

Governance, Risk and Best Value Committee

10.00am, Tuesday 21 September 2021

Revenue Monitoring 2020/21 – Outturn Report – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Revenue Monitoring 2020/21 – outturn report to the Governance, Risk and Best Value Committee for consideration as part of its workplan.

Stephen S Moir
Executive Director of Corporate Services

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Referral Report

Revenue Monitoring 2020/21 – Outturn Report

2. Terms of Referral

- 2.1 On 12 August 2021, the Finance and Resources Committee considered a report which set out the provisional 2020/21 revenue outturn position for the Council based on the unaudited annual accounts. Following the receipt of significant COVID-related funding late in the year, this position showed an overall underspend of £8.080m, of which £7m, following approval by Council on 27 May 2021, will be used to fund a range of largely one-off service investments in 2021/22.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note that, following the receipt of significant additional grant funding late in the year, the provisional outturn position for 2020/21 showed an overall underspend of £8.080m and that this sum had been set aside in reserves, with £7m used to fund the range of service investment approved by Council on 27 May 2021.
- 2.2.2 To note the contributions to and from the General Fund in 2020/21 as detailed in the report by the Director of Corporate Services.
- 2.2.3 To note that the Housing Revenue Account was balanced after making a contribution of £11.103m towards in-year and future capital investment.
- 2.2.4 To approve, subject to confirmation of the audited outturn and onward ratification by Council, a contribution of up to £21,660 to support the Edinburgh Boundaries Extension and Tramways Act 1920 Centennial commemorations.
- 2.2.5 To note the intention to submit the audited annual accounts and annual auditor's report initially to the Governance, Risk and Best Value Committee and thereafter to the Finance and Resources Committee in November 2021, for approval.
- 2.2.6 To refer the report to the Governance, Risk and Best Value Committee as part of its workplan.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 12 August 2021 - Webcast](#)

3.2 Minute of the Finance and Resources Committee – 12 August 2021

4. Appendices

4.1 Appendix 1 – report by the Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 12 August 2021

Revenue Monitoring 2020/21 – outturn report

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that, following the receipt of significant additional grant funding late in the year, the provisional outturn position for 2020/21 shows an overall underspend of £8.080m and that this sum has been set aside in reserves, with £7m used to fund the range of service investment approved by Council on 27 May 2021;
 - 1.1.2 note the contributions to and from the General Fund in 2020/21 as detailed in the report;
 - 1.1.3 note that the Housing Revenue Account was balanced after making a contribution of £11.103m towards in-year and future capital investment;
 - 1.1.4 approve, subject to confirmation of the audited outturn and onward ratification by Council, a contribution of up to £21,660 to support the Edinburgh Boundaries Extension and Tramways Act 1920 Centennial commemorations;
 - 1.1.5 note the intention to submit the audited annual accounts and annual auditor's report initially to the Governance, Risk and Best Value Committee and thereafter to the Finance and Resources Committee in November 2021, for approval; and,
 - 1.1.6 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Stephen S. Moir
Executive Director of Corporate Services

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Revenue Monitoring 2020/21 – outturn report

2. Executive Summary

- 2.1 The report sets out the provisional 2020/21 revenue outturn position for the Council based on the unaudited annual accounts. Following the receipt of significant COVID-related funding late in the year, this position shows an overall underspend of £8.080m, of which £7m, following approval by Council on 27 May 2021, will be used to fund a range of largely one-off service investments in 2021/22.

