

## REPORT TO COMMUNITIES COMMITTEE – 21 FEBRUARY 2019

### FINANCIAL MONITORING AS AT 31 DECEMBER 2018

#### 1 Recommendations

The Committee is recommended to:

- 1.1 Consider and discuss the revenue and capital budget monitoring as at 31 December 2018;

#### 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 31 December 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, which Full Council determined on 26 April 2018 should now fall within the remit of Communities Committee.
- 2.3 On 31 May 2018 Communities Committee agreed the Terms of Reference for the Culture and Sport Sub Committee and this included the delegated power to decide on all policy and resource issues. This includes financial resources and a Revenue and Capital Monitoring report was submitted to the Sub Committee on 8 February 2019.
- 2.4 The various elements of the Communities revenue budget for monitoring purposes in 2018/19 were agreed at Full Council on 8 February 2018 and the approved and proposed virements to this budget will have the result of increasing the original budget to £123,610,000.
- 2.5 The expenditure 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** to of the report.
- 2.6 Whilst the forecast is on budget there are a number of areas of risk, namely sport and leisure and housing support, due to the uncertainty created by the demand led nature of the services and savings agreed as part of the 2018/19 budget not being realised.
- 2.7 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.

- 2.8 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. The 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. Committee will be briefed on any action that may have any significant impact on the delivery of services before such action is implemented.
- 2.9 A number of budget virements are proposed for approval. Details of these are shown in **Appendix 3**. The Revised Budget is subject to the approval of the virements in the reconciliation by the appropriate Officers and Full Council.

### Capital Budget Monitoring

- 2.10 Communities Revised Capital Budget for the year 2018/19 is £9,174,000 and is detailed in **Appendix 4**. 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.
- 2.11 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.
- 2.12 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 C.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 £125,282,000 which is £1,672,000 in excess of budget. This will be offset by funding from reserves of £1,714,000, resulting in a net variance of £42,000 within budget.
- 4.3 Capital expenditure is forecast to be £9,174,000 which is in accordance with the revised budget, with details and explanation of variances contained within the appendices to this report.
- 4.4 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.

- 4.5 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, Corporate Finance Manager  
22 January 2019



Appendix 1

SUMMARY OF REVENUE MONITORING 2018/19 TO 31/12/2018 - 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	Transfer to/(from) Reserves £000	Net Variance £000
<b>COMMUNITIES COMMITTEE</b>								
<u>Culture</u>								
- Arts Development	353	101	63	517	479	(38)	(8)	(46)
- Grant Aid	271	(80)	0	191	109	(82)	0	(82)
- Libraries	4,676	(39)	0	4,637	4,632	(5)	0	(5)
- Museums	660	1	(63)	598	602	4	0	4
- Visitor Attractions	242	1	(17)	226	193	(33)	0	(33)
	6,202	(16)	(17)	6,169	6,015	(154)	(8)	(162)
<u>Sport and Physical Activities</u>								
- Active Communities	114	107	0	221	275	54	(17)	37
- Halls	0	398	0	398	419	21	0	21
- Sports & Leisure Management - Client	4,901	(44)	(72)	4,785	5,366	581	0	581
- Sport & Leisure Management Trading Account	(243)	125	0	(118)	(31)	87	0	87
	4,772	586	(72)	5,286	6,029	743	(17)	726
<u>Housing</u>								
- Affordable Housing	230	23	0	253	1,798	1,545	(1,549)	(4)
- Homeless Persons	3,213	843	62	4,118	3,719	(399)	(18)	(417)
- Improvement & Repair Grants	923	(20)	0	903	947	44	(62)	(18)
- Gypsies/Travellers	79	0	0	79	79	0	0	0
- Housing Support	321	56	0	377	414	37	0	37
- Community Safety	446	(20)	0	426	334	(92)	(12)	(104)
	5,212	882	62	6,156	7,291	1,135	(1,641)	(506)
<u>Integration Joint Board Contribution</u>	107,306	(75)	(2,297)	104,934	104,955	21	(21)	0
<u>Tackling Poverty and Inequalities</u>	1,141	(23)	(53)	1,065	992	(73)	(27)	(100)
<b>NET EXPENDITURE FOR COMMUNITIES COMMITTEE</b>	<b>124,633</b>	<b>1,354</b>	<b>(2,377)</b>	<b>123,610</b>	<b>125,282</b>	<b>1,672</b>	<b>(1,714)</b>	<b>(42)</b>

