

ANGUS COUNCIL

RESOURCES & CENTRAL SERVICES COMMITTEE - 1 SEPTEMBER 2005

STRATEGIC POLICY COMMITTEE – 6 SEPTEMBER 2005

2005/06 FINAL CAPITAL BUDGET VOLUME

Report by the Acting Director of Finance

ABSTRACT

This report seeks Committee approval of the 2005/06 Final Capital Budget Volume, incorporating the updated 2004/2008 Financial Plan and 2005/06 capital monitoring budget.

1. RECOMMENDATION

It is recommended that the Committees: -

- (i) Approve the contents of the 2005/06 Final Capital Budget Volume (available in the Members' lounge);
- (ii) Note that the departmental 2005/06 capital budgets contained in the 2005/06 Final Capital Budget Volume represent the Council's approved budget for capital monitoring purposes;
- (iii) Note that a report on departmental use of the Council's Local Capital Fund will be brought before the next cycle of this committee.

2. BACKGROUND

At the special meeting of Angus Council on 10 February 2005, the Council approved the 2004/2008 Financial Plan, incorporating the provisional 2005/06 capital budget (report 186/05 refers).

As members will be aware, following their approval at the special budget meeting, a comprehensive update of departmental capital programmes (based on the near actual position for the closing 2004/05 financial year) is usually undertaken for the purpose of the Final Budget Volume, which is traditionally issued in April / May of each year. However, given a further update is required in order to establish the annual capital monitoring budget once final actual spends are known, the strict value of this interim update is considered in overall terms to be more limited for management purposes.

In this regard, a number of changes were made to the budget update process, as reported to the Resources & Central Services Committee of 3 May 2005 (report 545/05 refers). The report noted that whilst an update of the 2005/06 capital budget had been undertaken for inclusion in what is now termed the 2005/06 Final Revenue Budget Volume, this was simply an interim position. It was further noted that a comprehensive update would take place over the summer months (based on actual expenditure for 2004/05) to establish the capital monitoring budget for the year, and a separate 2005/06 Final Capital Budget Volume would be produced for committee approval.

This exercise has since been undertaken and a copy of the 2005/06 Final Capital Budget Volume is available in the Members' Lounge. Reference is also made to report 1034/05 to this committee which presents the first capital monitoring report and statement of 2005/06.

3. 2005/06 CAPITAL MONITORING BUDGET

The updated 2004/2008 Financial Plan contained within the 2005/06 Final Capital Budget Volume details, for the General Fund, the total cost and phasing of those capital projects anticipated to be undertaken by Angus Council in the foreseeable future. These costs are shown on an outturn basis, i.e. including an allowance for inflation.

Funding elements such as capital grants, external funding contributions, Local Capital Fund and other internal funding contributions are reflected within the Financial Plan itself, netted off against the gross cost of particular projects. Anticipated capital receipts from the sale of assets are not specifically shown in the Financial Plan (unless committee / Capital Budget Sub Group approval has been given to ring-fence a receipt for a particular project). Decisions regarding the utilisation of such receipts generated in year are taken as part of the final accounts process.

On a net basis, the revised estimated capital budget, capital resources and capital borrowing position for 2005/06 are detailed below:

	<u>£m</u>
<u>Capital Monitoring Budget</u>	
Education	2.241
General Services	6.859
Roads	5.814
Social Work & Health *	-
Slippage Allowance	-
Capital Monitoring Budget 2005/06	14.914
<u>Capital Resources</u>	
Estimated Capital Receipts (excluding receipts ring-fenced for a particular project)	(0.510)
Estimated Capital Resources 2005/06	(0.510)
ESTIMATED BORROWING FOR CAPITAL PURPOSES	14.404

* Social Work & Health are utilising resources within the Local Capital Fund to fully fund capital expenditure in 2005/06 – this has been netted off within the department's capital programme

The 2005/06 capital monitoring budget of £14.914m contains no slippage allowance and, after allowing for estimated pooled capital receipts of £510,000, shows a decrease in borrowing of £784,000 when compared with the provisional capital budget position reflected in report 186/05 (£15.188m after allowing for slippage of £1.666m and pooled capital receipts of £300,000). This has arisen in the main due to:

- a higher level of capital receipts from the sale of surplus assets estimated to be generated in year (an increase of £210,000, from £300,000 to £510,000);
- an additional funding contribution from NHS Tayside in respect of Social Work & Health's HQ accommodation of £310,000, as well as the application of further funding of £254,000 from the Local Capital Fund towards this project;
- the application of £124,000 revenue funding towards Leisure Services Ground Maintenance / Sports Equipment replacement programme in 2005/06;
- slippage on departmental capital programmes from 2005/06 into 2006/07 onwards, combined with compensating reductions to 2005/06 estimated expenditure as a consequence of overspends in 2004/05 (thereby ensuring a neutral impact over the life of the financial plan).

It was noted by the Council that the provisional capital budget for 2005/06 (per report 186/05) had been assessed in the terms required by the Prudential Code as being both affordable and sustainable within the allowances made in the projected revenue budget for 2005/06 and beyond. Given that the anticipated borrowing requirement for capital purposes has actually reduced in 2005/06 and that projected departmental capital spending into future years remains within previously identified targets, the Council's 2004/2008 Financial Plan continues to be affordable and sustainable within the revenue budget allowances available.

Members may have noted that a significant number of projects within the Council's Financial Plan are intended to be funded from the Local Capital Fund. Further contributions from departmental revenue budgets to the Local Capital Fund have also been made as part of the 2004/05 final accounts process. It should be noted that a small proportion of these Local Capital Fund monies has yet to be reflected within the Financial Plan (although the projects it will fund have been identified) - this will be introduced into the capital programme through the regular monitoring exercise. In light of this it is intended that a report on departmental use of the Local Capital Fund be brought before the next cycle of this committee.

4. DISTRIBUTION

Subject to the approval of the Committee, the 2005/06 Final Capital Budget Volume will be issued to Members and officers of the Council.

5. FINANCIAL IMPLICATIONS

There are no additional financial implications as a result of this report.

6. HUMAN RIGHTS IMPLICATIONS

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

7. CONSULTATION

Full consultation has been carried out with each Chief Officer of the Council during the preparation of the 2005/06 Final Capital Budget Volume.

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

8. CONCLUSION

The process of drawing together and issuing the 2005/06 capital budget has now been completed and the support made available to Finance Department staff during this process is hereby gratefully acknowledged. The 2005/06 Final Capital Budget Volume will, subject to committee approval, be distributed for use within departments and will be the base utilised for performance monitoring purposes.

Colin McMahon
Acting Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, were used in the preparation of this report.