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

**On:** 30 March 2023

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

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**Heading:** Revenue and Capital Budget Monitoring – Council Overview as at 6 January 2023

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## 1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2023 for all services is an overspend of £7.528m.
- 1.2. The projected Capital outturn at 31 March 2023 for all services is an underspend of £0.100m.
- 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.

**Table 1: Revenue**

Division	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	492,095	499,623	(7,528)	-1.5%
Housing Revenue Account	0	0	0	0.0%
<b>Total</b>	<b>492,095</b>	<b>499,623</b>	<b>(7,528)</b>	<b>-1.5%</b>

**Table 2: Capital**

Division	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	97,265	97,165	100	0.0%
Housing Revenue Account	18,700	18,700	0	0.0%
<b>Total</b>	<b>115,965</b>	<b>115,865</b>	<b>100</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.

## **3. Revenue Monitoring**

- 3.1. The Revenue Budget Monitoring report at Appendix 1 identifies a projected annual overspend of £7.528m (1.5% of total budget) for all Services. Details for all services can also be found here, along with an explanation of significant projected variances. Setting aside the underspend related to adult services (managed by Renfrewshire HSCP), the overspend is projected at £8.370m.
- 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. There are ongoing cost pressures within Children's Services, Soft Facilities Management, Roads, Waste Services and OneRen. Information on significant variances is included within Appendix 1.
- 3.5. The projection does not currently include any variance relating to the collection of Council Tax. Current forecasts suggest a collection level broadly in line with 2021/22; however, it is recognised that the full year impact of the cost-of-living crisis may have a further effect on income collected.
- 3.6. Members should also note that the forecast outturn position does not include the impact of the teachers' pay settlement for 2022/23 budget, which is not yet agreed at the time of writing. Following confirmation of the level of funding being provided by the Scottish Government, the shortfall for 2022/23, above that already set aside for both teaching and non-teaching pay inflation, is currently estimated at £3m, though this estimate is subject to change, depending on the outcome of the pay settlement.
- 3.7. Directors and management teams are closely monitoring their costs and are aiming to mitigate increases where possible; however, it is fully expected that the Council will require to utilise reserve balances in order to break even at year end.

## 4. Capital Monitoring

- 4.1. The General Services Capital Investment Programme 2022/23 to 2026/27 was approved by the Council on 3 March 2022. For General Fund Services the revised capital spend for 2022/23 is £97.265m.
- 4.2. The Capital Monitoring report at Appendix 2 indicates a projected underspend of £0.100m in the approved capital programme for General Fund Services.
- 4.3. The HRA Capital Investment Programme 2022/23 to 2026/27 was approved by the Council on 3 March 2022. For the HRA the approved capital spend for 2022/23 is £18.700m.
- 4.4. The Capital Monitoring report at Appendix 2 indicates a break-even position in the approved capital programme for the HRA for the year. It should be noted that due to significant pressures that are emerging in construction commodities and supply chains (in particular timber, cement, bitumen and steel) it is anticipated that inflationary cost pressures will continue to emerge on capital projects and there will be a requirement to use ringfenced reserves to manage these pressures.

## 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 2022/23 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.

	<b>Approved Plan £m</b>	<b>Forecast Expenditure £m</b>
Non-Housing	131.755	97.165
Housing	29.995	18.700
<b>Total</b>	<b>161.750</b>	<b>115.865</b>

- 5.3. The CFR set by the Council for 2022/23 is shown in the table below and is split between Housing and Non-Housing Services. The projected outturn at 31 March 2023 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.

	<b>Approved CFR to 31 March 2023 £m</b>	<b>Projected CFR to 31 March 2023 £m</b>
Non-Housing	364	335
Housing	122	107
<b>Total</b>	<b>486</b>	<b>442</b>

## **6. Housing Services Programme**

- 6.1. The programme approved by the Council on 3 March 2022 totalled £29.995m. The revised programme currently stands at £18.700m, a reduction of £11.295m resulting from the net effect of reduced budget of £0.400m for signed contracts being lower than estimated and £10.895m for expenditure reprofiled from 2022/23 into 2023/24.
- 6.2. Capital expenditure to 6 January 2023 amounted to £11.012m and this represents 59% of available resources, compared to 66% for the same period in 2021/22.
- 6.3. 1% of expected capital income has been received to date, compared to 89% for the equivalent period in 2021/22. This difference relates to the timing of receipt of Scottish Government grant funding for Council House New Build.
- 6.4. The projected outturn position, after budget changes, is for the Housing Services Programme to break even. However, inflationary impacts of delays to work and estimates of costs complying with new guidelines 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 3 March 2022 totalled £131.755m. The current programme totals £97.265m, a decrease of £34.490m resulting from the net effect of:
  - budget increases of £9m, mainly as result of new grant awards for Paisley Museum, Active Communities and Strathclyde Passenger Transport;
  - budget brought forward from 2021/22 to 2022/23 of £11m; and
  - projects re-profiled from 2022/23 to 2023/24 of (£54m).

