

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? Yes No

Ref GT/KS/FC/DC

Date 04/03/26

Revenue Monitoring Report Council Summary 1 April 2025 to 02 January 2026

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Executive Summary

This report updates on the overall financial position for the General Fund Account, Housing Revenue Account and Adult Health and Social Care, for the financial year to 31 March 2026. The report consolidates the budget monitoring position of all Services, highlighting and explaining major variances as per the Council's approved Financial Regulations. The report also summarises the most recently reported position in relation to the three of the Council's Arm's Length External Organisations, North Lanarkshire Properties, Fusion Assets and Routes to Work.

The Council approved its General Fund Revenue Budget on 20 February 2025. Following confirmation of funding from Scottish Government, at the time of reporting, the overall budget is now £1,072.359m. At this stage in the year, a surplus of £5.445m is currently projected.

The 2025/26 budget incorporates £6.628m of net savings. It is projected that £5.894m of the savings (89%) will be delivered within the financial year, with replacement savings of £0.734m identified to fully address the shortfall.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the financial position of the 2025/26 revenue budget; and
- (2) Otherwise endorse the contents of this report.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

1. Background

- 1.1 The Council's approved Financial Regulations require services to remain within their approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, services must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

2. Report

- 2.1 At its meeting of 20 February 2025, the Council approved a General Fund Revenue Budget of £1,095.241m including expenditure budgets which will be offset by ring fenced grant resources of £15.296m, resulting in a net expenditure position for monitoring purposes of £1,079.945m. Following confirmation of Scottish Government funding for financial year 2025/26, after reflecting, for monitoring purposes, the reversal of use of balances in respect of previously approved savings now applied, additional Scottish Government funding notified during the year, and the transfer to capital as noted in paragraph 2.11 below, the overall total budget is now £1,072.359m.
- 2.2 Following the budget setting in February 2025 the Council has an approved savings target of £6.628m for 2025/26. Further detail can be found in Section 2.12 below.
- 2.3 Table 1 below summarises the projected income and expenditure position, which illustrates a projected surplus of £5.445m, which will be available to support future budget challenges in accordance with the approved reserves policy, and any budget strategy recommended by the S95 Officer.

	Annual Budget (£m)	Projected Outturn (£m)	P10 Variance (£m)	P6 Variance (£m)	P6 to P10 Movement (£m)
Expenditure					
Total Expenditure	1,072.359	1,066.914	5.445	3.500	1.945
Income					
Aggregate External Finance	879.301	879.301	-	-	-
Local Tax Collection	187.769	187.769	-	-	-
Use of Balance	5.289	5.289	-	-	-
Total Income	1,072.359	1,072.359	-	-	-
Forecast surplus/ (deficit): to support future budgets	-	5.445	5.445	3.500	1.945

Table 1

Analysis of Significant Variations

2.4 Table 2 below illustrates the projected outturn financial position of services:

Service	P10 Outturn (£m)		P6 Outturn (£m)		P6 to P10 Movement (£m)
Education and Families	-	On Budget	-	On Budget	-
Enterprise and Communities	-	On Budget	-	On Budget	-
Chief Executives and Other Corporate Services	0.898	Underspend	0.500	Underspend	0.398
Social Work (Non-Integrated)	-	On Budget	-	On Budget	-
Executive Services Total	0.898	Underspend	0.500	Underspend	0.398
Financing Costs	3.000	Underspend	3.000	Underspend	-
Assumptions not yet Realised	1.547	Underspend	-	On Budget	1.547
Forecast surplus/ (deficit): to support future budgets	5.445	Underspend	3.500	Underspend	1.945

