

ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE – 7 MAY 2002
POLICY AND RESOURCES COMMITTEE – 14 MAY 2002

2002/03 GENERAL FUND CAPITAL BUDGET – FORMAL CONFIRMATION OF SECTION 94
CONSENT NET ALLOCATION

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report advises the committee of the recent announcement by the Scottish Executive formally confirming Angus Council's Section 94 Consent Net Allocation for 2002/03 and also provides an update on the preparation of the 2001/2005 Financial Plan incorporating the 2002/03 General Fund capital budget.

1. RECOMMENDATIONS

The committee is asked to :

- (i) note the contents of this report for its interest ;
- (ii) note that the Section 94 Consent announcement by the Scottish Executive and the updating of the Financial Plan for 2001/02 near final actuals do not necessitate any major carry forward revision of the 2002/03 capital budget ; and
- (iii) note that the opportunity has been taken to update the total provision required for certain projects.

2. INTRODUCTION

Report 198/02 submitted to the Special Service Committees on 14 February 2002 noted the provisional capital budget for 2002/03 was in line with estimated available capital resources of £9.919m. This latest report now being presented to Committee outlines the impact of the formal announcement of the Council's Section 94 Consent Net Allocation for 2002/03 and the updating of the 2001/2005 Financial Plan to reflect near final actuals for 2001/02.

3. SECTION 94 CONSENT NET ALLOCATION 2002/03

The Scottish Executive, in its correspondence dated 22 March 2002, formally confirmed that the Council's Section 94 Consent allocation for 2002/03 is £6.304m. This is identical to the figure previously notified by the Scottish Executive in its Comprehensive Spending Review and utilised by the Council in its capital resource estimates for 2002/03. Also confirmed within this letter is additional ring-fenced Section 94 Consent of £0.084m in respect of the Cycling, Walking and Safer Streets initiative for 2002/03. This is in line with the level of funding previously indicated by the Scottish Executive.

Additional Section 94 Consent of £0.365m from the Public Transport Fund was confirmed in a further letter from the Scottish Executive dated 27 March 2002 in respect of the Angus Rail Interchange project.

The Scottish Executive has also just announced, in its letter dated 25 April 2002, that the Council is to receive further Section 94 Consent in 2002/03 in respect of Contaminated Land.

4. 2002/03 GENERAL FUND CAPITAL BUDGET

The provisional capital budget for 2002/03 approved at the Special Budget meetings in February (Report 201/02 refers) has since undergone a review exercise to "firm up" the latest estimated spend in 2001/02 and any consequential impact on to 2002/03. This ensures that the most up to date position will be reflected in the Council's Final Revenue and Capital Budgets Volume 2002/03.

The updated capital budget and associated capital resources position for 2002/03 are detailed below :

	<u>£m</u>	<u>£m</u>
<u>Capital Budget</u>		
Education		2.177
General Services		4.252
Roads		3.442
Social Work		0.431
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Capital budget 2002/03		10.302
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<u>Capital Resources</u>		
Section 94 Consent :		
Net Allocation	6.304	
Anticipation Facility (10%)	0.630	
Cycling, Walking & Safer Streets	0.084	
Public Transport Fund	0.365	
Contaminated Land	<u>0.092</u>	7.475
Estimated Capital Receipts		0.300
Carry Forward of Capital Receipts / S94 Consent from 2001/02		1.492
Capital Funded from Current Revenue (CFCR)		0.530
Slippage Allowance		0.505
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Estimated Capital Resources 2002/03		10.302
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The 2002/03 capital budget above shows an increase in expenditure of £0.383m from that reported at the Special Budget Committee meetings of 14 February 2002. This net increase has been funded through the following adjustments to the capital resources for 2002/03 :

	<u>£m</u>
Additional Section 94 Consent – Contaminated Land	0.092
Additional Carry Forward from 2001/02	0.323
Reduction in 2002/03 Slippage Allowance	<u>(0.032)</u>
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	0.383
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5. 2002/03 FINAL BUDGET VOLUME

The 2002/03 Final Revenue and Capital Budgets Volume will be published in the coming weeks. This will reflect the various amendments / movements within the 2001/2005 Financial Plan since the Provisional Budget Volume stage. The majority of these changes are minor in nature, however the committee is asked to note the following changes :

Inverkeilor Primary School

The provision in the Financial Plan for Inverkeilor Primary School has been increased from £0.500m (as reported to the Special Education Committee of 14 February 2002, report 201/02 refers) to £0.635m, an increase of £0.135m. A revenue contribution of £0.030m will partly offset

this increase, the £0.105m balance being met from existing resources within Education's capital programme. The original provision was based on initial estimates which have since been updated following a detailed survey of the proposed site and existing building. A report reflecting this position was submitted to the Education Committee at its meeting of 30 April 2002 (report 499/02 refers).

