

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Cabinet
of 26 September 2023**

**Subject: Budget Management – Revenue Budgetary Control
2023/24 – Position at 31 July 2023**

1. Purpose

- 1.1 The purpose of this report is to present Members with a financial overview of the General Services revenue account, Housing Revenue Account and Common Good Accounts for 2023/24 as at 31 July 2023.

2. Recommendation

2.1 It is recommended that the Cabinet:

- 2.1.1 notes the revised Directorate budgets following the budget movements outlined in 3.3 and 3.4 below;**
- 2.1.2 approves the budget transfers as outlined in the Directorate financial performance reports at Appendix 1 and summarised in 4.1.6 below;**
- 2.1.3 approves the requested earmarking of resources to be carried forward to 2024/25 as summarised in 4.1.7;**
- 2.1.4 notes the projected in year over-spend of £3.287m after earmarking;**
- 2.1.5 requires Directors/ Assistant Directors and Heads of Service to take steps to ensure that Directorate/ Services are not overspent against budget by 31 March 2024 as per section 5.3 of the Financial Regulations; and**
- 2.1.6 notes that proposed actions to address the overspend will be included in the next Budget Management Report due to be considered at November Cabinet.**

3. Background

- 3.1 The budget management report contains overview information including the impact of Covid-19 for the following:
- 3.1.1 General Services Revenue - Appendix 1a to f (*pages 1 to 18*);
- 3.1.2 Housing Revenue Account - Appendix 1g (*page 19*); and

3.1.3 Common Good Funds - Appendix 1h (page 20).

- 3.2 Members approved the Council's revenue budget for 2023/24 on 1 March 2023, with total planned expenditure of £329.938m. The approved 2023/24 budget included Aggregate External Finance (AEF) due from Scottish Government of £256.598m net Council tax income of £67.220m and £6.120m use of reserves resulting in total planned income of £329.938m.
- 3.3 Directorate planned spending has been adjusted to incorporate several adjustments which required to be actioned following budget approval in March 2023:
- 3.3.1 allocation of a £5.339m payroll management target held within the Miscellaneous Services Account approved as part of the 2023/24 budget in March 2023;
 - 3.3.2 allocations of £0.350m of fees and charges for the 5% increase approved as part of the 2023/24 budget;
 - 3.3.3 earmarking of £8.954m (inclusive of Covid-19 earmarking) brought forward from 2022/23 approved by Cabinet on 20 June 2023;
 - 3.3.4 additional notifications of funding from the Scottish Government (not included in the March 2023 budget) for:
 - (i) £1.470m for Discretionary Housing Payments;
 - (ii) £3.337m for the impact of the increased 2023/24 Teachers pay award;
 - (iii) £0.731m for Criminal Justice Social Work Specific grant top up;
 - (iv) a reduction of £0.062m in funding in the 2023 Finance Order relating to HSCP services; and
 - (v) £0.043m of minor increases in relation to other funding allocations contained in the local government finance settlement, as provided in the 2023 Finance Order.
 - 3.3.5 Specific grant income of £14.990m has been re-allocated to offset directorate expenditure (inclusive of the additional £0.731m for Criminal Justice Specific grant top up); and
 - 3.3.6 other budget transfers between Directorates actioned in line with Financial Regulations rules on budget transfers.
- 3.4 In addition to the extra pay funding provided by the Scottish Government for Teachers, a further notional allocation of £3.306m has been notified to the Council, via Cosla, for the latest 2023/24 increased pay offer for non-teaching staff. Although the latest offer has been rejected by trade unions, Directorate spending plans have been updated to incorporate this funding pending the outcome of the negotiations.
- 3.5 Table 1 below summarises the revised 2023/24 General Services budget at 31 July 2023 inclusive of the budget adjustments outlined in 3.3 and 3.4 above.

Table 1 – Budget movement

<i>Directorate/ Account</i>	<i>Original Budget</i>	<i>Budget adjustment (per 3.3 & 3.4)</i>	<i>Revised</i>
	£m	£m	£m
CEX	21.508	2.064	23.572
Education	137.836	(8.869)	128.967
Housing, Operations and Development	45.720	1.519	47.239
Strategic Change and Communities	18.714	3.061	21.775
HSC	96.349	(0.880)	95.469
Misc Services Account	9.811	5.695	15.506
Total Expenditure	329.938	2.590	332.528
General Revenue Grant	(194.627)	(7.899)	(202.526)
NDRI	(47.708)	-	(47.708)
Specific Grant	(14.263)	14.263	-
Council Tax	(67.220)	-	(67.220)
Use of reserves b/fwd	(6.120)	(8.954)	(15.074)
Total Income	(329.938)	(2.590)	(332.528)
Net Expenditure	-	-	-

- 3.6 In relation to the Health and Social Care Partnership (HSCP). Table 1 above shows the adjusted 2023/24 budget delegated from the Council to be overseen by the Integration Joint Board (IJB). In addition to this £95.509m a further £8.300m has been allocated via the NHS to the South Ayrshire HSCP from the Scottish Government for Council specific services and is included within Resource Transfer income in Appendix 1b. Appendix 1b provides an overview statement of the current financial budget and projected out-turn position for the Council element for 2023/24.
- 3.7 As outlined in the draft Annual Accounts 2022/23, the unaudited General Services surplus at 31 March 2023 was £47.744m and of this, £40.302m was set aside or earmarked for specific purposes, leaving an uncommitted balance of £7.442m. Excluding HSCP, which now holds its own reserves. This equates to 3.19% of future planned expenditure.
- 3.8 Members approved the Housing Revenue Account budget for 2023/24 on 1 March 2023, with total planned expenditure of £33.614m being met from rents and other income. Since the approval of the 2023/24 budget various budget transfers have been actioned in accordance with Financial Regulations resulting a revised total planned spend of £33.523m. The unaudited Housing Revenue Account surplus at 31 March 2023 was £3.279m.
- 3.9 Members approved the Common Good revenue and capital budgets for 2023/24 on 1 March 2023. The combined unaudited Common Good revenue surplus as at 31 March 2023 for all Common Good Funds was £0.216m.

- 3.10 At this stage it is assumed that payroll budgets will be on-line at the year end with any increased cost resulting from an improved pay offer being met by additional funding provided by the Scottish Government. Initial estimates indicate that for every 1% increase in the pay uplift, above the current budgeted amount, will equate to a £2.0m increase in cost (inclusive of HSCP uplifts).

4. Proposals

4.1 **Overview of Directorate/ Accounts' position as at 31 July 2023**

- 4.1.1 Appendix 1a to e to this report provides financial performance information in the form of a report for each Directorate/ account for the period to 31 July 2023. The Council's overall General Services revenue position at Period 4, excluding HSCP, is projected to be an in year over-spend of £2.156m prior to earmarking (£3.287m over-spend after earmarking).
- 4.1.2 Table 2 below provides a summarised position on a Directorate/ account basis and provides the overall projected position before and after requested earmarking.

