

Report

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	6 February 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2019/2020
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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 2019 to 6 December 2019.

2. Recommendation(s)

2.1. The Forum is asked to note the following recommendation(s):-

- (1) that the 2019/2020 Financial Position as at period 9 (6 December 2019) and the forecast to 31 March 2020, for General Services and the Housing Revenue Account (as detailed in Appendices 1 to 4), be noted.

3. Background

3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 29 January 2020. The reports detail the position as at 6 December 2019 for General Services and the Housing Revenue Account, comparing actual expenditure and income to the budget for the same period.

3.2. The papers have been split into separate Appendices as shown below:

- ◆ Appendix 1a - 2019/2020 Financial Position **before** transfers to reserves as at Period 9 (6 December 2019) for General Services on a Service basis
- ◆ Appendix 1b - 2019/2020 Financial Position **before** transfers to reserves as at Period 9 (6 December 2019) for General Services on a Subjective basis
- ◆ Appendix 2a - 2019/2020 Financial Position **after** transfers to reserves as at Period 9 (6 December 2019) for General Services on a Service basis
- ◆ Appendix 2b - 2019/2020 Financial Position **after** transfers to reserves as at Period 9 (6 December 2019) for General Services on a Subjective basis
- ◆ Appendix 3 - Transfers to Reserves
- ◆ Appendix 4 - 2019/2020 Financial Position as at Period 9 (6 December 2019) for Housing Revenue Account

4. Financial Position

4.1. General Fund Revenue Account Position

This overview report will summarise the 2019/2020 Probable Outturn position for the Council's General Fund Revenue Account to 31 March 2020 (Section 5 to 7). It will also provide the position on the General Fund Account and the Housing Revenue Account for the current period 1 April 2019 to 6 December 2019 (Section 8).

- 4.2. When establishing the probable outturn position for the year, Resources were asked to take all known commitments into account. This report details the anticipated spend for the current year on a service basis and subjective basis (Appendices 1a and 1b) and proposes funds to be transferred to reserves for future commitments (Appendix 3). The report will also detail the position after the proposed transfers to reserves on a service basis and subjective basis (Appendix 2a and 2b) for those known commitments required in the next financial year.

5. Executive Summary - 2019/2020 General Services Probable Outturn

- 5.1. This report and appendices provides a detailed analysis of the Council's financial position. Whilst the full detail and background is provided in the report, in order to summarise the position and provide the key highlights, we have provided an Executive Summary below:

- **Final outturn position:** The position **before** any transfers to reserves is an **underspend of £13.406 million** (Appendix 1a). **After** taking into account all proposed transfers to reserves totalling £10.748 million (Appendix 3), the position is an **underspend of £2.658 million** (Appendix 2a). This is an improvement on the previously reported underspend of £1.100 million (after transfers to reserves but excluding the costs of the Social Work pressures (£2.2 million) and additional Auto Enrolment costs (£0.7 million). These costs are now included.
- **Resource position (Sections 6.1 to 6.15):** The position **before** transfers to reserves is an **underspend of £0.965 million**. This reflects underspends in Education Resources and Housing and Technical Resources, partially offset by overspends in Community and Enterprise Resources and Social Work Resources, as previously reported. The position **after** proposed transfers to reserves totalling £3.386 million is an **overspend of £2.421 million**. Full details of all Resource positions and the proposed transfers to reserves are included in section 6 and Appendices 1 to 3.

Underspend £0.965 million

- **Loan Charges (Section 6.16 to 6.20):** The position on loan charges **before** transfers to reserves is an **underspend of £8.512 million**. This is because we have not required to take any borrowing this year, we have re-phased the principal repayments on debt and also the impact in 2019/2020 of the interest rates at which borrowing was taken in 2018/2019. It also includes an estimate of interest due to the Council from deposits. **After** taking account of the transfer to reserves of £6.609 million, the position is an **underspend of £1.903 million**. This is an improvement of £0.803 million on the previously reported figure due to the inclusion of the interest from deposits.

Underspend £8.512 million

- **Corporate Items (Section 6.21 to 6.23):** The position **before** any transfer to reserves is an **overspend of £0.906 million**. This includes the additional costs in respect of Auto Enrolment as reported during the year, and the commitment in respect of Council Tax Second Homes. The position **after** the proposed transfers to reserves of £0.263 million is an **overspend of £1.169 million**.

