
Report To:	Policy & Resources Committee	Date:	9 August 2022
Report By:	Interim Director Finance & Corporate Governance	Report No:	FIN/43/22/AE/AP
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Subject:	Revenue Budget Outturn 2021/22		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2022. Furthermore the report highlights any significant variances between revised budgets, Period 9/10 Revenue Budget reports and outturn per the 2021/22 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows an underspend for 2021/22 of £1,361,000 (Appendix 1) for all Service Committees (inclusive of the Health & Social Care Committee). This represents an underspend of 0.72% against 2021/22 revised budget of £189,860,000. The main areas of underspend includes:

- Additional turnover savings achieved across the Council of £2,081,000
- Release of contingencies not required throughout 2021/22 £587,000
- Overspend of £357,000 within client package costs
- Under recovery of £326,000 for school meals and breakfast club income
- Under recovery of £185,000 within planning income

1.4 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 10) of £930,000 (0.49%). Appendix 2 provides the material variances for individual Committees and further explanations for the significant variances during the year which are also detailed in section three.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the underspend per the unaudited accounts for 2021/22 of £1,361,000, the reasons for the material variances from budget and the movement of £930,000 (0.49%) from Period 10 to the unaudited Outturn.

2.2 It is recommended that the Committee note that officers will identify where there are any matters which will impact on the 2023/26 Budget development.

Alan Puckrin
Interim Director Finance & Corporate Governance

3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the Unaudited Accounts for 2021/22 was an underspend of £1,361,000 for all Service Committees. The outturn comprises of underspends of £726,000 within Policy & Resources Committee, £537,000 within Education & Communities and £221,000 within Health & Social Care. There is an off-setting overspend of £123,000 within the Environment & Regeneration Committee. It should be noted that the underspend within Health & Social Care will be retained by the IJB and not impact on the Council's reserves.
- 3.2 As noted in point 1.3 the main areas of underspend relate to additional turnover savings achieved and the release of inflation contingencies not required. These are off-set with an overspend within Health & Social Care for client package costs and income under recoveries within Environment & Regeneration Committee for planning fees and Education & Communities for school meals and breakfast club charges. Other main variances are shown in Appendix 1.
- 3.3 Appendix 2 provides more details regarding the material variances since the Period 10 Policy & Resources Committee report and the reasons for these movements.
- 3.4 Further details on the 2021/22 outturn will be submitted to individual Committees with the first 2022/23 Revenue Budget Monitoring Reports due in the next Committee cycle.
- 3.5 The accuracy of budgeting and projections is an important measure of the Council's financial management performance. The percentage variance for 2021/22 is below 1% which is the lowest variance over the last 5 years. The reduction in percentage underspend in 2021/22 is due to the continued improvement in budgeting but also an indication that budgets are getting tighter. The following table shows the variance for the last 5 years and the percentage variance against revised revenue budget for the relevant year.

3.6

Year	Variance	Percentage Variance
2017/18	Underspend £2.797m	1.67%
2018/19	Underspend £3.181m	1.87%
2019/20	Underspend £2.172m	1.23%
2020/21	Underspend £2.370m	1.29%
2021/22	Underspend £1.361m	0.72%

4.0 PROPOSALS

- 4.1 It is proposed that the Committee notes the main variances between the approved Budget, P10 projections and out-turn and that these will be reported in more detail to the next cycle of Committees.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk		X	
Human Resources		X	
Strategic (LOIP/Corporate Plan)		X	
Equalities & Fairer Scotland Duty			X
Children & Young People's Rights & Wellbeing			X
Environmental & Sustainability			X
Data Protection			X

5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

There are no legal implications arising from this report.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

This report helps with planning of the 2023/26 Budget and Finance Strategy.

6.0 CONSULTATION

6.1 The CMT have been consulted on the report.

7.0 BACKGROUND PAPERS

7.1 None

POLICY & RESOURCESREVENUE BUDGET PROJECTED POSITION AT PERIOD 10 TO FINAL OUTTURN

OBJECTIVE ANALYSIS	Approved Budget 2021/22 £000	Period 10 Revised Budget 2021/22 £000	Period 10 Projection 2021/22 £000	Period 10 Projected Over/(Under) Spend 2021/22 £000	Final Over/(Under) Spend 2021/22 £000	Movement from Probable Outturn £000	Variance as % of Revised Budget
Policy & Resources	18,902	19,006	18,852	(154)	(726)	(572)	-3.82%
Environment & Regeneration	22,020	21,856	21,972	116	123	7	0.56%
Education & Communities	95,925	91,405	91,056	(349)	(537)	(188)	-0.59%
Health & Social Care	54,652	57,593	57,549	(44)	(221)	(177)	-0.38%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	191,499	189,860	189,429	(431)	(1,361)	(930)	-0.72%

