

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>21 June 2023</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Revenue Budget Monitoring for Period 2 - 1 April to 19 May 2023</b>
----------	--

## 1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ advise the Committee of the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April to 19 May 2023

## 2. Recommendation(s)

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

- (1) that the break-even position on the General Fund Revenue Account at 19 May 2023, (section 4 and Appendix 1), be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 19 May 2023 (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 19 May 2023 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. 2023/2024 General Services Position

### 4.1. General Services Current Position as at 19 May 2023

As at 19 May 2023, the position on the General Services budget is break-even (Appendix 1).

4.2. The budget for the year was set in February 2023, and included the impact of corporate funding solutions including the Loans Fund Review. The impact of this is included in section 4.3. In addition, the budget included a number of one-off investments. One of these was a multi-year sum for Clothing Grants. The treatment of these monies is detailed in section 4.4.

4.3. **Loans Fund Review:** The proposal to implement a Loans Fund Review was part of the Revenue Budget Strategy paper presented to Executive Committee on 24 June 2020. The Committee agreed to implement the Loans Fund Review and noted that the benefit each year will be realised through an underspend in Loan Charges which would be taken to reserves for use in future years budget strategies. Through the changes introduced as part of the Loans Fund Review, Loan Charges will underspend by £15.211 million in 2023/2024, in line with projections. This underspend will be used

to support the current year budget and, for transparency, has been moved to the budget line Corporate Items (Strategy).

- 4.4. **2023/2024 Investments:** The investment monies for 2023/2024 included an amount of £1.350 million for the extension of School Clothing Grants to 3 and 4 year olds in early years establishments. The amount allocated was to cover a 5-year period. An amount of £0.270 million for financial year 2023/2024 remains in Education Resources' budget, but the remainder of £1.080 million will be transferred to reserves for use in the next 4 years and has been moved to the budget line 2023/2024 Investments – Transfers to Reserves.
- 4.5. The adjustments detailed in sections 4.2 to 4.3 are included in the figures in Appendix 1.
- 4.6. **Covid Funding:** At the end of financial year 2022/223, the Council holds £7.1 million of residual of Covid funding. It is proposed that in 2023/2024, up to £5 million of this funding will be allocated to support the residual impact of the pandemic on Children and Family placement pressures in Education and Social Work Resources, as well as the reduction in parking income in Community and Enterprise Resources. These allocations will be included in a future Revenue Monitoring report to the Executive Committee and will leave a balance of approximately £2.1 million of residual Covid funding.

## **5. Home Carers' Job Evaluation**

- 5.1. The outcome of the Job Evaluation exercise for Home Carers will result in significant recurring costs for the Care at Home service that is delegated to the IJB in 2023/2024 and beyond. The IJB have set a budget for 2023/2024, however, these costs are not included in that budget. The IJB's Financial Regulations and Integration Scheme set out the process for such an eventuality.
- 5.2. The Financial Regulations state that if the Integration Joint Board's Chief Financial Officer is advised that a significant change is likely to the Integration Joint Board's overall financial position and the deviation involves a change of policy of the Integration Joint Board or results in revenue implications for future years, a report will be provided for the Integration Joint Board in good time, detailing the financial consequences to enable appropriate action to be taken timeously.
- 5.3. The Regulations state that if an overspend is forecast on either Party's in scope budget, the Chief Officer and the Integration Joint Board's Chief Financial Officer will aim to agree a recovery plan with the relevant Party to balance the overspending budget and to determine the actions required to be taken by the IJB to deliver the recovery plan.
- 5.4. Ordinarily, any such event would require to be met within the envelope of funding provided to the IJB. The intense budget and service pressures on local government, the Health Board and our Health and Social Care partners has been noted previously and is ongoing, both nationally and locally. It should be noted that the financial position for both the IJB and the Council partner both indicate significant budget gaps moving forwards and, therefore, it is likely that any recovery plan identified will require changes to be made to the services currently commissioned by the IJB.

## **6. Housing Revenue Account Position**

- 6.1. As at 19 May 2023, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.

## **7. Employee Implications**

7.1. None.

## **8. Financial Implications**

8.1. As detailed in sections 4 to 5 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. 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.

