PROJECTED FINANCIAL POSITION FOR THE YEAR 2023/24

Contents

MANAGEMENT COMMENTARY

This is the first reporting point in the year for the Council's finances, following approval of the budgets in March 2023. The full year budgets reflected in the table below differ from those set by Council in March 2023 for a number of reasons. This is normal practice during the year as virements are identified and budget responsibilities change.

The General Fund, Housing Revenue Account and Common Good are all forecast to deliver in line with budgets set for 2023/24, but this will not be without continued effort and action.

In common with previous years there are pressures on the organisation that emerge during the year and this year the Council continues to be impacted by the longer-term effects of the Covid pandemic, such as customer and citizen behaviours resulting in lower than expected income streams in some services. As reported to the Committee in June 2022, supply chain volatility [RES/22/131] is significant and continues to be present, and inflation remains at high levels.

Last year financial turmoil was experienced as government borrowing costs rose steeply following the mini budget delivered by the Chancellor in September 2022. The financial support and tax-cutting initiatives announced were substantially reversed and the rates since then have continued to reduce, however, it is clear that future borrowing is costing the Council more and this, combined with the challenges inflation and supply chain issues will make future capital investment more expensive.

Demand continues to rise for our services, with attention being drawn to the population changes that are seen, rising school rolls, are on the back of increased numbers of families in the city, whether through the dispersal and resettlement schemes, welcoming those fleeing harm and seeking sanctuary, and through the University schemes to attract international students to the City, with their families.

At best there is a lag between rising population and funding, but with the core grant not increasing to take account of more demand or cost in the system then the redistribution of grant between local authorities means nobody receives what is needed to deliver the current level of services. Without the funding the alternative, as seen over the last many years, is to reduce the cost of services and it is clear from the decisions made for 2023/24 budget that the savings are reducing services. They are also limiting the service standards that we can deliver and if the pressure described in Appendix 1 for the first quarter continues as expected for the foreseeable future, then this position will only get more difficult.

There is an underlying commitment from Senior Management to pursue options to mitigate cost pressures and to work with the Chief Officer – Finance to ensure the overall agreed budget is adhered to, however this is increasingly difficult.

Appendix 1 provides the Income and Expenditure Statement and Balance Sheet of the Council as at 30 June 2023. The forecast for the year is built on the information that was available at this time.

For the full year, 2023/24, the General Fund is forecast to be on budget however it must be noted that there are further actions and processes being put in place to support managers to continue to reduce, stop or delay expenditure that they can, in the remainder of the financial year.

Payroll / Staff Costs:

As part of our 2023/24 budget it was recognised that our payroll bill needed to reduce. The levers to deliver this was mainly turnover and through our current Voluntary Severance and Early Retirement (VSER) policy. Importantly managers are supported to redesign services with a reduction of resources as well as looking at automation and process improvements to remove work.

To monitor this, an Establishment Control Board (ECB) oversees all recruitment and VSER requests and monitors the level of people leaving the council (turnover) and people newly joining the council (new starts). Through this monitoring it is evident that the turnover and new starts are almost balancing each other out meaning that we are not experiencing a reduction in our payroll costs. Furthermore, the number of staff seeking VSER, and subsequently being approved is less than was forecast or assumed in the budget.

To recover this position the Establishment Control Board is implementing key controls:

1. Robust Recruitment Freeze. This will mean that only essential posts are recruited to when a vacancy arises.
2. Agency Freeze. The use of agency workers should only be used for a short-term need, on average up to 13 weeks. The ECB will implement tighter controls where all agency requests must be supported by the relevant Chief Officer and then passed to the ECB for consideration. People and Organisational Development (P&OD) will also undertake a review of current agency to seek assurance that the council is only using agency for short term essential need.
3. Overtime Freeze. Overtime is currently approved at service manager level. Like 2. above, all future overtime requests will require the support of Chief Officer. Overtime requests should only be used for emergency-type need where the resource requirement is not planned. Again, P&OD will review current overtime usage and work with the business to ensure that it is being used effectively.

