

Title of report	Budget Monitoring Report as at 31 October 2017
Public/confidential	n/a
Action	For consideration and information
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> <ol style="list-style-type: none"> 1. considers the core operating budget monitoring statement for the year to 31 March 2018 (Appendix A) 2. considers the position on projected expenditure against available specific grant funding for the year to 31 March 2018 (Appendix B) 3. notes the areas of specific attention in section 10 of this report which will be closely monitored by the Executive Management Team (EMT).
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>
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Documents attached	<p>Appendix A: Summary: core operating budget</p> <p>Appendix B: Summary: specific grant funding</p> <p>Appendix C: Summary: budget movements</p>

1. EXECUTIVE SUMMARY:

- 1.1 This is the second 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 October 2017.
- 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 Sequence development (£229k) and fund customer services training and contribute to our digital transformation (£200k) 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 October 2017, the projected outturn position on the core operating budget is an overspend of £260k. 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 £440k.
- 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. At 31 October 2017 specific grant net expenditure is projected to be £16k less than planned.
- 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 and summary of budget movements is detailed at Appendix C.

Summary of movements since last reported position:

The position last reported to Resources Committee on 19 September 2017 was a projected underspend of £57k. This was based on the ledger position at 31 July 2017.

The position based on the ledger as at 31 October 2017 is a projected underspend of £440k. This represents a movement of £383k against the previously reported position.

	£000	£000
Current projected net expenditure/(income)	(440)	
Last reported net expenditure/(income)	(57)	
Change to net expenditure position		(383)

Summary of changes:	Projection increase/ (decrease) £000
Expenditure:	
Staff costs	(261)
Accommodation costs	13
Administration costs	(160)
Travel costs	(31)
Supplies and services	(24)
Postgraduate bursaries	(20)
	(483)
Income:	
Registration fees	100
	100
Grand total:	(383)

The main reasons for these variances are detailed below:

Staff costs

The staff costs projection has reduced by £261k.

The staff costs projection has reduced by £243k due to delays in filling posts (slippage) across the following departments:

- Fitness to Practise £118k;
- Learning & Development £45k;
- Registration £22k;
- Executive Management Team (EMT) £20k;
- Performance & Improvement £16k;
- Communications £11k;
- Corporate Governance & Hearings £7k and
- Finance £4k.

The projection for allowances for lay and due regard members has reduced by £68k due to a fall in the number of hearings expected to be held. The

allowances projection for external assessors for non-UK qualification work has reduced by £10k.

These underspends are offset by overspends from:

- extension to a secondment inward in Learning & Development £43k;
- training costs under Performance and Improvement £7k;
- a temporary acting up allowance in relation to ICT development work £5k; and
- relocation costs under Performance and Improvement £5k.

Accommodation costs

The projection for accommodation costs has increased by £13k as unplanned maintenance costs exceed budget assumptions

Administration costs

The projection for administration costs has decreased by £160k in total.

Legal adviser fees in relation to hearings are anticipated to be underspent by £174k. Hearing numbers have fallen by one third from the previous financial year due to the move to the Fitness to Practise model which encompasses a change to the thresholds for Fitness to Practise, resulting in fewer hearings being required than under the old model. In addition to this, there is the upcoming move to Legally Qualified Chairs (LQCs) from 1 December 2017 which will negate the need to employ legal advisers. Hearings under the new model are anticipated to commence in the last quarter of this financial year.

The projection for postage costs has reduced by £58k. The mailing of the new personal Registration card is now to be issued to a reduced audience (new Registrants and those renewing only). This reduces the postages projection by £48k. The projection for postage costs has reduced by £10k for Corporate Governance and Hearings in line with the anticipated reduction in hearings.

Bank charges have reduced by £5k due to the new contract charges for online and telephone payments. The projection for practising certificates for Fitness to Practise staff has reduced by £3k.

The above reductions are offset by projected increases for:

- fee write offs due to registrants lapsing or being removed from the register £30k;
- employing professionals to train Legally Qualified Chairs (LQCs) and new lay members £27k;
- legal advice relating to employment law £10k;
- print cost requirements £8k and
- unbudgeted due diligence work at a cost of £5k.

Travel costs

The projection for travel costs for lay and due regard members has reduced by £30k due to fewer hearings being held than originally expected in this financial year. A reduction of £1k travel is anticipated for Performance and Improvement.

Supplies and Services

The projection for pick and pack costs in relation to sending out Codes of Practice materials has reduced by £14k. The projection for charges for the shredding of confidential waste has reduced by £4k due to a new contract with a new supplier.

A review of printer lease costs has been undertaken and projected equipment lease costs have decreased by £6k.

Postgraduate Bursaries

The postgraduate bursaries expenditure projection has reduced by £20k. A total of 300 students are expected to be nominated out of a quota of 310 for 2017/18. Of these, 46 students have been assessed as tuition fee and travel only. Conservative estimates have been included for Stirling University students as their academic year runs from January to December. More accurate projections will be available once Stirling students have been assessed by January/February.