3. Background

- 3.1 The Council's statement of accounts for 2020/21 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed therein.
- 3.2 The supplementary provisions contained within the Coronavirus (Scotland) Act 2020 have been extended until 30 September 2021 and allow local authorities, in consultation with their external auditors, to defer submission of their unaudited annual accounts by up to two months. As for the 2019/20 audit year, however, the Council submitted the unaudited accounts by the statutory deadline.
- 3.3 The two-month permitted extension has, however, been requested by the external auditor for the audit stage, meaning that the audited accounts will be considered initially by the Governance, Risk and Best Value Committee and subsequently presented to the Finance and Resources Committee for approval in November 2021.
- 3.4 The unaudited annual accounts required to be published on the Council's website by no later than 30 June 2021 and thereafter made available for public inspection for a period of 15 working days. These requirements were met, with the inspection period running from Thursday 1 July to Wednesday 21 July 2021 inclusive. Due to the on-going pandemic and as permitted by the Coronavirus (Scotland) Act, this year's inspection process was again undertaken largely by electronic means.
- 3.5 Correspondence was received from three individuals on two different subjects during this period, resulting in the lodging of two objections, the outcome of which will be reported at the conclusion of the audit process.

4. Main report

Overall position

- 4.1 The unaudited outturn position for 2020/21 shows an overall underspend of £8.080m, equating to 0.68% of the Council's total net expenditure. Table 1 below summarises the outturn, with further details provided in Appendix 1. Members should note, however, that £0.148m of this total relates to unrealised IFRS 9-related gains and is thus not available to fund additional investment in services. As approved by Council on 27 May 2021, £7m of the remaining £7.932m will be applied to fund a range of largely one-off service investments in 2021/22.

Table 1 – Summarised Unaudited Outturn Statement, 2020/21

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
	£000	£000	£000
Directorate-specific budgets	991,292	986,792	(4,500)
Non-directorate specific budgets	175,555	137,588	(37,967)
Transfers to / (from) reserves	16,282	55,477	39,195
Sources of funding	(1,183,129)	(1,187,937)	(4,808)
In-year (surplus) / deficit		(8,080)	(8,080)

- 4.2 Following confirmation of the receipt of significant additional in-year funding in January and February 2021, the Revenue Budget Update considered by the Finance and Resources Committee on 4 March pointed to a projected balanced overall position, with no requirement to draw down unplanned sums from the Council's earmarked or unallocated reserves. It was additionally anticipated that, given the amount of further funding received, there would be a significant increase in the level of the Council's reserves but with a significant element of this increase being used to bolster the level of contingency incorporated within the budget framework in respect of continuing COVID-related impacts.
- 4.3 Given the carrying-forward through reserves of the unspent element of additional COVID funding, the £8.1m subsequent improvement by the year-end primarily represented a combination of the favourable movement in service outturns (£6.2m) and additional Council Tax income (£1.8m).

Impact of COVID-19

- 4.4 Following the onset of the pandemic in March 2020, the audited outturn for 2019/20 reflected £8.4m of COVID-related expenditure and, more particularly, losses of

income (principally reductions in parking income and not receiving the planned Lothian Buses dividend).

- 4.5 Given the public health measures in place throughout the year, these impacts increased substantially in 2020/21, totalling nearly £69m as shown in Appendix 2. These impacts comprised a combination of additional expenditure for Council services, further support for, or loss of income from, its Arm's-Length External Organisations (ALEOs) and, most materially, significant reductions in income from fees and charges.

Directorate variances

- 4.6 As noted in Table 1, the Council's main Directorates showed an overall underspend of £4.500m (0.45%) during the year. Commentaries on the main factors comprising these variances are included in Appendix 3. Additional detail will be reported as appropriate to relevant Executive Committees.
- 4.7 Members should note that these variances relate to core activities, with full provision incorporated within revised Directorate budgets for the £69m of COVID-related impacts.

