



To: Finance, Resources and Customer Services Policy Board

On: 31 March 2021

Report by: Director of Finance and Resources

Heading: Revenue and Capital Budget Monitoring – Council Overview as at 5 March 2021

1. Summary of Financial Position

- 1.1. The projected Revenue outturn at 31 March 2021 for all services is an underspend of £3.009m.
- 1.2. The projected Capital outturn at 31 March 2021 for all services is a break-even position 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 2020/21, 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 an expected under-recovery in Council Tax income of £0.750m arising from the economic impact of the pandemic. This figure represents around 1% 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	459,127	452,556	2,903	455,468	3,659	0.8%
Housing Revenue Account	0	(224)	874	650	(650)	0.0%
Total	459,127	452,342	3,777	456,118	3,009	0.7%

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	43,484	43,484	0	43,484	0	0.0%
Housing Revenue Account	8,928	8,928	0	8,928	0	0.0%
Total	52,412	52,412	0	52,412	0	0.00%

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 £3.759m (0.8% 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 the Annual Accounts outturn report to Council in June.
- 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. The most significant areas to bring to member's attention relate to the projected impact of COVID19 on both Renfrewshire Leisure and the HSCP.
- RL remains impacted by the national and local restrictions implemented by the Scottish Government in response to the COVID crisis and continues to experience operational restrictions with resulting reduced revenue generation. It is forecast that the Council will require to provide RL with up to an additional £0.6m of financial support and this is reflected within the reported figures. This position is improved from that previously reported predominantly due to furlough income received, however RL continues to try and mitigate this position.
 - Within adult services managed by Renfrewshire HSCP, the service has been required to take unprecedented measures in response to the coronavirus pandemic, including substantial levels of support to external care providers in order to ensure their ongoing financial sustainability. As at period 12, the service estimates that costs of £8.2m will be incurred specifically in relation to COVID-19 by the end of the financial year, with approximately £5.5m of this cost being related to financial sustainability payments to private adult and elderly care providers. The Scottish Government has provided confirmation that all reasonable additional costs associated specifically with the crisis will be fully funded and funding is flowing to HSCP's on this basis. In this context, additional costs specifically relating to the COVID response are not therefore included within this report with the clear expectation that these costs will be funded directly by the Scottish Government. Outwith COVID19 specific costs, the service is forecasting a £1.84m underspend on core service provision primarily due to vacancies across a range of service areas

4. Capital Monitoring

- 4.1. The General Services Capital Investment Programme 2020/21 to 2024/25 was approved by the Council on 9 March 2020. For General Fund Services the approved capital spend for 2020/21 is £43.484m.
- 4.2. The Capital Monitoring report at Appendix 2 indicates a projected break-even position in the approved capital programme for General Fund Services for the year.
- 4.3. The HRA Capital Investment Programme 2020/21 to 2024/25 was approved by the Council on 9 March 2020. For the HRA the approved capital spend for 2020/21 is £8.928m.
- 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.

- 4.5. Further detail, including reasons for significant variances, can be found at Appendix 3.

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 2020/21 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	95.186	43.484
Housing	30.215	8.928
Total	125.401	52.412

- 5.3. The CFR set by the Council for 2020/21 is shown in the table below and is split between Housing and Non-Housing Services. The projected outturn at 31 March 2021 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 2021 £m	Projected CFR to 31 March 2021 £m
Non-Housing	277	261
Housing	115	110
Total	392	371

6. Housing Services Programme

- 6.1. The programme approved by the Council on 9 March 2020 totalled £30.215m. The revised programme currently stands at £8.928m, a reduction of £21.287m resulting from the net effect of budget brought forward from 2019/20 of £2.950m and projects re-profiled to 2021/22 of £24.237m. These projects

relate mainly to external improvements to existing properties and new build projects delayed by the COVID-19 pandemic.

