

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	11 December 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2019/2020 - 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 2019 to 11 October 2019 for Finance and Corporate Resources
- ◆ provide a forecast for the year to 31 March 2020

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, and the forecast to 31 March 2020 of breakeven, be noted; and
- (2) 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 2019/2020.

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

4. Employee Implications

4.1. None

5. Financial Implications

5.1. As at 11 October 2019, there is a breakeven position against the phased budget. The financial forecast for the revenue budget to 31 March 2020 is a breakeven position.

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

6. Other Implications (Including Environmental and Risk Issues)

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)

13 November 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 11 October 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

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	34,015	34,015	0	17,553	17,634	(81)	over	(0.5%)	
Property Costs	2,682	2,682	0	1,028	1,092	(64)	over	(6.2%)	
Supplies & Services	6,085	6,085	0	4,483	4,499	(16)	over	(0.4%)	
Transport & Plant	85	85	0	41	35	6	under	14.6%	
Administration Costs	7,814	7,814	0	3,806	3,936	(130)	over	(3.4%)	
Payments to Other Bodies	3,705	3,705	0	2,142	2,088	54	under	2.5%	
Payments to Contractors	265	265	0	45	44	1	under	2.2%	
Transfer Payments	80,358	80,358	0	35,999	35,830	169	under	0.5%	
Financing Charges	1,038	1,038	0	757	766	(9)	over	(1.2%)	
Total Controllable Exp.	136,047	136,047	0	65,854	65,924	(70)	over	(0.1%)	
Total Controllable Inc.	(102,062)	(102,062)	0	(40,780)	(40,850)	70	over recovered	0.2%	
Net Controllable Exp.	33,985	33,985	0	25,074	25,074	0	-	0.0%	

Variance Explanations

Variance explanations are shown in Appendices B to H as appropriate.

Budget Virements

Budget virements are shown in Appendices B to H as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Finance - Strategy Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	2,991	2,991	0	1,532	1,584	(52)	over	(3.4%)	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	19	0	13	16	(3)	over	(23.1%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	111	111	0	8	15	(7)	over	(87.5%)	
Payments to Other Bodies	495	495	0	323	312	11	under	3.4%	
Payments to Contractors	22	22	0	8	5	3	under	37.5%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	16	16	0	8	6	2	under	25.0%	
Total Controllable Exp.	3,654	3,654	0	1,892	1,938	(46)	over	(2.4%)	
Total Controllable Inc.	(1,507)	(1,507)	0	0	0	0	-	n/a	
Net Controllable Exp.	2,147	2,147	0	1,892	1,938	(46)	over	(2.4%)	

Variance Explanations**1. Employee Costs**

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

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Finance - Transactions Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	11,686	11,686	0	6,010	5,908	102	under	1.7%	1
Property Costs	2,016	2,016	0	701	771	(70)	over	(10.0%)	2
Supplies & Services	829	829	0	424	458	(34)	over	(8.0%)	3
Transport & Plant	7	7	0	3	1	2	under	66.7%	
Administration Costs	1,039	1,039	0	483	508	(25)	over	(5.2%)	
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	243	243	0	37	36	1	under	2.7%	
Transfer Payments	80,358	80,358	0	35,999	35,830	169	under	0.5%	4
Financing Charges	104	104	0	51	52	(1)	over	(2.0%)	
Total Controllable Exp.	96,282	96,282	0	43,708	43,564	144	under	0.3%	
Total Controllable Inc.	(84,003)	(84,003)	0	(34,425)	(34,482)	57	over recovered	0.2%	5
Net Controllable Exp.	12,279	12,279	0	9,283	9,082	201	under	2.2%	

Variance Explanations**1. Employee Costs**

The underspend is due to vacancies as a result of posts that are not being recruited and are being considered as part of 2020/2021 savings proposals.

2. Property Costs

The overspend is a result of one off expenditure incurred in relation to the refurbishment of the Q&A offices.

3. Supplies and Services

The overspend relates to one off costs in relation to the Payroll and Benefits and Revenues systems.

4. Transfer Payments

The underspend is due to the reduced cost of overpayments as part of the administration of housing benefit.

5. Income

The over recovery relates to the receipt of income from the Department of Work and Pensions in relation to the recovery of Housing Benefit overpayments.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Audit Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	565	565	0	315	316	(1)	over	(0.3%)	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	3	3	0	-	0.0%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	7	7	0	1	1	0	-	0.0%	
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	4	4	0	2	2	0	-	0.0%	
Total Controllable Exp.	583	583	0	321	322	(1)	over	(0.3%)	
Total Controllable Inc.	(223)	(223)	0	(1)	(2)	1	over recovered	100.0%	
Net Controllable Exp.	360	360	0	320	320	0	-	0.0%	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	5,374	5,374	0	2,770	2,886	(116)	over	(4.2%)	1, a
Property Costs	502	502	0	251	243	8	under	3.2%	
Supplies & Services	4,220	4,220	0	3,468	3,405	63	under	1.8%	2, a
Transport & Plant	4	4	0	2	1	1	under	50.0%	
Administration Costs	2,052	2,052	0	1,023	1,024	(1)	over	(0.1%)	a
Payments to Other Bodies	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	3	(3)	over	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	501	501	8	484	493	(9)	over	(1.9%)	a
Total Controllable Exp.	12,653	12,653	0	7,998	8,055	(57)	over	(0.7%)	
Total Controllable Inc.	(7,805)	(7,805)	0	(3,566)	(3,573)	7	over recovered	0.2%	a
Net Controllable Exp.	4,848	4,848	0	4,432	4,482	(50)	over	(1.1%)	

Variance Explanations**1. Employee Costs**

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

2. Supplies and Services

The underspend is due to less than anticipated costs for licenses and subscriptions for a number of IT systems to date.

