

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 28 APRIL 2015

REVENUE MONITORING 2014/15 AND RENEWAL & REPAIR FUND POSITION 2014/15

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 2014 to 28 February 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 28 February 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; 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 13 February 2014 the Council approved the revenue budget estimates for the 2014/15 financial year. Details of the updated revenue budgets are contained in the Final Revenue Budget Volume 2014/15 issued in May 2014. **Appendix A** provides a summary of the budgets by Business Unit and details the movements for monitoring purposes in 2014/15.

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 13 February 2014 provided additional funding to the Renewal and Repair Fund of £3.590 million. This was aggregated to the closing balance at 31 March 2014 (£3.895 million) to provide funding across the five Categories of £7.485 million. In addition, £0.615 million was contributed from individual department 2013/14 underspends brought forward, giving a total opening balance of £8.100 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 2014 to 28 February 2015 (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 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 £4.241 million 100% carry forwards was approved by Angus Council, committee report 270/14 refers. This consisted of £3.119 million revenue budget and £1.122 million for transfer to the Special Funds. From the total value of 100% carry forwards of £3.119 million a sum of £0.015 million has been retained in balances, £3.104 million has been added to the 2014/15 revenue budget and £1.122 million has been transferred to the Special Funds

3.9 **50% Carry Forwards**

The Council's annual accounts process for 2013/14 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 £0.288 million and has been applied to the 2014/15 revenue budget.

4. **CURRENT POSITION**

Appendix C sets out the reconciliation of the Monitoring Budget with that contained in the Final Revenue and Capital Budget Volume 2014/15. 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

<u>Movements</u>	<u>£000</u>	<u>£000</u>
2014/15 Final Budget Volume		245,881
Budgeted items excluded for monitoring purposes		
less CSS Recharges		1,024
Contribution to Special Funds & Balances		(3,590)
Capital Financed from Current Revenue		(700)
Specific Grants		(45)
Monitoring Budget		242,570
Virements		
100% Carry Forwards	3,104	
50% Carry Forwards	<u>288</u>	3,392
Unspent Grant Monies from 2013/14		412
Unspent Grant Monies from 2011/12 (and before)		0
Re-determinations		402
Monitoring Budget		246,776

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 £0.304 million (8%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 28 February 2015 and the main reasons for this variance.

The Chief Executive's Unit is currently projecting an underspend of £0.327 million (8%) 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)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff Slippage - vacant posts and reduced hours.	(37)	(62)
Property Cost	Cleaning costs (Tayside Contracts) projected to be lower than budget as a result of actual spend in previous years.	(26)	(17)
Supplies & Services	Underspend mainly due to savings within miscellaneous other services within Executive Support and Members. Photocopying and printing are also below budget.	(55)	(60)
Third Party Payments	Bought in Services projected to have an underspend as Lean Project expenditure will run in to 2015/16.	(47)	(35)
Transport Costs / Income	Minor variances.	(15)	9
Total (Underspend)/Overspend		(180)	(165)

Chief Executive's - Economic Development (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 vacancies and on-going restructure.	(39)	(117)
Property Cost	Projected year end overspend due to new rental charges in respect of the Journeycall facility in Arbroath, and the undertaking of necessary maintenance works (as identified by Property) to the ED Business Units. Variance to Actual costs to February due to timing of charges for energy and cleaning.	(30)	84
Supplies & Services	Projected overspend primarily due to further proposed Towards Employment contributions and involvement with Youth Employment Initiative and the Shared Apprenticeship Programme. This is partly offset by grant income. Increased Marketing costs are offset by the reduction in expenditure re the Tartan Day Golf Tournament which has been contracted out to an outside party for 2014/15 & 2015/16.	15	109
Third Party Payments	Proposed contribution into the new National Loans Fund (Rpt 31/15 refers) and new funding for Strategic Town Centre and Regeneration works in 2014/15. European Fisheries Fund payment for Arbroath Harbour Slipway will be recovered by grant income.	25	39
Income	Excess income due in the main to higher than anticipated Property Rental Income and additional Towards Employment Team income. Projected Outturn accounts for full recovery of outstanding Leader, ERDF and general Government grant monies.	(93)	(274)
Misc.	Other Minor Variances.	(2)	(3)
Total (Underspend)/Overspend		(124)	(162)

It should be noted that committee report 504/14 and 46/15 approved 100% carry forwards into 2015/16 totalling £0.094 million which reduces the overall projected underspend to £0.233 million. Economic Development plan to submit additional carry forwards requests during the annual accounts process which would utilise the full amount of their projected underspend.

