

Report

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Report to:	Executive Committee
Date of Meeting:	27 June 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring Final Outturn and Annual Report and Accounts - 2017/2018
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Committee on the position for the year on the General Fund and the revenue budget performance of each Resource.
- ◆ advise on the position of the Housing Revenue Account (HRA).
- ◆ provide the publication details for the unaudited Annual Accounts; and
- ◆ provide a reconciliation of the outturn position in the Annual Accounts (Expenditure and Funding Analysis Statement) to the revenue budget performance for the year 2017/2018.
- ◆ provide for members details of the full unaudited South Lanarkshire Council Accounts 2017/2018 and Charitable Accounts 2017/2018 for their consideration.

2. Recommendation(s)

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

- (1) that the position of the General Fund (Section 4 and summarised in Appendix 1), be noted;
- (2) that the proposed additional transfers to reserves by Resources and Corporate Items totalling £3.016 million (Appendix 2), be approved;
- (3) that the proposal to allow the IJB to retain the £0.701 million underspend on an earmarked basis for future care costs (Appendix 3), be approved;
- (4) that the additional Corporate Transfers to Reserves, totalling £2.622 million (Section 4.10), be approved;
- (5) that the final outturn position of an underspend of £0.500 million, and the transfer of this underspend to the Uncommitted General Fund (Section 4.11), be approved;
- (6) that the position on the Housing Revenue Account, including the transfer to reserves of £1.373 million (Section 5), be noted;
- (7) that the publication details for the unaudited Annual Accounts for 2017/2018 (Section 6), be noted; and
- (8) that South Lanarkshire Council Accounts 2017/2018 and the Charitable Accounts 2017/2018 have been provided to members for their consideration, be noted.

3. Background

3.1. Under existing regulations, the Council's unaudited Annual Accounts for the year ended 31 March 2018 require to be submitted for audit by 30 June 2018. This

deadline will be met. The full unaudited Annual Accounts are included in the papers for this meeting for Members consideration.

- 3.2. Section 4 of the report, along with Appendices 1 to 7, shows the General Services monitoring position for the Council. Section 5 of the report and Appendix 8, show the final position on the Housing Revenue Account.
- 3.3. Section 6 provides information on the Annual Accounts with a reconciliation of the reported position in this report to the figures that appear in the Annual Accounts provided in Section 7 and Appendix 9.

4. General Fund Revenue Budget Performance

- 4.1. The final outturn position for the year ended 31 March 2018, has now been confirmed. There are examples of where 2017/2018 commitments have not fully spent, but which will spend in 2018/2019. As is normal practice, these committed monies require to be carried forward through Reserves at the end of the financial year.
- 4.2. To reflect this, the Council's position shown in Appendix 1, details the actual outturn **before** these Transfers to Reserves (col 5) and alongside, the actual outturn **after** these Transfers to Reserves (col 7). This allows Members to see the Resources' monitoring position, taking into account all known commitments.
- 4.3. **Resource Position including Trading Operations**
 - 4.3.1. Appendix 1 shows net expenditure **before** Transfers to Reserves in Resources (including Trading Operations) of £600.462 million compared to the budget of £610.344 million. This results in an underspend of £9.882 million.
 - 4.3.2. As part of the Council's Probable Outturn (Executive Committee, 31 January 2018), Transfers to Reserves of £7.166 million were approved for Resources. Based on the year end position, Resources are proposing additional Transfers to Reserves totalling £2.680 million, for commitments not spent in 2017/2018 that require to be carried forward. These transfers are detailed in Appendix 2.
 - 4.3.3. Taking all the Transfers to Reserves into account, the Resources' final outturn position is an underspend of £0.036 million (Appendix 1, col 8). This is an improved position of £1.156 million from the Probable Outturn overspend position of £1.120 million.
 - 4.3.4. The movement from the Probable Outturn position lies mainly within Finance and Corporate Resources and Social Work Resources. The detailed position, including explanations of movements from Probable Outturn, for all Resources is detailed in Appendix 3. Also included in Appendix 3 are explanations for significant variances for each of the services within the Resources.
- 4.4. **Capital Financed from Current Revenue (CFCR)**
 - 4.4.1. The CFCR budget line is showing an underspend of £0.436 million, reflecting the fact that the requirement for revenue funding for the capital programme was lower than anticipated. This is no change from the position that was reported as part of the Probable Outturn.

4.5. Loan Charges

- 4.5.1. The outturn position for loan charges is £52.205 million, resulting in an underspend of £5.546 million. This is £0.296 million higher than the position anticipated at the Probable Outturn. The improved position is due to savings on interest and expenses

as a result of not borrowing during the year, partially offset by increased principal repayments due to changes in the interest rate.

4.6. **Corporate Items**

- 4.6.1. The outturn position on the Corporate Items line is £0.427 million, resulting in an underspend of £4.513 million **before** Transfers to Reserves. This is an improved position of £0.915 million compared to Probable.
- 4.6.2. Since the Probable Outturn, there are additional underspends due to an improved position on the Council's bad debt provision (£0.527 million), a refund received from the Authorities Buying Consortium (£0.113m) and an underspend following the year end reconciliation of PAYE/NI payments to HMRC (£0.112m).
- 4.6.3. Also, additional income was received in respect of the Renewable Heating Initiative and Feed In Tariff Scheme, and Interest on Revenue Balances for the Reserves held by the Council, totalling £0.336 million.
- 4.6.4. As part of the Probable Outturn, Transfers to Reserves were approved totalling £1.352 million. It is proposed that the £0.336 million income (section 4.6.3) is also Transferred to Reserves. Details are provided in Appendix 2. After taking account of all the Transfers to Reserves, leaves an underspend of £2.825 million. Details of all of the Corporate budget lines (CFCR, Loan Charges and Corporate Items) are included in Appendix 4.

