

Report

Report to:	Executive Committee
Date of Meeting:	16 December 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget Monitoring for Period 8: 1 April 2020 to 6 November 2020
----------	--

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 2020 to 6 November 2020, and
- ◆ advise the Committee of an update on the 2020/2021 Revenue Budget for the Council's General Fund, taking into account the financial implications of the coronavirus pandemic.

2. Recommendation(s)

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

- (1) that the net underspend of £2.980 million on the General Fund Revenue Account at 6 November 2020, after COVID-19 spend and funding (Section 4 and Appendix 1), be noted;
- (2) that the breakeven position on the Housing Revenue Account at 6 November 2020 (section 5 and Appendix 4 of the report), and the forecast to 31 March 2021 of breakeven, be noted;
- (3) that the total net expenditure and lost income of £14.438 million in relation to COVID-19, offset by Government Grant included in the Council's position as at 6 November 2020 (section 4.4) be noted;
- (4) that the pressures being experienced in Children and Families and Adults and Older People (section 4.15 and 4.16), be noted; and
- (5) that the Council's predicted COVID-19 spend of £4.657 million for 2020/2021 (Table 3), be noted.

3. Background

3.1. General Services Position

The report will summarise the actual expenditure and income to 6 November 2020 compared with the budget for the same period. This includes spend to date due to the COVID-19 outbreak. This is summarised in Section 4.

3.2. Housing Revenue Account Position

The report also shows the expenditure and income position for the Housing Revenue Account (HRA) to 6 November 2020. This is summarised in Section 5.

3.3. **COVID-19 Update**

The Council is incurring additional costs in respect of COVID-19. The detail of this is summarised in section 6.

4. **General Fund Revenue Account Position**

- 4.1. As at 6 November 2020, the overspend before COVID-19 funding is £11.458 million. If we include the COVID-19 funding, the position is an underspend of £2.980 million as detailed in Appendix 1. This reflects the pressures in Social Work Resources' Children and Families, offset by an underspend in Community and Enterprise Resources and an underspend in loan charges (see section 4.18).
- 4.2. This position takes account of the fact that all COVID-19 spend has been funded either from unspent budgets or the relevant Fund (Scottish Welfare Fund, Food Fund, Business Grants, Self-Employed Grants), with the balance of COVID-19 expenditure being funded from the Hardship Fund, Consequentials, Education specific funding (Teachers and Support, Mobilisation and Digital Inclusion) and Self Isolation and Support funding (Support for People Teams and Self Isolation Assistance - Outbound Calling).
- 4.3. The Social Care Mobilisation monies received via the NHS have also been included to offset the Social Work spend incurred.
- 4.4. The total Food Fund, Hardship Fund, Consequentials and Education specific funding utilised to 6 November 2020 is £14.438 million, which equates to 63.5% of the total funding confirmed to date (including the £0.751 million of funding used in 2019/2020). The COVID-19 pressures across Resources are included in the position in Appendix 1, and are detailed in Appendix 3. In addition, all of the Social Care Mobilisation monies received to date have been spent.
- 4.5. The position across all Resources, including loan charges, is an overspend of £8.261 million as shown in Appendix 1, and is the result of COVID-19 and pressures within Social Work Resources, partially offset by an underspend in loan charges. This is net of the Social Care Mobilisation monies which sit in the Resource. Spend in relation to the Food Fund (£3.197 million) is recorded under Corporate Items in Appendix 1. This takes the overspend position to £11.458 million (as reported at 4.1).
- 4.6. The spend in relation to the Food Fund includes the cost of Free School Meals (including paypoint charges), the cost of meal provision in Hubs and for the provision of food to vulnerable people and the Homeless.
- 4.7. Approval was received from this Committee (12 August 2020) to make the additional payment of £1.269 million to SLLC to manage the lost income pressure which is included in the Community and Enterprise Resources COVID costs. The loss of income experienced by SLLC is significant, and consideration on the sustainability of services delivered by the Trust will be required. The estimate for the full year included in the Cost of Recovery is £3.200 million.
- 4.8. **COVID-19 expenditure to Period 8:** The total COVID net expenditure as at 6 November is **£14.438 million** which has been funded from the Food Fund, Hardship Fund, Consequentials and Education specific funding.
- 4.9. Government funding notified to the Council and the corresponding expenditure budgets in relation to the Self Employed Hardship Fund are included in the Community and Enterprise Resources budget, while the expenditure budget for Discretionary

Housing Payments and the expenditure and income for the Scottish Welfare Fund payments and Small Business Support Grants are included in the Finance and Corporate Resources' budget.

- 4.10. In relation to the Transitional Funding for Childcare the expenditure and income budgets have both been included in Education Resource budget.
- 4.11. Since the last report the Council has also been notified of its share of the first allocation from the £50 million set aside to assist with Council Tax and Benefits including the cost of the Council Tax Reduction Scheme (CTRS). The budget has been added to the CTRS (£1.286 million) and Finance and Corporate Resources budgets (£0.024 million for the administration costs).
- 4.12. Table 1 provides a summary of this position across the various elements.