Edinburgh Integration Joint Board (EIJB)

- 4.8 Council-delegated services reported a break-even position for the year, after the application of £29.0m of COVID-19 funding highlighted through Mobilisation Plans. As with the Council, wherever possible COVID-related costs were captured separately and reported on the appropriate expenditure lines. For some other areas of expenditure, a degree of estimation was required, considering any offsetting cost reductions.
- 4.9 The principal areas of variance were in line with those reported throughout the year, namely:
- (i) **External services (£7.3m unfavourable variance)** – in the main, the additional expenditure was attributable to spot purchasing, predominantly care at home/care and support, residential services and direct payments. Although significant growth was apparent during 2020/21, this was largely in line with planning assumptions. The variance therefore relates to slippage in the delivery of savings as the workforce was focused on continuity of service during the pandemic. Accordingly, the purchasing-related savings target has been recognised in the 2021/22 financial plan and the savings target rolled over to the new financial year;
 - (ii) **Internal services (£1.7m favourable variance)** – continued vacancy levels across a range of services, including homecare, and reduced costs in services which have not been fully operational (e.g. day services). These reductions offset COVID-related costs also shown in this area; and

- (iii) **Income (£3.6m under-recovery)** – including the funding shortfall related to implementation of the Scottish Local Government Living Wage. The overall variance also reflects reduced income due to lower use of residential and day care services during the pandemic, offset by an increased recovery of income for the equipment store.

4.10 The net pressure of £9.2m above was offset by the receipt of corresponding funding through the Mobilisation Plan.

Other areas

4.11 Given that confirmation of the majority of the additional funding was received late in the financial year, savings across a number of corporate budgets had previously been agreed to form a key element of the Council's strategy in mitigating the level of in-year pressure. The outturn position therefore also reflects the following:

- (i) **Loans charge expenditure (£11.586m underspend)**

The saving results from a combination of the enforced deferral of significant levels of planned capital expenditure in 2020/21, continuing low interest rates and proactive treasury management activity in addressing the Council's overall funding requirements;

- (ii) **Council Tax (£4.808m additional income)**

An updated assessment of the Council Tax base in light of the 2019/20 outturn (and thus after the budget was set) resulted in the identification of additional properties. While the pandemic impacted in-year Council Tax collection levels, the year-on-year decrease of 0.99% was lower than in many other comparable authorities, with £2.430m of additional Council Tax Reduction Scheme funding also received during the year; and

- (iii) **Interest and investment income (£4.383m income shortfall)**

As in 2019/20, the Council did not receive the planned £6m in-year dividend from Lothian Buses. This shortfall was, however, offset in part by additional investment income received as a result of continuing outperformance against the Treasury cash fund benchmark and receipt of a £1.5m dividend payment from EDI to mirror the profile of expenditure incurred on the replacement Castlebrae High School. This income is offset, in overall terms, by a corresponding contribution to the project's budget.

4.12 The outturn position also reflects £30.369m of savings in **other non-service specific budgets**. This total reflects a number of further savings identified as part of the Council's in-year strategy to mitigate the additional net cost impacts of the pandemic, including (i) the unallocated element of the additional General Revenue Funding received after the Council's budget had been set, (ii) planned slippage in repairs and maintenance expenditure, (iii) reduced calls against inflation-based provisions due to wider economic trends and (iv) timing-related savings where the