Table 2 – Projected under/(over) spend

<i>Directorate/ Account</i>	<i>Projected under/ (over) spend £m (i)</i>	<i>Earmarking approved/ requested £m</i>	<i>Revised under/ (over) spend £m (iv)</i>
Chief Executive	0.563	-	0.563
Education	0.095	(1.131)	(1.036)
Housing, Operations and /Development	(0.942)	-	(0.942)
Strategic Change and Communities	(0.147)	-	(0.147)
Miscellaneous Services Account	(1.725)	-	(1.725)
Total Net expenditure	(2.156)	(1.131)	(3.287)
Council Tax income (see 4.1.4 below)	-	-	-
Net in year projected surplus	(2.156)	(1.131)	(3.287)

- 4.1.3 Table 2, above, indicates an overall over-spend for the year (excluding HSCP) of £0.286m, prior to requested earmarking of £1.131m. All Directors, Assistant Directors and Heads of Service have been contacted to confirm their duty in terms of Section 5.3 of the Councils Financial Regulations which states, per the extract below:

'It is the responsibility of the Chief Executive, Directors, Heads of Service and Assistant Directors concerned to ensure that items of expenditure in the revenue estimates of his/ her 4/ services are not overspent, and that the income and expenditure of his/ her Directorate/ services conform to the requirements of these regulations.'

It is expected that Service managers will now limit spend wherever possible in order to bring the projections back on-line with budget. Service proposals to address the overspend position in each directorate will be

brought forward as part of the next Budget Management report due to be considered at Cabinet in November 2023.

- 4.1.4 **Council Tax Income** – A review of the current collection rates indicates they are on target to meet income expectations.
- 4.1.5 **Health and Social Care Partnership** – details of the projected out-turn information can be found within the Financial Monitoring report that will be presented to the Integration Joint Board (IJB) meeting in October. Appendix 1b indicates a projected in year underspend of £1.613m for 2023/24.
- 4.1.6 **Budget Transfers** - Members are asked to consider and approve the budget transfer requests for each Directorate as outlined in Appendix 1a to 1f summarised in total in table 3 below (by Directorate).

Table 3 – Budget Transfers

<i>Directorate/ Account</i>	<i>Dr £m</i>	<i>Cr £m</i>	<i>Appendix ref:</i>
HOD	5.630	5.630	1d –page11
Total	5.630	5.630	

- 4.1.7 **Earmarking** - Members are asked to consider and approve the new earmarking request to be carried forward to 2024/25 for each Directorate as outlined in Appendix 1a to 1e summarised in total in the table below (by Directorate)..

Table 4 – New Period 4 Earmarking

<i>Directorate/ Account</i>	<i>Normal £m</i>	<i>Appendix ref:</i>
Education	1.131	1c – page 6
Total	1.131	

- 4.1.8 At this stage the earmarking requested relates to Pupil Equity Funding (PEF) of £1.131m which requires to be carried forward to follow the academic school year rather than the financial year. There is therefore no scope to reduce the level of earmarking for PEF.

4.2 **General Services – Summary of Current Financial Revenue Position**

- 4.2.1 The unaudited 2022/23 Annual Accounts showed an accumulated surplus at 31 March 2023 of £47.744m and of this, £40.302m was set aside or earmarked for specific purposes leaving an uncommitted balance of £5.903m for General Services. Appendix 2 provides detail of the amounts set aside from the accumulated sum together with the impact of the current year directorate net year-end over-spend projections of £3.287m (after earmarking) outlined in Table 2 at 4.1.3 above

- 4.2.2 Table 5 below indicates that a year-end £4.155m uncommitted general services surplus is currently projected at 31 March 2024. This equates to 1.8 per cent of estimated future planned spend (excluding HSCP). This is below the lower end of the 2 to 4 per cent required by Council policy for uncommitted general reserves and therefore the action outlined in 4.1.3 above is required to address this situation.

Table 5 – General Services accumulated surplus

	£m
Unaudited opening surplus	47.744
Commitments (per Appendix 2)	(40.302)
Uncommitted surplus brought forward	7.442
Directorate 2023/24 projections (per table 2 above)	(3.287)
Projected accumulated surplus	4.155

- 4.2.3 During 2022/23 an inflation reserves of £2.500m was established within committed reserve to mitigate any temporary inflation risk occurring during 2023/24. Consideration is currently being given as to whether a draw down from this reserve is required to meet some of the inflationary being encountered at present. Any potential request will be brought forward as part of the next Budget Management Report at November Cabinet.
- 4.2.4 Utilisation of this inflation reserve will ensure the Council stays within the 2 to 4 percent general uncommitted reserve policy requirement.

4.3 ***Housing Revenue Account Balance***

- 4.3.1 **Summary of Current Financial Position** – as outlined in Appendix 1e the current projected ‘in year’ overspend as at 31 March 2024 is £0.983m. When the in-year overspend is added to the current uncommitted surplus, identified in Table 4 of Appendix 1g, this results in an overall revised projected uncommitted surplus of £0.0.083m for the HRA.

4.4 ***Common Good Funds***

- 4.4.1 **Summary of Current Financial Position** – the current projected accumulated revenue surplus for each individual fund is outlined in Appendix 1h. Overall, at 31 March 2024, a combined projected accumulated revenue surplus of £0.216 is anticipated together with a projected combined capital reserve of £0.596m.
- 4.4.2 As part of the 2023/24 budget for Common Good, Council requested that a report be brought forward to cabinet to address the deteriorating financial position for the Common Good Funds. Work in relation to this is ongoing with a report due to be brought forward for consideration in the short term.

5. **Legal and Procurement Implications**

- 5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 An accumulated uncommitted surplus of £4.155m is currently projected for General Services, excluding HSCP.

6.2 A £0.083m accumulated uncommitted surplus is projected for the Housing Revenue Account and a combined £0.216m accumulated surplus is currently projected for the Common Good Funds.

7. Human Resources Implications

7.1 There are no specific human resource implications arising directly from this report. Any indirect implications are being managed on an operational basis by the Service Directorates.

8. Risk

Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

Risk Implications of Rejecting the Recommendations

8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 3.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking

14.1 If the recommendations above are approved by Members, the Head of Finance, ICT and Procurement will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Action the budget transfers in the financial ledger as outlined in the Directorate financial performance reports at Appendix 1 and summarised in 4.1.6	13 October 2023	Head of Finance, ICT and Procurement
Record for future reporting purposes the requested earmarking for carry forward of resources to 2024/25 as outlined in 4.1.7	13 October 2023	Head of Finance, ICT and Procurement

Background Papers **Report to South Ayrshire Council of 1 March 2023 - [Revenue Estimates 2023/24, Capital Estimates 2023/24 to 2034/35 and Carbon Budget 2023/24](#)**

Report to South Ayrshire Council of 1 March 2023 – [Rent Setting and Housing Revenue Account \(HRA\) – Revenue Budget 2023/24 and Capital Budget 2023/24 to 2027/28](#)

[Scottish Government Finance Circular 3/2023](#)

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Date: 18 September 2023

Budget Management Report to 31 July 2023 (Period 4)

Appendix 1

Ref.	Directorate/ Account	Pages
1a	Chief Executive's Strategic Office	1 to 3
1b	Health & Social Care	4
1c	Education	5 to 7
1d	Housing, Operations and Development	8 to 13
1e	Strategic Change and Communities	14 to 16
1f	Miscellaneous Services Account	17 to 18
1g	Housing Revenue Account	19 to 21
1h	Common Good Funds	22 to 23

This appendix outlines the **key financial issues** for each directorate or account (Tables 1 to 3), together with **other financial information** (Tables 4 to 8).

