

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 26 APRIL 2016**

**REVENUE MONITORING 2015/16 AND RENEWAL & REPAIR FUND POSITION 2015/16**

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

**ABSTRACT**

This report appries members of the actual revenue expenditure incurred and income received for the period 1 April 2015 to 29 February 2016 together with the anticipated year end position in respect of each Council Directorate. In addition the report details the actual financial position of the Renewal and Repair Fund in respect of the Property, Information Technology, Roads & Transport, Print and Design Unit and Recreation funds at 29 February 2016 and the estimated closing balance at the year-end.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Committee:-

- i) review and scrutinise the content of this report, in particular the comments on the Financial Implications section regarding the projected year end position; and
- ii) note the Renewal and Repair fund position;

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

2.1 This report contributes as a whole to the local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

**3. BACKGROUND**

3.1 At the Special Meeting of Angus Council on 12 February 2015 the Council approved the revenue budget estimates for the 2015/16 financial year. Details of the updated revenue budgets are contained in the Final Revenue Budget Volume 2015/16 issued in May 2015. **Appendix A** provides a summary of the budgets by Business Unit and details the movements for monitoring purposes in 2015/16.

3.2 The Renewal & Repair Fund is made up of five separate categories which cover the prescribed areas noted below:-

- Property
- Information Technology
- Roads & Transport
- Print & Design
- Recreation

3.3 The Special Meeting of Angus Council on 12 February 2015 provided additional funding to the Renewal and Repair Fund of £4.500 million. This was aggregated to the closing balance at 31 March 2015 (£3.079 million) to provide funding across the five Categories of £7.579 million. In addition, £0.524 million was contributed from individual directorate 2014/15 underspends brought forward, giving a total opening balance of £8.103 million. The position of the Renewal and Repair Fund is outlined in section 4.12 of this report.

### 3.4 **Budgetary Control**

The responsibilities of chief officers with regard to revenue monitoring are set out in Section 3 of the Council's Financial Regulations. In this regard, this report seeks to ensure that budgetary control is exercised through early identification, reporting and addressing of variances from the revenue budget.

### 3.5 **Reporting Period**

This report sets out the actual revenue expenditure incurred and income received for the period 1 April 2015 to 29 February 2016 (11 months) and the projected outturn for each Angus Council Directorate.

3.6 The monitoring report in **Appendix B** is broken down into eight separate sections and provides details of the actual net expenditure against profiled budget and also the projected net spend against full year budget for all Council Directorates, as well as the Joint Boards. **Appendix B** Section A shows the summary position of net revenue expenditure and projected outturn for all Directorates. Sections B to F detail the net revenue expenditure and projected outturn position on the basis of expenditure categories e.g. staff costs, property costs etc. Section G highlights the position for income from fees, charges, grants etc whilst Section H details the position in relation to the Housing Revenue Account (those services funded by council house rent payers).

3.7 The profiled budget for a given period is intended to reflect the timing of when expenditure is anticipated to be incurred or income received. The profiled budgets have been based on historic patterns of income and expenditure over previous years but adjusted for any deviations expected in the current year. Members are, however, advised that whilst some areas of the budget, such as employee costs, are relatively easy to profile other areas are more difficult to profile accurately and this can, on occasion, give rise to significant variances in percentage terms being shown due simply to timing differences between profile and actual. Therefore, it is important to look at the position against the profiled budget and the projected outturn together to get a more informed picture.

### 3.8 **100% Carry Forwards**

A total of £5.279 million 100% carry forwards was approved by Angus Council, committee report 239/15 refers. From the total value of 100% carry forwards a sum of £0.050 million has been retained in balances, £4.021 million has been added to the 2015/16 revenue budget and £1.208 million has been transferred to the Special Funds.

### 3.9 **50% Carry Forwards**

The Council's annual accounts process for 2014/15 identified a number of revenue budget underspends. Under the terms of the virement flexibility scheme, Directorates are permitted to carry forward the lower of 50% of this underspend, or an upper limit. The final position on 50% carry forward amounts in accordance with the scheme has been calculated at £0.340 million and has been applied to the 2015/16 revenue budget.

