

## REPORT TO BUSINESS SERVICES COMMITTEE – 9 SEPTEMBER 2021

### FINANCIAL PERFORMANCE AS AT 31 JULY 2021

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with financial performance information pertaining to the areas of service delivery for which this Committee has responsibility for.

#### 2 Recommendations

The Committee is recommended to:

- 2.1 **Consider and discuss the financial information and forecast position as at 31<sup>st</sup> July 2021 and endorse the budget movements set out in Appendix 4b; and**
- 2.2 **Consider and discuss the progress in achieving the agreed savings 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 information in relation to expenditure and income for the services for which the Committee has responsibility.
- 3.2 The financial information includes a forecast of the expected levels of expenditure and income by Type of Spend and by Budget Page for the financial year. Major variances of £100,000 or more are indicated by a red flag.
- 3.3 The financial information is set out in the following Appendices
- **Appendix 1a:** provides details of the financial position in relation to the Type of Spend, including the service led forecast.
  - **Appendix 1b:** provides details of the financial position by Budget Page, including the service led forecast.
  - **Appendix 2:** provides a graphical representation of the financial position by Type of Spend and Budget Page.
  - **Appendix 3:** is a RAG report on the service savings that fall within the remit of the Committee.
  - **Appendix 4a:** sets out the revenue budget movements that have been previously agreed by the Director, Committee or Full Council. These are reflected in the Revised Budget.
  - **Appendix 4b:** sets out budget movements previously agreed by Business Services Committee or Full Council. These are reflected in the revised budget. There are three Director virements proposed for endorsement. These have not been reflected in the revised budget.
  - **Appendix 5:** sets out the elements of the Council's approved Capital Plan, which fall within the remit of the Committee.
  - **Appendix 6:** details of the reserves held by the Council, which are specifically related to the services within the Committee's remit.

- 3.4 The Committee will receive further reports on the financial performance at each Committee cycle and elected members will be able to access financial information out with the Committee cycle through a set of high-level interactive reports that have been developed. A number of drop-in Skype training sessions were provided in June to help familiarise elected members with navigating these reports.
- 3.5 Full Council will receive Financial Performance Reports at the end of each quarter.

#### 4 Discussion

- 4.1 The Council's budget, which was approved on 17<sup>th</sup> March 2021 is in essence the monetary expression of the Council Priorities and the Council Plan which was agreed on 7<sup>th</sup> October 2020. The Committee's budget is the agreed financial envelope within which the Service Plan can be delivered.

The table below provides a summary of the Council budget and the element relating to Business Services Committee as at 31 July 2021.

	<b>Council £'000</b>	<b>Committee Budget £'000</b>
Gross Revenue Budget	635,530	40,468
Service Savings	(9,889)	(1,215)
Corporate Savings	(11,238)	-
Additional SG Funding	15,068	-
Other Budget Movements	10,048	4,577
<b>Net Revenue Budget</b>	<b>639,519</b>	<b>43,830</b>
<b>Capital</b>	<b>119,804</b>	<b>14,865</b>
<b>Reserves</b>	<b>88,555</b>	<b>2,500</b>

#### 4.2 Revenue – Expenditure and Income

##### i. Financial Facts

The Revised Revenue Budget for 2021/22 for Business Services Committee amounts to £43,830,000 and includes additional allocations as agreed at Full Council on 24 June 2021 (see appendix 4a). The budget allocations are broken down by Type of Spend and Budget Page in Appendices 1a and 1b respectively.

The Covid-19 pandemic continues to impact on costs, actual year to date Covid-19 expenditure is £4 million of which £3.845 million has been funded from additional Scottish Government funding in relation to grant payments made to businesses and individuals.

The service is currently forecasting to be over budget by £2.316 million with further details on this included below within Service Commentary.

##### ii. Service Commentary

Projections within Finance have identified pressures of £2.466 million. These have arisen mainly as a result of a reduction in benefit subsidy income and

recovery of overpayments (£2.161 million), staffing turnover savings not being met (£80,000) and contract renewal costs for iTrent of £225,000.

**iii. Risks/Mitigations**

The Service is working to identify compensating reductions across all budgets in order to minimise pressures. Within Customer and Digital, £150,000 is expected to be saved this financial year on staffing whilst a Service review of needs is undertaken. The Service will continue to manage any pressures by careful budget management and regular review of budgets.

