

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 08 DECEMBER 2020

REVENUE MONITORING 2020/21 AND RENEWAL & REPAIR FUND POSITION 2020/21

REPORT BY IAN LORIMER, DIRECTOR OF 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 main Council service area, 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 and income information at 31 October 2020.

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; and
- iii) approve the request to use up to £0.172 million of the COVID-19 contingency fund to temporarily increase resources for the Council's Contact Centre.

2. ALIGNMENT TO ANGUS COUNCIL PLAN / COMMUNITY PLAN

2.1 This report contributes as a whole to the Council Plan and the Community Plan.

3. BACKGROUND

3.1 At the Special Meeting of Angus Council on 27 February 2020 the Council approved the revenue budget estimates for financial year 2020/21 (Report No. 82/20 refers). Further to the approval of the 2020/21 revenue budget and as reported in Report 174/20 to the Special Arrangements Committee on 23 June 2020, the Council was required to update and revise the revenue budget due in the main to the COVID-19 pandemic and detail of these revisions was reported in Report 211/20 to Angus Council on 10 September 2020. This report highlighted to members that revising the budget to deal with the significance of the COVID-19 issues and the ongoing uncertainties and risks was no easy task and further adjustments to the budget may be required as the year progresses. Full details of the 2020/21 budgeted net expenditure of £290.474 million are available within the Final Budget Volume 2020/21 at the following link:

https://www.angus.gov.uk/media/final_revenue_budget_volume_2020_21

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

Appendix A sets out a reconciliation between the 2020/21 Final Budget Volume net expenditure of £290.474 million and the net Monitoring budget being reported in this committee report of £295.189 million.

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 employees. 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 set budget.

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 2020/21 Revised Net Budget, Projected Outturn and Projected Variance for all Council services.

Appendix C (i-xii) 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 Director of Finance in the first instance prior to the Committee meeting in order that liaison can be undertaken with Services 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-xii). During 2019/20 there was a change in the monitoring presentation in respect of employee slippage and this continues for 2020/21. It should therefore be noted that, although projected slippage savings / deficits remain within the Services projected outturns within their monitoring on our Integra financial system, these have been removed in Appendix C. The slippage savings / deficits are reported against the corporate slippage budget held within Other Services, paragraph 4.10. This presentational change continues to identify projected outturn deficits within some services where in the previous reports the deficits were being masked by employee slippage.

As part of the revisions to the Revenue Budget for 2020/21, report 211/20, there were a number of corporate savings projected for energy, property maintenance and travel. At this time these cannot be allocated to individual services and are being reported as part of Other Services monitoring. As outlined in paragraph 4.10 below this is identifying a deficit within Other Services. Compensating projected savings are being identified in Service budgets and this will continue to be monitored through the year and reported as soon as it is identified if these savings are not going to materialise.

4.2 Schools & Learning

Schools & Learning are currently projecting a saving of £0.362 million (0.27%) on the adjusted revenue budget.

This however includes savings in relation to Pupil Equity Fund and Devolved School Management which will be carried forward automatically into financial year 2021/22. Adjusting for these carry forward elements results in a revised projected outturn position as follows:

Schools & Learning	£m	Projected Variance Fav / (Adv) £m
Projection per App Ci		0.362
Less Pupil Equity Funding	(0.760)	
Less Devolved School Management Scheme	<u>(0.065)</u>	
Total Adjustments		(0.825)
Revised Projection		<u>(0.463)</u>

The main reason for the revised projected deficit is due to higher than anticipated teacher salary costs within Primary and Secondary.

4.3 Communities

Communities is currently projecting a deficit of £0.368 million (1.5%) on the adjusted revenue budget. This is mainly due to higher than anticipated costs in a number of areas within Supplies and Services (£0.383 million). In addition, it is anticipated that there will be a reduction in income over a number of areas (£0.257 million). However, these deficits are reduced by anticipated savings within transport costs (£0.137 million) and property costs (£0.117 million).

