

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 8 JUNE 2021

2021/22 FINAL REVENUE BUDGET DOCUMENTS

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report asks the Committee to approve the publication of the 2021/22 Final Revenue Budget Volume (incorporating Provisional Capital Budget 2021/22) on the Council's website.

1. RECOMMENDATION(S)

1.1 It is recommended that the Committee:

- (a) note the amendments to the 2021/22 Revenue Support Grant and updates on Corporate revenue budgets as detailed in section 5 of this report and approve the publication of the final budget volume on the Council's website;
- (b) note that one-off adjustments to 2021/22 revenue budgets due to the impacts of COVID-19 will be subject to a separate report to Council;
- (c) note that a comprehensive update of the 2020/2025 Capital Plan (incorporating the 2021/22 capital monitoring budget) will be undertaken once actual expenditure for financial year 2020/21 has been established;
- (d) note that a separate 2021/22 Final Capital Budget Volume will be submitted to the Policy & Resources Committee for approval following the summer recess.

2. ALIGNMENT TO THE ANGUS COUNCIL PLAN

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

3. BACKGROUND

3.1 Reference is made to Item 3 of the minute of the Special Meeting of Angus Council of 4 March 2021 which approved the revenue and capital budgets for the 2021/22 financial year.

3.2 As is normal course at that time, a number of items had been allowed for corporately but not yet allocated to directorate budgets. The allocation of some of these items has now been carried out and is reflected in each service's revenue budget for 2021/22 included in the Final Revenue Budget Volume. In addition to the allocation of these corporate items, each Council service was given the opportunity to undertake any virement adjustments considered necessary to reflect changes in circumstances that have arisen since the base budgets were first formulated in September 2020. All these adjustments have been undertaken on a cost neutral basis within the approved budget totals agreed by the Council in setting the Council Tax.

3.3 In relation to the Council's General Fund Capital budget an update to the Provisional Capital Budgets agreed by Council in March 2021 will be provided in a separate 2021/22 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 2020/21 financial year.

4. CURRENT POSITION

- 4.1 The Final Revenue Budget Volume for 2021/22 includes detailed budget information for each area of council service, including budgeted personnel associated with each service and a number of overall budget summaries are also included in the volume and this can be found at the following link:

[Final Budget Volume 2021_22](#)

5. PROPOSALS

- 5.1 The 2021/22 provisional revenue budget volume approved at the Special Meeting of Angus Council on 4 March 2021 has been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume:-

5.2 2021/22 Total Revenue Support Grant

Report 68/21 noted that the Council's Total Revenue Support Grant for 2021/22 had been provisionally set at £227.738 million (including an estimated £0.813 million not yet distributed). Finance Circular 5/2021, issued by the Scottish Government on 18 March 2021, provided further detailed information on the Council's overall 2021/22 grant total. This circular confirmed the £259 million of Non-Recurring COVID consequentials for 2021/22 payable to each authority and as a result, the Council's Revenue Grant Support allocation for 2021/22 has increased by a further £5.656 million to £233.394 million. This reflects the inclusion of additional grant support for the following purposes, as set out in Table 1 below:-

Table 1 – Additional Grant Support

| <u>Initiative</u> | <u>Grant Allocation</u> <u>£m</u> |
|---|--------------------------------------|
| Provisional Revenue Support Grant | 226.925 |
| Add Grant not yet distributed | |
| Discretionary Housing Payments (Other Services) | 0.424 |
| Teacher Induction Scheme | 0.376 |
| School Child Burials | 0.013 |
| Provisional Revenue Support Grant | 227.738 |
| Non-Recurring COVID consequentials | 5.656 |
| Revised Total Revenue Grant Support | 233.394 |

The estimated sums of monies not yet distributed have been added to the relevant base budget in 2021/22 to support costs being incurred by services in these areas.

The £5.656 million for non-recurring COVID consequentials is being held centrally and will be allocated during 2021/22 to Services to cover COVID costs incurred. Due to the uncertainty regarding the impact of COVID on the Council's 2021/22 costs and funding available to assist with the costs the 2021/22 Revenue Budget was set excluding any potential costs and funding associated with COVID. It was agreed that budget revisions would be undertaken during 2021/22 once there was sufficient information and clarity to adjust budgets with confidence and the revisions required would be subject to a follow up committee report.

A budget revision exercise is underway to collate information on projected COVID spend for 2021/22 from Services where budget uplifts will be required to their 2021/22 revenue budget for significant and unavoidable impacts caused by COVID. The intention is to present these budget revisions to Angus Council on the 24 June 2021 for approval. These COVID-19 budget revisions will be applied on a one-off basis so will not form part of the base budget as set out in the 2021/22 Final Revenue Budget Volume. Further reviews of revenue budgets will be undertaken during 2021/22 and where required further reports will be presented to committee for approval should further adjustments be required.

5.3 2021/22 Pay Award

A corporate provision of £3.274 million (based on a 2% increase) was made in the Provisional Budget Volume (Report 70/21 refers) to allow for the estimated costs of the 2021/22 Pay Awards for Teachers, Chief Officers and Local Government Employees, and Living wage increases. As the 2021/22 pay award is still the subject of ongoing negotiations at a national level at the time of finalising the Final Revenue Budget Volume, this provision is being held corporately until the pay award is confirmed. Members should note that based on the negotiations to date with COSLA and the various Trade Unions there is a heightened risk that the 2% provision will be insufficient. In the event that pay deals are settled at a higher level than has been budgeted for it will be necessary to identify adjustments elsewhere in the budget to pay for these unless additional grant funding is provided.

5.4 Property Maintenance & Energy Budgets

Services have not yet been advised of their final property maintenance and energy budgets for 2021/22. A reduction of £0.350 million of the Council's utilities costs budgets was included in the 2021/22 budget setting report which was based on previous years actuals so budgets now require realignment and this is currently being undertaken, between Finance and Property Assets. The request for approval of these virements will be presented to the Policy & Resources Committee later in the year. Budget adjustments for Property Maintenance and Energy are expected to be budget neutral to the Council in overall terms.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications for the Council arising from the recommendations in this report.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment is not required.

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:

- Local Government Finance Circular No 5/2021 issued on 18 March 2021 by the Scottish Government

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