

# Report

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>15 February 2023</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2022/2023 - Finance and Corporate Resources</b>
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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 2022 to 29 December 2022 for Finance and Corporate Resources
- ◆ provide a forecast for the year to 31 March 2023

## 2. Recommendation(s)

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

- (1) that the breakeven position on the Finance and Corporate Resources' revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2023 of breakeven, be noted; and
- (2) that the proposed budget virements be approved.

## 3. Background

- 3.1. This is the third revenue budget monitoring report presented to the Finance and Corporate Resources Committee for the financial year 2022/2023.
- 3.2. The report details the financial position for Finance and Corporate Resources on Appendix A, along with variance explanations in Appendices B-H. This also includes the forecast position to end March 2023.

## 4. Employee Implications

4.1. None.

## 5. Financial Implications

- 5.1. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the Resource is forecasting a breakeven position. The Resource has no proposed transfers to reserves at this point. This will be confirmed at the year-end.
- 5.2. The Resource position is outlined in Appendix A.
- 5.4. **Position as at 29 December 2022:** As at 29 December 2022, the Resource position is breakeven.
- 5.6. The budget included in Transactions (Appendix C) includes funding for Child Bridging Payments (£1.890 million) advised as part of Finance Circular 11/2022.

5.7. Virements are proposed to realign budgets. These movements are 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. There are general inflation and budget pressures this year which increase the risk of overspend however we have mitigated this going forward by providing additional funds in future years' budget strategy, and in this year, through some reserve funds available. There are also emerging underspends in employee costs which will help offset increasing inflationary pressures.

7.2. We will also continue to monitor the actual impact 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)**

10 January 2023

## **Link(s) to Council Values/Priorities/Outcomes**

♦ Accountable, Effective, Efficient and Transparent

## **Previous References**

♦ None

## **List of Background Papers**

♦ Financial ledger and budget monitoring results to 29 December 2022

## **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 29 December 2022 (No.10)

## Finance and Corporate Resources Summary

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 29/12/22	Actual 29/12/22	Variance 29/12/22		% Variance 29/12/22
	£000	£000	£000	£000	£000	£000		
Employee Costs	38,472	37,753	719	28,059	27,811	248	Under	0.9%
Property Costs	1,831	1,791	40	1,427	1,391	36	Under	2.5%
Supplies & Services	12,354	12,404	(50)	8,398	8,474	(76)	Over	(0.9%)
Transport & Plant	73	63	10	44	43	1	Under	2.3%
Administration Costs	8,971	9,210	(239)	6,406	6,625	(219)	Over	(3.4%)
Payments to Other Bodies	9,890	9,929	(39)	5,658	5,734	(76)	Over	(1.3%)
Payments to Contractors	259	250	9	223	218	5	Under	2.2%
Transfer Payments	65,197	63,553	1,634	48,339	46,812	1,527	Under	3.2%
Financing Charges	1,230	1,310	(80)	934	949	(15)	Over	(1.6%)
<b>Total Controllable Exp.</b>	138,267	136,263	2,004	99,488	98,057	1,431	Under	1.4%
<b>Total Controllable Inc.</b>	(90,509)	(88,505)	(2,004)	(54,986)	(53,555)	(1,431)	Under Recovered	2.6%
<b>Net Controllable Exp.</b>	47,758	47,758	0	44,502	44,502	0	-	0.0%

Variance Explanations

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

Budget Virements

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

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 29 December 2022 (No.10)

## Finance – Strategy Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 29/12/22	Actual 29/12/22	Variance 29/12/22		% Variance 29/12/22	
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	3,048	3,036	12	2,194	2,164	30	Under	1.4%	1, a
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	19	16	3	10	9	1	Under	10.0%	
Transport & Plant	0	0	0	0	1	(1)	Over	n/a	
Administration Costs	112	113	(1)	105	106	(1)	Over	(1.0%)	
Payments to Other Bodies	516	521	(5)	353	353	0	-	0.0%	
Payments to Contractors	22	22	0	15	15	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	16	21	(5)	12	11	1	Under	8.3%	
<b>Total Controllable Exp.</b>	3,733	3,729	4	2,689	2,659	30	Under	1.1%	
<b>Total Controllable Inc.</b>	(1,604)	(1,588)	(16)	(79)	(67)	(12)	Under recovered	15.2%	
<b>Net Controllable Exp.</b>	2,129	2,141	(12)	2,610	2,592	18	Under	0.7%	

Variance Explanations

1. The underspend is a consequence of vacant posts within the Service, which are being considered in line with service requirements

Budget Virements

a. Additional Pay Award: Net Effect £0.114m: Employee Costs (£0.114m).