These 3 controls will be continually monitored for effectiveness and to ensure the payroll bill is reducing in line with our budget commitment. It is estimated that a net 200 to 250 resources, from a base of almost 8,000 employees, will not be replaced, to achieve the level of saving required.

<u>Essential Spend:</u>

The council has been operating in an environment of restricting discretionary spend for many months. This has been communicated to 'requisitioners' and 'approvers' at all levels within the organisation. Due to the continued uncertainty of the fiscal environment and the recognition of new service demand entering our system, further controls will be implemented to effectively manage non-essential spend and control additional spending resulting from unplanned demand.

Actions include more focused messaging to the business and a review of the approval process for on-line system ordering via our Pecos system. The Demand Management Control Board that reviews regular service level spend and our larger contract requests will robustly monitor the position, particularly regarding inflationary pressures.

To enable the Council to work towards achieving delivery of a balanced budget by 31 March 2024 the provisions are essential and necessary, in the face of the significance of the uncertainty arising from current known situational awareness and the many financial risks that exist.

General Fund

With reference to the table below, key areas of the budget that the Council is managing are as follows:

The high costs of gas and electric will affect all Council services to some degree. These forecasts are included in the table below.

It should also be noted that Council Services are feeling the impact of the increase in inflation on the costs of goods and services that they are purchasing.

As stated above, across the whole of the Council the planned reduction in the number of posts that are affordable is being managed through voluntary and natural turnover processes. The full value of the staff savings is forecast to be below budget at this time due to lower than expected turnover and fewer people leaving through the voluntary severance and early retirement schemes to date. The actions noted above aim to see change this.

Based on the forecasts for the year key highlights are as follow.

1. The main areas of pressure within Children's and Family Service are:

   - Higher than budgeted spend on Out of Authority Placements, spend has increased from previous years however this is mainly due to contract uplifts rather than the number of placements.
   - Looking at demand, the Public Health restrictions of the last few years, downturn in the local economy and increased costs being experienced by families, is impacting on the needs of children and families. There is a notable rise in vulnerability and need and this is increasing demand for more specialist services. As would be anticipated, there is a level of need apparent in those seeking sanctuary in the city.
   - It is exceptionally difficult to predict ongoing demand with any certainty. Hotels can be secured for asylum dispersal schemes at short notice with limited information about the age and stage of those being placed locally. Services continue to be proactive in their response.

   For Education the service is managing a substantial increase in children that have arrived in the city. This continues to be driven by two factors: - the post-Covid increase of international students from other countries to the two Universities, who are bringing their families with them, this is expected to continue through the forthcoming and future admission cycles, and secondly the number of children (and families) in the city seeking refuge from Ukraine.

   - Also, within Education there are increased contract costs and long-term absence spend will be over budget for 2023/24, this is being closely monitored.
   - Education is in the process of recruiting teachers in all areas for the new term starting in August at this stage it is not clear where the gaps if any will be.
   - There is a risk that Early Years will not achieve the budgeted savings for the reduction in the ELC setting as the results of the consultation will go to Education & Children Services on 21 November 2023.

2. The main areas of pressure within Resources are:

   - Commercial property trading account income has been revised to reflect current conditions, this will continue to be monitored closely and the Council may be affected by bad debt provisions at the year end. This includes the additional costs of energy for corporate facilities and, also the Energy Centre and AD Plant at The Events Complex Aberdeen, and related contracts.
   - Car Parking income was severely affected by the pandemic, and whilst it is now recovering it is not expected the budgeted income from parking permits will be achieved.
   - In Building Services there is a risk that the level of capital works will not increase with the focus being on void properties and response repair and maintenance, then the budgeted surplus may not be achieved this year.
   - Waste Disposal management fees are higher than budget largely due to annual contract increases.

