

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Confero and in the Council Chamber, Council Offices, Almada Street, Hamilton on 9 February 2023

Chair:

Councillor Grant Ferguson

Councillors Present:

Councillor Mathew Buchanan, Councillor Colin Dewar, Councillor Ross Gowland, Councillor Susan Kerr (*substitute for Councillor Monique McAdams*), Councillor Julia Marrs (Depute), Councillor Carol Nugent

Councillors' Apologies:

Councillor Gavin Keatt, Councillor Richard Lockhart, Councillor Monique McAdams

Attending:

Finance and Corporate Resources

C Lyon, Administration Officer; E-A McGonigle, Administration Officer; A Norris, Administration Assistant; L O'Hagan, Finance Manager (Strategy); J Taylor, Head of Finance (Strategy)

Housing and Technical Resources

D Craig, Property Manager (Commercial)

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Financial Resources Scrutiny Forum held on 8 December 2022 were submitted for approval as a correct record.

The Forum decided: that the minutes be approved as a correct record.

3a Capital Budget Monitoring 2022/2023 – General Fund Capital Programme

A report dated 23 January 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2022/2023 for the period 1 April to 29 December 2022.

The revised General Fund Capital Programme for 2022/2023 totalled £78.272 million, as detailed in Appendix B to the report. This included new adjustments to the programme agreed by the Executive Committee on 1 February 2023, totalling £0.531 million and included additional funding for new projects as detailed in Appendix A to the report. Due to timing of the project spend, it was anticipated that this funding would slip into 2023/2024 and the net impact on the 2022/2023 Capital Programme would be nil.

In December 2022, the Scottish Government had revised the 2022/2023 General Capital Grant allocation to £32.074 million, which was an increase of £0.202 million, as detailed in Appendix D to the report. Due to the late notification of this additional funding, it was unlikely that any new projects would be designed and completed prior to the end of the financial year. Consequently, the additional allocation of £0.202 million would be used to fund the existing Capital Programme and reduce the Council's level of borrowing.

Work had been ongoing to clarify the predicted spend position for the General Services Capital Programme for 2022/2023 and current estimates from Resources suggested an outturn of £73 million. This would leave an underspend across Resources of £5.3 million against the revised budget of £78.272 million. This was made up of project underspends totalling £9.7 million offset by projects with greater than anticipated spend of £4.4 million.

The majority of variance was due to the timing of spend, resulting in budget being required in 2023/2024 rather than 2022/2023. The progression of a number of projects had been impacted by current market conditions which resulted in material shortfalls and longer lead in times. Those underspends had been partially offset by a few projects where there were budget overspends predicted in 2022/2023, such as Jackton Primary School and Oracle Fusion. Again, this was a timing issue and funding for the overall spend on those projects had already been identified into next year.

In addition, £0.150 million related to savings achieved on works completed within the Lanark Interchange Park and Ride project this financial year. This project had been funded by Strathclyde Partnership for Transport (SPT) and, therefore, the saving would be returned.

A list of the main projects which were responsible for the overall underspend of £9.7 million, and would now complete in 2023/2024, were detailed in Appendix E to the report.

The programme spend and funding for the General Fund was summarised in Appendix D of the report.

Budget for the period was £36.049 million and spend to 29 December 2022 was £37.238 million, an overspend of £1.189 million. Actual funding received to 29 December 2022 was £60.718 million.

The physical progress achieved with the General Fund Capital Programme 2022/2023 at 29 December 2022 was detailed in appendices F to H to the report.

The Forum decided: that the position on the General Fund Capital Programme as at 29 December 2022 be noted.

[Reference: Minutes of 8 December 2022 (Paragraph 3a) and Minutes of the Executive Committee of 1 February 2023 (Paragraph 4)]

3b Capital Budget Monitoring 2022/2023 – Housing Capital Programme

A report dated 23 January 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2022/2023 for the period 1 April to 29 December 2022 (Period 10).

The revised Housing Capital Programme for 2022/2023 totalled £66.361 million. Budget for the period was £40.639 million and spend to 29 December 2022 was £40.525 million, which represented an underspend of £0.114 million, as detailed in Appendix A to the report. Actual funding received at 29 December 2022 was £40.525 million.

Current estimates from Housing and Technical Resources suggested an outturn of £66.361 million. However, it noted that there was potential for an underspend in the Housing Capital Programme due to the extreme weather experienced in December 2022, which meant that operatives were diverted away from capital investment to tackle urgent repairs.

The physical progress achieved with the Housing Capital Programme 2022/2023 at 29 December 2022 was detailed in Appendix B to the report.

The Council continued to experience material shortages, longer lead times and extraordinary inflationary price increases and it was anticipated that this would continue to impact the supply chain for the foreseeable future. The impact of this would continue to be monitored and updates provided to this Forum.

Any significant increases in contract values for the Housing Capital Programme would be brought to members' attention.

