

Commentary on General Fund Directorates Revenue Budget Versus Actual

A commentary on revenue budget performance for each Council directorate is outlined below and should be read in conjunction with Appendix B(i):-

- People – an overall underspend on the controllable budget of £3.965 million is evident in respect of the People directorate. The Schools & Learning business segment returned an underspend of £2.676 million. This underspend was mainly as a result of difficulties in recruiting teachers to permanent posts and supply cover for staff absences and substantial savings against catering for school meals. Children and Young People’s underspend of £1.747 million was achieved predominantly as a result of staff slippage across all areas due in part to positions being held vacant while reviews were being undertaken but also due to difficulties recruiting and retaining Early Years, ASN and Social Work staff and projecting fostering demand. Adult Services shows an overspend of £0.701 million for the year due to higher demand than anticipated on services, particularly within Learning Disabilities and Home Care. Quality and Performance achieved an underspend of £0.243 million. This was mainly due to lower than anticipated transport costs (leased cars) and property costs, but also due to posts held vacant in 2015/16 which will be removed from the structure in 2016/17. The net position for People after applying 100% carry forwards and earmarked grant income is an underspend of £0.768 million.
- Communities – an overall underspend on the controllable budget of £3.013 million is evident in respect of the Communities directorate. The main underspend elements contributing to this position are: staff slippage across the directorate (£1.046 million); property cost underspends largely as a result of reduced energy costs (£0.404 million); reduced rates costs relating to properties for which responsibility transferred to Angus Alive on 1 December 2015 (£0.250 million); lower than anticipated recharge for homelessness costs (£0.229 million); reduced CFCR requirement as a result of slippage in the capital programme (£0.604 million); additional planning fee income (£0.100 million); additional income from HRA for ACCESS and business support services (£0.189 million); income from developers for the affordable housing account (£0.121 million); and additional income at sports facilities prior to the transfer to Angus Alive (£0.115 million). These underspends were offset to some degree by the early retirement costs associated with the transfer of services to Angus Alive (£0.300 million). The net position for Communities after applying 100% carry forwards and earmarked grant income is an overspend of £0.139 million.
- Resources – an overall underspend on the controllable budget of £1.314 million is evident in respect of the Resources directorate. The underspend has mainly been achieved as a result of staff slippage within all the services which has resulted from delays in recruiting staff and posts being held vacant to ensure agreed future budget savings can be delivered whilst avoiding severance costs. Further contributory factors to the underspend position were within various supplies and services budgets including system service contracts, printing materials, general printing costs and postage and courier charges. Some of these underspends are offset by lower than anticipated associated income. The net position for Resources after applying 100% carry forwards is an underspend of £0.114 million.
- Chief Executive – an overall underspend on the controllable budget of £0.579 million is evident in respect of the Chief Executive’s Unit. The underspend of £0.247 million in the Chief Executive Core was mainly as a result of staff slippage and underspends in supplies and services and third party payments. Economic Development recorded an underspend of £0.332 million resulting from staff slippage and underspends in supplies and services and third party payments. The net position for the Chief Executive Unit after applying 100% carry forwards and earmarked grant income is an underspend of £0.180 million.
- Other Services – an overall underspend on the controllable budget of £2.168 million is evident in respect of Other Services. This position is in the main made up of provision for additional burdens (£0.666 million) which wasn’t required in full; provision for Carbon Reduction Commitment (£0.265 million) which wasn’t ultimately required; Public Records (Scotland) Act

(£0.230 million) carry forward monies not being used; Additional Interest on Revenue Balances (£0.117 million); Energy Efficiency CRC Scheme (£0.108 million); Grant monies received from the Bellwin Scheme for flooding costs (£0.361 million) and a number of other underspends which in the main relate to specific provisions where there was no or limited call during 2015/16. The net position for Other Services after applying 100% carry forwards is an overall underspend of £1.446 million.

- Transforming Angus – an overall underspend on the controllable budget of £0.246 million is evident in respect of Transforming Angus. This is mainly due to the timing of the delivery of the various change programmes. The Transforming Angus budget, given its nature, is difficult to predict and as per report 83/14 any underspend is subject to 100% carry forward.
- Joint Valuation Board – an underspend of £0.059 million is evident in respect of the Council's share of the Tayside Valuation Joint Board requisition. This is mainly due to an estimated share of the Joint Board's underspend for 2015/16 of £0.056 million, plus a small refund of £0.003 million in respect of the underspend for 2014/15, which was not received until February 2016.

Commentary on other General Fund underspends

- Loan Charges – Members may recall that in setting the 2015/16 capital budget the Council agreed to a continuation of a special repayment strategy to help keep future loan charges affordable (report 63/15 refers). It was agreed that special repayments of debt should continue at a maximum of £1.0 million per annum with any balance of unused loan charges budget being carried forward into the following year to be used against budget pressures in the form of corporate CFCR.