Registration fee income

The projection for Registration fee income has reduced by £100k. This is based on actual data to October and current projections from November to March. The main difference is due to the uptake for Support Workers for Care at Home Services and Support Workers for Housing Support Services. These new parts of the Register opened on 1 October 2017 and uptake is now expected to be 4,300 less than the 10,000 included in the budget for this financial year.

BUDGET MONITORING INFORMATION

2. INTRODUCTION

- 2.1 This is the second 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 sequence development of £229k and customer service staff training and digital transformation of £200k during the 2017/18 financial year. This additional funding was received in late 2016/17 and is contained within the general reserve balance.
- 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

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 October 2017. 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.
- 4.2 As at 31 October 2017, the projected outturn position on the core operating budget is an overspend of £260k. 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 £440k.
- 4.3 As at 31 October the projected outturn position on specific grants is an underspend of £16k. This is a variance of £70k 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 October 2017. 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 **(£186k)**

5.1.1 There is a projected underspend of £186k on staff costs.

5.1.2 This includes an underspend of £378k 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 due regard members is expected to be underspent by £68k 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 These underspends are partially offset by a projected overspend of £183k on non-payroll staff costs for digital transformation and staff training in customer services. This expenditure is intended to be funded from the general reserve as detailed in section 3.3 of this report.

5.1.5 In addition, further overspends are expected from:

- secondment inward for Learning and Development £54k;
- bespoke training for Fitness to Practise £11k;
- EFQM re-accreditation training and various other training requirements for the Performance and Improvement team £8k;
- advertising for new employees £5k;
- relocation costs under Performance & Improvement £5k and
- secondment inward for Corporate Governance and Hearings £4k.

5.2 Accommodation **£13k**

5.2.1 Accommodation costs are projected to be £13k overspent due to unplanned maintenance costs being more than budgeted.

5.3 Administration costs **(£17k)**

5.3.1 Administration costs are expected to be underspent by £17k.

5.3.2 Legal adviser fees for hearings are anticipated to be underspent by £174k.

This is due to a few 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 upcoming move to Legally Qualified Chairs which will mean that legal advisers will no longer be required.

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

5.3.3 Postage costs are expected to be £58k underspent. The new personal Registration card is now to be issued to a reduced audience (new Registrants and those renewing only). This reduces postages costs by £48k. In addition, postage costs are expected to be underspent by £10k for Corporate Governance and Hearings in line with the anticipated reduction in hearings.

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

5.3.5 There is an underspend of £3k on subscriptions due to fewer Fitness to Practise staff using the Linets service than originally anticipated.

5.3.6 The conference attendance budget is expected to be £2k underspent. The full conference attendance budget for Performance & Improvement is no longer required giving a projected underspend of £4k and attendance by Members at conferences, seminars and other events is expected to be £2k more than budget.

5.3.7 Professional fees are projected to be £146k overspent. This comprises:

	Budget Variance £000	Funded from General Reserve £000	Total Professional Fees Overspend £000
Expertise for Sequence relet		103	103
Institute of Customer Services (ICS) membership		12	12
EQUIP Advanced online service tool		5	5
Training Legally Qualified Chairs and new members	20		20
Professional advisers for the recruitment of LQCs	5		5
Due diligence assignment	5		5
Translation costs for hearings	3		3
Sponsorship SCQF Conference Feb 2018	2		2
EFQM accreditation - postponed	(6)		(6)
Practising certificates for Fitness to Practise	(3)		(3)
Total	26	120	146

5.3.8 Legal fees are projected to be £41k overspent in total. Unbudgeted legal advice relating to employment law is expected to cost £26k. Legal presenter fees are projected to be £15k overspent for Fitness to Practise cases.

5.3.9 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.

5.3.10 Photocopying charges are expected to be £8k more than budgeted.

5.4 Transport costs (€30k)

5.4.1 Travel and subsistence costs are projected to be underspent by £30k for lay and due regard members due to the anticipated reduction in hearings.

5.5 Supplies and services

£111k

5.5.1 Supplies and service costs are expected to be overspent by £111k.

5.5.2 ICT Development – Sequence - £126k. There is a budget of £820k for changing the provider of Sequence and development of the system during 2017/18. The general reserve contains working capital of £229k for additional unbudgeted Sequence development (see paragraph 3.3) giving total available funding of £1,049k for 2017/18. Of the £229k, £126k is supplies and services and £103k is a professional fee (see paragraph 5.3.7). The projections in this report assume this funding will be fully used. However, it should be noted that the timings of elements of the Sequence project are uncertain and expenditure may fall into next financial year. Discussions are in hand with the Sponsor to secure approval for carry forward of up to £0.5m into the 2018/19 financial year.

5.5.3 ICT Development – Performance Management System – There is a budget of £100k for the development of an operational performance management system. It is now anticipated that this development will be carried out as part of the overall Sequence development. The projections in this report assume this budget will be fully spent. Similar to the wider Sequence development, agreement with the Sponsor is being sought to carry forward working capital funding in the general reserve for any expenditure falling into 2018/19.

5.5.4 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.

5.5.5 The above overspends will be offset by a projected underspend of £14k in respect of pick and pack costs associated with sending out Codes of Practice materials. A further underspend of £4k is expected from shredding of confidential waste charges due to a new contract and change of supplier.

5.6 Postgraduate bursaries

(£20k)

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 46 are entitled to tuition fee and travel costs only. Costs for Stirling University students will not be known until January/February 2018 as Stirling operates a January to December academic year. Postgraduate bursary expenditure is currently projected to be £20k 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 in January 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)

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. 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. A report is now being submitted by Scottish Government to Scottish Ministers for final approval prior to any funding being awarded. 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

6.3.1 A budget of £900k has been allocated for the VSDF by the Scottish Government for 2017/18. Decisions on awards to voluntary organisations were made in October 2017. Scottish Government are now submitting a report to Scottish Ministers as ministerial approval is required prior to any funding being awarded. Following approval, funding will be drawn down in order to make payments to the successful organisations during December 2017 and January 2018. It is anticipated that the full £900k budget will be required.

6.4 Registration fee income **£100k**

6.4.1 Current projections suggest that registration fee income will be £100k less than budget. This is based on actual data to October and current projections from November to March. The main 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 budgeted for in this financial year.

6.5 Other income £18k

6.5.1 Other income will be £18k less than budgeted as an outward secondment budgeted to end on 31 March 2018 will now end on 31 October 2017.

7. Additional expenditure from working capital

7.1 Additional funding was paid late in 2016/17 to provide working capital of £429k. This comprises £229k for Sequence development and £200k for customer services training and digital transformation.

7.2 **Sequence Development** – The additional £229k working capital is in addition to the £820k budget provision, detailed in paragraph 3.3 of this report, providing a total of £1,049k. The projections in this report assume this funding will be fully utilised.

7.3 **Staff training** – The working capital of £200k is one-off funding for SSSC staff to advance training in Customer Service and progress the SSSC's Digital Transformation Strategy. The projections in this report assume this funding will be fully utilised.

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. It is projected that £35k of this funding will not be claimed due to issues regarding the procurement framework for the digital learning team.

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 the total of £657k available will be fully spent.

8.2.2 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.

8.2.3 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)	(973)	35
Repaid grant for re-use 2016/17 grant receipts	(2)	(2) (70)	0 (70)
Total in-year funding	(1,010)	(1,045)	(35)
Expenditure	1,064	1,029	(35)
From/(to) general reserve	54	(16)	(70)

8.2.4 As at 31 October 2017 38% of the available funding for Workforce Development Grant was spent or committed. A total of 86% of available funding for the other five specific grants has been spent or committed by 31 October 2017. Plans are in place for the remaining available grant funding.

8.2.5 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 October 2017 and known future changes at this date. EMT will monitor changes in staffing closely throughout the year.	+/-	All
Sequence procurement & development	There is a budget of £820k for sequence change of provider and development. In addition the Sponsor provided £229k of working capital in 2016/17 for sequence development giving total available funding of £1,049k for 2017/18. There is uncertainty around the timing and nature of the development work on Sequence and the Fitness to Practise case management development. At 31 October 2017 £507k (48%) of the available funding was spent or committed.	Up to (£542k)	Director of Strategic Performance and Engagement
Operational Performance Management System	There is uncertainty over the timing and nature of this development which will now be incorporated into the Sequence development. This area will continue to be closely monitored. No expenditure has been committed on this project as at 31 October 2017.	Up to (£100k)	Director of Strategic Performance and Engagement
Customer service training & digital transformation	The Sponsor provided £200k of working capital in 2016/17 to support the SSSC's programme of customer service training for staff and digital transformation. As at 31 October £73k (37%) of this funding has been committed.	Up to (£127k)	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 £174k based on actual data to October and the projected number of hearings expected under the current rules and the new rules from November to March.	+/-	Chief Executive
Legal advice (HR)	Current expenditure patterns suggest an overspend of £26k 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

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
Cust. services training/ digital transformation	200	200	0
Net over/(under)spend on specific grants	54	(16)	(70)
In-year underspend		(440)	(440)
Total to be funded from general reserve	754	244	(510)

11.1.2 As at 31 October the projected outturn position on the core operating budget is an overspend of £260k. Specific grant funding is projected to be £16k underspent giving projected net expenditure of £244k to be funded from the general reserve at 31 March 2018. This is £510k 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 (subject to audit)	(1,040)	(54)	(1,094)
Projected overspend on core operating budget	260		260
Projected underspend on specific grants		(16)	(16)
Projected general reserve at 31 March 2018	(780)	(70)	(850)

11.1.3 Should the final outturn be as currently projected there would be a general reserve balance of £850k as at 31 March 2018. £850k is 4.1% of gross expenditure. This is greater than the target general reserve balance range which is 2% (£413k) to 2.5% (£516k) of gross expenditure. We will monitor the position and, later in the year, agree the implication for grant in aid drawdown with the Sponsor.

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.

18. BACKGROUND PAPERS

- 18.1 Appendix A: Summary: core operating budget
Appendix B: Summary: specific grant funding
Appendix C: Summary of budget movement