4.7. **Council Tax Income**

- 4.7.1. The final outturn position on Council Tax income is an over recovery of £5.291 million **before** Transfers to Reserves, which represents an improvement of £0.531 million since Probable. The additional income is mainly due to additional income received in respect of arrears. After taking account of the approved Transfers to Reserves totalling £1.500 million, the final position is an over recovery of £3.791 million.

4.8. **Council Tax Reduction Scheme**

- 4.8.1. The Council Tax Reduction Scheme reflects an underspend position of £2.340 million, representing an improved position of £0.060 million since Probable. After taking account of the approved Transfers to Reserves totalling £1.000 million, the final position is an underspend of £1.340 million.
- 4.8.2. The net position on Council Tax and Council Tax Reduction Scheme, after Transfers to Reserves is an over-recovery of £5.131 million. Details of the position are included in Appendix 5.

4.9. **Summary of the General Services 2017/2018 Final Outturn Position**

- 4.9.1. Table 1 shows the final outturn position across Resources and Corporate Budget lines.

Table 1 General Services 2017/2018 Final Outturn

Budget Line	Under / (Over) Before Transfer to Reserves	Total Probable Transfer to Reserves	Total Additional Transfer to Reserves	Under / Over - Final Outturn
	£m	£m	£m	£m
Total Resources (Appendix 3)	9.882	(7.166)	(2.680)	0.036
Total Centrally Held Budgets (Appendix 4)	10.495	(1.352)	(0.336)	8.807
Total Expenditure	20.377	(8.518)	(3.016)	8.843
Council Tax Income (Appendix 5)	7.631	(2.500)	-	5.131
Total Income	7.631	(2.500)	-	5.131
Net Expenditure	28.008	(11.018)	(3.016)	13.974

4.9.2. This shows that before the Transfers to Reserves, there is an underspend of £28.008 million. The Transfers to Reserves approved as part of the Probable Outturn (totalling £11.018 million) and the additional Proposed Transfers to Reserves of £3.016 million (as detailed in Appendix 2) are also shown, leaving an underspend of £13.974 million, before Corporate Transfers.

4.9.3. These Transfer to Reserves totalling £14.034 million are shown as commitments and included in the Actual figures after Transfers to Reserves in Appendix 1 (col 7). As part of the Annual Accounts, these will be shown in the Transfer to Reserves line, in line with guidance from external audit.

4.9.4. **Table 1 shows the Council's monitoring position, after all Resource commitments / transfers, being an underspend of £13.974 million.**

4.10. Additional Corporate Transfers

4.10.1. As part of the Probable Outturn exercise, transfers to the Insurance Fund (£1.700 million), Winter Maintenance Fund (£2.000 million), IT Development Fund (£1.000 million) and the Earmarked General Fund (£6.152 million), totalling £10.852 million were approved. **Taking these Transfers to Reserves into account, gives a final outturn underspend of £3.122 million.**

4.10.2. Taking account of the £0.500 million transfer to the Uncommitted General Fund approved as part of the Probable Outturn, leaves an underspend of £2.622 million. Table 2 provides a summary of the main elements that make up the £2.622 million movement from Probable.

Table 2: Reconciliation of Movement in Outturn from Probable

	£m
Resource Outturn including Trading (section 4.3.3)	1.156
Loan Charges (section 4.5.1)	0.296
Movement in Bad Debt Provision (section 4.6.2)	0.527
Refund from Authorities Buying Consortium (section 4.6.2)	0.133
PAYE/NI (section 4.6.2)	0.112
Council Tax / Council Tax Reduction Scheme (section 4.7.1 and 4.8.1)	0.591
Minor miscellaneous Corporate Items	(0.193)
Total Movement in Position from Probable	2.622
Probable Outturn Underspend (Transfer to Uncommitted General Fund)	0.500
Total Underspend including Probable	3.122

4.10.3.As noted in Table 2, there is an additional outturn underspend of £2.622 million, after taking account of the £0.500 million underspend approved as part of the Probable Outturn. Detailed below are additional Corporate Transfers being proposed to utilise this additional underspend of £2.622 million, to assist with future demands and pressures.

4.10.4.**IT Development Fund:** It is proposed to set aside funds to facilitate the continuation of improving efficiency in our business and contribute towards the implementation of the Digital Strategy and essential IT work. This includes the rollout of programmes to remain compliant with United Kingdom Government’s PSN security requirements, with additional business benefits to assist Council digital transformation such as the use of cloud mobility and storage. Works will also include the implementation of HRMS Self Service and changes to payroll for teachers pay.

Proposal: Transfer to IT Development Fund: £0.500 million

4.10.5.**Balance of Underspend:** It is proposed that of the remaining balance of £2.622 million, further allocations totalling £2.122 million is transferred to the Earmarked General Fund to assist with future budget pressures and strategies.

Proposal: Earmarked General Fund £2.122 million

4.10.6.Appendix 6 provides an analysis of the Corporate Transfers across each of the individual Reserves.

4.11. Summary of Outturn Position 2017/2018

4.11.1.Table 3 summarises the position for the Council for 2017/2018.

Table 3: Summary Outturn

	£m	£m
Underspend on Council		28.008
Less Transfers to Reserves:		
Probable Outturn - Resources and Corporate Items (4.9.2)	(11.018)	
Additional Year End Position - Resources and Corporate Items (4.9.2)	<u>(3.016)</u>	
		<u>(14.034)</u>
		13.974
Probable Outturn - Corporate Transfers (4.10.1)	(10.852)	
Additional - Corporate Transfers (4.10.4 to 4.10.5)	<u>(2.622)</u>	
		<u>(13.474)</u>
Underspend (Transfer to Uncommitted General Fund) (4.10.2)		<u>0.500</u>

4.12. Reserves

4.12.1.At the end of 2016/2017, the Council had £98 million of Usable Reserves, of which £43 million was available for use in the Council’s Revenue Budget Strategies for future years. As part of the Audit process, the auditor commented on the Council’s level of Reserves and stated that these were at an adequate level and that the Council had credible short term financial plans in place and is developing a longer term financial strategy.

