

South Ayrshire Council

**Report by Chief Financial Officer
to Cabinet
of 25 November 2025**

**Subject: Budget Management – Revenue Budgetary Control
2025/26 – Position at 30 September 2025**

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 2025/26 as at 30 September 2025.

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 below;**
- 2.1.2 approves the budget transfers as outlined in the Directorate financial performance reports at Appendix 1 and summarised in 4.1.7 below;**
- 2.1.3 approves the requested earmarking of resources to be carried forward to 2026/27 as summarised in 4.1.8;**
- 2.1.4 notes the projected General Services in year under-spend of £1.806m after earmarking and a projected uncommitted general reserve balance of £9.958m;**
- 2.1.5 notes the revised HSCP projected overspend of £1.587m following the IJB's recent approval of an in-year recovery plan; and**
- 2.1.6 approves the request to utilise £0.800m of the projected HRA underspend to fund increased capital spend on void properties as detailed in 4.3.2.**

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 (*page 20*); and

3.1.3 Common Good Funds - Appendix 1h (page 22).

3.2 Members approved the Council's revenue budget for 2025/26 on 27 February 2025, with total planned expenditure of £375.871m. The approved 2025/26 budget included Aggregate External Finance (AEF) due from Scottish Government of £302.363m net Council tax income of £73.508m resulting in total planned income of £375.871m.

3.3 Directorate planned spending has been adjusted to incorporate several further adjustments which required to be actioned since the Period 3 Budget Monitoring Report presented to Cabinet in August:

3.3.1 additional notifications of £0.068m of No One Left Behind funding from the Scottish Government'

3.3.2 draws from the Contingency fund actioned through delegated powers of £0.038m; and

3.3.3 other budget transfers between Directorates actioned in line with Financial Regulations rules on budget transfers.

3.4 Table 1 below summarises the revised 2025/26 General Services budget at 30 September 2025 inclusive of the budget adjustments outlined in 3.3 above.

Table 1 – Budget movement

<i>Directorate/ Account</i>	<i>Period 3 Budget £m</i>	<i>Budget adjustment (per 3.3) £m</i>	<i>Revised Period 6 Budget £m</i>
CEX	21.792	0.108	21.900
Communities and Transformation	23.062	0.216	23.278
Education	151.052	(0.208)	150.844
Housing, Operations and Development	46.497	0.022	46.519
HSC	105.490	(0.016)	105.474
Misc. Services Account	26.397	(0.015)	26.382
Total Expenditure	374.290	0.106	374.396
General Revenue Grant	(248.301)	(0.068)	(248.369)
NDR1	(49.811)	-	(49.811)
Council Tax	(73.508)	-	(73.508)
Use of earmarked reserves brought forward from 2024/25 to support 2025/26 expenditure commitments	(2.670)	(0.038)	(2.708)
Total Income	(374.290)	(0.106)	(374.396)
Net Expenditure	-	-	-

- 3.5 In relation to the Health and Social Care Partnership (HSCP). Table 1 above shows the adjusted 2025/26 budget delegated from the Council to be overseen by the Integration Joint Board (IJB). Appendix 1e provides an overview statement of the current financial budget and projected out-turn position for the Council element for 2025/26.
- 3.6 As outlined in the final Annual Accounts 2024/25, the audited General Services reserves at 31 March 2025 was £23.270m and of this, £18.466m was set aside or earmarked for specific purposes, leaving an uncommitted balance of £4.804m. Excluding HSCP, which holds its own reserves. This equated to 1.79% of future planned expenditure at that time.
- 3.7 As part of the 2025/26 revenue budget the Council agreed to contribute £3.928m in 2025/26 to uncommitted reserves which would increase the balance shown in 3.6, ensuring that the Council achieves the 2 to 4 per cent required by Council policy for uncommitted general reserves.
- 3.8 Members approved the Housing Revenue Account budget for 2025/26 on 6 March 2025, with total planned expenditure of £38.770m being met from rents and other income. Since the approval of the 2025/26 budget various budget transfers have been actioned in accordance with Financial Regulations resulting a revised total planned spend of £38.768m. The audited Housing Revenue Account surplus at 31 March 2025 was £4.464m.
- 3.9 Members approved the Common Good revenue and capital budgets for 2025/26 on 27 February 2025. The combined audited Common Good revenue surplus as at 31 March 2025 for all Common Good Funds was £0.436m.
- 3.10 Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes now feature in the Budget Management Report to this Cabinet.
- 3.11 The approved Council budget includes pay uplifts for Council employees of 3% for 2025/26, however final confirmation of an uplift of 4% has been received for SNJC and Craft workers bargaining groups which is 1% greater than budgeted. Discussions with SNCT unions are still ongoing at present. Initial estimates indicate that for every 1% increase in the pay uplift for all staff groups, above the current budgeted amount, will equate to a £2.1m increase in cost (inclusive of HSCP uplifts and assuming that Teaching unions reach the same 4% uplift agreement as others for 2025/26).
- 3.12 The Scottish Government has identified additional funding of £79m to be allocated to Councils to help offset this additional cost. South Ayrshire Council's share of this funding is estimated to be circa £1.659m leaving an unbudgeted shortfall of circa £0.450m. Of the anticipated allocation of £1.659m, £0.345m is due to be allocated to HSCP as a pro-rata share of the funding to partially meet the expected increased cost within the partnership.

4./

4. Detail

4.1 Overview of Directorate/ Accounts' position as at 30 September 2025

4.1.1 Appendix 1a to f to this report provides financial performance information in the form of a report for each Directorate/ account for the period to 30 September 2025.

4.1.2 Table 2 below provides a summarised position on a Directorate/ account basis and indicates an overall projected under-spend for the year (excluding HSCP) of £1.806m after requested earmarking of £0.145m.

Table 2 – Projected under/(over) spend

<i>Directorate/ Account</i>	<i>Projected under/ (over) spend £m (i)</i>	<i>Estimated Pay funding allocation £m (ii)</i>	<i>Earmarking approved/ requested £m (iii)</i>	<i>Revised Projected under/ (over) spend £m (iv)</i>
Chief Executive	0.491	0.124	-	0.615
Communities and Transformation	0.890	0.170	(0.050)	1.010
Education	(1.832)	0.681	(0.055)	(1.206)
Housing, Operations and Development	0.375	0.339	(0.040)	0.674
Miscellaneous Services Account	0.113	-	-	0.113
Total Net (expenditure)/surplus	0.037	1.314	(0.145)	1.206
Council Tax income (see 4.1.4 below)	0.600	-	-	0.600
Net in year projected surplus/(deficit)	0.637	1.314	(0.145)	1.806

4.1.3 **Pay uplifts** – As noted in 3.11 agreement has been reached with the majority of trade unions for a 4% uplift in pay in 2025/26. This additional cost has been included in the actual projected out-turn for all directorates in Table 2 col (i) above, however the anticipated funding from the Scottish Government has not yet been received therefore it has been shown as a separate column in Table 2 col (ii) based on a pro-rata allocation to each directorate, pending it's confirmation.

4.1.4 **Council Tax Income** – A review of the current collection rates and number of properties indicates they are on target to exceed income expectations by £0.600m at this stage. This is primarily due to an increase in the number of chargeable properties than originally estimated, but also due to a slightly improved collection rate compared to previous years.

