

Title of report	Budget Monitoring Report as at 31 January 2018
Public/confidential	n/a
Action	For consideration and approval
Summary/purpose of report	To provide Resources Committee with the budget monitoring position on the core operating budget and specific grant funding for the year to 31 March 2018.
Recommendations	<p>That the Resources Committee:</p> <ul style="list-style-type: none"> i) considers the core operating budget monitoring statement for the year to 31 March 2018 (Appendix A) ii) considers the position on projected expenditure against available specific grant funding for the year to 31 March 2018 (Appendix B) iii) considers the summary of digital transformation expenditure for 2017/18 and 2018/19 (Appendix D) iv) note the areas of specific attention in section 10 of this report which will be closely monitored by the Executive Management Team (EMT) v) note the projected general reserve position detailed in Section 11 vi) notes that severance payments will be required due to a "technical redundancy" (Section 5.1.9).
Link to Strategic Plan	The information in this report links to Strategic Outcome 4: Our stakeholders value our work and Strategic Priority 6: High Standards of Governance.
Link to the Risk Register	<p>Regular monitoring of performance against the budget supports mitigation of the following risks:</p> <p>Strategic Risk 2: The SSSC's credibility as a well-run effective organisation is damaged if it cannot meet its strategic objectives in light of the funding allocated to it by Government.</p> <p>Strategic Risk 6: The public or employers do not have or lose confidence in the SSSC.</p>

Author	Nicky Anderson, Head of Finance 01382 207206
Documents attached	Appendix A: Summary: core operating budget Appendix B: Summary: specific grant finding Appendix C: Summary: budget movements Appendix D: Summary: Digital transformation spend

EXECUTIVE SUMMARY:

- 1.1 This is the third budget monitoring report of the 2017/18 financial year. This report is based on an agreed core operating budget of £19.7m and specific grant funded expenditure of £1.1m (total £20.8m) as approved by Council on 21 March 2017.
- 1.2 In July 2017 the SSSC took on responsibility for disbursing the Voluntary Sector Development Fund (VSDF), a budget of £0.9m. This increased the core operating budget to £20.6m. Specific grants totalling £1.0m have been awarded to the SSSC this financial year. The report is based on the revised budget of £21.6m for 2017/18.
- 1.3 This budget monitoring report provides separate analysis of the core operating budget position and specific grant funded expenditure. The projected outturn figures are based on the ledger to 31 January 2018.
- 1.4 It was agreed with the Sponsor after the budget was agreed by Council, that additional funding paid in 2016/17 would be used to fund £271k of practice learning fees. The revised budget reflects that £271k of practice learning fees are to be funded by the general reserve balance.
- 1.5 After the 2017/18 budget had been agreed by Council, the Sponsor supplied additional funding to provide working capital of £429k to the SSSC. This is intended to contribute to our digital transformation programme during 2017/18. This additional funding was received by the SSSC in 2016/17 and is contained in the general reserve balance.
- 1.6 As at 31 January 2018, the projected outturn position on the core operating budget is an overspend of £606k. This consists of the planned budget deficit for practice learning fees of £271k, the additional £429k of working capital and an in-year underspend of £94k.
- 1.7 Specific grant funding of £1,008k has been awarded to the SSSC for 2017/18. In addition, £54k of grant underspends were carried forward from 2016/17 in the general reserve for use during 2017/18. As at 31 January 2018 the projected outturn position on specific grants is an underspend of £44k. This is a variance of £98k to the planned position of a £54k overspend.
- 1.8 A summary of the projected core operating budget position is attached at Appendix A. The specific grant funded position is summarised at Appendix B, a summary of budget movements is detailed at Appendix C and a summary of digital transformation expenditure is attached at Appendix D.

Summary of movements since last reported position:

The position last reported to Resources Committee on 6 December 2017 was a projected underspend of £440k. This was based on the ledger position at 31 October 2017.

The position based on the ledger as at 31 January 2018 is a projected underspend of £94k. This represents a movement of £346k against the previously reported position. The main reason for this is additional investment in the digital transformation programme.

