

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 30 AUGUST 2022**

**2022/23 FINAL REVENUE BUDGET DOCUMENTS**

**REPORT BY IAN LORIMER, DIRECTOR OF FINANCE**

**ABSTRACT**

This report asks the Committee to approve the publication of the 2022/23 Final Revenue Budget Volume on the Council's website.

**1. RECOMMENDATION(S)**

1.1 It is recommended that the Committee:

- (a) note the amendments to the 2022/23 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 2022/23 revenue budgets due to the impacts of inflation, etc. will be subject to a separate report to Council;

**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 3 March 2022 which approved the revenue and capital budgets for the 2022/23 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 2022/23 included in a Final Revenue Budget Volume. The Final Revenue Budget Volume is a document which sets out the revenue budgets for all Council services and forms the basis for financial performance monitoring for the financial year. 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 2021. 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 2022 is subject to a separate report to this committee (report xx/22 refers).

#### 4. CURRENT POSITION

- 4.1 The Final Revenue Budget Volume for 2022/23 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 2022\\_23](#)

#### 5. PROPOSALS

- 5.1 The 2022/23 provisional revenue budget volume approved at the Special Meeting of Angus Council on 3 March 2022 has been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume:-

5.2 2022/23 Total Revenue Support Grant

Report 62/22 noted that the Council's Total Revenue Support Grant for 2022/23 had been provisionally set at £249.542 million (including an estimated £8.579 million not yet distributed). Finance Circular 1/2022, issued by the Scottish Government on 4 March 2022, provided further detailed information on the Council's overall 2022/23 grant total. This circular confirmed the actual distribution of some of the grant we had previously estimated and confirmed the additional funding for pressures and Social Work Capacity in Adult Services funding which we had included in report 62/22. These adjustments are now reflected in the Final Budget for 2022/23 and set out in Table 1 below:-

Table 1 – Additional Grant Support

<u>Initiative</u>	<u>Grant Allocation £m</u>
<b>Provisional Revenue Support Grant</b>	<b>249.542</b>
Less- Estimated Grant not yet distributed per report 62/22 now confirmed.	(7.334)
Add – Actual Grant previously not yet distributed now confirmed per Circular 1/2022	7.244
Add – additional funding distributed (Discretionary Housing Grant) per Circular 1/2022	0.811
<b>Revised Total General Revenue Funding</b>	<b>250.263</b>

The estimated sums of monies not yet distributed have been added to the relevant base budget in 2022/23 to support costs being incurred by services in these areas.

Report 178/22 to Angus Council on the 30 June updated members on a number of concerns and risks regarding the Council's 2022/23 revenue and 2021 to 2026 capital budgets and outlined the actions being taken to try to manage those risks. The report set out the concerns arising from current levels of inflation and the direction of travel in the Resource Spending Review which seem likely to require reductions in the level of services the Council can provide on a scale not previously seen.

Officers are undertaking actions to try and manage the effects of inflation and other risks on the Council's budget but further action and revisions to the Council's 2022/23 revenue and 2021 to 2026 capital budgets seem likely to be required. Any necessary adjustments to the budgets set out in the Final Revenue Budget Volume will be brought to members for approval in due course.

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 64/22 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. Given the lateness of the full agreement of the 2021/22 pay award and Finance staff having to give priority to producing the Council's Annual Accounts, teams are currently working on preparing the full impact of the 2021/22 pay award on the 2022/23 budget and adjustments to reflect this will be processed in the next few weeks.

### 2022/23 Pay Award

A corporate provision of £2.8 million (based on a 1.5% increase) was made in the Provisional Budget Volume (Report 64/22 refers) to allow for the estimated costs of the 2022/23 Pay Awards for Teachers, Chief Officers and Local Government Employees, and Living wage increases. As the 2022/23 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. As highlighted in Report 178/22 an initial offer of 2% had been made by COSLA so the Council had a 0.5% funding gap to address just to reach that 2% level.

On 19 August 2022 COSLA Leaders agreed to make a revised offer based on a 5% increase. Some additional funding from the Scottish Government has been offered as part of this proposal but other funding options and flexibilities are also to be discussed between Government and COSLA. Trade Unions will also need to consider whether the new offer is acceptable. Members will be updated on the outcome of pay negotiations and what this means for the Council's 2022/23 and future years budgets in the next cycle of committee meetings. 2022/23 revenue budgets for each service will be adjusted once the outcome of the pay negotiations is known.

#### 5.4 Property Maintenance & Energy Budgets

Services have not yet been advised of their final property maintenance and energy budgets for 2022/23. Once agreed budget adjustments for Property Maintenance are expected to be budget neutral to the Council in overall terms.

An estimated budget for the originally expected increase in Energy costs was agreed in setting the budget and is currently being held within Corporate Items and any further risk to the Council's energy budgets will be reported in due course as part of a report to Council on inflationary and other cost risks to the 2022/23 budgets. Once more information is available on where the risks to service budgets are, budget adjustments will be made for Energy and the request for approval of these adjustments will be presented to the Policy & Resources Committee later in the year.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications for the Council arising from the recommendations in this report beyond what is covered in the 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 1/2022 issued on 2 March 2022 by the Scottish Government

**REPORT AUTHOR:** Gillian Woodcock, Manager (Finance)

**EMAIL DETAILS:** WoodcockGS@angus.gov.uk