

REPORT TO COMMUNITIES COMMITTEE – 20th FEBRUARY 2020

FINANCIAL PERFORMANCE REPORTING TO 31st DECEMBER 2019: COMMUNITIES BUDGET

1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital budget monitoring information to 31 December 2019 for consideration.

2 Recommendations

The Committee is recommended to:

- 1. Consider and discuss the revenue and capital budget monitoring to 31 December 2019;**
- 2. Acknowledge the budget movements as set out in Appendix 2, with further details on Appendix 3**

3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with financial monitoring in relation to budgets within their remit.
- 3.2 The Committee will receive further reports on financial monitoring throughout the year.

4 Discussion

Revenue Budget

- 4.1 Communities Revenue Budget for monitoring purposes for 2019/20 was agreed on 14 February 2019 by Council at £126.905 million. The revised budget is £128.881 million, due to virements, additional Scottish Government Funding and transfers from reserves (see **Appendix 2**).
- 4.2 The planned budgeted expenditure on service delivery to the end of December 2019 was £94.239 million, the expenditure incurred within this period was £94.234 million, or £5,000 within profiled budget. **Appendices 1a and 1b** show the position at December 2019, along with a breakdown of these figures.
- 4.3 There are a number of emerging issues, and these are highlighted as follows:
- Within Sports and Physical Activity, net expenditure to the end of December is already £742,000 above the annual budget of £4,096,000 and it is anticipated that the net overspend may be as high as £2 million by the end of the financial year. Savings of £310,000, identified by the service during the budget setting processes of 2017/18 and 2018/19, from a review of opening hours are not being implemented at this stage. There are also £425,000 of savings from business rates and VAT through moving towards an independent Trust which can no longer be

implemented as a result of legislative change. The out with budget position is mainly occurring under Staff Costs and Premises Costs.

- A Business Plan is being prepared for consideration by the Culture & Sport (C&S) Sub-Committee with the aim of putting the service on a more sustainable financial footing over the five-year period of the Business Plan, taking account of previous budget decisions, assumptions and risks. The Plan identifies areas where expenditure on the improvement and enhancement of assets should result in an increase in income sufficient to warrant the investment. However, these plans will take time to implement and in the short term the opportunity for significantly increasing income is limited
- Libraries' net expenditure to the end of December is £123,000 lower than the profiled budget. Income levels are strong and are already £44,000 higher than the full year budget figure of £93,000. Higher spend on Staff Costs is being more than offset by lower spends on Supplies & Services and this will need to continue to be carefully managed, in order to maximise the overall underspend on Libraries, which will go some way to offset the pressure on Sport & Physical Activity.
- Expenditure to date on Active Communities is higher than profiled budget by £62,000. However, this Section is currently under review and is in the process of moving a number of its services to the voluntary sector. The overspend has reduced from November and it is anticipated a more sustainable year end position will be achieved.
- **Integration Joint Board (IJB)** Expenditure to date is higher than profiled budget by £678,000, further pressures are anticipated which is likely to increase this position. For example, Older People's Care Packages have seen an increase in service users and there are also pressures in relation to the prescribing budget. A report went to Integration Joint Board on 18 December 2019 highlighting an overall projected pressure of £4.895 million and further updates will be provided to Committee when received. In the event that the Aberdeenshire Integration Joint Board finds itself in an out with budget position at year end, it can request an additional contribution from the Council and NHS Grampian based on the formula set out within the Scheme.
- **Homeless Persons** expenditure to date is lower than profiled budget by £775,000. This position will be reduced following the transfer of New Scots funding to reserves. Third Parties are £400,000 under budget, of which £211,000 relates to Housing Support clients within area. This will be addressed as part of the Medium Term Financial Strategy (MTFS) for 2020-21 to more accurately reflect expenditure trends in this area.
- **Improvement and Repair Grants** expenditure to date is lower than profiled budget by £1,216,000. The expectation, as in line with previous financial years trends, is that the outturn position will be on budget. As part

of the MTFS the profile of the budget will be reviewed to align with planned expenditure on Care and Repair.

