

AGENDA ITEM NO 6

REPORT NO 311/24

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 29 OCTOBER 2024

REVENUE MONITORING 2024/25 AND RENEWAL & REPAIR FUND POSITION 2024/25

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

- 1.1 This report provides revenue budget 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. It also seeks approval of the 2023/24 100% budget carry forwards. The position within this report is based upon actual spend and income information as at 31 August 2024.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

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

3. RECOMMENDATIONS

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 as set out in section 8.2 of this report;
- (ii) Note the Renewal and Repair fund position as set out in section 5.18 of this report and Appendix D;
- (iii) Approve the 2023/24 100% budget carry forwards totalling £0.682 million as set out in Section 5.19 of this report and Appendix E in accordance with the Council's 100% budget carry forward scheme; and
- (iv) Note that the Council will now be required to fund an additional 0.2% of the 2024/25 pay awards which have recently been agreed for implementation as set out in section 5.13 of this report.

4. BACKGROUND

- 4.1 At the Special Meeting of Angus Council on 29 February 2024 the council approved the revenue budget estimates for financial year 2024/25 (Report No. 169/24 refers). Full details of the 2024/25 budgeted net expenditure of £341.997 million are available within the final budget volume 2024/25 at the following link:-

[Final Budget Volume 2024 25](#)

The latest revenue budget performance position for the council is outlined in Section 5 of this report.

Appendix A sets out a reconciliation between the 2024/25 final budget volume net expenditure of £341.997 million and the net monitoring budget being reported in this report of £345.643 million.

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 Councils revised budget and projected outturn is attached at Appendix B for the committee to review. This provides the detail of the 2024/25 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 2024/25. 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 and its appendices, includes the costs and funding for the 2024/25 pay awards for Chief Officers, Local Government Employees and Teachers that was determined at the budget setting in February 2024 plus an additional 0.2% funding required as part of the recently implemented pay deals. Further detail on the impact to the council is included in Corporate Items, paragraph 5.13 of this report.

5.2 Education & Lifelong Learning (ELL)

Education & Lifelong Learning are currently projecting a saving of £0.155 million (0.10%) on the adjusted revenue budget.

However, this saving includes unspent ring-fenced grant in relation to Devolved School Management funds and Pupil Equity funding which, due to their ring-fenced nature are carried forward automatically into financial year 2025/26. Adjusting for these automatic carry forward elements results in a revised projected outturn position as follows:

Table 1 – Education & Lifelong Learning Projected Outturn Position

Education & Lifelong Learning	£m	Projected Variance Saving/(Deficit) £m
Projection Saving per App Ci		0.155
Less:		
Devolved School Management Scheme -Primary	(0.150)	
Devolved School Management Scheme - Secondary	(0.150)	
Pupil Equity Fund – Primary	(0.200)	
Pupil Equity Fund – Secondary	(0.125)	
Total Adjustments		(0.625)

Revised Projected Deficit		(0.470)
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The main reason for this projected deficit is due to issues on property costs: rates (£0.146 million), water (£0.124 million) and energy (£0.082 million) based on actuals for 2023/24, and ground maintenance (£0.046 million). There are significant pressures on the transport budget at present (£0.415 million) following £0.200 million of savings identified in previous financial years. Challenges have emerged due to increased additional support needs resulting in increased demand for transport and reduced supply in the local transport market to meet all transport requirements. Work is ongoing to identify opportunities to reduce the impact of these challenges, including reviewing criteria and delivery models as appropriate. There is also a deficit projected at this time on third party payments (£0.120 million) due to additional support for young people attending schools in other Local Authority areas.

5.3 Infrastructure & Environment (I&E)

Infrastructure & Environment (I&E) is currently projecting a deficit of £1.205 million (3.04%) 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 (£0.350 million), Ground Operations external work income (£0.360 million) and Fleet ongoing historical budget realignment issue cost (£0.250 million).

I&E are also projecting deficits within transport budgets (£0.171 million) and higher than budgeted MEB waste disposal costs (£0.156 million).

These projected deficits are however being offset by projected savings within Facilities Management property costs (£0.141 million) and savings within roads A92 Unitary Charge payments due to unbudgeted insurance element refund (£0.054 million).