The projects re-profiled into 2023/24 largely relate to Paisley Museum, Paisley Town Hall and Paisley Town Centre Infrastructure, City Deal and the new Paisley Grammar Campus.

- 7.2. Capital expenditure to 6 January 2023 totals £48.464m and represents 50% of the available resources, compared to 50% for the equivalent period in 2021/22.

- 7.3. Capital income totalling £13.528m has been received to 6 January 2023. This represents 31% of the total anticipated income, compared to 63% for the equivalent period in 2021/22. The higher amount in 2021/22 relates to grant received in advance for the Early Years 1,140 Hours expansion project.
- 7.4. The projected outturn position after the budget changes is for an underspend of £0.100m. However, as noted in 6.4, the full impact of COVID-19 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.
- 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 £1.046m for 2022/23. The programme currently stands at £1.292m, an increase in budget of £0.246m as a result of projects re-profiled from 2021/22 into 2022/23.
- 8.3. The programme is expected to fully spend by 31 March 2023 and will be contained within the overall resources.
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## Implications of this report

1. **Financial** – The projected budget outturn position for General Fund Services Revenue budget is an overspend of £7.528m 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 £0.100m and break-even for the HRA Capital budget. 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 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** - 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.
  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.
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### **List of Background Papers**

Revenue Budget and Council Tax 2022/23. Council, 3 March 2022.

Non-Housing Capital Investment Programme 2022/23 to 2026/27. Council, 3 March 2022.

HRA Capital Investment Programme 2022/23 to 2026/27, Council on 3 March 2022

A Prudential Framework for Capital Finance – Progress Report. Council, 16 December 2021

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**Authors:** Christine McCourt / Geoff Borland

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2022/23**  
**1 April 2022 to 6 January 2023**

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

Policy Board	Approved Annual Budget at Period 8	Budget Adjustments	Revised Annual Budget at Period 10	Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Communities and Housing Services	14,517	1,189	15,705	15,730	(25)	(0.2%)	40	(65)
Education and Children's Services	225,765	3,420	229,185	233,324	(4,139)	(1.8%)	(5,269)	1,130
Infrastructure, Land and Environment	30,830	1,925	32,755	35,157	(2,402)	(7.3%)	(2,098)	(304)
Finance, Resources and Customer Services	108,190	(11,594)	96,596	98,069	(1,473)	(1.5%)	(1,103)	(371)
Adult Services	93,607	0	93,607	92,765	842	0.9%	1,021	(179)
Planning	511	91	602	94	508	84.4%	0	508
Economy and Regeneration	2,996	79	3,075	3,075	0	0.0%	0	0
Chief Executive's Service	20,363	207	20,570	21,408	(838)	(4.1%)	(835)	(3)
<b>GENERAL SERVICES NET EXPENDITURE</b>	<b>496,779</b>	<b>(4,684)</b>	<b>492,095</b>	<b>499,623</b>	<b>(7,528)</b>	<b>(1.5%)</b>	<b>(8,244)</b>	<b>715</b>
Housing Revenue Account (HRA)	0	0	0	0	0	0.0%	0	0
<b>NET EXPENDITURE</b>	<b>496,779</b>	<b>(4,684)</b>	<b>492,095</b>	<b>499,623</b>	<b>(7,528)</b>	<b>(1.5%)</b>	<b>(8,244)</b>	<b>715</b>

