

## REPORT TO COMMUNITIES COMMITTEE – 5 NOVEMBER 2020

### QUARTER 2 FINANCIAL PERFORMANCE: COMMUNITIES BUDGET

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital financial performance information for those services which fall within the remit of the Committee as at 30 September 2020.

#### 2 Recommendations

**The Committee is recommended to:**

- 1. Consider and discuss the Revenue and Capital Financial Performance for Quarter 2**
- 2. Acknowledge the budget movements as set out in Appendix 3**

#### 3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with the Financial Performance position in relation to the services which fall within the Committee's remit.
- 3.2 The Committee will receive further reports on the Financial Performance throughout the financial year.

#### 4 Discussion

##### Revenue Budget

- 4.1 On 18 March 2020 Full Council approved a Revenue Budget of £135.292 million in respect of those services for which Communities Committee is responsible. A virement of £16,356 was approved by Committee on 3 September 2020. £3.399 million COVID-19 funding has been received from the Scottish Government to support sustainability in Social Care. £34,650 will be transferred from earmarked reserves. These transfers, subject to the appropriate approvals, will result in a revised budget of £138.709 million as detailed in Appendix 2.
- 4.2 The year to date budgeted expenditure on service delivery to 30 September 2020 was £71.606 million, the actual expenditure incurred by the end of Quarter 2 was £72.080 million. This has resulted in expenditure exceeding the phased budget by £474,111. **Appendix 1a** provides a summary of the financial performance and a breakdown by type of spend e.g. staffing. **Appendix 1b** provides a breakdown by budget page with the COVID-19 expenditure separately identified.
- 4.3 Income generating budgets falling within the remit of Communities Committee are experiencing substantial pressure on budgets - income is £3.78 million less than budget to the end of September, with most of this falling under Sports and Physical Activity. Whilst some services have started to resume, this is on a reduced basis therefore it is expected that the pressures on this budget will significantly increase by the end of the financial year.

- 4.4 The Loss of Income Scheme for Scottish Councils of £90 million announced by the Scottish Government should compensate councils for the loss of external income due to changes in consumer, customer or client behaviour and the closure of facilities as a result of the COVID-19 pandemic. It will not cover losses of internally generated income for example from property services or from capital projects nor will it cover losses in relation to council tax, housing rent or reductions in investment income. The allocation of this funding has yet to be announced.
- 4.5 The reduction in income is partially being offset by underspends on a number of expenditure budgets due to the closure of facilities and the impact of the lockdown. Staffing costs are lower due to the closure of facilities and a decrease in the need for relief staff or overtime to cover staff absence. Certain sectors including Leisure have also received a one year 100% reduction in business rates which has contributed to a lower spend to date within premises costs.
- 4.6 Whilst Live Life Aberdeenshire facilities were closed during lockdown staff were re-trained and re-deployed to support critical services such as home care and the Grampian Assistance Hub. At the height of the response to the pandemic 94 members of the LLA Team were redeployed to the Aberdeenshire Health and Social Care Partnership and 155 to the Grampian Assistance Hub. The return of staff to their substantive roles has been managed in conjunction with Health and Social Care and the Hub in order to continue to support these critical services when and where required.
- 4.7 With the easing of lockdown services are beginning to slowly reopen safely. Live Life Aberdeenshire for example have successfully reopened some of its sports and recreational facilities on a phased basis with services being booked and paid for in advance.
- 4.8 Homelessness is a key part of the health response to the Covid-19 pandemic. During the initial stages of the pandemic and lockdown the requirements for temporary accommodation were unknown as the population involved were being asked not to move but as there was still homelessness the Housing Service had to ensure there was available stock. Other accommodation alternatives such as B&B's and Hotels were also closed. Due to this most accommodation being returned was held as temporary accommodation and was furnished. As lockdown has relaxed more accommodation has been let permanently and the temporary accommodation stocks reduced.
- 4.9 Within this report, the Council's contribution to the IJB has been recorded. The fully consolidated quarterly financial performance to 30<sup>th</sup> June 2020 of the Aberdeenshire Health and Social Care Partnership was reported to the Aberdeenshire Integration Joint Board on 25 September 2020. This reported a small underspend of £513,000 to date. There are several significant areas of risk that require to be managed for the remainder of the year that may impact on the final year end results. The second quarter results will be reported to the Aberdeenshire Integration Joint Board on 5<sup>th</sup> November 2020. Future reports to this Committee will reflect any financial pressures by reporting on the potential

additional contribution which may be sought from the Council. This would be the equivalent of the 40% of the consolidated results.