VARIANCE ANALYSIS - COMMUNITIES COMMITTEE

Appendix 2

<u>Budget Page</u>	<u>Forecast Over (within) budget 2018/19</u> £'000	<u>Comment</u>
<u>Leisure</u> - Sports & Leisure Management - Client	581	There has been an increase in staffing costs related to the setting up of the Business Unit, an anticipated saving in VAT, which was factored into the 2018/19 budget cannot be realised and non-pay inflation was not included when the new scheme of fees and charges was implemented.
<u>Housing</u> - Homeless Persons	(417)	A new three year contract has been secured for the provision of Housing Support to the homeless or those at risk of being made homeless, with a change in the grant from providing housing support in dedicated units, to providing housing support to the client within their home environment. This should allow the service to support a higher number of clients. This new contract has a starting date of October 2018, which means that for 2018/19 the full year amount will not be required, which will result in an underspend of £200k. This is offset by lower income from Bed & Breakfast accommodation, as the service are trying to move away from using this provision to more appropriate solutions. In addition there is expected to be £286k of the additional monies received for homelessness unspent at the end of the financial year, as some of the projects will not be completed until later in the calendar year. The service will be submitting an End Year Flex request to carry forward £200k of this forecast underspend to fund these projects in 2019/20.
- Community Safety	(104)	This forecast underspend is made up of a number of small variances, the most significant being £30k on the payment to the Community Safety Partnership.
<u>Tackling Poverty and Inequalities</u>	(100)	An underspend on Fairer Aberdeenshire Fund is projected due to a reduction in applications received.

## 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 September 2018 1,354

Virements to be approved by Communities Committee

## Additional Virements to be Approved by Full Council:

Sport & Leisure Client Account - transfer of budget for expenditure funded from	(72)
Visitor Attractions - transfer of budget for expenditure funded from capital	(17)
Tackling Poverty & Inequalities - budget for Health Promotion Posts transferred	(53)
Homelessness - Additional funding to meet HARSAG priorities - Rapid	62
Integration Joint Board - transfer of budget for Apprenticeship Levy	166
Integration Joint Board - transfer of budget for Criminal Justice Funding	(2,483)
Integration Joint Board - budget for Health Promotion Posts Transferred from	53
Integration Joint Board - transfer of budget for Admin Posts from EC&S	(16)
Integration Joint Board - transfer of budget for expenditure funded from capital	(22)
Integration Joint Board - transfer of budget for Chief Social Work Officer from	5
ECS	

Virements Approved by the Director of Infrastructure Services:

**SUMMARY OF REVENUE MONITORING VIREMENTS COMMUNITIES COMMITTEE**

£'000's

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

Museums - realignment of budgets for performance and events teams	(22)
Arts Development - realignment of budgets for performance and events teams	22
Museums - transfer budget from Arts to cover Banchory Museum refurbishment	15
Arts Development- transfer budget to Museums to cover Banchory Museum refurbishment	(15)
Museums - realignment of museums and Arts Development budgets to reflect staff structure	(56)
Arts Development - realignment of museums and Arts Development budgets to reflect staff structure	56

**Virements Approved by the Director of Business Services:**

**Virements to be Approved by the Head of Finance:**

**Closing Budget**

**123,610**

123,610

**0**



Appendix 4

COMMUNITIES CAPITAL BUDGET 2018/19 MONITORING & CAPITAL PLAN 2018-2033 UPDATE - 31/12/18

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
<b>Adult Social Work</b>						
Learning Disabilities - Adaptation Centres	70	132	132	0	0	
New Care Home (North)	250	20	20	0	0	
Social Work - Minor Works	73	183	183	0	0	
<b>Housing</b>						
Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	915	900	900	0	0	
<b>Sport &amp; Leisure Management</b>						
Community Sports Facility, Hill of Banchory	6,024	7,939	7,939	0	0	
<b>TOTAL PLANNED EXPENDITURE</b>	<b>7,332</b>	<b>9,174</b>	<b>9,174</b>	<b>0</b>	<b>0</b>	