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 November. Appendix 1e indicates a projected in year overspend of £1.587m for

2025/26. This is a significant reduction from the £5.286m overspend projected in June 2025, following the agreement of a recovery plan in order to address the projected overspend. The expectation is that the recovery plan together with continued ongoing work to reduce and minimise costs will address the remaining overspend. An update will be provided in future Budget Management Reports regarding this matter.

4.1.6 **Common Good (Council Impact)** – As noted in 3.10 above, Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025. The financial implications of the new arrangements have now been calculated and factored in to the Council Service out-turn information shown in appendix 1. The net additional cost to the Council for the six-month period to 1 April 2026 is shown in table 3 below.

Table 3 – Net Impact on Services

<i>Directorate</i>	<i>Service</i>	<i>£m</i>
Housing, Operations and Development	Asset Management (Increased NDR, Utility costs etc)	0.225
	Neighbourhood Services (Increased GM income)	(0.058)
Communities & Transformation	Sports, Leisure & Golf (reduced rental pymt)	(0.015)
	Destination South Ayrshire (reduced rental pymt)	(0.008)
	Customer Services (reduced rental pymt)	(0.009)
Total net additional cost to the Council		0.135

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 4 below (by Directorate).

Table 4 – Budget Transfers

<i>Directorate/ Account</i>	<i>Dr £m</i>	<i>Cr £m</i>	<i>Appendix ref:</i>
Communities & Transformation	0.325	0.325	1b –page 7
Education	0.120	0.120	1c –page 11
HOD	1.281	1.281	1d –page15
Total	1.726	1.726	

4.1.8 **Earmarking** – Members are asked to consider and approve the new earmarking request to be carried forward to 2026/27 for each Directorate as outlined in Appendix 1a to 1e summarised in total in table 5 below (by Directorate).

Table 5 – Period 6 Earmarking

<i>Directorate/Account</i>	<i>Previously approved £m</i>	<i>New Period 6 request £m</i>	<i>Total £m</i>	<i>Appendix ref:</i>
Communities & Transformation	0.050	-	0.050	1b – page 7
Education	-	0.055	0.055	1c – page 11
HOD	-	0.040	0.040	1d – page 15
Total	0.050	0.095	0.145	

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

4.2.1 The audited 2024/25 Annual Accounts showed an accumulated surplus at 31 March 2025 of £23.270m and of this, £18.466m was set aside or earmarked for specific purposes leaving an uncommitted balance of £4.804m for General Services. Appendix 2 provides detail of the amounts set aside from the accumulated sum together with the impact agreed movements and of the current year directorate net year-end under-spend projections of £1.806m (after earmarking) outlined in Table 2 at 4.1.2 above.

4.2.2 Table 6 below indicates that a year-end £9.958m uncommitted general services balance is currently projected at 31 March 2026. This equates to 3.66 per cent of estimated planned spend (excluding HSCP). This is within the 2 to 4 per cent required by Council policy for uncommitted general reserves.

Table 6 – General Services accumulated uncommitted reserves

	£m
Audited opening reserves	23.270
Commitments (per Appendix 2)	(18.466)
Uncommitted surplus brought forward from 2024/25	4.804
In year contribution (per Feb Council budget agreement)	3.928
New agreed commitments (see Appendix 2)	(0.580)
Period 6 Directorate 2025/26 projections (per table 2 above)	1.806
Projected accumulated uncommitted reserve	9.958

4.2.3 Table 6 above shows a significant improvement in the overall uncommitted reserves in recent months which is a key requisite in measuring the overall financial sustainability of the council moving forward. This improved position also addresses the concerns regarding the low level of uncommitted reserves raised by Audit Scotland as part of their 2024/25 Annual Audit Report presented to the Audit and Governance Panel in September 2025. As a minimum this improved position should be maintained at this level with limited further future draws from reserves being approved. Continued good progress and improvements in the in-

year directorate projected position may have a positive effect on the use of uncommitted reserves in future budget strategies.

4.3 **Housing Revenue Account Balance**

4.3.1 **Summary of Current Financial Position** – as outlined in Appendix 1e the current projected 'in year' underspend as at 31 March 2026 is £1.929m.

4.3.2 Within Appendix 1e, Members are requested to commit £0.800m of the projected underspend in property costs (£1.494m) to fund increased capital spend on void properties in the current financial year. If approved, when added to previously agreed commitments of £1.563m, increases the overall committed sum to £2.363m, and would result in an overall revised projected uncommitted surplus of £2.030m for the HRA, as shown in Table 4 of appendix 1e.

4.4 **Common Good Funds**

4.4.1 **Summary of Current Financial Position** – the current projected accumulated revenue surplus for each individual fund, inclusive of the impact of the revised arrangement, is outlined in Appendix 1h. Overall, at 31 March 2026, a combined projected accumulated revenue surplus of £0.420m is anticipated together with a projected combined capital reserve of £0.192m.

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 £9.958m is currently projected for General Services, excluding HSCP.

6.2 A £2.030m accumulated uncommitted surplus is projected for the Housing Revenue Account and a combined £0.420m 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./

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

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 Priority1 of the Council Plan: Efficient and effective enabling services.

13. **Link to Shaping Our Future Council** Yes No

13.1 Not applicable.

14. Results of Consultation

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

14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

15. Next Steps for Decision Tracking

15.1 If the recommendations above are approved by Members, the Chief Financial Officer 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 4.1.7	14 December 2025	Chief Financial Officer

Background Papers **Report to Cabinet of 26 August 2025 - [Budget Management – Revenue Budgetary Control 2025/26 – Position at 30 June 2025](#)**

Report to South Ayrshire Council of 14 May 2025 - [Common Good Funds: Finance, Governance and Property Review](#)

Person to Contact **Tim Baulk, Chief Financial Officer
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612612
E-mail tim.baulk@south-ayrshire.gov.uk**

Date: 12 November 2025

Budget Management Report to 30 September 2025 (Period 6)

Appendix 1

Ref.	Directorate/ Account	Pages
1a	Chief Executive's Strategic Office	1 to 4
1b	Communities and Transformation	5 to 8
1c	Education	9 to 11
1d	Housing, Operations and Development	12 to 16
1e	Health & Social Care	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 Office

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2025/26 £'000	Projected FY Actual to 31 March £'000	Projected FY Variance Favourable /(Adverse) £'000
264	Chief Executive & Support	445	464	(19)
1,267	Corporate Strategy, Policy & Performance	3,386	3,386	0
	Finance and Procurement Services:			
60	Chief Financial Officer	131	131	0
947	Corporate Finance and Accounting	2,214	2,174	40
3,228	Revenues and Benefits	5,658	5,608	50
352	Strategic Procurement	774	764	10
4,587	Total Finance and Procurement Services	8,777	8,677	100
	Regulatory Services:			
60	Head of Regulatory Services	133	133	0
81	Civil Contingencies & Business Continuity	83	55	28
1,380	Democratic Governance Services	2,583	2,488	95
236	Insurance, Risk & Safety Management	603	524	79
344	Legal & Licensing Services	970	924	46
849	Trading Standards & Environmental Health	1,816	1,774	42
2,950	Total Regulatory Services	6,188	5,898	290
1,404	Human Resources & Payroll	2,758	2,663	95
137	Performance Appraisal & Audit	346	321	25
10,609	Total Chief Executive's Office	21,900	21,409	491

