



To: Finance, Resources and Customer Services Policy Board

On: 1 September 2021

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 25 June 2021

1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2022 for all services is an overspend of £5.872m.
- 1.2. The projected Capital outturn at 31 March 2022 for all services is an underspend of £0.400m against the revised budget for the year.
- 1.3. This is split between General Fund Services and the Housing Revenue Account (HRA) in the table below, with further analysis is provided in the Appendices.
- 1.4. For the financial year 2021/22, the projected outturn position is split into Core (or business as usual) and COVID-19 related variances to help readers understand the impact of the pandemic on service finances.
- 1.5. Included in the Projected Outturn relating to COVID-19, but not detailed in the service figures in the appendices is a projected under-recovery in Council Tax income of £0.500m arising from the economic impact of the pandemic. This figure represents around 0.5% of budgeted council tax income in the year. This forecast will continue to be kept under close review and will be updated as the year closes.

Table 1: Revenue						
Division	Revised Annual Budget £000	Projected Outturn Core £000	Projected Outturn COVID-19 £000	Total Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	452,192	449,398	8,691	458,089	(5,897)	(1.3%)
Housing Revenue Account	0	5	(30)	(25)	25	0.0%
Total	452,192	449,403	8,661	458,064	(5,872)	(1.3%)

Table 2: Capital						
Division	Revised Annual Budget £000	Projected Outturn Core £000	Projected Outturn COVID-19 £000	Total Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	98,601	98,201	0	98,201	400	0.4%
Housing Revenue Account	25,266	25,266	0	25,266	0	0.0%
Total	123,867	123,467	0	123,467	0	0.00%

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 and confirmed government support at this point in time; and
- 2.2. Note the projected Capital outturn position detailed in Table 2 above.

3. Revenue Monitoring

- 3.1. The Revenue Budget Monitoring report at Appendix 1 identifies a projected annual overspend of £5.372m (1.2% of total budget) for all Services. Details for all services can be also be found here, along with an explanation of significant projected variances.
- 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. The most significant areas to bring to member's attention relate to the projected impact of COVID19 on both Renfrewshire Leisure and the HSCP.

- RL is likely to continue to experience a degree of operational restrictions over the coming year following the Scottish Government route map out of the pandemic, as well as the potential impact from both temporary and more permanent behavioural changes across society that may emerge as the recovery process progresses across the country. There is therefore an expectation that RL will continue to experience increased costs and reduced revenue generation in the short to medium term. It is projected that the Council may require to provide RL with up to an additional £1.3m of financial support over 2021/22. The Board and management team of RL will continue to try to put in place appropriate mitigation measures over the course of the year and support the overall recovery of their operations and services as restrictions relax. However the level of support from the furlough scheme secured last financial year will reduce as UK government support for the scheme unwinds over the course of 2021/22 and this is expected to result in a greater financial pressure being experienced in 2021/22 in comparison to 2020/21.
- Within adult services managed by Renfrewshire HSCP, the service continues to take significant action in response to the pandemic, including providing substantial levels of support to external care providers in order to ensure their ongoing financial sustainability. As at period 3, the service estimates that costs of £6.2m will be incurred specifically in relation to COVID-19 by the end of the financial year, with this cost predominantly being related to financial sustainability payments to private adult and elderly care providers. The Scottish Government has again provided confirmation that all reasonable additional costs associated specifically with the crisis will be fully funded and funding will be allocated to the HSCP's on this basis, once all Covid related reserves have been fully utilised. In this context, additional costs specifically relating to the COVID response are not therefore included within this report with the clear expectation that these costs will be funded directly by the Scottish Government. Outwith COVID19 specific costs, the service is forecasting a £1.44m underspend on core service provision primarily due to vacancies across a range of service areas.

4. Capital Monitoring

4.1. The General Services Capital Investment Programme 2021/22 to 2025/26 was approved by the Council on 4 March 2021. For General Fund Services the approved capital spend for 2021/22 is £98.601m.

