



To: Finance, Resources and Customer Services Policy Board

On: 10 November 2021

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 17 September 2021

1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2022 for all services is an overspend of £6.111m.
- 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	455,083	452,104	9,090	461,194	(6,111)	-1.2%
Housing Revenue Account	0	30	(30)	0	0	0.0%
Total	455,083	452,134	9,060	461,194	(6,111)	-1.2%

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	92,981	92,941	0	92,941	400	0.4%
Housing Revenue Account	21,876	21,876	0	21,876	0	0.0%
Total	114,857	114,457	0	114,457	400	0.3%

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 £5.611m (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).

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 £92.981m.
- 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 £21.876m.
- 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).

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 COVID-19 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 COVID-19 reserves to manage this risk 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	115.679	92.981
Housing	25.602	21.876
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	287
Housing	119	109
Total	460	396

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 £21.876m, a reduction of £3.726m resulting from the net effect of budget brought forward from 2020/21 of £0.664m and projects re-profiled to 2022/23 of £4.390m. These projects relate mainly to cashflow timings for Council House New Build projects and External Improvements.
- 6.2. Capital expenditure to 17 September 2021 amounted to £6.795m and represents 31% of available resources, compared to 10% 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 £0.426m has been received to 17 September 2021. This represents 8% of the total anticipated income and compares with 7% for the equivalent period in 2020/21.
- 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 £91.591m, a decrease of £22.538m resulting from the net effect of budget increases of £3.071m, 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 £34.547m. 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 17 September 2021 totals £17.948m and represents 20% of the available resources, compared to 23% for the equivalent period in 2020/21.
- 7.3. Capital income totalling £13.954m has been received to 17 September 2021. This represents 33% of the total anticipated income, compared to 52% 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 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 £1.390m, 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 £5.611m 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 £0.400m 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.

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, 17th December 2020

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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 17 September 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		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Communities, Housing and Planning Services	12,564	128	12,692	12,547	205	12,752	(60)	(0.5%)	(149)	89
Education and Children's Services	220,170	(824)	219,346	218,940	1,290	220,230	(884)	(0.4%)	(1,427)	543
Infrastructure, Land and Environment	32,005	66	32,071	32,106	3,142	35,248	(3,177)	(9.9%)	(2,954)	(223)
Finance, Resources and Customer Services	89,860	2,569	92,429	91,723	1,266	92,989	(560)	(0.6%)	(608)	48
Adult Services	74,356	0	74,356	74,335	0	74,335	21	0.0%	1,440	(1,419)
Chief Executive's Service	23,237	952	24,189	22,453	2,687	25,140	(951)	(3.9%)	(1,699)	748
GENERAL SERVICES NET EXPENDITURE	452,192	2,891	455,083	452,104	8,590	460,694	(5,611)	(1.2%)	(5,397)	(214)
Housing Revenue Account (HRA)	0	0	0	30	(30)	0	0	0.0%	25	(25)
NET EXPENDITURE	452,192	2,891	455,083	452,134	8,560	460,694	(5,611)	(1.2%)	(5,372)	(239)

Policy Board	Key Reasons for Significant Projected Variance
Communities, Housing and Planning Services	The projected year-end overspend is £0.06m. Overall Communities & Public Protection is projecting a year-end overspend of £58k. It should be noted that within this overspend there are COVID-related costs totalling £205K, representing an under-recovery of income of £150k in rental of halls for community learning and employee costs within Public Protection which are directly related to COVID activities of £55k. Therefore COVID costs are being partially offset by underspends due to vacancies within the service.
Education and Children's Services	The projected year-end overspend is £0.884m. This is due to overspends in employee costs for Additional Support Needs and Children and Families, offset with underspend in Early Learning and Childcare.
Infrastructure, Land and Environment	<p>The projected year-end overspend is £3.177m. 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 £0.560m, largely due to the increased cost of materials within Building Services and Street Lighting Maintenance.
Adult Services	The projected year-end underspend is £0.021m. This is due to under occupancy in external care homes due to COVID pandemic.
Chief Executives	The projected year-end overspend is £0.951m. 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, there is overspend in the Cultural Infrastructure Programme which will be drawn down from earmarked reserves as required.
Housing Revenue Account (HRA)	Overall the HRA is projecting a break-even position at the 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 and increased debt repayments at the year-end in line with the Council's financial strategy of debt smoothing.

