

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 1 DECEMBER 2015

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

REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT

This report appraises members of the actual revenue expenditure incurred and income received for the period 1 April 2015 to 30 September 2015 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 30 September 2015 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;
- ii) note the Renewal and Repair fund position;
- iii) approve the proposals to streamline the budget carry forward process as outlined in Section 5 of this report; and
- iv) recommend that the Council approve the consequential changes to Financial Regulations.

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 30 September 2015 (6 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 outturns 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

Movements	£000	£000
2015/16 Final Budget Volume		252,365
Budgeted items excluded for monitoring purposes		
less CSS Recharges		1,024
Contribution to Special Funds & Balances		(4,381)
Capital Financed from Current Revenue		(700)
Specific Grants		(45)
Pay Award Provision		(2,348)
Sub-total		245,915
Virements (non-recurring budget uplifts)		
100% Carry Forwards		4,021
50% Carry Forwards		340
Unspent Grant Monies from 2014/15		184
Re-determinations		841
2015/16 Monitoring Budget		251,301

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 £0.117 million (6.2%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 30 September 2015 and the main reasons for this variance.

The Chief Executive's Unit is currently projecting an underspend of £0.164 million (4.2%) 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)

Subjective Cost Heading	Explanation	Actual To Sept £000	Projected Outturn £000
Staff Costs	Staff Slippage – reduced hours and posts vacant for part of year.	68	31
Property Cost	Cleaning costs (Tayside Contracts) projected to be lower than budget based on actual spend in previous years.	16	16
Third Party Payments	Audit Bought in Services under spend to date.	24	0
Other	Members transport costs underspend to date.	11	4

Expenditure			
Misc.	Other Minor Variances.	12	(8)
Total Underspend/(Overspend)		131	43

Chief Executive's - Economic Development (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
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 2016/17 budget setting.	58	102
Property Cost	Projected overspend mainly due to Journeycall rental deficits (see Angus Council Report 159/14). The remainder is an expected over spend on cleaning and property maintenance.	2	(52)
Income	The actual figure is due to outstanding ERDF accruals. The projected outturn is due in part to Leader grant income not budgeted, budget will be realigned to reflect this for future monitoring. Along with increased SVQ and Modern Apprentice income.	(72)	56
Misc.	Other minor variances.	(2)	15
Total Underspend/(Overspend)		(14)	121

4.4 **People**

The People directorate is showing an underspend of £1.364 million (1.8%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 30 September 2015 and the main reasons for this variance compared to profile.

The People directorate is currently projecting an underspend of £1.071 million (0.7%) 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 £0.123 million compared with the previous report and arises in the main due to significant refinement to the Adult Services and Children & Young People projected outturns.

Schools & Learning (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	The underspend position currently being projected within Schools & Learning is mainly due to savings on secondary teacher's salary costs and primary 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 Unit due to staff slippage.	323	577
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 free school meals initiative. This is partially offset by an overspend within the Support Unit due to additional expenditure on various initiatives which is fully offset by increased applicable grant income.	26	53
Other Expenditure	The projected overspend is due to higher than budgeted school transport costs.	(75)	(143)
Income	Income is expected to be above budget due to increased grant income within the Support Unit and increased school meals income.	96	260

Misc.	Other Minor Variances.	(7)	(17)
Total Underspend/(Overspend)		363	730

The above underspend excludes any underspend that may arise on the Devolved School Management (DSM) scheme as these are subject to separate arrangements.

Children & Young People (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
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. There is also some additional budget related to the implementation of the 600 hours initiative which is not yet spent but is currently projected to be spent by the end of the year. Additionally there are some coding corrections that need to be actioned to align spend with budget.	1,287	340
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.	50	(32)
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.	928	637
Misc.	The projected underspend is due to transport costs, particularly volunteer mileage costs being lower than anticipated at this stage and supplies and services cost currently being projected to be less than budget.	183	18
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.	(12)	186
Total Underspend/(Overspend)		2,436	1,149