	£000	£000
Current projected net expenditure/(income)	(94)	
Last reported net expenditure/(income)	(440)	
Change to net expenditure position		346

Summary of changes:	Total Projection increase/ (decrease) £000
Expenditure:	
Staff costs	(117)
Administration costs	(133)
Travel costs	1
Supplies and services	587
Postgraduate bursaries	(35)
	303
Income:	
Registration fees	60
Protection of Vulnerable Groups (PVG) Fee	2
IRS Equivalency fees	2
Modern apprenticeship fee	(10)
Seconded Officers	(11)
	43
Grand total:	346

The main reasons for these variances are detailed below:

Staff costs

The staff costs projection has reduced by £117k.

The projection for staff salaries has reduced by £114k. This is mainly due to delays in filling posts (slippage) £100k and a £20k reduction in Council members allowances.

The above reductions in projected costs are partially offset by a £3k increase in the overtime projection and a £3k increase on salary costs due to a post being re-graded.

Other staff costs

The projection for other staff costs has reduced by £3k.

The projection for digital and customer service staff training has reduced by £156k as this funding has been re-directed towards the wider digital transformation programme. There has been a further £12k reduction in projected staff training costs across various departments.

The projection for allowances for Legally Qualified Chairs (LQCs) and Lay and Social Service Members has reduced by £16k based on the anticipated number of hearings yet to be held this financial year.

The above reductions to projection are partially offset by an increase to the projection for hired agency of £136k for the employment of a Digital Transformation Lead, Third level Engineer support and a Technical Specialist on the ICT Development project. The projection for the Digital Transformation Lead of £68k was previously reported under professional fees.

The hired agency staff projection for Registration has increased by £27k for the employment of five temporary staff to process support worker applications.

Staff severance costs of £16k are projected due to the cessation of projects funded by specific grants.

The projection for staff recruitment costs has increased by £2k.

Administration costs

The projection for administration costs has reduced by £133k in total.

The projection for legal adviser fees for hearings has reduced by £51k based on the expected number of hearings still anticipated to be held this financial year.

The projection for professional fees relating to ICT Development has reduced by £43k. This is due to the Digital Transformation Lead costs of £68k now being projected under hired agency. An additional £25k of expenditure is projected for Office 365 and Windows 10 migration planning.

Printing and postage costs have reduced by £63k mainly due to fewer codes of practice being printed and/or posted than was previously anticipated.

There are other minor reductions to projections totalling £12k.

The above projected cost reductions are partially offset by projection increases totalling £36k for:

- translation costs £13k;
- professional fees associated with the development, delivery and evaluation of the SSSC Leadership and Management programme £10k;
- legal fees relating to employment law advice £10k and
- professional fees for the cost of training Legally Qualified Chairs (LQCs) and new Members £3k.

Travel costs

The projection for travel costs has increased by £1k.

Supplies and Services

The projection for supplies and services has increased by £587k.

The projection for the digital transformation programme has increased by £574k in line with agreements made at the digital Transformation Programme Board and the Resources Committee.

An additional £17k is projected for the procurement and implementation of an automated telephone payment system.

The projection for Protection of Vulnerable Groups (PVG) fees has increased by £8k.

There are other minor increases in projections totalling £10k.

The above increases are partially offset by reductions to projections of £22k for venue hire (£12k) and ICT equipment (£10k).

Postgraduate Bursaries

The postgraduate bursaries expenditure projection has reduced by £35k based on the latest assessment information.

Registration fee income

The projection for Registration fee income has reduced by £60k. This is based on actual data to January 2018 and projections from January to March 2018.

Other fee income

The projections for PVG, IRS Equivalency and Modern Apprenticeship fee income has increased by £6k.

Other income

Two new secondment outwards commencing in January 2018 and March 2018 will increase income by £11k for 2017/18.

BUDGET MONITORING INFORMATION

2. INTRODUCTION

- 2.1 This is the third budget monitoring report of the 2017/18 financial year to be presented to the Resources Committee. The SSSC manages its resources and has in place formal processes for the accurate recording, reporting and effective managerial control of its funds.
- 2.2 The Scottish Social Services Council (SSSC) agreed a total core operating budget of £19.7m and a specific grant funded budget of £1.1m on 21 March 2017. There have been adjustments to the budget since it was agreed by Council; the detail of this is set out in section 3 below.
- 2.3 Attached as Appendix A and B respectively are the budget monitoring statements for the core operating and grant funded budgets. These statements are based on the revised budget position set out in section 3 below.