Chief Executive's

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
129	Chief Executive & Support	445	445	0
	Finance and ICT Services:			
35	Head of Finance & ICT Services	(214)	(214)	0
602	Corporate Finance and Accounting	2,149	2,144	5
2,614	Revenues and Benefits	6,870	6,870	0
1,716	Information and Communication Technology	5,349	4,788	561
183	Procurement	788	788	
5,150	Total Finance and ICT Services	14,942	14,376	566
	Regulatory Services			
35	Head of Regulatory Services	(82)	(82)	0
51	Civil Contingencies & Business Continuity	78	78	0
654	Democratic Governance Services	2,552	2,560	(8)
135	Insurance, Risk & Safety Management	580	580	0
238	Legal & Licensing Services	904	904	0
441	Trading Standards & Environmental Health	1,919	1,914	5
1,554	Total Regulatory Services	5,951	5,954	(3)
577	Human Resources	1,883	1,883	0
90	Internal Audit	351	351	0
7,500	Total Chief Executive's Office	23,572	23,009	563

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Account	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
5,283	Employee costs	20,047	20,047	0
27	Property costs	210	199	11
1,116	Supplies and services costs	2,247	1,836	411
23	Transport costs	98	86	12
154	Administrative costs	502	464	38
119	Third party payments	1,459	1,303	156
9,007	Transfer payments	26,921	26,921	0
0	Financing costs	12	12	0
15,729	Gross expenditure	51,496	50,868	628
(8,229)	Gross income	(27,924)	(27,859)	(65)
7,500	Net expenditure	23,572	23,009	563

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Chief Executive & Support
0	Chief Executive & Support - no material variance to report at this stage
0	Total projected variance

Projected Variance favourable /(adverse) £'000	Finance and ICT Services
5	Corporate Finance and Accounting - projected full-year underspend of £0.005m within a variety of small spend areas cross the service.
561	ICT - projected full-year underspends of £0.310m on software maintenance contracts, £0.045m projected underspend on hardware maintenance contracts and £0.156m on other agency payments for the Oracle Fusion call off support contract. It is not anticipated that these underspends will continue in to future years.
566	Total projected variance

Projected Variance favourable /(adverse) £'000	Regulatory Services
(8)	Democratic Governance Services - Projected under recovery in income in relation to Marriage fees (£0.029m) within Registration and Printing recovery of charges (£0.065m). The majority of this under recover of income in offset by a series of small projected underspends across various areas of the service resulting in an net projected overspend of £0.008 for the services.
5	Trading Standards and Environmental Health - a full year net underspend of £0.005m is currently projected across a variety of areas of the service.
(3)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:	DR £'000
Total	0

No budget transfer requests were identified at period 4.

Table 5 - Earmarking Requests

Total	
Comments:	
No earmarking requests were identified at period 4.	

Table 6 - Efficiency Savings

Efficiency savings:	Targeted £'000	Anticipated shortfall £'000
Reduction in property costs following move of Archive Service to new build facility	49	0
Removal of vacant Archive post	11	0
Removal of vacant Information Governance post	26	0
Removal of vacant Print room post	3	0
Removal of vacant Messenger post	12	0
Review Members support team	28	0
Reduction in Registration overtime budget	7	0
Reduction in Council Officer overtime budget	5	0
Reduction in various Members Support Administration budgets	2	0
Reduction in Civic catering budget	3	0
Reduction in various Committee Support Admin budgets	3	0
Introduction of an Employee Benefit Framework Scheme	70	0
Review Applications Support team structure	28	0
Review Assets & Compliance team structure	13	0
Removal of vacant System Assistant post	34	0
Removal of various ICT hardware/software contract costs	48	0
Cease meeting medical referee costs - taxi/private hire	2	0
Reduce transport cost budget	3	0
Removal of vacant Authorised Officer post	43	0
Realign income budget based on current recovery rates and maximise various income recovery through advertising	14	0
Increase pest control fees to – Fumigations £120, Rats/Mice/Insects (domestic £81/commercial £140), Wasps: £52,	2	0
Reduce various Admin and Supplies and Services budgets	15	0
Realign income budget based on current recovery rates	6	0
Removal of vacant Procurement Information Assistant post	30	0
Introduce Early payment discount scheme via third-party supplier	30	0
Removal of vacant Web and Social Media Analyst post	28	0
Total	515	0
Comments:		

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 4 £'000
Payroll Management - Corporate target	610	203
Total	610	203
Comments:		
The Directorate's payroll management target is currently projected to be fully achieved at the end of the financial year.		

Table 8 - Grant Income

New Grants Received:		
Amount		
0		
Comments:		
Additional amounts notified during the financial year, not included in the original budget.		

Social Care

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
	Community Care Services :			
14,055	Older People	55,316	54,477	839
1,230	Physical Disabilities	4,586	4,519	67
15,284	Total Community Care Services	59,902	58,996	906
5,971	Children's Services	24,283	23,867	416
(16)	Justice Services	33	15	18
5,956	Total Children and Justice Services	24,316	23,882	434
2,494	Learning Disabilities	26,154	26,255	(101)
1,317	Mental Health	4,250	3,985	265
413	Addiction	778	778	0
4,224	Total Mental Health Services	31,182	31,018	164
927	Directorate Services	5,037	4,946	91
382	Other Services	897	879	18
0	Vacancy management	(2,388)	(2,388)	0
1,309	Total Support Services	3,546	3,437	109
145	Integrated Care Fund/Delayed Discharges	404	404	0
0	Additional Funding Repayment	0	0	0
102	Items Funded from Reserves	276	276	0
(5,097)	Interagency payments with Health	(19,698)	(19,698)	0
41	Covid-19 Costs	700	700	0
21,861	Social Care Sub-total	100,628	99,015	1,613

Earmarking requests

0

Health & Social Care Partnership - the above table provides an overview statement of the financial budget and projected out-turn position for the Council element of the Integration Joint Board (IJB) for 2023/24 as at 31 July (Period 4).

The table above includes £3.155m of Earmarking ; £0.546m of Funds Committed for Improvement and £4.000m to create a new Improvement and Innovation Fund requested in the Medium Term Financial Forecast. The purpose being to set aside a specific sum from current uncommitted reserves to be used to improve services and ensure future financial stability.

Period 4 will be presented to the IJB October's meeting.