- 6.2. Capital expenditure to 5 March 2021 amounted to £5.868m and represents 66% of the available resources, compared to 80% for the same period in 2019/20. The difference is due to the lack of activity in the first quarter of the financial year and the delays to start dates of Council House New Build to the later part of 2020/21 as a result of the COVID-19 pandemic.
- 6.3. Capital income totalling £1.623m has been received to 5 March 2021. This represents 100% of the total anticipated income and compares with 97% for the equivalent period in 2019/20.
- 6.4. The projected outturn position, after the budget changes, is for the Housing Services Programme to break even. However, inflationary impacts of delay 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 9 March 2020 totalled £95.186m. The current programme totals £43.484m, a decrease of £51.702m resulting from the net effect of budget increases of £5.103m, mainly from increases to Town Centre Capital Fund, Electric Charging and Strathclyde Passenger Transport grant. Net budget brought forward to 2019/20 from 2020/21 of £0.814m and projects re-profiled from 2020/21 to 2021/22 of £56.805m. The projects re-profiled into 2021/22 centre around City Deal and the Paisley Town Centre and Infrastructure Projects due to delays caused by COVID-19 restrictions.
- 7.2. Capital expenditure to 5 March 2021 totals £35.818m and represents 82% of the available resources, compared to 64% for the equivalent period in 2019/20.
- 7.3. Capital income totalling £24.185m has been received to 5 March 2021. This represents 81% of the total anticipated income, compared to 82% for the equivalent period in 2019/20.
- 7.4. The projected outturn position after the budget changes is a break-even position. However, as in 6.4, the full impact of the COVID-19 on capital costs has not been determined with increased costs through inflation and compliance expected to increase the risk of overspends within 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 £2.050m for 2020/21. The programme currently stands at £0.777m, a decrease in budget of £1.273m as a result of projects re-profiled into 2021/22 due to the expected cash flow timing of grant payments to private owners.
 - 8.3. The programme is expected to fully spend by 31 March 2021 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 £3.659m and for the HRA Revenue budget is an overspend of £0.650m. 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 both General Fund Services Capital budget and for the HRA Capital budget is break-even. 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 the Annual Accounts outturn report to Council in June.

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 Policy Board report. Council 9 March 2020.

Non-housing Capital Investment Programme, Prudential Framework and Treasury Management Strategy, and Capital Strategy 2020/21 – 2024/25. Council, 9 March 2020.

A Prudential Framework for Capital Finance – Progress Report. Council, 17 December 2020

Revenue and Capital Budget Monitoring – Council Overview as at 8 January 2021 - Finance, Resources and Customer Services Policy Board, 31 March 2021.

Authors: Kevin Festorazzi / Lisa Dickie

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2020/21
1st April to 5th March 2021

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Policy Board	Revised Annual Budget at Period 10	New 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	13,412	(210)	13,202	13,035	654	13,689	(487)	(3.7%)	(696)	209
Education and Children's Services	215,001	586	215,587	212,862	2,631	215,493	94	0.0%	(134)	228
Infrastructure, Land and Environment	31,089	(103)	30,986	30,402	3,080	33,482	(2,496)	(8.1%)	(2,698)	202
Finance, Resources and Customer Services	100,230	5,280	105,510	103,799	(3,892)	99,907	5,603	5.3%	4,251	1,352
Adult Services	72,259	0	72,259	70,419	0	70,419	1,840	2.5%	2,830	(990)
Chief Executive's Service	21,639	(56)	21,583	22,049	(320)	21,729	(146)	(0.7%)	(960)	814
GENERAL SERVICES NET EXPENDITURE	453,630	5,497	459,127	452,566	2,153	454,718	4,409	1.0%	2,594	1,815
Housing Revenue Account (HRA)	0	0	0	(224)	874	650	(650)	0.0%	(601)	(49)
NET EXPENDITURE	453,630	5,497	459,127	452,342	3,027	455,368	3,759	0.8%	1,993	1,766

Policy Board	Key Reasons for Significant Projected Variance
Communities, Housing and Planning Services	The projected year-end overspend is £0.487m. Planning and Housing Services projected year-end overspend is £316k and this is due to additional COVID-19 costs of £368k. These additional costs relate to staff overtime to keep critical services within Homeless functions in operation. Supplies and services are also projected to overspend due to additional bed and breakfast/ short stay facilities required to house Homeless people and meet service demands and responsibilities. Public Protection is projecting a year-end overspend of £169k and this is after incurring £278k of COVID-19 related expenditure and income under-recoveries for services such as community learning and pest control. The overspend due to COVID-19 is being partially offset by underspends in employee costs due to vacancies and underspends in property maintenance/cleaning costs.
Education and Children's Services	The projected year-end underspend is £0.094m; this is due to overspends in Primary and Secondary school staffing, due to retention of temporary teachers and provision of childcare hubs during lockdown period, additional property costs and PPE costs. Overspend in Residential Schools are due to COVID-19 related placement costs, staffing costs and PPE. The movement is due to anticipated Scottish Government funding to partially offset COVID-19 expenditure. This has been offset with an underspend in the 1140 expansion programme due to delayed opening of new facilities.
Infrastructure, Land and Environment	The projected year-end overspend is £2.496m. Parking charges were suspended from March to August 2020, with off-street parking also suspended from December until May 2021, resulting in a significant loss of income compared to previous years. Within Refuse collection there are increased employee costs of shielding, absence due to the pandemic, PPE costs and adherence to social distancing measures, partially offset by management controls to reduce non-essential overtime for core service delivery. In order to adhere to social distancing measures, additional vehicle support is required for each collection vehicle, resulting in additional transport costs of approximately £0.375m for the year. There is also an under-recovery of income from special uplifts and commercial waste contracts and a significant increase in household waste for both residual and recycling tonnages, resulting in a forecast increase in the costs of disposal. In addition, there is an expected loss of income from both scrap metal and textile contracts. This is partially offset by a one-off reduction in the tonnages processed through the HWRCs due to the closure at the start of the year. Additional driver support is required to adhere to service social distancing measures mainly within refuse collection, resulting in increased income recovery.
Finance, Resources and Customer Services	The projected year-end underspend of £5.603m results largely from additional Scottish Government funding associated with the impact of COVID-19 as announced in Finance Circular 5/2021 and the budgets added here until need is identified; some funding will be allocated to services before year-end and some may be earmarked for future use. Pressures due to the pandemic includes a loss of income from school meals and Renfrewshire House café, which is partially offset by a reduction in food costs. The outturn also includes the total cost to the Council of the supply and delivery of food insecurity packages delivered to residents across Renfrewshire. Housing Benefit overspend arises from year-end overpayments, which were omitted from previous projections. Overspend reduction in HR, OD and

