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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/43/24/AE/AB</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475 712143</b>
<b>Subject:</b>	<b>Revenue Budget Outturn 2023/24</b>		

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## 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 2024. Furthermore, the report highlights any significant variances between revised budgets, Period 11 Revenue Budget reports and outturn per the 2023/24 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows a net overspend for 2023/24 of £545,000 (Appendix 1) for Budget holding Service Committees. This represents an overspend of 0.36% against 2023/24 revised budget of £151,365,000. This excludes Social Care as budget responsibility sits with the IJB and the IJB CO/CFO. The main areas contributing to the net overspend include:

- Overall unfunded element of the 2023/24 Corporate Pay Award of £250,000, addressed as part of the 2024/26 budget process
- £441,000 overspend combined for Road Emergency works, Winter Maintenance and Agency Costs
- Overspend of £504,000 for Transport Costs within the Education and Communities Committee, mostly ASN
- Education Catering & Kitchen Repairs overspend of £472,000
- Under-recovery of Parking Income of £148,000 which has been addressed as part of the 2024/26 budget process.

These overspends have been partly off-set in part by the following underspends:

- Additional turnover savings achieved across the Council of £261,000
- Underspend of Non-Pay contingencies of £620,000, much of which was reported to the Policy & Resources Committee throughout the financial year. A £500,000 saving in the non-pay inflation budget was agreed as part of the 2024/26 Budget
- Underspend of £134,000 for Residual Waste due to reduced tonnage
- Underspend on utility costs with Education and Communities of £341,000

1.4 Appendix 1 shows that the overspend included in the Unaudited Accounts was £50,000 lower than last reported at the Policy & Resources Committee (Period 11). Appendix 2 provides the material variances for individual Committees and detail behind the significant variances.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee note the Service Committee overspend per the Unaudited Accounts for 2023/24 of £545,000, the reasons for the material variances from budget and the movement of £50,000 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 delivery of the 2024/26 Budget.
- 2.3 It is recommended that the Committee note that further details on the 2023/24 outturn will be submitted to individual Committees as part of the first 2024/25 Revenue Budget Monitoring Reports.

**Alan Puckrin**  
**Chief Financial Officer**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the unaudited accounts for 2023/24 was a net overspend of £545,000 for the Service Committees. The outturn comprises of a £714,000 underspend within the Policy & Resources Committee offset with overspends of £34,000 within the Environment & Regeneration Committee, £975,000 within Education & Communities and additional unfunded 2023/24 pay award costs of £250,000. It should be noted that 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 as such, does not impact on the Council's reserves.
- 3.2 The main areas of overspend relate to various budget over/underspends within the Environment & Regeneration Committee and the Education & Communities Committee partially off-set with additional turnover savings achieved and an underspend within the Inflation Contingency budget. These main variances are shown in Appendix 1. Appendix 2 provides more details regarding the material variances.
- 3.3 Further details on the 2023/24 outturn will be submitted to individual Committees as part of the first 2024/25 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 2023/24 was an overspend of 0.36% excluding Social Care. This is the first overall Service Committee overspend reported for over 12 years and is demonstrative of the budget pressures facing Services going forward. The Corporate Management Team are currently undertaking a review of the main factors behind the overspend and an initial update on the potential impact on the 2024/26 Budget is included elsewhere on the agenda.

The following table shows the variance from Budget for the last 5 years and the percentage variance against revised revenue budget for the relevant year. From the table it can be seen that overall net spend is very close to budget in percentage terms and reflects the robustness of budget setting/monitoring arrangements.

<b>Year</b>	<b>Variance</b>	<b>Percentage Variance</b>
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%
2023/24	Overspend £0.545m	0.36%

\*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 Council has not had an overall overspend within Service Committees for over 12 years and as such the CMT is reviewing the factors which caused this and the impact on the approved 2024/25 and 2025/26 Budgets. This is reported elsewhere in the papers for this meeting.

## 5.0 IMPLICATIONS

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

<b>SUBJECT</b>	<b>YES</b>	<b>NO</b>
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 first 2024/25 Budget Monitoring and, where applicable, factored into reports relating to the 2024/26 Budget.

