

## REPORT TO COMMUNITIES COMMITTEE – 18 FEBRUARY 2021

### QUARTER 3 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 31 December 2020.

#### 2 Recommendations

**The Committee is recommended to:**

- 1. Consider and discuss the Revenue and Capital Financial Performance for Quarter 3**
- 2. Acknowledge the budget movements as set out in Appendices 2 and 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 as part of its Medium-Term Financial Strategy (MTFS). This strategy was revised on 19 November 2020 to take into account the adverse impact of COVID-19 on the income, budget assumptions and savings, which had been factored into the original revenue budget.
- 4.2 The additional Scottish Government funding, transfers from reserves and budget virements, which are set out in Appendices 2 and 3 and which are subject to the appropriate approvals, have resulted in a revised budget of £141.748 million. Given that the financial impact of COVID-19 is still emerging, the revised Medium-Term Financial Strategy (MTFS2) makes provision of up to £24.08 million through one-off income, the use of reserves, a reset of the capital plan, savings options and ongoing cost control. £4.172 million of this provision relates to services that fall within the remit of Communities Committee.
- 4.3 The year-to-date budgeted expenditure on service delivery to 31 December 2020 was £108.175 million, the actual expenditure incurred by the end of Quarter 3 was £108.799 million. This has resulted in expenditure exceeding the phased budget by £624,191, of which £213,809 can be directly attributed to COVID-19. **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.

- 4.4 Income generating budgets falling within the remit of Communities Committee are £5.324 million below the budgeted figure at the end of Quarter 3. This compares to £3.78 million at the end of Quarter 2 and shows a slight slowdown in the rate of increase. Most of the loss of income is in sport and physical activity but this had begun to recover slightly with services resuming and income exceeding the anticipated figure but with the resumption of lockdown the position will get worse.
- 4.5 The Loss of Income Scheme for Scottish Councils of £90 million announced by the Scottish Government will partially 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 Council has been allocated just over £3 million of this funding has yet to be announced, which will be used to mitigate any deficit at year end. The Council has also received £577,000 of grant funding based on actual expenditure related to the Non-Shielded at Risk.
- 4.6 The reduction in income is partially being offset by underspends on a number of expenditure budgets due to the closure of facilities, the impact of the lockdown and rigorous cost control measures. 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.
- 4.7 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. Throughout Quarter 3 the service had been overseeing a managed return of staff to their substantive rolls. However, this has now been paused and currently 29 members of the LLA Team are redeployed to care homes, 60 to vaccination support, 28 to the Grampian Humanitarian Assistance Centre and 5 to transport and PPE delivery.
- 4.8 The underspend in the Homelessness budget page relates to housing support clients within area, the purpose of which is to assist tenants sustain their tenancies. The service anticipates that the within budget position will remain for this financial year, but at a lower level than currently.
- 4.9 Improvement and Repair Grants are within budget by £286,039 because Covid-19 has adversely impacted on the ability of tenants to undertake works. The Service are reviewing impact of current restrictions with only essential works being carried out, with a view to predicting the likely position at the end of the financial year.

- 4.10 At the end of December, the Integrated Joint Board is operating within budget and is forecasting that this will continue to be the case for the last quarter of the financial year. Therefore, there is not likely to be a request for any additional funding contribution from the Council in 2020/21.
- 4.11 Expenditure on the Tackling Poverty and Inequalities budget page is within budget by £108,080 of which £100,371 can be attributed to Third Party payments as a result of delays in programmed activity due to current restrictions. On-going review of this budget continues, and indications are that there will not be an underspend by the end of the financial year.
- 4.12 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.

