
1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the performance of the Council for the financial year 2019-20.
- 1.2 The performance against budget for financial year 2019-20 was an overall underspend of £0.502m (0.20%).
- 1.3 After accounting for automatic and proposed earmarked reserve proposals, there is a net underspend of £0.626m in relation to Council services departmental expenditure, a net underspend of £0.975m in relation to other central costs and a net over recovery of income of £0.042m. Social Work, managed by the Health and Social Care Partnership were also overspent by £1.141m.
- 1.4 The General Fund Balance has moved from £49.480m at the end of financial year 2018-19 to £49.670m at the end of 2019-20. The movement represents an increase of £0.190m which is due to the contributions to and from earmarked reserves and the favourable year-end underspend position.
- 1.5 There is a separate report that details the earmarked reserves; it outlines proposals to earmark a total of £43.375m

ARGYLL AND BUTE COUNCIL
FINANCIAL SERVICES

BUSINESS CONTINUITY COMMITTEE
25 JUNE 2020

REVENUE BUDGET MONITORING – FOR THE YEAR 2019-20

4.2 Council Departmental Budget Outturn

4.2.1 The performance against budget shows departmental controllable expenditure being £0.626m (0.39%) under budget. Included in this outturn position is an adjustment to update the 2019-20 budget to reflect the new earmarking at the year-end, these new earmarkings total £6.671m.

4.2.2 There are a number of over and underspends across Council services that have resulted in an overall adjusted underspend of £0.626m on departmental expenditure, this is after earmarking has been taken into consideration. The main underspend that has not been utilised towards earmarking is in relation to contract efficiencies and savings in both the NPDO and Hub DBFM contracts. The team continue to be successful in bringing these annual payments in under budget through contract management during the year.

4.3 Central Budget Outturn

4.3.1 The performance against budget for central/non-departmental expenditure was a net underspend of £0.975m (3.13%). Included in this outturn position is an adjustment to update the 2019-20 budget to reflect the new earmarking at the year-end, these new earmarkings total £4.211m. The main reasons giving rise to this underspend are noted below:

- There is an underspend of £2.367m on the loans fund, as previously reported to Council. This underspend has arisen due to the Loans Fund review that was approved by Council on 27 February 2020 and gave rise to savings within 2019-20 and future years.
- There is a net expenditure within Severance and Unfunded Pensions of £0.907m due to the costs absorbed in-year of redundancies linked to the delivery of the Council's savings programme.
- There is an overs

4.4.2 The main areas of overspend were in Learning Disability, Physical Disability, Looked After Children, Older People and Children and Families Management arising from a combination of slippage on the delivery of planned savings and increased demand for services. These overspends are partially offset by

be held as the General Fund contingency, leaving an unallocated balance of £1.366m as shown in the table below.

	£m
Balance on General Fund 31 March 2020	49.670
Earmarked balances at 31 March 2020 (as per Earmarked Reserves report)	(43.375)
Contingency balance (2.0% of net expenditure)	(4.929)
Unallocated balance as at 31 March 2020	1.366

4.6.3 The £1.366m unallocated balance as at 31 March 2020 is a decrease of £0.340m from the £1.706m unallocated balance as at 31 March 2019, but an increase on the anticipated balance following the Council's budget setting in February this year. The balance takes account of a further year's overspend on Social Work services that will require to be repaid in future years.

4.6.4 The Council continue to have robust financial management arrangements and it is vital that these continue to be in place, particularly as the Council are facing financial challenges around the recovery and how services may need to be adapted as a result of the COVID-19 pandemic. This unallocated balance is relatively small when considering the possible financial implications in respect of the recovery from COVID-19 and the uncertainty as to whether any further funding will be forthcoming from the Government.

5. CONCLUSION

5.1 The performance against budget for financial year 2019-20 was an overall underspend of £0.502m (0.20%). The General Fund balance has increased by £0.190m which reflects the contributions to and from earmarked reserves and the favourable year-end underspend position.

