

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 20 JUNE 2017

2017/18 FINAL REVENUE BUDGET DOCUMENTS

REPORT BY HEAD OF CORPORATE FINANCE

ABSTRACT

This report asks the Committee to homologate the actions taken by the Head of Corporate Finance to publish the 2017/18 Final Revenue Budget Volume (incorporating Provisional Capital Budget 2017/18) and the Budget Guide Booklet on the Council's website.

1. RECOMMENDATION(S)

1.1 It is recommended that the Committee:

- (a) homologate the amendments to directorate 2017/18 revenue budgets and corporate provisions as detailed in section 5 of this report;
- (b) note that a comprehensive update of the 2017/2021 Financial Plan (incorporating a final 2017/18 capital budget) will be undertaken once actual expenditure for financial year 2016/17 has been established;
- (c) note that a separate Final Capital Budget Volume 2017/18 will be submitted to the Policy & Resources Committee for approval following the summer recess;
- (d) approve the budget virement proposed in section 7.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report supports services in the delivery of all local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2014-2017.

3. BACKGROUND

3.1 Reference is made to Item 4 of the minute of the Special Meeting of Angus Council of 16 February 2017 which approved the revenue and capital budgets for the 2017/18 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 departmental budgets e.g. insurance budget savings. The allocation of some of these items has now been carried out and is reflected in each service's revenue budget for 2017/18 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 2016. 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 February 2017 will be provided in a separate 2017/18 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 2016/17 financial year.

4. CURRENT POSITION

- 4.1 The Final Revenue Budget Volume for 2017/18 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.

5. ADJUSTMENTS TO DIRECTORATE BUDGETS

- 5.1 The directorate revenue budgets for 2017/18 approved at the Special Meeting of Angus Council on 16 February 2017 have been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume:-

5.2 2017/18 Total Revenue Support Grant

Report 58/17 noted that the Council's Total Revenue Support Grant for 2017/18 had been provisionally set at £198.014 million (including an estimated £1.710 million not yet distributed). Finance Circular 1/2017, issued by the Scottish Government on 9 March 2017, provided further detailed information on the Council's overall 2017/18 grant total. As a result, the Council's Revenue Grant Support allocation for 2017/18 has increased by a further £3.213 million to £201.227 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	198.014
Discretionary Housing Payments (Other Services)	0.113
Attainment (Schools & Learning)	0.036
1 + 2 Languages (Schools & Learning)	0.066
Community Justice Social Work (CJSW)	0.206
Forfar Community Campus Unitary Charge (Schools & Learning)	2.792
Revised Total Revenue Grant Support	201.227

These sums have been added to the relevant base budget in 2017/18 to support costs being incurred by services in these areas.

5.3 2017/18 Pay Award & Living Wage Provision

A corporate provision of £2.650 million was made in the Provisional Budget Volume (Report 59/17 refers) to allow for the estimated costs of the 2017/18 Pay Awards for Teachers, Chief Officers and Local Government Employees, and Living wage increases. As the 2017/18 pay award was 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.

5.4 Property Maintenance & Energy Budgets

Directorates have been advised of the final property maintenance and energy budgets for 2017/18, and these are reflected in the Final Revenue Budget Volume. Budget adjustments for Property Maintenance and Energy are cost neutral to the Council in overall terms.

5.5 Insurance Budget Savings

Following a review of the Council's corporate approach to insurance, a saving to the General Fund of £0.222 million was identified, as outlined in Report 58/17. Directorates have now been advised of their insurance budgets for 2017/18, and these savings are therefore reflected in the relevant service budgets in the Final Revenue Budget Volume.

5.6 Forfar Community Campus

In addition to the grant support of £2.792 million identified above in respect of the Forfar Community Campus Unitary Charge, a further £0.445 million in respect of the Council's share of the Unitary Charge has been transferred to the Schools & Learning budget from the

Provision for Additional Burdens within Other Services to cover the costs which will be incurred. The additional unitary charge costs were identified as a known budget pressure in setting the 2017/18 budget but the value of these had to be confirmed.

- 5.7 The budget adjustments outlined in this report resulted in net headroom in the 2017/18 revenue budget of £0.223 million. This is due to additional grant income being received in respect of Discretionary Housing Payments and Community Justice Social Work (CJSW), but the corresponding estimated expenditure in this regard was already budgeted for in the 2017/18 Provisional Budget Volume. This sum has been added to the 2017/18 Provision for Additional Burdens (PfAB) within Other Services to help address budget issues arising during 2017/18 and/or to assist in setting the 2018/19 revenue budget. This gives a revised PfAB budget of £1.158 million, after allowing for the transfer of £0.445 million to Schools & Learning as highlighted above. This sum provides a contingency to safeguard the Council against potential risks arising during 2017/18 as it is possible that a number of potential budget pressures may call on the PfAB budget, including any additional revenue costs associated with the Forfar Community Campus. Funding packages for new budget pressures will be brought back to committee for approval should they arise.
- 5.8 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 5.2 to 5.6 have been applied on a cost neutral basis. The Committee is asked to homologate these adjustments to the budget.

6. BUDGET GUIDE

The Budget Guide is intended for use as a summary reference document and presents the key facts and figures for the Revenue and Capital Budgets.

This guide provides a range of information likely to be of use or interest to elected Members and officers of the Council itself as well as members of the public. Included within the guide are statements showing the calculation of the Council Tax, the 2017/18 Council Tax charges for each valuation band and a comparison of Council Taxes across Scotland. Also included is information on Council house rents, the capital expenditure plans for the Council and sources of local authority finance.

7. 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.

Approval for Virement

A re-alignment of budgets is required to reflect the change in budget responsibilities and savings to be made from the ongoing Transforming Angus Agile programme as properties become vacant and before disposal, and to create temporary budgets to meet some costs of the Agile project team and excess travel costs through staff relocation. Approval is requested for the following virements to be made to the 2017/18 directorate budgets.

Directorate	£000's
Other Services (TA agile savings and review costs)	(30)
Place (property costs)	(96)
Chief Executives (TA staff, mileage and property costs)	163
Adult Services (property costs)	(37)
Total (net position)	0

8. FINANCIAL IMPLICATIONS

8.1 The financial implications have been detailed earlier in this report but may be summarised as follows:-

- Adjustment of corporate budget provisions and allocation of a number of these to departments has been undertaken. The result of this is a net increase of £0.223 million to the Provision for Additional Burdens budget in Other Services as outlined above.

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 9/2016 issued on 15 December 2016 by the Scottish Government
- Local Government Finance Circular No 1/2017 issued on 9 March 2017 by the Scottish Government

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List of Appendices: none