#### Capital Budget Monitoring

- 4.13 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**.
- 4.14 At the end of the Quarter 3 £483,000 of capital expenditure had been incurred. The Affordable Housing budget of £3 million for property acquisitions will not be required in 2020/21 as the Service looks 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, due to delays in the capital programme, as a result of COVID-19, it is anticipated £914,000 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 Susan Donald – 21 January 2021

## List of Appendices

Appendix 1a and 1b – Revenue Monitoring as at 31 December 2020

Appendix 2 – Budget Movements

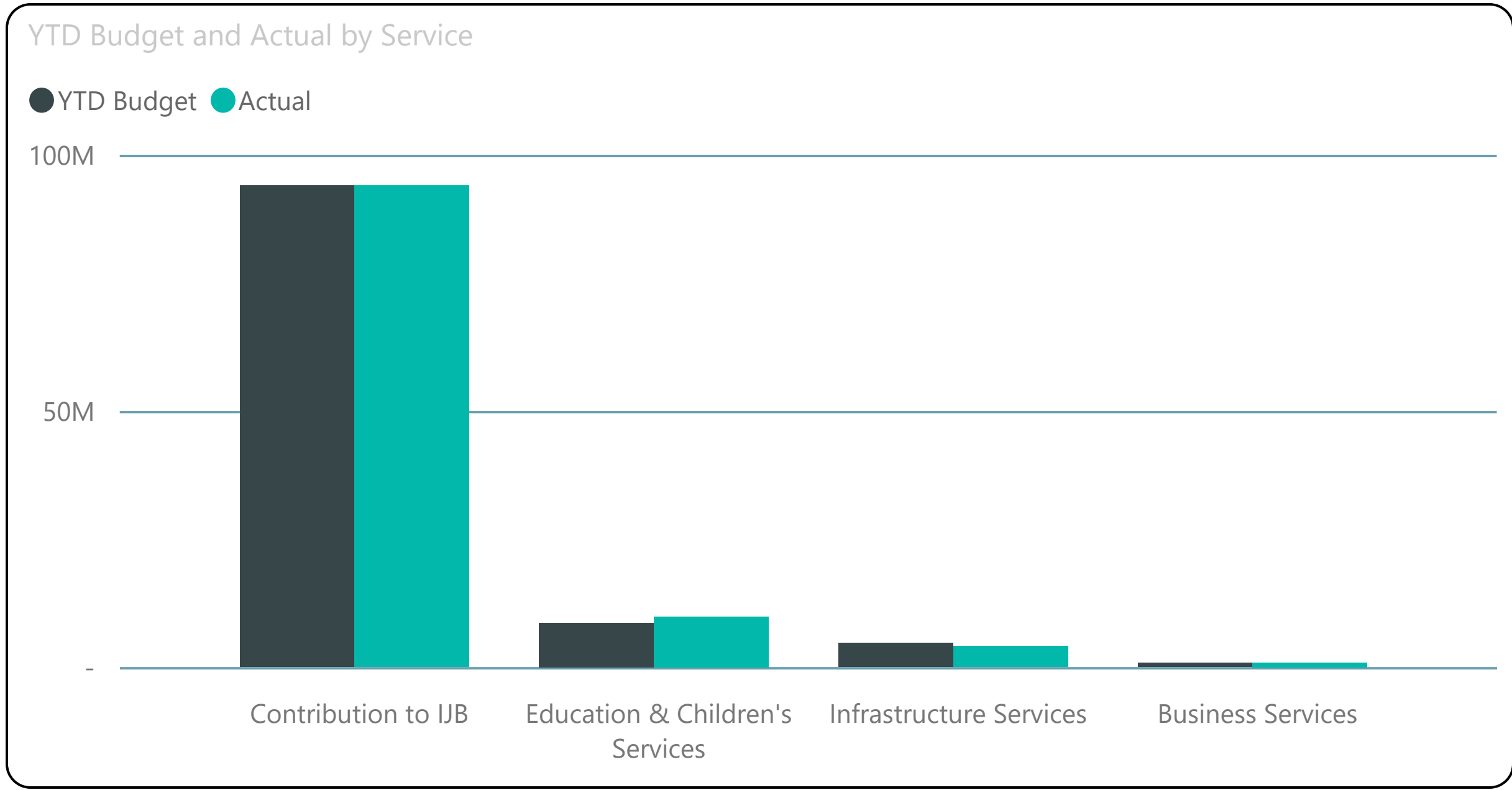
Appendix 3 – Budget Movement Details