6. IMPLICATIONS

6.1 Policy Automatic earmarking as per the policy have been taken into consideration with the final reported outturn position.

Councillor Gary Mulvaney, Policy Lead for Financial Services and Major Projects

APPENDICES

Appendix 1 – Overall Revenue Budget Monitoring Statement 2019-20

Appendix 2 – Department 2019-20 Outturn Summaries.

ARGYLL AND BUTE COUNCIL - SUMMARY OF ACTUAL AND BUDGET COMPARISON 2019/20

Appendix 1

Department	Actual 2019/20	Budget 2019/20											Adjusted Budget 2019/20	"Real Variance" (Over)/underspend	Comment		
	£	£	Income from council tax on 2nd homes £	Unspent Grant monies carried forward to 2020/21 £	Third Party Contributions carried forward to 2020/21 £	CHORD £	DMR School Carry Forwards £	Previous Council Decision £	Energy Reinvestment Fund £	Existing Legal Commitments £	Scottish Government Initiatives carried forward to 2020/21 £	Piers and Harbours Surplus £	Loans Fund Review Gain £	NEW Unspent Budget Proposals £	£	£	
Expenditure																	
Chief Executive's Unit	5,013,464	5,291,662		61,678	10,936			3,162						209,644	5,006,242	(7,222)	There has been an over-recovery of vacancy savings of £0.116m. Within Community Planning and Development, there was an underspend relating to a potential restructure which cannot go ahead so alternative spend to support the work of the team will be taken forward in 20/21. Within Financial Services, Non Domestic Rates Relief spend was below budget due to a reduction in rateable value of properties in receipt of discretionary relief and therefore a reduction in the cost of relief that the Council has to pay. There is a net overspend at year end because there is an earmarked reserve set aside to support information management which has been allocated to the Chief Executive.
Executive Director (Douglas Hendry)	106,850,604	112,155,570		2,388,209			849,030		81,634		505,000			856,398	107,475,299	624,695	Within Legal and Regulatory Support, a £0.541m underspend from previously reported one-off contract efficiencies and savings in NPDO and Hub DBFM contracts. Also staff underspends due to difficulties recruiting staff and agency workers. Within Education £0.059m underspend from Community Learning, where vacant posts were not filled on temporary basis due to posts forming part of the savings plan for 2020/21.
Executive Director (Kirsty Flanagan)	46,465,710	48,179,660		489,060		71,388		263,857				367,750		513,513	46,474,092	8,382	A number of balancing variances within the department.
Total Departmental Expenditure	158,329,778	165,626,892	0	2,938,947	10,936	71,388	849,030	267,019	81,634	0	505,000	367,750	0	1,579,555	158,955,633	625,855	
Joint Boards	1,465,007	1,456,371													1,456,371	(8,636)	Valuation Joint Board actual costs greater than budget.
Loans Fund	18,325,247	24,611,090											2,700,000	1,218,172	20,692,918	2,367,671	£2.367m saving offered up as part of Loans Fund Review plus additional further savings of £1.174m due better investment returns 1974,834 231,162,889 58,804,993 (1,140,748)

