

# FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via MS Teams and in Committee Room 5, Council Offices, Almada Street, Hamilton on 20 August 2020

**Chair:**

Councillor Monique McAdams

**Councillors Present:**

Councillor Walter Brogan, Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Eric Holford, Councillor Martin Lennon, Councillor Jared Wark

**Councillors' Apologies:**

Councillor Archie Buchanan, Councillor Janine Calikes, Councillor Jim Wardhaugh

**Attending:**

**Finance and Corporate Resources**

C Lyon, Administration Officer; L O'Hagan, Finance Manager (Strategy); J Taylor, Head of Finance (Strategy)

**Housing and Technical Resources**

D Craig, Property Manager (Commercial)

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## 1 Declaration of Interests

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No interests were declared.

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## 2 Minutes of Previous Meeting

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The minutes of the meeting of the Financial Resources Scrutiny Forum held on 5 March 2020 were submitted for approval as a correct record.

**The Forum decided:** that the minutes be approved as a correct record.

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## 3a Capital Budget Monitoring 2019/2020 – General Fund Capital Programme

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2019/2020 at 31 March 2020 (Period 14).

Expenditure and funding for the Capital Programme for 2019/2020 were detailed. The difference between the revised programme, totalling £76.804 million, and the actual spend of £61.533 million was £15.271 million and the main reasons for this underspend were detailed in Appendix B to the report.

The ongoing implications of COVID-19, which included the closure of construction sites in advance of the financial year-end, had impacted the level of capital spend which had been achieved this financial year. This would continue to impact on the 2020/2021 Capital Programme and a separate report on the 2020/2021 Capital Programme would be presented to members in due course.

Accounting Regulations meant that adjustments were required to report spend correctly as either Capital or Revenue for the purposes of Publishing the Council's Annual Accounts. £0.826 million of capital spend required to be recorded as revenue spend and, conversely, £0.406 million of revenue spend should be recorded as capital. Those transfers meant, for the purpose of publishing the Annual Accounts only, there was a capital spend of £61.113 million, as outlined in Appendix A to the report.

Funding totalling £15.541 million, comprising of an underspend from 2019/2020 adjusted to reflect the actual position of income received, would be carried forward into 2020/2021.

Following a question by Councillor Donnelly, officers agreed to provide details of spend for the Cycling, Walking and Safer Streets project.

**The Forum decided:** that the position as at 31 March 2020 (Period 14) be noted.

*[Reference: Minutes of the Executive Committee of 29 May 2019 (Paragraph 3)]*

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### **3b Capital Budget Monitoring 2019/2020 – Housing Capital Programme**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2019/2020 at 31 March 2020 (Period 14).

£51.235 million had been spent on the Housing Capital Programme against a budget of £61.835 million, as outlined in Appendix A to the report. This represented an underspend of £10.600 million. In terms of funding, the Programme had benefited from one-off income of £3.231 million and new net borrowing of £1.433 million which would be available for future years.

Taking account of the above additional funding of £4.664 million and the year-end underspend of £10.600 million, there was a net £15.264 million available to contribute to future years' Housing Programmes.

To reflect the uncertainty due to the impact of the COVID-19 lockdown on the Housing Investment Programme for 2020/2021, it was proposed that the allocation of £15.264 million be moved to the 2021/2022 financial year. The overall programme for 2020/2021 was being considered and, post lockdown, when timescales and the impact of revised systems of working could be more accurately established, a revised position would be presented to a future meeting of the Executive Committee for approval.

**The Forum decided:** that the position as at 31 March 2020 (Period 14) be noted.

*[Reference: Minutes of the Executive Committee of 29 May 2019 (Paragraph 3)]*

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### **4a Capital Budget Monitoring 2020/2021 – General Fund Capital Programme**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2020/2021 at 19 June 2020 (Period 3).

The General Fund Programme for 2020/2021 totalled £106.733 million which included the £15.541 million underspend carried forward from 2019/2020. At 19 June 2020, £3.947 million had been spent across Resources, as detailed in Appendix A to the report. The overall funding position was outlined in Appendix B to the report and showed that at 19 June 2020, funding of £21.685 million had been received.

The physical progress achieved with the General Fund Capital Programme 2020/2021 at 19 June 2020 was detailed in Appendices C to E of the report.

The delivery of the 2020/2021 Capital Programme had been affected by the COVID-19 lockdown with little progress made in terms of construction work.

