

# Report

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Report to:	<b>Financial Resources Scrutiny Forum</b>
Date of Meeting:	<b>5 October 2017</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2017/2018</b>
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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 2017 to 18 August 2017.

## 2. Recommendation(s)

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

- (1) that the 2017/2018 Financial Position as at period 6 (18 August 2017) and the forecast to 31 March 2018, for General Services, Housing Revenue Account and Trading Operations (as detailed in Appendices A to C), be noted.

## 3. Background

3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 27 September 2017. The reports detail the position as at 18 August 2017 for General Services, Housing Revenue Account and the Council's Trading Operations.

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

- ◆ Appendix A - 2017/2018 Financial Position as at Period 6 (18 August 2017) for General Services
- ◆ Appendix B - 2017/2018 Financial Position as at Period 6 (18 August 2017) for Housing Revenue Account
- ◆ Appendix C - 2017/2018 Financial Position as at Period 6 (18 August 2017) for the Council's Trading Operations

## 4. Employee Implications

4.1. None

## 5. Financial Implications

5.1. The financial position of the General Services Revenue Budget, Housing Revenue Account and the Council's Trading Operations are detailed in Appendices A to C attached.

### 5.2. General Fund Revenue Account Position (including Trading Operations)

As at 18 August 2017, Appendix 1 of the report details an overspend of £0.706m (0.35%) against the phased budget. The overspend relates to Social Work Resources.

- 5.3. **Social Work Position:** As reported in previous periods, it is expected that the requirement for social care services in 2017/2018 will continue to exceed the budget available, including service areas such as Care at Home, and continuing pressures in Children and Families for Children's placements in Residential Schools.
- 5.4. Through work undertaken analysing Home Care spend following unusually high levels of spend in May, we have seen that levels of additional activity have not been sustained into subsequent months. However, the full year costs of continuing to deliver the service in May will put further pressure on the budget for this year. Indications show that the total level of overspend for social care services will result in an overspend in the Social Work budget of £2.3 million for 2017/2018.
- 5.5. The position will be closely monitored as the requirement for Home Care is difficult to predict. The overspend may increase should the level of demand fluctuate against projections.
- 5.6. As reported to this Committee on 30 August 2017, there are other areas expected to contribute to the overall Council outturn position. These are an underspend in relation to Loan Charges for the year due to the timing of when new debt will be taken, and also in relation to expected interest rates currently available. This will help contribute to the overall council financial outturn for the year. Additional council tax collectable for the year due to new properties is also being evaluated. As Government grant takes into account the level of Council Tax that is collected, it is not expected that additional council tax collectable this year will be of long term gain to the Council.
- 5.7. Work continues to quantify the expected value of these underspends. Updates on both of these will be provided to future committees.
- 5.8. **Other Funding**
- 5.8.1. Education Resources have been notified of £1.220 million of revenue funding from the Scottish Government for the expansion of nurseries to 1,140 hours. This has been included in the budget reported in Appendix A.
- 6. Housing Revenue Account Position**
- 6.1. As at 18 August 2017, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account. The forecast to 31 March 2018 on the Housing Revenue Account is a breakeven position.
- 7. Trading Operations**
- 7.1. Included within the overspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations.
- 7.2. As at 18 August 2017, the actual surpluses achieved by the Trading Operations total £3.718 million, representing a breakeven position against the phased budget. These are detailed in Appendix C of the report.
- 8. Other Implications**
- 8.1. 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.

8.2. There are no implications for sustainability in terms of the information contained in this report.

**9. Equality Impact Assessment and Consultation Arrangements**

9.1. 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.

