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<b>Report To:</b>	<b>Education &amp; Communities Committee</b>	<b>Date:</b>	<b>3 September 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>FIN/50/24/AP/IC</b>
<b>Contact Officer:</b>	<b>Mary McCabe</b>	<b>Contact No:</b>	<b>01475 712222</b>
<b>Subject:</b>	<b>2024/25 Communities Revenue Budget and 2023/24 Out-turn</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 the Committee of the Communities Revenue Budget outturn for 2023/24 and the 2024/25 projected position including details of action being taken to reduce the projected overspend.

1.3 In 2023/24, excluding the carry forward of Earmarked Reserves, there was an underspend of £207,000 within the Communities Committee. This was a reduction in expenditure of £14,000 from the projected outturn reported to Committee in May 2024. More details are provided in section 3 and the appendices.

1.4 The total Communities Revenue Budget for 2024/25, excluding Earmarked Reserves, is currently £5.660m. The latest projection is an overspend of £64,000 (1.1%), mainly due to an under recovery of turnover saving target. The projected overspend excludes £74,000 of additional costs for Inverclyde Leisure utilities, as these will be funded from earmarked reserves for 2024/25, in line with Council properties, and thereafter it is anticipated there will be a saving in gas and electricity in 2025/26, as prices are expected to reduce.

1.5 On the 13 August the Policy & Resources Committee agreed that a corporate approach be taken to address projected shortfalls in pay inflation and turnover. The Corporate Director is developing proposals to offset these pressures, and these will be reported to elected members later in 2024.

## 2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee notes the outturn for 2023/24, that the Committee's Revenue Budget is currently projected to overspend in 2024/25 by £64,000 and the action being taken to address the projected overspend.

2.2 It is recommended that the Committee notes that the Director will provide an update on progress to reduce the overspend, to the next meeting of the Committee.

**Alan Puckrin**  
Chief Financial Officer

**Ruth Binks**  
Corporate Director  
Education, Communities & OD

### 3.0 BACKGROUND AND CONTEXT

3.1 The purpose of this report is to advise Committee of the current position of the 2024/25 Revenue Budget, as well as the 2023/24 final outturn and to highlight the main variances contributing to the £207,000 underspend for 2023/24 and the projected overspend of £64,000 for 2024/25.

3.2 The current Communities Revenue Budget for 2024/25 is £5.660m which is in line with the Approved Budget. Appendix 1 shows the breakdown of this budget across divisions.

#### 3.3 2023/24 OUT-TURN (£207,000 Underspend – 3.4%)

The final outturn for the Communities Revenue Budget in 2023/24, excluding Earmarked Reserves was an under spend of £207,000. This was £14,000 less expenditure than reported to the last Committee in May 2024.

The main variations from budget and movements from the projected outturn position reported in May, were as follows:

Service	Revised Budget 2023/24 £000	Outturn 2023/24 £000	Variance to Budget £000	Variance to Budget %	P11 Projected Variance £000	Movement Since P11 Projection £000
Libraries & Museum	2,035	2,068	33	1.62%	47	(14)
Sports & Leisure	2,117	2,001	(116)	-5.48%	(126)	10
Community Safety	518	477	(41)	-7.92%	(30)	(11)
Community Halls	1,043	960	(83)	-7.96%	(84)	1
Community Grants Fund	344	344	0	0.00%	0	0
<b>TOTAL NET EXPENDITURE</b>	<b>6,057</b>	<b>5,850</b>	<b>(207)</b>	<b>-3.42%</b>	<b>(193)</b>	<b>(14)</b>

3.4 The actual outturn excluding earmarked reserves was £5,850,000 which represents an underspend of £207,000. The main variances were as follows:

- (a) A net underspend in Inverclyde Leisure gas and electricity of £113,000, due to lower than budgeted consumption and unit price. It should be noted that in 2024/25 it is anticipated that there will be an overspend in these lines due to increased consumption, as IL facilities get back to pre-pandemic levels of activity and also increased unit costs. This is explained further at 3.5(b).
- (b) An over recovery in School lets income of £103,000. This was £49,000 more than was previously reported to Committee. This budget will be monitored closely in 2024/25 and Committee will be advised of any potential virement to offset other Committee budget pressures.

#### 3.5 2024/25 Projected Outturn (£64,000 overspend 1.1%)

- (a) The main projected variance contributing to the net overspend is an under achievement of turnover savings target of £58,000, mainly within Cultural Services. This information is contained in Appendix 3.
- (b) Committee should be aware that there is a projected overspend within Inverclyde Leisure utilities budgets (electricity and gas). The net overspend of £74,000 will be funded from earmarked reserves this financial year, in line with the treatment of utilities overspends for Council properties. The expectation is that these costs will reduce in 2025/26.

- (c) In line with the decisions of the 13 August Policy & Resources Committee the Corporate Director is developing potential savings proposals, with limited impact on service delivery, to address projected employee cost budget shortfalls. These will be considered by elected members later in 2024.