Education Directorate

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
79	Directorate	(2,574)	(2,574)	0
5,468	Education - Early Years	11,058	11,058	0
14,186	Education - Learning and Teaching Primary	40,667	40,067	600
14,834	Education - Learning and Teaching Secondary	41,992	42,518	(526)
4,910	Education - Learning and Teaching Additional Support	16,433	16,412	21
7,828	Education Support Services	21,391	21,391	0
47,305	Total Education Directorate	128,967	128,872	95

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Account	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
35,048	Employee costs	109,507	109,387	120
7,102	Property costs	25,224	25,224	0
652	Supplies and services costs	1,713	1,713	0
2,243	Transport costs	4,712	4,737	(25)
899	Administrative costs	933	933	0
1,968	Third party payments	5,762	5,762	0
297	Transfer payments	405	405	0
0	Financing costs	0	0	0
48,209	Gross expenditure	148,256	148,161	95
(904)	Gross income	(19,289)	(19,289)	0
47,305	Net expenditure	128,967	128,872	95

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable / (adverse) £'000	Education
95	<p>Pupil Equity Funding - underspent by £1.131m. This Scottish Government funding relates to the academic year (August 2023 - August 2024) and has permissible carry forward. Members are requested to earmark this underspend to be utilised in 2024/25 (refer to Table 5 below).</p> <p>Ukraine Education - projected to be £0.228m overspent, within teaching staff. South Ayrshire Council received government funding during 2022/23 to provide childcare and educational support to Ukrainian children and young people aged 2 to 18 who have entered the UK via the Homes for Ukraine Scheme. However, the UKG has advised that there will be no education tariff funding for 2023/24 – either for new arrivals or for guest Year 2.</p> <p>Teaching Costs - projected overspend of £0.783m to maintain teacher numbers as at September 2022 census data (1164). The Cabinet Secretary's statement to Parliament on 7 February 2023, stated that the current level of teachers and support staff must be maintained. It has also been set out to each local authority the implications for local government finance settlement for 2023-24 - approximately £4m LGFS (of which £1m has been with-held) is dependant on maintaining teacher numbers. In the event of these requirements not being met, the Scottish Government will recover or withhold relevant monies allocated to individual authorities for these purposes.</p> <p>Due to the number of probationers (particularly fully funded SG probationers) which we received additional funding for, being significantly higher in 2022/23, than those allocated this academic year, an additional 23 teachers have been employed to ensure SAC total teacher census is maintained, at an additional cost of £0.783m.</p> <p>Pupil Transport - projected overspend of £0.025m, primarily within ASN framework contracts.</p>

Table 4 - Budget Transfer Requests

Budget Transfer Requests:	DR £'000	CR £'000
N/A		
Total	0	0

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
Pupil Equity Fund	Various/Employee Costs	1,131
Total		1,131
Comments: Explanatory narrative		

Table 6 - Efficiency Savings

Efficiency savings:	Target £'000	Anticipated shortfall £'000
Remove Scholar subscription resource	21	0
Remove subjects Networks Principal Teachers allocated funding	25	0
Reduce central Newly Qualified Teachers budget	42	0
10% reduction in Devolved School Management budget	110	0
Removal of Home Link Team	195	0
10% reduction in Continuing Professional Development budget	12	0
Expand use of technology to allow the removal of the transport consortia budget	20	0
Reduce clothing grant eligibility criteria to Scottish Government level	170	0
Total	595	0
Comments: No anticipated shortfalls.		

Table 7 - Payroll Management

Payroll Management:	Target £'000	Achieved at period 4 £'000	Remaining to be achieved
Payroll Management - Corporate target	3,023	900	2,123
Total	3,023	900	2,123

Comments:

Further analysis will be carried out and reported at Period 6, due to September school census, SG probationer allocations and current budget profiling issues within Oracle Fusion.

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
10	Edina Trust	Science Resources
41	Ayrshire Chamber of Commerce	Developing Young Workforce
4	Erra Foundation	Clarke Prize
1	Taylor Wimpey	Contribution to Outdoor Music
141	Scottish Government	Mental Health & Wellbeing
76	Scottish Government	Care Experienced Children & Young People
273		

Comments:

Additional amounts notified during the financial year, not included in original budget.

Housing Operations & Development

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
3,907	Directorate	8,978	9,300	(322)
420	Directorate	552	902	(350)
3,487	Ayrshire Roads Alliance/SPT	8,426	8,398	28
3,635	Planning & Development	6,109	5,924	185
1,571	Asset Management and Community Asset Transfer	5,459	5,454	5
1,823	Planning and Building Standards	1,299	1,044	255
241	Professional Design Services	(649)	(574)	(75)
0	Special Property Projects	0	0	0
11,930	Housing & Operations	32,152	32,957	(805)
3,455	Facilities Management	11,106	11,869	(763)
1,354	Housing Services	3,067	3,109	(42)
5,686	Neighbourhood Services	17,864	17,864	0
1,435	Property Maintenance	115	115	0
19,472	Total Housing Operations & Development	47,239	48,181	(942)

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Account	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
10,309	Employee costs	37,259	37,639	(380)
3,222	Property costs	5,826	6,111	(285)
6,281	Supplies and services costs	10,542	10,801	(259)
2,047	Transport costs	5,665	5,665	0
127	Administrative costs	503	503	0
6,277	Third party payments	18,608	18,700	(92)
0	Transfer payments	0	0	0
0	Financing costs	90	90	0
28,263	Gross expenditure	78,493	79,509	(1,016)
(8,791)	Gross income	(31,254)	(31,328)	74
19,472	Net expenditure	47,239	48,181	(942)

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Directorate
(350)	<p>Directorate - projected overspend of £0.350m as a result of ;</p> <p>Employee Costs - projected overspend of £0.264m as a result of the increased payroll turnover target for the Directorate in 2023/24 being unachievable due to the current level of vacancies and the significant number of front line posts across HOD services which require to be filled to continue to deliver key services</p> <p>Income - projected under-recovery of £0.086m in fees & charges as a result of the increased Corporate savings allocation being unachievable</p>
(350)	Total projected variance

Projected Variance favourable /(adverse) £'000	Ayrshire Roads Alliance/SPT
28	Ayrshire Roads Alliance/SPT - no material variance to report
28	Total projected variance
Projected Variance favourable /(adverse) £'000	Asset Management & Community Asset Transfer
5	<p>Asset Management & CAT - projected underspend of £0.005m as a result of;</p> <p>Employee costs - projected underspend of £0.100m as a result of current vacancies</p> <p>Property costs - projected overspend of £0.145m within the Central Repairs Account (CRA) based on the level of repairs currently required to Council buildings. The approved savings for 2023/24 of £0.300m are proving extremely challenging to achieve however Management are currently reviewing all repairs and options to minimise costs. It is anticipated that the approved savings target of £0.200m as part of Transforming the Estate will be over-achieved by £0.150m mainly as a result of NDR savings achieved of £0.200m and the potential savings arising from the Report to Cabinet of 29 August - Vacant Educational Premises of £0.150m.</p> <p>Income - projected under-achievement of £0.100m in relation to property rental income based on current levels of income</p>
5	Total projected variance

