

REPORT TO ABERDEENSHIRE COUNCIL – 23 SEPTEMBER 2021

FINANCIAL PERFORMANCE AS AT 31 JULY 2021 – REVENUE ACCOUNT

1 Reason for Report / Summary

- 1.1 This report provides Council with details of the General Fund Revenue Account expenditure and income to 31 July 2021 and the forecast outturn position for financial year 21/22.

2 Recommendations

Council is recommended to:

- 1. Consider and agree the financial information and forecast position as at 31 July 2021 and;**
- 2. Approve the budget movements set out in Appendix 4b;**

3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide Council with the financial information in relation to expenditure and income of the General Fund Revenue Account for the period ended 31 July 2021.
- 3.2 Each Policy Committees has considered and approved the financial performance information to either the end of June or July 2021. Committees received the month end position that was closest to the Committee date.
- 3.3 The financial information reflected in this report 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.
- 3.4 The financial information is set out in the following Appendices
- **Appendix 1:** provides details of the financial position by Policy Committee, along with the expenditure and income falling under the remit of Council, including the service led forecast.
 - **Appendix 2:** provides details of the financial position by Policy Committee and by Service, along with spend by type.
 - **Appendix 3:** is a RAG report on the corporate and cross service savings
 - **Appendix 4:** 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 further details of budget movements previously agreed by Full Council. These are reflected in the revised budget. There is one virement for approval today. This has not been included in the revised budget.

- **Appendix 5:** sets out the Covid-19 expenditure by Policy Committee and by Service, along with spend by type.
- **Appendix 6:** details of the reserves held by the Council

3.5 Council 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. Several drop-in Skype training sessions were provided in June to help familiarise elected members with navigating these reports.

4 Discussion

4.1 On 24th June, Council agreed the allocation of additional £14.432 million received from the Scottish Government. The updated budget to the end of July 2021 is shown below.

	£'000	£'000
Revenue Budget 21/22		624,451
Additional SG Funding		
- PEF	636	
- Covid Funding	14,432	15,068
Revised Revenue Budget		639,519
Reserves		88,555

4.2 Revenue – Expenditure and Income

i. Financial Facts

The Revised Revenue Budget for 2021/22 amounts to £639,518,768.

The Covid-19 pandemic continues to impact on costs, actual year to date Covid-19 expenditure is £5.638 million, of which £5.266 million has been funded from additional Scottish Government funding.

The forecast to the end of July 2021 is £647,613,416 - an out of balance position of £8,094,648.

ii. Service Commentary

Education and Children's Services

The successful recruitment of teachers has resulted in the service experiencing pressures of £1.5 million within staffing budgets where it has been difficult to balance vacancy management assumptions without contravening policies relating to staff class contact time and class size.

Pressures have also arisen within Out of Authority Placement budgets of around £1.5 million and a reduction in catering income of approximately £1 million.

Business Services have identified pressures totalling £2.316 million relating to a reduction in benefit subsidy income and reduced recoveries of overpayments (£2.1 million) and £225,000 one off contract renewal costs for iTrent.

Infrastructure Services are experiencing shortfalls in quarries income.

iii. Risks/Mitigation

The Strategic Leadership Team and Directorates are currently developing solutions for mitigating these pressures. These will be reported to policy committees and Council and will include the revised position based on the forecast outturn based on the financial performance at the end of September 21.

iv. Impact on Future Years

Unitary charges, iTrent contract costs and a projected increase in Secondary school rolls from feeder Primary schools are expected to impact on budgets beyond 2022/23. This is being considered by Strategic Leadership Team as part of the Medium Term Financial Strategy and budget process.

4.3 Savings

i. Financial Facts

The approved Revenue Budget for 2021/22 included £11,238,000 of corporate and cross service savings. Details of how the savings have been allocated by Service is set out in Appendix 3.

ii. Commentary

Savings relating to workforce and voluntary severance are dependent on the dates of staff leaving the Council. Services need to be sure Service delivery is maintained with fewer staff in post

iii. Risks/Mitigation

Colleagues in Legal and People continue to support Services through the voluntary severance process.

iv. Impact on Future Years

Future impact will be considered in the coming months if any savings are not deliverable.