3. REVISED 2017/18 BUDGET

- 3.1 The revised core operating budget for 2017/18 is £20.6m. This is £0.9m more than the agreed budget because the SSSC agreed to take on the management of the Voluntary Sector Development Fund (VSDF) from Scottish Government on 1 July 2017. A total of £1.0m in specific grants has been awarded to the SSSC providing a total budget of £21.6m in 2017/18.
- 3.2 It was agreed with the Sponsor after the budget was agreed by Council, that additional funding paid in 2016/17 contained in the general reserve balance would be used to fund £271k of practice learning fees. The practice learning fees income budget has been reduced accordingly and the revised budget now shows a deficit.
- 3.3 After the Council agreed the 2017/18 budget, the Sponsor provided additional funding of £429k to contribute to non-recurring costs associated with our digital transformation programme during the 2017/18 financial year. This additional funding was received in late 2016/17 and is contained within the general reserve balance. Together with the £271k practice learning fees to be funded from the General Reserve balance as described in 3.2 above, an overspend of £700k is planned.
- 3.4 Specific grant funding of £1,008k has been awarded to the SSSC for 2017/18. In addition, £54k of grant underspends were carried forward from 2016/17 in the general reserve for use during 2017/18.
- 3.5 The table below summarises the SSSC's 2017/18 budget position for core operating expenditure and specific grants awarded to the SSSC.

	Core Operating Budget 2017/18 £000	Specific Grant Funding 2017/18 £000	Total Budget 2017/18 £000
Gross expenditure agreed by Council (21 March 17)	19,738	1,042	20,780
Budget revisions:			
Voluntary Sector Development Funding (VSDF)	900		900
Reduction in W/force Dvt & Social Integration Grant		(34)	(34)
Revised gross expenditure	20,638	1,008	21,646
Budgeted Funding:			
Approved by Council (21 March 2017)	(19,738)	(1,042)	(20,780)
Voluntary Sector Development Fund (VSDF)	(900)		(900)
Practice Learning income reduction	271		271
Reduction in other grant funding		34	34
Revised funding	(20,367)	(1,008)	(21,375)
Council agreed budget deficit/(surplus)	0	0	0
Revised budget deficit/(surplus)	271	0	271
Additional digital transformation investment	429	0	429
Anticipated budget overspend	700	0	700

4.0 2017/18 – SUMMARY OF PROJECTED OUTTURN

- 4.1 This budget monitoring report provides separate analysis of the core operating budget position and specific grant funded expenditure. The report incorporates projected outturn figures based on the ledger to 31 January 2018. Attached at Appendix A is the 2017/18 core operating budget monitoring statement for the year to 31 March 2018. This includes a summary of the projected general reserve movement. Specific grant funding is detailed in Appendix B and a summary of budget movements is shown at Appendix C. Appendix D shows a summary of ICT Development requirements for 2017/18 and 2018/19.
- 4.2 As at 31 January 2018, the projected outturn position on the core operating budget is an overspend of £606k. This consists of the planned budget deficit for practice learning fees of £271k, the additional £429k of working capital and an in-year underspend of £94k. Underspends in other areas of the budget totalling £633k have been used to fund the required additional investment in the digital transformation programme and we will continue to endeavour to generate further budget underspends in an attempt to reduce the projected in-year overspend.
- 4.3 As at 31 January 2018 the projected outturn position on specific grants is an underspend of £44k. This is a variance of £98k to the planned position of a £54k overspend.
- 4.4 The core operating budget statement at Appendix A and the grant funded budget statement at Appendix B shows the 2017/18 budget for monitoring purposes after adjustments have been made to the budget agreed by Council

on 21 March 2017. The actual expenditure/income and commitments are shown for the period to 31 January 2018. The projected year end expenditure column represents the anticipated expenditure or income position at the end of the financial year (31 March 2018). The projected annual variance column represents the variance between projected annual expenditure or income and the agreed budget.