Table 2

- 2.5 Education and Families is reporting an overall breakeven position with a number of compensating variances within this position. Underspends are projected in payments to other bodies of £0.282m partly due to demand for family placements being lower than resources available, and in supplies and services (£0.266m) and other expenditure (£0.137m) due to various service variances primarily within Children & Families. These underspends are offset by overspends in administration costs (£0.097m) primarily due to higher than anticipated legal fees, and in transfer payments of £0.167m as result of care plan payments, together with an under-recovery in income (£0.403m) due to a reduction in Scottish Attainment Challenge grant and reduced income in relation to supported employment.
- 2.6 Enterprise and Communities is also reporting a projected breakeven position, with a number of compensatory variances contributing to this overall position. Employee costs are forecast to underspend by £3.688m as a result of vacancy savings partially offset by increased overtime, and administration costs are projected to underspend by £0.102m across a number of expenditure lines including external printing. In addition, there is an over-recovery of income of £0.205m projected as a result of an increased level of building control fees, garden waste permits, fleet recharges and leisure pay as you go income. These favourable variances are offset by overspends in property costs of £1.482m due to stair and close lighting costs being higher than historic levels, together with increased costs of repairs and waste tonnage expenses, £1.038m in transport and plant due to overspends on contract work and tyres, £0.806m in payments to other bodies primarily as a result of increased agency costs within waste and fleet to cover key staff vacancies, £0.438m in supplies and services primarily due to increased ICT costs, and an overspend of £0.191m in capital financing costs as a result of a funding contribution to capital support project work at Summerlee.
- 2.7 Chief Executives and Other Corporate Services is reporting a projected underspend of £0.898m, an increase of £0.398m from the position reported at Period 6. The projected underspend is primarily as a result of employee cost savings across the service totalling £1.291m due to vacancies and an over-recovery in income of £0.166m relating to the NLP financial guarantee, interest on repayments of VAT from HMRC, and rent allowance/

rebates overpayment recoveries. These favourable variances are partially offset by overspends in supplies and services of £0.283m as result of ICT improvements in Civic centre, libraries and schools, and digital upgrades within Corporate Communications, and an overspend in administration costs of £0.288m relating to increased insurance premiums and postage costs.

- 2.8 In respect of loan charges and interest earned on revenue balances; due to significant uncertainty and volatility within market conditions, and other variables, there is a risk of movement in the level of net financing costs expected in the current financial year. Following further consideration and updating of a number of factors, including latest projections on profiled capital expenditure, further refining of interest on revenue balances modelling and interest rates observed, £3.000m of the overall forecast net over recovery on budget is reported. Committee should note that some of the factors contributing to the overall financing costs position are purely timing, therefore, it is prudent to ensure the funding to manage these elements is earmarked in line with the overall longer term funding strategy for loan charges and interest on revenue balances. The final position in this respect will be kept under review and reported as part of the year end process.
- 2.9 Committee are also advised that the budget for both council tax income and council tax reduction (CTR) are monitored on an ongoing basis. This includes consideration of council tax collection, CTR uptake and household numbers. In addition, an assessment of expected credit losses will be required. At this point in the financial year the Council Tax product is expected to be on budget and an update on this position will be reported further into the financial year.
- 2.10 As previously advised the 2025/26 pay awards for Single Status employees has been settled with an uplift of 4% and a further 3.5% for 2026/27 has been agreed. Teachers pay has also been agreed which will see an uplift of 4% for 2025/26 with an additional uplift to 4.25% in April 2026, and 3.25% in August 2026. The Council's Medium Term Financial Plan included provision for a 3% uplift for both Teachers and Non-Teachers pay awards, and during the negotiations, Scottish Government committed to provide funding to support the cost of the pay awards in excess of 3%. Notification of funding in relation to Single Status employees has been received, and following discussion at COSLA Leaders group, an estimate has been made in relation to the level of funding in relation to Teachers, with an underspend of £1.245m now anticipated as a result of funding levels being higher than actual costs incurred during 2025/26. In addition, there is a further underspend of £0.302m primarily due to additional Scottish Government funding for costs which are being partly met by other budgetary provision, and other minor budget assumptions not realised.
- 2.11 In line with recent years, Scottish Government's overall funding for pay will be made through capital funding for 2025/26. As previously advised, the Council has been asked to absorb a proportion of this in lieu of revenue funding, now confirmed at £20.000m. This has resulted in a reduction in the reported net budget illustrated in appendix 1, with a corresponding increase in General Capital Grant. As in previous years, a Local Government Finance Circular has been issued providing a temporary amendment to the statutory accounting requirements for capital grant which allows the necessary flexibilities in accounting such that the grant can be used to offset the revenue pressures linked to pay award, thus ensuring this transfer does not have a negative impact on the Council's overall revenue position.

2025/26 Budget Savings

- 2.12 As outlined in paragraph 2.2 above, the Council has approved net savings of £6.628m for 2025/26. Each Service reports on the achievement of their savings within the relevant service monitoring report. It is projected that £5.894m of savings (89%) will be achieved

in the current year, with replacement savings of £0.734m identified to fully address the shortfall.

