

38. The approved budget savings are monitored over the course of the year to ensure deliverability and an update on progress being made to achieve the budget reduction was provided in the budget monitoring updates.

39. The budget monitoring update at month nine, approved by Council Executive in February 2024, confirmed 98% of the 2023/24 approved savings were categorised as green – achieved or achievable. The remaining 2% related to a saving within IJB – Adult and Elderly Services from housing benefits which was deemed no longer deliverable and alternative savings were identified. The council continues to actively manages its budget, including savings targets.

Housing revenue account operated within budget

40. The council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

41. The Housing Revenue Account (HRA) reported a deficit of £25.4 million (£37.2 million in 2022/23). Adjustments are made between accounting basis and funding basis. This removes a number of balances which total the £25.4 million deficit resulting in an overall breakeven position. This maintained the HRA balance carried forward of £0.9 million.

There has been a significant movement in the level of reserves

42. One of the key measures of the financial health of a body is the level of reserves held. The level of General Fund reserves held by the council decreased from £57.1 million in 2022/23 to £37.2 million in 2023/24.

43. [Exhibit 4](#) provides an analysis of the general fund over the last five years split between committed and uncommitted reserves. The initial increases in the General Reserve between 2019/20 and 2021/22 were primary due to significant levels of funding provided by the Scottish Government as a result of the pandemic. In 2022/23, although the levels of pandemic related reserves dropped, these were replaced with other reserves.

44. During 2022/23, the council adjusted their service concession arrangements to recognise these across the life of the asset rather than the contract length with the result being an increase in the council's General Fund Reserve balance. This provided resources to give the council time to ensure the deliverability of recurring budget savings required for the council's ongoing financial sustainability although there will be a cost in the future.

45. In 2023/24 the council used a number of these reserves which reflects the significant drop in the level of general reserves between 2022/23 and 2023/24. The main uses of these earmarked reserves were:

- St Kentigern's school works to replace RAAC affected building, £8.3 million
- Amounts to balance recurring revenue budgets on a one-off basis, £7.0 million