Adult Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	The projected underspend is due to a number of vacant posts within the Older People's & Learning Disabilities service areas.	477	338
Property Costs	Projected overspend due to unbudgeted cleaning and unplanned property maintenance costs within Older People and Substance Misuse areas. These are currently being reviewed.	321	(89)
Supplies & Services	Projected underspend due to underspends across a variety of cost headings within the older people services e.g. purchases of office equipment.	213	468
Third Party Payments	Projected overspend due in part to circa £1m unbudgeted costs associated with projects funded through the Integrated Change 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	(1,716)	(3,578)

	disabilities and physical disabilities service areas due in the main to the cost of care packages and an increase in direct payments.		
Other Expenditure	The underspend is mainly due to vehicle lease costs within Older People services being projected to be less than budget at this stage in the year. There may however be additional costs associated with repairs and this position will be monitored during the remainder of the financial year.	(19)	71
Income	Income is projected to be higher than budget due to the income from the Integrated Change Fund which is unbudgeted and will offset additional expenditure as noted above and increased income within Older People's services.	(637)	1,868
Total Underspend/(Overspend)		(1,361)	(922)

Quality & Performance (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Underspend due in the main to vacant posts within the service which are being held vacant to help deliver the significant slippage target that was inherited from the former services which is creating a pressure in year. There is also a projected underspend on training and development costs.	11	99
Supplies & Services	The year position is a projected underspend due to a number of minor projected variances across several budget headings.	(34)	28
Third Party Payments	The projected overspend is due to higher than anticipated payments to third party providers.	(49)	(19)
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.	(55)	(47)
Misc.	The projected underspend is due in the main to lower than anticipated transport costs.	53	53
Total Underspend/(Overspend)		(74)	114

It is worth highlighting that 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.

In addition responsibility for Criminal Justice Services has transferred from the Head of Adult Services to the Head of Children & Young People with effect from 1 October 2015. This budget will thus transfer and this change will be reflected in the next monitoring report.

4.5 **Communities (General Fund)**

Communities directorate is currently showing an underspend of £1.538 million (6.2%) 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 30 September 2015 and the main reasons for this variance.

The Communities directorate is currently projecting an overall underspend of £1.020 million (2.1%) 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

£61,000 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 £0.959 million.

Directorate (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Supplies & Services	No major variances	3	(16)
Total Underspend/(Overspend)		3	(16)

Business Support (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Mainly due to slippage from vacant posts	(11)	6
Property Costs	Higher than budgeted costs relating to William Wallace House	2	(7)
Misc	Higher Supplies and Services	26	0
Total Underspend/(Overspend)		17	(1)

Services to Communities (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Underspend (both against profile and projected) is due to vacant posts and staff slippage across S2C and, to a smaller degree, superannuation underspends within Countryside. An element of this projected underspend will be used for CFCR purposes and to provide funding where required for issues arising elsewhere within S2C.	188	172
Property Costs	Underspend against profiled budget is due to energy costs and planned / unplanned maintenance being behind profile. Furthermore, the rates payments were anticipated to be incurred in September, however they have still to hit the ledger. Projected underspend due to (partial) repayment of prior years outstanding Montrose Caravan Park rental income. This is offset by the estimated additional costs of Montrose Caravan Park returning to Council control.	1,363	28
Supplies & Services	Projected overspend is made up of a variety of overs and unders across the division. The main areas of overspend however are estimated additional costs for the running of Montrose Caravan Park and ACCESS cash collection.	(70)	(101)
Third Party Payments	No major variances	27	(1)
Income	Income return processing for September is behind schedule, leading to lower actual income against profiled budget. Whilst Sports Facilities income is projected to be ahead of budget at this stage, this is offset by reduced income within Cultural Services (which takes account of fines ceasing from December onwards).	(411)	40
Misc.	Projected overspend due to outturn amount set aside for CFCR and funding issues arising within the division, utilising the aforementioned underspend within Staff Costs.	30	(79)
Total Underspend/(Overspend)		1,127	59

Members are asked to note that the above monitoring position is based on the current operational structure of Services to Communities and therefore does not reflect any financial impact of a large proportion of the division moving to Angus Alive from 1 December 2015.

Technical and Property Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Monitoring & Outturn position pertains to slippage within Roads & Property, partially offset by overspend with Transport.	284	376
Property Costs	Monitoring & Outturn position pertaining to rates & energy payments within Property	65	54
Supplies & Services	No major variances	(12)	0
Other Expenditure	No major variances	(11)	12
Third Party Payments	Outturn position relates to Roads: Anticipated street lighting energy underspend £160k, A92 unitary charge underspend £90k. Roads total net outturn underspend £513k retained for winter maintenance / additional works contingency.	37	(240)
Income	No major variances	2	(2)
Total Underspend / (Overspend)		365	200

