

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	10 November 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2021/2022 - Finance and Corporate Resources
----------	------------------------------------------------------------------------------

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2021 to 10 September 2021 for Finance and Corporate Resources

2. Recommendation(s)

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

- (1) that the overspend of £6.332 million on the Finance and Corporate Resources' revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2022 of breakeven, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

- 3.1. This is the second revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2021/2022.
- 3.2. The report details the financial position for Finance and Corporate Resources on Appendix A, along with variance explanations in Appendices B-I where appropriate.
- 3.3. The Resource has incurred expenditure in relation to COVID-19, and in order to separate these costs from the Resource's normal activities, a separate Service has been included at Appendix I.

4. Employee Implications

4.1. None.

5. Financial Implications

- 5.1. As at 10 September 2021, there is an overspend of £6.332 million against the phased budget. This includes COVID-19 costs of £6.281 million as shown in Appendix I, as well as lost income of £0.020 million in Administration, Legal and Licensing. If you remove the impact of COVID-19 and lost income, the Resource is showing an overspend of £0.031 million as at 10 September 2021.
- 5.2. The budget included in Appendix I for COVID-19 relates to Scottish Government funding in relation to COVID-19 Business Support Grants.

- 5.3. The financial forecast for the revenue budget to 31 March 2022 is a breakeven position, excluding the COVID-19 costs and loss of income.
- 5.4. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report, as appropriate.

6. Climate Change, Sustainability and Environmental Implications

- 6.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

7. Other Implications

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. 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.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

23 September 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Finance and Corporate Resources Committee, 1 September 2021

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 10 September 2021

Contact for Further Information

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

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21
	£000	£000	£000	£000	£000	£000		
<u>Budget Category</u>								
Employee Costs	31,730	31,730	0	13,674	14,089	(415)	over	(3.0%)
Property Costs	2,732	2,732	0	927	825	102	under	11.0%
Supplies & Services	7,559	7,559	0	5,303	10,955	(5,652)	over	(106.6%)
Transport & Plant	75	75	0	41	50	(9)	over	(22.0%)
Administration Costs	8,511	8,511	0	4,837	4,727	110	under	2.3%
Payments to Other Bodies	17,942	17,942	0	8,844	9,215	(371)	over	(4.2%)
Payments to Contractors	271	271	0	41	57	(16)	over	(39.0%)
Transfer Payments	68,542	68,542	0	27,131	25,777	1,354	under	5.0%
Financing Charges	643	643	0	334	644	(310)	over	(92.8%)
Total Controllable Exp.	138,005	138,005	0	61,132	66,339	(5,207)	over	(8.5%)
Total Controllable Inc.	(101,279)	(101,279)	0	(42,218)	(41,093)	(1,125)	under recovered	(2.7%)
Net Controllable Exp.	36,726	36,726	0	18,914	25,246	(6,332)	over	(33.5%)

Variance Explanations

Variance explanations are shown in Appendices B to I as appropriate.

Budget Virements

Budget virements are shown in Appendices B to I as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Finance - Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	2,789	2,789	0	1,195	1,222	(27)	over	(2.3%)	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	19	0	13	14	(1)	over	(7.7%)	
Transport & Plant	0	0	0	0	1	(1)	over	n/a	
Administration Costs	112	112	0	7	11	(4)	over	(57.1%)	
Payments to Other Bodies	516	516	0	174	174	0	-	0.0%	
Payments to Contractors	22	22	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	16	16	0	8	9	(1)	over	(12.5%)	
Total Controllable Exp.	3,474	3,474	0	1,397	1,431	(34)	over	(2.4%)	
Total Controllable Inc.	(1,597)	(1,597)	0	0	0	0	-	n/a	
Net Controllable Exp.	1,877	1,877	0	1,397	1,431	(34)	over	(2.4%)	

Variance Explanations**1. Employee Costs**

This overspend relates to lower than anticipated staff turnover across the Service to date.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Finance - Transactions Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	10,165	10,165	0	4,360	4,357	3	under	0.1%	
Property Costs	1,973	1,973	0	664	658	6	under	0.9%	
Supplies & Services	776	776	0	510	509	1	under	0.2%	a
Transport & Plant	8	8	0	2	3	(1)	over	(50.0%)	
Administration Costs	962	962	0	513	521	(8)	over	(1.6%)	
Payments to Other Bodies	1,516	1,516	0	825	825	0	-	0.0%	
Payments to Contractors	249	249	0	41	55	(14)	over	(34.1%)	
Transfer Payments	68,542	68,542	0	27,131	25,719	1,412	under	5.2%	1
Financing Charges	131	131	0	74	81	(7)	over	(9.5%)	a
Total Controllable Exp.	84,322	84,322	0	34,120	32,728	1,392	under	4.1%	
Total Controllable Inc.	(72,076)	(72,076)	0	(28,709)	(27,379)	(1,330)	under recovered	(4.6%)	2
Net Controllable Exp.	12,246	12,246	0	5,411	5,349	62	under	1.1%	

Variance Explanations**1. Transfer Payments**

This underspend reflects the impact of benefits at this point in the year (offset by under recovery in income below).