5.4 Children, Families & Justice

Children, Families & Justice is currently projecting a deficit of £0.384 million (1.36%) on the adjusted revenue budget.

However, this position includes unspent ring-fenced grant in relation to Unaccompanied Asylum Seekers which due to their ring-fenced nature are carried forward into financial year 2025/26. Adjusting for these automatic carry forward elements results in a revised projected outturn position as follows:

Table 2 – Children, Families & Justice Projected Outturn Position

Children, Families & Justice	£m	Projected Variance Saving(Deficit) £m
Projected Deficit per App Ciii		(0.384)
Less: Unaccompanied Asylum Seekers	(0.050)	
Total Adjustments		(0.050)
Revised Projected Deficit		(0.434)

The main reasons for this revised deficit projection are due to due to external fostering costs (£1.318 million). However, the deficit position is partly offset by slippage in internal fostering (£0.437 million) and transport for Looked After Children to school (£0.034 million).

The deficit is also being offset by carry forward monies for Whole Family Wellbeing fund (£0.254 million), savings in Continuing Care (£0.092 million) and savings on an NHS recharge (£0.100 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 £0.357 million (3.77%) on the adjusted revenue budget. The main reason for this projected deficit is due to an income recharge shortfall mainly within Business support. This shortfall is within the DRU (£0.100 million) and other recharges (£0.254 million) which are being

reviewed.

5.6 Legal, Governance & Change (including ANGUSalve costs but excluding Licencing)

The Legal, Governance & Change Directorate budget includes the management fee paid by the Council to ANGUSalve as well as the property costs from the Council buildings which ANGUSalve operate from. The Directorate is currently projecting a deficit of £0.275 million (2.99%) on the adjusted revenue budget. The main reason for this projected deficit is due to an HRA recharge income shortfall (£0.140 million) and higher than expected energy costs on buildings utilised by ANGUSalve (£0.145 million) based on 2023/24 actual trends.

5.7 Licencing

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 £0.019 million (10.16%) on the adjusted revenue budget. 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 £0.390 million (7.49%) on the adjusted revenue budget.

However, this position includes unspent ring-fenced grant in relation to Afghan and Ukrainian Refugee schemes (£0.250 million) which due to their ring-fenced nature will be carried forward into financial year 2025/26. Adjusting for these automatic carry forward elements results in a revised projected saving of £0.273 million.

This is mainly due to projected income on Planning Applications (£0.102 million), Building Warrants (£0.030 million) and Private Sector Housing Grants (£0.100 million) which will be subject to year end carry forward requests for consideration by members which is offset by a deficit in Housing Benefit income due to an under recovery in overpayments.

5.9 Finance

The Finance Directorate is currently projecting a breakeven on the adjusted revenue budget.

5.10 Chief Executives

Chief Executives is currently projecting a deficit of £0.005 million (0.29%) on the adjusted revenue budget.

5.11 Other Services

Other Services covers budget headings which are corporate 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 deficit of £0.426 million on the adjusted revenue budget.

The main reason for this projected deficit of £0.426 million is due to a shortfall within corporate employee cost slippage which has a budget of £3.030 million. It is known from previous years analysis that the corporate employee slippage value increases during the year and that this figure will also increase once the pay awards for 2024/25 have been implemented. The current projection is therefore a cautious / pessimistic one which is expected to grow as the year progresses.

5.12 Capital Financing Costs

The Capital Financing Costs budget is currently projecting a breakeven on the adjusted revenue budget.

5.13 Corporate Items

Corporate items is currently projecting a deficit of £1.197 million (16.6%) on the adjusted revenue budget. The current projected deficit is due to unachievable change programme savings (£0.520 million) and a shortfall on the budgeted saving for the reduction of employer pension contributions (£0.282 million).

In addition, as per paragraph 5.1 above, all pay deals including teachers have now been agreed to be implemented by Council Leaders through COSLA, albeit discussions with Unison and some industrial action is continuing. The Scottish Government has agreed to fund the costs of the pay award above 3.2% for all staff groups through a combination of revenue and capital funding sources including deferring some planned expenditure in other Government programmes. The current 2024/25 budget assumed a 3% increase which means the Council will have to fund an additional 0.2% which equates to £0.385 million in total for all staff groups. This additional cost has been included in the £1.197 million projected deficit for Corporate Items.