4.4 **Children, Families & Justice**

Children, Families & Justice is currently projecting a saving of £0.407 million (2.0%) on the adjusted revenue budget. This is mainly due to savings on car and volunteer mileage (£0.182 million) and lower than anticipated costs in a number of areas within third party payments (£0.194 million) likely as a result of changes to the operating environment and the reduction in the ability to progress referrals business through the Children's Hearings resulting from COVID-19 restrictions.

4.5 **Infrastructure**

Infrastructure is currently projecting a saving of £0.246 million (1.1%) on the adjusted revenue budget. This is mainly due to savings occurring on the A92 Unitary Charge payments (£0.235 million) as a result of reduced traffic volume due to COVID-19. There are also managed savings within the third party payment budgets to offset car parking charging cessation and reduction in statutory duties income (£0.180 million) but these have been reduced by the anticipated reduction in income from car parking fees (£0.175 million). This projected saving excludes the Tayside Contracts Standby payments as the reconciliation on this still needs to be completed.

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

The Strategic Policy, Transformation and Public Sector Reform service area is currently projecting a saving of £0.691 million (7.8%) on the adjusted revenue budget. This is mainly due to various savings within property costs (£0.375 million) mainly within the Cultural & Leisure Trust Client area, and higher than budgeted income being anticipated in a number of areas (£0.249 million). Further, more minor, savings are also being projected in Supplies & Services (£0.043 million).

4.7 **Human Resources, Digital Enablement, Information Technology & Business Support**

Human Resource, Digital Enablement, Information Technology & Business Support is currently projecting a deficit of £0.065 million (1%) on the adjusted revenue budget. This is in the main due to a projected deficit in relation to additional telephone charges (£0.066 million).

4.8 **Finance**

The Finance Directorate is currently projecting a saving of £0.146 million (3.4%) on the adjusted revenue budget. This is mainly due to higher than anticipated income being received.

4.9 **Legal & Democratic**

Legal & Democratic is currently projecting a deficit of £0.197 million (7.6%) on the adjusted revenue budget. This is due in the main to an anticipated deficit in areas of income due to the impact of COVID-19, as well as several now inappropriate historical income budgets, detailed in appendix C, which have been highlighted as budget issues, as part of the 2021/22 budget setting process.

4.10 **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; Corporate Employee Slippage; Provision for Additional Burdens; Energy and Property Maintenance.

Other Services is currently projecting a deficit of £0.551 million on the adjusted revenue budget. As mentioned in paragraph 4.1 above, this is due to the estimated corporate savings budgets established as part of the revised 2020/21 budget not being allocated out at this stage. Compensating savings are being projected and reported within Service's monitoring. The change fund is also now projecting a saving on consultancy costs of £0.135 million which will be automatically carried forward as detailed in paragraph 6.2 below. There is currently a projected saving of £0.034 million against the corporate employee slippage target, £1.99 million.

The projected outturn for the provision for additional burdens (£0.750 million) is on budget at present i.e. it is assumed it will be used in full.

4.11 **Facilities Management**

Facilities Management is currently projecting a saving of £0.178 million (6.9%) on the adjusted revenue budget. This is mainly due to various savings occurring within Property costs as a result of COVID-19.

4.12 **Capital Charges and Financing**

Whilst the Capital Charges and Financing year end outturn remains in line with the recast budget of £10.573 million at this point in time, this position is currently being reassessed in terms of the loan repayment holiday fiscal flexibility that has been granted by the Scottish Government to ease the pressures of the COVID-19 pandemic. Despite this uncertainty in the outturn position, it will remain within the available budget of £10.573 million. The impact of this assessment will be reflected in future revenue monitoring reports.

4.13 **Corporate Items**

There are a number of budgets held centrally under Corporate Items and these are all currently projecting an outturn in line with budget at this time.

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

Although the Integration Joint Board has responsibility for the management of its own budget resources, the Council as a provider of funds to the IJB and as the organisation responsible for ensuring the delivery of adult social work and social care services as part of the HSCP has a significant interest in its budget performance.