4.12.2.As a result of the 2017/2018 Final Outturn exercise, Reserves at the end of 2017/2018 will increase to £113 million. Of this total Reserves balance, £45 million

is available for use in the Council's Revenue Budget Strategies. Appendix 7 provides a final Reserves position at 31 March 2018.

4.12.3. Other amounts within the overall total estimated Reserves at the end of 2017/2018 relate to specific Reserves such as Housing Revenue Account, the Insurance Fund and Capital Funds, with £13 million held in the Uncommitted General Fund Reserve, which the Council holds to use in the event of unforeseen circumstances. Table 4 shows the position:

Table 4: Reserves Analysis

	£m
Total Reserves (at 31 March 2018)	112.641
Less Committed Reserves:	
• Revenue Budget Strategies	45.074
• Housing Revenue Account	11.624
• Insurance	4.516
• Repairs and Renewals	3.732
• Winter Maintenance	3.500
• Capital Funds (incl, IT Development Fund)	10.113
• Government Grant Carried Forward	21.039
= Uncommitted General Fund Reserve	13.043

5. Housing Revenue Account Position

- 5.1. The Housing Revenue Account is held separately from the General Fund. This account shows a surplus for the year of £1.373 million. The surplus, when added to the amount brought forward from 2016/2017, gives an accumulated surplus of £11.624 million to be carried forward and used to meet future years' business plan commitments. This is reflected in the Council's reserves position.
- 5.2. Appendix 8 shows the final outturn position to 31 March 2018 on the Housing Revenue Account. The position on the Housing Revenue Account will be breakeven after the Transfer to Reserves of £1.373 million.

6. Annual Accounts – South Lanarkshire Council

- 6.1. The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be formally considered by elected members at a meeting to be held no later than 31 August.
- 6.2. The papers for this meeting include a full copy of the unaudited Annual Accounts for consideration.
- 6.3. The Annual Statement of Governance will be included in the Accounts and presented separately to the Risk and Audit Scrutiny Forum on 13 June 2018, and are included as a separate report to this meeting.
- 6.4. The Annual Accounts have been prepared in line with proper accounting practice contained within the Accounting Code of Practice (the Code), but remain subject to audit by Audit Scotland, who will complete their audit by 30 September 2018, having reported their findings to the Council in advance of that date. The outturn position stated in section 4 is reflected in the Council's unaudited Annual Accounts.

6.5. In line with previous years, the full unaudited Annual Accounts will be available for public inspection in the Council Offices between 29 June 2018 and 20 July 2018, as prescribed by the Local Authority Accounts (Scotland) Regulations 2014. The Regulations also require publication of the Annual Accounts on the Council's website. As such, the unaudited Accounts will be available online from 29 June 2018 until the date the audited Accounts are published.

7. Annual Accounts: Restatement of Monitoring Figures Reported

- 7.1. The Code introduced an Expenditure and Funding Analysis which has to be prepared as part of the main Annual Accounts. The purpose of the statement is to reconcile the figure reported to the Council's Executive Committee to those reported in the Comprehensive Income and Expenditure Statement.
- 7.2. Appendix 9 reconciles the monitoring figures reported in Appendix 2 of this report to the figures that appear in the Council's Annual Accounts (in the Expenditure and Funding Analysis Statement and the Comprehensive Income and Expenditure Account).
- 7.3. The starting point for the Expenditure and Funding Analysis is the actual outturn figures **before transfers to reserves** contained in Appendix 2 (column 5), a surplus of £28.008 million. An adjustment is made to move the Trading Operations from Resources to Other Income and Expenditure and to move the Corporate Items from the Other Income and Expenditure to the Resources. This is where they are shown in the Annual Accounts.
- 7.4. Appendix 9 (col 3) then takes this monitoring surplus of £28.008 million, and removes the Transfers **from** Reserves totalling £16.380 million, as the accounting requirements require us to remove **both** Transfers **To** and Transfers **From** reserves, from the reported Committee figures. The table in Appendix 9 then adds the HRA outturn position (col 5) to give the Council's total position; a surplus on provision of services of £13.001 million. This represents the Council's outturn position (General Fund plus HRA) on an accounting basis before Transfers To / Transfers From Reserves and is the position shown in the Expenditure and Funding Analysis.
- 7.5. Finally, the Expenditure and Funding Analysis position (Appendix 9, Table 1 - col 7) is adjusted for the technical accounting transactions, including depreciation and pension accounting entries, which are outwith the normal Council monitoring process, to arrive at the figures in the Comprehensive Income and Expenditure Statement. These transactions are for accounting purposes and reflect the Council spend in line with accounting guidance. They do not change the final outturn position of the Council and have no impact on the actual position of the Council and the funds available.
- 7.6. As detailed in section 7.4, the Expenditure and Funding Analysis shows the movement on the General Fund Reserve and HRA Reserve before any transfers to/from other reserves. These relate to transfers from Other Reserves including the Repairs and Renewals Fund (including Winter Maintenance), the Insurance Fund and the IT Development Fund (Capital Fund) to offset expenditure and commitments that have been charged to the Revenue Budget but where the funding to pay for these commitments sits in another Reserve. These transfers need to be taken into account to arrive at the total movement in the General Fund Reserve and HRA Reserve included in the Balance Sheet (Appendix 9, Table 2). Table 2 in Appendix 9 shows that when these transfers totalling £2.471 million (Table 3) are taken into account, the total General Fund and HRA position for the year is an increase of £15.472 million.

8. Charitable Trusts Unaudited Accounts

- 8.1. The Council also submits unaudited accounts to the external auditor in respect of the 3 Charitable Trusts managed by the Council: South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trusts and the East Kilbride Information Technology Trust. Copies of these have been provided to elected members as part of the papers for this meeting.

9. Employee Implications

- 9.1. None

10. Financial Implications

- 10.1. As detailed in sections 4 to 6 of the report.

