

To: Finance, Resources and Customer Services Policy Board

On: 8 February 2024

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 10 November 2023

1. Summary of Financial Position

1.1. The projected Revenue outturn at 31 March 2024 for all services is an overspend of £8.767m.

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	511,035	519,802	(8,767)	(1.7%)
Housing Revenue Account (HRA)	0	0	0	0.0%
Total	511,035	519,802	(8,767)	(1.7%)

Table 2: Capital				
Division	Revised Annual Budget £000	Projected Outturn £000	Budget Variance (Adv)/Fav £000	Budget Variance %
General Fund Services	120,892	120,749	143	0.0%
Housing Revenue Account	20,378	20,378	0	0.0%
Total	141,270	141,127	143	0.0%

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 £8.767m (1.7% 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 £1.548m for Adult Services (HSCP), the Council is currently forecast to overspend by £7.219m 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 the non-teaching pay settlement for 2023/24 that was agreed in December 2023. This is because the actual costs incurred and the Council's share of the additional funding package from the Scottish Government is still being assessed. The impact will be included in the next report to the Board.
- 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 compared to the approved budget, this will continue be monitored closely for the remainder of the financial year.

Council Tax Reduction awards have increased by around 6% this year compared to 2022/23, but this still represents an underspend compared to the 2023/24 budget, and this is reflected in the Miscellaneous Services projection.

- 3.7. The year-to-date spend on electricity and gas costs are being analysed to understand the forecast position, and based on current data there is a risk of overspend across services, which is not reflected in the above projection. This position will be updated in the next report to Board.
- 3.8. 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 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 there has been no changes since the last report.
- 4.2. Capital expenditure to 10 November 2023 amounted to £10.892m, representing 53% of available resources, compared to 34% for the same period in 2022/23. The difference relates to the timing of works carried out to improve existing properties.
- 4.3. 74% of expected capital income has been received to date, compared to 1% 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 £120.892m which is a decrease of £1.763m since the last report resulting from the net effect of:
 - net budget increases of £1.309m, mainly as result of new grant awards; and

- projects re-profiled from 2023/24 into 2024/25 of £3.072m, mainly due to the timing of works being carried out for Lagoon Internal Play Centre (£1.000m), Paisley Grammar New Campus (£0.490m), Lifecycle Maintenance (£0.897m) and various projects within Environment, Housing & Infrastructure (£0.685m).
- 5.2. Capital expenditure to 10 November 2023 totals £54.523m, representing 45% of the available resources, compared to 33% 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 £16.694m has been received to 10 November 2023. This represents 44% of the total anticipated income, compared to 30% 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. This 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 Treasury Management and Prudential Indicators Mid-Year Review 2023/24 by the Council on 14 December 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 6.3 to 6.7 below.
- 6.3. **Capital Expenditure:** The approved level of capital expenditure that the Council has set for 2023/24 is shown in the table below. This is based on the resources available to fund the capital programmes, split between Housing and Non-Housing Services, but excludes the Private Sector Housing Grant, as this is not considered to be capital spend for the Council.

	Approved Plan £m	Forecast Expenditure £m
Non-Housing	118	121
Housing	20	20
Total	138	141

- 6.4. **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.

	Approved CFR to 31 March 2024 £m	Projected CFR to 31 March 2024 £m
Non-Housing	407	407
Housing	120	115
Total	527	522

- 6.5. **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.

	Approved Operational Boundary to 31 March 2024 £m	Projected Operational Boundary to 31 March 2024 £m
Borrowing	434	429
Other Long-Term Liabilities	94	94
Total	528	523

- 6.6. **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.

	Approved Authorised Limit to 31 March 2024 £m	Projected Authorised Limit to 31 March 2024 £m
Borrowing	455	450
Other Long-Term Liabilities	94	94
Total	549	544

- 6.7. **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.

	Approved Ratio of Financing Costs to Net Revenue 2023/24 %	Projected Ratio of Financing Costs to Net Revenue 2023/24 %
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 budget.

Implications of this report

1. **Financial** – The projected budget outturn position for General Fund Services Revenue budget is an overspend of £8.767m (1.7%) 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.