Earmarked Reserves and Change Management Fund

- 2.13 The Council's audited annual accounts highlight a General Fund reserve balance of £281.970m. This balance includes £8.000m for the Contingency Fund, with a further £242.079m earmarked for specific future commitments including £12.563m allocated to the Change Management Fund to support one off costs of approved savings and to ensure the Council has a resilient and sustainable financial plan. The remaining £31.891m of funds have been earmarked to support future budget challenges.
- 2.14 A total of £34.788m of earmarked reserves is profiled for use in 2025/26 with a further £207.291m profiled for use in future years. It is currently projected that £33.584m will be spent during this financial year with £208.118m anticipated to be required in future years and £0.377m no longer required. A summary position is shown in Appendix 2. Taking into account the projected forecast surplus of £5.445m and £0.377m of earmarked reserves no longer required, it is expected that at the end of the financial year the General Fund will include funds set aside for future budget pressures of £37.713m as detailed in Appendix 3. These balances are to support future budget challenges in accordance with the approved reserves policy, and any budget strategy recommended by the S95 Officer.

Risks and Uncertainty

- 2.15 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate and pay and non-pay inflation continuing at historically high levels, are some of the key factors that have the potential to impact upon the Council's ability to provide quality services within approved budget levels.

Housing Revenue Account

- 2.16 The Housing Revenue Account is currently projecting a £0.101m underspend position for the financial year. Within this position there are underspends within employee costs of £0.290m due to current level of vacancies, administration costs of £0.500m mainly as a result of decreased costs in relation to expected future credit loss, an underspend of £0.534m within capital financing costs as result of reduced loan charges due to lower than anticipated borrowing rates, together with an over-recovery of income of £1.296m is primarily linked to an over-recovery of interest on revenue balances. In order to maximise the benefit of the over-recovery of income and underspends identified the Service has received approval for an additional contribution of £2.477m to the capital programme to support the HRA Capital Buy Back Scheme. It is anticipated that £1.050m of savings (100%) will be delivered by year end.

Adult Health and Social Care

- 2.17 Council Adult Health and Social Care provision to the Integration Joint Board (IJB) is projecting an overspend of £2.361m mainly as a result of overspends in payments to other bodies and transfer payments of £4.267m primarily in relation to increased demand in Care at Home and Independent Care homes. This is partially offset by underspends in employee costs of £1.192m as a result of slippage in recruitment across the service, reduced supplies and services costs of £0.511m in relation to spend in the equipment and adaptations budget, and a reduction in transport and plant costs of £0.135m due to lower staff mileage and vehicle contract hire costs. The overall position also includes an

underspend in property costs of £0.171m predominantly due to lower than anticipated spend on adaptations via the HRA budget which is offset by an under-recovery in income of £0.146m primarily due to reduced HRA contributions linked to this spend. The net overspend for the year will be fully funded from IJB reserves.

Arms Length External Organisations

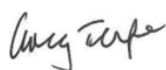
- 2.18 The Council holds an interest in a number of Arms Length External Organisations (ALEOs). These organisations have their own governance arrangements, and report on their financial performance to the appropriate Boards/ Management Committee in line with their own reporting timetables. Summary information on the financial performance of North Lanarkshire Properties, Fusion Assets and Routes to Work as at end of quarter 2 is detailed in paragraphs 2.19 to 2.21 below.
- 2.19 North Lanarkshire Properties LLP is projecting a profit of £1.016m before loan repayments of £0.500m, resulting in an anticipated transfer into reserves of £0.516m, largely attributable to receipt of bank interest, an over-recovery in rental income coupled with an underspend within employee costs, partially offset by increased building management costs.
- 2.20 Fusion Assets Limited is currently projecting a profit within their operating budget of £0.095m as at 31 March 2026. This is due the over-recovery in income relating to bank interest coupled with the delay in the recruitment of a Project Manager. Project expenditure is reported from inception of Fusion Assets Limited and as at 30 September 2025, is projecting a surplus of £3.033m, primarily in relation to increased projected investment returns from Condor Park and Lanarkshire Enterprise Park, partially offset by increased expenditure at Gartcosh Phase 2 and Newhouse A1 projects.
- 2.21 Routes to Work Limited is currently projecting a profit of £0.072m as at 31 March 2026. This is primarily due the timing associated with receipt of UK Shared Prosperity Fund income.

3. Measures of success

- 3.1 The Council continues to operate within approved budgeted resources.

