

ANGUS COUNCIL

RESOURCES & CENTRAL SERVICES COMMITTEE

3 MAY 2005

2005/06 FINAL REVENUE BUDGET DOCUMENTS

Report by the Director of Finance

ABSTRACT

This report and [attached appendices](#) seeks Committee approval of the 2005/06 Final Revenue Budget Volume (incorporating updated Provisional Capital Budget 2005/06) and for it to be issued together with the Budget Guide Booklet.

1. RECOMMENDATION

It is recommended that the Committee: -

- (i) Approve the amendments to departmental 2005/06 revenue budgets as detailed in this report;
- (ii) Approve the contents of the 2005/06 Final Revenue Budget Volume (Annex B to this Report and available in the Member's lounge);
- (iii) Note that the departmental revenue budgets contained in the 2005/06 Final Revenue Budget Volume represent the Council's approved budget for monitoring purposes;
- (iv) Note that an interim update of the provisional capital budget 2005/06 has been undertaken based on movements highlighted through the 2004/05 budget monitoring process;
- (v) Note that a comprehensive update of the 2004/2008 Financial Plan (incorporating a final 2005/06 capital budget) will be undertaken once actual expenditure for financial year 2004/05 has been established;
- (vi) Note that a separate Final Capital Budget Volume 2005/06 will be submitted to this committee for approval following the summer recess;
- (vii) Approve the issuing of the 2005/06 Final Revenue Budget Volume together with the Budget Guide Booklet in accordance with the distribution arrangements set out in this report.

2. BACKGROUND

Revenue Budget

At the Special meeting of Angus Council on 10 February 2005 the Council approved the revenue budget for the 2005/06 financial year. As is normal course at that time, a number of items had been allowed for corporately but not yet allocated to departmental budgets e.g. the Council's pay inflation provision. The allocation of these items has now been made and is reflected in the each department's revenue budget for 2005/06 included in the Final Revenue Budget Volume.

In addition to the allocation of these corporate items, each Council department has also been given the opportunity to undertake any virement adjustments considered necessary to reflect changes in circumstances that have arisen since the base budgets were first formulated in September 2004. All these adjustments are undertaken on a cost neutral basis within the approved budget totals agreed by the Council in setting the Council Tax.

Capital Budget

At the Special meeting of Angus Council on 10 February 2005 the Council approved the provisional capital budget for the 2005/06 financial year. This report outlines an alternative approach which is being taken with regard to the update of the 2004/2008 Financial Plan and 2005/06 capital budget.

3. FINAL REVENUE BUDGET 2005/06

The departmental revenue budgets for 2005/06 approved at the Special meeting of Angus Council on 10 February 2005 have been amended to reflect the following: -

Pay Awards

A corporate provision of £3.390 million was made in the Provisional Budget Volume (Report 184/05) to allow for the costs of teachers', Chief Officers' and APT&C pay awards in 2005/06. The departmental budgets contained in the Final Budget Volume have had resources allocated from the corporate provision to allow for a 2.9% increase in teachers' pay, and 2.95% for all other employees. After undertaking this allocation exercise a relatively small shortfall of £26,000 in the corporate provision is evident as a result of a higher than anticipated eligible staff cost base. This shortfall has been addressed by transferring funding from the Council's provision for additional burdens within the Miscellaneous Other Services revenue budget.

Best Value Service Review Efficiencies

In accordance with the Council's desire to move away from reliance on across the board departmental budget cuts to a more policy led approach, the Budget Strategy Group (BSG) identified a programme of Best Value Service Reviews to be undertaken. Four of these were completed in time for the 2005/06 revenue budget setting process – Leisure Services; Environmental & Consumer Protection; Overtime and Additional Hours, and Travel and Subsistence. These reviews identified a total of £0.542 million in efficiency savings for 2005/06, which have been reflected in the departmental budgets contained in the Final Budget Volume.

Property Maintenance & Energy Budgets

The provisional departmental revenue budgets have also been amended to include property maintenance and energy budget allocations. The amendments in respect of property maintenance were merely a reallocation between departments of the overall 2004/05 property maintenance budget, and are therefore cost neutral. New contracts have recently been negotiated for the supply of energy to the Council, resulting in a significant increase in energy costs. In setting the budget for 2005/06 a corporate provision was made to allow for this increase, and the departmental budgets contained in the Final Budget Volume have now received an allocation from this provision to allow for their budgeted energy cost increases. After undertaking this allocation exercise a residual sum of £33,000 is evident, and this has been transferred to the Council's provision for additional burdens within the Miscellaneous Other Services budget.

Attached at Annex A is a reconciliation of the movements in departmental budgets from the Provisional Budget Volume to the Final Budget Volume in light of the above and other annotated financially neutral amendments.