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2025/26 £'000	Projected FY Actual to 31 March £'000	Projected FY Variance Favourable /(Adverse) £'000
7,741	Employee costs	17,383	16,931	452
(20)	Property costs	330	321	9
781	Supplies and services costs	815	808	7
54	Transport costs	104	85	19
269	Administrative costs	732	792	(60)
2,246	Third party payments	4,900	4,845	55
10,385	Transfer payments	25,948	25,948	0
8	Financing costs	12	12	0
21,464	Gross expenditure	50,224	49,742	482
(10,855)	Gross income	(28,324)	(28,333)	9
10,609	Net expenditure	21,900	21,409	491

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Chief Executive & Support
(19)	Chief Executive & Support - projected overspend of £0.019m as a result of ; Employee Costs - projected underspend of £0.033m due to the current level of vacancies. Supplies & Services Costs - projected overspend of £0.052m mainly due to legal fees incurred.
(19)	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Corporate Strategy, Policy & Performance
0	Corporate Strategy, Policy & Performance - projected online
0	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Finance and Procurement Services
0	Chief Financial Officer - projected online.
40	Corporate Finance - projected underspend of £0.040m as a result of current vacancies
50	Revenues & Benefits - projected underspend of £0.050m as a result of; Employee Costs - projected underspend of £0.046m due to the current level of vacancies. Administrative Costs - projected overspend of £0.070m as a result of increased postage costs. Income - projected over recovery of income of £0.074m mainly due to the introduction of the Corporate Appointee Fee Scheme.
10	Strategic Procurement - projected underspend of £0.010m as a result of; Employee Costs - projected overspend of £0.010m mainly due to maternity cover costs. Administrative Costs - projected underspend of £0.010m mainly related to reduced printing costs. Income - projected over recovery of income of £0.010m for charges for work done for other Council services.
100	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Regulatory Services
28	<p>Civil Contingencies - projected underspend of £0.028m as a result of: Employee Costs - projected underspend of £0.044m as a result of current vacancies. Income - projected under recovery of £0.016m due to a reduction in the work carried out for external agencies.</p>
95	<p>Democratic & Governance Services - projected underspend of £0.095m as a result of; Employee Costs - projected underspend of £0.054m due to current vacancies. Property Costs - projected underspend of £0.009m across various small budget lines. Supplies & Services Costs - projected underspend of £0.052m mainly due to an underspend in general election costs (£0.035m) and reduced Safeguarders fees (£0.010m). Transport Costs - projected underspend of £0.014m due to less vehicle hire, fuel and mileage. Administrative Costs - projected underspend of £0.005m across various small budget lines Third Party Payments - projected underspend of £0.010m due to reduced payments to other local authorities. Income - projected under recovery of income of £0.049m, mainly due to marriage fee income target levels being higher than achievable.</p>
79	<p>Risk & Safety Management - projected underspend of £0.079m as a result of: Employee Costs - projected underspend of £0.069m as a result of current vacancies. Administrative Costs - projected underspend of £0.014m on risk reduction initiatives. Income - projected under recovery of £0.004m due to a reduction in commission.</p>
46	<p>Legal Services - projected underspend of £0.046m as a result of; Employee Costs - projected underspend of £0.063m due to the current level of vacancies. Income - projected under recovery of income of £0.017m, due to Licencing fee and recharge of Court fees income target levels being higher than achievable.</p>
42	<p>Trading Standards & Environmental Health - projected underspend of £0.042m; Employee Costs - projected underspend of £0.010m due to the current level of vacancies. Supplies & Services Costs - projected underspend of £0.005m across various small budget lines. Transport Costs - projected underspend of £0.005m due to less private vehicle hire, fuel and mileage. Income - projected over recovery of £0.022m due to additional income from Food Standards Scotland.</p>
290	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Human Resources & Payroll
95	<p>Human Resources & Payroll - projected underspend of £0.095m; Employee Costs - projected underspend of £0.070m due to the current level of vacancies. Administrative Costs - projected overspend of £0.020m mainly due to increased costs of Disclosure checks. Third Party Payments - projected underspend of £0.045m due to savings on the new Occupational Health contract.</p>
95	Total projected variance

Projected FY Variance favourable / (adverse) £'000	Performance Appraisal & Audit
25	Performance, Appraisal & Audit - projected underspend of £0.025m as a result of current vacancies.
25	Total projected variance

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
<u>New requests:</u>		
Total		0

Table 6 - Efficiency Savings

Efficiency savings:	Target £'000	Anticipated shortfall £'000
Corporate Accounting - recover fees from externally funded projects	25	0
Corporate Procurement - increase contract rebate income target	40	0
Corporate Procurement - introduce supplier early payment discount scheme	15	0
Corporate Procurement - reduce various Supplies & services costs budget	3	0
Employee Services – Increase employee benefits income target	35	0
Revenues & Benefits – Increase Scottish Water contribution grant income target to reflect increased grant	53	0
Trading Standards & Environmental Health – review and increase fees by 5%	5	0
Corporate Strategy, Policy & Performance – Structure review	86	0
Total	262	0
Comments:		

Table 7 - Payroll Management

Payroll Management:	Target £'000	Achieved at period 6 £'000
Payroll Management - Corporate Target	637	291
Total	637	291
Comments: The payroll management target is projected to be achieved in full.		

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
1,118	Scottish Government	HEEPS
1,118		
Comments:		

Communities & Transformation Directorate

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2025/26 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
205	Directorate	297	97	200
	Communities			
1,482	Thriving Communities	5,755	5,097	658
2,224	Sport, Leisure and Golf	4,877	4,862	15
2,299	Destination South Ayrshire	4,677	4,669	8
6,005	Total Communities	15,309	14,628	681
	Transformation			
2,556	ICT Strategy & Delivery	4,807	4,657	150
1,139	Customer Services & Public Affairs	2,432	2,373	59
334	Transformation	433	633	(200)
4,029	Total Transformation	7,672	7,663	9
10,239	Total Communities & Transformation	23,278	22,388	890

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2025/26 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
10,699	Employee costs	23,065	22,865	200
2,768	Property costs	3,458	3,426	32
3,119	Supplies and services costs	4,013	3,988	25
903	Transport costs	765	765	0
248	Administrative costs	292	292	0
1,108	Third party payments	1,548	1,748	(200)
4	Transfer payments	10	10	0
0	Financing costs	0	0	0
18,849	Gross expenditure	33,151	33,094	57
(8,610)	Gross income	(9,873)	(10,706)	833
10,239	Net expenditure	23,278	22,388	890

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Directorate
200	<p>Service - projected over-recovery in payroll management target of £0.200m, due to the net impact of:</p> <ul style="list-style-type: none"> - delays in filling vacancies, vacancy freeze and utilisation of external funding £0.420m - the difference between the budgeted 25/26 pay award of 3% and the approved 4% pay award for Local Government employees (£0.220m).