3. The main areas of pressure within Customer are:

- There is a risk that the level of rental income from Homeless Flats will be lower than budget due to the levels of activity to the end of the quarter, this is offset by increased income levels for hostels.
- Temporary accommodation (hotels, and bed and breakfast) is experiencing a significant rise in demand due to the cost of living crisis and this is being exacerbated by less people moving into permanent accommodation.
- Digital and Technology are experiencing a cost pressure whilst transitioning to new contracts and increasing digital services. There is a risk that the automation budget savings may not be fully achieved this year as they are not fully aligned to the services to which they relate.

4. The main areas of pressure within Commissioning are:

- Governance is expecting an under recovery of licencing income.
- For commercial services the Beach Ballroom are now at 90% of their pre-covid trade and business growth continues at the Art Gallery with increasing venue hire activity the primary goal.
- It is expected that there will be an under recovery of income from planning & building applications due to current market conditions.

5. The main areas of pressure within Integrated Joint Board (IJB)/Adult Social Care are:

- Care providers' contracts are currently being negotiated. There is a risk that the commissioned services & direct client payment budgets might not be sufficient to cover any agreed contract uplifts.
- There is a risk that income from clients' care packages may not be received in full.
- There is a risk that the Scottish Government will claw back unspent covid reserves from IJBs.
- The numbers of direct payments to clients may rise, however there are signs that the total number of direct payments is beginning to stabilise.

6. Miscellaneous Services includes capital financing costs, the cost of repaying the borrowing received in the past for General Fund Capital Programme investment. Capital Financing Costs is the most significant budget within Miscellaneous Services and includes the impact of accounting for loans fund repayments on a prudent basis, approved by the Audit Risk and Scrutiny Committee in April 2019.

   As highlighted above, and in Appendix 1, the financial turmoil recently has only exacerbated the rising cost of borrowing, the cost of capital investment will rise from previous forecasts due to the current economic environment, with borrowing rates up at 2011 levels, very high inflation – above Government and Bank of England targets – and supply chain volatility.

   Misc Services now includes the saving of £6.7m against the capital financing budgets or principal and interest and is reflective of total borrowing costs and slower than expected capital expenditure.

   The bad debt provision has been updated to take account of latest data. This budget sits within Miscellaneous Services and is under regular review. The council reinstated income recovery processes in 2021 following deferral of action due to the pandemic and there has subsequently been a reduction in the level of debt.

7. The corporate saving for a reduced teaching workforce is captured in the "Corporate Budgets". The full value of the staff savings is forecast to be below budget at this time due specifically to the lack of vacancies in teaching posts, despite a regular turnover of posts.

   As last year, the risk of pay negotiations continues for 2023/24 with pay deals not yet finalised. The teaching unions agreed a two year pay deal for 2022/23 and 2023/24 that runs until 31 July 2024 so the costs for 2023/24 are now certain and additional funding is being provided by Scottish Government to meet the costs. However the remaining employee bargaining groups have not concluded and while a pay award was offered some months ago the Trade Unions are still consulting with their members, with recommendations to reject the current offer. That offer would cost local government 5.5% in 2023/24 (funded Local Government 3%, Scottish Government 2.5%) and is currently offering 5% increase from April 2023, with a further, variable, uplift from January 2024.

   While this offer is not accepted and until these negotiations are resolved there remains significant risk of potentially unfunded additional cost to the Council, with the consequential impact of additional financial burden arising in 2023/24 on a recurring basis. The Council would have to rely on its Balance Sheet and usable reserves if Contingencies are fully utilised during the year.

   The current offer for non-teaching staff creates an unfunded cost pressure of approximately £3.1m for 2024/25.

   Contingencies also holds the in-year revenue contingency for the General Fund and the forecast includes the use of that contingency in the remainder of the year. That does not stop future unplanned events taking place or from implications arising from the risk registers and, where identified, contingent liabilities becoming more certain (see Appendix 1). It means at this stage that the Council relies on the strength of its balance sheet to address future unknown costs.

8. Council Expenses include the budgets for all councillors' costs, including salaries and expenses. These are forecast to be on budget.

9. The Joint Boards budget and forecast outturn is based on the amount requisitioned by Grampian Valuation Joint Board. This is currently forecast be on budget.

