

Report

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Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	8 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2017/2018
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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 8 December 2017, and a projection for the year.

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 10 (8 December 2017) and the forecast to 31 March 2018, for General Services, Housing Revenue Account and Trading Operations (as detailed in Appendices 1 to 10), be noted.

3. Background

- 3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 31 January 2018.
- 3.2. This is an overview report summarising the General Services Monitoring Position regarding actual expenditure and income to 8 December 2017, compared with the budget for the same period (section 4). This is provided on a Resource basis in Appendix 1 to the report.
- 3.3. In addition, the report will provide a summary of the Council's General Services 2017/2018 Probable Outturn position (section 5).
- 3.4. When establishing the probable outturn position for the year, Resources are asked to take all commitments into account. Across all budgets, there are examples of where these commitments may not fully spend in the current year, but which will spend next year. As is normal practice, this may mean that these monies are carried forward through Reserves at the end of the financial year. As such, the report will detail what the position will be after we put the monies into Reserves, with the details of the transfers also included for approval.
- 3.5. Section 5 of the report looks at the proposed year end position for each of the main areas of the budget (Resources, Centrally Held Budgets, Council Tax and Council Tax Reduction Scheme) and details the position across each area and what

transfers have already been advised to members, as well as new ones proposed by Resources as a result of the probable outturn exercise.

- 3.6. In addition, proposed Corporate Transfers to Reserves are also detailed in section 5, giving the final probable outturn position for the Council, as it is expected at the end of the financial year.
- 3.7. Through the proposals outlined in section 5 of the report, there will be an impact on the level of Council Reserves. The estimated position on the Council's Reserves as at 31 March 2018 is summarised in section 6.
- 3.8. Appendix 9 to the report shows the expenditure and income position for the Housing Revenue Account (HRA) to 8 December 2017 (section 7). An outturn position for the year is also provided.

4. 2017/18 General Services Monitoring – Financial Position as at 8 December 2017

- 4.1. As at 8 December 2017, Appendix 1 of the report details an underspend of £0.563 million (0.9%) against the phased budget. This position reflects underspends anticipated on a number of Centrally Held Budgets including Council Tax and Council Tax Reduction Scheme, which are partially offset by an overspend on Social Work Resources. The budgets will be discussed further as part of the Council's Probable Outturn position below (section 5).
- 4.2. **Trading Operations:** Included within the underspend position for the General Fund Revenue Account in 4.1 above are the Trading Operations. As at 8 December 2017, the actual surpluses achieved by the Trading Operations total £6.862 million, representing an under recovery of £0.146 million against the phased budget.
- 4.3. **Additional General Revenue Grant:** In December 2017, the Local Government Finance Settlement (5/2017), provided an update on the 2017/2018 expenditure figures. This included notification of a number of additional funding allocations.
- 4.4. These additional funding allocations total £3.864 million and are in respect of Building Warrant Fees (Reduction of £0.057 million), Teachers Pay (£0.391 million), DHP Administration Grant (£0.075 million), Council Tax Reduction Scheme Administration Grant (£0.040 million), Temporary Homelessness (£1.408 million) Sensory Impairment Strategy (£0.019 million), and Council Tax Reduction Scheme 10% holdback (£1.988 million). These changes to the General Revenue Grant have been reflected in the annual budget and outturn position as appropriate and are shown in Appendix 1. All elements of the additional funding were either anticipated or have commitments attached.
- 4.5. **Transfers from Reserves:** Since the last report, a number of Transfers from Reserves have been actioned. These are included in the Annual Budgets shown in Appendix 1 and will be detailed in the normal Revenue reports to Committees. These total £1.829 million and relate to monies placed into Reserves in previous years to be spent on specific purposes and relate to multi-year programmes. The monies are therefore being drawn down to meet the current year spend. The drawdown includes monies to match fund employability programmes, City Deal funding, Local Government Elections, Housing Scheme of Assistance and funding from the Renewable Heating Initiative (RHI). These have been added to the budgets of all Resources to meet Resource commitments in 2017/2018.

4.6. **Other Funding:** Social Work Resources have been notified of an allocation of £0.108m of funding from the Scottish Government Employability, Innovation and Integration Fund for the Deferred Sentence Project. This has been included in the figures in Appendix 1.

5. **2017/2018 General Services Probable Outturn**

5.1. Appendix 1 also shows the probable outturn position for the Council. The forecast position is better than budgeted but there are areas, including the position in Education Resources, where we are protecting monies to be used in the next financial year. Each of the main elements of the Council's budget are detailed below.

5.2. **Resources:** Following the probable outturn exercise, the financial forecast for the year ended 31 March 2018, has been confirmed. As detailed in section 3.3, there are examples of where there are commitments which may not fully spend in the current year, but which will spend next year. As is normal practice, this may mean that these committed monies are carried forward through Reserves at the end of the financial year.

5.3. To reflect this, the Resources' position shown in Appendix 1 details the forecast before these Transfers to Reserves and alongside, the forecast after the proposed Transfers to Reserves. This allows members to see the Resources' real monitoring position, taking into account all known commitments.

5.4. Appendix 1 shows an underspend of £6.200 million on the Resources' current year budgets **before** any Transfers to Reserves for commitments. The Resource underspending is Education Resources and the underspend is in relation to funding which has a specific purpose for Getting it Right for Every Child (GIRFEC), Pupil Equity Fund, Early Learning and Childcare and the Children and Young People Act. This funding will be protected by carrying it forward through Reserves to spend in 2018/19. All Transfers to Reserves are detailed in Appendix 2.