11. Other Implications

- 11.1. 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.
- 11.2. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. 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.
- 12.2. 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)

22 May 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 31 March 2018

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 31 March 2018 (No.14)

Committee	Annual Budget £m Col 1	Forecast Before Transfers £m Col 2	Forecast After Transfers £m Col 3	Annual Forecast Variance (After Transfers) £m Col 4	Actual to 31/03/18 Before Transfers £m Col 5	Variance Annual Budget To Actual Before Transfers £m Col 6	Actual to 31/03/18 After Transfers £m Col 7	Variance Annual Budget To Actual After Transfers £m Col 8
Community and Enterprise Resources	116.814	117.334	117.652	(0.838)	115.869	0.945	117.648	(0.834)
Facilities Streets and Waste (Inc. Support)	62.771	62.900	63.010	(0.239)	62.708	0.063	63.145	(0.374)
Environmental Services (Inc. Projects)	4.558	4.417	4.417	0.141	4.370	0.188	4.370	0.188
Leisure and Culture Services	19.020	18.977	18.977	0.043	18.984	0.036	18.984	0.036
Planning and Economic Development	6.287	6.564	6.772	(0.485)	6.440	(0.153)	6.803	(0.516)
Roads	30.156	30.300	30.300	(0.144)	29.725	0.431	30.704	(0.548)
Trading Operations	(5.978)	(5.824)	(5.824)	(0.154)	(6.358)	0.380	(6.358)	0.380
Education Resources	297.643	291.103	297.001	0.642	290.438	7.205	297.006	0.637
Finance and Corporate Resources	33.994	33.703	33.994	0.000	33.035	0.959	33.493	0.501
Finance Services	16.346	16.154	16.154	0.192	15.460	0.886	15.590	0.756
Audit and Compliance Services	0.413	0.437	0.437	(0.024)	0.432	(0.019)	0.432	(0.019)
Information Technology Services	4.100	4.100	4.100	0.000	4.121	(0.021)	4.121	(0.021)
Communications and Strategy Services	1.092	1.210	1.210	(0.118)	1.332	(0.240)	1.332	(0.240)
Administration and Licensing Services	5.305	5.355	5.355	(0.050)	5.320	(0.015)	5.320	(0.015)
Personnel Services	6.738	6.447	6.738	0.000	6.370	0.368	6.698	0.040
Housing and Technical Resources	19.869	19.210	19.869	0.000	19.033	0.836	19.868	0.001
Housing Services	7.682	6.827	7.506	0.176	6.695	0.987	7.530	0.152
Property Services	16.168	16.364	16.344	(0.176)	16.320	(0.152)	16.320	(0.152)
Trading Operations	(3.981)	(3.981)	(3.981)	0.000	(3.982)	0.001	(3.982)	0.001
Social Work Resources	139.661	140.585	140.585	(0.924)	139.724	(0.063)	139.930	(0.269)
Performance and Support Services	7.975	7.575	7.575	0.400	7.734	0.241	7.734	0.241
Children and Family	27.262	28.286	28.286	(1.024)	27.966	(0.704)	27.966	(0.704)
Adults and Older People	103.437	103.821	103.821	(0.384)	103.166	0.271	103.372	0.065
Justice and Substance Misuse	0.987	0.903	0.903	0.084	0.858	0.129	0.858	0.129
Joint Boards	2.363	2.363	2.363	0.000	2.363	0.000	2.363	0.000
Total Resources incl. Trading Operations	610.344	604.298	611.464	(1.120)	600.462	9.882	610.308	0.036
Total Resources incl. Trading Operations	610.344	604.298	611.464	(1.120)	600.462	9.882	610.308	0.036
Total Expenditure	673.894	658.564	677.934	(4.040)	653.517	20.377	678.525	(4.631)
Council Tax	137.458	142.218	140.718	3.260	142.749	5.291	141.249	3.791
Less: Council Tax Reduction Scheme	(21.370)	(19.090)	(20.090)	1.280	(19.030)	2.340	(20.030)	1.340
Net Council Tax	116.088	123.128	120.628	4.540	123.719	7.631	121.219	5.131
General Revenue Grant	254.812	254.812	254.812	0.000	254.812	0.000	254.812	0.000
Non Domestic Rates	287.862	287.862	287.862	0.000	287.862	0.000	287.862	0.000
Transfer from Reserves	15.132	15.132	15.132	0.000	15.132	0.000	15.132	0.000
Total Income	673.894	680.934	678.434	4.540	681.525	7.631	679.025	5.131
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	(0.500)	0.500	(28.008)	28.008	(0.500)	0.500
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	(22.370)	22.370	(28.008)	28.008	(28.008)	28.008
Transfers to Specific Reserves	0.000	0.000	5.102	(5.102)	0.000	0.000	7.414	(7.414)
(Surplus) After Transfers to Specific Reserves	0.000	(22.370)	(17.268)	17.268	(28.008)	28.008	(20.594)	20.594
Transfer to Earmarked General Fund	0.000	0.000	16.768	(16.768)	0.000	0.000	20.094	(20.094)
Surplus for Year Transferred to Uncommitted General Fund	0.000	(22.370)	(0.500)	0.500	(28.008)	28.008	(0.500)	0.500

