

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 2 FEBRUARY 2016

**REVENUE MONITORING PROJECTED OUTTURN 2015/16 – REVENUE BUDGET 100% CARRY
FORWARD REQUESTS**

REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT

This report asks members to approve requests from Council Directorates to carry forward projected underspends on 2015/16 Revenue Budgets to next financial year.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:-

- i) Approve the proposed revenue budget 100% carry forwards as detailed in **Appendix A** to this report;
- ii) Approve the proposed grant carry forwards as detailed in **Appendix B**;
- iii) Note the value of carry forwards that have been agreed under Delegated Authority as outlined in the Report; and
- iv) 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 This report contributes as a whole to the local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

3. BACKGROUND

3.1 Members of the Committee will be aware of the Council's budget flexibility arrangements which 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 2015/16 financial year. 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. This allows

directorates the flexibility to consider issues beyond the current financial year and to think strategically about the use of resources. In addition a directorate may carry forward 50% of an underspend, up to its maximum limit as set laid out in Section 4.8 of the Financial Regulations.

- 3.4 Each Directorate was asked to submit 100% carry forward proposals from their respective 2015/16 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 Improvement and 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 the carry forward and grant requests that require approval from this committee are attached in **Appendix A** and **Appendix B** to this report. A total of £0.259 million of carry forwards and £0.026 million of grant carry forwards at or below £20k in value individually have been approved under delegated authority.
- 3.6 Members are referred to Report 41/16 to this committee also which outlines the latest projections of expenditure and income against the budget for 2015/16. A total underspend of £6.065 million is projected, of this, £0.014 million has been ring fenced for Transforming Angus, £0.061 million has been ring fenced for affordable Housing and £1.894 million is earmarked as a 100% carry forward for capital financing costs (report 63/15 refers), leaving a balance of £4.096 million. The revenue budget 100% carry forward and grants carry forward proposals recommended for approval in this report can be contained within this projected underspend.
- 3.7 A total of 3 requests were made to carry forward resources for property maintenance type works in each Directorate. The proposals in Appendix A recommend that these sums be added to the resources available for maintenance works generally and prioritised by Technical & Property Services based on needs across the Council.

4. FINANCIAL IMPLICATIONS

- 4.1 This report proposes utilising a total of £4.049 million of the projected underspend to be carried forward on a 100% basis in to 2016/17 (£3.764 million requiring approval and £0.285 million under delegated authority). This would result in an uncommitted projected underspend for 2015/16 of £0.047 million.
- 4.2 It should also be noted that some of 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 and based on current projections this is estimated at £0.026 million. This would leave an uncommitted underspend for 2015/16 of £0.021 million.
- 4.3 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. Two specific risks are worthy of highlighting in this regard:-

Impact of recent flooding events – although the position is still being assessed and calculated we know that the Council has incurred significant additional costs as a consequence of recent flooding both in terms of immediate response and subsequent repair and recovery work which is now underway. Some of these costs may be claimable against the Bellwin Scheme and some may be offset by the additional Government Grant received but there remains a significant risk of additional net costs to the Council which may affect the projected year end position.

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.

- 4.4 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.

4.5 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 2016.

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
Appendix B – Grant Carry Forwards Recommended for Approval