

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	1 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring 2021/2022 - Finance and Corporate Resources
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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 16 July 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 £1.715 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 first 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 Service has been included at Appendix I.

4. Employee Implications

4.1. None.

5. Financial Implications

5.1. As at 16 July 2021, there is an overspend of £1.715 million against the phased budget. This includes COVID-19 costs of £1.666 million as shown in Appendix I, as well as lost income of £0.013 million in Administration, Legal and Licensing. If you remove the impact of COVID-19, the Resource is showing an overspend of £0.036 million as at 16 July 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.
- 5.5. **Employability Programme:** The Personnel Service page of this monitoring report includes an annual budget for the delivery of Employability Programmes. A significant portion of this is external funding. Work continues to ensure the deliverability of the many and varied programmes being run by the Council, however a combination of the marketplace, the restrictions of the pandemic and the availability of suitable clients are combining to indicate the potential for an impact on delivery timescales.
- 5.6. If a delay does materialise, this may mean that some of the monies while committed, will need to be carried into the new financial year. The spend position will continue to be monitored as we go through the year and members notified if an underspend in-year is confirmed. Any carry forward of grant would be in line with the conditions of award.
- 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)

26 July 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Value: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 16 July 2021

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

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Finance and Corporate Resources Summary

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21
	£000	£000	£000	£000	£000	£000		
<u>Budget Category</u>								
Employee Costs	32,084	32,084	0	8,904	9,186	(282)	over	(3.2%)
Property Costs	2,692	2,692	0	395	310	85	under	21.5%
Supplies & Services	8,206	8,206	0	4,486	5,852	(1,366)	over	(30.5%)
Transport & Plant	75	75	0	8	1	7	under	87.5%
Administration Costs	7,202	7,202	0	2,941	2,932	9	under	0.3%
Payments to Other Bodies	17,995	17,995	0	7,581	7,956	(375)	over	(4.9%)
Payments to Contractors	271	271	0	3	11	(8)	over	(266.7%)
Transfer Payments	68,542	68,542	0	16,427	16,428	(1)	over	0.0%
Financing Charges	1,043	1,043	0	392	385	7	under	1.8%
Total Controllable Exp.	138,110	138,110	0	41,137	43,061	(1,924)	over	(4.7%)
Total Controllable Inc.	(101,459)	(101,459)	0	(25,588)	(25,797)	209	over recovered	(0.8%)
Net Controllable Exp.	36,651	36,651	0	15,549	17,264	(1,715)	over	(11.0%)

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 16 July 2021 (No.4)

Finance - Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	2,919	2,919	0	796	794	2	under	0.3%	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	19	0	12	10	2	under	16.7%	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	112	112	0	4	7	(3)	over	(75.0%)	
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	1	1	0	-	0.0%	
Total Controllable Exp.	3,604	3,604	0	987	986	1	under	0.1%	
Total Controllable Inc.	(1,727)	(1,727)	0	0	(9)	9	-	n/a	
Net Controllable Exp.	1,877	1,877	0	987	977	10	under	1.0%	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Finance - Transactions Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	10,165	10,165	0	2,791	2,852	(61)	over	(2.2%)	1, a.
Property Costs	1,973	1,973	0	240	239	1	under	0.4%	
Supplies & Services	806	808	0	454	501	(47)	Over	(10.4%)	2, a
Transport & Plant	8	8	0	1	0	1	under	100.0%	
Administration Costs	962	962	0	855	859	(4)	over	(0.5%)	a
Payments to Other Bodies	1,516	1,516	0	801	801	0	-	n/a	
Payments to Contractors	249	249	0	3	5	(2)	over	(66.7%)	
Transfer Payments	68,542	68,542	0	16,427	16,369	58	under	0.4%	3
Financing Charges	101	101	0	5	5	0	-	0.0%	a
Total Controllable Exp.	84,322	84,322	0	21,577	21,631	(54)	over	(0.3%)	
Total Controllable Inc.	(72,076)	(72,078)	0	(16,757)	(16,776)	19	over recovered	0.1%	a
Net Controllable Exp.	12,246	12,246	0	4,820	4,855	(35)	over	(0.7%)	

Variance Explanations**1. Employee Costs**

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

2. Supplies & Services

This overspend reflects the requirement for service cover for nightshift work at the 24 hour control centre.

3. Transfer Payments

This underspend reflects the impact of benefits at this point in the year.

Budget Virements

- a. Transfer of Payroll team from Transactions to Personnel Services. Net Effect (£0.195m): Employee Costs (£0.496m), Supplies & Services (£0.007m), Administration (£0.003m), Financing Charges (£0.003m), Income £0.314m

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Audit Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	544	544	0	180	180	0	-	0.0%	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	2	1	1	under	50.0%	
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	1	0	1	under	100.0%	
Total Controllable Exp.	562	562	0	184	184	0	-	0.0%	
Total Controllable Inc.	(238)	(238)	0	0	(2)	2	under	n/a	
Net Controllable Exp.	324	324	0	184	182	2	under	1.1%	

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Information Technology Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	5,173	5,173	0	1,395	1,415	(20)	over	(1.4%)	
Property Costs	579	579	0	119	54	65	under	54.6%	1
Supplies & Services	5,978	5,978	0	3,355	3,574	(219)	over	(6.5%)	2
Transport & Plant	4	4	0	1	0	1	under	100.0%	
Administration Costs	1,727	1,727	0	819	853	(34)	over	(4.2%)	
Payments to Other Bodies	0	0	0	0	0	0	-	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	501	501	0	288	286	2	under	0.7%	
Total Controllable Exp.	13,962	13,962	0	5,977	6,182	(205)	over	(3.4%)	
Total Controllable Inc.	(8,696)	(8,696)	0	(1,120)	(1,325)	205	over recovered	18.3%	3, a
Net Controllable Exp.	5,266	5,266	0	4,857	4,857	0	-	0.0%	

Variance Explanations

- Property Costs**
This underspend in electricity is due to reduced usage of the Caird data centre in advance of the planned moves. The budgets will be realigned to reflect the new service provision.
- Supplies and Services**
The overspend reflects greater than anticipated licence and server support costs and is offset by an over recovery in income (see 3 below).
- Income**
The over recovery in income from recharges offsets the overspend in spend noted in 2 above.

