

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>13 September 2023</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Revenue Budget Monitoring for Period 1 April 2023 to 11 August 2023</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ advise the Committee of the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2023 to 11 August 2023

## 2. Recommendation(s)

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

- (1) that the break-even position on the General Fund Revenue Account at 11 August 2023, (section 4 and Appendix 1), be noted; and
- (2) that the break-even position on the Housing Revenue Account at 11 August 2023 (section 5 and Appendix 2 of the report), be noted.

## 3. Background

3.1. This overview report will summarise the actual expenditure and income to 11 August 2023 compared with the budget for the same period for both the Council's General Fund (section 4) and for the Housing Revenue Account (section 5).

## 4. 2023/2024 General Services

### 4.1. General Services Current Position as at 11 August 2023

As at 11 August 2023, the position on the General Services budget is break-even. The position across Resources is detailed in Appendix 1.

4.2. **Children and Families:** As detailed in the previous report, budget pressures within Children and Families are continuing into 2023/2024 in relation to residential placements, fostering and kinship care, some of which is a legacy from the pandemic.

4.3. As previously advised to Social Work Committee (28 June 2023), there is one-off funding identified totalling £9.2 million, and this is available this financial year to contribute towards these residual Children and Families' pressures.

4.4. The Social Work Resources position as at 11 August 2023 assumes funding will be available and will be drawn down later in the financial year, as required. The Resource is working towards managing the overall budget pressure in Children and Families by 2024/2025.

- 4.5 Finance Services are working with Housing and Technical Resources and Social Work Resources to create housing and support options for young people eligible for continuing care. The full year impact is estimated to be £2.4 million for current placements identified for housing (the estimated impact in 2023/2024 is £0.9 million). These estimates include a contribution from Education.
- 4.6. **Adults and Older People:** A previously advised, within Adults and Older People, the outcome of the Job Evaluation exercise for Home Carers will result in recurring costs of approximately £7 million from 2023/2024. These costs are not included in the Integration Joint Board (IJB) budget set for 2023/2024. As at 11 August, costs of £2.4 million have been incurred in relation to the cost of the grade changes. These costs are incurred through the IJB budget. As a consequence of the reporting requirements for these integrated authorities, these costs also appear within the figures included in Appendix 1. This does not show as an overspend in Appendix 1 as there is sufficient budget available at this stage in the financial year to cover the additional costs incurred to date.
- 4.7. Officers within the IJB are looking to identify recurring funding solutions. These solutions and an overall recovery plan will be reported to the IJB on 19 September 2023 and, subject to their approval, budgets will be realigned.
- 4.8. **Teacher Numbers:** The Cabinet Secretary has held back £45.5 million of funding nationally for the maintenance of Teacher Numbers, until after the 2023 Census details are received by the Government, and until councils provide assurance that they have maintained teacher numbers and pupil support numbers at the 2022 level. For the Council, this amounts to £2.934 million.
- 4.9. Senior officers from the Council have been liaising with the Government since the start of the financial year to explain the Council's position, as a reduction in numbers compared to the 2022 Census position is anticipated. The reason is that the Census 2022 reflected an inflated level of teachers/support staff who were in place because of funding invested by the Council, and not because of Government funding initiatives. The extra staff in place were facilitated by investment monies and temporary Covid funding supporting learning recovery for the 2022/2023 school session only, and were never intended to be assumed as the core level of staffing against which the Council should be measured.
- 4.10. The Government has advised that no decision on releasing the funding will be taken until after the Census 2023 has been finalised and, therefore, there is a risk to the £2.934 million funding currently being held back.
- 5. Housing Revenue Account Position as at 11 August 2023**
- 5.1. As at 11 August 2023, Appendix 2 shows a break-even position against the phased budget on the Housing Revenue Account.
- 6. Employee Implications**
- 6.1. None.
- 7. Financial Implications**
- 7.1. As detailed in sections 4 to 5 of the report.
- 8. Climate Change, Sustainability and Environmental Implications**
- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this 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.

## **2. Equality Impact Assessment and Consultation Arrangements**

- 2.1. 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.
- 2.2. 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)**

23 August 2023

### **Link(s) to Council Values/Priorities/Outcomes**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ None

### **List of Background Papers**

- ◆ Financial Ledger and budget monitoring results to 11 August 2023.

### **Contact for Further Information**

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

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Budget Proportion to 11/08/23	Actual to 11/08/23	Variance to 11/08/23
£m	£m	£m
317.333	317.333	0.000
0.000	0.000	0.000
0.000	0.000	0.000
0.051	0.051	0.000
0.000	0.000	0.000
0.000	0.000	0.000
<b>317.384</b>	<b>317.384</b>	<b>0.000</b>
68.693	68.693	0.000
(8.953)	(8.953)	0.000
59.740	59.740	0.000
123.054	123.054	0.000
131.360	131.360	0.000
47.418	47.418	0.000
<b>361.572</b>	<b>361.572</b>	<b>0.000</b>
<b>(44.188)</b>	<b>(44.188)</b>	<b>0.000</b>