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 29 December 2022 (No.10)

## Finance – Transactions Services

Budget Category	Annual Budget £000	Forecast for Year £000	Annual Forecast Variance £000	Budget Proportion 29/12/22 £000	Actual 29/12/22 £000	Variance 29/12/22 £000		% Variance 29/12/22	
Employee Costs	13,642	13,053	589	9,704	9,447	257	Under	2.6%	1, a, f
Property Costs	1,700	1,688	12	1,369	1,374	(5)	Over	(0.4)%	f
Supplies & Services	5,806	5,763	53	3,430	3,423	7	Under	0.2%	b, f
Transport & Plant	6	3	3	3	1	2	Under	66.7%	
Administration Costs	2,915	2,884	31	2,388	2,325	63	Under	2.6%	c, f, 2
Payments to Other Bodies	2,944	2,995	(11)	1,809	1,815	(6)	Over	(0.3)%	d
Payments to Contractors	237	228	9	208	201	7	Under	3.4%	f
Transfer Payments	65,187	63,553	1,634	48,339	46,812	1,527	Under	3.2%	3,e
Financing Charges	155	165	(10)	85	77	8	Under	9.4%	f
<b>Total Controllable Exp.</b>	<b>92,592</b>	<b>90,282</b>	<b>2,310</b>	<b>67,335</b>	<b>65,475</b>	<b>1,860</b>	<b>Under</b>	<b>2.8%</b>	
<b>Total Controllable Inc.</b>	<b>(69,062)</b>	<b>(67,246)</b>	<b>(1,816)</b>	<b>(48,269)</b>	<b>(46,914)</b>	<b>(1,355)</b>	<b>Under recovered</b>	<b>2.8%</b>	<b>3,f</b>
<b>Net Controllable Exp.</b>	<b>23,530</b>	<b>23,036</b>	<b>494</b>	<b>19,066</b>	<b>18,561</b>	<b>505</b>	<b>under</b>	<b>2.6%</b>	

Variance Explanations**1. Employee Costs**

The underspend is a consequence of vacant posts within the Service, which are being considered in line with service requirements.

**2. Administration Costs**

The underspend in Administration Costs relates to the timing of spend on the Scottish Child Payment Bridging Payments.

**3. Transfer Payments / Controllable Income**

The underspend in Transfer Payments reflects the demand lead spend on Rent Allowance and Rent Rebates and is offset by an under-recovery of Income.

Budget Virements

- a. Additional Pay Award: Net Effect: £0.599m, Employee Costs £0.599m.
- b. Child Bridging Payments (General Revenue Grant) Net Effect: £1.980m, Supplies and Services £1.980m
- c. LACER Funding for SWF and Family Wellbeing Support Fund: Net Effect £0.624m: Administration Costs £0.624m.
- d. Additional Funding for the Warm Initiative: Net Effect: £1.445m, Payments to Other Bodies £1.445m.
- e. DHPO Benefit Gap (General Revenue Grant): Net Effect: £0.077m, Transfer Payments £0.077m.
- f. Internal Budget Realignment: Net Effect: £0.000m, Employee Costs £0.225m, Property Costs (£0.015m), Supplies and Services (£0.032m), Administration Costs £0.053m, Payments to Contractors (£0.012m), Financing Charges £0.013m, Income (£0.232m)

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 29 December 2022 (No.10)

## Audit Services

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 29/12/22</b>	<b>Actual 29/12/22</b>	<b>Variance 29/12/22</b>		<b>% Variance 29/12/22</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	635	664	(29)	456	488	(32)	Over	(7.0%)	<b>1, a</b>
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	7	7	0	1	2	(1)	Over	(100.0%)	
Transport & Plant	0	0	0	0	0	0	-	n/a	
Administration Costs	6	6	0	4	3	1	Under	25.0%	
Payments to Other Bodies	1	1	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	4	4	0	3	3	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>653</b>	<b>682</b>	<b>(29)</b>	<b>464</b>	<b>496</b>	<b>(32)</b>	<b>Over</b>	<b>(6.9%)</b>	
<b>Total Controllable Inc.</b>	<b>(277)</b>	<b>(306)</b>	<b>29</b>	<b>(1)</b>	<b>(22)</b>	<b>21</b>	<b>Over recovered</b>	<b>(2100.0%)</b>	<b>2</b>
<b>Net Controllable Exp.</b>	<b>376</b>	<b>376</b>	<b>0</b>	<b>463</b>	<b>474</b>	<b>(11)</b>	<b>Over</b>	<b>(2.4%)</b>	

Variance Explanations**1. Employee Costs**

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

**2. Income**

The over-recovery of income reflects staff funded by the European Social Fund.

