

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	20 May 2020
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 28 February 2020 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 forecast to 31 March 2020 of a breakeven position, as detailed in Appendix A of the report, be noted;
- (2) that a breakeven position as at 28 February 2020, as detailed in Appendix A of the report, be noted; and
- (3) that the proposed budget virements be approved.

3. Background

- 3.1. This is the final 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. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the forecast for the revenue budget to 31 March 2020 is a breakeven position **before** transfers to reserves. As there are no proposed transfers to reserves, the forecast remains a breakeven position **after** transfers to reserves. This is detailed in Appendix A.
- 5.2. **Position as at 28 February 2020:** As at 28 February 2020, there is a breakeven position against the phased budget. The Resource position as outlined in Appendix A reflects transfers from reserves.

- 5.3. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report, as appropriate. These include budget in respect of superannuation auto enrolment and realignments of Housing Benefit and Employability budgets.

6. Climate Change, Sustainability and Environmental Implications

- 6.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

7. Other Implications

- 7.1. 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. Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. 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)

6 March 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Finance and Corporate Resources Committee - 4 March 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 28 February 2020

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 28 February 2020 (No.12)

Finance and Corporate Resources Summary

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTERS Transfers	Budget Proportion 28/02/20	Actual BEFORE Transfers 28/02/20	Variance 28/02/20		% Variance 28/02/20
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	34,229	34,180	49	49	30,640	30,606	34	under	0.1%
Property Costs	2,653	2,707	(54)	(54)	1,997	2,030	(33)	over	(1.7%)
Supplies & Services	6,219	6,227	(8)	(8)	5,983	6,019	(36)	over	(0.6%)
Transport & Plant	85	77	8	8	75	67	8	under	10.7%
Administration Costs	8,130	8,025	105	105	6,836	6,657	179	under	2.6%
Payments to Other Bodies	4,399	4,216	183	183	3,132	2,982	150	under	4.8%
Payments to Contractors	265	295	(30)	(30)	251	302	(51)	over	(20.3%)
Transfer Payments	70,154	69,478	676	676	63,083	62,504	579	under	0.9%
Financing Charges	1,118	1,149	(31)	(31)	768	829	(61)	over	(7.9%)
Total Controllable Exp.	127,252	126,354	898	898	112,765	111,996	769	under	0.7%
Total Controllable Inc.	(92,889)	(91,991)	(898)	(898)	(73,695)	(72,926)	(769)	under recovered	(1.0%)
Net Controllable Exp.	34,363	34,363	0	0	39,070	39,070	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 28 February 2020 (No.12)

Finance - Strategy Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTERS Transfers	Budget Proportion	Actual BEFORE Transfers	Variance	% Variance	Note
	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	2,999	3,084	(85)	(85)	2,685	2,763	(78)	over	(2.9%) 1
Property Costs	0	0	0	0	0	0	0	-	n/a
Supplies & Services	19	24	(5)	(5)	16	20	(4)	over	(25.0%)
Transport & Plant	0	1	(1)	(1)	0	1	(1)	over	n/a
Administration Costs	112	134	(22)	(22)	109	124	(15)	over	(13.8%)
Payments to Other Bodies	495	475	20	20	495	485	10	under	2.0%
Payments to Contractors	22	19	3	3	18	12	6	under	33.3%
Transfer Payments	0	0	0	0	0	0	0	-	n/a
Financing Charges	16	16	0	0	16	18	(2)	over	(12.5%)
Total Controllable Exp.	3,663	3,753	(90)	(90)	3,339	3,423	(84)	over	(2.5%)
Total Controllable Inc.	(1,524)	(1,535)	11	11	(47)	(53)	6	over recovered	12.8%
Net Controllable Exp.	2,139	2,218	(79)	(79)	3,292	3,370	(78)	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 28 February 2020 (No.12)

Finance - Transactions Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance	% Variance	Note
	£000	£000	£000	£000	28/02/20	28/02/20	28/02/20	28/02/20	
Employee Costs	11,733	11,450	283	283	10,555	10,285	270	under	2.6% 1
Property Costs	2,016	2,083	(67)	(67)	1,482	1,522	(40)	over	(2.7%) 2
Supplies & Services	829	844	(15)	(15)	750	758	(8)	over	(1.1%)
Transport & Plant	7	3	4	4	6	2	4	under	66.7%
Administration Costs	1,050	998	52	52	863	786	77	under	8.9% 3
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a
Payments to Contractors	243	247	(4)	(4)	233	241	(8)	over	(3.4%)
Transfer Payments	70,154	69,478	676	676	63,083	62,504	579	under	0.9% 4
Financing Charges	104	111	(7)	(7)	102	118	(16)	over	(15.7%)
Total Controllable Exp.	86,136	85,214	922	922	77,074	76,216	858	under	1.1%
Total Controllable Inc.	(73,498)	(72,826)	(672)	(672)	(62,963)	(62,385)	(578)	under recovered	(0.9%) 5
Net Controllable Exp.	12,638	12,388	250	250	14,111	13,831	280	under	2.0%

Variance Explanations**1. Employee Costs**

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

2. Property Costs

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

3. Administration Costs

The underspend relates to reduced legal expenses in relation to the collection of Council Tax.

4. Transfer Payments

The underspend is due to the reduced cost of overpayments as part of the administration of housing benefit, offset by an under recovery of Income (see 5 below).