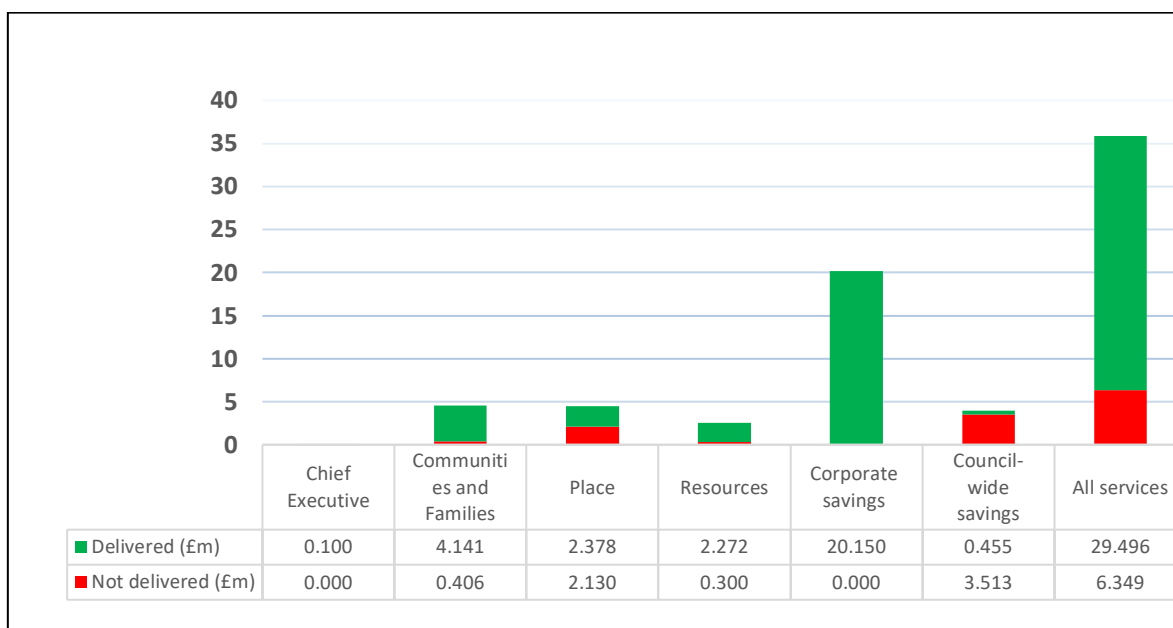
associated liability will now fall to be met later than anticipated. The favourable variance also reflects the receipt in 2020/21 of COVID-related funding sufficient to meet, in full, relevant costs previously incurred in 2019/20. This, in turn, has allowed the Council to reinstate the sums drawn down from reserves in 2019/20, with this offsetting transfer included in the figure in the following paragraph.

4.13 Members of the Committee may note that the outturn reflects an additional **transfer to reserves** of £39.195m relative to the approved budget. This sum primarily represents the element of COVID-related funding received during 2020/21 but, in accordance with the basis on which it was provided, transferred to reserves to be applied against relevant costs in 2021/22 and subsequent years. These funds were included in the sums allocated by members on 27 May 2021.

Approved budget savings delivery

4.14 In total, the approved budget was predicated on the delivery of some £35.8m of directorate-specific and corporate savings. As shown in Exhibit 1 below, the final outturn position for 2020/21 indicates that 82% of approved savings by value were delivered. This marks a continuation of the improving trend relative to the equivalent figures for 2019/20 (77%) and 2018/19 (60%). Of those savings not delivered, the majority were linked directly or indirectly to the impacts of the pandemic.

Exhibit 1 – Delivery of approved budget savings, 2020/21



4.15 The principal areas of shortfall were:

- (i) various savings across the **Place Directorate** totalling £2.1m, including a number linked to an inability to deliver additional income and/or organisational reviews as a result of the pandemic or where otherwise mitigated on a non-recurring basis; and,

- (ii) **Council-wide savings** of £3.5m, primarily those linked to planned efficiency, income maximisation and senior management-related initiatives which were either unable to proceed or delayed, such that the associated savings were not delivered in 2020/21.

4.16 As part of setting the 2021/22 revenue budget, full provision was made on a recurring basis for the impact on the budget framework of non-delivery of the Council-wide savings noted above. A further £5.8m was included within the Place Directorate budget in recognition of the impact of recurring pressures. In combination with a higher required level of assurance for new savings to be included in the framework, it is hoped that these measures will have the effect of reducing the level of risk within the approved budget, albeit there remain risks around the adequacy of COVID-related provisions while the longer-term impacts remain uncertain.