Table 1 – Summary of the Cost of COVID-19 (to 6 November 2020)

	Annual Budget £m	Actual to 6 November 2020 £m
Expenditure / Lost Income: (Excluding Social Care Mobilisation)		
Additional Resource Spend	0.000	9.238
Council Tax Income / CTRS	0.000	0.000
Food Fund Spend	0.000	3.197
Lost Income	0.000	3.928
Unachieved Savings	0.000	0.160
Total Expenditure / Lost Income	0.000	16.523
Less: Unspent Budget	0.000	(2.085)
Total Net Expenditure / Lost Income	0.000	14.438
Funded by:		
Government Funding – Hardship Fund	(2.227)	(2.227)
Government Funding – Food Fund (<i>Total allocation</i>)	(3.713)	(3.197)
Government Funding – Consequentials	(12.152)	(7.288)
Government Funding – Education specific (Teachers, Support, Mobilisation, and Digital Inclusion)	(4.889)	(1.726)
Government Funding – Self Isolation and Support (Support for People Teams and Self Isolation Assistance (Outbound Calling))	(0.178)	0.000
Total Funding	(23.159)	(14.438)
Expenditure / Lost Income: Social Care Mobilisation		
Additional Resource Spend	0.000	11.949
Unachieved Savings	0.000	0.435
Lost Income	0.000	0.409
Total Expenditure / Lost Income	0.000	12.793
Funded by:		
Government Funding – Social Care Mobilisation (actual received to date £5.464m – balance accrued)	0.000	12.793
Total Funding	0.000	0.000

- 4.13. Table 1 shows that, by 6 November 2020, excluding Social Care Mobilisation, already £14.438 million of the confirmed funding provided for COVID-19 has been utilised in 2020/2021. In total 63.5% of funding provided has been used to date. Section 6 of this report provides details of the expected shortfall in funding for 2020/2021 in relation to spend made on COVID-19.
- 4.14. **Social Work:** Table 1 also shows that the Social Care Mobilisation monies received to date have been fully spent. As at 6 November 2020, the Council has been advised of £5.464 million of funding, and would need another £7.329 million to meet the spend of £12.793 million incurred to that point. The COVID-19 spend included in the services devolved to the Integrated Joint Board are being included in the Mobilisation Plan which the Scottish Government are using to allocate funds to the Health and Social Care Partnership. Councils have been told that all reasonable costs will be reimbursed. The Social Work Resources position includes the current expenditure and offsetting income of £12.793 million in relation to the cost of additional beds to facilitate discharge from hospital, PPE equipment, support for carers and staff overtime (Appendix 3). Monies received to date total £5.464 million.
- 4.15. There is a continued assumption that this year's additional costs of COVID-19 faced by services devolved to the IJB will be funded through the Mobilisation plan, therefore will be fully funded and therefore there is no account taken of this pressure in the figures. However, there is the real possibility that through actions taken now, there are legacy costs into future years (such as increased care home placements or use of external Home Care providers). Alongside the Health and Social Care Partnership, the Council will require to consider impact of any legacy overspends within the parameters of the current budget.
- 4.16. **Social Care – Children and Families:** Despite investment in the Service to cover pressures, we have seen financial pressures relating to Children and Families. The main reason is additional external residential placements made in the early part of the year. The overspend at period 8 is £0.151 million, a decrease of £0.079 million since last period. Work is ongoing with the Service on actions to reduce this overspend further. However, the projection of costs for the year are increasing due to additional placements required.
- 4.17. **Social Care – Adults and Older People:** In addition to the pressures being experienced in Children and Families, the Resource are also seeing pressures in relation to increasing costs within the Home Care service. Work has been ongoing to identify actions to manage this pressure. At present the pressure faced is now estimated at £0.8million, however, there may be further demands and pressures experienced over the winter period. Such costs will be included in the mobilisation plan if they are not funded from the Winter Planning funding provided by the Scottish Government. There have been discussions with the IJB Chief Financial Officer on recovery plan solutions including further underspends on Equipment and Adaptations, reviewing the current commitments in respect of the Social Care Fund and reviewing the strategic commissioning intentions of the Voluntary Organisations and potentially redirect the budget. These solutions would cover the current predicted shortfall in the budget.
- 4.18. **Loan Charges:** As previously reported, as part of the Loans Fund Review covered in the Revenue Budget Strategy paper (24 June 2020), it was agreed that the findings of the Loans Fund Review would be implemented. This means that loans fund costs for the current year are lower than anticipated. The current year impact is £8.900 million and as agreed by the Executive Committee the underspend will be set aside to

contribute towards the five year budget strategy. To facilitate this, the £8.900 million has been transferred from the loan charges budget line to the Corporate Items - 2021/2022 Strategy budget line and will form part of the year end transfers to reserves.

