

Report

Report to:	Executive Committee
Date of Meeting:	29 June 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 1 April to 20 May 2022
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ advise the Committee on the overall financial position of the Council's General Fund Revenue Account and Housing Revenue Account for the period 1 April 2022 to 20 May 2022.

2. Recommendation(s)

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

- (1) that the underspend of £0.261 million on the General Fund Revenue Account at 20 May 2022, relating to the delegated IJB budget, (section 4 and Appendix 1), be noted;
- (2) that the transfers to Reserves detailed in sections 4.2 to 4.6, be noted, and
- (3) that the breakeven position on the Housing Revenue Account at 20 May 2022 (section 5 and Appendix 2 of the report), be noted.

3. Background

3.1. General Fund Position

This overview report will summarise the actual expenditure and income to 20 May 2022 compared with the budget for the same period for both the Council's General Fund (section 4) and for the Housing Revenue Account (section 5).

4. 2022/2023 General Services Position

4.1. General Services Current Position as at 20 May 2022

As at 20 May 2022, the position on the General Services budget is an underspend of £0.261 million (Appendix 1). The underspend lies mainly within Social Work Resources (Adults and Older People) as a result of vacancies across Social Workers, Day Care and Residential homes. This is part of the delegated IJB budget. The core Council position, without the IJB underspend, is break even.

4.2. **Loans Fund Review:** The proposal to implement a Loans Fund Review was part of the Revenue Budget Strategy paper presented to the Executive Committee on 24 June 2020. The Committee agreed to implement the Loans Fund Review and noted that the benefit each year will be realised through an underspend in Loan Charges which would be taken to reserves for use in future years budget strategies. Through the changes introduced as part of the Loans Fund Review, Loan Charges will underspend by £15.897 million in 2022/2023. This underspend will be treated as a transfer to Reserves and has been moved to the budget line Corporate Items - Budget Strategy.

- 4.3. **Loan Charges:** As noted in the 2023/2024 Budget Strategy presented to the Council on 15 June 2022, the Council's Loan Charges Strategy is based on the level of borrowing required and assumes that this borrowing is taken at the start of the financial year. Taking account of delays in borrowing in 2021/2022, and the required level of borrowing in 2022/2023, and by taking the total borrowing required across the financial year, interest costs can be reduced by £0.873 million. In line with the Strategy, this £0.873 million will be transferred to Reserves at the start of 2022/2023, and set-aside to assist in funding the 2023/2024 Strategy on a temporary basis.
- 4.4. **2021/2022 Investments:** As was originally intended, the spend profile of the 2021/2022 Investment monies (£10.054 million) will cover multiple years. Spend of £4.170 million was incurred in 2021/2022 and the remainder (£5.884 million) transferred to Reserves at the year-end for use in future years. It is anticipated that of this balance of £5.884 million, £3.352 million will be spent in 2022/2023 and has been included in the 2022/2023 Budget in Appendix 1. The balance of £2.532 million will remain in Reserves for use into 2023/2024.
- 4.5. **2022/2023 Investments:** The investment monies for 2022/2023 total £7.042 million. £1.400 million of this has been used to reduce the Council Tax budget into 2022/2023, and given the nature of the spend, the remaining £5.642 million will be spent across multiple years: £3.942 million in 2022/2023, £1.397 million in 2023/2024 and the balance, £0.303 million in 2024/2025. The balance of funds required for the two future years (£1.700 million) will be transferred to Reserves to be utilised in future years.
- 4.6. **Job Evaluation Underspend:** As noted in the 2023/2024 Budget Strategy presented to the Council on 15 June 2022, the 2022/2023 Budget included an allocation of £0.650 million for the cost of Job Evaluation for Residential and Day Care staff. These costs are now being managed by the IJB and the Council does not now need to provide for them. An underspend will be realised in 2022/2023 and in line with the 2023/2024 Budget Strategy, the underspend will be transferred to Reserves to support the 2023/2024 Budget Strategy. The budget allocation itself will be removed from the 2023/2024 budget on a permanent basis.
- 4.7. **Accounting Requirements:** As has been the case in previous years, it has been identified that to comply with accounting rules, some project expenditure should be reported through the revenue budget as it cannot be classed as capital. Budget of £4.000 million will be transferred to Resources' Revenue budgets, in respect of the £1.000 million of funding for Private Housing Scheme of Assistance project and £3.000 million of the Planned Asset Management budget. In relation to Planned Asset Management, the total overall budget of £4.8 million across capital and revenue, remains unchanged. This will continue to be reviewed to ensure that it is classed appropriately (as revenue or capital), and any further movement reported to a future meeting.
- 4.8. Conversely, it is proposed that roads carriageways revenue budget totalling £1.531 million be transferred to the 2022/2023 Capital Programme. The total overall budget for both Roads Carriageways across capital and revenue remains unchanged.
- 4.9. The adjustments detailed in sections 4.2 to 4.7 are included in the figures in Appendix 1.

5. Housing Revenue Account Position

- 5.1. As at 20 May 2022, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed in sections 4 to 5 of the report.

