

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 13 OCTOBER 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 appries members of the actual revenue expenditure incurred and income received for the period 1 April 2015 to 31 August 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 31 August 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 virements proposed in section 4.13; and
- iv) agree the delegation of authority until the end of the current financial year to the Head of Corporate Improvement & Finance, in consultation with the Strategic Director of People, to approve virements of budgets within the People Directorate without further reference to committee to allow these necessary budget adjustments to be processed timeously

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 31 August 2015 (5 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

<u>Movements</u>	<u>£000</u>	<u>£000</u>
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 £0.172 million (10.9%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 31 August 2015 and the main reasons for this variance.

The Chief Executive's Unit is currently projecting an underspend of £0.174 million (4.5%) 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 Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff Slippage – reduced hours and posts vacant for part of year.	49	29
Property Cost	Cleaning costs (Tayside Contracts) projected to be lower than budget based on actual spend in previous years.	13	11
Supplies &	YTD variance due to timing of payments and	11	(7)

Services	profiled budget.		
Third Party Payments	Audit Bought in Services under spend to date.	14	1
Income	Members transport costs underspend to date.	13	(1)
Misc.	Other Minor Variances.	1	(12)
Total Underspend/(Overspend)		101	21

Chief Executive's - Economic Development (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £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.	49	123
Property Cost	YTD underspends in cleaning, ground maintenance and energy costs.	28	(3)
Income	Projected outturn is due to Leader grant income not budgeted, budget will be realigned to reflect this for future monitoring.	(6)	35
Misc.	Other minor variances	0	(2)
Total Underspend/(Overspend)		71	153

4.4 **People**

The People directorate is showing an underspend of £4.720 million (7.4%) between the actual expenditure to date and the profiled revenue budget. The tables below summarise the net revenue position for the period ended 31 August 2015 and the main reasons for this variance compared to profile.

The People directorate is currently projecting an underspend of £0.948 million (0.6%) 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 Aug £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 large 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.	249	476
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 S & L Support Unit due to additional expenditure on various initiatives however this is fully offset by increased applicable grant income.	66	120
Other Expenditure	The projected overspend is due higher than budgeted school transport costs.	(70)	(155)
Income	Income is expected to be above budget due to increased grant income within S & L Support Unit and increased school meals income.	141	307
Misc.	Other Minor Variances.	(4)	(15)
Total Underspend/(Overspend)		382	733

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 Aug £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 are also resources held within the staff costs budget related to the 600 hours initiative that are to be vired to other budget headings to offset expenditure in these areas, particularly third party payments.	2,496	643
Property Costs	The underspend arise due to lower than anticipated miscellaneous property costs. This position will be monitored during the course of the year as further works may be identified that will need to be undertaken.	45	61
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.	938	267
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.	116	136
Income	Income is currently projected to be £242k higher than budget. This is due to additional unbudgeted grant income which will be received during the year which will offset expenditure currently being incurred by the service on these grant funded initiatives.	(24)	242
Total Underspend/(Overspend)		3,571	1,349

Adult Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £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.	445	341
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.	316	(109)
Supplies & Services	Projected underspend due to underspends across a variety of cost headings within the older people services e.g. purchases of office equipment.	192	473
Third Party Payments	Projected overspend due in part to £1.1m unbudgeted costs associated with projects funded through the Integrated Change Fund, including the Integration Team, which will be reflected in additional income also.. Also significant increase in third party payments currently projected across older people, learning disabilities and physical	589	(2,589)

	disabilities service areas due in the main to the cost of care packages and increased demand for services. Also some additional income from the NHS was anticipated for some cases and this is unlikely to materialise.		
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.	(2)	119
Income	The projected additional income is from the Integrated Change Fund which is unbudgeted and will offset additional expenditure as noted above.	(749)	526
Total Underspend/(Overspend)		791	(1,239)

Quality & Performance (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Underspend due in the main to vacant posts within the service and also underspends on training and development costs.	133	125
Supplies & Services	The year to date overspend is a result of some annual contract payments being paid while the budget has been profiled over the full year. The profiling of budgets is being reviewed. The year position is a projected underspend due to a number of minor projected variances.	(34)	24
Third Party Payments	The projected overspend is due to higher than anticipated payments to third party providers.	(62)	(28)
Income	Income is currently behind profiled budget due to the timing of invoices. An under recovery of income compared with the target is projected due in the main to unrealised income targets.	(105)	(59)
Misc.	The projected underspend is due in the main to lower than anticipated transport costs.	44	43
Total Underspend/(Overspend)		(24)	105

It is worth highlighting that work is currently ongoing 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.

4.5 Communities (General Fund)

Communities directorate is currently showing an underspend of £1.111 million (6.1%) 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 31 August 2015 and the main reasons for this variance.

The Communities directorate is currently projecting an overall underspend of £0.880 million (1.8%) 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 £0.819 million.