- 4.19. As reported to this Committee on 4 November 2020, since the 2020/2021 Revenue Budget was set, there is now a lower requirement to borrow as a result of reduced spend levels within the capital programme. Based on current projections of cash balances available, it is anticipated that we will not require to take the predicted 2020/2021 borrowing before the start of the calendar year. The impact of this has resulted in an anticipated underspend of £3.000 million for 2020/2021.
- 4.20. As part of the annual probable outturn exercise which is currently being carried out, the balance within some of the Council's Funds is being addressed. The balances in the 3 funds identified below have been depleted in recent years to the extent that, combined with the projected spend over the coming months, they will not be able to continue without further support. For this reason, it is prudent to consider a transfer of funds to them. The funds affected are:
- ◆ the Winter Maintenance Fund which is used to manage underspends and overspends on winter activity across financial years. The current level of money within the fund, combined with the spend for winter predicted through our probable outturn exercise point to it being a prudent step to allocate further money into this fund.
 - ◆ the Strategic Waste Fund where the fund has been used to supplement the Council's core waste budget including the waste contracts. The additional contribution to the fund will allow us to continue to meet the costs of the Council's waste service from the Fund covering 2021/22
 - ◆ the Insurance Fund which was set up to cover the costs of insurance premiums and claims experienced by the Council over a number of years to prevent the revenue budget being charged large one off claims in a single year. The contribution will allow the increased costs of insurance to be met from the fund for a further year covering 2021/22.
- 4.21. The probable outturn exercise is underway to finalise the expected year end position for all services and, when this overall position is presented to the Executive Committee in February, Members will be asked to consider that this underspend will be required to manage contributions to the Winter Maintenance Fund, Insurance Fund and Strategic Waste Fund. It is suggested at this point that £1 million of contribution into each of these funds would support continued spend in these areas.
- 4.22. We will continue to consider the timing of borrowing which may change the profile of spend on loans charges.
- 4.23. **Corporate Items – COVID-19:** The Corporate Items expenditure budget line in Appendix 1 shows the full year budget allocation for the COVID-19 funding not allocated to Resources (Hardship Fund, Food Fund, Consequentials, Teachers incl Support, Digital inclusion, Mobilisation, Support for People Teams and Local Self Isolation Assistance) and at the 6 November 2020 is showing an underspend of £11.241 million which offsets the spend and lost income shown across Resources.
- 4.24. **Council Tax:** As a result of COVID-19, it is likely that Council Tax cash income will not be collected to the same level as before. Currently, for April to October we have seen cancellations of direct debits, lower arrears collections and higher demand for Council Tax Reduction Scheme (CTRS) payments. However, as we will still look to recover any unpaid council tax, comparing the actual impact on this year's budget will

mean a minimal impact compared to the budget set therefore no costs have been included in the COVID-19 data or the period 8 position shown in the appendices.

- 4.25. This is still very much an estimate dependant on the level of Council Tax paid in year, and progress on collection of Council Tax debts. The position assumed includes the impact so far on the Council Tax Reduction Scheme, and the level of spend on CTRS is anticipated to increase over the coming months.
- 4.26. As noted in section 4.11, the Council has been notified by the Scottish Government of its share of the first allocation from the £50 million of funding set aside to assist with the impact of COVID-19 on Council Tax and social security benefits, which will contribute to the costs of CTRS. The allocation of £1.310 million has been added to the CTRS and Finance and Corporate Resources budgets to cover any increase in costs. The extent of any potential benefit to the Council as a result of this funding will be reported as part of the probable outturn exercise later in the year.
- 4.27. **Former Trading Services Income:** Budgets for former trading services (Roads, Community and Property Services) include income from the HRA and from Capital. In the current COVID-19 financial climate it remains the position that these Revenue Services still need to recover costs as planned.
- 4.28. Arrangements have been made to ensure that budgeted income from the HRA and Capital continues to flow to these services. The position in this paper assumes that this continues to happen.

5. Housing Revenue Account Position

- 5.1. As at 6 November 2020, Appendix 4 of the report shows a breakeven position against the phased budget on the Housing Revenue Account.
- 5.2. The Housing Revenue Account is incurring additional costs in respect of COVID-19. This includes a reduction in rental income collected, an increase in rent loss due to properties remaining void for longer periods, and the purchase of additional PPE. The COVID 19 lockdown has also caused an underspend on Repairs and Maintenance due to the inability to carry out work within homes.
- 5.3. As noted at 4.28 we have assumed that the HRA will continue to make payments to the former Trading Accounts at budgeted levels. These payments will continue until works return to pre-lockdown levels.
- 5.4. The year end transfer to or from the balance sheet is dependant on the actual final outturn. The current shortfall on income suggests the required transfer from the balance sheet may be higher than that estimated when the budget was compiled.
- 5.5. The forecast to 31 March 2021 on the Housing Revenue Account is a breakeven position.

6. Updated Revenue Budget Position 2020/2021 - COVID-19 Expenditure and Income Impacts

- 6.1. The Council's recovery plan was approved by the Executive Committee on 24 June 2020. Updates are being provided to this Committee every period.
- 6.2. The most recent figure reported to the Recovery Board (14 October 2020) showed a revised cost of £4.657 million, following updates to the Resource spend positions and confirmation of the allocations of funding from the Scottish Government.

- 6.3. The position above does not include any costs in relation to the service delegated to the Integrated Joint Board (IJB) (section 4.14 and 4.15). The Council has submitted estimates of the total costs of the Social Care services delegated to the IJB to the Scottish Government as part of their mobilisation plan, totalling £23.6 million. We are still assuming that the Scottish Government will fully fund these costs, however, if we do not receive all of the funding, this is a risk to the Council's financial position.
- 6.4. The net costs to the Council for 2020/2021, along with the Government Grant available, are summarised in Table 2. Table 2 also includes the level of savings not achievable and the SLLCT shortfall. The Table finally shows the net position assuming that the additional cost of Capital is managed through the Capital Programme. The detail of this across Resources is shown in Appendix 5.