5. OPERATING BUDGET - EXPENDITURE

5.1 Staff costs (£303k)

- 5.1.1 The total projected underspend on staff costs is £303k. The reasons for this are set out in 5.1.2 to 5.1.8 below.
- 5.1.2 There is an underspend of £472k on salaries. This is mainly due to delays in filling vacant posts (slippage), staff working reduced hours and maternity leave.
- 5.1.3 The projection for allowances for lay and social service members is expected to be underspent by £84k as expected hearing numbers have reduced by a third. Allowances for external assessors for non-UK qualification work are expected to be underspent by £10k.
- 5.1.4 An underspend of £20k is anticipated from Council Members' claims for attendance at meetings and training days.
- 5.1.5 A projected overspend of £136k on non-payroll staff costs for the employment of hired agency staff to work on the ICT development project.
- 5.1.6 A projected overspend of £34k on training costs. This mainly due to additional training on digital and customer skills and EFQM re-accreditation.
- 5.1.7 A projected overspend on secondments inward of £58k (Learning & Development £54k and Corporate Governance and Hearings £4k).
- 5.1.8 A projected overspend of £27k due to the employment of temporary staff to process support worker applications.
- 5.1.9 Unbudgeted severance costs of £16k associated with the cessation of projects funded by specific grant. This is a "technical redundancy" as described in a separate report to this Committee meeting. The Committee is requested to note that redundancy and strain on fund payments are due.
- 5.1.10 A projected overspend of £12k on staff recruitment.

5.2 Accommodation £13k

- 5.2.1 Accommodation costs are projected to be £13k overspent due to unplanned maintenance.

5.3 Administration costs

(£150k)

5.3.1 Administration costs are expected to be underspent by £150k. The reasons for this are set out in 5.3.2. to 5.3.12 below.

5.3.2 Legal adviser fees for hearings are anticipated to be underspent by £225k. This is due to the following factors:

- the move to the new Fitness to Practise model which is forward looking and focusses on a person's current behaviour;
- a change in thresholds for Fitness to Practise meaning that fewer cases result in a hearing; and
- the move to Legally Qualified Chairs which will mean that legal advisers will no longer be required.

The projection takes into account actual costs to 31 January and the projected number of hearings anticipated under the current rules and the new rules from February to March 2018.

5.3.3 Postage costs are expected to be £76k underspent. The new personal registration card is now being issued to a reduced audience (new registrants and those renewing only), saving £48k. In addition, postage costs are expected to be underspent by £20k as fewer codes of practice have been mailed out than originally anticipated and by £8k due to the anticipated reduction in hearings.

5.3.4 Print costs are expected to be £40k underspent. Fewer codes of practice have had to be printed due to more users downloading digital copies saving £33k. Registration are projected to underspend by £4k and the State of Nation report will not be produced this financial year saving a further £3k.

5.3.5 Bank charges are expected to be £5k less than budget due to savings associated with the new Government framework contract for online and telephone payments.

5.3.6 The stationery budget for the organisation is expected to be £4k underspent.

5.3.7 Fewer Fitness to Practise staff are using the Linets service than anticipated generating a subscriptions budget saving of £3k.

5.3.8 The conference attendance budget is expected to be £3k underspent.

5.3.9 Professional fees are projected to be £118k overspent. This comprises:

	Budget Variance over/(under) spend £000	Funded from General Reserve £000	Total Professional Fees Over/(under) spend £000
Expertise for Sequence relet		61	61
SSSC Leadership & Management programme		10	10
Institute of Customer Services (ICS) membership		7	7
EQUIP Advanced online service tool		5	5
Training Legally Qualified Chairs and new members	23		23
Professional advisers for the recruitment of LQCs	5		5
Due diligence assignment	5		5
Translation costs for hearings	16		16
Sponsorship SCQF Conference Feb 2018	2		2
State of Nation report – design costs	(5)		(5)
Underspend for EFQM accreditation - postponed	(6)		(6)
Speaker for staff conference – cancelled	(2)		(2)
Underspend for practising certificates	(3)		(3)
Total	35	83	118

5.3.10 Legal fees are projected to be £51k overspent in total. Unbudgeted employment law advice is expected to cost £36k. Legal presenter fees are projected to be £15k overspent for Fitness to Practise cases.

