

REVENUE BUDGET MONITORING – FOR THE YEAR 2023-24

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2023-24. The report also summarises the movement in the General Fund balance.
- 1.2 The performance against budget for the financial year 2023-24 was an overall overspend, before considering the Loans Fund position, of £1.004m (0.32%). The favourable position was due to increased interest rates on investments and a reduced need to borrow due to significant slippage in the capital programme. Much of our capital programme was able to be financed from cash balances held rather than taking borrowing particularly when interest rates were so high. There was also an opportunity to realise a one-off gain of £0.870m on the early repayment of loans. Note that the favourable position within Loans Fund is not expected to be recurring as outlined in paragraph 4.4.1.

The General Fund Balance has moved from £86.356m at the end of financial year 2022-23 to £115.741m at the end of 2023-24. The movement represents an increase of £29.385m as

4.2 Net Expenditure Budget Outturn

4.2.1 The performance against budget shows net expenditure (excluding Loans Fund) being £1.037m (0.42%) over budget.

4.2.2 Within the Chief Executive's Unit (Community Planning) there was a small underspend (£0.006m) resulting within travel codes due to staff travel costs coming in under budget due to increased digital working and less face to face meetings.

4.2.3 Within the remit of Executive Director Douglas Hendry (Education, Legal and Regulatory Support and Commercial Services)B oc628 0 Tfd(r)7 (es)4 (ul)6 (t)J2 23d 371 (3

- Reduction in income within Piers and Harbours
- Additional fleet costs across the service
- Increased staff costs for Pupil Transport
- An unrealised Depot saving
- Increased electricity costs for street lighting
- Additional Car Parking maintenance costs
- Reduction in TRO income in Roads.

4.2.5 There was £0.839m of costs related to the weather incident that could not be claimed through the Scottish Government Bellwin scheme so this added to the overall overspend.

4.2.6 Within Joint Boards, SLA payments were £0.078m lower than available budget.

4.2.7 Other costs include non-controllable

	£m
Balance on General Fund 31 March 2024	115.741
Earmarked balances at 31 March 2024 (as per Earmarked Reserves report)	(107.443)
Contingency balance (2.0% of net expenditure)	(6.039)
Unallocated balance as at 31 March 2024	2.259

4.6.4 The £2.259m unallocated balance as at 31 March 2024 represents an increase of £1.060m on the £1.199m unallocated balance as at 31 March 2023.

4.7 VIREMENTS OVER £0.200M (REVENUE)

4.7.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that require approval. Capital virements are included within the capital monitoring report.

4.7.2 For the period January to March 2024, there are 5 virements over £0.200m requiring authorisation:

- £4.831m from Head of Legal & Regulatory Support to Loans Fund to recode the service concession saving.
- £0.930m moved from Other Income and Expenditure to Executive Director Douglas Hendry £0.786m and Executive Director Kirsty Flanagan £0.146m to right size utilities budgets.
- £0.422m from Roads to Loans Fund to recognise Piers and Harbours Loans Charges.
- £0.319m from Other Operating Income and Expenditure to Roads to allocate the agreed Winter Pressure funding.
- £0.216m from Education to the Loans Fund to recognise Energy Efficiency Savings.

5. CONCLUSION

5.1 The performance against budget for financial year 2023-24 was an overall underspend of £1.728m (0.55%). The General Fund balance has increased by £29.385m as there has been a high amount of new earmarkings this year from the Service Concessions one off gain.

6. IMPLICATIONS

6.1 Policy Automatic earmarking as per the policy have been taken into consideration with the final reported outturn position.

