

FINANCIAL RESOURCES SCRUTINY FORUM

Minutes of meeting held via Microsoft Teams on 1 July 2021

Chair:

Councillor Monique McAdams

Councillors Present:

Councillor Margaret Cowie (*substitute for Councillor Walter Brogan*), Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Eric Holford, Councillor Martin Lennon, Councillor Jared Wark

Councillors' Apologies:

Councillor Walter Brogan, Councillor Archie Buchanan, Councillor Janine Calikes

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)

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 6 May 2021 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 15 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the final outturn position of the General Fund Capital Programme 2020/2021 for the period 1 April 2020 to 31 March 2021.

The General Services Capital Programme for 2020/2021 totalled £80.648 million, which included budget for COVID-19 costs of £7.891 million. This reflected the programme agreed by the Executive Committee on 23 September 2020 and subsequent amendments made through regular monitoring reports throughout 2020/2021. On 28 April 2021, the Executive Committee agreed that the COVID-19 budget of £7.891 million be transferred to the General Fund Capital Programme for 2021/2022.

Total spend on the General Fund Capital Programme of £69.548 million was detailed in Appendix A to the report. This included £9.782 million on a project accelerated from the 2021/2022 programme for Spend to Save on previously leased assets. There could be potential to generate further savings in 2022/2023 by purchasing further assets. This would be dependent on availability of capital funding and assets which were due to be replaced.

2020/2021 spend incurred by Resources totalled £59.766 million which was a reduction of £3.3 million in the outturn shown at Period 12. The main reasons for the movement included the timing of spend on projects which would now spend in 2021/2022. The main projects that had underspent were detailed in Appendix 2 to the report.

Accounting regulations meant that adjustments were required to report spend correctly as either Capital or Revenue for the purposes of publishing the Annual Accounts. From reviewing the spend, £0.983 million of Capital spend required to be recorded as Revenue spend. Conversely, £1.957 million of Revenue spend required to be recorded as Capital. Those transfers meant that for the purpose of publishing the Annual Accounts only, there was Capital spend of £70.522 million.

Reflecting the spend made in 2020/2021 and the requirement for the balance of budget available to be carried forward to undertake approved projects, £11.100 million would be carried forward into 2021/2022.

The Forum decided: that the final outturn position on the 2020/2021 General Fund Capital Programme be noted.

[Reference: Minutes of 6 May 2021 (Paragraph 3a) and Minutes of the Executive Committee of 23 June 2021 (Paragraph 4)]

3b Capital Budget Monitoring 2020/2021 – Housing Capital Programme

A report dated 15 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the final outturn position of the Housing Capital Programme for the period 1 April 2020 to 31 March 2021.

The revised Housing Capital Programme for 2020/2021 totalled £48.172 million. Actual expenditure of £49.362 million had been achieved, as detailed in Appendix A. This was £1.190 million more than budget and was due to a combination of accelerated spend on the provision of additional housing supply, offset by an underspend on other Housing Investment Programme projects delayed by COVID-19.

Additional one-off income totalling £1.882 million had been received in relation to Renewable Heating Initiative/Feed in Tariffs, land sales and developer contributions. Due to the reduced level of spend, and, therefore, income received on Mortgage to Rent purchases of £0.184 million and Open Market Purchases of £0.900 million, the net impact was additional income of £0.798 million in 2020/2021.

Taking into account the year-end overspend position of £1.190 million and additional income of £0.798 million, there was a requirement to accelerate £0.392 million of funding from future years' Housing programmes into 2020/2021.

The Resource had reviewed the level of spend expected to be achievable from the 2021/2022 Capital Programme of £100.800 million. To accommodate the £0.392 million acceleration into 2020/2021 and to reflect the profile of expected spend in coming years, including the continuing uncertainty surrounding the impact of lockdown, the 2021/2022 programme would be reduced by £6.441 million, and the 2022/2023 programme increased by £6.049 million.

The Forum decided: that the final outturn position on the 2020/2021 Housing Capital Programme be noted.

[Reference: Minutes of 6 May 2021 (Paragraph 3b)]

4a Capital Budget Monitoring 2021/2022– General Fund Capital Programme

A report dated 15 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the General Fund Capital Programme 2020/2021 at 21 May 2021 (Period 2).

On 4 November 2020, the Executive Committee approved a base budget of £85.244 million for the General Fund Capital Programme for 2021/2022. Since then, further amendments had been approved which resulted in a revised budget of £85.066 million. This was a movement of £0.178 million from the original list of projects for 2021/2022. This included adjustments approved by the Executive Committee during 2020/2021, additional funded projects, accounting adjustments and the outcome of an exercise to identify anticipated level of spend for the year. The full programme of projects was detailed in Appendix A to the report, with the additional funded projects in Appendix B, as well as the detailed programme movement which was provided in Appendix C.

The programme spend and funding for the General Fund was summarised in Appendix E to the report.

As at 21 May 2021, expenditure amounted to £4.072 million. Capital Funding for the financial year 2021/2022 totalled £85.066 million and actual funding received to 21 May 2021 was £52.776 million.

