

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Cabinet
of 28 November 2023**

**Subject: Budget Management – Revenue Budgetary Control
2023/24 – Position at 30 September 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 30 September 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 requested draw of £1.926m from the council's inflation reserve as detailed in 4.1.5 below;
- 2.1.3 approves the budget transfers as outlined in the Directorate financial performance reports at Appendix 1 and summarised in 4.1.6 below;
- 2.1.4 notes the projected in year over-spend of £3.762m after earmarking which reduces to £1.836m following approval of the inflation reserve draw requested at 2.1.2 above; and
- 2.1.5 requires Directors/ Assistant Directors and Heads of Service to continue 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.

3. Background

- 3.1 The budget management report contains overview information for the following:
- 3.1.1 General Services Revenue - Appendix 1a to f (*pages 1 to 19*);
- 3.1.2 Housing Revenue Account - Appendix 1g (*pages 20 to 21*); and
- 3.1.3 Common Good Funds - Appendix 1h (*pages 21 to 23*).

- 3.2 As detailed in the Budget Management – Revenue Budgetary Control 2023/24 – Position Statement at 31 July 2021, presented to the Cabinet of 26 September 2023, revisions to the 2023/24 revenue budget were made in terms of corporate allocations, and other transfers actioned in line with Financial Regulations rules on budget transfers, resulting in revised planned net expenditure of £332.528m at period 4.
- 3.3 Directorate planned spending has further been adjusted to incorporate several adjustments, which are:
- 3.3.1 a drawdown of £0.543m from reserves relating to Ash Dieback activity as approved by Cabinet on 14 March 2023;
- 3.3.2 additional notification of funding from the Scottish Government (not included in the March 2023 budget) of £0.273m for No One Left Behind. This funding replaces the fixed staffing element of previous years’ grant awards and will now be paid through the Local Government Finance Settlement, as a redetermination of the General Revenue Grant (GRG); and
- 3.3.3 other budget transfers between Directorates and from reserves actioned in line with Financial Regulations rules on budget transfers.
- 3.4 Table 1 below summarises the revised 2023/24 General Services budget at 30 September 2023 inclusive of the budget adjustments outlined in 3.3 above.

Table 1 – Budget movement

<i>Directorate/ Account</i>	<i>Period 4 Budget</i>	<i>Budget adjustment (per 3.3)</i>	<i>Revised</i>
	£m	£m	£m
CEX	23.572	0.117	23.689
Education	128.967	0.895	129.862
Housing, Operations and Development	47.239	1.565	48.804
Strategic Change and Communities	21.775	0.359	22.134
HSC	95.469	0.206	95.675
Misc Services Account	15.506	(2.281)	13.225
Total Expenditure	332.528	0.861	333.389
General Revenue Grant	(202.526)	(0.273)	(202.799)
NDRI	(47.708)	-	(47.708)
Council Tax	(67.220)	-	(67.220)
Use of reserves b/fwd	(15.074)	(0.588)	(15.662)
Total Income	(332.528)	(0.861)	(333.389)
Net Expenditure	-	-	-

- 3.5 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). Appendix 1b provides an overview statement of the current financial budget and projected out-turn position for the Council element for 2023/24.

4. Proposals

4.1 Overview of Directorate/ Accounts' position as at 30 September 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 30 September 2023.
- 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>Earmarking approved £m</i>	<i>Revised under/ (over) spend £m</i>
Chief Executive	0.572	-	0.572
Education	(0.102)	(1.131)	(1.233)
Housing, Operations and /Development	(0.625)	-	(0.625)
Strategic Change and Communities	0.002	-	0.002
Miscellaneous Services Account	(2.228)	-	(2.228)
Total Net expenditure	(2.381)	(1.131)	(3.512)
Council Tax income (see 4.1.4 below)	(0.250)	-	(0.250)
Net in year projected surplus	(2.631)	(1.131)	(3.762)

- 4.1.3 Table 2, above, indicates an overall directorate over-spend for the year (excluding HSCP) of £2.381m, 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 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 continue to 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 February 2024.

- 4.1.4 **Council Tax Income** – A review of the current collection rates indicates they are slightly behind current year targets. It is anticipated that if trends

continue, then Council Tax income will be £0.250m below budget expectations.