Planning & Place (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Mainly due to slippage and unfilled posts with the Community Planning and Planning areas	19	222
Property Costs	This position has arisen as a result of higher than budgeted property maintenance costs and William Wallace recharge within Community Planning.	29	(35)
Supplies & Services	Supplies and services are likely to overspend mainly due to costs relating to local planning enquiries and open spaces.	36	(94)
Third Party Payments	The underspend in this area is mainly due a lower than anticipated cost of undertaking the Private Sector Housing Stock Condition Survey.	(0)	27
Other Expenditure	Following mid year estimate of Housing benefits it is likely that Rent Allowance and rebate payments will increase but will be offset by additional Department of Works and Pension Grant Funding.	(918)	(1,311)
Income	Additional grant income to support rent allowance and rebate payments.	644	1,371
Total Underspend/(Overspend)		(190)	180

Affordable Housing Revenue Account – It should be noted that £61,000 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 £61,000 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 £119,000.

Of this operational underspend, it is intended to apply to carry forward £29,000 into 2016/17 to meet wind farm planning inquiry costs.

Regularity, Protective & Prevention Services (Variances)

<u>Subjective</u>	<u>Actual</u>	<u>Projected</u>
--------------------------	----------------------	-------------------------

<u>Cost Heading</u>	<u>Explanation</u>	<u>To Sept £000</u>	<u>Outturn £000</u>
Staff Costs	Monitoring & Outturn position pertains to slippage within Consumer Protection, Public Protection Enforcement, Ground Operations and Waste Services.	196	318
Property Costs	Pertains primarily to Ground Operations & Waste Operations	76	37
Supplies & Services	Reductions in refuse disposal costs due to reduced tonnage to land fill	154	435
Third Party Payments	No major variances	17	(26)
Other Expenditure	Anticipated reduction in Waste operations fuel and repair costs	42	224
Income	Income overspend primarily due to significant reduction in recycle income	(269)	(390)
Total Underspend/(Overspend)		216	598

4.6 **Resources**

The Resources directorate is currently showing an underspend position of £0.682 million (13.9%) 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 30 September 2015 and the main reasons for this variance compared to profiled budget.

The Resources directorate is currently projecting a gross underspend position of £0.615 million (6.1%) 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 Sep £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Slippage due to posts kept vacant to meet future savings and delays in recruiting staff.	293	357
Supplies & Services	Overspends are currently projected for banking fees due to increased charges and computer maintenance and support costs although these need further review to ensure the correct annual costs are being expensed for ongoing maintenance contracts. Some costs are offset by grant income.	(198)	(171)
Third Party Payments	YTD variance due to timing of payments.	(5)	0
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.	25	81
Misc.	Sundry minor variances in property and transport budgets.	31	13
Total Underspend/(Overspend)		146	280

Organisational Change (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sep £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.	121	61
Property Costs	Underspend due to projected energy costs being lower than budgeted in respect of the data centres.	32	42
Supplies & Services	Sundry minor variances.	(46)	(6)
Misc./	Sundry minor variances.	15	(1)

Income			
Total Underspend/(Overspend)		122	96

Legal & Democratic Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sep £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.	281	271
Property Costs	Actual variance due to timing of rates payments. Projected outturn variance due to being unable to carryout work on Montrose Registrars office.	158	47
Supplies & Services	Variances due to reduced costs in Print & Design Unit (PDU), offset by reduced income.	73	48
Income	Lower than budgeted income from PDU, property enquiries and registrar income	(143)	(114)
Misc.	Sundry minor variances.	45	(13)
Total Underspend/(Overspend)		414	239

The above figures include underspends from 2014/15 carry forwards in relation to anticipated carry forward requests in 2015/16 for property works at Montrose registrars office (£40k) and temporary staff costs for Procurement Officer and HR Assistant on two year contracts (£53k) for costs that will be incurred in 2016/17.

4.7 Transforming Angus

Transforming Angus is below the profiled budget to 30 September 2015 by £0.144 million (15.9%) and projecting an underspend position against the full year budget of £0.093 million (10.3%). 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 £0.031 million (2.7%) between the actual expenditure to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 30 September 2015 and the main areas of this variance compared to profile.

Other Services is currently projecting an under spend of £0.097 million (0.95%) 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 Provision for Additional Burdens will be spent in full, however, it should be recognised that any underspend will be available as a contingency.