The physical progress achieved with the General Fund Capital Programme 2021/2022 at 21 May 2021 was detailed in Appendices F to H of the report.

Councillor Donnelly requested further detail on the project at Bothwell Road park and requested clarity on the name of the park. Officers agreed to obtain details of the project, clarify the name of the park and feed back to Councillor Donnelly.

The Forum decided: that the position on the General Fund Capital Programme as at 21 May 2021 be noted.

[Reference: Minutes of the Executive Committee of 23 June 2021 (Paragraph 6)]

4b Capital Budget Monitoring 2021/2022 – Housing Capital Programme

A report dated 15 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the position of the Housing Capital Programme 2020/2021 at 21 May 2021 (Period 2).

On 24 February 2021, the Council had approved a Housing Capital Programme for 2021/2022, including funding carried forward from previous years, which totalled £100.801 million.

As reported in the final outturn report for 2020/2021, the 2021/2022 programme would be reduced by £6.441 million to reflect the anticipated level of spend.

This gave a base budget for 2021/2022 of £94.360 million. Programmed funding for the year also totalled £94.360 million and was detailed, along with the funding sources in Appendix A to the report.

Budget for the period was £7.483 million and spend to 21 May 2021 was £7.483 million. Actual funding received at 21 May was £7.483 million.

The physical progress achieved with the Housing Capital Programme 2021/2022 at 21 May 2021 was detailed in Appendix B to the report.

Councillor Holford referred to the rise in cost of building materials and asked if grants would increase to cover the cost of projects. Officers would clarify with the officer who dealt with those grants and feed back to Councillor Holford.

The Forum decided: that the position on the Housing Capital Programme as at 21 May 2021 (Period 2) be noted.

[Reference: Minutes of Council of 24 February 2021 (Paragraph 3) and Minutes of the Executive Committee of 23 June 2021 (Paragraph 6)]

5 Revenue Budget Monitoring – 2020/2021

A report dated 23 June 2021 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 for the period 1 April 2020 to 31 March 2021.

The Council's position for the year, including COVID-19 and all proposed transfers to reserves, was an underspend of £2.595 million.

The underspend position of £2.595 million was an improvement of £0.432 million since last reported to the Executive Committee on 28 April 2021. This was due to increased income from Council Tax of £0.272 million as well as reduced spend across Resources and centrally held budgets of £0.160 million. Details were provided in Appendix 2 to the report.

The final underspend of £2.595 million had now been confirmed and it was proposed that those monies be transferred to reserves for the following purposes:-

- ◆ replacement for Financial management, HR, Payroll, Purchasing and Procurement system at £1.000 million
- ◆ Committee Room audio-visual equipment upgrades at £0.150 million
- ◆ COVID-19 related expenditure in 2021/2022 at £1.445 million

Transfers at probable outturn were detailed in Appendix 3 to the report. The Resources' transfers to reserves were originally £10.574 million and were now £10.337 million, which was a reduction of £0.237 million. This reflected the increased spend achieved in year and meant that the revised transfers to reserves now totalled £24.626 million.

The additional transfers to reserves proposed at outturn totalled £12.942 million. This reflected the impact of COVID-19 on the Resources' ability to spend on commitments against specific streams of funding during the final part of the year. The carry forward of those monies in reserves allowed those committed areas of spend to be incurred in 2021/2022. The main reasons for Resources' transfer requests were summarised in the report and detailed in Appendix 4 to the report.

The overall outturn position included a commitment of £0.236 million within Social Work (Adult and Older People) and £0.585 million in Housing and Technical Resources in relation to the Integrated Joint Board (IJB). This reflected the proposal to allow the IJB to retain this non-recurring underspend within their reserves, earmarked for future care costs, as detailed in Appendix 2 to the report.

Appendix 5 detailed the COVID-19 cost of recovery in 2020/2021 across Resources with the funding used to manage this to a breakeven position. COVID-19 spend totalled £35.488 million which had been managed by using funding from the Scottish Government totalling £35.488 million. Taking this from the total COVID-19 funding available of £66.978 million, meant that there was £31.490 million to carry forward in 2021/2022. The COVID-19 carry forward of £31.490 million was split between specific funding totalling £14.291 million and general funding totalling £17.199 million.

As at 31 March 2021, there was a breakeven position on the Housing Revenue Account. This was after a transfer to reserves of £2.569 million, which was £0.849 million less than budgeted.

Details of the variances across the Housing Revenue Account were provided in Appendix 6 to the report. The main variances were the net of an underspend on Property Costs and an under-recovery of income.

Councillor Ferguson requested further detail on the Committee Room audio-visual equipment upgrades. Following discussion around the audio-visual equipment and accessibility issues, it was agreed that officers would relay the concerns of members of the Forum to the project team and feed back to the Forum.