4.1.5 **Inflation reserve** - During 2022/23 an inflation reserves of £2.500m was established within committed reserve to mitigate any temporary inflation risk occurring during 2023/24 within General Services. A draw down from this reserve is required to meet some of the inflationary increases being encountered at present within energy costs and interest rate increases within Council debt charge expenditure. It is therefore recommended that the following sums be drawn from the inflation reserve in 2023/24 to augment current budgets on a temporary basis:

- (i) Energy cost increase of £1.169m; and
- (ii) Debt charge increases of £0.757m

Inclusion of these draws reduces the net projected overspend identified in table 2 to £0.705m prior to earmarking- (£1.836m after earmarking).

4.1.6 **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 November. Appendix 1b indicates a projected in year underspend of £0.357m for 2023/24.

4.1.7 **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>
CEX	1.858	1.858	1a – page 2
HOD	0.577	0.577	1d –page12
Total	2.435	2.435	

4.1.8 **Earmarking** - At this stage, the approved earmarking in Table 2 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 £7.442m for General Services. Appendix 2 provides detail of the amounts set aside from the accumulated sum together with the impact of the current year net year-end over-spend projections of £3.762m (after earmarking and including Council Tax income projections) outlined in

Table 2 at 4.1.3 above and any further in approved in year reserve commitments.

- 4.2.2 Table 4 below indicates that a year-end £4.862m uncommitted general services surplus is currently projected at 31 March 2024. This equates to 2.05 per cent of estimated planned spend (excluding HSCP). This is at 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 4 – 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)	(3.762)
In year approved general reserve commitments	(744)
Proposed draw from Inflation reserve (per para 4.1.5)	1.926
Projected accumulated surplus	4.862

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 £0.509m. 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 £0.556m 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 £0.214 is anticipated together with a projected combined capital reserve of £0.596m.

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 £4.862m is currently projected for General Services, excluding HSCP.
- 6.2 A £0.556m accumulated uncommitted surplus is projected for the Housing Revenue Account and a combined £0.214m 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

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *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 Priority 4 of the Council Plan: Efficient and effective enabling services.

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 inflation reserve drawdown in the financial ledger as requested in 4.1.5	15 December 2023	Head of Finance, ICT and Procurement
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	15 December 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: 22 November 2023

Budget Management Report to 30 September 2023 (Period 6)

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 17
1f	Miscellaneous Services Account	18 to 19
1g	Housing Revenue Account	20 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
200	Chief Executive & Support	447	446	1
	Finance and ICT Services:			
56	Head of Finance & ICT Services	(171)	(167)	(4)
896	Corporate Finance and Accounting	2,149	2,138	11
3,495	Revenues and Benefits	6,873	6,810	63
2,351	Information and Communication Technology	5,355	4,800	555
294	Procurement	788	788	0
7,092	Total Finance and ICT Services	14,994	14,369	625
	Regulatory Services			
56	Head of Regulatory Services	(54)	(56)	2
68	Civil Contingencies & Business Continuity	78	77	1
1,111	Democratic Governance Services	2,574	2,572	2
204	Insurance, Risk & Safety Management	580	581	(1)
289	Legal & Licensing Services	904	966	(62)
724	Trading Standards & Environmental Health	1,925	1,920	5
2,452	Total Regulatory Services	6,007	6,060	(53)
915	Human Resources	1,888	1,889	(1)
141	Internal Audit	352	352	0
10,800	Total Chief Executive's Office	23,688	23,116	572

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
8,238	Employee costs	20,051	20,055	(4)
139	Property costs	236	223	13
1,500	Supplies and services costs	2,247	1,840	407
32	Transport costs	111	85	26
218	Administrative costs	576	528	48
359	Third party payments	1,459	1,295	164
12,912	Transfer payments	26,921	25,063	1,858
4	Financing costs	12	15	(3)
23,402	Gross expenditure	51,613	49,104	2,509
(12,602)	Gross income	(27,924)	(25,987)	(1,937)
10,800	Net expenditure	23,689	23,117	572