Policy Board	Key Reasons for Significant Projected Variance
Education and Children's Services	The projected year-end overspend is £4.139m. This is mainly due to overspends within Children and Families in relation to Residential Accommodation placements, where the number of complex, expensive packages has increased significantly. The service continually reviews external placements to ensure they remain appropriate considering both costs and the specific support required. Additional overspends in premises costs across all schools arise from the current energy cost increase. Increase in transport costs in Primary and Secondary Schools due to an increase in the mainstream School Transport Contract. The projection has reduced since the last Board report due mainly to increased funding provided by the Home Office to support the placement of unaccompanied asylum-seeking children as part of the National Transfer Scheme.
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; and the impact of the anticipated energy increases on areas such as street and traffic lighting. 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 £1.473m, arising from overspends in the repair and maintenance of street lighting columns and public buildings, due to the increased cost of staff and materials, as well as an anticipated under-recovery in income, offset by staff vacancies; this will be monitored closely for the rest of the financial year. The projected overspend in Social Care arises from energy price increases affecting Social Care properties.
Adult Services	The projected year-end underspend is £0.842m, experienced within employee costs and reflecting national recruitment issues facing all Health & Social Care services.
Planning	Updated Planning fee and Building Warrant income now contributes to a forecast break-even position for this service.
Chief Executives	The projected overspend position is largely due to the costs of support to OneRen, reflecting the significant challenges the organisation continues to face following the pandemic and its impact on commercial income, in addition to the level of pay award agreed for 2022/23.
Housing Revenue Account (HRA)	Overall the HRA is projecting a break-even position at the year-end. However, Repairs & Maintenance costs are likely to overspend by over £3.6m against budget, this includes pressures such as rising material, fuel, and labour prices to repair, maintain, and improve our tenants' homes. The resultant overspend will decrease the funds available for debt repayments at year-end in line with the councils financial strategy of debt smoothing.



**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2022/23**  
**1 April 2022 to 6 January 2023**

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

Subjective Summary	Approved Annual Budget at Period 8	Budget Adjustments	Revised Annual Budget at Period 10	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Employees	357,534	140	357,674	352,555	5,119	1.4%	3,063	2,056
Premises Related	37,936	94	38,030	44,924	(6,894)	(18.1%)	(5,480)	(1,414)
Transport Related	13,449	20	13,469	15,883	(2,414)	(17.9%)	(2,058)	(356)
Supplies and Services	83,679	632	84,311	86,530	(2,219)	(2.6%)	(832)	(1,387)
Third Party Payments	95,036	489	95,525	100,514	(4,989)	(5.2%)	(5,413)	424
Transfer Payments	87,070	(3,508)	83,562	83,933	(371)	(0.4%)	(681)	310
Support Services	6,870	1	6,871	6,825	46	0.7%	97	(51)
Depreciation and Impairment Losses	27,629	0	27,629	24,285	3,344	12.1%	2,121	1,223
<b>GROSS EXPENDITURE</b>	<b>709,203</b>	<b>(2,132)</b>	<b>707,071</b>	<b>715,450</b>	<b>(8,379)</b>	<b>(1.2%)</b>	<b>(9,183)</b>	<b>803</b>
Income	(212,424)	(2,552)	(214,976)	(215,827)	851	0.4%	939	(88)
<b>NET EXPENDITURE</b>	<b>496,779</b>	<b>(4,684)</b>	<b>492,095</b>	<b>499,623</b>	<b>(7,528)</b>	<b>(1.5%)</b>	<b>(8,244)</b>	<b>715</b>

**RENFREWSHIRE COUNCIL**  
**CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES**  
**1st April to 6th January 2023**  
**POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES**

