

DATA LABEL: PUBLIC



CORPORATE POLICY AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY PANEL

2021/22 FINANCIAL PERFORMANCE – MONTH 12 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Panel with an update on the financial performance of the Corporate Policy and Resources portfolio.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Corporate Policy and Resources portfolio in 2021/22;
2. Notes that the Corporate Policy and Resources portfolio position at month 12 was part of the overall council budget position reported to Council Executive on 21 June 2022;
3. Notes actions to be taken by Heads of Service and budget holders to manage spend within available resources.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
III Implications for Scheme of Delegations to Officers	No implications at this stage.
IV Impact on performance and performance indicators	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
V Relevance to Single Outcome Agreement	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.
VI Resources – (Financial, Staffing and Property)	An underspend of £2.449 million was the position for the Corporate Policy and Resources portfolio revenue budget in 2021/22.

There was net accelerated spend of £17.264 million on the capital programme for the portfolio area.

VII Consideration at PDSP

A financial performance report will be presented to the Panel twice yearly on an ongoing basis.

VIII Other Consultations

Depute Chief Executives, Head of Operational Services, Head of Corporate Services and Head of Housing, Customer and Building Services

D. TERMS OF REPORT

D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Corporate Policy and Resources Policy Development and Scrutiny Panel (PDSP) portfolio of services. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 21 June 2022. This report also includes the position on the delivery of approved budget reduction measures relevant to the Corporate Policy and Resources portfolio for 2021/22.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place particular focus on a risk based and pro-active approach to budget monitoring.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2020/21 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2021/22 will be collated by the Improvement Service and will be made available later in 2022.

D.2 Financial Outturn for 2021/22

The table below summarises the position in relation to service expenditure for the portfolio area. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative for the relevant service area.

Service	Budget £'000	Outturn £'000	Variance £'000
GENERAL FUND REVENUE			
Chief Executive, Finance and Property Services			
Chief Executive and Elections	1,485	1,587	102
Finance	4,275	3,362	(913)
Anti-Poverty	12,399	12,797	398
Property Services	39,770	40,040	270
Total	57,929	57,786	(143)
Corporate Services			
Corporate Procurement	532	627	95
Information Technology	8,585	8,613	28
Performance & Improvement	1,166	903	(263)
Corporate Communications	476	476	0
Legal Services	1,184	1,235	51
Human Resources and Support Services	5,034	5,125	91
Transformation Programme Team	906	906	0

Total	17,883	17,885	2
Housing, Customer and Building Services			
Customer Service Centre	2,063	1,889	(174)
Customer & Community Services	3,966	3,692	(274)
Total	6,029	5,581	(448)
Planning, Economic Development & Regeneration			
Community Planning	176	186	10
Total	176	186	10
Joint Boards			
Joint Boards	1,304	1,304	0
Total	1,304	1,304	0
Non Service Expenditure			
Non Service Expenditure	33,304	32,616	(688)
Total	33,304	32,616	(688)
Funding			
Council Tax	(89,189)	(90,371)	(1,182)
Government Grants	(363,768)	(363,736)	0
Total	(452,957)	(454,139)	(1,182)
TOTAL GENERAL FUND REVENUE CPR PDSP	(333,346)	(335,795)	(2,449)

GENERAL SERVICES CAPITAL			
Property	57,652	73,989	16,337
ICT	6,676	7,603	927
TOTAL GENERAL SERVICES CAPITAL CPR PDSP	64,328	81,592	17,264

D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance

D.3.1 General Fund Revenue – Chief Executive, Finance and Property Services

The revenue budget for Chief Executive, Finance and Property Services was underspent by £143,000. This was largely due to an increase in intervention income for both Council Tax and Business Rates. The increase in Council Tax income can be attributed to the additional work relating to the Covid recovery plan, mostly on warranted debt. The increase in income helped absorb the overspend within the anti-poverty service, arising from additional staff costs due to increased footfall indirectly relating to the pandemic. Property maintenance expenditure continues to be a risk, as does the collection of commercial rents, due to the uncertainty of premises becoming vacant due to current financial pressures.

The LGBF includes a number of key indicators that relate to Finance and Property Services including percentage of invoices paid within 30 days and the cost per dwelling of collecting council tax. The LGBF data shows that West Lothian's performance for 2020/21 was 95.02% of invoices were paid within 30 days which ranked ninth in Scotland. The data for council tax collection for 2020/21 indicates that West Lothian ranks third lowest for cost per dwelling for collecting council tax. West Lothian's cost of support services as a proportion of total council expenditure is ranked third lowest out of the 32 Scottish local authorities.

D.3.2 General Fund Revenue – Corporate Services

The revenue budget for Corporate Services was overspent by £2,000 in 2021/22. There were pressures within Corporate Services which were managed within service budgets. The under

recovery of income in Legal Services resulting from the Covid-19 pandemic was alleviated by £58,000 from Covid-19 funding and also the ability to drawdown from the Lifetime Licencing allocation.

Procurement Services were overspent by £166,000, due to turnover of staff and other staff absences which has resulted in the need to employ agency staff to cover essential procurement work. There was also an anticipated shortfall in procurement rebates due to there being fewer opportunities to generate such rebates.

D.3.3 General Fund Revenue – Housing, Customer and Building Services

Expenditure within Housing, Customer and Building Services relating to the Corporate Policy and Resources portfolio includes Customer and Community Services and the Customer Service Centre. There was an underspend of £174,000 within the Customer Service Centre due to staffing savings.

There was an underspend of £274,000 within Customer & Community Services. This is primarily due to a combination of vacancies and reduced activity as a result of Covid-19. One off budget helped to mitigate the pressure in Registration activity income.