Appendix 4 – Capital Financial Performance as at 31 December 2020

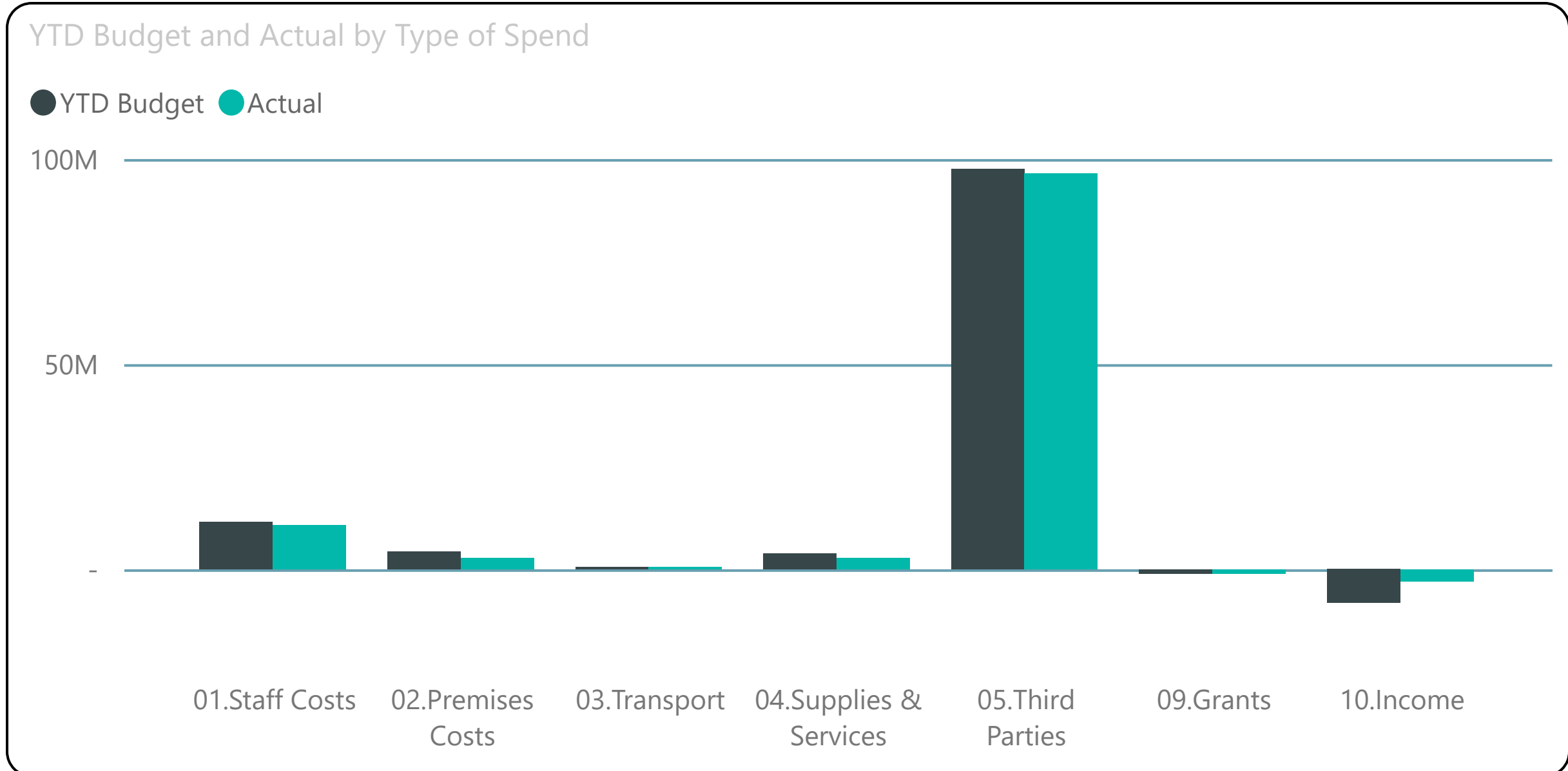


Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	141,747,971	108,175,074	108,585,456	(410,382)
Communities - Covid - Food Fund	-	-	211,802	(211,802)
Communities - Covid - Live Life	-	-	2,007	(2,007)
<b>Aberdeenshire Total</b>	<b>141,747,971</b>	<b>108,175,074</b>	<b>108,799,265</b>	<b>(624,191)</b>

Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	141,747,971	108,175,074	108,585,456	(410,382)
Communities - Covid - Food Fund	-	-	211,802	(211,802)
Communities - Covid - Live Life	-	-	2,007	(2,007)
<b>Aberdeenshire Total</b>	<b>141,747,971</b>	<b>108,175,074</b>	<b>108,799,265</b>	<b>(624,191)</b>



