

REPORT TO COMMUNITIES COMMITTEE – 08 SEPTEMBER 2022

FINANCIAL PERFORMANCE AS 31 JULY 2022

1 Executive Summary/Recommendations

1.1 This report presents the revenue and capital financial performance information pertaining to services within the remit of this committee. It shows the expenditure incurred to the 31 July 2022 and reflects the forecast outturn to the 31 March 2023. The report also highlights the financial risks that may require mitigations to be identified as the financial year progresses.

1.2 The Committee is recommended to:

1.1.1 Consider and discuss the Revenue forecast over budget position of £1,100,000 as set out in Appendices 1 & 2.

1.1.2 Note the Director approved budget virements as set out in Appendix 4.

1.1.3 Note the risks highlighted in Section 5

1.1.4 Consider and discuss the capital under budget position of £1,022,000 as set out in Appendix 3

2 Decision-Making Route

2.1 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.

2.2 The financial information is set out in the following Appendices

- Appendix 1: provides details of financial position by budget page.
- Appendix 2: provides details of financial position by type of spend.
- Appendix 3: Capital Projects

2.3 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.

2.4 Full Council will receive Financial Performance Report reflecting the Committee information contained within this report

3 Discussion

3.1 The Table below provides a summary of the revenue and capital budgets and reserves relating to Communities Committee, which were approved at Council in March 2022. These budgetary allocations are in essence the monetary expression of the Council Priorities and the Council Plan and the agreed financial envelope within which the service plans can be delivered.

3.2 The Table below provides a summary of the Council budget and the element relating to Communities Committee as at 31 July.

	Council Revised Budget July 22	Communities Committee Budget July 22	Communities Committee Expenditure to 31 July 22	Communities Committee Forecast to 31 March 23
	£'000	£'000	£'000	£'000
Gross Revenue Budget	695,841	163,931	56,367	165,031
Service Savings	(11,603)	-		
Net Revenue Budget	684,238	163,931	56,367	165,031
Capital	136,063	3,543	727	2,521
Reserves	81,513*	12,258		

*Draft figure for 2022/23. Final figures to be confirmed once 2021/22 Annual Accounts are finalised.

4 Revenue Budget

- 4.1 At present the forecast expenditure is expected to exceed the Net Revenue Budget by £1.1 million.
- 4.2 This over budget position can be attributed to anticipated reduced income within Live Life Aberdeenshire. This is due to a range of factors including fees not being increased, the slow build-up of confidence in customers returning post pandemic, compounded by the cost of living impact. Whilst the service is hopeful that visitor numbers will return to pre-pandemic levels, there is a risk that this may not happen if the Cost of Living crisis keeps customers away.
- 4.3 The service will continue to monitor and review their service provision over the next few months.

5 Budget Financial Risks

- 5.1 The Local Government Pay Award for 2022/23 has yet to be agreed, discussions between COSLA and trade unions continue. A provision for a 3% pay award has been provided for within the Council's budget, an award over 3% would result in a budget pressure and in the absence of additional Scottish Government funding, this would require funding from reserves. An above 3% pay award would also impact on future years out of balance budgetary position.
- 5.2 The energy market remains volatile with the risk that costs will exceed budget. Swimming Pools are significant consumers of electricity, which will create a particular pressure for Live Life Aberdeenshire (LLA). The Energy Management Team continue to monitor the position and provide regular updates to Senior Leadership Team.
- 5.3 Aberdeenshire Council is currently developing a Route Map 2030 and beyond which is identifying actions across the organisation for its emissions to be reduced by 75% by 2030. This will require the investment in several interventions across the organisation to drive down consumption of energy while also decarbonising the Council's heating fuels and fleet.

- 5.4 National challenges with recruitment and training in areas such as leisure have created some exceptional pressures on LLA staffing budgets brought about by the need to make additional payments for current members of staff.
- 5.5 The financial challenges within LLA have been further compounded by a reduction in income due to unscheduled closures.
- 5.6 Cost of living pressures currently have and are expected to continue to impact on residents' ability to pay for entry to facilities. Inflationary increases on equipment purchases are higher than that reflected in the budget that was set in March 2022, these increased costs are expected to continue and exacerbate budgetary pressures.
- 5.7 A risk of pressure on the Homelessness Service has been identified. This has potential to place pressure on services if additional housing is required.
- 5.8 The Live Life Aberdeenshire budget includes an assumption that the closures of some halls and libraries will take place. Officers are progressing these closures however savings are not made until the property has been formally released, which can take a significant period during which the service still maintains a financial responsibility. Therefore, there will be time-lag in making this saving. The budget has been reduced to reflect the saving however the ongoing costs remain