Table 2: Net Cost to the Council for 2020/2021 (Revised)

	£m
Identify Costs for 2020/2021 including Recovery Plans	26.710
Lost Income	8.859
Spend Not Made	(4.166)
Net Cost to the Council in 2020/2021	31.403
Government Grant Confirmed to Date (mid-August 2020) - Hardship Funding (£2.227m), Consequentials Funding (£9.233m), Food Fund (£1.937m and £1.345m), Teacher/Support Funding (£2.167m), Digital Inclusion - IT Funding (£1.469m), Teachers (£1.300m), Transport (£0.072m), Mobilisation (£1.206m), and Consequentials (£2.919m)	(23.875)
Net Cost to the Council for 2020/2021 (after Government Grant)	7.528
Savings Not Achievable	1.020
SLLC Shortfall	3.200
Net Cost to Council for 2020/2021	11.748
Less: Costs Associated with Capital	(7.091)
Net Cost to the Council excluding Capital (App 6)	4.657

- 6.5. The Cost of Recovery position will be reviewed to consider any further additional costs in relation to the second wave of the pandemic and the placement of South Lanarkshire into level 4 of lockdown restrictions.
- 6.6. The lost income in Table 2 above includes income in relation to SLLC. The figure shown has been updated following refinement of the estimates by SLLC. However, the final position will depend on the return to service and also on the uptake of those services.
- 6.7. The net cost reported in Table 2 includes a number of assumptions including the assumption that a level of charge is made to HRA and capital programmes (£23.485 million). If this level of recharge was not made, the level of costs would increase to £28.142 million (see Appendix 6).
- 6.8. **Education Flexible Funding:** As reported previously, of the £3.100 million of Pupil Equity funding that could be used to contribute towards the cost of COVID-19 under the flexibility provided by the Scottish Government, £1.500 million is required by schools to address inequity, leaving a balance of £1.600 million that could be spent on COVID-19 costs. This situation continues to be monitored.
- 6.9. **Council Tax / CTRS:** The figure does not include any impact of COVID-19 on Council Tax or CTRS on the basis that a recent projection of the net income position, compared to budget for the year, shows a minimal variance. As detailed in section 4.23, spend

on CTRS is anticipated to increase, however, this will be managed from the Scottish Government funding.

7. Funding Update

7.1. Work continues on ensuring we are aware of all opportunities on funding to help meet costs pressures.

7.2. **Update on Funding Previously Reported:** section 7.2.1 to 7.2.6 provides updates, including confirmed allocations for those funding sources previously reported.

7.2.1. **Loss of Income Scheme:** As reported previously, work continues between COSLA, the Scottish Government and Local Government stakeholders on designing a Loss of Income scheme appropriate for Scotland. Principles for the scheme have now been drafted, and allocation of the national figures of £90m of funding is awaited. It has been confirmed that income lost from capital programmes will not be included in the scheme.

7.2.2. **Fiscal Flexibility:** It was previously reported that six requests were made to the Government for fiscal flexibilities including permission to borrow for revenue costs, flexibility on how capital grant is used, as well as holidays for debt interest and principal payments. The flexibilities requested also included being able to meet the costs of any deficit in our financial position over a number of years, and for flexibility in using any unspent business grants.

7.2.3. Of the six options previously proposed for consideration, three have been approved: the flexibility to use Capital Receipts to fund the Revenue cost of COVID-19, Loans Fund Principal Repayment Holiday and changes to the accounting for Service concessions for PPP/PFI contracts. Work is ongoing to fully understand the implications of the Service Concessions for PPP/PFI Contracts. It is our understanding that we will be able to benefit from the flexibility around capital receipts which would release £5 million of receipts that was identified to pay loan charges. Using this £5 million as flexibility means that the funding plan to use reserves created by the loans fund review will be brought forward. This would affect the period to 2024/2025. Work is ongoing through a separate working group to establish the benefit that can be realised from the Service Concessions option.

7.2.4. As noted previously, COSLA has written to the Cabinet Secretary for Economy, Fair Work and Culture seeking commitment that the £15.5 million of the £107 million Culture Recovery Fund which has not been committed, be made accessible to Local Government to support local authority and ALEO cultural services. No feedback has been received to date.

7.2.5. **Education Funding:** As reported previously, work is ongoing to ensure that the additional costs associated with the safe return to school are captured in a consistent way for the first term, to allow councils to access the additional £30 million nationally that has been committed for this purpose. COSLA have now requested information from councils to allow this funding to be distributed.

7.2.6. **Health and Social Care Funding:** The Scottish Government have provided information on how £1,089 million of funding will be allocated across health boards. Of this, £72 million is being allocated to Lanarkshire at this stage. We are working with the Chief Financial Officer of the IJB to establish the share of funding that will be allocated to the council. There is still confidence that all costs will be reimbursed, however, discussions are still ongoing on the funding for financial impact for councils of unachieved savings.