Treasury Management and Prudential Indicators Mid-Year Review 2023/24, Council on 14 December 2023

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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2023/24
1 April 2023 to 10 November 2023

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board	Annual Budget at Period 6	Budget Adjustments	Revised Annual Budget at Period 8	Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Communities and Housing Services	13,919	534	14,453	14,453	0	0.0%	(5)	5
Education and Children's Services	245,458	1,506	246,964	249,038	(2,074)	(0.8%)	(2,477)	403
Infrastructure, Land and Environment	32,290	195	32,485	35,644	(3,160)	(9.7%)	(2,770)	(390)
Finance, Resources and Customer Services	96,887	(463)	96,424	98,413	(1,989)	(2.1%)	(2,159)	170
Adult Services	97,500	(0)	97,500	99,048	(1,548)	(1.6%)	(3,925)	2,377
Planning	625	0	625	660	(35)	(5.6%)	(21)	(14)
Economy and Regeneration	3,042	371	3,413	3,380	33	1.0%	30	3
Chief Executive's Service	19,172	0	19,172	19,166	6	0.0%	8	(2)
GENERAL SERVICES NET EXPENDITURE	508,893	2,142	511,035	519,802	(8,767)	(1.7%)	(11,319)	2,552
Housing Revenue Account (HRA)	0	0	0	0	0	0.0%	0	0
NET EXPENDITURE	508,893	2,142	511,035	519,802	(8,767)	(1.7%)	(11,319)	2,552

Policy Board	Key Reasons for Significant Projected Variance
Education and Children's Services	The projected year-end overspend is mainly due to a projected £2.505m overspend within Children and Families due to external Residential Accommodation placements, as 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. The service has also projected additional costs after grant income in relation to the Scottish Government national recommended maintenance allowance for foster carers and kinship carers. Additional overspends in premises costs across secondary schools arise from refuse collection and janitorial supplies cost increases. There is also an increase in transport costs for secondary schools and additional support for learning due to an increase in the mainstream School Transport Contract. Overspends have been partially offset by an underspend in staff costs within Early learning and Childcare due to staff vacancies.
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 made up of an overspend of £1.557m for Public Building Repairs due to a projected deficit within Building Services. This deficit will be allocated to both Public Building Repairs and HRA. Costs within the services are also under considerable pressure from supply price increases and contractor inflation. There is also a projected overspend of £1.232m for Soft Facilities Management Services this is largely due to an under-recovery of income, inflationary pressure on the cost of provisions and cleaning materials, which is all partially offset by vacancies across the service. The position for both these services will be closely monitored throughout the remainder of the financial year with mitigating action being taken by Management where possible. Within Miscellaneous Services there is a forecast underspend in the Council Tax Reduction budget of £0.800m.
Adult Services	The projected overspend within Adult Services is primarily related to Older People with increased costs for care at home and for three HSCP care homes due to more hospital patients discharged with complex needs and requiring intensive care packages. To date £1.968m has been drawn down from winter pressure reserves which has reduced the in-year overspend and is assisting to temporarily mitigate the overspend within these areas, and this accounts for the movement in projection since the last reporting period. The overspend is partially offset by an underspend within Mental Health reflective of the current client portfolio within adult care placements as well as ongoing recruitment and retention challenges.
Planning	The projected overspend of £0.035m is related to Building Standards projecting an overspend of £0.220m which is offset by Development Management projecting an over recovery related to Planning fee income of £0.149m.
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 10 November 2023

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Annual Budget at Period 6	Budget Adjustments	Revised Annual Budget at Period 8	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn	Movement
	£000	£000	£000	£000	£000	%	£000	£000
Employees	347,399	2,846	350,245	348,004	2,241	0.6%	1,557	684
Premises Related	45,053	(43)	45,010	49,553	(4,544)	(10.1%)	(2,598)	(1,946)
Transport Related	13,741	0	13,741	16,567	(2,826)	(20.6%)	(2,342)	(484)
Supplies and Services	96,839	(766)	96,073	102,335	(6,262)	(6.5%)	(3,675)	(2,587)
Third Party Payments	100,653	83	100,736	106,291	(5,555)	(5.5%)	(7,669)	2,114
Transfer Payments	95,780	(6,866)	88,914	89,150	(236)	(0.3%)	(1,008)	771
Support Services	3,143	122	3,265	3,175	90	2.8%	75	15
Depreciation and Impairment Losses	27,023	0	27,023	27,028	(5)	0.0%	(5)	0
GROSS EXPENDITURE	729,631	(4,625)	725,006	742,103	(17,097)	(2.4%)	(15,664)	(1,433)
Income	(220,738)	6,767	(213,971)	(222,301)	8,330	3.9%	4,345	3,985
NET EXPENDITURE	508,893	2,142	511,035	519,802	(8,767)	(1.7%)	(11,319)	2,552