- 4.2. The Capital Monitoring report at Appendix 2 indicates a projected underspend of £0.400m in the approved capital programme for General Fund Services for the year.
- 4.3. The HRA Capital Investment Programme 2021/22 to 2023/24 was approved by the Council on 4 March 2021. For the HRA the approved capital spend for 2021/22 is £25.266m.
- 4.4. The Capital Monitoring report at Appendix 3 indicates a break-even position in the approved capital programme for the HRA for the year. Further detail, including reasons for significant variances, can be found at Appendix 3.

However, it should be noted that due to significant pressures that are emerging in construction commodities and supply chains (in particular steel) it is anticipated that a second wave of COVID19 driven cost pressures will emerge on capital projects. Greater clarity in the scale and reach of this emerging risk is expected to emerge over coming weeks and months, however it is expected that there will be a requirement to earmark a proportion of the Council's flexible COVID19 reserves to manage this risk moving forward. Further details in this regard will be provided in future reports as well as part of the Council's financial outlook update to Council in late September.

5. Capital Overview

- 5.1. The Council must determine and keep under review the maximum amount it can afford to allocate to capital expenditure. In addition, the Council must also keep under review its Capital Financing Requirement (CFR) i.e. the level of resources that are used to fund capital expenditure over the longer term, rather than at point of spend. It is also the duty of the Council to have regard to the Prudential Code in setting its capital expenditure limit and its capital expenditure requirement.
- 5.2. The limit on capital expenditure that the Council has set for 2021/22 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.

	Approved Plan £m	Forecast Expenditure £m
Non-Housing	115.679	98.601
Housing	25.602	25.266
Total	141.281	123.867

- 5.3. The CFR set by the Council for 2021/22 is shown in the table below and is split between Housing and Non-Housing Services. The projected outturn at 31 March 2022 is also shown. Any significant increase in the capital expenditure limit that is not funded at point of spend will result in an increase in the CFR.

	Approved CFR to 31 March 2022 £m	Projected CFR to 31 March 2022 £m
Non-Housing	341	298
Housing	119	112
Total	460	410

6. Housing Services Programme

- 6.1. The programme approved by the Council on 4 March 2021 totalled £25.602m. The revised programme currently stands at £25.266m, a reduction of £0.336m resulting from the net effect of budget brought forward from 2020/21 of £0.664m and projects re-profiled to 2022/23 of £1.000m. These projects relate mainly to cash flow timings for the Council House New Build projects.
- 6.2. Capital expenditure to 25 June 2021 amounted to £1.827m and represents 9% of the available resources, compared to 5% for the same period in 2020/21. Spending was lower in the first quarter of 2020/21 as a result of the lack of activity during the first wave of the COVID-19 pandemic.
- 6.3. Capital income totalling £0.250m has been received to 25 June 2021. This represents 5% of the total anticipated income and compares with 7% for the equivalent period in 2020/21.
- 6.4. The projected outturn position, after the budget changes, is for the Housing Services Programme to break even. However, inflationary impacts of delay to work and estimates of costs complying with new guidelines, such as social distancing sites, are still ongoing and may result in this being revised at a future date.

7. Non-Housing Services Programme

- 7.1. The programme approved by Council on 4 March 2021 totalled £114.129m. The current programme totals £98.601m, a decrease of £15.528m resulting from the net effect of budget increases of £1.991m, mainly from increases to Strathclyde Passenger Transport grant and Clyde Mission Fund Grant. Net budget brought forward from 2020/21 to 2021/22 of £8.938m and projects re-profiled from 2021/22 to 2022/23 of £26.457m. The projects re-profiled into 2022/23 centre around City Deal and the Paisley Town Centre and Infrastructure Projects due to the revised cash flows of the projects.

