

REPORT TO BUSINESS SERVICES COMMITTEE – 11 NOVEMBER 2021

FINANCIAL PERFORMANCE AS AT 30 SEPTEMBER 2021

1 Reason for Report / Summary

- 1.1 To advise Committee of the revenue and capital position to 30 September 2021, and of the forecast position to the end of the current financial year. This report also provides an update with progress on the achievement of agreed savings.

2 Recommendations

The Committee is recommended to:

- 2.1 **Consider and discuss the Revenue forecast over budget position of £751,929;**
- 2.2 **Note the Director approved budget virements as set out in Appendix 2b;**
- 2.3 **Approve the Committee virements as set out in Appendix 2b;**
- 2.4 **Note the progress with agreed savings as set out in paragraph 6.2; and**
- 2.5 **Consider and discuss the Capital under budget position of £1,293,000**

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 information contained within this report will be reported to Full Council in November 2021.

4 Discussion

- 4.1 The table below provides a summary of the revenue, capital and reserves allocations for Business Services as agreed at Council in March 21 and shows the changes as agreed at previous Committees. **Appendices 2a and 2c** provide detailed information.

	Revised Budget £000
Gross Revenue Budget	40,468
Service Savings	(1,215)
Corporate Savings	-
Additional SG Funding	-
Other Budget Movements	4,905
Net Revenue Budget	44,158
Capital	17,437
Reserves	2,500

5 Revenue Budget

- 5.1 The revised revenue budget for 2021/22 for Business Services Committee is £44.158 million. The forecast position to the end of the current financial is £0.752 million over budget. **Appendices 1a and 1b** provide detailed information.

Business Services: -	£000s
Under Budget	2,028
Over Budget	<u>(2,780)</u>
	<u>(752)</u>

- 5.2 There is an underbudget position within the staffing budgets within Business Services Directorate, Internal Audit and Customer and Digital because of vacancies levels being higher than budgeted, this is countered by an over budget position within Finance because of the staff turnover being lower than that budgeted.
- 5.3 A reduction in the use of office space during the pandemic has resulted in a reduction in utilities, general running costs and in the requirement for repairs and maintenance, resulting in an underspend position within premises costs.
- 5.4 Online Council meetings has reduced travel expenses for elected members.
- 5.5 There has been a reduction in office sundries and telephone costs within Council offices because of the working from home arrangements, and changes in IT contract costs has brought about cost reductions within Customer and Digital. There has however been a contract increase of £225,000 for the Itrent Payroll system within Finance resulting in an over budget position.
- 5.6 The Council has been advised that there will be a rebate on the contribution to the Grampian Valuation Joint Board, this is expected to be in the region of £185,000. This is however a forecast position and may be subject to change.
- 5.7 Housing benefit expenditure is showing an underbudget position of £1.748 million but this is offset by income from HB subsidy being £2.275 million less than expected, resulting in a net variance of £527,000. An updated forecast is being provided every 4 weeks and the budget assumptions are being reviewed to inform the budget setting process for 2022/23.

- 5.8 The forecast income from the recovery of housing benefit overpayments by sundry debt invoice is forecast to be £1.116 million less than anticipated due to there being fewer overpayments than expected. The budget assumptions are being reviewed in to inform the budget setting process for 2022/23.
- 5.9 The Covid-19 pandemic continues to impact on costs, actual year to date Covid-19 expenditure is £4.661 million of which £4.325 million has been funded from additional Scottish Government funding in relation to grant payments made to businesses and individuals.

The remaining £0.336 million relates to staffing, travel, and phone costs for those still involved in the Covid-19 response.

5.10 Impact on Future Years

Contract renewal costs for iTrent and reduction in benefit subsidy income will be recurring from 2022/23 onwards.

6 Savings

- 6.1 The approved Revenue Budget or 2021/22 included £954,000 of service savings plus a further £261,000 of staffing savings resulting from a service review within Customer & Digital.
- 6.2 Details of how the savings have been allocated by Type of Spend and Budget Page are as follows: -

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	

- 6.3 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.

7 Capital

- 7.1 The approved Capital Budget for 2021/22 in respect of Business Services Committee amounted to £16.377 million as detailed in **Appendix 3**. Full Council agreed a revised Capital Plan on 23rd September 2021 which included carry forwards from 2020/21. The Revised Capital Budget for Business Services is £17.437 million.
- 7.2 It is anticipated the Capital Budget will be £1.293 million underspent this year. Major variances are detailed in the undernoted table.