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Finance and ICT Services
11	Corporate Finance and Accounting - projected full-year underspend of £0.011m within a variety of small spend areas cross the service.
63	Revenue & Benefits - Projected full year over recovery of income of £0.063m arising from the Scottish Water agency contract arrangement. A review of the Rent Rebate expenditure and DWP Subsidy Income budgets has been undertaken to determine the correct level of expenditure and income budget. Based on the latest spend and income projections, this review has determined that historical expenditure budgets are overstated by £1.858m. This is then compensated by an equivalent £1.858m overstated subsidy income budget. This underspend on expenditure and under recovery in income has a net nil effect therefore a budget transfer is requested (per Table 4 below) to remove the significant underspend and under recovery identified in Table 2.
555	ICT - projected full-year underspends of £0.326m on software maintenance contracts, £0.047m projected underspend on hardware maintenance contracts and £0.155m 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.
0	Procurement - As part of the 2023-24 budget setting process a £0.030m saving was agreed relating to the introduction of an early invoice repayment discount system. The introduction of this system has been delayed due to staff resourcing issues that will mean that the saving will not be achieved in 2023-24 (see Table 6 below). This shortfall is compensated by a projected over achievement of general contract rebate income received via national frameworks.
625	Total projected variance

Projected Variance favourable /(adverse) £'000	Regulatory Services
2	Democratic Governance Services Projected under recovery of income of £0.084m with Marriage Fees at £0.061m and Printing income of £0.034m. Projected underspend of £0.016m in relation to Training Courses with other Administrative underspends at £0.018m, various other Supplies & Services underspends amounting to £0.025m, Property Costs £0.012m and Transport Costs £0.010m.
(62)	Legal Services Projected under recovery of income of £0.062m based on actuals to date and full year 22/23
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.
(53)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
1	Revenue & Benefits - Transfer payments (Rent rebate public/private)		1,858
	Revenue & Benefits - Subsidy Income	1,858	
	Being the realignment of expenditure and income budgets based on current activity and anticipated spend levels for rent rebate and subsidy recovery from the DWP.		
Total		1,858	1,858

Table 5 - Earmarking Requests

Not applicable	
Total	
Comments: No earmarking requests were identified at period 6.	

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	30
Removal of vacant Web and Social Media Analyst post	28	0
Total	515	30
Comments:		

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 6 £'000
Payroll Management - Corporate target	610	373
Total	610	373
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		
14	Electoral Integrity Programme New Burdens Funding	Department for Levelling Up Housing Communities to fund additional burdens associated with GE 2024. (Received this year, to be c/f into next year)
14		
Comments: Additional amounts notified during the financial year, not included in the original budget.		

Social Care

Table 1 - Objective Analysis

Actual Expenditure to 30 September £'000	Service	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
	Community Care Services :			
22,604	Older People	54,964	55,023	(59)
1,905	Physical Disabilities	4,361	4,313	48
24,509	Total Community Care Services	59,325	59,336	(11)
9,638	Children's Services	23,557	21,914	1,643
(24)	Justice Services	33	33	0
9,614	Total Children and Justice Services	23,590	21,947	1,643
1,480	Learning Disabilities	25,633	25,775	(142)
1,887	Mental Health	4,577	4,282	295
827	Addiction	916	916	0
4,194	Total Mental Health Services	31,126	30,973	153
2,111	Directorate Services	4,751	4,799	(48)
552	Other Services	1,586	1,552	34
0	Vacancy management	(1,400)	0	(1,400)
2,663	Total Support Services	4,937	6,351	(1,414)
144	Integrated Care Fund/Delayed Discharges	408	417	(9)
0	Additonal Funding Repayment	0	0	0
177	Items Funded from Reserves	277	282	(5)
(5,097)	Interagency payments with Health	(20,387)	(20,387)	0
(31)	Covid-19 Costs	700	700	0
36,173	HSCP Sub-total	99,976	99,619	357
0	Scheme of Assistance/Aids and Adaptations etc	689	689	0
36,173	Final HSCP total	100,665	100,308	357

Earmarking requests	0
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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 30 September (Period 6).

The table above includes £4.465m of Earmarking and £0.546m of Funds Committed for Improvement .