Overspend £0.906 million

- **Corporate Items - 2020/2021 Strategy (Section 6.24 to 6.25):** As reported previously, an underspend was anticipated in the current year due to underspends in the payment to Strathclyde Passenger Transport, inflation on the secondary schools modernisation contract, and the budget for the re-instatement of payments to Third Sector Organisations. The position **before** any transfer to reserves is an **underspend of £0.490 million**. This is a reduction of £0.050 million on the previously reported position. The position **after** the agreed transfer of these underspends to reserves for use in the 2020/2021 Strategy is **breakeven**.

Underspend £0.490 million

- **Council Tax including Council Tax Reduction Scheme (Section 6.26 to 6.27):** The net Council Tax position is an over recovery of £4.345 million. Of this £3.507 million relates to Council Tax mainly due to arrears collection and additional property numbers and £0.838 million represents the underspend in the Council Tax Reduction Scheme reflecting current demand.

Underspend £4.345 million

- **Transfer to Reserves:** Approval is being sought in this report to transfer £10.748 million to reserves. Full details of these transfers is included in Appendix 3 to this report.

	£m
Forecast Underspend Before Transfers to Reserves	13.406
Less: Proposed Transfers to Reserves	(10.748)
Forecast Underspend After Transfers to Reserves	2.658

5.2. It is proposed that the residual underspend of £2.658 million, after transfers to reserves, is transferred to the Uncommitted General Fund for use in future budget strategies.

5.3. Full details of each of these items is included in the remainder of the report.

6. 2019/2020 General Services Probable Outturn

6.1. Details of the Resource positions, including any assumptions are detailed below:

6.2. **Community and Enterprise Resources:** The outturn position **before** transfers to reserves is an **overspend of £0.034 million**. This net overspend reflects the legal costs from the food safety case and the timing of efficiencies within Fleet, Environmental and Project Services, as previously reported. These are partially offset by an underspend in employee costs and an over recovery of income within Planning and Economic Development.

6.3. The Resource is proposing transfers to reserves totalling £0.110 million (Appendix 3). The position **after** transfers is an **overspend of £0.144 million**.

6.4. **Education Resources:** The outturn position **before** transfers to reserves is an **underspend of £2.985 million**.

6.5. The outturn position includes an estimate of the costs which will be incurred in relation to the Early Years Job Evaluation exercise, which is expected to conclude before the end of the financial year. These costs, including an element for back pay, are being funded from the current budget, and reserves held for early years expenditure.

- 6.6. As previously reported, the £7.7 million allocation of Pupil Equity Fund (PEF) is anticipated to spend in the academic year to June 2020. This academic year covers 2 financial years, resulting in an underspend in 2019/2020 which will require to be carried forward and used in April to June 2020. The underspend for 2019/2020 has been revised to £1.000 million from the £1.500 million previously reported as we are now further into the financial year and levels of expenditure can be confirmed with more certainty. The underspend also reflects the timing of expenditure on the delivery of Early Years 1140 hours expansion and school counselling projects as well as an over recovery of income from Early Years fees.
- 6.7. The Resource is proposing transfers to reserves totalling £3.023 million (Appendix 3). The position **after** transfers to reserves is an **overspend of £0.038 million**.
- 6.8. **Finance and Corporate Resources:** The Resource is showing a **breakeven** position and is not proposing any transfers to reserves. The breakeven position reflects underspends in employee costs in Finance (Transactions) and underspends on employability and sanitary products within Personnel Services.
- 6.9. These are offset by overspends due to lower than anticipated turnover in Finance (Strategy) and IT Services, and a reduction in external income within Communications and Strategy.
- 6.10. **Housing and Technical Resources:** The outturn **before** transfers to reserves is an **underspend of £0.253 million**. This underspend reflects an underspend in Housing Services within the homeless services and also due to the timing of the rollout of the Rapid Rehousing Transition Programme. This is partially offset by an overspend in Property Services due to CCTV upgrades and staff costs.
- 6.11. The Resource is proposing transfers to reserves totalling £0.253 million (Appendix 3). The position **after** transfers to reserves is **breakeven**.
- 6.12. **Social Work Resources:** The outturn position is a net **overspend of £2.239 million**. This reflects the overspend in Children and Families due to demand, as previously reported, and an overspend in Adults and Older People due to demand for community based services. This overspend is partially offset by an underspend in Justice Services.
- 6.13. Although the overspend in Adults and Older People has been managed within the Council's overall budget, a contribution is being sought from the Health and Social Care Partnership to cover the additional costs and therefore reduce the pressure on the Council's budget in the current financial year. Discussions are ongoing with the Chief Financial Officer of the Health and Social Care Partnership.
- 6.14. The Resource are not proposing any transfers to reserves.
- 6.15. **Total Resource Position:** The position **before** transfers to reserves is an **underspend of £0.965 million**. The position **after** proposed transfers to reserves totalling £3.386 million is an **overspend of £2.421 million**.
- 6.16. **Loan Charges:** The outturn position on loan charges **before** transfers to reserves is an **underspend of £8.512 million**. As reported previously, an underspend of £6.500 million is anticipated due to the re-phasing of the principal repayment on debt and also reflecting the impact on 2019/2020 of the actual interest rates at which borrowing was taken in 2018/2019.