4.4 People

The People directorate is showing an underspend of £0.723 million (0.50%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 28 February 2015 and the main reasons for this variance compared to profile.

The People directorate is currently projecting an underspend of £1.364 million (0.86%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the tables below.

Schools & Learning (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	A minor underspend position is currently being projected within Schools & Learning. This is mainly due to savings on secondary teacher's salary costs which are partially offset by an overspend on teacher's salary costs within primary education and unbudgeted early retirement costs within Education Development Services (EDS). There are also additional costs in respect of primary teachers being disclosure checked under a new scheme for which there is no budget provision.	(48)	(54)
Supplies & Services	The projected overspend mainly relates to higher than budgeted expenditure on school meals however this is fully offset by related additional income. An overspend is also anticipated within EDS due to additional expenditure on various initiatives however again this is fully offset by increased grant income.	295	339
Third Party Payments	The projected underspend is mainly due to lower than anticipated uptake of Education Maintenance Allowances (EMA's).	(140)	(214)
Income	Income is expected to be above budget due to higher than budgeted school meals income and increased grant income within Education Development Services. This is marginally reduced by lower grant income in respect of EMA's.	(265)	(300)
Misc.	Other Minor Variances.	61	64
Total (Underspend)/Overspend		(97)	(165)

Children & Young People (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	This largely relates to an underspend in staffing across the Children and Families service due to delays in filling posts through the graduate recruitment scheme and the early achievement of savings in the Youth Justice Services and the School & Family Support Service. Further slippage has been achieved within Additional Support Needs because of delays in filling vacant posts. The underspend has been further augmented as a result of a delay in implementing some elements of the 600 hours early learning and childcare initiative and is subject to a carry forward request.	(625)	(1,087)
Third Party Payments	The projected underspend is mainly due to lower than expected funding payments to external providers of pre-school childcare. Residential school fees are also within budget due to a reduction in the number of residential school placements.	(388)	(213)
Misc.	Other Minor Variances.	(206)	(69)
Total (Underspend)/Overspend		(1,219)	(1,369)

Adult Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Various posts left unfilled in order to reduce the overspend position.	(152)	(233)
Property Costs	The projected overspend relates mainly to increased PPP costs at Beechhill House and higher than anticipated cleaning costs attributable to unbudgeted inflation. This is augmented by a series of small underspends across the division.	106	256
Supplies & Services	The underspend is as a result of actions being taken to curtail spend across all business segments in Adult Care to assist with Adult Services projected overspend. This cost saving exercise is limited to discretionary costs only.	(347)	(498)
Third Party Payments	Overspends in this area include payments for residential and nursing care, direct payments, and externally provided care at home. Reviewing these areas of activity is a key action for the Help to Live at Home project now underway with the Council's strategic partner, EY. There are significant savings targets set against residential care and care at home which can only be achieved by changing the delivery models for these services.	1,182	1,537
Transport	Minor savings on vehicle expenses	(58)	(34)
Income	The additional income is due mainly from residential and nursing charges which in part offsets additional third party costs.	(506)	(699)
Total (Underspend)/Overspend		225	329

Quality & Performance (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	The projected underspend position is mainly due to staff slippage within the People directorate support section as a result of unfilled posts being held to meet future savings targets.	(230)	(242)
Third Party Payments	The projected overspend position is mainly due to unbudgeted costs associated with health integration. This is offset by additional income.	582	672
Income	Income is expected to be higher than budget mainly due to increased income to offset Third Party Payment costs.	(38)	(603)
Misc.	Other Minor Variances.	54	14
Total (Underspend)/Overspend		368	(159)

Members will recall that reports 504/14 (to Council on 11 December 2014) and 45/15 (to Policy & Resources committee on 3 February 2015) approved the use of projected Council underspends for reinvestment spend in 2014/15 and 100% carry forward into 2015/16 for specific purposes. The People Directorate had proposals totalling £0.659 million approved.