### 3.10 **Presentation of Under and Over spends**

An Internal Audit report on the Budget Monitoring process made a recommendation to apply consistency across reporting for the presentation of budget under and overspends. Previously the Corporate Revenue monitoring has reported underspends as negative figures and overspends as positive figures. However, this format is inconsistent with Integra the councils financial system and various other financial reporting systems used by Directorates. Following a review it was agreed that all Revenue budget reporting would have the format of underspends being positive figures and overspends as negative figures. This follows the logic of Budget less Actual (or Projected Outturn) = variance underspend / (overspend) e.g. Budget £100 less Projected Outturn £110 = (£10), an overspend.

## 4. **CURRENT POSITION**

**Appendix C** sets out the reconciliation of the Monitoring Budget with that contained in the Final Revenue and Capital Budget Volume 2015/16. As per last year Capital Funded from Current Revenue (CFCR) has been included in the monitoring budget. The budgeted Central

Support Service (CSS) recharges have been removed from the budget for monitoring purposes.

4.1 **Monitoring Budget**

4.2 A summary of the revenue monitoring budget position is outlined in the table below.

**Monitoring Budget Summary**

<b><u>Movements</u></b>	<b><u>£000</u></b>	<b><u>£000</u></b>
<b>2015/16 Final Budget Volume</b>		252,365
<u>Budgeted items excluded for monitoring purposes</u>		
CSS Recharges		1,024
Contribution to Special Funds & Balances		(4,381)
Capital Financed from Current Revenue		(700)
Specific Grants		(45)
<b>Sub-total</b>		<b>248,263</b>
<u>Virements (non-recurring budget uplifts)</u>		
100% Carry Forwards		4,021
50% Carry Forwards		340
Unspent Grant Monies from 2014/15		184
Re-determinations		841
Welfare Reform from General Fund Balances		24
<b>2015/16 Monitoring Budget</b>		<b>253,673</b>

The following paragraphs provide commentary on the financial performance of each Directorate based on the actual spend to date versus profiled budget and the projected outturn versus the updated budget for the year. Only key commentary for each cost category has been provided in the interests of keeping the size of this report at a reasonable level. If members of the Committee have specific queries to this level of detail, these should be raised with the Head of Corporate Improvement and Finance at the earliest opportunity.

4.3 **Chief Executive's Unit**

The Chief Executive's Unit is currently showing an underspend of £0.359 million (9.8%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 29 February 2016 and the main reasons for this variance.

The Chief Executive's Unit is currently projecting an underspend of £0.468 million (11.9%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the tables below.

**Chief Executive's - Core inc. Members Services (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Staff Slippage – reduced hours and vacant posts.	110	96
Property Cost	Cleaning costs (Tayside Contracts) projected to be lower than budget based on actual spend in previous years.	7	19
Supplies & Services	Various supplies and services underspend to date.	21	30
Third Party Payments	Audit Bought in Services under spend to date, £38k earmarked for 2016/17 for Delta Lean and Scrutiny Support.	39	37
Other Expenditure	Members transport costs underspend to date.	16	8
Misc.	Other Minor Variances.	17	5
<b>Total Underspend/(Overspend)</b>		<b>210</b>	<b>195</b>

### **Chief Executive's - Economic Development (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Staff costs have reduced as a result of a restructuring not completed until after the setting of the 2015/16 budget. Consequently, the staff budget is higher than required in 2015/16 and will be realigned through the 2016/17 budget setting.	103	123
Third Party Payments	Delays in the approval of EU funding have meant that the establishment of the National Loan Fund has been delayed until early 16/17. The Sustainable Energy Action Plan has also suffered delays due to changes in the Covenant of Mayors at EU level resulting in the expenditure slipping into 16/17.	(10)	92
Income	The projected outturn is mainly due to increased rental income along with higher SVQ and Modern Apprentice income.	38	31
Misc.	Other minor variances.	18	27
<b>Total Underspend/(Overspend)</b>		<b>149</b>	<b>273</b>

It should be noted that committee report 42/16 approved a number of carry forwards into 2016/17 and these need to be considered in the overall position. This will be covered in section 5 of this report.