Projected FY Variance favourable /(adverse) £'000	Communities
150	Thriving Communities (Employability & Skills) - currently projected to be £0.150m underspent. This relates to core funding set aside to enhance external funding including NOLB & UKSPF, which is not anticipated to be required during 2025/26.
508	<p>Thriving Communities (Thriving Economy) - projected to be £0.508m underspent, which relates to:</p> <p>West of Scotland Loans Fund (WOSLF) released surplus funds of £0.320m to the Council in 2017/18 where it was agreed to utilise the funding on the Councils Ambition programme. These funds were expended by the service over a number of years through extension to the programme with the additional expenditure being recorded in the appropriate years. However the income received has remained held unreleased in the Balance Sheet. This was identified during a recent review of the Balance Sheet and given that the spend has already occurred in prior years it is appropriate to release the full amount of income from the balance sheet to revenue and include within the projected underspend.</p> <p>European Regional Development Fund (ERDF) - the final grant claim (Dec 2023) has now been settled, after audits by the Managing Authority team at Scottish Government operating the ERDF programme, SG Internal Audit Committee and a further audit by ERDF (Article 127 Audit). The final claim for SAC expenditure was £0.512m, however a prudent income accrual, dependant on the various audits, was made for approximately £0.253m. The final settlement is £0.442m, therefore receiving £0.188m more than accrued.</p> <p>Due to the nature of this income (£0.508m) i.e. fully utilised in prior financial years, the released income will be transferred to Miscellaneous Services for recording in future Budget Management Reports.</p>
15	Sport, Leisure & Golf (Sport and Leisure) - currently projected to be online for sports facility operations, despite the challenges of closures at both Prestwick and Troon facilities, for upgrades/refurbishments. In addition, Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes result in reduced costs for Sports, Leisure & Golf related to property rental charges levied by the Common Good on the Council of £0.015m for the six-month period to 1 April 2026.
0	<p>Sport, Leisure & Golf (Golf) - projected to be online, due to the net impact of the following projections:-</p> <ul style="list-style-type: none"> - Golf income is projected to be £0.325m over-recovered, primarily within golf memberships (£0.174m) and café/bar sales (£0.135m). - projected overspend in both employee costs of £0.200m and bar/food purchases (£125m). This is primarily due to budgets being set prior to the opening of cafe/bar/Stables and are not reflective of accurate expenditure/income levels. <p>Members are requested to approve the permanent budget transfer requests (refer to Table 4 below) to realign golf budgets.</p>
8	Destination South Ayrshire - Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes result in reduced costs for Destination South Ayrshire related to property rental charges levied by the Common Good on the Council of £0.008m for the six-month period to 1 April 2026.
681	Total projected variance

Projected FY Variance favourable / (adverse) £'000	Transformation
150	ICT Strategy & Delivery - currently projected to be £0.150m underspent in relation to ICT software maintenance contracts.
59	Customer Services & Public Affairs - IAAH (COVID Recovery Project) - projected underspend of £0.059m. ELT have previously approved to utilise this underspend to extend 1fte temp level 8 Senior Advisor Post for 23 months from March 2024 and 1fte 23 month level 5 advisor post with immediate effect, however due to the challenge in filling short term contracts (12 month), these contracts will now continue into 2026/27. Members are requested to approve the earmarking of this underspend, to fund these contracts in 2026/27 (refer to Table 5 below). Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes result in reduced costs for Customer Services related to property rental charges levied by the Common Good on the Council of £0.009m for the six-month period to 1 April 2026.
(200)	Transformation - projected overspend of £0.200m due to short term unachievable savings target from 2023/24. This target relates to the overall Council Transformation programme and not specifically the Transformation team itself. The target will be considered for allocation as part of the overall Council transformation programme as projects are approved and savings identified.
9	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
1	Golf - employee costs	200	
	Golf - supplies and services	125	
	Golf - income		325
	<i>Realign Golf budgets to reflect a more accurate expenditure/income trends.</i>		
Total		325	325

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
ELT 546 (04/03/24) - IAAH extend contracts	OD/Employee Costs	50
Total		50
Comments: Details included above.		

Table 6 - Efficiency Savings

Efficiency savings:	Target £'000	Anticipated shortfall £'000
Sport, Leisure & Golf - increase golf season ticket price by £5 per annum	35	0
Sport, Leisure & Golf - increase golf adult green fees by £2 per round	15	0
Sport, Leisure & Golf - increase monthly Learn2 membership by £1 per month	35	0
Sport, Leisure & Golf - targeted price increase for the usage of 3G pitches - £2/hr increase	6	0
Thriving Communities - reduce employability supplies & services budget	5	0
Thriving Communities - reduce 'School as Hub' budget	10	0
Economy & Regeneration - reduce transport and administration budgets	3	0
Transformation - restructure transformation PMO (delete vacant posts)	45	0
ICT Operations - reduction in ICT contracts	20	0
ICT Operations - reduce leased line rentals	12	0
Total	186	0

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	579	366	213
Total	579	366	213
Comments: Currently projected to be £0.200m over-recovered.			

Table 8 - Grant Income

New Grants Received:		
Amount		
261	Scottish Government	No-one Left Behind (NOLB)
2,044	Scottish Government	UK Shared Prosperity Fund (UKSPF)
30	Scottish Government	Thriving Communities Programme
109	Scottish Government	Active Travel Bike Hub
10	Scottish Government	Paths for All
47	Ayr College	ESOL
2	Scottish Library Information Centre	One Small Thing
1	South Ayrshire Ageing Well Development Fu	Ageing Well Development Fund
1	Scottish Book Trust	Book Week Scotland
10	Poppy Scotland	Armed Forces Day
10	NHS Ayrshire and Arran	Weight Management Programme
5	Macmillan Cancer Support	Cancer Support
15	Creative Scotland	Arts & Culture - Exploring Partnership Working
2,545		
Comments: Additional amounts notified during the financial year, not included in original budget.		

Education Directorate

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2025/26 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
158	Directorate	(3,134)	(1,553)	(1,581)
8,588	Education - Early Years	20,618	20,618	0
50,135	Education - Learning and Teaching Schools	93,314	93,572	(258)
8,912	Education - Learning and Teaching Additional Support	19,064	18,975	89
12,423	Education Support Services	20,982	21,064	(82)
80,216	Total Education Directorate	150,844	152,676	(1,832)

Table 2 - Subjective Analysis

Actual Expenditure to 30 Sept £'000	Account	Full Year Budget 2025/26 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
56,735	Employee costs	117,323	118,774	(1,451)
16,726	Property costs	27,669	27,751	(82)
840	Supplies and services costs	2,163	2,163	0
2,406	Transport costs	5,195	5,494	(299)
1,050	Administrative costs	1,081	1,081	0
3,250	Third party payments	7,508	7,628	(120)
361	Transfer payments	405	405	0
81,368	Gross expenditure	161,344	163,296	(1,952)
(1,152)	Gross income	(10,500)	(10,620)	120
80,216	Net expenditure	150,844	152,676	(1,832)