Budget Virements

- a. Additional Pay Award: Net Effect: £0.023: Employee Costs £0.023m.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 7 October 2022 (No.7)

## Information Technology Services

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 29/12/22	Actual 29/12/22	Variance 29/12/22		% Variance 29/12/22	
	£000	£000	£000	£000	£000	£000			
<b><u>Budget Category</u></b>									
Employee Costs	5,238	5,274	(36)	3,965	3,984	(19)	Over	(0.5%)	1,a
Property Costs	0	0	0	0	(13)	13	Under	n/a	
Supplies & Services	5,576	5,576	0	4,391	4,417	(26)	over	(0.6%)	b
Transport & Plant	4	4	0	3	2	1	Under	33.3%	
Administration Costs	1,604	1,604	0	937	937	0	-	0.0%	
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	631	631	0	525	526	(1)	Over	(0.2%)	
<b>Total Controllable Exp.</b>	13,053	13,089	(36)	9,821	9,853	(32)	Over	(0.3%)	
<b>Total Controllable Inc.</b>	(7,749)	(7,749)	0	(2,125)	(2,132)	7	Over recovered	(0.3%)	
<b>Net Controllable Exp.</b>	5,304	5,340	(36)	7,696	7,721	(25)	Over	(0.3%)	

**Variance Explanations****1. Employee Costs**

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

**2. Supplies and Services**

The overspend reflects the timing of spend on Computer Equipment Purchases.

**Budget Virements****a.** Additional Pay Award: Net Effect £0.185m: Employee Costs (£0.185m).**b.** Transfer from Reserves for LG Digital Transformation Partnership: Net Effect £0.051m, Supplies and Services £0.051m

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 29 December 2022 (No.10)

## Personnel Services

Budget Category	Annual Budget £000	Forecast for Year £000	Annual Forecast Variance £000	Budget Proportion 29/12/22 £000	Actual 29/12/22 £000	Variance 29/12/22 £000		% Variance 29/12/22	
Employee Costs	9,146	8,801	345	6,840	6,720	120	Under	1.8%	1, a-d,f
Property Costs	113	98	15	49	27	22	Under	44.9%	
Supplies & Services	193	249	(56)	106	128	(22)	Over	(20.8%)	
Transport & Plant	19	10	9	7	5	2	Under	28.6%	
Administration Costs	1,098	1,213	(115)	849	992	(143)	Over	(16.8%)	2
Payments to Other Bodies	4,376	4,399	(23)	2,110	2,180	(70)	Over	(3.3%)	3,e,g
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	70	(29)	28	40	(12)	Over	(42.9%)	
<b>Total Controllable Exp.</b>	<b>14,986</b>	<b>14,840</b>	<b>146</b>	<b>9,989</b>	<b>10,094</b>	<b>(105)</b>	<b>Over</b>	<b>(1.1%)</b>	
<b>Total Controllable Inc.</b>	<b>(6,194)</b>	<b>(6,226)</b>	<b>32</b>	<b>(1,372)</b>	<b>(1,437)</b>	<b>65</b>	<b>Over recovered</b>	<b>(4.7%)</b>	<b>4,g</b>
<b>Net Controllable Exp.</b>	<b>8,792</b>	<b>8,614</b>	<b>178</b>	<b>8,617</b>	<b>8,657</b>	<b>(40)</b>	<b>Over</b>	<b>(0.5%)</b>	

Variance Explanations**1. Employee Costs**

The underspend in employee costs reflects the level of modern apprentices currently required and also staff working on other funded projects.

**2. Administration Costs**

The overspend in Administration Costs reflects the level of training costs and medical expenses incurred to date.

**3. Payments to Other Bodies**

The overspend in Payments to Other Bodies is the timing of spend in relation to the Youth Guarantee Programme. A budget realignment will be funded by a transfer of prior year funding from Reserves.

**4. Income**

The income over-recovery relates to greater than anticipated contributions for Modern Apprentice Programmes.

Budget Virements

- Additional Pay Award: Net effect: £0.233m, Employee Costs £0.233m.
- Transfer to Corporate Items to support the Wellbeing Day: Net Effect: (£0.300m), Employee Costs (£0.300m).
- Transfer to Corporate Items to support Transformational Change: Net Effect (£0.200m), Employee Costs (£0.200m).
- Drawdown of Young Person Guarantee Funding: Net Effect: £0.540m, Employee Costs £0.540m.
- Drawdown of PACE Funding from Reserves: Net Effect: £0.060m, Payments to Other Bodies £0.060m
- Transfer of budget from Social Work Resources for contribution to the Maximising Attendance Team: Net effect: £0.096m, Employee Costs 0.096m.
- Additional Income in relation to the Kickstart Programme: Net Effect £0.000m, Payments to Other Bodies £0.200m, Income (£0.200m)



## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 7 October 2022 (No.7)

## Administration, Legal and Licensing Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 29/12/22	Actual 29/12/22	Variance 29/12/22		% Variance 29/12/22	
	£000	£000	£000	£000	£000	£000			
Employee Costs	4,219	4,260	(41)	3,076	3,118	(42)	Over	(1.4%)	1,a
Property Costs	18	5	13	9	3	6	Under	66.7%	
Supplies & Services	120	170	(50)	45	80	(35)	Over	(77.8%)	
Transport & Plant	14	16	(2)	3	3	0	-	0.0%	
Administration Costs	2,094	2,248	(154)	1,495	1,631	(136)	Over	(9.1%)	2
Payments to Other Bodies	718	718	0	550	550	0	-	0.0%	b
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	32	68	(36)	21	36	(15)	Over	(71.4%)	
<b>Total Controllable Exp.</b>	<b>7,215</b>	<b>7,485</b>	<b>(270)</b>	<b>5,199</b>	<b>5,421</b>	<b>(222)</b>	<b>Over</b>	<b>(4.3%)</b>	
<b>Total Controllable Inc.</b>	<b>(2,941)</b>	<b>(2,738)</b>	<b>(203)</b>	<b>(1,631)</b>	<b>(1,503)</b>	<b>(128)</b>	<b>Under recovered</b>	<b>7.8%</b>	<b>3</b>
<b>Net Controllable Exp.</b>	<b>4,274</b>	<b>4,747</b>	<b>(473)</b>	<b>3,568</b>	<b>3,918</b>	<b>(350)</b>	<b>over</b>	<b>(9.8%)</b>	

Variance Explanations**1. Employee Costs**

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

**2. Administration Costs**

The overspend in Administration Costs reflects higher than anticipated spend on a number of budget lines including printing and stationery, and membership fees/subscriptions.

**3. Income**

The under-recovery is due to a lower level of Licensing and Registration income generated to date and includes the ongoing impact of the pandemic on a number of licenses, including taxi licences being applied for in 2022/2023.

Budget Virements

- Additional Pay Award: Net Effect: £0.132m, Employee Costs (£0.132m).
- Citizen Advice Bureau Funding (Transfer from Communications and Strategy): Net Effect: £0.040m, Payment to Other Bodies £0.040m.

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Finance and Corporate Resources Committee: Period Ended 29 December 2022 (No.10)

## Communications and Strategy Services

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 29/12/22</b>	<b>Actual 29/12/22</b>	<b>Variance 29/12/22</b>		<b>% Variance 29/12/22</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
Employee Costs	2,544	2,665	(121)	1,824	1,890	(66)	Over	(3.6%)	<b>1,a,b</b>
Property Costs	0	0	0	0	0	0	-	n/a	
Supplies & Services	633	633	0	415	415	0	Over	0.0%	
Transport & Plant	30	30	0	28	31	(3)	Over	(10.7%)	
Administration Costs	1,142	1,142	0	628	631	(3)	Over	(0.5%)	
Payments to Other Bodies	1,335	1,335	0	836	836	0	-	0.0%	<b>c,d</b>
Payments to Contractors	0	0	0	0	0	0	-	n/a	
Transfer Payments	0	0	0	0	0	0	-	n/a	
Financing Charges	351	351	0	260	256	4	Under	1.5%	
<b>Total Controllable Exp.</b>	<b>6,035</b>	<b>6,156</b>	<b>(121)</b>	<b>3,991</b>	<b>4,059</b>	<b>(68)</b>	<b>Over</b>	<b>(1.7%)</b>	
<b>Total Controllable Inc.</b>	<b>(2,682)</b>	<b>(2,652)</b>	<b>(30)</b>	<b>(1,509)</b>	<b>(1,480)</b>	<b>(29)</b>	<b>Under recovered</b>	<b>1.9%</b>	
<b>Net Controllable Exp.</b>	<b>3,353</b>	<b>3,504</b>	<b>(151)</b>	<b>2,482</b>	<b>2,579</b>	<b>(97)</b>	<b>Over</b>	<b>(3.9%)</b>	

Variance Explanations**1. Employee Costs**

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

Budget Virements

- a. Additional Pay Award: Net Effect £0.093m. Employee Costs £0.093m.
- b. Emergency Planning Team Transfer: Net Effect £0.136m, Employee Costs £0.136m
- c. Citizen Advice Bureau Funding (Transfer to Admin, Legal and Licensing): Net Effect (£0.040m), Payment to Other Bodies (£0.040m).
- d. Additional Foodbank Funding (Transfer from Transactions): Net Effect £0.100m, Payment to Other Bodies £0.100m