- 7.2. Capital expenditure to 25 June 2021 totals £8.999m and represents 9% of the available resources, compared to 5% for the equivalent period in 2020/21.
- 7.3. Capital income totalling £7.905m has been received to 25 June 2021. This represents 20% of the total anticipated income, compared to 43% for the equivalent period in 2020/21. Capital grant for Early Years Expansion and Town Centre Capital Fund had been received in advance of expenditure in 2020/21.
- 7.4. The projected outturn position after the budget changes is an underspend of £0.400m. However, as in 6.4, the full impact of the COVID-19 on capital costs has not been determined with increased costs through inflation and compliance expected to increase the risk of overspends within the capital programme.
- 7.5. It is anticipated that due to emerging pressures in capital building projects in relation to construction supplies costs (particularly steel) that additional funding may require to be allocated to a number of projects funded from Covid specific reserve balances. Future reports will provide further detail as discussion with contractors on these issues develops.

8. Private Sector Housing Grant Programme

- 8.1. 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.
- 8.2. The Council approved expenditure up to £1.550m for 2021/22. The programme currently stands at £1.390m, a decrease in budget of £0.160m as a result of projects re-profiled into 2022/23.
- 8.3. The programme is expected to fully spend by 31 March 2022 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 £5.897m and for the HRA Revenue budget is an underspend of £0.025m. 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 £0.400m and for the HRA Capital budget is break-even.

The Capital programme will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate any overspend.

Any changes to current projections in either Revenue or Capital budgets will be detailed in the Annual Accounts outturn report to Council in June.

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.

6. Information Technology

None directly arising from this report.

7. Equality and Human Rights

The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. Health and Safety

None directly arising from this report.

9. Procurement

None directly arising from this report.

10. 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.

11. Privacy Impact

None directly arising from this report.

12. Cosla Policy Position

N/a.

13. Climate Risk

None directly arising from this report.

List of Background Papers

Revenue Budget and Council Tax 2021/22. Council, 4th March 2021.

Non-Housing Capital Investment Programme, Prudential Framework and Treasury Management Strategy, and Capital Strategy 2021/22 – 2025/26. Council, 4th March 2021.

Housing Revenue Account Budget & Rent Levels 2021/22 and Housing Capital Investment Plan 2021/22 to 2023/24. Council, 4th March 2021.

A Prudential Framework for Capital Finance – Progress Report. Council, 17 December 2020

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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 25 June 2021

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board	Approved Annual Budget	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	£000	%
Communities, Housing and Planning Services	12,060	504	12,564	12,564	149	12,713	(149)	(1.2%)
Education and Children's Services	219,092	1,078	220,170	220,910	687	221,597	(1,427)	(0.6%)
Infrastructure, Land and Environment	31,102	903	32,005	31,754	3,205	34,959	(2,954)	(9.2%)
Finance, Resources and Customer Services	90,612	(752)	89,860	89,154	1,314	90,468	(608)	(0.7%)
Adult Services	74,359	(3)	74,356	72,916	0	72,916	1,440	1.9%
Chief Executive's Service	20,906	2,331	23,237	22,101	2,835	24,936	(1,699)	(7.3%)
GENERAL SERVICES NET EXPENDITURE	448,131	4,061	452,192	449,398	8,191	457,589	(5,397)	(1.2%)
Housing Revenue Account (HRA)	0	0	0	5	(30)	(25)	25	0.0%
NET EXPENDITURE	448,131	4,061	452,192	449,403	8,161	457,564	(5,372)	(1.2%)