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2021/22
1 April 2021 to 17 September 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		Previous Projected Outturn Variance	Movement
	£000	£000	£000	£000	£000	£000	£000	%	£000	£000
Employees	317,645	8,695	326,396	323,477	3,716	327,193	(797)	(0.2%)	(2,624)	1,828
Premises Related	35,831	472	36,769	37,956	220	38,176	(1,407)	(3.8%)	(85)	(1,322)
Transport Related	13,074	49	13,123	13,707	558	14,265	(1,142)	(8.7%)	(739)	(403)
Supplies and Services	82,834	(4,092)	78,835	79,008	1,677	80,685	(1,850)	(2.3%)	(1,433)	(417)
Third Party Payments	83,246	3,073	86,345	86,611	2,257	88,868	(2,523)	(2.9%)	(2,312)	(211)
Transfer Payments	79,452	1,969	81,408	81,048	2,410	83,458	(2,050)	(2.5%)	(1,866)	(184)
Support Services	10,105	(81)	10,058	10,011	0	10,011	47	0.5%	78	(31)
Depreciation and Impairment Losses	37,075	0	36,669	36,828	0	36,828	(159)	(0.4%)	0	(159)
GROSS EXPENDITURE	659,261	10,085	669,603	668,647	10,838	679,485	(9,882)	(1.5%)	(8,981)	(900)
Income	(207,069)	(7,194)	(214,520)	(216,513)	(2,278)	(218,791)	4,271	2.0%	3,609	662
NET EXPENDITURE	452,192	2,891	455,083	452,134	8,560	460,694	(5,611)	(1.2%)	(5,372)	(239)

CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 17th September 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			£000	£000		
EDUCATION & CHILDREN'S SERVICES											
Education & Children's Services	73,723	13,062	(3,823)	9,239	8,839	400	4%	136,603	136,203	400	0%
TOTAL	73,723	13,062	(3,823)	9,239	8,839	400	4%	136,603	136,203	400	0%
COMMUNITIES, HOUSING & PLANNING											
Housing(HRA)	28,128	25,602	(3,726)	21,876	21,876	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	(3,886)	23,336	23,336	0	0%	156,563	156,563	0	0%
INFRASTRUCTURE, LAND & ENVIRONMENT											
Environment & Infrastructure	19,100	14,181	6,639	20,820	20,820	0	0%	53,557	53,557	0	0%
TOTAL	19,100	14,181	6,639	20,820	20,820	0	0%	53,557	53,557	0	0%
FINANCE, RESOURCES & CUSTOMER SERVICES											
Corporate Projects	2,456	11,691	(4,988)	6,703	6,703	0	0%	18,060	18,060	0	0%
TOTAL	2,456	11,691	(4,988)	6,703	6,703	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	(21,310)	51,341	51,341	0	0%	406,854	406,854	0	0%
TOTAL	125,221	75,125	(20,366)	54,759	54,759	0	0%	466,791	466,791	0	0%
TOTAL ALL BOARDS	248,628	141,281	(26,424)	114,857	114,457	400	0%	831,574	831,174	400	0%
MADE UP OF :-											
Non-Housing Programme	220,500	114,129	(22,538)	91,591	91,191	400	0%	675,081	674,681	400	0%
Housing Programme(HRA)	28,128	25,602	(3,726)	21,876	21,876	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	(26,424)	114,857	114,457	400	0.3%	831,574	831,174	400	0%

CAPITAL BUDGET MONITORING SUMMARY REPORT
1 APRIL TO 17 SEPTEMBER 2021
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

		2021/22							
		Housing Services		Non-Housing Services		PSHG Programme		Total	
		£000	%	£000	%	£000	%	£000	%
A	RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME								
1	Prudential Borrowing	16,675		47,153		0		63,828	
2a	General Capital Grant	0		12,186		200		12,386	
2b	Specific Capital Grant	5,201		3,936		0		9,137	
3	Usable Capital Receipts	0		26,333		0		26,333	
4	Contribution From Current Revenue (CFCR)	0		1,983		1,190		3,173	
5	Total Resource Availability	21,876		91,591		1,390		114,857	
B	CAPITAL PROGRAMME								
6	Resources Available	21,876		91,591		1,390		114,857	
7	Current Programme	21,876	100%	91,591	100%	1,390	100%	114,857	100%
C	ACTUAL EXPENDITURE VS PROJECTED								
8	Resource Availability	21,876		91,591		1,390		114,857	
9	Cash Spent at 17 September 2021	6,795	31%	17,948	20%	377	27%	25,120	22%
10	Cash to be Spent by 31 March 2022	15,081		73,643		1,013		89,737	
D	ACTUAL RECEIPTS VS PROJECTED								
11	Current Programme (total receipts expected)	5,201		42,455		200		47,856	
12	Actual Cash Received at 17 September 2021	426	8%	13,954	33%	100	50%	14,480	30%
13	Receipts to be received by 31 March 2022	4,775		28,501		100		33,376	