

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 10 OCTOBER 2017

REVENUE MONITORING 2017/18 AND RENEWAL & REPAIR FUND POSITION 2017/18

REPORT BY IAN LORIMER, HEAD OF CORPORATE FINANCE

ABSTRACT

This report provides revenue budget performance information for the Committee to consider. The report shows the latest projected year end position for each Council Directorate and main service area and gives a brief explanation of significant variances. The report also provides an update on expenditure funded through the Council's Renewal and Repair Funds.

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 COUNCIL PLAN / LOCAL OUTCOME IMPROVEMENT PLAN (LOIP)

2.1 This report contributes as a whole to the Council Plan/LOIP.

3. BACKGROUND

3.1 At the Special Meeting of Angus Council on 16 February 2017 the Council approved the revenue budget estimates for financial year 2017/18, report 58/17 refers. An update of the revenue budgets was presented to Angus Council on the 20 June, report 200/17 refers. Full details of the 2017/18 budgeted net expenditure of £251.868 million can be found at the following link:-

<https://www.angus.gov.uk/media/budget-volume-2017-18>

The latest revenue budget performance position for the Council is outlined in section 4 of this report and Appendix B & C.

3.4 Budgetary Control

The responsibilities of budget holders for revenue budget monitoring are set out in Section 3 of the Council's Financial Regulations. Actual expenditure and income is reviewed on a monthly basis by budget holders supported by Finance service staff. Regular review of budget performance by officers and members throughout the year is essential for budgetary and the early identification, reporting and addressing of variances from the budget set.

3.5 **100% Carry Forwards**

Budget holders can carry forward unused budget resources from one year to the next on a 100% basis subject to Council approval. For financial year 2017/18 a total of £4.993 million 100% carry forwards was approved by Angus Council, committee reports 48/17 and 234/17 refer. From this total value of 100% carry forwards a sum of £0.114 million has been retained in reserves and £4.879 million has been added to 2017/18 service revenue budgets. A further £0.574 million, which had previously been retained in reserves, has also now been added to the 2017/18 revenue budget. Appendix A shows the effect of these to the budget set in February 2017.

4. **CURRENT POSITION**

4.1 **Budget Performance**

4.2 A summary of the All Council Revised Budget and Projected Outturn is attached at **Appendix B** for the Committee to review. This provides the detail of the 2017/18 Revised Net Budget, Projected Outturn and Projected Variance for all Council services.

Appendix C (i-vi) provides a breakdown of the monitoring information by Service along with a brief narrative on the main reasons for variances. If members require additional explanation these should be sought from the Head of Corporate Finance in the first instance prior to the Committee meeting.

The following paragraphs provide summary commentary on the Projected Outturn for each of the Services for the figures presented at Appendix C (i-vi).

4.3 **Chief Executive's Unit**

The Chief Executive's Unit is currently projecting an underspend of £0.356 million (5.5%) on their adjusted revenue budget. The main reason for this variance is an underspend on staff costs.

4.4 **People**

The People Directorate is currently projecting an underspend of £0.118 million (0.1%) on their adjusted revenue budget. Included in this figure is an underspend of £0.270 million within the Devolved School Budgets, leaving a projected overspend of £0.152 million in all other areas of the Directorate. The main reasons for this variance are an underspend on teacher staff costs and additional grant funding for Early years, offset by projected overspends on rates and increased residential placements.

The devolved School Budget underspend of £0.270 million mentioned above is made of £0.120 million within secondary and £0.150 million within primary. Details of the projected devolved school budget over or underspend, for secondary schools only, by school is included at appendix D.

4.5 **Adult Services - Health & Social Care Integration Joint Board (IJB)**

Although the Integrated Joint Board has responsibility for the management its own budget resources the Council as a provider of funds to the IJB has an interest in its budget performance. The Adult Services component of the IJB budget is currently projecting an overspend of £0.163 million (0.4%) on their adjusted revenue budget. The main reasons for the variance is increased projected Help to Live at Home redundancy costs and increased cost of care packages within Learning Disabilities.

4.6 **Place**

The Place Directorate is currently projecting an underspend of £1.079 million (2.2%) on their adjusted revenue budget. The main reasons for this variance are staff slippage across the Directorate offset by a reduction in the projected fee income within Technical and Property Services.

4.7 **Other Services (including Joint Boards)**

Other Services is currently projecting an overspend of £0.073 million (0.7%) on their adjusted revenue budget.

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.

4.9 **Housing Revenue Account** (HRA)

The Housing Revenue Account is currently projecting an underspend of £0.137 million. The main reason for this variance is staff slippage due to delays in recruitment of vacant posts.

4.10 **Capital Financing Costs**

The Capital Financing Costs budget is projected to be underspent by some £1.241 million. This is a planned underspend which in line with the principles agreed in report 62/17 will be carried forward as it is fully committed to reduce the level of borrowing required in 2018/19 as part of the agreed financing strategy for the Council's capital programme.

4.12 **Renewal & Repair Fund**

The Renewal & Repair Fund is made up of four separate categories, Property, Information Technology, Roads & Transport, and Recreation.

3.3 Report 61/17 to the Special Meeting of Angus Council on 16 February 2017 provided additional funding to the Renewal and Repair Funds of £0.580 million. This along with £0.255 million from reserves has been aggregated to the closing balance at 31 March 2017 (£3.976 million) to provide funding across the five Categories of £4.811 million. The position of the Renewal and Repair Fund is outlined in Appendix E.

The estimated uncommitted aggregated balance available on the funds as at 31 March 2018 is £0.963 million, once the de minimis retention levels are taken into account the balance on all funds reduces to £0.598 million and details of this are attached at Appendix E.

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.

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 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 £2.609 million is projected at this point in the financial year. There are a number of adjustments required to this total to reflect previously approved policy. These are set out in the table below, leaving an adjusted projected underspend of £1.098 million.

| | £m |
|--|--------------|
| Projected Outturn | 2.609 |
| <u>Less:</u> | |
| Devolved School Management underspend – ring fenced for schools | (0.270) |
| 100% carry forward Capital Financing Costs (report 62/17 refers) | (1.241) |
| Adjusted 2017/18 Projected Outturn | 1.098 |

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 – Net Revenue Budget Summary

Appendix B – All Council Projected Outturn

Appendix C – Projected Outturn by Service

Appendix D – Secondary Schools DSM Under/Over Spends

Appendix E – Renewal and Repair Funds