Policy Board	Key Reasons for Significant Projected Variance
Communities, Housing and Planning Services	The projected year end overspend is £0.149m. This is due to Public Protection and an under-recovery in rental of halls, etc, for Community Learning, which is a direct result of Covid.
Education and Children's Services	The projected year end overspend is £1.427m. This is due to overspends in employee costs for Additional Support Needs and Children and Families.
Infrastructure, Land and Environment	<p>The projected year end overspend is £2.954m. This is mostly due to overspends in Refuse Collection and Disposal. The pandemic continues to result in increased costs of absence and holiday cover, and additional employee and vehicle costs for adherence to social distancing measures. At present these additional measures are forecast to remain in place for the full financial year. There is also an expected overspend on the supply of household waste bins, partly due to increased prices.</p> <p>There continues to be a significant increase in household waste for both residual and recycling tonnages, resulting in a forecast increase in the costs of disposal, compared to pre pandemic years. In addition, there is an expected loss of income from both scrap metal and textile contracts.</p> <p>Further overspends incurred in Parking. Off street parking charges are currently suspended and at present this is forecast to remain in place for the full year. In addition, both on street parking and fine recovery is forecast to remain significantly lower due to the pandemic</p> <p>These overspends have been offset with underspends in Social Care Transport with increased income recovery and Sustainability and Place due to vacancy management.</p>
Finance, Resources and Customer Services	The projected year end overspend is £0.608m. This is due to additional staff costs and overtime across Finance and Resources that has been necessary in order to effectively respond to the pandemic. Overspends in Building Services is due to price increases affected by supply due to Covid pandemic. The street lighting cabling infrastructure, including control panels and safety boxes is getting older resulting in an increased need for essential repairs and maintenance. Investment options will be evaluated, with a view to potentially reducing the increasing cost of ongoing repairs.
Adult Services	The projected year end underspend is £1.440m. This is due to employee costs reflecting vacancies due to recruitment issues and under occupancy in external care homes due to COVID pandemic.

Policy Board	Key Reasons for Significant Projected Variance
Chief Executives	The projected year end overspend is £1.699m. The adverse variance reflects the projected costs of support Renfrewshire Leisure with a revised level of requisition resulting from the continued limitations on service delivery over the coming year (in following the Scottish Government route map out of the pandemic). Furthermore, the is overspend in the Cultural Infrastructure Programme which will be drawn down from earmarked reserves as required.
Housing Revenue Account (HRA)	The projected year end overspend is £0.025m due to reduced debt/arrears recovery costs as a result of Covid. It should be noted that within the HRA, employee costs are projected to be underspent by £175K and this underspend will be offset by additional Legal Costs.

REVENUE BUDGET MONITORING STATEMENT 2021/22

1 April 2021 to 25 June 2021





POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	£000	%
Employees	303,969	13,674	317,644	316,843	3,426	320,268	(2,624)	(0.8%)
Premises Related	35,424	408	35,832	35,702	215	35,917	(85)	(0.2%)
Transport Related	12,306	768	13,074	13,512	301	13,813	(739)	(5.7%)
Supplies and Services	85,084	(2,250)	82,834	82,445	1,822	84,267	(1,433)	(1.7%)
Third Party Payments	79,725	3,523	83,248	82,439	3,121	85,560	(2,312)	(2.8%)
Transfer Payments	77,701	1,749	79,450	78,593	2,723	81,316	(1,866)	(2.3%)
Support Services	10,584	(480)	10,104	10,025	1	10,026	78	0.8%
Depreciation and Impairment Losses	33,605	3,470	37,075	37,075	0	37,075	0	0.0%
GROSS EXPENDITURE	638,398	20,862	659,261	656,633	11,609	668,242	(8,981)	(1.4%)
Income	(190,267)	(16,802)	(207,069)	(207,230)	(3,448)	(210,678)	3,609	1.7%
NET EXPENDITURE	448,131	4,060	452,192	449,403	8,161	457,564	(5,372)	(1.2%)

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 25th June 2021
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