Carbon Reduction - Council Wide Objectives	(949)	Tender has been approved and contractor is on site. However, some of the programmed works will fall into 2022/23 meaning that budget amounting to £949k requires to be deferred until next financial year.
Workspace - Viewmount	(246)	It is anticipated that the full budget will not be required in 2021/22 and final costs are lower than anticipated. Savings of £246k are estimated.

8 Reserves

- 8.1 There are 2 earmarked reserves, which fall within the remit of Business Services Committee to scrutinise the use of:

Reserve	Balance 30 Sep 21 £'000
Digital Strategy	2,000
Repairs & Maintenance	500
Total	2,500

The Repairs and Maintenance Reserve is anticipated to be used in the current year to meet service demands. The Digital Strategy reserve is fully committed and allocated to projects, and if not fully utilised in the current financial year will require to be retained to meet the remaining costs that will be incurred in 22/23.

9 Council Priorities, Implications and Risk

9.1 The work and outcomes delivered through the various services reporting to the Business Services Committee helps in the delivery of the following council priorities:

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

9.2 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.

9.3 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

9.4 There are no direct staffing implications arising from this report.

9.5 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.

9.6 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.

10 Scheme of Governance

10.1 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.

- 10.2 The Committee can 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 Paul Mitchell, Strategic Finance Manager & Shirley-Ann Gordon, Team Manager

Date: 5 October 2021

List of Appendices:

- Appendix 1a - Expenditure and Income by Type of Spend
- Appendix 1b - Expenditure and Income by Budget Page
- Appendix 2a - Revenue Budget Movements
- Appendix 2b - Revenue Budget Movements for endorsement/approval
- Appendix 2c - Revenue Budget Movements previously agreed
- Appendix 3 - Business Services Capital Performance

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)	192,709	44,914,309	22,628,943	21,068,147	44,663,309	251,000
02.Premises Costs	13,682,100	(484,000)	177,900	13,376,000	6,937,250	6,342,634	13,176,000	200,000
03.Transport	546,700		-	546,700	284,500	209,592	426,700	120,000
04.Supplies & Services	12,646,000	(62,000)	(86,785)	12,497,215	8,155,240	7,816,533	12,287,215	210,000
05.Third Parties	34,037,000		5,102,058	39,139,058	21,557,180	20,607,300	38,321,621	817,437
09.Grants	(32,216,100)		(280,715)	(32,496,815)	(16,273,482)	(16,745,832)	(30,221,449)	(2,275,366)
10.Income	(33,618,700)		(199,500)	(33,818,200)	(12,665,290)	(11,806,171)	(33,743,200)	(75,000)
11.Other				-		-	-	-
Total	40,467,600	(1,215,000)	4,905,667	44,158,267	30,624,341	27,492,203	44,910,196	(751,929)

Appendix 1b

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	163,005	153,214	315,311	-
72.Councillors' Remuneration & Expenses	2,291,000		-	2,291,000	1,170,200	1,076,775	2,141,000	150,000
73.Business Services Directorate	1,164,000		27,542	1,191,542	592,214	256,515	1,121,542	70,000
74.Finance	8,279,000	(106,000)	507,292	8,680,292	6,663,796	5,717,614	10,628,221	(1,947,929)
75.Internal Audit	402,000		-	402,000	302,900	266,538	352,000	50,000
76.Customer and Digital	12,699,000	(306,000)	88,500	12,481,500	7,610,098	7,166,736	12,120,500	361,000
76a. Digital Strategy				-		2,862		-
78.Legal and People	7,818,000	(277,000)	(299,646)	7,241,354	3,598,426	3,444,375	7,161,354	80,000
79.Miscellaneous Licensing	(13,000)		(38,330)	(51,330)	(40,532)	(145,903)	(51,330)	-
80.GVJB	2,160,000			2,160,000	1,080,000	1,079,532	1,975,000	185,000
81.Printing	536,000		-	536,000	134,550	80,519	536,000	-
82.Procurement	887,000		-	887,000	128,655	163,856	887,000	-
83.Woodhill House	1,941,000	(42,000)	-	1,899,000	901,685	797,894	1,674,000	225,000
84.Office Accommodation	2,122,000	(6,100)	-	2,115,900	1,392,800	1,027,841	1,840,900	275,000
85.Building Cleaning	-		-	-	144,450	(285,930)	-	-
86.Public Conveniences	527,000		200,000	727,000	365,400	278,904	727,000	-
87.Operational Buildings	-	(8,900)	-	(8,900)	(9,900)	19,581	(8,900)	-
88.Estates	(2,777,000)	(469,000)	22,100	(3,223,900)	(1,781,600)	(1,791,058)	(3,223,900)	-
89.Corporate Estates	154,000		-	154,000	38,500	6,865	154,000	-
90.Property Construction Services	(1,501,000)		(8,160)	(1,509,160)	2,704,836	2,560,340	(1,309,160)	(200,000)
91.Building Repairs & Maintenance Fund	5,916,000		-	5,916,000	2,405,500	2,246,940	5,916,000	-
92.Area Managers - Buchan & Formartine	804,600		-	804,600	369,500	344,332	804,600	-
94.Charges to HRA, Capital and Others	(3,287,000)			(3,287,000)	(1,643,400)	(1,642,250)	(3,287,000)	-
Community Resilience			111,000	111,000	8,200	4,830	111,000	-
Covid-19 Business Services			4,325,058	4,325,058	4,325,058	4,661,281	4,325,058	-
Total	40,467,600	(1,215,000)	4,905,667	44,158,267	30,624,341	27,492,203	44,910,196	(751,929)

