

Report

Report to:	Executive Committee
Date of Meeting:	29 March 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 12 - 1 April 2022 to 24 February and Probable Outturn
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise Members of the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2022 to 24 February 2023, and the projection for the year to 31 March 2023

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it be noted that the Council's outturn position is breakeven after transfers to reserves (section 4.2);
- (2) that the underspend position of £1.875 million on the General Fund Revenue Account as at 24 February 2023, after transfers to reserves (section 5.1) and including an underspend of £0.165 million on the delegated budget to the Integration Joint Board (IJB) (section 5.2), be noted; and
- (3) that the breakeven position on the Housing Revenue Account at 24 February 2023 and the forecast to 31 March 2022 of breakeven (sections 6.1 and 6.2), be noted.

3. Background

3.1. This overview report will summarise the previously reported Probable Outturn position for the Council's General Fund Revenue Account to 31 March 2023 (section 4). Sections 5 and 6 provide the position on the General Fund Account and the Housing Revenue Account for the current period 1 April 2022 to 24 February 2023 respectively.

4. 2022/2023 General Services Probable Outturn

4.1. As reported previously, the 2022/2023 probable outturn position for the General Services presented an underspend of £4.696 million. This underspend was after previously approved transfers of £17.420 million earmarked for the Budget Strategy, and new proposed transfers to reserves totalling £17.195 million. It was also proposed that outturn underspend of £4.696 million be transferred to reserves to assist in the 2023/2024 Budget Strategy.

4.2. The Executive Committee (1 February 2023) approved the new proposed transfers to reserves and the use of the £4.696 million Probable Outturn underspend to assist in the 2023/2024 Budget Strategy. Full details of the transfers to reserves were included in the same report. The forecast position before and after transfers to reserves is shown in appendices 1 and 2 respectively. The breakeven position presented in Appendix 2 includes the Probable Outturn underspend of £4.696 million as a transfer to reserves.

5. 2022/2023 General Services Monitoring Position

5.1. Financial Position as at 24 February 2023

As at 24 February 2023, the position on the General Services budget, after transfers to reserves, is an underspend of £1.875 million (Appendix 2).

- 5.2. It is noted that the Period 12 position for Social Work Resources is breakeven. However, this includes an underspend on the delegated budget for Adults and Older People (£0.165 million) which is offset by a net overspend in the other Non-Delegated Services. If the underspend on the delegated budget is removed from the core Council position, then the revised core Council position as at Period 12 is an underspend of £1.710 million.

6. Housing Revenue Account Position

6.1. Financial Position as at 24 February 2023

Appendix 3 of the report shows a breakeven position against the phased budget on the Housing Revenue Account. This takes account of an element of the underspend in Financing Charges, as forecast as part of the Probable Outturn exercise. Levels of rent collection continue to be monitored by the Housing Services team and appropriate corrective action will be taken, as required.

- 6.2. **Probable Outturn Position:** Appendix 3 also shows the forecast position for the financial year, being a breakeven position for the Housing Revenue Account.

7. Employee Implications

- 7.1. None.

8. Financial Implications

- 8.1. As detailed in sections 4 to 6 of the report.

9. Climate Change, Sustainability and Environmental Implications

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

10. Other Implications

- 10.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. Inflationary and budget pressures experienced this year increase the risk of overspend, however, this is mitigated going forward through provision of additional funds in next year's budget strategy, and through the one-off use of reserves in the current year.
- 10.2. The actual impact will continue to be reviewed through 4 weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise position in this report ensures early warning for corrective action to be taken where appropriate.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. 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.
- 11.2. 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)

15 March 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Executive Committee, 1 March 2023

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 24 February 2023

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 24 February 2023 (No.12)