- 7.3. **New Funding Allocations:** the Scottish Government have announced a number of new funding streams and these are detailed below, along with the Council's share, if known.
- 7.3.1. **Self-Isolation Income Support Grants:** These are £500 payments available to people who are contacted by the Test and Protect Team telling them to self-isolate, but who cannot work from home. The administration costs of this scheme are estimated at £0.9 million nationally across all councils and discussions are currently taking place on the allocations to each council. In addition to this, the Scottish Government will also reimburse councils for all £500 payments made. The expenditure and income will both go through Finance and Corporate Resources, with no impact on the Cost of Recovery.
- 7.3.2. **Local Self-Isolation Assistance Service (Outbound Calling):** The Scottish Government will provide additional funding to local authorities to maintain and enhance the 'support for people' teams that deliver this service. This service is estimated to cost £9.1 million nationally across all councils for the year based on initial modelling. The Scottish Government has allocated the first £2.275 million of this funding nationally for the provision of this service from 12 October 2020 to 11 January 2021. The Council's share has been confirmed as £0.141 million.
- 7.3.3. **Support for People Teams:** The Scottish Government has provided funding of £0.597 million nationally to allow local authorities to continue the 'Support for People' teams until 11 January 2021 in line with the first funding allocation for Outbound Calling. The Council's share of this funding has been confirmed as £0.037 million.
- 7.3.4. **Contact Tracers:** Discussions have taken place with a view to local authority staff assisting in the track and trace service over the coming months. This will require deployment and the recruitment of additional staff, including to backfill posts of staff who have been deployed. The Scottish Government are to provide funding for these additional costs.
- 7.3.5. **Additional Free School Meals Funding:** The Scottish Government have made funding of £6.95 million available nationally for councils to provide free school meals to eligible children over the Christmas and February breaks. This provision includes covering any provision made during the October break, with the option for councils to provide retrospective cash or voucher payments, although this is not compulsory. The Council has not yet been notified of its share.
- 7.3.6. **Funding to Provide Support to Individuals at Financial Risk:** The Scottish Government has made £20 million available nationally, which was previously held in reserves for the Scottish Welfare Fund, to provide to provide councils with a flexible fund to support individuals at financial risk. The Council has been notified that its allocation from this fund will be £1.244 million and this funding will be used to support a number of areas including provision of free school meals for self-isolating children, additional funding to support Discretionary Housing Payments, support for provision of food to Community Food Groups, winter clothing payments, provision of fuel vouchers, support to assist with tenant sustainability to prevent homelessness and social work payments to service users to help prevent children being admitted to care.
- 7.3.7. **Restrictions Fund - Business Closure Grants and Business Hardship Fund Grants:** The Scottish Government are providing financial support through closure grants to the hospitality industry, casinos, bingo, snooker halls and gyms who are unable to operate classes as they have been required by law to close under the

COVID-19 brake restrictions. In addition, through the hardship fund, support is being provided to hospitality businesses and gyms required to operate in a restricted way and also to producers and wholesale suppliers to the hospitality industry required by the regulations to close or operate in a restricted manner who can evidence a 25% reduction in turnover during the brake period. The Council has been allocated £1.390 million.

7.3.8. Financial Support – Contingency Fund and Employee / Furlough Fund: The Scottish Government has made available £20 million of financial support nationally to those businesses not covered under the previous schemes. The Contingency Fund (£11 million) is to provide financial assistance to soft play areas and nightclubs who have been closed since lockdown. The Council has been allocated £0.445 million of this funding. The Employee/Furlough Fund (£9 million) is to provide assistance to businesses with furloughed employees in business closure areas. The Council has been allocated £0.622 million of this funding.

7.3.9. Strategic Framework (Tier) Business Fund – Business Temporary Closure Fund and Business Restrictions Fund: The Scottish Government is making funding aware to assist businesses such as bars who have been forced to close under the new tiered lockdown system and also funding to assist businesses such as restaurants who are currently open but having to operate on a restricted basis under the new tiered lockdown arrangements in place. The level of funding provided to businesses will vary depending on the level/tier of lockdown in place. The Council has been notified that its allocation is £1.870 million.

7.3.10. Care Homes – Funding for Chief Social Work Officers (CSWO) Oversight Responsibilities: The Scottish Government is making additional funding available to Health and Social Care Partnerships to fund the extension of CSWO oversight responsibilities for care homes until 28 March 2021. Each HSCP will be able to apply for £12,500 which should be claimed through the Mobilisation Plan process.

7.4. Additional Lockdown funding: Following the decision to move a number of councils into Level 4 lockdown, the Scottish Government have announced a number of funding packages to assist businesses and councils to manage this.

7.4.1. Discretionary Business Support: There is £30 million available nationally to enable local authorities to provide additional support for businesses where they consider that necessary or justified - for example, for businesses in supply chains, or to taxi drivers suffering a severe but indirect effect.

7.4.2. Self Employed Support: £15 million is being made available nationally to those who are newly self-employed who do not have access to any other support.

7.4.3. Local Community and Social Impact: The Scottish Government is making £15 million available nationally to assist councils with the community and social impact of moving to Level 4 lockdown.

7.4.4. Administration Support: The Scottish Government is providing £5 million nationally to assist councils with the administration of the new package of support.

8. Employee Implications

8.1. None.

9. Financial Implications

9.1. As detailed within this report.

10. Climate Change, Sustainability and Environmental Implications

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

11. Other Implications

- 11.1. 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.
- 11.2. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. 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.
- 12.2. 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)

16 November 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 6 November 2020

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: lorraine.o'hagan@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 6 November 2020 (No.8)