5.3.11 Fee write offs are projected to be £30k more than budgeted. Fees are written off due to registrants lapsing or being removed from the register.

5.3.12 Photocopying charges are expected to be £7k more than budgeted.

5.4 **Transport costs** **(£29k)**

5.4.1 Travel and subsistence costs are projected to be underspent by £45k for lay and social service members due to the expected reduction in hearings.

5.4.2 This is partially offset by overspends relating to the volume of travel being undertaken by Learning and Development for events and engagement activity of £9k and travel associated with Fitness to Practise casework and engagement activity of £5k.

5.4.3 Travel costs relating to ICT development work for four members of staff attending a Case Management System conference in London are expected to be £2k.

5.5 **Supplies and services** **£698k**

5.5.1 Supplies and service costs are expected to be overspent by £698k. The reasons for this are set out in 5.5.2 to 5.5.9 below.

5.5.2 Digital Transformation Programme

Digital transformation costs are currently expected to be overspent by £699k against the revised budget. As the digital transformation programme has progressed it has become clear that additional investment is required particularly with respect to modernising the ICT operating environment and equipment, enhancing the Sequence system, investing in a case management system and redeveloping our website.

It should be noted that the timings of elements of the digital transformation programme are uncertain and expenditure may fall into next financial year. The Sponsor has confirmed they are willing to be flexible in the carry forward of any under or overspends into 2018/19. The funding of the digital transformation programme is therefore being managed over the current and next financial years.

- 5.5.3 ICT costs are expected to be overspent by £17k for the procurement of an automated telephone payment system which allows customers to make payment 24 hours per day, seven days per week over the phone.
- 5.5.4 Protection of Vulnerable Groups (PVG) expenditure is expected to be £8k overspent based on current trends. The SSSC pays these fees for students and unemployed Social Workers.
- 5.5.5 The new maintenance contract for the telephone system is expected to cost £4k more than budget.
- 5.5.6 Other supplies and services costs are expected to be £3k overspent due to subscriptions for new ICT packages such as Snap Survey and records management software.
- 5.5.7 The projection for furniture and equipment purchase is anticipated to be overspent by £3k for the purchase of a room divider, standing desks and a heavy duty box trolley for Committee and Corporate Governance.
- 5.5.8 The above overspends will be partially offset by a projected underspend of £14k in respect of pick and pack costs associated with sending out Codes of Practice materials. ICT budgets totalling £10k will not be required in this financial year due to Fitness to Practise no longer purchasing iPads (£7k) and ICT budget in Communications no longer required (£3k). A further underspend of £4k is expected from shredding of confidential waste charges due to a new contract and change of supplier.
- 5.5.9 Venue hire and hospitality costs have decreased by £8k. The staff conference due to be held in March has now been cancelled saving £8k. It is anticipated that £4k of the venue hire and hospitality budget for hearings will not be required. Venue hire and hospitality costs of £3k are anticipated to be incurred for customer services training and digital transformation. A further £1k expenditure is required for meetings held in relation to ICT development work.

5.6 Postgraduate bursaries (£55k)

- 5.6.1 The budget for postgraduate bursaries is based on a total of 310 bursaries being awarded. The current number of student nominations from universities this year is 299. Of those assessed to date 48 are entitled to tuition fee and travel costs only. Prudent estimates have been included for Stirling University students but final costs for those students will not be known until February/March 2018 as Stirling operates a January to December academic year. Postgraduate bursary expenditure is currently projected to be £55k underspent. Once all assessments have been completed, expenditure projections will be reviewed.

5.7 Practice learning fees

- 5.7.1 The first payment of practice learning fees has been made to universities. This is based on the universities' 2016/17 charges. Expenditure projections in this report are currently at budget. Updated estimates are due from the universities mid February 2018 and this information will be used to provide a more accurate projection of the year end position.

