

Report

Report to:	Executive Committee
Date of Meeting:	2 November 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 7 - 1 April to 7 October 2022
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ advise the Committee on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2022 to 7 October 2022

2. Recommendation(s)

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

- (1) that the overspend of £0.027 million on the General Fund Revenue Account at 7 October 2022, within Community and Enterprise and Social Work (Children and Families) and partially offset by the underspend on the Adults and Older People budget delegated to the Health and Social Care Partnership (detailed in section 4 and Appendix 1), be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 7 October 2022 (section 5 and Appendix 2 of the report), be noted.

3. Background

3.1. General Fund Position

This overview report will summarise the actual expenditure and income to 7 October 2022 compared with the budget for the same period for both the Council's General Fund (section 4) and for the Housing Revenue Account (section 5).

4. 2022/2023 General Services Position

4.1. Summary position: General Services Current Position as at 7 October 2022

As at 7 October 2022, the position on the General Services budget is a net overspend of £0.027 million (Appendix 1), made up of variances across the Resources.

4.2. Community and Enterprise Resources are reporting an overspend position (£0.039 million) which reflects the cost pressures that they are experiencing across the Services including the costs of Electric Vehicle (EV) charging. Social Work Resources (Children and Families) are reporting an overspend position (£1.003 million) which is offset by an underspend in Performance and Support and an underspend in Adults and Older People as a result of vacancies across Social Workers, Day Care and Residential homes. This is part of the delegated Health and Social Care Partnership (HSCP) budget. The core Council position, without the HSCP underspend, is an overspend of £0.675 million.

4.3. **Inflationary / Budget Pressures**

4.3.1. Two budget pressures have been identified and these are detailed below.

4.3.2. **Education – Transport:** While the Resource is currently showing a breakeven position, Strathclyde Passenger Transport (SPT) have advised that depending on the outcome of contract renewals, there is potentially a significant increase in spend on school transport. The impact of this will be reported to a future meeting.

4.3.3. **Social Work – Children and Families:** There continue to be financial pressures within the Children and Families' budget, with spend on external placements being the main reason for the continued increase in spend. As detailed in section 4.2, this is being offset within the overall Social Work Resources' position by an underspend within Adults and Older People, a service devolved to the HSCP. Work is ongoing with the Services to establish funding solutions for the residual overspend. In 2021/2022 some core Adult and Older People budget underspend was retained by the Council to help cover the Children and Families' budget pressure, and the same approach has been proposed to the HSCP for 2022/2023.

4.3.4. The situation will continue to be monitored and any further updates brought to future meetings, as required.

4.4. **Areas of Underspend**

4.4.1. **Employee costs:** Included within the overall position already at this point in the year there is an underspend in employee costs (£2.890 million) which reflects the impact of difficulties in recruiting staff across a number of areas. This is an increase of £0.853 million from period 5. This includes vacancies in Community and Enterprise Resources (Facilities Drivers, Mechanics, Environmental Health Officers, Planning Officers, Parking and Roads Operatives), and Social Work / Care roles.

4.4.2. Whilst significant efforts are made across these areas to recruit, the current level of underspend is unlikely to be reversed. These difficulties in recruiting are a result of the tight labour market at present and skills shortages in certain areas, HGV drivers for example. The Council has put in place new recruitment and development routes to address this recruitment challenge, however, until all posts are recruited, this level of underspend is likely to increase.

4.4.3. As noted previously, when looking at the underspend in employee costs we also have to take into account the broader financial position in services including higher costs being experienced elsewhere, as well as the pressure of future savings requirements and a currently unresolved pay award. However, it is still anticipated that, as previously reported, by the end of the financial year the net available underspend in Employee Costs is expected to run to between £0.500 million and £0.600 million.

4.4.4. The position across Resource employee costs, including the potential additional cost of the Wellbeing Day covered in the New Deal paper agreed at Executive Committee (21 Sept 2022), will continue to be monitored. An update will be included in the regular reports to this Committee.

4.4.5. **Adults and Older People:** As previously reported, there are likely to be further underspends in relation to specific funding streams in Adults and Older People, where spend has not yet commenced or is not fully committed, predominantly related to the recruitment challenges. Finance Services are currently in discussion with the Chief Financial Officer from the HSCP and await confirmation on the anticipated position and this will be reported back in the regular reports to Committee. As detailed in

section 4.3.3, the Council may look to this underspend to assist in managing the pressures within Children and Families.