Directorate (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Supplies & Services	No major variances	(1)	(1)
Total Underspend/(Overspend)		(1)	(1)

Business Support (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Mainly due to slippage from vacant posts	(7)	6
Property Costs	Higher than budgeted costs relating to William Wallace House	1	(7)
Misc	No major variances	7	0
Total Underspend/(Overspend)		1	(1)

Services to Communities (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Underspend (both against profile and projected) is due to vacant posts and staff slippage across the division and, to a lesser degree, superannuation underspends. Plans are in place to use an element of this projected underspend for CFCR purposes and to provide funding where required for issues arising elsewhere within the division.	187	220
Property Costs	Underspend against profiled budget is due to energy costs and planned / unplanned maintenance being behind profile. Projected underspend due to (partial) repayment of prior years outstanding Montrose Caravan Park rental income. This underspend may be reduced as additional costs of Montrose Caravan Park returning to Council control assessed.	537	133
Supplies & Services	Projected overspend is made up of a number of overs and unders across the division, with one individually significant variance relating to a projected overspend in respect of ACCESS cash collection and banking costs.	18	(48)
Third Party Payments	No major variances	21	(1)
Income	Income return processing for August is slightly behind schedule, leading to lower actual income against profiled budget. Whilst Sports Facilities income is projected to be marginally ahead of budget at this stage, this is offset by reduced income within Cultural Services (which also takes account of fines ceasing from December onwards).	(127)	(20)
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.	25	(125)
Total Underspend/(Overspend)		661	159

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 Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Monitoring & Outturn position pertains to slippage within Roads & Property, partially offset by overspend with Transport.	247	383
Property Costs	Monitoring & Outturn position pertaining to rates & energy payments within Property.	59	28
Supplies & Services	No major variances.	46	2
Other Expenditure	No major variances	3	12
Third Party Payments	Monitoring position due to timing of contractor payments within Roads (annual third party budget c. £14.1m). Outturn position relates to Roads: anticipated street lighting energy underspend (£160k), A92 unitary charge underspend (£100k), offset by a projected overspend on winter maintenance costs based on past years' history (£553k).	129	(293)
Income	Monitoring position due to timing of Transport income received. Outturn position includes Roads additional capital fee income £50k and A92 £18k, offset by reduced Property recharge to HRA.	(126)	40
Total Underspend / (Overspend)		358	172

Planning & Place (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Mainly due to slippage and unfilled posts within the Community Planning and Planning areas.	154	217
Property Costs	This position has arisen as a result of higher than budgeted property maintenance costs and William Wallace recharge within Community Planning.	0	(34)
Supplies & Services	Supplies and services are likely to overspend mainly due to costs relating to local planning enquiries and open spaces.	(1)	(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	59
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	(943)	(1,335)
Income	Additional grant income to support rent allowance and rebate payments.	814	1,373
Total Underspend/(Overspend)		24	186

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 £125,000.

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 Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Monitoring & Outturn position pertains to slippage within Consumer Protection, Public Protection Enforcement, Ground Operations and Waste services.	120	313
Property Costs	Pertains primarily to Ground Operations	55	19
Supplies & Services	Reductions in refuse disposal costs	82	308
Third Party Payments	No major variances	11	(21)
Other Expenditure	Anticipated reduction in Waste operations fuel and repair costs	41	291
Income	Income overspend primarily due to significant reduction in recycle income	(241)	(545)
Total Underspend/(Overspend)		68	365

4.6 Resources

The Resources directorate is currently showing an underspend position of £1.017 million (22.7%) 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 31 August 2015 and the main reasons for this variance compared to profiled budget.

The Resources directorate is currently projecting a gross underspend position of £0.633 million (6.3%) 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 Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Slippage due to posts kept vacant to meet future savings and delays in recruiting staff.	238	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.	(187)	(171)
Third Party Payments	YTD variance due to timing of payments.	27	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.	6	81
Misc.	Sundry minor variances in property and transport budgets.	25	13
Total Underspend/(Overspend)		109	280

Organisational Change (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £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.	99	74
Property Costs	Underspend due to projected energy costs being lower than budgeted in respect of the data centres.	27	42

Supplies & Services	YTD variance is due to the profiling of budgets compared to payments.	(244)	(1)
Misc./ Income	YTD variance due to the profiling of budgets in relation to internal SLA charges.	744	(1)
Total Underspend/(Overspend)		626	114

Legal & Democratic Services (Variances)

<u>Subjective Cost Heading</u>	<u>Explanation</u>	<u>Actual To Aug £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.	231	271
Property Costs	YTD variance due to timing of rates payments. Projected outturn variance due to being unable to carryout work on Montrose Registrars office.	140	47
Supplies & Services	Variances due to reduced costs in Print & Design Unit (PDU), offset by reduced income.	58	48
Income	Lower than budgeted income from PDU, property enquiries and registrar income	(182)	(114)
Misc.	Sundry minor variances.	35	(13)
Total Underspend/(Overspend)		282	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 31 August 2015 by £0.209 million (55.6%) and projecting an overspend position against the full year budget of £0.075 million (8.3%). 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 under or overspend against this budget will be automatically carried forward or deducted from the specific fund for the Transforming Angus programme as appropriate.