Members are asked to note that £0.070 million of this approved expenditure is projected to be spent in 2014/15 and this is now reflected as expenditure in the projected outturns in the above tables. The remaining £0.589 million of the approved expenditure is due to be incurred in 2015/16 and will be subject to a 100% carry forward into 2015/16 as part of the annual accounts process

It is also worth noting that included within these proposals was a request to carry forward £0.175 million related to the implementation of the Children & Young People Bill, however,

the underspend on this initiative has increased to approximately £0.375 million at this stage in the year. This movement will be reviewed as part of the 2014/15 annual accounts process and any adjustments to approved carry forwards will be brought back to members for approval in the 2014/15 Financial Outturn report to Angus Council in June.

When set against the overall projected outturn position, the 100% carry forward amount noted above (£0.589 million) would reduce the overall projected underspend from £1.364 million to £0.775 million.

It should also be noted that the above figures do not take account of any underspends arising on budgets devolved to schools under the Devolved School Management scheme as these are subject to separate 100% carry forward rules under the terms of the scheme.

4.5 **Communities (General Fund)**

Communities directorate is currently showing an underspend of £3.099 million (7.2%) 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 28 February 2015 and the main reasons for this variance.

The Communities directorate is currently projecting an overall underspend of £1.856 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.

Directorate (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Property Costs	Higher than anticipated Rates in respect of County Buildings, Forfar.	(32)	17
Supplies & Services	Commonwealth Games related expenditure (e.g. payments for baton relay marshal duties, look and feel of the event works and civic and thank you receptions).	28	43
Third Party Payments	Removal of the requirement to demolish Portacabins at County Buildings Forfar.	1	(60)
Misc	Other minor variances.	(9)	0
Total (Underspend)/Overspend		(12)	0

Business Support (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Property Costs	Year end William Wallace House recharge from Housing.	(3)	34
Misc	Other minor variances.	0	(13)
Total (Underspend)/Overspend		(3)	21

Services to Communities (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Slippage mainly due to vacant posts / phased retiral within Leisure. Offset to a degree by previous year's budget savings against ACCESS staff costs which were ultimately not implemented.	(86)	(65)
Property Costs	Actual below budget to date due to old year maintenance accruals and some costs slow to come through ledger (e.g. building cleaning, energy). Projected overspend due to ACCESS Line's year end William Wallace House recharge for which there is no budget.	(179)	58

Supplies & Services	Overspend due to Webster Theatre ticket agency payments (payment budget is out of alignment with associated income budget) and ACCESS banking fees (part of a previous year's budget saving, but level of service has not changed). Also includes spend of £40k for purchase of defibrillators which was not originally budgeted for but which is being met by Communities Directorate underspends per report 45/15 to Policy & Resources committee on 3 February 2015.	(30)	142
Third Party Payments	Funding set aside for ACCESS / Libraries integration (£75k) will now not be utilised in current year and a request will be made as part of the final accounts process to carry this forward into 2015/16.	(10)	(92)
Income	Income higher than budgeted across leisure facilities, mainly due to the continuing success of Direct Debit membership sales. Recharge income relating to HRA use of Access services has also increased in proportion to the gross overspend arising within the section.	(366)	(255)
Misc.	Other minor variances.	(52)	(9)
Total (Underspend)/Overspend		(723)	(221)

Technical and Property Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	The monitoring position pertains primarily to staff slippage within Roads (£202k) and Property (£275k). The projected outturn position pertains to staff slippage within Roads (£225k) and Property (£290k).	(478)	(515)
Property Costs	The monitoring and projected outturn positions reflect Property energy costs and rates positions.	(110)	(85)
Third Party Payments	The monitoring position relates to timing of Roads contractor payments. The projected outturn position primarily relates to Roads & Transport and is in respect of anticipated underspends in: street lighting energy (£480k); street lighting works (£23k); A92 unitary charge (£100k); and car parking decriminalisation review (£66k), offset by additional costs within: Salix finance repayment (£40k); Salix installation works (£56k); and electrical testing works (£40k), all of which is offset by a projected winter maintenance overspend of £480k. In addition, the payments associated with Angus College transport are £130k over budget, but this is fully recovered by additional income.	(318)	73
Income	The projected outturn position relates to additional income from: Angus College transport charges; Educational recharges (within Transport section); Roads capital fees; and Arbroath Harbour charges.	32	(354)
Misc.	Other minor variances.	(60)	(3)
Total (Underspend)/Overspend		(934)	(884)