		Current Year 2022-23						Full Programme - All years			
	Prior Years Expenditure to 31/03/2022*	Approved Budget 2022-23	Budget Adjustments in 2022-23	Revised Budget 2022-23	Projected Outturn 2022-23	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						
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>											
Education & Children's Services	81,011	13,359	(8,056)	5,303	5,203	100	2%	137,558	137,458	100	0%
<b>TOTAL</b>	<b>81,011</b>	<b>13,359</b>	<b>(8,056)</b>	<b>5,303</b>	<b>5,203</b>	<b>100</b>	<b>2%</b>	<b>137,558</b>	<b>137,458</b>	<b>100</b>	<b>0%</b>
<b>COMMUNITIES, HOUSING &amp; PLANNING</b>											
Housing(HRA)	38,415	29,995	(11,295)	18,700	18,700	0	0%	160,634	160,634	0	0%
Housing(PSHG)	0	1,046	246	1,292	1,292	0	0%	1,292	1,292	0	0%
<b>TOTAL</b>	<b>38,415</b>	<b>31,041</b>	<b>(11,049)</b>	<b>19,992</b>	<b>19,992</b>	<b>0</b>	<b>0%</b>	<b>161,926</b>	<b>161,926</b>	<b>0</b>	<b>0%</b>
<b>INFRASTRUCTURE, LAND &amp; ENVIRONMENT</b>											
Environment & Infrastructure	19,745	17,683	733	18,416	18,416	0	0%	56,366	56,366	0	0%
<b>TOTAL</b>	<b>19,745</b>	<b>17,683</b>	<b>733</b>	<b>18,416</b>	<b>18,416</b>	<b>0</b>	<b>0%</b>	<b>56,366</b>	<b>56,366</b>	<b>0</b>	<b>0%</b>
<b>ECONOMY &amp; REGENERATION</b>											
Economy and Development	29,508	45,871	(19,823)	26,048	26,048	0	0%	106,181	106,181	0	0%
<b>TOTAL</b>	<b>29,508</b>	<b>45,871</b>	<b>(19,823)</b>	<b>26,048</b>	<b>26,048</b>	<b>0</b>	<b>0%</b>	<b>106,181</b>	<b>106,181</b>	<b>0</b>	<b>0%</b>
<b>FINANCE, RESOURCES &amp; CUSTOMER SERVICES</b>											
Corporate Projects	2,841	9,107	(2,223)	6,884	6,884	0	0%	22,241	22,241	0	0%
<b>TOTAL</b>	<b>2,841</b>	<b>9,107</b>	<b>(2,223)</b>	<b>6,884</b>	<b>6,884</b>	<b>0</b>	<b>0%</b>	<b>22,241</b>	<b>22,241</b>	<b>0</b>	<b>0%</b>
<b>LEADERSHIP</b>											
Leisure Services	57,861	754	934	1,688	1,688	0	0%	61,274	61,274	0	0%
Chief Executives	70,069	44,981	(6,055)	38,926	38,926	0	0%	361,646	361,646	0	0%
<b>TOTAL</b>	<b>127,930</b>	<b>45,735</b>	<b>(5,121)</b>	<b>40,614</b>	<b>40,614</b>	<b>0</b>	<b>0%</b>	<b>422,920</b>	<b>422,920</b>	<b>0</b>	<b>0%</b>
<b>TOTAL ALL BOARDS</b>	<b>299,450</b>	<b>162,796</b>	<b>(45,539)</b>	<b>117,257</b>	<b>117,157</b>	<b>100</b>	<b>0.1%</b>	<b>907,192</b>	<b>907,092</b>	<b>100</b>	<b>0%</b>
<b>MADE UP OF :-</b>											
Non-Housing Programme	261,035	131,755	(34,490)	97,265	97,165	100	0%	745,266	745,166	100	0%
Housing Programme(HRA)	38,415	29,995	(11,295)	18,700	18,700	0	0%	160,634	160,634	0	0%
Housing Programme(PSHG)	0	1,046	246	1,292	1,292	0	0%	1,292	1,292	0	0%
<b>PROGRAMME TOTAL</b>	<b>299,450</b>	<b>162,796</b>	<b>(45,539)</b>	<b>117,257</b>	<b>117,157</b>	<b>100</b>	<b>0.1%</b>	<b>907,192</b>	<b>907,092</b>	<b>100</b>	<b>0%</b>

**RENFREWSHIRE COUNCIL**  
**2022/23 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 6 JAN 2023**

		2022/23							
		Housing Services		Non Housing Services		PSHG Programme		Total	
<b>A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME</b>		£'000		£'000		£'000		£'000	
1. Prudential Borrowing		15,870		53,257				69,127	
2a General Capital Grant				17,207		600		17,807	
2b. Specific Capital Grant		2,500		2,412				4,912	
3. Usable Capital Receipts		330		23,976				24,306	
4. Contribution From Current Revenue (CFCR)		0		413		692		1,105	
5 Total Resource Availability		<b>18,700</b>		<b>97,265</b>		<b>1,292</b>		<b>117,257</b>	
<b>B. CAPITAL PROGRAMME</b>									
6. Resources Available		18,700		97,265		1,292		117,257	
7. Current Programme		18,700 100%		97,265 100%		1,292 100%		117,257 100%	
<b>C. ACTUAL EXPENDITURE VS PROJECTED</b>									
8. Resource Availability		18,700		97,265		1,292		117,257	
9. Cash Spent at 6 Jan 2023		11,012 59%		48,464 50%		715 55%		60,191 51%	
10. Cash to be Spent by 31 March 2023		7,688		48,801		577		57,066	
<b>D. ACTUAL RECEIPTS VS PROJECTED</b>									
11. Current Programme (total receipts expected)		2,830		43,595		600		47,025	
12. Actual Cash Received at 6 Jan 2023		15 1%		13,528 31%		417 70%		13,960 30%	
13. Receipts to be received by 31 March 2023		2,815		30,067		183		33,065	