
Report To:	Policy & Resources Committee	Date:	11 August 2020
Report By:	Chief Financial Officer	Report No:	FIN/59/20/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2019/20 - Unaudited		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise the Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2020 and to highlight any significant variances between revised budgets, period 10 report (period 9 Service Committees) and outturn per the 2019/20 Unaudited Accounts.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2019/20 and the variance between the outturn and the period 10 report presented to the Policy & Resources Committee for all Service Committees on 24 March 2020.
- 2.2 The outturn per the unaudited accounts shows an underspend for 2019/20 of £2,172,000 (Appendix 1) for all Service Committees (Inclusive of HSCP). This represents an underspend of 1.23% against 2019/20 revised budget of £176,746,000. The main areas of underspend relate to:
- Additional turnover savings achieved across the Council of £720,000
 - Release of contingencies not required throughout 2019/20 of £1,114,000
 - Additional Internal Resources Interest earned of £181,000
 - One-Off NDR refunds relating to Education buildings of £280,000
 - HSCP one-off underspend for Free Personal Care under 65's of £190,000
- 2.3 The underspends above are offset by various overspends; mainly £697,000 overspend within HSCP Client Commitments for Learning Disability clients and Older People Services. £84,000 of costs related to COVID 19 expenditure, however the majority of costs relating to COVID 19 will be reported against 2020/21.
- 2.4 Appendix 1 shows a decrease in the underspend reported to the last Policy & Resources Committee (Period 10) of £12,000 (0.01%). Appendix 2 provides the material variances for individual Committees and further explanations for the significant variances during the year.
- 2.5 Many of the areas of underspend were one off in 2019/20 or were included in the 2020/21 Budget. Appendix 2 highlights those areas that were adjusted during 2020/21 where applicable.
- 2.6 The Council currently utilises smoothing earmarked reserves to deal with pressures arising from demand led services. This approach helps smooth out budget pressures over a number of years. Current smoothing earmarked reserves include ASN Placement/Transport, Winter Maintenance, City Deal, Residential Childcare, Older People Residential Care Homes, Learning Disability Redesign and Loans Charges.

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- 2.7 Overall, the unaudited accounts position reflects a free reserves position of £5.305m which is an increase of £1.505m since the budget was set in March 2020. This excludes the Health & Social Care overspend as this will be contained by the IJB. The increase is mainly due to additional Council Tax Income collected of £0.518m, planned write back of an earmarked reserve of £0.433m and further underspends across Committees detailed in this report. A review of the free reserves has been undertaken by the Members' Budget Working Group and is the subject of a separate report to this Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the underspend per the unaudited accounts for 2019/20 of £2,172,000, the reasons for the material variances from budget and the 1.23% movement from Period 10 to Final Outturn.
- 3.2 It is recommended that the Committee notes that officers will identify any opportunities for adjustments to be included in the 2021/23 Budget.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise the Committee of the outturn position per the unaudited accounts for 2019/20 and to highlight the main issues contributing to the underspend of £2,172,000. The report also informs the Committee of the movement since the last report to the Committee and the main issues contributing to the movement.