- 6.17. It was also reported that similar to the situation last financial year, the Council will not require to borrow this year and instead, cash balances have been used to fund capital spend incurred. The cash balances will be used on a temporary basis and this will generate an in-year underspend against interest costs. This requirement not to borrow is on a temporary basis only, and borrowing will be required to replace the cash balances in the future.
- 6.18. The balance of the underspend relates to an estimate of interest from deposits and interest on the balances held in the Council's reserves during the year.
- 6.19. **After** the proposed transfer to reserves totalling £6.609 million (Appendix 3), the outturn is an **underspend of £1.903 million**.
- 6.20. It should be noted that this outturn position for loan charges does not take into account the outcome of the work that has taken place in the Loans Fund Review. Members were previously advised that a report showing the potential impact of the debt re-profiling for the Council will be developed and reported to a future meeting of the Executive Committee. Any benefit realised will be identified to members, with a proposal to use this to assist in supporting future budget strategies.
- 6.21. **Corporate Items:** The outturn position **before** transfers to reserves is a net **overspend of £0.906 million**. This is mainly made up of the following:
- Auto Enrolment overspend (£0.715 million). As previously reported, a larger number of employees than anticipated remained in the pension scheme following auto enrolment.
 - Commitment in respect of Council Tax Second Homes (£0.540 million), reflecting the level of Council Tax income recovered from second homes. This commitment reflects the transfer to the Housing Revenue Account for expenditure on social housing.
- 6.22. These overspends are partially offset by the following underspend:
- Resources are allocated funding from the Central Energy Efficiency Fund (CEEF) Reserve to pay for spend to save projects which they repay over future years from the revenue savings generated by the project. This over recovery of income (£0.263 million) represents the repayment to be transferred back to the CEEF Reserve.
- 6.23. There are proposed transfers to reserves totalling £0.263 million (Appendix 3). The position **after** transfers to reserves is an **overspend of £1.169 million**.
- 6.24. **Corporate Items - 2020/2021 Strategy:** The Council holds a budget for payments to third sector organisations. The outturn position **before** any transfers to reserves is an **underspend of £0.490 million**. The outturn is £0.050 million lower than the position previously reported due to a payment to be made to Healthy and Happy Community Development Trust, following an approach from the organisation that such a contribution was required to allow them to continue to deliver services in 2020/2021.
- 6.25. **After** the proposed transfer to reserves of £0.490 million for use in the 2020/2021 Strategy, the outturn position is **breakeven**.

- 6.26. **Council Tax including Council Tax Reduction Scheme:** The net Council Tax position is an over recovery of £4.345 million. Of this, £3.507 million relates to Council Tax and relates mainly to arrears, property numbers and income from empty long term properties. There is also £0.540 million of Council Tax from second homes which is offset by an expenditure commitment within Corporate Items.
- 6.27. The remaining underspend of £0.838 million reflects current demand for the Council Tax Reduction Scheme.
- 6.28. **Other Items**
European Social Fund (ESF): The Council receives funding from the ESF on approved projects where it spends the money and then reclaims it from the ESF. The ESF programme was formally suspended at a Scotland wide level by the EU in November 2019 following a pre-suspension period that initially started in February 2019. Routine audit work undertaken by the EU had identified issues with elements of the ESF programme which led, in turn, to the EU suspending further payments pending resolution of the issues identified.
- 6.29. In an attempt to resolve these matters, the Scottish Government is working with the EU. Further information has been gathered by the Scottish Government to present to the EU and the Council have contributed to this exercise. There is no indication, at this time, as to when the suspension will be lifted and therefore the Council continues to account on the basis that all outstanding ESF income will be received. Further updates will be provided to committee as this issue progresses.
- 6.30. There is a risk that the Council may not receive some of the grant income due to us. However, until there is confirmation that any grant will be withheld, we will continue to apply proper accounting practice, and the Council will continue to reflect the expected income in our Accounts in the same way as previous financial years. The Council's outstanding ESF income is £3.0 million, to end March 2019.
- 6.31. At the moment, the ESF programmes are continuing and will therefore incur further spend. Until the suspension is lifted, any further spend incurred will increase the financial risk to the Council. The level of ESF funded programme spend in 2019/2020, is £1.3 million.