Noting the impact of COVID-19 the overall projected year end position is a deficit of circa £3.354m, which is largely attributable to COVID-19 implications. This figure is a very high-level estimate, based on multiple assumptions and excludes assumptions regarding further COVID-19 funding.

On a recurring basis the IJB is compiling its medium term financial plans, however the Partnership's ability to progress savings programmes has been seriously impaired as a result of COVID-19 and the underachievement of savings targets are noted within the current projection. These will continue to be monitored closely.

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 No. 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 circa £3.35 million which results in a projected breakeven position for the Angus IJB as whole.

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

4.15 **Housing Revenue Account (HRA)**

The Housing Revenue Account is currently projecting a saving of £0.098 million on the adjusted revenue budget. This is due to savings being identified within supervision and management where it is anticipated that costs will be lower than budgeted.

4.16 **Renewal & Repair Fund**

The Renewal & Repair Fund is made up of six separate categories: Property; Information Technology; Roads & Transportation; Parks & Cemeteries; Services to Communities/Angus Alive; and Digital Reprographics Unit.

Due to affordability constraints a decision was taken as part of the 2018/19 budget strategy not to contribute any new resources to the Renewal and Repairs funds, these funds continue to carry forward a balance from 2019/20 of £2.193 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 2021 is £1.579 million, once the de minimis retention levels are taken into account the balance on all funds reduces to £1.214 million and details of this are attached at Appendix D.

4.17 **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 Service to another, or from Service to Service. Where a virement is in excess of these virement limits formal approval by members is required.

There are no virements to be approved at this time.

5. **FUNDING REQUEST**

As part of the Covid-19 Test and Protect service, Angus Council's Contact Centre has taken on the outbound calling duty to contact individuals who are required to self-isolate. This and other additional work that has been brought about by the response to the pandemic means that it is not possible to manage all of the expectations of the Contact Centre within current resources. Elected members will be aware of complaints from customers about waiting times at the Contact Centre so it is proposed to temporarily increase resources to try to cope with the levels of demand.

The Gold Command group considered a paper from the Director of HR, Digital Enablement, IT & Business Support (appendix E) and agreed that approval should be sought for additional funding of up to £0.172 million for the extension of 6 Full Time Equivalent posts up to 31 March 2022. The funding for extending these posts to 31 March 2021 has already been secured within the existing budget but in order to provide longer term continuity and certainty beyond March 2021 the proposal would be to earmark up to £0.172 million from the COVID-19 contingency fund, £0.901 million, report 211/20 refers. Officers believe the call on the COVID-19 contingency fund will be less than the £0.172 million maximum sought once details of additional Scottish Government funding for supporting aspects of the Contact Centre's work have been worked through and confirmed. Only the net amount ultimately required would then need to be drawn down from the contingency fund.

The balance on the COVID-19 contingency fund if this proposal had to be funded in full from that source would be £0.729 million.

6. **FINANCIAL IMPLICATIONS**

6.1 There are no additional financial implications arising for the Council from the recommendations contained within this report that 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.

6.2 Members will have noted from Appendix B that a surplus compared to budget of £0.849 million is projected at this point in the financial year in respect of the General Fund services net adjusted budget (excluding the Angus Health & Social Care Partnership budget) of £245.486 million, i.e. 0.35%. There are adjustments required to this total to reflect funding within Schools and Learning (paragraph 4.2) which due to accounting treatment will be carried forward into 2021/22 and also an adjustment required to reflect previously approved policy Detail is set out in the table below, leaving an adjusted projected deficit of £0.111 million.

	Saving / (Deficit) £m
Projected Outturn (General Fund services)	0.849
<u>Less:</u>	
100% carry forward Schools & Learning, see paragraph 4.2	(0.825)
100% carry forward Change Fund	(0.135)
Adjusted 2020/21 Projected Outturn (General Fund services)	(0.111)

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 – Resource Proposal for Contact Centre