10. The Non-Domestic Rates figure is set by the Scottish Government as part of its overall funding support package rather than the amount billed and receivable by the Council. The forecast amount receivable by the Council is in line with Government distribution information.

11. The General Revenue Grant is set by the Scottish Government as part of its funding support package for Local Government. This is regularly updated to account for the redeterminations that are allocated to Local Government after the approval of the Scottish Budget. Funding for these allocations is paid to Councils in March.

12. Council Tax income is forecast to be on budget for 2023/24 based on collection levels in 2022/23.

13. Use of Reserves. The Council approved in its 2023/24 budget that a sum of £9.072m will be used from Service Concession and other earmarked General Fund reserves to fund the budget.

Housing Revenue Account

14. The overall HRA budget is balanced however there are several areas of pressure. These are the potential increases in repairs and maintenance from the cost of materials, utilities,

and staff costs. The higher costs in these areas will be offset by a reduced contribution to Capital from Current Revenue (CFCR).

Earmarked Reserves

As at 1 April 2023 the Council held c.£92m of earmarked reserves across the General Fund and HRA and expenditure is estimated to be incurred over a period of years.

Expenditure in relation to the delivery of other specific projects, funded by the earmarked reserves is not included in the figures in the tables above, the expenditure being set against the finite reserves held at the start of the year. As an example, the Council expects to continue to incur expenditure from the Transformation Fund in 2023/24 progressing the digital programme of transformation.

The other significant earmarked reserves to draw attention to at this time are the Refugee Funding (£18.046m) to support the work and activities we deliver for through the dispersal and resettlement schemes; and the Joint Venture (ASV) Revaluation Surplus (£11.216m), which is not cash backed and reflects the increased value of the Council shares of the Sports Village following asset revaluation.

Also notable is the Second & Long-term Empty Properties (Affordable Housing) reserve (£10.733m), which is underpinned by legislation. Expenditure in 2023/24 will depend on the progress with a number of developments including Cloverhill, and the amount of Scottish Government funding and Section 75 income (developers' contributions) to be used as this funding is time limited, these funds support the delivery of additional social housing by the Council.

The earmarked Covid-19 Grants (£6.669m) are for areas such as Education recovery, income shortfall and General support to Council services. It is anticipated that much of this funding will be fully utilised to fund the employment of additional teachers, support staff within Education, support income shortfalls in such areas such as car parking and commercial properties, essentially using the general sums available to balance the budget should a deficit remain at the end of the financial year– and this is subject to action being taken to reduce, stop and delay expenditure in the second half of the year.

Balancing the Budget through Controls and Monitoring Structures

Drawing attention again to the points made in the introduction about Payroll/Staff Costs and Essential spend controls, specific actions that will continue, to manage spending and work towards reducing the operating deficit include:

- Further instruction to all budget holders to reduce, stop or delay expenditure wherever possible to reduce the outturn position.
- Ongoing review and analysis of the national dispersal and resettlement programmes on council budgets.
- Ongoing review and scrutiny of the out of authority placements for children by the Chief Officer – Integrated Children's Services.
- Specific work in relation to the Service Income policy to ensure full cost recovery is achieved from a range of services that the Council delivers, such as support services, housing services, accommodation and building services.
- Monitoring and management of council long-term debt in light of the agreed policy and capital spend forecasts for 2023/24.
- The voluntary severance / early retirement scheme is how the Council has incentivised workforce reductions. The scheme has been recently promoted to staff in order to further

reduce the ongoing cost of staff and to support the affordability of the Council's budget going forward. This is an expensive scheme, funding must be found and accounted for up front from revenue resources. For the last few years, it has been permitted, by Scottish Government Ministers, for Local Government to use Capital Receipts to fund this revenue cost. This scheme expired at 31 March 2023. With effect from 2023/24 this scheme will be financed by the Scottish Government's financial flexibility to amend service concession payments in their accounts. To maintain robust financial controls, and with such tight financial constraints on the funding of the scheme, consideration should be given to the parameters of the current scheme.
- Closure of small financial assistance grant scheme (honouring commitments already made).