#### 4.4 **People**

The People directorate is showing an underspend of £3.855 million (2.7%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 29 February 2016 and the main reasons for this variance compared to profile.

The People directorate is currently projecting an underspend of £2.299 million (1.4%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the tables below. This is a movement of £0.012 million compared with the previous report and arises in the main due to a series of minor movements.

The service will however seek to carry forward some of this resource as it relates to funding for the implementation of the Children & Young People (Scotland) Act 2014 and as such will be needed in 2016/17 to fully implement the requirements of the Act

#### **Schools & Learning (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	The underspend position currently being projected within Schools & Learning is mainly due to savings on teacher's and music instructors salary costs and on LG staff costs. This is largely due to the early delivery of savings approved for 2016/17. There are also savings expected on teachers and LG salary costs within Schools & Learning Support Team again due to early delivery of 2016/17 budget savings. The projected underspend is marginally reduced by an agreed £228,000 revenue contribution to the Forfar Community Campus capital project.	898	724
Property Costs	Minor Variances.	(47)	(54)
Supplies & Services	The projected underspend mainly relates to lower than budgeted expenditure on school meals as a result of lower than anticipated uptake of P1 – P3	477	502

	free school meals initiative. There is also anticipated underspends on ICT/Broadband roll-out expenditure due to procurement delays however this will be the subject a 100% carry forward request. This is partially offset by overspends within the Schools & Learning Support Team due to additional expenditure on various initiatives which is fully offset by increased applicable grant income.		
Third Party Payments	This is mainly due to the planning phase of the cross Council, Scotland's Young Workforce Development programme being completed and implemented.	91	103
Other Expenditure	The projected overspend is due to higher than budgeted school transport costs.	(80)	(106)
Income	Income is expected to be above budget due to increased grant income within the Schools & Learning Support Team.	84	126
<b>Total Underspend/(Overspend)</b>		<b>1,423</b>	<b>1,295</b>

The above underspend excludes any underspend that may arise on the Devolved School Management (DSM) scheme as these are subject to separate arrangements. The underspend includes an agreed £228,000 revenue contribution to the Forfar Community Campus capital project which is likely to be applied during the 2015/16 final accounts process.

#### **Children & Young People (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	The current underspend compared with the phased budget is due underspends against salary costs due in the main to positions being held vacant while reviews were being undertaken and also due to difficulties in filling vacancies. Changes to contract lengths have been made in some areas to try and increase staff interest.	1,597	831
Property Costs	The actual underspend arises due to lower than anticipated miscellaneous property costs at this stage in the year in relation to planned improvements. The projected overspend is due to improvement adaptations in relation to ASN & Early Years provisions being higher than anticipated and also an increase in rates related to Bramble Cottages.	60	(117)
Third Party Payments	The current underspend against the phased budget is due to the timing of payments compared with the phased budget. The projected underspend in this area is due to a reduction in external care package costs as a result of utilising The Brambles and The Strathmore Centre which are lower cost options. Further savings are due to be applied to these budgets in 2016/17.	1,145	856
Misc.	The projected overspend is due in the main to supplies and services costs across a number of headings currently being projected to be higher than budget.	98	(68)
Income	Higher projected outturn is due to anticipated unbudgeted grant income which will offset expenditure currently being incurred by the service on these grant funded initiatives.	149	256
<b>Total Underspend/(Overspend)</b>		<b>3,049</b>	<b>1,758</b>

