expenditure position for Resources (including Trading Operations) before Transfers to Reserves, is £625.631 million compared to the budget of £629.328 million. This results in an underspend of £3.697 million. The detail of this is shown in Appendix 1 with the underspend specifically shown in column 6.
- 6.2. As noted in section 4, the Executive Committee (13 February 2019) approved Transfers to Reserves. For Resources, the Transfers were £4.754 million. These are detailed in Appendix 2 for ease of reference. This represents the amount agreed at probable, adjusted to reflect the actual spend position on these items at the year-end.
- 6.3. Based on the year-end position, Resources proposed additional Transfers to Reserves totalling £1.855 million, for commitments where spend was not incurred in 2018/2019, but would be required in 2019/2020. These transfers are shown in Table 3, with more detail provided in Appendix 3.

Table 3 - Resources - Additional Proposed Transfers

Proposed Transfer	£m	£m
Community and Enterprise		
Waste Contract (Future year costs)	0.488	
Health and Safety Cemeteries (Future year costs)	0.010	
Public Health Legal Case (Future year costs)	0.200	
Local Plan (Future year costs)	0.100	
		0.798
Education		
Sanitary Products in Schools (Specific funding)	0.090	
Teachers Pay (Specific funding)	0.648	
		0.738
Finance and Corporate		
Sanitary Products in Public Places (Specific funding)	0.078	
		0.078
Housing and Technical		
Scheme of Assistance (Multi-year funding)	0.136	
Rapid Rehousing Transitional Planning (Specific funding)	0.105	
		0.241
Total Resource Additional Transfers		1.855

- 6.4. Taking all the Transfers to Reserves into account, the Resources' final outturn position is an overspend of £2.912 million (Appendix 1, col 8). This is an improved position of £0.092 million from the Probable Outturn overspend position.

- 6.5. The detailed position for each Resource is detailed in Appendix 4. Also included in Appendix 4 are explanations for significant variances for each of the Services within the Resources.
- 6.6. **Capital Financed from Current Revenue (CFCR):** The CFCR budget line is showing a breakeven position at the year-end. This is unchanged from the position that was reported as part of the Probable Outturn.
- 6.7. **Loan Charges:** The position at the end of the year is an underspend of £8.703 million. This is an improved position of £2.803 million on the position reported throughout the year.
- 6.7.1. The overall underspend position reflects the timing of borrowing (delayed due to using cash balances) and the interest rates achieved. In addition, the Finance Minister agreed to review the legislation during 2019/2020 which would allow councils to vary loans fund principal prepayments for debt taken before 1 April 2016. Following a late change advised by Audit Scotland, the ability to vary Loans Fund Repayments for debts pre 2016 can now be applied a year early in 2018/2019.
- 6.7.2. The Council carried out a detailed analysis of records against individual assets including schools and roads. The majority of the Council's debt which could be re-profiled relates to schools. Whilst the re-profiling had been agreed from 2019/2020 as part of the 2019/2020 budget the benefit can now be taken in 2018/2019. By changing loans fund repayments an additional underspend of £2.841 million can be taken in 2018/2019.
- 6.7.3. To do this requires a change the Council's Treasury Management Strategy. This would allow debt repayment to be spread across a longer time period.
- 6.7.4. There is no impact on the overall level of debt that will be repaid. The same amount of debt will be repaid, but the term over which it is repaid is extended. The reduction in principal debt repayments in 2018/2019 will be paid over the remaining life of the debts, and amounts to approximately £0.050 million per annum. This can be accommodated in the Loan Charges budget.
- 6.7.5. The Council are the approvers of the Treasury Management Strategy, and it is that Strategy that agrees the method of how the Council repays its debt. On that basis, there is a requirement to refer this change in approach to the Council for endorsement.
- 6.7.6. Approval was sought to transfer the £2.841 million in respect of the loans fund repayments to the Earmarked General Fund and used in the 2020/2021 Budget Strategy to reduce the savings requirement (subject to the Council's endorsement of the approach to debt repayment).

Table 4 - Loan Charges - Additional Proposed Transfers

Proposed Transfer	£m
Loan Charges Repayments - Future budget strategy (section 6.7.2)	2.841
Total Loan Charges Additional Transfers	2.841

- 6.8. **Corporate Items:** The final outturn position is an underspend of £1.687 million before transfers to reserves. This includes the impact of funding of the additional 0.5% 2018/2019 pay award (£1.305 million).

- 6.8.1. As reported during the year the underspend reflects budgets for Superannuation on Overtime, Rates, Utilities, Carbon Reduction and Pay Grade Restructure, which were not required in 2018/2019.
- 6.8.2. In addition, the actual position includes income from Feed In Tariffs and Renewable Heating Initiatives and also the repayment by Resources for 'spend to save' projects previously funded by the Central Energy Efficiency Fund (CEEF). These items are known at the year-end only, and are included in the list of proposed transfers to Reserves (Appendix 3) to meet future costs of energy projects. They do not affect the Council's position.
- 6.8.3. Also included in the Corporate Items line is the Interest on Revenue Balances (IORB) for both the Council's General Fund and in relation to the Council's Reserves.
- 6.8.4. The forecast over recovery on the General Fund IORB was included in the probable outturn, however, the actual position is an additional over recovery of £0.360 million reflecting the actual profile of spend/income realised to the end of the year. Approval is sought to transfer this additional income to Reserves to assist with the 2020/2021 Budget Strategy. The Reserves' IORB (£0.092 million) is included in Corporate Items and is an accounting entry only, as it must then be transferred to Reserves. This has no impact on the year-end position of the Council.
- 6.8.5. Finally, Corporate Items also includes the requirement to show the commitment on social housing funded by additional income from Council Tax Second Homes. The relevant income is included within the Council Tax income line, and between the two, has no impact on the Council's position.
- 6.8.6. As part of the probable outturn, a transfer to reserves from the Corporate Items budget line of £0.434 million was approved in respect of utilities. Due to the underspends in sections 6.8.2 and 6.8.4 above, approval was sought to transfer further amounts to reserves to meet commitments in future years. These are detailed in Table 5 and in Appendix 3:

Table 5 - Corporate Items - Additional Proposed Transfers

Proposed Transfer	£m
Feed In Tariffs - Future costs (section 6.8.2)	0.048
Renewable Heating Initiative - Future costs (section 6.8.2)	0.298
Central Energy Efficiency Fund - Future costs (section 6.8.2)	0.245
Interest on Revenue Balances (General Fund) - Future budget strategy (section 6.8.4)	0.360
Interest on Revenue Balances (Reserves) - Accounting requirement only (section 6.8.4)	0.092
Total Corporate Items Additional Transfers	1.043

- 6.8.7. The Corporate Items' position after all proposed Transfer to Reserves is an underspend of £0.210 million. This is an improved position of £0.054 million on the probable position shown for Corporate Items.
- 6.9. **Transfer to Reserves Budget Line**
- 6.9.1. **Priorities and Investments:** As reported during the year, the unutilised element of the priorities and investment budgets, which were allocations of funding for New Initiatives, was transferred to this budget line and approval received to transfer the underspend to reserves (Executive Committee, 13 February 2019). Before any

transfers to reserves, there is an underspend position of £5.202 million. After the approved transfer to reserves of £5.202 million, the position is breakeven which is in line with the position reported during the year.