4.4 Reserves

i. Financial Facts

To the end of July 2021 £88,555,000 remains in reserves.

ii. Service Commentary

Services have updated relevant Policy Committees on any planned use of reserves for specified purposes if applicable.

iii. Risks/Mitigation

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 Full Council helps in the delivery of the following Council priorities:

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

- 5.2 This report sets out the financial resources which have been used to deliver the priorities of the Aberdeenshire Council and as such link into the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within Council'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 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 Financial implications have been discussed throughout the report. There are no 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 Council is able to consider 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 Shirley-Ann Gordon, Team Manager

List of Appendices

Appendix 1 – financial position of Council by Committee

Appendix 2 – financial position of Council by Committee, Service and Type of Spend

Appendix 3 - RAG report on the service savings

Appendix 4 - previously agreed revenue budget movements

Appendix 4b - proposed budget movements

Appendix 5 – Covid-19 income and expenditure

Appendix 6 - Reserves

Appendix 1

Financial Performance per Committee	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Budget less Forecast
EXPENDITURE					
01.Policy Committee					
Business Services	39,873,709	19,048,562	17,187,124	42,189,757	(2,316,048)
Business Services - Covid	3,844,800	3,844,800	4,000,817	3,844,800	-
Communities	141,922,787	48,359,484	47,950,787	141,922,787	-
Communities - Covid	120,000	120,000	126,075	120,000	-
Education & Children's Services	357,131,171	126,292,116	125,108,673	362,567,471	(5,436,300)
Education & Children's Services - Covid	1,301,200	1,301,200	1,396,262	1,301,200	-
Expenditure funded from Borrowing - ECS	(2,000,000)	-	-	(2,000,000)	-
Infrastructure Services	66,454,600	25,297,876	23,969,479	66,796,900	(342,300)
Infrastructure Services - Covid	-	-	120,882	-	-
IS - Expenditure funded from Borrowing	(7,000,000)	-	-	(7,000,000)	-
Total	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)
02.Expenditure					
Capital Financing Charges, IORB & CFCR	34,697,000	1,892,000	761,631	34,697,000	-
Community Resilience	111,000	111,000	(1,130)	111,000	-
Corporate Savings	(4,510,789)	(4,510,789)	-	(4,510,789)	-
Procurement Efficiencies	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Total	28,297,211	(4,507,789)	760,501	28,297,211	-
03.Transfers to/(from) Reserves					
Transfers to/(from) Reserves	11,983,000	11,983,000	-	11,983,000	-
Total	11,983,000	11,983,000	-	11,983,000	-
04.Working Balances					
Working Balances	(2,409,710)	(733,382)	9,671,618	(2,409,710)	0
Total	(2,409,710)	(733,382)	9,671,618	(2,409,710)	0
05.MTFS - 2					
MTFS - 2	-	-	-	-	-
Total	-	-	-	-	-
Total	639,518,768	231,005,867	230,292,218	647,613,416	(8,094,648)
INCOME					
06.Income					
Business Rates	(104,867,000)	(34,109,300)	(34,110,744)	(104,867,000)	-
Council Tax	(148,045,000)	(58,048,600)	(60,658,670)	(148,045,000)	-
Revenue Support Grant	(386,606,768)	(115,208,354)	(115,209,048)	(386,606,768)	-
Total	(639,518,768)	(207,366,254)	(209,978,462)	(639,518,768)	-
Total	(639,518,768)	(207,366,254)	(209,978,462)	(639,518,768)	-
Total		23,639,613	20,313,756	8,094,648	(8,094,648)



