

REPORT TO COMMUNITIES COMMITTEE – 15 FEBRUARY 2018

FINANCIAL MONITORING FOR THE PERIOD ENDED 31 DECEMBER 2017

1. Recommendations

The Committee is recommended to:

- 1.1 Acknowledge the revenue and capital budget monitoring as at 31 December 2017; and
- 1.2 Approve the virements set out in Appendix 3 and note the revenue budget adjustments, some of which will be reported to Full Council for approval.

2. Discussion

- 2.1 The Council's Scheme of Governance aligns service budget responsibility with Policy Committee responsibility. This report covers the 2017/18 forecast position as at 31 December 2017 for both Revenue and Capital Budget monitoring.

Revenue Budget Monitoring

- 2.2 The Communities revenue budget for monitoring purposes in 2017/18 for net revenue expenditure is £114,068,000, which covers Leisure Active Communities, Sports & Leisure Management – Client and Sports & Leisure Management - Trading Account, which are managed by Education & Children's Services, Housing General Fund, Community Planning and the Council's contribution to the Integration Joint Board.
- 2.3 The forecast revenue expenditure to the end of the financial year is £114,490,000 which is in excess of budget by £422,000, which compares to an excess of £66,000 as at 30 September 2017. The financial position is shown in more detail in **Appendix 1**, which includes all the variances.
- 2.4 **Appendix 2** contains the accompanying narrative explaining the reasons for major variances i.e. those over £100,000.
- 2.5 It should be noted that although Communities overall is forecasting to be in excess of budget, it is not significantly material at 0.37% (0.06% as at September 2017) of budget.
- 2.6 The scheme of virement is intended to enable the Council, Policy Committees, Directors and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and

therefore to optimise the use of resources. The term “virement” refers to the switching of budgetary provision from one budget to another.

- 2.7 A number of budget virements are proposed for approval. Details of these are shown in **Appendix 3**. **Appendix 3** also includes a reconciliation of the Revised Budget as at September 2017 to the Revised Budget in this report. The Revised Budget is subject to the approval of the virements in the reconciliation by the appropriate Committees and officers.

Capital Budget Monitoring

- 2.8 Communities Revised Capital Budget for the year 2017/18 is currently £4,400,000. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted.
- 2.9 This is because the Capital Budget is set over a long term, multiple year timeframe, as the projects will often take more than one financial year to complete, or will start in one financial year and end in the next. Consequently there is the need to reprofile the capital expenditure and so the revised capital budget for the current year 2017/18 will be updated to reflect the latest alterations in timings as set out in **Appendix 4**, subsequent to this Committee noting them.
- 2.10 The current forecast capital expenditure for 2017/18 is £2,713,000, which is £1,687,000 within budget, which will become part of the budgeted capital expenditure in 2018/19. **Appendix 5** details the reasons behind the major variances.
- 2.11 The Monitoring Officer has been consulted and her comments have been incorporated in the report and is satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section D.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

4. Implications and Risk

- 4.1 An Equalities Impact Assessment and Town Centre First Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the reprofiling of some expenditure.
- 4.2 The monitoring position for revenue is £422,000 in excess of budget for 2017/18 and capital expenditure under budget by £1,687,000 and will be carried forward into 2018/19 is on target, with details and explanation of variances contained within the appendices to this report.

- 4.3 The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)). Actions being taken to mitigate these risks are set out in paragraphs 2.4 and 2.6 of this report.
- 4.4 There are no direct staffing implications arising from this report.

Ritchie Johnson
Director of Business Services

Report prepared by Sandra Ross, Principal Accountant, 26th January 2018

Appendix 1

SUMMARY OF REVENUE MONITORING 2017/18 TO 31/12/2017 - COMMUNITIES COMMITTEE

| | Revised Budget 2017/18 £000 | Forecast 2017/18 £000 | Forecast Higher than Budget £000 | Lower than Budget £000 | Net Variance £000 | NOTES |
|---|-----------------------------|-----------------------|----------------------------------|------------------------|-------------------|-------|
| COMMUNITIES COMMITTEE | | | | | | |
| <u>Leisure</u> | | | | | | |
| - Active Communities | 175 | 208 | 33 | 0 | 33 | |
| - Sports & Leisure Management - Client | 5,655 | 6,315 | 660 | 0 | 660 | A |
| | 5,830 | 6,523 | 693 | 0 | 693 | |
| <u>Housing</u> | | | | | | |
| - Affordable Housing | 227 | 235 | 8 | 0 | 8 | |
| - Homeless Persons | 3,172 | 3,005 | 0 | (167) | (167) | |
| - Improvement & Repair Grants | 1,153 | 1,083 | 0 | (70) | (70) | B |
| - Gypsies/Travellers | 78 | 56 | 0 | (22) | (22) | |
| - Housing Support | 319 | 428 | 109 | 0 | 109 | C |
| - Community Safety | 435 | 351 | 0 | (84) | (84) | |
| | 5,384 | 5,158 | 117 | (343) | (226) | |
| Community Planning | 658 | 665 | 7 | 0 | 7 | |
| Contribution to Integration Joint Board | 102,314 | 102,314 | 0 | 0 | 0 | |
| <u>Trading Accounts</u> | | | | | | |
| Sport & Leisure Management | (118) | (170) | 0 | (52) | (52) | |
| TOTAL COMMUNITIES COMMITTEE | 114,068 | 114,490 | 817 | (395) | 422 | |