9.2. 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)**

27 September 2017

**Link(s) to Council Values/Objectives**

◆ Accountable, Effective and Efficient

**Previous References**

◆ None

**List of Background Papers**

◆ Financial ledger and budget monitoring results to 18 August 2017

**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 18 August 2017 (No.6)**

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 18/08/17	Actual to Period 6 18/08/17	Variance to 18/08/17	
	£m	£m	£m	£m	£m	£m	£m
<b>Departments:</b>							
<b>Community and Enterprise Resources</b>	<b>97.248</b>	<b>97.248</b>	<b>0.000</b>	<b>37.836</b>	<b>37.836</b>	<b>0.000</b>	-
Facilities Streets and Waste (Inc. Support)	38.904	38.904	0.000	17.092	17.050	0.042	under
Environmental Services (Inc. Projects)	4.384	4.384	0.000	1.538	1.580	(0.042)	over
Leisure and Culture Services	18.669	18.669	0.000	9.188	9.188	0.000	-
Planning and Economic Development	4.509	4.509	0.000	1.514	1.690	(0.176)	over
Roads	30.782	30.782	0.000	8.504	8.328	0.176	under
<b>Education Resources</b>	<b>313.949</b>	<b>313.949</b>	<b>0.000</b>	<b>96.726</b>	<b>96.726</b>	<b>0.000</b>	-
<b>Finance and Corporate Resources</b>	<b>32.862</b>	<b>32.862</b>	<b>0.000</b>	<b>15.176</b>	<b>15.176</b>	<b>0.000</b>	-
Finance Services	15.991	15.991	0.000	6.352	6.187	0.165	under
Audit and Compliance Services	0.323	0.323	0.000	0.216	0.258	(0.042)	over
Information Technology Services	3.933	3.933	0.000	2.925	2.925	0.000	-
Communications and Strategy Services	0.879	0.879	0.000	0.475	0.525	(0.050)	over
Administration and Licensing Services	5.162	5.162	0.000	2.581	2.637	(0.056)	over
Personnel Services	6.574	6.574	0.000	2.627	2.644	(0.017)	over
<b>Housing and Technical Resources</b>	<b>22.442</b>	<b>22.442</b>	<b>0.000</b>	<b>7.456</b>	<b>7.456</b>	<b>0.000</b>	-
Area Services	6.265	6.265	0.000	2.946	2.916	0.030	under
Property Services	16.177	16.177	0.000	4.510	4.540	(0.030)	over
<b>Social Work Resources</b>	<b>139.215</b>	<b>139.215</b>	<b>0.000</b>	<b>48.138</b>	<b>48.844</b>	<b>(0.706)</b>	<b>over</b>
Performance and Support Services	7.932	7.932	0.000	2.662	2.639	0.023	under
Children and Family	27.257	27.257	0.000	10.381	10.721	(0.340)	over
Adults and Older People	103.020	103.020	0.000	35.120	35.521	(0.401)	over
Justice and Substance Misuse	1.006	1.006	0.000	(0.025)	(0.037)	0.012	under
<b>Joint Boards</b>	<b>2.363</b>	<b>2.363</b>	<b>0.000</b>	<b>0.755</b>	<b>0.755</b>	<b>0.000</b>	
	<b>608.079</b>	<b>608.079</b>	<b>0.000</b>	<b>206.087</b>	<b>206.793</b>	<b>(0.706)</b>	<b>over</b>

<u>Committee</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 18/08/17	Actual to Period 6 18/08/17	Variance to 18/08/17	
	£m	£m	£m	£m	£m	£m	£m
Service Departments Total	608.079	608.079	0.000	206.087	206.793	(0.706)	over
Trading Accounts Surplus	(10.041)	(10.041)	0.000	(3.718)	(3.718)	0.000	-
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.860	66.860	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
<b>Total Expenditure</b>	<b>670.906</b>	<b>670.906</b>	<b>0.000</b>	<b>202.369</b>	<b>203.075</b>	<b>(0.706)</b>	<b>over</b>
Council Tax	137.458	137.458	0.000	0.000	0.000	0.000	-
Less: Council Tax Reduction Scheme	(19.382)	(19.382)	0.000	0.000	0.000	0.000	-
Net Council Tax	118.076	118.076	0.000	0.000	0.000	0.000	-
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.233	16.233	0.000	0.000	0.000	0.000	-
<b>Total Income</b>	<b>670.906</b>	<b>670.906</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-</b>
<b>Net Expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>202.369</b>	<b>203.075</b>	<b>(0.706)</b>	<b>over</b>