Education Directorate

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
124	Directorate	(2,409)	(2,409)	0
(1,527)	Education - Early Years	10,748	10,748	0
22,917	Education - Learning and Teaching Primary	41,012	40,412	600
23,810	Education - Learning and Teaching Secondary	42,622	43,115	(493)
7,875	Education - Learning and Teaching Additional Support	16,671	16,880	(209)
11,868	Education Support Services	21,218	21,218	0
65,067	Total Education Directorate	129,862	129,964	(102)

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
52,537	Employee costs	109,306	109,153	153
15,389	Property costs	25,694	25,694	0
1,016	Supplies and services costs	1,632	1,632	0
2,261	Transport costs	4,701	4,956	(255)
1,139	Administrative costs	1,724	1,724	0
3,286	Third party payments	5,752	5,752	0
376	Transfer payments	405	405	0
0	Financing costs	0	0	0
76,004	Gross expenditure	149,214	149,316	(102)
(10,937)	Gross income	(19,352)	(19,352)	0
65,067	Net expenditure	129,862	129,964	(102)

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Education
(102)	<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. 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 £0.255m, primarily within ASN framework contracts.</p> <p>Access to Sanitary Products (Schools) - projected to be underspent by £0.033m in relation to the implementation of access to free sanitary products to students in schools, colleges and universities. This underspend is primarily due to the delay in the recruitment of a Development Worker post for a period of 23 months, who will co-ordinate activity in relation to free access to sanitary products and wider work to mitigate poverty.</p>
(102)	Total projected variance

Table 4 - Budget Transfer Requests

	DR	CR
N/A		
Total	0	0

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
Previously approved:-		
Pupil Equity Fund	Various/Employee Costs	1,131
Total		1,131
Comments: Detail included above.		

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 6 £'000	Remaining to be achieved £'000
Payroll Management - Corporate target	3,023	1,182	1,841
Total	3,023	1,182	1,841
Comments: Further analysis will be carried out and reported at Period 9, due to September school census, SG probationer allocations yet to be received from SG, current budget profiling issues within Oracle Fusion and the implications of the 2023 Best & Final Local Government pay award offer.			

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
48	Creative Scotland	Youth Music Initiative
9,904	Scottish Government - Specific Grant	Early Years Expansion
13	Scottish Government	Gaelic
9,965		
Comments: Additional amounts notified during the financial year, not included in original budget.		

Housing Operations & Development

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
5,001	Directorate	9,054	9,066	(12)
506	Directorate	555	641	(86)
4,495	Ayrshire Roads Alliance/SPT	8,499	8,425	74
7,947	Planning & Development	6,337	6,459	(122)
3,249	Asset Management and Community Asset Transfer	5,646	5,871	(225)
2,429	Planning and Building Standards	1,314	1,151	163
(8)	Professional Design Services	(623)	(563)	(60)
2,277	Special Property Projects	0	0	0
16,683	Housing & Operations	33,413	33,904	(491)
3,008	Facilities Management	11,315	12,047	(732)
2,582	Housing Services	3,131	3,226	(95)
9,108	Neighbourhood Services	18,854	18,518	336
1,985	Property Maintenance	113	113	0
29,631	Total Housing Operations & Development	48,804	49,429	(625)

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
16,166	Employee costs	36,941	37,000	(59)
4,523	Property costs	6,463	6,753	(290)
11,350	Supplies and services costs	15,401	16,052	(651)
3,416	Transport costs	5,056	5,262	(206)
88	Administrative costs	803	803	0
9,578	Third party payments	18,818	18,069	749
0	Transfer payments	0	0	0
0	Financing costs	90	50	40
45,121	Gross expenditure	83,572	83,989	(417)
(15,490)	Gross income	(34,768)	(34,560)	(208)
29,631	Net expenditure	48,804	49,429	(625)

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Directorate
(86)	Directorate - projected overspend of £0.086m as a result of ; Income - projected under-recovery of £0.086m in fees & charges as a result of the increased Corporate savings allocation being unachievable.
(86)	Total projected variance

Projected Variance favourable /(adverse) £'000	Ayrshire Roads Alliance/SPT
74	Ayrshire Roads Alliance/SPT - underspend of £0.074m mainly as a result of lower insurance premiums
74	Total projected variance

Projected Variance favourable /(adverse) £'000	Asset Management & Community Asset Transfer
(225)	<p>Asset Management & CAT - projected overspend of £0.225m as a result of;</p> <p>Employee costs - projected underspend of £0.140m as a result of current vacancies</p> <p>Property costs - projected overspend of £0.270m. This relates to an overspend of £0.300m 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. This is offset with a projected underspend of £0.030m within Health & Social Care properties.</p> <p>Income - projected under-achievement of £0.095m in relation to property rental income based on current levels of income .</p>
(225)	Total projected variance

