

REPORT TO COMMUNITIES COMMITTEE – 6 SEPTEMBER 2018

FINANCIAL MONITORING AS AT 30 JUNE 2018

1 Recommendations

The Committee is recommended to:

- 1.1 Consider and discuss the revenue and capital budget monitoring as at 30 June 2018; and
- 1.2 Approve the revenue budget virements set out in Appendix 3.

2 Background / Discussion

- 2.1 The Council's Scheme of Governance aligns service budget responsibility with Policy Committee responsibility. This report covers the forecasted outturn for the period ended 30 June for both Revenue and Capital Budget monitoring.

Revenue Budget Monitoring

- 2.2 Communities revenue budget for monitoring purposes in 2018/19 was agreed at Full Council on 8 February 2018 at £118,431,000. The proposed virements and transfers from reserves will increase the budget to £118,552,000.
- 2.3 The expenditure forecast position to the end of June 2018 is on budget and the financial position is shown in more detail in **Appendix 1**.
- 2.4 There are no major variances in excess of £100,000 to report to Committee.
- 2.5 Whilst the forecast is on budget there are a number of areas of risk, namely sport and leisure, housing support, active communities and tackling poverty due to the uncertainty created by the demand led nature of the services.
- 2.6 There are some areas of pressure and capacity emerging in respect of the Integration Joint Board (IJB) and these are the subject of ongoing discussions within the IJB Management Team and Finance Review Group with the aim of achieving a sustainable year end position.
- 2.7 A range of actions are being pursued in Business Services, Education and Children's Services and Infrastructure Services to address these areas of risk and achieve the agreed savings:
 - Detailed work to be undertaken by service managers in conjunction with Finance on the current financial position and to ensure a sustainable year-end financial position is achieved.

- Service Leadership Teams will consider proposals aimed at ensuring a sustainable year-end position. These considerations will include identifying and discussing the potential impact of proposals on other services, which may be affected.
- A review of the anticipated income levels is to be undertaken by the Service, following the implementation of Phase 2 of the Charging Policy.
- Committee will be briefed on any action that may have any significant impact on the delivery of services before such action is implemented.

2.8 A number of budget virements are proposed for approval. Details of these are shown in **Appendix 2**. The Revised Budget is subject to the approval of the virements in the reconciliation by the appropriate Committees and Officers.

Capital Budget Monitoring

2.9 Communities Revised Capital Budget for the year 2018/19 is £9,812,000 and is detailed in **Appendix 3**. 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 for.

2.10 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 re-profile the capital expenditure on a continual basis.

2.11 The overall capital expenditure budget to the end of June 2018 is forecasted to be £9,429,000 which is £383,000 less than the revised budget figure. The reasons behind this variance are detailed in **Appendix 4**. Any movements to this position will be reported back to a future Committee meeting as and when identified.

2.12 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 a 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 re-profiling of some expenditure.

4.2 The monitoring position is that revenue expenditure is forecast to be in line with the revised budget of £118,552,000 and capital expenditure is forecast to be £9,429,000 which is £383,000 less than the revised budget, with details and explanation of variances contained within the appendices to this report.

- 4.3 A number of assumptions made in the budget regarding staffing is having an impact on service delivery within both Human Resources and Organisational Development and Customer, Communications and Improvement. Officers are working towards solutions to address this impact and further information on this will be provided when completed.
- 4.4 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 paragraph(s) 2.7 of the report.

Ritchie Johnson
Director of Business Services

Report prepared by Susan Donald, Accountancy Finance Manager
8 August 2018

Appendix 1

SUMMARY OF REVENUE MONITORING 2018/19 TO 30/06/2018 - COMMUNITIES COMMITTEE

	Original Budget 2018/19 £000	Approved Virements 2018/19 £000	Virements to be approved 2018/19 £000	Revised Budget 2018/19 £000	Forecast 2018/19 £000	Variance £000	Funded from Reserves £000	Net Variance £000
COMMUNITIES COMMITTEE								
<u>Leisure</u>								
- Active Communities	114	0	2	116	129	13	(13)	0
- Sports & Leisure Management - Client	4,901	0	-39	4,862	4,862	0	0	0
	5,015	0	-37	4,978	4,991	13	(13)	0
<u>Housing</u>								
- Affordable Housing	230	0	23	253	302	49	(49)	0
- Homeless Persons	3,213	0	-32	3,181	3,181	0	0	0
- Improvement & Repair Grants	923	0	-20	903	903	0	0	0
- Gypsies/Travellers	79	0	0	79	79	0	0	0
- Housing Support	321	0	56	377	377	0	0	0
- Community Safety	446	0	-20	426	426	0	0	0
	5,212	0	7	5,219	5,268	49	(49)	0
Tackling Poverty and Inequalities	1,141	0	-23	1,118	1,145	27	(27)	0
Contribution to Integration Joint Board	107,306	0	0	107,306	107,306	0	0	0
<u>Trading Accounts</u>								
Sport & Leisure Management	-243	0	125	-118	-118	0	0	0
NET EXPENDITURE FOR COMMUNITIES COMMITTEE	118,431	0	72	118,503	118,592	89	(89)	0

SUMMARY OF REVENUE MONITORING VIREMENTS

£'000's

Reconciliation of Budget:

Opening Budget

118,431

Reason for Virement

Virements to be approved by Communities Committee

Tackling Poverty and Inequalities

12

It is proposed to re-instate non pay inflation by moving £12,000 to Tackling Poverities and Inequalities Fairer Scotland Fund from various Business Services budget pages.

