

## ANGUS COUNCIL

## RESOURCES &amp; CENTRAL SERVICES COMMITTEE - 1 DECEMBER 2005

2006/07 REVENUE BUDGET

## REPORT BY THE ACTING DIRECTOR OF FINANCE

**ABSTRACT**

This report advises the Committee of the latest position with regard to the preparation of the Finance, Information Technology, Personnel Services, Property Services and Law & Administration 2006/07 revenue budgets and associated issues. Appended to the report are summaries of the departmental provisional base budgets for 2006/07 as submitted to, and subsequently reviewed by, the Acting Director of Finance.

**1. RECOMMENDATION**

The Committee is asked only to note the contents of this report for its interest at this stage in the budget process. More detailed reports with specific recommendations will be brought forward later in the revenue budget cycle.

**2. BACKGROUND**

The 2006/07 revenue budget preparation procedures were outlined in report 762/05, approved by the Resources & Central Services Committee of 16 June 2005. The report indicated that departmental base budgets for 2006/07 (at September 2005 price base) would require to be returned to the Acting Director of Finance by late September/early October 2005. The date for returns was subsequently established as 30 September 2005 in the guidance issued to Chief Officers.

**3. BUDGET REVIEW PROCESS**

The revenue budget review process for each department is separated into a number of distinct stages allowing the strategic and technical issues arising during the budget process to be focused on independently in appropriately tailored forums.

Budget Strategy Group (BSG)

The BSG, chaired by the Leader of the Council, and comprising other key elected members and Chief Officers, will determine the Council's draft revenue budget strategy for 2006/07 and 2007/08, whilst also taking account of longer term budget considerations. A meeting of the BSG took place on 23 May 2005 and a further meeting was scheduled for 14 November 2005 to consider provisional departmental budget submissions and thereafter make recommendations to the relevant Budget Review Group meetings.

Review & Validation Process

Provisional revenue base budget returns are reviewed and validated by the Acting Director of Finance in conjunction with departments to confirm that the budgets submitted have been prepared in accordance with the guidance issued by the Acting Director of Finance, and to identify any potentially major budget issues arising.

Budget Review Group (BRG)

BRG meetings are chaired by the Chief Executive and are scheduled to take place on 5 & 7 December 2005. The BRG consider departmental revenue budget submissions (as amended following the review and validation process), as well as more strategic issues relating to departmental revenue budgets. The BRG will also act as a forum for the discussion of the key budget strategy decisions taken by the Budget Strategy Group.

The BRG meetings also provide a forum for departmental Chief Officers to highlight any particular budgetary difficulties which they face so that such problems can be taken into account when considering the overall corporate budget position of the Council. The BRG is also required to consider departmental Service Planning intentions in conjunction with the budgets to ensure there is consistency between them.

#### **4. DEPARTMENTAL BASE BUDGET SUBMISSION**

The base budget summaries are attached at Appendices A to E. The summaries show the 2006/07 base budgets as submitted to, and subsequently reviewed by, the Acting Director of Finance. The final budgets for the 2004/05 and 2005/06 financial years are also shown for comparison purposes.

Given that the 2006/07 budgets are still subject to the budget review process, the committee are asked to bear in mind that the figures shown in [Appendices A, B, C, D to E](#) for 2006/07 are very much provisional in nature and may be subject to alteration as the budget process progresses. Any alterations considered necessary will nonetheless be brought before the committee for consideration.

#### **5. GOVERNMENT ANNOUNCEMENTS**

The results of the Scottish Executive's Spending Review 2004 established base grant allocations for financial years 2005/06 to 2007/08. The Council is therefore in possession of the base information regarding government grant funding for 2006/07 and this has been utilised to inform previous and current budget projection exercises.

The Executive will however provide a confirmed and updated financial settlement for financial year 2006/07 in December 2005, which will take into account any new Scottish Executive policy initiatives which impact on the Spending Review 2004 announcements. This may involve the revision of the Council's previously announced grant total for 2006/07. Any such change will necessitate a review to determine the impact onto the 2006/07 revenue budget and beyond.

Further reports on any significant government announcements and the resultant implications for the revenue budgets overseen by this Committee will be brought forward as necessary later in the budget process.

#### **6. CONSULTATION**

The Chief Executive, Director of Law & Administration, Director of IT, Director of Property Services and Personnel Services Manager have been consulted in the preparation of this report.

#### **7. HUMAN RIGHTS IMPLICATIONS**

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

#### **8. CONCLUSION**

The presentation of provisional budget figures to the various Committees is part of the process of formulating the 2006/07 budget. The next key stage in the cycle is the meeting of the BRG in December to consider departmental budget submissions in more detail.

COLIN MCMAHON  
Acting Director of Finance

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 this report.