Projected Variance favourable /(adverse) £'000	Planning & Building Standards
255	<p>Planning & Building Standards - projected underspend of £0.255m as a result of ;</p> <p>Employee costs - projected underspend of £0.145m due to current vacancies within Building Standards</p> <p>Supplies & Services costs - projected overspend of £0.087m due to increased legal and consultancy costs involved in preparation for three windfarm appeals going to Public Local Inquiry under Section 36 of the Electricity Act</p> <p>Third Party Payments - Projected overspend of £0.065m in relation to Agency staff payments made to cover part year vacancies within Building Standards. Members are requested to approve a Budget Transfer Request (see Table 4 below) to transfer employee costs underspends of £0.065m noted above to fund the employment of temporary agency staff required to manage the increased level of building warrant applications</p> <p>Income - projected over-recovery of £0.261m due to the fees in relation to the windfarm applications. Members are requested to approve a BTR request (see Table 4 below) to transfer income over recovery of £0.085m to fund the increased legal and consultancy costs required in the processing of these windfarm applications</p>
255	

Projected Variance favourable /(adverse) £'000	Professional Design Services
(75)	<p>Professional Design Services - projected overspend of £0.075m as a result of;</p> <p>Employee costs - projected underspend of £0.025m as a result of current vacancies</p> <p>Income - projected under-recovery of £0.100m in fees rechargeable to the capital programme mainly as a result of the increased number of larger capital projects delivered through Hub South West</p>
(75)	Total projected variance

Projected Variance favourable /(adverse) £'000	Special Property Projects
0	Special Property Projects - No material variance to report.
0	Total projected variance

Projected Variance favourable /(adverse) £'000	Facilities Management
(763)	<p>Facilities Management - projected overspend of £0.763m as a result of;</p> <p>Employee costs - projected overspend of £0.387m as a result of the delay in implementing the approved savings from the introduction of zonal cleaning in schools (£0.320m). Management have been focusing over the short term on other service priorities ie the opening of the new Maybole Campus and are currently reviewing options for rolling out these changes over the longer term. In addition, there is an overspend due to cover of sickness absence through overtime and temporary staff (£0.067m).</p> <p>Income - projected under-recovery of £0.376m in school meal income. There is projected under-recovery of school meal income of £0.237m which is similar to the previous financial year, under-achievement of the approved saving in relation to the increased meal uptake in academies of £0.102m and under-achievement of the approved saving in relation to the price increase of teachers meals of £0.037m as this has resulted in a decrease in demand</p>
(763)	Total projected variance

Projected Variance favourable /(adverse) £'000	Housing Services
(42)	<p>Housing Services - projected overspend of £0.042m as a result of;</p> <p>Property Costs - projected overspend of £0.290m. This relates to increased responsive repairs costs (£0.260m), and unlets (£0.030m), both as a result of the increased demand for temporary homeless accommodation. This is offset by the corresponding over-recovery of income noted below.</p> <p>Supplies & Services Costs - projected overspend of £0.172m. This relates to increased furniture costs as a result of the increased demand for temporary homeless accommodation. This is offset by the corresponding over-recovery of income noted below.</p> <p>Third Party Payments - projected overspend of £0.055m. This is due to the increased use of bed & breakfast properties (£0.005m) as a result of the increased demand for temporary homeless accommodation and an overspend in relation to payments to service providers (£0.050m) as a result of a reduction in the Scottish Government funding. This is offset by the corresponding over-recovery of income noted below. There is also a projected underspend of £0.005m in payments to other Council services.</p> <p>Income - projected over recovery of £0.475m. This relates to an increased number of temporary accommodation units being utilised from the HRA stock which has been necessary to meet increased demand for homeless accommodation.</p> <p>Members are requested to approve a Budget Transfer Request (Table 4 below) to use the over-recovery of income to fund the related increased property costs, supplies and services, and third party costs noted above due to the increased demand for temporary homeless accommodation.</p>
(42)	Total projected variance

Projected Variance favourable /(adverse) £'000	Neighbourhood Services		
0	<p>Neighbourhood Services - projected online as a result of;</p> <p>Employee costs - projected overspend of £0.317m as a result of the TUPE transfer of staff as part of the agreed buyout of Heathfield Waste Recycling Centre (£0.380m overspend) partly offset by part year vacancies. Members are requested to approve a permanent budget transfer from Third Party Payments underspend to fund these posts (see Table 4 below)</p> <p>Supplies & Services costs - projected overspend of £0.261m due to the increased cost of the following : street cleaning services (£0.074m), disposal charges for food waste (£0.053m), the cost of subcontractors for weedspraying and litter picking on roads and highways (£0.043m), protective clothing (£0.045m), software licences (£0.028m) and annual membership fees & subscriptions costs (£0.018m)</p> <p>Transport costs - projected overspend of £0.300m mainly due to increased costs of tractor, tipper and hooklift hires (£0.180m), along with increased costs of repairs and maintenance (£0.090m) and fuel (£0.030m) for refuse vehicles</p> <p>Third Party payments - projected underspend of £0.754m within waste recycling due to the CA site management fee (£0.488m) no longer required following the acquisition of HWRC and a reduction in tonnages following the introduction of a booking system at the civic amenity sites (£0.081m) along with a reduction in internal grounds maintenance recharges (£0.185m)</p> <p>Financing costs - projected underspend of £0.090m due to cremators equipment now fully depreciated</p> <p>Income - projected over-recovery of £0.034m mainly due to the negotiation of new income generating contracts for the uplift of some waste materials</p>		
0	Total projected variance		
Projected Variance favourable /(adverse) £'000	Property Maintenance		
0	<p>Property Maintenance Service - projected online as a result of;</p> <p>Employee Costs - projected underspend of £1.185m. This is due to a high level of current vacancies within the service.</p> <p>Supplies & Services - projected overspend of £4.153m. This is due to increased cost of materials and an increased use of sub contractors, which is mainly related to the high level of current vacancies and the current level of jobs</p> <p>Third Party Payments - projected overspend of £0.475m due to increased spend on Agency payments, which is related to the high level of current vacancies.</p> <p>Income - projected over-recovery of £3.443m based on the current level of jobs being carried out mainly for Housing tenants</p> <p>Members are requested to approve a Budget Transfer Request (Table 4 below) to use the underspend in employee costs and the over-recovery of income to fund the related increased supplies and services and third party payments noted above.</p>		
0	Total projected variance		
Table 4 - Budget Transfer Requests			
Budget Transfer Requests:			
		DR £'000	CR £'000
1	Planning & Building Standards		
	Supplies & Services - consultancy and legal fees	85	
	Income - windfarm applications		85
	Third Party Payments - Agency payments	65	
	Employee costs - vacancies		65
	Being temporary increased income utilised to fund the related cost of the applications		
2	Neighbourhood Services		
	Employee costs - TUPE Transfers	380	
	Third party Payments - CA Site Mgmt		380