Projected Variance favourable /(adverse) £'000	Planning & Building Standards
163	<p>Planning & Building Standards - projected underspend of £0.163m as a result of ;</p> <p>Employee costs - projected underspend of £0.089m due to current vacancies within Building Standards</p> <p>Supplies & Services costs - projected overspend of £0.174m 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>Income - projected over-recovery of £0.248m due to the fees in relation to the windfarm applications</p> <p>Members are requested to approve a Budget Transfer Request (BTR) to transfer the income over-recovery as a result of windfarm applications to fund the related consultancy costs (see Table 4 below)</p>
163	

Projected Variance favourable /(adverse) £'000	Professional Design Services
(60)	<p>Professional Design Services - projected overspend of £0.060m as a result of;</p> <p>Employee costs - projected underspend of £0.040m 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>
(60)	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
(732)	<p>Facilities Management - projected overspend of £0.732m as a result of;</p> <p>Employee costs - projected overspend of £0.450m. A projected overspend of £0.320m is in relation to the delay in implementing the approved savings from the introduction of zonal cleaning in schools . 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 medium term. In addition the service has a projected overspend in relation to catering services within Health & Social Care premises of £0.060m which requires agreement to be reached with both services on funding going forward and increased overtime costs of £0.070m in relation to covering lets agreed through Thriving Communities which also requires agreement to be reached on how this cost is to be met going forward</p> <p>Supplies & Services costs - projected underspend of £0.071m in food costs due to an overall reduction in the number of meals produced as outlined below</p> <p>Transport costs - projected overspend of £0.036m due to an increase in leased and hire vehicles required for management and supervisory staff to visit sites and deliver staff support</p> <p>Income - projected under-recovery of £0.317m in school meal income. There is a projected under-recovery of school meal income of £0.178m 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> <p>Members are requested to approve a Budget Transfer Request (BTR) to transfer the underspend in food costs to offset the under-recovery of school meal income (see Table 4 below)</p>
(732)	Total projected variance

Projected Variance favourable /(adverse) £'000	Housing Services
(95)	<p>Housing Services - projected overspend of £0.095m as a result of;</p> <p>Employee Costs - projected underspend of £0.010m due to current vacancies.</p> <p>Property Costs - projected overspend of £0.020m. This relates to increased responsive repairs costs (£0.040m), as a result of the increased demand for temporary homeless accommodation. This is offset by a projected underspend in unlets (£0.020m).</p> <p>Supplies & Services Costs - projected overspend of £0.110m. This relates to increased furniture costs (£0.050m) and removal and storage costs (£0.060m) 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 £0.041m. This is due to an overspend in relation to payments to service providers (£0.046m) as a result of a reduction in the Scottish Government funding. There is also a projected underspend of £0.005m in payments to other Council services.</p> <p>Income - projected over recovery of £0.066m. 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 (see Table 4 below) to transfer the income over-recovery of £0.066m to supplies & services costs to meet the related costs for the provision of temporary homeless accommodation</p>
(95)	Total projected variance