Planning & Place (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Underspend mainly due to staff slippage within Community Planning and Planning Divisions. This will be offset to a degree by agile working spend below.	(305)	(141)
Supplies & Services	Increased spend due to costs relating to mobile & flexible working and digital skills within Community Planning and electronic record keeping. However this has been offset by reduced Planning legal fees and slippage on the project for industrial unit intranet / broadband provision which is being funded from Communities Directorate underspends per report 504/14 to Council on 11 December 2014.	(61)	(3)
Third Party Payments	Underspend mainly due to an anticipated reduction in homelessness provision. In addition a delay to the Private Sector House Condition Survey (£40,000) within Other Housing has occurred with the funding for this having been approved for carry forward into 2015/16.	(76)	(140)
Other Expenditure	Mainly due to reduced Housing Benefit payments in respect of rent rebates and allowances (offset by income reduction below)	(302)	(222)
Income	Mainly due to: anticipated Planning Application and Building Warrant Income in excess of budget; a number of Community Planning Grants to support additional spend in digital skills; offset by a reduction in Housing Benefit income.	(122)	(118)
Misc.	Other minor variances.	(92)	(5)
Total (Underspend)/Overspend		(958)	(629)

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	The monitoring & projected outturn positions relate to staff slippage primarily within Parks & Gardens Operations, Waste, Environmental Health and Consumer Protection.	(382)	(376)
Property Costs	The monitoring position relates to underspends in Waste resulting from timing of energy & maintenance payments. The projected outturn underspend pertains to Waste and Parks & Gardens Operations resulting from savings after moving from Ravenswood to The Mart.	(231)	(163)
Supplies & Services	The monitoring and projected outturn positions reflect Parks & Gardens Operations and Waste as a result of reduced waste disposal costs and reduced project materials costs.	(265)	(410)
Third Party Payments	The monitoring position shows actual cost to date for vehicle contract hire prior to any accruals into the 2015/16 financial year which will be undertaken as part of the annual accounts process.	132	49
Other Costs	The projected outturn position relates to Waste as a result of an anticipated increase in Vehicle Hire Centre recharges due to the greater number of waste collection vehicles.	0	128

Income	The monitoring position reflects the significant drop in recycle income & burial income partially offset by the phasing of Parks & Gardens rechargeable income. The projected outturn position further accounts for the under recovery against budget pertaining to Fleet Services recharges, partially offset by additional Parks & Gardens rechargeable income.	277	629
Total (Underspend)/Overspend		(469)	(143)

Members will recall that reports 504/14 (to Council on 11 December 2014) and 45/15 (to Policy & Resources committee on 3 February 2015) approved the use of projected Council underspends for reinvestment spend in 2014/15 and 100% carry forward into 2015/16 for specific purposes. The Communities Directorate had proposals totalling £1.325 million approved.

Members are asked to note that £0.057 million of this approved expenditure is projected to be spent in 2014/15 and this is reflected as expenditure in the projected outturns in the above tables. The remaining £1.268 million of the approved expenditure is now due to be incurred in 2015/16 and will be subject to a 100% carry forward into 2015/16 as part of the final accounts process.

Members are also asked to note that the anticipated street lighting underspend (£480k) is reflected in the above tables as fully applied in-year to the anticipated overspend (£480k) on winter maintenance in line with the terms of report 434/14 to the Policy & Resources committee on 14 October 2014.

When set against the overall projected outturn position, the 100% carry forward amount noted above (£1.268 million) would reduce the overall projected underspend from £1.856 million to £0.588 million of which £0.062 million relates to unused external grant funding. The accounting treatment of grant funding at the year-end will see the unutilised amount carry forward as part of the annual accounts process, further reducing the projected underspend to £0.526 million.

4.6 **Resources**

The Resources directorate is currently showing an underspend position of £0.839 million (8.8%) 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 28 February 2015 and the main reasons for this variance compared to profiled budget.