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers (Over) / Under	Budget Proportion to 24/02/23	Actual to Period 10 24/02/23	Variance to 24/02/23	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	129.813	128.536	1.277	111.496	110.348	1.148	under
Facilities, Waste and Grounds	75.641	73.884	1.757	64.400	62.795	1.605	under
Leisure and Culture Services	23.942	23.930	0.012	21.493	21.479	0.014	under
Planning and Regulatory Services	5.138	4.096	1.042	4.530	3.609	0.921	under
Enterprise and Sustainable Development	6.958	6.844	0.114	6.108	5.967	0.141	under
Roads, Transportation and Fleet	18.134	19.782	(1.648)	14.965	16.498	(1.533)	over
Education Resources	397.586	396.086	1.500	340.677	339.293	1.384	under
Education	397.586	396.086	1.500	340.677	339.293	1.384	under
Finance and Corporate Resources	48.242	48.242	0.000	50.024	50.024	0.000	-
Finance Services - Strategy	2.129	2.141	(0.012)	3.116	3.026	0.090	under
Finance Services - Transactions	23.789	23.295	0.494	21.232	20.799	0.433	under
Audit and Compliance Services	0.376	0.376	0.000	0.569	0.578	(0.009)	over
Information Technology Services	5.304	5.340	(0.036)	7.678	7.741	(0.063)	over
Communications and Strategy Services	3.353	3.504	(0.151)	2.888	2.980	(0.092)	over
Administration and Licensing Services	4.274	4.747	(0.473)	4.359	4.725	(0.366)	over
Personnel Services	9.017	8.839	0.178	10.182	10.175	0.007	under
Housing and Technical Resources	19.145	19.487	(0.342)	19.397	19.627	(0.230)	over
Housing Services	9.830	9.830	0.000	8.432	8.432	0.000	-
Property Services	9.315	9.657	(0.342)	10.965	11.195	(0.230)	over
Social Work Resources	216.286	210.651	5.635	189.194	184.676	4.518	under
Performance and Support Services	7.084	6.405	0.679	6.432	5.653	0.779	under
Children and Families	42.988	44.144	(1.156)	38.573	39.974	(1.401)	over
Adults and Older People	165.086	159.451	5.635	143.107	138.424	4.683	under
Justice and Substance Misuse	1.128	0.651	0.477	1.082	0.625	0.457	under
Joint Boards	2.152	2.152	0.000	1.928	1.928	0.000	-
	813.224	805.154	8.070	712.716	705.896	6.820	under

<u>Committee</u>	Annual Budget	Annual Forecast BEFORE Transfers	Annual Forecast Variance BEFORE Transfers (Over) / Under	Budget Proportion To 24/02/23	Actual to Period 10 24/02/23	Variance to 24/02/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	813.224	805.154	8.070	712.716	705.896	6.820	under
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.041	30.306	4.735	0.000	0.000	0.000	-
Corporate Items	28.729	24.157	4.572	17.266	15.996	1.270	under
Corporate Items – Strategy (Tfr to Reserves)	17.420	0.000	17.420	0.000	0.000	0.000	-
Investments – 2022/23 (Tfr to Reserves)	0.000	0.000	0.000	0.000	0.000	0.000	-
	0.000	0.000	0.000				
Total Expenditure	894.928	860.131	34.797	729.982	721.892	8.090	under
Council Tax	167.437	170.688	3.251	143.517	146.304	2.787	over rec
Less: Council Tax Reduction Scheme	(23.272)	(22.009)	1.263	(19.947)	(18.865)	1.082	under
Net Council Tax	144.165	148.679	4.514	123.570	127.439	3.869	over rec
General Revenue Grant	254.817	254.817	0.000	218.415	218.415	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	362.221	362.221	0.000	-
Transfer from Reserves	73.355	73.355	0.000	73.355	73.355	0.000	-
Total Income	894.928	899.442	4.514	777.561	781.430	3.869	over rec
Net Expenditure / (Income)	0.000	(39.311)	39.311	(47.579)	(59.538)	11.959	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report (AFTER Transfers)
Period Ended 24 February 2023 (No.12)

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion to 24/02/23	Actual to Period 10 24/02/23	Variance to 24/02/23	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	129.813	129.806	0.007	111.496	111.520	(0.024)	under
Facilities, Waste and Grounds	75.641	75.114	0.527	64.400	63.930	0.470	under
Leisure and Culture Services	23.942	23.930	0.012	21.493	21.479	0.014	under
Planning and Regulatory Services	5.138	4.096	1.042	4.530	3.609	0.921	under
Enterprise and Sustainable Development	6.958	6.844	0.114	6.108	5.967	0.141	under
Roads, Transportation and Fleet	18.134	19.822	(1.688)	14.965	16.535	(1.570)	over
Education Resources	397.586	397.586	0.000	340.677	340.677	0.000	-
Education	397.586	397.586	0.000	340.677	340.677	0.000	-
Finance and Corporate Resources	48.242	48.242	0.000	50.024	50.024	0.000	-
Finance Services - Strategy	2.129	2.141	(0.012)	3.116	3.026	0.090	under
Finance Services - Transactions	23.789	23.295	0.494	21.232	20.799	0.433	under
Audit and Compliance Services	0.376	0.376	0.000	0.569	0.578	(0.009)	over
Information Technology Services	5.304	5.340	(0.036)	7.678	7.741	(0.063)	over
Communications and Strategy Services	3.353	3.504	(0.151)	2.888	2.980	(0.092)	over
Administration and Licensing Services	4.274	4.747	(0.473)	4.359	4.725	(0.366)	over
Personnel Services	9.017	8.839	0.178	10.182	10.175	0.007	over
Housing and Technical Resources	19.145	19.487	(0.342)	19.397	19.627	(0.230)	over
Housing Services	9.830	9.830	0.000	8.432	8.432	0.000	-
Property Services	9.315	9.657	(0.342)	10.965	11.195	(0.230)	over
Social Work Resources	216.286	216.286	0.000	189.194	189.194	0.000	-
Performance and Support Services	7.084	6.405	0.679	6.432	5.653	0.779	under
Children and Families	42.988	44.144	(1.156)	38.573	39.974	(1.401)	over
Adults and Older People	165.086	165.086	0.000	143.107	142.942	0.165	under
Justice and Substance Misuse	1.128	0.651	0.477	1.082	0.625	0.457	under
Joint Boards	2.152	2.152	0.000	1.928	1.928	0.000	-
	813.224	813.559	(0.335)	712.716	712.970	(0.254)	over