Projected Variance favourable /(adverse) £'000	Neighbourhood Services
336	<p>Neighbourhood Services - projected underspend of £0.336m as a result of;</p> <p>Employee costs - projected underspend of £0.112m as a result of current vacancies.</p> <p>Supplies & Services costs - projected overspend of £0.438m due to the increased cost of the following : street cleaning services (£0.120m), disposal charges for food waste (£0.060m), the cost of subcontractors for weedspraying and litter picking on roads and highways (£0.075m), protective clothing (£0.055m), software licences (£0.034m) and annual membership fees & subscriptions costs (£0.018m). In addition we have incurred the cost to purchase domestic bins for new housing developments (£0.076m) which will be recharged to developers (see income below)</p> <p>Transport costs - projected overspend of £0.170m mainly due to increased costs of tractor, tipper and hooklift hires (£0.105m), along with increased costs of repairs and maintenance (£0.040m) and fuel (£0.025m) for refuse vehicles as a result of price increases</p> <p>Third Party payments - projected underspend of £0.716m within waste recycling following both the acquisition of Heathfield Waste Recycling Centre and a reduction in tonnages following the introduction of a booking system at the civic amenity sites along with the negotiation of new waste disposal contracts (£0.511m) and also a reduction in internal grounds maintenance recharges (£0.205m)</p> <p>Financing costs - projected underspend of £0.040m due to a reduction in costs for the new cremators equipment maintenance contracts</p> <p>Income - projected over-recovery of £0.076m mainly due to the recharge of costs of domestic bins provided for new housing developments</p>
336	Total projected variance
Projected Variance favourable /(adverse) £'000	Property Maintenance
0	<p>Property Maintenance Service - projected online;</p> <p>The service is having difficulty with recruiting to vacant posts due to a shortage of skilled tradesmen and with other Councils paying higher wages. As a result the service requires to use a higher level of sub-contractors to meet the demand for repairs. This is compounded by the increased cost of materials and labour costs due to inflation that sub-contractors are charging. Members approved a Budget Transfer Request at Period 4 to transfer employee cost underspend to fund the supplies & services overspend in sub-contractor costs.</p> <p>Management are reviewing this position on a monthly basis to ensure that only essential and approved work is carried out to minimise the impact of higher costs on Council housing tenants</p>
0	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
1	Planning & Building Standards - Third party payments	174	
	Planning & Building Standards - Income		174
	Being transfer of over-recovery of windfarm application income to fund associated consultancy costs		
2	Facilities Management - Supplies & services		71
	Facilities Management - Income	71	
	Being transfer of the underspend in food costs to offset the under-recovery of school meal income		
3	Neighbourhood Services - supplies & services	40	
	Neighbourhood Services - property costs	70	
	Neighbourhood Services - transport costs	80	
	Neighbourhood Services - income		190
	Being the set-up of budgets for running costs and income streams for the operation of Heathfield Waste Recycling Centre		
4	Neighbourhood Services - supplies & services	76	
	Neighbourhood Services - income		76
	Being transfer of income budgets from the recharge of domestic bins for new housing developments to fund the associated costs to buy the bins		
5	Housing Services - supplies & services	66	
	Housing Services - income		66
	Being the transfer of the income over-recovery from temporary homeless accomodation to meet the increased asociated costs of furniture and		
Total		577	577
Comments:			

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
N/A		
Total		0
Comments:		

Table 6 - Efficiency Savings

Efficiency savings:	Targeted £'000	Anticipated shortfall £'000
Transforming the Estate Review - rationalise council assets and remove various property costs	200	0
Reduce the Central Repairs Account budget	300	300
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 operation	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
Total	1,909	845
Comments:		

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 6 £'000	Remaining to be achieved £'000
Payroll Management - Corporate target	1,203	550	653
Total	1,203	550	653

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 30 Sept £'000	Service	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
(820)	Directorate	757	367	390
	Communities			
(135)	Thriving Communities	6,162	6,212	(50)
733	Economy and Regeneration	1,943	2,030	(87)
4,099	Destination South Ayrshire	8,413	8,498	(85)
4,697	Total Communities	16,518	16,740	(222)
	Strategic Change			
845	Perf. Policy and Community Planning	1,419	1,585	(166)
1,217	Organisational Development & Customer Services	3,440	3,440	0
2,062	Total Strategic Change	4,859	5,025	(166)
5,939	Total Strategic Change & Communities Directorate	22,134	22,132	2

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2023/24 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
9,102	Employee costs	20,874	20,479	395
2,030	Property costs	2,632	2,632	0
2,154	Supplies and services costs	1,528	1,553	(25)
200	Transport costs	615	615	0
160	Administrative costs	625	791	(166)
643	Third party payments	3,107	3,107	0
4	Transfer payments	10	10	0
0	Financing costs	0	0	0
14,293	Gross expenditure	29,391	29,187	204
(8,354)	Gross income	(7,257)	(7,055)	(202)
5,939	Net expenditure	22,134	22,132	2

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Directorate
390	Service - projected over-recovery in payroll management target of £0.350m, primarily due delays in filling vacancies.
	Access to Sanitary Products (non-schools) - underspent by £0.040m in relation to the funding allocation of from Scottish Government. This underspend is primarily due to the delay in the recruitment of a Development Worker post a period of 23 months, who will co-ordinate activity in relation to free access to sanitary products and wider work to mitigate poverty.
390	Total projected variance

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>
(85)	Destination South Ayrshire - projected £0.202m shortfall in income, primarily due to approved increases to income targets (refer to Table 6 below).
	Maybole Leisure Club (Carrick Campus) - projected underspend within employee costs of £0.117m, due to employees not starting until November 2023. .
(222)	Total projected variance

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).
(166)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:	DR £'000	CR £'000
Total	0	0

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
Total		0
Comments: Detail included above.		