- 4.10 The underspend within the Tackling Poverty & Inequalities budget line can be attributed to the delays in the appointment of the Money Advisor posts as a result of the lockdown measures. Appointments have now been made and costs will be reflected in future reports.
- 4.11 Whilst this report continues the focus on the management of income and expenditure against the year to date budget there will be a need to take into account the effect that the COVID-19 pandemic has had, and will continue to have, on the revenue budget.

On 25 June 2020 Full Council agreed to a revision to the Medium-Term Financial Strategy which would include, amongst other things, a focus on the provision of actual monthly data and a quarterly predicted position. Changes to the processes will build on the Council’s already robust financial governance. The provision of more frequent data will provide accurate information for decision making as services transition from the response to recovery phases.

Capital Budget Monitoring

- 4.12 Communities Capital Budget for monitoring purposes for 2020/21 was agreed on 18 March 2020 by Council at £7.031 million and this increased to £7.253 million due to £222,000 being carried forward from 2019/20. Details are captured in **Appendix 4**.
- 4.13 At the end of the second Quarter of 2020/21 £426,000 of capital expenditure has been incurred. The Affordable Housing budget of £3 million for property acquisitions will not be required in 2020/21 as the Service look to utilise other sources of funding in the first instance including 2<sup>nd</sup> Homes Council Tax and Scottish Government grant. In addition to this, delays in the capital programme, as a result of COVID-19, it is anticipated £830,000 of the planned programme will be spent this financial year. Any movements to this position will be reported back to a future meeting of the Committee.

**5 Council Priorities, Implications and Risk**

- 5.1 The work and outcomes delivered through the various services reporting to the Communities Committee helps in the delivery of the following council priorities:

<b>Pillar</b>	<b>Priority</b>
Our People	<ul style="list-style-type: none"> <li>• Education</li> <li>• Health &amp; Wellbeing</li> </ul>
Our Environment	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Resilient Communities</li> </ul>
Our Economy	<ul style="list-style-type: none"> <li>• Economy &amp; Enterprise</li> <li>• Estate Modernisation</li> </ul>

- 5.2 This report sets out the financial resources which have been used to deliver the priorities of Communities Committee and as such link in to the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within the Committee’s remit.
- 5.3 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

- 5.4 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.
- 5.5 There are no staffing or children and young people’s wellbeing implications arising from this report.
- 5.6 The following Risks have been identified as relevant to this matter on a 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 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 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.