Table 3 - Analysis of Significant Variances

Projected FY Variance favourable /(adverse) £'000	Directorate
(1,581)	Payroll Management Target - currently projected to be £1.581m under-achieved. due to:- - the budget agreement between Local Government and Scottish Government (Dec 2024), to restore teacher numbers to 2023 levels (refer to Teaching Staff below) - £0.700m. - the difference between the budgeted 25/26 pay award of 3% and the approved 4% pay award for Local Government employees (£0.296m) and an estimated 4% pay award for Teaching staff (£0.585 - Aug 25), which has yet to be negotiated.
(1,581)	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Education - Early Years
0	<p>Payments to Private Partner Nurseries - projected overspend of £0.120m, due the increase in living wage and the number of children attending private nurseries.</p> <p>Income - currently projected to be £0.120m over-recovered, relating to the income received from parents purchasing additional hours, outwith the core 1140.</p> <p>Members are requested to approve the temporary budget transfer request to utilise the over-recovery in income, to offset the projected overspend in payments to private partner nurseries (refer to Table 4 below).</p>
0	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Education - Schools
(258)	<p>Teaching Staff - Agreement between Local Government and SG to restore teacher numbers to 2023 levels (1172). However, after discussions between SAC and SG, teacher numbers 25/26 have been agreed at 1150, being the 1172, reduced by the agreed exceptional circumstances of:-</p> <ul style="list-style-type: none"> - surplus unallocated probationers at the SG's request in 2023 (19fte) - a temporary increase in teaching capacity in place in 2023 in order to address a short-term issue, for example Ukrainian refugee support (2.9fte). <p>The September census is now complete and allocation of probationers confirmed and a projected overspend of £0.700m is included within the under-achievement of payroll turnover. This projection may decrease if/when any temporary teachers outwith the Devolved School Management Allocations are vacated, as these posts will not be filled.</p> <p>Pupil Equity Funding - currently projected to be online. PEF is provided on a financial year basis but used across an academic year by schools (August 2025 - August 2026) and has permissible carry forward. SG reviewed 2023/24 funding in order to utilise £0.900m of the carry forward funding to manage pay pressures in 2023-24 and have committed that there will be an additional payment in 2026/27 when the programme ends (in theory). This should ensure that funding continues to be available at currently planned levels going forward with no detriment to schools.</p> <p>Maintstream Pupil Transport - currently projected to be overspent by £0.258m, based on recent Quarter information received from Strathclyde Passenger Transport (SPT).</p>
(258)	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Education - Additional Support for Learning
89	<p>Whole Family Wellbeing Fund - projected to be underspent by £0.130m in relation to WFWF to support the development of holistic whole family support services. This is primarily due to a delay in filling posts. Members are requested to approve earmarking of £0.055m of this underspend to fund both internal and external contracts during 2026/27 (refer to Table 5 below).</p> <p>ASN Framework Pupil Transport - currently projected to be overspent by £0.041m, based on new 25/26 academic year contracts.</p>
89	Total projected variance

Projected FY Variance favourable /(adverse) £'000	Education - Support Services
(82)	<i>PPP</i> - currently projected to be £0.082m overspent, due to the budgeted RPI (391.8) being lower than the actual RPI (394 Feb 2025).
(82)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
1	Early years - Payments to Agencies	120	
	Early years - Income		120
	<i>Utilise the over-recovery in income to offset the projected overspend in payments to private partner nurseries.</i>		
Total		120	120

Table 5 - Earmarking Requests

Earmarking requests:	Objective/ Subjective	Amount £'000
Whole Family Wellbeing fund	WFWF/Employee costs	55
Total		55
Comments: Detail included above.		

Table 6 - Efficiency Savings

Efficiency savings:	Target £'000	Anticipated shortfall £'000
Redesign of Early Years Provision (Full year impact £300k)	185	0
Review Early Learning Team (Full year impact 25-26)	154	0
Total	339	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	3,278	1,424	1,854
Introduce Teacher Turnover Target - approved 2024-25	500	0	500
Total	3,778	1,424	2,354
Comments: Teachers turnover previously met through school roll reductions, however due maintaining teacher numbers to a SG agreed number these savings will not be met 2025-26.			

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
321	Scottish Government	Scottish Milk & Healthy Snack Scheme
8	Scottish Government	Education Maintenance Allowance (EMA)
14	Inspiring Scotland	Bright Spark Breakfast Fund
39	Ayrshire Chamber of Commerce	Developing Young Workforce
4	ERA Foundation	Promoting Engineering in Schools
386		

Comments:

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

Housing Operations & Development

Table 1 - Objective Analysis

Actual Expenditure to 30 September £'000	Service	Full Year Budget 2025/26 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
5,066	Directorate	9,807	9,784	23
222	Directorate	429	407	22
4,844	Ayrshire Roads Alliance/SPT	9,378	9,377	1
4,199	Planning & Development	6,566	6,624	(58)
3,128	Asset Management and Community Asset Transfer	5,836	6,131	(295)
400	Planning and Building Standards	1,237	1,070	167
407	Professional Design Services	(567)	(637)	70
264	Special Property Projects	60	60	0
18,665	Housing & Operations	30,146	29,736	410
5,774	Facilities Management	13,405	13,311	94
(2,260)	Housing Services	1,329	1,075	254
8,311	Neighbourhood Services	15,444	15,327	117
6,840	Property Maintenance	(32)	23	(55)
27,930	Total Housing Operations & Development	46,519	46,144	375

Table 2 - Subjective Analysis

Actual Expenditure to 30 September £'000	Account	Full Year Budget 2025/26 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
17,853	Employee costs	40,540	39,345	1,195
4,032	Property costs	7,149	7,358	(209)
6,162	Supplies and services costs	11,993	12,301	(308)
4,307	Transport costs	6,953	6,751	202
243	Administrative costs	470	428	42
8,436	Third party payments	17,180	17,615	(435)
41,042	Gross expenditure	84,285	83,798	487
(13,112)	Gross income	(37,766)	(37,654)	(112)
27,930	Net expenditure	46,519	46,144	375

Table 3 - Analysis of Significant Variances

Projected Variance favourable /(adverse) £'000	Directorate
22	Directorate - projected underspend of £0.022m as a result of, Employee Costs - projected underspend of £0.008m Administration costs - projected underspend of £0.014m across small budget lines
22	Total projected variance

Projected Variance favourable /(adverse) £'000	Ayrshire Roads Alliance/SPT
1	<p>Ayrshire Roads Alliance - projected underspend of £0.001m ;</p> <p>Strategic Delivery - projected overspend of £0.183m. This is mainly due to staffing costs, increased transport costs and a shortfall in expected income.</p> <p>Local Delivery - projected underspend of £0.184m. This variance mainly reflects vacancies within Roads Maintenance (£0.191m), along with additional income in relation to parking charges (£0.163m), Street Lighting (£0.093m) and design fees (£0.071m). Reduced expenditure is anticipated on maintenance materials (£0.225m), and fuel (£0.052m). This is partly offset by additional expenditure on sub-contractors (£0.234m), employee recharges in respect of cross boundary working (£0.081m), property costs (£0.065m), street lighting electricity (£0.062m), winter materials (£0.040m), computing (£0.035m) and the maintenance of parking / EV charging machines (£0.048m)</p>
1	Total projected variance
Projected Variance favourable /(adverse) £'000	Asset Management & Community Asset Transfer
(295)	<p>Asset Management - projected overspend of £0.295m ;</p> <p>Property costs - projected overspend of £0.332m. This is mainly due to the delay in delivering the proposed office rationalisation saving (£0.200m), an overspend of £0.030m in utilities costs incurred at the Arran Mall, and an overspend of £0.037m in service and repair costs of Public Conveniences. These overspends are partly offset by underspends in reduced repair and maintenance costs in Health & Social Care occupied buildings (£0.020m), as well as a projected underspend of £0.140m in rent, rates and utilities for McCalls Avenue, as these costs are now shared with other Council services.</p> <p>In addition, Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes result in additional costs for Asset Management of £0.225m for the six-month period to 1 April 2026 in respect of NDR, Utilities and Repairs & Maintenance cost relating to the newly introduced Full Repairing and Insurance lease arrangements</p> <p>Supplies & Services costs - projected overspend of £0.040m mainly related to consultancy and equipment costs.</p> <p>Transport costs - projected overspend of £0.010m due to increased vehicle costs.</p> <p>Income - projected over recovery of £0.087m in rental income from Industrial units and other general properties based on current demand.</p>
(295)	Total projected variance
Projected Variance favourable /(adverse) £'000	Planning & Building Standards
167	<p>Planning & Building Standards - projected underspend of £0.167m as a result of;</p> <p>Employee costs - projected underspend of £0.373m as a result of current vacancies. There is a hold on recruitment in place until the service redesign is complete</p> <p>Supplies & Services costs - projected overspend of £0.161m in consultancy costs. This relates to the ongoing legal and specialist experts costs in relation to Planning Application reviews. This is a fluid position and is unbudgeted due to the unknown time and cost that this review will ultimately incur</p> <p>Income - projected under-recovery of £0.045m in planning application fees due to a downturn in the first half of this year</p> <p>Members are requested to approve earmarking of £0.040m of the service underspend (see Table 5 below) for carry forward to 2026/27 to fund the ongoing transport assessment costs which are required as part of LDP2</p>
167	Total projected variance

