

## REPORT TO ABERDEENSHIRE COUNCIL – 17 MARCH 2021

### 2020/21 QUARTER 3 FINANCIAL PERFORMANCE FOR REVENUE ACCOUNT

#### 1 Reason for Report / Summary

- 1.1 This report provides the Council with the Quarter 3 Financial Performance of the Revenue Account for consideration.

#### 2. Recommendations

**Council is recommended to:**

- 1. Consider and agree the Quarter 3 financial performance position for revenue expenditure to 31 December 2020;**
- 2. Approve the transfers from Reserves and virements set out in Appendix 2 and 3**

#### 3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Council with the financial performance position of the revenue budget to the end of Quarter 3 (October – December 2020).
- 3.2 Each of the Policy Committees have received the financial performance information to the end of Quarter 3.
- 3.3 In addition, an overview of the predicted year end performance figures is also provided for information and discussion.

#### 4 Discussion

- 4.1 The 2020/21 budget was agreed in March 2020 and is a statement in financial terms of the Council's priorities for an agreed scope and standard of service delivery in the current financial year. The 2020/21 budget was set as the country was going into lockdown with the caveat that a new Medium Term Financial Strategy would be developed in order to respond to the lasting financial effects of the pandemic.
- 4.2 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.

4.3 The revenue budget for 2020/21 is £613,696 million.

	<b>£'000</b>	<b>£'000</b>
Revenue Budget (agreed 18 March 2020)	605,474	
Transferred to Reserves	(700)	
		604,774
Education and Children's Services Carry Forwards		1,000
Additional Scottish Government Funding ( <i>IJB Passported funding</i> )		6,111
Drawn from Reserves		1,811
		<b>613,696</b>

4.4 To the end of December 2020, the Council's financial performance for the General Fund Revenue Budget was:

	<b>Expenditure</b>	<b>Income</b>	<b>Net Position</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Quarter 3			
Year to Date Budget	453,807	466,555	12,748
Year to Date Actual	506,689	506,851	(162)
Over Budget			<b>12,586</b>

4.5 Further details of this are provided in Appendix 1

4.6 Services are reporting pressures, details of these are as follows:

Expenditure Funded from Borrowing

- Infrastructure Services - £5,251,000
- Education and Children's Services - £1,499,000

These budgets relate to a review of financing options as part of the Medium Term Financial Strategy (MTFS) which resulted in revenue expenditure that can be defined as capital. It was anticipated, pre Covid-19, that more expenditure of this nature would be undertaken. Provision was made through the inclusion of a new budget line for the capitalisation of these projects in the Capital budget. Given the restrictions on planned expenditure within the Council due to Covid-19 it is anticipated that the originally identified revenue spend to be capitalised will not be possible.

Business Services - Charges to HRA, Capital and Other Income - £1,614,000

At the time of setting the 2020/21 Budget it was anticipated that the service could progress work on Commercialisation and generate additional income. Covid-19 has meant that work on this has not been progressed and is unlikely to generate income in the current financial year.

Catering Service – £2,153,000

Due to the extended period of school closures, the service has been unable to generate the income originally budgeted for. Costs are lower than budget by £1,680,000. Unfortunately, the income recovery is £3,833,000 lower than anticipated, thereby resulting in a pressure.

- 4.7 The impact of these pressures is being addressed through the new Medium Term Financial Strategy. Directors have been reviewing service delivery arrangements by assessing the scope and standard of current service. This assessment will aid decisions around a restructured business model. The quarter 3 figures are being used to inform this process.
- 4.8 Strategic Leadership Team have been exercising a program of cost control since the start of the financial year and this has had a positive financial impact on the forecast position at the end of the financial year.

	<b>£000's</b>
Revised 2020/21 budget deficit	24,080
Improvement in year-end position	3,080
Forecast 2020/21 outturn	21,000

- 4.9 To balance this projected outturn, the following measures are planned: -

	<b>£000's</b>	<b>£000's</b>
Forecast 2020/21 outturn		21,000
Funded by:		
Additional Scottish Government Funding	(11,808)	
Additional Scottish Government Funding for Loss of Income	(7,614)	
Transfer from Reserves	(1,578)	
		<b>(21,000)</b>

## 5 Council Priorities, Implications and Risk

5.1 The work and outcomes delivered through the various services reporting to Full Council helps in the delivery of the following Council priorities:

Pillar	Priority
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 Aberdeenshire Council and as such link into 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 recommendations 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 is not required because the report deals with the monitoring of expenditure against budgets which have been approved previously and does not have a differential impact on any of the protected characteristics.

5.5 Any staffing and financial implications that arise will be discussed and scrutinised by the relevant Policy Committee.