Additional Proposed Transfers to Reserves

Purpose / Description	Value £m	Fund
Community and Enterprise Resources		
Repairs and Renewals Requirements: Funding to complete committed projects including allotments and Forrest Street, and for future crematorium repairs.	0.257	Repairs and Renewals
Food Development Officer Post: Funding to pay for creation of new post for 2 years as per Community and Enterprise Resources Committee May 2018	0.070	Earmarked General Fund
Seconded Post: Transfer of in year saving in respect of seconded post to Scottish Government to meet 2018/19 agreed savings.	0.025	Earmarked General Fund
Participatory Budgeting: Carry forward of the Council's match funding contribution to multi-year projects to reflect the timing of the spend	0.030	Earmarked General Fund
Roads Safety Defects: To allow completion of work delayed due to the adverse weather.	0.979	Repairs and Renewals
Langlands: Carry forward of Scottish Power refund for Langlands industrial site at Greenhills Road for future works on the site.	0.100	Repairs and Renewals
Education Resources		
Pupil Equity Fund: Carry forward monies to match timing of spend on Pupil Equity Fund programme.	0.670	Earmarked General Fund
Finance and Corporate Resources		
Employability - Upskilling (additional to probable): Carry forward of the Council's match funding contribution to multi-year projects to reflect the timing of spend.	0.037	Earmarked General Fund
Scottish Welfare Fund: Carry forward of underspend on GRG for utilisation in future years.	0.130	Earmarked General Fund
Housing and Technical Resources		
Temporary Homelessness GRG (additional to probable): To meet expenditure commitments in future years.	0.156	Earmarked General Fund
Community Safety: One off refund from Scottish Fire and Rescue included in 2018/19 savings.	0.020	Earmarked General Fund
Social Work Resources		
Integrated Joint Board - IT System: Carry forward monies as a contribution to the new Federated IT system from Social Care Fund monies.	0.140	IT Development Fund
See Hear GRG: Carry forward of grant funding to fund ongoing commitments in 2018/19.	0.066	Earmarked General Fund
Total Additional Resource Transfers to Reserves (section 4.4.)	2.680	
Corporate Items		
Feed in Tariff Income: Carry forward income received from energy transferred back to the grid for use in future years.	0.013	Repairs and Renewals
Renewable Heating Initiative income: Carry forward subsidy income received from Government for use in future years.	0.288	Repairs and Renewals
Interest on Revenue Balances on Reserves - Year End Accounting Entry	0.035	Repairs and Renewals, Insurance Fund, Capital Funds.
Total Additional Corporate Budget Line Transfers to Reserves (section 4.12.)	0.336	
Total Proposed Additional Transfers to Reserves (section 4.18.)	3.016	

Resource 2017/2018 Final Outturn Position

The final outturn position for the year ended 31 March 2018, has been now been confirmed. There are examples of where commitments have not fully spent in 2017/2018, but which will spend in 2018/2019. As is normal practice, these committed monies are carried forward through Reserves at the end of the financial year.

To reflect this, the Resources' position shown in the table below details the outturn before Transfers to Reserves (col 2), the Transfers to Reserves by Resources approved as part of the Probable Outturn Exercise (col 3), the additional Transfers to Reserves being proposed by Resources (col 4) at the year end and the resultant final outturn position (col 5).

The table shows an underspend of £9.882 million on the Resources' (including Trading Operations) current year budgets **before** any Transfers to Reserves for commitments.

After Transfers to Reserves of £9.846 million (col 3 and 4), the Resource position is an underspend for the year of £0.036 million (col 5). This is an improved position of £1.156 million compared to the Probable Outturn overspend of £1.120 million.

Budget Line col 1	Under / (Over) Before Transfer to Reserves col 2 £m	Approved Probable Outturn Transfers to Reserves col 3 £m	Additional Proposed Transfer to Reserves col 4 £m	Under / Over – Final Outturn col 5 £m
Resources incl. Trading Operations				
Community and Enterprise	0.945	(0.318)	(1.461)	(0.834)
Education	7.205	(5.898)	(0.670)	0.637
Finance and Corporate	0.959	(0.291)	(0.167)	0.501
Housing and Technical	0.836	(0.659)	(0.176)	0.001
Social Work Resources	(0.063)	-	(0.206)	(0.269)
Joint Boards	-	-	-	-
Total Resources incl. Trading Operations	9.882	(7.166)	(2.680)	0.036

Each Resource is taken in turn in the table below, including an explanation of the movement from the Probable Outturn Position.

Resource	2017/18 Final Outturn
Community and Enterprise	<p>The Resource is showing an underspend position of £0.945 million before Transfers to Reserves. This is an improved position of £1.465 million from Probable.</p> <p>This improved position includes the impact of winter weather with lower than anticipated planned works being carried out within Roads offset by additional spend on Winter Maintenance, funded by contributions from the Winter Maintenance Fund (£0.500m) and the Scottish Government (£0.509 million).</p> <p>In addition, in Planning and Economic Development, a refund received from Scottish Power for the site at Langlands, East Kilbride (£0.100 million) has improved the position.</p>

	<p>In Facilities, Streets and Waste, underspends have materialised as the tonnages and related cost of waste were lower than anticipated (£0.152 million), there were delays in both the landscaping works to be carried out at Allers allotments and the installation of the Forest Street security gate (£0.185 million).</p> <p>Transfers to Reserves totalling £0.318 million were approved as part of the Council's Probable Outturn. As part of the final outturn, additional Transfers to Reserves are proposed totalling £1.461 million as detailed in Appendix 2.</p> <p>The final Resource position after all Transfers to Reserves is an overspend of £0.834 million, compared to a probable overspend position of £0.838 million.</p>
<p>Education Resources</p>	<p>The Resource outturn position is an underspend of £7.205 million before Transfers to Reserves. This is an improved position of £0.665 million from Probable.</p> <p>The main reason for the movement from the reported Probable Outturn position is a greater underspend on Pupil Equity Fund (£0.670 million). However, the Resource are committed to fully spending this funding by the end of the summer term 2018.</p> <p>Transfers to reserves totalling £5.898 million were approved as part of the Council's Probable Outturn. As part of the final outturn, additional Transfers to Reserves are proposed totalling £0.670 million in relation to the Pupil Equity Fund.</p> <p>The final position after all Transfers to Reserves is an underspend of £0.637 million, compared to a probable underspend position of £0.642 million.</p>
<p>Finance and Corporate Resources</p>	<p>The Resource is showing an underspend of £0.959 million before Transfers to Reserves. This is an improved position of £0.668 million from Probable.</p> <p>The main reason for the improved position is within the Benefits and Revenues section of Finance Services. The impact of Universal Credit rollout and the use of Real Time Information (RTI) has meant that the number of benefit overpayments was less than anticipated (£0.770 million). There was also an underspend in Scottish Welfare expenditure (£0.130 million). This position is partially offset by an under recovery of income in Benefits and Revenues for penalty income received in respect of the collection of debt (Statutory Additions) (£0.310 million).</p> <p>Transfers to reserves totalling £0.291 million were approved as part of the Council's Probable Outturn. As part of the final outturn, additional Transfers to Reserves totalling £0.167 million are proposed as detailed in Appendix 2.</p> <p>The final position after all Transfers to Reserves is an underspend of £0.501 million, compared to a probable position of breakeven.</p>
<p>Housing and</p>	<p>The probable outturn position is an underspend of £0.836 million before</p>