Projected Variance favourable /(adverse) £'000	Professional Design Services
70	Professional Design Services - projected underspend of £0.070m as a result of current vacancies.
70	Total projected variance

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

Projected Variance favourable /(adverse) £'000	Facilities Management
94	<p>Facilities Management - projected underspend of £0.094m as a result of;</p> <p>Employee Costs - projected underspend of £0.372m due to current vacancies.</p> <p>Property Costs - projected underspend £0.115m as a result of new contracts in place for cleaning & domestic supplies (£0.077m) along with a reduction in the use of external contract cleaning (£0.038m)</p> <p>Supplies & Services Costs - projected overspend of £0.201m due to increased costs of food and catering sundries</p> <p>Income - projected under-recovery of £0.192m as a result of the reduced meal sales due to the impact of the ongoing rollout of Primary free school meals (£0.092m) along with a decrease in the uptake of staff school meals (£0.025m) and special catering income from functions and events (£0.075m)</p>
94	Total projected variance

Projected Variance favourable /(adverse) £'000	Housing Services
254	<p>Housing Services - projected underspend of £0.254m as a result of;</p> <p>Employee Costs - projected underspend of £0.159m due to current vacancies.</p> <p>Property Costs - projected overspend of £0.029m. This relates to an overspend in unlets as a result of the increased demand for temporary homeless accommodation.</p> <p>Supplies & Services Costs - projected underspend of £0.054m. This relates to furniture costs (£0.020m) and removal and storage costs (£0.034m) in homeless properties where a budget transfer was actioned at period 3 to meet potential increased costs.</p> <p>Income - projected over recovery of £0.070m. 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>
254	Total projected variance

Projected Variance favourable /(adverse) £'000	Neighbourhood Services
117	<p>Neighbourhood Services - projected underspend of £0.059m as a result of;</p> <p>Employee costs - projected underspend of £0.213m as a result of current vacancies</p> <p>Transport costs - projected underspend of £0.202m due to increased lead times for supply of replacement vehicles</p> <p>Administration costs - projected underspend of £0.028m across small budget lines</p> <p>Third Party payments - projected overspend of £0.436m in relation to overspends in waste disposal costs (£0.340m) as new contracts are negotiated for the different waste streams and resurfacing pathworks at Rozelle pond due to health & safety issues (£0.060m)</p> <p>Income - projected over-recovery of £0.110m as a result of increased Garden Waste permit income (£0.262m), an increase in recharge of works to ARA (£0.273m) offset by reduced DEFRA funding for the EPR for Packaging scheme (£0.317m) and an under-recovery in commercial waste income (£0.166m). In addition, Members considered and approved proposed changes to the management of Common Good Funds at the Council meeting of 14 May 2025, with the resultant changes due to be implemented from 1 October 2025. The impact of these changes result in additional income for Neighbourhood related to increased grounds maintenance charges to the Common Good of £0.058m for the six-month period to 1 April 2026.</p>
117	Total projected variance

Projected Variance favourable /(adverse) £'000	Property Maintenance
(55)	<p>Property Maintenance Service - projected overspend of £0.055m as a result of ;</p> <p>Employee costs - projected underspend of £0.950m as a result of vacancies across the service</p> <p>Transport costs - projected overspend of £0.331m due to increase costs for replacement vehicle fleet.</p> <p>Income - projected under recovery of £0.619m as a result of reduced level of jobs and a £0.055m under recovery as a result of the delay in implementing the Transformation project in relation to delivering a factoring service to private property owners.</p> <p>Members are requested to approve both temporary and permanent Budget Transfers (see Table 4 below) to realign budgets more closely to current operational requirements.</p>
(55)	Total projected variance

Table 4 - Budget Transfer Requests

Budget Transfer Requests:		DR £'000	CR £'000
1	Property Maintenance - Employee Costs		950
	Property Maintenance - Income	950	
	<i>Being temporary realignment of budgets to reflect current activity</i>		
2	Property Maintenance - Transport Costs	331	
	Property Maintenance - Income		331
	<i>Being permanent realignment of budgets to reflect current operational costs</i>		
Total		1,281	1,281

Table 5 - Earmarking Requests

	Objective/ Subjective	Amount £'000
Required to fully complete the road traffic assessment required as part of LDP2	Planning & Building Standards/Third party payments	40
Total Earmarking Requests		40

Table 6 - Efficiency Savings

Efficiency savings:		Targeted £'000	Anticipated shortfall £'000
ARA	Motorhome parking scheme	19	0
	Move from HVO back to diesel fuel for all ARA fleet	25	0
	Increase charges for permits/notices by 5%	6	0
	Increase harbour dues by 5%	3	0
	Apply charges to additional car parks	110	0
Asset Management	Asset Management and Community asset Transfer - Income generation delivered from licence fees from pop up sites	2	0
Neighbourhood Services	Increase charges for allotments by 30% for 2025-26; 15% for 2026-27 and 15% in 2027-28	2	0
	Increase Bereavement prices by 3% each year	21	0
	Increase commercial waste collection charges on certain waste streams	62	0
	Establish income target for sale of recycle	50	0
Property Maintenance	Property Maintenance - Private property maintenance and factoring Income generation delivered from new service	55	55
Planning & Building Standards	Introduce charge for forestry consultations (£200 per consultation)	4	0
	Introduce charge to developer for Street naming & numbering process	5	0
	Introduce charge for individual house naming (£250 each)	2	0
	Increase Pre application consultation fees in Planning to £3,000 for	10	0
	Increase all non-statutory fees by 3%	1	0
Total		377	55
Comments:			

Table 7 - Payroll Management

Payroll Management:	Targeted £'000	Achieved at period 6 £'000	Remaining to be achieved £'000
Payroll Management - Corporate target	1,268	634	634
Payroll Management - Directorate target	0	0	0
Total	1,268	634	634
It is anticipated that payroll turnover will be achieved in full.			

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant name/ body	Grant purpose
28	Keep Britain Tidy	Chewing Gum removal
28		
Comments:		
The above grants which have been received during the financial year were not part of the approved Directorate budget.		