5.0 2019/20 UNAUDITED OUTTURN

- 5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2019/20 is an underspend of £2,172,000 for all Service Committees. The outturn comprises underspends of £2,161,000 within Policy & Resources Committee and £302,000 within Environment & Regeneration Committee. Also overspends of £42,000 within Education & Communities and £249,000 within Health & Social Care. It should be noted that the overspend within Health & Social Care will be absorbed by the IJB and not impact on the Council's reserves.
- 5.2 Main areas of underspend relate to additional turnover savings achieved, the release of inflation contingencies not required, one-off NDR refunds relating to previous year buildings within Education Services and additional Internal Resources Interest earned. Appendix 2 provides more detailed material variances and reasons behind the underspend on a Committee by Committee basis.
- 5.3 Further underspends below £50,000 were incurred across all Services. The underspend in year has been partly offset by increased costs for client care package cost within Social Care Services and overspends within Education Services for catering contract and catering supplies. The report includes additional costs of £84,000 relating to COVID 19, the majority of costs will have been incurred during 2020/21.
- 5.4 It can be seen in Appendix 1, that the outturn (per the unaudited accounts) of £2,172,000 is a movement of £12,000 since the last report to the Policy & Resources Committee in March 2020. Appendix 1 details the movement in underspend per Service Committee. Appendix 2 provides more details regarding the material variances since the Period 10 Policy & Resources Committee report and the reasons for these movements.
- 5.5 Further details on the 2019/20 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2020/21 in the next Committee cycle.
- 5.6 The unaudited accounts position reflects free reserves of £5,305,000 at 31 March 2020. This is an increase in the reserves position of £1,505,000 since the budget was set in March 2020. The free reserves position excludes Health & Social Care. The increase is mainly due to additional Council Tax Income received of £0.518m, planned write back of an earmarked reserve of £0.433m and further underspends across Committees detailed in this report. Consideration of use of free reserves has been undertaken by the Members' Budget Working Group and is the subject of a report to this Committee.

6.0 OTHER INFORMATION

- 6.1 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. The percentage variance for 2019/20 decreased from 2018/19 and remains above 1% but below 2% as the past four years. The decrease in percentage underspend in 2019/20 is due to the continual review and reduction to budgets with historic underspends. A number of the underspends were identified in 2019/20 and have already been removed as part of the 2020/21 budget. The following table shows the variance for the last 4 years and the percentage variance against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
2015/16	Underspend £5.814m	3.41%
2016/17	Underspend £2.243m	1.38%
2017/18	Underspend £2.797m	1.67%
2018/19	Underspend £3.181m	1.87%
2019/20	Underspend £2.172m	1.23%

- 6.2 Officers will use this latest information to identify further potential budget adjustments in order to reduce the funding gap over 2021/23.

7.0 CONSULTATION

- 7.1 This report has been produced utilising the detailed budget reports to each Committee.

8.0 IMPLICATIONS

8.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

Annually Recurring Costs

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

8.2 Legal

There are no legal implications arising from this report.

8.3 Human Resources

There are no HR implications arising from this report.

8.4 Equalities

There are no equality implications arising from this report.

Equalities

- (a) Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES (see attached appendix)
<input checked="" type="checkbox"/>	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

8.5 Repopulation

There are no repopulation implications arising from this report.

9.0 BACKGROUND PAPERS

9.1 None

POLICY & RESOURCES**REVENUE BUDGET PROJECTED POSITION AT PERIOD 9 TO FINAL OUTTURN**

2018/19 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2019/20 £000	Period 9 Revised Budget 2019/20 £000	Period 9 Projection 2019/20 £000	Period 9 Projected Over/(Under) Spend 2019/20 £000	Final Over/(Under) Spend 2019/20 £000	Movement from Probable Outturn £000	Variance as % of Revised Budget
	Policy & Resources	18,225	15,580	13,497	(2,083)	(2,161)	(78)	-13.87%
	Environment & Regeneration	23,895	23,689	23,498	(191)	(302)	(111)	-1.27%
	Education & Communities	88,362	86,955	86,980	25	42	17	0.05%
	Health & Social Care	50,529	50,522	50,587	65	249	184	0.49%
0	COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	181,011	176,746	174,562	(2,184)	(2,172)	12	-1.23%

Reasons: Final Outturn**POLICY & RESOURCES**

Additional Turnover Target Achieved	(103)
Inflation Contingencies not used	(1,114)
Internal Resource Interest over recovery	(181)
One off NDR refunds for Education buildings	(280)
Net over recovery of PDP/Sundry Debt	(88)
Over recovery of Council Tax Prior Years Income	(64)
Various (Underspends)/Overspends all under £50k	(331)
	(2,161)

ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved	(312)
Net underspend within Waste Strategy	(77)
Underspend within Economic Development Training Budget	(73)
Under recovery of Cremations Income	57
Net under recovery in Planning Income (after using smoothing EMR)	51
COVID 19 Additional Costs	44
Various (Underspends)/Overspends all under £50k	8
	(302)

EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved	(149)
Catering Contract Overspend	145
Overspend on Catering Supplies	75
Education Transport Costs Overspend	62
Income Shortfall across Directorate	91

Reasons: Movement Period 9 to Final Outturn**POLICY & RESOURCES**

Internal Resources Interest less than projected	69
Over recovery of PDP/Sundry Debt Income	(63)
Various (Underspends)/Overspends all under £30k	(84)
	(78)

ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved	(80)
Reduction in net Income for Building Services Unit	43
COVID 19 Additional Costs	44
Various (Underspends)/Overspends all under £30k	(118)
	(111)

EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved	(115)
Catering Contract Overspend	154
Reduced costs for Education Transport	(95)
Further Income Shortfall across Directorate	75
COVID 19 Additional Costs	40

POLICY & RESOURCESREVENUE BUDGET PROJECTED POSITION AT PERIOD 9 TO FINAL OUTTURN

Property Costs Underspend - primarily NDR
 COVID 19 Additional Costs
 Various (Underspends)/Overspends all under £50k

(93)
 40
 (129)

42

Various (Underspends)/Overspends all under £30k

(42)

17

HEALTH & SOCIAL CARE

Additional Turnover Savings Achieved
 Overspend in Client Package Costs across all Services
 Under Recovery of Income within Learning Disability Services
 Net Overspend on Physical Disability Services Income
 One Off Underspend for Free Personal Care Unders 65's
 One off Underspend in Carers Act Funding
 Various (Underspends)/Overspends all under £50k

(331)
 625
 72
 71
 (190)
 (68)
 70

249

HEALTH & SOCIAL CARE

Reduction in Turnover Savings Projected
 Additional Funding Received towards Criminal Justice Client
 Increase costs relating to Client Package Costs
 Underspend within Carers Act Funding
 Various (Underspends)/Overspends all under £30k

199
 (174)
 380
 (46)
 (175)

184

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £1,114,000 (44.03%)

Due to a lower than anticipated requirement for non-pay and pay inflationary pressures, the Council underspent by £1,114,000. As part of the 2020/21 budget process, a total of £750,000 of non-pay inflation and £750,000 of pay inflation has been released over the 2020/21 budget period.

2. Internal Resources Income – Outturn Over Recovery £181,000 (72.4%)

Due to an increase in interest rates, Internal Resources Interest received was £181,000 more than budgeted in 2019/20. A review of this budget has been undertaken as part of the budget process and the recovery target has been increased by a further £250,000.

3. NDR Refund – Outturn Over Recovery £280,000 (100%)

One-off refunds of £280,000 was received in NDR payments within 2019/20 as a result of a successful appeal. The refunds related to Education buildings but were held centrally within the Policy & Resources Committee.

4. Turnover Savings – Outturn Underspend £103,000 (1.19%)

Turnover savings of £103,000 was achieved by the Committee for 2019/20 which is a decrease of £21,000 since last reported to Committee. The Council agreed to an increased turnover target of £400,000 across the Directorates in September 2019 for the 2020/21 budget.

5. Prior Years Council Tax – Outturn Over Recovery £64,000 (20.9%)

Additional prior year's Council Tax income of £64,000 was achieved within 2019/20. This is a decrease in income of £36,000 since reported to P10 Committee.

ENVIRONMENT & REGENERATION COMMITTEE

1. Turnover Savings – Outturn Over Recovery £312,000 (1.95%)

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £312,000 in 2019/20. The Council agreed an increase to the turnover target across Directorates of £400,000 in September 2019 for the 2020/21 budget.