To ensure tight controls are in place over expenditure, management have created the following control boards, through which requests to spend must be cleared:

The Demand Management Control Board captures the commissioning and procurement intentions for revenue expenditure as they arise and provides an environment for demand-based challenge – this is co-chaired by the Chief Officers for Early Intervention & Community Empowerment and Data & Insight.

Similarly, the Capital Board oversees the progress and emerging aspects of capital planning and delivery, but also connects to the asset elements of the revenue budget and capital financing requirements – this is chaired by the Chief Officer for Capital.

The Performance Board has oversight of the financial performance reporting, this is co-chaired by the Directors of Resources and Chief Officer – Data & Insight and brings together the emerging and escalated issues from overall Council performance and agrees actions.

Balancing the Budget through the monitoring and control of risks.

Risks are reviewed on a regular basis at a strategic level by the Risk Board on a monthly basis and at an operational level by Chief officers and their teams daily.

The emerging risks from demand and costs and the challenge to balance the budget should be having an impact on those operational risk registers and the corporate Management Team expect where appropriate that these risks are escalated to the Corporate Risk Register, along with the potential impacts and means of mitigation.

The spectrum of difficulty that has been described as widening signals that risks are going to change and that the likelihood and impact of those risk are going to rise. The Council should be expecting to see this and to be asked to take appropriate action to mitigate them as they are identified.

The main risks to the Council are now the cost of living crisis, the rise in the number of people in the city through resettlement and refugee schemes and studying in the city from abroad. Also, the high inflation level and extremely high increases experienced in the cost of energy supplies remain significant risks as these will continue to have a substantial impact on Council services.

It is predicted that the increased cost of supplies and services in the trades maybe a significant risk in areas such as Building Services and Roads.

Contingent Liabilities are noted to try and capture potential liabilities which could result in costs being incurred in the future. As part of the budget process, contingent liabilities are reviewed and described within the budget pack presented to Council. The Corporate Management Team continues to monitor the status of these. A review of the contingent liabilities, listed in Appendix 1, has not established any significant shift in certainty or in the Council's ability to quantify the financial exposure. On that basis there is no adjustment included in the forecasts for the year, they will continue to be reviewed quarterly and any change reported as appropriate.

Conclusion

Based on the information available, and set out in this report, the forecast for the overall position of the General Fund is a balanced budget, with key actions being put in place as described to reduce the payroll/staff costs across the Council and also the cost of our supplies and services during the remainder of this year. Any deficit that emerges later in the year, the Council will have to rely on unused contingencies and the availability of funding from the Balance Sheet in the form of earmarked reserves.

The Housing Revenue Account is also in a balanced position, and this is captured in the tables set out below.

General Fund Financial Reporting Summary 2023/2024 - Quarter 1

As at 30 June 2023	Budget 2023/2024	Outturn 2023/2024 Quarter 1	Variance from Budget		Notes
	£'000	£'000	£'000	%	
Children & Family Services	232,160	243,506	11,346	4.9	1
Resources	53,259	60,737	7,478	14.0	2
Customer	42,404	42,838	434	1.0	3
Commissioning	18,565	20,681	2,115	11.4	4
Integrated Joint Board	120,781	120,781	0	0.0	5
Total Functions Budget	**467,169**	**488,542**	**21,373**	**4.6**	
Miscellaneous Services	74,440	58,203	(16,237)	(21.8)	6
Contingencies	13,773	12,237	(1,536)	(11.2)	7
Council Expenses	1,559	1,559	(0)	(0.0)	8
Joint Boards	1,952	1,952	0	0.0	9
Total Corporate Budgets	**91,725**	**73,952**	**(17,773)**	**(19.4)**	
Non Domestic Rates	(257,797)	(257,797)	0	0.0	10
General Revenue Grant	(154,116)	(154,116)	0	0.0	11
Government Support	**(411,913)**	**(411,913)**	**0**	**0.0**	
Council Tax	(137,908)	(137,908)	0	0.0	12
Local Taxation	**(137,908)**	**(137,908)**	**0**	**0.0**	
Contribution from Reserves	(9,072)	(12,672)	(3,600)	39.7	13
Contribution from Reserves	**(9,072)**	**(12,672)**	**(3,600)**	**39.7**	
Deficit/(Surplus)	**0**	**(0)**	**(0)**	**0.0**	