Reasons: Final Outturn

Column H

POLICY & RESOURCES

Additional Turnover Savings Achieved (75)
 Inflation Contingencies not used (587)
 Internal Resource Interest under recovery 97
 ICT - Computer Software Maintenance (Mainly Microsoft Licensing) (95)
 Net under recovery of subsidy/DHP 146
 Various (Underspend)/Overspends all under £50k (212)

Reasons: Movement Period 10 to Final Outturn

Column I

POLICY & RESOURCES

Additional Turnover Savings Achieved (60)
 Changes in Inflation contingencies after P10 (167)
 Internal Resource Interest under recovery (73)
 ICT - Computer Software Maintenance (Mainly Microsoft Licensing) (115)
 Net under recovery of subsidy/DHP 146
 Miscellaneous Income (102)
 Various (Underspend)/Overspends all under £50k (201)

(726)

ENVIRONMENT & REGENERATION

Column H

Additional Turnover Savings Achieved (585)
 Net overspend BSU 147
 External income for MA & graduate posts (128)
 Increased Transport costs 245
 Increase in subcontractors due to increase in Traffic Management Service 58
 Central Repairs overspend due to rising prices for construction materials 139
 Underspend AMP (78)
 Under recovery in Planning Income 185
 Under recovery in Cremations Income 121
 Various (Underspend)/Overspends all under £50k 19

(572)

Column I

ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved (336)
 Net overspend BSU 146
 External income for MA & graduate posts (128)
 Increased Transport costs 242
 Decrease in Central Repairs recharge to Education 71
 Underspend AMP (78)
 Office Accom sits underspend within all Services 193
 Various (Underspend)/Overspends all under £50k (103)

123

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POLICY & RESOURCESREVENUE BUDGET PROJECTED POSITION AT PERIOD 10 TO FINAL OUTTURN

<u>EDUCATION & COMMUNITIES</u>	Column H	<u>EDUCATION & COMMUNITIES</u>	
Additional Turnover Savings Achieved	(545)	Additional Turnover Savings Achieved	(178)
Catering Provisions & Milk Underspend	(71)	Property Costs & Utilities Overspend	129
IT Services Recharge Overspend	82	Additional Catering/Cleaning Expenditure	237
SPT School Buses Underspend	(82)	Additional Transport Costs	54
Other Transport Overspend	68	Clothing Grants Underspend	(86)
Clothing Grants Underspend	(86)	CLD IDEAS Project from HSCP (Previous Years Funding)	(100)
FM Income Shortfall	105	West Partnership Funding	(100)
ELC Wraparound Income Shortfall	95	FM Additional Income	(60)
CLD IDEAS Project from HSCP (Previous Years Funding)	(100)	Additional Resources Underspend	(83)
West Partnership Funding	(100)	ELC Wraparound Income Shortfall	95
School Meal & Breakfast Club Income Shortfall	326	Libraries Office Accommodation Underspend	(65)
Libraries & Museum Income Shortfall	60	Additional School Lets income	(58)
School Lets Income Over Recovery	(99)	Various (Underspend)/Overspends all under £50k	27
Various (Underspend)/Overspends all under £50k	(190)		
	(537)		(188)

<u>HEALTH & SOCIAL CARE</u>	Column H	<u>HEALTH & SOCIAL CARE</u>	
Additional Turnover Savings Achieved	(876)	C&F External Placements and Fostering, Adoption & Kinship	(158)
Shared Package Costs funded by CJ	114	Anticipated Day Care Internal Transport recharges not received	(80)
Overspend in Client Package Costs across all Services	357	CJ - ISP funding and minor slippage	(85)
Transport savings across all services	(187)	Various (Underspend)/Overspends all under £50k	146
Legal costs across all services	121		
Under Recovery of Income across Homecare & Learning Disability	108		
Various (Underspend)/Overspends all under £50k	142		
	(221)		(177)

A SELECTION OF MATERIAL VARIANCES FROM BUDGET (OVER £50,000)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £587,000 (12.63%)

Mainly due to a lower than anticipated requirement for non-pay inflationary pressures, the Council underspent by £587,000. As part of the 2022/23 budget process, a total of £150,000 of non-pay inflation was been released over the 2022/23 budget period. The non-pay Inflation Contingency is under considerable pressure in 2022/23 due to the current economic climate.