- 6.9.2. **Corporate Transfers:** The overspend of £5.000 million reflects the approved transfer to reserves from the Council's underspend position, for utilisation in the 2019/2020 Budget Strategy. This is in line with the position reported during the year.
- 6.10. **Council Tax and Council Tax Reduction Scheme:** The year-end position on the Council Tax line is an over recovery of £3.138 million. The over recovery relates to higher than budgeted arrears collection, additional in-year collection and an over recovery of income in respect of Council Tax Second Homes, which offsets the expenditure contained within Corporate Items (section 6.8.5).
- 6.11. The year-end over-recovery is an improved position of £0.432 million compared to the probable position and mainly relates to lower than anticipated demand for the Council Tax Reduction Scheme payments, and slightly higher in-year collection of Council Tax and additional Council Tax Second Homes' income.
- 6.12. **Accounting Adjustments:** Accounting Regulations mean that adjustments are required to report spend correctly as either capital or revenue for the purposes of publishing our Annual Accounts. This includes where spend from the capital programme is on assets that are not owned by the Council (for example Clyde Gateway spend) or where spend must be classed as revenue. There is no physical impact for projects from this adjustment - it is an accounting entry only.
- 6.13. £5.408 million of capital spend is required to be recorded as revenue spend. Conversely, £1.867 million of revenue spend should be recorded as capital. The Resource positions above, include these required transfers between the revenue and capital account, and reflects the position reported to the Executive Committee on 29 May 2019 (Capital Outturn 2018/2019).

7. Summary of the General Services 2018/2019 Final Outturn Position

- 7.1. Table 6 summarises the year-end position across Resources and Corporate Budget lines, as discussed in section 6.

Table 6 - General Services 2018/2019 Year-End

Budget Line	Under / (Over) Before Transfer to Reserves	Total Approved Transfers to Reserves (App 2) (Exec Cttee – 13 Feb'19)	Total Additional Transfer to Reserves	Under / Over - Final Outturn
	£m	£m	£m	£m
Resources incl. Trading (sections 6.1-6.4)	3.697	(4.754)	(1.855)	(2.912)
Centrally Held Budgets (sections 6.6-6.9)	15.592	(10.636)	(3.884)	1.072
Total Expenditure	19.289	(15.390)	(5.739)	(1.840)
Council Tax Income (section 6.10)	3.138	-	-	3.138
Net Expenditure	22.427	(15.390)	(5.739)	1.298

- 7.2. The Probable Transfer to Reserves of £15.390 million is the revised figure shown in Appendix 2, and takes account of the fact that some transfers have been revised to reflect the final spend achieved in these areas in 2018/2019.

7.3. Table 6 shows that before the Transfers to Reserves, there is an underspend of £22.427 million. Taking into account the Transfers agreed at Probable (Appendix 2) as well as the additional Proposed Transfers of £5.739 million (Appendix 3) gives a total Transfer to Reserves of £21.129 million.

7.4. After taking account of all known commitments and transfers to reserves, **the position on the Council's budget is an underspend of £1.298 million.**

7.5. It was proposed that this underspend of £1.298 million is added to the earmarked reserves to be used to fund future pressures, and be held in the Uncommitted General Fund.

8. Reserves

8.1. As a result of the 2018/2019 final outturn exercise, the Council's Usable Reserves at the end of 2018/2019 will be £118 million. Of this total Reserves balance, £50 million was identified for use in the Council's Revenue Budget Strategies, with £26 million currently allocated to specific years. Appendix 6 provides a final Reserves position at 31 March 2019.

8.2. Following discussions with external audit, for the purposes of the Annual Accounts, the element of the amounts earmarked for future strategies, but which have not yet been allocated to a specific years' strategy, will be reclassified and held in the Uncommitted General Fund.

8.3. It is important to note that this does not change the value of the reserves held by the Council, and does not change the balance of reserves being used for future strategies. It merely changes whether they are held in the Earmarked or Uncommitted General Fund Reserves.

8.4. Other amounts within the overall total estimated Reserves at the end of 2018/2019 relate to specific Reserves such as the Housing Revenue Account, the Insurance Fund and Capital Funds, with £13 million held in the Uncommitted General Fund Reserve (excl. Revenue Strategy element) which the Council holds to use in the event of unforeseen circumstances year. Table 7 shows the position.

Table 7 - Reserves Analysis

	General Fund £m	Other Reserves £m	Total £m
Total Reserves (at 31 March 2019)	82.785	35.123	117.908
Less: Committed Reserves			
• Revenue Budget Strategies (amount not yet allocated to specific years - £24.264m)	45.918	4.116	50.034
• Housing Revenue Account	-	9.011	9.011
• Insurance Fund	-	3.278	3.278
• Repairs and Renewals	-	4.299	4.299
• Winter Maintenance	-	2.630	2.630
• Capital Funds (incl IT Development Fund)	-	11.789	11.789
• Government Grant carried forward	23.824	-	23.824
Uncommitted General Fund Reserve	13.043	-	13.043

9. Housing Revenue Account

- 9.1. The Housing Revenue Account is separate to the Council's General Fund. This account shows a deficit for the year of £2.613 million, which is funded from a transfer from the Housing Revenue Account Reserve. Appendix 7 shows the final outturn position to 31 March 2019 on the Housing Revenue Account. The position on the Housing Revenue Account will be breakeven after the Transfer from Reserves of £2.613 million.
- 9.2. The deficit of £2.613 million, when added to the amount brought forward from 2017/2018, gives an accumulated surplus of £9.011 million to be carried forward to 2019/2020 and will be used to meet future years' business plan commitments. This is reflected in the Council's reserves position.