Social Care

Table 1 - Objective Analysis

Actual Expenditure to 30 Sept £'000	Service	Full Year Budget 2025/26 £'000	Projected Full Year Actual to 31 March £'000	Projected FY Variance favourable /(adverse) £'000
	Community Care Services :			
29,623	Older People	61,914	63,126	(1,212)
2,522	Physical Disabilities	5,449	5,584	(135)
32,145	Total Community Care Services	67,363	68,710	(1,347)
10,305	Children's Services	24,680	22,951	1,728
(307)	Justice Services	(8)	(8)	0
9,999	Total Children and Justice Services	24,672	22,943	1,728
12,113	Learning Disabilities	27,681	29,039	(1,357)
2,302	Mental Health	5,175	5,545	(370)
706	Addiction	2,126	2,125	1
15,122	Total Mental Health Services	34,982	36,708	(1,726)
2,562	Directorate Services	7,442	7,159	284
0	Other Services	3	(19)	22
0	Vacancy management	(2,523)	(1,973)	(550)
2,563	Total Support Services	4,923	5,167	(244)
395	Integrated Care Fund/Delayed Discharges	531	529	2
(10,083)	Interagency payments with Health	(21,612)	(21,612)	0
50,139	HSCP Sub-total	110,859	112,445	(1,587)
110	Aids and Adaptations etc	833	833	0
50,249	Final HSCP total	111,692	113,278	(1,587)

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 2025/26 as at 30th September (Period 6).

The table above includes £5.039m transferred from reserves, leaving a balance of £4.579m, of which £3.982m is committed and earmarked to be used in future years. This leaves an uncommitted balance of £0.597m which will be used to support the overall IJB overspend.

The Period 6 projections are based on estimates and judgements on spend to date, review of contracts and review of care packages / residential placements, along with discussion with service managers. Period 6 will be presented to the IJB at the 12th of November 2025 meeting.

Miscellaneous Services

Table 1 - Objective Analysis

Actual Expenditure to 30 September £'000	Service	Full Year Budget 2025/26 £'000	Projected FY Actual to 31 March £'000	FY Variance Favourable /(Adverse) £'000
6,169	Miscellaneous Services	26,382	26,270	112
6,169	Total Miscellaneous Services	26,382	26,270	112

Table 2 - Subjective Analysis

Actual Expenditure to 30 September £'000	Account	Full Year Budget 2025/26 £'000	Projected FY Actual to 31 March £'000	FY Variance Favourable /(Adverse) £'000
0	Debt management charges	20,133	19,616	517
0	Investment income	(1,930)	(1,784)	(146)
0	Recharges to other services	(1,886)	(1,886)	0
462	Requisitions and other initiatives	937	923	13
373	Employee provision	788	746	42
130	Fees and subscriptions	489	544	(55)
4,007	Other payments	7,250	6,500	750
53	Covid-19 costs	0	19	(19)
789	Salary sacrifice schemes	553	459	94
8	Equal pay	0	0	0
360	Storm Eowyn costs	0	400	(400)
0	PPP flexibility/ IFRS 16 adjustments	(3,859)	(3,163)	(696)
0	Contribution to Reserves	3,928	3,928	0
6,181	Gross expenditure	26,403	26,304	99
(12)	Gross income	(21)	(34)	13
6,169	Net expenditure	26,382	26,270	112

Table 3 - Analysis of Significant Variances

FY Variance Favourable /(Adverse) £'000	Miscellaneous Services
517	Debt management charges: the overall budget for loan charges is £20.133m, comprising £6.408m for loan principal, £13.552m for interest costs and £0.173m for loans fund expenses. A full year underspend of £0.517m is currently projected due to lower than anticipated borrowing associated with the capital programme.
(146)	Investment income: the budget for investment income was set at of £1.930m based on an estimate of the average revenue balances held during the year at an assumed interest rate return of 4.00% on those balances. Investment income for the full year is currently projected to be £1.784m, a shortfall of £0.146m due to lower than anticipated revenue balances held by General Services.
750	Other payments: the projected net underspend of £0.750m comprised the following significant elements: - £0.573m projected underspend in energy costs across all Council services, reported corporately within Miscellaneous Services, in what continues to be a fluctuating energy price market; - £0.237m projected underspend on insurance costs (net of third party claims); - £0.153m projected underspend in unfunded pension cost payments to Strathclyde Pension Fund; and - partly offsetting those projected underspends, a projected £0.197m overspend on Non-Domestic Rates due to increases in the charge.

94	Salary sacrifice schemes: the projected full year underspend comprises both car leasing and Viv-up schemes, based on orders received less the cost of administering the schemes and allowing for the £0.185m savings target held in Human Resources.
(400)	Storm Eowyn costs: this comprises non-employee expenditure incurred during 2025/26 in the aftermath of Storm Eowyn in January 2025. This expenditure includes remedial work on Council properties including schools, some of which was scheduled to coincide with the school summer holiday and other work relating to tree maintenance and recovery which was delayed due to the high level of demand for such services in the immediate aftermath of the storm. A full year overspend of £0.400m is projected.
(696)	PPP flexibility/ IFRS 16 adjustments: following the initial implementation of the accounting standard <i>IFRS 16 Leases</i> in 2024/25, the revenue budget implications and initial anticipated benefit have been reassessed in the current year based on revised and updated information, resulting in an anticipated under-recovery of £0.696m.
112	Total projected full year variance

Table 4 - Budget Transfer Requests

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

Table 5 - Earmarking Requests

Description	Objective/ Subjective	Amount £'000
	Service/ Account	
Total		0
Comments: No earmarking requests identified for Miscellaneous Services.		

Table 6 - Efficiency Savings

Description	Target £'000	Shortfall £'000
Purchase of additional leave: target to be allocated across services	200	0
Additional AVCs: on-cost savings	48	0
Total	248	0
Comments: Savings targets are expected to be fully achieved during the year.		

Table 7 - Payroll Management

	£'000	£'000
	0	0
Total	0	0
Comments: No payroll management target allocated to Miscellaneous Services.		

Table 8 - Grant Income

New Grants Received:		
Amount £'000	Grant Name/ Body	Grant Purpose
0		
Comments: No new grant income received within Miscellaneous Services.		

Housing Revenue Account

Table 1 - Objective Analysis

Actual Expenditure to 30 September £'000	Service	Full Year Budget 2025/26 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
(12,403)	Housing Revenue Account	0	(1,929)	1,929
(12,403)		0	(1,929)	1,929

Table 2 - Subjective Analysis

Actual Expenditure to 30 September £'000	Service	Full Year Budget 2025/26 £'000	Projected Actual to 31 March £'000	Projected Variance favourable /(adverse) £'000
2,365	Employee costs	5,168	5,168	0
3,791	Property costs	16,990	15,496	1,494
239	Supplies and services costs	338	310	28
58	Transport costs	73	73	0
83	Administrative costs	2,306	1,943	363
28	Support services costs	1,899	1,899	0
9	Third party payments	33	20	13
98	Transfer payments	119	179	(60)
0	Financing costs	8,616	8,634	(18)
3,226	CFCR	3,226	3,226	0
9,897	Gross expenditure	38,768	36,948	1,820
(22,300)	Income	(38,768)	(38,877)	109
(12,403)	Net expenditure	0	(1,929)	1,929

Table 3 - Financial Variance Analysis

Projected Variance favourable /(adverse) £'000	Housing Revenue Account
0	Employee costs - projected online
1,494	Property Costs - projected underspend of £1.494m. This is mainly due to an underspend of £1.460m in the cost of repairs to council houses, where management action undertaken has reduced the use of sub contractors by increasing efficiency to keep an increased level of work "in house". There has also been additional income of £0.154m received from the Councils' insurance provider in relation to the claim made for storm damage in 2024 to cover costs incurred at that time. These underspends are partially offset with an increase in Unlets costs (£0.070m) and Decants (£0.050m).
28	Supplies & Services - projected underspend of £0.028m due to reductions in legal fees and removal & storage costs.
0	Transport Costs - projected online.
363	Administrative costs - projected underspend of £0.363m. This is due to projected underspends on telecoms charges (£0.031m), subscriptions (£0.010m) and training (£0.022m). There is also a projected underspend of £0.300m in bad debts based on the current level of arrears of council house rental income.
0	Support service costs - projected online.
(47)	Third Party Payments and Transfer Payments - projected overspend of £0.047m. This is due to a projected overspend of £0.060m on redecoration allowances, which is partly offset by a projected underspend of £0.013m on charges from other Council services.