5.5. In addition, the position across the Trading Operations is an under-recovery on surplus of £0.154 million, with no proposed Transfers to Reserves.

5.6. The Resource's Transfers to Reserves total £7.166 million. These transfers are for commitments that span beyond the current financial year and as such, monies will be carried forward through the Council's Reserves.

5.7. Taking these Transfers to Reserves into account, the Resources' probable outturn position is an overspend of £0.966 million and an overspend in Trading Operations of £0.154 million, giving a total Resource overspend of £1.120 million.

5.8. The position across each Resource is detailed in Appendix 3.

5.9. **Centrally Held Budgets:** As well as Resource budgets, the Council's budget is made up of a number of other areas, including Centrally Held Budgets such as Capital Financed from Current Revenue (CFCR), Loan Charges and Corporate Items (which includes such spend areas as Apprenticeship Levy, Rates and Utilities).

5.10. **CFCR:** The CFCR budget line is showing an underspend of £0.436 million. This is because only part of the budget is required to pay for the costs transferred from the

Capital Programme at the start of the financial year for Private Housing Scheme of Assistance and Planned Maintenance.

- 5.11. **Loan Charges:** The projected position for the loan charges budget is an underspend of £5.250 million. This is because no borrowing has been taken in the current financial year. Instead, cash balances have been used to fund capital spend. Borrowing to replace these balances will be required going forward.
- 5.12. **Corporate Items:** The outturn position on the Corporate Items line is an underspend of £3.598 million. Of this underspend, £1.000 million of utilities underspend was included as part of the 2018/2019 budget strategy – this £1.000 million is included as a Transfer to Reserves.
- 5.13. In addition, there is a proposed transfer of £0.352 million for the Resources Payback to the Central Energy Efficiency Fund.
- 5.14. Taking these into account leaves an underspend of £2.246 million which relates mainly to Rates (£0.535 million), Utilities (£0.449 million), Auto Enrolment (£0.562 million), Apprenticeship Levy (£0.087 million), Carbon Reduction Commitment (£0.257 million) and Superannuation on Overtime (£0.500 million) due to the funding not being required in the current year. These budget lines have been reviewed into 2018/2019 and reflect expected budget requirements in that year.
- 5.15. Appendix 4 shows a full analysis of the probable outturn position for Centrally Held Budgets.
- 5.16. **Council Tax and Council Tax Reduction Scheme:** Council Tax Income is expected to achieve an over recovery position of £4.760 million. Of this, £1.500 million is due to increased property numbers and has previously been proposed to assist in the 2018/2019 Revenue Budget Strategy. This leaves an over-recovery of £3.260 million and is due to arrears collection (£1.4 million) and Council Tax Second Homes' income of £0.4 million which is committed. The balance reflects higher levels of Council Tax that expected.
- 5.17. The Council Tax Reduction Scheme reflects an underspend position of £2.280 million reflecting current demand for these payments. Again, monies from the current year underspend (£1 million) were previously identified as part of the 2018/2019 budget strategy. The remaining underspend of £1.280 million reflects funding levels received from Scottish Government being higher than anticipated.
- 5.18. The net position on Council Tax and Council Tax Reduction Scheme is an over-recovery of £4.540 million. Appendix 5 shows a full analysis of the probable outturn position for Council Tax and Council Tax Reduction Scheme.
- 5.19. **Summary of the General Services 2017/2018 Probable Outturn Position:** Table 1 overleaf shows the Council's Probable Outturn position for 2017/2018. The table shows that before Transfers to Reserves, there is an underspend of £22.370 million. Taking into account the Previously Identified Transfers (£3.500 million) and Proposed Transfers (£7.518 million) totalling £11.018 million (listed in Appendix 2), the Council's **Monitoring Probable Outturn is an underspend of £11.352 million.**
- 5.20. The Previously Identified and the Proposed Transfer to Reserves total £11.018 million and are treated as commitments. As such, they are included in the 'Forecast

After Transfers' column of Appendix 1. This allows members to see the monitoring position of the Council. At the end of the Financial Year, these will be shown as Transfer to Reserves, in line with guidance from external audit.

Table 1: 2017/18 General Services Probable Outturn

Budget Line	Under / (Over) Before Transfer to Reserves	Previously Identified Transfers	Proposed Transfer to Reserves	Under / Over - Monitoring Probable Outturn
	£m	£m	£m	£m
Total Resources (Appendix 3)	6.046	-	(7.166)	(1.120)
Total Centrally Held Budgets (Appendix 4)	9.284	(1.000)	(0.352)	7.932
Total Expenditure	15.330	(1.000)	(7.518)	6.812
Net Council Tax Position (Appendix 5)	7.040	(2.500)	-	4.540
Total Income	7.040	(2.500)	-	4.540
Net Expenditure	22.370	(3.500)	(7.518)	11.352

5.21. **Table 1 shows the Council's monitoring position of an underspend of £11.352 million, after all Previously Identified and Proposed Transfers to Reserves.**

5.22. **Proposed Corporate Transfers to Reserves:** As noted in section 5.21, there is a remaining underspend of £11.352 million. Proposals are therefore made to utilise the underspend to assist with future demand and pressures. These are detailed below for consideration.