<p>Technical Resources</p>	<p>Transfers to Reserves. This is an improved position of £0.177 million from Probable.</p> <p>The main reason for the increased underspend is less than anticipated expenditure on maintenance within homelessness properties.</p> <p>Transfers to reserves totalling £0.659 million were agreed as part of the Council's Probable Outturn. As part of the final outturn, additional Transfers to Reserves totalling £0.176 million are proposed as detailed in Appendix 2.</p> <p>The final position after all transfers to reserves is an underspend of £0.001 million compared to a probable position of breakeven.</p>
<p>Social Work Resources</p>	<p>The outturn position is an overspend of £0.063 million before Transfers to Reserves. This is an improved position of £0.861 million since Probable Outturn.</p> <p>The movement reflects additional service user income received as a result of further recovery of previous year costs (£0.250 million), additional monies received from Health in respect of winter pressures (£0.300 million) and additional service user income received as a result of unexpected discharges into Care Homes (£0.650 million).</p> <p>In addition, there is also an underspend on the Direct Payments element of Self Directed Support (£0.200 million), as well as Social Care Fund monies (£0.140 million).</p> <p>The movement of £0.861 million is after a commitment within Adults and Older People (a service delegated to the IJB). The IJB has underspent by £0.701 million. The commitment within Adults and Older People is in respect of a proposal that the Council allows the IJB to retain this non-recurring underspend within their reserves earmarked for future care costs.</p> <p>This proposal to allow the IJB to retain these funds is in line with the approach to integrating health and social care budgets, but maintains this funding earmarked for social care.</p> <p>This £0.701m commitment to social care has been taken account of within the Social Work Resources improved position of £0.861 million.</p> <p>As part of the final outturn position, the Resource is proposing Transfers to Reserves totalling £0.206 million as detailed in Appendix 2.</p> <p>The final position after all transfers to reserves is an overspend of £0.269 million compared, to a probable overspend position of £0.924 million.</p>

2017/2018 Revenue Outturn – Service Variance Explanations

Resource / Service
Community and Enterprise Resources incl Trading Operations
<p>Facilities, Streets and Waste The net underspend is due to vacancies and additional income due to increased demand for bereavement services, partially offset by additional expenditure on the purchase of bins to meet current demand.</p>
<p>Environmental Services The underspend relates to employee costs due to vacancies, partially offset by expenditure on legal costs.</p>
<p>Planning and Economic Development The overspend relates to employee costs, transport costs for business purposes and the cost of IT systems used by the service.</p>
<p>Roads Services The underspend is mainly due to reduced expenditure on footway and carriageway repairs as a result of the adverse weather conditions during the year, partially offset by additional costs incurred for winter gritting. The underspend on roads works has been transferred to reserves to allow the works to be carried out in 2018/2019.</p>
<p>Trading Operations The over recovery of surplus is mainly within the Roads Trading Operation and is due to additional winter gritting works due to the adverse weather.</p>
Education Resources
<p>The underspend relates to less than anticipated expenditure on Pupil Equity fund activities and also the timing of the teachers pay award. The underspend on the Pupil Equity Fund has been transferred to reserves to carry the funding forward to meet the commitments in 2018/2019. The Resource is committed to spending the funding by the end of June 2018.</p>
Finance and Corporate Resources
<p>Finance Services The underspend is due to vacancies which are being considered in line with service requirements and the reduced cost of Housing Benefit overpayments.</p>
<p>Communications and Strategy The overspend is mainly the result of an under recovery of income due to less than anticipated external work completed, and also lower than anticipated staff turnover across the service.</p>
Housing and Technical Resources incl Trading Operations
<p>Housing Services This underspend relates to funding in respect of the temporary homelessness service which has been carried forward to meet commitments in 2018/2019 and one of the 2018/2019 savings.</p>
<p>Property Services This reflects demolition costs and also an under recovery of income in relation to the Estates portfolio.</p>
Social Work Resources
<p>Performance and Support This relates to a planned underspend in property costs which has been used to partially offset the overspend within Children and Families.</p>
<p>Children and Families The overspend relates to legal costs for adoptions, fostering allowances, external placements and residential schools and reflects the current increased demand for these services.</p>

Adults and Older People

The underspend relates to an underspend in care homes due to higher client contributions to their care packages and non-recurring income for previous years costs, partially offset by an overspend in Home Care and adaptations due to demand.

Justice and Substance Misuse

The underspend is attributable to vacancies throughout the year within the Substance Misuse service.

Centrally Held Budgets 2017/18 Final Outturn

The final outturn position on Centrally Held Budgets, **before** any proposed Transfers to Reserves, is detailed in column 2 of the table below. This shows an underspend of £10.495 million. Transfers to Reserves totalling £1.352 million (col 3) were approved as part of the Probable Outturn exercise. As part of the final outturn, additional **Transfers to Reserves** totalling **£0.336 million** are proposed (col 4).

The final position **after** all Transfers to Reserves, shows an underspend for the year of £8.807 million. Each of the 3 budget lines is detailed below.