10. Annual Accounts - South Lanarkshire Council

- 10.1. The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be formally considered by elected members at a meeting to be held no later than 31 August.
- 10.2. The Risk and Audit Scrutiny Committee were presented with the 2018/2019 Unaudited Accounts for their consideration at the meeting on 19 June 2019.
- 10.3. The Annual Statement of Governance will be included in the Accounts and was presented separately to the Risk and Audit Scrutiny Committee on 19 June 2019, and the Executive Committee on 26 June 2019.
- 10.4. A copy of the unaudited Annual Accounts was e-mailed to Members for information, following the Risk and Audit Scrutiny Committee on 19 June 2019.
- 10.5. The Annual Accounts have been prepared in line with proper accounting practice contained within the Accounting Code of Practice (the Code), but remain subject to audit by Audit Scotland, who will complete their audit by 30 September 2019, having reported their findings to the Council in advance of that date. The year-end position detailed in section 6 is reflected in the Council's unaudited Annual Accounts.
- 10.6. In line with previous years, the full unaudited Annual Accounts will be available for public inspection in the Council Offices between 28 June 2019 and 19 July 2019, as prescribed by the Local Authority Accounts (Scotland) Regulations 2014. The Regulations also require publication of the Annual Accounts on the Council's website. As such, the unaudited Accounts will be available online from 28 June 2019 until the date the audited Accounts are published.

11. Annual Accounts: Restatement of Monitoring Figures Reported

- 11.1. The Code introduced an Expenditure and Funding Analysis which must be prepared as part of the main Annual Accounts. The purpose of the statement is to reconcile the monitoring position reported to the Council's Executive Committee, to the figures reported in the Comprehensive Income and Expenditure Statement, which are presented on an accounting basis.
- 11.2. Appendix 8 reconciles the monitoring figures reported in Appendix 1 of this report to the figures in the Council's Annual Accounts (in the Expenditure and Funding Analysis Statement and the Comprehensive Income and Expenditure Account).
- 11.3. The starting point for the Expenditure and Funding Analysis is the year-end outturn before transfers to reserves shown in Appendix 1 (column 5), the monitoring surplus of £22.427 million. An adjustment is made to move the Trading Operations from

Resources to Other Income and Expenditure and to move the Corporate Items from the Other Income and Expenditure to the Resources. This is where they are shown in the Annual Accounts.

- 11.4. Appendix 8 (column 3) then takes this monitoring surplus of £22.427 million, and removes the Transfers from Reserves totalling £18.672 million, as the accounting requirements require us to remove both Transfers To and Transfers From Reserves, from these reported Committee figures.
- 11.5. The table in Appendix 8 then adds the HRA outturn position (col 5) to give the Council's total position: a surplus on provision of services of £1.142 million. This represents the Council's outturn position (General Fund plus HRA) on an accounting basis before Transfers To / Transfers From Reserves and is the position shown in the Expenditure and Funding Analysis.
- 11.6. Finally, the Expenditure and Funding Analysis position (Appendix 8, Table 1 - col 7) is adjusted for the technical accounting transactions, including depreciation and pension accounting entries, which are outwith the normal Council monitoring process, to arrive at the figures in the Comprehensive Income and Expenditure Statement. These transactions are for accounting purposes and reflect the Council spend in line with accounting guidance. They do not change the final outturn position of the Council and have no impact on the actual position of the Council and the funds available.
- 11.7. As detailed in section 11.5, the Expenditure and Funding Analysis shows the movement on the General Fund Reserve and HRA Reserve before any transfers to/from other reserves. These relate to transfers from Other Reserves including the Repairs and Renewals Fund (including Winter Maintenance), the Insurance Fund and the IT Development Fund (Capital Fund) to offset expenditure and commitments that have been charged to the Revenue Budget but where the funding to pay for these commitments sits in another Reserve.
- 11.8. These transfers need to be taken into account to arrive at the total movement in the General Fund Reserve and HRA Reserve included in the Balance Sheet (Appendix 8, Table 2). Table 2 in Appendix 8 shows that when these transfers totalling £7.990 million (Table 2) are taken into account, the total General Fund and HRA position for the year is an increase of £9.132 million.

12. Charitable Trusts Unaudited Accounts

- 12.1. The Council also submits unaudited accounts to the external auditor in respect of the 3 Charitable Trusts managed by the Council: South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trusts and the East Kilbride Information Technology Trust.
- 12.2. Copies of Council and Charitable Trust accounts were also e-mailed to Members following the Risk and Audit Scrutiny Committee on 19 June 2019.

13. Employee Implications

- 13.1. None.

14. Financial Implications

- 14.1. As detailed within this report.

15. Other Implications

- 15.1. 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.
- 15.2. There are no implications for sustainability in terms of the information contained in this report.

16. Equality Impact Assessment and Consultation Arrangements

- 16.1. 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.
- 16.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

17 July 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 31 March 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

Period Ended 31 March 2019 (No.14)

Committee

Departments:

Community and Enterprise Resources

Facilities Streets and Waste (Inc. Support)

Environmental Services (Inc. Projects)

