

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 30 APRIL 2024

REVENUE MONITORING 2023/24 AND RENEWAL & REPAIR FUND POSITION 2023/24

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

- 1.1 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 as at 29 February 2024.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

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

3. RECOMMENDATIONS

- (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 as set out in section 4.18.

4. BACKGROUND

- 4.1 At the Special Meeting of Angus Council on 2 March 2023 the Council approved the revenue budget estimates for financial year 2023/24 (Report No. 54/23 refers). Full details of the 2023/24 budgeted net expenditure of £325.118 million are available within the final Budget Volume 2023/24 at the following link:-

[Final Budget Volume 2023 24](#)

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 2023/24 Final Budget Volume net expenditure of £325.118 million and the net Monitoring budget being reported in this report of £331.837million.

4.2 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 are reviewed on a monthly basis by budget holders supported by Finance staff. 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.

5. CURRENT POSITION

5.1 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 2023/24 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 Directorate budget holders.

The following paragraphs provide a brief summary commentary on the Projected Outturn for each of the Directorates 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 will continue for 2023/24. Projected slippage savings / deficits on employee costs have been removed in Appendix C. The slippage savings / deficits are reported against the corporate slippage budget held within Other Services, paragraph 5.11. This presentational change continues to identify projected outturn deficits within some services.

There are a number of corporate budgets that cannot be allocated to individual services until more information becomes available so they are being reported as part of the Corporate Items budget line for monitoring purposes meantime. As outlined in paragraph 5.13 below these are currently being identified as a saving or deficit within Corporate Items with compensating projected savings or deficits being identified in Directorate budgets. The budgets will continue to be monitored in this way until the end of the financial year at which point the corporate budget will be allocated to individual Directorates based on final actual spend information.

The projected position set out in this report now reflects the full costs and funding associated with pay awards for all staff groups at individual Directorate level.

5.2 Education & Lifelong Learning (ELL)

Education & Lifelong Learning are currently projecting a saving of £0.860 million (0.61%) on the adjusted revenue budget.

However, this saving includes unspent ring-fenced grant in relation to Devolved School Management funds, Early Years, Strategic Equity Funding and Ukrainian funding which due to their ring-fenced nature are carried forward automatically into financial year 2024/25. It should be noted that the previously reported Pupil Equity Fund (PEF) underspend and carry forward is now being used as part of the agreed funding mechanism for the 2023/24 pay award and has been removed from ELL at this time. This reduction in available PEF funding carried forward will be made good from additional Scottish Government grant in financial year 2024/25 so there will be no detrimental impact on PEF resources available to schools. 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		0.860
Less:		
Devolved School Management Scheme	(0.564)	
Ukrainian Funding	(0.200)	
SEF & EY Toilet Refurbishment Capital Programme	(0.214)	
Strategic Equity Funding	(0.080)	
Total Adjustments		(1.058)
Revised Projection		(0.198)

The main reasons for the revised projected deficit position are within employee costs due to unfunded Early Years pay award costs from previous years offset by employee strike days (£0.262 million). Additional costs being projected due to additional placements in Kingspark school (£0.179 million) and costs to local authorities for placements (£0.151 million). Increased costs within various property related budgets: ground maintenance charges (£0.065 million); water rates (£0.140 million) and energy costs (£0.060 million). Projected issue on School meals

due to a combination of additional costs and shortfall in income (£0.260 million), transport cost increased due to inflationary uplifted contract (£0.046 million) and school lets shortfall (£0.030 million).

There are, however, projected savings due to PPP contractual performance and insurance reductions and overprovision for previous years' inflation impacts (£0.825 million)

5.3 Infrastructure & Environment

Infrastructure & Environment (I&E) are currently projecting a deficit of £1.797 million (4.56%) on the adjusted revenue budget. The main reason for this projected deficit is due to a projected shortfall of income from the MEB waste contract gainshare based on the latest information from the Contract Manager (£1.206 million).