4. Supporting documentation

- 4.1 Appendix 1 Summary by Division
4.2 Appendix 2 Anticipated Commitments – Earmarked Reserves
4.3 Appendix 3 Availability of One-Off Funds – Change Management Fund



Greg Telfer
Chief Officer (Finance and Technology)

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<p>5.6 Technology / Digital impact Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.7 Environmental / Carbon impact Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.8 Communications impact Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.9 Risk impact Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>
<p>5.10 Armed Forces Covenant Duty Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>
<p>5.11 Children's rights and wellbeing impact Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p> <p>If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/></p>

NORTH LANARKSHIRE COUNCIL
SUMMARY BY DIVISION FOR PERIOD ENDING 02 January 2026 (PERIOD 10)

LINE NO.	SERVICE ACCOUNT (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL VARIANCES (4)
		£	£	£
1	Education, Children & Families	529,078,423	529,078,423	-
2	Early Years	32,994,343	32,994,343	-
3	Primary Schools	149,854,879	149,854,879	-
4	Secondary Schools	144,167,220	144,167,220	-
5	Special Schools	29,686,958	29,686,958	-
6	Education Service Delivery	120,191,025	120,889,589	(698,564)
7	Children & Families	42,280,237	41,340,823	939,414
8	Justice Services	93,996	93,996	-
10	Employability	2,870,623	2,859,896	10,727
11	Community Learning	4,773,239	4,970,744	(197,505)
12	Tackling Poverty	2,165,903	2,219,975	(54,072)
13	Enterprise & Communities	212,109,061	212,109,061	-
14	Assets & Procurement	20,979,273	20,965,170	14,103
15	Trading Accounts	(462,182)	(51,471)	(410,711)
16	Community Operations	176,251,767	176,469,702	(217,935)
17	Housing Management	6,148,018	5,856,765	291,253
18	Place	9,192,185	8,868,895	323,290
19	Chief Executives & Other Corporate Services	109,553,389	108,655,970	897,419
20	Directorate & Support	1,287,897	1,231,441	56,456
21	Finance & Technology	72,003,091	71,594,534	408,557
22	Audit & Risk	495,586	444,254	51,332
23	Legal & Democratic	3,099,478	2,952,576	146,902
24	People Resources	9,754,789	9,688,462	66,327
25	Strategy & Communications	7,287,985	7,388,444	(100,459)
26	Other Corporate Services	7,946,920	7,678,617	268,303
27	Joint Boards	7,677,643	7,677,643	-
28	Social Work (non Integrated)	220,834,072	220,834,072	-
29	GENERAL FUND SERVICES	1,071,574,945	1,070,677,526	897,419
30	FINANCING COSTS	(29,305,800)	(32,305,800)	3,000,000
31	Reversal of Capital Charge	(87,955,196)	(87,955,196)	-
32	Loan Charges and Interest on Revenue Balances	58,649,396	55,649,396	3,000,000
33	OTHER BUDGETARY ISSUES	30,090,320	28,542,715	1,547,605
34	Assumptions not yet Realised	30,090,320	28,542,715	1,547,605
37	Transfer from capital grant (Pay Award)	-	-	-
38	TOTAL EXPENDITURE	1,072,359,465	1,066,914,442	5,445,023
39	SOURCES OF FUNDING	1,072,359,465	1,072,359,465	-
40	Aggregate External Finance	879,301,000	879,301,000	-
41	Council Tax	187,769,465	187,769,465	-
42	Use of balances	5,289,000	5,289,000	-
43	FORECAST (SURPLUS)/DEFICIT: TO SUPPORT FUTURE BUDGETS	-	(5,445,023)	5,445,023
44	HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT	-	(101,000)	101,000
45	ADULT HEALTH AND SOCIAL CARE (SURPLUS) /DEFICIT	-	2,361,351	(2,361,351)

NORTH LANARKSHIRE COUNCIL
AVAILABLE GENERAL FUND BALANCES AS AT 02 January 2026 (PERIOD 10)

	EMR; Change Management Fund	EMR; Future Budget Pressures
	£000	£000
Total Balance B/f per 2024/25 Annual Accounts	12,563	31,891
Period 10 reported variance		5,445
Earmarked Reserves no longer required		377
Total Balance 2025/26 before commitments	12,563	37,713
Revised one - off costs of approved savings	(2,421)	
Total Balance 2025/26; to support future budget challenges	10,142	37,713
Known Commitments :- Revised one - off costs of approved savings	(1,147)	
Forecast Balance; to support future budget challenges	8,995	37,713