		Current Year 2021-22						Full Programme - All years			
	Prior Years Expenditure to 31/03/2021*	Approved Budget 2021-22	Budget Adjustments in 2021-22	Revised Budget 2021-22	Projected Outturn 2021-22	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-26 £000	Projected Outturn to 31-Mar-26 £000	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000						
EDUCATION & CHILDREN'S SERVICES											
Education & Children's Services	73,723	13,062	(1,388)	11,674	11,274	400	3%	136,603	136,203	400	0%
TOTAL	73,723	13,062	(1,388)	11,674	11,274	400	3%	136,603	136,203	400	0%
COMMUNITIES, HOUSING & PLANNING											
Housing(HRA)	28,128	25,602	(336)	25,266	25,266	0	0%	154,807	154,807	0	0%
Housing(PSHG)	0	1,550	(160)	1,390	1,390	0	0%	1,686	1,686	0	0%
Development & Housing	0	70	0	70	70	0	0%	70	70	0	0%
TOTAL	28,128	27,222	(496)	26,726	26,726	0	0%	156,563	156,563	0	0%
INFRASTRUCTURE, LAND & ENVIRONMENT											
Environment & Infrastructure	19,100	14,181	6,198	20,379	20,379	0	0%	53,116	53,116	0	0%
TOTAL	19,100	14,181	6,198	20,379	20,379	0	0%	53,116	53,116	0	0%
FINANCE, RESOURCES & CUSTOMER SERVICES											
Corporate Projects	2,456	11,691	(2,974)	8,717	8,717	0	0%	18,060	18,060	0	0%
TOTAL	2,456	11,691	(2,974)	8,717	8,717	0	0%	18,060	18,060	0	0%
LEADERSHIP											
Leisure Services	56,019	2,474	944	3,418	3,418	0	0%	59,937	59,937	0	0%
Chief Executives	69,202	72,651	(18,308)	54,343	54,343	0	0%	406,290	406,290	0	0%
TOTAL	125,221	75,125	(17,364)	57,761	57,761	0	0%	466,227	466,227	0	0%
TOTAL ALL BOARDS	248,628	141,281	(16,024)	125,257	124,857	400	0%	830,569	830,169	400	0%
MADE UP OF :-											
Non-Housing Programme	220,500	114,129	(15,528)	98,601	98,201	400	0%	674,076	673,676	400	0%
Housing Programme(HRA)	28,128	25,602	(336)	25,266	25,266	0	0%	154,807	154,807	0	0%
Housing Programme(PSHG)	0	1,550	(160)	1,390	1,390	0	0%	1,686	1,686	0	0%
PROGRAMME TOTAL	248,628	141,281	(16,024)	125,257	124,857	400	0.3%	830,569	830,169	400	0%

RENFREWSHIRE COUNCIL
2021/22 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 25 JUNE 2021

	2021/22			
	Housing Services	Non Housing Services	PSHG Programme	Total
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME	£'000	£'000	£'000	£'000
1. Prudential Borrowing	20,065	58,743		78,808
2a. General Capital Grant		11,871	200	12,071
2b. Specific Capital Grant	5,201	3,936		9,137
3. Usable Capital Receipts	0	23,468		23,468
4. Contribution From Current Revenue (CFCR)	0	583	1,190	1,773
5. Total Resource Availability	25,266	98,601	1,390	125,257
B. CAPITAL PROGRAMME				
6. Resources Available	25,266	98,601	1,390	125,257
7. Current Programme	25,266 100%	98,601 100%	1,390 100%	125,257 100%
C. ACTUAL EXPENDITURE VS PROJECTED				
8. Resource Availability	25,266	98,601	1,390	125,257
9. Cash Spent at 25 June 2021	1,827 7% 	8,999 9% 	131 9%	10,957 9%
10. Cash to be Spent by 31 March 2022	23,439	89,602	1,259	114,300
D. ACTUAL RECEIPTS VS PROJECTED				
11. Current Programme (total receipts expected)	5,201	39,275	200	44,676
12. Actual Cash Received at 25 June 2021	250 5% 	7,905 20% 	50 25%	8,205 18%
13. Receipts to be received by 31 March 2022	4,951	31,370	150	36,471