**Adult Services (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	The projected underspend is due to a number of vacant posts across Adult Services.	845	591
Property Costs	Projected underspend due to projected underspends across a number of budget headings. Property budgets within the business segment are currently being reviewed.	167	37
Supplies & Services	Projected underspend is due to underspends across a variety of cost headings within the Older People services.	405	429
Third Party Payments	Projected overspend due in part to circa £1m unbudgeted costs associated with projects funded through the Integrated Care Fund, including the Integration Team. This expenditure is offset by additional income of an equivalent amount. There is also a significant increase in third party payments currently projected across Older People, Learning Disabilities and Physical Disabilities service areas due in the main the significant cost of care packages, an increase in direct payments and an increase in cost related to addressing low pay in care homes.	(2,459)	(3,228)
Other Expenditure	The overspend is mainly due to vehicle lease costs within Older People services which are projected to be higher than budget based on expenditure to date. Like property costs this area will be subject to review.	(550)	(145)
Income	Income is projected to be higher than budget due to the income from the Integrated Care Fund and additional funding to offset increased care home costs due to addressing low pay which is unbudgeted and will offset additional expenditure as noted above.	790	1,399
<b>Total Underspend/(Overspend)</b>		<b>(802)</b>	<b>(917)</b>

It should be noted that the projected overspend also includes one-off costs i.e. redundancy and pension costs associated with the cessation of the home support service.

**Quality & Performance (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Underspend due in the main to vacant posts within the service which are being held vacant to help deliver the slippage target that was inherited from the former services as part the restructure. The underspends will be used in year to offset expected one-off redundancy costs. There is also a projected underspend on training and development costs.	147	66
Supplies & Services	The year position is a projected underspend due to a number of minor projected variances across several budget headings.	37	43
Third Party Payments	The projected overspend is due to higher than anticipated payments to third party providers. The underspend is spread over a number of cost centres.	(36)	(14)
Income	Income is currently behind profiled budget due to the timing of invoices. An under recovery of income compared with the income target is projected due in the main to unrealised income targets.	(94)	(40)

Misc.	The projected underspend is due in the main to lower than anticipated transport costs (leased cars) and property costs	131	108
<b>Total Underspend/(Overspend)</b>		<b>185</b>	<b>163</b>

Please note that significant work continues across the People Directorate to look at the phasing of budgets within the financial ledger as it is recognised that some of the phasing currently applied may not fully reflect payment and income profiles thus leading to significant in year variances. Some adjustments have been made however further work is required.

It should be noted that committee report 42/16 approved a number of carry forwards into 2016/17 and these need to be considered in the overall position. This will be covered in section 5 of this report.

#### 4.5 **Communities (General Fund)**

Communities directorate is currently showing an underspend of £3.130 million (8.0%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise by division the net revenue position for the period ended 29 February 2016 and the main reasons for this variance.

The Communities directorate is currently projecting an overall underspend of £1.830 million (3.7%) between projected outturn net expenditure and the revenue budget, with the main reasons for this variance detailed by division in the tables below.

##### **Affordable Housing Revenue Account Adjustment**

£0.163 million of the Communities Directorate projected underspend relates to affordable housing contributions from developers and as noted after the Planning & Place table below, this money is not available to the directorate to meet operational costs. Taking this into account, the adjusted Communities projected year end underspend is £1.667 million.

##### **Directorate (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	No major variances	10	0
Property Costs	No major variances	59	(9)
Supplies & Services	No major variances	(27)	(23)
Third Party Payments	Delay in Property Rationalisation	0	200
<b>Total Underspend/(Overspend)</b>		<b>42</b>	<b>168</b>

##### **Business Support (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	No major variances	(45)	6
Misc	No major variances	27	(4)
<b>Total Underspend/(Overspend)</b>		<b>(18)</b>	<b>2</b>