Edzell Primary School

The provision in the Financial Plan for Edzell Primary School has been increased by £0.070m from £0.350m (as reported to the Special Education Committee of 14 February 2002, report 201/02 refers) to £0.420m. This is to reflect the updated costings associated with the various options being considered. A revenue contribution of £0.020m will partly offset this increase. Again, the balance will be met from existing resources within the Education capital programme. It is anticipated that this position will be revisited once the project options have been further developed.

Montrose Bridge Replacement

It may be noted from the Provisional Budget Volume submitted to the Special Roads Committee of 14 February 2002 (report 201/02 refers) that the Montrose Bridge Replacement project is split as follows :

- legally committed expenditure of £0.544m relating to preparatory costs ; and
- not yet legally committed expenditure of £7m (shown outwith the main Roads capital programme) relating to the construction cost of the new bridge.

The Montrose Bridge Replacement project is presently out to tender with a select list of 5 contractors invited to submit bids for design and construction of a new bridge. The Council has been approached by some of the contractors expressing their concern to varying degrees regarding the submission of an on-line design for the bridge within the £7m cost ceiling.

In order to help ensure the maximum retention of contractors and thereby maintain a healthy competitive tension as part of the compliant tender bid process the following action has been undertaken :

- after a review of the costs of the project it is considered that those strictly associated with the client totalling £0.250m, e.g. project supervision, should be allocated against preparatory costs rather than the project itself ;
- the cost ceiling for the project has been raised by £0.250m to £7.250m.

The Roads Financial Plan has been amended to reflect both these amendments.

The construction element of the Montrose Bridge Replacement project will be presented in the Final Budget Volume as it was in the Provisional Budget Volume – that is outwith the Roads departmental capital programme and for information purposes only at this stage until a finalised funding package is determined.

Members are reminded that additional Section 94 Consent of £2.800m was made available by the Scottish Executive in 2001/02 towards the replacement of Montrose Bridge. Given that expenditure on this project is not expected to be incurred until 2003/04, the availability of this additional Consent has resulted in the Council having to put in place a mechanism to carry these resources forward into future financial years.

Report 180/02 indicated that the most practical method of carrying forward these additional resources would be to enter into a consent swap with another local authority. Consent swapping is administered through, and carried out with the authority of, the Scottish Executive and allows Councils to swap consents in one financial year for return in the following financial year. In 2001/02 Angus Council entered into a consent swap with East Lothian Council for the full £2.800m. The Consent has now been returned to Angus in 2002/03 and Finance officers will once again be considering the best method of carrying these resources forward for use on the

Montrose Bridge project in 2003/04. In view of this, the £2.800m additional Consent has not therefore, been reflected in the available capital resources for 2002/03.

The committee will be kept informed of the position on this project through regular update reports.

6. FINAL BUDGET 2002/03

An update of the 2002/03 capital budget will take place early in the new financial year in light of final actual expenditure for 2001/02. A final budget for 2002/03 will subsequently be made available to facilitate the monitoring of capital expenditure during 2002/03.

7. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications as a result of this report.

8. CONSULTATION

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

9. CONCLUSION

The Council has received official notification from the Scottish Executive of its Section 94 Consent Net Allocation for 2002/03. A further update of the 2002/03 capital budget will take place once final actuals are available for 2001/02.

DAVID S SAWERS
Director of Finance

NOTE: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, were used in the preparation of this report :-

'Formal Consent to Meet Capital Expenses in 2002/03', Scottish Executive, 22 March 2002

'Public Transport Fund Award for 2002/03', Scottish Executive, 27 March 2002