For information Table 3 below shows the pay award uplifts to be implemented for each Angus Council Employee group. Future outturn reports will include the financial impact of these pay awards in each Council Directorate once all of the details have been fully worked through.

Table 3 – Pay Award Uplifts

Angus Council Employee Group	Pay Award to be Implemented
Local Government Employees	3.6% or £0.67 per hour (whichever is higher), offer is worth 4.27% across the workforce
Teachers	4.27% uplift at all points of the SNCT scale
Chief Officials	3.6% uplift for all Spinal Column Points

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, non-employee cost inflationary pressures and Non-Domestic Rates increases which will be allocated out during the year when required.

5.14 Tayside Joint Valuation Board

The Tayside Joint Valuation Board is currently projecting a breakeven on the adjusted revenue budget.

5.15 Tayside Contracts

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 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 £3.513 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 deficit of circa £2.095 million which results in a projected overall saving for Angus IJB of £1.418 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.

5.17 Housing Revenue Account (HRA)

The Housing Revenue Account is currently projecting a saving of £1.205 million. This is mainly due to the staff slippage with an underspend of £0.533 million. This has arisen due to a number of vacancies, maternity leave and a long-term sickness absence. New temporary posts were created to support the implementation of the improvement plan. These are now being filled and in addition savings have been anticipated through the reduction of lost rents amounting to £0.420 million.

However, there is a projected overspend on the consultancy budget (£0.042 million). This is in relation to consultancy required for the Brechin Flood Options Appraisal and the Allocation Policy Build in NEC.

5.18 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 £0.464 million from 2023/24.

This estimated uncommitted aggregated balance available on the funds as at 31 March 2025 is £0.354 million. Once the de-minimus retention levels are taken into account the balance on all of the funds reduces to £0.005 million and details of this balance are attached at Appendix D.

5.19 100% Budget Carry Forwards

A key part of the Council's financial management arrangements is to provide budget flexibility across financial years and this allows services to carry forward resources for specific purposes and recognises that some projects and initiatives don't always neatly fall into a single financial year.

A total of £0.740 million of carry forward requests were submitted by Directorates, with £0.058 million being approved through the Director of Finance's delegated authority. The details of the balance of carry forward requests totalling £0.682 million seeking approval from elected members are attached at Appendix E.

The balance of the Uncommitted General Fund Balance at 31 March 2024 as reported in the audited annual accounts is £0.997 million and approval of the 100% carry forward requests of £0.740 million would reduce this reported sum to £0.257 million. As part of good practice, a full review of existing reserve commitments will be undertaken prior to setting the 2025/26 budget.

6. SIGNIFICANT BUDGET RISK ON FUNDING FOR MAINTAINING TEACHER NUMBERS

6.1 The Council set its budget for the 2024/25 financial year on 29 February 2024 knowing that £3.084m of funding in relation to maintaining teacher numbers was to be conditional and to be paid as a ring-fenced specific grant. The detail of the specific conditions including the number of teaching posts to be maintained had not, at the time the Council set its 2024/25 budget, been communicated to Councils by the Scottish Government. The Council therefore set its 2024/25 budget on the assumption it would be expected to maintain numbers at the same level as the 2022 Census (1,154 FTE) in order to receive the £3.084m specific grant; a level of teachers which met Government expectations for financial year 2023/24. Paragraph 6.12 in [Report 63/24](#) covers this matter and the assumptions made when the budget was set.

6.2 The Scottish Government subsequently intimated that teacher numbers would require to be maintained at the 2023 Census level in order to receive the full £3.084m specific grant funding in 2024/25. Although correspondence from the Scottish Government has since stated that it is open to discussing potential mitigating factors, as things currently stand the requirement to maintain a higher number of teaching posts to receive the ring-fenced funding in 2024/25 creates a significant financial issue for the Council given that the 2023 Census figure in Angus was 1,172

FTE and is 18 FTE higher than the 2022 Census position. This results from, in part, temporary funding available in the 2023/24 academic year provided for additional teachers on a temporary basis.

