

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE
STRATEGIC POLICY COMMITTEE

3 MAY 2005
10 MAY 2005

SUBJECT: REVENUE MONITORING STATEMENT

REPORT BY DIRECTOR OF FINANCE

<p>Abstract: This report and attached appendices apprise members of the actual revenue expenditure incurred and income received in respect of the Council's departments for the period 1 April 2004 to 28 February 2005.</p>

1 RECOMMENDATION

- 1.1 It is recommended that the Committee notes the contents of this report for its interest.

2 BACKGROUND

- 2.1 At the Special meeting of Angus Council on 12 February 2004 the Council approved the revenue budget estimates for the 2004/2005 financial year. Details of the individual departmental revenue budgets are contained in the Final Revenue and Capital Budgets Volume 2004/2005 issued to members in April 2004.

3 INTRODUCTION

- 3.1 Budgetary Control

Financial control is a crucial aspect of control operating across the Council. Budgetary control is part of financial control and it is important that

- a The responsibilities of Officers and Members for the setting and control of budgets are properly defined.
- b Budgets are set in accordance with pre-determined approved policy objectives.
- c Revenue items are properly controlled by the effective periodic monitoring of financial out-turn against detailed budgets.
- d Significant variances are promptly identified, reported and acted upon.
- e The system contributes to the Council's ability to demonstrate that resources are being used in an economical, effective and efficient way.

This report particularly refers to matters in 3.1 (c), (d) & (e). Matters in (a) and (b) are dealt with in the Financial Regulations and the Budget Strategy Group respectively.

3.2 General

This report sets out the actual revenue expenditure incurred and income received for the period 1 April 2004 to 28 February 2005 for each Angus Council department as well as the Police, Fire and Valuation Joint Boards.

4 **FORMAT OF REPORT**

4.1 General

The report is broken down into eight separate sections covering the Council's General Fund departments and the Housing Revenue Account. Sections A to G cover the Council's General Fund departments, that is, those funded by the Council taxpayer whilst Section H appraises members of the position in relation to the Housing Revenue Account, that is, those services funded by Council house rentpayers.

4.2 General Fund Departments

Section A is a comparison of overall net expenditure by department, Sections B to F cover the main types of expenditure which these departments incur and Section G relates to income from fees and charges.

In each section a comparison of actual compared with a profiled budget is provided. The profiled budget for a given period is intended to reflect the timing of when expenditure is expected to be incurred or income received. The more predictable nature of staff costs payments allows the annual budget to be more readily profiled taking into account seasonal staffing variations and other factors. Despite the less predictable nature of other types of expenditure and income the annual budgets for these have also been profiled. These profiles have been based on income and expenditure patterns experienced in the first eight years of Angus Council, adjusted for any deviations expected in the current year.

The expected surpluses from Angus/Tayside Contracts are shown in Section A for information.

4.3 Housing Revenue Account

Section H of the report sets out the actual expenditure incurred for the year to date on the Housing Revenue Account and compares this with the profiled budget for the same period.

5 **COMMENTARY ON INFORMATION SHOWN IN STATEMENT**

5.1 For the purposes of monitoring, a number of adjustments to the Council Tax budget set in March 2004 have been made in the preparation of this report. These adjustments mainly involve the exclusion of capital financing costs, which will not be calculated until the financial year end and certain specific and other grants, the receipt of which is irregular and could distort the reported income position

- 5.2 Members may recall Report 525/01 to the Finance and Information Technology Committee of 1 May 2001 which set out proposals for virement flexibility between financial years. This virement flexibility permits each General Fund department to carry forward 50% of any under spend in one year to the following financial year, subject to a maximum ceiling. The Departmental budgets shown in the attached statement have been amended for the approved carry forward sums.
- 5.3 Planning & Transport income is currently ahead of the profiled budget due to additional Planning Application and Building Warrant income. It is estimated that this could result in an under spend of Planning and Transport budget of some £320k. Approval has been given to transfer £200k of this to the Capital Fund to meet cost pressures of the Arbroath Harbour Development.
- 5.4 Education Department are anticipating an under spend of £940k of which £610k is to be transferred to Repairs & Renewal Fund and Capital Fund as outlined in the Revenue Outturn report. A report to Education Committee addressed this issue via virement proposals and a contingency allowance.
- 5.5 Leisure Services are currently anticipating to exceed their target surplus by £172k. Equipment to the value of £65k has been purchased, thus resulting in their target being exceeded by £107k at the year end. It is proposed to transfer this additional amount (as may be adjusted as final figures for the year emerge) to a Prudential Borrowing Asset Replacement Reserve in order to place the procurement of replacement grounds maintenance and sports equipment on a secure and sustainable basis.
- 5.6 Social Work continues to be an extraordinarily complex area, including Supporting People issues. An under spend of £600k has been outlined in the outturn report with approval having been given to transfer £300k of this to the Capital Fund for increased costs of the Orchardbank Development.
- 5.7 Roads are slightly ahead of profiled budget to date. This is due to rechargeable works being higher than income due to the timing of raising the associated invoices. This will have no net effect on the Roads revenue budget.

6 HUMAN RIGHTS IMPLICATIONS

- 6.1 There are no Human Rights implications arising from this Report.

7 CONSULTATION

- 7.1 The Chief Executive and Director of Law and Administration have been consulted in the preparation of this report.

8 CONCLUSION

- 8.1 It will be further noted from the information set out in Sections B to F of this report that under some of the cost heads, individual departmental actual expenditure is currently ahead of the phased budget. Whilst there are no particular concerns arising from these areas, the position will continue to be monitored closely to ensure that overall net expenditure does not exceed departmental cash limited budgets.

NOTE

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

DSS/GSW/TB
April 2005

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