**Ritchie Johnson**

**Director of Business Services**

Report prepared by Shirley-Ann Gordon – 12 October 2020

**List of Appendices**

Appendix 1a and 1b – Revenue Monitoring as at 30 September 2020

Appendix 2 – Budget Movements

Appendix 3 – Budget Movement Details

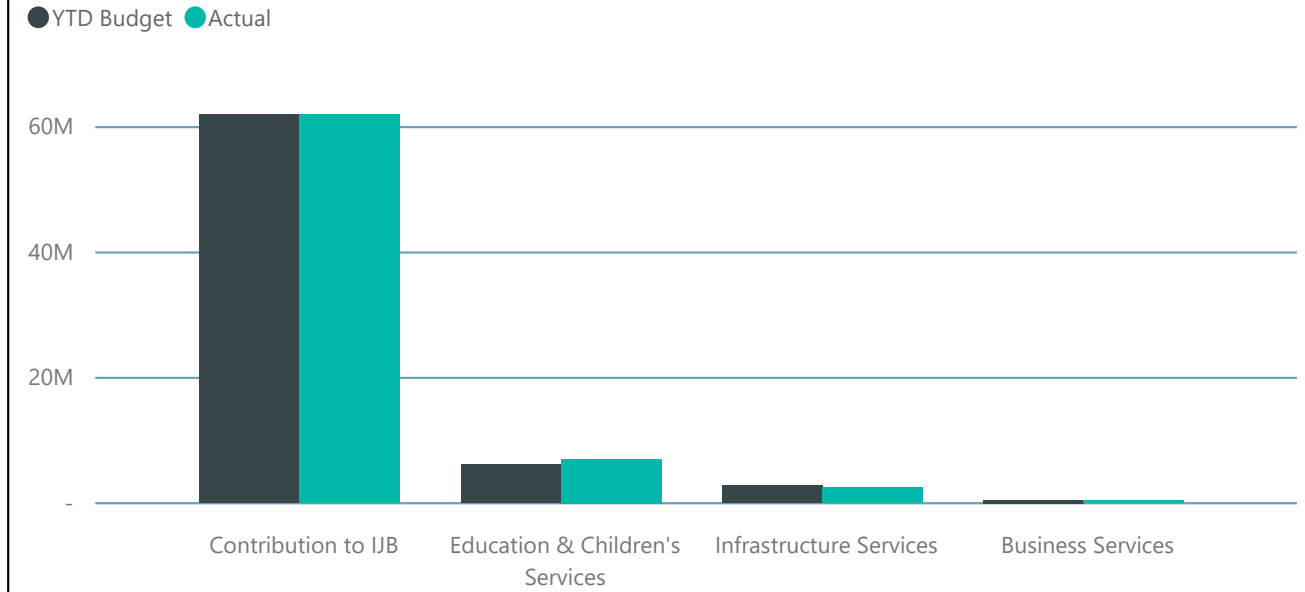
Appendix 4 – Capital Financial Performance as at 30 September 2020



Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	138,709,294	71,606,348	72,015,100	(408,752)
Communities - Covid - Food Fund	-	-	63,482	(63,482)
Communities - Covid - Live Life Aberdeenshire	-	-	1,877	(1,877)
<b>Total</b>	<b>138,709,294</b>	<b>71,606,348</b>	<b>72,080,459</b>	<b>(474,111)</b>

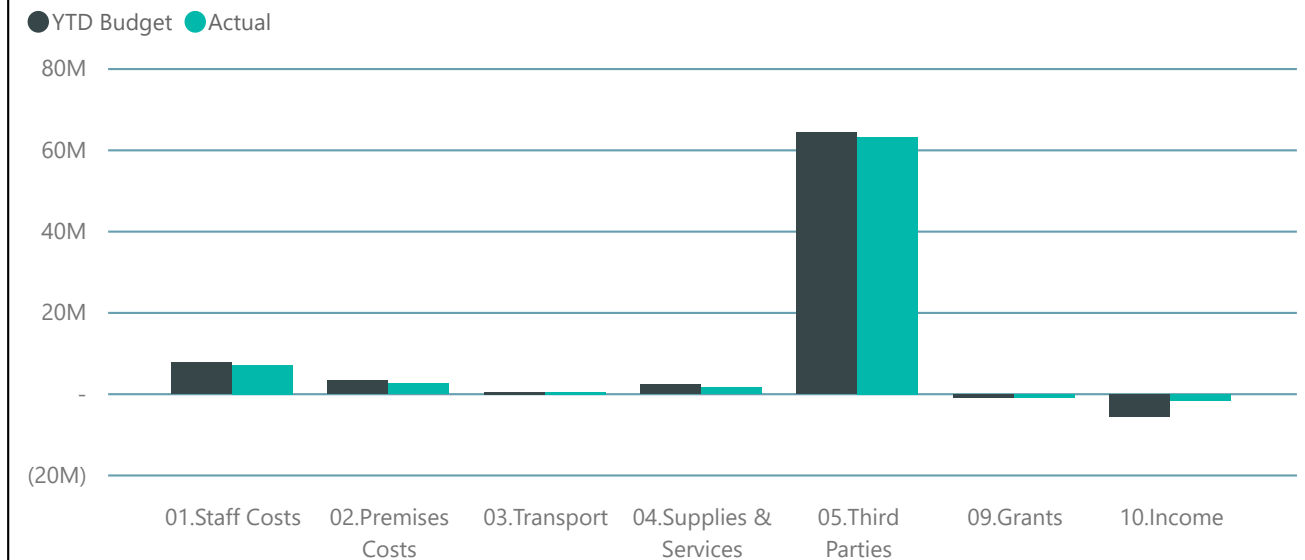
Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	138,709,294	71,606,348	72,015,100	(408,752)
Communities - Covid - Food Fund	-	-	63,482	(63,482)
Communities - Covid - Live Life Aberdeenshire	-	-	1,877	(1,877)
<b>Total</b>	<b>138,709,294</b>	<b>71,606,348</b>	<b>72,080,459</b>	<b>(474,111)</b>