**iv. Impact on Future Years**

Of the £225,000 iTrent contract renewal costs within Finance, £50,000 is expected to be recurring from 2022/23 onwards.

**4.3 Savings**

**i. Financial Facts**

The approved Revenue Budget for 2021/22 included £954,000 of service savings plus a further £261,000 of staffing savings resulting from a service review within Customer & Digital. Details of how the savings have been allocated by Type of Spend and Budget Page are set out in the Tables in Appendices 1a and 1b and detailed within **Appendix 3**.

**ii. Service Commentary**

Work has been progressed to achieve agreed savings from restructuring teams and applying vacancy management whenever possible, however there are difficulties within Finance of achieving both agreed savings and turnover savings. Property services are progressing the action plan to achieve the Estate Modernisation savings with, to date, £93,700 savings achieved, there remains some risk with achieving full savings previously projected.

**iii. Risks/Mitigations**

The Service acknowledge achieving the savings may be challenging and continue to work to mitigate and contain risks by careful budget management.

**iv. Impact on Future Years**

Future impact of savings not being achieved in 2021/22 is being considered by the Service and further updates will be provided at a later date.

**4.4 Capital**

**i. Financial Facts**

The approved Capital Budget for 2021/22 in respect of Business Services Committee amounted to £16.377 million as detailed in **Appendix 5**. Council on 29 April 2021 approved the updated Workspace- Office Space Strategy which revises the 2021/22 budget to £14.865 million. Full Council will receive a report on 23<sup>rd</sup> September 2021 setting out the revised Capital Plan for 21/22 including any carry forwards from 2020/21 and may, subject to approval by Full Council, result in a revision to the capital budget for Business Services.

**ii. Service Commentary**

The projects and workstreams within the Capital Plan for Business Services are anticipated to progress as planned and will be monitored regularly during the financial year.

**iii. Risks/Mitigations**

Any risks arising will be identified and actions considered to mitigate the risk.

**iv. Impact on Future Years**

Any impact on future years will be reported as necessary as the plan progresses during the year.

**4.5 Reserves**

**i. Financial Facts**

Full Council agreed reserves of £89,218,000 when it approved the budget for 2021/22. There are 2 earmarked reserves, which fall within the remit of Business Services Committee to monitor. These reserves are detailed in **Appendix 6** to this report. The balance in these reserves at 31 July 2021 is £2.5 million.

**ii. Service Commentary**

There is likely to be a drawdown required from the Repairs and Maintenance Fund to support service led demands.

**iii. Risks/Mitigations**

No risks have been identified at the present time.

**5 Council Priorities, Implications and Risk**

5.1 The work and outcomes delivered through the various services reporting to the Business Services 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 the Business Services Committee 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 and Fairer Duty Scotland			X
Children and Young People's Rights and Wellbeing			X
Climate Change and Sustainability			X
Health and Wellbeing			X
Town Centre First			X

5.4 There are no direct financial or staffing implications arising from this report.

5.5 An Integrated Impact Assessment is 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.

5.6 The following Risks have been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)) and 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 Sections C.1.1 and C.6.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to the scrutiny of financial performance information in respect of functions that have been delegated to the Committee.

### Ritchie Johnson Director of Business Services

Report Prepared by Shirley-Ann Gordon, Team Manager  
Date 24 August 2021

#### List of Appendices:

- Appendix 1a - Expenditure and income by Service and by Type of Spend
- Appendix 1b - Expenditure and income by Budget Page
- Appendix 2 - Graphs of expenditure and income by Type of Spend and Budget Page
- Appendix 3 - RAG report on the service savings
- Appendix 4a - Previously agreed revenue budget movements
- Appendix 4b - Proposed budget movements
- Appendix 5 - Capital Plan
- Appendix 6 - Reserves



