

REPORT TO COMMUNITIES COMMITTEE – 8 NOVEMBER 2018

FINANCIAL MONITORING AS AT 30 SEPTEMBER 2018

1 Recommendations

The Committee is recommended to:

- 1.1 Consider and discuss the revenue and capital budget monitoring as at 30 September 2018;

2 Background / Discussion

- 2.1 The Council's Scheme of Governance aligns service budget responsibility with Policy Committee responsibility. This report covers the forecast outturn for the period ending 30 September 2018 for both Revenue and Capital Budget monitoring.

Revenue Budget Monitoring

- 2.2 The revenue budget monitoring report for Communities Committee now includes the activities within the Culture and Sport Business Unit, as agreed at the meeting of Aberdeenshire Council on 26 April 2018. This has had the effect of increasing the original budget from £118.431 million to £124.633 million.
- 2.3 The additional elements now included within the remit of Communities Committee include budgets under the heading 'Culture' and 'Halls'. By taking these additions along with the original elements of the Communities revenue budget agreed at Council on 8 February 2018 together with the approved and proposed virements has the result of increasing the total budget to £125.987 million.
- 2.4 The forecast position to the end of September 2018 is £42,000 within budget and the financial position is shown in more detail in **Appendix 1**. The major variances in excess of £100,000 are detailed in **Appendix 2** of the report. At this point during the 2017/18 financial year, the budgets under the Communities Committee remit were forecasting to be over budget by £66,000.
- 2.5 Whilst the overall forecast is within budget there are some activities which are currently expected to exceed their budget and therefore are subject to ongoing scrutiny by the responsible officers. The budgets in question are under the Sport & Physical Activities heading: Sports & Leisure Management – Client, and Sports & Leisure Management – Trading.
- 2.6 The agreed budget representing the Council's contribution to the Integration Joint Board (IJB) is currently forecasting to be on budget. Committee should be aware that at the meeting of the Integration Joint Board on 31 October the latest forecast to the end of the financial year for the IJB itself was an over budget position. The IJB's Management Team are working on mitigating this position and will continue to update both the Council and NHS Grampian.

- 2.7 As this is the midpoint of the financial year and as can be seen from paragraph 2.4 there is an improved position compared to last year, services are reviewing their activities and financial requirements for the remainder of the year. One aim of this exercise will be to address any over spending activities in order to bring these back into line with the budget whilst also identifying the consequences of such action on service delivery. Communities Committee will be advise as required on any changes to service delivery if they are accepted by Service Management Teams, before any action is implemented.
- 2.8 A number of budget virements are attached for information in **Appendix 3** as they do not require approval by Communities Committee, but require officer and other Committees to approve.

Capital Budget Monitoring

- 2.9 Communities Revised Capital Budget for the year 2018/19 is £9.429 million and is detailed in **Appendix 4**. This budget figure alters during the year, as and when changes to the profile of capital expenditure are agreed and adjusted for.
- 2.10 The Capital budget can alter during the year because it 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 is forecast to be £9.174 million at the year end, which is £255,000 less than the revised budget figure. The main reason behind this variance is detailed in **Appendix 5**. 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 In summary, the monitoring position is that revenue expenditure is forecast to be within budget by £42,000. Capital expenditure is forecast to be within budget by £255,000 with the respective 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 contained within this report.

Ritchie Johnson
Director of Business Services

Report prepared by Susan Donald, Accountancy Finance Manager
24 October 2018

Appendix 1

SUMMARY OF REVENUE MONITORING 2018/19 TO 30/09/2018 - 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>Culture</u>								
- Arts Development	353	7	94	454	354	(100)	(8)	(108)
- Grant Aid	271	(47)	(33)	191	191	0	0	0
- Libraries	4,676	(29)	(10)	4,637	4,589	(48)	0	(48)
- Museums	660	1	0	661	667	6	0	6
- Visitor Attractions	242	1	0	243	232	(11)	0	(11)
	6,202	(67)	51	6,186	6,033	(153)	(8)	(161)
<u>Sport and Physical Activities</u>								
- Active Communities	114	2	105	221	229	8	(14)	(6)
- Halls	0	0	398	398	428	30	0	30
- Sports & Leisure Management - Client	4,901	(39)	(5)	4,857	5,009	152	0	152
- Sport & Leisure Management Trading Account	(243)	125	0	(118)	149	267	0	267
	4,772	88	498	5,358	5,815	457	(14)	443
<u>Housing</u>								
- Affordable Housing	230	23	0	253	298	45	(49)	(4)
- Homeless Persons	3,213	(32)	875	4,056	3,785	(271)	(18)	(289)
- Improvement & Repair Grants	923	(20)	0	903	953	50	(62)	(12)
- Gypsies/Travellers	79	0	0	79	83	4	0	4
- Housing Support	321	56	0	377	428	51	0	51
- Community Safety	446	(20)	0	426	356	(70)	0	(70)
	5,212	7	875	6,094	5,903	(191)	(129)	(320)
<u>Integration Joint Board Contribution</u>	107,306	0	(75)	107,231	107,231	0	0	0
<u>Tackling Poverty and Inequalities</u>	1,141	(23)	0	1,118	1,141	23	(27)	(4)
NET EXPENDITURE FOR COMMUNITIES COMMITTEE	124,633	5	1,349	125,987	126,123	136	(178)	(42)
	6,202							