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 10th November 2023
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

	Current Year 2023-24							Full Programme - All years				
	Prior Years Expenditure to 31/03/2023*	Budget at P6 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			
EDUCATION & CHILDREN'S SERVICES												
Education & Children's Services	38,822	6,576	(490)	6,086	5,943	143	2%	124,850	124,707	143	0%	
TOTAL	38,822	6,576	(490)	6,086	5,943	143	2%	124,850	124,707	143	0%	
COMMUNITIES, HOUSING & PLANNING												
Housing(HRA)	48,282	20,378	0	20,378	20,378	0	0%	318,781	318,781	0	0%	
Housing(PSHG)	0	1,117	0	1,117	1,117	0	0%	1,117	1,117	0	0%	
TOTAL	48,282	21,495	0	21,495	21,495	0	0%	319,898	319,898	0	0%	
INFRASTRUCTURE, LAND & ENVIRONMENT												
Environment & Infrastructure	77,888	18,180	(685)	17,495	17,495	0	0%	98,287	98,287	0	0%	
TOTAL	77,888	18,180	(685)	17,495	17,495	0	0%	98,287	98,287	0	0%	
ECONOMY & REGENERATION												
Economy and Development	53,025	35,201	1,309	36,510	36,510	0	0%	106,182	106,182	0	0%	
TOTAL	53,025	35,201	1,309	36,510	36,510	0	0%	106,182	106,182	0	0%	
FINANCE, RESOURCES & CUSTOMER SERVICES												
Corporate Projects	4,343	9,739	(897)	8,842	8,842	0	0%	24,372	24,372	0	0%	
TOTAL	4,343	9,739	(897)	8,842	8,842	0	0%	24,372	24,372	0	0%	
LEADERSHIP												
Leisure Services	2,548	2,086	(1,000)	1,086	1,086	0	0%	4,633	4,633	0	0%	
Chief Executives	111,559	50,873	0	50,873	50,873	0	0%	361,691	361,691	0	0%	
TOTAL	114,107	52,959	(1,000)	51,959	51,959	0	0%	366,324	366,324	0	0%	
TOTAL ALL BOARDS	336,467	144,150	(1,763)	142,387	142,244	143	0.1%	1,039,913	1,039,770	143	0%	
MADE UP OF :-												
Non-Housing Programme	288,185	122,655	(1,763)	120,892	120,749	143	0%	720,015	719,872	143	0%	
Housing Programme(HRA)	48,282	20,378	0	20,378	20,378	0	0%	318,781	318,781	0	0%	
Housing Programme(PSHG)	0	1,117	0	1,117	1,117	0	0%	1,117	1,117	0	0%	
PROGRAMME TOTAL	336,467	144,150	(1,763)	142,387	142,244	143	0.1%	1,039,913	1,039,770	143	0%	

RENFREWSHIRE COUNCIL
2023/24 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 10th NOV 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		81,371				95,509	
2a General Capital Grant			16,039		600		16,639	
2b. Specific Capital Grant	1,786		2,186				3,972	
3. Usable Capital Receipts	530		19,839				20,369	
4. Contribution From Current Revenue (CFCR)	3,924		1,457		517		5,898	
5 Total Resource Availability	20,378		120,892		1,117		142,387	
B. CAPITAL PROGRAMME								
6. Resources Available	20,378		120,892		1,117		142,387	
7. Current Programme	20,378	100%	120,892	100%	1,117	100%	142,387	100%
C. ACTUAL EXPENDITURE VS PROJECTED								
8. Resource Availability	20,378		120,892		1,117		142,387	
9. Cash Spent at 10 November 2023	10,892	53%	54,523	45%	694	62%	66,109	46%
10. Cash to be Spent by 31 March 2024	9,486		66,369		423		76,278	
D. ACTUAL RECEIPTS VS PROJECTED								
11. Current Programme (total receipts expected)	2,316		38,064		600		40,980	
12. Actual Cash Received at 10 November 2023	1,708	74%	16,694	44%	353	59%	18,755	46%
13. Receipts to be received by 31 March 2024	608		21,370		247		22,225	