##### **Services to Communities (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Projected underspend primarily due to staff	1,709	2,132

	transferring to Angus Alive for last 4 months of the financial year. It should be noted that the projected outturn now takes into account the ER/VR costs associated with the move to Angus Alive.		
Property Costs	Underspend against profiled budget is due to rates, energy costs and planned / unplanned maintenance being behind profile. Projected underspend due to (partial) repayment of prior years outstanding Montrose Caravan Park rental income (which has been coded to Property Costs for ease of identification). This underspend has however been diminished as the estimated additional costs of Montrose Caravan Park returning to Council responsibility have been allowed for. A 4 month rates saving on the properties utilised by Angus Alive is also built into the projected outturn.	1,506	386
Supplies & Services	Projected underspend due to transfer to Angus Alive for last 4 months of the financial year.	207	271
Third Party Payments	Projected overspend primarily due to management fee payable to Angus Alive to cover the last 4 months of the financial year.	(1,038)	(1,592)
Income	Projected to be under budget as little further income is anticipated in the last 4 months of the financial year due to the Angus Alive transfer.	(1,441)	(1,412)
Misc.		57	(12)
<b>Total Underspend/(Overspend)</b>		<b>1,000</b>	<b>(227)</b>

Members are asked to note that the above monitoring position now reflects the best estimate of the effect of the transfer of leisure, cultural and ACCESS services to Angus Alive (with effect from 1 December 2015), now including the associated ER/VR costs. The projected outturn for the year therefore reflects the full Services to Communities expenditure / income for the first 8 months of the year, with only those areas remaining with Angus Council (e.g. ACCESSline, property maintenance and energy costs) being taken into account in the final 4 months of the year. A management fee equivalent to the draft budgeted net expenditure of Angus Alive has now been built into the Services to Communities outturn.

#### **Technical and Property Services (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Workforce planning – posts held as working towards division re-design.	502	479
Property Costs	Monitoring & Outturn position pertaining to rates and energy payments within Property section	102	71
Supplies & Services	No major variances @ 5% of gross budget	40	52
Misc	No major variances	24	17
Third Party Payments	Roads are anticipating underspends in the following areas: street lighting energy £187k, A92 unitary charge £97k, harbour dredging £40k, harbour fuel purchase £55k, parking decriminalisation £30k (now slipped to 2016/17) and winter maintenance £300k. There is an anticipated overspends in structural & cyclical works (£270), lighting works (£250k) and miscellaneous (£11k) However, a net 3 <sup>rd</sup> party contingent fund has been retained for winter / flooding repair works of (£308k) resulting in a net overspend on 3 <sup>rd</sup> party payments of (£130k) (offset by staff slippage). In addition, Property misc. overspend (£13k)	93	(143)



Income	Net additional income over budgeted Property fees.	30	(57)
<b>Total Underspend / (Overspend)</b>		<b>791</b>	<b>419</b>

### Planning & Place (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Workforce planning – posts held as working towards division re-design.	356	348
Property Costs	Other Minor Variances	(4)	(6)
Supplies & Services	Supplies and services are anticipated to overspend mainly due to costs relating to open spaces records management and additional IT equipment.	71	(44)
Third Party Payments	Mainly due to the Homelessness Recharge being lower than anticipated and likely underspends within Pooled Youth Work and Adult Literacy	53	138
Other Expenditure	Mainly due to higher than anticipated Housing Benefit Payments	(382)	(472)
Income	Anticipated higher than budgeted Planning Applications and Building Warrant Fees £119k; Additional DWP grant income £422k to support rent allowance and rebate payments; Affordable Housing Grants £163,000 and other more minor receipts £44k.	673	748
<b>Total Underspend/(Overspend)</b>		<b>767</b>	<b>712</b>

**Affordable Housing Revenue Account** – It should be noted that £0.163 million of the above underspend relates to affordable housing contributions received from developers which must be processed via the Planning & Place division to meet accounting treatment requirements. This is a technical accounting issue which results in these contributions automatically being incorporated into the Affordable Housing Revenue Account balance at the year end. Thus, the £0.163 million is not actually available to the Communities Directorate for operational costs throughout the year. The operational underspend actually available to the Directorate from the Planning & Place division is therefore £0.549 million.