The Forum decided: that the position on the Housing Capital Programme as at 29 December 2022 be noted.

[Reference: Minutes of 8 December 2022 (Paragraph 3b) and Minutes of the Executive Committee of 1 February 2023 (Paragraph 4)]

4 Revenue Budget Monitoring 2022/2023 and Probable Outturn

A report dated 20 January 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the overall financial position of the Council's General Fund Revenue Account and the Housing Revenue Account for the period 1 April to 29 December 2022 (Period 10), along with a projection for the year to 31 March 2023.

The report and the associated appendices:-

- ◆ summarised the 2022/2023 probable outturn position for the Council's General Fund Revenue Account to 31 March 2023
- ◆ provided a summary of the outturn position, including details of proposed transfers to reserves
- ◆ provided details of the position on the General Fund Account and the Housing Revenue Account for the period 1 April to 29 December 2022 respectively
- ◆ detailed anticipated spend for the current year
- ◆ proposed funds to be transferred to reserves for future commitments required in the next financial year
- ◆ detailed the position after all transfers to reserves for known commitments
- ◆ provided the Housing Revenue Account position

The final outturn position, after transfers to reserves, resulted in an underspend of £4.696 million. This included new proposed transfers to reserves totalling £17.195 million as well as previously approved transfers of £17.420 million arising from the underspend in Loan Charges due to the timing of borrowing, increased deposit interest and the Loans Fund. It was proposed that the underspend of £4.696 million be considered to support the 2023/2024 Budget Strategy

The overall Resource position, which was a combined overspend of £0.335 million, included transfers to reserves totalling £8.405 million. It also included a breakeven position for Social Work Resources. In relation to Adults and Older People, the position included a £1.423 million commitment in respect of the element of the budget delegated to the Integration Joint Board (IJB). It was proposed that the IJB retain this non-recurring underspend in their reserves earmarked for future care costs.

There was a further underspend of £5.635 million relating to core Council funding passed to the IJB. In terms of the IJB financial regulations which entitled the Council to adjust its contributions in respect of such unplanned underspends, it was proposed that the underspend be retained by the Council to help cover the Children and Families' budget pressures into 2023/2024.

The budget for Corporate Items assumed a transfer from reserves of £5.700 million. This reflected the Council's contribution to the increased pay award for 2022/2023. It was proposed that this be funded by the retrospective benefit released by implementing new guidance on Accounting for Service Concessions.

At 29 December 2022, the figures showed the position on the General Fund Revenue Account after transfers to reserves, as net underspend of £0.092 million. The Housing Revenue Account showed a breakeven position and the forecast to 31 March 2023 on the Housing Revenue Account was also a breakeven position.

The Forum decided:

- (1) that including Resources, Corporate Items and Council Tax, and the proposed transfers to reserves, the Council's outturn underspend of £4.696 million, as detailed in section 4.2 of the report, be noted;
- (2) that the proposed transfers to reserves totalling £17.195 million, as detailed in section 4.2 of the report, be noted;
- (3) that the non-recurring underspend of £1.423 million in the delegated budget to the IJB be held in reserves for use in future years, as detailed in section 4.6 of the report, be noted;
- (4) that the proposal to include, within the transfer to reserves, the unplanned underspend in the current year of £5.635 million in the budget delegated to the IJB which would be retained by the Council to assist in managing pressures in Children and Families, as detailed in section 4.7 of the report, be noted;
- (5) that £5.700 million of the retrospective benefit released by the implementation of the guidance on Accounting for Service Concessions be used to support the increased 2022/2023 Pay Award, as detailed in section 4.10 of the report, be noted;
- (6) that the outturn underspend of £4.696 million be transferred to reserves to assist in the 2023/2024 Budget Strategy, as detailed in section 4.16 of the report, be noted;
- (7) that the underspend of £0.092 million on the General Fund Revenue Account at 29 December 2022, as detailed in section 5.1 of the report, be noted; and
- (8) that the breakeven position on the Housing Revenue Account at 29 December 2022, as detailed in section 6.1 of the report, and the forecast to 31 March 2023 of breakeven, as detailed in section 6.2 of the report, be noted.

[Reference: Minutes of 8 December 2022 (Paragraph 4) and Minutes of the Executive Committee of 1 February 2023 (Paragraph 3)]

5 Revenue Budget Monitoring 2022/2023 – Detailed Resource Analysis

A report dated 20 January 2023 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period 1 April to 29 December 2022 (Period 10).

Appendices A to F to the report provided the following information for each Resource and the Housing Revenue Account:-

- ◆ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 29 December 2022

- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 29 December 2022
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 29 December 2022

The Forum decided: that the position as at 29 December 2022 (Period 10) be noted.

[Reference: Minutes of 8 December 2022 (Paragraph 5)]

6 Urgent Business

There were no items of urgent business.