Housing Revenue Account Summary 2023/2024 - Quarter 1

Deficit/(Surplus)	**(500)**	**(500)**	**0**	**(0)**	**14**

General Fund Capital Programme

As instructed by the report RES/24/148 – Council Financial Performance – Quarter 4 2022/23, at Finance and Resources committee on 17 May 2023, this update incorporates the outcomes of the completed financial year into the reprofiled programme for 2023/24 to 2026/27.

The Capital Programme also now includes additional projects following confirmation of funding awards from the Scottish Government:

- £0.256 million for the new Road Safety Improvement Fund;
- £0.270 million for continuing the Nature Restoration Fund into 2023/24;
- £0.270 million additional funding towards the implementation of the Low Emissions Zone;
- An increased Cycling Walking Safer Routes grant for 2023/24, now raised to £1.453 million;

	2023/24					
As at Period 3 2023/24	**Original Approved Budget £'000**	**Adjustments & Carry Forwards £'000**	**Revised Budget for Year £'000**	**Actual Expenditure for Year £'000**	**Forecast Outturn £'000**	**Outturn Variance from Revised Budget £'000**
AECC Programme Board	3,000	140	3,140	(28)	3,140	0
Asset Management Programme Board	60,470	19,424	79,894	5,960	74,254	(5,640)
Asset Management Programme Board Rolling Programmes	21,993	6,111	28,104	5,042	27,190	(914)
City Centre Programme Board	22,300	7,273	29,573	1,543	29,573	0
Energy & Climate Programme Board	30,107	17,817	47,924	1,985	24,507	(23,417)
Housing and Communities Programme Board	1,950	361	2,311	220	1,932	(379)
Housing and Communities Programme Board Rolling Programmes	600	154	754	245	754	0
Transportation Programme Board	11,296	10,486	21,782	1,635	19,646	(2,136)
Transportation Programme Board Rolling Programmes	1,000	335	1,335	270	1,335	0
Strategic Asset & Capital Plan Board	12,070	9,981	22,051	238	15,248	(6,803)
Strategic Asset & Capital Plan Board Rolling Programmes	5,500	(1,599)	3,901	505	3,901	0
Developer Obligation Projects & Asset Disposals	0	0	0	50	11	11
Total Expenditure	**170,286**	**70,483**	**240,769**	**17,665**	**201,491**	**(39,278)**
Capital Funding:						
Income for Specific Projects	(55,312)	(21,838)	(77,150)	(3,121)	(61,744)	15,406
Developer Contributions	0	0	0	(5)	(11)	(11)
Capital Grant	(25,614)	(270)	(25,884)	(5,824)	(25,884)	0
Other Income e.g. Borrowing	(89,360)	(48,375)	(137,735)	(5,853)	(113,852)	23,883
Total Income	**(170,286)**	**(70,483)**	**(240,769)**	**(14,803)**	**(201,491)**	**39,278**

Profiling of project budgets and forecasting of outturns remains challenging given the wide range of factors continuing to affect construction supply chains. Cost inflation over the last year has been the highest experienced in several decades and is only now beginning to show signs of reducing, but this is not yet being reflected in the pricing of contracts. As such the forecast outturns quoted above represent a point in time and there is a strong probability they will be subject to change as the financial year progresses and additional information becomes available.

As last year opportunities exist to review the overall programme for affordability as business cases for new project budgets approved in March continue to be developed and presented to Capital Board and Committee thereafter.

Further details of these factors were included in the report Supply Chain Volatility – RES/22/131 presented to the City Growth and Resources committee on 21 June 2022. Given the prevailing conditions and with a view to managing the capital programme with best value in mind, a more detailed report presenting the outcomes of a review conducted by the Chief Officer – Capital on projects included in the Capital Programme will be reported to this committee in September.

