

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 26 OCTOBER 2021

REVENUE MONITORING 2021/22 AND RENEWAL & REPAIR FUND POSITION 2021/22

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report provides revenue 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 August 2021.

1. RECOMMENDATION

1.1 It is recommended that the Committee:

- i) Review and scrutinise the content of this report, in particular the comment on the Financial Implications section regarding the projected year end position; and
- ii) Note the renewal and Repair fund position.

2. ALIGNMENT TO THE COUNCIL PLAN

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

3. BACKGROUND

3.1 At the Special Meeting of Angus Council on 04 March 2021 the Council approved the revenue budget estimates for financial year 2021/22 (Report No. 75/21 refers). Full details of the 2021/22 budgeted net expenditure of £290.226 million are available within the final Budget Volume 2021/22 at the following link:-

[Final Revenue Budget Volume 2021-22](#)

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

Annex A sets out a reconciliation between the 2021/22 Final Budget Volume next expenditure of £290.226 million and the net Monitoring budget being reported in the committee report of £298.666 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 2021/22 Revised Net Budget, Projected Outturn and Projected Variance for all Council services.

Appendix C (i-xiii) 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-xiii). During 2019/20 there was a change in the monitoring presentation in respect of employee slippage and this will continue for 2021/22. It should therefore be noted that, although projected slippage savings / deficits remain within the Services projected outturns within their monitoring on Integra, these have been removed in Appendix C. The slippage savings / deficits are reported against the corporate slippage budget held within Other Services, paragraph 4.11. 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.

There are Corporate savings projected for water. At this time these cannot be allocated to individual services and are being reported as part of Other Services monitoring. As outlined in paragraph 4.11 below this is identifying as a deficit within Other Services. Compensating projected savings will be identified in Service budgets through the year and this will continue to be monitored in this way until the end of the financial year at which point the corporate savings will be allocated to individual service based on actual savings made.

4.2 Education & Lifelong Learning

Education & Lifelong Learning are currently projecting a saving of £4.104 million (3.2%) on the adjusted revenue budget.

This however includes unspent ring-fenced grant in relation to Early Years Expansion and Pupil Equity Funding as well as Devolved School Management funds all of which will be carried forward automatically into financial year 2022/23. Adjusting for these automatic carry forward elements results in a revised projected outturn position as follows:

| Education & Lifelong Learning | £m | Projected Variance Fav / (Adv) £m |
|--|----------------|--|
| Projection per App Ci | | 4.104 |
| Less Early Years Expansion | (3.000) | |
| Less Pupil Equity Funding | (0.604) | |
| Less Devolved School Management Scheme | <u>(0.250)</u> | |
| Total Adjustments | | (3.854) |
| Revised Projection | | 0.250 |

The main reason for the revised projected position is mainly due to anticipated savings within employee costs due to small number of vacant posts within the support team and business unit and projected savings within areas such as education resources. These projected savings are being offset by increased payments in respect of school clothing grants due to more families being entitled to this payment because of the impact caused by the pandemic and the impact of the national increase in the value of this payment which will not be fully funded.

4.3 **Vibrant Communities & Sustainable Growth**

Vibrant Communities & Sustainable Growth is currently projecting a saving of £0.199 million (0.8%) on the adjusted revenue budget. This is mainly due to higher than anticipated planning application and waste income (£0.563 million) but this position is reduced as a result of additional transport costs (£0.330 million) mainly on direct vehicle costs (large repairs) and additional vehicles being required as a result of COVID19 restrictions.

4.4 **Children, Families & Justice**

Children, Families & Justice is currently projecting a saving of £0.083 million (0.4%) on the adjusted revenue budget. However, this position includes ring-fenced unspent grant in respect of Attainment Challenge Funding (£0.144 million) which will be carried forward automatically into financial year 2022/23. Adjusting for this results in a revised projected deficit of £0.061 million.

The main reasons for the revised projected deficit are increased residential school charges (£0.084 million) as a result of additional young people in placements, higher than anticipated costs in respect of inter-agency fees for children and young people placed outwith their local authority areas (£0.063) offset by reduced spend on mileage (£0.067) due to agile working and reduced visits.

4.5 **Infrastructure Services**

Infrastructure Services is currently projecting to break even.

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

The Strategic Policy and Public Sector Reform service is currently projecting to break even.

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

Human Resources, Digital Enablement, Information Technology & Business Support is currently projecting a deficit of £0.023 million (0.3%) on the adjusted revenue budget. This is mainly due to additional Office 365 licence costs in relation to the Angus Health & Social Care Partnership, with this being subject of dialogue with the IJB.