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Period Ended 18 August 2017 (No.6)

<u>Budget Category</u>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion to 18/08/17</b>	<b>Actual to Period 6 18/08/17</b>	<b>Variance to 18/08/17</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
<b>Service Departments:</b>							
<b>Expenditure</b>							
Employee Cost	398.416	398.416	0.000	143.073	142.925	0.148	under
Property Costs	67.032	67.032	0.000	8.907	8.850	0.057	under
Supplies and Services	42.379	42.379	0.000	8.844	8.734	0.110	under
Transport Costs	21.969	21.969	0.000	8.800	8.864	(0.064)	over
Administration Costs	11.034	11.034	0.000	3.483	3.568	(0.085)	over
Payments to Other Bodies	53.577	53.577	0.000	18.939	19.072	(0.133)	over
Payments to Contractors	175.265	175.265	0.000	58.141	58.692	(0.551)	over
Transfer Payments	2.000	2.000	0.000	1.208	1.264	(0.056)	over
Housing Benefits	97.075	97.075	0.000	35.947	35.947	0.000	-
Financing Charges (controllable)	1.626	1.626	0.000	0.487	0.461	0.026	under
<b>Total</b>	<b>870.373</b>	<b>870.373</b>	<b>0.000</b>	<b>287.829</b>	<b>288.377</b>	<b>(0.548)</b>	<b>over</b>
Service Departments Total	870.373	870.373	0.000	287.829	288.377	(0.548)	over
Trading Accounts Surplus	(10.041)	(10.041)	0.000	(3.718)	(3.718)	0.000	-
CFCR	6.008	6.008	0.000	0.000	0.000	0.000	-
Financing Charges	66.860	66.860	0.000	0.000	0.000	0.000	-
Transfer to Reserves	0.000	0.000	0.000	0.000	0.000	0.000	-
<b>Total Expenditure</b>	<b>933.200</b>	<b>933.200</b>	<b>0.000</b>	<b>284.111</b>	<b>284.659</b>	<b>(0.548)</b>	<b>over</b>
<b>Income</b>							
Housing Benefit Subsidy	94.643	94.643	0.000	36.465	36.465	0.000	-
Other Income	167.651	167.651	0.000	45.277	45.119	(0.158)	under rec
General Revenue Grant	248.735	248.735	0.000	0.000	0.000	0.000	-
Non Domestic Rates	287.862	287.862	0.000	0.000	0.000	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	118.076	118.076	0.000	0.000	0.000	0.000	-
Transfer from Reserves	16.233	16.233	0.000	0.000	0.000	0.000	-
<b>Total Income</b>	<b>933.200</b>	<b>933.200</b>	<b>0.000</b>	<b>81.742</b>	<b>81.584</b>	<b>(0.158)</b>	<b>under rec</b>
<b>Net Expenditure</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>202.369</b>	<b>203.075</b>	<b>(0.706)</b>	<b>over</b>

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 18 August 2017 (No.6)**  
**Housing Revenue Account**

