

Report

Report to:	Executive Committee
Date of Meeting:	24 August 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 1 April to 15 July 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 to 15 July 2022

2. Recommendation(s)

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

- (1) that the underspend of £0.362 million on the General Fund Revenue Account at 15 July 2022, relating to the delegated Integration Joint Board (IJB) budget, (section 4 and Appendix 1), be noted; and
- (2) that the breakeven position on the Housing Revenue Account at 15 July 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 15 July 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. Summary position: General Services Current Position as at 15 July 2022

As at 15 July 2022, the position on the General Services budget is a net underspend of £0.362 million (Appendix 1), made up of variances across the Resources. The majority of the underspend lies 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 a small overspend of £0.045 million.

4.2. Inflationary / Budget Pressures

4.2.1. General: As we have reported through papers to Council on future budget strategy, the Council is facing exceptional cost increases across a number of areas. These include utilities, fuel, transport costs, food costs and contracts such as PPP and waste. There are also continued additional costs in children and families services and education in relation to greater numbers of children in external accommodation.

4.2.2. As part of the year end financial report reported to Executive Committee in June, funding originally provided by Government across the course of the pandemic was set aside in reserves to meet costs of recovery into 2022/2023. This non-recurring funding is available to help meet these additional inflationary and budget pressures in 2022/2023. The figures presented in the appendices to this report include £15.6 million of these funds from reserves and they will also be included in Resource committee papers.

4.2.3. Children and Families: Within Social Work Resources Children and Families, budget pressures are ongoing into 2022/2023 in relation to residential placements, fostering and kinship care, some of which is a legacy from the pandemic. As well as funds from the reserves being available as detailed above at section 4.2.2, a further £3.451 million has been added to the budget from specific monies set aside in Reserves. This included £2.051 million approved as part of the year-end transfers to reserves reported to Executive Committee in June 2022 and £1.400 million from the Children and Families Residential reserve which was set aside in 2020/2021.

4.3. Areas of Underspend

4.3.1. Employee costs: Included within the overall position already at this point in the year there is an underspend in employee costs (£1.5 million) which reflects the impact of difficulties in recruiting staff across a number of areas. This includes vacancies in Community and Enterprise Resources (Facilities Drivers, mechanics, Environmental Health Officers, Planning Officers, parking and roads operatives), and Social Work/ Care roles.

4.3.2. Whilst significant efforts are made across these areas to recruit, the current level of underspend is unlikely to be reversed. These difficulties in recruiting are a result of the tight labour market at present and skills shortages in certain areas, HGV drivers for example. The Council has put in place new recruitment and development routes to address this recruitment challenge, however, until all posts are recruited, this level of underspend is likely to increase.

4.3.3. When looking at the underspend in employee costs, the broader financial position in services including higher costs elsewhere has to be taken into account, as well as the pressure of future savings requirements and a currently unresolved pay award.

4.3.4. The position will continue to be monitored and an update will be reported on the position in the regular reports to this Committee.

4.3.5. Adults and Older People: There are likely to be further underspends in relation to specific funding streams in Adults and Older People, where spend has not yet commenced or is not fully committed predominantly related to the recruitment challenges. Finance Services are currently in discussion with the Chief Financial Officer from the IJB to confirm the anticipated position and this will be reported back in the regular reports to this Committee.

5. Housing Revenue Account Position

5.1. As at 15 July 2022, Appendix 2 of the report shows a breakeven position against the phased budget on the Housing Revenue Account. Levels of rent collection are regularly monitored by the Housing Services team and appropriate corrective action will be taken, as required.

6. Employee Implications

6.1. None.

7. Financial Implications

- 7.1. As detailed in sections 4 and 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. As detailed in section 4, inflationary and budget pressures this year increase the risk of overspend however we have mitigated this going forwards through providing additional funds in future years budget strategy, and in this year, through funds available as detailed in section 4.2.1/2. There are also emerging underspends in employee costs (as detailed in section 4.3.1) which will help offset increasing inflationary pressures.
- 9.2. 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.
- ## **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)

25 July 2022

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 15 July 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 15 July 2022 (No.4)