Financial Performance at

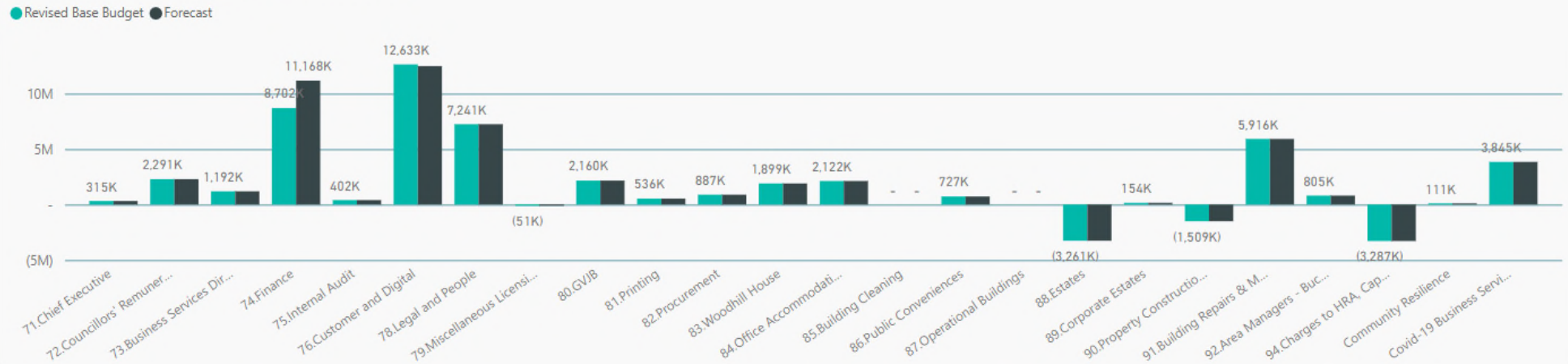
JUL-21

Appendix 1a

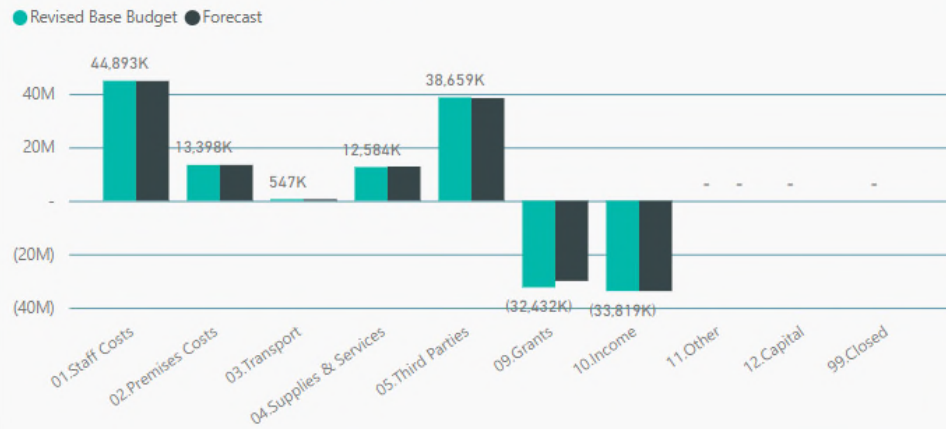
Type of Spend	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
01.Staff Costs	45,390,600	(669,000)	171,109	44,892,709	15,181,857	14,143,805	44,822,709	70,000
02.Premises Costs	13,682,100	(484,000)	200,000	13,398,100	4,664,100	4,361,016	13,398,100	-
03.Transport	546,700			546,700	197,000	138,985	546,700	-
04.Supplies & Services	12,646,000	(62,000)	-	12,584,000	6,760,450	6,673,172	12,809,000	(225,000)
05.Third Parties	34,037,000		4,621,800	38,658,800	15,565,122	14,949,000	38,398,704	260,096
09.Grants	(32,216,100)		(216,000)	(32,432,100)	(10,893,367)	(10,920,980)	(30,010,956)	(2,421,144)
10.Income	(33,618,700)		(200,000)	(33,818,700)	(8,834,310)	(8,158,187)	(33,818,700)	-
11.Other							-	-
<b>Total</b>	<b>40,467,600</b>	<b>(1,215,000)</b>	<b>4,576,909</b>	<b>43,829,509</b>	<b>22,640,852</b>	<b>21,186,810</b>	<b>46,145,557</b>	<b>(2,316,048)</b>