### 3.6 Earmarked Reserves

Appendix 4 gives an update on the Committee's operational earmarked reserve. Spend to date on this reserve is nil, which is in line with projected spend. The sole earmarked reserve this financial year relates to Community Grants and there will be no spend until 2025/26, at which time there will be a saving on the core budget, for which the reserve will act as substitute funding for a period of three years.

### 3.7 Virements

There are no virements this Committee cycle.

### 3.8 PROPOSALS

It is proposed that Committee note the current projected overspend for 2024/25 of £64,000 and the action being taken corporately to develop options to address the overall projected budget overspend, which elected members will consider later this year.

### 4.0 IMPLICATIONS

- 4.1 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

### 4.2 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					

### **4.3 Legal/Risk**

The Financial Regulations state that the responsibility for ensuring Revenue Budgets are not exceeded lies with the Committee and Chief Officer (Director). Actions are being progressed at a corporate level to bring the Committee and Council back within budget.

### **4.4 Human Resources**

There are no specific human resources implications arising from this report.

### **4.5 Strategic**

There are no specific strategic implications arising from this report.

## **5.0 CONSULTATION**

5.1 The paper has been jointly prepared by the Chief Financial Officer and the Corporate Director Education, Communities and Organisational Development.

## **6.0 BACKGROUND PAPERS**

6.1 There are no background papers for this report.

**Communities Budget Movement - 2024/25**

Service	Approved Budget	Movements				Revised Budget
	2024/25 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2024/25 £000
Libraries & Museum	1,892					1,892
Sport & Leisure	2,048					2,048
Community Safety	446					446
Community Halls	978					978
Community Grants Fund	296					296
<b>Totals</b>	<b>5,660</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,660</b>

**Movement Details**

£000

External Resources

0

Inflation

0

Virement

0

Supplementary Budget

0

0

**COMMUNITIES****REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****PERIOD 3: 1st April 2024 - 30th June 2024**

2023/24 Actual £000	Subjective Heading	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Projected Out-turn 2024/25 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
2,163	Employee Costs	1,909	1,909	1,967	58	3.0%
2,149	Property Costs	2,268	2,268	2,269	1	0.0%
742	Supplies & Services	616	616	621	5	0.8%
7	Transport Costs	3	3	3	0	-
73	Administration Costs	75	75	71	(4)	(5.3%)
1,258	Other Expenditure	1,070	1,108	1,107	(1)	(0.1%)
(542)	Income	(281)	(319)	(314)	5	(1.6%)
<b>5,850</b>	<b>TOTAL NET EXPENDITURE</b>	<b>5,660</b>	<b>5,660</b>	<b>5,724</b>	<b>64</b>	<b>1.1%</b>
	Earmarked Reserves	0	0	0	0	
<b>5,850</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>5,660</b>	<b>5,660</b>	<b>5,724</b>	<b>64</b>	<b>1.1%</b>

2023/24 Actual £000	Objective Heading	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Projected Out-turn 2024/25 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
2,068	Libraries & Museum	1,892	1,892	1,935	42	2.2%
2,001	Sports & Leisure	2,048	2,048	2,053	5	0.2%
477	Community Safety	446	446	458	12	2.7%
960	Community Halls	978	978	983	5	0.5%
344	Community Grants Fund	296	296	296	0	-
<b>5,850</b>	<b>TOTAL COMMUNITIES</b>	<b>5,660</b>	<b>5,660</b>	<b>5,724</b>	<b>64</b>	<b>1.1%</b>
	Earmarked Reserves	0	0	0	0	
<b>5,850</b>	<b>TOTAL NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>5,660</b>	<b>5,660</b>	<b>5,724</b>	<b>64</b>	<b>1.1%</b>

**COMMUNITIES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES**

<u>Out Turn</u> <u>2023/24</u> <u>£000</u>	<u>Budget</u> <u>Heading</u>	<u>Budget</u> <u>2024/25</u> <u>£000</u>	<u>Proportion</u> <u>of Budget</u>	<u>Actual to</u> <u>30-Jun-24</u> <u>£000</u>	<u>Projection</u> <u>2024/25</u> <u>£000</u>	<u>(Under)/Over</u> <u>Budget</u> <u>£000</u>	<u>Percentage</u> <u>Over / (Under)</u>
1,441	<b>Libraries &amp; Museum</b> Employee Costs	1246	282	284	1287	41	3.3%
<b>Total Material Variances</b>						<b>41</b>	

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Communities

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding</u>  <u>2024/25</u>  <u>£000</u>	<u>Phased Budget</u> <u>2024/25</u>  <u>2024/25</u>  <u>£000</u>	<u>2024/25</u> <u>Spend</u>  <u>2024/25</u>  <u>£000</u>	<u>Projected</u> <u>Spend</u>  <u>2024/25</u>  <u>£000</u>	<u>Amount to be</u> <u>Earmarked for</u> <u>2025/26</u> <u>&amp; Beyond</u>  <u>£000</u>	<u>Lead Officer Update</u>
Community Grants	Tony McEwan	75	0	0	0	75	Funding £25k per annum reduction in Community Grants fund from 2025/26 for 3 years.
<b>Total</b>		<b>75</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75</b>	