7. Summary of Overall Outturn Position

- 7.1. The final outturn position, as detailed in Section 6, is summarised in the table below:

	£m
Forecast Underspend Before Transfers to Reserves	13.406
Less: Proposed Transfers to Reserves	(10.748)
Forecast Underspend After Transfers to Reserves	2.658

- 7.2. This is an improvement on the previously reported underspend of £1.100 million after transfers to reserves (but excluding the costs of the Social Work pressures and additional Auto Enrolment costs). These costs are now included.
- 7.3. **Home Care Service:** Following the outcome of the recent inspection of Home Care services, work is ongoing to deliver improvements to the service. Additional costs are expected from this improvement work, which may impact on the outturn position for the Council. Further information will be provided when confirmation on the level of these costs is received.

- 7.4. At this point, it is proposed that the underspend of £2.658 million, after transfers to reserves, is transferred to the Uncommitted General Fund for use in future budget strategies.

8. 2019/2020 General Services Monitoring Position

8.1. Financial Position as at 6 December 2019

As at 6 December 2019, the position on the General Fund **before** transfers to reserves is an **underspend of £11.694 million** (Appendix 1a). Appendix 2a shows the position assuming the approval of the proposed transfers to reserves, as an **underspend of £1.156 million**.

- 8.2. This position is in line with the forecast position for the General Fund (section 4) and reflects the overspends in Community and Enterprise Resources, Social Work Resources and Corporate Items, offset by the underspends in Loan Charges and over recovery of Council Tax.

8.3. Other Funding

There has been no additional funding notified since the last report.

9. Housing Revenue Account Position

- 9.1. As at 6 December 2019, Appendix 4 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.

- 9.2. The forecast to 31 March 2020 on the Housing Revenue Account is a breakeven position.

10. Employee Implications

- 10.1. None.

11. Financial Implications

- 11.1. As detailed within this report.

12. Climate Change, Sustainability and Environmental Implications

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

13. Other Implications

- 13.1. 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.
- 13.2. There are no implications for sustainability in terms of the information contained in this report.

14. Equality Impact Assessment and Consultation Arrangements

- 14.1. 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.
- 14.2. 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)

29 January 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 6 December 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 (BEFORE Transfers)
Period Ended 6 December 2020 (No.9)

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
Departments:	£m	£m	£m	£m	£m	£m		
Community and Enterprise Resources	108.531	108.565	(0.034)	70.915	70.970	(0.055)	over	(0.1%)
Facilities Streets and Waste (Inc. Support)	66.217	66.161	0.056	41.403	41.364	0.039	under	0.1%
Fleet, Environmental and Projects	1.479	2.117	(0.638)	0.954	1.415	(0.461)	over	(48.3%)
Leisure and Culture Services	19.505	19.460	0.045	14.545	14.516	0.029	under	0.2%
Planning and Economic Development	1.955	1.433	0.522	3.881	3.525	0.356	under	9.2%
Roads	19.375	19.394	(0.019)	10.132	10.150	(0.018)	over	(0.2%)
Education Resources	337.196	334.211	2.985	216.854	213.858	2.996	under	1.4%
Finance and Corporate Resources	34.336	34.336	0.000	31.946	31.946	0.000		0.0%
Finance Services - Strategy	2.139	2.218	(0.079)	2.382	2.433	(0.051)	over	(2.1%)
Finance Services - Transactions	12.618	12.368	0.250	12.379	12.216	0.163	under	1.3%
Audit and Compliance Services	0.365	0.362	0.003	0.422	0.420	0.002	under	0.5%
Information Technology Services	4.995	5.102	(0.107)	5.234	5.274	(0.040)	over	(0.8%)
Communications and Strategy Services	1.034	1.204	(0.170)	0.963	1.084	(0.121)	over	(12.6%)
Administration and Licensing Services	3.773	3.814	(0.041)	3.738	3.733	0.005	under	0.1%
Personnel Services	9.412	9.268	0.144	6.828	6.786	0.042	under	0.6%
Housing and Technical Resources	17.086	16.833	0.253	12.816	12.681	0.135	under	1.1%
Housing Services	8.515	8.196	0.319	5.532	5.368	0.164	under	3.0%
Property Services	8.571	8.637	(0.066)	7.284	7.313	(0.029)	over	(0.4%)
Social Work Resources	164.668	166.907	(2.239)	120.939	122.539	(1.600)	over	(1.3%)
Performance and Support Services	7.691	7.710	(0.019)	5.524	5.513	0.011	under	0.2%
Children and Families	33.059	34.989	(1.930)	21.830	23.127	(1.297)	over	(5.9%)
Adults and Older People	122.623	123.069	(0.446)	92.534	92.965	(0.431)	over	(0.5%)
Justice and Substance Misuse	1.295	1.139	0.156	1.051	0.934	0.117	under	11.1%
Joint Boards	2.151	2.151	0.000	1.477	1.477	0.000		0.0%
	663.968	663.003	0.965	454.947	453.471	1.476	under	0.3%

