



To: Finance, Resources and Customer Services Policy Board

On: 30 March 2022

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 7 January 2022

1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2022 for all services is an underspend of £0.056m.
- 1.2. The projected Capital outturn at 31 March 2022 for all services is to break-even.
- 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 £0.400m arising from the economic impact of the pandemic. This figure represents around 0.4% 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	461,483	452,363	9,064	461,427	56	0.0%
Housing Revenue Account	0	34	(34)	0	0	0.0%
Total	461,483	452,397	9,030	461,427	56	0.0%

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	67,271	67,271	0	67,271	0	0.0%
Housing Revenue Account	20,126	20,126	0	20,126	0	0.0%
Total	87,397	87,397	0	87,397	0	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 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 underspend of £0.456m (0.01% of total budget) for all Services. Details for all services can also be found here, along with an explanation of significant projected variances. A further £0.400m of Council Tax under-recovery is anticipated by 31 March 2022.
- 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).

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 £67.271m.
- 4.2. The Capital Monitoring report at Appendix 2 indicates a projected break-even 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 £20.126m.
- 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 (see Appendix 3). 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 COVID-19 driven cost pressures will emerge on capital projects. The impact of the war in Ukraine is also expected to increase commodity prices. Greater clarity on the scale and reach of these risks will emerge over the coming weeks and months; however, it is expected that there will be a requirement to use a proportion of the Council's flexible COVID-19 reserves to manage this moving forward. Further details in this regard will be provided in future reports.

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	114.129	67.271
Housing	25.602	20.126
Total	139.731	87.397

- 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	268	268
Housing	107	107
Total	375	375

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 £20.126m, a reduction of £5.476m resulting from the net effect of budget brought forward from 2020/21 of £0.664m and projects re-profiled to 2022/23 of £6.140m. These projects relate mainly to cashflow timings for Council House New Build projects and External Improvements.
- 6.2. Capital expenditure to 7 January 2022 amounted to £13.298m and represents 66% of available resources, compared to 22% for the same period in 2020/21. Spending was lower in the early period 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 £4.612m has been received to 7 January 2022. This represents 89% of the total anticipated income and compares with 100% for the equivalent period in 2020/21. The difference relates to the timing of grant received from the Scottish Government 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, 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 £67.271m, a decrease of £46.858m resulting from the net effect of budget increases of £3.089m, 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 £58.885m. 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 7 January 2022 totals £33.861m and represents 50% of the available resources, compared to 56% for the equivalent period in 2020/21.
- 7.3. Capital income totalling £22.999m has been received to 7 January 2022. This represents 63% of the total anticipated income, compared to 69% for the equivalent period in 2020/21.
- 7.4. The projected outturn position after the budget changes is to break-even. However, as in 6.4, the full impact of COVID-19 on capital costs has not yet 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 £1.240m, a decrease in budget of £0.310m 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 underspend of £0.056m 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 to break-even 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.

List of Background Papers

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

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

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

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

Authors: Christine McCourt / Kevin Festorazzi / Geoff Borland

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 7 January 2022

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board	Revised Annual Budget at P8	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Communities, Housing and Planning Services	12,495	15	12,510	12,417	169	12,586	(76)	(0.6%)	(192)	116
Education and Children's Services	219,338	(23)	219,315	218,401	1,152	219,553	(238)	(0.1%)	(439)	201
Infrastructure, Land and Environment	32,097	18	32,115	32,079	3,541	35,620	(3,505)	(10.9%)	(3,426)	(79)
Finance, Resources and Customer Services	92,812	4,476	97,288	92,305	1,396	93,701	3,587	3.7%	(592)	4,179
Adult Services	74,356	1,169	75,525	74,581	0	74,581	944	1.2%	665	279
Chief Executive's Service	24,681	49	24,730	22,580	2,406	24,986	(256)	(1.0%)	(332)	76
GENERAL SERVICES NET EXPENDITURE	455,779	5,704	461,483	452,363	8,664	461,027	456	0.1%	(4,315)	4,771
Housing Revenue Account (HRA)	0	0	0	34	(34)	0	0	0.0%	0	0
NET EXPENDITURE	455,779	5,704	461,483	452,397	8,630	461,027	456	0.1%	(4,315)	4,771

