

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	26 April 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2017/2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update members of the Financial Resources Scrutiny Forum of progress on the Council's revenue budget for the period covering 1 April 2017 to 2 February 2018.

2. Recommendation(s)

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

- (1) that the 2017/2018 Financial Position as at period 12 (2 February 2018) and the forecast to 31 March 2018, for General Services, Housing Revenue Account and Trading Operations (as detailed in Appendices A to C), be noted.

3. Background

3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 28 March 2018. The reports detail the position as at 2 February 2018 for General Services, Housing Revenue Account and the Council's Trading Operations.

3.2. The papers have been split into separate Appendices as shown below:

- ◆ Appendix A - 2017/2018 Financial Position as at Period 12 (2 February 2018) for General Services
- ◆ Appendix B - 2017/2018 Financial Position as at Period 12 (2 February 2018) for Housing Revenue Account
- ◆ Appendix C - 2017/2018 Financial Position as at Period 12 (2 February 2018) for the Council's Trading Operations

4. Employee Implications

4.1. None

5. Financial Implications

5.1. The financial position of the General Services Revenue Budget, Housing Revenue Account and the Council's Trading Operations are detailed in Appendices A to C attached.

- 5.2. **General Fund Revenue Account Position (including Trading Operations):** As at 2 February 2018, Appendix A of the report details an underspend of £0.793 million (1.1%) against the phased budget. This position reflects underspends anticipated on Education Resources as well as a number of Corporate Items (such as Utilities, Rates and Auto Enrolment), which are partially offset by an overspend on Community and Enterprise Resources and Social Work Resources.
- 5.3. An improved position is currently being seen in Social Work, primarily due to Care Home numbers fluctuating over the winter months. This position will be monitored over the coming months.
- 5.4. **Winter Maintenance:** The figures included in Appendix 1 take us to 2 February 2018. This does not include the costs that have been incurred in relation to winter weather over recent weeks. In relation to the recent inclement weather, the Cabinet Secretary for Finance and the Constitution has activated the Bellwin Scheme to provide councils with emergency financial assistance for any eligible costs resulting from recent inclement weather. There are thresholds under which a claim cannot be made. The threshold allocated to the Council is £1.352m (which is calculated as 0.2% of a local authority's budgeted net revenue expenditure).
- 5.5. The Council is currently collating all costs included through the relevant time period to submit to the Government, and if the Council has incurred eligible costs above the threshold, then this should allow the Council to reclaim any such costs. The Scheme is intended to meet uninsured additional expense of local authorities in providing immediate relief, in safeguarding life and property, and in keeping key communications open in the immediate aftermath of an emergency incident. The key criterion is to safeguard, life and property, and prevent suffering or severe inconvenience in a local authority area or amongst its inhabitants in the 2 months following an incident. Claims require to be submitted within 4 months of the incident.
- 5.6. It is estimated that the costs of winter this year is expected to be approximately £7 million. The estimate included within the probable outturn position reported was £5.7 million. The balance of costs will be met from the Winter Maintenance Reserve initially, and offset with any future recovery of funds available through the Bellwin Scheme.
- 5.7. **Other Funding:** There has been no additional funding notified to Resources since the last report.
- 6. 2017/2018 General Services Probable Outturn**
- 6.1. Following the probable outturn exercise, the financial forecast for year ended 31 March 2018, has been confirmed. Taking account of all known commitments, the figures in Appendix A (page 1 and 2) show an underspend position of £0.500 million on the current year budget, which will be transferred to the Uncommitted General Fund at the end of the financial year.
- 6.2. This final outturn position includes transfers to reserves of £11.018 million from Resources and £10.852 million additional Corporate transfers.

7. Housing Revenue Account Position

- 7.1. As at 2 February 2018, Appendix B of the report shows a breakeven position against the phased budget on the Housing Revenue Account, after taking account of the proposed transfer to reserves of £0.029 million. The forecast to 31 March 2018 on the Housing Revenue Account is a breakeven position. This is detailed in Appendix B of the report.

8. Trading Operations

- 8.1. Included within the underspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations. As at 2 February 2018, the actual surpluses achieved by the Trading Operations total £8.109 million, representing an under recovery of £0.136 million against the phased budget. These are detailed in Appendix C of the report.