	Being permanent budget transfer as a result of the purchase and operation of the waste recycling centre at Heathfield		
3	Housing - Property Costs	290	
	Housing - Supplies & Services Costs	172	
	Housing - Third party payments	10	
	Housing - Income		472
	Being transfer of homelessness rent income over-recovery to fund related increased expenditure		
4	Property Maintenance Services - Employee Costs		1,185
	Property Maintenance Services - Supplies & Services	4,153	
	Property Maintenance Services - Third Party Payments	475	
	Property Maintenance Services - Income Costs		3,443
	Being transfer of underspend in employee costs and income over-recovery to fund the related increased sub-contractor and agency costs		
Total		5,630	5,630

Table 6 - Efficiency Savings

	Targeted £'000	Anticipated shortfall £'000
Transforming the Estate Review - rationalise council assets and remove various property	200	0
Reduce the Central Repairs Account budget	300	145
Removal of free school meals for supervising of pupils teaching staff in Primary and Secondary Schools	30	0
Increase school meal price for Teaching staff by £1 plus VAT	37	37
Reduce costs resulting from the transfer of Straiton Community Centre to the Community Association in March 2023.	18	0
Closure of County Buildings canteen on a permanent basis and replace with vending	16	0
Reduced office cleaning from 5 days to 3 days except for toilet and kitchen areas	71	71
Reduction in the cleaning service applied to schools to a zoned cleaning operation	249	249
Increase school meal prices by 20p to £2.35 and £2.45 in Primary and Secondary	70	0
Increase paid meal uptake in academies by 4% through marketing and pupil survey	102	102
Realign Planning & Building Warrant income budget based on current recovery rates	40	0
Reduce various Planning and Building Standards admin budgets	6	0
Removal of various General Services transport budgets	3	0
Reduction in budget for overtime - anti social behaviour	1	0
Increase income target from homeless rents based on current recovery levels	85	0
HWRC Heathfield - generate an income from commercial and industrial customers.	38	0
Commercial Waste – 5% Price Increase	60	0
Bereavement – 5% Price Increases	107	0
Redesign of Winter Service through route optimisation	100	0
Digitalisation of Traffic Regulation Order and Temporary Traffic Regulation Order process	5	0
Implementation of Karbon tech gully monitoring	50	0
ARA Service redesign and transformation	200	0
Move all permit processing onto a digital platform	5	0
10% increase on ARA permit charges (road opening permits, scaffolding permits, traffic	10	0
10% increase on ARA Road Construction Consent inspection fees	10	0
5% increase on ARA harbour dues (visiting boats, landing charges, fishing boats and	10	0
Fees & Charges	86	86
Total	1,909	690
Comments:		

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 4 £'000	Remaining to be achieved £'000
Payroll Management - Corporate target	1,203	284	919
Payroll Management - Directorate target	0	0	0
Total	1,203	284	919
It is anticipated that payroll turnover will be under-achieved by £0.264m as a result of reduced level of vacancies across the Directorate and the high number of front-line posts across the Services which require to be filled to continue to deliver key services			

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
0		
Comments:		
The above grants which have been received during the financial year were not part of the approved Directorate budget.		

Strategic Change and Communities Directorate

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
(897)	Directorate	674	424	250
	Communities			
215	Thriving Communities	5,845	5,895	(50)
2,974	Economy and Regeneration	1,940	2,027	(87)
1,213	Destination South Ayrshire	8,431	8,525	(94)
4,402	Total Communities	16,216	16,447	(231)
	Strategic Change			
193	Perf. Policy and Community Planning	1,495	1,661	(166)
786	Organisational Development & Customer Services	3,390	3,390	0
979	Total Strategic Change	4,885	5,051	(166)
4,484	Total Strategic Change & Communities Directorate	21,775	21,922	(147)

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Account	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
5,781	Employee costs	20,816	20,678	138
658	Property costs	2,542	2,542	0
3,970	Supplies and services costs	1,601	1,626	(25)
112	Transport costs	636	636	0
122	Administrative costs	474	640	(166)
(355)	Third party payments	3,107	3,107	0
4	Transfer payments	10	10	0
0	Financing costs	0	0	0
10,292	Gross expenditure	29,186	29,239	(53)
(5,808)	Gross income	(7,411)	(7,317)	(94)
4,484	Net expenditure	21,775	21,922	(147)

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Directorate
250	Service - projected over-recovery in payroll management target of £0.250m, primarily due delays in filling vacancies.

Projected FY Variance favourable /(adverse) £'000	Communities
(50)	<p>Thriving Communities - projected underspend in Employability & Skills of £0.200m. This is due to employee costs, which meet the terms and conditions of the grant criteria, being utilised against SG No-one Left Behind (NOLB) funding.</p> <p>Modern Apprentices - projected overspend of £0.250m. The COVID pandemic and restrictions had an impact on Modern Apprentices completing their apprenticeship and qualifications within the 12 months. To ensure they were given the same opportunities as previous MAs, contracts were extended to allow them to gain the relevant experience and complete their qualification. This has had an impact on the MA budget, as well as an increase in MA salaries and Training Provider costs. The £0.050m approved saving (refer to Table 6) is included within this projection.</p>
(87)	<p>Economy & Regeneration - projected overspend of £0.025m due to the late approval and payment of Advanced Digital Visualisation Suite equipment costs rendering the subsequent claim late and ineligible for ERDF grant funding.</p> <p>Ayrshire Growth Deal - projected overspend of £0.062m as a result of unbudgeted post diverted on to other duties and no longer recoverable from AGD (refer to Table 6 below).</p>
(94)	<p>Destination South Ayrshire - projected £0.094m shortfall in income, primarily due to approved increases to income targets (refer to Table 6 below).</p>

Projected FY Variance favourable /(adverse) £'000	Strategic Change
(166)	Strategic Change - projected overspend of £0.166m due to short term unachievable savings targets (refer to Table 6 below).

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
N/A			
Total		0	0

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
Total		0
Comments: Explanatory narrative		

Table 6 - Efficiency Savings

Efficiency savings:	Target £'000	Anticipated shortfall £'000
Review of current Access to Leisure Scheme and consideration of future	100	0
Partial Year 1 reduction in Quay Zone Access to Leisure financial support following	20	0
Removal of core budget for Marr Educational Resource Centre	28	0
Removal of Ayr Bids legacy budget	20	0
Increase in income target for gymnastics programme	15	0
Remove Customer Services administration and supplies and services budgets	5	0
Close building formerly used for Customer Services following co-locating in Thriving	13	0
Remove various Admin and Supplies & Services budgets in Economy and	15	0
Economy and Regeneration team service review	200	0

Reduction in grant funding to businesses	32	0
Organisational Development and Strategic Change teams service review	100	0
Introduce a Strategic Change team savings target	200	166
Increase recharge of staffing costs to capital and Ayrshire Growth Deal projects	120	62
Reduce various admin, supplies and services, property cost budgets across Thriving	14	0
Thriving Communities service review	300	0
Removal of the budget for participatory budgeting	14	0
Reduction in the budget for Performing Rights Society	3	0
Reduction in the budget for sessional staffing for CLD	6	0
Increase in fees for Dolphin House	20	0
Removal of budget for Positive Attitudes to Alcohol	3	0
Reduce Modern Apprenticeship budget	50	50
Removal of post that supports Social Enterprises	55	0
Reduce budget for Duke of Edinburgh	5	0
Removal of supplies and services legacy budget in Community Services and Facilities	3	0
Reduction in the budget for grants to voluntary organisations	7	0
Reduction in third party payments to other agencies	10	0
Community Halls review - net cost reduction	27	0
Increase all applicable fees and charges by 5%	183	94
Total	1,568	372

Comments:

Anticipated shortfalls in approved efficiencies have been included in the projections above.