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion To 15/07/22	Actual to Period 4 15/07/22	Variance to 15/07/22	
Departments:	£m	£m	£m	£m	£m	£m	
Community and Enterprise Resources	122.639	122.639	0.000	32.185	32.230	(0.045)	over
Facilities, Waste and Grounds	76.880	76.880	0.000	14.182	14.212	(0.030)	over
Fleet, Environmental and Projects	(0.504)	(0.504)	0.000	0.201	0.273	(0.072)	over
Leisure and Culture Services	21.087	21.087	0.000	10.669	10.668	0.001	under
Planning and Economic Development	3.558	3.558	0.000	0.139	(0.041)	0.180	under
Roads	21.618	21.618	0.000	6.994	7.118	(0.124)	over
Education Resources	379.614	379.614	0.000	107.263	107.263	0.000	-
Education	379.614	379.614	0.000	107.263	107.263	0.000	-
Finance and Corporate Resources	41.650	41.650	0.000	17.526	17.526	(0.000)	over
Finance Services - Strategy	2.023	2.023	0.000	0.970	0.972	(0.002)	over
Finance Services - Transactions	18.676	18.676	0.000	6.928	6.857	0.071	under
Audit and Compliance Services	0.355	0.355	0.000	0.157	0.157	0.000	-
Information Technology Services	5.095	5.095	0.000	4.516	4.638	(0.122)	over
Communications and Strategy Services	3.043	3.043	0.000	0.753	0.772	(0.019)	over
Administration and Licensing Services	4.113	4.113	0.000	1.678	1.726	(0.048)	over
Personnel Services	8.345	8.345	0.000	2.524	2.404	0.120	under
Housing and Technical Resources	17.283	17.283	0.000	7.232	7.232	0.000	-
Housing Services	8.481	8.481	0.000	3.072	3.067	0.005	under
Property Services	8.802	8.802	0.000	4.160	4.165	(0.005)	over
Social Work Resources	211.484	214.484	0.000	54.093	53.686	0.407	under
Performance and Support Services	6.522	6.522	0.000	1.588	1.442	0.146	under
Children and Families	38.782	38.782	0.000	11.757	11.924	(0.167)	over
Adults and Older People	164.445	164.445	0.000	40.114	39.707	0.407	under
Justice and Substance Misuse	1.735	1.735	0.000	0.634	0.613	0.021	under
Joint Boards	2.152	2.152	0.000	0.701	0.701	0.000	-
	774.822	774.822	0.000	219.000	218.638	0.362	under

<u>Committee</u>	Annual Budget	Annual Forecast Transfers	Annual Forecast Variance Transfers	Budget Proportion to 15/07/22	Actual to Period 3 15/07/22	Variance to 15/07/22	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	774.822	774.822	0.000	219.000	218.638	0.360	under
CFCR	0.368	0.368	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	33.765	33.765	0.000	0.025	0.025	0.000	-
Corporate Items – Strategy (Tfr to Reserves)	17.420	17.420	0.000	0.000	0.000	0.000	
Investments – 2022/23 (Tfr to Reserves)	1.700	1.700	0.000	0.000	0.000	0.000	
Total Expenditure	863.186	863.186	0.000	219.025	218.663	0.362	under
Council Tax	167.437	167.437	0.000	47.839	47.839	0.000	-
Less: Council Tax Reduction Scheme	(23.263)	(23.263)	0.000	(6.647)	(6.647)	0.000	-
Net Council Tax	144.174	144.174	0.000	41.192	41.192	0.000	-
General Revenue Grant	234.116	234.114	0.000	66.890	66.890	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	120.740	120.740	0.000	-
Transfer from Reserves	62.305	62.305	0.000	62.305	62.305	0.000	-
Total Income	863.186	863.186	0.000	291.127	291.127	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(72.102)	(72.464)	0.362	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 15 July 2022 (No.4)

<u>Budget Category</u>	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion To 17/05/22	Actual to Period 4 17/05/22	Variance to 17/05/22	
	£m	£m	£m	£m	£m	£m	
Service Departments:							
<u>Expenditure</u>							
Employee Cost	576.045	576.045	0.000	152.251	150.686	1.565	under
Property Costs	56.089	56.089	0.000	11.435	11.772	(0.337)	over
Supplies and Services	65.259	65.259	0.000	15.728	14.886	0.842	under
Transport Costs	44.068	44.068	0.000	11.297	11.730	(0.433)	over
Administration Costs	14.259	14.259	0.000	3.593	3.816	(0.223)	over
Payments to Other Bodies	82.205	82.205	0.000	23.616	23.874	(0.258)	over
Payments to Contractors	231.359	231.359	0.000	56.922	56.759	0.163	under
Transfer Payments	6.664	6.664	0.000	3.307	3.310	(0.003)	over
Housing Benefits	69.107	69.107	0.000	15.698	15.698	0.000	-
Financing Charges (controllable)	2.141	2.141	0.000	0.492	0.467	0.025	under
Total	1,147.196	1,147.196	0.000	294.339	293.998	1.341	under
Service Departments Total	1,147.196	1,147.196	0.000	294.339	292.998	1.341	under
CFCR	0.368	0.368	0.000	0.000	0.000	0.000	-
Loan Charges	35.111	35.111	0.000	0.000	0.000	0.000	-
Corporate Items	33.765	33.765	0.000	0.025	0.025	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	1,235.560	1,235.560	0.000	294.364	293.023	1.341	under
<u>Income</u>							
Housing Benefit Subsidy	64.158	64.158	0.000	14.256	14.256	0.000	-
Other Income	308.216	308.216	0.000	61.083	60.104	(0.979)	under rec
Council Tax (Net of Council Tax Reduction Scheme)	144.174	144.174	0.000	41.192	41.192	0.000	-
General Revenue Grant	234.116	234.116	0.000	66.890	66.890	0.000	-
Non-Domestic Rates	422.591	422.591	0.000	120.740	120.740	0.000	-
Transfer from Reserves	62.305	62.305	0.000	62.305	62.305	0.000	-
Total Income	1,235.560	1,236.560	0.000	366.466	365.487	(0.979)	under rec
Net Expenditure / (Income)	0.000	0.000	0.000	(72.102)	(72.464)	0.362	under

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