Spend to Save Fund

4.17 As part of the 2018/19 and 2019/20 revenue outturn reports, members of the Committee considered a short summary of progress in taking forward projects supported through the Spend to Save Fund. In 2020/21, due to necessary prioritisation of other activity, use of the fund for new projects was more limited, with £0.050m used to support approved investment for the Waste Management Phase 2 scheme and £0.286m received from repayments for previously-supported projects, resulting in a year-end fund balance of £2.971m.

4.18 On 28 July 2020, Council approved a motion requesting that details be brought forward on funds, including spend to save, available to support a green recovery. While not ultimately utilising Spend to Save funding, a number of projects and supporting this aim were subsequently agreed by Council on 18 February 2021 as part of the initial revenue budget approval and, in particular, in allocating a total of £21m of additional investment on 27 May.

Housing Revenue Account (HRA)

4.19 The approved HRA budget for 2020/21 reflected the longer-term strategy approved by Council in February 2020 and comprised a budgeted revenue income of £103.138m and costs of £92.540m. This enabled a planned contribution of £3.656m revenue towards in-year capital investment and £6.942m to the Strategic Housing Investment Fund in accordance with the finance strategy for future planned investment. The total budgeted contribution from 2020/21 revenue was therefore £10.598m.

4.20 The unaudited outturn (compared to the budget and forecast reported at month nine) shows a favourable movement of £0.505m, allowing an increased contribution of £11.103m to the Strategic Housing Investment Fund.

Reserves

- 4.21 As at 31 March 2021, the General Fund reserves had increased substantially to £217.827m, a movement of £96.482m from the preceding year. This sum reflects, however, a significant element of COVID-related funding received in 2020/21 but to be applied against additional expenditure (and income losses) in 2021/22 and subsequent years. This movement mirrors the wider position across Scotland, given the receipt between January and March 2021 of £385m of additional COVID-related funding. Appendix 4 provides greater detail of these reserve movements.
- 4.22 The unallocated General Fund stands at £25.025m as of 31 March 2021, an increase of £11.098m relative to the balance the previous year. This increase reflects the realignment of the Council's reserves approved as part of setting the Council's 2021/22 budget on 18 February 2021. The remaining balance of £192.802m is earmarked for specific purposes, these being:
- (i) **Balances set aside to manage financial risks and for specific investment which are likely to arise in the medium-term future**, including maintenance of an insurance fund, dilapidations and workforce transformation. The Council holds £137.982m against these future risks, including £78.635m of COVID- and other pressures-related funding to be applied against expenditure and income losses in future years;
 - (ii) **Balances set aside from income received in advance**, including the Council Tax Discount Fund and City Strategic Investment Fund. The Council holds £46.412m of such income;
 - (iii) **Balances set aside to support investment in specific projects**, such as Spend to Save, which will deliver savings in future years. The Council holds £3.720m for such projects; and
 - (iv) **Balances held under the Devolved School Management Scheme and unallocated Pupil Equity Funding**. The Council holds £4.688m of these funds.

Common Good

- 4.23 During 2020/21, the Common Good Fund generated an overall surplus of £0.003m. A more detailed commentary on the outturn and related current financial and other issues will be included within the Common Good Annual Performance Report, anticipated at this stage to be considered by the Committee in November.

Edinburgh Boundaries Extension and Tramways Act 1920 Centennial

- 4.24 On 20 September 2018, Council considered a report on proposals to mark the centenary of the Edinburgh Boundaries Extension and Tramways Act 1920 and agreed in-principle underwriting support of up to £0.100m whilst actively exploring opportunities for external funding and sponsorship.

- 4.25 An update report on the commemorations was considered by the Culture and Communities Committee on 15 June 2021. Due to the impact of the pandemic, a series of planned physical events was largely replaced by a programme of online events as part of the “ReDrawing Edinburgh” project. It is intended, however, that the culmination of the commemorations will be marked by a series of outdoor events across Leith, Cramond, Corstorphine, Colinton and Liberton in September 2021.
- 4.26 The estimated cost of the events is £36,000, with £14,340 of external funding confirmed to date and a number of other applications pending. It is hoped that these remaining bids will reduce, or address in full, the remaining funding shortfall and an update will be provided at the Committee’s next meeting on 7 October. Should sufficient funding not be received, however and subject to onward ratification by Council, approval of the Committee is sought to earmark up to £21,660 of the overall unallocated underspend for 2020/21 to address this shortfall.