Budget Virements

- a. Realignment of budget to reflect current service delivery of IT contracts. Net Effect £0.000m: Employee Costs £0.108m, Supplies and Services (£0.227m), Administration Costs (£0.095m), Financing Charges £0.044m and Income £0.170m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Personnel Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	7,363	7,363	0	3,779	3,782	(3)	over	(0.1%)	a, b
Property Costs	147	147	0	66	69	(3)	over	(4.5%)	
Supplies & Services	271	271	0	154	178	(24)	over	(15.6%)	1
Transport & Plant	32	32	0	12	9	3	under	25.0%	
Administration Costs	1,504	1,504	0	729	753	(24)	over	(3.3%)	2
Payments to Other Bodies	2,525	2,525	0	1,187	1,163	24	under	2.0%	3, a, b
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	39	39	0	20	27	(7)	over	(35.0%)	
Total Controllable Exp.	11,881	11,881	0	5,947	5,981	(34)	over	(0.6%)	
Total Controllable Inc.	(2,544)	(2,544)	0	(593)	(616)	23	over recovered	3.9%	4, b
Net Controllable Exp.	9,337	9,337	0	5,354	5,365	(11)	over	(0.2%)	

Variance Explanations**1. Supplies and Services**

The overspend relates to the one-off purchase of equipment at the Coalyard.

2. Administration Costs

The overspend relates to the increased costs of advertising and legal expenses in the financial year.

3. Payment to Other Bodies

The underspend is due to lower than anticipated physiotherapy payments to date and is offset by under recovery of income.

4. Income

The over recovery relates to increased income from Skills Development Scotland for Modern Apprentices in the financial year to date, partially offset by an under recovery of income for physiotherapy recharges.

Budget Virements

- Transfer of Tackling Poverty Programme budgets from Community and Enterprise Resources (Planning and Economic Development Services). Net Effect £1.232m. Employee Costs £0.290m and Payments to Other Bodies £0.942m.
- Transfer of Community Planning budgets from Communications and Strategy Services. Net Effect £0.087m: Employee Costs £0.099m, Payments to Other Bodies £0.022m and Income (£0.034m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Administration, Legal and Licensing Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	4,266	4,266	0	2,241	2,260	(19)	over	(0.8%)	1
Property Costs	17	17	0	10	9	1	under	10.0%	
Supplies & Services	126	126	0	92	97	(5)	over	(5.4%)	
Transport & Plant	14	14	0	9	10	(1)	over	(11.1%)	
Administration Costs	2,056	2,056	0	1,098	1,136	(38)	over	(3.5%)	2
Payments to Other Bodies	679	679	0	629	612	17	under	2.7%	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	48	48	0	24	12	12	under	50.0%	
Total Controllable Exp.	7,206	7,206	0	4,103	4,136	(33)	over	(0.8%)	
Total Controllable Inc.	(3,188)	(3,188)	0	(1,083)	(1,116)	33	over recovered	3.0%	3
Net Controllable Exp.	4,018	4,018	0	3,020	3,020	0	-	0.0%	

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 overspend is due to the costs associated with the by-election held during the year.

3. Income

The over recovery relates to greater than anticipated landlord registration income received in the financial year to date.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 11 October 2019 (No.7)

Communications and Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 11/10/19	Actual 11/10/19	Variance 11/10/19		% Variance 11/10/19	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	1,770	1,770	0	906	898	8	under	0.9%	a
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	613	613	0	329	342	(13)	over	(4.0%)	
Transport & Plant	28	28	0	15	14	1	under	6.7%	
Administration Costs	1,045	1,045	0	464	499	(35)	over	(7.5%)	1
Payments to Other Bodies	6	6	0	3	1	2	under	66.7%	a
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	326	326	0	168	174	(6)	over	(3.6%)	
Total Controllable Exp.	3,788	3,788	0	1,885	1,928	(43)	over	(2.3%)	
Total Controllable Inc.	(2,792)	(2,792)	0	(1,112)	(1,061)	(51)	under recovered	(4.6%)	2, a
Net Controllable Exp.	996	996	0	773	867	(94)	over	(12.2%)	

Variance Explanations**1. Administration Costs**

The overspend is due to greater than anticipated cost of materials for internal printing work completed to date.

2. Income

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

Budget Virements

- a. Transfer of Community Planning budgets to Personnel Services. Net Effect (£0.087m): Employee Costs (£0.099m), Payments to Other Bodies (£0.022m) and Income £0.034m.