2. Income

The income under recovery relates mainly to Housing Benefit Subsidy Income (offset by underspend in Transfer Payments above), and, also under recoveries in Housing Benefit Overpayments, Statutory Additions and DWP Admin Subsidy.

Budget Virements

- a. Realignment of budget between Supplies & Services and Financing Charges to reflect service delivery: Net Effect £0.000m: Supplies & Services (£0.030m), Financing Charges £0.030m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Audit Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	544	544	0	237	280	(43)	over	(18.1%)	1
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	3	3	0	-	0.0%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	7	7	0	1	2	(1)	over	(100.0%)	
Payments to Other Bodies	0	0	0	0	1	(1)	over	n/a	
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	4	4	0	2	2	0	-	0.0%	
Total Controllable Exp.	562	562	0	243	288	(45)	over	(18.5%)	
Total Controllable Inc.	(238)	(238)	0	0	(47)	47	under	n/a	
Net Controllable Exp.	324	324	0	243	241	2	under	0.8%	

Variance Explanations**1. Employee Costs**

This overspend relates to lower than anticipated staff turnover across the Service to date.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Information Technology Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,966	4,966	0	2,135	2,196	(61)	over	(2.9%)	1,a
Property Costs	579	579	0	197	99	98	under	49.7%	2
Supplies & Services	5,259	5,259	0	3,864	3,952	(88)	over	(2.3%)	3,b
Transport & Plant	4	4	0	1	3	(2)	over	(200.0%)	
Administration Costs	1,727	1,727	0	1,110	1,117	(7)	over	(0.6%)	
Payments to Other Bodies	30	30	0	0	0	0	-	n/a	a
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	72	72	0	28	307	(279)	over	(996.4%)	4
Total Controllable Exp.	12,637	12,637	0	7,335	7,674	(339)	over	(4.6%)	
Total Controllable Inc.	(7,311)	(7,311)	0	(2,442)	(2,743)	301	over recovered	12.3%	5,b
Net Controllable Exp.	5,326	5,326	0	4,893	4,931	(38)	over	(0.8%)	

Variance Explanations

- Employee Costs**
This overspend relates to lower than anticipated staff turnover across the Service to date.
- Property Costs**
This underspend in electricity is due to reduced usage of the Caird Data Centre in advance of the planned moves.
- Supplies and Services**
The overspend reflects greater than anticipated licence and server support costs and is offset by an over recovery in income (see 5 below).
- Financing Charges**
The overspend reflects increased expenditure on leasing of IT equipment and is offset by an over recovery in income (see 5 below).
- Income**
The over recovery in income from recharges offsets the overspend noted in 3 and 4 above.

Budget Virements

- Transfer from Reserves to reflect service delivery. Net Effect £0.060m: Employee Costs £0.030m, PTOB £0.030m
- Realignment of expenditure and income budgets for Caird Data Centre. Net Effect £0.000m: Supplies & Services (£0.719m), Income £0.719m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Personnel Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	6,925	6,925	0	2,978	2,998	(20)	over	(0.7%)	a,b
Property Costs	122	122	0	42	39	3	under	7.1%	
Supplies & Services	279	279	0	133	115	18	under	13.5%	
Transport & Plant	20	20	0	6	7	(1)	over	(16.7%)	
Administration Costs	967	967	0	449	415	34	under	7.6%	
Payments to Other Bodies	6,727	6,727	0	279	306	(27)	over	(9.7%)	b
Payments to Contractors	0	0	0	0	2	(2)	over	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	41	41	0	29	31	(2)	over	(6.9%)	b
Total Controllable Exp.	15,081	15,081	0	3,916	3,913	3	under	0.1%	
Total Controllable Inc.	(4,776)	(4,776)	0	(372)	(445)	73	over recovered	19.6%	1,b
Net Controllable Exp.	10,305	10,305	0	3,544	3,468	76	under	2.1%	

Variance Explanations**1. Income**

This over recovery reflects income from DWP for the Kickstart scheme and is partly offset by associated payments to employers.