5.8 Voluntary Sector Development Fund (VSDF) £150k

- 5.8.1 In July 2017 the SSSC took on responsibility for administration of the Scottish Government's Voluntary Sector Development Fund. There is a budget of £900k for 2017/18 to provide contributions towards the cost associated with meeting the required registration qualification criteria set by the SSSC. We have also received confirmation from Scottish Government that a further £150k is available to fund contributions. There is a corresponding increase to the income projection detailed in paragraph 6.3.1. In 2017/18 the priorities for eligibility are support workers in housing support and care at home services and contributions are a maximum of £1,200 per eligible student.
- 5.8.2 The closing date for applications for VSDF funding was 1 September 2017 and decisions regarding the allocation of the budget were made in October 2017. Scottish Ministers have given approval for the funding to be awarded and the majority of payments have been made to successful organisations. It is anticipated that this budget will be fully spent.

6. OPERATING BUDGET - INCOME

6.1 Government grants - grant in aid

- 6.1.1 The projections within this report assume grant in aid will be fully drawn down for the year.

6.2 Practice learning fee income

- 6.2.1 The 2017/18 budget approved by Council on 21 March 2017 included provision for practice learning expenditure of £2,352k. The budget agreed by Council

assumed this would be entirely funded by grant in aid. This position has been revised in agreement with the Sponsor and £2,081k will now be funded from grant in aid and £271k will be funded from the general reserve.

6.3 Voluntary Sector Development Fund (VSDF) Income (£150k)

6.3.1 A budget of £900k has been allocated for the VSDF by the Scottish Government for 2017/18. As detailed in paragraph 5.8.1 we have received confirmation from Scottish Government that a further £150k funding will be made available. The full amount of funding available (£1,050k) has been drawn down from Scottish Government in order to make payments to the successful organisations and it is anticipated that the full budget will be required.

6.4 Registration fee income £160k

6.4.1 Current projections suggest that registration fee income will be £160k less than budget. This is based on actual data to January and current projections from January to March. One reason is due to the uptake for Support Workers for Care at Home Services and Support Workers for Housing Support Services, both of which opened on 1 October 2017. The number of new applications relating to those parts of the Register is now expected to be 4,300 less than the 10,000 expected in this financial year. In addition to this the projection for annual fees has been revised due to the number of Registrants who have been removed from the Register since the start of the financial year.

6.5 Protection of Vulnerable Groups (PVG) fee income £2k

6.5.1 PVG fee income is projected to be £2k less than budgeted this is in line with current PVG uptake.

6.6 IRS Equivalency fee income £2k

6.6.1 IRS Equivalency fee income is projected to be £2k less than budgeted based on current trends.

6.7 Modern Apprenticeship income (£10k)

6.7.1 The projection for Modern Apprenticeship fee income is anticipated to be £10k more than budget based on current and expected levels of uptake.

6.8 Other income £7k

6.8.1 Other income is anticipated to be £7k less than budget. An outward secondment budgeted to end on 31 March 2018 actually ended on 31 October 2017 giving a shortfall of £18k. Two new outward secondments commencing on 15 January 2018 and 1 March 2018 will provide income of £11k.

7. Digital Transformation Programme Financial Overview

- 7.1 Additional funding was paid late in 2016/17 to provide working capital of £429k. This is contained within our General Reserve balance. This was originally intended to supplement 2017/18 funding for Sequence development (£229k) and digital and other training (£200k). It was subsequently decided to manage the Sequence re-implementation, the procurement and implementation of a case management system, an upgrade to the ICT operating environment, an equipment upgrade and refresh and a redevelopment of our website as a digital transformation programme. All related funding would transfer to the digital transformation programme and then be managed through this programme. At this time £69k was already spent or committed to digital or other training. This left £360k of working capital funding for the digital transformation programme.
- 7.2 Within the 2017/18 budget there was £820k budget provision for Sequence development, £100k for a case management system, £88k for paperless hearings, £70k for website development and a further £40k for digital development work. This is total 2017/18 budget funding of £1.118m.
- 7.3 To supplement the funding for digital transformation we have been actively identifying and generating budget savings during the year. To date £633k of savings in other areas of the budget have been identified and released to the digital transformation programme.
- 7.4 The total funding identified for digital transformation to date is therefore £2.111m. Projected expenditure for 2017/18 is currently £2.017m which is £94k less than the funding identified. The programme is being managed over the current financial year and next financial year so there is flexibility available to deal with budget variations over the two years. Appendix D sets out the position in detail.