Leisure and Culture Services

Planning and Economic Development

Roads

Fleet Trading Operation

Roads Trading Operation

Education Resources**Finance and Corporate Resources**

Finance Services

Audit and Compliance Services

Information Technology Services

Communications and Strategy Services

Administration and Licensing Services

Personnel Services

Housing and Technical Resources

Housing Services

Property Services

Property Services Trading Operation

Social Work Resources

Performance and Support Services

Children and Family

Adults and Older People

Justice and Substance Misuse

Joint Boards**Total Resources**

	Annual Budget £m <i>Col 1</i>	Forecast Before Transfers £m <i>Col 2</i>	Forecast After Transfers £m <i>Col 3</i>	Annual Forecast Variance (After Transfers) £m <i>Col 4</i>
Community and Enterprise Resources	110.587	110.658	110.095	(0.508)
Facilities Streets and Waste (Inc. Support)	64.697	64.592	64.877	(0.180)
Environmental Services (Inc. Projects)	3.995	3.914	3.966	0.029
Leisure and Culture Services	19.402	19.769	19.769	(0.367)
Planning and Economic Development	4.598	4.323	4.383	0.215
Roads	25.361	24.725	24.725	0.636
Fleet Trading Operation	(2.855)	(2.079)	(2.039)	(0.816)
Roads Trading Operation	(4.611)	(4.586)	(4.586)	(0.025)
Education Resources	312.633	308.171	312.595	0.038
Finance and Corporate Resources	34.239	34.239	34.239	0.000
Finance Services	15.083	14.780	14.780	0.303
Audit and Compliance Services	0.340	0.345	0.345	(0.005)
Information Technology Services	4.719	4.785	4.785	(0.066)
Communications and Strategy Services	1.092	1.395	1.395	(0.303)
Administration and Licensing Services	4.552	4.675	4.675	(0.123)
Personnel Services	8.453	8.259	8.259	0.194
Housing and Technical Resources	16.647	17.173	18.072	(1.425)
Housing Services	7.478	6.545	7.444	0.034
Property Services	13.329	13.363	13.363	(0.034)
Property Services Trading Operation	(4.160)	(2.735)	(2.735)	(1.425)
Social Work Resources	152.859	153.968	153.968	(1.109)
Performance and Support Services	7.901	7.176	7.176	0.725
Children and Family	29.816	31.597	31.597	(1.781)
Adults and Older People	114.023	114.218	114.218	(0.195)
Justice and Substance Misuse	1.119	0.977	0.977	0.142
Joint Boards	2.363	2.363	2.363	0.000
Total Resources	629.328	626.572	632.332	(0.738)

Actual to 31/03/19 Before Transfers £m <i>Col 5</i>	Variance Annual Budget To Actual Before Transfers £m <i>Col 6</i>	Actual to 31/03/19 After Transfers £m <i>Col 7</i>	Variance Annual Budget To Actual After Transfers £m <i>Col 8</i>
109.809	0.778	111.014	(0.427)
64.029	0.668	64.812	(0.115)
3.685	0.310	3.937	0.058
19.751	(0.349)	19.751	(0.349)
4.414	0.184	4.544	0.054
23.892	1.469	23.892	1.469
(1.899)	(0.956)	(1.859)	(0.996)
(4.063)	(0.548)	(4.063)	(0.548)
308.444	4.189	312.630	0.003
34.127	0.112	34.205	0.034
14.351	0.732	14.351	0.732
0.363	(0.023)	0.363	(0.023)
4.971	(0.252)	4.971	(0.252)
1.308	(0.216)	1.386	(0.294)
4.914	(0.362)	4.914	(0.362)
8.220	0.233	8.220	0.233
16.898	(0.251)	18.038	(1.391)
6.320	1.158	7.324	0.154
13.326	0.003	13.462	(0.133)
(2.748)	(1.412)	(2.748)	(1.412)
153.990	(1.131)	153.990	(1.131)
7.227	0.674	7.227	0.674
31.702	(1.886)	31.702	(1.886)
114.121	(0.098)	114.121	(0.098)
0.940	0.179	0.940	0.179
2.363	0.000	2.363	0.000
625.631	3.697	632.240	(2.912)

Total Resources

CFCR

Loan Charges

Corporate Items

Transfer to Reserves

Total Expenditure

	Annual Budget £m	Forecast Before Transfers £m	Forecast After Transfers £m	Annual Forecast Variance (After Transfers) £m
Total Resources	629.328	626.572	632.332	(0.738)
CFCR	0.541	0.541	0.541	0.000
Loan Charges	57.505	51.605	51.605	5.900
Corporate Items	1.347	0.757	1.191	1.461
Transfer to Reserves	5.202	0.000	10.202	(5.000)
Total Expenditure	693.923	679.475	695.871	(1.948)
Council Tax	146.058	148.566	148.566	2.508
Less: Council Tax Reduction Scheme	(19.670)	(19.472)	(19.472)	0.198
Net Council Tax	126.388	129.094	129.094	2.706
General Revenue Grant	254.082	254.082	254.082	0.000
Non Domestic Rates	295.500	295.500	295.500	0.000
Transfer from Reserves	17.953	17.953	17.953	0.000
Total Income	693.923	696.629	696.629	2.706
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(17.154)	(0.758)	0.758

Actual to 31/03/18 Before Transfers £m	Variance Annual Budget To Actual Before Transfers £m	Actual to 31/03/18 After Transfers £m	Variance Annual Budget To Actual After Transfers £m
625.631	3.697	632.240	(2.912)
0.541	0.000	0.541	0.000
48.802	8.703	51.643	5.862
(0.340)	1.687	1.137	0.210
0.000	5.202	10.202	(5.000)
674.634	19.289	695.763	(1.840)
148.737	2.679	148.737	2.679
(19.211)	0.459	(19.211)	0.459
129.526	3.138	129.526	3.138
254.082	0.000	254.082	0.000
295.500	0.000	295.500	0.000
17.953	0.000	17.953	0.000
697.061	3.138	697.061	3.138
(22.427)	22.427	(1.298)	1.298

**Net Expenditure / (Surplus) Before
Transfers to Reserves**

Transfers to Specific Reserves

**(Surplus) After Transfers to Specific
Reserves**

Transfer to Earmarked General Fund

**Surplus for Year Transferred to
Uncommitted General Fund**

	Annual Budget £m	Forecast Before Transfers £m	Forecast After Transfers £m	Annual Forecast Variance (After Transfers) £m
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(17.154)	(17.154)	17.154
Transfers to Specific Reserves	0.000	0.000	0.192	(0.192)
(Surplus) After Transfers to Specific Reserves	0.000	(17.154)	(16.962)	16.962
Transfer to Earmarked General Fund	0.000	0.000	16.204	(16.204)
Surplus for Year Transferred to Uncommitted General Fund	0.000	(17.154)	(0.758)	0.758

Actual to 31/03/19 Before Transfers £m	Variance Annual Budget To Actual Before Transfers £m	Actual to 31/03/19 After Transfers £m	Variance Annual Budget To Actual After Transfers £m
(22.427)	22.427	(22.427)	22.427
0.000	0.000	1.774	(1.774)
(22.427)	22.427	(20.653)	20.653
0.000	0.000	19.355	(19.355)
(22.427)	22.427	(1.298)	1.298