The Resources department is currently projecting a gross underspend position of £1.053 million (10.8%) 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	Staff slippage – a number of posts are being held vacant with a view to future budget savings exercises.	(380)	(387)
Supplies & Services	Year to date actual variance due Sherriff officer fees and costs and system maintenance costs paid in advance adjusted at year end. Outturn variance due to purchases for DWP funding received offset by income variance	163	(27)
Third Party Payments	Exceptional hardship payments balance transferred out at year end.	41	0
Income	Mainly due to additional DWP administration grant income and NHS staff cost recovery income	(17)	(21)
Misc.	Other minor variances in transport and property costs.	(20)	(17)
Total (Underspend)/Overspend		(213)	(452)

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 which is mainly due to posts being held vacant and staff working reduced hours.	(114)	(105)
Property Costs	Underspend mainly due to savings on property costs in respect of the data centres in Forfar and Arbroath.	(21)	(28)
Supplies & Services	Refund received from BT in respect of telephone services not anticipated, plus underspends in other budget heads..	(65)	(101)
Misc.	Other Minor Variations.	(5)	1
Total (Underspend)/Overspend		(205)	(233)

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 which is mainly due to the timing of filling vacant posts, posts being held vacant to meet future budget cuts and staff working reduced hours within Core Services and Print & Design Unit.	(332)	(319)
Property Costs	Underspend through delay in carrying out property works at Montrose registrar office, a carry forward request for (£0.040 million) will be submitted at financial year end as the work is scheduled for summer 2015. This is offset by an overspend due to unbudgeted property costs in respect of a storage unit at Orchardbank.	(52)	(25)
Supplies & Services	Underspend mainly due to savings within miscellaneous supplies & services within Core Services and lower than budgeted printing material costs within the PDU.	(150)	(148)
Income	Variance mainly due to lower than budgeted PDU income levels and reduced income from property enquiries and legal fees. This is partially offset by increased income within Registrars.	107	111
Misc.	Other Minor Variations.	6	13
Total (Underspend)/Overspend		(421)	(368)

It should be noted that of the overall projected underspend of £1.053 million, £0.337 million has been approved for 100% carry forward into 2015/16 (committee report 504/14 and 46/15 refers) reducing the projected underspend to £0.716 million. It should be noted that £0.073 million of this underspend has materialised due a change in the accounting of IT support contract payments which will be carried forward to 2015/16 as a technical accounting adjustment to meet contract costs in 2015/16. Financial year end carry forward requests are now anticipated for IT R&R fund for £0.045 million for the investment in VOIP programme and £0.040 million for property works at the Montrose registrar office.

4.7 Transforming Angus

Transforming Angus is below the profiled budget to 28 February 2015 by £0.597 million (72%) and projecting an underspend position against the full year budget of £0.518 million (57%). 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 into the following financial year.

4.8 **Other Services**

Other Services is currently showing an underspend of £0.389 million (17%) between the actual expenditure to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 28 February 2015 and the main areas of this variance compared to profile.

Other Services is currently projecting an under spend of £1.328 million (14%) between outturn net expenditure and the revenue budget with the main reasons for this variance detailed in the table below. The projection assumes an underspend on the Provision for Additional Burdens of £0.250 million to reflect that we are nearing the end of the financial year and any further underspend on this budget will available as a contingency.

Other Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Election Expenses	6	7
Staff Costs	Other minor variances.	(2)	0
Property Costs	Central Energy Management	0	(54)
Property Costs	Christmas Lighting	0	(4)
Property Costs	Other minor variances.	2	3
Supplies & Services	Children's Panel.	(7)	(8)
Supplies & Services	Election Expenses.	(51)	(107)
Supplies & Services	Public Records (Scotland) Act.	(137)	(149)
Supplies & Services	PVG Retrospective Checking.	0	(50)
Supplies & Services	Ordnance Survey.	(41)	(49)
Supplies & Services	Employee Assistance Costs	(16)	(18)
Supplies & Services	Scotland Excel.	22	(2)
Supplies & Services	Provision for Additional Burdens	0	(250)
Supplies & Services	CCTV	0	(25)
Supplies & Services	Corporate & Democratic Core	0	(18)
Supplies & Services	Other Minor Adjustments	15	15
Third Party Payments	Children's Panel.	(54)	(55)
Third Party Payments	Discretionary Housing Payments.	0	(166)
Third Party Payments	Citizens Advice Bureau.	3	3
Third Party Payments	COSLA.	(4)	(4)
Third Party Payments	Christmas Lighting	0	(16)
Third Party Payments	Scottish Welfare Fund	(45)	(35)
Third Party Payments	Council Tax Reduction Scheme	0	(200)

Third Party Payments	Angus Council Community Grants Scheme	0	(9)
Third Party Payments	Other minor variances.	0	(2)
Income	Corporate Properties.	(23)	(12)
Income	Interest on Revenue Balances.	0	(114)
Income	Other Income.	(57)	(9)
Total (Underspend)/Overspend		(389)	(1,328)

It should be noted that of the overall projected underspend of £1.328 million, £0.179 million has been approved for 100% carry forward into 2015/16 (committee report 504/14 refers) reducing the projected underspend to £1.149 million.