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
	£m	£m	£m	£m	£m	£m		
Service Departments Total	663.968	663.003	0.965	454.947	453.471	1.476	under	0.3%
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Loan Charges	53.916	45.404	8.512	53.916	45.404	8.512	under	15.8%
Corporate Items	2.187	3.093	(0.906)	(0.292)	0.081	(0.373)	over	127.7%
Corporate Items - 2020/2021 Strategy	0.540	0.050	0.490	0.540	0.000	0.540	under	100.0%
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Total Expenditure	720.611	711.550	9.061	509.111	498.956	10.155	under	2.0%
Council Tax	152.487	155.994	3.507	98.027	100.282	2.255	over rec	2.3%
Less: Council Tax Reduction Scheme	(20.480)	(19.642)	0.838	(13.166)	(12.627)	0.539	under	4.1%
Net Council Tax	132.007	136.352	4.345	84.861	87.655	2.794	over rec	3.3%
General Revenue Grant	220.380	220.380	0.000	142.538	142.538	0.000		0.0%
Non Domestic Rates	341.166	341.166	0.000	236.192	236.192	0.000		0.0%
Transfer from Reserves	27.058	27.058	0.000	27.058	27.058	0.000		0.0%
Total Income	720.611	724.956	4.345	490.649	493.443	2.794	over rec	0.6%
Net Expenditure / (Income)	0.000	(13.406)	13.406	18.462	5.513	12.949	under	70.1%

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report (BEFORE Transfers)
Period Ended 6 December 2019 (No.9)

<u>Budget Category</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
Service Departments:	£m	£m	£m	£m	£m	£m		
Expenditure								
Employee Cost	509.391	509.470	(0.079)	335.150	335.103	0.047	under	0.0%
Property Costs	54.639	53.564	1.075	41.040	40.179	0.861	under	2.1%
Supplies and Services	52.659	51.831	0.828	32.702	31.733	0.969	under	3.0%
Transport Costs	41.606	41.584	0.022	27.509	27.787	(0.278)	over	(1.0%)
Administration Costs	16.324	16.475	(0.151)	9.719	10.007	(0.288)	over	(3.0%)
Payments to Other Bodies	63.464	63.200	0.264	39.395	38.794	0.601	under	1.5%
Payments to Contractors	196.179	196.639	(0.460)	118.484	118.464	0.020	under	0.0%
Transfer Payments	5.187	5.540	(0.353)	4.157	4.332	(0.175)	over	(4.2%)
Housing Benefits	70.154	69.462	0.692	47.575	47.140	0.435	under	0.9%
Financing Charges (controllable)	1.995	2.035	(0.040)	1.315	1.371	(0.056)	over	(4.3%)
Total	1,011.598	1,009.800	1.798	657.046	654.910	2.136	under	0.3%
Service Departments Total	1,011.598	1,009.800	1.798	657.046	654.910	2.136	under	0.3%
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Loan Charges	53.916	45.404	8.512	53.916	45.404	8.512	under	15.8%
Corporate Items	2.187	3.093	(0.906)	(0.292)	0.081	(0.373)	over	127.7%
Corporate Items - 2020/2021 Strategy	0.540	0.050	0.490	0.540	0.000	0.540	under	100.0%
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Total Expenditure	1,068.241	1,058.347	9.894	711.210	700.395	10.815	under	
Income								
Housing Benefit Subsidy	65.158	65.158	0.000	42.855	42.855	0.000	-	0.0%
Other Income	282.472	281.639	(0.833)	159.244	158.584	(0.660)	under rec	(0.4%)
Council Tax (Net of Council Tax Reduction Scheme)	132.007	136.352	4.345	84.861	87.655	2.794	over rec	3.3%
General Revenue Grant	220.380	220.380	0.000	142.538	142.538	0.000	-	0.0%
Non Domestic Rates	341.166	341.166	0.000	236.192	236.192	0.000	-	0.0%
Transfer from Reserves	27.058	27.058	0.000	27.058	27.058	0.000	-	0.0%
Total Income	1,068.241	1,071.753	3.512	692.748	694.882	2.134	over rec	0.3%
Net Expenditure / (Income)	0.000	(13.406)	13.406	18.462	5.513	12.949	under	70.1%