5.6 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 Council is able to consider and take a decision on this item in terms of the general powers conferred by Section A of the List of Committee Powers in Part 2A of the Scheme of Governance. In particular, Section A.8.2 applies in relation to the virements as they relate to the incurring of revenue expenditure not provided for in the Revenue Budget.

**Ritchie Johnson**  
**Director of Business Services**

Report prepared by Paul Mitchell - Interim Strategic Finance Manager  
Date 5 March 2021

**List of Appendices**

*Appendix 1 – Financial Performance as at 31 December 2020*

*Appendix 2 - Movements in 2020/21 Base Budget*

*Appendix 3 - Detailed Movements in 2020/21 Base Budget*

**Appendix 1 - Financial Performance as at 31 December 2020**

Financial Performance per Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
<b>A.Policy Committee &amp; 02.Expenditure</b>	<b>613,695,572</b>	<b>453,807,129</b>	<b>466,555,652</b>	<b>(12,748,523)</b>
<b>01.Policy Committee</b>	<b>583,655,572</b>	<b>442,351,129</b>	<b>454,164,834</b>	<b>(11,813,705)</b>
Business Services	37,053,388	29,322,133	30,547,576	(1,225,443)
Business Services - Covid	-	-	1,098,339	(1,098,339)
Communities	141,747,971	108,175,074	108,585,456	(410,382)
Communities - Covid	(297,000)	(297,000)	(290,141)	(6,859)
Education & Children's Services	344,380,897	260,625,146	260,292,136	333,011
Education & Children's Services - Covid	-	-	3,611,134	(3,611,134)
Expenditure funded from borrowing - ECS	(2,000,000)	(1,499,000)	-	(1,499,000)
Infrastructure Services	69,770,315	51,275,776	49,757,829	1,517,946
Infrastructure Services - Covid	-	-	562,507	(562,507)
IS - Expenditure funded from borrowing	(7,000,000)	(5,251,000)	-	(5,251,000)
<b>02.Expenditure</b>	<b>30,040,000</b>	<b>11,456,000</b>	<b>12,390,818</b>	<b>(934,818)</b>
Capital Financing Charges, IORB & CFCR	31,340,000	12,381,000	12,316,509	64,491
Community Resilience	200,000	200,000	74,309	125,691
Procurement Efficiencies	(1,500,000)	(1,125,000)	-	(1,125,000)
<b>B.Income</b>	<b>(619,036,000)</b>	<b>(512,029,469)</b>	<b>(512,191,739)</b>	<b>162,270</b>
<b>03.Income</b>	<b>(619,036,000)</b>	<b>(512,029,469)</b>	<b>(512,191,739)</b>	<b>162,270</b>
Business Rates	(80,112,000)	(60,452,880)	(60,462,489)	9,609
Council Tax	(148,045,000)	(133,258,469)	(133,300,223)	41,754
Revenue Support Grant	(390,879,000)	(318,318,120)	(318,429,027)	110,907
<b>C.Transfers to/(from) Reserves</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>-</b>
<b>04.Transfers to/(from) Reserves</b>	<b>700,000</b>	<b>700,000</b>	<b>700,000</b>	<b>-</b>
Transfers to/(from) Reserves	700,000	700,000	700,000	-
<b>D.Working Balances</b>	<b>4,640,429</b>	<b>4,640,429</b>	<b>4,640,429</b>	<b>()</b>
<b>05.Working Balances</b>	<b>4,640,429</b>	<b>4,640,429</b>	<b>4,640,429</b>	<b>()</b>
Working Balances	4,640,429	4,640,429	4,640,429	()
<b>Total</b>		<b>(52,881,911)</b>	<b>(40,295,658)</b>	<b>(12,586,254)</b>

