
Report To:	Policy & Resources Committee	Date:	10th August 2021
Report By:	Interim Service Director, Corporate Services & Organisational Recovery	Report No:	FIN/43/21/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2020/21 - Unaudited		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2021 and to highlight any significant variances between revised budgets, period 11 reports and outturn per the 2020/21 Unaudited Accounts.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2020/21 and the variance between the outturn and the period 11 report presented to the Policy & Resources Committee for all Service Committees 25 May 2021.
- 2.2 The outturn per the unaudited accounts shows an underspend for 2020/21 of £2,370,000 (Appendix 1) for all Service Committees (Inclusive of the Health & Social Care Committee). This represents an underspend of 1.29% against 2020/21 revised budget of £183,119,000. The main areas of underspend relate to:
- Additional turnover savings achieved across the Council of £1,531,000
 - Release of contingencies not required throughout 2020/21 £648,000
 - Underspend of £324,000 for Education Utility costs
 - Underspend within External Homecare of £622,000
 - A reduction in costs within Short breaks/respite and Learning Disability Transport of £229,000.
- 2.3 The underspends above are offset by various overspends; mainly £514,000 overspend within HSCP Client Commitments across Services and increased costs of £448,000 within Children & Families for external placements.
- 2.4 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £400,000 (0.2%). 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 2020/21, some of which were as a result of reduced service due to COVID. All COVID expenditure has been fully funded by Grant Income or Use of Reserves resulting in a nil impact on Committee out-turns. Recurring underspends that have been identified were included in the 2021/22 Budget process where possible. Appendix 2 highlights those areas that were adjusted during 2021/22 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.

- 2.7 Overall, the unaudited accounts position reflects a free reserves position of £4.890m which is an increase of £0.465m since the budget was set in March 2021. This excludes the Health & Social Care underspend as these will be retained by the IJB. The increase is mainly due to further underspends across Committees detailed in this report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the underspend per the unaudited accounts for 2020/21 of £2,370,000, the reasons for the material variances from budget and the movement 1.29% from Period 11 to Final Outturn.
- 3.2 It is recommended that the Committee notes that due to one off Covid funding and the non-provision of some services it is not possible to draw too many comparisons between 2020/21 and previous years.
- 3.3 It is recommended that the Committee note that officers will identify any opportunities for adjustments to be included in the 2022/23 Budget.

Alan Puckrin
Interim Service Director, Corporate Services & Organisational Recovery

4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the outturn position per the unaudited accounts for 2020/21 and to highlight the main issues contributing to the underspend of £2,370,000. The report also informs the Committee of the movement since the last report to Committee and the main issues contributing to the movement. All COVID costs have been fully funded by Grant Income or Use of Reserves resulting in a Nil impacts on Committee out-turns.

5.0 2020/21 UNAUDITED OUTTURN

- 5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2020/21 is an underspend of £2,370,000 for all Service Committees. The outturn comprises of underspends of £646,000 within Policy & Resources Committee, £472,000 within Environment & Regeneration Committee, £858,000 within Education & Communities and £394,000 within Health & Social Care. It should be noted that the underspend within Health & Social Care will be retained 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, utilities underspend within Education Services and underspends within Health & Social Care for External Homecare and Short breaks and Transport costs. 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 and Children & Families External placements within Social Care Services.
- 5.4 It can be seen in Appendix 1 that the outturn (per the unaudited accounts) of £2,370,000 is a movement of £400,000 (0.2%) since the last report to the Policy & Resources Committee in May 2021. Appendix 1 details the movement in underspend per Service Committee. Appendix 2 provides more details regarding the material variances since the Period 11 Policy & Resources Committee report and the reasons for these movements.
- 5.5 Further details on the 2020/21 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2021/22 in the next Committee cycle.
- 5.6 The unaudited accounts position reflects free reserves of £4.890m at 31 March 2021. This is an increase in the reserves position of £0.465m since the budget was set in March 2021. The free reserves position excludes Health & Social Care. The increase is mainly due to further underspends across Committees detailed in this report.

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 2020/21 increased from 2019/20 and remains above 1% but below 2% as the past four years. The increase in percentage underspend in 2020/21 will mainly reflect one off underspends due to reduction in services as a result of COVID. The following table shows the variance for the last 5 years and the percentage variance against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
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%
2020/21	Underspend £2.370m	1.29%

6.2 Officers will use this latest information to identify further potential budget adjustments in order to reduce the funding gap over 2022/23.