Appendix 2

VARIANCE ANALYSIS - COMMUNITIES COMMITTEE

<u>Budget Page</u>	<u>Forecast Over (within) budget 2018/19 £'000</u>	<u>Comment</u>
<u>Culture</u> - Arts Development	(108)	Staffing costs are forecast to be within budget by £110,000 due to the re-alignment of the Teams within Arts Development and Museums.
<u>Leisure</u> - Sports & Leisure Management - Client	152	There has been an increase in staffing costs related to the setting up of the Business Unit and an anticipated saving in VAT, which was factored into the 2018/19 budget cannot be realised.
- Sport & Leisure Management Trading Account	267	Staffing are forecast to be in excess of budget by £421,000 and savings put forward during the 2018/19 budget process have not yet been realised.
<u>Housing</u> - Homeless Persons	(289)	This forecast position is as a result of implementing plans to spend £877,000 received from the Scottish Government, slightly later in the year than originally anticipated. It is therefore more of a timing difference as the service will still need the money which is unspent at the end of 18/19 to complete the works that they had planned. The possibility of this being put treated as End Year Flex will be subject to approval and reported to committee later in the year for consideration.

SUMMARY OF REVENUE MONITORING VIREMENTS COMMUNITIES COMMITTEE

£'000's

There are no virements to be approved by Communities Committee 0

Reconciliation of Budget:

Opening Budget 124,633

Previously approved virements at 30 June 2018 5

Virements to be approved by Communities Committee 0

Additional Virements to be Approved by Full Council:

Libraries - Allocation of Travel & Subsistence Savings to Services	(10)
Integration Joint Board - Allocation of Travel & Subsistence Savings to Services	(75)
Homelessness - Allocation of Travel & Subsistence Savings to Services	(2)
Halls - Transfer of Halls from Business Services to Education & Childrens	398
Homelessness - Additional Scottish Government Funding for Homeless priorities	877

Virements Approved by the Director of Infrastructure Services:

0

SUMMARY OF REVENUE MONITORING VIREMENTS COMMUNITIES COMMITTEE

£'000's

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

Arts Development - Transfer of Arts Development Manager budget from Admin & Mgt	61
Arts Development - Transfer under-utilised Core Grant from Grant Aid	33
Grant Aid - Transfer under-utilised Core Grant to Arts Development	(33)
Active Communities - Transfer of Active Communities Manager budget from Admin & Mgt	60
Active Communities - Transfer of budget from Sports & Leisure Client to cover staff costs in Events and Leisure	45
Sports & Leisure (Client) - Transfer of budget to Active Communities to cover staff costs in Events and Leisure	(45)
Sport and Leisure (Client) - Transfer of budget from Nursery Education in relation to funding mechanism for under 5 year olds	40

Virements Approved by the Director of Business Services:

0

Virements to be Approved by the Head of Finance:

0

Closing Budget

125,987

125,987

0

COMMUNITIES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/09/18

PLANNED EXPENDITURE	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
Adult Social Work						
Learning Disabilities - Adaptation Centres	70	207	132	(75)	75	
New Care Home (North)	250	200	20	(180)	180	1
Social Work - Minor Works	73	183	183	0	0	
Housing						
Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	915	900	900	0	0	
Sport & Leisure Management						
Community Sports Facility, Hill of Banchorry	6,024	7,939	7,939	0	0	
TOTAL PLANNED EXPENDITURE	7,332	9,429	9,174	(255)	255	

COMMUNITIES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 30/09/18

Significant Variance Analysis

	<u>Budget</u>	<u>Variance</u> Revised Budget 2018/19 <u>£'000</u>	<u>Comment</u>
<u>Note</u> 1	New Care Home (North)		(180) Options are currently being investigated to achieve the best value solution. Budget amounting to £180,000 requires to be delayed until later years.