One off Costs

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

Annually Recurring Costs/ (Savings)

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

## 5.3 Legal/Risk

This annual report helps identify areas where budgets may not be appropriate and greater financial focus is required which assists improved budget management. The Corporate Risk Register has financial pressures and the impact on future service delivery as the number one risk currently faced by the Council.

## 5.4 Human Resources

There are no HR implications arising from this report.

## 5.5 Strategic

This report helps with planning of the 2025/27 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 2023/24 £000	Period 11 Revised Budget 2023/24 £000	Period 11 Projection 2023/24 £000	Period 11 Projected Over/(Under) Spend 2023/24 £000	Final Over/(Under) Spend 2023/24 £000	Movement from P11 £000	Variance as % of Revised Budget
Policy & Resources	23,129	16,124	15,554	(570)	(714)	(144)	-4.43%
Environment & Regeneration	22,505	24,153	24,322	169	34	(135)	0.14%
Education & Communities	100,759	111,088	111,834	746	975	229	0.88%
2023/24 Pay Award Impact	0	0	250	250	250	0	
<b>COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>146,393</b>	<b>151,365</b>	<b>151,960</b>	<b>595</b>	<b>545</b>	<b>(50)</b>	<b>0.36%</b>

**Reasons: Final Outturn**

POLICY & RESOURCES

Additional Turnover Savings Achieved	(7)
Inflation Contingency not used - excluding utilities	(620)
Computer Software/Hardware Maintenance (ICT) - one-off timing of new contracts	(96)
Various (Underspend)/Overspend all under £50k	9
	<b>(714)</b>

ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved	(462)
Env Services agency	178
Roads agency	45
PCN and parking income	148
Residual Waste	(134)
Flooding & emergency works	118
Winter maintenance	100
Various (Underspend)/Overspend all under £50k	41
	<b>34</b>

**Reasons: Movement Period 11 to Final Outturn**

POLICY & RESOURCES

Additional Turnover Savings Achieved	(8)
Inflation Contingency	(134)
Various (Underspend)/Overspend all under £50k	(2)
	<b>(144)</b>

ENVIRONMENT & REGENERATION

PCN movement in bad debt provision	(84)
Reduction in central repairs due to less works carried out	(76)
Increase in BSU income for works recharged to capital	(96)
Transport maintenance costs across directorate due to increase in material costs	53
Commercial rents rates and other property costs for void properties.	66
Various (Underspend)/Overspend all under £50k	2
	<b>(135)</b>

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

Column H

**EDUCATION & COMMUNITIES**

Employee Costs overspend - Teachers	194	Further increase in Teachers Costs	122
Employee Costs overspend - Non Teachers	14		
Utilities Underspend	(341)	Additional Employee Costs FM and Early Years mostly	96
Biomass underspend	(84)	Additional Utilities Underspend	(115)
Facilities Management Supplies Overspend	314	Cleaning & Janitors additional underspend	(58)
Facilities Management Income Over Recovery	(214)	Liability Insurance overspend	73
Schools- Early Years Catering Contract / Kitchen Repairs Overspend	472	Bad Debt Provision- - Early Years Wrapround	58
Transport Overspend	504	Community Halls additional School Lets Income	(49)
Liability Insurance Overspend	73	Various (Underspends)/Overspends all under £50k	102
CLD Resources Underspend	(92)		
ASN Placements & Resources overspend	141		
Bad Debt Provision - Early Years Wrapround	58		
School Lets Income Over Recovery	(103)		
Various (Underspends)/Overspends all under £50k	39		
	<b>975</b>		<b>229</b>

**MATERIAL VARIANCES FROM BUDGET (OVER £50,000)****POLICY & RESOURCES COMMITTEE****1. Non Pay Contingency – Outturn Underspend £620,000 (17.41%)**

Within 2023/24 there has been a reduced call on this budget of £620,000 due to lower than anticipated calls on the contingency. As part of the 2024/25 budget process the Non-Pay Inflation budget was reduced by £500,000 to take into account the forecast reduction in inflation in the medium term.