Committee Budget Page	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Base Budget less Forecast
71.Chief Executive	345,000		(29,689)	315,311	111,903	104,567	315,311	-
72.Councillors' Remuneration & Expenses	2,291,000		-	2,291,000	799,300	723,371	2,291,000	-
73.Business Services Directorate	1,164,000		27,542	1,191,542	393,306	357,020	1,191,542	-
74.Finance	8,279,000	(106,000)	529,392	8,702,392	5,240,464	5,275,754	11,168,440	(2,466,048)
75.Internal Audit	402,000		-	402,000	202,700	174,553	402,000	-
76.Customer and Digital	12,699,000	(306,000)	240,000	12,633,000	5,623,600	5,304,827	12,483,000	150,000
78.Legal and People	7,818,000	(277,000)	(299,646)	7,241,354	2,453,682	2,418,912	7,241,354	-
79.Miscellaneous Licensing	(13,000)		(38,330)	(51,330)	63,634	15,060	(51,330)	-
80.GVJB	2,160,000			2,160,000	720,000	719,532	2,160,000	-
81.Printing	536,000		-	536,000	134,150	25,885	536,000	-
82.Procurement	887,000		-	887,000	134,855	156,107	887,000	-
83.Woodhill House	1,941,000	(42,000)	-	1,899,000	200,815	147,350	1,899,000	-
84.Office Accommodation	2,122,000		-	2,122,000	1,145,300	821,835	2,122,000	-
85.Building Cleaning	-		-	-	194,075	(487)	-	-
86.Public Conveniences	527,000		200,000	727,000	264,800	188,426	727,000	-
87.Operational Buildings	-		-	-	(600)	44,186	-	-
88.Estates	(2,777,000)	(484,000)	-	(3,261,000)	(1,265,500)	(1,419,426)	(3,261,000)	-
89.Corporate Estates	154,000		-	154,000	-	6,865	154,000	-
90.Property Construction Services	(1,501,000)		(8,160)	(1,509,160)	1,724,368	1,479,728	(1,509,160)	-
91.Building Repairs & Maintenance Fund	5,916,000		-	5,916,000	1,402,400	1,513,343	5,916,000	-
92.Area Managers - Buchan & Formartine	804,600		-	804,600	237,400	224,548	804,600	-
94.Charges to HRA, Capital and Others	(3,287,000)			(3,287,000)	(1,095,600)	(1,094,833)	(3,287,000)	-
Community Resilience			111,000	111,000	111,000	(1,130)	111,000	-
Covid-19 Business Services			3,844,800	3,844,800	3,844,800	4,000,817	3,844,800	-
<b>Total</b>	<b>40,467,600</b>	<b>(1,215,000)</b>	<b>4,576,909</b>	<b>43,829,509</b>	<b>22,640,852</b>	<b>21,186,810</b>	<b>46,145,557</b>	<b>(2,316,048)</b>

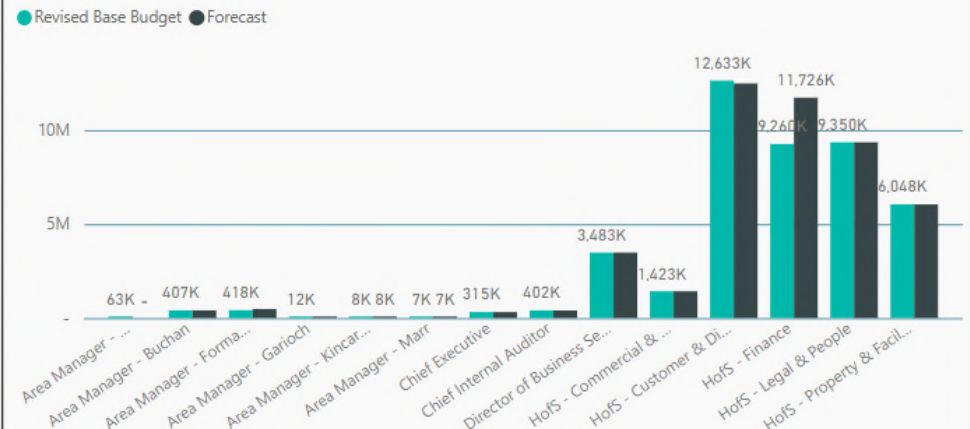
Revised Base Budget and Forecast by Committee Budget Page