	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion to 18/08/17</b>	<b>Actual to Period 6 18/08/17</b>	<b>Variance to 18/08/17</b>		<b>%</b>	<b>Note</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>			
Employee Costs	12.661	12.661	0.000	4.511	4.314	0.197	under	4.4%	<b>1</b>
Property Costs	36.995	36.995	0.000	10.520	10.685	(0.165)	over	(1.6%)	<b>2</b>
Supplies & Services	0.612	0.612	0.000	0.222	0.215	0.007	under	3.2%	
Transport & Plant	0.216	0.216	0.000	0.053	0.053	0.000	-	0.0%	
Administration Costs	4.161	4.161	0.000	0.285	0.294	(0.009)	over	(3.2%)	
Payments to Other Bodies	5.520	5.520	0.000	0.009	0.010	(0.001)	over	(11.1%)	
Payments to Contractors	0.100	0.100	0.000	0.026	0.026	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.520	0.000	5.456	5.460	(0.004)	over	(0.1%)	<b>a</b>
<b>Total Controllable Expenditure</b>	<b>79.785</b>	<b>79.785</b>	<b>0.000</b>	<b>21.082</b>	<b>21.057</b>	<b>0.025</b>	<b>under</b>	<b>0.1%</b>	
<b>Total Controllable Income</b>	<b>(94.787)</b>	<b>(94.787)</b>	<b>0.000</b>	<b>(30.762)</b>	<b>(30.759)</b>	<b>(0.003)</b>	<b>under recovered</b>	<b>0.0%</b>	
Transfer to/(from) Balance Sheet	0.619	0.619	0.000	0.238	0.260	(0.022)	over	(9.2%)	<b>a</b>
<b>Net Controllable Expenditure</b>	<b>(14.383)</b>	<b>(14.383)</b>	<b>0.000</b>	<b>(9.442)</b>	<b>(9.442)</b>	<b>0.000</b>	<b>-</b>	<b>0.0%</b>	
<b>Add: Non Controllable Budgets</b>									
Financing Charges	14.383	14.383	0.000	0.000	0.000	0.000	-		
<b>Total Budget</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(9.442)</b>	<b>(9.442)</b>	<b>0.000</b>	<b>-</b>	<b>0.0%</b>	

**Variance Explanations****1. Employee Costs**

This underspend reflects the current turnover levels within the service and overtime underspends.

**2. Property Costs**

This overspend is due to repairs and grounds maintenance works which are demand led services and will be managed within the overall budget.

**Budget Virements**

- a. Realignment of budget to reflect reduction in CFCR transfer to Capital Programme. Net Effect £0.000m: Financing Charges (£0.481m), Transfer to / (from) Balance Sheet £0.481m.

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 18 August 2017 (No.6)**  
**Fleet Trading Operation**

	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion to 18/08/17</b>	<b>Actual to Period 6 18/08/17</b>	<b>Variance to 18/08/17</b>		<b>%</b>	<b>Note</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>			
Employee Costs	4.607	4.607	0.000	1.641	1.608	0.033	under	2.0%	1
Property Costs	0.222	0.222	0.000	0.046	0.046	0.000	-	0.0%	
Supplies & Services	0.214	0.214	0.000	0.114	0.120	(0.006)	over	(5.3%)	
Transport & Plant	13.806	13.806	0.000	4.509	4.557	(0.048)	over	(1.1%)	2
Administration Costs	0.012	0.012	0.000	0.004	0.007	(0.003)	over	(75.0%)	
Pmts to Other Bodies	0.007	0.007	0.000	0.000	0.002	(0.002)	over	n/a	
Pmts to Contractors	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.056	0.056	0.000	0.000	0.000	0.000	-	n/a	
<b>Total Controllable Expenditure</b>	<b>18.924</b>	<b>18.924</b>	<b>0.000</b>	<b>6.314</b>	<b>6.340</b>	<b>(0.026)</b>	<b>over</b>	<b>(0.4%)</b>	
<b>Total Controllable Income</b>	<b>(21.027)</b>	<b>(21.027)</b>	<b>0.000</b>	<b>(7.122)</b>	<b>(7.148)</b>	<b>0.026</b>	<b>over recovered</b>	<b>0.4%</b>	<b>3</b>
<b>Net Controllable Expenditure</b>	<b>(2.103)</b>	<b>(2.103)</b>	<b>0.000</b>	<b>(0.808)</b>	<b>(0.808)</b>	<b>0.000</b>	<b>-</b>	<b>0.0%</b>	

**Variance Explanations**

- 1. Employee Costs**  
This underspend relates to vacancies across the Service.
- 2. Transport and Plant**  
The overspend relates to expenditure on external repairs to plant.
- 3. Income**  
The over recovery of income relates to recharges for plant maintenance.