### Regularity, Protective & Prevention Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Workforce planning – posts held as working towards division re-design	265	318
Property Costs	Pertains primarily to Ground Operations & Waste Operations	135	135
Supplies & Services	Reductions in refuse disposal costs due to reduced tonnage to land fill	140	60
Third Party Payments	No major variances	(23)	(23)
Other Expenditure	Anticipated reduction in Waste operations fuel and repair costs	83	152
Income	Income overspend primarily due to significant reduction in recycle income, offset by overachievement of income within Ground Operations.	(53)	114
<b>Total Underspend/(Overspend)</b>		<b>547</b>	<b>756</b>

It should be noted that committee report 42/16 approved a number of carry forwards into 2016/17 and these need to be considered in the overall position. This will be covered in section 5 of this report.

#### 4.6 Resources

The Resources directorate is currently showing an underspend position of £1.177 million (11.8%) between the actual expenditure to date and the profiled revenue budget. The tables below summarises the net revenue position for each division for the period ended 29 February 2016 and the main reasons for this variance compared to profiled budget.

The Resources directorate is currently projecting a gross underspend position of £1.141 million (11.3%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the tables below.

#### Corporate Improvement & Finance (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Slippage due to posts kept vacant to meet future savings and delays in recruiting staff.	425	507
Supplies & Services	Banking fees, computer maintenance and support costs have been reviewed and adjustments made for payments made in advance for annual contracts, this has resulted in a reduction in the projected overspend overall. Some costs are offset by grant income.	(130)	(47)
Income	Higher than budgeted income for Scottish water collection offset by lower than budgeted Council Tax Admin grant plus additional revenues and benefits grant income.	43	102
Misc.	Sundry minor variances in property, transport and third party payment budgets.	74	11
<b>Total Underspend/(Overspend)</b>		<b>412</b>	<b>573</b>

#### Organisational Change (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff slippage due to posts being kept vacant to meet future savings targets and delays in recruiting staff.	169	164
Property Costs	Underspend due to projected energy costs being lower than budgeted in respect of the data centres.	16	16
Supplies & Services	Network and computer support/maintenance contract costs have been reviewed and adjustments made for payments made in advance for annual contracts, this has resulted in an underspend now being projected overall.	130	85
Misc.	Sundry minor variances	62	16
Income	Sundry minor variances.	(6)	(8)
<b>Total Underspend/(Overspend)</b>		<b>371</b>	<b>273</b>

#### Legal & Democratic Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff slippage due to posts being kept vacant to meet future savings targets and delays in recruiting staff. Movement in projected outturn due to slippage in use of carry forward funds. Further carry forward requests to cover temporary staff will be made at year end.	447	452
Property Costs	Actual variance due to timing of rates payments. Projected outturn variance due to being unable to	68	43

	carryout work on Montrose Registrars office.		
Supplies & Services	Variances due to reduced costs in the Print Unit (PU), offset by reduced income.	194	82
Income	Lower than budgeted income from PU, property enquiries and registrar income	(327)	(268)
Misc.	Sundry minor variances.	12	(14)
<b>Total Underspend/(Overspend)</b>		<b>394</b>	<b>295</b>

It should be noted that committee report 42/16 approved a number of carry forwards into 2016/17 and these need to be considered in the overall position. This will be covered in section 5 of this report.

#### 4.7 **Transforming Angus**

Transforming Angus is below the profiled budget to 29 February 2016 by £0.156 million (18.8%) and projecting an underspend position against the full year budget of £0.109 million (12.1%). This is mainly due to the timing of delivering the various change programmes. The Transforming Angus budget, given its nature, is difficult to predict, however, any underspend against this budget will be automatically carried forward.

#### 4.8 **Other Services**

Other Services is currently showing an underspend of £0.733 million (24.2%) between the actual expenditure to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 29 February 2016 and the main areas of this variance compared to profile.

Other Services is currently projecting an under spend of £1.802 million (17.3%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the table below. This projection assumes that the currently uncommitted balance on the Provision for Additional Burdens (£0.581) million will not now be called upon in 2015/16 meaning an underspend on this budget is expected to arise. Whilst this position could still change before the accounts are closed it appears unlikely that this provision will be called upon to the full value of the budget.

