

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 £1.080 million is evident in respect of the People directorate. The Schools & Learning business segment returned an underspend of £0.236 million. This underspend was achieved mainly as a result of staff slippage relating to Secondary teachers salary costs and savings within Education Development Services. Payments in respect of PPP unitary charges and energy costs were also lower than anticipated. These underspends were partially offset by an overspend on school transport costs. Children and Young People's underspend of £0.996 million was achieved predominantly as a result of staff slippage, in particular graduate recruitment and early achievement of savings on youth justice services and the school and family support service. The position has been augmented by the delay in implementing elements of the 600 hours early learning and childcare initiative.

Adult Services shows an overspend of £0.618 million for the year. The overspend is largely made up from additional third party payments in respect of Older People and Disabilities services provisions. The Adult Services budget had been under severe pressure since the start of 2014/15 and a much larger overspend had been projected earlier in the year which has been partially turned around. Quality and Performance achieved an underspend of £0.466 million. This was mainly made up of a combination of staff slippage and an underspend in property maintenance costs. The net position for People after applying 100% carry forwards and earmarked grant income is an underspend of £0.001 million.

- Communities – an overall underspend on the controllable budget of £2.927 million is evident in respect of the Communities directorate. The main underspend elements contributing to this position are: staff slippage across the directorate; higher than anticipated income for use of Leisure facilities; reduced street lighting energy costs; lower than anticipated A92 unitary charges; higher than budgeted Planning, Roads and Property fee income; additional Housing Benefit overpayment recovery income; lower than anticipated recharge for Homelessness; additional income from the HRA for use of ACCESS services; property cost reductions following office relocation / rationalisation; lower than anticipated spend on waste disposal costs; and better than anticipated generation of income by Parks, Gardens & Ground Operations. These underspend elements have been offset to some extent by the following overspend elements: increased winter maintenance costs; reduced income from the HRA for use of Business Support services; additional vehicle costs following the roll out of revised waste collection arrangements; and a reduction in the level of income anticipated for recycle material (which was actually a cost as a result of market conditions). The net position for Communities after applying 100% carry forwards and earmarked grant income is an underspend of £0.822 million.
- Resources – an overall underspend on the controllable budget of £1.156 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 future agreed budget savings can be delivered. Further contributory factors to the underspend position were within property costs with energy being lower than anticipated across all Resources properties and savings against various supplies & services budgets including system service contracts, printing materials, general printing costs and courier charges. The

net position for Resources after applying 100% carry forwards is an underspend of £0.265 million.

- Chief Executive – an overall underspend on the controllable budget of £0.446 million is evident in respect of the Chief Executive's Unit. The underspend of £0.206 million in the Chief Executive Core was mainly as a result of staff slippage and an underspend in supplies and services. Economic Development recorded an underspend of £0.240 million resulting from staff slippage and increased income. The net position for the Chief Executive Unit after applying 100% carry forwards and earmarked grant income is an underspend of £0.081million.
- Other Services – an overall underspend on the controllable budget of £1.814 million is evident in respect of Other Services. This position is in the main made up of provision for additional burdens (£0.697 million) which wasn't required in full; Discretionary Housing Payments (£0.160 million); over provision for carbon reduction commitment (£0.150 million); Public Records (Scotland) Act (£0.149 million); election expenses (£0.104 million); Children's Panel (£0.067 million); energy management (£0.063 million); and a number of other underspends which in the main relate to specific provisions where there was no or limited call during 2014/15. The net position for Other Services after applying 100% carry forwards is an overall underspend of £1.136 million.
- Transforming Angus – an overall underspend on the controllable budget of £0.495 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 – a breakeven position was returned.

Commentary on other General Fund underspends

- Loan Charges – Members may recall that in setting the 2014/15 capital budget the Council agreed to a continuation of a special repayment strategy to help keep future loan charges affordable (report 87/14 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 2014/15 accounts an underspend of £4.068 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 £3.068 million balance of the underspend will be carried forward into 2015/16 and ear marked within General Fund balances. In line with the most recent long term affordability report (63/15), it has been assumed that this will be utilised as corporate CFCR towards the 2015/16 capital programme.

