

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Microsoft Teams on 29 October 2020

Chair:

Councillor Monique McAdams

Councillors Present:

Councillor Walter Brogan, Councillor Grant Ferguson, Councillor Eric Holford, Councillor Jared Wark

Councillors' Apologies:

Councillor Archie Buchanan, Councillor Janine Calikes, Councillor Mary Donnelly, Councillor Martin Lennon

Attending:

Finance and Corporate Resources

G Cochran, Administration Assistant, 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)

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Financial Resources Scrutiny Forum held on 20 August 2020 were submitted for approval as a correct record.

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

3a Capital Budget Monitoring 2020/2021– General Fund Capital Programme

A report dated 23 September 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2020/2021 at 14 August 2020 (Period 5).

The starting budget for the General Fund Programme for 2020/2021, including carry over, was £106.733 million.

Resources had worked to establish an achievable Capital Programme for 2020/2021 to take account of the effects of lockdown due to COVID-19. The revised starting budget for 2020/2021 was £73.112 million, which represented a reduction of £33.621 million. Details of the original and revised budget allocations were provided in Appendix A to the report. The revised budget included funding awarded to the Council over the summer months from Strathclyde Passenger for Transport and Sustrans.

Increased costs associated with protracted timescales for projects as they worked under social distancing regimes were still being discussed with contractors and were not included in the revised spend prediction.

Additional costs in relation to contractor claims and loss of income totalling £7.091 million had also been estimated and added to the Council's capital expenditure requirements in 2020/2021. The budgeted spend also included an additional allocation of £0.800 million to manage the level of overheads to be applied by Property Services.

It was estimated that the Capital Programme of £73.112 million already included recharges totalling £13.900 million from Property Services, therefore, an additional £0.800 million had been added to the Capital Programme.

Given those adjustments, the revised budget was £81.003 million, a reduction of £25.730 million from the original budget. This reduction was made up of projects which would not achieve spend of £38.501 million, offset by additional funding award of £4.880 million and additional in-year costs of £7.891 million.

The revised budget position of £81.003 million had been reported to the Recovery Board on 20 August 2020. Since then, amendments to the Capital Programme for period 5 had been proposed by Resources. Those adjustments totalled £2.113 million, as detailed in Appendix B to the report, and had been approved by the Executive Committee on 23 September 2020. The revised budget for the General Fund Capital Programme was £83.116 million and was detailed in Appendix C to the report. Budget for the period to 14 August 2020 was £11.399 million and £11.399 million had been spent.

The programmed spend and funding for the General Fund was summarised in Appendix D to the report. As at 14 August 2020, £49.464 million of funding had been received.

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

Councillor Holford asked why the bridges projects were not noted as being 'behind' when it was evident that there had been slippage in the projects. He asked if this was due to a recalibration of the projects' start point and, if so, whether they were 'on programme' in terms of the new timetable. Officers agreed to look into this and provide clarification.

The Forum decided: that the position as at 14 August 2020 be noted.

[Reference: Minutes of 20 August 2020 (Paragraph 4a) and Minutes of the Executive Committee of 23 September 2019 (Paragraph 4)]

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

A report dated 13 October 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2019/2020 at 14 August 2020 (Period 5).

At its meeting on 20 August 2020, the Forum was advised that the starting point for the 2020/2021 Housing Capital Programme, including carry forward, was £97.303 million. The 2 main elements of the Capital Programme were the continuation to plan and undertake the works needed to keep Council homes to the Scottish Housing Quality Standard (SHQS) and improve the quality of housing for tenants in line with the requirements of the Energy Efficiency Standards for Social Housing (EESH) (£26.537 million), and a significant work stream to increase the supply of Council housing (£70.766 million).

In addition to the delays in projects caused by lockdown, it was also anticipated that there would be protracted timescales for projects while works were subject to the social distancing regime and a potential increase in costs associated with new working practices.

The outturn for the Housing Capital Programme was currently estimated at £48.172 million. This included a revised forecast for increasing the supply of Council housing of £30.039 million, based on a combination of delayed or interrupted site start dates and elongated work delivery schedules as a result of COVID-19. This required £40.727 million to be carried forward into future financial years to complete the original plans. This figure did not include any potential increase in costs associated with new working practices as a result of COVID-19. Any impact of this would require to be incorporated into the revised 30 year HRA business plan.

The revised forecast for the remaining expenditure of £26.537 million had been reduced to £13.268 million, in line with the current Building Services expectations on the revenue repairs programme of being able to deliver 6 months of the originally planned workload during 2020/2021.