#### **Other Services (Variances)**

<b><u>Subjective Cost Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Staff Costs	Main reason for underspend is Provision for Additional Burdens (£0.121 million). This was a pay award provision. Public Records Scotland Act overspend (£0.012 million) overspend).	118	109
Property Costs	Main reason for underspend is Carbon Reduction fund (£0.285 million) which was previously shown at full spend but now showing full underspend. A carry forward request will be made at the earliest opportunity.	230	368
Supplies & Services	Main reasons for underspends are PVG Retrospective Checking (£.050 million) - budget will be removed in 16/17; Provision for Additional Burdens (£0.614 million) - carry forward of £0.125 million approved; Election Expenses (£0.080 million) - carry forward request will be made at the earliest opportunity; Public Records Scotland Act (£0.241 million) – carry forward request will	346	1,015

	be made at the earliest opportunity; Civil Contingency Planning (£0.055 million) - only a small amount of work has been carried out due to staff shortages.		
Third Party Payments	Various underspends to date.	(7)	58
Income	Main reason for projecting higher than budgeted income is Interest on Revenue Balances (£0.111 million).	46	252
<b>Total Underspend/(Overspend)</b>		<b>733</b>	<b>1,802</b>

It should be noted that committee report 42/16 approved a number of carry forwards into 2016/17 and these need to be considered in the overall position. This will be covered in section 5 of this report.

#### 4.9 **Capital Financing Costs**

In line with the capital long term affordability assessment presented to the special budget setting meeting of the Council on 18 February 2016 (report 64/16 refers), £1.000 million of the Capital Financing Costs budget will be utilised in the current year for the early repayment of debt to reduce future years' debt servicing costs.

After allowing for the early debt repayment amount, the Capital Financing Costs budget is projected to be underspent by some £2.734 million. In line with report 64/16, this underspend will be carried forward as it is fully committed to reduce the level of borrowing required in 2016/17 as part of the agreed financing strategy for the Council's capital programme.

#### 4.10 **Tayside Joint Valuation Board**

The Valuation Joint Board expenditure is currently in line with budget. The Joint Boards' projected outturn is currently anticipated to be in line with budget for 2015/16.

#### 4.11 **Housing Revenue Account**

The HRA is currently showing a surplus of £0.518 million between the actual net revenue to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 29 February 2016 and the main reasons for this variance compared to the profiled position.

It is currently projected that there will be a surplus of £1.068 million from the Housing Revenue Account in 2015/16. It is intended that officers from Corporate Improvement & Finance (Resources) and Housing (Communities) directorates will consider a number of options during the year including additional contributions to capital funding or special repayments of debt to optimise use of any surplus revenue account funding. Members will be kept fully informed of the development of these options during the remainder of the financial year.

#### **Housing Revenue Account (Variances)**

<b><u>Budget Heading</u></b>	<b><u>Explanation</u></b>	<b><u>Actual To Feb £000</u></b>	<b><u>Projected Outturn £000</u></b>
Financing Charges	Interest Payments lower due to delay of Survive and Thrive Projects	0	200
Supervision & Management	After match of housing management staffing redesign, some delays in process and recruitment to final positions.	128	240
Repairs & Maintenance	Anticipated net underspend on repairs & maintenance	268	334
Loss of Rents	Mainly due to delay in Universal Credit – unlikely to require level of bad debt provision as previously anticipated	59	164

Other Expenditure /Income	No major Issues	63	130
<b>Total Surplus / (Deficit)</b>		<b>518</b>	<b>1068</b>

#### 4.12 **Renewal & Repair Fund**

The estimated uncommitted balance available on the funds as at 31 March 2016 as shown in the table below is £1.276m (Property £0.227m; Information Technology £0.363m; Roads & Transport £0.108m; Print & Graphic Design £0.256m; Recreation £0.322m).

Once the de minimis retention levels are taken into account the effective aggregate available balance on all funds reduces to £0.891m.