Performance information for Customer and Community Services and for the Customer Service Centre indicates that, for 2021/22, the percentage of customers who rated the overall quality of service as good or excellent was above target for both areas at 99.1% and 98.4% respectively.

D.3.4 General Fund Revenue - Planning, Economic Development & Regeneration

Community Planning costs were broadly in line with budget.

D.3.5 General Fund Revenue – Joint Boards

A break-even position was achieved.

D.3.6 General Fund Revenue – Non Service Expenditure

The final outturn position for Non-Service Expenditure was an underspend of £688,000.

There was an underspend of £108,000 on the Council Tax Reduction Scheme (CTRS). Caseload levels reduced gradually throughout 2021/22 and returned to pre-covid levels and pension costs were £287,000 lower than budget. There was also an underspend of £293,000 in housing benefits due to a continuing decrease in housing benefits caseloads as people who require additional assistance with Housing Costs will claim universal credit unless they meet specific criteria.

D.3.7 General Fund Revenue – Funding

The final outturn for Council Tax income was an over recovery of £1.182 million. This was largely due to the recovery made on prior years which was already fully provided for within the bad debt provision. Further work is currently being undertaken to determine how the benefit being achieved from prior years council tax collection can be incorporated into future years budget assumptions. The final outturn position of an over recovery of £1.182 million is based on a bad debt provision of 3% which was assessed as an appropriate figure.

D.3.8 General Services Capital

The final outturn position for Property and ICT asset categories was net accelerated spend of £17.264 million for the financial year.

Property

The 2021/22 Property capital programme had net accelerated spend of £16.337 million.

During 2021/22, a number of projects progressed more quickly than originally anticipated, namely the two new developer funded Secondary Schools at Winchburgh, which collectively had accelerated spend of £13.114 million. The new non-denominational secondary school and sports block as well as the Holy Family will be complete and operational for August 2022 and the new denominational secondary operational from August 2023

Additional Supports Needs (ASN) school's projects continue to make good progress with a combined accelerated spend of £4.173 million for the refurbishment and extension of Pinewood, new Cedarbank and Ogilvie Campus. The proposed development of the new Beattie ASN is underway and financial close has now been achieved and the project can now progress.

On broader Early Learning and nursery capacity works, the new kitchens at Eastertoun Primary in Armadale and Murrayfield Primary in Blackburn have been concluded. Notable progress is being made at Blackburn primary, the nursery extension and refurbishment project, contractors are currently on site and work is well underway.

Planned Improvements and Statutory Compliance reported a net accelerated spend of £289,000. Slippage was identified for planned improvements within residential units as a direct result of Covid-19 restrictions, and investment was accordingly re-programmed for 2022/23.

ICT

The final outturn position for the ICT asset category was net accelerated spend of £927,000. The successful installation and rollout of robotics and automation within this financial year, meant that the Digital Transformation project made a significant contribution to this accelerated spend. In addition to the progress already achieved, the project also intends to provide services with cloud-based solutions which ultimately, should give rise to decreased expenditure in a number of areas in the coming years.

The new HR and Payroll System is nearing completion. There may be additional development to further build and adapt the system to user requirements through time.

D.4 SUMMARISED BUDGET POSITION FOR 2021/22

The month 12 outturn position in 2021/22 was an underspend of £2.449 million within the General Fund Revenue budget for the Corporate Policy and Resources portfolio. The month 12 position was reported to Council Executive on 21 June 2022. Capital projects have accelerated spend of £17.264 million.

D.5 FUTURE BUDGET ISSUES AND RISKS

There remains significant risks and uncertainties associated with the financial assumptions in the council's budget. The Covid-19 pandemic has had an unprecedented impact on council services and budgets. The ongoing cost of living crisis and the remaining effects of the pandemic and the UK leaving the EU continue to provide considerable uncertainty. In addition, the outcome of the National Care Service consultation and resulting changes to service delivery models will have an impact on local government services, funding and financial and planning assumptions.

In relation to medium term financial planning, whilst acknowledging that the planning assumptions are subject to uncertainty due to the planning time horizon, some of the general risks and uncertainties include annual confirmation of local authority funding from the Scottish Government, pay award, particularly given payroll costs are the councils largest expense, the

outcome of the UK leaving the EU, policy changes by the government without adequate funding, demographic demands and inflationary pressures.

Specifically for the Corporate Policy and Resources portfolio, the key risks and uncertainties include the delivery of staffing savings which will require restructures and changes to the way staff operate. Sickness absence levels and above inflationary contractual price changes are risks that can affect services across the portfolio area and are monitored closely. Additional one off budget of £3.309 million has been provided in 2022/23 to manage the anticipated price increases on gas and electricity and this will be closely monitored over coming period.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

E. CONCLUSION

The 2021/22 position for the Corporate Policy and Resources portfolio was an underspend of £2.449 million. As noted, the position for the Corporate Policy and Resources portfolio is part of the overall outturn position for 2021/22 which was reported to Council Executive on 21 June 2022. There was net accelerated spend of £17.264 million on the capital programme for the portfolio area.

F. BACKGROUND REFERENCES

1. Draft 2021/22 General Fund Revenue Budget Outturn - Report by Head of Finance and Property Services on 21 June 2022
2. General Services Capital Investment Programme 2022/23 to 2027/28 – Update - Report by Head of Finance and Property Services on 21 June 2022
3. Revenue Budget 2022/23 – report by Head of Finance & Property Services on 15 February 2022
4. Local Government Benchmarking Framework

Appendices/Attachments: None

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