Revised Base Budget and Forecast by Type of Spend



Revised Base Budget and Forecast by Head of Service





Appendix 3  
Business Services Committee - Agreed budget savings 2021/22

Number	Service area	Service change required to deliver proposed saving		Original saving as agreed at Council 17 March 2021 £'000	RAG Status
1	Customer & Digital	Data Centre Contract due for renewal and negotiations with the existing supplier has resulted in a £45,000 saving and £261,000 of reduction in FTE from Service Review		306	Green
2	Finance	Reduction in FTE from Mid-2021 to be achieved through on-going digitalisation and automation in processes		106	Red
3	Legal & People	Service Reviews following the merger of Legal & Governance and part of the former HR&OD to form Legal & People		277	Green
4	Property & Facilities Management	Rationalisation of the Council's Estate - to be led by Property but requires input from all Council Services - £484,000 and Service Review - £42,000		526	Amber
				1,215	

Green
Amber
Red

Committee Budget Page	Gross Base Budget	Savings	Net Base Budget as at Mar 2021 Committee	Reallocated Savings	Voluntary Severance	Net Base Budget	MTFS	Additional Scottish Govt Funding	Budget Virements	Reserves Allocated	Revised Base Budget
71.Chief Executive	345,000		345,000		(29,689)	315,311					315,311
72.Councillors' Remuneration & Expenses	2,291,000		2,291,000			2,291,000					2,291,000
73.Business Services Directorate	1,164,000		1,164,000			1,164,000			27,542		1,191,542
74.Finance	8,279,000	(106,000)	8,173,000			8,173,000			529,392		8,702,392
75.Internal Audit	402,000		402,000			402,000					402,000
76.Customer and Digital	12,699,000	(306,000)	12,393,000			12,393,000				240,000	12,633,000
78.Legal and People	7,818,000	(277,000)	7,541,000		(192,712)	7,348,288			(106,934)		7,241,354
79.Miscellaneous Licensing	(13,000)		(13,000)		(38,330)	(51,330)					(51,330)
80.GVJB	2,160,000		2,160,000			2,160,000					2,160,000
81.Printing	536,000		536,000			536,000					536,000
82.Procurement	887,000		887,000			887,000					887,000
83.Woodhill House	1,941,000	(42,000)	1,899,000			1,899,000					1,899,000
84.Office Accommodation	2,122,000		2,122,000			2,122,000					2,122,000
85.Building Cleaning	-		-			-			-		-
86.Public Conveniences	527,000		527,000			527,000			200,000		727,000
87.Operational Buildings	-		-			-					-
88.Estates	(2,777,000)	(484,000)	(3,261,000)			(3,261,000)					(3,261,000)
89.Corporate Estates	154,000		154,000			154,000					154,000
90.Property Construction Services	(1,501,000)		(1,501,000)		(8,160)	(1,509,160)					(1,509,160)
91.Building Repairs & Maintenance Fund	5,916,000		5,916,000			5,916,000					5,916,000
92.Area Managers - Buchan & Formartine	804,600		804,600			804,600					804,600
94.Charges to HRA, Capital and Others	(3,287,000)		(3,287,000)			(3,287,000)					(3,287,000)
Community Resilience									111,000		111,000
Covid-19 Business Services										3,844,800	3,844,800
<b>Total</b>	<b>40,467,600</b>	<b>(1,215,000)</b>	<b>39,252,600</b>		<b>(268,891)</b>	<b>38,983,709</b>			<b>761,000</b>	<b>4,084,800</b>	<b>43,829,509</b>

