

ANGUS COUNCIL

SPECIAL BUDGET MEETING OF ANGUS COUNCIL – 16 FEBRUARY 2017

**REVENUE MONITORING PROJECTED OUTTURN 2016/17 – REVENUE BUDGET 100%
CARRYFORWARD 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 2016/17 Revenue Budgets to next financial year.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:-

- i) Approve the proposed revenue budget 100% carry forwards as detailed in **Appendix A** to this report;
- ii) Note the value of carry forwards that have been agreed under Delegated Authority as outlined in the Report; and
- iii) 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 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 2016/17 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 2016/17 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 a total of £3.174 million carry forward requests are attached in **Appendix A**. Of this £2.993 million requires approval from the Council and £0.181 million has been approved under Delegated Authority.
- 3.6 Members are referred to Report 39/17 which outlined the latest projections of expenditure and income against the 2016/17 budget. A total underspend of £5.959 million is projected and of this the following amounts have been earmarked, £0.590 million for Devolved School Management, £0.894 million is earmarked as a 100% carry forward for capital financing costs (report 63/15 refers), £0.295 million of the 2016/17 carry forward included in fall back savings and £0.189 million for 2016/17 unspent grant monies. A projected overspend on Transforming Angus of £0.007 million will be met from the Transforming Angus fund and this needs to be added back leaving a projected underspend of £3.998 million. The revenue budget 100% carry forward proposals recommended for approval in this report can be contained within this projected underspend.

4. FINANCIAL IMPLICATIONS

- 4.1 This report proposes utilising a total of £3.174 million of the projected underspend for 2016/17 to be carried forward on a 100% basis in to 2017/18 (£2.993 million requiring approval and £0.181 million under delegated authority).
- 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.
- 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. An area worthy of highlighting in this regard is the impact of winter weather. The last quarter of the Council's financial year coincides with the risk of additional costs due to winter weather. A poor spell of weather can lead to additional costs in care, energy and maintenance services among others.
- 4.4 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 2017.

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