Additional Virements to be Approved by Full Council:

Apprenticeship Levy Budget allocated to services

Active Communities
Sports and Leisure Client
Affordable Housing
Homeless persons
Improvement and Repair Grants
Community Safety

2
19
1
6
2
1

The Apprenticeship Levy was previously paid from a centrally held budget for training and courses. In order to increase transparency the Apprenticeship Budget and associated expenditure have been allocated to service budgets. This has resulted in a £31,000 increase in the Communities budget, with the detail listed for each budget page.



SUMMARY OF REVENUE MONITORING VIREMENTS

Appendix 2

£'000's

Reconciliation of Budget:

Virements Approved by the Director of Infrastructure Services:

	Reason for Virement
Affordable Housing	22 £22,000 has been moved from the Improvement and Repairs Budget to the Affordable Housing budget in order to provide sufficient budget to cover the current staffing costs.
Improvement and Repairs	(22)
Homelessness	(35) £35,000 has been moved from the Homelessness budget to the Housing Support budget to manage pressure of reduced income being received from Registered Social Landlord Sheltered Housing tenants in receipt of Housing Support services..
Homelessness	(3) £3,000 has been moved to the IS Area Managers budget to provide for the IS Change programme.
Housing Support	35 £35,000 has been moved from the Homelessness budget to the Housing Support budget to manage pressure of reduced income being received from Registered Social Landlord Sheltered Housing tenants in receipt of Housing Support services.
Housing Support	21 £21,000 has been moved from the Community Safety budget to the Housing Support budget to manage pressure of reduced income being received from Registered Social Landlord Sheltered Housing tenants in receipt of Housing Support services.
Community Safety	(21) see above.

SUMMARY OF REVENUE MONITORING VIREMENTS

£'000's

Reconciliation of Budget:

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

Reason for Virement

Sport and Leisure - Trading Account	125	£125,000 saving 'Review of Deliver Options-VAT' has been moved from the Sport and Leisure Trading Account budget to the Sports and Leisure Client budget because it was allocated incorrectly to the Trading account during the budget see above.
Sport and Leisure - Client	(125)	
Sport and Leisure - Client	20	£20,000 has been moved from Community Learning and Development Budget to Sports and Leisure Client Budget because the quarterly payment to Aberdeen Community Football Club Trust is now paid from the Sports and Leisure Trading Account.

Virements Approved by the Director of Business Services:

Tackling Poverty and Inequalities - Fairer Scotland Fund	4	£4,000 additional Income received from Community Regeneration fund added to Fairer Scotland Fund Expenditure budget.
Tackling Poverty and Inequalities - Fairer Scotland Fund	(4)	£4,000 additional Income received from Community Regeneration fund added to Fairer Scotland Fund Income budget.

Appendix 2

SUMMARY OF REVENUE MONITORING VIREMENTS

£'000's

Reconciliation of Budget:

Virements to be Approved by the Head of Finance:

Reason for Virement

Tackling Poverty and Inequality (Budget vired from Economic Development)	(35)	It is proposed to move £35,000 from the Tackling Poverty and Inequalities budget to Economic Development to fund European Social Fund
Sport and Leisure - Client (Budget vired from Grants)	47	£47,000 has been moved from the Grants budget to the Sport and Leisure Client budget because it is to be vired into the Sports and Leisure Trading Account and used for staffing costs. This budget was historically for a mortgage payment which is no

Closing Budget

118,503

118,503

0

COMMUNITIES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

	Original Budget Full Council 8/2/18 2018/19 £000	Revised Budget 2018/19 £000	Forecast Outturn 2018/19 £000	Variance 2018/19 £000	Changes to Future Years £000	Note
PLANNED EXPENDITURE						
Adult Social Work						
Learning Disabilities - Adaptation Centres	70	207	207	0	0	
New Care Home (North)	250	409	200	-209	209	1
Social Work - Minor Works	73	183	183	0	0	
Housing						
Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	915	1,074	900	-174	174	2
Sport & Leisure Management						
Community Sports Facility, Hill of Banchory	6,024	7,939	7,939	0	0	
TOTAL PLANNED EXPENDITURE	7,332	9,812	9,429	-383	383	

COMMUNITIES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/06/18

Significant Variance Analysis

<u>Note</u>	<u>Budget</u>	<u>Variance</u>		<u>Comment</u>
		<u>Revised Budget</u>	<u>2018/19</u>	
			<u>£'000</u>	
1	New Care Home (North)			(209) Options are currently being investigated to achieve the best value solution. Budget amounting to £209,000 requires to be delayed until 2019/20.
2	Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)			Reprofiling of budget undertaken in line with future expected service requirements in later (174) years. Budget amounting to £174,000 requires to be delayed until 2019/20 and 2020/21