I&E are also projecting deficits within various property budgets (£0.178 million), transport budgets (£0.159 million), higher than budgeted MEB waste disposal costs (£0.255 million) and various areas within third party payments (£0.172 million).

These projected deficits are however being offset by projected savings within Facilities Management property costs (£0.267 million).

5.4 Children, Families & Justice

Children, Families & Justice is currently projecting a deficit of £1.369 million (4.89%) of the adjusted revenue budget.

However, this position includes unspent ring-fenced grant in relation to Looked After Children, CORRA Funding, Whole Family Wellbeing and Unaccompanied Asylum Seekers which due to their ring-fenced nature are carried forward into financial year 2024/25. Adjusting for these automatic carry forward elements results in a revised projected outturn position as follows:

Children, Families & Justice	£m	Projected Variance Fav/(Adv) £m
Projection per App Ciii		(1.369)
Less:		
Looked After Children	(0.080)	
CORRA Funding	(0.200)	
Whole Family Wellbeing	(0.600)	
Unaccompanied Asylum Seekers	(0.075)	
Total Adjustments		(0.955)
Revised Projection		(2.324)

The main reasons for this revised deficit projection are due to £1.890 million additional costs on residential / secure placements. Net deficit projections within internal & external fostering (£0.406 million) and Continuing Care legislation (£0.273 million) are also anticipated.

These deficits are however being offset by projecting savings on NHS recharge for a young person residing in Brambles of £0.199 million.

5.5 Human Resources, OD, Digital Enablement, IT & Business Support

Human Resources, OD, Digital Enablement, IT & Business Support is currently projecting a deficit of £0.215 million (2.21%) on the adjusted revenue budget as a result of increased software licence costs across the Directorate (£0.121 million) and a projected income shortfall within DRU (£0.089 million).

5.6 Legal, Governance & Change (excluding Licencing)

Legal, Governance & Change Directorate is currently projecting a deficit of £0.017 million (0.17%) on the adjusted revenue budget. There are a number of areas projecting small deficits and savings across the Directorate.

5.7 Licensing

Angus Council is the licensing authority for the local government area of Angus and 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, Governance & Change budget for monitoring purposes.

Licensing is currently projecting a deficit of £0.017 million. This is due to a shortfall projected from income, based on the profile of previous years income at this time.

5.8 Vibrant Communities & Sustainable Growth

Vibrant Communities & Sustainable Growth is currently projecting a saving of £0.594 million (9.94%) on the adjusted revenue budget.

However, this position includes unspent ring-fenced grant in relation to Community Resilience, Afghan and Ukrainian Refugee schemes (£0.357 million) which due to their ring-fenced nature will be carried forward into financial year 2024/25. Adjusting for these automatic carry forward elements results in a revised projected outturn position of a £0.237 million saving.

This is mainly due to projected savings within a number of supplies & services budget areas (£0.122 million); Private Landlord registrations (£0.080 million) and Private Sector Housing Grants (£0.064 million) which will both be subject to year end carry forward requests for consideration by members.

Additional Scottish Government administration SKILLS grant income (£0.150 million) offset by a projected deficit within Housing Benefit income recovery from the Department of Work & Pensions, which includes a potential clawback for subsidies determined as being overpaid as per their audit process (£0.208 million). These clawbacks are being appealed but as things stand have been applied in the current financial year.

5.9 Finance

The Finance Directorate is currently projecting a saving of £0.129 million (3.27%) on the adjusted revenue budget. This is in the main due to additional income streams being anticipated within Welfare Rights and Revenues and Benefits and this is partly offset by Revenue & Benefits IT software costs (£0.014 million).

5.10 Chief Executives

Chief Executives is currently projecting a saving of £0.036 million (2.05%) on the adjusted revenue budget as a result of additional unbudgeted income from Dundee City Council (£0.052 million), partly offset by additional Communications IT software subscriptions costs (£0.021 million).