## **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)**

2 June 2023

### **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 19 May 2023.

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Period Ended 19 May 2023 (No.2)

Resource / Committee

	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 19/05/23	Actual to 19/05/23	Variance to 19/05/23	
	£m	£m	£m	£m	£m	£m	
<b>Departments:</b>							
<b>Community and Enterprise Resources</b>	<b>131.304</b>	<b>131.304</b>	<b>0.000</b>	<b>16.743</b>	<b>16.743</b>	<b>0.000</b>	
Facilities, Waste and Grounds	78.752	78.752	0.000	7.956	7.924	0.032	under
Fleet, Environmental and Projects	23.231	23.231	0.000	5.352	5.352	0.000	
Leisure and Culture Services	4.962	4.962	0.000	0.594	0.533	0.061	under
Planning and Economic Development	4.777	4.777	0.000	0.627	0.619	0.008	under
Roads	19.582	19.582	0.000	2.214	2.315	(0.101)	over
<b>Education Resources</b>	<b>397.915</b>	<b>397.915</b>	<b>0.000</b>	<b>50.126</b>	<b>50.126</b>	<b>0.000</b>	
Education	397.915	397.915	0.000	50.126	50.126	0.000	
<b>Finance and Corporate Resources</b>	<b>40.521</b>	<b>40.521</b>	<b>0.000</b>	<b>8.198</b>	<b>8.198</b>	<b>0.000</b>	
Finance Services - Strategy	2.118	2.118	0.000	0.354	0.329	0.025	under
Finance Services - Transactions	18.194	18.194	0.000	3.293	3.183	0.110	under
Audit and Compliance Services	0.374	0.374	0.000	0.069	0.081	(0.012)	over
Information Technology Services	5.226	5.226	0.000	2.423	2.413	0.010	under
Communications and Strategy Services	2.754	2.754	0.000	0.338	0.357	(0.019)	over
Administration and Licensing Services	7.666	7.666	0.000	0.534	0.564	(0.030)	over
Personnel Services	4.189	4.189	0.000	1.187	1.271	(0.084)	over
<b>Housing and Technical Resources</b>	<b>13.721</b>	<b>13.721</b>	<b>0.000</b>	<b>5.458</b>	<b>5.458</b>	<b>0.000</b>	
Housing Services	8.464	8.464	0.000	1.591	1.591	0.000	
Property Services	5.257	5.257	0.000	3.867	3.867	0.000	
<b>Social Work Resources</b>	<b>214.698</b>	<b>214.698</b>	<b>0.000</b>	<b>24.720</b>	<b>24.720</b>	<b>0.000</b>	
Performance and Support Services	6.357	6.357	0.000	0.718	0.638	0.080	under
Children and Families	37.214	37.214	0.000	4.046	4.130	(0.084)	over
Adults and Older People	170.040	170.040	0.000	19.618	19.618	0.000	
Justice and Substance Misuse	1.087	1.087	0.000	0.338	0.334	0.004	under
<b>Joint Boards</b>	<b>2.053</b>	<b>2.053</b>	<b>0.000</b>	<b>0.167</b>	<b>0.167</b>	<b>0.000</b>	
	<b>800.212</b>	<b>800.212</b>	<b>0.000</b>	<b>105.412</b>	<b>105.412</b>	<b>0.000</b>	

Summary

	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 19/05/23	Actual to 19/05/23	Variance to 19/05/23	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	800.212	800.212	0.000	105.412	105.412	0.000	
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	
Loan Charges	23.669	23.669	0.000	0.000	0.000	0.000	
Corporate Items	14.409	14.409	0.000	0.020	0.020	0.000	
Corporate Items (Strategy)	15.211	15.211	0.000	0.000	0.000	0.000	
2023/24 Investments – Transfers to Reserves	1.080	1.080	0.000	0.000	0.000	0.000	
<b>Total Expenditure</b>	<b>854.581</b>	<b>854.581</b>	<b>0.000</b>	<b>105.432</b>	<b>105.432</b>	<b>0.000</b>	
Council Tax	178.602	178.602	0.000	27.477	27.477	0.000	
Less: Council Tax Reduction Scheme	(23.278)	(23.278)	0.000	(3.581)	(3.581)	0.000	
Net Council Tax	155.324	155.324	0.000	23.896	23.896	0.000	
General Revenue Grant	319.072	319.072	0.000	49.088	49.088	0.000	
Non-Domestic Rates	341.536	341.536	0.000	52.544	52.544	0.000	
Transfer from Reserves	38.649	38.649	0.000	38.649	38.649	0.000	
<b>Total Income</b>	<b>854.581</b>	<b>854.581</b>	<b>0.000</b>	<b>164.177</b>	<b>164.177</b>	<b>0.000</b>	
<b>Net Expenditure / (Income)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(58.745)</b>	<b>(58.745)</b>	<b>0.000</b>	