5.23. **Insurance Fund:** The Council manages its Insurance requirements through the use of an Insurance Fund and making drawdowns on this fund on an annual basis. A contribution to the Fund is proposed to meet these costs going forward.

Proposal: Transfer to Insurance Fund: £1.700 million

5.24. **Winter Maintenance Fund:** The Community and Enterprise outturn position includes £2.000 million of spend in relation to Winter Maintenance in 2017/2018, in addition to the core budget. Any further bad weather over the coming months would mean a drawdown of monies from the Winter Maintenance Reserve. It is proposed that a contribution to the Reserve would help fund any future spend requirements.

Proposal: Transfer to Winter Maintenance Fund: £2.000 million

5.25. **IT Development Fund:** It is proposed to set aside monies to facilitate the continuation of improving efficiency in our business and contributing towards the implementation of the Digital Strategy. A proposed Transfer to Reserves would assist in funding the strategy.

Proposal: Transfer to IT Development Fund: £1.000 million

- 5.26. **Balance of Underspend:** It is proposed that of the balance remaining, £6.652 million, **£6.152 million** is transferred to the Earmarked General Fund Reserve. As in previous years, this is available to assist in future budget strategies.

Proposal: Transfer to Earmarked General Fund £6.152 million

- 5.27. This leaves a remaining balance of £0.500 million. The Council's Revenue Budget Strategy stated that the Council would aim to transfer £0.500 million to the Uncommitted General Fund each year, funding permitting, to maintain a reserve against any unforeseen circumstances. It is therefore proposed that the balance of £0.500 million be transferred to the **Uncommitted General Fund** at the end of the financial year. Due to accounting practice, this will show as General Services underspend of £0.500 million.

**Proposal: Transfer to Uncommitted General Fund /
General Services Underspend: £0.500 million**

- 5.28. On the basis of the information included in this report, Appendix 1 shows an overall underspend position for the Council of £22.370 million before Transfers to Reserves. After the Previously Identified (£3.500 million) and Proposed Transfers to Reserves (£7.518 million) totalling £11.018 million in Table 1, the resultant position is an underspend of £11.352 million.
- 5.29. After taking account of the Corporate Transfers to Reserves proposed in sections 5.23 to 5.26, totalling £10.852 million, the Council would report a Transfer to the Uncommitted General Fund / General Services Underspend of £0.500 million. This is shown in Appendix 6.

6. Council Reserves

- 6.1. 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.
- 6.2. As a result of the 2017/2018 Probable Outturn exercise, Reserves at the end of 2017/2018 are expected to increase to £104.958 million. Of this total Reserves balance, £43 million is available for use in the Council's Revenue Budget Strategies. Appendix 8 provides an estimated Reserves position at 31 March 2018.
- 6.3. 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 2 overleaf shows the position:

Table 2: Reserves Analysis

	£m
Total Reserves (expected at end 2017/2018)	104.958
Less Committed Reserves:	
• Revenue Budget Strategies	42.952
• Housing Revenue Account	10.280
• Insurance	3.433
• Repairs and Renewals	1.968
• Winter Maintenance	4.000
• Capital Funds	9.775
• Government Grant Carried Forward	19.507
= Uncommitted General Fund Reserve	13.043

7. Housing Revenue Account – 2017/18 Monitoring Position and Probable Outturn

7.1. As at 8 December 2017, Appendix 9 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.

7.2. Appendix 9 also shows the forecast to 31 March 2018 on the Housing Revenue Account as a breakeven position, after a Transfer to Reserves of £0.029m. This is reflected in the Council's estimated Reserves position detailed in Appendix 8.

8. Trading Operations

8.1. Included within the overspend position for the General Fund Revenue Account in 5.2 above are the Trading Operations.

8.2. As at 8 December 2017, the actual surpluses achieved by the Trading Operations total £6.862 million, representing an under recovery of surplus of £0.146 million against the phased budget. These are detailed in Appendix 9 of the report.

9. Employee Implications

9.1. None

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.

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

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)

31 January 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 8 December 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 8 December 2017 (No.10)

<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (After Transfers)	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17	
	£m	£m	£m	£m	£m	£m	£m	
Departments:								
Community and Enterprise Resources	120.133	120.499	120.817	(0.684)	76.467	76.321	0.146	under
Facilities Streets and Waste (Inc. Support)	62.734	62.863	62.973	(0.239)	41.929	42.181	(0.252)	over
Environmental Services (Inc. Projects)	4.542	4.401	4.401	0.141	2.926	2.856	0.070	under
Leisure and Culture Services	18.765	18.722	18.722	0.043	14.086	14.054	0.032	under
Planning and Economic Development	4.665	4.942	5.150	(0.485)	1.835	2.195	(0.360)	over
Roads	29.427	29.571	29.571	(0.144)	15.691	15.035	0.656	under
Education Resources	294.159	287.619	293.517	0.642	192.473	192.260	0.213	under
Finance and Corporate Resources	33.912	33.621	33.912	0.000	34.206	34.206	0.000	-
Finance Services	16.118	15.926	15.926	0.192	19.130	18.993	0.137	under
Audit and Compliance Services	0.421	0.445	0.445	(0.024)	0.420	0.441	(0.021)	over
Information Technology Services	3.902	3.902	3.902	0.000	4.302	4.302	0.000	-
Communications and Strategy Services	1.046	1.164	1.164	(0.118)	0.982	1.079	(0.097)	over
Administration and Licensing Services	5.756	5.806	5.806	(0.050)	4.508	4.527	(0.019)	over
Personnel Services	6.669	6.378	6.669	0.000	4.864	4.864	0.000	-
Housing and Technical Resources	23.967	23.308	23.967	0.000	16.644	16.644	0.000	-
Housing Services	7.639	6.784	7.443	0.196	3.624	3.385	0.239	under
Property Services	16.328	16.524	16.524	(0.196)	13.020	13.259	(0.239)	over
Social Work Resources	139.279	140.203	140.203	(0.924)	86.352	86.965	(0.613)	over
Performance and Support Services	7.944	7.544	7.544	0.400	5.705	5.595	0.110	under
Children and Family	27.200	28.224	28.224	(1.024)	19.185	19.837	(0.652)	over
Adults and Older People	103.169	103.553	103.553	(0.384)	60.872	60.994	(0.122)	over
Justice and Substance Misuse	0.966	0.882	0.882	0.084	0.590	0.539	0.051	under
Joint Boards	2.363	2.363	2.363	0.000	1.759	1.759	0.000	-
	613.813	607.613	614.779	(0.966)	407.901	408.155	(0.254)	over
Resource Forecast Variance BEFORE Transfers		6.200						