- 6.3 Put simply the Council set its 2024/25 budget expecting to receive £3.084m in funding to help maintain 1,154 FTE teaching posts but has since been advised that to receive that funding a higher number of teaching posts (1,172 FTE) must be in place for the 2024 School Census. The 2024/25 revenue budget does not contain sufficient financial provision to pay for 1,172 FTE teaching posts which means that accepting the Specific Grant offer from the Scottish Government in this regard creates a significant additional and unbudgeted cost for the Council unless mitigating factors are accepted by the Government.
- 6.4 This is a national issue and has been discussed multiple times by COSLA Leaders. COSLA Leaders do not support the requirement to maintain specific teacher numbers and have sought clarification on a number of aspects of this funding and potential mitigations which might be acceptable to the Scottish Government. It is understood that the majority of Councils across Scotland (and this includes Angus) have yet to formally accept the Specific Grant offer for maintaining teacher numbers.
- 6.5 This is being highlighted to the Committee as a potential significant financial issue and risk at this time given that the matter remains unresolved. The potential loss of funding or additional costs which might arise in this regard is **not currently included** in the projected position shown in this report – already a significant projected deficit. The Council have £3.084m grant funding within the base budget for 2024/25 for maintaining teacher numbers all or part of which could be at risk. The outcome of this issue and financial risk will be updated once the 2024 School Census position is confirmed in a few weeks time. Once that information is available Council officers intend to discuss with their Scottish Government counterparts potential mitigations which may be acceptable. Further updates will be reported to the Committee as more information becomes available.

7. UKRAINIAN & AFGHAN GRANT FUNDING

- 7.1 The Council received a significant amount of grant funding from the UK / Scottish Governments for Ukrainian and Afghan revenue costs, and the balance of this grant is currently being held within the general fund reserve. This funding 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.

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 5 are the subject of ongoing review.
- 9.2 Members will have noted from Appendix B that an overall deficit compared to budget of £3.323 million (1.23%) 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 £270.282 million). However, as reported in Section 5 there are one off savings in a number of budgets which include ring-fenced grants & contributions (£0.925 million) which cannot be used for other purposes. 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), which due to accounting treatment will be carried forward into 2024/25. This means the projected deficit of £3.323 million increases to £4.248 million as set out in Table 3 below :

Table 4 – General Fund Projected Outturn

	Saving / (Deficit) £m
Projected Outturn (General Fund Services)	(3.323)
<u>Less:</u>	
Ring-fenced grant carry forward Education & Lifelong Learning, see paragraph 5.2	(0.625)
Ring-fenced grant carry forward Children, Families & Justice, see paragraph 5.4	(0.050)
Ring-fenced grant carry forward Vibrant Communities & Sustainable Growth paragraph 5.8	(0.250)
Adjusted 2024/25 Projected Outturn (General Fund Services)	(4.248)

9.3 As reported in section 5.19 the balance of the Uncommitted General Fund Balance at 31 March 2024 as reported in the audited annual accounts is £0.997 million and approval of the 100% carry forward requests of £0.740 million (£0.682 million in this report and £0.058 million from delegated authority) would reduce this reported sum to £0.257 million. Given the projected deficit per Table 4 above officers have considered whether the proposed carry forwards are affordable to approve. Those recommended for approval are considered essential and in most cases if not approved would increase the projected deficit because they are required to pay for already agreed staffing and projects which have slipped and therefore require agreed funding to be carried forward.

9.4 A deficit such as that currently projected (more the £4 million) is unacceptable and actions to reduce that deficit will now need to be taken. Any intended actions requiring elected member approval will be brought to this committee in the next cycle.

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. CHILDRENS RIGHTS AND WELLBEING IMPACT ASSESSMENT

13.1 A Childrens Rights and Wellbeing Impact Assessment has been undertaken and a full assessment is not required as the “General Principles” do not apply to this proposal.

14. CONSULTATION

14.1 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

Appendix E – 100% Budget Carry Forward Requests