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 11 August 2023 (No.5)**

**Budget Category****Service Departments:****Expenditure**

	Annual Budget £m	Annual Forecast £m	Annual Forecast Variance £m	Budget Proportion to 11/08/23 £m	Actual to 11/08/23 £m	Variance to 11/08/23 £m	
Employee Cost	613.816	613.816	0.000	212.682	212.667	0.015	under
Property Costs	61.907	61.907	0.000	14.833	15.105	(0.272)	over
Supplies and Services	61.196	61.196	0.000	18.529	18.847	(0.318)	over
Transport Costs	45.396	45.396	0.000	15.634	16.450	(0.816)	over
Administration Costs	15.468	15.468	0.000	3.812	3.878	(0.066)	over
Payments to Other Bodies	78.683	78.683	0.000	32.764	32.810	(0.046)	over
Payments to Contractors	245.559	245.559	0.000	77.239	75.616	1.623	under
Transfer Payments	6.251	6.251	0.000	3.784	3.815	(0.031)	over
Housing Benefits	65.650	65.650	0.000	20.950	20.950	0.000	
Financing Charges (controllable)	2.345	2.345	0.000	0.442	0.448	(0.006)	over
<b>Total</b>	<b>1,196.271</b>	<b>1,196.271</b>	<b>0.000</b>	<b>400.669</b>	<b>400.586</b>	<b>0.083</b>	<b>under</b>
Service Departments Total	1,196.611	1,196.611	0.000	400.669	400.586	0.083	under
CFCR	0.352	0.352	0.000	0.000	0.000	0.000	
Loan Charges	23.669	23.669	0.000	0.000	0.000	0.000	
Corporate Items	2.074	2.074	0.000	0.041	0.041	0.000	
Corporate Items (Strategy)	15.211	15.211	0.000	0.000	0.000	0.000	
2023/24 Investments – Transfers to Reserves	3.276	3.276	0.000	0.000	0.000	0.000	
<b>Total Expenditure</b>	<b>1,240.853</b>	<b>1,240.853</b>	<b>0.000</b>	<b>400.720</b>	<b>400.637</b>	<b>0.083</b>	<b>under</b>
<b>Income</b>							
Housing Benefit Subsidy	60.258	60.258	0.000	18.681	18.681	0.000	
Other Income	316.376	316.376	0.000	64.655	64.572	(0.083)	under rec.
Council Tax (Net of Council Tax Reduction Scheme)	155.324	155.324	0.000	59.740	59.740	0.000	
General Revenue Grant	319.941	319.941	0.000	123.054	123.054	0.000	
Non-Domestic Rates	341.536	341.536	0.000	131.360	131.360	0.000	
Transfer from Reserves	47.418	47.418	0.000	47.418	47.418	0.000	
<b>Total Income</b>	<b>1,240.853</b>	<b>1,240.853</b>	<b>0.000</b>	<b>444.908</b>	<b>444.825</b>	<b>(0.083)</b>	<b>under rec.</b>
<b>Net Expenditure / (Income)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(44.188)</b>	<b>(44.188)</b>	<b>0.000</b>	

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Period Ended 11 August 2023 (No.5)

## Housing Revenue Account

	Annual Budget £m	Forecast for Year £m	Annual Forecast Variance £m	Budget Proportion to 11/08/23 £m	Actual to 11/08/23 £m	Variance to 11/08/23 £m		%	Note
Employee Costs	14.253	14.253	0.000	4.879	4.917	(0.038)	over	(0.8%)	
Property Costs	50.929	50.929	0.000	14.597	15.127	(0.530)	over	(3.6%)	1
Supplies & Services	0.433	0.433	0.000	0.087	0.098	(0.011)	over	(12.6%)	
Transport & Plant	0.196	0.196	0.000	0.061	0.054	0.007	under	11.5%	
Administration Costs	5.570	5.570	0.000	0.183	0.172	0.011	under	6.0%	
Payments to Other Bodies	2.974	2.974	0.000	0.785	0.813	(0.028)	over	(3.6%)	
Payments to Contractors	0.100	0.100	0.000	0.031	0.031	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	0.0%	
Financing Charges	27.162	27.162	0.000	8.385	8.404	(0.019)	over	(0.2%)	
Total Controllable Expenditure	101.617	101.617	0.000	29.008	29.616	(0.608)	over	(1.9%)	
Total Controllable Income	(115.940)	(115.940)	0.000	(38.141)	(38.283)	0.142	over recovered	0.3%	2
Transfer to/(from) Balance Sheet	(4.907)	(4.907)	0.000	(1.510)	(1.976)	0.466	over recovered	84.9%	3
Net Controllable Expenditure	(19.230)	(19.230)	0.000	(10.643)	(10.643)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	19.230	19.230	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(10.643)	(10.643)	0.000	-	0.0%	

**Variance Explanations**

1. The net overspend reflects the volume and cost of repairs and maintenance, including additional costs for the internal contractor. There is also an overspend in relation to cleaning charges.
2. The additional income is due to the favourable timing of new build and purchased council housing units being available to rent.
3. The timing impact of the net overspend requires a higher than budgeted transfer from reserves at this time.

**Virements**

None.