<u>Committee</u>	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 06/11/20	Actual to Period 8 06/11/20	Variance to 06/11/20	
	£m	£m	£m	£m	£m	£m	
Departments:							
Community and Enterprise Resources	108.313	108.313	0.000	63.202	68.553	(5.351)	over
Facilities Streets Waste and Grounds	66.199	66.199	0.000	35.318	35.331	(0.013)	over
Environmental Services (Inc. Projects)	0.968	0.968	0.000	(0.025)	0.402	(0.427)	over
Leisure and Culture Services	19.289	19.289	0.000	14.421	14.401	0.020	under
Planning and Economic Development	2.140	2.140	0.000	2.417	2.861	(0.444)	over
Roads	19.717	19.717	0.000	11.071	12.085	(1.014)	over
COVID19	0.000	0.000	0.000	0.000	3.473	(3.473)	over
Education Resources	350.465	350.465	0.000	183.890	187.898	(4.008)	over
Education	350.465	350.465	0.000	183.890	183.756	0.134	under
COVID19	0.000	0.000	0.000	0.000	4.142	(4.142)	over
Finance and Corporate Resources	35.226	35.226	0.000	27.311	28.470	(1.159)	over
Finance Services - Strategy	1.965	1.965	0.000	2.187	2.163	0.024	under
Finance Services - Transactions	13.726	13.726	0.000	10.216	10.279	(0.063)	over
Audit and Compliance Services	0.330	0.330	0.000	0.376	0.380	(0.004)	over
Information Technology Services	4.757	4.757	0.000	4.855	4.959	(0.104)	over
Communications and Strategy Services	0.957	0.957	0.000	0.810	0.863	(0.053)	over
Administration and Licensing Services	4.204	4.204	0.000	3.191	3.345	(0.154)	over
Personnel Services	9.287	9.287	0.000	5.676	5.601	0.075	under
COVID19	0.000	0.000	0.000	0.000	0.880	(0.880)	over
Housing and Technical Resources	14.244	14.244	0.000	8.997	9.381	(0.384)	over
Housing Services	8.793	8.793	0.000	4.491	4.462	0.029	under
Property Services	5.451	5.451	0.000	4.506	4.535	(0.029)	over
COVID19	0.000	0.000	0.000	0.000	0.384	(0.384)	over
Social Work Resources	172.411	172.411	0.000	109.463	109.822	(0.359)	over
Performance and Support Services	8.043	8.043	0.000	5.019	4.860	0.159	under
Children and Families	35.608	35.608	0.000	20.919	21.070	(0.151)	over
Adults and Older People	127.253	127.253	0.000	82.748	82.780	(0.032)	over
Justice and Substance Misuse	1.507	1.507	0.000	0.777	0.753	0.024	under
COVID19	0.000	0.000	0.000	0.000	0.359	(0.359)	over
Joint Boards	2.245	2.245	0.000	1.280	1.280	0.000	-
	682.904	682.904	0.000	394.143	405.404	(11.261)	over

<u>Committee</u>	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 06/11/20	Actual to Period 8 06/11/20	Variance to 06/11/20	
	£m	£m	£m	£m	£m	£m	
Service Departments Total	682.904	682.904	0.000	394.143	405.404	(11.261)	over
CFCR	1.531	1.531	0.000	0.000	0.000	0.000	-
Loan Charges	40.843	40.843	0.000	23.338	20.338	3.000	under
Corporate Items	5.706	5.706	0.000	0.086	0.086	0.000	-
Corporate Items – COVID-19	23.159	23.159	0.000	14.438	3.197	11.241	under
Corporate Items – 21/22 Strategy	14.289	14.289	0.000	0.000	0.000	0.000	-
Total Expenditure	768.432	768.432	0.000	432.005	429.025	2.980	under
Council Tax	159.471	159.471	0.000	91.126	91.126	0.000	-
Less: Council Tax Reduction Scheme	(22.590)	(22.590)	0.000	(12.909)	(12.909)	0.000	-
Net Council Tax	136.881	136.881	0.000	78.217	78.217	0.000	-
General Revenue Grant	344.049	344.049	0.000	196.599	196.599	0.000	-
General Revenue Grant- COVID19	26.082	26.082	0.000	9.233	9.233	0.000	-
Non Domestic Rates	226.179	226.179	0.000	129.245	129.245	0.000	-
Transfer from Reserves	35.241	35.241	0.000	35.241	35.241	0.000	-
Total Income	768.432	768.432	0.000	448.535	448.535	0.000	-
Net Expenditure / (Income)	0.000	0.000	0.000	(16.530)	(19.510)	2.980	under

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 6 November 2020 (No.8)

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

	Annual Budget	Annual Forecast	Annual Forecast Variance	Budget Proportion to 06/11/20	Actual to Period 8 06/11/20	Variance to 06/11/20	
	£m	£m	£m	£m	£m	£m	
Employee Cost	529.747	529.747	0.000	308.528	311.599	(3.071)	over
Property Costs	52.636	529.747	0.000	34.894	37.350	(2.456)	over
Supplies and Services	54.473	52.636	0.000	28.580	23.360	5.220	under
Transport Costs	41.511	54.473	0.000	22.593	22.768	(0.175)	over
Administration Costs	15.420	41.511	0.000	8.547	8.380	0.167	under
Payments to Other Bodies	118.196	15.420	0.000	80.395	80.277	0.118	under
Payments to Contractors	200.150	118.196	0.000	106.987	113.529	(6.542)	over
Transfer Payments	5.945	200.150	0.000	4.550	4.626	(0.076)	over
Housing Benefits	70.686	5.945	0.000	38.818	38.277	0.541	under
Financing Charges (controllable)	2.089	70.686	0.000	1.266	1.340	(0.074)	over
Total	1,090.853	1,090.853	0.000	635.158	641.506	(6.348)	over
Service Departments Total	1,090.853	1,090.853	0.000	635.158	641.506	(6.348)	over
CFCR	1.531	1.531	0.000	0.000	0.000	0.000	-
Loan Charges	40.843	40.843	0.000	23.338	20.338	3.000	under-
Corporate Items	5.706	5.706	0.000	0.086	0.086	0.000	-
Corporate Items - COVID-19	23.159	23.159	0.000	14.438	3.197	11.241	under
Corporate Items - 21/22 Strategy	14.289	14.289	0.000	0.000	0.000	0.000	-
Total Expenditure	1,176.381	1,176.381	0.000	673.020	665.127	7.893	under
Income							
Housing Benefit Subsidy	65.542	65.542	0.000	35.140	34.827	(0.313)	under rec
Other Income	342.407	342.407	0.000	205.875	201.275	(4.600)	under rec
Council Tax (Net of Council Tax Reduction Scheme)	136.881	136.881	0.000	78.217	78.217	0.000	-
General Revenue Grant	344.049	344.049	0.000	196.599	196.599	0.000	-
General Revenue Grant - COVID-19	26.082	26.082	0.000	9.233	9.233	0.000	-
Non Domestic Rates	226.179	226.179	0.000	129.245	129.245	0.000	-
Transfer from Reserves	35.241	35.241	0.000	35.241	35.241	0.000	-
Total Income	1,176.381	1,176.381	0.000	689.550	684.637	(4.913)	under rec
Net Expenditure / (Income)	0.000	0.000	0.000	(16.530)	(19.510)	2.980	under

