

ANGUS COUNCIL

STRATEGIC POLICY COMMITTEE - 5 FEBRUARY 2013

2012/13 REVENUE BUDGET – FLEXIBILITY BETWEEN FINANCIAL YEARS

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

**ABSTRACT**

**This report makes recommendations to Members with regard to requests from departments for flexibility between financial years and transfers to Special Funds in respect of the 2012/13 revenue budget.**

**1. RECOMMENDATIONS**

It is recommended that the Committee: -

- (i) Note the contents of this report for its information;
- (ii) Approve the proposed revenue budget carry forwards and transfers to Special Funds as detailed in [Appendix A](#) of this report;

**2. BACKGROUND**

In accordance with Section 4.9 of the Council's Financial Regulations, a proportion of controllable departmental revenue budget underspends may be carried forward from one financial year to the next. This allows departments the flexibility to consider issues beyond the current financial year and to think strategically about the use of resources. It also helps to minimise the risk of a "spend it or lose it" mentality among budget holders.

In addition a department may carry forward 50% of an underspend, up to its maximum limit as laid out in Section 4.8 of the Financial Regulations. The Regulations also allow variations to these limits in certain circumstances, e.g. for ring-fenced monies or through transfers to Special Funds (Renewal and Repair Funds or the Local Capital Fund).

In previous years, a number of departments have taken the opportunity to transfer revenue budget underspends in excess of the limits to the Council's Special Funds in order to provide a carry forward provision into the following financial year. It was agreed by the Budget Strategy Group at its meeting of 28 February 2005, however, that the processes in place for making such transfers required to be formalised.

From May 2005 all Chief Officers who wish to undertake such carry forwards or transfers should complete a pro-forma and submit this to the Head of Finance (previously the Director of Finance) for consideration.

For the 2012/13 carry forward process the criteria have been reviewed to provide clarity on the justification for carry forward. The criteria applied in making the recommendations in this report were as follows:-

- a) Slipped expenditure on a specific project or initiative. The process requires the department to provide good reason as to why slippage has occurred. In addition the department must demonstrate that the spend is still necessary and that it would offer value for money.
- b) Identified budget headroom identified for specific future budget issues. These carry forwards are contingent on the specific budget issue being formally raised through the budget setting

process and the Budget Review Group (BRG) being satisfied that the budget issue is a material problem or risk for the department to manage.

c) A specific predetermined initiative or project. This applies exclusively to carry forwards where budget headroom is intended to be created to progress a specific initiative or project. As part of the process the budget headroom must have been identified and reported as follow:-

- i) (For the first tranche of carry forward submissions) provided to the departmental accountant by 1 December in any financial year.
- ii) (For the second tranche of carry forward submissions) provided to the departmental accountant prior to the budget setting (February).

The initiative or project should be a priority for members and be declared in the first half of the financial year as a specific intention for which a carry forward request would be made.

### 3. PROJECTED OUTTURN POSITION

Members are referred to Report 71/13 submitted to the Corporate Services committee on the 31 January 2013 which outlined the latest projections of expenditure and income against the budget for 2012/13. A total underspend of £2.668 million is projected. The requests for carry forward, shown in Section 4 below, should be viewed in the context of those projected underspends.

### 4. DEPARTMENTAL REQUESTS

Now that the financial year is drawing to a close and in light of their projected year end spend position compared to budget (Report 71/13 refers), a number of carry forward requests have been submitted by departments.

The Head of Finance has reviewed these requests in accordance with the above noted criteria and those recommended for approval are detailed in the attached Appendix A and are summarised by department in the table below:-

Department	Carry Forward to:			Total (£000)
	2013/14 Revenue Budget (£000)	Renewal & Repair Funds * (£000)	Other Funds & Balances (£000)	
Chief Executive	74	0	0	74
Education	178	100	**125	403
Social Work & Health	0	0	0	0
Infrastructure Services	68	0	0	68
Neighbourhood Services	15	0	0	15
Corporate Services	169	341	***50	560
Other Services	187	0	0	187
Joint Boards	0	0	***278	278
<b>Total</b>	<b>691</b>	<b>441</b>	<b>453</b>	<b>1,585</b>

\* Information Technology and Property Renewal & Repair Funds

\*\* Capital Funds

\*\*\* Earmarked in Balances

Subject to approval, the Head of Finance will inform departments of the decision made and undertake the necessary steps to action these requests as part of the Final Accounts process.

## **5. RISKS**

This report does not require any specific risk issues to be addressed.

## **6. FINANCIAL IMPLICATIONS**

Report 71/13 identifies a total projected underspend of £2.668 million for 2012/13. This report recommends allowing £1.585 million of the adjusted projected underspend of £2.668 million to be carried forward and if approved this would result in a revised projected underspend of £1.083 million arising. It is currently estimated that £0.252 million of this net sum would fall within the 50% carry forward scheme under the arrangements set out in Financial Regulation 4.9. This would leave an uncommitted balance of £0.831 million which would be added to the Council's General Fund Balance at 31 March 2013.

The position as outlined in this report is based on projections of the actual position at the end of the financial year and may therefore be subject to some variation. For the avoidance of doubt the departmental carry forward requests recommended for approval in this report will only be actioned if the actual underspend is in line or is no worse than the current projections. A further review of 100% carry forwards will be undertaken as part of the final accounts process and any further exceptional requests will be brought back to members for consideration at that time.

## **7. HUMAN RIGHTS IMPLICATIONS**

There are no human rights implications associated with this report.

## **8. EQUALITIES IMPLICATIONS**

The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

## **9. CONSULTATION**

The Chief Executive, Director of Infrastructure Services, Director of Neighbourhood Services, Acting Director of Social Work and Health, Director of Education, Head of Finance and Head of Law & Administration have been consulted in the preparation of this report.

## **10. CONCLUSION**

A number of departments have submitted requests to carry forward 2012/13 revenue budget underspends either into the following year's revenue budget, balances or to Special Funds. These requests have been considered by the Head of Finance and a summary of those recommended for approval is attached at Appendix A.

Colin McMahon  
Director of Corporate Services

**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.