

**ANGUS COUNCIL**

**ANGUS COUNCIL – 20 JUNE 2019**

**2019/20 FINAL REVENUE BUDGET DOCUMENTS**

**REPORT BY THE DIRECTOR OF FINANCE**

**ABSTRACT**

This report advises the Council of adjustments made to Service budgets since the 2019/20 budget was set in February 2019. The report also advises of the intention to publish the 2019/20 Final Revenue Budget Volume and the 2019/20 Provisional Capital Budget Volume on the Council's website following the Council meeting.

**1. RECOMMENDATION(S)**

1.1 It is recommended that the Council:

- (a) notes and approves the amendments to Service 2019/20 revenue budgets and corporate provisions as detailed in section 4 of this report;
- (b) notes that a comprehensive update of the 2019/2023 Financial Plan (incorporating a final 2019/20 capital budget) will be undertaken over the summer using actual expenditure for financial year 2018/19;
- (c) note that a separate Final Capital Budget Volume 2019/20 will be submitted to the Policy & Resources Committee for approval following the summer recess;
- (d) agree the amount not now required for energy costs be re-classified as banked savings for 2020/21 budget setting process.

**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 the 21 February 2019 the Council approved the revenue budget estimates for financial year 2019/20, report 58/19 refers. An update of the revenue budget is provided in section 4 of this report. Following approval the full details of the 2019/20 budgeted net expenditure of £271.017 million will be available within the Final Budget Volume 2019/20 at the following link:-

[Final Budget Volume 2019-20](#)

3.2 Finance officers have been piloting the budget setting module within the financial system Integra for 2019/20 and all budgets have been uploaded electronically from the budget module into the General Ledger successfully this year. This has generated a significant efficiency as previously these budgets would have been uploaded manually for each service. This module will continue to be developed and used as part of the 2020/21 budget setting process, including opening up budget amendment within the module to budget holders.

- 3.3 In relation to the Council's General Fund Capital budget an update to the Provisional Capital Budgets agreed by Council in February 2019 will be provided in a separate 2019/20 Final Capital Budget Volume. This will be produced for consideration by the Policy & Resources Committee following the summer recess taking into account the actual levels of spend and progress on capital projects in the 2018/19 financial year.

#### **4. ADJUSTMENTS TO SERVICE BUDGETS**

- 4.1 The Service revenue budgets for 2019/20 approved at the Special Meeting of Angus Council on 21 February 2019 have been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume:-

4.2 2019/20 Total Revenue Support Grant

Report 57/19 noted that the Council's Total Revenue Support Grant for 2019/20 had been provisionally set at £209.155 million (including an estimated £2.266 million not yet distributed). Finance Circular 2/2019, issued by the Scottish Government on 7 March 2019, provided further detailed information on the Council's overall 2019/20 grant total. As a result, the Council's Revenue Grant Support allocation for 2019/20 has increased by a further £0.029 million to £209.184 million. This additional £0.029 million was additional grant support due to distribution of monies which were originally to be held back.

The £0.029 million has been added to the relevant Service revenue budget in 2019/20 to support costs being incurred by services in these areas.

4.3 Property Maintenance & Energy Budgets

Services have been advised of the final property maintenance and energy budgets for 2019/20, but these are still to be reflected in the Final Revenue Budget Volume mainly due to the transfer of properties to Facilities Management and the removal of Services to Community from the Council's structure. A budget issue of £0.420 million for energy was approved as part of the 2019/20 budget setting process. Subsequent calculations in light of further energy contract detail has identified the actual requirement is for only a £0.047 million increase based on assumed consumption levels. It is proposed that the balance of £0.373 million is held in corporate items as a banked saving for the 2020/21 budget setting process.

4.4 2018/19 Pay Award & 2019/20 Pay Award

A corporate provision of £4.015 million and £3.903 million was allowed for in the Provisional Budget Volume (Report 57/19) for the 2018/19 and 2019/20 pay awards respectively. This included an allowance for Teachers, Chief Officers, Local Government Employees and Living wage increases. All pay awards have now been agreed and settled nationally and budgets have been allocated and included within the relevant Services for the finalisation of the Final Revenue Budget Volume.

After accounting for all the relevant costs to Angus Council for these pay awards and following a review of budgeted staff costs following conclusion of the OD/ZBB work programme a balance of £0.651 million remains. There is still uncertainty and risk surrounding the expected increase in employers contributions to the Teachers Pension Fund (report 57/19, paragraph 7.11 relates) and the potential funding from UK and Scottish Governments in this regard. On this basis it is proposed to retain this pay award provision balance within corporate items as a contingency to cover any additional unfunded costs should they arise. If this sum is not ultimately required it will be rolled forward and used to support the 2020/21 pay award costs the Council will incur as part of the 3 year pay deals agreed with unions.

4.5 Change Programme Savings

The Provisional Budget Volume (Report 57/19) allowed for change programme savings of £5.852 million and this was shown as a corporate item. £5.316 million has now been allocated to Services as part of the Final Budget Volume finalisation process, leaving £0.536 million as 'to be determined'. Work will continue to determine which Services this balance should be transferred from with some of this being determined through the Organisational Design/Zero Based Budgeting process.

- 4.6 The budget adjustments are cost neutral as the net expenditure has been increased to account for the additional revenue grant support.
- 4.7 In order to avoid delay in confirming the cash limited revenue budgets available to each service of the Council for financial monitoring purposes the adjustments listed in paragraphs 4.2 to 4.5 have been applied on a cost neutral basis. The Council is asked to approve these adjustments to the budget.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The financial implications have been detailed earlier in this report but may be summarised as follows:-
- Adjustment of Other Services revenue budget for the receipt of additional revenue grant support, allocation of corporate budget provision for pay award, the removal of the majority of Change Programme Savings from Services which was previously reported as an overall total and the banking of savings for 2020/21 from the energy budget. The combined adjustments in this report have a neutral net effect on the overall 2019/20 revenue budget position as reported to Council on the 21 February 2019.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Finance Circular 8/2018 issued on 17 December 2018 by the Scottish Government;
- Letter of 31 January 2019 from the Cabinet Secretary for Finance, Economy and Fair Work to COSLA President
- Finance Circular 02/2019 issued on 7 March 2019 by the Scottish Government;

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