**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 18 August 2017 (No.6)**  
**Roads Trading Operation**

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 18/08/17	Actual to Period 6 18/08/17	Variance to 18/08/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	8.152	8.152	0.000	2.495	2.480	0.015	under	0.6%	
Property Costs	0.234	0.234	0.000	0.062	0.062	0.000	-	0.0%	
Supplies & Services	8.355	8.355	0.000	3.091	3.091	0.000	-	0.0%	
Transport & Plant	5.122	5.122	0.000	1.416	1.416	0.000	-	0.0%	
Administration Costs	0.319	0.319	0.000	0.143	0.143	0.000	-	0.0%	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	6.294	6.294	0.000	0.911	0.911	0.000	-	0.0%	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.000	0.000	0.000	0.002	(0.002)	over	n/a	
<b>Total Controllable Expenditure</b>	<b>28.476</b>	<b>28.476</b>	<b>0.000</b>	<b>8.118</b>	<b>8.105</b>	<b>0.013</b>	<b>under</b>	<b>0.2%</b>	
<b>Total Controllable Income</b>	<b>(32.289)</b>	<b>(32.289)</b>	<b>0.000</b>	<b>(9.585)</b>	<b>(9.572)</b>	<b>(0.013)</b>	<b>under recovered</b>	<b>(0.1%)</b>	
<b>Net Controllable Expenditure</b>	<b>(3.813)</b>	<b>(3.813)</b>	<b>0.000</b>	<b>(1.467)</b>	<b>(1.467)</b>	<b>0.000</b>	<b>-</b>	<b>0.0%</b>	



**SOUTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report**  
**Period Ended 18 August 2017 (No.6)**  
**Property Services Trading Operation**

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 18/08/17	Actual to Period 6 18/08/17	Variance to 18/08/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.874	31.874	0.000	12.145	12.026	0.119	under	1.0%	1
Property Costs	1.048	1.048	0.000	0.402	0.370	0.032	under	8.0%	1
Supplies & Services	12.839	12.839	0.000	4.103	3.971	0.132	under	3.2%	1
Transport & Plant	4.440	4.440	0.000	1.703	1.533	0.170	under	10.0%	1
Administration Costs	3.454	3.454	0.000	1.325	1.325	0.000	-	0.0%	
Pmts to Other Bodies	2.271	2.271	0.000	0.871	0.857	0.014	under	1.6%	1
Pmts to Contractors	15.591	15.591	0.000	6.979	7.218	(0.239)	over	(3.4%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.104	0.104	0.000	0.040	0.034	0.006	under	15.0%	1
<b>Total Controllable Expenditure</b>	<b>71.621</b>	<b>71.621</b>	<b>0.000</b>	<b>27.568</b>	<b>27.334</b>	<b>0.234</b>	<b>under</b>	<b>0.8%</b>	
<b>Total Controllable Income</b>	<b>(75.746)</b>	<b>(75.746)</b>	<b>0.000</b>	<b>(29.010)</b>	<b>(28.776)</b>	<b>(0.234)</b>	<b>under recovered</b>	<b>(0.8%)</b>	<b>1</b>
<b>Net Controllable Expenditure</b>	<b>(4.125)</b>	<b>(4.125)</b>	<b>0.000</b>	<b>(1.442)</b>	<b>(1.442)</b>	<b>0.000</b>	<b>-</b>	<b>0.0%</b>	

**Variance Explanations**

**1. Income**

This under recovery of income is due to the level of rechargeable work completed to date. This offsets underspends in Employee Costs, Property Costs, Supplies and Services, Transport and Plant, Payment to Other Bodies and Financing Charges and overspends in Payments to Contractors.