Appendix 2a

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			507,292		8,680,292
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			(151,500)	240,000	12,481,500
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	(6,100)		2,115,900					2,115,900
85.Building Cleaning	-		-			-					-
86.Public Conveniences	527,000		527,000			527,000			200,000		727,000
87.Operational Buildings	-		-	(8,900)		(8,900)					(8,900)
88.Estates	(2,777,000)	(484,000)	(3,261,000)	15,000		(3,246,000)			22,100		(3,223,900)
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										4,325,058	4,325,058
Total	40,467,600	(1,215,000)	39,252,600	-	(268,891)	38,983,709			609,500	4,565,058	44,158,267

Appendix 2b

Aberdeenshire Council
Business Services Committee
Financial Performance Report as at 30 September 2021

Appendix 2b

Director Approved Budget Virements

Cross Service	Service Pages		Reason for Movement	Amount	Approver	Committee	Committee
	From	To					
No	Area Managers - Buchan & Formartine	Area Managers - Buchan & Formartine	Developers Obligations income and expenditure of £6,209. Overall effect of nil on Area Managers budget page.	0	DIRECTOR	Business Services	
No	Legal & People	Finance	Permanent transfer of HR Systems Officer post to Finance.	34,530	DIRECTOR	Business Services	

Business Services Committee Virements for Approval

No	Business Services Directorate	Property Construction Services	Transfer of budget to Property Construction Services for work undertaken by the Support Team	93,000	COMMITTEE	Business Services	
No	Business Services Directorate	Woodhill House	Transfer of budget to Woodhill House for work undertaken by the Support Team	12,000	COMMITTEE	Business Services	
No	Business Services Directorate	Building Cleaning	Transfer of budget to Building Cleaning for work undertaken by the Support Team	177,000	COMMITTEE	Business Services	

Appendix 2c

Business Services Revenue Budget Movements - Previously Agreed

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	09/09/2021
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	09/09/2021
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	09/09/2021

Budget Movements approved by Full Council

Cross Service	Service Pages		Reason for Movement	Amount £	Approver	Committee	Committee
	From	To					
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 recovery.	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
Yes	Customer & Digital	Contribution to IJB	Carefirst annual costs - transferred to IJB	151,500	FULL COUNCIL	Full Council	23/09/2021

Transfers to/from Reserves

Cross Service	Reserve	Service Page	Reason for Movement	Amount £	Approver	Committee	Committee Date
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	3,844,800	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	480,258	FULL COUNCIL	Full Council	24/06/2021

Appendix 3

	Appendix 3				
	2021/22	2021/22	2021/22	2021/22	2021/22
BUSINESS SERVICES	Approved	Revised	Actual	Full Year	Projected
CAPITAL PERFORMANCE REPORT - SEPTEMBER 2021	Budget	Budget	Sep 2021	Forecast	Variance
	£,000	£,000	£,000	£,000	£,000
1 Buchan House Police Extension	0	0	38	38	38
2 Carbon Reduction - Council Wide Objectives	2,366	2,355	56	1,406	(949)
3 Cleaning	38	27	0	38	11
4 Depots	1,645	1,798	31	1,798	0
5 Development of Industrial Portfolio & Factory Units	1,076	1,076	13	1,076	0
6 Health and Safety - Council Wide Objectives	450	450	231	375	(75)
7 Information Communications Technology	1,750	1,729	462	1,800	71
8 Legal and Governance System Software	44	64	0	20	(44)
9 Workspace - Office Space Strategy	2,500	988	302	961	(27)
10 Lifecycle Maintenance - Council Wide Objectives	6,403	8,496	2313	8,424	(72)
11 Workspace - Viewmount	105	454	108	208	(246)
Business Services Total	16,377	17,437	3,554	16,144	(1,293)