5. Housing Revenue Account Position

- 5.1. As at 7 October 2022, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account. Levels of rent collection are regularly monitored by the Housing Services team and appropriate corrective action will be taken, as required.

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed in sections 4 and 5 of the report.

8. Climate Change, Sustainability and Environmental Implications

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

9. Other Implications

- 9.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. As detailed in section 4, inflationary and budget pressures this year increase the risk of overspend, however, we have mitigated this going forward through providing additional funds in future years' budget strategy, and through the one-off use of reserves in the current year. There are also emerging underspends in employee costs (as detailed in section 4.3).

- 9.2. We will also continue to monitor the actual impact 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.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. 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.
- 10.2. 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)

17 October 2022

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 7 October 2022

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

Period Ended 7 October 2022 (No.7)

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion To 07/10/22	Actual to Period 7 07/10/22	Variance to 07/10/22	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	122.932	122.932	0.000	59.081	59.120	(0.039)	over
Facilities, Waste and Grounds	72.608	72.608	0.000	31.822	31.471	0.351	under
Leisure and Culture Services	21.088	21.088	0.000	10.711	10.709	0.002	under
Planning and Regulatory Services	5.017	5.017	0.000	2.408	1.945	0.463	under
Enterprise and Sustainable Development	7.214	7.214	0.000	2.771	2.766	0.005	under
Roads, Transportation and Fleet	17.005	17.005	0.000	11.369	12.229	(0.860)	over
Education Resources	388.673	388.673	0.000	177.969	177.969	0.000	-
Education	388.673	388.673	0.000	177.969	177.969	0.000	-
Finance and Corporate Resources	41.992	41.992	0.000	27.663	27.663	0.000	under
Finance Services - Strategy	2.023	2.023	0.000	1.933	1.907	0.026	under
Finance Services - Transactions	18.840	18.840	0.000	12.002	11.891	0.111	under
Audit and Compliance Services	0.355	0.355	0.000	0.310	0.310	0.000	-
Information Technology Services	5.082	5.082	0.000	4.930	4.993	(0.063)	over
Communications and Strategy Services	3.196	3.196	0.000	1.647	1.747	(0.100)	over
Administration and Licensing Services	4.113	4.113	0.000	2.369	2.531	(0.162)	over
Personnel Services	8.383	8.383	0.000	4.472	4.284	0.188	under
Housing and Technical Resources	17.191	17.191	0.000	12.695	12.695	0.000	-
Housing Services	8.467	8.467	0.000	4.970	4.949	0.021	under
Property Services	8.724	8.724	0.000	7.725	7.746	(0.021)	over
Social Work Resources	211.397	211.397	0.000	106.775	106.763	0.012	under
Performance and Support Services	6.500	6.500	0.000	3.382	3.130	0.252	under
Children and Families	38.828	38.828	0.000	20.042	21.045	(1.003)	over
Adults and Older People	165.201	165.201	0.000	82.979	82.331	0.648	under
Justice and Substance Misuse	0.868	0.868	0.000	0.372	0.257	0.115	under
Joint Boards	2.152	2.152	0.000	1.051	1.051	0.000	-
	784.337	784.337	0.000	385.234	385.261	(0.027)	over

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion To 07/10/22	Actual to Period 7 07/10/22	Variance to 07/10/22	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	784.337	784.337	0.000	385.234	385.261	(0.027)	over
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.041	35.041	0.000	0.000	0.000	0.000	-
Corporate Items	31.292	31.292	0.000	0.048	0.048	0.000	-
Corporate Items – Strategy (Tfr to Reserves)	17.420	17.420	0.000	0.000	0.000	0.000	-
Investments – 2022/23 (Tfr to Reserves)	1.700	1.700	0.000	0.000	0.000	0.000	-
Total Expenditure	870.304	870.304	0.000	385.282	385.309	(0.027)	over
Council Tax	167.437	167.437	0.000	83.718	83.718	0.000	-
Less: Council Tax Reduction Scheme	(23.263)	(23.263)	0.000	(11.631)	(11.631)	0.000	-
Net Council Tax	144.174	144.174	0.000	72.087	72.087	0.000	-
General Revenue Grant	238.283	238.283	0.000	119.141	119.141	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	211.295	211.295	0.000	-
Transfer from Reserves	65.256	65.256	0.000	65.256	65.256	0.000	-
Total Income	870.304	870.304	0.000	467.779	467.779	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(82.497)	(82.470)	(0.027)	over