The Forum decided:

- (1) that it be noted that, across Resources, Corporate Items and Council Tax, the Council showed an outturn underspend of £2.595 million after proposed transfers to reserves;
- (2) that it be noted that the probable outturn transfers approved by members had now been revised to £24.626 million;
- (3) that the Resources' requests for transfers to reserves which reflected the impact of COVID-19 on the Resources' ability to spend on commitments against specific streams of funding during the final part of the year totalling £12.942 million be noted;
- (4) that it be noted that the underspends in the budget delegated to the IJB of £0.236 million and £0.585 million would be held in the Council's balance sheet for their use in 2021/2022;
- (5) that it be noted that after Scottish Government funding, COVID-19 expenditure was breakeven, with a carry forward of funding of £31.490 million;
- (6) that the £31.490 million underspend on COVID-19 funding be transferred to reserves for COVID-19 expenditure in 2021/2022;
- (7) that the £2.595 million underspend after proposed transfers to reserves, be allocated as detailed in section 8.2, resulting in a breakeven position; and
- (8) that the breakeven position of the Housing Revenue Account be noted.

[Reference: Minutes of 6 May 2021 (Paragraph 4)]

6 Revenue Budget Monitoring 2020/2021 – Detailed Resource Analysis

A report dated 23 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period 1 April 2020 to 31 March 2021 (Period 14).

As part of the probable outturn exercise, Resources had been asked to forecast their position to 31 March 2021. As part of this exercise, Resources had also been asked to take all known commitments into account, resulting in the inclusion of information on the position before transfers to reserves and the position after taking into account the proposed transfers to reserves. The Resource summaries, attached as appendices to the report, replicated the before and after transfer to reserves position, while the information in the trends and variance analysis concentrated on the position before transfers to reserves at 31 March 2021 (Period 14).

Appendices A to F to the report provided the following information 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 2021 (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 2021 (Period 14)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 31 March 2021 (Period 14)

The Forum decided: that the position as at 31 March 2021 (Period 14) be noted.

[Reference: Minutes of 6 May 2021 (Paragraph 5)]

7 2020/2021 Recurring Variances and 2021/2022 Outlook

A report dated 8 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the recurring variances experienced in 2020/2021 and the outlook for each of those variances for 2021/2022.

The Forum decided: that the outlook for 2021/2022, in terms of recurring budget variances experienced in 2020/2021 and the outlook for each of those variances for 2021/2022, as detailed in Appendix 1 to the report, be noted.

8 Revenue Budget Monitoring – 2021/2022

A report dated 23 June 2021 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 21 May 2021.

As part of the 2021/2022 budget, the Scottish Government announced a number of COVID-19 funding allocations for 2021/2022. Those included £259 million of flexible funding and specific funding of £60 million for Education recovery and £100 million support to low income households and to tackle poverty. The Council's share of that funding totalled £25.394 million. The funding, which would be used to manage the costs of COVID-19 in the current year, was included in the overall Council monitoring detailed in Appendix 1 to the report.

The total COVID-19 net expenditure as at 21 May 2021 was £1.294 million. This had been assumed fully funded from the 2021/2022 allocation of £25.394 million, resulting in a breakeven position.

As at 21 May 2021, the position on the General Fund Revenue Account was an overspend of £0.007 million as detailed in Appendix 1 to the report. This included a breakeven position on COVID-19 spend and income.

A proposal to implement a Loans Fund Review formed part of the Revenue Budget Strategy report presented to the Executive Committee on 24 June 2020. The Committee had agreed to implement the Loans Fund Review and noted that the benefit each year would 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 would underspend by £11.900 million in 2021/2022. This underspend would be treated as a transfer to reserves and had been moved to the Corporate Items 2022/2023 Strategy budget line.

In order to comply with accounting rules, some project expenditure required to be reported through the revenue budget as it could not be classed as capital. Budget of £4.189 million would be transferred to Resources' Revenue budgets. Conversely, it was proposed that £2.231 million revenue budget be transferred to the 2021/2022 Capital Programme.

The figures showed a breakeven position on the Housing Revenue Account at 21 May 2021, as detailed in Appendix 3 to the report.

The Forum decided:

- (1) that the 2021/2022 COVID-19 position be noted;
- (2) that the total net expenditure of £1.294 million in relation to COVID-19, offset by Government grant included in the Council's position as at 21 May 2021, be noted;
- (3) that the net overspend of £0.007 million on the General Fund Revenue Account at 21 May 2021, after COVID-19 spend and funding, be noted; and
- (4) that the breakeven position on the Housing Revenue Account at 21 May 2021 be noted.

[Reference: Minutes of the Executive Committee of 24 June 2020 (Paragraph 12)]

9 Revenue Budget Monitoring 2021/2022 – Detailed Resource Analysis

A report dated 23 June 2021 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure against budgeted expenditure for the period ending 21 May 2021 (Period 2).

Appendices A to F to the report provided the following information 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 21 May 2021 (Period 2)
- ◆ details of the most significant variances within Resources and the Housing Revenue Account across subjective headings and across Services as at 21 May 2021 (Period 2)
- ◆ a line by line trend analysis of the total Resources' expenditure and income across subjective headings as at 21 May 2021 (Period 2)

The Forum decided: that the position as at 21 May 2021 (Period 2) be noted.

10 Urgent Business

There were no items of urgent business.