

ANGUS COUNCIL
RESOURCES & CENTRAL SERVICES COMMITTEE
1 DECEMBER 2005
2005/2009 FINANCIAL PLAN AND 2006/07 CAPITAL 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 2005/2009 Financial Plan (incorporating the 2006/07 capital budget) for the Finance (Miscellaneous), Information Technology and Property Services departments. Appended to the report are the departmental Financial Plan submissions for 2005/2009 as returned to the Acting Director of Finance and subsequently reviewed by the Capital Budget Sub Group.

1. RECOMMENDATIONS

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

2. BACKGROUND

The 2005/2009 Financial Plan preparation procedures were outlined in report 761/05, approved by the Resources and Central Services Committee of 16th June 2005. This report also noted that the 2006/07 capital budget will be the third budget to be prepared under the Prudential Code regime.

The 2005/2009 Financial Plan Guidance which was issued to chief officers in August, required departmental submissions to be returned to the Finance department by 23rd September 2005.

3. FINANCIAL PLAN REVIEW PROCESS

The review process for each departmental Financial Plan submission is separated into four distinct stages – the review and validation process, the Capital Budget Sub Group (CBSG), the Budget Strategy Group (BSG) and a Budget Review Group (BRG). This allows the strategic and technical issues arising during the budget process to be focused on independently in more suitable forums.

Review and Validation Process

Departmental Financial Plan submissions are reviewed and validated by the Finance department in conjunction with departments. This is done on an informal basis, to ensure the accuracy and adequacy of Financial Plan submissions in relation to the guidance issued by the Acting Director of Finance.

Capital Budget Sub Group

The CBSG, an officer group chaired by the Chief Executive, concentrates on strategic issues relating to the Financial Plan process. The CBSG met on the 26th October 2005 to consider Financial Plan submissions, and the 2006/07 capital budget in particular, in light of the estimated affordability and capital resources position and has made proposals to the Budget Strategy Group regarding departmental capital programmes.

Budget Strategy Group

The BSG, chaired by the Leader of the Council and comprising other key elected members and chief officers, will determine the Council's draft Financial Plan strategy for 2005/2009. A meeting of the BSG scheduled for the 14th November 2005 will consider the proposals put forward by the CBSG and thereafter make recommendations to the Budget Review Group meetings.

Budget Review Group

BRG meetings are chaired by the Chief Executive and will take place on the 5th and 7th December 2005. Departmental Financial Plan submissions and any proposals made by the CBSG and / or the BSG will be considered at the respective BRG meeting. The BRG will act as a forum for departmental chief officers to highlight any particular capital budget difficulties which they face so that such problems can be taken into account when considering the overall capital 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 FINANCIAL PLAN SUBMISSIONS

Departmental Financial Plan submissions (attached at [Appendix A, A1](#) for Finance (Miscellaneous), [Appendix B, B1](#) for Information Technology and [Appendix C, C1](#) for Property Services) have been submitted to the Acting Director of Finance in response to target submission levels detailed in the Financial Plan Guidance. With regard to the requirements of the Prudential Code, the implications of these submissions will be assessed by Finance officers to establish the capital financing costs which would be generated from such levels of capital expenditure and further reports in this regard will be submitted to appropriate committees in due course. Members are also reminded that the 2006/07 and beyond capital expenditure plans will be progressed against the background of the Prudential Code.

Given that the 2005/2009 Financial Plan is still subject to the budget review process, the Committee is asked to bear in mind that the projects listed and expenditure detailed in Appendices A, B and C is very much provisional in nature and may be subject to alteration as the budget process progresses.

5. ALIGNING THE 2005/2009 FINANCIAL PLAN WITH CORPORATE PRIORITIES

The way the Council prepares its budgets in relation to corporate and service priorities is an issue which has been raised in recent Audit Scotland reports. Both the 2004 Best Value Audit Report and the 2003/04 Audit Report to Members specifically highlighted the need for clearer linkages between the allocation of resources through the budget process and the policy priorities expressed by the Council in its strategies and plans.

In order to address Audit Scotland's concerns, for the 2005/2009 Financial Plan process the Capital Budget Sub Group will undertake a review of the capital programme to ensure it is in line with corporate priorities. The CBSG will report their findings to elected members through the Budget Strategy Group, whose group members include the Conveners and Vice Conveners of both the Strategic Policy and Resources and Central Services Committees, for appropriate action thereafter. In this regard, departments have been asked to indicate the key corporate or 'managing our business' priority met by each project within their capital programme, namely:

CORPORATE PRIORITIES

The economy
Lifelong learning
Healthy, safe and caring communities
The environment

MANAGING OUR BUSINESS

Customer Care
Community Planning
Best Value

The key priority associated with each project is reflected in Appendices A, B and C.

6. FINANCIAL IMPLICATIONS

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

7. HUMAN RIGHTS IMPLICATIONS

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

8. CONSULTATION

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

9. CONCLUSION

The 2005/2009 Financial Plan preparation process is now well underway and all Financial Plan submissions have been returned to the Acting Director of Finance. The next key stage in the process will be the Budget Review Group meetings with chief officers to consider the Financial Plan submissions and proposals put forward by the CBSG and / or the BSG and thereafter report back to the relevant service committees any adjustments deemed necessary.

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 the above Report.