2. Economic Training Budget – Outturn Underspend £73,000 (100%)

An underspend in the training budget within Economic Development - Workforce Development of £73,000 was achieved in 2019/20, due to

expenditure in this area being curtailed. This underspend was reported to period 10 Committee.

3. Waste Strategy Recycling Contract – Outturn Underspend £77,000 (22.38%)

The Waste Strategy Recycling Contract out-turned with an underspend of £77,000 in 2019/20, an element of which is in line with the previous years' outturn.

4. Crematorium Income – Outturn Under Recovery £57,000 (8.18%)

Crematorium income was under recovered by £57,000 in 2019/20. This is an increase in the under recovery of income of £22,000 since last reported to Committee

5. Planning Income – Outturn Under Recovery £51,000 (8.43%)

Under-recovery of £57,000 was outturned in 2019/20, this was due to reduced demand. This is an increase in demand of £20,000 since reported at P10 Committee.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £149,000 (0.21%)

The Committee achieved additional Turnover Savings of £149,000 which is an increase in savings achieved of £123,000 since reported to Committee at period 10, the movement mainly within Facilities Management. The Council agreed an increase in turnover target of £400,000 in September 2019 for the 2020/21 budget.

2. Communities Income – Outturn Under Recovery £91,000 (25.07%)

Under recovery of income within Community services for Libraries & Museums, Golf and Lets. This is a further decrease in income of £52,000 since reported at Period 10.

3. Contract Catering - Outturn Overspend £145,000 (4.67%)

An overspend of £145,000 was out-turned within 2019/20. This was not projected at P10 Committee. Further work is being under taken to ascertain why this was not identified earlier.

4. Catering Supplies – Outturn Overspend £75,000 (6.50%)

Education Catering Supplies were overspent by £75,000 during 2019/20. This is an increase in spend of £61,000 since Period 10.

5. Education Transport Costs – Outturn Overspend £62,000 (2.41%)

The Committee has outturned at an overspend of £62,000. This overspend consists of various transport costs, mainly; ASN transport, Gaelic Transport, School Bus Contract and Pupil Consortium. This is a reduction in costs of £95,000 since reported at P10 Committee.

HEALTH & SOCIAL CARE COMMITTEE

1. Turnover Savings – Outturn Over Recovery £331,000 (1.19%)

The Committee achieved additional turnover savings for 2019/20 of £331,000 which is an increase of costs of £199,000 since last reported to Committee. This was partly due to more employee's choosing to remain in the pension scheme after automatic opt in than projected. The Council agreed an increase to the turnover target across Directorates of £400,000 in September 2019 for the 2020/21 budget.

2. Learning Disabilities Client Commitments – Outturn Overspend £524,000 (6.22%)

Learning Disabilities Client Commitments were overspent by £524,000 during 2019/20. Increased costs of £261,000 were incurred since last reported to Committee in period 10. Increased costs reflected necessary uplifts in clients' packages relating to increased needs.

3. Free Personal Care – Under 65's – Outturn Underspend £190,000 (47.38%)

During 2019/20 a one-off underspend of £190,000 was achieved for Free Personal Care for under 65's, this was reported at P10 Committee and was agreed as a saving in November 2019 as part of the 2020/21 budget.

4. Residential Nursing Client Commitments – Outturn Overspend £173,000 (40.14%)

Within 2019/20 Residential Nursing Client Commitments overspent by £173,000. This is an increase in costs of £25,000 since last reported to Committee. Additional costs related to Direct Payments, Respite and Additional client hours allocated.

GENERAL FUND

1. Council Tax Income Account – Outturn Over Recovery of £518,000 (1.7%)

An over recovery of Council Tax Income during the year mainly due to additional income from premiums charged to second homes and long term empty properties plus an increase in income collected in relation to increased Council Tax base. A saving of £250,000 was approved in September 2019 based on the current collection levels of Long Term Empty levies and Council Tax base and a further £65,000 approved February 2020 to increase the ultimate collection rate target to 97.0%.