8.0 SPECIFIC GRANTS AWARDED TO THE SSSC

8.1 Workforce development grant

- 8.1.1 Workforce Development Grant (WDG) totalling £399k has been agreed with the Scottish Government for the 2017/18 financial year. In addition, the Scottish Government agreed that £6k of underspent funding from 2016/17 could be held in the general reserve to be used in 2017/18. Funding of £2k was repaid to SSSC, providing total available funding of £407k.
- 8.1.2 Current projections suggest that the WDG will be underspent this financial year by £123k as only £284k is anticipated to be required from total available funding of £407k. This is due to issues regarding the procurement framework for the digital learning team and the late agreement for the specification of work associated with the Review of Social Work Education (RSWE) stage 2. However, a request has been sent to the grant sponsor for approval to claim £75k of the RSWE funding in 2017/18 for utilisation in 2018/19.

8.2 Other specific grant funding

8.2.1 A total of £609k of other specific grants has been agreed for 2017/18. In addition, the Scottish Government agreed that £48k of underspend from 2016/17 Workforce Development and Social Care Integration funding could be held in the general reserve for use in 2017/18. Current projections indicate that specific grant expenditure will be underspent by £28k.

8.2.2 Workforce Development and Social Care Integration

The total underspend on this project is £28k. £12k of this underspend relates to staff slippage. The remainder relates to Self Directed Support (SDS) Systems work (£5k) and outcomes focussed support planning for Carers (£5k). The Sponsor of this grant has given verbal indication that they would like the SSSC to draw down the full grant award of £413k in 2017/18 and any underspend will be deducted from the 2018/19 grant offer.

8.2.3 Grant income totalling £70k has been received in 2017/18 for two grants relating to 2016/17. The income comprises: Enhanced learning and CPD within the childcare sector £50k and the development of a smartphone app on child development £20k. The expenditure relating to these grants was incurred during 2016/17.

8.2.4 The grant projected net expenditure position is summarised in the table below:

	Specific Grant funding 2017/18 £000	Projection/ Actual 2017/18 £000	Variance £000
In-year funding	(1,008)	(891)	117
Repaid grant for re-use	(2)	(2)	0
2016/17 grant receipts		(70)	(70)
Total in-year funding	(1,010)	(963)	47
Expenditure	1,064	919	(145)
From/(to) general reserve	54	(44)	(98)

8.2.5 As at 31 January 2018 96% of the projected expenditure for Workforce Development Grant was spent or committed. A total of 92% of projected expenditure for the other five specific grants has been spent or committed by 31 January 2018. Plans are in place for the remaining available grant funding.

8.2.6 No further grants are expected to be awarded to the SSSC for the 2017/18 financial year.

9.0 GRANTS PAID TO OTHER BODIES

- 9.1 The following grants have been awarded to other bodies during 2017/18 from the Workforce Development Grant (paragraph 6.1.1).

2017/18 Third Party Grants	£000
Scottish Care	80
Coalition of Care Providers Scotland (CCPS)	70
Skills for Care	12
Total grants awarded to other bodies	162

- 9.2 No further grants are expected to be awarded to other bodies for the 2017/18 financial year.

10.0 BUDGET MONITORING AREAS FOR SPECIFIC ATTENTION

- 10.1 There are areas of the budget where there is uncertainty. The table below details the budget headings identified and the EMT Member who is taking an active role in monitoring these budget headings as the year progresses.