COVID-19 Expenditure to 6 November 2020

Additional Costs

Service	Description of Cost	Value £m
Community and Enterprise Resources		
Fleet, Environmental and Projects	Staffing costs supporting COVID response	0.152
Facilities, Streets, Waste and Grounds (FSWG)	Staffing costs supporting COVID response	0.110
Planning and Economic Development	Staffing costs supporting COVID response	0.006
All Services	PPE, Equipment and cleaning materials for staff.	0.729
All Services	Fleet costs including fuel supporting COVID19 response	0.152
FSWG and Fleet, Environmental and Projects	Printing and Stationery, signage and mobile phones	0.041
FSWG	Increase in domestic waste tonnage	1.004
FSWG	Webcast system and live webcasts	0.010
Leisure	Impact of lost income on SLLCT establishments	1.269
Education Resources		
Schools	Supply Teachers (April, May and June)	0.502
Support Services	Education Additional Staffing (to October)	0.109
Schools	Additional Teachers (to October)	0.749
Schools	Additional School Support Assistants (to October)	0.081
YFCL	Hub School Janitors (April and May)	0.020
YFCL	YFCL Sessional Additional Hours (April and May)	0.032
YFCL	Summer Hubs Sessional Sat (July and August)	0.226
Schools	Additional Cleaning	0.679
Schools	Facilities Orders (Hand sanitisers / soap dispensers / bins / wipes / hand towels)	0.552
Schools / ELC	Central Orders (Gloves/wipes/aprons/ visors / masks)	0.671
Schools / ELC	Hub Schools and Early Years Supplies / Materials	0.134
Schools	Schools Hand Washing Supplies / Home Working Materials etc	0.025
Schools	Hub Schools Replenishment of Supplies / Materials	0.023
Schools	Signage / Posters / Stickers	0.062
Schools	Footwear and Clothing Grants (additional claimants)	0.040
Schools	ICT for Support Staff	0.036
Schools	Digital Inclusion	0.091
Schools	Equity / Information Activity Packs	0.024
ELC	ELC Works	0.043
ELC	ELC Provision to Key Workers	0.043
Finance and Corporate Resources		
IT Services	IT related spend to allow home working and PPP cleaning	0.170
Finance (Transactions), Personnel and Communications and Strategy	Additional staff costs to process Business Grants, Scottish Welfare Fund applications, work on Wellbeing line and provision of additional information on social media.	0.498
All	PPE, Telephones and mail to support COVID response	0.157
Finance (Transactions)	Benefits costs associated with homeless use of Bed and Breakfast	0.055
Housing and Technical Resources		
Housing and Property Services	Temporary accommodation costs for homeless people, set up costs for temporary mortuary facility and the cost of PPE for housing and property services staff.	0.384
Social Work Resources		
Children & Family, Justice	Staffing costs to maintain service in children's home, support to vulnerable families and young people and costs related to the early release from prison	0.359
Total Additional Costs as at Period 8		9.238

Council Tax and Council Tax Reduction Scheme (CTRS)

Service	Description of Lost Income	Value £m
Council Tax	Loss of 2020/21 Council Tax Income including cancelled Direct Debits at end October 2020	0.000
Council Tax	Loss of Council Tax arrears collection income at end September 2020	0.000
CTRS	Cost of additional payments as at end October 2020	0.000
Additional Cost/Lost Income as at Period 8		0.000

Expenditure on Food Fund

Service	Description of Cost	Value £m
Corporate Items	Expenditure on Food Fund related items including Free School Meals provision, paypoint costs for Free School Meals, provision of meals to hubs and social work and food to vulnerable households	3.197
Additional Costs as at Period 8		3.197

Lost Income

Service	Description of Lost Income	Value £m
Community and Enterprise Resources		
Planning and Economic Development	Reduced income from Planning applications	0.520
Roads	Reduced Parking income and income from Roads Act legislation	1.243
Facilities, Streets, Waste and Grounds	Reduced school meals, milk subsidy, care of gardens, special uplifts, sale of bins income	1.390
Fleet, Environmental and Projects	Reduced income from taxi inspections.	0.038
Education Resources		
Early Years	Reduced income from Early Years Fees, playgroups and nursery milk claims	0.345
Support Services	Reduced income from Music Tuition fees	0.102
Support Services	Reduced income from Privilege transport	0.011
Finance and Corporate Resources		
Administration, Legal and Licensing	Reduced income for Licensing and Registration	0.184
Communications and Strategy	Reduced print room income.	0.095
Total Lost Income as at Period 8		3.928

Unachieved Savings

Service	Description of Unachieved Savings	Value £m
Community and Enterprise Resources		
Facilities, Streets, Waste and Grounds	Implementation of work pattern changes within Grounds	0.061
Education Resources		
Support Services	Support Services	0.030
Schools	Curriculum and Quality Improvement Service Budget Realignment	0.020
Early Years	Employment of Early Learning and Childcare Graduates	0.049
Unachieved Savings as at Period 8		0.160

