

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	7 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2017/2018 - Finance and Corporate Resources
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April to 8 December 2017 for Finance and Corporate Resources
- ◆ provide a forecast for the year to 31 March 2018

2. Recommendation(s)

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

- (1) that the breakeven position on the Finance and Corporate Resources' revenue budget, as detailed in Appendix A of the report, be noted;
- (2) that following the probable outturn exercise, the forecast to 31 March 2018 of breakeven, be noted; and
- (3) that the proposed budget virements be approved.

3. Background

3.1. This is the third revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2017/2018.

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

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 8 December 2017, there is a breakeven position against the phased budget.

5.2. Following the probable outturn exercise, the forecast for the revenue budget to 31 March 2018 is a breakeven position.

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

6. Other Implications

6.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget

management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.

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

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 7.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

10 January 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 8 December 2017

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	34,168	33,968	200	23,050	22,937	113	under	0.5%	
Property Costs	2,379	2,492	(113)	1,468	1,545	(77)	over	(5.2%)	
Supplies & Services	5,599	5,694	(95)	3,878	3,948	(70)	over	(1.8%)	
Transport & Plant	114	73	41	81	44	37	under	45.7%	
Administration Costs	7,697	7,453	244	4,887	4,728	159	under	3.3%	
Payments to Other Bodies	1,682	1,599	83	1,343	1,281	62	under	4.6%	
Payments to Contractors	245	266	(21)	205	226	(21)	over	(10.2%)	
Transfer Payments	85,034	85,034	0	60,721	60,721	0	-	0.0%	
Financing Charges	732	684	48	571	535	36	under	6.3%	
Total Controllable Exp.	137,650	137,263	387	96,204	95,965	239	under	0.2%	
Total Controllable Inc.	(103,738)	(103,351)	(387)	(61,998)	(61,759)	(239)	under recovered	(0.4%)	
Net Controllable Exp.	33,912	33,912	0	34,206	34,206	0	-	0.0%	

Variance Explanations

Variance explanations are shown in Appendices B to G.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Finance Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	15,824	15,582	242	10,724	10,559	165	under	1.5%	1
Property Costs	1,835	1,842	(7)	1,091	1,088	3	under	0.3%	a
Supplies & Services	840	944	(104)	500	597	(97)	over	(19.4%)	2,a
Transport & Plant	11	7	4	9	4	5	under	55.6%	
Administration Costs	1,420	1,335	85	894	847	47	under	5.3%	3,b
Payments to Other Bodies	529	494	35	360	335	25	under	6.9%	c
Payments to Contractors	244	266	(22)	204	226	(22)	over	(10.8%)	
Transfer Payments	85,034	85,034	0	60,721	60,721	0	-	0.0%	d
Financing Charges	255	200	55	157	114	43	under	27.4%	4
Total Controllable Exp.	105,992	105,704	288	74,660	74,491	169	under	0.2%	
Total Controllable Inc.	(89,874)	(89,778)	(96)	(55,530)	(55,498)	(32)	under recovered	(0.1%)	c,e
Net Controllable Exp.	16,118	15,926	192	19,130	18,993	137	under	0.7%	

Variance Explanations

- 1. Employee Costs**
The underspend is due to vacancies which are being considered in line with Service requirements.
- 2. Supplies and Services**
The overspend is due to the additional requirement for Benefits and Revenues system costs in the financial year.
- 3. Administration Costs**
The underspend is in relation to postages, legal expenses and paypoint agency fees identified as part of 2018/19 savings proposals.
- 4. Financing Charges**
The underspend relates to the budget for server hardware that is not required until future financial years.

Budget Virements

- a.** Transfer to Community and Enterprise Resources to reflect change in status of Facilities Management (£0.032m): Property Costs (£0.012m), Supplies and Services (£0.020m).
- b.** Transfer to Communications and Strategy for Printing saving (£0.028m): Administration Costs (£0.028m).
- c.** Realignment of recharge for Cost of Collection of Council Tax. Net Effect £0.000m: Payments to Other Bodies (£2.024m), Income £2.024m.
- d.** Realignment of Housing Benefit Budget to reflect current service delivery. Net Effect £0.000m: Transfer Payments (£12.406m), Income £12.406m.
- e.** Income realignment with Housing and Technical Resources £0.118m: Income (£0.118m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Audit Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	626	681	(55)	429	463	(34)	over	(7.9%)	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	10	5	5	5	4	1	under	20.0%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	9	4	5	5	3	2	under	40.0%	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	1	0	1	1	0	1	under	100.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	4	4	0	2	2	0	-	0.0%	
Total Controllable Exp.	650	694	(44)	442	472	(30)	over	(6.8%)	
Total Controllable Inc.	(229)	(249)	20	(22)	(31)	9	over recovered	40.9%	2
Net Controllable Exp.	421	445	(24)	420	441	(21)	over	(5.0%)	

Variance Explanations1. **Employee Costs**

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

2. **Income**

The over recovery of income relates to European Social Fund Management Fee and additional LEADER monies anticipated in the financial year.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,298	5,218	80	3,555	3,499	56	under	1.6%	1
Property Costs	434	502	(68)	311	352	(41)	over	(13.2%)	2,a
Supplies & Services	3,402	3,362	40	2,557	2,530	27	under	1.1%	3
Transport & Plant	10	9	1	6	6	0	-	0.0%	
Administration Costs	1,503	1,496	7	961	953	8	under	0.8%	b
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	394	387	7	371	371	0	-	0.0%	
Total Controllable Exp.	11,041	10,974	67	7,761	7,711	50	under	0.7%	
Total Controllable Inc.	(7,139)	(7,072)	(67)	(3,459)	(3,409)	(50)	under recovered	(1.4%)	4
Net Controllable Exp.	3,902	3,902	0	4,302	4,302	0	-	0.0%	

Variance Explanations**1. Employee Costs**

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

2. Property Costs

The overspend is due to increased electricity costs at Caird Data Centre.