8. Climate Change, Sustainability and Environmental Implications

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

9. Other Implications

- 9.1. 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.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. 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.
- 10.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

7 June 2022

Link(s) to Council Values/Vision/Priorities

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 20 May 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
Period Ended 20 May 2022 (No.2)

<u>Committee</u>	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion To 20/05/22	Actual to Period 2 20/05/22	Variance to 20/05/22	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	122.737	122.737	0.000	10.126	10.127	(0.001)	over
Facilities, Waste and Grounds	76.038	76.038	0.000	2.740	2.702	0.038	under
Fleet, Environmental and Projects	0.830	0.830	0.000	(0.726)	(0.685)	(0.041)	over
Leisure and Culture Services	21.078	21.078	0.000	5.529	5.529	0.000	-
Planning and Economic Development	3.558	3.558	0.000	(0.922)	(0.958)	0.036	under
Roads	21.233	21.233	0.000	3.505	3.539	(0.034)	over
Education Resources	374.377	374.377	0.000	50.279	50.279	0.000	-
Education	374.377	374.377	0.000	50.279	50.279	0.000	-
Finance and Corporate Resources	38.612	38.612	0.000	1.560	1.543	0.017	under
Finance Services - Strategy	2.023	2.023	0.000	0.362	0.359	0.003	under
Finance Services - Transactions	16.760	16.760	0.000	(3.026)	(3.027)	0.001	under
Audit and Compliance Services	0.355	0.355	0.000	0.066	0.064	0.002	under
Information Technology Services	5.095	5.095	0.000	2.299	2.292	0.007	under
Communications and Strategy Services	3.043	3.043	0.000	0.400	0.398	0.002	under
Administration and Licensing Services	4.113	4.113	0.000	0.735	0.733	0.002	under
Personnel Services	7.223	7.223	0.000	0.724	0.724	0.000	-
Housing and Technical Resources	17.288	17.288	0.000	2.665	2.665	0.000	-
Housing Services	8.481	8.481	0.000	1.935	1.935	0.000	-
Property Services	8.807	8.807	0.000	0.730	0.730	0.000	-
Social Work Resources	210.777	210.777	0.000	22.548	22.303	0.245	under
Performance and Support Services	8.399	8.399	0.000	0.905	0.844	0.061	under
Children and Families	35.293	35.293	0.000	4.607	4.668	(0.061)	over
Adults and Older People	165.357	165.357	0.000	16.697	16.446	0.251	under
Justice and Substance Misuse	1.728	1.728	0.000	0.339	0.345	(0.006)	over
Joint Boards	2.152	2.152	0.000	0.351	0.351	0.000	-
	765.943	765.943	0.000	87.529	87.268	0.261	under

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion to 20/05/22	Actual to Period 2 20/05/22	Variance to 20/05/22	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	765.943	765.943	0.000	87.529	87.268	0.261	under
CFCR	0.361	0.361	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	33.679	33.679	0.000	0.017	0.017	0.000	-
Corporate Items – Strategy (transfer to Reserves)	17.420	17.420	0.000	0.017	0.017	0.000	-
2022/2023 Investments – T/f to Reserves	1.700	1.700	0.000	0.000	0.000	0.000	-
Total Expenditure	854.214	854.214	0.000	87.546	87.285	0.261	over
Council Tax	167.437	167.437	0.000	23.920	23.920	0.000	-
Less: Council Tax Reduction Scheme	(23.263)	(23.263)	0.000	(3.323)	(3.323)	0.000	-
Net Council Tax	144.174	144.174	0.000	20.597	20.597	0.000	-
General Revenue Grant	234.116	234.114	0.000	33.445	33.445	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	60.370	60.370	0.000	-
Transfer from Reserves	53.333	53.333	0.000	49.981	49.981	0.000	-
Total Income	854.214	854.214	0.000	164.393	164.393	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(76.847)	(77.108)	0.261	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 20 May 2022 (No.2)

Budget Category**Service Departments:****Expenditure**

	Annual Budget £m	Annual Forecast £m	Annual Forecast Variance £m	Budget Proportion To 20/05/22 £m	Actual to Period 2 20/05/22 £m	Variance to 20/05/22 £m	
Employee Cost	572.786	572.786	0.000	68.272	67.417	0.855	under
Property Costs	55.226	55.226	0.000	5.152	5.220	(0.068)	over
Supplies and Services	62.541	62.541	0.000	5.204	5.115	0.089	under
Transport Costs	42.674	42.674	0.000	6.491	6.641	(0.150)	over
Administration Costs	13.615	13.615	0.000	1.632	1.653	(0.021)	over
Payments to Other Bodies	77.991	77.991	0.000	11.914	11.944	(0.030)	over
Payments to Contractors	227.490	227.490	0.000	19.917	20.033	(0.116)	over
Transfer Payments	5.690	5.690	0.000	0.933	0.934	(0.001)	over
Housing Benefits	69.107	69.107	0.000	5.116	5.116	0.000	-
Financing Charges (controllable)	2.171	2.171	0.000	0.463	0.460	0.003	under
Total	1,129.291	1,129.291	0.000	125.094	124.533	0.561	under
Service Departments Total	1,129.291	1,129.291	0.000	125.094	124.533	0.561	under
CFCR	0.361	0.361	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	33.679	33.679	0.000	0.017	0.017	0.000	-
Corporate Items – Strategy	17.420	17.420	0.000	0.000	0.000	0.000	-
22/23 Investments – T/f to Reserves	1.700	1.700	0.000	0.000	0.000	0.000	-
Total Expenditure	1,217,562	1,217,562	0.000	125.111	124.550	0.561	under
Income							
Housing Benefit Subsidy	64.158	64.158	0.000	9.507	9.507	0.000	-
Other Income	299.190	299.190	0.000	28.058	27.758	(0.300)	under rec
Council Tax (Net of Council Tax Reduction Scheme)	144.174	144.174	0.000	20.597	20.597	0.000	-
General Revenue Grant	234.116	234.116	0.000	33.445	33.445	0.000	-
Non Domestic Rates	422.591	422.591	0.000	60.370	60.370	0.000	-
Transfer from Reserves	53.333	53.333	0.000	49.981	49.981	0.000	-
Total Income	1,217.562	1,217.562	0.000	201.958	201.658	(0.300)	under rec
Net Expenditure / (Income)	0.000	0.000	0.000	(76.847)	(77.108)	0.261	under

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