

**ANGUS COUNCIL**

**SPECIAL BUDGET MEETING OF ANGUS COUNCIL – 15 FEBRUARY 2018**

**REVENUE MONITORING PROJECTED OUTTURN 2017/18 – REVENUE BUDGET 100%  
CARRYFORWARD REQUESTS**

**REPORT BY IAN LORIMER, HEAD OF CORPORATE FINANCE**

**ABSTRACT**

This report asks members to approve requests from Council Directorates to carry forward projected underspends on 2017/18 Revenue Budgets to next financial year to address unavoidable or high priority expenditure.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Council:-

- i) Approve the proposed revenue budget 100% carry forwards as detailed in **Appendix A** to this report;
- ii) Note that these approvals are subject to actual underspends at the year-end being sufficient to accommodate these carry forward values.

**2. ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT**

2.1 The proposals in this report will contribute to the delivery of the priorities set out in the Council Plan and Local Outcomes Improvement Plan.

**3. BACKGROUND**

3.1 The Council's budget flexibility arrangements allow Directors and Heads of Service to make requests to carry forward unspent budget resources from one financial year to the next. This flexibility is more important than ever in the current financial climate and encourages active budget management and pursuit of best value. Directors and Heads of Service have continued to manage their budgets well despite challenging circumstances and this proactive approach allows projected underspends to be identified and earmarked for use for other purposes which will help deliver the Council's priorities.

3.2 Underspends against the original budget set can arise for a variety of reasons most of which tend to be due to one off and specific circumstances like unexpected additional income, project or recruitment delays meaning a low spend initially or posts being deliberately held vacant to help meet future budget savings and targets. Other budgets are affected by changes in demand, weather conditions or the allocation of additional government grants which take time to spend in full. The term "underspend" therefore covers a multitude of scenarios and budget holders supported by finance staff work throughout the year to ensure budgets are managed effectively and flexibly to deliver the Council's priorities.

3.3 The latest revenue budget monitoring suggests a significant net underspend will be achieved compared to budget by the end of the 2017/18 financial year. The projected underspend position of £2.780m is the result of prudent leadership and sound budget management based on a deliberate policy (agreed through the Policy & Budget Strategy Group) (PBSG) which seeks to deliver a significant underspend in 2017/18. Each Directorate has been asked to deliver one-off savings on their 2017/18 revenue budget which will boost the Council's general fund reserve in order that this reserve could, if required, be used to help balance the 2018-19 revenue budget. Although use of these savings is no longer required to balance the 2018/19 budget they may be required in future years. In accordance with Section 4.9 of the Council's

Financial Regulations, a proportion of Directorate revenue budget underspends may be carried forward from one financial year to the next.

- 3.4 During the budget setting process the PBSG agreed that the carry forward scheme should be restricted to unavoidable items to ensure that the majority of any underspend arising in 2017/18 would be available to support the budget corporately. Each Directorate was asked to submit 100% carry forward proposals that they considered unavoidable (through e.g. contractual commitments) from their respective 2017/18 revenue budget. Members are referred to committee report 467/15 where committee approval was given to streamline the approval process and Delegated Authority was given to the Head of Corporate Finance to approve 100% carry forwards at or below £20k (in consultation with the Executive Management Team).
- 3.5 All carry forward requests have been reviewed by officers and a total of £0.279 million carry forward requests are attached in **Appendix A**. Of this £0.252 million requires approval from the Council and £0.027 million has been approved under Delegated Authority.
- 3.6 Members are referred to Report 28/18 which outlined the latest projections of expenditure and income against the 2017/18 budget which identified the following underspend:

	£m
<b>Projected Outturn (General Fund services)</b>	4.850
<u>Less:</u>	
Devolved School Management underspend – ring fenced for schools	(0.260)
100% carry forward Capital Financing Costs (report 62/17 refers)	(1.671)
Change Programme automatic 100% carry forward	(0.139)
<b>Adjusted 2017/18 Projected Outturn (General Fund services)</b>	<b>2.780</b>

The revenue budget 100% carry forward proposals recommended for approval in this report can be contained within this projected underspend.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 This report proposes utilising a total of £0.279 million of the projected underspend for 2017/18 to be carried forward on a 100% basis in to 2018/19 (£0.252 million requiring approval and £0.027 million under delegated authority).
- 4.2 The position as outlined in this report is based on projections of the actual position at the end of the financial year and may therefore be subject to some variation. An area worthy of highlighting in this regard is the impact of winter weather. The last quarter of the Council's financial year coincides with the risk of additional costs due to winter weather. A poor spell of weather can lead to additional costs in care, energy and maintenance services among others.
- 4.3 Given the above risks and for the avoidance of doubt carry forward requests recommended for approval in this report will only be actioned if the actual underspend is in line or is no worse than the current projections.
- 4.4 All carry forward proposals will be reviewed as part of the final accounts process and any adjustments to approved carry forwards or further exceptional requests will be brought forward for consideration in June 2018.

**NOTE:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

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List of Appendices:

Appendix A – Revenue Budget 100% Carry Forward Requests Recommended for Approval