4.8 **Finance**

The Finance Service is currently projecting a saving of £0.034 million (0.9%) on the adjusted revenue budget. This is due to minor savings anticipated within supplies and services and transport costs.

4.9 **Legal & Democratic Services (excluding Licencing)**

Legal & Democratic Services is currently projecting a saving of £0.031 million (0.9%) on the adjusted revenue budget. This is due to increased income being projected from registrars and legal fees.

4.10 **Licensing**

Angus Council is the licensing authority for the local government area of Angus, Committee will be aware that the Council has resolved that a number of activities be licensed. The licensing authority is required to seek to ensure that the total amount of fees meet the expenses incurred by them in respect of administering licences. It has been deemed necessary, in order to aid transparency in this regard, that the Licensing budgets are shown separately from the Legal & Democratic Services budget for monitoring purposes.

Licensing is currently projecting to breakeven.

4.11 **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 £0.259 million on the adjusted revenue budget. As mentioned in paragraph 4.1 above, this position is partially due to estimated corporate savings budgets (£0.043m) not being allocated at this stage. Compensating savings will be projected and reported within Service's monitoring during the year. The main reason for this deficit position is however due to a loss of income currently projected within interest on revenue balances (£0.200m) due to lower interest rates on investments currently being experienced.

4.12 **Facilities Management**

Facilities Management is currently projecting a saving of £0.048 million (1.9%) on the adjusted revenue budget. This is mainly due to savings occurring around the reduced use of buildings and reduced spend on employee mileage as a result of agile working. These savings are however being offset by a reduction in income expected from the HRA as a result of their reduced use of office buildings, these charges are currently being reviewed pending the moves to the new locality hubs.

4.13 **Capital Charges and Financing**

The Capital Charges and Financing budget is currently projecting a year end outturn in line with the budget of £11.051 million.

4.14 **Corporate Items**

There are a number of budgets held centrally under Corporate Items and we are currently projecting a deficit of £0.726 million this being the estimated unachievable Change Programme Savings at this time. More information regarding this can be found in the Change Programme Update report which is also being reported to the P&R Committee on 26 October 2021.

4.15 **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 has a significant interest in its budget performance.

The current projected year end position is a deficit of £1.536 million. This position is after allowing for £1.0m of income to offset additional COVID-19 costs.

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 £3.908 million which results in a projected overall saving for Angus IJB of £2.372 million.

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

4.16 **Housing Revenue Account (HRA)**

The Housing Revenue Account is currently projecting a saving of £0.218 million on the adjusted revenue budget. This is due to early indications that rental income will be higher than initially

estimated (£0.419 million) as a result of additional properties coming on stream and due to anticipated costs being lower than budgeted within Supervision & Management (£0.148 million) but this position is partially reduced due to anticipated loss of rents from void properties being higher than budgeted (£0.347 million).

4.17 **Renewal & Repair Fund**

The Renewal & Repair Fund is made up of five separate categories; Property; Information Technology; Roads & Transportation; Parks & Cemeteries and Culture & Leisure Trust Client/ANGUSalive.

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 & Repair funds, these funds continue to carry forward a balance from 2020/21 of £1.621 million. The position of the Renewal & Repair Fund is outlined in Appendix D.

This estimated uncommitted aggregated balance available on the funds as at 31 March 2022 is £0.826 million, once the de minimus retention levels are taken into account the balance on all funds reduces to £0.561 million and details of this are attached at Appendix D.

5. **PROPOSALS**

- 5.1 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.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no additional financial implications arising 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 an overall surplus compared to budget of £3.491 million is projected at this point in the financial year in respect of General Fund Services net adjusted budget (excluding the Angus Health & Social Care Partnership budget) of £247.211 million, i.e.1.41%. There are adjustments required to this total to reflect funding within Education and Lifelong Learning and Children, Families & Justice (paragraphs 4.2 and 4.4 respectively) which due to accounting treatment will be carried forward into 2022/23. Detail is set out in the table below.

| | Saving / (Deficit) £m |
|--|--------------------------------------|
| Projected Outturn (General Fund Services) | 3.491 |
| Less: | |
| Ring-fenced grant carry forward Education & Lifelong Learning, see paragraph 4.2 | (3.854) |
| Ring-fenced grant carry forward Children, Families & Justice, see paragraph 4.4 | (0.144) |
| Adjusted 2021/22 Projected Outturn (General Fund Services) | (0.507) |

7. EQUALITY IMPACT ASSESSMENT

An equality Impact Assessment is not required as this is a noting report and does not have any impact on individuals.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: JILL RENNIE, Team Leader (Finance)

EMAIL DETAILS: FINANCE@angus.gov.uk

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