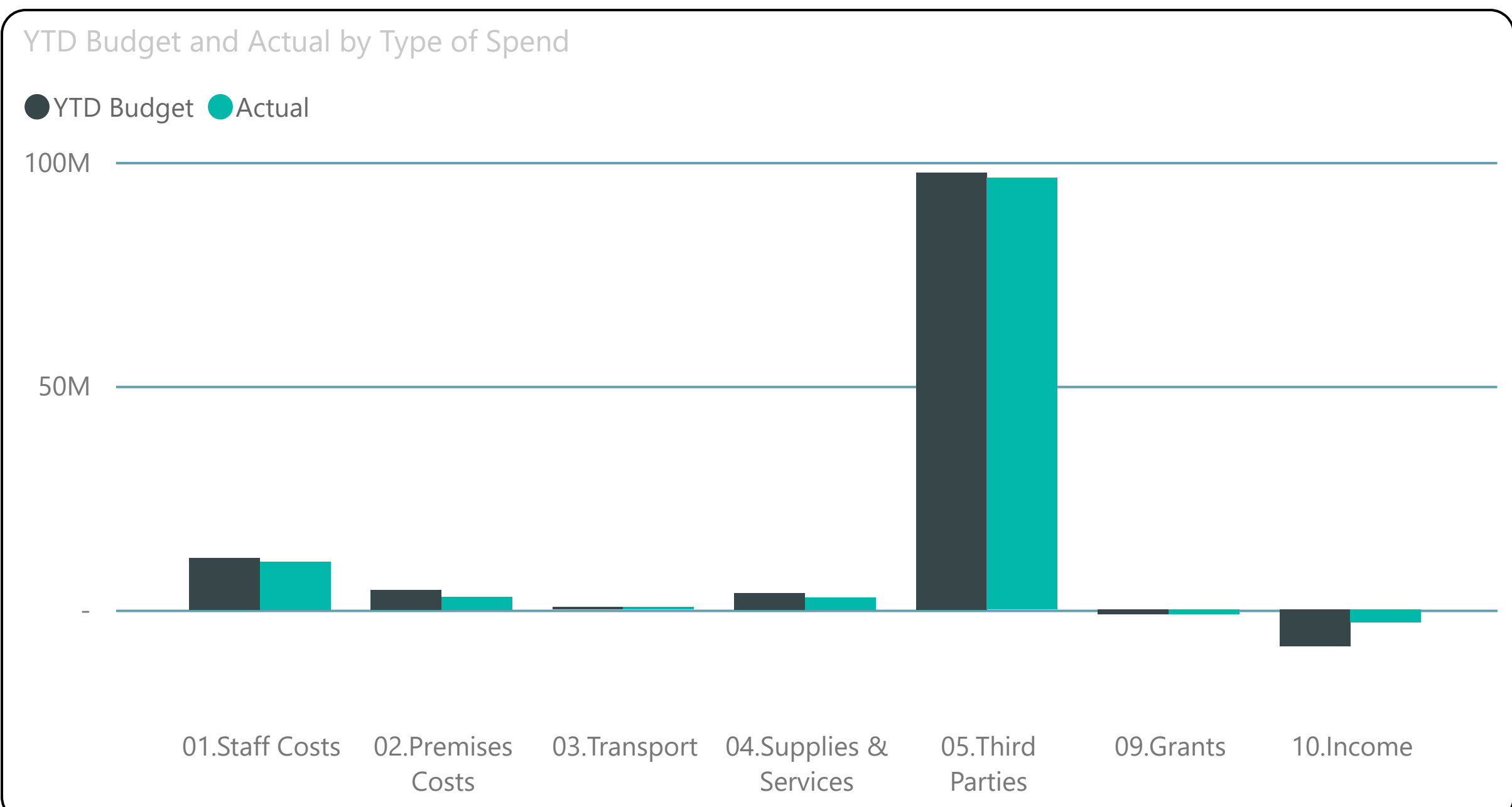
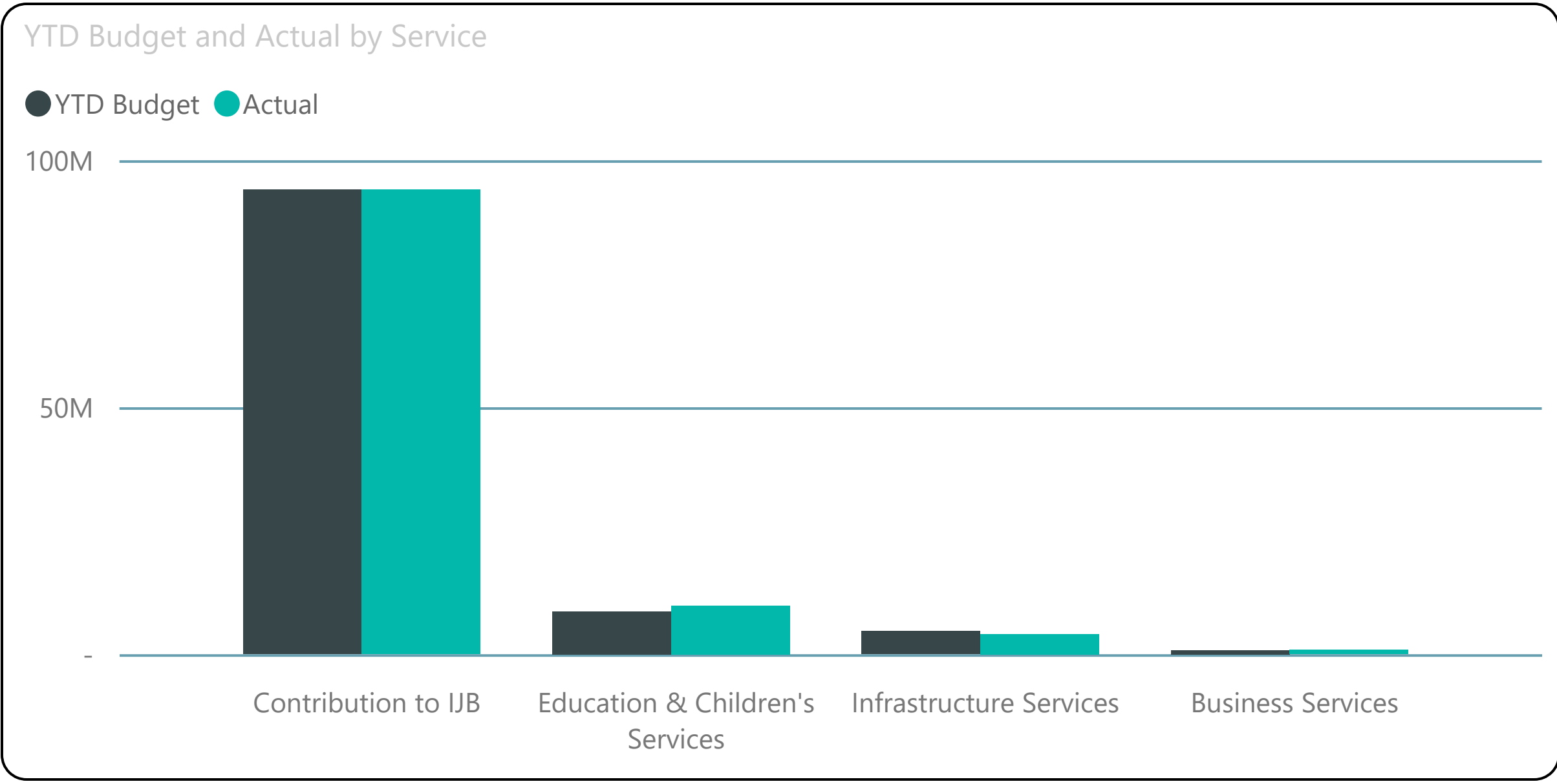
Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	15,404,360	11,599,451	10,679,760	919,691
02.Premises Costs	5,448,230	4,378,568	2,810,027	1,568,541
03.Transport	131,813	96,522	63,056	33,466
04.Supplies & Services	4,568,581	3,773,414	2,768,622	1,004,792
05.Third Parties	128,048,000	97,565,331	96,418,934	1,146,397
09.Grants	(1,027,269)	(1,026,645)	(1,053,300)	26,655
10.Income	(10,825,744)	(8,211,567)	(2,887,835)	(5,323,732)
12.Capital	-	-	-	-
99.Closed	-	-	-	-
<b>Total</b>	<b>141,747,971</b>	<b>108,175,074</b>	<b>108,799,265</b>	<b>(624,191)</b>





Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
Communities	141,747,971	108,175,074	108,799,265	(624,191)

Budget Report Page No	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
14.Arts Development	534,119	388,363	324,783	63,580
15.Visitor Attractions	189,227	115,613	216,723	(101,110)
16.Grant Aid	170,000	127,502	33,875	93,627
17.Libraries	4,350,929	3,315,644	3,003,581	312,063
18.Museums	624,525	473,953	338,955	134,998
19.Active Communities	256,000	176,868	336,320	(159,452)
20.Halls	434,000	349,970	227,498	122,472
22.Sport and Physical Activity	4,682,175	3,702,276	5,369,851	(1,667,575)
23.Integration Joint Board	123,276,500	94,022,999	94,022,938	61
54.Affordable Housing	251,000	188,212	178,863	9,349
55.Homeless Persons	3,005,650	2,095,145	1,863,150	231,995
56.Improvement and Repair Grants	1,939,846	1,707,394	1,421,355	286,039
57.Gypsies / Travellers	144,000	94,735	73,851	20,884
58.Sheltered Housing Support	439,000	329,249	291,660	37,589
59.Community Safety	346,000	268,398	242,060	26,338
67b.Community Planning	68,100	41,077	(29,604)	70,681
84.Tackling Poverty and Inequalities	1,036,900	777,676	669,596	108,080
Covid-19 - Food Fund	-	-	211,802	(211,802)
Covid-19 - Live Life Aberdeenshire	-	-	2,007	(2,007)
<b>Total</b>	<b>141,747,971</b>	<b>108,175,074</b>	<b>108,799,265</b>	<b>(624,191)</b>