As lockdown eased, a review of the General Services Capital Programme was ongoing with the aim to provide a realistic estimate of anticipated spend levels for 2020/2021. The estimates would reflect the initial lockdown delay, along with the ongoing implication of the requirements of social distancing. A separate report detailing the overall level of spend achievable for 2020/2021, would be presented to a future meeting of the Executive Committee for approval.

Following a question by Councillor Ferguson, officers agreed to provide location details of the new allotments.

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

*[Reference: Minutes of the Executive Committee of 24 June 2020 (Paragraph 6)]*

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#### **4b Capital Budget Monitoring 2020/2021 – Housing Capital Programme**

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A report dated 12 August 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2020/2021 at 19 June 2020 (Period 3)

On 24 June 2020, the Executive Committee had agreed that £15.264 million be carried forward from 2019/2020 and added to the 2021/2022 programme. The base budget for the Housing Capital Programme for 2020/2021 therefore remained at £97.303 million. At 19 June 2020, £3.357 million had been spent.

Appendices A and B to the report provided details on the position at 19 June 2020 from both a financial and physical perspective.

Progress in delivery of this year's programme had been affected by the COVID-19 lockdown and consideration required to be given to the ongoing impact this would have on the achievable level of capital spend. When revised systems of working could be more accurately established, a revised position would be presented to a future meeting of the Executive Committee for approval.

In response to a request from Councillor Brogan to receive an update in relation to the MUGA pitch at Mill Road, Cambuslang, officers agreed to provide the information requested.

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

*[Reference: Minutes of the Executive Committee of 24 June 2020 (Paragraph 6)]*

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#### **5 Revenue Budget 2019/2020**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ 2019/2020 year-end position on the General Fund and Housing Revenue Accounts
- ◆ revenue budget performance of each Resource in 2019/2020
- ◆ outturn position of the Annual Accounts (Expenditure and Funding Analysis Statement), including a reconciliation with the revenue budget performance for 2019/2020

- ◆ Council's unaudited Annual and Charitable Accounts 2019/2020
- ◆ publication arrangements for the unaudited Annual Accounts

Details were provided on the following key areas:-

- ◆ an executive summary of the 2019/2020 outturn position
- ◆ a summary of the Council's position in relation to COVID-19 expenditure in 2019/2020
- ◆ the General Services' year-end probable outturn position for 2019/2020
- ◆ the General Services' year-end monitoring position for 2019/2020
- ◆ a summary of the year-end Reserves position
- ◆ the year-end position on the Housing Revenue Account
- ◆ an update on the Annual Accounts, including details of publication arrangements for the unaudited Accounts
- ◆ the reconciliation of the year-end monitoring position for 2019/2020
- ◆ details of those Charitable Accounts which the Council administered

The final outturn position in 2019/2020 for the General Services Revenue Account, after all transfers to Reserves, was an underspend of £3.021 million. It was proposed that this underspend be added to Reserves to alleviate future pressures and be held in the General Fund.

On 29 January 2020, the Executive Committee had approved transfers to reserves totalling £10.748 million. The final outturn position on those items was now known and had resulted in an increase of £0.745 million in the value of those approved reserves.

On 26 June 2020, the Executive Committee had approved:-

- ◆ as part of the year end position, a further transfer to reserves of £2.161 million which included transfers from Resources and other corporate items
- ◆ an additional allocation of £0.365 million to South Lanarkshire Leisure and Culture Limited to allow it to meet the pressure of lost income due to COVID-19

At that meeting, it had been noted:-

- ◆ that there was a breakeven position on the Housing Revenue Account after Transfer to Reserves of £0.702 million, which comprised of a surplus of £0.240 million for the year, and the transfer of £0.462 million from Council Tax Second Homes
- ◆ that, in line with previous years, the full unaudited Accounts would be available for public inspection from 1 July 2020 on the Council's website, until the audited Accounts were published

Elected members had been provided with a copy of both the Council's unaudited Accounts and the unaudited Charitable Accounts for 2019/2020 on 30 June 2020. Due to the guidance around COVID-19, the Accounts would not be available in Council offices for inspection.

Following a question by Councillor Brogan, officers agreed to request details on the final spend on school transport by ward from Education Resources.

#### **The Forum decided:**

- (1) that the underspend position of £3.021 million on the General Fund, after transfers to Reserves, be noted;
- (2) that the increase of £0.745 million on the transfers previously approved at probable outturn, to reflect the final outturn position on those items, be noted;
- (3) that the proposed additional transfers to reserves by Resources and Corporate Items, totalling £2.161 million, be noted;

- (4) that the additional allocation of £0.365 million of funding to South Lanarkshire Leisure and Culture Limited, to cover its in-year loss of income due to COVID-19, be noted;
- (5) that the final outturn position of an underspend of £3.021 million be noted and the transfer of this underspend to the General Fund be noted;
- (6) that the position of the Housing Revenue Account, including transfers to Reserves of £0.702 million, be noted;
- (7) that the publication details for the unaudited Annual Accounts for 2019/2020 be noted; and
- (8) that the provision of South Lanarkshire Council Accounts 2019/2020 and the Charitable Accounts 2019/2020 to members for their consideration be noted.