**Appendix 4b  
Business Services Committee  
Financial Performance Report as at 31st July 2021**

**Business Services Revenue Budget Movements**

Cross Service	Service Pages		Reason for Movement	Amount £	Approver	Committee	Committee Date
	From	To					
No	Legal & People	Business Services Directorate	Permanent Transfer of Admin Support Assistant posts 1.36 FTE following service review	27,542	DIRECTOR	Business Services	10/06/2021
No	Legal & People	Finance	Permanent Transfer of Pay & Rewards Manager post 1 FTE allocated to Legal & People but should be Finance.	79,392	DIRECTOR	Business Services	10/06/2021
No	Finance	Finance	Re-alignment of Budgets within Finance following review by Budget Holder resulting in £25,100 of Budget moving between cost centres with overall nil effect on Finance Budget page.	0	DIRECTOR	Business Services	10/06/2021
No	Finance	Estates	Virement to remove income and expenditure budgets for property vacated by Finance. Overall nil effect for Business Services	22,100	DIRECTOR	Business Services	
No	Property Construction Services	Property Construction Services	Increase in budget to accommodate 1FTE Technical Officer post (£38,400 full year cost, £19,200 relating to 21/22). Offset by corresponding increase to income. Overall nil effect on Property Construction Services page	0	DIRECTOR	Business Services	
No	Area Managers - Buchan & Formartine	Area Managers - Buchan & Formartine	Developers Obligations income and expenditure of £64,715. Overall effect of nil on Area Managers budget page.	0	DIRECTOR	Business Services	

**Budget Movements approved by Full Council**

**Appendix 4b  
Business Services Committee  
Financial Performance Report as at 31st July 2021**

**Business Services Revenue Budget Movements**

<b>Cross Service</b>	<b>From</b>	<b>Service Pages</b>	<b>To</b>	<b>Reason for Movement</b>	<b>Amount £</b>	<b>Approver</b>	<b>Committee</b>	<b>Committee Date</b>
<b>Cross Service</b>	<b>From</b>	<b>Service Pages</b>	<b>To</b>	<b>Reason for Movement</b>	<b>Amount £</b>	<b>Approver</b>	<b>Committee</b>	<b>Committee</b>
Yes	MTFS - 2		Public Conveniences	To support increased opening hours of public conveniences.	200,000	FULL COUNCIL	Full Council	24/06/2021
Yes	MTFS - 2		Community Resilience	For area specific projects within communities to support resilience during Covid-19	111,000	FULL COUNCIL	Full Council	24/06/2021
Yes	MTFS - 2		Finance	To augment Scottish Welfare Support and Discretionary Housing Payments in the current financial year.	450,000	FULL COUNCIL	Full Council	24/06/2021

**Transfers to/from Reserves**

<b>Cross Service</b>	<b>Reserve</b>	<b>Service Page</b>	<b>Reason for Movement</b>	<b>Amount £</b>	<b>Approver</b>	<b>Committee</b>	<b>Committee Date</b>
No	Resilience & Recovery Fund	Customer & Digital	To support increased calls to Contact Centre	240,000	FULL COUNCIL	Full Council	24/06/2021
Yes	Additional Scottish Government Funding	Covid-19 Business Services	Scottish Government award of Covid-19 funding to support businesses and individuals.	3,844,800	FULL COUNCIL	Full Council	24/06/2021

**Appendix 5**

**BUSINESS SERVICES**

**CAPITAL PERFORMANCE REPORT - JULY 2021**

	<b>2021/22 Approved Budget £,000</b>	<b>2021/22 Revised Budget £,000</b>	<b>2021/22 Actual July 2021 £,000</b>	<b>2021/22 Projected Variance £,000</b>
1 Buchan House Police Extension	0	0	38	38
2 Carbon Reduction - Council Wide Objectives	2,366	2,366	34	0
3 Cleaning	38	38	0	0
4 Depots	1,645	1,645	24	0
5 Development of Industrial Portfolio & Factory Units	1,076	1,076	12	0
6 Health and Safety - Council Wide Objectives	450	450	189	0
7 Information Communications Technology	1,750	1,750	257	0
8 Legal and Governance System Software	44	44	0	0
9 Workspace - Office Space Strategy	2,500	988	284	0
10 Lifecycle Maintenance - Council Wide Objectives	6,403	6,403	833	0
11 Workspace - Viewmount	105	105	108	0
<b>Business Services Total</b>	<b>16,377</b>	<b>14,865</b>	<b>1,779</b>	<b>38</b>

**Appendix 6**  
**Business Services Committee**

**Financial Performance Report as at 31st July 2021**

**Reserves**

<b>Name of Reserve</b>	<b>Balance 31-Jul-21 £'000</b>
Repairs & Maintenance Fund	500
Digital Strategy Reserve	2,000
<b>Total</b>	<b><u>2,500</u></b>