Expenditure for Quarter 1 2023/24 includes continued construction works related to the Energy from Waste (EfW) facility in East Tullos and associated Torry Heat Network. Expenditure was also incurred on progressing the New Schools programme, with significant expenditure on the new Greyhope School. Works are also progressing well on the new shared mortuary at Foresterhill, and the City Centre Masterplan has also continued to develop the designs for Union Street and the Beachfront.

The new Countesswells Primary opened in April, and the appointed contractor for the new Tillydrone Primary took possession of the site during May. The South College Street works progressed to the re-opening of some road lanes by the end of June.

Housing Capital Programme

Due to the pause of the two Housing Capital Council led new build projects spend on New Build is low, it is anticipated this will increase following the decision at Finance and Resources on 5 July 2023 to continue developing Kincorth and Craighill sites.

Prioritisation of work on voids is continuing the shifting of resources from capital to revenue works. This is resulting in lower than budgeted capital spend on lift maintenance, heating system replacement, kitchens and bathroom.

CFCR out-turn has been amended to reflect the pressures experienced by the revenue account, this is balanced by an increase in borrowing.

The assumption at Quarter 1 is that budgeted expenditure will be achieved in 2023/24, this will be updated following a review during Quarter 2.

Housing Capital Programmes	**Approved Budget**	**Expenditure to date**	**Forecast Expenditure**
As at 30 June 2023	**£'000**	**£'000**	**£'000**
Compliant with the tolerable standard	1,816	460	1,816
Free from Serious Disrepair	17,694	934	17,694
Energy Efficient	15,094	1,976	15,094
Modern Facilities & Services	15,268	1,207	15,268
Healthy, Safe and Secure	7,112	686	7,112
Non Scottish Housing Quality Standards			
Community Plan and Local Outcome Improvement Plan	9,648	1,417	9,648
Service Expenditure	7,544	1,887	7,544
2000 New Homes Programme	93,439	5,810	93,439
less 11% slippage	(8,600)		(8,600)
Net Programme	**159,015**	**14,377**	**159,015**

Capital Funding			
Borrowing	(127,078)	(15,736)	(130,117)
Other Income - Grants Affordable Homes etc	(21,000)	(620)	(21,000)
Capital Funded from Current Revenue	(10,937)	(1,974)	(7,898)
Total	(159,015)	**(18,330)**	**(159,015)**

Common Good

As At 30 June 2023	Full Year Budget 2023/24 £'000	Actual Forecast Expenditure £'000	Variance from Budget £'000
Recurring Expenditure	4,263	4,263	0
Recurring Income	(5,088)	(5,088)	0
Budget after Recurring Items	**(825)**	**(825)**	**0**
Non Recurring Expenditure	825	825	0
Non Recurring Income	0	0	0
Net (Income)/Expenditure	**(0)**	**(0)**	**0**
Cash balances as at 1 April 2023	**(37,384)**	**(37,384)**	
Net Expenditure from Income & Expenditure	(0)	(0)	0
Investment Revaluation (Increase)/Decrease	0	733	733
Net Capital Receipt	0	0	0
Cash Balances as at 31 March 2024	**(37,384)**	**(36,652)**	**734**
Minimum cash balance requirement per budget report (Council February 2015)	**(31,197)**	**(31,197)**	

Notes

- Operationally the Common Good is forecast to be on budget as at 30 June 2023.

- The investment of cash balances in a multi-asset income fund, approved by Council on 10 March 2021 has now been implemented. The value of the investment may fall as well as increase, this will be reported quarterly. As at 30 June 2023 the value of the investments was £23.412m, a decrease in the quarter of £0.733m. Cash balances will be affected by this change as will the overall Net Value of the Common Good.

- The investment with Fidelity remains a long-term investment and should be measured over a 3 to 5 year period.

- Income levels expect to be maintained and the budgeted income achieved.

- Recurring expenditure is generally forecast to be on budget, with events expecting to proceed this year, and grants payable throughout the year to the wide range of approved organisations.