

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	14 December 2017
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 13 October 2017.

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 8 (13 October 2017) 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 6 December 2017. The reports detail the position as at 13 October 2017 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 8 (13 October 2017) for General Services
- ♦ Appendix B - 2017/2018 Financial Position as at Period 8 (13 October 2017) for Housing Revenue Account
- ♦ Appendix C - 2017/2018 Financial Position as at Period 8 (13 October 2017) 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 13 October 2017, Appendix A of the report details an overspend of £0.779m (0.27%) against the phased budget. The overspend relates to Social Work Resources.

- 5.3. **Social Work Position:** As reported in previous periods, it is expected that the requirement for social care services in 2017/2018 will continue to exceed the budget available, including service areas such as Care at Home due to increased demand, and continuing pressures in Children and Families for Children's Placements in Residential Schools.
- 5.4. Executive Committee has previously been advised that the demand for Care at Home and the number of Children's Placements have resulted in an expected overspend of £2.3 million in Social Work Resources for 2017/2018. The level of demand forecast for Care at Home remains as originally projected, however, we are now receiving a greater level of income than expected in relation to service user contributions for Care Home Placements. In addition, there has been a reduction in the level of external placements in Children and Families.
- 5.5. The Resource's position will continue to be closely monitored as the requirement for Home Care is difficult to predict however, taking into account the income from Care at Home clients and the reduced number of Children's Placements, the projected Social Work position is expected to improve as we move towards the financial year end.
- 5.6. For 2017/2018, these are only the part year costs of this increased demand. Further costs will be experienced in 2018/2019 for the full year effect of the Social Work demand experienced this year.
- 5.7. **Other Areas:** The 2018/2019 savings papers, presented to the Members Seminar on 8 November 2017, included an updated Revenue Budget Strategy for 2018/2019. This paper detailed a number of items in respect of anticipated underspends in 2017/2018 that allow Corporate Funding Solutions to be put in place to manage the 2018/2019 savings requirement.
- 5.8. In 2017/2018, an underspend is expected in Utilities (**£1 million**) as price increases have not materialised at the level assumed in budget strategies. In addition, there is an anticipated underspend in respect of Council Tax Reduction Scheme Payments (**£1 million**) where a reduction in the level of demand is being experienced. In terms of income, an over recovery of Council Tax income (**£1.5 million**) is anticipated as a result of additional new properties in 2017/2018.
- 5.9. These underspends were presented to the Members' Awareness Seminar on 8 November 2017, for consideration as part of the Council's 2018/2019 Revenue Budget Strategy.
- 5.10. **Loan Charges:** As detailed in previous reports, an underspend in loan charges is also expected in 2017/2018. Work is ongoing in this area and the level of spend will be included in the Council's Probable Outturn position for 2017/2018, which will show the overall expected position for the Council's Revenue Budget for the current financial year. This will be reported to Committee in the new calendar year.
- 5.11. **Other Funding**
- 5.11.1. Education Resources have been notified of an allocation of £2.019m of Attainment Scotland Fund Schools Programme funding from the Scottish Government. This has been included in the figures in Appendix A. Also, Finance and Corporate Resources have been notified of £0.032 million of funding from the Big Lottery to fund a mobile men's shed. This has also been included in the figures in Appendix A.

6. Housing Revenue Account Position

- 6.1. As at 13 October 2017, Appendix B of the report shows a breakeven position against the phased budget on the Housing Revenue Account. The forecast to 31 March 2018 on the Housing Revenue Account is a breakeven position.
- 7. Trading Operations**
- 7.1. Included within the overspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations.
- 7.2. As at 13 October 2017, the actual surpluses achieved by the Trading Operations total £5.524 million, representing a breakeven position against the phased budget. These are detailed in Appendix C of the report.
- 8. Other Implications**
- 8.1. 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.
- 8.2. There are no implications for sustainability in terms of the information contained in this report.
- 9. Equality Impact Assessment and Consultation Arrangements**
- 9.1. 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.
- 9.2. 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)

6 December 2017

Link(s) to Council Values/Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 13 October 2017

Contact for Further Information

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

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Period Ended 13 October 2017 (No.8)