9. Other Implications

- 9.1. 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.
- 9.2. There are no implications for sustainability in terms of the information contained in this report.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. 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.
- 10.2. 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)

28 March 2018

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 2 February 2018

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 2 February 2018 (No.12)

<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (After Transfers)	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18	
Departments:	£m	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	120.135	120.501	120.819	(0.684)	95.745	96.341	(0.596)	over
Facilities Streets and Waste (Inc. Support)	62.736	62.865	62.975	(0.239)	50.300	50.546	(0.246)	over
Environmental Services (Inc. Projects)	4.542	4.401	4.401	0.141	3.614	3.459	0.155	under
Leisure and Culture Services	18.765	18.722	18.722	0.043	18.698	18.658	0.040	under
Planning and Economic Development	4.665	4.942	5.150	(0.485)	2.635	3.050	(0.415)	over
Roads	29.427	29.571	29.571	(0.144)	20.498	20.628	(0.130)	over
Education Resources	296.372	289.832	295.730	0.642	233.146	232.640	0.506	under
Finance and Corporate Resources	33.912	33.621	33.912	0.000	36.865	36.865	0.000	-
Finance Services	16.118	15.926	15.926	0.192	19.684	19.501	0.183	under
Audit and Compliance Services	0.421	0.445	0.445	(0.024)	0.469	0.494	(0.025)	over
Information Technology Services	3.902	3.902	3.902	0.000	4.589	4.589	0.000	-
Communications and Strategy Services	1.046	1.164	1.164	(0.118)	1.153	1.313	(0.160)	over
Administration and Licensing Services	5.756	5.806	5.806	(0.050)	5.302	5.300	0.002	under
Personnel Services	6.669	6.378	6.669	0.000	5.668	5.668	0.000	-
Housing and Technical Resources	23.967	23.308	23.967	0.000	20.065	20.065	0.000	-
Housing Services	7.639	6.784	7.443	0.196	4.837	4.770	0.067	under
Property Services	16.328	16.524	16.524	(0.196)	15.228	15.295	(0.067)	over
Social Work Resources	139.279	140.203	140.203	(0.924)	107.760	108.271	(0.511)	over
Performance and Support Services	7.944	7.544	7.544	0.400	6.872	6.656	0.216	under
Children and Family	27.200	28.224	28.224	(1.024)	23.063	23.818	(0.755)	over
Adults and Older People	103.169	103.553	103.553	(0.384)	77.039	77.084	(0.045)	over
Justice and Substance Misuse	0.966	0.882	0.882	0.084	0.786	0.713	0.073	under
Joint Boards	2.363	2.363	2.363	0.000	2.061	2.061	0.000	-
	616.028	609.828	616.994	(0.966)	495.642	496.243	(0.601)	over
Resource Forecast Variance BEFORE Transfers		6.200						
<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (after Transfers)	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18	
	£m	£m	£m	£m	£m	£m	£m	
Service Departments Total	616.028	609.828	616.994	(0.966)	495.642	496.243	(0.601)	over
Trading Accounts Surplus	(9.907)	(9.753)	(9.753)	(0.154)	(8.245)	(8.109)	(0.136)	over
CFCR	0.707	0.271	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	52.501	5.250	53.309	48.462	4.847	under
Corporate Items	7.054	3.456	4.808	2.246	6.511	4.438	2.073	under
Transfer to Reserves	0.000	0.000	10.852	(10.852)	0.000	10.017	(10.017)	over
Total Expenditure	671.633	656.303	675.673	(4.040)	547.924	551.322	(3.398)	over
Council Tax	137.458	142.218	140.718	3.260	126.884	129.894	3.010	over rec
Less: Council Tax Reduction Scheme	(21.370)	(19.090)	(20.090)	1.280	(19.726)	(18.545)	1.181	under
Net Council Tax	116.088	123.128	120.628	4.540	107.158	111.349	4.191	over rec
General Revenue Grant	254.812	254.812	254.812	0.000	235.211	235.211	0.000	-
Non Domestic Rates	287.862	287.862	287.862	0.000	265.719	265.719	0.000	-
Transfer from Reserves	12.871	12.871	12.871	0.000	11.881	11.881	0.000	-
Total Income	671.633	678.673	676.173	4.540	619.969	624.160	4.191	over rec
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	(0.500)	0.500	(72.045)	(72.838)	0.793	under
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	-	-				
Transfers to Specific Reserves	0.000	5.102	-	-				
(Surplus) After Transfers to Specific Reserves	0.000	(17.268)	-	-				
Transfer to Earmarked General Fund	0.000	16.768	-	-				
Surplus for Year Transferred to Uncommitted General Fund	0.000	(0.500)	(0.500)	0.500				

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report (including Transfers to Reserves)

Period Ended 2 February 2018 (No.12)