*[Reference: Minutes of the Executive Committee of 24 June 2020 (Paragraph 3)]*

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## **6 Revenue Budget Monitoring 2019/2020 – Detailed Resource Analysis**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 31 March 2020 (Period 14).

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

- ♦ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 31 March 2020 (Period 14)
- ♦ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 31 March 2020 (Period 14)
- ♦ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 31 March 2020 (Period 14)

**The Forum decided:** that the financial position for each of the individual Resources' revenue budgets for 2019/2020 at 31 March 2019 (Period 14), before transfer to reserves, be noted.

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## **7 2019/2020 Recurring Variances and 2020/2021 Outlook**

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A report dated 10 July 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the recurring variances experienced in 2019/2020 and the outlook for each of those variances in 2020/2021.

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

**The Forum decided:** that the outlook for 2020/2021, in terms of recurring budget variances experienced in 2019/2020 and the outlook for each of those variances for 2020/2021, as detailed in Appendix 1 to the report, be noted.

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## **8 Revenue Budget 2020/2021**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the detailed financial analysis as at 19 June 2020 (Period 3) for each of the Council's Resources.

The figures included an underspend of £0.120 million on the General Fund Revenue Account, after COVID-19 spend and funding, and a breakeven position on the Housing Revenue Account. The forecast to 31 March 2021 on the Housing Revenue Account was a breakeven position.

Details of the COVID-19 pressures across Resources were included in Appendix 1 and detailed in Appendix 3 to the report. Details were also provided on the Council's predicted COVID-19 spend of £29.062 million for 2020/2021.

The total Food Fund, Hardship Fund and Consequential funding utilised to 19 June 2020 was £6.216 million. This equated to 43.8% of the total funding confirmed to date, which included £0.751 million of funding used in 2019/2020.

The pressures of lost income in South Lanarkshire Leisure and Culture Trust (SLLCT) of £1.269 million to 19 June 2020 were also included in the COVID-19 spend in Community and Enterprise Resources. Approval was being sought to make an additional payment of £1.269 million at this point to manage this pressure.

The financial pressures in Children and Families Services were highlighted. This was as a result of additional external residential placements made at the start of 2020. Work was ongoing within the Service to reduce the overspend.

**The Forum decided:**

- (1) that the net underspend of £0.120 million on the General Fund Revenue Account at 19 June 2020 be noted;
- (2) that the breakeven position on the Housing Revenue Account at 19 June 2020 and the forecast to 31 March 2021 of a breakeven position be noted;
- (3) that the total net expenditure and lost income of £6.216 million in relation to COVID-19, offset by Government Grant included in the Council's position as at 19 June 2020, be noted;
- (4) that an additional payment of £1.269 million in relation to COVID-19 lost income to South Lanarkshire Leisure and Culture at period 3 be noted;
- (5) that the pressures experienced in Children and Families' Services be noted; and
- (6) that the Council's predicted spend in relation to COVID-19 of £29.062 million for 2020/2021 be noted.

*[Reference: Minutes of the Executive Committee of 12 August 2020 (Paragraph 3)]*

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## **9 Revenue Budget Monitoring 2020/2021 – Detailed Resource Analysis**

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A report dated 12 August 2020 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 19 June 2020 (Period 3).

The following information, as outlined in Appendices A to F of the report, was provided for each Resource and the Housing Revenue Account:-

- ♦ an Executive Summary showing the top level position for each of the Services within the Resource and the Housing Revenue Account as at 19 June 2020 (Period 3)
- ♦ details of the most significant variances within the Resource and the Housing Revenue Account across subjective headings and across Services as at 19 June 2020 (Period 3)

- ◆ a line by line trend analysis of the total Resource expenditure and income across subjective headings as at 19 June 2020 (Period 3)

Following a question by Councillor Donnelly, officers agreed to request more detail from Social Work Resources in relation to the number of unaccompanied asylum seekers that the Council was hosting in South Lanarkshire children's care facilities.

**The Forum decided:** that the position as at 19 June 2020 (Period 3) be noted.

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## **10 Urgent Business**

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There were no items of urgent business.