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report (AFTER Transfers)

Period Ended 6 December 2020 (No.9)

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
Departments:	£m	£m	£m	£m	£m	£m		
Community and Enterprise Resources	108.531	108.675	(0.144)	70.915	71.047	(0.132)	over	(0.2%)
Facilities Streets and Waste (Inc. Support)	66.217	66.271	(0.054)	41.403	41.441	(0.038)	over	(0.1%)
Fleet, Environmental and Projects	1.479	2.117	(0.638)	0.954	1.415	(0.461)	over	(48.3%)
Leisure and Culture Services	19.505	19.460	0.045	14.545	14.516	0.029	under	0.2%
Planning and Economic Development	1.955	1.433	0.522	3.881	3.525	0.356	under	9.2%
Roads	19.375	19.394	(0.019)	10.132	10.150	(0.018)	over	(0.2%)
Education Resources	337.196	337.234	(0.038)	216.854	216.881	(0.027)	over	0.0%
Finance and Corporate Resources	34.336	34.336	0.000	31.946	31.946	0.000	-	0.0%
Finance Services - Strategy	2.139	2.218	(0.079)	2.382	2.433	(0.051)	over	(2.1%)
Finance Services - Transactions	12.618	12.368	0.250	12.379	12.216	0.163	under	1.3%
Audit and Compliance Services	0.365	0.362	0.003	0.422	0.420	0.002	under	0.5%
Information Technology Services	4.995	5.102	(0.107)	5.234	5.274	(0.040)	over	(0.8%)
Communications and Strategy Services	1.034	1.204	(0.170)	0.963	1.084	(0.121)	over	(12.6%)
Administration and Licensing Services	3.773	3.814	(0.041)	3.738	3.733	0.005	under	0.1%
Personnel Services	9.412	9.268	0.144	6.828	6.786	0.042	under	0.6%
Housing and Technical Resources	17.086	17.086	0.000	12.816	12.816	0.000	-	0.0%
Housing Services	8.515	8.449	0.066	5.532	5.503	0.029	under	0.5%
Property Services	8.571	8.637	(0.066)	7.284	7.313	(0.029)	over	(0.4%)
Social Work Resources	164.668	166.907	(2.239)	120.939	122.539	(1.600)	over	(1.3%)
Performance and Support Services	7.691	7.710	(0.019)	5.524	5.513	0.011	under	0.2%
Children and Families	33.059	34.989	(1.930)	21.830	23.127	(1.297)	over	(5.9%)
Adults and Older People	122.623	123.069	(0.446)	92.534	92.965	(0.431)	over	(0.5%)
Justice and Substance Misuse	1.295	1.139	0.156	1.051	0.934	0.117	under	11.1%
Joint Boards	2.151	2.151	0.000	1.477	1.477	0.000	-	0.0%
	663.968	666.389	(2.421)	454.947	456.706	(1.759)	over	(0.4%)

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
	£m	£m	£m	£m	£m	£m		
Service Departments Total	663.968	666.389	(2.421)	454.947	456.706	(1.759)	over	(0.4%)
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Loan Charges	53.916	52.013	1.903	53.916	52.013	1.903	under	3.5%
Corporate Items	2.187	3.356	(1.169)	(0.292)	0.344	(0.636)	over	217.8%
Corporate Items - 2020/2021 Strategy	0.540	0.540	0.000	0.540	0.540	0.000	-	0.0%
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Total Expenditure	720.611	722.298	(1.687)	509.111	509.603	(0.492)	over	(0.1%)
Council Tax	152.487	155.994	3.507	98.027	100.282	2.255	over rec	2.3%
Less: Council Tax Reduction Scheme	(20.480)	(19.642)	0.838	(13.166)	(12.627)	0.539	under	4.1%
Net Council Tax	132.007	136.352	4.345	84.861	87.655	2.794	over rec	3.3%
General Revenue Grant	220.380	220.380	0.000	142.538	142.538	0.000	-	0.0%
Non Domestic Rates	341.166	341.166	0.000	236.192	236.192	0.000	-	0.0%
Transfer from Reserves	27.058	27.058	0.000	27.058	27.058	0.000	-	0.0%
Total Income	720.611	724.956	4.345	490.649	493.443	2.794	over rec	0.6%
Net Expenditure / (Income)	0.000	(2.658)	2.658	18.462	16.160	2.302	under	12.5%