Transfers to Reserves – Approved at Probable

Purpose / Description	£m
Community and Enterprise Resources	
Crematorium Sinking Fund Contribution to meet future replacement costs at the crematorium	0.050
Crematorium Shelter Funding required to manage the costs of erecting a shelter for visitors at the Crematorium	0.050
Cashless System Transfer to fund associated costs with a new cashless school system	0.175
Comfort Scheme New initiative in Lanark to encourage tourism by reimbursing businesses for allowing the public to use their toilet facilities	0.010
Flare System Transfer in respect of costs to upgrade the Flare IT system within Environmental Services.	0.052
EK Task Force Funding identified to contribute towards costs of EK Task Force	0.060
Fleet Sinking Fund Contribution to manage the cost of equipment replacement in fleet services in future years.	0.040
Total Community and Enterprise Resources Transfers Approved at Probable	0.437
Adjust: Reduction in transfer to reflect final outturn position (EK Task Force – decrease £0.030m)	(0.030)
Revised Community and Enterprise Resources Transfers Approved at Probable	0.407
Education Resources	
ELC 1140 Specific Grant Underspend on the Early Years 1140 specific grant due to timing of staff recruitment which is required to meet costs of the service in future years.	0.927
Support Service Co-Ordinators Grade Funding to manage the future costs of job evaluation claims	0.300
Early Years Workers Non Specific Grant Underspend to be carried forward to manage future costs in relation to Early Years' service	0.497
Pupil Equity Fund (already reported) The funding received from the Government can be used up to the end of the school term (June 2019). The underspend reflects the element of the funding that will be utilised in April to June 2019.	2.300
ICT Funding Contribution to support the funding required for the renewal of the schools ICT contract.	0.400
Total Education Transfers Approved at Probable	4.424
Adjust: Reduction in transfer to reflect final outturn position (ELC 1140 Grant - decrease £0.060m, Support Co-ordinators - decrease £0.150m, PEF - decrease £0.766m)	(0.976)
Revised Education Transfers Approved at Probable	3.448
Housing and Technical Resources	
Homelessness The grant from the Scottish Government included funding for Homelessness. Due to implementation timescales and the level of bad debts being lower than anticipated there is an underspend in the current year to be carried forward to manage the cost of homelessness in future years.	0.899
Total Housing and Technical Resources Transfers Approved at Probable	0.899
Total Resource Transfers to Reserves Approved at Probable	5.760
Adjust: Total Reduction in transfer to reflect final outturn position	(1.006)
Revised Resource Transfers to Reserves Approved at Probable	4.754

Centrally Held Budgets	
Corporate Items - Transfers to Reserves	
Utilities Carry forward of underspend in 2018/2019 to manage any shortfall in 2019/2020 based on current price increase predictions.	0.434
Total Corporate Items Transfers to Reserves	0.434
Transfers to Reserves - Priorities and Investments	
Teachers incl. Classroom Support The 2018/2019 budget contains funding for 2 years. The transfer reflects the element required to be transferred to fund the associated costs in 2019/2020.	1.730
Employability The 2018/2019 budget contains funding for 2 years. The transfer reflects the element required to be transferred to fund the associated costs in 2019/2020.	3.211
School Breakfast Clubs Underspends were anticipated in the current year due to the rollout of the pilots. This is being carried forward to meet the costs in 2019/2020.	0.100
Holiday Lunch Clubs Underspends were anticipated in the current year due to the rollout of the pilots. This is being carried forward to meet the costs in 2019/2020.	0.150
Total Priorities and Investments Budget Transfers (Transfer to Reserves Line)	5.191
Adjust: Increase in transfer to reflect final outturn position (Employability - Increase £0.063m, Breakfast Clubs - decrease £0.052m)	0.011
Revised Priorities and Investments Budget Transfers (Transfer to Reserves Line)	5.202
Corporate Transfers	
2019/2020 Strategy Underspend in 2018/2019 due to loan charges and council tax to be carried forward and used to manage the 2019/2020 budget strategy.	4.000
Total Corporate Transfers	4.000
Adjust: Additional transfer agreed as part of Probable	1.000
Revised Corporate Transfers	5.000
Total Centrally Held Budgets – Transfers to Reserves	10.636
Total Transfers to Reserves – Approved at Executive Committee (13 February 2019)	15.385
Adjust: Total Reduction in transfer to reflect final outturn position (Resources and Corporate Items above)	0.005
Revised Transfers to Reserves – Approved at Probable	15.390

Transfers to Reserves – Additional Proposed Transfers

Purpose / Description	£m
Community and Enterprise Resources	
Waste Contract Transfer of credit from contractor in respect of waste contract to be used to assist in managing future cost pressures.	0.488
Health and Safety Cemeteries Transfer of funding from 2018/2019 to fund 2019/2020 costs of health and safety requirements in cemeteries.	0.010
Public Health Legal Case Transfer to fund costs following completion of the public safety legal case.	0.200
Local Plan Transfer to fund additional costs associated with the multi-year production of the Local Plan which will be completed in 2019/2020.	0.100
Total Community and Enterprise Resources	0.798
Education Resources	
Sanitary Products in Schools The underspend in the specific grant funding will be used in the remainder of the academic year (April-June 2019).	0.090
Teachers Pay Funding The grant not utilised in the current year to be carried forward to manage cost of teachers pay award in 2019/2020.	0.648
Total Education Resources	0.738
Finance and Corporate Resources	
Sanitary Products in Public Places The transfer of specific grant funding to meet costs of goods ordered but which will not be received until 2019/2020.	0.078
Total Finance and Corporate Resources	0.078
Housing and Technical Resources	
Scheme of Assistance This is a multi-year demand led budget which can fluctuate annually. The carry forward will assist in managing demand across future years.	0.136
Rapid Rehousing Transition Plan Underspend due to timing of funding. Transfer of funding to meet cost of Strategy Co-Ordinator in future years (approved at Housing and Technical Committee, 23 January 2019).	0.105
Total Housing and Technical Resources	0.241
Total Resource Transfers to Reserves	1.855
Loan Charges	
Loan Charges Due to the review of loans fund repayments following the Stage 1 Budget Bill and the late change by Audit Scotland to allow the application of this review to apply in 2018/2019, the underspend will be carried forward and used in the 2020/2021 Budget Strategy to reduce the savings requirement (section 6.7.6).	2.841
Total Loan Charges Transfer to Reserves	2.841
Corporate Budget	
Central Energy Efficiency Fund (CEEF) Resources are allocated funding from the CEEF reserve to pay for 'spend to save' projects, which they repay over future years from the revenue savings generated by the project. This transfer represents the payback of savings from Resources and allows the reserve to be regenerated for use on future projects.	0.245