Budget Line col 1	Under / (Over) Before Transfer to Reserves col 2	Approved Probable Outturn Transfer to Reserves col 3	Additional Proposed Transfer to Reserves col 4	Under / Over - Monitoring Probable Outturn col 5
	£m	£m	£m	£m
Centrally Held Budgets				
CFCR	0.436	-	-	0.436
Loan Charges	5.546	-	-	5.546
Corporate Items	4.513	(1.352)	(0.336)	2.825
Total Centrally Held Budgets	10.495	(1.352)	(0.336)	8.807

Each of the Centrally Held Budgets is taken in turn in the table below.

Budget	2017/18 Final Outturn
CFCR	In 2017/2018, only part of the budget is required to pay for the capital programme. This leaves an underspend of £0.436 million and there is no change from the position reported as part of the Probable Outturn.
Loan Charges	<p>The final outturn position for loan charges is an underspend of £5.546 million. This is an improved position of £0.296 million from the Probable Outturn.</p> <p>The improved position is due to savings on interest and expenses as a result of not borrowing during the year, partially offset by increased principal repayments due to changes in the interest rate.</p>
Corporate Items	<p>The outturn position on this budget line is an underspend of £4.513 million before Transfers to Reserves. This is an increase of £0.915 million since Probable.</p> <p>The reason for the increased underspend is due to a number of items. There has been a decrease in the movement in the Council's bad debt provision (£0.527 million) mainly as a result of Social Work Resources fully providing for and thus incurring the cost of the bad debt provision in respect of specific care related debts.</p> <p>In addition, a refund was received from the Authorities Buying Consortium, following its wind up and settlement of its final balances (£0.133 million).</p>

The year end PAYE/NI reconciliation and payover, provided a further benefit of £0.112 million.

Income was received in respect of the Renewable Heating Initiative and Feed in Tariff, which are Environmental Programmes where the Council received subsidy/refunds based on use of renewable energy and energy transferred back to the grid.

Finally, there is income in relation to interest on revenue balances on the reserves held by the Council. The accounting regulations require the amount to be credited to revenue and then transferred to the appropriate reserves.

As part of the Probable Outturn, Transfers to Reserves totalling £1.352 million were approved. As part of the final outturn, additional **Transfers to Reserves** totalling **£0.336 million** are proposed, as detailed in Appendix 2.

The final outturn position **after** all Transfers to Reserves is an underspend of £2.825 million. This is compared to the Probable Outturn underspend of £2.246 million.

Council Tax and Council Tax Reduction Scheme 2017/18 Probable Outturn

The final outturn position on Council Tax and the Council Tax Reduction Scheme, **before** Transfers to Reserves is an over-recovery of £7.631 million (col 2).

As part of the Probable Outturn, a Transfer to Reserves totalling £2.500 million (col 3) was approved to assist in the 2018/2019 Revenue Budget Strategy.

After taking account of all Transfers to Reserves, the position on Council Tax (net of Council Tax Reduction Scheme) is an over-recovery of £5.131 million. This is summarised in the table below.

Budget Line col 1	Under / (Over) Before Transfer to Reserves col 2 £m	Probable Transfer to Reserves col 3 £m	Additional Proposed Transfer to Reserves col 4 £m	Under / Over - Monitoring Outturn col 5 £m
Council Tax Income	5.291	(1.500)	-	3.791
Less: Council Tax Reduction Scheme	2.340	(1.000)	-	1.340
Net Council Tax Position	7.631	(2.500)	-	5.131

The detail on each line is provided below.

Budget	2017/18 Probable Outturn
Council Tax Income	<p>Council Tax Income achieved an over recovery position of £5.291 million before Transfers to Reserves. This is an improved position from Probable of £0.531 million, due to an increase in the arrears collection levels.</p> <p>A Transfer to Reserves of £1.500 million was approved as part of the Probable Outturn to assist in the 2018/2019 budget strategy.</p> <p>The final position after Transfers to Reserves is an over recovery of £3.791 million, compared to the Probable over recovery of £3.260 million.</p>
Council Tax Reduction Scheme	<p>The Council Tax Reduction Scheme outturn reflects an underspend position of £3.240 million before Transfers to Reserves, which is an increase of £0.060 million from Probable.</p> <p>A Transfer to Reserves of £1.000 million was approved as part of the Probable Outturn to assist in the 2018/2019 budget strategy.</p> <p>The final position after Transfers to Reserves is an underspend of £1.340 million, compared to the Probable underspend of £1.280 million.</p>

General Services Reported 2017/2018 Probable Outturn Position

The table below shows the detail of the Transfers to Reserves, resulting in an underspend of £0.500 million, which will be transferred to the Uncommitted General Fund, as approved as part of the Probable Outturn.

Budget Line	Under / (Over) Before Transfer to Reserves	Probable Transfers to Reserves	Additional Proposed Transfer to Reserves	Under / Over - Monitoring Outturn
	£m	£m	£m	£m
Net Expenditure (per Table 1)	28.008	(11.018)	(3.016)	13.974
<i>Proposed Corporate Transfers:</i>				
Insurance Fund	-	(1.700)	-	(1.700)
Winter Maintenance Fund	-	(2.000)	-	(2.000)
IT Development Fund	-	(1.000)	(0.500)	(1.500)
Earmarked General Fund	-	(6.152)	(2.122)	(8.274)
Total Corporate Transfers	-	(10.852)	(2.622)	(13.474)
Revised Net Expenditure	28.008	(21.870)	(5.638)	0.500
Transfer to Uncommitted General Fund / General Services Underspend	-	-	-	(0.500)