Table 6 - Efficiency Savings

	£'000	shortfall
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 review of the scheme	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 (2023/24 only)	5	0
Close building formerly used for Customer Services following co-locating in Thriving Communities building next door	13	0
Remove various Admin and Supplies & Services budgets in Economy and Regeneration	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 based on current programme of activity	120	62
Reduce various admin, supplies and services, property cost budgets across Thriving Communities teams	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	183
Total	1,568	461
Comments: Anticipated shortfalls in approved efficiencies have been included in the projections above.		

Table 7 - Payroll Management

Payroll Management:	Target £'000	Achieved at period 6 £'000	Remaining to be achieved £'000
Payroll Management - Corporate target	503	413	90
Total	503	413	90
Comments: Currently projected to be £0.350m over-recovered.			

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
27	Ayr College	ESOL Funding
4	ADP Contribution	Targeted Activities for Young People
1,534	Scottish Government	Homes for Ukraine
134	Scottish Government	Ukraine Refugee Support
100	Scottish Government	Ukraine Education
46	Scottish Government	Ukraine Temporary Accommodation
23	Scottish Enterprise	Modern Apprentice Grant
1,868		
Comments: Additional amounts notified during the financial year, not included in original budget.		

Miscellaneous Services

Table 1 - Objective Analysis

Actual Expenditure to 30 September '£000	Service	Full Year Budget 2022/23 '£000	Projected Full Year Actual to 31 March '£000	Year End Variance Fav / (Adv) '£000
3,669	Miscellaneous Services	13,225	15,453	(2,228)
3,669	Total Miscellaneous Services	13,225	15,453	(2,228)

Table 2 - Subjective Analysis

Actual Expenditure to 30 September '£000	Account	Full Year Budget 2022/23 '£000	Projected Full Year Actual to 31 March '£000	Year End Variance Fav / (Adv) '£000
0	Debt management charges	14,826	16,274	(1,448)
0	Investment income	(965)	(1,656)	691
0	Recharges to other services	(1,688)	(1,688)	0
430	Requisitions and other initiatives	859	859	0
0	Contributions to/ from Funds	(2,576)	(2,576)	0
440	Employee provision	706	706	0
(9)	Fees and subscriptions	452	452	0
2,761	Other payments	3,718	5,189	(1,471)
47	Covid-19 Costs	0	0	0
0	PPP flexibility adjustment	(2,077)	(2,077)	0
0	Pension Fund contribution - net revenue charge	0	0	0
3,669	Gross expenditure	13,256	15,484	(2,228)
0	Gross income	(31)	(31)	0
3,669	Net expenditure	13,225	15,453	(2,228)

Table 3 - Analysis of Significant Variances

Year End Variance Fav / (Adv) '£000	Miscellaneous Services
(1,448)	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 £1.448m 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.
691	Investment income - a full year projected over-recovery of £0.691m, again due to sustained increase in interest rates.
(1,471)	Other payments - A projected full year overspend of £1.471m is currently projected for General Services energy costs across Council services, which is being reported collectively within Miscellaneous Services. This includes a projected overspend of £1.169m for energy costs and electricity in particular. This area remains very challenging for all local authorities and the 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.
(2,228)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:	DR '£000

Total	0
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Table 5 - Earmarking Requests

Description	Service/ Account
Total	
Comments: No earmarking	

Table 6 - Efficiency Savings

Efficiency savings:	Targeted £'000	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 £'000
	0	0
Total	0	0
Comments: No payroll management target allocated		

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
0		
Comments:		

Housing Revenue Account

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
(2,628)	Housing Revenue Account	0	509	(509)
(2,628)		0	509	(509)

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2023/24 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
2,172	Employee costs	5,231	5,017	214
7,747	Property costs	12,824	14,901	(2,077)
163	Supplies and services costs	327	298	29
31	Transport costs	70	50	20
107	Administrative costs	1,339	1,037	302
104	Support services costs	1,801	1,761	40
0	Third party payments	29	17	12
53	Transfer payments	115	115	0
0	Financing costs	4,277	4,336	(59)
7,510	CFCR	7,510	7,510	0
17,887	Gross expenditure	33,523	35,042	(1,519)
(20,515)	Income	(33,523)	(34,533)	1,010
(2,628)	Net expenditure	0	509	(509)