<u>Committee</u>	Annual Budget	Forecast Before Transfers	Forecast After Transfers	Annual Forecast Variance (after Transfers)	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17	
	£m	£m	£m	£m	£m	£m	£m	
Service Departments Total	613.813	607.613	614.779	(0.966)	407.901	408.155	(0.254)	over
Trading Accounts Surplus	(9.905)	(9.751)	(9.751)	(0.154)	(7.008)	(6.862)	(0.146)	over
CFCR	0.707	0.271	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	52.501	5.250	44.424	40.385	4.039	under
Corporate Items	7.054	3.456	4.808	2.246	5.426	3.698	1.728	under
Transfer to Reserves	0.000	0.000	10.852	(10.852)	0.000	8.732	(8.732)	over
Total Expenditure	669.420	654.090	673.460	(4.040)	451.450	454.379	(2.929)	over
Council Tax	137.458	142.218	140.718	3.260	105.737	108.245	2.508	over rec
Less: Council Tax Reduction Scheme	(21.370)	(19.090)	(20.090)	1.280	(16.438)	(15.454)	0.984	under
Net Council Tax	116.088	123.128	120.628	4.540	89.299	92.791	3.492	over rec
General Revenue Grant	252.599	252.599	252.599	0.000	194.307	194.307	0.000	-
Non Domestic Rates	287.862	287.862	287.862	0.000	221.432	221.432	0.000	-
Transfer from Reserves	12.871	12.871	12.871	0.000	9.901	9.901	0.000	-
Total Income	669.420	676.460	673.960	4.540	514.939	518.431	3.492	over rec
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	(0.500)	0.500	(63.489)	(64.052)	0.563	under

	Annual Budget	Forecast for Year	Forecast After Transfers	Annual Forecast Variance (after Transfers)
	£m	£m	£m	£m
Net Expenditure / (Surplus) Before Transfers to Reserves	0.000	(22.370)	-	-
Transfers to Specific Reserves	0.000	5.102	-	-
(Surplus) After Transfers to Specific Reserves	0.000	(17.268)	-	-
Transfer to Earmarked General Fund	0.000	16.768	-	-
Surplus for Year Transferred to Uncommitted General Fund	0.000	(0.500)	(0.500)	0.500

Transfers to Reserves

Purpose / Description	Resource	Value £m	Fund
Facilities' IT System in Schools: Commitments for IT spend in schools.	Community and Enterprise Resources	0.060	Earmarked General Fund
Crematorium Repairs: Funding for maintenance of the crematorium.	Community and Enterprise Resources	0.050	Repairs and Renewals
Energy Academy: Council monies carried forward for a multi-year project.	Community and Enterprise Resources	0.074	Earmarked General Fund
Youth Employment Initiative Phase 2: Carry forward of the Council's match funding contribution to multi-year projects to reflect the timing of the spend	Community and Enterprise Resources	0.134	Earmarked General Fund
Pupil Equity Fund: Carry forward monies to match timing of spend on Pupil Equity Fund programme	Education Resources	2.189	Earmarked General Fund
Early Years: Carry forward to meet future expenditure commitments in relation to Early Years projects	Education Resources	1.900	Earmarked General Fund
GIRFEC: Carry forward funding to meet future expenditure commitments as a result of the delay in the named person legislation.	Education Resources	0.224	Earmarked General Fund
Children and Young People Act: Carry forward monies to meet expenditure in future years	Education Resources	1.585	Earmarked General Fund
Employability – Upskilling and Connect 2: Carry forward of the Council's match funding contribution to multi-year projects to reflect the timing of the spend	Finance and Corporate Resources	0.291	Earmarked General Fund
Temporary Homelessness GRG: For use in 2018/19 savings exercise and to meet expenditure commitments in future years	Housing and Technical Resources	0.659	Earmarked General Fund
Total Resource Transfers to Reserves (section 5.6)		7.166	
2017/18 underspend: for use in future budget strategies	Corporate Items – Utilities	1.000	Earmarked General Fund
Central Energy Efficiency Fund: Resource 'Spend to Save' paybacks to the Fund	Corporate Items – Central Energy Efficiency Fund	0.352	CEEF
Corporate Budget Lines Transfers to Reserves (section 5.12 – 5.13)		1.352	
Purpose / Description	Resource	Value £m	Fund
2017/18 over recovery from additional properties for use in future budget strategies	Council Tax Income	1.500	Earmarked General Fund
2017/18 underspend through reduced demand for use in future budget strategies	Council Tax Reduction Scheme	1.000	Earmarked General Fund
Net Council Tax Position Transfer to Reserves (section 5.16 – 5.17)		2.500	
Total Resource / General Transfers to Reserves		11.018	
Funding to meet the cost of the Insurance moving forward.	Council	1.700	Insurance Fund
Funding to assist with meeting future costs of the Council's digital strategy	Council	1.000	IT Development Fund
Monies to assist in meeting additional costs of severe weather	Council	2.000	Winter Maintenance Fund
2017/18 underspend for use in future budget strategies.	Council's Overall Underspend Position	6.152	Earmarked General Fund
Corporate Transfers to Reserves (section 5.23 – 5.26)		10.852	
Total Transfers to Reserves		21.870	