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report (AFTER Transfers)
Period Ended 6 December 2019 (No.9)

<u>Budget Category</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%
Service Departments:	£m	£m	£m	£m	£m	£m		
Expenditure								
Employee Cost	509.391	509.616	(0.225)	335.150	335.225	(0.075)	over	0.0%
Property Costs	54.639	53.680	0.959	41.040	40.253	0.787	under	1.9%
Supplies and Services	52.659	53.332	(0.673)	32.702	33.234	(0.532)	over	(1.6%)
Transport Costs	41.606	41.584	0.022	27.509	27.787	(0.278)	over	(1.0%)
Administration Costs	16.324	16.475	(0.151)	9.719	10.007	(0.288)	over	(3.0%)
Payments to Other Bodies	63.464	64.646	(1.182)	39.395	40.240	(0.845)	over	(2.1%)
Payments to Contractors	196.179	196.710	(0.531)	118.484	118.512	(0.028)	over	0.0%
Transfer Payments	5.187	5.540	(0.353)	4.157	4.332	(0.175)	over	(4.2%)
Housing Benefits	70.154	69.462	0.692	47.575	47.140	0.435	under	0.9%
Financing Charges (controllable)	1.995	2.035	(0.040)	1.315	1.371	(0.056)	over	(4.3%)
Total	1,011.598	1,013.080	(1.482)	657.046	658.101	(1.055)	over	(0.2%)
Service Departments Total	1,011.598	1,013.080	(1.482)	657.046	658.101	(1.055)	over	(0.2%)
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Loan Charges	53.916	52.013	1.903	53.916	52.013	1.903	under	3.5%
Corporate Items	2.187	3.356	(1.169)	(0.292)	0.344	(0.636)	over	217.8%
Corporate Items - 2020/2021 Strategy	0.540	0.540	0.000	0.540	0.540	0.000	-	0.0%
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Total Expenditure	1,068.241	1,068.989	(0.748)	711.210	710.998	0.212	under	
Income								
Housing Benefit Subsidy	65.158	65.158	0.000	42.855	42.855	0.000	-	0.0%
Other Income	282.472	281.533	(0.939)	159.244	158.540	(0.704)	under rec	(0.4%)
Council Tax (Net of Council Tax Reduction Scheme)	132.007	136.352	4.345	84.861	87.655	2.794	over rec	3.3%
General Revenue Grant	220.380	220.380	0.000	142.538	142.538	0.000	-	0.0%
Non Domestic Rates	341.166	341.166	0.000	236.192	236.192	0.000	-	0.0%
Transfer from Reserves	27.058	27.058	0.000	27.058	27.058	0.000	-	0.0%
Total Income	1,068.241	1,071.647	3.406	692.748	694.838	2.090	over rec	0.3%
Net Expenditure / (Income)	0.000	(2.658)	2.658	18.462	16.160	2.302	under	12.5%