In closing the 2015/16 accounts an underspend of £3.891 million arose on the loan charges budget. £1.0 million of this was then applied as a special repayment to reduce the Council's debt. The £2.891 million balance of the underspend will be carried forward into 2016/17 and ear marked within General Fund balances. In line with the most recent long term affordability report (64/16), this will be utilised as corporate CFCR towards the 2016/17 capital programme.

The level of underspend projected on the 2015/16 loan charges budget (per report 64/16) was some £3.734 million prior to any application as a special repayment of debt, however this increased by £0.157 million as a result of a lower than anticipated Loans Fund Rate (4.47% as opposed to budget of 4.80%).

- Council Tax Income – members will note from Table 1 in the main Report that an additional £1.122 million of Council Tax income has been accounted for in 2015/16. Of this, £0.332 million is due to an underspend in the Council Tax Reduction Scheme, £0.361 million is due to an increase in second home billed council tax (which is used for affordable housing), £0.120 million is due to a favourable movement on the bad debt provision and the balance of £0.309 million reflects the ongoing strong collection performance. The underspend on the Council Tax Reduction scheme was due to demand being significantly less than expected.

Commentary on Housing Revenue Account Revenue Budget Versus Actual

The reported projected surplus in February 2016 of £1.068 million increased to £2.244 million as a result of a number of movements across the service. The main movements in this regard were: lower than budgeted central support services recharges (£0.169 million); lower than projected repairs & maintenance costs (£0.254 million); lower than budgeted capital finance charges as a result of the lower than anticipated Loans Fund Rate (£0.169 million); budgeted special loan repayments to be applied following determination of overall surplus (£0.416 million); and an underspend in respect of the provision for bad debts (£0.162 million). These movements, when combined with a number of other more minor variances aggregating to an underspend of £0.006 million, delivered the overall surplus of £2.244 million, which it is intended will be applied in full as special debt repayments to reduce the HRA's liability for future loan charges and to consequently provide future capital affordability flexibility.

Commentary Against Projected Outturn (Report 173/16)

The most recent projected outturn for 2015/16 based on February 2016 ledgers showed a projected underspend for General Fund services overall of £7.649 million and the actual position is significantly higher at £11.344 million. This is an increase of £3.695 million. The projected outturn report showed an underspend on capital financing charges of £2.734 million and the actual position is higher at £2.891 million, an increase of £0.157 million.

Area	February 2016 Outturn (£m)	Movement (£m)	Final 2015/16 Outturn (£m)
Council Directorates	7.649	3.695	11.344
Capital Financing Costs	2.734	0.157	2.891
Total	10.383	3.852	14.235

Note – underspend/(overspend)

In terms of the directorates the actual underspend position is higher than anticipated. The more significant movements when compared to Report 173/16 and the reasons for these are outlined as follows:-

- People – the gross projected underspend increased from £2.299 million to £3.965 million (a movement of £1.669 million). This was largely due to a higher than anticipated underspend on Teacher and LG salary costs within Primary and Secondary of £2.047 million (a movement of £1.323 million against the February projection of £0.724 million underspend). Other favourable movements were realised within Schools and Learning due to a lower than expected uptake of school meals, lower than expected School Transport costs, a delay to the planned expenditure on rural broadband roll-out, and delays in utilising the Young Workforce Development Fund budget uplift, all of which resulted in a further £0.061 million net underspend against the February projection. Favourable movements of £0.080 million were realised within Quality and Performance due to higher than anticipated underspends against employee, transport and property costs. Additional unanticipated client contributions within Adult Services of £0.185 million created a further favourable movement against a February projection of £0.917 million overspend within Adult Services.
- Communities – the gross projected underspend has increased from £1.830 million to £3.013 million. This was mainly due to: non-utilisation of winter maintenance & flooding contingencies (£0.330 million); additional energy underspends (£0.178 million); additional Property fee & Arbroath Harbour income (£0.130 million); reduced commitments in respect of structural & cyclical works (£0.080 million); reduced CFCR requirements (£0.063 million); lower than expected general property costs (£0.053 million); and additional income from HRA for ACCESS and business support services (£0.189) million.
- Resources – the gross projected underspend has increased from £1.141 million to £1.314 million. This was mainly due to projected expenditure in supplies and services being delayed and now subject to year end carry forward requests.
- Chief Executive - the gross projected underspend has increased by £0.111 million from £0.468 million to £0.579 million. This was mainly due to higher income from year end management recharges and lower than budgeted spend on consultancy fees in Economic Development.
- Other Services – the gross projected underspend has increased by £0.366 million from £1.802 million to £2.168 million. This was due to a combination of movements over a number of headings, but the main movement relates to increased grant income that has been claimed on the interim claim to the Bellwin Scheme to cover part of the Storm Frank flooding costs.
- Transforming Angus – the gross projected underspend has increased from £0.109 million to £0.246 million. This was due to staff and sundry supplies and services costs projected to be incurred not materialising before the end of the financial year.