Resources' 2017/18 Probable Outturn

Following the probable outturn exercise, the financial forecast for the year ended 31 March 2018, has been confirmed. There are examples of where there are commitments which may not fully spend in the current year, but which will spend next year. As is normal practice, this may mean that 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 forecast before Transfers to Reserves (col 2), the Transfers to Reserves proposed by Resources (col 4) and the resultant position (col 5). This allows members to see the Resources' real monitoring position, taking into account all known commitments.

The table shows an underspend of £6.046 million on the Resources' current year budgets **before** any Transfers to Reserves for commitments. The Resource underspending is Education Resources and the underspend is in relation to funding which has a specific purpose in relation to GIRFEC, Pupil Equity Fund, Early Learning and Childcare and the Children and Young People Act. This funding will be protected by carrying it forward through Reserves to spend in future years.

After Transfers to Reserves of £7.166 million (col 4), the Resource position is an overspend for the year of £1.120 million (col 5).

Budget Line col 1	Under / (Over) Before Transfer to Reserves col 2	Previously Identified Transfers to Reserves col 3	Proposed Transfer to Reserves col 4	Under / Over - Monitoring Probable Outturn col 5
	£m	£m	£m	£m
Resources				
Community and Enterprise	(0.366)	-	(0.318)	(0.684)
Education	6.540	-	(5.898)	0.642
Finance and Corporate	0.291	-	(0.291)	-
Housing and Technical	0.659	-	(0.659)	-
Social Work Resources	(0.924)	-	-	(0.924)
Joint Boards	-	-	-	-
Total Resources	6.200	-	(7.166)	(0.966)
Trading Operations	(0.154)	-	-	(0.154)
Total Resources inc. Trading Operations	6.046	-	(7.166)	(1.120)

Each Resource is taken in turn in the table below.

Resource	2017/18 Probable Outturn
Community and Enterprise	<p>The Resource is showing an overspend position of £0.366 million and a reduction in the Trading Operation surplus of £0.154 million, giving a total Resource outturn overspend of £0.520 million.</p> <p>This position includes £1.000 million of additional costs which may be incurred as a result of Winter Maintenance.</p>

	<p>Transfers to Reserves totalling £0.318 million are proposed: the Crematorium (£0.050 million), Cashless Meals System (£0.060 million), Energy Academy (£0.074 million) and YEI Phase 2 funding for projects carrying forward into future years (£0.134 million). Taking these into account will result in an overspend of £0.838 million.</p>
Education Resources	<p>The Resource outturn position is an underspend of £6.540 million. The position includes the expenditure incurred in protecting teacher numbers and managing ASN transport pressures. The underspend is mostly in relation to funding which has a specific purpose in relation to GIRFEC, Pupil Equity Fund, Early Learning and Childcare and the Children and Young People Act.</p> <p>This funding will require to be spent in future years and therefore, the Resource has proposed a number of Transfers to Reserves totalling £5.898 million, resulting in an underspend of £0.642 million which is primarily in relation to the timing of the Teachers' pay award.</p>
Finance and Corporate Resources	<p>The Resource is showing an underspend of £0.291 million. The Resource is showing an outturn monitoring position of break-even, after a transfer from Reserves for the cost of the May 2017 elections.</p> <p>The Resource has proposed Transfers to Reserves totalling £0.291 million in respect of Employability Programme funding which will be required in 2018/2019. This would result in a break-even position for the Resource.</p>
Housing and Technical Resources	<p>The probable outturn position is an underspend of £0.659 million. The position includes the management of a number of pressures including the income pressures being experienced by the Estates section in the current economic climate.</p> <p>Transfers to Reserves have been proposed totalling £0.659 million in respect of Temporary Homelessness GRG funding required for the 2018/19 savings exercise (£0.300 million) and also for use in future years (£0.359 million). This would result in a break-even position for the Resource.</p>
Social Work Resources	<p>The outturn position is an overspend of £0.924 million. This is an improvement on the £2.3 million overspend position that has been reported to Executive Committee over the last few periods.</p> <p>While the core demand projections for Adult and Older People Care has remained, the improvement is primarily the result of income from financial assessments. In terms of Children and Families, there has been a reduction in the cost of external placements.</p> <p>No transfers to reserves are proposed.</p>

Centrally Held Budgets 2017/18 Probable Outturn

The 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 £9.284 million. Members have previously been advised of a £1 million underspend in Utilities which was identified to assist in the 2018/19 Revenue Budget Strategy. This is included in the Table as Previously Identified Transfers (col 3), with a proposed Transfer included (col 4) to reflect Resources' paybacks to the Central Energy Efficiency Fund (£0.352 million).