- 4.4 This report represents the new approach to the reporting of financial performance information and sees a focus on the management of current expenditure against a phased budget which for 2019/20 has been based on previous years expenditure profiles. This process builds on the Council's already robust financial governance. This change allows financial performance and trends to be shown in a meaningful way to facilitate discussion and provide better information for decision making in order to scrutinise, challenge and discuss emerging issues highlighted through the financial reporting, linking to service delivery and then agreeing a course of action.
- 4.5 As this is the first year using this method, information is still being built up in the format required to allow accurate yearly comparisons and analysis. The risk around some figures being reported inaccurately should be noted in the short term. On this basis the emerging issues will be more accurately identified as we progress through the financial year and reported at the next Committee.
- 4.6 As part of the Medium-Term Financial Strategy agreed on 14 February 2019, the Service accepted a number of savings to be implemented in this financial year. Three of the five savings have been implemented successfully and details can be found at **Appendix 4**. The remaining savings are at risk of not being achieved and details are outlined above at paragraph 4.3 and also at **Appendix 4**.

Capital Budget Monitoring

- 4.6 Communities Capital Budget for monitoring purposes for 2019/20 was agreed on 14 February 2019 by Council at £4.409 million. The revised budget is £5.928 million due to £1.519 million being carried forward from the last financial year. Details are captured in **Appendix 5**.
- 4.7 To the end of December 2019, actual capital expenditure was £1.182m. Variances of (£3.438m) are projected and the reasons behind the variances are detailed in **Appendix 6**. Any movements to this position will be reported back to a future Committee meeting as and when identified.

5 Council Priorities, Implications and Risk

- 5.1 This report helps deliver Council Priority 9 - Deliver responsible, long-term financial planning.
- 5.2 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			X
Children and Young People's Rights and Wellbeing			X

- 5.3 An Equalities Impact Assessment and a Town Centre 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.
- 5.4 There are no staffing or children and young people's wellbeing implications arising from this report.
- 5.5 The following Risk ACORP001 has been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)). The following Risk BSSR003 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 the report.

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section F.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.