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 £2.936 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 2015/16 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 2014/15.

4.11 **Housing Revenue Account**

The HRA is currently showing an underspend of £0.382 million between the actual expenditure to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 28 February 2015 and the main reasons for this variance compared to the profiled position. It is currently projected that there will be a surplus of £0.319 million from the Housing Revenue Account in 2014/15. It is intended that officers from Corporate Improvement & Finance (Resources) and Housing (Communities) directorates will determine the optimum use of any surplus revenue account funding once the 2014/15 final position has been determined.

Housing Revenue Account (Variances)

<u>Budget Heading</u>	<u>Explanation</u>	<u>Actual To Feb £000</u>	<u>Projected Outturn £000</u>
Financing Charges	It is anticipated that survive & thrive project funding slippage amounting to £213k will occur in 2014/15. This has been offset by an additional contribution of £700k to CFCR as a result of underspends in other areas of the HRA budget, this then reduces future borrowing and borrowing costs.	0	400
Supervision & Management	The projected budget slippage is mainly from various unfilled posts within the overall Housing budget.	(200)	(353)
Repairs & Maintenance	Mainly due to slippage on rewiring, repaints contracts and unplanned maintenance partially offset by increased specialist cleaning costs.	(182)	(171)

Loss of Rents	Projected levels of voids lower than budget.	(0)	(39)
Rents & Services Charges	Minor variances.	0	(59)
Other Expenditure	No requirement this year for expenditure relating to Community Scotland improvement plan.	(0)	(97)
Total (Surplus) / Deficit		(382)	(319)

4.12 **Renewal & Repair Fund**

The estimated uncommitted balance available on the funds as at 31 March 2015 as shown in the table below is £1.123 million: (Property £0.347 million; Information Technology £0.241 million; Roads & Transport £0.106 million; Print & Graphic Design £0.254 million; Recreation £0.175 million).

Once the de minimis retention levels are taken into account the effective aggregate available balance on all funds reduces to £0.738 million.

Renewal & Repair Fund	<u>Opening Balance</u> <u>01/04/14</u> <u>£000</u>	<u>Payments made to</u> <u>28/02/15</u> <u>£000</u>	<u>Estimated Outstanding</u> <u>Commitments</u> <u>to 31/03/15</u> <u>£000</u>	<u>Estimated Uncommitted</u> <u>Balance</u> <u>31/03/15</u> <u>£000</u>	<u>Fund Minimum</u> <u>Balance</u> <u>£000</u>	<u>Estimated Available</u> <u>Balance</u> <u>31/03/15</u> <u>£000</u>
Property	2,214	(733)	(1,134)	347	(150)	197
Information Technology	2,007	(1036)	(730)	241	(100)	141
Roads & Transport	2,331	(1,610)	(615)	106	(100)	6
Print & Graphic Design	254	0	0	254	(20)	234
Recreation	1,294	(273)	(846)	175	(15)	160
Total Fund	8,100	(3,652)	(3,325)	1,123	(385)	738

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 £9.382 million is projected at this point in the financial year. It should be noted that committee approval has been given for a number of reinvestment spend proposals and 100% carry forwards and 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 £0.788 million. It should also be noted that £0.768 million has been allocated into the 2015/16 Revenue Budget (report 62/15 refers). The anticipated adjustments are set out in the table below.

	£000
Projected Outturn	9,382
<u>Less:</u> Transforming Angus 100% carry forward (report 83/14)	(518)
100% carry forwards approved (report 504/14)	(1,434)
100% carry forwards approved (report 46/15)	(933)
Estimated 50% Carry forwards	(788)
2015/16 Budget allocation	(768)
Technical accounting adjustment re IT support contracts	(73)
100% carry forward Capital Financing Costs (report 63/15)	(2,936)
Unspent Grant Monies	(62)
Adjusted 2014/15 Projected Outturn	1,870

5.3 HRA is projecting a £0.319 million surplus during 2014/15.

5.4 The Renewal and Repair Fund has an estimated uncommitted closing balance of £1.005 million. Once the minimum balance has been removed there is an estimated usable balance of £0.620 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.

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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