Financial Performance per Service	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Budget less Forecast
01.Policy Committee	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)
Business Services	44,955,509	23,481,387	21,359,868	47,271,557	(2,316,048)
Business Services	43,718,509	22,893,362	21,187,941	46,034,557	(2,316,048)
Communities	1,237,000	588,025	171,928	1,237,000	-
Contribution to IJB	125,287,000	41,762,400	41,763,094	125,287,000	-
Communities	125,287,000	41,762,400	41,763,094	125,287,000	-
Education & Children's Services	366,020,109	131,765,866	130,899,301	371,456,409	(5,436,300)
Communities	9,587,738	4,172,550	4,394,366	9,587,738	-
Education & Children's Services	356,432,371	127,593,316	126,504,936	361,868,671	(5,436,300)
Infrastructure Services	65,385,649	27,254,385	25,837,836	65,727,949	(342,300)
Communities	5,931,049	1,956,509	1,747,475	5,931,049	-
Infrastructure Services	59,454,600	25,297,876	24,090,361	59,796,900	(342,300)
Total	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)

Financial Performance per Committee	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Budget less Forecast
01.Policy Committee	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)
Business Services	43,718,509	22,893,362	21,187,941	46,034,557	(2,316,048)
Communities	142,042,787	48,479,484	48,076,862	142,042,787	-
Education & Children's Services	356,432,371	127,593,316	126,504,936	361,868,671	(5,436,300)
Infrastructure Services	59,454,600	25,297,876	24,090,361	59,796,900	(342,300)
Total	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)

Type of Spend	Revised Base Budget	YTD Budget	YTD Actual	Forecast	Variance Revised Budget less Forecast
01.Staff Costs	363,163,189	122,688,140	120,894,578	364,781,289	(1,618,100)
02.Premises Costs	55,146,600	24,927,149	22,937,634	55,938,500	(791,900)
03.Transport	43,046,300	11,909,650	10,758,500	41,462,300	1,584,000
04.Supplies & Services	105,838,278	39,722,929	35,832,008	105,498,278	340,000
05.Third Parties	221,919,600	75,797,447	76,446,360	223,588,804	(1,669,204)
06.Central	194,300	64,800	-	194,300	-
08.Financing Costs	-	-	3	-	-
09.Grants	(42,308,800)	(11,478,017)	(15,289,853)	(39,287,656)	(3,021,144)
10.Income	(147,045,200)	(39,932,460)	(31,717,948)	(144,126,900)	(2,918,300)
11.Other	-	-	(1,328)	-	-
12.Capital	1,694,000	564,400	146	1,694,000	-
99.Closed	-	-	-	-	-
Total	601,648,267	224,264,038	219,860,099	609,742,915	(8,094,648)

Aberdeenshire Council - Agreed budget savings 2021/22				Appendix 3
Number	Saving Area	Service change required to deliver proposed saving	Original saving as agreed at Council 17 March 2021	RAG Status
1	Reduction in revenue costs arising from capital projects		£1,000,000	Green
2	Workforce	Cross Service staffing redesign and transformation.	£1,000,000	Amber
3	Voluntary Severence	Voluntary Severence exercise across the Council.	£2,739,000	Amber
4	Procurement	Cross Service savings through contract renegotiations	£2,000,000	Green
5	Treasury		£3,499,000	Green
6	Review of Bad Debt Provision calculation	Review of calculation to identify if more risk can be absorbed.	£1,000,000	Amber
			£11,238,000	