Budget Report Page No	Base Budget as at Mar 2020 Committee	Budget Adjustments	MTFS	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
▲							
14.Arts Development	534,000	-			119		534,119
15.Visitor Attractions	189,000	-			227		189,227
16.Grant Aid	170,000	-					170,000
17.Libraries	4,364,000	-			(13,071)		4,350,929
18.Museums	624,000	-			525		624,525
19.Active Communities	256,000	-					256,000
20.Halls	434,000	-					434,000
22.Sport and Physical Activity	4,681,000	-			1,175		4,682,175
23.Integration Joint Board	117,314,000			6,111,000	(148,500)		123,276,500
54.Affordable Housing	251,000						251,000
55.Homeless Persons	3,515,000				-	(509,350)	3,005,650
56.Improvement and Repair Grants	926,000	-			-	1,013,846	1,939,846
57.Gypsies / Travellers	144,000	-					144,000
58.Sheltered Housing Support	439,000						439,000
59.Community Safety	346,000						346,000
67b.Community Planning	68,100						68,100
84.Tackling Poverty and Inequalities	1,036,900						1,036,900
<b>Total</b>	<b>135,292,000</b>	<b>-</b>		<b>6,111,000</b>	<b>(159,525)</b>	<b>504,496</b>	<b>141,747,971</b>

	Amount £
<b><u>Reconciliation of Virements to 31 December 2020</u></b>	
Virements approved 3 September 2020	(16,356)
Virements to be approved by Full Council - see below	(143,169)
<b>Agreed to Appendix 2</b>	<b><u>(159,525)</u></b>
<b><u>Virements to be approved by Full Council (for noting at Policy Committee)</u></b>	
<b>One-off Virement - Reallocation of Procurement Savings</b>	
Integration Joint Board	(300,000)
<b>One-off Virement - Realignment of Income and Expenditure budgets to reflect uplift in Building Cleaning charges</b>	
Arts Development	119
Visitor Attractions	227
Libraries	3,285
Museums	525
Sports & Physical Activity	1,175
	<u>5,331</u>
<b>Permanent Virement - Service Maintenance contract budgets transferred to Services</b>	
Integration Joint Board	151,500
	<u>(143,169)</u>
<b><u>Additional Scottish Government Funding to be approved by Full Council (for noting at Policy Committee)</u></b>	
<b>Covid-19 Funding to support sustainability in Social Care</b>	
Integration Joint Board	5,621,000
<b>Living Wage Funding for Adult Social Care</b>	
Integration Joint Board	490,000
	<u>6,111,000</u>
<b><u>Reserve Movements to be approved by Full Council (for noting at Policy Committee)</u></b>	
The following amounts have been drawn down from /(transferred to) Earmarked Reserves to match expenditure incurred to 31 December 2020:	
New Scots funding received - transferred to Government Grants Reserve	(509,350)
HEEPS Grant funding - drawn down from Government Grants Reserve	1,013,846
<b>Agreed to Appendix 2</b>	<b><u>504,496</u></b>



ABERDEENSHIRE COUNCIL - FINANCIAL PERFORMANCE: 2020/21 COMMUNITIES CAPITAL PERFORMANCE Q3 (DECEMBER 2020)

APPENDIX 4

DETAIL	APPROVED	REVISED BUDGET	Q3 ACTUAL	20/21 BUDGET	PROJECTED
	BUDGET MAR '20	Incl 19/20 Outturn	EXPENDITURE	REMAINING	YEAR END
COMMUNITIES	2020/21	2020/21	2020/21	+/-	VARIANCE
	£000	£000	£000	£000	£'000
1 Affordable Housing	3,000	3,000	0	3,000	(3,000)
2 Community Sports Facility, Hill of Banchory	0	0	37	(37)	37
3 Live Life Aberdeenshire	1,811	1,871	44	1,827	(1,752)
4 Disabled/Elderly Housing Adaptations (Priv.Sector Hsg Grant)	1,000	1,106	375	731	(375)
5 Learning Disabilities - Adaptation Centres	290	263	10	253	(253)
6 Peterhead Care and Support Village	684	777	8	769	(769)
7 Social Work - Minor Works	246	236	9	227	(227)
<b>Communities Total</b>	<b>7,031</b>	<b>7,253</b>	<b>483</b>	<b>6,770</b>	<b>(6,339)</b>