Policy Board	Key Reasons for Significant Projected Variance
Communities, Housing and Planning Services	The projected year-end overspend is £0.076m. It should be noted that within this overspend there are COVID-related costs incurred by the service, totalling £0.169m and this represents an under-recovery of income of £0.100m in rental of halls for community learning and employee costs of £0.054m which are directly related to Council COVID activities, plus £0.015m in Housing. Within Economy and Development, there is a projected under-recovery of Planning Fee income:10% of targeted income. This represents a reasonable estimate of income levels in the current economic and financial climate, as we follow the route map out of the COVID
Education and Children's Services	The projected year-end overspend is £0.238m. This is due to overspends in employee costs for Additional Support Needs and Children and Families, offset with underspends in Early Learning and Childcare.
Infrastructure, Land and Environment	<p>The projected year-end overspend is £3.505m. 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. Some of these vehicle costs are offset by increased income within social transport as mentioned below. There is also an expected overspend on the supply of household waste bins, partly due to increased prices, and an under recovery of commercial waste income. In order to ensure the public adhered safely to social distancing measures when visiting HWRC sites increased staffing has been required to direct and control the operations. In addition there has been higher vehicle and staffing costs due to increased absence levels.</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>Off-street parking charges have now been reintroduced, however on and off street parking and fine recovery remains significantly lower than pre-pandemic years, and this is expected to continue until the end of the financial year.</p>
Finance, Resources and Customer Services	<p>The projected year-end underspend is £3.587m, largely due to additional funding received from the Scottish Government not allocated to services. This will contribute to COVID reserves at 31 March, to help fund the Council's recovery from the pandemic in 2022/23, when significant additional government funding is not anticipated.</p> <p>This is offset by overspends in Building Services owing to the price of materials increasing significantly in connection with supply issues related to the ongoing pandemic. In addition, the service is having to hire significant numbers of vehicles, due to the increased downtime of the ageing fleet. The cost of both materials and vehicle hire is fluctuating significantly, and the costs of both may increase further still.</p> <p>Further overspends in the repair and maintenance of street lighting columns is due to the increased cost of materials and this will be monitored closely throughout the rest of the year.</p>
Adult Services	The projected year-end underspend is £0.994m. This is due to under-occupancy in external care homes, related to the COVID pandemic.
Chief Executives	The projected year-end overspend is £0.256m. The adverse variance continues to reflect the projected costs of supporting Renfrewshire Leisure with a revised level of requisition resulting from the continued limitations on service delivery over the year (in following the Scottish Government route map out of the pandemic).
Housing Revenue Account (HRA)	Overall the HRA is projecting a break even position at year-end. It should be noted that employee costs will be underspent due to vacancies within the service and the resultant resources will be utilised to undertake additional housing repairs and maintenance works. In addition, there is a projected overspend on void rent loss this year, which will be offset by decreased debt repayments at the year-end in line with the Council's financial strategy regarding debt smoothing.

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 7 January 2022

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Revised Annual Budget at P8	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Employees	328,184	232	328,416	325,123	4,400	329,523	(1,107)	(0.3%)	(1,213)	105
Premises Related	36,805	11	36,816	39,315	307	39,622	(2,806)	(7.6%)	(2,955)	149
Transport Related	13,143	30	13,173	13,927	538	14,465	(1,292)	(9.8%)	(1,193)	(99)
Supplies and Services	79,255	998	80,253	80,304	1,179	81,483	(1,230)	(1.5%)	(1,170)	(60)
Third Party Payments	86,688	99	86,787	87,003	2,811	89,814	(3,027)	(3.5%)	(3,279)	252
Transfer Payments	82,959	4,481	87,440	86,214	2,619	88,833	(1,393)	(1.6%)	(1,084)	(309)
Support Services	10,056	1	10,057	10,031	0	10,031	26	0.3%	1	24
Depreciation and Impairment Losses	36,669	0	36,669	35,600	0	35,600	1,069	2.9%	1,177	(108)
GROSS EXPENDITURE	673,759	5,852	679,611	677,517	11,854	689,371	(9,760)	(1.4%)	(9,715)	(45)
Income	(217,980)	(148)	(218,128)	(225,120)	(3,224)	(228,344)	10,216	4.7%	5,400	4,816
NET EXPENDITURE	455,779	5,704	461,483	452,397	8,630	461,027	456	0.1%	(4,315)	4,771