5.11 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; Centralised Energy and Property Maintenance.

Other Services is currently projecting a saving of £3.002 million on the adjusted revenue budget.

However, this position includes unspent ring-fenced grant in relation to UK Prosperity Fund (£1.344 million) which due to their ring-fenced nature will be carried forward into financial year 2024/25. Adjusting for these automatic carry forward elements results in a revised projected saving of £1.658 million.

The main reason for this saving position is due to £1.156 million additional employee slippage against the corporate target of £2.850 million. This is mainly due to ongoing recruitment issues being experienced across the Council and the impact of the LGE pay award for 2023/24. Interest on revenue balance income is now being projected at £0.475 million more than budget due to the continued high interest rate levels the Council is earning on its temporary cash balances.

Throughout the year the Provision for Additional Burdens budget has been reported as projecting a break even position. There have been some calls on this budget to date but is now expected that a saving on this budget of £0.155 million will arise.

5.12 Capital Charges and Financing

The Capital Charges and Financing budget is currently projecting a saving of £1.008 million. The underspend is the result of lower than expected capital expenditure advances for 2023/24 due to project slippage and some anticipated savings in interest costs as a result of lower interest rates.

5.13 Corporate Items

Corporate items is currently projecting a saving of £3.154 million.

The projected saving now includes an updated estimate on the £3.1m of one-off investments included in the budget for 2023/24. (£1.757 million). Given the purpose of this funding this saving will be carried forward and held in the general fund reserve for use in 2024/25. Adjusting for this results in a revised projected outturn position of a £1.397 million saving.

The current saving projection is also due to the 2023/24 pay award position. The funding available for the 2023/24 pay deals is now in excess of the level assumed when the budget was set in March 2023 due to additional funding being awarded. Work to calculate the total costs and funding (including a number of strands of Scottish Government funding) for 2023/24 pay deals has recently been concluded and final calculations have been prepared with a revised saving relative to budget of £0.827 million identified.

In addition, a saving of £0.700 million on the £2 million budget for Tayside Contracts inflationary pressures (both pay and non pay) is also projected based on an updated assessment of costs, along with £1.226 million of one-off uncommitted reserves which have recently been agreed to be returned to the Council from the Angus Health & Social Care Partnership.

Partially offsetting these is Change Programme savings of £0.928 million which will not now be achieved in 2023/24.

As per paragraph 5.1 above there are a few areas within corporate items which are either being projected as a saving or deficit at this time which are currently being offset by compensating savings or deficits within Directorates, £0.300 million. Final adjustments in this regard will be made as part of the year end process.

5.14 Angus 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 funding partner of the IJB has a significant interest in its budget performance.

The current projected year end position on the Adult Services part of the IJB budget is a saving of £3.612 million.

Angus Council under the risk sharing agreement with the National Health Service Tayside (NHS Tayside) would bear a share of any overspend by the Angus IJB's irrespective of whether that arose in adult services which used to be the responsibility of the Council or health services (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 budget is projecting a year end surplus of circa £0.199 million which results in a projected overall saving for Angus IJB of £3.811 million.

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

5.15 Tayside Contracts

After detailed discussions with Tayside Contracts and further information being received, it has been agreed that the originally budgeted surplus will not be achievable with a large deficit now being predicted and additional financial support to Tayside Contracts being required. This deficit position is due to the scale of non-pay inflation cost pressures on Tayside Contracts, along with the increased costs of the LGE pay award. For monitoring purposes at this time a breakeven position is projected against the budget surplus of £0.250 million. This is consistent with the treatment of the inflationary pressures budget held within Corporate Items (paragraph 5.13). which we are projecting also on budget.

5.16 Housing Revenue Account (HRA)

The Housing Revenue Account is currently projecting a saving of £1.777 million. This is mainly due to lower-than-expected borrowing in 2022/23 resulting in reduced financing charges (£0.337 million) and cost saving on service priority area £0.579 million. Additionally, savings have been anticipated through the reduction of lost rents amounting to £0.473 million. Early indications show this as an improving picture, however, properties were intentionally held vacant in the early stage of the Storm Babet response while assessments of housing need were carried out. This may reduce the impact of performance improvements.