<b><u>Renewal &amp; Repair Fund</u></b>	<b><u>Opening Balance 01/04/15 £000</u></b>	<b><u>Payments made to 29/02/16 £000</u></b>	<b><u>Estimated Outstanding Commitments to 31/03/16 £000</u></b>	<b><u>Estimated Uncommitted Balance 31/03/16 £000</u></b>	<b><u>Fund Minimum Balance £000</u></b>	<b><u>Estimated Available Balance 31/03/16 £000</u></b>
Property	1,960	(859)	(874)	227	(150)	77
Information Technology	1,708	(495)	(850)	363	(100)	263
Roads & Transport	2,643	(2,292)	(243)	108	(100)	8
PDU	256	0	0	256	(20)	236
Recreation	1,536	(481)	(733)	322	(15)	307
<b>Total Fund</b>	<b>8,103</b>	<b>(4,127)</b>	<b>(2,700)</b>	<b>1,276</b>	<b>(385)</b>	<b>891</b>

#### 4.13 **Virements**

Under Financial Regulations 4.3 each Director has a delegated virement limit within each financial year that allows the transfer of budget resource from one area of the Directorate to another or from Directorate to Directorate. Where a virement is in excess of these virement limits formal approval by members is required.

##### Approval for Virements

There are no approvals sought for virements from this Committee.

##### Delegated Authority Approvals

Report 400/15 agreed to delegate authority until the end of the current financial year to the Head of Corporate Improvement & Finance, in consultation with the Strategic Director of People, to approve virements within the People directorate without further reference to committee to allow necessary budget adjustments to be processed timeously.

There are no delegated approvals for noting by this committee

### **5. FINANCIAL IMPLICATIONS**

5.1 There are no financial implications arising for the Council directly from the recommendations contained within this report. The variances against profiled budgets and full year budgets noted in Section 4 are the subject of ongoing review.

5.2 Members will have noted from **Appendix B** that an underspend of £10.383 million is projected at this point in the financial year. It should be noted that committee approval has been given for a number of 100% carry forward requests (report number 42/16 refers). The total 100% carry forwards requests approved is £3.552 million and £0.259 million 100% carry forward requests have been approved under delegated authority giving a total of £3.811 million.

Members should also note that the accounting treatment of revenue grant monies requires that any underspend in the financial year is earmarked in the general fund balance and the latest estimate of unspent grants is £0.238 million. It should also be noted the projected underspend will be eligible for 50% carry forward under the carry forward scheme. The 50%

carry forward amount will depend on the financial position at the year end but based on current projections this is estimated at £0.667 million.

The current anticipated adjustments are set out in the table below.

	£m
<b>Projected Outturn</b>	<b>10.383</b>
<u>Less:</u>	
Transforming Angus projected underspend – automatic carry forward	(0.109)
Affordable Housing Revenue Account	(0.163)
100% carry forward Capital Financing Costs (report 64/16 refers)	(2.734)
100% carry forward requests (approved in report 42/16)	(3.552)
100% carry forward requests (delegated authority report 42/16 refers)	(0.259)
Unspent Revenue Grant (report 42/16 refers)	(0.238)
50% carry forwards	(0.667)
<b>Adjusted 2015/16 Projected Outturn</b>	<b>2.661</b>

- 5.3 HRA is projecting a £1.068 million surplus during 2015/16.
- 5.4 The Renewal and Repair Fund has an estimated uncommitted closing balance of £1.276 million. Once the minimum balance has been removed there is an estimated usable balance of £0.891 million.
- 5.5 The Council has incurred significant unbudgeted expenditure as a result of the recent flooding events. These will in the main be in the area of RPPS but will extend beyond this. The extent of these costs are currently being accumulated to allow the impact onto the councils 2015/16 revenue budget to be considered.
- 5.6 It should be noted that the council has been awarded £0.900 million of grant from the Scottish Government to provide grants for properties which have been subject to water inundation through the recent flood events. As of mid-March £0.153 million has been paid out.

**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 - Calculation of 2015/16 Revenue Monitoring Budgets

Appendix B - Summary of Net Revenue Expenditure & Projected Outturn - All Directorates

Appendix C - Reconciliation of Monitoring Budget with Council Tax Setting Budget