Transfers to Reserves

Purpose / Description	Resource	Value £m
Resources		
Environmental Initiatives A report was presented to the Community and Enterprise Resources Committee (3 September 2019) which detailed the proposals for utilising the £0.100m added to the 2019/2020 budget for Environmental Initiatives. Due to the timing of the commencement of some of these works, the transfer is proposed to meet commitments into 2020/2021.	Community and Enterprise	0.050
Allers (Lamer Moor Park) As part of the report presented to the Community and Enterprise Committee (22 January 2019) on Allotments, the extension of Allers allotment was identified as one of the potential food growing development sites. The development plan for this site requires an access road at Kenilworth into Lamer Moor Park. This transfer to reserves will allow this development to commence and also for the Council to reduce the number of people on the waiting list for an allotment.	Community and Enterprise	0.030
Food Development Officer The Community and Enterprise Resources Committee (12 November 2019) approved that the 18 month temporary Food Development Officer be made permanent. The transfer to reserves is to manage the costs of this post in 2020/2021.	Community and Enterprise	0.030
Total Community and Enterprise Resources		0.110
Pupil Equity Fund (already reported) The funding received from the Government can be used up to the end of the school term (June 2020). The underspend reflects the element of the funding that will be utilised in April to June 2020.	Education	1.000
Early Years 1140 Hours This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the commitments in line with the spend profile of the project.	Education	1.493
Sanitary Products in Schools This transfer relates to the underspend on the current year grant allocation to be carried forward to meet the commitments in line with the spend profile of the project.	Education	0.041
Counselling in Schools The funding for Counselling was only confirmed part way through the financial year, therefore the funding provided will not fully spend this year. This transfer of the underspend in funding will allow the commitments on this policy to be delivered in future years.	Education	0.489
Total Education Resources		3.023
Homelessness The grant from the Scottish Government included funding for Homelessness. Due to current levels of stock and good performance within the Homelessness service an underspend is forecast and it is proposed to transfer this to reserves to fund future investment in the Homelessness service.	Housing and Technical	0.106
Homelessness - Rapid Rehousing Transition Planning Due to the timing of the implementation rollout of the Rapid Rehousing Transition Planning funding, it is proposed that the underspend be carried forward to meet future commitments (approved at Housing and Technical Committee, 23 January 2019).	Housing and Technical	0.147
Total Housing and Technical Resources		0.253
Total Resource Transfers to Reserves		3.386
Loan Charges		
Loan Charges Underspend due to the re-phasing of the principal repayment on debt and also reflecting the actual interest rates at which borrowing was taken in 2018/2019. The Executive Committee (26 June 2019) approved transfer to reserves for utilisation in 2020/2021 Budget Strategy.	Loan Charges	6.500
Interest on Reserve Balances During the year, similar to a bank account, interest is accrued on the balances held in reserves. These include the Insurance Fund, Repairs and Renewals Fund and the Capital Fund. This transfer represents passing the interest to each of the individual reserves.	Loan Charges	0.109
Total Loan Charges Transfers to Reserves		6.609
Corporate Items		
Central Energy Efficiency Fund (CEEF) Resources are allocated funding from the CEEF Reserve to pay for spend to save projects which they repay over future years from the revenue savings generated by the project. This transfer represents the payback of savings from Resources and allows the Reserve to be regenerated for use on future projects.	Corporate Items	0.263
Total Corporate Items		0.263
Corporate Items - 2020/2021 Strategy		
2019/2020 Underspends During the year underspends were identified on budgets no longer required in respect of SPT, PPP and third sector organisations. The Executive Committee (26 June 2019) approved the transfer of this underspend to reserves to be utilised in the 2020/2021 Budget Strategy.	Corporate Items - 2020/21 Strategy	0.490
Total Corporate Items - 2020/2021 Strategy		0.490
Total Corporate Transfers		7.362
Total Transfers to Reserves		10.748

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 6 December 2019 (No.9)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 06/12/19	Actual to Period 9 06/12/19	Variance to 06/12/19		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	13.526	12.785	0.741	8.982	8.543	0.439	under	4.9%	1
Property Costs	44.604	44.435	0.169	29.352	29.242	0.110	under	0.4%	2
Supplies & Services	1.475	1.475	0.000	0.633	0.632	0.001	under	0.2%	
Transport & Plant	0.195	0.195	0.000	0.103	0.102	0.001	under	1.0%	
Administration Costs	5.702	5.656	0.046	0.409	0.391	0.018	under	4.4%	
Payments to Other Bodies	3.174	3.126	0.048	0.021	0.027	(0.006)	over	(28.6%)	
Payments to Contractors	0.100	0.105	(0.005)	0.092	0.098	(0.006)	over	(6.5%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	20.589	20.599	(0.010)	20.639	20.646	(0.007)	over	0.0%	
Total Controllable Expenditure	89.365	88.376	0.989	60.231	59.681	0.550	under	0.9%	
Total Controllable Income	(102.379)	(102.185)	(0.194)	(61.604)	(61.423)	(0.181)	under rec	(0.3%)	3
Transfer to/(from) Balance Sheet	(2.150)	(1.355)	(0.795)	(1.756)	(1.387)	(0.369)	under rec	(21.0%)	4
Net Controllable Expenditure	(15.164)	(15.164)	0.000	(3.129)	(3.129)	0.000		0.0%	
Add: Non Controllable Budgets									
Financing Charges	15.164	15.164	0.000	0.000	0.000	0.000		0.0%	
Total Budget	0.000	0.000	0.000	(3.129)	(3.129)	0.000		0.0%	

Variance Explanations

1. Employee Costs

The underspend relates to pension contributions and vacancies, which are being actively recruited or being held whilst service requirements are determined.

2. Property Costs

The underspend relates to the bad debt provision due to the demands following the rollout of Universal Credit and better than anticipated collection rates for rental income. This is partially offset by repairs and grounds maintenance works which are demand led budgets, being higher than anticipated.

3. Income

The under recovery in rental income is due to the timing of the completion of new build properties.

4. Transfer to/(from) Balance Sheet

The net impact of the underspends within the service has resulted in a reduced requirement to drawdown from reserves in the current year.