6 Capital

- 6.1 The Capital Budget for 2022/23 approved by Council on 9 March 2022 in respect of Communities Committee amounted to £3.543 million. Also approved, as part of the Infrastructure Fund 1 budget, is a sum of £1.775m for Live Life Aberdeenshire projects as well as a sum of £1.225m for Communities Projects under Infrastructure 2.
- 6.2 Expenditure is anticipated to be £1.022m lower than budget for the Communities programme.
- 6.3 Aberdeenshire Council will consider any slippages from 2021/22 at September's meeting and this may, subject to approval by Aberdeenshire council, result in a revision to the capital budget.
- 6.4 Despite a return to normal following the pandemic, the construction industry is still dealing with logistics and material supplies issues. Increasing energy costs are resulting in material price increases, the construction industry is warning of a skilled labour shortage and contractors and suppliers are reluctant to provide fixed rate prices.
- 6.5 In light of the above risks the capital projects planned for 2022/23 are currently being considered for affordability and deliverability as part of a review of the capital plan to ensure value for money and service delivery.
- 6.6 Material deferral of budget to later years adds to the risk that the Capital Plan becomes unaffordable in a specific year in which case the future years phasing and prioritisation of projects may require to be revisited.

7 Reserves

- 7.1 There are 7 earmarked reserves, which are available to support the services that fall within the remit of Communities Committee.

Reserve	Balance 30 July 2022 £'000
Aberdeenshire Farming Museum Purchase Fund	61,000
Aberdeenshire Heritage Artefact Acquisition Fund	11,000
Estate of the late William Paterson Beedie Bequest	20,000
Tolbooth Restoration Fund	55,000
Government Grants	2,000,000
Affordable Housing	6,615,000
Tackling Poverties & Inequalities	3,496,000
Total	12,258,000

- 7.2 The Affordable Housing reserve is a revolving fund. It includes legally ring-fenced funds from 2nd homes council tax and supports delivery of new builds. £2.085m is currently committed but this is likely to increase as tender prices rise. As new build costs increase this fund will be used to subsidise.

8 Council Priorities, Implications and Risk

- 8.1 The work and outcomes delivered through the various services reporting to Communities 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

- 8.2 This report sets out the financial resources which have been used to deliver the priorities of the Communities 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.

- 8.3 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
Health and Wellbeing	X		
Town Centre First			X
Climate Change and Sustainability			X
Children and Young People's Rights and Wellbeing			X

- 8.4 Financial implications have been discussed throughout the report. There are no staffing implications arising from this report.
- 8.5 The screening section as part of Stage One of the Integrated Impact Assessment process has not identified the requirement for any further detailed assessments to be undertaken. The report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure. There will be no differential impact, as a result of the report, on people with protected characteristics.
- 8.6 The following risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)). On a Directorate level the following risk has been identified: We live within our means and use public money to maximise outcomes for communities ([Directorate Risk Register](#)). Actions being taken to mitigate these risks are set out in the report.

9 Scheme of Governance

- 9.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and have no comments to make and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 9.2 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. 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.

Alan Wood

Director of Environment & Infrastructure Services

Report Prepared by Rebecca Meiklejohn, I Business Partner Date: 4 August 2022
 Appendix 1 – Budget versus actual forecast
 Appendix 2 – Budget versus actual and forecast
 Appendix 3 – Capital Projects
 Appendix 4 - Virements

Committee Budget Page 22-23	Communities Committee Budget	Forecast	Variance
	£'000		
21.Arts Development	454	454	0
22.Macduff Aquarium	166	166	0
23.Grant Aid	104	104	0
24.Libraries	3,474	3,474	0
25.Museums	653	653	0
26.Outdoor and Adventurous Activities	323	271	52
27.Halls	413	413	0
28.Sport and Leisure	4,097	5,249	-1152
30.Integration Joint Board	147,095	147,095	0
63.Affordable Housing	267	267	0
64.Homeless Persons	3,494	3,494	0
65.Improvement and Repairs Grants	937	937	0
66.Gypsies / Travellers	160	160	0
67.Sheltered Housing Support	442	442	0
68.Community Safety	367	367	0
77.Community Planning	55	55	0
92.Tackling Poverty and Inequalities	1,208	1,208	0
Covid-19 Communities	223	223	0
Covid-19 Live Life Aberdeenshire	-	-	-
	163,932	165,032	(1,100)

Type of Spend	Communities Committee Budget	Forecast	Variance
	£'000		
01.Staff Costs	15,877	15,877	0
02.Premises Costs	5,417	5,417	0
03.Transport	133	133	0
04.Supplies & Services	4,387	4,387	0
05.Third Parties	151,708	151,708	0
09.Grants	(1,075)	(1,075)	0
10.Income	(12,515)	(11,415)	(1,100)
Total	163,932	165,032	(1,100)