Early indications also show a positive in the context of the projected rental income of £0.194 million and anticipated income on revenue balances to be higher than budgeted. This is due to increased interest rates £0.072 million.

5.17 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. The carried forward balance was £0.782 million from 2022/23.

This estimated uncommitted aggregated balance available on the funds as at 31 March 2024 is £0.410 million. Once the de-minimus retention levels are taken into account the balance on all of the funds reduces to £0.061 million and details of this balance are attached at Appendix D.

6. UKRAINIAN GRANT FUNDING

- 6.1 The Council received a significant amount of grant funding from the UK / Scottish Governments for hosting Ukrainian refugees during 2022/23 and the balance of this grant is currently being held within the general fund reserve and will be drawn down through the year when required. It should be noted that all costs incurred by Council Directorates will be covered in full by this grant funding and will therefore have no impact on the projected savings / (deficits) being projected and reported.

7. STORM BABET

- 7.1 It is expected that revenue costs associated with the Storm will be covered through the Scottish Government's Bellwin Scheme, the Council's insurance arrangements and the provision made in Council Reserves in the 2024/25 budget. An Interim Bellwin Scheme claim for Storm Babet costs was made to the Scottish Government on 16th February 2024 and has now been paid.

8. PROPOSALS

- 8.1 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.

9. FINANCIAL IMPLICATIONS

- 9.1 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.
- 9.2 Members will have noted from Appendix B that an overall surplus compared to budget of £5.368 million (2%) is projected at this point in the financial year in respect of General Fund Services (excluding the Angus Health & Social Care Partnership budget and Housing Revenue Account) of £263.768 million. However, as reported in Section 5 there are one off savings in a number of budgets which include ring-fenced grants & contributions (£3.714 million) which cannot be used for other purposes and a balance of £1.757 million on the £3.1m one-off investments included in the 2023/24.). These adjustments reflect grant funding within Education and Lifelong Learning, (paragraph 5.2), Children, Families & Justice (paragraph 5.4), Vibrant Communities & Sustainable Growth (paragraph 5.8), Other Services (paragraph 5.11) and Corporate Items (paragraph 5.13) which due to accounting treatment will be carried forward into 2024/25. This means the projected surplus of £5.368 million moves to a projected deficit of £0.103 million and the detail of which is set out in the table below.

	Saving / (Deficit) £m
Projected Outturn (General Fund Services)	5.368
Less:	
Ring-fenced grant carry forward Education & Lifelong Learning, see paragraph 5.2	(1.058)
Ring-fenced grant carry forward Children, Families & Justice, see paragraph 5.4	(0.955)
Ring-fenced grant carry forward Vibrant Communities & Sustainable Growth paragraph 5.7	(0.357)
Ring-fenced grant carry forward Other Services paragraph 5.11	(1.344)
One-off Investment Funding Corporate Items paragraph 5.13	(1.757)
Adjusted 2023/24 Projected Outturn (General Fund Services)	(0.103)

- 9.3 In the last revenue monitoring report to the Committee in January a projected overall deficit of £0.821 million was reported. The projected position has now decreased by £0.718 million. This is due to movement across a number of service areas as projections have become firmer towards the year end. The main areas of movement since the previous report are in Other Services and Corporate Items as described in the report.

10. RISK MANAGEMENT

- 10.1 The following risks from the Corporate Risk Register are relevant to this report:

- Financial Sustainability
- Transforming for the Future

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no direct environmental implications arising from the recommendations of this report.

12. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 12.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason:-

This is a noting report and does not have any impact on individuals.

13. CONSULTATION (IF APPLICABLE)

- 13.1 The Chief Executive and Director of Legal, Governance & Change have been consulted on this report.

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.

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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