Budget Virements

- Transfer of Staff to Community and Enterprise Resources. Net Effect (£0.045m): Employee Costs (£0.045m).
- Transfer of Community Participation and Empowerment Team to Communications and Strategy Service: Net Effect (£1.657m). Employee Costs (£0.736m), Payment to Other Bodies (£0.954m), Financing Charges (£0.001m) and Income £0.034m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Administration, Legal and Licensing Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	3,878	3,878	0	1,686	1,747	(61)	over	(3.6%)	1
Property Costs	18	18	0	7	0	7	under	100.0%	
Supplies & Services	118	118	0	61	89	(28)	over	(45.9%)	
Transport & Plant	14	14	0	4	4	0	-	0.0%	
Administration Costs	2,225	2,225	0	982	947	35	under	3.6%	
Payments to Other Bodies	739	739	0	314	297	17	under	5.4%	a
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	33	33	0	15	34	(19)	over	(126.7%)	
Total Controllable Exp.	7,025	7,025	0	3,069	3,118	(49)	over	(1.6%)	
Total Controllable Inc.	(2,918)	(2,918)	0	(951)	(864)	(87)	under recovered	(9.1%)	2
Net Controllable Exp.	4,107	4,107	0	2,118	2,254	(136)	over	(6.4%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due to lower than anticipated staff turnover across the Service to date.

2. Income

The under recovery of income is mainly due to the current public health pandemic and under recoveries relating to private hire operators.

Budget Virements

- a. Transfer from Reserves for Community Area Grants. Net Effect £0.060m: Payment to Other Bodies £0.060m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

Communications and Strategy Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	2,436	2,436	0	1,056	1,014	42	under	4.0%	a
Property Costs	40	40	0	17	17	0	-	0.0%	a
Supplies & Services	712	712	0	330	301	29	under	8.8%	a
Transport & Plant	29	29	0	28	29	(1)	over	(3.6%)	
Administration Costs	1,218	1,218	0	482	405	77	under	16.0%	1, a
Payments to Other Bodies	801	801	0	199	199	0	-	0.0%	a
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	346	346	0	178	179	(1)	over	(0.6%)	
Total Controllable Exp.	5,582	5,582	0	2,290	2,144	146	under	6.4%	
Total Controllable Inc.	(3,041)	(3,041)	0	(982)	(853)	(129)	under recovered	(13.1%)	2,a
Net Controllable Exp.	2,541	2,541	0	1,308	1,291	17	under	1.3%	

Variance Explanations**1. Administration Costs**

The underspend is due to lower cost of printing and advertising expenditure, offset by an under recovery in income (see 2 below).

2. Income

The under recovery is due to less than anticipated income from recharges to other Resources, offsetting an underspend in expenditure (see 1 above).

Budget Virements

- a. Transfer of Community Participation and Empowerment Team to Communications and Strategy Service: Net Effect £1.657m. Employee Costs £0.737m, Property Costs £0.040m, Supplies and Services £0.102m, Administration Costs £0.016m, Payment to Other Bodies £0.796m and Income (£0.034m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 10 September 2021 (No.6)

COVID - 19

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 10/09/21	Actual 10/09/21	Variance 10/09/21		% Variance 10/09/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	27	27	0	27	275	(248)	over	(918.5%)	1
Property Costs	0	0	0	0	12	(12)	over	n/a	
Supplies & Services	389	389	0	389	5,972	(5,583)	over	(1435.2%)	2
Transport & Plant	0	0	0	0	3	(3)	over	n/a	
Administration Costs	1,293	1,293	0	1,293	1,309	(16)	over	(1.2%)	
Payments to Other Bodies	7,613	7,613	0	7,053	7,413	(360)	over	(5.1%)	3
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	58	(58)	over	n/a	4
Financing Charges	0	0	0	0	1	(1)	over	n/a	
Total Controllable Exp.	9,322	9,322	0	8,762	15,043	(6,281)	over	(71.7%)	
Total Controllable Inc.	(9,322)	(9,322)	0	(8,762)	(8,762)	0	-	n/a	
Net Controllable Exp.	0	0	0	0	6,281	(6,281)	over	n/a	

Variance Explanations**1. Employee Costs**

The overspend relates to overtime and includes the cost of the Wellbeing helpline and also additional time required to process the Business Support Grants and other benefits, including Social Welfare Payments and Council Tax Reduction Scheme applications in relation to COVID-19.

2. Supplies and Services

The overspend relates mainly to Family Pandemic Payments, Free School Meals provided over the Easter period and £100 spring hardship payments.

3. Payments to Other Bodies

This overspend is payments made to support third sector organisations covered by the financial insecurities funding.

4. Transfer Payments

This overspend reflects the impact of benefits for individuals in homeless accommodation.