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 19 May 2023 (No.2)**

**Budget Category****Service Departments:****Expenditure**

	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 19/05/23	Actual to 19/05/23	Variance to 19/05/23	
	£m	£m	£m	£m	£m	£m	
Employee Cost	593.047	593.047	0.000	68.207	67.735	0.472	under
Property Costs	59.655	59.655	0.000	6.505	6.510	(0.005)	over
Supplies and Services	61.039	61.039	0.000	5.779	5.809	(0.030)	over
Transport Costs	44.382	44.382	0.000	8.126	8.390	(0.264)	over
Administration Costs	16.122	16.122	0.000	1.509	1.525	(0.016)	over
Payments to Other Bodies	72.897	72.897	0.000	11.262	11.365	(0.103)	over
Payments to Contractors	245.912	245.912	0.000	21.715	21.873	(0.158)	over
Transfer Payments	6.082	6.082	0.000	0.890	0.892	(0.002)	over
Housing Benefits	65.301	65.301	0.000	5.300	5.300	0.000	-
Financing Charges (controllable)	2.377	2.377	0.000	0.255	0.261	(0.006)	over
<b>Total</b>	<b>1,166.814</b>	<b>1,166.814</b>	<b>0.000</b>	<b>129.548</b>	<b>129.660</b>	<b>(0.112)</b>	<b>over</b>
Service Departments Total	1,166.814	1,166.814	0.000	129.548	129.660	(0.112)	over
CFCR	0.000	0.000	0.000	0.000	0.000	0.000	-
Loan Charges	23.669	23.669	0.000	0.000	0.000	0.000	-
Corporate Items	14.409	14.409	0.000	0.020	0.020	0.000	-
Corporate Items (Strategy)	15.211	15.211	0.000	0.000	0.000	0.000	-
2023/24 Investments – Transfers to Reserves	1.080	1.080	0.000	0.000	0.000	0.000	-
<b>Total Expenditure</b>	<b>1,221.183</b>	<b>1,221.183</b>	<b>0.000</b>	<b>129.568</b>	<b>129.680</b>	<b>(0.112)</b>	<b>over</b>
<b>Income</b>							
Housing Benefit Subsidy	60.258	60.258	0.000	3.477	3.477	0.000	-
Other Income	306.344	306.344	0.000	20.659	20.771	0.112	over rec
Council Tax (Net of Council Tax Reduction Scheme)	155.324	155.324	0.000	23.896	23.896	0.000	-
General Revenue Grant	319.072	319.072	0.000	49.088	49.088	0.000	-
Non-Domestic Rates	341.536	341.536	0.000	52.544	52.544	0.000	-
Transfer from Reserves	38.649	38.649	0.000	38.649	38.649	0.000	-
<b>Total Income</b>	<b>1,221.183</b>	<b>1,221.183</b>	<b>0.000</b>	<b>188.313</b>	<b>188.425</b>	<b>0.112</b>	<b>over rec</b>
<b>Net Expenditure / (Income)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(58.745)</b>	<b>(58.745)</b>	<b>0.000</b>	

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 19 May 2023 (No.2)**  
**Housing Revenue Account**

	Annual Budget £m	Forecast for Year £m	Annual Forecast Variance £m	Budget Proportion to 19/05/23 £m	Actual to 19/05/23 £m	Variance to 19/05/23 £m		%	Note
Employee Costs	14.648	14.648	0.000	1.631	1.628	0.003	under	0.2%	
Property Costs	50.931	50.931	0.000	6.945	6.968	(0.023)	over	(0.3%)	
Supplies & Services	0.431	0.431	0.000	0.061	0.079	(0.018)	over	(29.5%)	
Transport & Plant	0.195	0.195	0.000	0.016	0.011	0.005	under	31.3%	
Administration Costs	5.572	5.572	0.000	0.056	0.038	0.018	under	32.1%	
Payments to Other Bodies	2.975	2.975	0.000	0.316	0.316	0.000	-	0.0%	
Payments to Contractors	0.100	0.100	0.000	0.008	0.008	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	0.0%	
Financing Charges	27.162	27.162	0.000	0.002	0.002	0.000	-	0.0%	
Total Controllable Expenditure	102.014	102.014	0.000	9.035	9.050	(0.015)	over	(0.2%)	
Total Controllable Income	(116.336)	(116.336)	0.000	(8.656)	(8.656)	0.000	-	0.0%	
Transfer to/(from) Balance Sheet	(4.908)	(4.908)	0.000	(0.755)	(0.770)	0.015	over recovered	2.0%	
Net Controllable Expenditure	(19.230)	(19.230)	0.000	(0.376)	(0.376)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	19.230	19.230	0.000	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(0.376)	(0.376)	0.000	-	0.0%	

**Variance Explanations**

No significant variances to report.

**Virements**

No virements to report.