Policy Board	Key Reasons for Significant Projected Variance
	Workforce Strategy is due to staff costs from Project Management Unit being charged to Change Fund, to better reflect their remit. Overspend in ICT is within Business World team owing to overlap of software contract re-tender exercise this year; COVID-19 overspend arises from increased kit and data requirements over the period of lockdown. There is a significant spend related to the service response to the pandemic, including additional cleaning in schools, and additional hours required to cover for absence related to staff shielding. Some of these costs within HSCP premises have now been funded, reducing the total cost. The COVID-19 projection also includes an under-recovery in savings of £0.850m due to the pause in R4R arising from the pandemic. These are offset by additional COVID-19 funding from the Scottish Government that has not been allocated to services.
Adult Services	The projected year-end underspend of £1.840m is predominantly due to Physical Disability and Learning Disability pressures on the Adult placement budget, reflecting the impact of increasing demand and SDS. This has been partially offset by underspends in employee costs due to vacancies and under-occupancy in care homes due to COVID-19.
Chief Executives	The projected year-end overspend of £0.146m. The majority of the adverse variance represents the team costs of delivering the Council's Cultural Infrastructure strategic investment programme and will be met by a drawdown at the year end. (Note: following a service restructure in future reports these costs will be reported with City Deal). Further overspend in relation to supporting Renfrewshire Leisure with a revised level of requisition as a result of the net impact of income loss and decreased costs incurred as a result of the closure of facilities during the lockdown period; offset by furlough income. The overspend has been offset with underspends in Marketing and Communications, mainly due to the cancellation of Renfrewshire Councils events programme for 2020.
Housing Revenue Account (HRA)	The projected year-end overspend is £650k and this is after incurring HRA related COVID-19 costs/loss of income amounting to £874k. The HRA is utilising in-year underspends in employee costs due to vacancies and underspends in transport costs/staff mileage to partially mitigate the additional COVID-19 costs. Projected expenditure on payments to Building Services and other contractors for maintenance works has also been updated, reflecting their capacity to undertake works until the end of the financial year. There is expected to be an under-recovery on interest received by the HRA in the current financial year.

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2020/21
1st April to 5th March 2021

POLICY BOARD : FINANCE, RESOURCES & CUSTOMER SERVICES - OVERVIEW

Subjective Summary	Revised Annual Budget at Period 10	New 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	315,677	5,254	320,932	311,936	4,660	316,596	4,336	1.4%	6,220	(1,884)
Premises Related	36,428	94	36,522	38,308	1,372	39,680	(3,158)	(8.6%)	(2,008)	(1,150)
Transport Related	12,343	(3)	12,340	12,208	358	12,565	(225)	(1.8%)	(209)	(16)
Supplies and Services	89,213	(1,859)	87,354	84,377	(5,491)	78,886	8,468	9.7%	7,757	711
Third Party Payments	81,927	423	82,350	76,859	6,455	83,314	(964)	(1.2%)	980	(1,944)
Transfer Payments	79,219	1,557	80,776	83,804	958	84,762	(3,986)	(4.9%)	(460)	(3,526)
Support Services	7,014	(315)	6,699	6,076	0	6,076	623	9.3%	562	61
Depreciation and Impairment Losses	35,078	210	35,288	35,128	0	35,128	160	0.5%	85	75
GROSS EXPENDITURE	656,899	5,361	662,261	648,697	8,312	657,007	5,254	0.8%	12,926	(7,672)
Income	(203,269)	135	(203,134)	(196,354)	(5,285)	(201,639)	(1,495)	(0.7%)	(10,933)	9,439
NET EXPENDITURE	453,630	5,496	459,127	452,342	3,027	455,368	3,759	0.8%	1,993	1,766