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?

	YES (see attached appendix)
X	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

Appendix 1

REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN

OBJECTIVE ANALYSIS	Approved Budget 2020/21 £000	Period 11 Revised Budget 2020/21 £000	Period 11 Projection 2020/21 £000	Period 11 Projected Over/(Under) Spend 2020/21 £000	Final Over/(Under) Spend 2020/21 £000	Movement from Probable Outturn £000	Variance as % of Revised Budget
Policy & Resources	16,406	15,690	15,004	(686)	(646)	40	-4.12%
Environment & Regeneration	23,546	23,774	23,287	(487)	(472)	15	-1.99%
Education & Communities	95,311	91,324	90,567	(757)	(858)	(101)	-0.94%
Health & Social Care	52,289	52,331	52,291	(40)	(394)	(354)	-0.75%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	187,552	183,119	181,149	(1,970)	(2,370)	(400)	-1.29%

Reasons: Final Outturn

Reasons: Movement Period 11 to Final Outturn

POLICY & RESOURCES

NON COVID COVID

NON COVID

Additional Turnover Target Achieved
Inflation Contingencies not used
Internal Resource Interest under recovery
Net under recovery of subsidy/DHP
ICT - service charge income not budgeted
Legal & Support - licences under recovery
Various (Underspends)/Overspends all under £40k

(48)
(648)
61
116
(86)
68
(109)

Internal Resource Interest under recovery
Changes in inflation contingency after P11
ICT - increase in Education/Social Work recharge income
Net benefit subsidy under recovery
Various (Underspends)/Overspends all under £20k

61
87
(54)
55
(109)

COVID19 costs - budget held centrally

857

(646) **857**

40

ENVIRONMENT & REGENERATION

NON COVID COVID

NON COVID

Additional Turnover Savings Achieved
Under recovery of Drivers income
Planning - overspend in Local Development Plan preparation
Waste - underspend in recycling contract
Housing HEEPs grant additional admin income
Net overspend vehicle fuel/maintenance
Parking - under recovery of car park income due to new car park charges not being introduced
Various (Underspends)/Overspends all under £50k

(655)
120
53
(84)
(85)
65
50
64

Housing HEEPs grant additional admin income
Office Accom - P11 underspend allocated to Services at YE
Under recovery of Drivers income
Various (Underspends)/Overspends all under £50k

(85)
89
112
(101)

COVID19 costs - budget held centrally

3,045

(472) **3,045**

15

POLICY & RESOURCES

REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN

Appendix 1

EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved
 Utilities & Property Costs Underspend
 Catering Contract Underspend
 ASL 2020/21 Funding Underspend
 FM Income Shortfall
 Various (Underspends)/Overspends all under £50k

NON COVID COVID

(303)
 (324)
 (700)
 (150)
 588
 31

EDUCATION & COMMUNITIES

Reduction in Turnover
 Utilities & Property Costs Underspend
 Catering Charge Underspend
 Supplies & Resources Overspend
 Transport Costs Underspend
 FM Income Shortfall
 Schools Additional Income Received
 Various (Underspends)/Overspends all under £30k

NON COVID

149
 (108)
 (671)
 148
 (133)
 588
 (51)
 (23)

COVID19 costs - budget held centrally

3,752

(858)	3,752
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(101)

HEALTH & SOCIAL CARE

Additional Turnover Savings Achieved
 Overspend in Client Package Costs across all Services
 Overspend of C&F External Placements and Fostering, Adoption & Kinship
 Underspend of External Homecare - COVID restrictions
 Underspend in LD Day Centre transport due to centres closures
 Overspend in Older People Homecare CM2000
 Underspend of ACM Short Breaks and Respite
 One-off underspend Demographic Pressures and Whole Systems Approach
 Various (Underspends)/Overspends all under £50k

NON COVID COVID

(525)
 514
 448
 (622)
 (115)
 67
 (114)
 (85)
 38

HEALTH & SOCIAL CARE

One-off under-recovery TEC Grant income
 Underspend in Client Package Costs across all Services
 One-off additional Income - Criminal Justice
 Underspend of ACM Short Breaks and Respite
 Various (Underspends)/Overspends all under £50k

NON COVID

127
 (258)
 (144)
 (114)
 35

COVID19 costs - fully funded by Health funding

6,087

(394)	6,087
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(354)

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £648,000 (60.54%)

Due to a lower than anticipated requirement for non-pay and pay inflationary pressures, the Council underspent by £648,000. As part of the 2021/22 budget process, a total of £500,000 of non-pay inflation has been released over the 2021/23 budget period.