Table 7 - Payroll Management

Payroll Management:	Target £'000	Achieved at period 4 £'000	Remaining to be achieved
Payroll Management - Corporate target	503	290	213
Total	503	290	213

Comments:

Currently projected to be £0.250m over-recovered.

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
2	Cycling Scotland	Girvan Festival of Cycling
506	European Social Fund	ESF Management, Pipeline, Poverty & Social Inclusion
1	Wellness Wednesday	HSCP
17	Museums Galleries Scotland	Henry Moore Museum
253	NCCBC / HES / NHLF / Sustrans	Maybole Town Centre Regeneration
28	Scottish Enterprise	Modern Apprentice Grant
48	Scottish Government	Ukraine Temporary Accommodation
255	Scottish Government	CCLD
367	Scottish Government	No-one Left Behind
189	Sport Scotland	Active Schools / Community Sports Hub
4	Sport Scotland	Comm Cycling Fund
40	Sport Scotland	Active Communities
51	Sport Scotland	Closing the Gap
9	Visit Scotland	Year of stories / events
51	Scottish Government	AGD Community Wealth Building Team Salary costs and small business grants
42	Scottish Government	Advanced Manufacturing Challenge Fund Supply Chain Programme Salary and expenses costs
1,863		

Comments:

Additional amounts notified during the financial year, not included in original budget.

Miscellaneous Services

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
3,134	Miscellaneous Services	15,506	17,231	(1,725)
3,134	Total Miscellaneous Services	15,506	17,231	(1,725)

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Account	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
0	Debt management charges	14,826	16,553	(1,727)
0	Investment income	(965)	(1,544)	579
0	Recharges to other services	(1,688)	(1,688)	0
0	Contributions to/(from) funds	(2,576)	(2,576)	0
286	Requisitions and other initiatives	859	859	0
299	Employee provision	706	706	0
(121)	Fees and subscriptions	452	452	0
2,663	Other payments	6,000	6,577	(577)
7	Covid-19 Mobilisation Costs	0	0	0
0	PPP flexibility statutory adjustment	(2,077)	(2,077)	0
3,134	Gross expenditure	15,537	17,262	(1,725)
0	Gross income	(31)	(31)	0
3,134	Net expenditure	15,506	17,231	(1,725)

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Miscellaneous Services
(1,727)	Debt management charges - budget comprises £6.271m for loan principal repayments, £8.371m for interest charges and £0.184m for loans fund expenses, all based on significant levels of planned capital expenditure during the financial year. A full-year projected overspend of £1.727m is due to an increase in the Bank of England base rate and its consequential impact on external borrowing rates available to the Council. This position will be monitored closely during the remainder of the year and appropriate action will be taken to try to reduce the projected overspend.
579	Investment income - a full year projected over-recovery of £0.579m, again due to sustained increase in interest rates.
(577)	Other payments - A projected full year overspend of £0.275m is currently projected for General Services energy costs across Council services, which is being reported collectively within Miscellaneous Services. Energy costs remain a challenging area for local authorities and this position will continue to be monitored closely during the remainder of the financial year. A projected full year overspend of £0.302m relates to unachievable efficiency targets; refer to Table 6 (Efficiency Savings) below.
(1,725)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000
Total		0

Table 5 - Earmarking Requests

Description	Service/ Account
Total	
Comments: No earmarking requests identified in the current reporting period.	

Table 6 - Efficiency Savings

Efficiency savings:	Targeted £'000	Anticipated shortfall £'000
Procurement (prior year saving): work remains ongoing to identify relevant contracts to which savings target can be applied.	177	77
Purchase of additional leave: target to be allocated across services	200	50
Additional AVCs: on-cost savings	48	0
Future Operating Model: target to be allocated across services	175	175
Total	600	302
Comments: Work remains ongoing to identify permanent procurement efficiencies, with a shortfall of £0.077m currently projected. Fewer employees have purchased additional leave due to the impact of home-working arrangements. Consequently, a shortfall of £0.050m is currently projected. Pressures on service budgets has made it difficult to allocate Future Operating Model savings across directorates, as underspends arising from new ways of working have been utilised to offset overspends due to inflationary pressures and contractual increases. A shortfall of £0.175m is currently projected although a fresh review of options will be undertaken.		

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 4 £'000
	0	0
Total	0	0
Comments: No payroll management target allocation made to Miscellaneous Services for 2023/24.		

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
0		
Comments: Additional amounts notified during the financial year, not included in original budget.		

Housing Revenue Account

Table 1 - Objective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
(4,573)	Housing Revenue Account	0	983	(983)
(4,573)		0	983	(983)

Table 2 - Subjective Analysis

Actual Expenditure to 31 July £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
1,334	Employee costs	5,231	5,031	200
4,817	Property costs	12,823	14,908	(2,085)
147	Supplies and services costs	327	317	10
135	Transport costs	70	50	20
75	Administrative costs	1,339	1,092	247
66	Support services costs	1,801	1,761	40
0	Third party payments	29	17	12
40	Transfer payments	115	115	0
0	Financing costs	4,278	4,689	(411)
3,149	CFCR	7,510	7,510	0
9,763	Gross expenditure	33,523	35,490	(1,967)
(14,336)	Income	(33,523)	(34,507)	984
(4,573)	Net expenditure	0	983	(983)

Table 3 - Financial Variance Analysis

Projected Variance favourable /(adverse) £'000	Housing Revenue Account
200	Employee costs - projected underspend of £0.200m due to current vacancies.
(2,085)	Property Costs - projected overspend of £2.085m. This is mainly due to; Repairs costs are projected to overspend by £1.800m due to current economic conditions where labour, materials and sub-contractor costs have all increased significantly. Additionally there has been an increased level of Unlet costs due to a higher than anticipated turnover of properties of £0.200m. There is also a projected overspend of £0.085 in gas & electricity costs due to price increases.
10	Supplies & Services - projected underspend of £0.010m. This is due to an underspend in removal and storage costs.
20	Transport Costs - projected underspend of £0.020m due to a reduction in travel
247	Administrative costs - projected underspend of £0.247m. There are underspends on Telecomms charges (£0.020m), photocopying (£0.015m), subscriptions (£0.010m), as well as less Feasibility & Design Costs for capital projects being charged to revenue (£0.092m). There is also a projected underspend of £0.110m in bad debts based on the current level of arrears of council house rental income.
40	Support service costs - projected underspend of £0.040m, due to less staff overheads being charged from other services.
12	Third Party Payments and Transfer Payments - projected underspend of £0.012m. This relates to an underspend of £0.012m in charges received from other Council services.

