

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	4 March 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 3 January 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 3 January 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 fourth 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 3 January 2020:** As at 3 January 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)

10 January 2020

Link(s) to Council Values/Ambitions/Objectives

♦ Value: Accountable, Effective, Efficient and Transparent

Previous References

♦ Finance and Corporate Resources Committee – 11 December 2019

List of Background Papers

♦ Financial ledger and budget monitoring results to 3 January 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 3 January 2020 (No.10)

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 03/01/20	Actual BEFORE Transfers 03/01/20	Variance 03/01/20		% Variance 03/01/20
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	34,213	34,164	49	49	25,574	25,527	47	under	0.2%
Property Costs	2,653	2,707	(54)	(54)	1,511	1,537	(26)	over	(1.7%)
Supplies & Services	6,219	6,227	(8)	(8)	5,370	5,444	(74)	over	(1.4%)
Transport & Plant	85	77	8	8	63	51	12	under	19.0%
Administration Costs	8,000	7,895	105	105	5,316	5,246	70	under	1.3%
Payments to Other Bodies	4,399	4,216	183	183	2,447	2,324	123	under	5.0%
Payments to Contractors	265	295	(30)	(30)	247	293	(46)	over	(18.6%)
Transfer Payments	70,154	69,478	676	676	53,223	52,739	484	under	0.9%
Financing Charges	1,038	1,069	(31)	(31)	832	858	(26)	over	(3.1%)
Total Controllable Exp.	127,026	126,128	898	898	94,583	94,019	564	under	0.6%
Total Controllable Inc.	(92,690)	(91,792)	(898)	(898)	(60,841)	(60,277)	(564)	under recovered	(0.9%)
Net Controllable Exp.	34,336	34,336	0	0	33,742	33,742	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 3 January 2020 (No.10)

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
					03/01/20	03/01/20	03/01/20		03/01/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	2,999	3,084	(85)	(85)	2,231	2,301	(70)	over	(3.1%)	1, a
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	24	(5)	(5)	13	18	(5)	over	(38.5%)	
Transport & Plant	0	1	(1)	(1)	0	0	0	-	n/a	
Administration Costs	112	134	(22)	(22)	12	23	(11)	over	(91.7%)	
Payments to Other Bodies	495	475	20	20	329	312	17	under	5.2%	
Payments to Contractors	22	19	3	3	15	5	10	under	66.7%	
Transfer Payments	0	0	0	0	0	0	0	-	n/a	
Financing Charges	16	16	0	0	10	10	0	-	0.0%	
Total Controllable Exp.	3,663	3,753	(90)	(90)	2,610	2,669	(59)	over	(2.3%)	
Total Controllable Inc.	(1,524)	(1,535)	11	11	(25)	(25)	0	-	0.0%	
Net Controllable Exp.	2,139	2,218	(79)	(79)	2,585	2,644	(59)	over	(2.3%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

Budget Virements

- a. Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.008m: Employee Costs £0.008m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

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	03/01/20	03/01/20	03/01/20	03/01/20	
Employee Costs	11,724	11,441	283	283	8,779	8,570	209	under	2.4% 1, a
Property Costs	2,016	2,083	(67)	(67)	1,077	1,111	(34)	over	(3.2%) 2
Supplies & Services	829	844	(15)	(15)	659	684	(25)	over	(3.8%) 3
Transport & Plant	7	3	4	4	4	2	2	under	50.0%
Administration Costs	1,040	988	52	52	692	638	54	under	7.8% 4
Payments to Other Bodies	0	0	0	0	0	0	0	-	n/a
Payments to Contractors	243	247	(4)	(4)	232	239	(7)	over	(3.0%)
Transfer Payments	70,154	69,478	676	676	53,223	52,739	484	under	0.9% 5, b, c
Financing Charges	104	111	(7)	(7)	81	90	(9)	over	(11.1%)
Total Controllable Exp.	86,117	85,195	922	922	64,747	64,073	674	under	1.0%
Total Controllable Inc.	(73,499)	(72,827)	(672)	(672)	(51,569)	(51,094)	(475)	under recovered	(0.9%) 6, b
Net Controllable Exp.	12,618	12,368	250	250	13,178	12,979	199	under	1.5%

Variance Explanations**1. Employee Costs**

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

2. Property Costs

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

3. Supplies and Services

The overspend relates to one off costs in relation to the Payroll and Benefits and Revenues systems.

4. Administration Costs

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

5. 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 6 below).

6. 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 5 above).

Budget Virements

- Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.071m: Employee Costs £0.071m.
- Realignment of Housing Benefit budget. Net Effect £0.000m. Transfer Payments (£10.503m), and Income £10.503m.
- Budget realignment to reflect current service delivery. Net Effect £0.300m. Transfer Payments £0.300m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

Audit 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
	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20		03/01/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	621	623	(2)	(2)	459	461	(2)	over	(0.4%)	a
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	5	2	2	5	5	0	-	0.0%	
Transport & Plant	0	0	0	0	0	0	0	-	n/a	
Administration Costs	7	4	3	3	3	2	1	under	33.3%	
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	3	3	0	-	0.0%	
Total Controllable Exp.	639	636	3	3	470	471	(1)	over	(0.2%)	
Total Controllable Inc.	(274)	(274)	0	0	(44)	(40)	(4)	under recovered	(9.1%)	
Net Controllable Exp.	365	362	3	3	426	431	(5)	over	(1.2%)	