The level of underspend projected on the 2014/15 loan charges budget (per report 63/15) was some £3.936 million prior to any application as a special repayment of debt, however this increased by £0.132 million as a result of a lower than anticipated Loans Fund Rate (4.72% as opposed to 4.80%).

- Council Tax Income – members will note from Table 1 in the main Report that an additional £0.929 million of Council Tax income has been accounted for in 2014/15. Of this, £0.263 million is due to an underspend in the Council Tax Reduction Scheme and £0.666 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 of £0.319 million increased to £0.382 million as a result of a number of movements across the service. This was after application of a further £0.500 million CFCR (representing the use of balances ring-fenced for SHQS / New Build purposes) offset by underspends primarily in respect of: year-end central support recharges (£0.219 million); and an underspend in respect of the provision for bad debts (£0.183 million). These movements, when combined with a number of other variances aggregating to an underspend of £0.111 million, delivered the overall surplus of £0.382 million.

Commentary Against Projected Outturn (Report 174/15)

The most recent projected outturn for 2014/15 based on February 2015 ledgers showed a projected underspend for General Fund services overall of £6.446 million and the actual position is significantly higher at £7.918 million. This is an increase of £1.472 million. The projected outturn report showed an underspend on capital financing charges of £2.936 million and the actual position is higher at £3.067 million, an increase of £0.132 million.

Area	February 2015 Outturn (£m)	Movement (£m)	Final 2014/15 Outturn (£m)
Council Directorates	(6.446)	(1.472)	(7.918)
Capital Financing Costs	(2.936)	(0.131)	(3.067)
Total	(9.382)	(1.603)	(10.985)

Note – overspend / (underspend)

In terms of the directorates the actual underspend position is higher than anticipated. The more significant movements when compared to Report 174/15 and the reasons for these are outlined as follows:-

- People – the gross projected underspend has reduced from £1.364 million to £1.080 million. This was mainly due to a variety of reasons including the write off of aged debt (£0.207 million), a higher than anticipated staff slippage and an underspend on property costs. This was partly offset by increased third party payments (Disabilities).
- Communities – the gross projected underspend has increased from £1.856 million to £2.927 million. This was mainly due to: additional Planning fee income (£0.102 million); lower than anticipated year-end recharge for Homelessness (£0.150 million); and additional income from the HRA from the year-end recharges for the use of ACCESS and business support services (£0.257 million). Also, £0.377 million of this relates to Affordable Housing contributions which is excluded from the in year monitoring.
- Resources – the gross projected underspend has increased from £1.053 million to £1.156 million. This was mainly due to further staff slippage costs due to delays in recruitment, lower than anticipated energy costs, increased printing income in March (Print and Design Unit), and higher than anticipated year end recharge to Other Housing for benefits services, offset by an unexpected shortfall on the loans fund recharge (Financial Services).

- Chief Executive - the gross projected underspend has increased from £0.327 million to £0.446 million. £0.041 million is attributable to Chief Executive and was mainly due to higher income from management recharges and Internal Audit Bought-in Services costs were less than projected. The remaining £0.078 million relates to Economic Development and was in the main due to lower than expected property maintenance, marketing, consultancy costs and employment grant scheme third party payments, off-set by lower than expected rental income plus grant income previously included in the projected outturn which was not accrued in time to meet the annual accounts deadline.
- Other Services – the gross projected underspend has increased from £1.328 million to £1.814 million. This was due to a combination of movements over a number of headings, but the main movement relates to an increase in the underspend on provision additional burdens (£0.457 million). There were also a variety of smaller movements within Other Services, and a number of underspends are subject to the carry forward process. These carry forwards include Discretionary Housing Payments (£0.160 million); carbon reduction (£0.150 million); and election expenses (£0.100 million) amongst others.
- Transforming Angus – the gross projected underspend has decreased from £0.518 million to £0.495 million. This was due to a small increase in the accrual for consultancy fees due for services provided in the financial year.