
Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/41/23/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Out-Turn 2022/23		

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 2023. Furthermore, the report highlights any significant variances between revised budgets, Period 11 Revenue Budget reports and outturn per the 2022/23 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows an underspend for 2022/23 of £1,580,000 (Appendix 1) for all Budget holding Service Committees. This represents an underspend of 1.11% against 2022/23 revised budget of £141,734,000. This excludes Social Care as this now sits with the IJB and the IJB CFO since 2021/22. Social Care have been responsible for setting and monitoring of their own budgets. The main areas of underspend includes:

- Additional turnover savings achieved across the Council of £1,875,000
- Overspend of contingencies of £1,688,000, mainly due to increased pay and utility costs
- Over-recovery of Internal resource Interest of £1,746,000

1.4 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £1,338,000. 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 2022/23 of £1,580,000, the reasons for the material variances from budget and the movement of £1,338,000 from Period 11 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 2024/26 Budget development.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the unaudited accounts for 2022/23 was an underspend of £1,580,000 for all Service Committees. The outturn comprises of underspends of £142,000 within Policy & Resources Committee, £707,000 within the Environment & Regeneration Committee £731,000 within Education & Communities. It should be noted that the underspend within Social Care is not included within this report as all monitoring and reporting is to the IJB and any underspend/overspend is retained by the IJB and does not impact on the Council's reserves.
- 3.2 The main areas of underspend relate to additional turnover savings achieved and an over-recovery of Internal Resource Interest. These are off-set with an overspend within Policy & Resources within the Inflation Contingency budgets. Other main variances are shown in Appendix 1. Appendix 2 provides more details regarding the material variances. .
- 3.3 Further details on the 2022/23 outturn will be submitted to individual Committees as part of the first 2023/24 Revenue Budget Monitoring Reports.
- 3.4 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. The percentage variance for 2022/23 was just over 1% and excludes Social Care. Since 2021/22 the IJB have been responsible for setting and monitoring their own budget. In the table below the percentage variance prior to 2021/22 is inclusive of Social Care variance. The following table shows the variance for the last 5 years and the percentage variance against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
2018/19*	Underspend £3.181m	1.87%
2019/20*	Underspend £2.172m	1.23%
2020/21*	Underspend £2.370m	1.29%
2021/22	Underspend £1.130m	0.85%
2022/23	Underspend £1.580m	1.11%

*Includes Social Care

4.0 PROPOSALS

- 4.1 It is proposed that the Committee notes the main variances between the approved Budget, P11 projections and out-turn and that these will be reported in more detail to the next cycle of Committees.
- 4.2 The Finance Managers and Budget Holders will review each of the areas of material variance and identify areas which will impact in 2023/24 and beyond.

5.0 IMPLICATIONS

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

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

5.2 Finance

Each material variance will be reviewed as part of the 2023/24 Budget Monitoring and, where applicable, the next Budget round.

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

This annual report helps identify areas where budgets may not be appropriate and greater financial focus is required. This assists improved budget management.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

This report helps with planning of the 2024/26 Budget and Finance Strategy.

6.0 CONSULTATION

6.1 The CMT have reviewed the report.

7.0 BACKGROUND PAPERS

7.1 None

POLICY & RESOURCES**REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN**

OBJECTIVE ANALYSIS	Approved Budget 2022/23 £000	Period 11 Revised Budget 2022/23 £000	Period 11 Projection 2022/23 £000	Period 11 Projected Over/(Under) Spend 2022/23 £000	Final Over/(Under) Spend 2022/23 £000	Movement from P11 £000	Variance as % of Revised Budget
Policy & Resources	21,692	19,478	20,161	683	(142)	(825)	-0.73%
Environment & Regeneration	21,424	23,275	23,078	(197)	(707)	(510)	-3.04%
Education & Communities	99,748	98,981	98,253	(728)	(731)	(3)	-0.74%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	142,864	141,734	141,492	(242)	(1,580)	(1,338)	-1.11%
Health & Social Care	65,522	65,767	63,755	(2,012)	(2,407)	(395)	-3.66%
NET EXPENDITURE EXCLUDING EARMARKED RESERVES (Incl HSCP)	208,386	207,501	205,247	(2,254)	(3,987)	(1,733)	-1.92%

Reasons: Final Outturn**POLICY & RESOURCES**

Non Pay Inflation Contingency overspend
Pay Inflation Contingency overspend
Internal Resource Interest over recovery
Computer Software Maintenance (ICT)
Cost of Living Payment Administration Grant
Various (Underspends)/Overspends all under £50k

Column H

1,061
627
(1,746)
(70)
(75)
61

(142)**Reasons: Movement Period 11 to Final Outturn****POLICY & RESOURCES**

Non Pay Inflation Contingency
Pay Inflation
Internal Resource
Computer Software Maintenance (ICT)
Various (Underspends)/Overspends all under £50k

Column I

(189)
(773)
54
(55)
138

(825)**ENVIRONMENT & REGENERATION**

Additional Turnover Savings Achieved
Agency Staff Costs to cover additional workload and vacancies in Env Services, partly offset by reduction in overtime
Central Repairs overspend
Trade Waste Income
Residual Waste
Income in Roads :- construction consents, grant fees, TROs
Commercial & Industrial Rental income
PCN and parking income shortfall
Planning Income shortfall
Economic Development Training
Burials & cremations income shortfall
Waste - scrap/tipping etc
Bad debt provision reduction
Various (Underspends)/Overspends all under £50k

