

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? Yes No

Ref EK/KS/FC/DC

Date 26/02/25

Revenue Monitoring Report Council Summary 1 April 2024 to 03 January 2025

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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 2025. The report consolidates the budget monitoring position of all Services, highlighting and explaining major variances as per the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 15 February 2024. Following notification from Scottish Government of further funding made available to local authorities the overall budget is now £1,008.867m. A surplus of £6.830m is currently projected, largely due to the reported position on loan charges and interest earned on revenue balances. This surplus is to support future budget challenges in accordance with the approved reserves policy, and any budget smoothing strategy recommended by the S95 Officer.

The 2024/25 budget incorporates £21.667m of net savings. It is projected that £20.245m of the savings (93%) will be delivered within the financial year, with replacement savings of £1.422m identified to fully address the shortfall.

Recommendations

It is recommended that the Finance and Resource Committee:

- (1) Acknowledge the financial position of the 2024/25 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 15 February 2024, the Council approved a General Fund Revenue Budget of £1,016.750m including expenditure budgets which will be offset by ring fenced grant resources of £15.290m, resulting in a net expenditure position for monitoring purposes of £1,001.460m. Additional funding has since been confirmed as part of the Scottish Government budget setting, resulting in an overall total budget of £1,008.867m. It should note that this overall budget also reflects the transfer of £20.000m of funding from Revenue to Capital linked to Scottish Government funding towards pay award. Further details of this are provided in paragraph 2.12 below.
- 2.2 Following the budget setting in February the Council has an approved savings target of £21.667m for 2024/25. Further detail can be found in Section 2.13 below.
- 2.3 Table 1 below summarises the projected income and expenditure position, which illustrates a projected surplus of £6.830m, 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	1,008.867	1,002.037	6.830	3.595	3.235
Income					
Aggregate External Finance	834.322	834.322	-	-	-
Local Tax Collection	168.999	168.999	-	-	-
Use of Balance	5.546	5.546	-	-	-
Total Income	1,008.867	1,008.867	-	-	-
Forecast Surplus/ (Deficit): to support future budgets	-	6.830	6.830	3.595	3.235

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, Children and Families	-	On Budget	-	On Budget	-
Enterprise and Communities	-	On Budget	-	On Budget	-
Chief Executives and Other Corporate Services	2.815	Underspend	0.595	Underspend	2.220
Social Work (Non-Integrated)	-	On Budget	-	On Budget	-
Executive Services Total	2.815	Underspend	0.595	Underspend	2.220
Financing Costs	3.000	Over recovery	3.000	Over recovery	-
Other Budgetary Issues	1.015	Underspend	-	On Budget	1.015
Forecast Surplus/ (deficit): to support future budgets	6.830	Underspend	3.595	Underspend	3.235

Table 2

- 2.5 Education, Children and Families are reporting an overall breakeven position. However, it should be noted that there are a number of compensating variances within this position. Underspends are projected within employee costs of £0.501m reflecting actual and projected vacancies, along with the roll out of finalised HQ, cluster, and school staffing structures. Further underspends are forecast in relation to payments to other bodies of £0.363m partly due to demand for family placements being lower than resources available, which is partly offset by pressures within external ASN placements and Gaelic provision. There are also underspends in transfer payments of £0.284m primarily in relation to early years provision and care plan payments, £0.371m in other costs primarily linked to external grant synergies aligned to music provision, and £0.101m underspend in supplies and services due to various compensatory factors across the service. These underspends are offset by overspends in transport costs of £0.850m in relation to 'Home to School' transport pressures linked to ASN and Gaelic provision, property costs of £0.276m due to increased utility costs within the education estate, together with a forecast under-recovery in income of £0.533m in relation to reduced cross-boundary ASN placements within NLC settings.
- 2.6 Enterprise and Communities continue to report a projected breakeven position, with a number of compensatory variances contributing to this overall position. Employee costs are forecast to underspend by £3.690m as a result of vacancy savings partially offset by increased overtime and turnover, together with an underspend of £0.418m in administration costs due to grant income linked to free school meals received in advance of need, partially offset by increased external advisor costs as a result of vacancies. These underspends are offset by overspends in payments to other bodies of £2.174m, primarily as a result of increased costs in relation to the finalisation of the previous roads contract and the mobilisation of the new contract, in supplies and services of £1.097m primarily in relation to ICT costs and food provisions, and in transport and plant of £0.295m, due to additional costs of work being outsourced prior to completion of a new depot facility.
- 2.7 Chief Executives and Other Corporate Services is reporting a projected underspend of £2.815m, this a favourable movement of £2.220m from that previously reported, mainly due to increased underspends in employee costs and supplies and services. The