COMMUNITIES COMMITTEE
CAPITAL PERFORMANCE REPORT - JULY 2022

	2022/23 Approved Budget £,000	2022/23 Actual Exp. Jul-22 £,000	2022/23 Full Year Forecast £,000	2022/23 Projected Variance (Over)/Under £,000
COMMUNITIES COMMITTEE				
33 Affordable Housing	1,550	350	675	875
34 Disabled/Elderly Housing Adaptations (Private Sector Housing	1,000	250	1,000	0
35 Gypsy Traveller Site Upgrades (Grant Funded)	0	29	38	0
36 Learning Disabilities - Adaptation Centres	103	0	103	0
37 Live Life Aberdeenshire	567	91	510	57
38 Live Life Aberdeenshire Pitch & Outdoor Physical Activity Spac	0	0	0	0
39 Peterhead Care and Support Village	250	0	160	90
40 Social Work - Minor Works	73	0	73	0
Infrastructure Services Total	3,543	720	2,559	1,022
Infrastructure Fund 1				
84 Live Life Aberdeenshire	1,775	1	1,775	0
87 Communities Projects	1,225	5	1,225	0
TOTAL	6,543			1,022

APPENDIX 4

Aberdeenshire Council

Communities Committee Virements for Approval

Financial Performance as at July 2022

Director Approved Budget Virements

Cross Service	Service Pages		Reason for Movement	Amount	Approver	Committee	Committee Date
	From	To					
No	Sports and Leisure	Outdoor and Adventurous Activities	Transfer staff costs from Banchory Sports village to Outdoor Adventurous Activities	52,400	Director	Communities Committee	09.08.22
No	Tackling Poverty and Inequalities	Tackling Poverty and Inequalities	Refugee Resettlement Expenditure to June 2022	14,000	Director	Communities Committee	09.08.22
No	Tackling Poverty and Inequalities	Tackling Poverty and Inequalities	Refugee Resettlement Expenditure to July 2022	15,000	Director	Communities Committee	09.08.22
No	General Fund	Integrated Joint Board	Additional SG Funding - HSCP	8,205,000	Director	Communities Committee	09.08.22
No	General Fund	Integrated Joint Board	Additional SG Funding - HSCP - Social Work Capacity Funding	935,000	Director	Communities Committee	09.08.22
No	Tackling Poverty and Inequalities	Tackling Poverty and Inequalities	Funding of Fixed Term Administrator - overall effect on page is zero	20,000	Director	Communities Committee	09.08.22
No	Tackling Poverty and Inequalities	Tackling Poverty and Inequalities	Income and expenditure in relation to refugee resettlement - overall effect on page is zero	71,000	Director	Communities Committee	09.08.22

Communities Committee Virements for Approval

Cross Service	Service Pages		Reason for Movement	Amount	Approver	Committee	Committee Date
	From	To					
Yes	Sports and Leisure	ECS Admin and	Staff Costs	-134,210	Director	ECS	

Communities Committee Revenue Budget Movements - Previously Agreed

Cross Service	Service Pages		Reason for Movement	Amount	Approver	Committee	Committee Date
	From	To					
Yes	Customer and Digital	Integrated Joint Board	Transfer Business Objects Licences	14,000	Head of Finance	Business Services	08/09/2022

Yes	Community Planning	Customer and Digital	Budget moved from Community Planning - Mearns Local Community Planning to Customer & Digital - Business Strategy	12500	Director	Business Services	08/09/2022
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Budget Movements approved by Full Council

Cross Service	Service Pages		Reason for Movement	Amount	Approver	Committee	Committee Date
	From	To					
Yes	Various	Printing	Remove budget for Printing costs and transfer to Centralised Printing Budget	-55,000	Full Council	Subject to approval	29.09.22
Yes	Various	Central Recharges	Remove Energy Management Service charge as charge is part of annual central recharges at year end.	-23,600	Full Council	Subject to approval	29.09.22

Transfers to/from Reserves

Cross Service	Reserve	Service Page	Reason for Movement	Amount	£ Approver	Committee	Committee Date
No	Flexible Financial Insecurity Fund	Covid-19 Communities	Draw down from Flexible Financial Insecurity Fund	222,800	Director	Communities	08/09/2022
No	Tackling Poverty and Inequalities Reserve	Tackling Poverty and Inequalities	Refugee Resettlement Drawdown May 22	27,000	Director	Communities	08/09/2022
No	Tackling Poverty and Inequalities Reserve	Tackling Poverty and Inequalities	Digital Assistant funding April & May 22	2,629	Director	Communities	08/09/2022
No	Tackling Poverty and Inequalities Reserve	Tackling Poverty and Inequalities	Digital Assistant funding June 22	1,314	Director	Communities	08/09/2022
No	Tackling Poverty and Inequalities Reserve	Tackling Poverty and Inequalities	Refugee Resettlement Drawdown June 22	60,000	Director	Communities	08/09/2022
No	Tackling Poverty and Inequalities Reserve	Tackling Poverty and Inequalities	Refugee Resettlement Drawdown July 22	57,000	Director	Communities	08/09/2022
No	HEEPs	Improvement and Repair Grants	HEEPs drawdown from Ear Marked Reserves Jun 22	25,600	Director	Communities	08/09/2022