Movements in the Base Budget from Agreed Budget at March 2021 to 31st March 2022

Budget Movement per Service	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
01.Policy Committee	589,595,000	(9,889,000)	579,706,000	1,263,000	(1,228,211)	579,740,789	5,804,000	635,768	5,770,000	9,697,710	601,648,267
Business Services	41,584,600	(1,215,000)	40,369,600		(268,891)	40,100,709			650,000	4,204,800	44,955,509
Contribution to IJB	120,833,000		120,833,000			120,833,000	1,454,000		3,000,000		125,287,000
Education & Children's Services	359,191,800	(4,455,000)	354,736,800	603,000	(948,369)	354,391,431	3,500,000	635,768	2,000,000	5,492,910	366,020,109
Infrastructure Services	67,985,600	(4,219,000)	63,766,600	660,000	(10,951)	64,415,649	850,000		120,000		65,385,649
02.Expenditure	38,196,000	(3,499,000)	34,697,000	(7,739,000)	1,228,211	28,186,211			111,000		28,297,211
Business Services									111,000		111,000
Capital Financing Charges, IORB and CFCR	38,196,000	(3,499,000)	34,697,000			34,697,000					34,697,000
Corporate Savings				(5,739,000)	1,228,211	(4,510,789)					(4,510,789)
Procurement Efficiencies				(2,000,000)		(2,000,000)					(2,000,000)
03.Transfers to/(from) Reserves	1,578,000		1,578,000	7,739,000		9,317,000	2,666,000				11,983,000
Transfers to/(from) Reserves	1,578,000		1,578,000	7,739,000		9,317,000	2,666,000				11,983,000
04.Working Balances											
Working Balances										(2,409,710)	(2,409,710)
										(2,409,710)	(2,409,710)
05.MTFS - 2	8,470,000		8,470,000	(1,263,000)		7,207,000	(8,470,000)	14,432,000	(5,881,000)	(7,288,000)	-
Cross Service	8,470,000		8,470,000	(1,263,000)		7,207,000	(8,470,000)	14,432,000	(5,881,000)	(7,288,000)	-
06.Income	(624,451,000)		(624,451,000)			(624,451,000)		(15,067,768)			(639,518,768)
Business Rates	(132,012,000)		(132,012,000)			(132,012,000)		27,145,000			(104,867,000)
Council Tax	(148,045,000)		(148,045,000)			(148,045,000)					(148,045,000)
Revenue Support Grant	(344,394,000)		(344,394,000)			(344,394,000)		(42,212,768)			(386,606,768)
Total	13,388,000	(13,388,000)	-	-	-	-	-	-	-	0	-

Budget Movement per Committee	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
01.Policy Committee	589,595,000	(9,889,000)	579,706,000	1,263,000	(1,228,211)	579,740,789	5,804,000	635,768	5,770,000	9,697,710	601,648,267
02.Expenditure	38,196,000	(3,499,000)	34,697,000	(7,739,000)	1,228,211	28,186,211			111,000		28,297,211
03.Transfers to/(from) Reserves	1,578,000		1,578,000	7,739,000		9,317,000	2,666,000				11,983,000
04.Working Balances										(2,409,710)	(2,409,710)
05.MTFS - 2	8,470,000		8,470,000	(1,263,000)		7,207,000	(8,470,000)	14,432,000	(5,881,000)	(7,288,000)	-
06.Income	(624,451,000)		(624,451,000)			(624,451,000)		(15,067,768)			(639,518,768)
Total	13,388,000	(13,388,000)	-	-	-	-	-	-	-	0	-

Aberdeenshire Council							Appendix 4b
Financial Performance Report as at 31st July 2021 - Revenue Budget Movements							
Cross	Service Pages		Reason for Movement	Amount	Approver	Date	Committee
Service	From	To		£		Approved	Date
Yes	MTFS	Various	Postponement of savings in 2021/22 budget	5,881,000	Committee	24/06/2021	24/06/2021
Yes	Customer & Digital	Contribution to IJB	Carefirst annual costs - transferred to IJB	151,500	Committee		

Financial Performance per Service	Revised Base Budget	YTD Budget	YTD Actual	Variance YTD Budget Less Actuals
01.Policy Committee	5,266,000	5,266,000	5,638,153	(372,153)
Business Services	3,964,800	3,964,800	4,121,008	(156,208)
Covid-19 Business Services	3,844,800	3,844,800	4,000,817	(156,017)
Covid-19 Communities	120,000	120,000	120,192	(192)
Education & Children's Services	1,301,200	1,301,200	1,396,262	(95,062)
Covid-19 Education & Children's Services	1,301,200	1,301,200	1,396,262	(95,062)
Infrastructure Services	-	-	120,882	(120,882)
Covid-19 Infrastructure Services	-	-	120,882	(120,882)
Total	5,266,000	5,266,000	5,638,153	(372,153)