Ritchie Johnson

Director of Business Services

Report prepared by Shirley-Ann Gordon
13 January 2020

List of Appendices

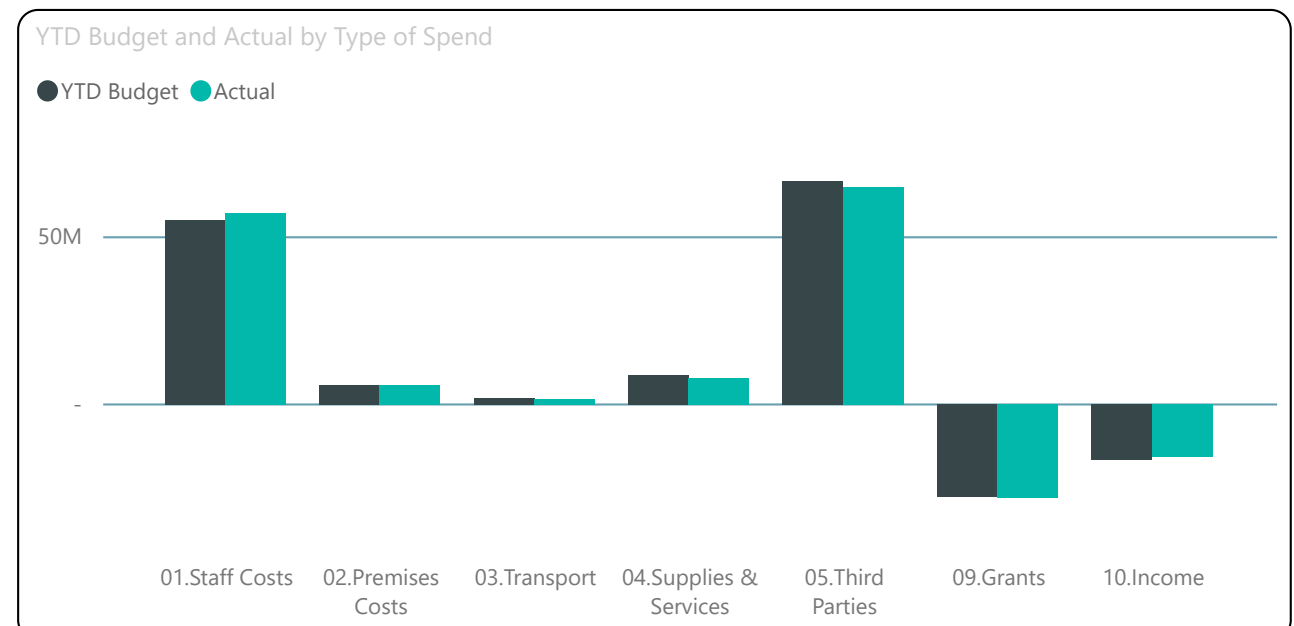
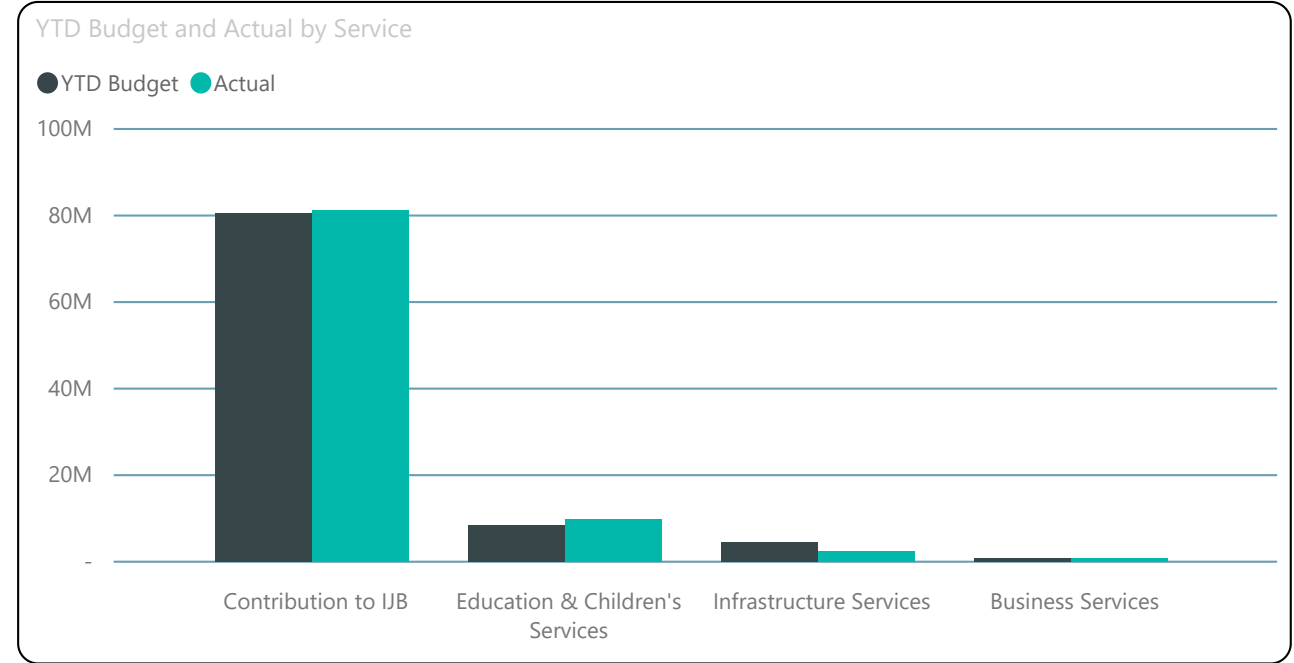
- Appendix 1a and 1b – Revenue Monitoring as at 31st December 2019
- Appendix 2 – Budget Movements
- Appendix 3 – Budget Movement Details
- Appendix 4 – Savings agreed at Full Council February 2019
- Appendix 5 - Capital Performance
- Appendix 6 – Capital Variance Analysis



Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	128,880,627	94,238,599	94,234,144	4,455

Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Business Services	1,099,000	823,509	704,915	118,594
Contribution to IJB	111,706,627	80,431,976	81,109,651	(677,675)
Education & Children's Services	10,866,000	8,431,127	9,906,946	(1,475,819)
Infrastructure Services	5,209,000	4,551,987	2,512,633	2,039,355
Total	128,880,627	94,238,599	94,234,144	4,455