Other Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff Training	12	0
Staff Costs	Health & Safety at Work	5	0
Property Costs	Central Energy Management	7	55
Property Costs	Upkeep of Clocks & War Memorials	(2)	0
Property Costs	Corporate Properties	0	(4)
Property Costs	Other Minor Adjustments	3	0

Supplies & Services	PVG Retrospective Checking.	0	50
Supplies & Services	CCTV	(7)	10
Supplies & Services	Other Minor Adjustments	(5)	(4)
Third Party Payments	COSLA	0	4
Third Party Payments	Christmas Lighting	(5)	20
Third Party Payments	Council Tax Benefits Over-recoveries	0	(63)
Third Party Payments	Police Reform Fund	0	(3)
Third Party Payments	Other Minor Adjustments	0	1
Income	Corporate Properties.	12	26
Income	Central Energy Efficiency Fund	3	0
Income	Other Income.	8	5
Total Underspend/(Overspend)		31	97

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 12 February 2015 (report 63/15 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 £1.894 million. In line with report 63/15, 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 £0.064 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 30 September 2015 and the main reasons for this variance compared to the profiled position.

It is currently projected that there will be a surplus of £0.221 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)

<u>Budget Heading</u>	<u>Explanation</u>	<u>Actual To Sept £000</u>	<u>Projected Outturn £000</u>
Supervision & Management	This position is mainly due to a number of unfilled posts within Housing Management.	53	155
Repairs & Maintenance	Anticipated net underspend on repairs & maintenance	9	64

Other Expenditure /Income	No major Issues	2	2
Total Surplus / (Deficit)		64	221

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 £1.282m (Property £0.263m; Information Technology £0.340m; Roads & Transport £0.108m; Print & Graphic Design £0.256m; Recreation £0.315m).

Once the de minimis retention levels are taken into account the effective aggregate available balance on all funds reduces to £0.897m.

Renewal & Repair Fund	Opening Balance 01/04/15 £000	Payments made to 31/09/15 £000	Estimated Outstanding Commitments to 31/03/16 £000	Estimated Uncommitted Balance 31/03/16 £000	Fund Minimum Balance £000	Estimated Available Balance 31/03/16 £000
Property	1,960	(498)	(1,199)	263	(150)	113
Information Technology	1,708	(228)	(1,140)	340	(100)	240
Roads & Transport	2,643	(947)	(1,588)	108	(100)	8
PDU	256	0	0	256	(20)	236
Recreation	1,536	(97)	(1,124)	315	(15)	300
Total Fund	8,103	(1,770)	(5,051)	1,282	(385)	897

5. 100% BUDGET CARRY FORWARD ARRANGEMENTS

- 5.1 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.
- 5.2 Officers have been reviewing the process for identifying carry forward requests and seeking member approval and believe there is an opportunity to streamline our approach by delegating to the Head of Corporate Improvement & Finance (in consultation with the Executive Management Team) authority to approve 100% carry forwards of a minor nature.
- 5.3 A de-minimis of £20,000 is recommended below which officers could approve 100% carry forward requests without recourse to Committee. Requests above that de-minimis would, as is the case just now, come to this Committee or full Council for approval prior to being actioned. The application of a de-minimis will allow members to focus on proposals of a significant nature and allow officers to deal with lower value requests of an operational nature more swiftly. The total value of carry forwards agreed through delegated powers would still be reported to members to provide a full picture of the use of the budget flexibility arrangements and their impact on the Council's financial position.

6. FINANCIAL IMPLICATIONS

- 6.1 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.
- 6.2 Members will have noted from **Appendix B** that an underspend of £4.954 million is projected at this point in the financial year. No approvals have yet been given for any 100% carry forwards any requests will be brought to committee in due course. 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 but based on current projections this is estimated at £0.882 million. The current anticipated adjustments are set out in the table below.

	£m
Projected Outturn	4.954
<u>Less:</u>	
Transforming Angus projected underspend – automatic carry forward	(0.93)
Affordable Housing Revenue Account	(0.61)
50% carry forwards	(0.882)
100% carry forward Capital Financing Costs (report 63/15)	(1.894)
Adjusted 2015/16 Projected Outturn	2.024

6.3 HRA is projecting a £0.221 million surplus during 2015/16.

6.4 The Renewal and Repair Fund has an estimated uncommitted closing balance of £1.282 million. Once the minimum balance has been removed there is an estimated usable balance of £0.897 million.

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.

REPORT AUTHOR: KIM MCAULLY, SENIOR ACCOUNTANT

EMAIL DETAILS: FINANCE@angus.gov.uk

List of Appendices:

Appendix A - Calculation of 2014/15 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