2. Internal Resources Income – Outturn Under Recovery £97,000 (48.26%)

Internal Resources Interest received was £97,000 less than budgeted in 2021/22 due to continuing low interest rates. As part of the 2022/23 budget, £300,000 budget was vired with Loan Charges in recognition of the current low interest rates.

3. Turnover Savings – Outturn Underspend £75,000 (0.90%)

Turnover savings of £75,000 was achieved by the Committee for 2021/22. There will be no change to the 2021/22 turnover target within the 2022/23 employee budgets.

4. ICT Computer Software Maintenance – Outturn Underspend £95,000 (13.89%)

A one-off underspend of £95,000 was achieved in 2021/22 due to the timing of the Microsoft Cloud software contract.

ENVIRONMENT & REGENERATION COMMITTEE

1. Turnover Savings – Outturn Over Recovery £585,000 (3.42%)

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £585,000 in 2021/22.

2. Central Repairs – Outturn Overspend £139,000 (11.30%)

An overspend of £139,000 was experienced in 2021/22 due to the rising prices for construction materials and the level of demand. Within 2022/23 £50,000 has been allocated to help offset the inflationary pressure.

3. Planning Income – Outturn Under Recovery £185,000 (25.17%)

Planning income out-turned with an under recovery of £185,000 in 2021/22. £110,000 was allocated to this budget in recognition of this pressure as part of the 2022/23 Budget.

4. Cremations Income – Outturn Under Recovery £121,000 (16.35%)

Cremations income has under recovered by £121,000 in 2021/22. £50,000 was allocated to this budget in recognition of this pressure as part of the 2022/23 Budget.

5. Increased Transport Costs – Outturn Overspend £245,000 (54.93%)

An overspend within transport costs of £245,000 was experienced in 2021/22; £114,000 due to COVID Social Distancing measures & £131,000 for non-COVID costs. The £131,000 included increased costs relating to hires, fuel and wear and tear as more vehicles were required over this time. These additional costs had to be met from the core budget.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £545,000 (0.67%)

The Committee achieved additional Turnover Savings of £545,000 which is an increase in savings achieved of £178,000 since reported to Committee at period 10, the movement is mainly within Early Years Teachers. There will be no change to the 2021/22 turnover target within the 2022/23 employee budgets.

2. School Meal & Breakfast Club Income – Outturn Under Recovery £326,000 (32.53%)

Under recovery within School Meal & Breakfast Club Income of £326,000. The school meals income line has been under pressure with decreasing pupil up take in recent years. £150,000 was allocated in recognition of this pressure as part of the 2022/23 Budget. Lower breakfast club income has been impacted by COVID. There is currently a working group set up looking at improving pupil uptake.

3. School Lets Income - Outturn Over recovery £99,000 (71.22%)

Over Recovery of £99,000 within School Lets income, which is an increase in income since last report to Committee of £58,000. Over Recovery is mostly due to increased football pitch hires at Inverclyde Academy & Notre Dame High School.

4. Additional Income – Outturn Over recovery £200,000

An additional income over recovery of £200,000 was not previously reported at Committee. This income was from two separate sources and had no corresponding income budget. Firstly £100,000 from West of Scotland Partnership funding for collaborative work which was contained within existing employee costs and other expenditure lines plus £100,000 from HSCP for CLD project work in relation to an externally funded project. These costs were incurred in 2020/21 and funding transferred in 2021/22.

HEALTH & SOCIAL CARE COMMITTEE**1. Turnover Savings – Outturn Over Recovery £876,000 (2.74%)**

The Committee achieved additional turnover savings for 2021/22 of £876,000. There will be no change to the 2021/22 turnover target within the 2022/23 employee budgets.

2. Client Commitments across all Services – Outturn Overspend £471,000 (1.26%)

Client Commitments were overspent by £471,000 during 2021/22. There is currently spend to save exercises being undertaken in 2022/23 looking at the historic overspend.

3. Transport costs across all Services – Outturn Underspend £187,000 (74.21%)

Within 2021/22 overall Transport costs underspend of £187,000. These are mainly due to COVID so less transport required.