

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 29th January 2019

REVENUE MONITORING 2018/19, RENEWAL & REPAIR FUND POSITION 2018/19 AND FINAL REVENUE BUDGET VOLUME

REPORT BY IAN LORIMER, HEAD OF FINANCE AND LEGAL

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 and provides an update on expenditure funded through the Council's Renewal and Repair Funds. The position within this report is based upon actual spend information at 30 November 2018.

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 revised revenue budget 100% carry forwards as detailed in Appendix E to this report;
- iv) approve the virement proposed in paragraph 4.11.

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 15 February 2018 the Council approved the revenue budget estimates for financial year 2018/19, report 60/18 refers. Full details of the 2018/19 budgeted net expenditure of £258.194 million are available within the Final Budget Volume 2018/19 at the following link:-

https://www.angus.gov.uk/media/final_revenue_budget_volume_2018_19

The latest revenue budget performance position for the Council is outlined in section 4 of this report.

3.2 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 the early identification, reporting and addressing of variances from the budget set. A new budget monitoring module within the Council's financial system Integra has gone live this financial

year and all budget holders are making use of this new module, which has streamlined the revenue monitoring process.

3.3 **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 2018/19 a total of £1.389 million 100% carry forwards was approved by Angus Council. Committee report 50/18 and 190/18 refers. Following liaison with Directorates, these previously approved carry forwards have now been amended as follows to identify a revised requirement of £0.337m:-

	£m
Previously approved carry forwards	1.389
Funding required beyond 2018/19 retained in GF balances	(0.199)
Carry forwards now to be funded from capital	(0.400)
Carry forwards now to be funded from Directorates savings	(0.340)
Carry forwards no longer required	<u>(0.113)</u>
Carry forwards still required in 2018/19	0.337
Further carry forwards	<u>0.593</u>
Total carry forwards 2018/19	<u>0.930</u>

A further £0.593million of new 100% carry forward requests have been proposed, and agreed by the Corporate Leadership Team, taking the 100% carry forwards revised total to £0.930million. This revised carry forward figure has been reflected in the revised budget figures and is of course subject to change should these proposals not be approved.

4. **CURRENT POSITION**

4.1 **Budget Performance**

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 2018/19 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 Finance & Legal in the first instance prior to the Committee meeting in order that liaison can be undertaken with Directorate budget holders.

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

4.2 **Strategic Policy, Transformation and Public Sector Reform**

The Strategic Policy, Transformation and Public Sector Reform service area is currently projecting a saving against the revised controllable budget of £0.401 million (10%). The main reason for this variance is within staff costs due to the delay in filling vacant posts.

4.3 **People**

The People Directorate is currently projecting a saving of £0.936 million (0.7%) on the adjusted revenue budget. The main variance is within Schools & Learning (£0.820 million saving), due to savings in teacher staff costs, school transport and various supplies and services. The supplies and services savings have been partially offset by an anticipated deficit on school meals. These savings have also been offset by higher rates charges than budgeted and increased unitary charge payments in respect of Forfar Community Campus and Carnoustie/Forfar schools. In addition Digital Enablement, Information Technology, Human Resources & Business Support is projecting a saving of £0.243 million (6.2%) on the adjusted revenue budget. The main variance is due to savings being made within staff costs as a result of delays in filling vacant posts. These savings are being offset slightly by the Children,

Families & Justice area which is projecting a £0.066 million deficit mainly due to increased kinship payments and increased agency provision required at Carseburn & Strathmore centres offset by savings due to vacant posts, and reduced volunteer mileage.

The projected savings shown above assumes a breakeven position within the devolved School Budgets at this time.

4.4 **Place**

The Place Directorate is currently projecting a deficit of £0.452 million (0.9%) on the adjusted revenue budget. The main reason for this variance is due to increased waste disposal costs which have been partially offset by savings within staff costs due to posts being held vacant for future savings through service redesign, and reduced housing benefit payments due to the introduction of universal credit.

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

Other Services covers budget headings which are corporate in nature and don't fit naturally with a particular area of service delivery. Each budget has a designated accountable manager providing oversight. The major budget items are Council Tax Reduction Scheme, Scottish Welfare Fund; Elections; Provision for Additional Burdens; Energy and Property Maintenance.

Other Services is currently projecting a breakeven position.

The projected outturn on the provision for additional burdens budget currently assumes breakeven, no calls on this budget have emerged to this point but unexpected costs on winter maintenance for example can come later in the financial year. The 2018/19 staff pay award also remains unsettled and is an area of risk compared to the budget provision available.

4.6 **Facilities Management**

The new Facilities Management service area is currently projecting a saving of £0.408 million against budget due to staff slippage, savings in excess mileage in respect of staff relocation under the agile programme and savings as a result of no cleaning and refuse collection costs being incurred for empty properties.

