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

**On:** 02 February 2022

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

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**Heading:** Revenue and Capital Budget Monitoring – Council Overview as at 12 November 2021

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## **1. Summary of Financial Position**

- 1.1. The projected Revenue outturn at 31 March 2022 for all services is an overspend of £4.815m.
- 1.2. The projected Capital outturn at 31 March 2022 for all services is an underspend of £0.100m 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.

<b>Table 1: Revenue</b>						
<b>Division</b>	<b>Revised Annual Budget £000</b>	<b>Projected Outturn Core £000</b>	<b>Projected Outturn COVID-19 £000</b>	<b>Total Projected Outturn £000</b>	<b>Budget Variance (Adv)/Fav £000</b>	<b>Budget Variance %</b>
General Fund Services	455,779	451,262	9,332	<b>460,594</b>	(4,815)	-1.1%
Housing Revenue Account	0	30	(30)	<b>0</b>	0	0.0%
<b>Total</b>	<b>455,779</b>	<b>451,262</b>	<b>9,032</b>	<b>460,594</b>	<b>(4,815)</b>	<b>-1.1%</b>

<b>Table 2: Capital</b>						
<b>Division</b>	<b>Revised Annual Budget £000</b>	<b>Projected Outturn Core £000</b>	<b>Projected Outturn COVID-19 £000</b>	<b>Total Projected Outturn £000</b>	<b>Budget Variance (Adv)/Fav £000</b>	<b>Budget Variance %</b>
General Fund Services	74,774	74,674	0	<b>74,674</b>	100	0.1%
Housing Revenue Account	21,876	21,876	0	<b>21,876</b>	0	0.0%
<b>Total</b>	<b>96,650</b>	<b>96,550</b>	<b>0</b>	<b>96,550</b>	<b>100</b>	<b>0.1%</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 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 £4.315m (0.9% of total budget) for all Services. Details for all services can be also be found here, along with an explanation of significant projected variances. A further £0.500m 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 £73.534m.
- 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 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). 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.

	<b>Approved Plan £m</b>	<b>Forecast Expenditure £m</b>
Non-Housing	114.129	73.434
Housing	25.602	21.876
<b>Total</b>	<b>139.731</b>	<b>95.310</b>

- 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.

	<b>Approved CFR to 31 March 2022 £m</b>	<b>Projected CFR to 31 March 2022 £m</b>
Non-Housing	268	268
Housing	107	107
<b>Total</b>	<b>375</b>	<b>375</b>

## **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 12 November 2021 amounted to £10.876m and represents 50% of available resources, compared to 16% 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 £3.086m has been received to 12 November 2021. This represents 59% of the total anticipated income and compares with 24% 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 £73.534m, a decrease of £40.595m resulting from the net effect of budget increases of £3.059m, 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 £52.592m.

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 12 November 2021 totals £24.952m and represents 34% of the available resources, compared to 36% for the equivalent period in 2020/21.
- 7.3. Capital income totalling £16.650m has been received to 12 November 2021. This represents 45% of the total anticipated income, compared to 55% 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 £0.100m. 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.

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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 £4.815m 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 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

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**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2021/22**  
**1 April 2021 to 12 November 2021**

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

Policy Board	Revised Annual Budget at P6	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	12,692	(197)	12,495	12,483	204	12,687	(192)	(1.5%)	(60)	(132)
Education and Children's Services	219,346	(8)	219,338	218,289	1,488	219,777	(439)	(0.2%)	(884)	445
Infrastructure, Land and Environment	32,071	26	32,097	32,078	3,445	35,523	(3,426)	(10.7%)	(3,177)	(249)
Finance, Resources and Customer Services	92,429	383	92,812	92,114	1,290	93,404	(592)	(0.6%)	(560)	(32)
Adult Services	74,356	0	74,356	73,691	0	73,691	665	0.9%	21	644
Chief Executive's Service	24,189	492	24,681	22,607	2,406	25,013	(332)	(1.3%)	(951)	619
<b>GENERAL SERVICES NET EXPENDITURE</b>	<b>455,083</b>	<b>696</b>	<b>455,779</b>	<b>451,262</b>	<b>8,832</b>	<b>460,094</b>	<b>(4,315)</b>	<b>(0.9%)</b>	<b>(5,611)</b>	<b>1,296</b>
Housing Revenue Account (HRA)	0	0	0	30	(30)	0	0	0.0%	0	0
<b>NET EXPENDITURE</b>	<b>455,083</b>	<b>696</b>	<b>455,779</b>	<b>451,292</b>	<b>8,802</b>	<b>460,094</b>	<b>(4,315)</b>	<b>(0.9%)</b>	<b>(5,611)</b>	<b>1,296</b>