Column H

(944)
185
149
58
177
(170)
(58)
110
170
(73)
94
(167)
(54)
(184)

(707)**ENVIRONMENT & REGENERATION**

Additional Turnover Savings Achieved
Various income in Roads :- construction consents, grant fees, TROs
Bad debt provision reduction
Central Repairs - reduction in overspend
Various (Underspends)/Overspends all under £50k

Column I

(109)
(124)
(53)
(123)
(101)

(510)

POLICY & RESOURCES**REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN****EDUCATION & COMMUNITIES**

Column H

EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved including teacher strike days	(904)	Additional Turnover Savings Achieved	(35)
Biomass underspend	(79)	ED Catering Contract additional costs	70
DMR underspend	(107)	Catering/Cleaning Additional Income	(91)
Transport overspend	282	Various (Underspends)/Overspends all under £50k	53
Admin Costs underspend	(56)		
ASN Placements & Resources overspend	191		
Free Swimming overspend	64		
Facilities Management Income over recovery	(160)		
ASN Income from OLAs over recovery	(83)		
School Lets Income over recovery	(80)		
Various (Underspends)/Overspends all under £50k	201		
	(731)		(3)

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)**POLICY & RESOURCES COMMITTEE****1. Pay Contingencies – Outturn Overspend £627,000 (21.80%)**

This is due to a shortfall within the allowance budgeted for the 2022/23 Pay Award, and is net of additional Scottish Government funding. This overspend is a decrease in anticipated costs of £773,000 since last reported to committee. Pay Inflation will continue to be a considerable pressure in 2023/24 due to the current economic conditions.

2. Non Pay Contingencies – Outturn Overspend £1,061,000 (47.64%)

Mainly due to increased utility costs of £1,434,000, the Non Pay Contingency budget overspent by £1,061,000. Utility costs are recognised as a key budget risk going forward. This represents a decrease in anticipated costs of £189,000 since the period 10/11 reports to committee. An allowance of £1,000,000 has been made in the 2023/24 budget plus a £3.0 million one-off smoothing reserve

3. Internal Resources Income – Outturn Over Recovery £1,746,000 (868.66%)

Internal Resources Interest received was £1,746,000 more than budgeted in 2022/23 due to the significant sharp rise in interest rates since the budget was agreed. This was a decrease in over recovery of £54,000 since last reported to Committee.

ENVIRONMENT & REGENERATION COMMITTEE**1. Turnover Savings – Outturn Over Recovery £944,000 (5.25%)**

The Environment & Regeneration Committee achieved additional Turnover Savings of £944,000 in 2022/23. This arose due to difficulty in recruiting certain posts and a decrease in overtime and travel. This was an increase in over recovery of £109,000 since last reported to Committee.

2. Agency Costs – Outturn Overspend £185,000

An overspend of £185,000 was experienced in 2022/23 due to agency staff used to cover additional workload and staff vacancies within Environmental Services, partly off-set by reduction in overtime.

3. Central Repairs – Outturn Overspend £149,000 (11.42%)

An overspend of £149,000 occurred in 2022/23 due to the rising prices for construction materials and level of demand. This was in a decrease in projected costs of £123,000 since last reported to Committee.

4. Residual Waste – Outturn Over Spend £177,000 (4.96%)

There was an overspend of £177,000 in 2022/23 due to an increase in waste tonnage.

5. Economic Development Training – Underspend £73,000 (100%)

An underspend of £73,000 was experienced in 2022/23 due to the availability of external grants. £58,000 budget was approved as a saving in the 2023/24 budget process.

6. Environment & Regeneration Overall Total Income – Outturn Under Recovery £37,000 (0.85%)

Environment & Regeneration Overall income under-recovered by £37,000. This included under recoveries within parking, planning, trade waste and burial income off-set with over recoveries within waste, various roads income streams and commercial & industrial rental income. £250,000 was allocated as part of the 2023/24 Budget to reduce income targets.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £904,000 (1.01%)

The Committee achieved additional Turnover Savings of £904,000 which is an increase in savings achieved of £35,000 since reported to Committee. £681,000 of this over recovery relates to teachers strike days.

2. Transport – Outturn Over Spend £282,000 (12.03%)

Transport costs outturned with an overspend of £282,000. This is due to overspends within the following; Gaelic transport £56,000, ASN transport £174,000 and Other Schools transport £52,000. These overspends are due to a combination of historical trends and increased demand. £125,000 was allocated to this budget in recognition of this pressure as part of the 2023/24 Budget.

3. ASN Placements & Resources – Outturn Over Spend £191,000 (44.11%)

ASN placements outturned with an overspend of £191,000 in 2022/23. This overspend is due to a combination of historical trends and increased demand of children placed out with Inverclyde.

4. Biomass – Outturn Underspend £79,000 (94.05%)

Biomass has underspent by £79,000 due to the biomass heating system no longer being used at PGCC as the cost of wooden pellets is now more expensive than gas.

5. DMR – Outturn Underspend £107,000 (10.85%)

The DMR budget outturned with a net underspend of £107,000, after allowable carry forward.

7. Education and Communities Overall Total Income – Outturn Over Recovery £371,000 (4.59%)

Education & Communities Overall income over-recovered by £371,000. This included under recoveries within school lets, ASN and CLD secondment income.