After Transfers to Reserves, the Centrally Held Budgets show an underspend for the year of £7.932 million. Each of the 3 budget lines is detailed below.

Budget Line	Under / (Over) Before Transfer to Reserves	Previously Identified Transfer to Reserves	Proposed Transfer to Reserves	Under / Over - Monitoring Probable Outturn
col 1	col 2	col 3	col 4	col 5
	£m	£m	£m	£m
Centrally Held Budgets				
CFCR	0.436	-	-	0.436
Loan Charges	5.250	-	-	5.250
Corporate Items	3.598	(1.000)	(0.352)	2.246
Total Centrally Held Budgets	9.284	(1.000)	(0.352)	7.932

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

Budget	2017/18 Probable Outturn
CFCR	In 2017/2018, only part of the budget is required to pay for the costs transferred from the Capital Programme at the start of the financial year for Private Housing Scheme of Assistance and Planned Maintenance. This leaves an underspend of £0.436 million.
Loan Charges	The projected position for the loan charges budget is an underspend of £5.250 million. The underspend is because no borrowing has been taken in the current financial year. Instead, cash balances have been used to fund capital spend. Borrowing to replace these balances will be required next year.
Corporate Items	The outturn position on this budget line is an underspend of £3.598 million. Of this underspend, £1.000 million of utilities underspend was included as part of the 2018/2019 budget strategy so this £1.000 million would be transferred to Reserves (col 3). In addition, there is a proposed transfer of £0.352 million for the Resources Payback to the Central Energy Efficiency Fund (col 4). Taking these into account leaves an underspend of £2.246 million which mainly relates to Rates (£0.535 million), Utilities (£0.449 million), Auto Enrolment (£0.562 million), Apprenticeship Levy (£0.087 million),

	<p>Carbon Reduction Commitment (£0.257 million) and Superannuation on Overtime (£0.500 million) due to the funding not being required in the current year.</p>
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These budget lines have been reviewed into 2018/2019 and the budgets set reflect the required level of spend in that year.

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

The net position on Council Tax and the Council Tax Reduction Scheme is an over-recovery of £7.040 million. This is before previously Identified Transfers to Reserves to assist in the 2018/19 Revenue Budget Strategy (as detailed in column 3).

After these Transfers to Reserves (£2.500 million), the net position on Council Tax is an over-recovery of £4.540 million. This is summarised in the table below.

Budget Line	Under / (Over) Before Transfer to Reserves	Previously Identified Transfer to Reserves	Proposed Transfer to Reserves	Under / Over - Monitoring Probable Outturn
col 1	col 2	col 3	col 4	col 5
	£m	£m	£m	£m
Council Tax Income	4.760	(1.500)	-	3.260
Less:				
Council Tax Reduction Scheme	2.280	(1.000)	-	1.280
Net Council Tax Position	7.040	(2.500)	-	4.540

The detail on each line is provided below.

Budget	2017/18 Probable Outturn
Council Tax Income	<p>Council Tax Income is expected to achieve an over recovery position of £4.760 million.</p> <p>Of this current year over-recovery, £1.500 million was identified in the 2018/2019 budget strategy with the money being transferred to Reserves to assist in 2018/2019. This is shown in column 3.</p> <p>The remaining over-recovery after Transfers to Reserves is £3.260 million and includes arrears collection (£1.4 million), Council Tax Second Homes income of £0.4 million which is committed and the balance of £1.460 million reflecting higher levels of Council Tax than expected due to increased property numbers.</p> <p>The budgets for these have been aligned to anticipated spend in 2018/2019, as part of the budget strategy.</p>
Council Tax Reduction Scheme	<p>The Council Tax Reduction Scheme outturn reflects an underspend position of £2.280 million in line with current demand for these payments.</p> <p>Of this underspend, it was previously identified that £1.000 million would be transferred to Reserves to assist in 2018/2019, shown in column 3.</p> <p>The remaining underspend of £1.280 million reflects funding levels received from the Scottish Government being higher than anticipated.</p> <p>The budgets for these have been aligned to anticipated spend in 2018/2019, as part of the budget strategy.</p>

General Services Reported 2017/2018 Probable Outturn Position

The table below shows the detail of the Transfers to Reserves, resulting in a transfer to the Uncommitted General Fund of £0.500 million.