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 7 October 2022 (No.7)

<u>Budget Category</u>	Annual Budget £m	Annual Forecast £m	Annual Forecast Variance £m	Budget Proportion To 07/10/22 £m	Actual to Period 7 07/10/22 £m	Variance to 07/10/22 £m	
Service Departments:							
Expenditure							
Employee Cost	585.359	585.359	0.000	282.591	279.744	2.847	under
Property Costs	57.237	57.237	0.000	37.487	38.197	(0.710)	over
Supplies and Services	63.421	63.421	0.000	28.665	26.732	1.933	under
Transport Costs	47.255	47.255	0.000	19.790	20.924	(1.134)	over
Administration Costs	15.947	15.947	0.000	8.198	8.291	(0.093)	over
Payments to Other Bodies	84.953	84.953	0.000	40.676	41.026	(0.350)	over
Payments to Contractors	231.404	231.404	0.000	100.922	101.886	(0.964)	over
Transfer Payments	6.724	6.724	0.000	4.389	4.534	(0.145)	over
Housing Benefits	65.107	65.107	0.000	29.971	29.971	0.000	-
Financing Charges (controllable)	2.268	2.268	0.000	1.449	1.534	(0.085)	over
Total	1,159.675	1,159.675	0.000	554.138	552.839	1.299	under
Service Departments Total	1,159.675	1,159.675	0.000	554.138	552.839	1.299	under
CFCR	0.514	0.514	0.000	0.000	0.000	0.000	-
Loan Charges	35.041	35.041	0.000	0.000	0.000	0.000	-
Corporate Items	31.292	31.292	0.000	0.048	0.048	0.000	-
Corporate Items – Strategy	17.420	17.420	0.000	0.000	0.000	0.000	-
22/23 Investments – T/f to Reserves	1.700	1.700	0.000	0.000	0.000	0.000	-
Total Expenditure	1,245.642	1,245.642	0.000	554.186	552.887	1.299	under
Income							
Housing Benefit Subsidy	60.158	64.158	0.000	28.512	28.512	0.000	-
Other Income	315.180	315.180	0.000	140.392	139.066	(1.326)	under rec
Council Tax (Net of Council Tax Reduction Scheme)	144.174	144.174	0.000	72.087	72.087	0.000	-
General Revenue Grant	238.283	238.283	0.000	119.141	119.141	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	211.295	211.295	0.000	-
Transfer from Reserves	65.256	65.256	0.000	65.256	65.256	0.000	-
Total Income	1,245.642	1,245.642	0.000	636.683	635.357	(1.326)	under rec
Net Expenditure / (Income)	0.000	0.000	0.000	(82.497)	(82.470)	(0.027)	over

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 7 October 2022 (No.7)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 07/10/22	Actual to Period 7 07/10/22	Variance to 07/10/22		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	13.914	13.914	0.000	6.880	6.789	0.091	under	1.3%	1
Property Costs	46.906	46.906	0.000	29.080	29.074	0.006	under	0.0%	
Supplies & Services	0.609	0.609	0.000	0.225	0.224	0.001	under	0.4%	
Transport & Plant	0.195	0.195	0.000	0.088	0.070	0.018	under	20.5%	
Administration Costs	5.644	5.644	0.000	2.902	2.911	(0.009)	over	(0.3%)	
Payments to Other Bodies	3.030	3.030	0.000	1.375	1.375	0.000	-	0.0%	
Payments to Contractors	0.100	0.100	0.000	0.057	0.081	(0.024)	over	(42.1%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	26.050	26.050	0.000	22.367	22.367	0.000	-	0.0%	
Total Controllable Expenditure	96.448	96.448	0.000	62.974	62.891	0.083	under	0.1%	
Total Controllable Income	(112.000)	(112.000)	0.000	(50.448)	(50.456)	0.008	over recovered	0.0%	
Transfer to/(from) Balance Sheet	(2.773)	(2.773)	0.000	(1.386)	(1.295)	(0.091)	under recovered	(6.6%)	2
Net Controllable Expenditure	(18.325)	(18.325)	0.000	11.140	11.140	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	18.325	18.325	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	11.140	11.140	0.000	-	0.0%	

Variance Explanations
1. Employee Costs

The underspend is due to higher than anticipated staff turnover to date.

2. Income

The net combined underspend to date allows for a lower than anticipated transfer from reserves.