<u>Budget Category</u>	<u>Annual Budget</u>	<u>Forecast for Year</u>	<u>Annual Forecast Variance</u>	<u>Budget Proportion to 02/02/18</u>	<u>Actual to Period 12 02/02/18</u>	<u>Variance to 02/02/18</u>	
Service Departments:	£m	£m	£m	£m	£m	£m	
Expenditure							
Employee Cost	405.768	404.233	1.535	331.930	330.403	1.527	under
Property Costs	55.037	54.224	0.813	44.465	43.862	0.603	under
Supplies and Services	32.504	33.602	(1.098)	20.450	21.348	(0.898)	over
Transport Costs	22.668	23.837	(1.169)	18.214	19.209	(0.995)	over
Administration Costs	12.076	12.557	(0.481)	8.586	8.880	(0.294)	over
Payments to Other Bodies	53.640	53.124	0.516	41.138	40.902	0.236	under
Payments to Contractors	177.647	178.866	(1.219)	135.975	136.843	(0.868)	over
Transfer Payments	2.546	2.605	(0.059)	2.426	2.472	(0.046)	over
Housing Benefits	89.624	89.624	0.000	72.426	72.426	0.000	-
Financing Charges (controllable)	1.564	1.459	0.105	1.104	1.001	0.103	under
Total	853.074	854.131	(1.057)	676.714	677.346	(0.632)	over
Service Departments Total	853.074	854.131	(1.057)	676.714	677.346	(0.632)	over
Trading Accounts Surplus	(9.907)	(9.753)	(0.154)	(8.245)	(8.109)	(0.136)	over
CFCR	0.707	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	5.250	53.309	48.462	4.847	under
Corporate Items	7.054	4.808	2.246	6.511	4.438	2.073	under
Transfer to Reserves	0.000	10.852	(10.852)	0.000	10.017	(10.017)	over
Total Expenditure	908.679	912.810	(4.131)	728.996	732.425	(3.429)	over
Income							
Housing Benefit Subsidy	84.184	83.934	(0.250)	66.272	66.128	(0.144)	under rec
Other Income	152.862	153.203	0.341	114.800	114.975	0.175	over rec
General Revenue Grant	254.812	254.812	0.000	235.211	235.211	0.000	-
Non Domestic Rates	287.862	287.862	0.000	265.719	265.719	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	116.088	120.628	4.540	107.158	111.349	4.191	over rec
Transfer from Reserves	12.871	12.871	0.000	11.881	11.881	0.000	-
Total Income	908.679	913.310	4.631	801.041	805.263	4.222	over rec
Net Expenditure	0.000	(0.500)	0.500	(72.045)	(72.838)	0.793	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 2 February 2018 (No.12)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	12.639	12.197	0.442	10.402	10.026	0.376	under	3.6%	1
Property Costs	37.938	39.460	(1.522)	28.144	29.055	(0.911)	over	(3.2%)	2
Supplies & Services	0.610	0.619	(0.009)	0.400	0.398	0.002	under	0.5%	
Transport & Plant	0.216	0.176	0.040	0.158	0.136	0.022	under	13.9%	
Administration Costs	5.886	5.903	(0.017)	0.602	0.599	0.003	under	0.5%	
Payments to Other Bodies	3.490	3.232	0.258	0.055	0.068	(0.013)	over	(23.6%)	
Payments to Contractors	0.100	0.061	0.039	0.100	0.112	(0.012)	over	(12.0%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.513	0.007	19.559	19.550	0.009	under	0.0%	
Total Controllable Expenditure	80.399	81.161	(0.762)	59.420	59.944	(0.524)	over	(0.9%)	
Total Controllable Income	(95.401)	(95.664)	0.263	(72.093)	(72.120)	0.027	over recovered	0.0%	
Transfer to/(from) Balance Sheet	0.619	0.029	0.590	0.524	0.027	0.497	under	94.8%	
Net Controllable Expenditure	(14.383)	(14.474)	0.091	(12.149)	(12.149)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	14.383	14.474	(0.091)	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(12.149)	(12.149)	0.000	-	0.0%	

Variance Explanations**1. Employee Costs**

This underspend reflects the current turnover levels within the service and also underspends on overtime.