Financial Performance per Committee	Revised Base Budget	YTD Budget	YTD Actual	Variance YTD Budget Less Actuals
01.Policy Committee	5,266,000	5,266,000	5,638,153	(372,153)
Communities	120,000	120,000	120,192	(192)
Covid-19 Communities	120,000	120,000	120,192	(192)
Education & Children's Services	1,301,200	1,301,200	1,396,262	(95,062)
Covid-19 Education & Children's Services	1,301,200	1,301,200	1,396,262	(95,062)
Infrastructure Services	-	-	120,882	(120,882)
Covid-19 Infrastructure Services	-	-	120,882	(120,882)
Business Services	3,844,800	3,844,800	4,000,817	(156,017)
Covid-19 Business Services	3,844,800	3,844,800	4,000,817	(156,017)
Total	5,266,000	5,266,000	5,638,153	(372,153)

Type of Spend	Revised Base Budget	YTD Budget	YTD Actual	Variance YTD Budget Less Actuals
01.Staff Costs	1,210,300	1,210,300	1,669,192	(458,892)
02.Premises Costs	-	-	123	(123)
03.Transport	4,300	4,300	172,794	(168,494)
04.Supplies & Services	87,100	87,100	140,492	(53,392)
05.Third Parties	4,179,800	4,179,800	4,183,508	(3,708)
09.Grants	(216,000)	(216,000)	(215,888)	(112)
10.Income	500	500	(312,068)	312,568
Total	5,266,000	5,266,000	5,638,153	(372,153)

Aberdeenshire Council				Appendix 6
Financial Performance Report as at 31 Jul 2021				
Reserve/Fund	Balance 1 April 2021 £'000	Transfers In £'000	Transfers Out £'000	Balance Jul-21 £'000
Working Balances				
General Fund Balance	9,000	0	-943	8,057
Housing Revenue Account	2,000	0	0	2,000
Earmarked Reserves				
Aberdeenshire Farming Museum Purchase Fund	61	0	0	61
Aberdeenshire Heritage Artefact Acquisition Fund	11	0	0	11
Estate of the late William Paterson Beedie Bequest	20	0	0	20
Tolbooth Restoration Fund	55	0	0	55
Pupil Equity Funding	1,473	0	-1,473	0
Community, Culture & Tourism	140	0	0	140
Regeneration & Priority Town Reserve	3,019	0	0	3,019
Renewable Energy Reserve	349	0	0	349
AWPR Reserve	1,319	0	0	1,319
CCI Reserve	29	0	0	29
Additional Scottish Government Funding	19,472	0	-6,486	12,986
Government Grants	3,669	0	0	3,669
Affordable Housing	5,750	0	0	5,750
Infrastructure Fund	0	700	0	700
Supporting Council Priorities	700	0	0	700
Devolved School Management	2,846	0	-1,042	1,804
Tackling Poverties & Inequalities	0	3,500	0	3,500
Roads Maintenance	0	2,500	0	2,500
Repairs & Maintenance Fund	0	500	0	500
ECS Holiday Recovery Programme	0	2,000	0	2,000
Pay Award Reserve	0	5,628	0	5,628
2022/23 Funding Allocations	0	780	0	780
Rural Development Partnership Fund	0	100	0	100
Carbon Budget Tool Reserve	0	100	0	100
Digital Strategy Reserve	0	2,000	0	2,000
Resilience & Recovery Fund Reserve	11,000	0	-435	10,565
Capital Reserves				
Capital Receipts Deferred	424	0	0	424
Capital Grants Unapplied	16,918	0	0	16,918
Statutory Reserves				
Uninsured Losses Fund	1,571	0	0	1,571
Winter Maintenance Fund	0	1,300	0	1,300
	79,826	19,108	-10,379	88,555