Feed In Tariff Income Carry forward income received from energy transferred back to the grid for use in future years on energy efficiency related projects.	0.048
Renewable Heat Initiative Income Carry forward subsidy income received from the Government for use on future energy efficiency related projects.	0.298
Interest on Revenue Balances – General Fund The income received on General Fund revenue balances during the year was higher than anticipated. The proposal is to transfer this additional income to use in the 2020/2021 Budget Strategy.	0.360
Interest on Revenue Balances – Reserves The Council generates Revenue on its Reserves balances during the year. However, accounting treatment prohibits the direct credit of this to Reserves. Instead the income is credited to the General Fund and then transferred to the appropriate Reserve as part of the year end closing entries.	0.092
Total Corporate Budget Lines Transfers to Reserves	1.043
Total Centrally Held Budget Lines Transfers to Reserves	3.884
Total Additional Proposed Transfers to Reserves	5.739
Summary of Transfers to Reserves	£m
Transfers Approved at Probable	15.385
Adjust: Total Reduction in transfer to reflect final outturn position (shown in Appendix 3)	0.005
Revised Transfers Approved at Probable	15.390
Proposed Additional Transfers (Tables 2 and 3 in Report)	5.739
Total Transfers to Reserves	21.129

Resource 2018/2019 Final Outturn Position

The final outturn position for the year ended 31 March 2019, has been now been confirmed. There are examples of where commitments have not fully spent in 2018/2019, but which will spend in 2019/2020. As is normal practice, these committed monies are carried forward through Reserves at the end of the financial year.

To reflect this, the Resources' position shown in the table below details the outturn before Transfers to Reserves (col 2), the Transfers to Reserves by Resources approved as part of the Probable Outturn Exercise (col 3), the additional Transfers to Reserves being proposed by Resources (col 4) at the year end and the resultant final outturn position (col 5). Approval for these transfers is sought via Section 5 of the report.

The table shows an underspend of £3.697 million on the Resources' (including Trading Operations) current year budgets before any Transfers to Reserves for commitments.

After Transfers to Reserves of £6.609 million (col 3 and 4), the Resource position is an overspend for the year of £2.912 million (col 5). This is an improved position of £0.092 million compared to the Probable Outturn overspend of £3.004 million.

Budget Line col 1	Under / (Over) Before Transfer to Reserves col 2 £m	Approved Probable Outturn Transfers to Reserves col 3 £m	Additional Proposed Transfer to Reserves col 4 £m	Under / Over – Final Outturn col 5 £m
Resources				
Community and Enterprise incl Trading	0.778	(0.407)	(0.798)	(0.427)
Education	4.189	(3.448)	(0.738)	0.003
Finance and Corporate	0.112	-	(0.078)	0.034
Housing and Technical	(0.251)	(0.899)	(0.241)	(1.391)
Social Work Resources	(1.131)	-	-	(1.131)
Joint Boards	-	-	-	-
Total Resources incl Trading Operations	3.697	(4.754)	(1.855)	(2.912)

Each Resource is taken in turn in the table below, including an explanation of the reasons for the variances and any changes to the reserve transfer figures.

Resource	2018/19 Final Outturn
Community and Enterprise incl Trading Operations	<p>The Resource including Trading Operations is showing an underspend position of £0.778 million before Transfers to Reserves. This is a decreased position of £0.849 million from the Probable position reported during the year, due to the Trading Operations' under recovery against surplus being higher than that anticipated at probable.</p> <p>Client Services - £2.282m underspend before transfers to reserves: The net underspend position reflects underspends resulting from the turnover of staff as well as additional planning and building standards income. In addition, a refund was received from the contractor in respect of the waste contract. These are partially offset by the approved additional payment made to South Lanarkshire Leisure to assist with their budget pressures. This is offset by the under recovery of surplus in the Trading Operations detailed below.</p>

	<p>Trading Operations - :</p> <p>Within Fleet, the under recovery against surplus of £0.956 million before transfers to reserves, is due to the timing of efficiencies and also higher expenditure on materials and external repairs costs than anticipated.</p> <p>For Roads, the under recovery against surplus of £0.548 million is due to the use of external contractors as a result of turnover of staff and also the timing of work on capital projects.</p> <p>This is in line with the position reported during the year.</p> <p>Transfers to Reserves totalling £0.407 million were approved as part of the Council's Probable Outturn, detailed in Appendix 2. As part of the final outturn, additional Transfers to Reserves are proposed totalling £0.798 million as detailed in Appendix 3. These relate to the Waste Contract refund to meet commitments in future years, funding to manage the cost of planning inquiries and funding for future commitments in respect of the public safety legal case.</p> <p>The final position for the Resource, after all Transfers to Reserves is a net overspend of £0.437 million, compared to a probable overspend position of £0.508 million.</p>
Education Resources	<p>The Resource outturn position is an underspend of £4.189 million before Transfers to Reserves. This is a reduced position of £0.273 million from the Probable position reported during the year.</p> <p>The underspend relates to the Pupil Equity Fund for which funding is received for the academic year, which straddles two financial years and also an underspend within the Early Years' Service including the 1,140 expansion, due to the timing of recruitment.</p> <p>There are also underspends in utilities and rates due to consumption efficiencies and the timing of opening of new establishments. These are partially offset by overspends in transport and demand led external placements. This is in line with the position reported during the year.</p> <p>Transfers to reserves totalling £4.424 million were approved as part of the Council's Probable Outturn (Appendix 2) in relation to the Pupil Equity Fund, Early Years and Information Technology funding. The level of transfer in respect of some these items at year end has decreased by £0.976 million in relation to PEF and Early Years, reflecting additional expenditure incurred during 2018/2019.</p> <p>As part of the final outturn, additional Transfers to Reserves are proposed totalling £0.738 million in relation to funding for Teachers Pay and Sanitary Products in Schools which has not been fully utilised in 2018/2019 but which is required to meet commitments in 2019/2020.</p> <p>The final position after all Transfers to Reserves is an underspend of £0.003 million, compared to a probable underspend position of £0.038 million.</p>
Finance and Corporate Resources	<p>The Resource is showing a net underspend of £0.112 million before Transfers to Reserves. This is an improved position of £0.112 million from the Probable breakeven position.</p> <p>The underspend is due to the level of staff turnover being experienced across the Services during the year, a reduction in the cost of overpayments as part of the administration of Housing Benefits, the reduced cost of Employability programmes during the year and an underspend in the funding received for the provision of sanitary products in public places. This underspend is partially offset by expenditure on the rollout of multi-functional devices to schools, expenditure in IT related projects and a reduction in income from print-room work and the renewal of licences.</p>