Unspent Budget

Service	Description of Lost Income	Value £m
Community and Enterprise Resources		
Facilities, Streets, Waste and Grounds	Reduced expenditure on food purchases	(1.168)
Facilities, Streets, Waste and Grounds	Reduced expenditure on fireworks display	(0.020)
Planning and Economic Development	Reduced expenditure due to cancellation of Christmas events	(0.045)
Roads	On flooding works	(0.062)
Education Resources		
Support Services	West Partnership Income	(0.012)
Schools	Gas (April and May)	(0.236)
YFCL	Holiday Lunch Clubs	(0.542)
Unspent Budget as at Period 8		(2.085)

Net Cost of COVID-19 as at Period 8	14.438
--	---------------

SOUTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report
Period Ended 6 November 2020 (No.8)
Housing Revenue Account

	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion to 06/11/20	Actual to Period 8 06/11/20	Variance to 06/11/20		%	Note
	£m	£m	£m	£m	£m	£m			
Employee Costs	13.721	13.721	0.000	7.991	7.819	0.172	under	2.2%	1
Property Costs	46.661	46.661	0.000	24.837	25.203	(0.366)	over	(1.5%)	2
Supplies & Services	0.996	0.996	0.000	0.764	0.775	(0.011)	over	(1.4%)	
Transport & Plant	0.195	0.195	0.000	0.037	0.033	0.004	under	10.8%	
Administration Costs	5.644	5.644	0.000	2.911	2.926	(0.015)	over	(0.5%)	
Payments to Other Bodies	3.176	3.176	0.000	1.893	1.894	(0.001)	over	(0.1%)	
Payments to Contractors	0.100	0.100	0.000	0.033	0.034	(0.001)	over	(3.0%)	
Transfer Payments	0.000	0.000	0.000	0.000	0.000	0.000	-	n/a	
Financing Charges	19.448	19.448	0.000	13.307	13.305	0.002	under	0.0%	
Total Controllable Expenditure	89.941	89.941	0.000	51.773	51.989	(0.216)	over	(0.4%)	
Total Controllable Income	(107.634)	(107.634)	0.000	(57.208)	(56.199)	(1.009)	under rec	(1.8%)	3
Transfer to/(from) Balance Sheet	(0.315)	(0.315)	0.000	(0.142)	(1.367)	1.225	over rec	862.7%	4
Net Controllable Expenditure	(18.008)	(18.008)	0.000	(5.577)	(5.577)	0.000	-	0.0%	
Add: Non Controllable Budgets									
Financing Charges	18.008	18.008	0.000	10.854	10.854	0.000	-	(0.3%)	
Total Budget	0.000	0.000	0.000	5.277	5.277	0.000	-	0.0%	

Variance Explanations

1. Employee Costs

This underspend reflects the level of turnover within the Service.

2. Property Costs

This overspend reflects an increase in the level of demand for repairs and maintenance, following the easing of lockdown restrictions. In addition, cyclical rent debt levels are higher than in previous years and this may impact on bad debt levels at the end of the year.

3. Income

The under recovery of income reflects the delay in the level of additional new build properties due to COVID19 lockdown.

4. Transfer to/(from) Balance Sheet

This reflects the current anticipated year end transfer from reserves. The transfer will depend on the final outturn, and currently the transfer required is higher than anticipated due to the under recovery of income as a result of COVID19 lockdown.

Appendix 5

Budget Revision 2020/2021	Community and Enterprise	Education	Finance and Corporate	Housing and Technical	Social Work	Total
Projected Costs including Recovery Plan	8.863	10.331	1.573	5.527	0.416	26.710
Lost Income	7.128	0.755	0.476	0.500	0	8.859
Total Costs	15.991	11.086	2.049	6.027	0.416	35.569
Less: Spend Not Made	(2.880)	(0.850)	(0.436)	0	0	(4.166)
Net Cost to the Council in 2020/2021	13.111	10.236	1.613	* 6.027	0.416	31.403
Funding						
- Hardship Fund (£50m)						2.227
- Consequentials (£155m)						9.233
- Food Fund (£30m)						1.937
- Additional Food Fund (£27.6m)						1.345
- Additional Education Funding Streams (£130m) (confirmed element for 2020/2021 only)						2.167
- IT Equipment (Revenue and Capital)						1.469
- Teachers (£30m)						1.300
- Transport Mobilisation (£1.5m)						0.072
- Mobilisation (£20m)						1.206
- Consequentials (£49m)						2.919
Total Funding						23.875
Add: Savings Not Achievable						1.020
Add: SLLCT Shortfall						3.200
Less: Costs Associated with Capital						(7.091)
Balance						4.657

* these figures assume that income is recharged to HRA and Capital for the period of lockdown

Presentation of costs including recharging to HRA and Capital

	£m	£m
Overall Costs and loss of income (including lost income from Property services, and Ground / facilities and waste services)		54.888
SLLC and Savings not Achievable		<u>4.220</u>
		59.108
Less : Recharging to HRA , General Fund and Capital	** (23.485)	
Less : Capital costs being met from capital	<u>(7.091)</u>	<u>(30.576)</u>
Revised costs		28.532
Less : Government Grant confirmed		<u>(23.875)</u>
Net costs to the council (excluding capital)		4.657

**** As shown at Section 6.7 – if costs are not recharged to HRA and Capital the overall costs increase to £28.142m (£23.485m + £4.657m)**