5. Next Steps

- 5.1 The Unaudited Accounts are currently the subject of consideration by the Council’s external auditor. The supplementary provisions contained within the Coronavirus (Scotland) Act 2020 allow local authorities, in consultation with their external auditors, to defer reporting to those charged with governance (in the Council’s case, members of the Governance, Risk and Best Value Committee) by up to two months. It is anticipated that the audited accounts will be considered initially by the Governance, Risk and Best Value Committee and subsequently presented to the Finance and Resources Committee for approval in November 2021.

6. Financial impact

- 6.1 The report identifies a provisional surplus for the year of £8.080m. Members should note, however, that £0.148m of this total relates to unrealised IFRS 9-related gains and is thus not available to fund additional investment in services.
- 6.2 This net surplus has been set aside in reserves. As approved by Council on 27 May 2021, £7m of this sum will be applied to fund a range of largely one-off service investments in 2021/22.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance of the report’s contents, although the Council’s wider approach to community engagement and empowerment will be specifically considered as part of both the wider scope aspects of this year’s external audit process and progress in implementing the recommendations contained within the Council’s Best Value Assurance Report (BVAR).

8. Background reading/external references

- 8.1 [Unaudited Annual Accounts 2020/21](#), The City of Edinburgh Council, 24 June 2021
- 8.2 [Financial Update](#), Edinburgh Integration Joint Board, 22 June 2021
- 8.3 [ReDrawing Edinburgh \(Edinburgh Boundaries Extension and Tramways Act 1920 Centennial\) Update Report](#), Culture and Communities Committee, 15 June 2021
- 8.4 [Revenue Budget Framework 2021/26 Update](#) – referral from the Finance and Resources Committee, The City of Edinburgh Council, 27 May 2021
- 8.5 [Revenue Budget 2020/21 and 2021/26 Budget Framework Update](#), Finance and Resources Committee, 4 March 2021
- 8.6 [Coalition Budget Motion](#), The City of Edinburgh Council, 18 February 2021

9. Appendices

- 9.1 Appendix 1 - Unaudited Revenue Budget outturn statement, 2020/21
- 9.2 Appendix 2 - COVID-related losses of income and expenditure, 2020/21
- 9.3 Appendix 3 - Service outturn commentaries, 2020/21
- 9.4 Appendix 4 - Transfers to and from usable reserves, 2020/21

Appendix 1

Unaudited Revenue Budget outturn statement, 2020/21

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
Directorates (Note 1)	£000	£000	£000
Chief Executive's Service	9,884	9,725	(158)
Communities and Families	474,060	471,737	(2,323)
Health and Social Care	228,156	228,156	-
Place	94,098	94,630	531
Resources	181,288	178,739	(2,549)
Lothian Valuation Joint Board	3,805	3,805	-
Directorate totals	991,292	986,792	(4,500)
Non-directorate specific areas			
Loan Charges	90,650	79,064	(11,586)
Other non-service specific costs	63,583	33,214	(30,369)
Council Tax Reduction Scheme (Note 2)	28,470	28,075	(395)
Net Cost of Benefits	(127)	(127)	-
Interest and investment income	(7,021)	(2,638)	4,383
Non-directorate specific areas total	175,555	137,588	(37,967)
Movements in reserves			
Net contribution to / (from) earmarked funds	17,167	56,362	39,195
Contribution to / (from) Capital Fund	(885)	(885)	-
Movements to/ (from) reserves total	16,282	55,477	39,195
Sources of funding			
General Revenue Grant	(637,444)	(637,444)	-
Non-Domestic Rates	(238,922)	(238,922)	-
Council Tax	(306,763)	(311,571)	(4,808)
Sources of funding total	(1,183,129)	(1,187,937)	(4,808)
In-year (surplus) / deficit	-	(8,080)	(8,080)

Note 1 – Directorate budgets have been adjusted to reflect the net impact of the pandemic on expenditure and income, meaning that the outturn variance shown relates to “core” activities. All figures shown are subject to rounding differences.