RENFREWSHIRE COUNCIL
CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES
1st April to 5th March 2021
POLICY BOARD: FINANCE, RESOURCES & CUSTOMER SERVICES

		Current Year 2020-21						Full Programme - All years			
	Prior Years Expenditure to 31/03/2020*	Approved Budget 2020-21	Budget Adjustments in 2020-21	Revised Budget 2020-21	Projected Outturn 2020-21	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-25 £000	Projected Outturn to 31-Mar-25 £000	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000						
EDUCATION & CHILDREN'S SERVICES											
Education & Children's Services	63,799	13,727	(3,780)	9,947	9,947	0	0%	134,944	134,544	400	0%
TOTAL	63,799	13,727	(3,780)	9,947	9,947	0	0%	134,944	134,544	400	0%
COMMUNITIES, HOUSING & PLANNING											
Housing(HRA)	25,333	30,215	(21,287)	8,928	8,928	0	0%	121,205	121,205	0	0%
Housing(PSHG)	0	2,050	(1,273)	777	777	0	0%	2,263	2,263	0	0%
Development & Housing	0	65	-57	8	8	0	0%	135	135	0	0%
TOTAL	25,333	32,330	(22,617)	9,713	9,713	0	0%	123,603	123,603	0	0%
INFRASTRUCTURE, LAND & ENVIRONMENT											
Environment & Infrastructure	12,838	12,452	(1,386)	11,066	11,066	0	0%	51,449	51,449	0	0%
TOTAL	12,838	12,452	(1,386)	11,066	11,066	0	0%	51,449	51,449	0	0%
FINANCE, RESOURCES & CUSTOMER SERVICES											
Corporate Projects	702	9,382	(5,216)	4,166	4,166	0	0%	17,074	17,074	0	0%
TOTAL	702	9,382	(5,216)	4,166	4,166	0	0%	17,074	17,074	0	0%
LEADERSHIP											
Leisure Services	55,849	1,095	(620)	475	475	0	0%	59,837	59,837	0	0%
Chief Executives	54,763	58,465	(40,643)	17,822	17,822	0	0%	344,463	344,463	0	0%
TOTAL	110,612	59,560	(41,263)	18,297	18,297	0	0%	404,300	404,300	0	0%
TOTAL ALL BOARDS	213,284	127,451	(74,262)	53,189	53,189	0	0%	731,370	730,970	400	0%
MADE UP OF :-											
Non-Housing Programme	187,951	95,186	(51,702)	43,484	43,484	0	0%	607,902	607,502	400	0%
Housing Programme(HRA)	25,333	30,215	(21,287)	8,928	8,928	0	0%	121,205	121,205	0	0%
Housing Programme(PSHG)	0	2,050	(1,273)	777	777	0	0%	2,263	2,263	0	0%
PROGRAMME TOTAL	213,284	127,451	(74,262)	53,189	53,189	0	0.0%	731,370	730,970	400	0%

RENFREWSHIRE COUNCIL
2020/21 CAPITAL BUDGETS MONITORING SUMMARY REPORT TO 5 MARCH 2021

	2020/21			
	Housing Services	Non Housing Services	PSHG Programme	Total
A. RESOURCES AVAILABLE TO FUND CAPITAL PROGRAMME	£'000	£'000	£'000	£'000
1. Prudential Borrowing	7,304	12,072		19,376
2a. General Capital Grant		11,572	500	12,072
2b. Specific Capital Grant	1,426	9,139		10,565
3. Usable Capital Receipts	197	9,258		9,455
4. Contribution From Current Revenue (CFCR)	0	1,443	277	1,720
5. Total Resource Availability	8,927	43,484	777	53,188
B. CAPITAL PROGRAMME				
6. Resources Available	8,927	43,484	777	53,188
7. Current Programme	8,928 100%	43,484 100%	777 100%	53,189 100%
C. ACTUAL EXPENDITURE VS PROJECTED				
8. Resource Availability	8,927	43,484	777	53,188
9. Cash Spent at 5 March 2021	5,868 66%	35,818 82%	577 74%	42,263 79%
10. Cash to be Spent by 31 March 2021	3,059	7,666	200	10,925
D. ACTUAL RECEIPTS VS PROJECTED				
11. Current Programme (total receipts expected)	1,623	29,969	500	32,092
12. Actual Cash Received at 5 March 2021	1,623 100%	24,185 81%	459 92%	26,267 82%
13. Receipts to be received by 31 March 2021	0	5,784	41	5,825