Budget Line	Under / (Over) Before Transfer to Reserves	Previously Identified Transfers to Reserves	Proposed Transfer to Reserves	Under / Over - Monitoring Probable Outturn
	£m	£m	£m	£m
Net Expenditure (per Table 1)	22.370	(3.500)	(7.518)	11.352
<i>Proposed Corporate Transfers:</i>				
Insurance Fund (5.23)	-	-	(1.700)	(1.700)
Winter Maintenance Fund (5.24)	-	-	(2.000)	(2.000)
IT Development Fund (5.25)	-	-	(1.000)	(1.000)
Earmarked General Fund (5.26)	-	-	(6.152)	(6.152)
Total Corporate Transfers	-	-	(10.852)	(10.852)
Revised Net Expenditure	22.370	(3.500)	(18.370)	0.500
Transfer to Uncommitted General Fund / General Services Underspend	-	-	(0.500)	(0.500)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report – Probable Outturn on a Subjective Basis for information

Period Ended 8 December 2017 (No.10)

<u>Budget Category</u>	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17	
	£m	£m	£m	£m	£m	£m	
Service Departments:							
Expenditure							
Employee Cost	403.511	401.276	2.235	268.033	267.228	0.805	under
Property Costs	54.966	54.153	0.813	40.105	39.860	0.245	under
Supplies and Services	32.782	34.580	(1.798)	17.644	18.132	(0.488)	over
Transport Costs	22.800	23.969	(1.169)	15.375	16.119	(0.744)	over
Administration Costs	11.928	12.409	(0.481)	7.349	7.651	(0.302)	over
Payments to Other Bodies	53.514	52.998	0.516	32.641	32.298	0.343	under
Payments to Contractors	177.024	178.243	(1.219)	112.032	111.918	0.114	under
Transfer Payments	2.390	2.449	(0.059)	9.023	9.087	(0.064)	over
Housing Benefits	85.034	85.034	0.000	53.685	53.685	0.000	-
Financing Charges (controllable)	1.565	1.460	0.105	1.012	0.935	0.077	under
Total	845.514	846.571	(1.057)	556.899	556.913	(0.014)	over
Service Departments Total	845.514	846.571	(1.057)	556.899	556.913	(0.014)	over
Trading Accounts Surplus	(9.905)	(9.751)	(0.154)	(7.008)	(6.862)	(0.146)	over
CFCR	0.707	0.271	0.436	0.707	0.271	0.436	under
Loan Charges	57.751	52.501	5.250	44.424	40.385	4.039	under
Corporate Items	7.054	4.808	2.246	5.426	3.698	1.728	under
Transfer to Reserves	0.000	10.852	(10.852)	0.000	8.732	(8.732)	over
Total Expenditure	901.121	905.252	(4.131)	600.448	603.137	(2.689)	over
Income							
Housing Benefit Subsidy	79.594	79.344	(0.250)	46.372	46.289	(0.083)	under rec
Other Income	152.107	152.448	0.341	102.626	102.469	(0.157)	under rec
General Revenue Grant	252.599	252.599	0.000	194.307	194.307	0.000	-
Non Domestic Rates	287.862	287.862	0.000	221.432	221.432	0.000	-
Council Tax (Net of Council Tax Reduction Scheme)	116.088	120.628	4.540	89.299	92.791	3.492	over rec
Transfer from Reserves	12.871	12.871	0.000	9.901	9.901	0.000	-
Total Income	901.121	905.752	4.631	663.937	667.189	3.252	over rec
Net Expenditure	0.000	(0.500)	0.500	(63.489)	(64.052)	0.563	under

Analysis of Council's Usable Reserves

Reserves / Funds	Balance at 31 March 2017 £m	Estimated Transfers to Reserves 2017/18 £m	Estimated Transfers from Reserves 2017/18 £m	Estimated Balance as at 31 March 2018 £m	Utilised in Revenue Budget Strategy £m	Balance £m	Analysis of Balance on Reserves / Funds
Earmarked General Fund	44.398	16.768	(6.823)	54.343	(34.836)	19.507	
Repairs and Maintenance	5.910	2.050	(1.992)	5.968	-	5.968	Winter Maintenance Fund (£4.000m) Repairs and Renewals (£1.968m)
Capital Funds	21.607	1.352	(5.068)*	17.891	(8.116)	9.775	IT Development Fund (£2.891m) Education Capital Items Replacement Fund (£1.609m) Central Energy Efficiency Fund (£0.618m) Adoptions (£0.696m) Clyde Gateway (£0.543m) Capital Receipts (£3.418m)
Insurance Fund	3.333	1.700	(1.600)	3.433	-	3.433	
Housing Revenue Account	10.251	0.029**	-	10.280	-	10.280	
Uncommitted General Fund	12.543	0.500	-	13.043	-	13.043	
Total Usable Reserves	98.042	22.399	(15.483)	104.958	(42.952)	62.006	

*Includes 2 amounts being utilised in funding the 2017/2018 Capital Programme from IT Development Fund (£0.504m) and CEEF (£0.508m) – total £1.012m.

**Relates a transfer to the Housing Revenue Account Reserve from the Housing Revenue Account.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 8 December 2017 (No.10)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	12.639	12.197	0.442	8.457	8.125	0.332	under	3.9%	1
Property Costs	37.938	39.460	(1.522)	25.934	26.658	(0.724)	over	(2.8%)	2
Supplies & Services	0.610	0.619	(0.009)	0.371	0.376	(0.005)	over	(1.3%)	
Transport & Plant	0.215	0.175	0.040	0.149	0.124	0.025	under	16.8%	
Administration Costs	5.886	5.903	(0.017)	0.502	0.518	(0.016)	over	(3.2%)	
Payments to Other Bodies	3.491	3.233	0.258	0.032	0.067	(0.035)	over	(109.4%)	
Payments to Contractors	0.100	0.061	0.039	0.076	0.080	(0.004)	over	(5.3%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.520	19.513	0.007	15.979	15.974	0.005	under	0.0%	
Total Controllable Expenditure	80.399	81.161	(0.762)	51.500	51.922	(0.422)	over	(0.8%)	
Total Controllable Income	(95.401)	(95.664)	0.263	(60.581)	(60.596)	0.015	over recovered	0.0%	
Transfer to/(from) Balance Sheet	0.619	0.029	0.590	0.429	0.022	0.407	under	94.9%	
Net Controllable Expenditure	(14.383)	(14.474)	0.091	(8.652)	(8.652)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	14.383	14.474	(0.091)	0.000	0.000	0.000	-	0.0%	
Total Budget	0.000	0.000	0.000	(8.652)	(8.652)	0.000	-	0.0%	

