

## FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 7 September 2017

**Chair:**

Councillor Joe Fagan

**Councillors Present:**

Archie Buchanan, Isobel Dorman, Eric Holford, Mark Horsham, Monique McAdams, Jim Wardhaugh, Jared Wark

**Councillors' Apologies:**

Janine Calikes, Margaret B Walker

**Attending:****Community and Enterprise Resources**

D Gibson, Fleet Manager

**Finance and Corporate Resources**

G Cochran, Administration Assistant; L O'Hagan, Finance Manager (Strategy); J Muirhead, Administration Adviser; J Taylor, Head of Finance (Strategy); M Zabir, Assistant Finance Manager

**Housing and Technical Resources**

D Craig, Property Manager (Commercial)

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**Member's Remarks**

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Prior to the meeting commencing, Councillor J Wardhaugh requested clarification on the appointment of the Forum chair. In response, the Head of Administration and Legal Services clarified the position.

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**1 Declaration of Interests**

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No interests were declared.

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**2 Revenue Budget Monitoring Final Outturn and Annual Report and Accounts - 2016/2017**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ year end position of the General Fund and Housing Revenue Accounts 2016/2017
- ◆ revenue budget performance of each Resource in 2016/2017
- ◆ Council's Annual Accounts for 2016/2017, including a reconciliation to the revenue budget performance for 2016/2017

The General Revenue Fund showed an underspend of £2.073 million for the year after all commitments. The overall income and expenditure position was summarised in the report and an explanation of each element was provided.

It was proposed that £2 million of the underspend totalling £2.073 million be transferred to the Earmarked General Fund Reserve and that the remaining £0.073 million be allocated to the Unearmarked General Fund Reserve.

The report reviewed the management of the debt portfolio and highlighted the need to retain flexibility in managing debt repayments and the overall budget strategy.

It was proposed that monies be set aside in the Earmarked General Fund Reserve to give the Council flexibility in managing its overall budget strategy

The Housing Revenue Account showed a deficit for the year of £2.294 million which, when added to the surplus brought forward from 2015/2016, resulted in an accumulated surplus of £10.251 million. This level of funding would be carried over to 2017/2018 to meet future years' business plan commitments.

The Annual Accounts had been prepared for submission to the Controller of Audit by the statutory date of 30 June 2017. The main statements contained in the Annual Accounts were detailed in an appendix to the report and included:-

- ◆ movement in Reserves Statement
- ◆ comprehensive income and expenditure statement
- ◆ balance sheet
- ◆ remuneration report
- ◆ expenditure and funding analysis statement

Notes on Accounts, the Cash Flow Statement and the Group Accounts had been included in the Annual Accounts submitted to the Council's Auditor by 30 June 2017.

It was proposed that the unaudited Annual Accounts be published online at the same time as they were made available for public inspection.

The Annual Accounts also reflected a number of accounting transactions which were outwith the normal Council monitoring process and those were detailed in the report.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:**

- (1) that the position of the General Fund and Housing Revenue Accounts for 2016/2017 be noted;
- (2) that the proposal to set aside monies previously earmarked to repay debt in an earmarked reserve be noted;
- (3) that the proposed additional transfer to the Earmarked General Fund of £2 million from the outturn underspend be noted;
- (4) that the proposed allocation of £0.073 million to the Unearmarked General Fund Reserve, as detailed in the report, be noted;
- (5) that the main statements from the unaudited Accounts for 2016/2017, as detailed in the appendix to the report, be noted; and
- (6) that it be noted that the unaudited Annual Accounts would be made available online at the same time as they became publicly available in Council Offices.

*[Reference: Minutes of the Executive Committee of 30 August 2017 (Paragraph 15)]*

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### **3 Unaudited Annual Accounts 2016/2017**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the unaudited South Lanarkshire Council Accounts 2016/2017.

Details of key elements included in the Accounts were provided together with contextual information.

The Council had also submitted unaudited accounts to the external auditor in respect of the following 3 Charitable Trusts managed by the Council:-

- ◆ South Lanarkshire Council Educational Trust
- ◆ South Lanarkshire Council Charitable Trust
- ◆ East Kilbride Information Technology Trust

The Annual Report and Accounts and Charitable Accounts 2016/2017 had been submitted for audit by the statutory deadline of 30 June 2017.

**The Committee decided:** that the report be noted.

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### **4 Revenue Budget Monitoring 2016/2017 - Detailed Resource Analysis**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the detailed financial analysis as at 31 March 2017 (Period 14) for each of the Council's Resources.

The following information was provided for each Resource and the Housing Revenue Account:-

- ◆ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 31 March 2017 (Period 14)
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 31 March 2017 (Period 14)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 31 March 2017 (Period 14)

**The Forum decided:** that the financial position for each of the individual Resources' revenue budgets for 2016/2017 at 31 March 2017 (Period 14) be noted.

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### **5 2016/2017 Recurring Variances and 2017/2018 Outlook**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the recurring budget variances experienced in 2016/2017 and the outlook for each of those variances for 2017/2018.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the outlook for 2017/2018, in terms of recurring budget variances experienced in 2016/2017 and the outlook for each of those variations for 2017/2018, as detailed in Appendix A to the report, be noted.

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## **6 Review of Trading Services - 2017/2018 Update**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted advising on an exercise carried out to fulfil the Council's annual requirement to review existing and potential Trading Services.

Details of how the review had been carried out, including the criteria each Service had been assessed against and the outcome, were provided. The review exercise had shown that, under current guidelines, the existing trading activities should continue to be regarded as Trading Services.