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	119.164	119.164	0.000	57.460	57.460	0.000	-
Facilities Streets and Waste (Inc. Support)	62.757	62.757	0.000	31.725	31.725	0.000	-
Environmental Services (Inc. Projects)	4.369	4.369	0.000	2.190	2.190	0.000	-
Leisure and Culture Services	18.656	18.656	0.000	9.246	9.246	0.000	-
Planning and Economic Development	4.480	4.480	0.000	1.356	1.621	(0.265)	over
Roads	28.902	28.902	0.000	12.943	12.678	0.265	under
Education Resources	292.846	292.846	0.000	147.817	147.817	0.000	-
Finance and Corporate Resources	32.731	32.731	0.000	20.698	20.698	0.000	-
Finance Services	15.835	15.835	0.000	9.171	9.020	0.151	under
Audit and Compliance Services	0.421	0.421	0.000	0.356	0.363	(0.007)	over
Information Technology Services	3.914	3.914	0.000	3.462	3.462	0.000	-
Communications and Strategy Services	0.873	0.873	0.000	0.769	0.841	(0.072)	over
Administration and Licensing Services	5.188	5.188	0.000	3.165	3.237	(0.072)	over
Personnel Services	6.500	6.500	0.000	3.775	3.775	0.000	-
Housing and Technical Resources	22.136	22.136	0.000	13.823	13.823	0.000	-
Housing Services	6.309	6.309	0.000	3.119	3.113	0.006	under
Property Services	15.827	15.827	0.000	10.704	10.710	(0.006)	over
Social Work Resources	139.282	139.282	0.000	57.567	58.346	(0.779)	over
Performance and Support Services	7.961	7.961	0.000	4.349	4.338	0.011	under
Children and Family	27.238	27.238	0.000	14.828	15.297	(0.469)	over
Adults and Older People	103.093	103.093	0.000	37.871	38.218	(0.347)	over
Justice and Substance Misuse	0.990	0.990	0.000	0.519	0.493	0.026	under
Joint Boards	2.363	2.363	0.000	1.608	1.608	0.000	
	608.522	608.522	0.000	298.973	299.752	(0.779)	over

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	608.522	608.522	0.000	298.973	299.752	(0.779)	over
Trading Accounts Surplus	(10.043)	(10.043)	0.000	(5.524)	(5.524)	0.000	-
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.529	66.529	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	671.016	671.016	0.000	293.449	294.228	(0.779)	over
Council Tax	137.458	137.458	0.000	0.000	0.000	0.000	-
Less: Council Tax Reduction Scheme	(19.382)	(19.382)	0.000	0.000	0.000	0.000	-
Net Council Tax	118.076	118.076	0.000	0.000	0.000	0.000	-
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.343	16.343	0.000	0.000	0.000	0.000	-
Total Income	671.016	671.016	0.000	0.000	0.000	0.000	-
Net Expenditure	0.000	0.000	0.000	293.449	294.228	(0.779)	over

Appendix A
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SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 13 October 2017 (No.8)

<u>Budget Category</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17	
Service Departments:	£m	£m	£m	£m	£m	£m	
<u>Expenditure</u>							
Employee Cost	402.048	402.048	0.000	205.887	205.293	0.594	under
Property Costs	54.484	54.484	0.000	33.833	33.884	(0.051)	over
Supplies and Services	32.341	32.341	0.000	13.273	13.636	(0.363)	over
Transport Costs	22.017	22.017	0.000	11.409	11.494	(0.085)	over
Administration Costs	10.912	10.912	0.000	5.343	5.619	(0.276)	over
Payments to Other Bodies	54.824	54.824	0.000	27.529	27.579	(0.050)	over
Payments to Contractors	176.264	176.264	0.000	83.732	84.259	(0.527)	over
Transfer Payments	2.059	2.059	0.000	1.552	1.623	(0.071)	over
Housing Benefits	97.075	97.075	0.000	50.481	50.481	0.000	-
Financing Charges (controllable)	1.643	1.643	0.000	0.953	0.888	0.065	under
Total	853.667	853.667	0.000	433.992	434.756	(0.764)	over
Service Departments Total	853.667	853.667	0.000	433.992	434.756	(0.764)	over
Trading Accounts Surplus	(10.043)	(10.043)	0.000	(5.524)	(5.524)	0.000	-
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.529	66.529	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	916.161	916.161	0.000	428.468	429.232	(0.764)	over
<u>Income</u>							
Housing Benefit Subsidy	92.000	92.000	0.000	50.097	50.097	0.000	-
Other Income	153.145	153.145	0.000	84.922	84.907	(0.015)	under rec
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	118.076	118.076	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.343	16.343	0.000	0.000	0.000	0000	-
Total Income	916.161	916.161	0.000	135.019	135.004	(0.015)	under rec
Net Expenditure	0.000	0.000	0.000	293.449	294.228	(0.779)	over