overall position is primarily as a result of employee vacancy savings across the service totalling £1.589m, and an underspend of £1.429m within supplies and services resulting from the current usage levels of cloud-based systems. These underspends are partially offset by an overspend of £0.155m in property costs due to increases in insurance premiums together with building costs relating to the Civic Centre and a net under recovery of income of £0.179m predominantly attributable to previous maintenance and repair contract arrangements, legal insurance, licensing and registrars, partially offset by over-recoveries within rental allowances / rent rebates overpayments and interest.

- 2.8 In respect of loan charges and interest earned on revenue balances, as previously advised, 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 In addition, there is a further underspend of £1.015m mainly in respect of additional Scottish Government funding for costs which are being partly met by other budgetary provision.
- 2.10 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.
- 2.11 The 2024/25 pay awards have now been agreed with the settlement for teachers being an uplift of 4.27%, and for non-teachers an uplift of 3.6% or £0.67 per hour, whichever is greater. The full implications have been incorporated into the period 10 monitoring position reported by each Service.
- 2.12 It should also be noted that Scottish Government has confirmed that £53.000m of their funding towards local government pay will be made through capital funding for 2024/25. In line with recent years, the Council has been asked to absorb a proportion of the capital funding in lieu of revenue funding. As a result, the reported net budget illustrated in appendix 1 has been reduced by £20.000m, with a corresponding increase in General Capital Grant. Local Government Finance Circular 9/2024 provides 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.

2023/24 Budget Savings

- 2.13 As outlined in paragraph 2.2 above, the Council has approved net savings of £21.667m for 2024/25. Each Service reports on the achievement of their savings within the relevant service monitoring report. It is projected that £20.245m of savings (93%) will be achieved in the current year, with the in-year gap of £1.422m being fully mitigated by replacement savings.

Earmarked Reserves and Change Management Fund

- 2.14 The Council's audited annual accounts highlight a General Fund reserve balance of £283.893m. This balance includes £8.000m for the Contingency Fund, with a further £245.690m earmarked for specific future commitments including £19.358m 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 £30.203m of funds represent balances that were not earmarked as at 31 March 2024 and have therefore been set aside to support future budget strategies.
- 2.15 A total of £90.629m of earmarked reserves is profiled for use in 2024/25 with a further £155.061m profiled for use in future years. It is currently projected that £58.486m will be spent during this financial year with £187.177m anticipated to be required in future years, and £0.027m no longer required. A summary position is shown in Appendix 2. Taking into account the projected forecast surplus of £6.830m, and the drawdown of historic balances from the Capital Fund of £2.951m, it is expected that at the end of the financial year the General Fund will include non-earmarked balances of £40.011m as detailed in Appendix 3. These balances are to support future budget challenges in accordance with the approved reserves policy, and any budget smoothing strategy recommended by the S95 Officer.

Risks and Uncertainty

- 2.16 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

- 2.17 The Housing Revenue Account is currently projecting an underspend of £2.300m for the financial year. This position is primarily as a result of underspends in repairs costs of £2.850m, employee costs of £0.300m as a result of increased turnover savings, and future credit losses being lower than expected by £0.500m, partially offset by increased awards of Universal Credit Assistance Fund of £1.500m. The service anticipates that £1.165m of savings (100%) will be delivered by year end.

Adult Health and Social Care

- 2.18 Council Adult Health and Social Care provision to the Integration Joint Board (IJB) is projecting an underspend of £1.397m. This position is primarily due to a projected net underspend in employee costs of £5.927m mainly as a result of non-recurring reduction of employer's superannuation costs coupled with slippage in recruitment, partially offset by higher than anticipated costs in relation to home support staffing costs. There is also an underspend in supplies and services of £0.413m mainly as a result of lower

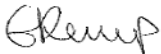
than anticipated spend in equipment and adaptations. These underspends are partly offset by a projected overspend of £4.607m in payments to other bodies and transfer payments primarily in relation to anticipated spend in 'Care at Home' and Independent Care Homes, and higher than anticipated transport and plant costs of £0.548m mainly in relation to higher than anticipated staff mileage, coupled with estimated running costs associated with vehicles for use across the Service. However, it should be noted that the reduction in pension cost is part of the delivery plan solution to manage an overall recurring cost pressure of £11.400m over 2024/25 and 2025/26.

