

## ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE  
POLICY AND RESOURCES COMMITTEE16 JUNE 1998  
23 JUNE 1998RENEWAL AND REPAIR FUNDS 1997/98 AND  
STRATEGIC REVIEW FOR 1998/99 AND BEYOND

REPORT BY THE DIRECTOR OF FINANCE

**ABSTRACT**

This report provides details of the movements in the various Renewal and Repair Funds during 1997/98 and indicates the uncommitted balances effectively available as at 1 April 1998. In addition the report highlights the proposal to carry out a strategic review for 1998/99 and beyond.

**1. RECOMMENDATIONS**

The Committee is asked to

- (a) note the effective uncommitted balances held on each of the R & R Funds as at 1 April 1998.
- (b) note that a strategic review of the R & R Funds is to be undertaken and reported to the next committee cycle.

**2. BACKGROUND**

The Council holds various Special Funds within its General Fund Account as part of the Council's longer term financial management strategy.

The Special Funds held by the council include the following Renewal and Repair Funds:

- Property
- Roads
- Information Technology
- Print and Design Unit

Policy statements have previously been put forward to Committee regarding the operation of the Council's R & R Funds.

**3. THE EFFECTIVE UNCOMMITTED BALANCES**

The attached Appendices 1 to 4 show the opening balance as at 1 April 1997 for each Fund along with the movements which occurred during financial year 1997/98. These movements allow for commitments entered into during the 1997/98 financial year to determine the uncommitted balance as at 31 March 1998.

It will be recalled that at the Council Tax Setting Special Budget Meeting of Angus Council on 5 March 1998 the following contributions were agreed:

	£000's
Property	250
Roads	250
Information Technology	<u>100</u>
	<u>600</u>

To determine the effective uncommitted balance as at 1 April 1998 it is necessary to make allowance for expenditure calls against the various funds which have been highlighted during discussions at the Member/Officer 1998/99 Budget Co-ordination meetings.

The impact of these agreed in principle commitments is also highlighted in Appendices 1 to 4 and the summarised effective uncommitted balances as at 1 April 1998 has been calculated to be:

	£000's
Property	867
Roads	600
Information Technology	788
Print and Design Unit	77
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	2332

This balance does not take account of ongoing considerations which may result in further commitment calls in the balances shown at 1 April 1998.

#### 4. THE WAY FORWARD

The R & R Funds help give the Council a degree of protection over the longer term from potential risk due to possible unforeseen significant expenditure calls.

A substantial monetary commitment exists on each of the three main Funds and it is intended to carry out a detailed review of these current commitments prior to the next committee cycle to determine their age profile and also when the commitments will translate into actual expenditure. The possibility of applying a time bar for the completion of the current commitments up to the end of the 1998 calendar year will be explored. This will focus the attention of the responsible officers on completing the projects in question on a timeous basis.

An updated projection of the commitment value will inform the strategic review to be undertaken on how best the R & R Funds can be best utilised to the optimal benefit of the Council in the current financial year. However the strategic review should also cover the longer term period into the millennium and develop a focused plan which highlights the demands likely to impact onto the R & R Funds and the resourcing issues which will surround any proposed replenishment programme.

The strategic review will also involve a reassessment of the R & R Fund policy statements.

It is intended to carry out the review process over the recess period and report back to Committee at the next cycle of meetings.

#### 5. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

#### 6. CONSULTATION

The Chief Executive, the Director of Law and Administration, the Director of Property Services, the Director of Roads and the Director of Information Technology have been consulted on the preparation of this report.

## 7. CONCLUSIONS

Significant commitment and actual calls have been made on the R & R Funds over the life of the Council. It is opportune at this moment to review the projected commitment values that currently exist and determine an updated position. In parallel a strategic review exercise should be undertaken to inform both the short and longer term financial management role of the R & R Funds.

The proposed way forward will be reported to the next cycle of Council Committees.

D.S. SAWERS  
Director of Finance

NOTE: No background papers, as defined by Sections 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 this report.

**REPORT BY DIRECTOR OF FINANCE**  
**on**  
**RENEWAL AND REPAIRS PROPERTY FUND**

<b>POSITION OF FUND AS AT 1 APRIL 1998</b>		
Balance at 1 April 1997		1,764,980.29
<i>Add</i>		
Contribution to Fund Via Policy & Resources Committee	800,000.00	
Interest on Revenue Balances	112,667.82	
Additional Contribution from EC Grant	<u>44,577.00</u>	
		957,244.82
<i>Deduct</i>		
Expenditure incurred on projects during year	709,609.66	
Commitments outstanding on current projects	<u>1,079,390.14</u>	
		1,788,999.80
Uncommitted balance at 31 March 1998		<u>933,225.31</u>
Additional contribution at 1 April 1998		250,000.00
Less : Proposed calls arising from 1998/99 BCG process yet to be fully approved.		316,000.00
Uncommitted balance at 1 April 1998		<u><u>867,225.31</u></u>

**REPORT BY DIRECTOR OF FINANCE**  
**on**  
**RENEWAL AND REPAIRS INFORMATION TECHNOLOGY FUND**

<u>POSITION OF FUND AS AT 1 APRIL 1998</u>		
Balance at 1 April 1997		1,174,997.00
<i>Add</i>		
Contribution to Fund Via Policy & Resources Committee	350,000.00	
Interest on Revenue Balances	<u>75,085.82</u>	
		425,085.82
<i>Deduct</i>		
Expenditure incurred on projects during year	169,562.27	
Commitments outstanding on current projects	<u>202,093.38</u>	
		371,655.65
Uncommitted balance at 31 March 1998		<u>1,228,427.17</u>
Additional contribution at 1 April 1998		100,000.00
Less : Proposed calls arising from 1998/99 BCG process yet to be fully approved.		540,000.00
Uncommitted balance at 1 April 1998		<u><u>788,427.17</u></u>

**REPORT BY DIRECTOR OF FINANCE**  
**on**  
**RENEWAL AND REPAIRS ROADS FUND**

<u>POSITION OF FUND AS AT 1 APRIL 1998</u>		
Balance at 1 April 1997		1,120,333.70
<i>Add</i>		
Contribution to Fund Via Policy & Resources Committee	600,000.00	
Interest on Revenue Balances	<u>75,139.91</u>	
		675,139.91
<i>Deduct</i>		
Expenditure incurred on projects during year	9,602.42	
Commitments outstanding on current projects	<u>910,397.58</u>	
		920,000.00
Uncommitted balance at 31 March 1998		<u>875,473.61</u>
Additional contribution at 1 April 1998		250,000.00
Less : Proposed calls arising from 1998/99 BCG process yet to be fully approved.		525,000.00
Uncommitted balance at 1 April 1998		<u><u>600,473.61</u></u>

**REPORT BY DIRECTOR OF FINANCE**  
**on**  
**RENEWAL AND REPAIRS PRINT UNIT FUND**

<b>POSITION OF FUND AS AT 1 APRIL 1998</b>		
Balance at 1 April 1997		£ 111,090.97
<i>Add</i>		
Contribution to Fund Via Surplus on Print Unit Revenue A/c	40,000.00	
Interest on Revenue Balances	<u>6,980.81</u>	46,980.81
<i>Deduct</i>		
Expenditure incurred on projects during year	80,785.00	
Commitments outstanding on current projects	<u>0.00</u>	80,785.00
Uncommitted balance at 31 March 1998		<u>77,286.78</u>
Additional contribution at 1 April 1998		0.00
Uncommitted balance at 1 April 1998		<u><u>77,286.78</u></u>