A key element of this year's funding package was Scottish Government grant for additional Council houses to deliver the Scottish Government's increased supply target. It was anticipated that a revised forecast based on the revised plans would allow for grant of £19.924 million to be achieved. This would be monitored as part of regular meetings with the Scottish Government. The balance of £4.722 million would slip into future financial years.

The remaining slippage in funding was in relation to planned borrowing of £43.095 million and Capital Finance from Current Revenue (CFCR) of £1.314 million for 2020/2021 totalling £44.409 million and reflected the impact of higher costs for planned works.

Spend on the Housing Capital Programme as at 14 August 2020 was £8.991 million and actual funding received was £8.991 million.

The Housing Capital Programme totalled £48.172 million for 2020/2021 at 14 August 2020 £8.991 million had been spent against a phased budget of £8.991 million

The physical progress achieved within the Housing Capital Programme 2020/2021 at 14 August 2020 was detailed in Appendix B to the report.

Councillor Holford asked whether the categorisation of projects' ahead/behind' was consistent between General Services and Housing Projects. Following discussion officers agreed to look at this and clarify how the information was presented.

The Forum decided: that the position as at 14 August 2020 (Period 5) be noted.

[Reference: Minutes of 20 August 2020 (Paragraph 4b) and minutes of the Executive Committee of 23 September 2019 (Paragraph 4)]

4 Revenue Budget Monitoring – 2020/2021

A report dated 23 September 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the overall financial position of the Council's General Fund Revenue Account and the Housing Revenue Account as at 14 August 2020.

The figures included an overspend, before COVID-19 funding, on the General Fund Revenue Account of £9.959 million. Once COVID-19 funding was included, the position was an overspend of £0.005 million.

Information on the COVID-19 pressures across the Resources were included in Appendices 1 and 2 to the report and further detailed in Appendix 3. Details were also provided on the Council's predicted COVID-19 spend of £4.639 million for 2020/2021.

The total Food Fund, Hardship Fund and Consequential funding used to 14 August 2020 was £9.954 million. This equated to 67.2% of the total funding confirmed to date, which included £0.751 million of funding used in 2019/2020.

At its meeting on 12 August 2020, the Executive Committee had approved an additional payment of £1.269 million to SLLC to manage the lost income pressure which was included in the Community and Enterprise Resources' COVID-19 costs. As at period 5, the pressure was £1.327 million which was an increase of £0.058 million on the period 4 figure. The position would be monitored and updates provided in future reports.

Despite investment in the Children and Families Service, there continued to be financial pressures within the Service. Those pressures were mainly due to additional external residential placements made in the early part of the year. The overspend at 14 August 2020 (Period 5) was £0.203 million. This was a reduction on the overspend reported at Period 4. Work was ongoing with the Service to reduce the overspend further.

Financial pressures were also evident within the Adults and Older People's Service in relation to increasing costs within the Home Care Service. Work was ongoing to identify actions to manage and reduce this pressure. At present the pressure faced was estimated at £1.7 million.

The Housing Revenue Account at 14 August 2020 showed a breakeven position as detailed in Appendix 4 to the report. The forecast to 31 March 2020 was a breakeven position.

Within the breakeven position, there was an anticipated year end transfer to reserves related to the net underspend on repairs and maintenance due to the COVID-19 lockdown. This funding would be required in future years to complete the repairs and maintenance work which could not be carried out.

The Forum decided:

- (1) that the net overspend of £0.005 million on the General Fund Revenue Account at 14 August 2020 be noted;
- (2) that the breakeven position on the Housing Revenue Account at 14 August 2020 and the forecast to 31 March 2021 of a breakeven position be noted;
- (3) that the total net expenditure and lost income of £9.954 million in relation to COVID-19, offset by Government Grant included in the Council's position as at 14 August 2020, be noted;
- (4) that the pressures experienced in Children and Families' and Adult and Older People's Services be noted; and
- (5) that the Council's predicted spend in relation to COVID-19 of £4.639 million for 2020/2021 be noted.

[Reference: Minutes of 20 August 2020 (Paragraph 8)]

5 Revenue Budget Monitoring 2020/2021 – Detailed Resource Analysis

A report dated 23 September 2020 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 14 August 2020 (Period 5).

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 14 August 2020 (Period 5)
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 14 August 2020 (Period 5)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 14 August 2020 (Period 5)

The Forum decided: that the position as at 14 August 2020 (Period 5) be noted.

[Reference: Minutes of 20 August 2020 (Paragraph 6)]

6 Urgent Business

There were no items of urgent business.