Policy Board	Key Reasons for Significant Projected Variance
Communities, Housing and Planning Services	The projected year-end overspend is £0.192m. Overall, Communities and Public Protection is projecting a year-end overspend of £59k. It should be noted that within this overspend there are COVID-related costs totalling £204k, representing an under-recovery of income of £150k in rental of halls for community learning and employee costs within Public Protection of £54k, which are directly related to COVID activities. Within Economy and Development, there is a projected under-recovery of Planning Fee income. This represents a prudent estimate of income levels in the current economic and financial climate, as we follow the route map out of the COVID pandemic. 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 £0.439m. 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 £3.426m. 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, and an under recovery of commercial waste income.</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 have now been reintroduced, however on and off street parking and fine recovery income remains significantly lower due to the pandemic and this is expected to continue until the end of the financial year.</p> <p>These overspends have been offset by underspends in Social Care Transport with increased income recovery, and in Sustainability and Place due to vacancy management.</p>
Finance, Resources and Customer Services	<p>The projected year-end overspend is £0.592m, largely due the price of materials have increased significantly from 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 as the year progresses.</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 £0.665m. This is due to under-occupancy in external care homes, related to the COVID pandemic.
Chief Executives	<p>The projected year-end overspend is £0.332m. This adverse variance reflects the projected costs of support for Renfrewshire Leisure with a revised level of requisition resulting from the continued limitations on service delivery over the coming year (following the Scottish Government route map out of the pandemic).</p> <p>Furthermore, overspends in the Cultural Infrastructure Programme will be drawn down from earmarked reserves as required.</p>
Housing Revenue Account (HRA)	Overall the HRA is projecting a break-even position by year-end. Underspends in employee costs, transport costs, supplies and loan debt payments are being utilised in the current year to fund additional housing property repairs/maintenance/void property works. The overspend in property repairs reflects current demands on the service from tenants and the requirement to repair void properties for re-let. In addition, there is a projected overspend on void rent loss this year, which will be offset by an underspend in the budget for irrecoverable rents/bad debt.

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2021/22**  
**1 April 2021 to 12 November 2021**

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

Subjective Summary	Revised Annual Budget at P6	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	326,396	1,788	328,184	325,178	4,219	329,397	(1,213)	(0.4%)	(797)	(416)
Premises Related	36,769	36	36,805	39,538	222	39,760	(2,955)	(8.0%)	(1,407)	(1,548)
Transport Related	13,123	20	13,143	13,831	505	14,336	(1,193)	(9.1%)	(1,142)	(50)
Supplies and Services	78,835	420	79,255	79,112	1,313	80,425	(1,170)	(1.5%)	(1,850)	680
Third Party Payments	86,345	343	86,688	86,556	3,411	89,967	(3,279)	(3.8%)	(2,523)	(755)
Transfer Payments	81,408	1,551	82,959	81,428	2,615	84,043	(1,084)	(1.3%)	(2,050)	966
Support Services	10,058	(2)	10,056	10,055	0	10,055	1	0.0%	47	(46)
Depreciation and Impairment Losses	36,669	0	36,669	35,492	0	35,492	1,177	3.2%	(159)	1,336
<b>GROSS EXPENDITURE</b>	<b>669,603</b>	<b>4,156</b>	<b>673,759</b>	<b>671,189</b>	<b>12,285</b>	<b>683,474</b>	<b>(9,715)</b>	<b>(1.4%)</b>	<b>(9,882)</b>	<b>166</b>
Income	(214,520)	(3,460)	(217,980)	(219,897)	(3,483)	(223,380)	5,400	2.5%	4,271	1,130
<b>NET EXPENDITURE</b>	<b>455,083</b>	<b>696</b>	<b>455,779</b>	<b>451,292</b>	<b>8,802</b>	<b>460,094</b>	<b>(4,315)</b>	<b>(0.9%)</b>	<b>(5,611)</b>	<b>1,296</b>

**CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES**  
**1st April to 12th November 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						
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>											
Education & Children's Services	73,723	13,062	(4,490)	8,572	8,472	100	1%	136,615	136,215	400	0%
<b>TOTAL</b>	<b>73,723</b>	<b>13,062</b>	<b>(4,490)</b>	<b>8,572</b>	<b>8,472</b>	<b>100</b>	<b>1%</b>	<b>136,615</b>	<b>136,215</b>	<b>400</b>	<b>0%</b>
<b>COMMUNITIES, HOUSING &amp; PLANNING</b>											
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	(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%
<b>TOTAL</b>	<b>28,128</b>	<b>27,222</b>	<b>(4,036)</b>	<b>23,186</b>	<b>23,186</b>	<b>0</b>	<b>0%</b>	<b>156,563</b>	<b>156,563</b>	<b>0</b>	<b>0%</b>
<b>INFRASTRUCTURE, LAND &amp; ENVIRONMENT</b>											
Environment & Infrastructure	19,100	14,181	2,543	16,724	16,724	0	0%	53,642	53,642	0	0%
<b>TOTAL</b>	<b>19,100</b>	<b>14,181</b>	<b>2,543</b>	<b>16,724</b>	<b>16,724</b>	<b>0</b>	<b>0%</b>	<b>53,642</b>	<b>53,642</b>	<b>0</b>	<b>0%</b>
<b>FINANCE, RESOURCES &amp; CUSTOMER SERVICES</b>											
Corporate Projects	2,456	11,691	(6,629)	5,062	5,062	0	0%	17,960	17,960	0	0%
<b>TOTAL</b>	<b>2,456</b>	<b>11,691</b>	<b>(6,629)</b>	<b>5,062</b>	<b>5,062</b>	<b>0</b>	<b>0%</b>	<b>17,960</b>	<b>17,960</b>	<b>0</b>	<b>0%</b>
<b>LEADERSHIP</b>											
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	(32,209)	40,442	40,442	0	0%	406,854	406,854	0	0%
<b>TOTAL</b>	<b>125,221</b>	<b>75,125</b>	<b>(32,019)</b>	<b>43,106</b>	<b>43,106</b>	<b>0</b>	<b>0%</b>	<b>466,791</b>	<b>466,791</b>	<b>0</b>	<b>0%</b>
<b>TOTAL ALL BOARDS</b>	<b>248,628</b>	<b>141,281</b>	<b>(44,631)</b>	<b>96,650</b>	<b>96,550</b>	<b>100</b>	<b>0%</b>	<b>831,571</b>	<b>831,171</b>	<b>400</b>	<b>0%</b>
<b>MADE UP OF :-</b>											
Non-Housing Programme	220,500	114,129	(40,595)	73,534	73,434	100	0%	675,078	674,678	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	(310)	1,240	1,240	0	0%	1,686	1,686	0	0%
<b>PROGRAMME TOTAL</b>	<b>248,628</b>	<b>141,281</b>	<b>(44,631)</b>	<b>96,650</b>	<b>96,550</b>	<b>100</b>	<b>0.1%</b>	<b>831,571</b>	<b>831,171</b>	<b>400</b>	<b>0%</b>

**RENFREWSHIRE COUNCIL**  
**2021/22 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 12 NOVEMBER 2021**

	2021/22			
	Housing Services	Non Housing Services	PSHG Programme	Total
<b>A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME</b>	£'000	£'000	£'000	£'000
1. Prudential Borrowing	16,675	35,059		51,734
2a. General Capital Grant		12,186	200	12,386
2b. Specific Capital Grant	5,201	3,936		9,137
3. Usable Capital Receipts	0	21,109		21,109
4. Contribution From Current Revenue (CFCR)	0	1,245	1,040	2,285
5. Total Resource Availability	<b>21,876</b>	<b>73,535</b>	<b>1,240</b>	<b>96,651</b>
<b>B. CAPITAL PROGRAMME</b>				
6. Resources Available	21,876	73,535	1,240	96,651
7. Current Programme	21,876 100%	73,534 100%	1,240 100%	96,650 100%
<b>C. ACTUAL EXPENDITURE VS PROJECTED</b>				
8. Resource Availability	21,876	73,535	1,240	96,651
9. Cash Spent at 12 November 2021	10,876 50%	24,952 34%	570 46%	36,398 38%
10. Cash to be Spent by 31 March 2022	11,000	48,583	670	60,253
<b>D. ACTUAL RECEIPTS VS PROJECTED</b>				
11. Current Programme (total receipts expected)	5,201	37,231	200	42,632
12. Actual Cash Received at 12 November 2021	3,086 59%	16,650 45%	122 61%	19,858 47%
13. Receipts to be received by 31 March 2022	2,115	20,581	78	22,774