Budget Virements

- Allocation of Corporate saving for Spend to Save. Net Effect (£0.429m): Income (£0.429m)

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Personnel Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
<u>Budget Category</u>									
Employee Costs	7,706	7,706	0	2,187	2,215	(28)	over	(1.3%)	a,b
Property Costs	122	122	0	32	18	14	under	43.8%	
Supplies & Services	279	279	0	83	87	(4)	over	(4.8%)	a
Transport & Plant	20	20	0	4	0	4	under	100.0%	
Administration Costs	967	967	0	282	308	(26)	over	(9.2%)	a
Payments to Other Bodies	7,681	7,681	0	232	246	(14)	over	(6.0%)	c
Payments to Contractors	0	0	0	0	2	(2)	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	42	42	0	2	1	1	under	50.0%	a
Total Controllable Exp.	16,817	16,817	0	2,822	2,877	(55)	over	(1.9%)	
Total Controllable Inc.	(4,810)	(4,810)	0	(299)	(335)	36	over recovered	12.0%	a
Net Controllable Exp.	12,007	12,007	0	2,523	2,542	(19)	over	(0.8%)	

Budget Virements

- a. Transfer of Payroll team from Transactions to Personnel Services. Net Effect £0.195m: Employee Costs £0.496m, Supplies & Services £0.007m, Administration £0.003m, Financing Charges £0.003m, Income (£0.314m)
- b. Transfer from reserves for Modern Apprenticeship Assessors. Net Effect £0.431m: Employee Costs £0.431m.
- c. Transfer from reserves for Employability funding for No One Left Behind, PESF, Youth Guarantee, Upskilling, Connect 2, Adult Gateway and PACE. Net Effect £3.170m: Payment to Other Bodies £3.170m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

Administration, Legal and Licensing Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	3,878	3,878	0	1,094	1,136	(42)	over	(3.8%)	1
Property Costs	18	18	0	4	0	4	under	100.0%	
Supplies & Services	118	118	0	49	63	(14)	over	(28.6%)	
Transport & Plant	14	14	0	2	0	2	under	100.0%	
Administration Costs	2,225	2,225	0	693	676	17	under	2.5%	
Payments to Other Bodies	679	679	0	295	295	0	-	0.0%	
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	8	4	4	under	50.0%	
Total Controllable Exp.	6,965	6,965	0	2,145	2,174	(29)	over	(1.4%)	
Total Controllable Inc.	(2,918)	(2,918)	0	(407)	(429)	22	over recovered	5.4%	
Net Controllable Exp.	4,047	4,047	0	1,738	1,745	(7)	over	(0.4%)	

Variance Explanations**1. Employee Costs**

The overspend is mainly due 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 16 July 2021 (No.4)

Communications and Strategy Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	1,699	1,699	0	461	466	(5)	over	(1.1%)	
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	610	610	0	142	112	30	under	21.1%	
Transport & Plant	29	29	0	0	0	0	-	n/a	
Administration Costs	1,202	1,202	0	287	223	64	under	22.3%	1
Payments to Other Bodies	5	5	0	1	1	0	-	0.0%	
Payments to Contractors	0	0	0	0	4	(4)	over	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	346	346	0	87	88	(1)	over	(1.1%)	
Total Controllable Exp.	3,891	3,891	0	978	894	84	under	8.6%	
Total Controllable Inc.	(3,007)	(3,007)	0	(538)	(454)	(84)	under recovered	15.6%	2
Net Controllable Exp.	884	884	0	440	440	0	-	0.0%	

Variance Explanations**1. Administration Costs**

There is an underspend in Printing & Stationery costs due to home working across the Council. This is offset by an under recovery in income (see 2 below).

2. Income

A reduction in income from recharges offsets the underspend detailed in 2 above.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 16 July 2021 (No.4)

COVID - 19

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 16/07/21	Actual 16/07/21	Variance 16/07/21		% Variance 16/07/21	Note
	£000	£000	£000	£000	£000	£000			
Employee Costs	0	0	0	0	128	(128)	over	n/a	1
Property Costs	0	0	0	0	(1)	1	under	n/a	
Supplies & Services	389	389	0	389	1,504	(1,115)	over	(286.6%)	2
Transport & Plant	0	0	0	0	1	(1)	over	n/a	
Administration Costs	0	0	0	0	4	(4)	over	n/a	
Payments to Other Bodies	7,598	7,598	0	6,078	6,438	(360)	over	(5.9%)	3
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	59	(59)	over	n/a	4
Financing Charges	0	0	0	0	0	0	-	n/a	
Total Controllable Exp.	7,987	7,987	0	6,467	8,131	(1,666)	over	(%)	
Total Controllable Inc.	(7,987)	(7,987)	0	(6,467)	(6,467)	0	-	n/a	
Net Controllable Exp.	0	0	0	0	1,666	(1,666)	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.