4. UPDATED PROVISIONAL CAPITAL BUDGET 2005/06

Report 186/05 submitted to the Special Service Committees on 10 February 2005 noted the provisional capital budget for 2005/06 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. An interim update of the 2005/06 provisional capital budget has been undertaken for this latest report now being presented to Committee.

Final Capital Budget Volume 2005/06

In previous years, following their approval at the various special budget meetings, a comprehensive update of departmental capital programmes has been undertaken for the purpose of the final budget volume. This update has been based on the near actual position for the current financial year. However, given a further update is required in order to establish the annual monitoring budget once final actuals are known, the value of this interim update is considered to be more limited. Furthermore, the financial plan based on near final actuals, as contained in the annual Final Revenue and Capital Budgets Volume, has previously been formally approved by this committee, whereas the revised financial plan established through the monitoring budget exercise and based on final actuals has not.

In this regard, a number of changes have been made to the budget update process, commencing with the update of the 2005/06 capital budget and 2004/2008 Financial Plan for the budget volume. It is intended that a comprehensive update will not be undertaken until final actuals for 2004/05 are available, after which a separate Final Capital Budget Volume 2005/06 will be produced for committee approval. In the meantime, an interim update of the 2005/06 provisional capital budget has been undertaken, based on the ongoing monitoring of 2004/05 expenditure and the impact any movements identified may have on the subsequent year(s). This is reflected in the financial plan contained in the 2005/06 Final Revenue Budget Volume (Annex B) and members are asked simply to note the position at this point in time.

Updated Provisional Capital Budget 2005/06

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

	<u>£m</u>
<u>Updated Provisional Capital Budget</u>	
Education	2.193
General Services	8.158
Roads	5.223
Roads Infrastructure – Supplementary Budget Allocation	1.265
Social Work	0.543
Slippage Allowance	-1.666
Updated Provisional Capital Budget 2005/06	15.716

	<u>£m</u>
<u>Capital Resources</u>	
Estimated Capital Receipts	(0.300)
Estimated Capital Resources 2005/06	(0.300)
ESTIMATED BORROWING FOR CAPITAL PURPOSES	15.416

Whilst the updated provisional 2005/06 capital budget above shows an increase in borrowing of £228,000 when compared with the position reflected in report 186/05, it should be noted that this has arisen in the main through slippage in the 2004/05 capital programme.

5. FINAL REVENUE BUDGET VOLUME (ANNEX B)

This volume is intended as a relatively detailed reference document and contains budget information broken down over the specific service areas of each department. A brief narrative of the key activities and the budgeted personnel associated with each department is provided. In addition to the departmental budget information, a number of budget summaries are also included in the volume.

The budgets for the 5 Common Good Funds administered by Angus Council are also set out within this volume.

The departmental revenue budgets set out in this document represent the 'cash limited budget' and each Head of Service will be required to deliver their services within this budget provision. The detailed budget information contained in the budget volume represents the "Council Approved Budget" and will form the basis of expenditure and income monitoring during the 2005/06 financial year. Variations from the Budget Volume figures that arise during the course of the year will be subject to the Council's virement procedures.

It should be noted, however, that it is likely that the Scottish Executive will announce the distribution of further resources during the course of the coming financial year which were held back from the Local Government Finance Settlement. The impact of such additional resources onto the 2005/06 revenue budget will require to be addressed during the course of the financial year and will be subject of further reports to the appropriate committees.

A copy of the Final Revenue Budget Volume has been placed in the Members Lounge.

6. BUDGET GUIDE BOOKLET

The Budget Guide Booklet is intended for use as a summary reference document and presents the key facts and figures in relation to the Revenue and Capital Budgets.

This booklet provides a range of information likely to be of use or interest to members and officers of the Council itself as well as members of the public. Included within the booklet are statements showing the calculation of the Council Tax, the 2005/06 Council Tax charges for each valuation band and a comparison of Council Taxes across Scotland. Also included is information on Council house rents, the capital expenditure plans for the Council, sources of local authority finance, a list of Council contact points and a summary of the budgeted position on the various Common Good Funds administered by the Council.

7. DISTRIBUTION

Subject to the approval of the Committee, both of the above documents will be issued to Members and officers of the Council, college and university libraries within the Tayside area and to neighbouring local authorities. In addition, copies of the Budget Guide Booklet will be placed in Access, housing and other offices open to the public as well as the Angus libraries so that members of the public may take copies for their personal use.

8. HUMAN RIGHTS IMPLICATIONS

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

9. CONSULTATION

Full consultation has been carried out with each Chief Officer of the Council during the preparation of the budget volumes.

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

10. CONCLUSION

The process of drawing together and issuing the Council's tenth Revenue and Capital Budgets has now been completed and the support made available to Finance Department staff during this process is hereby gratefully acknowledged.

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: