

**To:** Finance, Resources and Customer Services Policy Board

**On:** 23 November 2023

**Report by:** Director of Finance and Resources

**Heading:** Revenue and Capital Budget Monitoring – Council Overview as at 15 September 2023

## 1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2024 for all services is an overspend of £11.730m.
- 1.2. The projected Capital outturn at 31 March 2024 for all services is an underspend of £0.143m.

This is split between General Fund Services and the Housing Revenue Account (HRA) in the tables below, with further analysis provided in the Appendices.

**Table 1: Revenue**

Division	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	508,482	520,212	(11,730)	(2.3%)
Housing Revenue Account (HRA)	0	0	0	0.0%
<b>Total</b>	<b>508,482</b>	<b>520,212</b>	<b>(11,730)</b>	<b>(2.3%)</b>

**Table 2: Capital**

Division	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	122,656	122,513	143	0.0%
Housing Revenue Account	20,378	20,378	0	0.0%
<b>Total</b>	<b>143,043</b>	<b>142,891</b>	<b>143</b>	<b>0.0%</b>

## **2. Recommendations**

Members are requested to:

- 2.1. Note the projected Revenue outturn position detailed in Table 1 above, considering that the forecast position is based on best estimates at this point in time; and also note the substantial risks to this position as outlined in section 3 of the report;
- 2.2. Note the projected Capital outturn position detailed in Table 2 above;
- 2.3. Note the prudential indicators detailed in section 6 of the report.

## **3. Revenue Monitoring**

- 3.1. The Revenue Budget Monitoring report at Appendix 1 identifies a projected annual overspend of £11.730m (2.3% of total budget) for all Services. Details for all services can also be found here, along with an explanation of significant projected variances. Excluding the projected overspend of £3.925m for Adult Services (HSCP), the Council is currently forecast to overspend by £7.805m this year.
- 3.2. The projected outturn is based on information currently available, and assumptions made by service budget holders. Any changes to these projections will be detailed in future reports to this board.
- 3.3. The main reasons for the projected outturn position are indicated in the appendix showing both the subjective analysis (what the budget is spent on) and the objective analysis (what division is spending the budget).
- 3.4. In line with last year, there are ongoing cost pressures within Children's Services, Soft Facilities Management, Waste Services, Parking and Streetscene. Reasons for significant variances are included within Appendix 1.
- 3.5. Members should also note that the forecast outturn position does not yet include any impact of non-teaching pay settlements for 2023/24, which are not agreed at the time of writing.
- 3.6. The projection does not currently include any variance relating to the collection of Council Tax. While current analysis suggests an over-recovery of income, it is recognised that ongoing pressure on household finances may have a further negative impact on income collected as the year progresses.

- 3.7. Directors and management teams are closely monitoring their costs and are aiming to mitigate increases where possible; however, as noted in the Revenue Estimates 2023/24 report, the Council is expected to use reserve balances in order to break even at year-end, particularly in relation to children's residential care, energy costs, and parking income shortfalls.

#### **4. Capital Monitoring: Housing Services Programme**

- 4.1. The HRA Capital Investment Programme 2023/24 to 2027/28 was approved by the Council on 2 March 2023. For 2023/24, the current revised programme totals £20.378m which is a decrease of £9.300m since the last report. This is mainly due to the timing of works.
- 4.2. Capital expenditure to 15 September 2023 amounted to £6.621m, representing 32% of available resources, compared to 18% for the same period in 2022/23. The difference relates to the timing of works carried out to improve existing properties.
- 4.3. 36% of expected capital income has been received to date, compared to 0% for the equivalent period in 2022/23. This difference relates to the timing of receipt of grant for external improvements and council house new build.
- 4.4. The projected outturn position, after budget changes, is for the Housing Services Programme to break even (see Appendix 2). However, inflationary impacts of delays to work and related cost estimates are still ongoing and may result in this forecast being revised at a future date.

#### **5. Capital Monitoring: Non-Housing Services Programme**

- 5.1. The General Services Capital Investment Programme 2023/24 to 2027/28 was approved by Council on 2 March 2023. For 2023/24, the current revised programme totals £122.656m which is a decrease of £23.134m since the last report resulting from the net effect of:
- net budget increases of £2.635m, mainly as result of new grant awards from Active Travel Transformation Fund; and
  - projects re-profiled from 2023/24 into 2024/25 of £25.769m mainly due to the timing of works being carried out for AIMIDS South (£13.277m), Paisley Museum (£6.000m), Town Centre Capital Fund (£2.000m) and Glasgow Airport Investment Area (£2.000m).
- 5.2. Capital expenditure to 15 September 2023 totals £35.632m, representing 29% of the available resources, compared to 19% for the equivalent period in 2022/23. The differences have arisen due to Paisley cultural infrastructure works now approaching completion.

- 5.3. Capital income totalling £13.678m has been received to 15 September 2023. This represents 37% of the total anticipated income, compared to 16% for the equivalent period in 2022/23. The differences relate to the timing of receipt of grants.
- 5.4. The projected outturn position after these budget changes is an underspend of £0.143m (see Appendix 2). However, the full impact of inflation on capital costs on each project is not yet determined, with increased costs through inflation and compliance expected to increase the risk of overspends across the capital programme. It is anticipated that the current forecast underspend will be reallocated within the Education Capital Investment Programme.

## 6. Capital Overview: Prudential Indicators

- 6.1. The Council is required to set prudential indicators to ensure that its capital investment plans are affordable, proportionate, prudent and sustainable. The current prudential indicators were approved, alongside the housing and non-housing capital investment programmes, by Council on 2 March 2023.
- 6.2. The CIPFA Prudential Code 2021 recommends that from 2023/24 a regular update is provided to members noting the current forecasts for prudential indicators compared to those approved at the start of the financial year. These are outlined in 6.4 to 6.8 below.
- 6.3. The Council will be asked to approve revised Prudential Indicators in December 2023 as part of the mid-year progress report.
- 6.4. **Capital Expenditure:** The limit on capital expenditure that the Council has set for 2023/24 is shown in the table below. The limit is based on the resources available to fund the capital programmes, split between Housing and Non-Housing Services, but excludes the Public Sector Housing Grant, as this is not considered to be capital spend for the Council.

	Approved Plan £m	Forecast Expenditure £m
Non-Housing	145	145
Housing	30	30
<b>Total</b>	<b>175</b>	<b>175</b>

- 6.5. **Capital Finance Requirement (CFR):** The CFR originally planned by the Council for 2023/24 is shown in the table below and is split between Housing and Non-Housing Services. The projected outturn at 31 March 2024 is also shown. Any significant increase in the capital expenditure without planned funding at the point of spend will result in an increase to the CFR.

	<b>Planned CFR to 31 March 2024 £m</b>	<b>Projected CFR to 31 March 2024 £m</b>
Non-Housing	431	412
Housing	121	115
<b>Total</b>	<b>552</b>	<b>527</b>

- 6.6. **Operational Boundary:** This is the focus of day-to-day treasury management activity within the Council and is an estimate of the most likely, but not worst case, scenario in terms of cashflow. Risk analysis and risk management strategies are taken into account, as are plans for capital expenditure, estimates of the CFR and estimates of cashflow requirements for all purposes. It is possible that this boundary could be breached occasionally and this should not be regarded as significant. However, a sustained or regular trend of such would be significant and require investigation and action.

	<b>Planned Operational Boundary to 31 March 2024 £m</b>	<b>Projected Operational Boundary to 31 March 2024 £m</b>
Borrowing	459	412
Other Long-Term Liabilities	94	115
<b>Total</b>	<b>553</b>	<b>527</b>

- 6.7. **Authorised Limit:** This is based on the same assumptions as the Operational Boundary, with additional headroom to ensure sufficient capacity to allow for both planned and exceptional cashflow requirements, without breaching the limit.

	<b>Planned Authorised Limit to 31 March 2024 £m</b>	<b>Projected Authorised Limit to 31 March 2024 £m</b>
Borrowing	477	455
Other Long-Term Liabilities	94	94
<b>Total</b>	<b>571</b>	<b>549</b>

- 6.8. **Ratio of Financing Costs to Net Revenue:** A key measure of affordability is the incremental impact of investment decisions on Council Tax or housing rents. Estimates of the ratio of financing costs to net revenue stream provide an indication of how much of the Council's revenue budget is committed to the repayment of debt.

	<b>Approved Ratio of Financing Costs to Net Revenue 2023/24 %</b>	<b>Projected Ratio of Financing Costs to Net Revenue 2023/24 %</b>
Non-Housing	3.64	3.54
Housing	28.97	28.97

Financing costs include the interest payable with respect to forecast borrowing levels, interest payable on finance leases, interest and investment income, loans fund and finance lease principal repayments and gains/losses on the repurchase or early settlement of borrowing.

Revenue streams relate either to the amounts received in terms of government grant and local taxpayers for Non-housing, or to the amounts received from tenants in respect of housing rents for Housing.

## **7. Private Sector Housing Grant Programme**

- 7.1. The overall budget provision for this programme is included within the revenue budget. However, in order to monitor the performance of the individual programmes, it is included within capital budget monitoring procedures.
- 7.2. The Council approved expenditure up to £1.117m for 2023/24. The programme currently stands at £1.117m with no changes to budget since the last report.
- 7.3. The programme is expected to fully spend by 31 March 2024 and will be contained within the overall resources.

---

## **Implications of this report**

1. **Financial** – The projected budget outturn position for General Fund Services Revenue budget is an overspend of £11.730m (2.3%) and break-even for the HRA Revenue budget. Income and expenditure will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate overspends.

The projected outturn position for General Fund Services Capital budget is an underspend of £0.143m and break-even for the HRA Capital budget. The Capital programme will continue to be monitored closely for the rest of the financial year.

Any changes to current projections in either Revenue or Capital budgets will be detailed in future reports to this board.

2. **HR and Organisational Development** - None directly arising from this report.
  3. **Community/Council Planning** - None directly arising from this report.
  4. **Legal** - None directly arising from this report.
  5. **Information Technology** - None directly arising from this report.
  6. **Equality and Human Rights** - None directly arising from this report.
  7. **Health and Safety** - None directly arising from this report.
  8. **Procurement** - None directly arising from this report.
  9. **Risk** - The potential risk that the Council will overspend its approved budgets for the year will be managed at a Council-wide level by the Chief Executive and Directors.
  10. **Privacy Impact** - None directly arising from this report.
  11. **Cosla Policy Position** - N/a.
  12. **Climate Risk** - None directly arising from this report.
- 

### **List of Background Papers**

Revenue Budget and Council Tax 2023/24. Council, 2 March 2023.

Non-Housing Capital Investment Programme 2023/24 to 2027/28. Council, 2 March 2023.

HRA Capital Investment Programme 2023/24 to 2027/28, Council on 2 March 2023.

---

**Authors:** Alison Burns, Corporate Finance Manager and Geoff Borland,  
Finance Manager

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2023/24**  
**1 April 2023 to 15 September 2023**

**POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW**

Policy Board	Annual Budget at Period 3	Budget Adjustments	Revised Annual Budget at Period 6	Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Communities and Housing Services	14,158	(239)	13,919	13,924	(5)	0.0%	343	(348)
Education and Children's Services	245,352	106	245,458	247,936	(2,478)	(1.0%)	(2,622)	144
Infrastructure, Land and Environment	31,449	430	31,879	35,060	(3,181)	(10.0%)	(2,488)	(693)
Finance, Resources and Customer Services	97,857	(970)	96,887	99,046	(2,159)	(2.2%)	(915)	(1,245)
Adult Services	97,537	(37)	97,500	101,425	(3,925)	(4.0%)	0	(3,925)
Planning	601	24	625	646	(21)	(3.4%)	(6)	(15)
Economy and Regeneration	3,093	(51)	3,042	3,012	30	1.0%	2	28
Chief Executive's Service	19,541	(369)	19,172	19,164	8	0.0%	8	0
<b>GENERAL SERVICES NET EXPENDITURE</b>	<b>509,588</b>	<b>(1,107)</b>	<b>508,482</b>	<b>520,212</b>	<b>(11,730)</b>	<b>(2.3%)</b>	<b>(5,678)</b>	<b>(6,053)</b>
Housing Revenue Account (HRA)	0	0	0	0	0	0.0%	0	0
<b>NET EXPENDITURE</b>	<b>509,588</b>	<b>(1,107)</b>	<b>508,482</b>	<b>520,212</b>	<b>(11,730)</b>	<b>(2.3%)</b>	<b>(5,678)</b>	<b>(6,053)</b>

Policy Board	Key Reasons for Significant Projected Variance
Education and Children's Services	The projected year-end overspend is £2.478m. This is mainly due to overspends within Children and Families in relation to Residential Accommodation placements, where the number of complex packages has increased significantly. The service continually reviews external placements to ensure they remain appropriate considering both costs and the specific support required. Increase in transport costs in Primary and Secondary Schools due to an increase in the mainstream School Transport Contract.
Infrastructure, Land and Environment	The main drivers of the projected year-end overspend are the loss of parking income, as has been the case since the beginning of the pandemic; refuse collection costs that are largely driven by inflationary costs and absence cover as a result of annual leave being carried forward from during the pandemic. All areas will continue to be closely monitored for the rest of the financial year.
Finance, Resources and Customer Services	The projected year-end overspend is £2.159m this is arising from an overspend for Building Services of £0.963m due to inflationary price increases from suppliers and contractors. Soft FM services has a projected overspend of £1.196m which is largely due to an under-recovery of income, again inflation has increased spend however this is partially offset by vacancies across the service.
Adult Services	The projected overspend within Adult Services of £3.925m is primarily related to care at home due to demand and delayed discharges, with ongoing difficulties recruiting to specialist posts across a number of areas. Where appropriate and where possible these are being covered through overtime and agency staff which is often at a higher cost.
Planning	The projected overspend of £0.021m relates in the main to Building Standards projected under-recovery in fee income offset by a projected over-recovery related to Planning fee income of £0.136m.
Economy and Regeneration	The projected underspend is related to a higher level of staff turnover than expected within Regeneration.
Housing Revenue Account (HRA)	Overall the HRA is projecting a break-even position at the year-end. An underspend in employee costs is projected due to the timing of recruitment of vacancies within the service. Property costs are projected to overspend, reflecting ongoing demands for repair and maintenance provision, particularly in void properties, as well as additional Council Tax costs for these properties. Transfer payments are forecast to overspend, owing to the impact of repairs pressures on void rent loss. These overspends are expected to be offset by additional interest income due to higher than budgeted interest rates.

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2023/24**  
**1 April 2023 to 15 September 2023**

**POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW**

Subjective Summary	Annual Budget at Period 3	Budget Adjustments	Revised Annual Budget at Period 6	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Employees	350,326	(2,927)	347,399	345,841	1,557	0.4%	992	565
Premises Related	45,268	(215)	45,053	47,651	(2,598)	(5.8%)	(2,055)	(543)
Transport Related	13,747	(6)	13,741	16,083	(2,342)	(17.0%)	(1,974)	(368)
Supplies and Services	95,286	1,142	96,428	100,514	(4,086)	(4.2%)	(2,439)	(1,647)
Third Party Payments	100,540	113	100,653	108,322	(7,669)	(7.6%)	(3,003)	(4,666)
Transfer Payments	85,160	10,619	95,779	96,787	(1,008)	(1.1%)	(899)	(109)
Support Services	3,145	(2)	3,143	3,068	75	2.4%	61	14
Depreciation and Impairment Losses	27,023	0	27,023	27,028	(5)	0.0%	(5)	0
<b>GROSS EXPENDITURE</b>	<b>720,495</b>	<b>8,724</b>	<b>729,219</b>	<b>745,294</b>	<b>(16,075)</b>	<b>(2.2%)</b>	<b>(9,322)</b>	<b>(6,753)</b>
Income	(210,907)	(9,831)	(220,737)	(225,082)	4,345	2.0%	3,644	701
<b>NET EXPENDITURE</b>	<b>509,588</b>	<b>(1,107)</b>	<b>508,482</b>	<b>520,212</b>	<b>(11,730)</b>	<b>(2.3%)</b>	<b>(5,678)</b>	<b>(6,053)</b>

RENFREWSHIRE COUNCIL  
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES  
1st April to 15th September 2023  
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

		Current Year 2023-24						Full Programme - All years			
	Prior Years Expenditure to 31/03/2023*	Budget at P3 2023-24	Budget Adjustments in 2023-24	Revised Budget 2023-24	Projected Outturn 2023-24	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-27 £000	Projected Outturn to 31-Mar-27 £000	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000			£000	£000		
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>											
Education & Children's Services	38,822	7,338	(762)	6,576	6,433	143	2%	124,850	124,708	142	0%
<b>TOTAL</b>	<b>38,822</b>	<b>7,338</b>	<b>(762)</b>	<b>6,576</b>	<b>6,433</b>	<b>143</b>	<b>2%</b>	<b>124,850</b>	<b>124,708</b>	<b>142</b>	<b>0%</b>
<b>COMMUNITIES, HOUSING &amp; PLANNING</b>											
Housing(HRA)	48,403	29,678	(9,300)	20,378	20,378	0	0%	318,902	318,902	0	0%
Housing(PSHG)	0	1,117	0	1,117	1,117	0	0%	1,117	1,117	0	0%
<b>TOTAL</b>	<b>48,403</b>	<b>30,795</b>	<b>(9,300)</b>	<b>21,495</b>	<b>21,495</b>	<b>0</b>	<b>0%</b>	<b>320,019</b>	<b>320,019</b>	<b>0</b>	<b>0%</b>
<b>INFRASTRUCTURE, LAND &amp; ENVIRONMENT</b>											
Environment & Infrastructure	77,888	16,676	1,504	18,180	18,180	0	0%	97,318	97,318	0	0%
<b>TOTAL</b>	<b>77,888</b>	<b>16,676</b>	<b>1,504</b>	<b>18,180</b>	<b>18,180</b>	<b>0</b>	<b>0%</b>	<b>97,318</b>	<b>97,318</b>	<b>0</b>	<b>0%</b>
<b>ECONOMY &amp; REGENERATION</b>											
Economy and Development	54,136	43,201	(8,000)	35,201	35,201	0	0%	106,182	106,182	0	0%
<b>TOTAL</b>	<b>54,136</b>	<b>43,201</b>	<b>(8,000)</b>	<b>35,201</b>	<b>35,201</b>	<b>0</b>	<b>0%</b>	<b>106,182</b>	<b>106,182</b>	<b>0</b>	<b>0%</b>
<b>FINANCE, RESOURCES &amp; CUSTOMER SERVICES</b>											
Corporate Projects	4,343	10,339	(599)	9,740	9,740	0	0%	24,372	24,372	0	0%
<b>TOTAL</b>	<b>4,343</b>	<b>10,339</b>	<b>(599)</b>	<b>9,740</b>	<b>9,740</b>	<b>0</b>	<b>0%</b>	<b>24,372</b>	<b>24,372</b>	<b>0</b>	<b>0%</b>
<b>LEADERSHIP</b>											
Leisure Services	2,548	2,086	0	2,086	2,086	0	0%	4,633	4,633	0	0%
Chief Executives	111,559	66,150	(15,277)	50,873	50,873	0	0%	361,691	361,691	0	0%
<b>TOTAL</b>	<b>114,107</b>	<b>68,236</b>	<b>(15,277)</b>	<b>52,959</b>	<b>52,959</b>	<b>0</b>	<b>0%</b>	<b>366,324</b>	<b>366,324</b>	<b>0</b>	<b>0%</b>
<b>TOTAL ALL BOARDS</b>	<b>337,699</b>	<b>176,585</b>	<b>(32,434)</b>	<b>144,151</b>	<b>144,008</b>	<b>143</b>	<b>0.1%</b>	<b>1,039,065</b>	<b>1,038,923</b>	<b>142</b>	<b>0%</b>
<b>MADE UP OF :-</b>											
Non-Housing Programme	289,296	145,790	(23,134)	122,656	122,513	143	0%	719,046	718,904	142	0%
Housing Programme(HRA)	48,403	29,678	(9,300)	20,378	20,378	0	0%	318,902	318,902	0	0%
Housing Programme(PSHG)	0	1,117	0	1,117	1,117	0	0%	1,117	1,117	0	0%
<b>PROGRAMME TOTAL</b>	<b>337,699</b>	<b>176,585</b>	<b>(32,434)</b>	<b>144,151</b>	<b>144,008</b>	<b>143</b>	<b>0.1%</b>	<b>1,039,065</b>	<b>1,038,923</b>	<b>142</b>	<b>0%</b>

**RENFREWSHIRE COUNCIL**  
**2023/24 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 15th SEP 2023**

		2023/24							
		Housing Services		Non Housing Services		PSHG Programme		Total	
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME		£'000		£'000		£'000		£'000	
1. Prudential Borrowing		14,138		83,661				97,799	
2a General Capital Grant				16,039		600		16,639	
2b. Specific Capital Grant		1,786		2,186				3,972	
3. Usable Capital Receipts		530		18,919				19,449	
4. Contribution From Current Revenue (CFCR)		3,924		1,851		517		6,292	
5 Total Resource Availability		20,378		122,656		1,117		144,151	
B. CAPITAL PROGRAMME									
6. Resources Available		20,378		122,656		1,117		144,151	
7. Current Programme		20,378 100%		122,656 100%		1,117 100%		144,151 100%	
C. ACTUAL EXPENDITURE VS PROJECTED									
8. Resource Availability		20,378		122,656		1,117		144,151	
9. Cash Spent at 15 September 2023		6,621 32%		35,632 29%		439 39%		42,692 30%	
10. Cash to be Spent by 31 March 2024		13,757		87,024		678		101,459	
D. ACTUAL RECEIPTS VS PROJECTED									
11. Current Programme (total receipts expected)		2,316		37,144		600		40,060	
12. Actual Cash Received at 15 September 2023		827 36%		13,678 37%		254 42%		14,759 37%	
13. Receipts to be received by 31 March 2024		1,489		23,466		346		25,301	