ARGYLL AND BUTE COUNCIL	**COUNCIL**
FINANCIAL SERVICES	**24 JUNE 2021**

REVENUE BUDGET MONITORING – FOR THE YEAR 2020-21

1. EXECUTIVE SUMMARY

1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2020-21. The report also summarises the movement in the General Fund balance.

1.2 The performance against budget for financial year 2020-21 was an overall underspend, af0.ter earmarkings have been accounted for, of £0.188een423.91 0 Tdm (

4.3 Central Budget Outturn

4.3.1 The performance against budget for central/non-departmental expenditure was a net underspend of £0.230m (0.98%). Included in this outturn position is an adjustment to update the 2020-21 budget to reflect the new year-end earmarkings which total £9.774m. The main reasons giving rise to the underspend in central costs was underspends on Elected Members due to COVID travel restrictions, in NDR budgets and on the Loans Fund due to slippage within the capital programme. These were partially offset by an overspend on insurance costs. All three underspend areas have been reviewed and savings options have been agreed to help deliver a balanced budget in 2021-22 and beyond.

4.3.2 The overall favourable position for Departmental and Central Expenditure Budgets has provided the opportunity to propose earmarking of unspent budget for specific purposes and these are included in the 'Earmarked Reserves – 2020-21 Year End' report on this agenda. Unspent budget earmarkings will only be considered when the purpose is aligned to the objectives, priorities and targets of the Council, there is a business case to justify the expenditure and the general reserve contingency is met. The detail of the proposed unspent budget earmarkings and their associated business cases can be found in the Earmarked Reserves report.

4.4 Social Work Outturn

4.4.1 Social Work Services, managed by the HSCP, were underspent by £0.907m (1.6%). In accordance with the IJB's Scheme of Integration, the underspend will be used to pay down the amounts owing to the Council from previous Social Work overspends. A 2020-21 net underspend on Health of £0.183m has also been transferred over to the Council to reduce the accumulated overspend from previous years. There is still an outstanding amount owed by the IJB to the Council and this will be recovered through reductions in the funding provided to the IJB for Social Work services in future years with the repayment timescale agreed at the Policy and Resources Committee on 13 May 2021.

4.4.2 The underspend of £0.907m after earmarkings of £2.389m, was as a result of high levels of staffing vacancies, reductions in service demand for care home placements for Older People and reduced travel costs across the service due to COVID mitigation restrictions. This was partially offset by higher than budgeted demand across Learning Disability, Physical Disability and Children's External Placements.

4.5 Funding Budget Outturn

4.5.1 The performance against budget for funding was a net overspend/under-recovery of income of £0.045m. Included in this outturn position is an adjustment to update the 2020-21 budget to reflect the new automatic earmarking at the year-end, these new earmarkings total £2.256m and relate solely to the Strategic Housing Fund.

4.5.2 There is a year-end adverse position in relation to Council Tax of £0.044m where collections have been lower than the budget.

4.6 COVID Impact

4.6.1 There is a large amount of COVID funding not utilised at year end and there is a total of £15.526m of COVID funding to be earmarked. Significant amounts to note are:

- £5.399m from the £275m allocation to support COVID pressures – this had been discussed and agreed to be carried forward to meet 21-22 COVID related pressures at the Council meeting on 27 February 2021.

Overall budget underspend as above	0.188
Rounding	0.003
Balance on General Fund 31 March 2021	**80.634**

4.7.2 The balance on the General Fund is significantly higher than normal. This can be attributed to the Social Work repayments and increased earmarkings - resulting from the COVID earmarkings discussed at Section 4.6 (above), unspent grants (the most significant being £4.806m in relation to the 1140 hours expansion) and unspent budget requests. Earmarkings are discussed in detail in the Earmarked Reserves report on this agenda.

4.7.3 The closing balance on the General Fund as at 31 March 2021 is £80.634m. Of this, £74.277m is earmarked for specific purposes and £5.032m is required to be held as the General Fund contingency, leaving an unallocated balance of £1.325m as shown in the table below.

	£m
Balance on General Fund 31 March 2021	80.634
Earmarked balances at 31 March 2021 (as per Earmarked Reserves report)	(74.277)
Contingency balance (2.0% of net expenditure)	(5.032)
Unallocated balance as at 31 March 2021	**1.325**

4.7.4 The £1.325m unallocated balance as at 31 March 2021 is very similar to the £1.326m unallocated balance as at 31 March 2020.

4.7.5 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 pandemic.

4.8 VIREMENTS OVER £0.200M (REVENUE)

4.8.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that require approval. Capital virements are included within the capital monitoring report.

4.8.2 For the period January to March 2021, there are 6 virements over £0.200m requiring authorisation:

- £7.846m taken from the COVID funding allocation at the centre and £0.043m taken from Chief Executives Unit to fund COVID costs across Executive Director Douglas Hendry £1.029m, Executive Director Kirsty Flanagan £6.716m and Council Tax Income £0.144m
- £1.000m from Social Work to Funding, representing a £1.000m repayment of outstanding debt
- £0.291m into the Repairs and Renewals fund for replacement of capital items for schools from Education revenue budget

ARGYLL AND BUTE COUNCIL - SUMMARY OF ACTUAL AND BUDGET COMPARISON 2020/21 **Appendix 1**

	Actual 2020/21	Budget 2020/21	Income from council tax on 2nd homes	Unspent Grant monies	Third Party Contributions	CHORD	DMR School Carry Forwards	Previous Council Decision	Energy Reinvestment Fund	Existing Legal Commitments	Scottish Government Initiatives	Piers and Harbours Surplus	Fleet - Timing Delay	COVID-19 Specific Funding	NEW Unspent Budget Proposals	HSCP Loan repayment	Adjusted Budget 2020/21	"Real Variance" (Over)/underspend	Comment
Expenditure	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Chief Executive's Unit	5,311,425	6,593,435		192,586	3,968			7,118						1,117,089			5,272,674	(38,752)	Within Community Planning, there was an underspend as planned project work was unable to proceed due to the team's time and involvement in Caring for People response to Covid-19. Within Financial Services, there was an £80k under-recovery of Local Tax Commission due to reduced recoveries. This was offset by an underspend against Non Domestic Rates Relief 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.
Executive Director (Douglas Hendry)																			

REVENUE BUDGET MONITORING 2020-21 - DEPARTMENTAL TETEMC /P &MCID 85 BDC Q62.8 515.52 26.16 24.24 reW nBT0 Tw 3.96 -0 0 3.96 565.32 535.92 Tm[(H)20 (S)-4.7 (C)-10.2 (P)25.6 (Loa)5.5 (n)]TETQT-0.011 Tc 0.011 Tw 3.96 -0 0 3.96 566.0399 530.8801 Tm[(r)-15.9 (ep)-6 (ay)-30.8 (m)-0.8 (en)-6.1 (t)]TETEMC /P &MCID 89 BDC q589.92 515.52 28.56 24.24 reW nBT-0.005 Tc 0.005 Tw 3.96 -0 0 3.96 595.92 535.92 Tm[(A)20 (djus)5.5