Appendix B

Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	12.661	12.661	0.000	6.442	6.199	0.243	under	3.8%	1
Property Costs	37.938	37.938	0.000	20.006	20.226	(0.220)	over	(1.1%)	2
Supplies & Services	0.610	0.610	0.000	0.367	0.359	0.008	under	2.2%	
Transport & Plant	0.215	0.215	0.000	0.067	0.066	0.001	under	1.5%	
Administration Costs	5.886	5.886	0.000	0.392	0.407	(0.015)	over	(3.8%)	a
Payments to Other Bodies	3.491	3.491	0.000	0.008	0.016	(0.008)	over	(100.0%)	a
Payments to Contractors	0.100	0.100	0.000	0.040	0.040	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.520	0.000	9.747	9.747	0.000	-	0.0%	
Total Controllable Expenditure	80.421	80.421	0.000	37.069	37.060	0.009	under	0.0%	
Total Controllable Income	(95.423)	(95.423)	0.000	(45.772)	(45.785)	0.013	over recovered	0.0%	a
Transfer to/(from) Balance Sheet	0.619	0.619	0.000	0.331	0.353	(0.022)	over	(6.6%)	
Net Controllable Expenditure	(14.383)	(14.383)	0.000	(8.372)	(8.372)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	14.383	14.383	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(8.372)	(8.372)	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.

Budget Virements

- a. Realignment of support budgets to reflect current service delivery. Net Effect 0: Administration Costs £1.724m, Payments to Other Bodies (£1.570m) and Income (£0.154m)

Fleet Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	4.716	4.716	0.000	2.413	2.298	0.115	under	4.8%	1
Property Costs	0.207	0.207	0.000	0.195	0.195	0.000	-	0.0%	
Supplies & Services	0.230	0.230	0.000	0.135	0.136	(0.001)	over	(0.7%)	
Transport & Plant	13.700	13.700	0.000	6.227	6.334	(0.107)	over	(1.7%)	2
Administration Costs	0.012	0.012	0.000	0.006	0.009	(0.003)	over	(50.0%)	
Pmts to Other Bodies	0.007	0.007	0.000	0.001	0.001	0.000	-	0.0%	
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	0.056	0.000	0.025	0.026	(0.001)	over	(4.0%)	
Total Controllable Expenditure	18.928	18.928	0.000	9.002	8.999	0.003	under	0.0%	
Total Controllable Income	(20.954)	(20.954)	0.000	(10.119)	(10.116)	(0.003)	under recovered	0.0%	
Net Controllable Expenditure	(2.026)	(2.026)	0.000	(1.117)	(1.117)	0.000	over surplus	0.1%	

Variance Explanations

- Employee Costs**
This underspend relates to vacancies across the Service.
- Transport and Plant**
The overspend relates to expenditure on external repairs to plant.

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	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	7.779	7.779	0.000	3.621	3.556	0.065	under	1.8%	1
Property Costs	0.188	0.188	0.000	0.146	0.155	(0.009)	over	(6.2%)	
Supplies & Services	8.355	8.355	0.000	4.394	4.392	0.002	under	0.0%	
Transport & Plant	5.086	5.086	0.000	1.859	1.859	0.000	-	0.0%	
Administration Costs	0.319	0.319	0.000	0.233	0.233	0.000	-	0.0%	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	6.293	6.293	0.000	1.841	1.841	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.000	0.000	0.000	0.003	(0.003)	over	n/a	
Total Controllable Expenditure	28.020	28.020	0.000	12.094	12.039	0.055	under	0.5%	
Total Controllable Income	(31.916)	(31.916)	0.000	(14.191)	(14.136)	(0.055)	under recovered	(0.4%)	2
Net Controllable Expenditure	(3.896)	(3.896)	0.000	(2.097)	(2.097)	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies and turnover across the Service.

2. Transport and Plant

The overspend relates to expenditure on external repairs to plant.

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 13/10/17	Actual to Period 8 13/10/17	Variance to 13/10/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.872	31.872	0.000	16.900	16.739	0.161	under	1.0%	1
Property Costs	1.061	1.061	0.000	0.570	0.491	0.079	under	13.9%	1
Supplies & Services	12.838	12.838	0.000	5.815	5.610	0.205	under	3.5%	1
Transport & Plant	4.432	4.432	0.000	2.290	2.053	0.237	under	10.3%	1
Administration Costs	3.454	3.454	0.000	1.795	1.808	(0.013)	over	(0.7%)	
Pmts to Other Bodies	2.271	2.271	0.000	1.220	1.211	0.009	under	0.7%	1
Pmts to Contractors	15.591	15.591	0.000	9.152	9.416	(0.264)	over	(2.9%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.106	0.106	0.000	0.056	0.054	0.002	under	3.6%	1
Total Controllable Expenditure	71.625	71.625	0.000	37.798	37.382	0.416	under	1.1%	
Total Controllable Income	(75.746)	(75.746)	0.000	(40.108)	(39.692)	(0.416)	under recovered	(1.0%)	1
Net Controllable Expenditure	(4.121)	(4.121)	0.000	(2.310)	(2.310)	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 offsets underspends in Employee Costs, Property Costs, Supplies and Services, Transport and Plant and Payment to Other Bodies and Financing Charges and overspends in Administration Costs and Payments to Contractors.