5. Income

The under recovery relates to a reduced level of recovery of housing benefit overpayments and is offset by an underspend on Transfer Payments (see 4 above).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 28 February 2020 (No.12)

Audit Services

	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance		% Variance	Note
					28/02/20	28/02/20	28/02/20		28/02/20	
	£000	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>										
Employee Costs	621	623	(2)	(2)	553	555	(2)	over	(0.4%)	
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	5	2	2	7	5	2	under	28.6%	
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	7	4	3	3	5	4	1	under	20.0%	
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	4	4	0	0	4	5	(1)	over	(25.0%)	
Total Controllable Exp.	639	636	3	3	569	569	0	-	0.0%	
Total Controllable Inc.	(274)	(274)	0	0	(44)	(45)	1	over recovered	2.3%	
Net Controllable Exp.	365	362	3	3	525	524	1	under	0.2%	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 28 February 2020 (No.12)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance		% Variance	Note
	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20		28/02/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	5,414	5,599	(185)	(185)	4,838	4,995	(157)	over	(3.2%)	1
Property Costs	473	455	18	18	375	353	22	under	5.9%	
Supplies & Services	4,355	4,295	60	60	4,311	4,266	45	under	1.0%	
Transport & Plant	4	3	1	1	4	4	0	-	0.0%	
Administration Costs	2,053	2,032	21	21	1,680	1,651	29	under	1.7%	
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a	
Payments to Contractors	0	4	(4)	(4)	0	4	(4)	over	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	501	512	(11)	(11)	161	168	(7)	over	(4.3%)	
Total Controllable Exp.	12,800	12,900	(100)	(100)	11,369	11,441	(72)	over	(0.6%)	
Total Controllable Inc.	(7,805)	(7,798)	(7)	(7)	(5,231)	(5,211)	(20)	under recovered	(0.4%)	
Net Controllable Exp.	4,995	5,102	(107)	(107)	6,138	6,230	(92)	over	(1.5%)	

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 28 February 2020 (No.12)

Personnel Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance	% Variance	Note
	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	7,356	7,317	39	39	6,557	6,566	(9)	over	(0.1%)
Property Costs	147	149	(2)	(2)	123	138	(15)	over	(12.2%)
Supplies & Services	271	292	(21)	(21)	244	282	(38)	over	(15.6%) 1
Transport & Plant	32	25	7	7	28	22	6	under	21.4%
Administration Costs	1,687	1,549	138	138	1,372	1,192	180	under	13.1% 2
Payments to Other Bodies	3,219	3,078	141	141	1,973	1,858	115	under	5.8% 3
Payments to Contractors	0	25	(25)	(25)	0	45	(45)	Over	n/a
Transfer Payments	0	0	0	0	0	0	0	-	n/a
Financing Charges	39	51	(12)	(12)	39	65	(26)	over	(66.7%)
Total Controllable Exp.	12,751	12,486	265	265	10,336	10,168	168	under	1.6%
Total Controllable Inc.	(3,339)	(3,218)	(121)	(121)	(1,550)	(1,471)	(79)	under recovered	(5.1%) 4
Net Controllable Exp.	9,412	9,268	144	144	8,786	8,697	89	under	1.0%

Variance Explanations**1. Supplies and Services**

The overspend relates to the one-off costs incurred for IT systems in the financial year.

2. Administration Costs

The underspend reflects the reduced cost of employee training and employability programmes to date.

3. Payment to Other Bodies

The underspend is due to lower than anticipated costs for the implementation and ongoing requirements for providing free sanitary products in public places.

4. Income

The net under recovery reflects the level of income received for employability programmes, offset by a reduction in expenditure above. This is partially offset by the level of recharges from Skills Development Scotland for Modern Apprentices.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 28 February 2020 (No.12)

Administration, Legal and Licensing Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance	% Variance	Note
	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	4,328	4,345	(17)	(17)	3,864	3,869	(5)	over	(0.1%)
Property Costs	17	20	(3)	(3)	17	17	0	-	0.0%
Supplies & Services	125	149	(24)	(24)	121	148	(27)	over	(22.3%)
Transport & Plant	14	18	(4)	(4)	12	14	(2)	over	(16.7%)
Administration Costs	2,056	2,098	(42)	(42)	1,799	1,840	(41)	over	(2.3%)
Payments to Other Bodies	679	659	20	20	661	636	25	under	3.8%
Payments to Contractors	0	0	0	0	0	0	0	-	n/a
Transfer Payments	0	0	0	0	0	0	0	-	n/a
Financing Charges	48	39	9	9	46	44	2	under	4.3%
Total Controllable Exp.	7,267	7,328	(61)	(61)	6,520	6,568	(48)	over	(0.7%)
Total Controllable Inc.	(3,487)	(3,507)	20	20	(1,618)	(1,646)	28	over recovered	1.7%
Net Controllable Exp.	3,780	3,821	(41)	(41)	4,902	4,922	(20)	over	(0.4%)

Variance Explanations**1. Administration Costs**

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

2. 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 28 February 2020 (No.12)

Communications and Strategy Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion	Actual BEFORE Transfers	Variance		% Variance	Note
	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20	28/02/20		28/02/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	1,778	1,762	16	16	1,588	1,573	15	under	0.9%	
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	613	618	(5)	(5)	534	540	(6)	over	(1.1%)	
Transport & Plant	28	27	1	1	25	24	1	under	4.0%	
Administration Costs	1,165	1,210	(45)	(45)	1,008	1,060	(52)	over	(5.2%)	1
Payments to Other Bodies	6	4	2	2	3	3	0	-	0.0%	
Payments to Contractors	0	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	406	416	(10)	(10)	400	411	(11)	over	(2.8%)	
Total Controllable Exp.	3,996	4,037	(41)	(41)	3,558	3,611	(53)	over	(1.5%)	
Total Controllable Inc.	(2,962)	(2,833)	(129)	(129)	(2,242)	(2,115)	(127)	under recovered	(5.7%)	2
Net Controllable Exp.	1,034	1,204	(170)	(170)	1,316	1,496	(180)	over	(13.7%)	

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.