Note 2 – uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £0.395m were transferred to an earmarked reserve and are included in the balance shown within the “Movements in reserves” section.

COVID-related increases in expenditure and losses of income, 2020/21

Area	Description	Actual cost £m
Parking	Loss of income from on-street car parking due to the suspension of city-wide charges until 22 June 2020, with continuing shortfalls in income for the remainder of the year due to reduced demand and/or space availability.	12.297
Temporary Accommodation	Additional temporary accommodation costs required to observe social distancing, primarily representing a combination of the provision of additional accommodation for those rough sleeping, those with no recourse to public funds and a wider lack of move-on or settled accommodation.	8.839
Commercial portfolio rentals	Reductions in investment estate income due to agreed rental holidays and concessions, write-offs, voids and provision for bad debts.	7.072
Trams	In-year financial support for Edinburgh Trams, including invoice write-offs, covering in particular the period from April to June 2020 where capacity and demand were severely reduced and offsetting Transport Scotland funding was not available.	6.000
Lothian Buses	Loss of planned dividend	6.000
Waste and cleansing	Additional refuse collection vehicles, fuel, external contractors, PPE, etc. Sum also includes agency staffing and overtime expenditure linked to the reopening of Community Recycling Centres and for providing wider absence cover, as well as a reduction in income from sale of recyclates, based on depressed state of market. It furthermore includes (i) the financial impacts of greater-than-normal waste tonnages collected, (ii) necessarily-reduced enforcement activity and (iii) the net in-year impact of refunds for garden waste customers.	4.007
Cultural venues, museums and galleries	Full-year loss of income through sales, rentals and admissions, offset by savings in casual staffing costs, net of furlough income.	3.534
Edinburgh Leisure	Additional in-year support recognising increased net costs of operation due to enforced facility closure and public health restrictions in place throughout the remainder of the year.	3.000
Free school meal vouchers and wider food support advice and distribution	Cost represents payment for children eligible for free school meals (FSM) which, following the receipt of additional ringfenced Scottish Government funding, was in place until mid-August. It also includes provision for income support measures and food distribution to vulnerable and/or at-risk groups (including those self-isolating as part of the Test and Protect scheme).	2.866
Housing	Reduction in sums chargeable to the Housing Revenue Account, reflecting reduced work volumes and prioritisation of essential repairs.	2.207
Council Tax/Non-Domestic Rates	Reduction in associated intervention income due to reduced liabilities and rescheduling of recovery activity.	1.574
Outdoor Centres	Loss of fees and charges income for full financial year, net of furlough income.	1.539
Roads	Reduction in staff salaries chargeable to the Capital Programme.	1.488
Planning and Building Standards	Reduction in planning applications submitted due to construction shutdown.	1.477
Licensing	Refunds/extensions for all licences, including cab, liquor and HMO, expressed net of contributions from earmarked reserves.	1.141
Parking	Loss of parking fine income, net of reduced enforcement costs.	1.082
Children's Services	Additional agency, locum and overtime to cover internal staff absences; additional costs from external providers and/or need to identify alternative accommodation for children needing to isolate; costs of additional placements due to illness and self-isolation; and emergency respite for children with disabilities.	0.808
Other net costs (various)	Includes savings in energy and non-domestic rates costs due to reduced building usage and availability of national reliefs.	4.036
Total COVID-related costs, 2020/21		68.967

NB These costs are in addition to £8.4m of impacts in 2019/20.