	<p>The Resource did not previously request any transfers to reserves, however, as noted above, part of the underspend relates to funding for Sanitary Products in Public Places which has not been utilised in 2018/2019. The Resource is seeking approval to transfer this funding of £0.078 million to reserves to meet commitments in 2019/2020. This proposal is included in Appendix 3.</p> <p>The final position after all Transfers to Reserves is an underspend of £0.034 million, compared to a probable position of breakeven.</p>
Housing and Technical Resources incl Trading Operations	<p>The final outturn position for the Resource including Trading Operations, is an overspend of £0.251 million before Transfers to Reserves. This is an improved position of £0.275 million on the probable outturn position reported during the year.</p> <p>Client Services: As reported during the year, within Housing Services there is an underspend in respect of the Scottish Government funding for Temporary Accommodation within the Homelessness Service. Due to implementation timing and the level of bad debts being lower than anticipated, the funding was not fully utilised in 2018/2019. In addition, the Service experienced underspends in respect of the Rapid Rehousing Programme funding which was not fully utilised due to the timing of the recruitment of staff.</p> <p>In addition Property Services experienced overspends in repairs and an under recovery of rental income, offset by an underspend in respect of the scheme of assistance payments to homeowners in relation to capital projects, which is demand led and is linked to the timing of capital projects.</p> <p>Trading Operation: The under recovery of surplus in the Property Trading Operation is due to the timing of works in relation to Early Years, Central Heating Programmes and Growth and Capacities in Schools.</p> <p>In relation to reserves transfers, a transfer to reserves of £0.899 million in respect of the Temporary Accommodation funding was approved as part of the Council's Probable Outturn at the Executive Committee on 13 February 2019, detailed in Appendix 2. As part of the final outturn, additional Transfers to Reserves totalling £0.241 million in respect of the Rapid Rehousing Programme and Scheme of Assistance are proposed as detailed in Appendix 3.</p> <p>The final position after all transfers to reserves is an overspend of £1.391 million compared to a probable overspend of £1.425 million, an improved position of £0.034 million.</p>
Social Work Resources	<p>The outturn position is a net overspend of £1.131 million before Transfers to Reserves. This is a worse position of £0.022 million on the figure of £1.109 million reported during the year.</p> <p>The net overspend as reported during the year is due to an overspend in Children and Families (external residential places, foster places as well as the level of kinship care payments) and Adults and Older People (employee costs). In addition, Adults and Older People have experienced additional expenditure on equipment, adaptations and technology to assist users to remain at home, as well as demand for respite and direct payments.</p> <p>These overspends are partially offset by underspends in Performance and Support and Justice due to turnover of staff.</p> <p>The Resource are not proposing any transfers to reserves and therefore the final outturn position after transfers remains at an overspend of £1.131 million, compared to the forecast overspend of £1.109 million.</p>

2018/2019 Revenue Outturn

Service Variance Explanations BEFORE Transfers to Reserves

Resource / Service	Under / (Over) £m
Community and Enterprise Resources (including Trading Operations)	
Facilities, Streets and Waste The underspend is mainly due to the level of staff turnover experienced during the year and also a refund from the contractor in respect of the Waste Contract.	0.668
Environmental Services (including Projects) The underspend is mainly due to the level of staff turnover experienced during the year, partially offset by expenditure on legal costs in of respect a public health case.	0.310
Leisure The overspend relates to the additional payment made to South Lanarkshire Leisure to assist with their budget pressures.	(0.349)
Planning and Economic Development The underspend is due to additional income from planning applications and building warrants, partially offset by expenditure on legal fees for planning inquiries and security at Christmas switch on events.	0.184
Roads Services The underspend reflects the level of staff turnover experienced by the Service during the year and also less than anticipated expenditure on reactive repairs.	1.469
Fleet Trading Operation The under recovery against surplus is due to the timing of efficiencies and also higher than anticipated expenditure on materials and external repairs.	(0.956)
Roads Trading Operation The under recovery of surplus is due to the use of external contractors as a result of turnover of staff and also the timing of work on capital projects.	(0.548)
Education Resources	
The underspend relates to Pupil Equity Funding which is received for academic school years rather than financial years. This underspend will be used in April-June 2019 (2019/2020). In addition, specific grant funding was received for the delivery of 1,140 hours within Early Years and due to the timing of recruitment which has been progressing since August 2018 to meet implementation requirements, and a lower than anticipated uptake in the lunches provided in Early Years establishments, there is an underspend in 2018/2019. There is also an underspend in utilities due to consumption efficiencies and an underspend in rates due to the timing of the opening of new establishments.	4.189
Finance and Corporate Resources	
Finance Services The underspend is due to vacancies being considered in line with Service requirements and the reduced cost of overpayments as part of the administration of Housing Benefit.	0.732
Audit and Compliance Services The overspend relates to an under recovery of income, reflecting the level of service provided to other bodies.	(0.023)

Information Technology Services The overspend reflects lower than anticipated staff turnover, additional electricity costs at the Caird Data Centre and expenditure on a number of IT projects.	(0.252)
Communications and Strategy The majority of the overspend relates to an under recovery of income from external works carried out.	(0.216)
Administration, Legal & Licensing The overspend reflects a lower than anticipated level of staff turnover and an under recovery of income from private hire and taxi operator licences.	(0.362)
Personnel Services The underspend is due to the reduced cost of Employability programmes during the year.	0.233
Housing and Technical Resources (including Trading Operations)	
Housing Services Funding received from the Scottish Government for Temporary Accommodation was not fully spent due to implementation timescales resulting in an underspend. In addition, funding was also received to assist with Rapid Rehousing Transitional Planning which due to timing was not utilised during the year. The Resource has requested that this funding be transferred to reserves to meet commitments in future years.	1.158
Property Services The service has experienced an underspend in the scheme of assistance to homeowners for capital projects, which is a demand led budget. This was partially offset by additional expenditure on repairs and an under recovery of rental income.	0.003
Property Trading Operation The level of income from both contract and design work can be affected by the timing of works. The under recovery of surplus is due to the timing of works in relation to Early Years, Central Heating Programmes and Growth and Capacities in Schools.	(1.412)
Social Work Resources	
Performance and Support The underspend is due to the turnover of staff experienced during the year and expenditure on the implementation of the Carers Act was lower than anticipated.	0.674
Children and Families The overspend is due to expenditure on residential schools and external placements, fostering and adoption, kinship care and also turnover being lower than anticipated. This overspend is partially offset by non-recurring income and also an over recovery of income in relation to asylum seeking young people.	(1.886)
Adults and Older People The overspend relates to expenditure on staffing and equipment, adaptations and assistive technology to support service users to remain at home and also demand for respite services and direct payments. This is partially offset by underspends in demand for Care Homes and Home Care as well as an over recovery of income.	(0.098)
Justice and Substance Misuse The underspend mainly relates to staff turnover being higher than anticipated, partially offset by additional costs to support service users in the community.	0.179