4.8 **Other Services**

Other Services is currently showing an underspend of £0.045 million (6.6%) between the actual expenditure to date and the profiled revenue budget. The table below summarises the net revenue position for the period ended 31 August 2015 and the main areas of this variance compared to profile.

Other Services is currently projecting an under spend of £0.109 million (1.1%) 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 Aug £000</u>	<u>Projected Outturn £000</u>
Staff Costs	Staff Training	10	0
Staff Costs	Health & Safety at Work	5	0
Property Costs	Central Energy Management		55

Property Costs	Corporate Properties		22
Property Costs	Upkeep of Clocks & War Memorials	3	0
Property Costs	Other Minor Adjustments	4	(1)
Supplies & Services	PVG Retrospective Checking.		50
Supplies & Services	CCTV		10
Supplies & Services	Other Minor Adjustments		(2)
Third Party Payments	COSLA.		4
Third Party Payments	Christmas Lighting		30
Third Party Payments	Council Tax Benefits Over-recoveries		(63)
Third Party Payments	Police Reform Fund		(3)
Third Party Payments	Other Minor Adjustments		1
Income	Corporate Properties.	13	0
Income	Other Income.	10	6
Total Underspend/(Overspend)		44	109

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 £0.055 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 31 August 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</u>	<u>Projected Outturn</u>
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		Aug £000	£000
Supervision & Management	This position is mainly due to a number of unfilled posts within Housing Management.	58	212
Other Expenditure /Income	No major Issues	(3)	9
Total Surplus / (Deficit)		55	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 £1,101,000 (Property £259,000; Information Technology £340,000; Roads & Transport £100,000; Print & Graphic Design £256,000; Recreation £146,000).

Once the de minimis retention levels are taken into account the effective aggregate available balance on all funds reduces to £716,000.

<u>Renewal & Repair Fund</u>	<u>Opening Balance 01/04/15 £000</u>	<u>Payments made to 31/08/15 £000</u>	<u>Estimated Outstanding Commitments to 31/03/16 £000</u>	<u>Estimated Uncommitted Balance 31/03/16 £000</u>	<u>Fund Minimum Balance £000</u>	<u>Estimated Available Balance 31/03/16 £000</u>
Property	1,960	(393)	(1,308)	259	(150)	109
Information Technology	1,708	(183)	(1,185)	340	(100)	240
Roads & Transport	2,643	(808)	(1,735)	100	(100)	0
PDU	256	0	0	256	(20)	236
Recreation	1,536	(68)	(1,322)	146	(15)	131
Total Fund	8,103	(1,452)	(5,550)	1,101	(385)	716

4.13 Virements

Under Financial Regulations 4.3 each Director has a delegated virement limit within each financial year that allows the transfer of budget resource from one area of the Directorate to another or from Directorate to Directorate. Where a virement is in excess of these virement limits formal approval by members is required. The following virements and their related values where approval is sought are outlined below:-

Children & Young People Services

Virement of £340,000 from the Business Unit to Early Years. This is redetermination funding that was added to the 2015/16 budget and this virement will align the budget with spend.

Virement of £350,000 within the Early Years Service to move budgets from staff costs to supplies and services (£150,000) and third party payments (£200,000). This is funding allocated to the implementation of the 600 hours initiative which was initially allocated to staff costs but now needs to be realigned to these subjective headings as the arrangements for implementation have been finalised.

Quality & Performance

Virement of £273,000 from Quality & Performance to Schools & Learning to move the Quality Improvement Officers to the Schools & Learning Service.

There are a number of virements that are likely to be required within the People Directorate to better align budgets with spend following changes in service delivery arrangements and as plans to implement new initiatives are firmed up. Given the size of the People Directorate budget some of these virements are likely to exceed the virement limit as set out in the financial regulations. The Committee is therefore asked to delegate authority until the end of

the current financial year to the Head of Corporate Improvement & Finance, in consultation with the Strategic Director of People, to approve virements without further reference to committee to allow these necessary budget adjustments to be processed timeously.

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 £4.563 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 £0.861 million. The current anticipated adjustments are set out in the table below.

	£000
Projected Outturn	4,563
<u>Less:</u>	
Transforming Angus projected overspend - drawdown funds from balances	75
Affordable Housing Revenue Account	(61)
50% carry forwards	(861)
100% carry forward Capital Financing Costs (report 63/15)	(1,894)
Adjusted 2015/16 Projected Outturn	1,822

- 5.3 HRA is projecting a £0.221 million surplus during 2015/16.
- 5.4 The Renewal and Repair Fund has an estimated uncommitted closing balance of £1.101 million. Once the minimum balance has been removed there is an estimated usable balance of £0.716 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