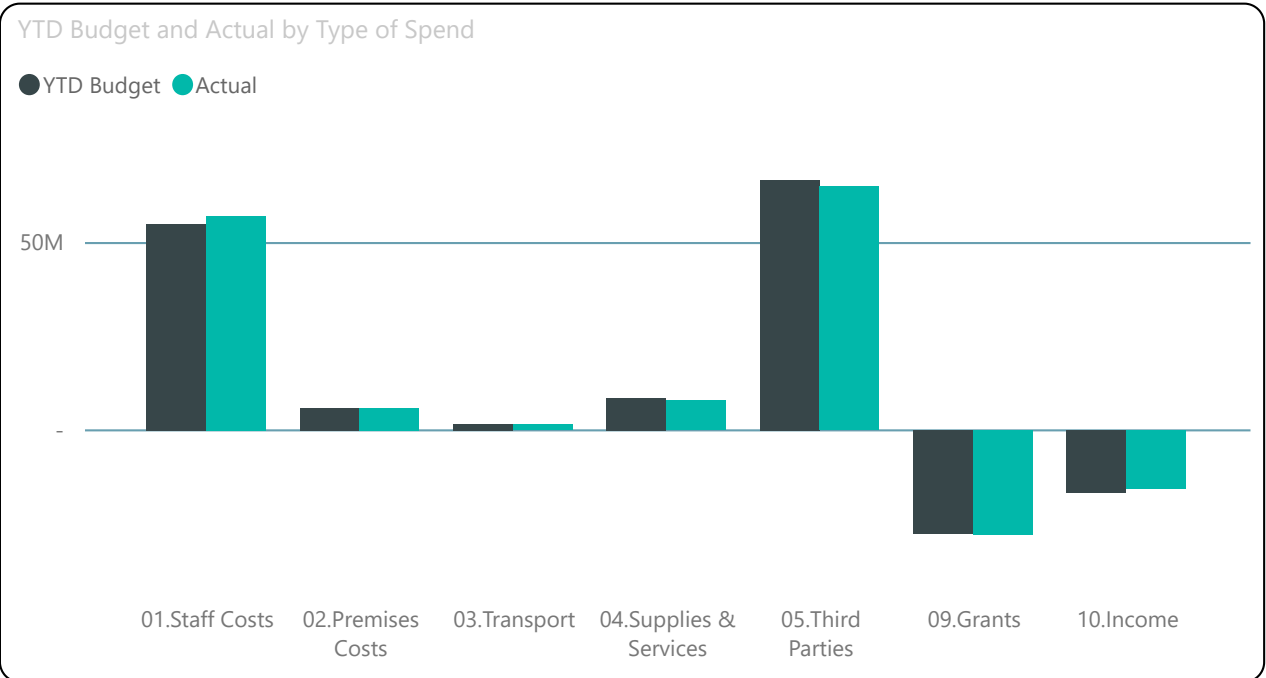
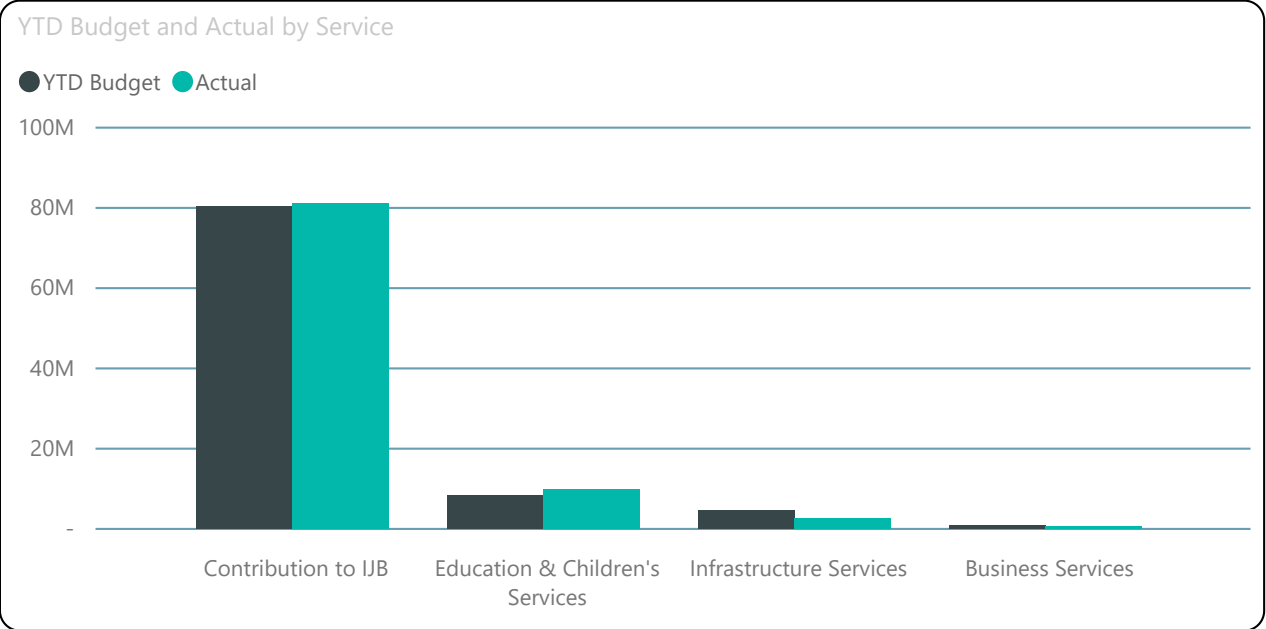
Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	73,917,901	55,179,422	57,305,822	(2,126,400)
02.Premises Costs	7,328,065	5,953,155	5,932,532	20,623
03.Transport	2,254,202	1,797,845	1,560,012	237,833
04.Supplies & Services	10,572,693	8,714,473	7,994,707	719,766
05.Third Parties	94,240,927	66,900,233	65,080,178	1,820,055
09.Grants	(36,262,694)	(27,704,591)	(27,949,285)	244,694
10.Income	(23,170,467)	(16,601,938)	(15,689,822)	(912,116)
11.Other	-	-	-	-
12.Capital	-	-	-	-
Total	128,880,627	94,238,599	94,234,144	4,455





Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	128,880,627	94,238,599	94,234,144	4,455

Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
14.Arts Development	431,000	332,000	358,014	(26,014)
15.Visitor Attractions	249,000	167,471	148,034	19,437
16.Grant Aid	224,000	167,994	162,342	5,652
17.Libraries	4,661,000	3,547,030	3,424,226	122,804
18.Museums	591,000	433,500	403,140	30,360
19.Active Communities	184,000	135,967	198,163	(62,196)
20.Halls	430,000	322,678	374,789	(52,111)
22.Sport and Physical Activity	4,096,000	3,324,487	4,838,238	(1,513,751)
23.Integration Joint Board	111,706,627	80,431,976	81,109,651	(677,675)
54.Affordable Housing	261,000	195,500	156,465	39,035
55.Homeless Persons	3,174,000	2,346,537	1,572,057	774,480
56.Improvement and Repair Grants	924,000	1,367,400	150,997	1,216,403
57.Gypsies / Travellers	83,000	56,700	77,732	(21,032)
58.Housing Support	392,000	293,850	303,876	(10,026)
59.Community Safety	375,000	292,000	251,506	40,494
84.Tackling Poverty and Inequalities	1,099,000	823,509	704,915	118,594
Total	128,880,627	94,238,599	94,234,144	4,455





Budget Report Page No	Base Budget as at 14th Feb 2019 Committee	Pre-Approved Virements	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 19/20
▲						
14.Arts Development	350,000	78,000			3,000	431,000
15.Visitor Attractions	247,000				2,000	249,000
16.Grant Aid	224,000					224,000
17.Libraries	4,634,000				27,000	4,661,000
18.Museums	667,000	(78,000)			2,000	591,000
19.Active Communities	182,000	-			2,000	184,000
20.Halls	402,000			27,000	1,000	430,000
22.Sport and Physical Activity	4,065,000	10,000		(17,000)	38,000	4,096,000
23.Integration Joint Board	109,694,000	(17,000)	1,399,000	(6,000)	636,627	111,706,627
54.Affordable Housing	259,000				-	261,000
55.Homeless Persons	3,263,000	(1,000)		(101,000)	13,000	3,174,000
56.Improvement and Repair Grants	919,000				-	924,000
57.Gypsies / Travellers	82,000				-	83,000
58.Housing Support	392,000				-	392,000
59.Community Safety	372,000				3,000	375,000
84.Tackling Poverty and Inequalities	1,153,000	(55,000)			-	1,099,000
Corporate Budget	-	-				-
Total	126,905,000	(63,000)	1,399,000	(97,000)	736,627	128,880,627

Aberdeenshire Council
Financial Performance - Revenue Budget

Appendix 3

Amount
£

Budget Movements

Reconciliation of Virements to 31 December 2019

Appendix 3

Virements approved 7 November 2019	(46,000)
Virements approved 19 December 2019	(57,000)
Virement reversed	6,000
Agreed to Appendix 2	(97,000)

Reserve Movements to be approved by Full Council (for noting at Policy Committee)

The following values have been drawn down from Earmarked Reserves to match expenditure incurred during 2019/20