Table 3 - Financial Variance Analysis

Projected Variance favourable /(adverse) £'000	Housing Revenue Account
214	Employee costs - projected underspend of £0.214m due to current vacancies.
(2,077)	Property Costs - projected overspend of £2.077m. This is mainly due to; Repairs costs are projected to overspend by £1.760m 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 £0.170m. There is also a projected overspend of £0.147 in gas & electricity costs due to price increases.
29	Supplies & Services - projected underspend of £0.029m. This is due to underspends in removal and storage costs (£0.010m), legal fees (£0.020m), ICT costs (£0.020m) and other small underspends totalling £0.009m. These underspends are offset with an overspend on furniture costs of £0.030m.
20	Transport Costs - projected underspend of £0.020m due to a reduction in travel
302	Administrative costs - projected underspend of £0.302m. There are underspends on Telecomms charges (£0.030m), photocopying stationery and printing (£0.030m), subscriptions (£0.010m), training (£0.030m) 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.

(59)	Financing costs - projected net overspend of £0.059m comprising: - Principal, Interest payments and expenses - projected overspend of £0.386m 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 - £0.327m over recovery as a result of the Loans Fund exceeding the originally estimated rate of interest on investments.
0	CFCR - projected online
1,010	Income - projected over recovery of £1.010m 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
(509)	Total projected variance
Comments:	

Table 4 - Accumulated Surplus

Accumulated Surplus	£'000	Amount £'000
HRA accumulated surplus as at 1 April 2023	3,278	
Current year projected surplus	(509)	
Minimum working balance	(2,000)	
Projected surplus for the year ended 31 March 2024		769
Current commitments:		
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		556
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

Rent Arrears	As at 31 Sept 2022	As at 31 Sept 2023	Movement
Current Tenants – Mainstream	1,422	1,393	-2%
Current Tenants – Homeless	48	36	-25%
Former Tenants – Mainstream	582	673	16%
Former Tenants – Homeless	298	371	24%
Total	2,350	2,473	5%
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.			

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
368	Ayr Common Good Fund	0	3	(3)
19	Prestwick Common Good Fund	0	(1)	1
0	Troon Common Good Fund	0	0	0
0	Maybole Common Good Fund	0	0	0
46	Girvan Common Good Fund	0	0	0
433		0	2	(2)

Table 3 - Financial Variance Analysis

Projected Full Year Variance favourable /(adverse) £'000	Common Good Fund
(3)	<p><u>Ayr Common Good Fund:</u> A full-year overspend of £0.003m is currently projected, primarily due to the impact of increased utility costs (£0.017m) for Common Good properties. This projected overspend is partly offset by smaller projected underspends for both grounds maintenance (£0.002m) and equipment (£0.002m), and a £0.010m projected over-recovery of income, due to additional interest income as a result of interest rate increases (£0.005m) and unbudgeted income (£0.005m). All property costs will continue to be closely monitored during the remainder of the financial year.</p>
1	<p><u>Prestwick Common Good Fund:</u> A favourable variance of £0.001m at the year-end is currently projected, due to additional interest income as a result of interest rate increases.</p>
(2)	Total projected variance

Table 4 - Accumulated Revenue Reserves

Common Good Fund	Reserves as at 31 March 2023 £'000	Reserves as at 30 Sept 2023 £'000	Projected Reserves as at 31 March 2024 £'000
Ayr Common Good Fund	(65)	(433)	(68)
Prestwick Common Good Fund	234	215	235
Troon Common Good Fund	36	36	36
Maybole Common Good Fund	2	2	2
Girvan Common Good Fund	9	(37)	9
Total	216	(217)	214

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 30 Sept 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 30 September 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)	(2.631)	
Period 4 approved earmarking requests	(1.131)	(3.762)
ii) In year approved general reserve commitments		
Station Hotel encapsulation and traffic management costs		(0.744)
Total in year surplus/(deficit)		2.936
iii) Drawdown from Inflation reserve (subject to Cabinet approval)		1.926
Projected uncommitted reserves at 31 March 2024		4.862

**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 30 September 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