**2. Computer Software/Hardware Maintenance – Outturn Underspend £70,000 (9.94%)**

£70,000 combined one-off underspend within ICT computer hardware and software budgets due to the timing of new corporate contracts. No change since reported at P11 Committee.

**ENVIRONMENT & REGENERATION COMMITTEE****1. Turnover Savings – Outturn Over Recovery £462,000**

The Environment & Regeneration Committee achieved additional Turnover Savings of £462,000 in 2022/23. This arose due to delays in recruitment and difficulty in recruiting certain posts plus a decrease in overtime and travel. This partly contributed to the Agency cost overspend below.

**2. Agency Costs – Outturn Overspend £223,000**

An overspend of £223,000 was experienced in 2023/24 due to agency staff used to cover additional workload and staff vacancies within Environmental Services and Roads. This is in line with recent years and the Director is undertaking a review of the use of Agency staff which is due to be reported to CMT in the autumn. Combined overspend; £178,000 Environmental Services and £45,000 Roads.

**3. Residual Waste – Outturn Under Spend £134,000**

There was an underspend of £134,000 in 2023/24 due to a reduction in tonnage compared to budget, no change since reported at P11 Committee.

**4. Emergency Works & Winter Maintenance – Overspend £218,000**

An overspend of £218,000 was experienced in 2023/24 over Property and Roads Services, no change since reported at P11 Committee.



**5. Parking Overall Total Income – Outturn Under Recovery £148,000**

PCN and Parking income has under recovered at £148,000 for 2023/24. £174,000 was allocated as part of the 2024/25 Budget to address the parking income shortfall.

**EDUCATION & COMMUNITIES****1. Turnover Savings (Teachers) – Outturn Over Spend £194,000 (0.34%)**

The Committee out turned at an overspend of £194,000 which is an increase in costs of £122,000 since last reported to Committee. This is mainly due to additional costs for supply teachers. Action has been taken in conjunction with Head Teachers to address the overspend in 2024/25.

**2. Transport – Outturn Over Spend £504,000 (20.75%)**

Transport costs out turned with an overspend of £504,000. These overspends are due to a combination of historical trends and increased demand. Additional temporary funding has been allocated in 2024/25 and 2025/26 as an Earmarked Reserve. Reported in full at P11 Committee.

**3. ASN Placements & Resources – Outturn Over Spend £141,000 (32.05%)**

ASN placements out turned with an overspend of £141,000 in 2023/24. This overspend is due to a combination of historical trends and increased demand of children placed out with Inverclyde. Increase of £14,000 since P11 Committee.

**4. Biomass – Outturn Underspend £84,000 (100%)**

Biomass has underspent by £84,000 due to the biomass heating system no longer being used at Port Glasgow Community Campus as the cost of wooden pellets is now more expensive than gas.

**5. Facilities Management – Outturn Overspend £100,000**

Combined Facilities Management net overspend of £100,000. This is made up of £314,000 overspend within expenditure off-set with a £214,000 over recovery of income. This overspend is mainly due to costs associated with catering.

**6. Schools/ Early Years Catering Contract/Kitchen Repairs – Outturn Overspend £472,000 (9.96%)**

£472,000 overspend within catering mainly due to increased cost of provisions added to a mis-match between Facilities Management catering income and Early Years catering expenditure budget reporting. The adequacy of the 2024/25 Budget is being reviewed and the outcome will be included in the first monitoring report to Committee in September.

**7. CLD (Other Expenditure) – Outturn Underspend £92,000 (28.1%)**

A one-off underspend of £92,000 for CLD youth work resources due to the use of external grants.

**8. School Lets Income – Outturn Over Recovery £103,000 (48.83%)**

Uptake in school, lets income mainly due to uptake in 3G pitch hire at schools. £103,000 over-recovery reported at P11 Committee.

**9. Utilities – Outturn Underspend £341,000 (6.82%)**

The Committee out turned at a combined underspend of £341,000 for gas electricity and water; Inverclyde Leisure £113,000, Libraries £15,000 and £213,000 Education. This underspend is mainly due to lower than expected consumption rates