Department	Service	Actual 2019/20	Budget 2019/20	Income from council tax on 2nd homes	Unspent Grant monies carried forward to 2020/21	Third Party Contributions carried forward to 2020/21	Funds carried forward to 2020/21						Adjusted Budget 2019/20	(Over)/ Underspend	Variance %age	Comment		
							CHORD	DMR School Carry Forwards	Previous Council Decision	Energy Reinvestment Fund	Scottish Government Initiatives carried forward to 2020/21	Piers and Harbours Surplus					NEW Unspent Budget Proposals	
Expenditure		£	£	£	£	£	£	£	£	£	£	£	£	£				
Chief Executive's Unit	Chief Executive	916,068	983,078			10,936			3,162				209,644	759,336	(156,732)	-20.64%	Within Community Planning and Development, there was an underspend relating to a potential restructure which cannot go ahead so alternative spend to support the work of the team will be taken forward in 20/21. There is a net overspend at year end because there is	
Chief Executive's Unit	Head of Financial Services	4,097,396	4,308,584		61,678									4,246,906	149,510	3.52%	Over-recovery of vacancy savings for the Chief Executive's Unit as a whole (£0.116m). Non Domestic Rates Relief spend was below budget due to a reduction in rateable value of properties in receipt of discretionary relief and therefore a reduction in the cost of relief that the Council has to pay	
Chief Executive's Unit Total		5,013,464	5,291,662	0	61,678	10,936	0	0	3,162	0	0	0	209,644	5,006,242	(7,222)	-0.14%		
Executive Director (Douglas Hendry)	Executive Director (Douglas Hendry)	317,077	340,974											340,974	23,897	7.01%	Outwith reporting criteria	
849,030	0	81,634	505,000	0	856,398	107,475,299	624,695	0.58%										
Executive Director (Kirsty Flanagan)	Executive Director (Kirsty Flanagan)	614,297	534,201											534,201	(80,097)	-14.99%	Increase in provision for bad debts partially offset by an over recovery of vacancy savings	
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	7,505,431	7,797,060		12,287				263,857					7,520,916	15,485	0.21%	Outwith reporting criteria	
Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	9,412,789	10,183,729		226,909		71,388						76,818	9,808,614	395,825	4.04%	Additional income received in environmental health for appraisal of water supplies, Building standards and Development Management plus payments to Scottish Fire and rescue less than previous year's accrual.	
Executive Director (Kirsty Flanagan)	Head of Roads and Infrastructure Services	28,933,193	29,664,671		249,864								367,750	436,695	28,610,362	(322,831)	-1.13%	There are a number of balancing variances within the service, the most significant relates to increased maintenance costs of fleet and loss of car parking income.
Executive Director (Kirsty Flanagan) Total		46,465,710	48,179,660	0	489,060	0	71,388	0	263,857	0	0	367,750	513,513	46,474,092	8,382	0.02%		
Total Departmental Expenditure		158,329,778	165,626,892	0	2,938,947	10,936	71,388	849,030	267,019	81,634	505,000	367,750	1,579,555	158,955,633	625,855	0.39%		
Social Work	Chief Officer Integration	800,027	1,504,175											1,504,175	704,148	46.81%	Underspend arises due to higher than budgeted vacancy savings and surplus funding from the Frank's Law allocation to Argyll and Bute partially offset by slippage on the delivery of savings and higher than budgeted spending on bad debt provision, central repairs, recruitment and computer software costs.	
Social Work	Head of Adult Services	45,091,989	43,332,504											43,332,504	(1,759,485)	-4.06%	Overspend arises due to a combination of higher than budgeted demand for services and slippage on the delivery of savings in Learning Disability, Older People and Physical Disability services partially offset by an underspend on Mental Health services and Adult Services Management.	
Social Work	Head of Children and Families and Community Justice	13,643,062	13,554,532											13,554,532	(88,530)	-0.65%	Overspend arises due to a combination of higher than budgeted demand for services and slippage on the delivery of savings in Looked After Children and Children and Families Management offset by underspends in Child Protection, Criminal Justice and Children with a Disability.	
Social Work	Head of Strategic Planning and Performance	410,663	413,782											413,782	3,119	0.75%	Outwith reporting criteria	
Total Social Work Expenditure		59,945,741	58,804,993	0	0	0	0	0	0	0	0	0	0	58,804,993	(1,140,748)	-1.94%		
Total Expenditure		218,275,519	224,431,885	0	2,938,947	10,936	71,388	849,030	267,019	81,634	505,000	367,750	1,579,555	217,760,626	(514,893)	-0.24%		