Analysis of Council's Usable Reserves

Reserves / Funds	Balance at 31 March 2017 £m	Transfers to Reserves 2017/18 £m	Transfers from Reserves 2017/18 £m	Balance as at 31 March 2018 £m	Set Aside for Future Revenue Budget Strategies £m	Balance £m	Analysis of Balance on Reserves / Funds
Earmarked General Fund	44.398	20.094	(6.495)	57.997	(36.958)	21.039	
Repairs and Maintenance	5.910	3.693	(2.371)	7.232	-	7.232	Winter Maintenance Fund (£3.500m) Repairs and Renewals (£3.732m)
Capital Funds	21.607	9.787	(13.165)*	18.229	(8.116)	10.113	IT Development Fund (£2.907m) Education Capital Items Replacement Fund (£1.524m) Central Energy Efficiency Fund (£1.011m) Adoptions (£0.698m) Clyde Gateway (£0.543m) Capital Receipts (£3.430m)
Insurance Fund	3.333	1.705	(0.522)	4.516	-	4.516	
Housing Revenue Account	10.251	1.373**	-	11.624	-	11.624	
Uncommitted General Fund	12.543	0.500	-	13.043	-	13.043	
	98.042	37.152	(22.553)	112.641	(45.074)	67.567	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Period Ended 31 March 2018 (No.14)

Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 31/03/18	Actual to Period 14 31/03/18	Variance to 31/03/18		%
	£m	£m	£m	£m	£m	£m		
Employee Costs	12.639	12.197	0.442	12.639	12.238	0.401	under	3.2%
Property Costs	37.938	39.460	(1.522)	37.938	38.561	(0.623)	over	(1.6%)
Supplies & Services	0.610	0.619	(0.009)	0.610	0.534	0.076	under	12.5%
Transport & Plant	0.215	0.175	0.040	0.215	0.172	0.043	under	20.0%
Administration Costs	5.818	5.835	(0.017)	5.818	5.780	0.038	under	0.7%
Payments to Other Bodies	3.559	3.301	0.258	3.559	3.199	0.360	under	10.1%
Payments to Contractors	0.100	0.061	0.039	0.100	0.128	(0.028)	over	(28.0%)
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a
Financing Charges	19.520	19.513	0.007	19.520	19.963	(0.443)	over	(2.3%)
Total Controllable Expenditure	80.399	81.161	(0.762)	80.399	80.575	(0.176)	over	(0.2%)
Total Controllable Income	(95.401)	(95.664)	0.263	(95.401)	(96.274)	0.873	over rec	0.9%
Transfer to/(from) Balance Sheet	0.619	0.029	0.590	0.619	0.000	0.619	under	100%
Net Controllable Expenditure	(14.383)	(14.474)	0.091	(14.383)	(15.699)	1.316	under	9.1%
Add: Non Controllable Budgets								
Financing Charges	14.383	14.474	(0.091)	14.383	14.326	0.057	under	0.4%
Total Budget	0.000	0.000	0.000	0.000	(1.373)	1.373	under	

Table 1 - Reconciliation of Monitoring Position to Annual Accounts	Actual to Period 14 31/03/18 (App 2 Col 5 £m)	Move Trading Operations and Corporate Items £m	Remove Transfers from Reserves £m	Revised General Fund Position per EFA £m	Add: HRA Position £m	Total EFA per Annual Accounts £m	Statutory Accounting Adjustment £m	CIES Figure per Annual Accounts £m
	<i>Col 1</i>	<i>Col 2</i>	<i>Col 3</i>	<i>Col 4</i>	<i>Col 5</i>	<i>Col 6</i>	<i>Col 7</i>	<i>Col 8</i>
Community and Enterprise Resources	115.869	6.358	-	122.227	-	122.227	22.037	144.264
Education Resources	290.438	-	-	290.438	-	290.438	8.356	298.794
Finance and Corporate Resources	33.035	-	-	33.035	-	33.035	4.347	37.382
Housing Revenue Account	-	-	-	-	(1.373)	(1.373)	13.745	12.372
Housing and Technical Resources	19.033	3.982	-	23.015	-	23.015	3.860	26.875
Social Work Resources	139.724	-	-	139.724	-	139.724	11.368	151.092
Joint Boards	2.363	-	-	2.363	-	2.363	-	2.363
Corporate Items	-	0.427	-	0.427	-	0.427	0.917	1.344
Non Distributed Costs – HRA	-	-	-	-	-	-	0.048	0.048
Total Resources	600.462	10.767	-	611.229	(1.373)	609.856	64.678	674.534
Trading Operations	-	(10.340)	-	(10.340)	-	(10.340)		
CFCR	0.423	-	1.248	1.671	-	1.671		
Loan Charges	52.205	-	-	52.205	-	52.205		
Corporate Items	0.427	(0.427)	-	-	-	-		
Council Tax	(123.719)	-	-	(123.719)	-	(123.719)		
General Revenue Grant	(254.812)	-	-	(254.812)	-	(254.812)		
Non Domestic Rates	(287.862)	-	-	(287.862)	-	(287.862)		
Transfer from Reserves	(15.132)	-	15.132	-	-	-		
Other Income and Expenditure	(628.470)	(10.767)	16.380	(622.857)	-	(622.857)	(16.548)	(639.405)
(Surplus)/Deficit on Provision of Services	(28.008)	-	16.380	(11.628)	(1.373)	(13.001)	48.130	35.129

Table 2 - Total Movement in General Fund Reserve and HRA Reserve	General Fund £m	HRA £m	Total £m
Opening General Fund and HRA Balance	(56.941)	(10.251)	(67.192)
Surplus/Deficit on General Fund per EFA	(11.628)	(1.373)	(13.001)
Transfer to/from Other Reserves (see Table 3)	(2.471)	-	(2.471)
Total Movement in Year	(14.099)	(1.373)	(15.472)
Closing General Fund and HRA Balance	(71.040)	(11.624)	(82.664)

Table 3 - Transfers to/from Other Reserves	General Fund £m
Repairs and Renewals (including Winter Maintenance)	1.322
Insurance Fund	1.183
Capital Fund (including IT Development Fund, Central Energy Efficiency Fund, Education Capital Items Replacement)	(3.376)
Capital Receipts Reserve	(1.600)
	(2.471)