2. Internal Resources Income – Outturn Under Recovery £61,000 (60.40%)

Due to a decrease in interest rates, Internal Resources Interest received was £61,000 less than budgeted in 2020/21. A review of this budget will be undertaken as part of the budget process.

3. Turnover Savings – Outturn Underspend £48,000 (0.55%)

Turnover savings of £48,000 was achieved by the Committee for 2020/21 which is an increase of £23,000 since last reported to Committee. The Council agreed to an increased turnover target of £200,000 across the Directorates in September 2020 for the 2021/22 budget.

ENVIRONMENT & REGENERATION COMMITTEE

1. Turnover Savings – Outturn Over Recovery £655,000 (3.98%)

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £655,000 in 2020/21. The Council agreed an increase to the turnover target across Directorates of £200,000 across the Directorates in September 2020 for the 2021/22 budget.

2. Drivers Income – Outturn Under Recovery £120,000 (24.48%)

An under recovery within Drivers Income of £120,000 was experienced in 2020/21 due to driver salary costs being incurred but less use on service expenditure due to a reduction in the service due to COVID restrictions. This under recovery is Non-COVID related as the income is from internal recharges hence no impact to overall outturn.

3. Waste Strategy Recycling Contract – Outturn Underspend £84,000 (24.4%)

The Waste Strategy Recycling Contract out-turned with an underspend of £84,000 in 2020/21 due to the suspension of the service for a period, no change since last reported to Committee.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £303,000 (0.43%)

The Committee achieved additional Turnover Savings of £303,000 which is a reduction in savings achieved of £149,000 since reported to Committee at period 11, the movement mainly within Facilities Management. The Council agreed an increase in turnover target of £200,000 across the Directorates in September 2020 for the 2021/22 budget.

2. Utilities & Property Costs– Outturn Underspend £324,000 (1.73%)

Under recovery within various Property Costs, mainly; £228,000 for utilities and £45,000 for refuse collection costs. This is an increase in underspend of £108k from P11 mainly due to a change in utility costs.

3. Contract Catering - Outturn Underspend £700,000 (17.97%)

An underspend of £700,000 was out-turned within 2020/21. This was due to the fixed and variable element of internal recharges not occurring due to a lower uptake of school meals on reopening.

4. ASL – Outturn Underspend £150,000 (74.96%)

An underspend of £150,000 within new funding due to a delay in a review of the service to be completed in 2021/22. Underspend of £150,000 was projected at P11 Committee.

5. Facilities Management Income – Outturn Under Recovery £588,000 (9.31%)

Under recovery of £588,000 in line with Contract Catering above.

HEALTH & SOCIAL CARE COMMITTEE

1. Turnover Savings – Outturn Over Recovery £525,000 (1.9%)

The Committee achieved additional turnover savings for 2020/21 of £525,000. The Council agreed an increase to the turnover target across Directorates of £200,000 across the Directorates in September 2020 for the 2021/22 budget.

2. Learning Disabilities Client Commitments – Outturn Overspend £437,000 (5.0%)

Learning Disabilities Client Commitments were overspent by £437,000 during 2020/21. A reduction in costs of £258,000 since last reported to Committee in period 11.

3. ACM Short Breaks – Outturn Underspend £114,000 (41.3%)

During 2020/21 an underspend of £114,000 was achieved for ACM Short Breaks, this was reported at P11 Committee.

4. LD Day Centre transport – Outturn Underspend £115,000 (85.6%)

Within 2020/21 transport costs for the LD Learning Centre there was a £115,000 underspend which was not reported at P11 Committee.

GENERAL FUND

1. Council Tax Income Account – Outturn Over Recovery of £217,000 (0.6%)

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 prior years collection.