An analysis of other potential trading activities, identified by CIPFA, had been assessed against the same criteria and had resulted in no additional services being proposed as Trading Services in 2017/2018.

The future status of Trading Services would be considered as part of the ongoing Finance Review.

### **The Forum decided:**

- (1) that, based on the financial analysis carried out and the information supplied by Executive Directors, the proposal to retain the existing trading activities, with no further activities being added as Trading Services, be endorsed; and
- (2) that the work to review the current Trading Services, as part of the ongoing Finance Review, be noted.

*[Reference: Minutes of 14 July 2016 (Paragraph 7)]*

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## **7 Revenue Budget Monitoring 2017/2018**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 21 July 2017 (Period 5).

The figures included an overspend of £0.693 million on the General Fund Revenue Account and a breakeven position on the Housing Revenue Account. The overspend related to Social Work Resources and the position would continue to be closely monitored.

At 21 July 2017, Trading Services' actual surplus totalled £2.942 million, representing a breakeven position against the phased budget.

Officers responded to members' questions on various aspects of the report.

### **The Forum decided:**

- (1) that the overspend on the General Fund Revenue Account of £0.693 million at 21 July 2017 and the position relating to budget pressures on Social Work Resources be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 21 July 2017 and the forecast outturn to 31 March 2018 of a breakeven position be noted.

*[Reference: Minutes of the Executive Committee of 30 August 2017 (Paragraph 4)]*

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## **8 Revenue Budget Monitoring 2017/2018 - Detailed Resource Analysis**

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A report dated 30 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the detailed financial analysis as at 21 July 2017 (Period 5) for each of the Council's Resources.

The following information was provided for each Resource and the Housing Revenue Account:-

- ◆ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 21 July 2017 (Period 5)
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 21 July 2017 (Period 5)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 21 July 2017 (Period 5)

**The Forum decided:** that the financial position for each of the individual Resources' revenue budgets for 2016/2017 at 21 July 2017 (Period 5) be noted.

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## **9 Revenue Budget Monitoring 2017/2018 - Trading Operational Performance Review - Fleet Services**

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A report dated 7 August 2017 by the Executive Director (Community and Enterprise Resources) was submitted on the financial and operational performance of the Fleet Services' Trading Operation for the period ending 21 July 2017 (Period 5).

At 21 July 2017, the Fleet Services' Trading Operation was showing a surplus of £0.646 million against a budgeted surplus of £0.646 million for the period ended 21 July 2017.

Details were also provided on a number of key operational and personnel issues including:-

- ◆ absence statistics for the period 1 April to 21 July 2017 by Service and type, including details of Management Interventions during the reporting period
- ◆ operational activity undertaken within Fleet Services during the reporting period

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the position at 21 July 2017 (Period 5) be noted.

*[Reference: Minutes of 16 February 2017 (Paragraph 5)]*

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## **10a Capital Budget Monitoring 2016/2017 - General Fund Capital Programme**

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A report dated 22 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2016/2017 at 31 March 2017 (Period 14).

The General Fund Capital Programme for 2016/2017, including a number of revisions approved by the Executive Committee on 6 July 2016, as detailed in Appendix A to the report, totalled £83.342 million. At 31 March 2017, £81.924 million had been spent against a phased budget of £83.342 million, representing expenditure of £1.418 million behind profile.

Details were provided on the main reasons for the underspend on the General Fund Capital Programme.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of the Executive Committee of 8 March 2017 (Paragraph 3)]*

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### **10b Capital Budget Monitoring 2016/2017 - Housing Capital Programme**

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A report dated 22 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2016/2017 at 31 March 2017 (Period 14).

The Housing Capital Programme for 2016/2017 totalled £38.849 million. At 31 March 2017, £43.943 million had been spent against a phased budget of £38.849 million, representing expenditure of £5.094 million ahead of profile. This reflected ongoing work on the Housing Improvement Programme (HIP) which was ahead of schedule.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of the Executive Committee of 8 March 2017 (Paragraph 3)]*

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### **11a Capital Budget Monitoring 2017/2018 - General Fund Capital Programme**

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A report dated 22 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2017/2018 at 21 July 2017 (Period 5).

The General Fund Capital Programme for 2016/2017, including a number of revisions approved by the Executive Committee on 30 August 2017, as detailed in note 1 of Appendix B to the report, totalled £81.272 million. At 21 July 2017, £14.114 million had been spent against a phased budget of £13.735 million, representing expenditure of £0.379 million ahead of profile.

Details were provided on the main reasons for the overspend on the General Fund Capital Programme.

The physical progress achieved on the General Fund Capital Programme 2016/2017 at 21 July 2017 was detailed in Appendices C to E to the report.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of the Executive Committee of 8 February 2017 (Paragraph 3)]*

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### **11b Capital Budget Monitoring 2017/2018 - Housing Capital Programme**

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A report dated 22 August 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2017/2018 at 21 July 2017 (Period 5).

The Housing Capital Programme for 2017/2018, including a number of revisions approved by the Executive Committee on 30 August 2017, totalled £40.581 million. At 21 July 2017, £8.369 million had been spent against a phased budget of £8.341 million, representing expenditure of £0.028 million ahead of profile.

The physical progress achieved on the Housing Capital Programme 2017/2018 at 21 July 2017 was detailed in Appendix B to the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of the Executive Committee of 30 August 2017 (Paragraph 3)]*

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## **12 Urgent Business**

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There were no items of urgent business.