

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE – 24 NOVEMBER 2009

2009/2013 FINANCIAL PLAN AND 2010/11 CAPITAL BUDGET

REPORT BY THE DIRECTOR OF CORPORATE SERVICES

ABSTRACT

This report advises the Committee of the latest position with regard to the preparation of the 2009/2013 Financial Plan (incorporating the 2010/11 capital budget) for the Infrastructure Services department. Appended to the report is the departmental financial plan submission for 2009/2013 as returned to the Head 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 2009/2013 Financial Plan preparation procedures were outlined in report 486/09, approved by the Corporate Services Committee of 11th June 2009. This report also noted that the 2010/11 capital budget will be prepared under the Prudential Code regime.

The 2009/2013 Financial Plan Guidance which was issued to chief officers in late August, required departmental submissions to be returned to the Head of Finance by 2nd October 2009.

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, strategic review by the Capital Budget Sub Group (CBSG), policy review by the Policy & Budget Strategy Group (PBSG) and a more detailed discussion of proposals through the Budget Review Group (BRG) progress. This allows the strategic and technical issues arising during the budget process to be focused on independently in the most suitable forums.

Review and Validation Process

Departmental financial plan submissions are reviewed and validated by Finance officers 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 Head 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 26th October 2009 to consider financial plan submissions, and the 2010/11 capital budget in particular, in light of the estimated affordability and capital resources position and has made proposals to the Policy & Budget Strategy Group regarding departmental capital programmes.

Policy & Budget Strategy Group

The PBSG, 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 2009/2013. A meeting of the PBSG on 9th November 2009 considered the proposals put forward by the CBSG and will forward recommendations to the Budget Review Group meetings.

Budget Review Group

BRG meetings are chaired by the Chief Executive and will take place on 7th and 9th December 2009. Departmental financial plan submissions and any proposals made by the CBSG and / or the PBSG 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 [Appendices A, B, C and D](#)) have been submitted to the Head 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 2010/11 and beyond capital expenditure plans will be progressed against the background of the Prudential Code.

Given that the 2009/2013 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, C and D](#) is very much provisional in nature and may be subject to alteration as the budget process progresses.

It should further be noted that the Economic Development and Environment & Consumer Protection capital programme detailed in [Appendix B](#) does not reflect any allowance for possible ERDF funding, as highlighted in report 666/09. Should the Council's bid be successful in this regard, the proposed amendments to the financial plan would be brought forward at the next stage of budget discussions.

5. GOVERNMENT ANNOUNCEMENTS

The Scottish Government's Spending Review 2007 provided base grant totals for the financial years 2008/09 to 2010/11 in terms of general capital grant, specific capital grant and supported borrowing, and it was upon this information that the Council's long term affordability strategy for capital has been based. Following the recent 2009 budget announcement however, it has become apparent that the 2010/11 grant figures would be subject to downward review as a result of the impact of the prevailing economic circumstances on public finances.

The Scottish Government's updated Finance Settlement announcement on 17 September 2009 provided national budget information but did not provide individual allocations for local authorities. The announcement confirmed that local government's share of the required £521m increase in efficiency savings would be £174m in 2010/11, of which £131m would be through reduced revenue grant and £43m through reduced capital grant.

It is anticipated that the impact of this cut at an individual local authority level will be announced late November / early December - further reports on the resultant implications for the overall capital budget will be brought forward to Committee as necessary later in the budget process.

6. ALIGNING THE 2009/2013 FINANCIAL PLAN WITH CORPORATE OBJECTIVES

Departments have been asked, as part of the 2009/2013 Financial Plan submission process, to indicate the key corporate objective (i.e. the single, most predominant objective) met by each project within their capital programme, namely:

- maximise the economic potential of Angus (EC)
- provide high quality customer centred services (CUST)
- promote learning for all ages and abilities (LEARN)
- promote safe and caring communities and healthy lifestyles (COMM)
- improve the environment and quality of life (ENV).

A policy review will be undertaken by the Assistant Chief Executive to take an overview of the programme as a whole to ensure the Council's key objectives are delivered in a balanced manner. The findings of this review will be reported to elected members through the Policy & Budget Strategy Group, whose members include the Conveners and Vice Conveners of both the Strategic Policy and Corporate Services Committees, for appropriate action thereafter.

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

7. FINANCIAL IMPLICATIONS

There are no additional financial implications for the Council arising from the recommendation in this report.

8. HUMAN RIGHTS IMPLICATIONS

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

9. EQUALITIES IMPLICATIONS

The issues dealt with in this report have been the subject of consideration from an equalities perspective (as required by legislation). An [equalities impact assessment](#) is not required.

10. SINGLE OUTCOME AGREEMENT

This report contributes to the following local outcome(s) contained within the Single Outcome Agreement for Angus:

- Resources are used effectively.

11. CONSULTATION

The Chief Executive, Director of Infrastructure Services and Heads of Finance and Law & Administration have been consulted in the preparation of this report.

12. CONCLUSION

The 2009/2013 Financial Plan preparation process is now well underway and all financial plan submissions have been returned to the Head 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 PBSG and thereafter report back to the relevant service committees any adjustments deemed necessary.

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DIRECTOR OF CORPORATE SERVICES

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.