3. Measures of success

3.1 The Council continues to operate within approved budgeted resources.

4. Supporting documentation

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



Elaine Kemp
Chief Officer (Finance)

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</p>	<p>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</p>	<p>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</p>	<p>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</p>	<p>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</p>	<p>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</p>	<p>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 03 January 2025 (PERIOD 10)

LINE NO.	SERVICE ACCOUNT (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL VARIANCES (4)
		£	£	£
1	Education, Children & Families	535,908,081	535,908,081	-
2	Early Years	35,271,836	35,271,836	-
3	Primary Schools	164,286,161	164,286,161	-
4	Secondary Schools	151,381,665	151,381,665	-
5	Special Schools	26,312,999	26,312,999	-
6	Education & Families Service Delivery	107,503,843	108,645,102	(1,141,259)
7	Childrens Services Social Work	40,648,963	40,150,811	498,152
8	Justice Services	91,690	66,395	25,295
10	Employability	3,015,086	2,506,824	508,262
11	Community Learning	5,393,767	5,320,824	72,943
12	Tackling Poverty	2,002,071	1,965,464	36,607
13	Enterprise & Communities	206,422,542	206,422,542	-
14	Assets & Procurement	37,514,575	37,674,038	(159,463)
15	Trading Accounts	(462,202)	(18,120)	(444,082)
16	Community Operations	152,308,248	153,586,541	(1,278,293)
17	Housing Management	5,753,407	4,688,089	1,065,318
18	Housing Property Services	-	-	-
9	Active and Creative Communities	-	-	-
19	Place	11,308,514	10,491,993	816,521
20	Chief Executives & Other Corporate Services	108,429,007	105,613,505	2,815,502
21	Directorate & Support	529,177	561,960	(32,783)
22	Finance	47,106,203	46,020,685	1,085,518
23	Audit & Risk	597,041	596,415	626
24	Legal & Democratic	2,579,482	2,305,053	274,429
25	Business & Digital	23,484,284	21,548,077	1,936,207
26	People Resources	8,933,567	8,875,811	57,756
27	Strategic Communication and Engagement	5,360,366	5,344,366	16,000
28	Other Corporate Services	6,284,817	6,807,068	(522,251)
29	Joint Boards	13,554,070	13,554,070	-
30	Social Work (non Integrated)	211,469,816	211,469,816	-
31	GENERAL FUND SERVICES	1,062,229,446	1,059,413,944	2,815,502
32	FINANCING COSTS	(36,205,584)	(39,205,584)	3,000,000
33	Reversal of Capital Charge	(87,964,980)	(87,964,980)	-
34	Loan Charges and Interest on Revenue Balances	51,759,396	48,759,396	3,000,000
35	OTHER BUDGETARY ISSUES	(17,156,609)	(18,171,419)	1,014,810
36	Assumptions not yet Realised	2,843,391	1,828,581	1,014,810
37	Transfer from capital grant (Pay Award)	(20,000,000)	(20,000,000)	-
38	TOTAL EXPENDITURE	1,008,867,253	1,002,036,941	6,830,312
39	SOURCES OF FUNDING	1,008,867,253	1,008,867,253	-
40	Aggregate External Finance	834,321,788	834,321,788	-
41	Council Tax	168,999,465	168,999,465	-
42	Use of balances	5,546,000	5,546,000	-
43	FORECAST (SURPLUS)/DEFICIT: TO SUPPORT FUTURE BUDGETS	-	(6,830,312)	6,830,312
44	HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT	-	(2,300,000)	2,300,000
45	ADULT HEALTH AND SOCIAL CARE (SURPLUS) /DEFICIT	-	(1,396,574)	1,396,574

Appendix 3

NORTH LANARKSHIRE COUNCIL
AVAILABILITY OF GENERAL FUND BALANCES AS AT 03 January 2025 (PERIOD 10)

	Change Management Fund	Non-Earmarked General Fund
	£000	£000
Total Balance B/f per 2023/24 Annual Accounts	19,358	30,203
Period 10 reported variance		6,830
Earmarked Reserves no longer required		27
Total Balance 2024/25 before commitments	19,358	37,060
Revised one - off costs of approved savings	(2,645)	
Draw down from Capital Fund		2,951
Total Balance 2024/25; to support future budget challenges	16,713	40,011
Known Commitments :- Revised one - off costs of approved savings	(2,774)	
Forecast Balance; to support future budget challenges	13,939	40,011