4.7 **Capital Financing Costs**

The Capital Financing Costs budget is projecting a year end saving of £1.171 million. This is a planned saving which, in line with report [64/18](#), will be carried forward and fully available to assist with funding the 2019/20 wider revenue budget.

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

Although the Integrated Joint Board has responsibility for the management of its own budget resources the Council as a provider of funds to the IJB has a significant interest in its budget performance. The Adult Services component of the IJB budget is currently projecting a saving of £1.236 million (2.8%) on the adjusted revenue budget. Within this there are offsetting variances. A number of budget realignments have been actioned regarding demographic growth and this has resulted in mitigating the previous deficits in both Learning Disabilities and Older People. Physical Disabilities are currently projecting a deficit which is offset by savings within Mental Health and Centrally Managed Budgets.

There remain a number of one-off deficits (e.g. associated with the implementation of the Living Wage for Sleepovers) and regarding the resettlement of patients from inpatient hospital care. On a recurring basis the IJB is compiling its medium term financial plans, and some of the planned savings for that programme are being realised in 2018/19.

From 2018/19, Angus Council has a new risk sharing agreement with National Health Service Tayside (NHS Tayside) regarding Angus IJB's financial position (Report 187/18 refers). Consequently the Council now has an interest in the overall financial position of the IJB, not just Adult Services.

The last reported position of the health element of Angus IJB is projecting a year end saving of £0.540 million which results in a projected overall saving for Angus IJB of £1.776million. Per the Integration Scheme the IJB would retain any savings at the year-end within its reserves. As long as the IJB is making savings or has available reserves Angus Council would not be required to contribute to any budget deficits.

It is important to note the above figures are based on the most recently published information and projections are therefore subject to further revision.

4.9 **Housing Revenue Account (HRA)**

The Housing Revenue Account is currently projecting a saving of £0.869 million against the budget set. The main reason for this variance is staff slippage due to posts being held vacant prior to service redesign. Lower than anticipated repairs and maintenance costs, mainly in relation to bathrooms and repaints, have also contributed to this saving.

4.10 **Renewal & Repair Fund**

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

Due to affordability constraints a decision was taken as part of the 2018/19 budget strategy not to contribute to any new resources to the Renewal and Repairs funds, but these funds carried forward a balance from 2017/18 of £2.902 million. The position of the Renewal and Repair Fund is outlined in Appendix D.

The estimated uncommitted aggregated balance available on the funds as at 31 March 2019 is £0.962 million, once the de minimis retention levels are taken into account the balance on all funds reduces to £0.597 million and details of this are attached at Appendix D.

4.11 **Virements**

Under Financial Regulation 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.

As members may recall the Council has in partnership with Dundee City and Perth & Kinross Councils been undertaking a tendering exercise to replace the existing CCTV equipment across Tayside. Whilst the tender includes the costs of replacement of the existing analogue cameras, the number of cameras that were anticipated to be replaced was subject to the costs and it was intended that cameras were to be replaced over a period of years as funds allow. Initially 15 cameras were to be replaced as part of the original funding. This is a piecemeal approach and it would be advantageous to replace all cameras at the same time at an additional cost of £160k. This will enable ongoing savings of £70k p.a. to be achieved from the full renewal of all CCTV equipment including cameras. The £160k can be met from a projected underspend in the Other Services budget for energy efficiency measures and the Committee is asked to approve a virement from this budget to allow the CCTV camera purchase to go ahead.

5. **FINANCIAL IMPLICATIONS**

5.1 There are no additional financial implications arising for the Council from the recommendations contained within this report which have not been explained in the body of the 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 a saving compared to budget of £2.568 million is projected at this point in the financial year in respect of General Fund services. There is an adjustment required to this total to reflect previously approved policy, detail is set out in the table below, leaving an adjusted projected saving of £1.315 million.

	£m
Projected Outturn (General Fund services)	2.568
<u>Less:</u>	
100% carry forward Capital Financing Costs (report 64/18 refers)	(1.171)
100% carry forward Change Fund	(0.082)
Adjusted 2018/19 Projected Outturn (General Fund services)	1.315

- 5.3 Report 33/19, to this committee identifies the successful outcome of a recent VAT refund claim submitted to HMRC on sports and leisure services. The outcome was a one off net cash receipt of £3.419 million (minimum) to the Council. This is a significant one-off revenue receipt for the council over which there is no restriction as to how it can be applied. The minimum receipt of £3.419 million has now been received from HMRC and will be added to the Council's available General Fund balance pending consideration of its future use through the 2019/20 to 2021/22 budget setting process.

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 – Renewal and Repair Funds
- Appendix E – Carry Forwards Summary