(18)	Financing costs - projected net overspend of £0.018m comprising: - Principal, Interest payments and expenses - projected underspend of £0.058m on principal, interest and expenses, which relates to the timing of loan payments and interest rates of temporary loan debt. - Interest income on revenue balances - £0.076m under recovery as a result of the Loans Fund not meeting the originally estimated rate of interest on investments.
0	CFCR - projected online.
109	Income - over recovery of £0.109m. This is due to a projected over recovery in rental income related to the impact of new builds coming into stock and available for renting.
1,929	Total projected variance
Comments:	

Table 4 - Accumulated Surplus

Accumulated Surplus	Amount £'000	Amount £'000
HRA accumulated surplus as at 1 April 2025	4,464	
Current year projected surplus	1,929	
Minimum working balance	(2,000)	
Projected surplus available for spend for the year ended 31 March 2026		4,393
Current commitments:		
Capital:		
Reduce the number of unlet properties		(500)
Potential overspend on capital works to void properties		(800)
Revenue:		
Transformation within Housing - support costs. Also to fund and support a project team to progress the implementation of a Housing Asset Management System which is an audit requirement. Implementation period is expected to be 18 -24 months.		(344)
Costs associated with Home Loss Payments at Riverside High Flats and provision for Disturbance Allowance approved by Leadership Panel 26 November 2019		(169)
Fund Insurance policy excess costs (The uninsured excess level has increased from £1,000 to £50,000 per claim under the new policy conditions).		(500)
Rain Water Harvesting Systems - Funding for initial inspection, service and any remedial works following commission of the RWH system, before cyclical maintenance regime is established.		(50)
Total current commitments		(2,363)
Projected uncommitted surplus as at 31 March 2026		2,030
Comments:		

Table 5 - Rent Arrears

Rent Arrears	As at 30 September 2024	As at 30 September 2025	Movement
Current Tenants – Mainstream	1,363	1,395	2%
Former Tenants – Mainstream	713	644	-10%
Total	2,076	2,039	-2%
Comments:			
Historically, the Council has performed well in the areas of rent arrears management and the collection of rental income. From the 2023/24 benchmarking information, the Council was the best performing local authority in terms of overall arrears at 4.63% of the rent due for the 2023/24 reporting year. Rent arrears is an area of focused activity with a dedicated team managing rent accounts and progressing necessary recovery actions, while supporting tenants in arrears. Officers are continuing to make contact and engage with tenants to provide ongoing advice and support to those households who are experiencing hardship. As an alternative to using legal action for recovery, every effort is being made to secure repayment arrangements and actively apply for Alternative Payment Arrangements (APA's) for housing costs to be paid direct to the Council from the Department of Works and Pensions for households in receipt of Universal Credit. 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 30 September £'000	Common Good Fund	Full Year Net Budget 2025/26 £'000	Projected FY Actual to 31 March £'000	Projected FY Variance Favourable /(Adverse) £'000
165	Ayr Common Good Fund	0	4	(4)
14	Prestwick Common Good Fund	0	13	(13)
0	Troon Common Good Fund	0	(1)	1
0	Maybole Common Good Fund	0	0	0
42	Girvan Common Good Fund	0	0	0
221		0	16	(16)

Table 3 - Financial Variance Analysis

Projected FY Variance Favourable /(Adverse) £'000	Common Good Fund
(4)	<p><u>Ayr Common Good Fund:</u> A unfavourable net variance of £0.004m at the year-end is currently projected, analysed as follows:</p> <ul style="list-style-type: none"> - a projected income under-recovery of £0.034m; comprising £0.040m in reduced rental income arising from the approved changes to management arrangements between the Common Good Funds and the Council from 1 October 2025; partly offset by an over-recovery of £0.005m due to additional interest income as a result of higher than anticipated interest rates. - a projected underspend of £0.030m on insurance costs due to the approved changes to management arrangements. - the projected impact on property costs is expected to be nil in the current year, with underspends in repairs and maintenance, utilities and energy costs from 1 October 2025 expected to be offset by an overspend on grounds maintenance costs.
(13)	<p><u>Prestwick Common Good Fund:</u> An overspend of £0.013m at the year-end is currently projected, due to the impact of updated grounds maintenance charges from the Council during the second half of the financial year, as part of the approved changes to management arrangements between the Common Good Funds and the Council.</p>
1	<p><u>Troon 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 higher than anticipated interest rates.</p>
(16)	Total projected variance

Table 4 - Accumulated Revenue Reserves

Common Good Fund	Reserves as at 1 April 2025 £'000	Reserves as at 30 September 2025 £'000	Projected Reserves as at 31 March 2026 £'000
Ayr Common Good Fund	135	(31)	131
Prestwick Common Good Fund	251	238	238
Troon Common Good Fund	39	39	40
Maybole Common Good Fund	2	2	2
Girvan Common Good Fund	9	(33)	9
Total	436	215	420
Comments:			
Following significant pressure in recent years on Common Good Funds property budgets, at the Council meeting in May Members approved changes to the management arrangements for Common Good Funds, including the nature of property lease agreements between the Council and the Common Good Funds. These changes are effective from 1 October 2025 and the financial impact for both parties is being established and reported during the second half of this financial year, ahead of 2026/27 budget considerations.			

Table 5 - Accumulated Capital Reserves

Common Good Fund	Reserves as at 1 April 2025 £'000	Reserves as at 30 September 2025 £'000	Projected Reserves as at 31 March 2026 £'000
Ayr Common Good Fund	147	(218)	157
Prestwick Common Good Fund	35	35	35
Total	182	(183)	192
Comments:			
Ayr Common Good Fund's capital reserve will receive a contribution from the Council in respect of reinstatement work on fire-damaged property in Ayr High Street.			

**Summary of Current General Services Reserves Position
as at 30 September 2025**

	<i>£m</i>	<i>£m</i>
1) Accumulated reserves brought forward from 2024/25		23.270
Funds set aside for specific purposes:		
Affordable Homes Fund	1.723	
Transformation Fund	5.135	
Workforce Change Fund	5.449	
Ash Tree Die back	0.233	
Ayrshire Growth Deal PMO	0.039	
Civil Contingency (3 Ayrshire reserve commitment)	0.124	
Community Halls Fund	0.500	
Financial Inclusion	0.704	
PPP Reserve commitment to 2026/27 budget	2.000	
General Service earmarking brought forward	2.559	18.466
Uncommitted reserves brought forward as at 31 March 2025		4.804
2) Movement in 2025/26		
i) Approved contribution to uncommitted reserve		3.928
ii) Cabinet/Council approved in year draws:		
Cabinet of 28 May 2025 – Social Care Support	(0.151)	
Council of 26 June 2025 - Ayr Show (maximum commitment)	(0.590)	
Cabinet of 23 August - Ayr Show sponsorship income (reduces June commitment)	0.161	(0.580)
iii) Directorate budget projections:		
Service projections (including SG pay funding)		1.806
Projected uncommitted reserves at 31 March 2026		9.958