(411)	Financing costs - projected net overspend of £0.411m comprising: <ul style="list-style-type: none"> - Principal, Interest payments and expenses - projected overspend of £0.685m on principal, interest and expenses, which relates to the timing of loan payments and an increase in interest rates of temporary loan debt. - Interest income on revenue balances - £0.274m over recovery as a result of the Loans Fund exceeding the originally estimated rate of interest on investments.
0	CFCR - projected online
984	Income - projected over recovery of £0.984m in rental income. A review of the HRA Business Plan rental units and new build profile will be carried out to determine if the budget requires to be realigned and a corresponding increase made to CFCR which will lead to reduced borrowing costs
(983)	Total projected variance
Comments:	

Table 4 - Accumulated Surplus

Accumulated Surplus	£'000	Amount £'000
HRA accumulated surplus as at 1 April 2023	3,279	
Current year projected surplus	(983)	
Minimum working balance	(2,000)	
Projected surplus for the year ended 31 March 2024		296
Current commitments:		
Capital:		
Revenue:		
Transformation within Housing - support costs		(44)
Costs associated with Home Loss Payments at Riverside High Flats and provision for Disturbance Allowance approved by Leadership Panel 26 November 2019		(169)
2020/21 CFCR underspend to be used for repairs costs in 23/24 (£1m used 2023/24)		0
Total current commitments		(213)
Projected uncommitted surplus as at 31 March 2024		83
Comments:		
Uncommitted Surplus		
- Tenant Priorities - South Ayrshire Council (Special) of 20 January 2021 approved that tenant priorities for investment of any identified uncommitted reserves within the HRA be incorporated in future reports to Cabinet.		

Table 5 - Rent Arrears

	As at 31 July 2022	As at 31 July 2023	Movement
Rent Arrears			
Current Tenants – Mainstream	1,181	1,174	-1%
Current Tenants – Homeless	56	36	-36%
Former Tenants – Mainstream	536	694	29%
Former Tenants – Homeless	280	353	26%
Total	2,053	2,257	10%
Comments:			

Performance in this area was strong when benchmarked against other Scottish Local Authorities for 2021/22. Rent arrears is an area of focused activity with a dedicated team managing rent accounts and supporting tenants in arrears. Following Covid-19, the Council took the decision to suspend recovery action for the initial three-month period from 1 April – 30 June 2020, and the Council has provided support to affected tenants via funding from the Tenant Hardship Grant. Officers are maintaining contact with tenants to provide ongoing advice and support to those who are experiencing hardship. Every effort is being made to maximise personal contact with tenants and to secure repayment arrangements as an alternative to formal recovery action, taking account of the temporary legislative changes introduced by the Scottish Government to provide additional protection to tenants. This temporary legislation restricts formal recovery action in some instances, placing additional duties on the team and extending the recovery process. Consequently, the level of outstanding debt has increased while support and advice is being provided to help tenants reach a repayment plan, resulting in debts being higher on accounts for longer periods of time and reducing at a slower rate.

The current increase in rent arrears has been factored into the Bad Debt Provision out-turn figure noted above in Table 3.

Table 6 - Budget Transfer Requests

		DR	CR
		£'000	£'000
1	Description		
Total		0	0

Common Good Funds

Table 1 - Objective Analysis

Actual Net Expenditure/ (Income) to 31 July £'000	Common Good Fund	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March 2024 £'000	Projected Full Year Variance favourable /(adverse) £'000
106	Ayr Common Good Fund	0	0	0
(6)	Prestwick Common Good Fund	0	0	0
0	Troon Common Good Fund	0	0	0
0	Maybole Common Good Fund	0	0	0
6	Girvan Common Good Fund	0	0	0
106		0	0	0

Table 3 - Financial Variance Analysis

Projected Full Year Variance favourable /(adverse) £'000	Common Good Fund
0	Ayr Common Good Fund: This fund is currently projected in be in line with budget, as a result of restricted spend on repairs and maintenance, the cost of which has increased significantly in recent years. It is expected that some properties will require repairs during the course of the year and as a consequence this budget will continue to be closely monitored.
0	Total projected variance

Table 4 - Accumulated Revenue Reserves

Common Good Fund	Reserves as at 31 March 2023 £'000	Reserves as at 31 July 2023 £'000	Projected Reserves as at 31 March 2024 £'000
Ayr Common Good Fund	(65)	(171)	(65)
Prestwick Common Good Fund	234	240	234
Troon Common Good Fund	36	36	36
Maybole Common Good Fund	2	2	2
Girvan Common Good Fund	9	3	9
Total	216	110	216

Comments:

Work is ongoing to assess the impact of repairs and maintenance costs on Ayr Common Good Fund revenue reserve, alongside a review of Common Good properties and an assessment of income generation opportunities. A report will be brought before Members in due course outlining options.

Table 5 - Accumulated Capital Reserves

Common Good Fund	Reserves as at 31 March 2023 £'000	Reserves as at 31 July 2023 £'000	Projected Reserves as at 31 March 2024 £'000
Ayr Common Good Fund	701	701	561
Prestwick Common Good Fund	35	35	35
Total	736	736	596
Comments: Approximately £0.150m is expected to be incurred during 2023/24 on the conclusion of an approved external fabric project at Rozelle House.			

**Summary of Current General Services Financial Position
as at 31 July 2023**

	<i>£m</i>	<i>£m</i>
1) Accumulated surplus brought forward from 2022/23		47.744
Funds set aside for specific purposes		
2023/24 budget contribution	1.120	
Affordable homes	1.182	
Workforce change fund	5.931	
Efficiency and Improvement fund	1.278	
Local election fund	0.028	
Invest in South Ayrshire	0.200	
Community Halls Fund	0.573	
Ayrshire Growth Deal	0.195	
Civil Contingency (3 Ayrshire reserve commitment)	0.097	
Supported Employment/ESF funding	0.469	
Corporate Support Capacity issues	0.506	
Levelling Up - additional capacity funding to be drawn only if required	0.125	
Golf Strategy - to address initial priority and health and safety issues	0.455	
Station Hotel – encapsulation costs	0.500	
Ash Tree Die back	0.543	
Additional public holiday (Coronation)	0.083	
PPP Reserve commitment to 2023/24 to 2026/27 budgets	14.000	

	<i>£m</i>	<i>£m</i>
Inflation reserve	2.500	
Council Covid-19 earmarking	5.912	
General Service earmarking	4.604	40.302
Uncommitted Council surplus brought forward as at 31 March 2023		7.442
2) Movement in 2023/24		
i) Directorate budget projections:		
Service projections (per Appendix 1)	(2.156)	
Period 3 earmarking requests (subject to LP approval)	(1.131)	(3.287)
Projected uncommitted reserves at 31 March 2024		4.155

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Budget Management – Revenue Budgetary Control 2023/24 – Position at 31 July 2023
Lead Officer (Name/Position/Email)	Tim Baulk, Head of Finance, ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