<u>Committee</u>	Annual Budget	Annual Forecast AFTER Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion to 24/02/23	Actual to Period 10 24/02/23	Variance to 24/02/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	813.224	813.559	(0.335)	712.716	712.970	(0.254)	over
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.041	33.861	1.180	0.000	0.000	0.000	-
Corporate Items	28.729	26.382	2.347	17.266	15.996	1.270	under
Corporate Items – Strategy (Tfr to Reserves)	17.420	22.116	(4.696)	0.000	0.000	0.000	-
Investments – 2022/23 (Tfr to Reserves)	0.000	0.000	0.000	0.000	0.000	0.000	-
Total Expenditure	894.928	896.432	(1.504)	729.982	728.966	1.016	under
Council Tax	167.437	169.078	1.641	143.517	144.694	1.177	over rec
Less: Council Tax Reduction Scheme	(23.272)	(23.409)	(0.137)	(19.947)	(20.265)	(0.318)	over
Net Council Tax	144.165	145.669	1.504	123.570	124.429	0.859	over rec
General Revenue Grant	254.817	254.817	0.000	218.415	218.415	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	362.221	362.221	0.000	-
Transfer from Reserves	73.355	73.355	0.000	73.355	73.355	0.000	-
Total Income	894.928	896.432	1.504	777.561	778.420	0.859	over rec
Net Expenditure / (Income)	0.000	0.000	0.000	(47.579)	(49.454)	1.875	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 24 February 2023 (No.12)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 24/02/23	Actual to Period 10 24/02/23	Variance to 24/02/23		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	14.641	14.140	0.501	13,021	12,755	266	under	2.0%	1
Property Costs	46.906	53.424	(6.518)	40,515	44,143	(3,628)	over	(9.0%)	2
Supplies & Services	0.609	1.021	(0.412)	498	498	0	-	0.0%	
Transport & Plant	0.195	0.183	0.012	111	104	7	under	6.3%	
Administration Costs	5.644	5.593	0.051	397	350	47	under	11.8%	3
Payments to Other Bodies	3.030	3.054	(0.024)	1,820	1,843	(23)	over	(1.3%)	
Payments to Contractors	0.100	0.080	0.020	82	78	4	under	4.9%	
Transfer Payments	0.000	0.000	0.000	0	0	0	-	0.0%	
Financing Charges	26.050	26.050	0.000	26,117	26,117	0	-	0.0%	
Total Controllable Expenditure	97.175	103.545	(6.370)	82.561	85.888	(3.327)	over	(4.0%)	
Total Controllable Income	(112.000)	(112.475)	0.475	(91.451)	(91.778)	0.327	over recovered	0.4%	4
Transfer to/(from) Balance Sheet	(3.500)	(5.840)	2.340	(2.961)	(5.206)	2.245	over recovered	75.8%	5
Net Controllable Expenditure	(18.325)	(14.770)	(3.555)	(11.851)	(11.096)	(0.755)	over	(6.4%)	
Add: Non Controllable Budgets									
Financing Charges	18.325	14.770	(3.555)	14.389	13.634	0.755	over recovered	0.0%	
Total Budget	0.000	0.000	0.000	2.538	2.538	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

The underspend is due to higher than anticipated staff turnover.

2. Property Costs

The net overspend reflects the current cost and volume of repairs and maintenance.

3. Administration Costs

A large element of this underspend is due to the demand led legal expenses and the underspend reflects the current level of activity.

4. Total Controllable Income

Rental income from council housing is higher than forecast due to favourable timing of new build and purchased units being available to rent.

5. Transfer to (from) Balance Sheet

The net combined overspend year to date requires for a higher than budgeted level of transfer to reserves.

6. Financing Charges

The overall level of debt charges was lower than anticipated due to the profile of funding requirements.