2. Property Costs

This overspend is due to repairs and grounds maintenance works which are demand led services and will be managed within the overall budget.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 2 February 2018 (No.12)
Fleet Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	4.740	4.428	0.312	3.901	3.654	0.247	under	6.3%	1
Property Costs	0.234	0.263	(0.029)	0.216	0.241	(0.025)	over	(11.6%)	2
Supplies & Services	0.250	0.192	0.058	0.209	0.157	0.052	under	24.9%	3
Transport & Plant	13.700	13.398	0.302	10.890	10.677	0.213	under	2.0%	4
Administration Costs	0.010	0.015	(0.005)	0.008	0.015	(0.007)	over	(87.5%)	
Pmts to Other Bodies	0.007	0.003	0.004	0.004	0.003	0.001	under	25.0%	
Pmts to Contractors	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.056	0.060	(0.004)	0.046	0.047	(0.001)	over	(2.2%)	
Total Controllable Expenditure	18.997	18.359	0.638	15.274	14.794	0.480	under	3.1%	
Total Controllable Income	(20.954)	(20.245)	(0.709)	(16.929)	(16.385)	(0.544)	under recovered	(3.2%)	5
Net Controllable Expenditure	(1.957)	(1.886)	(0.071)	(1.655)	(1.591)	(0.064)	under surplus	(3.9%)	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies across the Service.

2. Property Costs

The overspend is due to electricity costs being higher than anticipated to date.

3. Supplies and Services

This underspend is due to the upkeep costs for the bus fleet being lower than anticipated.

4. Transport and Plant

The net underspend relates to expenditure on fuel and casual hires being lower than anticipated, partially offset by additional repairs within the workshop. The underspend on fuel and casual hires is offset by an under recovery of income.

5. Income

The under recovery relates to lower than anticipated income from fuel and casual hires, offset by a reduction in expenditure (see Transport and Plant).

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 2 February 2018 (No.12)
Roads Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	7.655	7.362	0.293	6.323	6.143	0.180	under	2.8%	1
Property Costs	0.188	0.192	(0.004)	0.172	0.181	(0.009)	over	(5.2%)	
Supplies & Services	8.055	8.134	(0.079)	7.241	7.316	(0.075)	over	(1.0%)	2
Transport & Plant	4.086	3.985	0.101	3.584	3.503	0.081	under	2.3%	3
Administration Costs	0.319	0.324	(0.005)	0.300	0.303	(0.003)	over	(1.0%)	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	3.793	3.700	0.093	2.756	2.592	0.164	under	6.0%	4
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.005	(0.005)	0.000	0.003	(0.003)	over	n/a	
Total Controllable Expenditure	24.096	23.702	0.394	20.376	20.041	0.335	under	1.6%	
Total Controllable Income	(27.916)	(27.439)	(0.477)	(23.608)	(23.201)	(0.407)	under recovered	(1.7%)	5
Net Controllable Expenditure	(3.820)	(3.737)	(0.083)	(3.232)	(3.160)	(0.072)	under surplus	(2.2%)	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies and a reduction in overtime across the Service.

2. Supplies and Services

The overspend relates to expenditure on salt as a result of the recent winter conditions and also expenditure on Information Technology licences and system support.

3. Transport and Plant

The underspend is mainly due to lower than anticipated expenditure on leasing and the external hire of plant and equipment as a result of a more efficient use of the overall fleet of vehicles.

4. Payment to Contractors

The underspend reflects a reduction in the level of sub-contractor works carried out by external contractors, offset by additional in-house delivery.

5. Income

The under recovery of income is due to the timing of income for rechargeable works

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 2 February 2018 (No.12)
Property Services Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 02/02/18	Actual to Period 12 02/02/18	Variance to 02/02/18		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.872	31.778	0.094	26.949	26.858	0.091	under	0.3%	1
Property Costs	1.061	0.974	0.087	0.895	0.795	0.100	under	11.2%	1
Supplies & Services	12.838	12.933	(0.095)	9.034	9.107	(0.073)	over	(0.8%)	1
Transport & Plant	4.432	3.996	0.436	3.460	3.222	0.238	under	6.9%	1
Administration Costs	3.445	3.461	(0.016)	2.907	2.911	(0.004)	over	(0.1%)	
Pmts to Other Bodies	2.271	2.263	0.008	1.916	1.910	0.006	under	0.3%	
Pmts to Contractors	15.591	19.552	(3.961)	13.616	14.357	(0.741)	over	(5.4%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.106	0.099	0.007	0.088	0.078	0.010	under	11.4%	
Total Controllable Expenditure	71.616	75.056	(3.440)	58.865	59.238	(0.373)	over	(0.6%)	
Total Controllable Income	(75.746)	(79.186)	3.440	(62.223)	(62.596)	0.373	over recovered	0.6%	1
Net Controllable Expenditure	(4.130)	(4.130)	0.000	(3.358)	(3.358)	0.000	-	0.0%	

Variance Explanations

1. Income

This under recovery of income is due to the level of rechargeable work completed to date. This is largely demand led. The over recovery of income offsets underspends in Employee Costs, Property Costs, and Transport and Plant and overspends in Supplies and Services and Payments to Contractors.