Budget area	Budget issue	Potential over/ (under) spend £000	Responsible EMT Member
Staff costs	Projected staff costs are based on staff in post as at 31 January 2018 and known future changes at this date. EMT will monitor changes in staffing closely throughout the year.	+/-	All
Digital Transformation	Total available funding of £2,111k for 2017/18 (see Appendix D). There is uncertainty around the timing and nature of the development work on Sequence and the Fitness to Practise case management development. At 31 January 2018 £1,801k (85%) of the available funding was spent or committed.	Up to (£354k)	Director of Strategic Performance and Engagement
Legal advice (CGH)	There is uncertainty over this budget due to the move to Legally Qualified Chairs (LQCs) from 1 December 2017. During the transitional period legal advisers and LQCs will both be used. The projection for this has been reduced by £225k based on actual data to January and the projected number of hearings expected under the current rules and the new rules from 22 January to 31 March 2018.	+/-	Chief Executive

Legal advice (HR)	Current expenditure patterns suggest an overspend of £36k on external legal advice for employment law. This area will continue to be closely monitored.	+	Chief Executive
Legal presenter fees (FtP)	Current expenditure patterns suggest an overspend of £15k on legal presenter fees. This area will continue to be closely monitored.	+	Director of Fitness to Practise
Hearings	There are a number of budget reductions due to the anticipated number of hearings.	-	Chief Executive
Value Added Tax (VAT)	A review of the CI SLA was completed by our tax advisors. This reviewed the current tax treatment of shared services and identified that the SSSC should be charged VAT on the ICT shared service. Prior to 2016/17 the SSSC had not been charged VAT for the ICT shared service and we are now reviewing the possibility of having to pay backdated tax.	+	Chief Executive
Exit costs	Due to the temporary nature of staff working on specific grant funded projects we may incur exit costs for staff whose contracts of employment will cease at the end of March.	+	Chief Executive

11. FINANCIAL IMPLICATIONS

11.1 FINANCIAL IMPLICATIONS – GENERAL RESERVE

11.1.1 The 2016/17 outturn position is a general reserve balance of £1,094k. A total of £754k is planned to be funded from the general reserve in 2017/18. This comprises:

2017/18 Expenditure to be funded from general reserve	Planned outturn £000	Projected outturn £000	Variance £000
Contribution to practice learning fees	271	271	0
Sequence development	229	229	0
Customer services/digital transformation	200	200	0
Net over/(under)spend on specific grants	54	(44)	(98)
In-year underspend		(94)	(94)
Total to be funded from general reserve	754	562	(192)

11.1.2 As at 31 December the projected outturn position on the core operating budget is an underspend of £606k. Specific grant funding is projected to be £44k underspent giving projected net expenditure of £562k to be funded from the general reserve at 31 March 2018. This is £192k less than was expected to be required to be funded from the general reserve. This is shown in the table above. The table below summarises the projected general reserve balance position expected as at 31 March 2018.

Projected general reserve position:	Revenue element of Reserve 2017/18 £000	Grant element of Reserve 2017/18 £000	Total General Reserve £000
General reserve opening balance at 1 April 2017	(1,040)	(54)	(1,094)
Projected overspend on core operating budget	606		606
Projected underspend on specific grants		(44)	(44)
Projected general reserve at 31 March 2018	(434)	(98)	(532)

11.1.3 Should the final outturn be as currently projected there would be a general reserve balance of £532k as at 31 March 2018. £532k is 2.58% of gross expenditure. This is just over the target general reserve balance range which is 2% (£413k) to 2.5% (£516k) of gross expenditure.

12. HUMAN RESOURCE IMPLICATIONS

12.1 There are no human resource implications arising from this report.

13. EQUAL OPPORTUNITIES

13.1 Budget monitoring helps to support the SSSC's commitment to equal opportunities and working towards equality and diversity.

14. LEGAL IMPLICATIONS

14.1 Budget monitoring reports are compiled in accordance with guidance issued by the Scottish Government and in line with requirements of the Scottish Government Executive Framework Agreement and the Council's Standing Orders and Financial Regulations.

15. STAKEHOLDER ENGAGEMENT

15.1 There are no immediate implications for stakeholder engagement, but continued budget monitoring is part of a robust financial management framework which is required to ensure that the service we provide to our stakeholders is as good as it can be.

16. IMPACT ON USERS AND CARERS

16.1 The budget is developed in line with corporate planning priorities and monitored regularly to assist the Council in meeting its objectives of improving

services and raising standards. This will support improved services to users and carers in the longer term.

17. CONCLUSION

- 17.1 The Resources Committee is requested to consider and approve the attached Budget Monitoring Statement for the year to 31 March 2018 in accordance with corporate governance requirements.