Directorate outturn commentaries

Chief Executive's Service (£0.158m underspend, representing 1.6% of net service budget)

Overall expenditure was maintained within budgeted levels primarily through employee cost savings arising from vacancy management across the Strategy and Communications Division.

Communities and Families (£2.323m underspend, representing 0.5% of net service budget)

The Communities and Families unaudited outturn position for 2020/21 shows a net underspend of £2.323m.

These savings were largely attributable to two main factors:

Early Years - £1.3m - vacancies in core services, further impacted by recruitment delays due to COVID restrictions; and

General vacancy control - £1.0m – favourable variances across a numbers of areas, including Community Justice, Family and Household Support, Children's Social Work and some central schools posts.

Place (£0.531m overspend, representing 0.6% of net budget)

A range of mitigating actions was identified and implemented in-year to offset pressures across the service. Additional expenditure incurred as part of the city's response to severe weather experienced in February, however, meant that it was not possible to mitigate these sums in full.

Resources (£2.549m underspend, representing 1.4% of net budget)

The overall underspend comprised a number of elements, including the following:

- (i) a £0.950m in-year saving resulting from the extension to the Council's current Information and Communications Technology (ICT) partnership with CGI as approved by the Finance and Resources Committee on 27 August 2020;
- (ii) savings in employee costs across all Divisions of the Directorate achieved through control of recruitment to all non-essential vacant posts and agency worker use to offset anticipated pressures elsewhere within the Council;
- (iii) savings in discretionary expenditure within the Customer and Digital Services Division to offset pressures with regard to intervention income (noted in the COVID costs analysis at Appendix 2); and
- (iv) additional income from recharges to Directorates and the Capital Investment Programme.

Reserve balances, 31 March 2021

	Balance at 31-Mar-20 £000	Inter-Fund Transfers 2020/21 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31-Mar-21 £000
Balances Set Aside to Manage Financial Risks and for Specific Investment					
Balances set aside for specific inv.	44,690	(33,148)	(2,667)	17,155	26,030
Workforce management	13,358	(2,500)	0	0	10,858
Council Priorities Fund	757	(757)	0	0	0
IFRS9 Gains	230	0	0	148	378
Dilapidations fund	3,228	(710)	(67)	50	2,501
Insurance funds	20,097	0	(1,572)	1,055	19,580
Covid and wider pressures contingency	0	26,017	0	52,618	78,635
	<u>82,360</u>	<u>(11,098)</u>	<u>(4,306)</u>	<u>71,026</u>	<u>137,982</u>
Balances Set Aside from Income Received in Advance					
Licensing and Registration income	2,982	0	0	991	3,973
Lothian Buses	308	0	(308)	0	0
Pre-paid PPP monies	3,318	0	0	351	3,669
Unspent grants	3,175	0	(2,112)	6,946	8,009
Council Tax Discount Fund	4,304	0	(520)	2,279	6,063
Other minor funds	204	0	(29)	0	175
City Strategic Investment Fund	2,795	0	(906)	145	2,034
Covid and wider pressures funding	0	0	0	22,489	22,489
	<u>17,086</u>	<u>0</u>	<u>(3,875)</u>	<u>33,201</u>	<u>46,412</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings					
Energy efficiency	295	0	(28)	44	311
Salix / CEEF	271	0	(98)	265	438
Spend to save	2,735	0	(50)	286	2,971
	<u>3,301</u>	<u>0</u>	<u>(176)</u>	<u>595</u>	<u>3,720</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund					
Devolved School Management	4,671	0	(4,671)	4,688	4,688
	<u>13,927</u>	<u>11,098</u>	<u>0</u>	<u>0</u>	<u>25,025</u>
Unallocated General Reserve					
	<u>121,345</u>	<u>0</u>	<u>(13,028)</u>	<u>109,510</u>	<u>217,827</u>