3. Supplies and Services

The underspend is due to less than anticipated computer equipment purchased on behalf of the Leisure Trust to date and is offset by an under recovery of income from recharges (See 4 below).

4. Income

The under recovery is due to less than anticipated income from recharges to the Leisure Trust for computer equipment purchased to date and is offset by reduced expenditure above.

Budget Virements

- a. Transfer to Community and Enterprise Resources to reflect change in status of Facilities Management (£0.022m): Property Costs (£0.022m).
- b. Transfer to Communications and Strategy for Printing saving (£0.012m): Administration Costs (£0.012m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Personnel Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	6,458	6,302	156	4,352	4,282	70	under	1.6%	1
Property Costs	81	131	(50)	49	96	(47)	over	(95.9%)	2,a
Supplies & Services	320	324	(4)	179	165	14	under	7.8%	a
Transport & Plant	58	22	36	41	10	31	under	75.6%	
Administration Costs	1,633	1,596	37	841	820	21	under	2.5%	a,b,c
Payments to Other Bodies	396	377	19	265	247	18	under	6.8%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	37	43	(6)	20	22	(2)	over	(10.0%)	
Total Controllable Exp.	8,983	8,795	188	5,747	5,642	105	under	1.8%	
Total Controllable Inc.	(2,314)	(2,126)	(188)	(883)	(778)	(105)	under recovered	(11.9%)	3
Net Controllable Exp.	6,669	6,669	0	4,864	4,864	0	-	0.0%	

Variance Explanations**1. Employee Costs**

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

2. Property Costs

The overspend is due to increased costs at Hillhouse Training Unit and will be managed within the overall budget.

3. Income

The under recovery is due to less than anticipated income from the Training Fund and Skills Development Scotland in the financial year and is offset by reduced expenditure.

Budget Virements

- Transfer to Community and Enterprise Resources to reflect change in status of Facilities Management (£0.059m): Property Costs (£0.011m), Supplies and Services (£0.032m), Administration Costs (£0.016m).
- Transfer to Communications and Strategy for Printing saving (£0.010m): Administration Costs (£0.010m).
- Transfer of Connect 2 match funding budget from Planning and Economic Development £0.179m: Administration Costs £0.179m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Administration, Legal and Licensing Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4,216	4,363	(147)	2,822	2,908	(86)	over	(3.0%)	1
Property Costs	29	17	12	17	9	8	under	47.1%	
Supplies & Services	144	152	(8)	94	104	(10)	over	(10.6%)	a
Transport & Plant	7	8	(1)	5	6	(1)	over	(20.0%)	
Administration Costs	2,618	2,537	81	1,927	1,869	58	under	3.0%	2,b,c
Payments to Other Bodies	703	683	20	666	653	13	under	2.0%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	35	35	0	18	18	0	-	0.0%	
Total Controllable Exp.	7,752	7,795	(43)	5,549	5,567	(18)	over	(0.3%)	
Total Controllable Inc.	(1,996)	(1,989)	(7)	(1,041)	(1,040)	(1)	under recovered	(0.1%)	
Net Controllable Exp.	5,756	5,806	(50)	4,508	4,527	(19)	over	(0.4%)	

Variance Explanations**1. Employee Costs**

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

2. Administration Costs

The underspend is due to less than anticipated expenditure on the 2017 Local Government Election.

Budget Virements

- a. Transfer to Community and Enterprise Resources to reflect change in status of Facilities Management (£0.018m): Supplies and Services (£0.018m).
- b. Transfer to Communications and Strategy for Printing saving (£0.002m): Administration Costs (£0.002m).
- c. Transfer from Reserves and centrally held funds for 2017 Local Government Elections £0.570m: Administration Costs £0.570m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 8 December 2017 (No.10)

Communications and Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 08/12/17	Actual 08/12/17	Variance 08/12/17		% Variance 08/12/17	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	1,746	1,822	(76)	1,168	1,226	(58)	over	(5.0%)	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	883	907	(24)	543	548	(5)	over	(0.9%)	
Transport & Plant	28	27	1	20	18	2	under	10.0%	
Administration Costs	514	485	29	259	236	23	under	8.9%	
Payments to Other Bodies	54	45	9	52	46	6	under	11.5%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	7	15	(8)	3	8	(5)	over	(166.7%)	
Total Controllable Exp.	3,232	3,301	(69)	2,045	2,082	(37)	over	(1.8%)	
Total Controllable Inc.	(2,186)	(2,137)	(49)	(1,063)	(1,003)	(60)	under recovered	(5.6%)	2,a
Net Controllable Exp.	1,046	1,164	(118)	982	1,079	(97)	over	(9.9%)	

Variance Explanations**1. Employee Costs**

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

2. Income

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

Budget Virements

- a. Transfer from Resources for Printing saving £0.173m: Income £0.173m.