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
 1st April to 7th January 2022
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			£000	£000			
EDUCATION & CHILDREN'S SERVICES												
Education & Children's Services	73,723	13,062	(5,077)	7,985	7,985	0	0%	136,815	136,415	400	0%	
TOTAL	73,723	13,062	(5,077)	7,985	7,985	0	0%	136,815	136,415	400	0%	
COMMUNITIES, HOUSING & PLANNING												
Housing(HRA)	28,128	25,602	(5,476)	20,126	20,126	0	0%	154,807	154,807	0	0%	
Housing(PSHG)	0	1,550	(310)	1,240	1,240	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	(5,786)	21,436	21,436	0	0%	156,563	156,563	0	0%	
INFRASTRUCTURE, LAND & ENVIRONMENT												
Environment & Infrastructure	19,100	14,181	2,297	16,478	16,478	0	0%	53,672	53,672	0	0%	
TOTAL	19,100	14,181	2,297	16,478	16,478	0	0%	53,672	53,672	0	0%	
FINANCE, RESOURCES & CUSTOMER SERVICES												
Corporate Projects	2,456	11,691	(7,328)	4,363	4,363	0	0%	17,760	17,760	0	0%	
TOTAL	2,456	11,691	(7,328)	4,363	4,363	0	0%	17,760	17,760	0	0%	
LEADERSHIP												
Leisure Services	56,019	2,474	190	2,664	2,664	0	0%	59,937	59,937	0	0%	
Chief Executives	69,202	72,651	(36,940)	35,711	35,711	0	0%	407,554	407,554	0	0%	
TOTAL	125,221	75,125	(36,750)	38,375	38,375	0	0%	467,491	467,491	0	0%	
TOTAL ALL BOARDS	248,628	141,281	(52,644)	88,637	88,637	0	0%	832,301	831,901	400	0%	
MADE UP OF :-												
Non-Housing Programme	220,500	114,129	(46,858)	67,271	67,271	0	0%	675,808	675,408	400	0%	
Housing Programme(HRA)	28,128	25,602	(5,476)	20,126	20,126	0	0%	154,807	154,807	0	0%	
Housing Programme(PSHG)	0	1,550	(310)	1,240	1,240	0	0%	1,686	1,686	0	0%	
PROGRAMME TOTAL	248,628	141,281	(52,644)	88,637	88,637	0	0.0%	832,301	831,901	400	0%	

RENFREWSHIRE COUNCIL
2021/22 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 7 JANUARY 2022

	2021/22							
	Housing Services		Non Housing Services		PSHG Programme		Total	
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME	£'000		£'000		£'000		£'000	
1. Prudential Borrowing	14,925		29,327				44,252	
2a. General Capital Grant			12,186		200		12,386	
2b. Specific Capital Grant	5,201		3,936				9,137	
3. Usable Capital Receipts	0		20,547				20,547	
4. Contribution From Current Revenue (CFCR)	0		1,275		1,040		2,315	
5. Total Resource Availability	20,126		67,271		1,240		88,637	
B. CAPITAL PROGRAMME								
6. Resources Available	20,126		67,271		1,240		88,637	
7. Current Programme	20,126	100%	67,271	100%	1,240	100%	88,637	100%
C. ACTUAL EXPENDITURE VS PROJECTED								
8. Resource Availability	20,126		67,271		1,240		88,637	
9. Cash Spent at 7 January 2022	13,298	66%	33,861	50%	663	53%	47,822	54%
10. Cash to be Spent by 31 March 2022	6,828		33,410		577		40,815	
D. ACTUAL RECEIPTS VS PROJECTED								
11. Current Programme (total receipts expected)	5,201		36,669		200		42,070	
12. Actual Cash Received at 7 January 2022	4,612	89%	22,999	63%	161	81%	27,772	66%
13. Receipts to be received by 31 March 2022	589		13,670		39		14,298	