Variance Explanations**1. Employee Costs**

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

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.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 8 December 2017 (No.10)
Fleet Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	4.740	4.428	0.312	3.155	2.977	0.178	under	5.6%	1
Property Costs	0.234	0.263	(0.029)	0.205	0.221	(0.016)	over	(7.8%)	
Supplies & Services	0.250	0.192	0.058	0.168	0.149	0.019	under	11.3%	
Transport & Plant	13.700	13.398	0.302	8.714	8.714	0.000	-	0.0%	
Administration Costs	0.012	0.017	(0.005)	0.008	0.013	(0.005)	over	(62.5%)	
Pmts to Other Bodies	0.007	0.003	0.004	0.004	0.003	0.001	under	25.0%	
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	0.060	(0.004)	0.038	0.038	0.000	-	0.0%	
Total Controllable Expenditure	18.999	18.361	0.638	12.292	12.115	0.177	under	1.4%	
Total Controllable Income	(20.954)	(20.245)	(0.709)	(13.687)	(13.474)	(0.213)	under recovered	(1.6%)	2
Net Controllable Expenditure	(1.955)	(1.884)	(0.071)	(1.395)	(1.359)	(0.036)	under surplus	(2.6%)	

Variance Explanations

1. Employee Costs

This underspend relates to vacancies across the Service.

2. Income

The under recovery is due to lower than anticipated income from recharges, offset by an underspend in Employee Costs.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 8 December 2017 (No.10)
Roads Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	7.655	7.362	0.293	4.844	4.679	0.165	under	3.4%	1
Property Costs	0.188	0.192	(0.004)	0.158	0.161	(0.003)	over	(1.9%)	
Supplies & Services	8.055	8.134	(0.079)	6.016	6.084	(0.068)	over	(1.1%)	2
Transport & Plant	4.086	3.985	0.101	2.874	2.797	0.077	under	2.7%	3
Administration Costs	0.319	0.324	(0.005)	0.265	0.266	(0.001)	over	(0.4%)	
Pmts to Other Bodies	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Pmts to Contractors	3.793	3.700	0.093	2.368	2.308	0.060	under	2.5%	4
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.000	0.005	(0.005)	0.000	0.003	(0.003)	over	n/a	
Total Controllable Expenditure	24.096	23.702	0.394	16.525	16.298	0.227	under	1.4%	
Total Controllable Income	(27.916)	(27.439)	(0.477)	(19.221)	(18.884)	(0.337)	under recovered	(1.8%)	5
Net Controllable Expenditure	(3.820)	(3.737)	(0.083)	(2.696)	(2.586)	(0.110)	under surplus	(4.1%)	

Variance Explanations

1. **Employee Costs**
This underspend relates to vacancies and a reduction in overtime across the Service.
2. **Supplies and Services**
The overspend relates to expenditure on materials.
3. **Transport and Plant**
The underspend is mainly due to lower than anticipated expenditure on leasing and the external hire of plant and equipment.
4. **Payment to Contractors**
The underspend reflects a reduction in the level of sub contractor works carried out by external contractors.
5. **Income**
The under recovery of income is due to the timing of income for rechargeable works

Budget Virements

- a. Realignment of budget to reflect current service delivery: Net Effect £0.000m. Employee Costs (£0.200m), Supplies and Services (£0.300m), Transport and Plant (£1.000m), Payment to Contractors (£2.500m) and Income £4.000m.

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 8 December 2017 (No.10)
Property Services Trading Operation

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 08/12/17	Actual to Period 10 08/12/17	Variance to 08/12/17		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	31.872	31.778	0.094	21.905	21.831	0.074	under	0.3%	1
Property Costs	1.061	0.974	0.087	0.732	0.642	0.090	under	12.3%	1
Supplies & Services	12.838	12.933	(0.095)	7.665	7.762	(0.097)	over	(1.3%)	1
Transport & Plant	4.432	3.996	0.436	2.860	2.646	0.214	under	7.5%	1
Administration Costs	3.445	3.461	(0.016)	2.385	2.396	(0.011)	over	(0.5%)	
Pmts to Other Bodies	2.271	2.263	0.008	1.568	1.572	(0.004)	over	(0.3%)	
Pmts to Contractors	15.591	19.552	(3.961)	11.592	12.203	(0.611)	over	(5.3%)	1
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	0.106	0.099	0.007	0.072	0.066	0.006	under	8.3%	
Total Controllable Expenditure	71.616	75.056	(3.440)	48.779	49.118	(0.339)	over	(0.7%)	
Total Controllable Income	(75.746)	(79.186)	3.440	(51.696)	(52.035)	0.339	over recovered	0.7%	1
Net Controllable Expenditure	(4.130)	(4.130)	0.000	(2.917)	(2.917)	0.000	-	0.0%	

Variance Explanations

1. Income

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