Analysis of Council's Usable Reserves

Reserves / Funds	Balance at 31 March 2018 £m	Re- classify Future strategy sums not yet allocated to a year £m	Transfers to Reserves 2018/19 £m	Transfers from Reserves 2018/19 £m	Balance as at 31 March 2019 £m	Total Set Aside for Future Revenue Budget Strategies £m	Balance £m	Analysis of Balance on Reserves / Funds
Earmarked General Fund	57.997	(22.966)	19.355	(8.908)	45.478	(21.654)	23.824	
Repairs and Maintenance	7.232	-	1.004	(1.307)	6.929	-	6.929	Winter Maintenance Fund (£2.630m)
								Repairs and Renewals (£4.299m)
Capital Funds	18.229	-	8.182	(10.506)	15.905	(4.116)	11.789	IT Development Fund (£2.946m)
								Education Capital Items Replacement Fund (£1.415m)
								Central Energy Efficiency Fund (£0.861m)
								Adoptions (£0.489m)
								Capital Receipts (£6.078m)
Insurance Fund	4.516	-	0.018	(1.256)	3.278	-	3.278	
Housing Revenue Account	11.624	-	-	(2.613)	9.011	-	9.011	
Uncommitted General Fund	13.043	22.966	1.298	-	37.307	(24.264)	13.043	
	112.641	-	29.857	(24.590)	117.908	(50.034)	67.874	

General Fund								
Earmarked General Fund	57.997	(22.966)	19.355	(8.908)	45.478	(21.654)	23.824	
Uncommitted General Fund	13.043	22.966	1.298	-	37.307	(24.264)	13.043	
Total General Fund	71.040	-	20.653	(8.908)	82.785	(45.918)	36.867	

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 31 March 2019 (No.14)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 31/03/19	Actual to Period 14 31/03/19	Variance to 31/03/19		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	13.171	12.997	0.174	13.171	14.297	(1.126)	over	(8.5%)	
Property Costs	41.871	41.829	0.042	41.871	39.478	2.393	under	(5.7%)	
Supplies & Services	0.768	0.712	0.056	0.768	0.708	0.060	under	7.8%	
Transport & Plant	0.195	0.175	0.020	0.195	0.202	(0.007)	over	(3.6%)	
Administration Costs	5.713	5.677	0.036	5.713	5.614	0.099	under	1.7%	
Payments to Other Bodies	3.221	3.221	0.000	3.221	3.308	(0.087)	over	(2.7%)	
Payments to Contractors	0.100	0.129	(0.029)	0.100	0.141	(0.041)	over	(41.0%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	23.751	23.782	(0.031)	23.751	32.253	(8.502)	over	(35.8%)	
Total Controllable Expenditure	88.790	88.522	0.268	88.790	96.001	(7.211)	over	(8.1%)	
Total Controllable Income	(98.273)	(97.714)	(0.559)	(98.273)	(108.019)	9.746	over recovered	9.9%	
Transfer to/(from) Balance Sheet	(5.318)	(5.319)	0.001	(5.318)	(2.613)	(2.705)	over	(50.9%)	
Net Controllable Expenditure	(14.801)	(14.511)	(0.290)	(14.801)	(14.631)	(0.170)	over	(1.1%)	
Add: Non Controllable Budgets									
Financing Charges	14.801	14.511	0.290	14.801	14.631	0.170	under	1.1%	
Total Budget	0.000	0.000	0.000	0.000	0.000	-	-	0.0%	

Appendix 8

Table 1 - Reconciliation of Monitoring Position to Annual Accounts	Actual to Period 14 31/03/18 (App 2 Col 5) £m	Move Trading Operations and Corporate Items £m	Remove Transfers from Reserves £m	Revised General Fund Position per EFA £m	Add: HRA Position £m	Total EFA per Annual Accounts £m	Statutory Accounting Adjustment £m	CIES Figure per Annual Accounts £m
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
Community and Enterprise Resources	109.809	5.962	-	115.771	-	115.771	22.438	138.209
Education Resources	308.444	-	-	308.444	-	308.444	4.089	312.533
Finance and Corporate Resources	34.127	-	-	34.127	-	34.127	5.418	39.545
Housing Revenue Account	-	-	-	-	2.613	2.613	(8.754)	(6.141)
Housing and Technical Resources	16.898	2.748	-	19.646	-	19.646	4.528	24.174
Social Work Resources	153.990	-	-	153.990	-	153.990	12.145	166.135
Joint Boards	2.363	-	-	2.363	-	2.363	-	2.363
Corporate Items	-	(0.340)	-	(0.340)	-	(0.340)	2.202	1.862
Non Distributed Costs – HRA	-	-	-	-	-	-	0.327	0.327
Total Resources	625.631	8.370	-	634.001	2.613	636.614	42.393	679.007
Trading Operations	-	(8.710)	-	(8.710)	-	(8.710)		
CFCR	0.541	-	0.719	1.260	-	1.260		
Loan Charges	48.802	-	-	48.802	-	48.802		
Corporate Items	(0.340)	0.340	-	-	-	-		
Council Tax	(129.526)	-	-	(129.526)	-	(129.526)		
General Revenue Grant	(254.082)	-	-	(254.082)	-	(254.082)		
Non Domestic Rates	(295.500)	-	-	(295.500)	-	(295.500)		
Transfer from Reserves	(17.953)	-	17.953	-	-	-		
Other Income and Expenditure	(648.058)	(8.370)	18.672	(637.756)	-	(637.756)	(20.561)	(658.317)
(Surplus)/Deficit on Provision of Services	(22.427)	-	18.672	(3.755)	2.613	(1.142)	21.832	20.690

Table 2 - Total Movement in General Fund Reserve and HRA Reserve	General Fund £m	HRA £m	Total £m
Closing General Fund and HRA Balance	(71.040)	(11.624)	(82.664)
(Surplus) /Deficit on General Fund per EFA	(3.755)	2.613	(1.142)
Transfer to/from Other Reserves (see Table 3)	(7.990)	-	(7.990)
Total Movement in Year	(11.745)	2.613	(9.132)
Closing General Fund and HRA Balance	(82.785)	(9.011)	(91.796)

Table 3 - Transfers to/from Other Reserves	General Fund £m
Repairs and Renewals (including Winter Maintenance)	(0.303)
Insurance Fund	(1.238)
Capital Fund (including IT Development Fund, Central Energy Efficiency Fund, Education Capital Items Replacement)	(0.949)
Capital Receipts Reserve	(5.500)
	(7.990)