Budget Virements

- a. Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.005m: Employee Costs £0.005m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

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
	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20		03/01/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	5,414	5,599	(185)	(185)	4,061	4,199	(138)	over	(3.4%)	1, a
Property Costs	473	455	18	18	331	310	21	under	6.3%	
Supplies & Services	4,355	4,295	60	60	3,955	3,929	26	under	0.7%	b
Transport & Plant	4	3	1	1	3	3	0	-	0.0%	
Administration Costs	2,053	2,032	21	21	1,399	1,397	2	under	0.1%	
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)	497	510	(13)	over	(2.6%)	
Total Controllable Exp.	12,800	12,900	(100)	(100)	10,246	10,352	(106)	over	(1.0%)	
Total Controllable Inc.	(7,805)	(7,798)	(7)	(7)	(4,767)	(4,778)	11	over recovered	0.2%	
Net Controllable Exp.	4,995	5,102	(107)	(107)	5,479	5,574	(95)	over	(1.7%)	

Variance Explanations

1. Employee Costs

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

Budget Virements

- a. Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.010m: Employee Costs £0.010m.
- b. Transfer of budget from IT Development Fund for one-off licensing costs. Net Effect £0.135m. Supplies and Services £0.135m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

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
	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20		03/01/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	7,356	7,317	39	39	5,506	5,470	36	under	0.7%	a
Property Costs	147	149	(2)	(2)	91	101	(10)	over	(11.0%)	
Supplies & Services	271	292	(21)	(21)	206	239	(33)	over	(16.0%)	1
Transport & Plant	32	25	7	7	23	14	9	under	39.1%	
Administration Costs	1,687	1,549	138	138	1,045	927	118	under	11.3%	2, b, c, d
Payments to Other Bodies	3,219	3,078	141	141	1,459	1,380	79	under	5.4%	3, b, c, d
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)	31	43	(12)	over	(38.7%)	
Total Controllable Exp.	12,751	12,486	265	265	8,361	8,219	142	under	1.7%	
Total Controllable Inc.	(3,339)	(3,218)	(121)	(121)	(1,487)	(1,441)	(46)	under recovered	(3.1%)	b, c
Net Controllable Exp.	9,412	9,268	144	144	6,874	6,778	96	under	1.4%	

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.

Budget Virements

- Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.024m: Employee Costs £0.024m.
- Realignment of budget for 2019/20 ESF Employability allocation. Net Effect £0.000m. Administration £0.129m, Payments to Other Bodies £0.663m, and Income (£0.792m).
- Realignment of budget for 2019/20 Working Matters Employability allocation. Net Effect £0.000m. Administration £0.100m, Payments to Other Bodies (£0.050m), and Income (£0.050m).
- Transfer from Reserves for Employability Programmes carried forward from previous years. Net Effect £0.082m. Administration £0.021m, and Payments to Other Bodies £0.061m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

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
	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	
	£000	£000	£000	£000	£000	£000	£000		
Employee Costs	4,321	4,338	(17)	(17)	3,217	3,220	(3)	over	(0.1%) a
Property Costs	17	20	(3)	(3)	12	15	(3)	over	(25.0%)
Supplies & Services	125	149	(24)	(24)	99	121	(22)	over	(22.2%)
Transport & Plant	14	18	(4)	(4)	12	12	0	-	0.0%
Administration Costs	2,056	2,098	(42)	(42)	1,509	1,543	(34)	over	(2.3%) 1
Payments to Other Bodies	679	659	20	20	655	631	24	under	3.7%
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	36	18	18	under	50.0%
Total Controllable Exp.	7,260	7,321	(61)	(61)	5,540	5,560	(20)	over	(0.4%)
Total Controllable Inc.	(3,487)	(3,507)	20	20	(1,384)	(1,412)	28	over recovered	2.0% 2, b
Net Controllable Exp.	3,773	3,814	(41)	(41)	4,156	4,148	8	under	0.2%

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.

Budget Virements

- a. Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.006m: Employee Costs £0.006m.
- b. Budget realignment to reflect current service provision. Net Effect (£0.300m). Income (£0.300m).

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 3 January 2020 (No.10)

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
	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20	03/01/20		03/01/20	
	£000	£000	£000	£000	£000	£000	£000			
Employee Costs	1,778	1,762	16	16	1,321	1,306	15	under	1.1%	a
Property Costs	0	0	0	0	0	0	0	-	n/a	
Supplies & Services	613	618	(5)	(5)	433	448	(15)	over	(3.5%)	
Transport & Plant	28	27	1	1	21	20	1	under	4.8%	
Administration Costs	1,045	1,090	(45)	(45)	656	716	(60)	over	(9.1%)	1
Payments to Other Bodies	6	4	2	2	4	1	3	under	75.0%	
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	326	336	(10)	(10)	174	184	(10)	over	(5.7%)	
Total Controllable Exp.	3,796	3,837	(41)	(41)	2,609	2,675	(66)	over	(2.5%)	
Total Controllable Inc.	(2,762)	(2,633)	(129)	(129)	(1,565)	(1,487)	(78)	under recovered	(5.0%)	2
Net Controllable Exp.	1,034	1,204	(170)	(170)	1,044	1,188	(144)	over	(13.8%)	

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.

Budget Virements

- a. Transfer of budget from Centre/Corporate Items in respect of pension auto enrolment. Net Effect £0.008m: Employee Costs £0.008m.