Appendix 2 - Variance Analysis

| <u>Note</u> | <u>Forecast</u> | | <u>Narrative</u> |
|-------------|-----------------------------|--|---|
| | <u>Over (within) budget</u> | | |
| | <u>2017/18</u> | | |
| | £'000 | | |
| A | 660 | | Sports & Leisure Management - Client - Is forecast to be over budget by £208,000 and this can be attributed to the estimated costs of undertaking the Full Business Case development work in respect of the future provision of Sports and Culture services. This variance is one-off but it should be noted that further discussion requires to take place with the Budget Holder to review the projected spending plan. |
| B | (167) | | Homeless Persons - is forecast to be under budget by £167,000. This is partly due to an underspend on hostels of £69,000 due to extra budget being included for hostels a couple of years ago of £90,000 but the expenditure has never increased by the same amount. In addition, budget was provided for projects aimed at mitigating the impact of welfare reform changes and introduction of universal credit. This has not been fully spent due to Universal credit not being fully introduced yet, however this will be required in 2018/19 once full roll out of the new system. |
| C | 109 | | Housing Support - Is forecast to be over budget by £109,000. Housing Support income is forecast to be lower than budget due to lower than anticipated income from housing support charges to sheltered housing tenants of Resident Social Landlords (RSLs). The reduction in income is in line with prior year outturns and is likely to recur due to changes in how social care charges are assessed and collected. The service are looking at how they charge for sheltered housing overall. This has been considered as a pressure in the 2018/19 budget process. |

Appendix 3

SUMMARY OF REVENUE MONITORING VIREMENTS

£'000's

No Virements for Committee Approval 0

Reconciliation of Budget

Opening Budget 114,008

Cross-Service Virements (as above) 0

Additional Budgets to be Approved by Full Council from Earmarked Reserves:

| | |
|--|----|
| Integration Joint Board - Business Transformation Fund | 15 |
| Integration Joint Board - Revenue Grants | 15 |
| Active Communities - Revenue Grants | 2 |

Additional Virements to be Approved by Full Council:

| | |
|---|----|
| Integration Joint Board - Year end Flex Reserve | 15 |
|---|----|

Virements Approved by the Director of Business Services: 0

Virements Approved by the Director of Infrastructure Services: 0

Virements Approved by the Director of Education & Children's Services:

| | |
|--|------|
| Active Communities - (Sport and Leisure Management Client) | 59 |
| Sport and Leisure Management Client - (Active Communities) | (59) |
| Sport and Leisure Management Client - (Arts Development) | 20 |

Virements to be Approved by the Head of Finance:

| | |
|---|------|
| Community Planning - NHS Health Promotion Post (Integration Joint Board) | (53) |
| Integration Joint Board - NHS Health Promotion Post (Community Planning) | 53 |
| Integration Joint Board - Surplus Property - Anderson House, Banff to Estates | (3) |

Rounding Adjustments (4)

Closing Budget 114,068

114,068

0

Appendix 4

COMMUNITIES CAPITAL BUDGET 2017/18 MONITORING & CAPITAL PLAN 2017-2032 UPDATE - 31/12/17

| PLANNED EXPENDITURE | Original Budget Full Council 9/2/17 2017/18 £000 | Revised Budget 2017/18 £000 | Forecast Outturn 2017/18 £000 | Variance 2017/18 £000 | Changes to Future Years £000 | Note |
|---|---|--------------------------------------|--|-----------------------------|---------------------------------------|------|
| Adult Social Work | | | | | | |
| Learning Disabilities - Adaptation Centres | 70 | 171 | 171 | 0 | 0 | |
| New Care Home (North) | 175 | 177 | 50 | (127) | 127 | 1 |
| Social Work - Minor Works | 73 | 130 | 80 | (50) | 50 | |
| Housing | | | | | | |
| Disabled/Elderly Housing Adaptations (Private Sector Housing Grant) | 1,000 | 1,060 | 850 | (210) | 210 | 2 |
| Gypsy/Traveller's Transit Site | 100 | 191 | 191 | 0 | 0 | |
| Sport & Leisure Management | | | | | | |
| Banff and Macduff Sporting Facilities | 0 | 371 | 371 | 0 | 0 | |
| Community Sports Facility, Hill of Banchoory | 3,951 | 2,300 | 1,000 | (1,300) | 1,300 | 3 |
| TOTAL PLANNED EXPENDITURE | 5,369 | 4,400 | 2,713 | (1,687) | 1,687 | |

COMMUNITIES CAPITAL BUDGET 2016/17 MONITORING & CAPITAL PLAN 2017-2032 UPDATE - 31/12/17

Significant Variance Analysis

| <u>Note</u> | <u>Budget</u> | <u>Variance</u> <u>Revised Budget</u> <u>2017/18</u> | <u>£'000</u> | <u>Narrative</u> |
|-------------|---------------|--|--------------|------------------|
|-------------|---------------|--|--------------|------------------|

| | | | | |
|---|--|---------|--|---|
| 1 | New Care Home (North) | (127) | | Outline brief for project has now been agreed and Business Case is being prepared. Design works originally planned for 2017/18 will not happen until 2018/19 which means budget amounting to £127,000 requires to be deferred until then. |
| 2 | Disabled/Elderly Housing Adaptations (Private) | (210) | | Demand in 2017/18 has not been as high as anticipated. Budget of £210,000 requires to be deferred until future years when demand is anticipated to increase. |
| 3 | Hill of Banchory | (1,300) | | Due to start on site at end of January 2018 which is later than originally planned as confirmation of available funding took longer than anticipated. In addition there were legal discussions surrounding the linking to the district heating system as well as land negotiations. As a result spend will be lower than originally forecast and budget amounting to £1,300,000 requires to be delayed until 2018/19. |