YTD Budget and Actual by Service



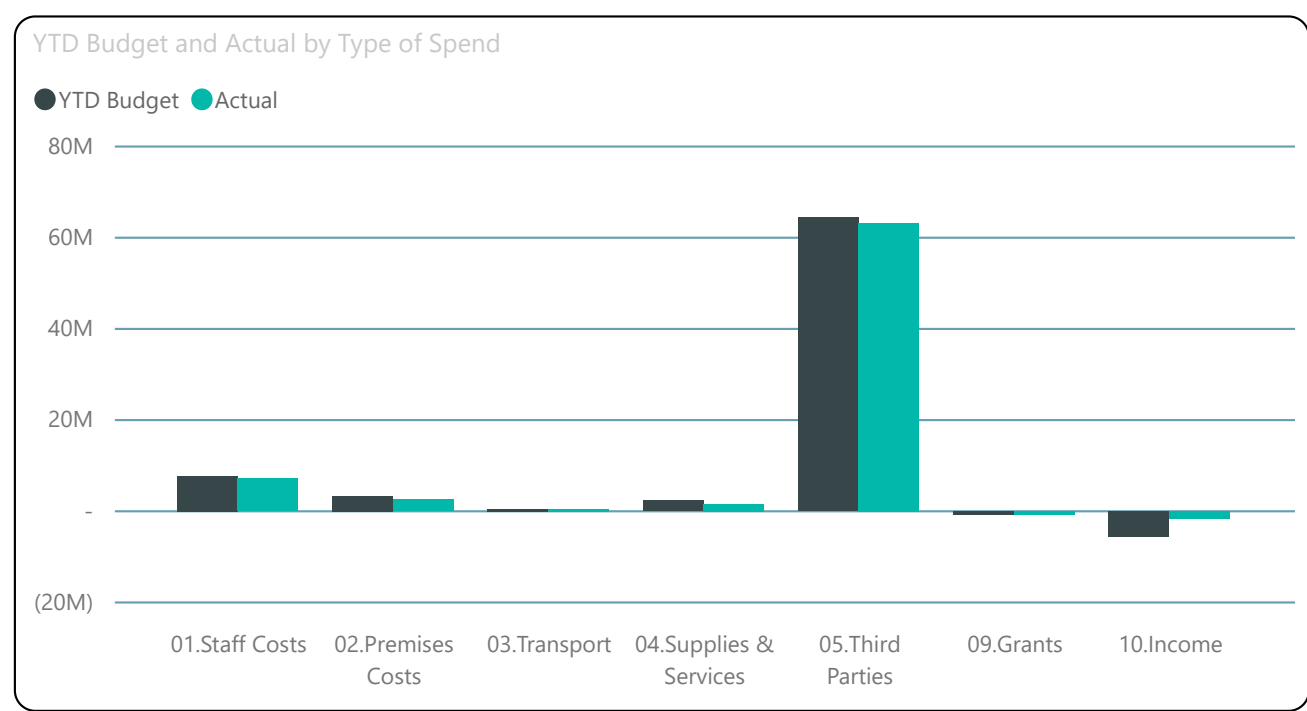
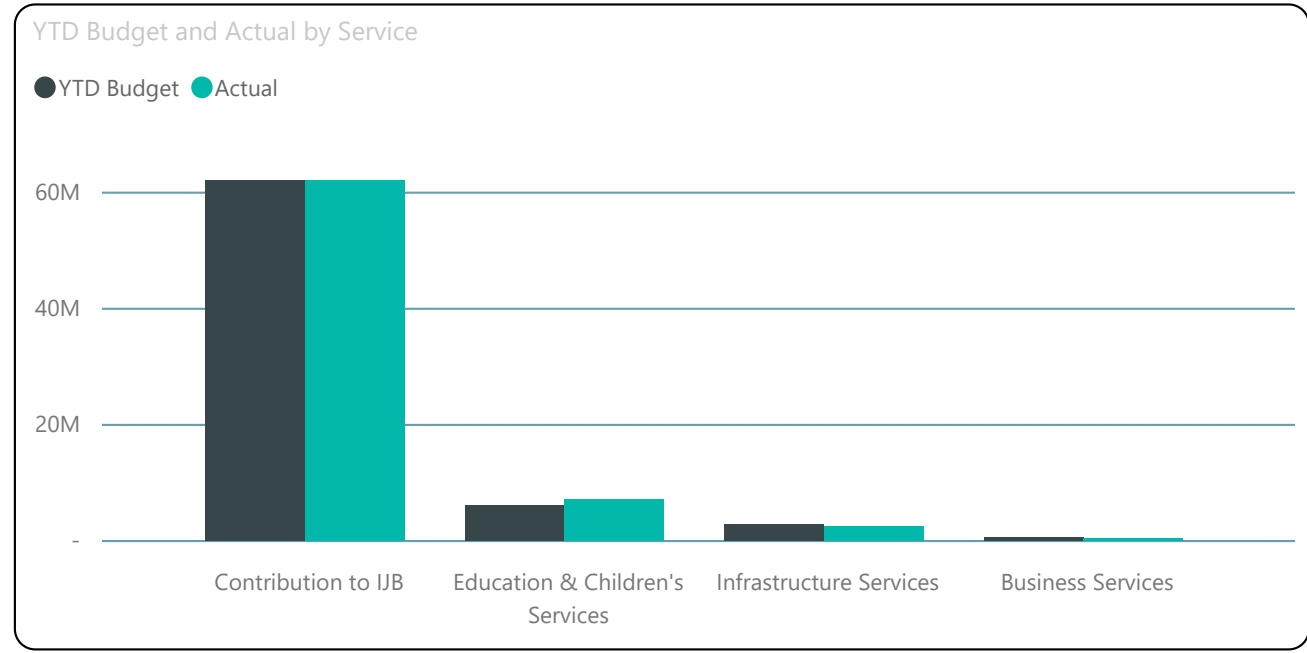
Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	15,382,360	7,767,326	7,166,626	600,700
02.Premises Costs	5,415,899	3,356,796	2,559,107	797,689
03.Transport	131,813	63,376	42,639	20,737
04.Supplies & Services	3,908,016	2,319,130	1,610,320	708,810
05.Third Parties	125,484,500	64,401,212	63,273,975	1,127,237
09.Grants	(836,550)	(805,802)	(860,707)	54,905
10.Income	(10,776,744)	(5,495,690)	(1,711,501)	(3,784,189)
12.Capital	-	-	-	-
99.Closed	-	-	-	-
<b>Total</b>	<b>138,709,294</b>	<b>71,606,348</b>	<b>72,080,459</b>	<b>(474,111)</b>

YTD Budget and Actual by Type of Spend



Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	138,709,294	71,606,348	72,080,459	(474,111)

Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
14.Arts Development	534,000	256,046	212,781	43,265
15.Visitor Attractions	189,000	54,105	157,162	(103,057)
16.Grant Aid	170,000	85,004	28,875	56,129
17.Libraries	4,347,644	2,282,480	2,065,809	216,671
18.Museums	624,000	335,150	218,891	116,259
19.Active Communities	256,000	94,603	264,803	(170,200)
20.Halls	434,000	279,575	168,823	110,752
22.Sport and Physical Activity	4,681,000	2,786,580	3,961,628	(1,175,048)
23.Integration Joint Board	120,713,000	62,055,998	62,055,998	-
54.Affordable Housing	251,000	126,225	119,172	7,053
55.Homeless Persons	3,304,650	1,531,042	1,813,792	(282,750)
56.Improvement and Repair Grants	1,171,000	707,700	248,700	459,000
57.Gypsies / Travellers	144,000	61,390	45,923	15,468
58.Sheltered Housing Support	439,000	219,498	150,199	69,299
59.Community Safety	346,000	190,446	146,636	43,810
84.Tackling Poverty and Inequalities	1,105,000	540,506	355,908	184,598
Covid-19 - Food Fund	-	-	63,482	(63,482)
Covid-19 - Live Life Aberdeenshire	-	-	1,877	(1,877)
<b>Total</b>	<b>138,709,294</b>	<b>71,606,348</b>	<b>72,080,459</b>	<b>(474,111)</b>





Budget Report Page No	Base Budget as at Mar 2020 Committee	Budget Adjustments	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
▲						
14.Arts Development	534,000	-				534,000
15.Visitor Attractions	189,000	-				189,000
16.Grant Aid	170,000	-				170,000
17.Libraries	4,364,000	-		(16,356)		4,347,644
18.Museums	624,000	-				624,000
19.Active Communities	256,000	-				256,000
20.Halls	434,000	-				434,000
22.Sport and Physical Activity	4,681,000	-				4,681,000
23.Integration Joint Board	117,314,000		3,399,000			120,713,000
54.Affordable Housing	251,000					251,000
55.Homeless Persons	3,515,000			-	(210,350)	3,304,650
56.Improvement and Repair Grants	926,000	-		-	245,000	1,171,000
57.Gypsies / Travellers	144,000	-				144,000
58.Sheltered Housing Support	439,000					439,000
59.Community Safety	346,000					346,000
84.Tackling Poverty and Inequalities	1,105,000					1,105,000
<b>Total</b>	<b>135,292,000</b>	<b>-</b>	<b>3,399,000</b>	<b>(16,356)</b>	<b>34,650</b>	<b>138,709,294</b>



	Amount £
<b><u>Reconciliation of Virements to 30 September 2020</u></b>	
Virements approved 3 September 2020	(16,356)
<b>Agreed to Appendix 2</b>	<b>(16,356)</b>
<b>Reserve Movements to be approved by Full Council (for noting at Policy Committee)</b>	
The following amounts have been drawn down from /(transferred to) Earmarked Reserves to match expenditure incurred to 30 September 2020	
New Scots funding received - transferred to Government Grants Reserve	(210,350)
HEEPS Grant funding - drawn down from Government Grants Reserve	245,000
<b>Agreed to Appendix 2</b>	<b>34,650</b>
<b>Additional Scottish Government Funding to be approved by Full Council (for noting at Policy Committee)</b>	
COVID-19 Funding to support sustainability in Social Care Integration Joint Board	3,399,000

## COMMUNITIES - FINANCIAL PERFORMANCE: Q2 CAPITAL BUDGET (SEPTEMBER 2020)

## APPENDIX 4

DETAIL	APPROVED BUDGET MAR '20 2020/21 £000	REVISED BUDGET 2020/21 £000	ACTUAL EXP (Sep 20) 2020/21 £000	20/21 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000
<b>COMMUNITIES</b>					
1 Affordable Housing	3,000	3,000	0	3,000	(3,000)
2 Live Life Aberdeenshire	1,811	1,871	38	1,833	(1,821)
3 Disabled/Elderly Housing Adaptations (Priv.Sector Hsg Grant)	1,000	1,106	375	731	(356)
4 Learning Disabilities - Adaptation Centres	290	263	3	260	(253)
5 Peterhead Care and Support Village	684	777	6	771	(767)
6 Social Work - Minor Works	246	236	4	232	(226)
<b>Communities Total</b>	<b>7,031</b>	<b>7,253</b>	<b>426</b>	<b>6,827</b>	<b>(6,423)</b>