6.2	Financial	Report notes the underspend against budget during 2023-24 and the movement in the General Fund balance.
6.3	Legal	None
6.4	HR	None
6.5	Fairer Scotland Duty	None
6.5.1	Equalities	None
6.5.2	Socio-Economic Duty	None
6.5.3	Islands Duty	None
6.6	Climate Change	None
6.7	Risk	None
6.8	Customer Services	None
6.9	The Rights of the child (UNCRC)	None

Kirsty Flanagan
Section 95 Officer
4 June 2024

Councillor Ross Moreland, Policy Lead for Finance and Commercial Services

APPENDICES

Appendix 1 – Overall Revenue Budget Monitoring Statement 2023-24
Appendix 2 – Department 2023-24 Outturn Summaries

For further information contact Anne Blue, Head of Financial Services
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	Actual 2023/24	Budget 2023/24	Council Tax Income Ringfenced for SHF	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous Council Decision	Existing Legal Commitments	Scottish Government Initiatives	Energy Efficiency Fund	Piers and Harbours Surplus	Electric Vehicle Charging Surplus	Fleet - Timing Delay	Hermitage Park	NEW Unspent Budget Previously agreed	Adjusted Budget 2023/24	"Real Variance" (Over)/ Underspend	Comment	
Expenditure	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		
Chief Executive's Unit	1,155,011	1,168,944		7,736	0			0									1,161,208	£ 6,197	Outwith reporting criteria	
Executive Director (Douglas Hendry)	139,307,911	143,099,843		1,167,084	0		644,837	57,176		1,212,012	20,000						139,998,734	690,823	Underspend is largely due to one off historic water rate refunds. There were also delays in recruitment and staffing underspends within Cleaning, ELC and across Legal and Regulatory Support. Within the Scheme of Develoved School Management, previous amounts carried forward were not fully utilised. These are partially offset by overspends within Commercial Cafes and Residential School Accommodation.	
Executive Director (Kirsty Flanagan)	58,610,514	61,562,691		2,235,569	232,604	120,596						1,335,720			37,445	342,408	57,258,349	(1,352,165)	Overspend due to reduction in income in Piers & Harbours, additional Fleet costs across the service, increased staff costs for Pupil Transport, unrealised Depot Saving, increased electricity costs for Street Lighting, additional Car Parking Maintenance costs and a reduction in TRO income in Roads. These overspends have been partially offset by an over-recovery of vacancy savings due to delays in recruitment combined with funding for ferries previously internally funded and slippage on Route Optimisation Project.	
Weather related incident costs (not covered by Bellwin)	839,000	0																0	(839,000)	Costs associated with weather incident that could not be claimed through the Scottish Government Bellwin Scheme.
Joint Boards	1,318,703	1,396,371															1,396,371	77,668	SLA payments to Joint Boards for 2023/24 were lower than available budget	
Other	11,584,462	11,708,484	0	124,491	0	0	0	0	0	0	0	0	0	0	0	0	11,583,993	(470)	Outwith reporting criteria	
Service Concessions	(40,869,000)	(4,831,000)														35,658,000	(40,489,000)	380,000	Council agreed on 22 February 24 to transfer	

Department	Service	Actual 2023/24	Budget 2023/24	Council Tax Income Ringfenced for SHF	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous Council Decision	Existing Legal Commitments	Scottish Government Initiatives	Energy Efficiency Fund	Piers and Harbours Surplus	Electric Vehicle Charging Surplus	Fleet - Timing Delay	Hermitage Park	NEW Unspent Budget Previously agreed	Adjusted Budget 2023/24	(Over)/ Underspend	Variance %age	Comment
Expenditure		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Chief Executive's Unit	Chief Executive	1,155,011	1,168,944		7,736													1,161,208	6,197	0.53%	Outwith reporting criteria
Chief Executive's Unit Total		1,155,011	1,168,944	0	7,736	0	0	0	0	0	0	0	0	0	0	0	0	1,161,208	6,197	0.53%	
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One off historic water rate refunds and staffing underspends within Cleaning service, partially offset by overspends within Commercial Cafes

Department	Service	Actual 2023/24	Budget 2023/24	Council Tax Income Ringfenced for SHF	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous
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