Pay Strategy Reserve	595,000
Community, Culture & Tourism Reserve	141,627
Agreed to Appendix 2	736,627

Aberdeenshire Council
Monitoring Adjustments 2019/20
Communities Total Savings Agreed at Full Council - 2019/20 Revenue Budget

Appendix 4

No.	Budget Page	Title	Description	Original Saving per Full Council Feb-19 £'000	Service Comment	Responsible Officer(s)	Red
							Amber
1)	Libraries, Arts & Heritage	Library/Arts Strategic Review	Review of opening hours, review of current mobile library service, re-engineering of the libraries staffing, review of current facility portfolio and investment in mid-scale libraries.	150	A revised paper "Developing Our Future Library Service" has superceded previous papers and was tabled at C&S Sub-Committee on 21st Sept '19. The revised paper proposes a new approach to achieving the combined 2018/19 and 2019/20 savings through an open and transparent staff and community engagement process which will consider revised opening hours across the library estate and opportunity for alternative provision in the 13 villages previously identified as being at risk of closure. The overall impact on opening hours across the library estate, would bring about equity of provision across similar sized libraries and communities. Any impact on staff will be fully considered and consulted upon. However income levels within Libraries for 2019/20 are strong and are currently offsetting this saving not being achieved in the short term.	Avril Nicol (interim) / Craig Elliot	Red
2)	Sports and Leisure Management - Client	Reduced opening hours and selected facility closure	Vacancy management and a review of all income and expenditure.	400	The Culture & Sport Sub-Committee of 18 April agreed a report noting the intention to review the whole Culture & Sport estate during 2019, in parallel with the development of a Business Plan. These actions are intended to identify areas where expenditure on the improvement and enhancement of assets should result in an increase in income sufficient to warrant the investment. However these plans take time to implement and the opportunity for increasing income this financial year reduces.	Avril Nicol (interim) / Stephen Brown	Red
3)	Homeless Persons	Staffing review	Reduction in staff recharge to homelessness based on planned service delivery	46	This has been delivered. No issues arising.	Rob Simpson	Green
4)	Improvement and Repair Grants	Care & Repair Service	Saving from bringing Care & Repair service in house	15	This has been delivered. No issues arising.	Rob Simpson	Green
5)	Community Safety	Service review	Savings from service review	70	This has been delivered. No issues arising.	Rob Simpson	Green

COMMUNITIES 2019/20 NON-HRA CAPITAL PERFORMANCE (December 2019)

APPENDIX 5

DETAIL	APPROVED BUDGET FEB '19 2019/20 £000	BUDGET UPDATED 21/11/19 2019/20 £000	ACTUAL EXP (Dec '19) 2019/20 £000	19/20 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000	Note (App. 6)
COMMUNITIES						
1 Affordable Housing	3,000	3,000	0	3,000	(3,000)	A
2 Banchory Sports Village (Community Sports Facility, Hill of Banchory)	0	1,053	1,135	(82)	82	
3 Culture Sport and Business Unit	60	60	0	60	0	
4 Disabled/Elderly Housing Adaptations (Private Sector Housing Grant)	924	1,106	0	1,106	0	
5 Learning Disabilities - Adaptation Centres	125	250	12	238	(200)	B
6 Peterhead Care and Support Village	250	270	5	265	(170)	C
7 Social Work - Minor Works	50	189	30	159	(150)	D
Communities Total	4,409	5,928	1,182	4,746	(3,438)	

COMMUNITIES 2019/20 NON-HRA CAPITAL PERFORMANCE (December 2019)

APPENDIX 6

Significant Variance Analysis

<u>Note</u>	<u>Budget</u>	<u>Variance</u> <u>2019/20</u> <u>£,000</u>	<u>Narrative</u>
A	Affordable Housing	(3,000)	Second Home Council Tax and Reserve Funding will be utilised in 2019/20 as priority funding to support the delivery of the Strategic Housing Investment Plan. The capital budget allocation of £3,000,000 requires to be deferred to later years.
B	Learning Disabilities - Adaptation Centres	(200)	Projects have been put on hold while Service determine priorities and available funding.
C	Peterhead Care and Support Village	(170)	Project scope has changed significantly and discussions are ongoing with the Service to finalise and confirm the revisions to the designs.
D	Social Work - Minor Works	(150)	Projects have been put on hold while Service determine priorities and available funding.