## Appendix 2 - Movements in 2020/21 Base Budget

Budget Movement per Service	Base Budget as at Mar 2020 Committee	Budget Adjustments	Carry Forward	MTFS	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
<b>01.Policy Committee</b>	<b>575,034,000</b>		<b>1,000,000</b>		<b>6,111,000</b>	<b>(300,000)</b>	<b>1,810,571</b>	<b>583,655,572</b>
Business Services	38,690,000	(7,037)				(524,575)		38,158,388
Contribution to IJB	117,314,000				6,111,000	(148,500)		123,276,500
Cross Service							(297,000)	(297,000)
Education & Children's Services	351,069,000	6,258	1,000,000		-	350,204	1,196,410	353,621,872
Infrastructure Services	67,961,000	779				22,871	911,161	68,895,811
<b>02.Expenditure</b>	<b>29,740,000</b>	-				<b>300,000</b>		<b>30,040,000</b>
Capital Financing Charges, IORB and CFR	31,340,000	-				-		31,340,000
Community Resilience Funding	200,000					-		200,000
Procurement Efficiencies	(1,800,000)	-				300,000		(1,500,000)
<b>03.Income</b>	<b>(605,474,000)</b>	-			<b>(6,111,000)</b>	-	<b>(7,451,000)</b>	<b>(619,036,000)</b>
Business Rates	(119,652,000)				39,540,000			(80,112,000)
Council Tax	(148,045,000)							(148,045,000)
Revenue Support Grant	(337,777,000)	-			(45,651,000)	-	(7,451,000)	(390,879,000)
<b>04.Transfers to/(from) Reserves</b>	<b>700,000</b>	-						<b>700,000</b>
Transfers to/(from) Reserves	700,000	-						700,000
<b>05.Working Balances</b>			<b>(1,000,000)</b>			-	<b>5,640,429</b>	<b>4,640,429</b>
Working Balances			(1,000,000)			-	5,640,429	4,640,429
<b>Total</b>			<b>0</b>			-	-	

Budget Movement per Committee	Base Budget as at Mar 2020 Committee	Budget Adjustments	Carry Forward	MTFS	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
01.Policy Committee	575,034,000		1,000,000		6,111,000	(300,000)	1,810,571	583,655,572
02.Expenditure	29,740,000	-				300,000		30,040,000
03.Income	(605,474,000)	-			(6,111,000)	-	(7,451,000)	(619,036,000)
04.Transfers to/(from) Reserves	700,000	-						700,000
05.Working Balances			(1,000,000)			-	5,640,429	4,640,429
<b>Total</b>			<b>0</b>			-	-	

**Aberdeenshire Council**  
**Financial Performance - Revenue Budget**

**Appendix 3**

**Reference Description and Budget Pages**

**Amount**

**£**

**Virements to be approved by Full Council**

**1 One-off Virement - Realignment of Income and Expenditure budgets to reflect uplift in Building Cleaning charges**

Finance	226
HR&OD	5,828
Woodhill House	5,664
Office Accommodation	6,816
Public Conveniences	6,222
Operational Buildings	1,924
Property Construction Services	12
Building Cleaning	(150,867)
Administration & Management	156
Early Years Education	335
Primary Education	58,944
Secondary Education	52,421
Special Education	2,421
Community Learning and Development	2,195
Children (Community Care)	1,401
Arts Development	119
Visitor Attractions	227
Libraries	3,285
Museums	525
Sports & Physical Activity	1,175
Roads Maintenance - Expenditure & Income	35
Parks & Open Spaces	636
Waste Management	72
Waste Disposal	228
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Aberdeenshire Council  
Financial Performance - Revenue Budget

Appendix 3

Reference	Description and Budget Pages	Amount £
<b>2</b>	<b>Permanent Virement - Service Maintenance contract budgets transferred to Services</b>	
	Legal & Governance	15,900
	HR & OD	3,000
	Finance	297,000
	Misc. Licencing	5,100
	Estates	4,900
	Customer & Digital	(744,000)
	Administration & Management	237,300
	Integration Joint Board	151,500
	Building Standards	7,900
	Development Management	7,900
	Consumer Protection	6,750
	Environmental Health	6,750
		<u>0</u>
<b>3</b>	<b>One-off Virement - Reallocation of Procurement Savings</b>	
	Integration Joint Board	(300,000)
	Procurement Efficiencies	300,000
		<u>0</u>

**Aberdeenshire Council  
Financial Performance - Revenue Budget**

**Appendix 3**

**Reference Description and Budget Pages**

**Amount  
£**

**Additional Scottish Government Funding to be approved by Full Council**

<b>1</b>	Revisions to budget to fund Council response to Covid-19	
	Business Rates	39,540,000
	Revenue Support Grant	(39,540,000)
<b>2</b>	Covid-19 Funding to support sustainability in Social Care	
	Integrated Joint Board	5,621,000
	Revenue Support Grant	(5,621,000)
<b>3</b>	Living Wage Funding for Adult Social Care	
	Integration Joint Board	490,000
	Revenue Support Grant	(490,000)

**Reserve Movements for approval by Full Council**

<b>1</b>	The following values have been drawn down from Earmarked Reserves to match expenditure incurred to 31 December 2020	
	Pupil Equity Funding	1,166,176
	Regeneration and Priority Town Reserve	371,849
	DEM Balances	1,000,000
	Renewable Energy Reserve	34,216
	Earmarked Reserves - government grants	(7,212,670)
		<u>(4,640,429)</u>