

2. REVENUE BUDGET (General Fund and Housing Revenue Account)

2.1 INTRODUCTION

The following sections set out the general responsibility and procedures to be followed by Council Committees and Officers in relation to the preparation of each year's revenue budget and the setting of the Council Tax and Rent levels.

2.2 COUNCIL / COMMITTEE ROLES

- a **Strategic Policy Committee** - The Strategic Policy Committee shall be responsible for determining the medium to long term policy and resource framework within which the Council should operate.
- b **Corporate Services Committee** - The Corporate Services Committee shall be responsible for instructing the Head of Finance, after considering appropriate advice, on the procedures to be adopted in the preparation of the revenue budget and for monitoring the approved budget.

The Head of Finance shall provide the Committee with periodic reports outlining how revenue budget preparation is progressing and highlighting key features within the overall budget which the Committee need to be aware of.

- c **Service Committees** - Each Service Committee shall submit to a Special Budget Meeting of the Council, within the dates prescribed in the budget timetable and under the guidance of the Head of Finance, its recommendations on the departmental revenue budget for which that Committee is responsible, including any service developments, budget savings / efficiencies or review of charges proposals.
- d **Special Budget Meeting of the Council** - A Special Budget Meeting of the Council is required to determine the level of Council Tax at Valuation Band D for the forthcoming financial year before 10th March of the financial year preceding the year for which the budget is being prepared.

The Special Budget Meeting of the Council shall be responsible for resolving the level of Council Tax to be set for the forthcoming financial year and any indicative Council Tax levels for the two following years.

- e **Special Meeting of the Neighbourhood Services Committee** – A special Meeting of the Neighbourhood Services Committee is required to consider the Housing Revenue Account estimates and determine the level of rents for the forthcoming financial year, taking account of any advice issued by the Head of Finance in this regard.

2.3 HEAD OF FINANCE RESPONSIBILITIES

On the basis of the Corporate Services Committee's instructions, the Head of Finance shall request that each Chief Officer prepare a departmental revenue budget for expenditure and income and that this budget, known as the "provisional base budget", be submitted in accordance with a timetable determined by the Head of Finance. The Head of Finance shall annually issue detailed guidance in this respect and this shall be available through the Council's Corporate Intranet (Council Information / Provisional Base Budget Preparation Procedures).

The Head of Finance shall be responsible for ensuring that appropriate professional support and advice is provided by the Finance Division to Chief Officers to assist in the preparation of their revenue budgets.

ANGUS COUNCIL FINANCIAL REGULATIONS

The Head of Finance shall be responsible for ensuring that sufficient, relevant information is made available to members of the Policy and Budget Strategy Group (PBSG) and Budget Review Groups (BRG) to facilitate decision-making by these forums. (See paragraphs 2.6 and 2.7 for further detail)

The Head of Finance shall submit to the Special Budget Meeting of the Council a report concerning details of the departmental revenue budgets. This report should also provide other available information on government grants, the expected level of the Council Tax base, details of the unified Non-Domestic Business Rate as prescribed by the Scottish Government and a statement on fund balances and reserves in accordance with CIPFA's "Guidance Note On Local Authority Reserves And Balances".

The Head of Finance shall submit to the Special Meeting of the Neighbourhood Services Committee a report that details the Housing Revenue Account estimates, in such detail so as to enable the level of rents to be determined. In addition, the report will provide information on the housing stock numbers, and estimated levels of balance at the end of the financial year immediately preceding the year to which the estimates relate, and projections based on assumptions stated in the report.

As appropriate, the Head of Finance shall submit to the Special Budget Meeting of the Council a report detailing forward years' budget projections and outlining any indicative Council Tax levels in accordance with the requirements of the Scottish Government. The Head of Finance will also periodically submit a report detailing forward years' budget projections to the Corporate Services Committee to inform departmental Service Plans.

The Head of Finance shall also be responsible for providing Members, the Chief Executive and other Chief Officers as necessary with information on external factors affecting the General Fund or Housing Revenue Account revenue budgets, including announcements by the Scottish Government, and agreements in relation to pay awards and information on other factors and contingencies relevant to the budget setting process.

2.4 CHIEF OFFICERS' RESPONSIBILITIES

Each Chief Officer shall be required to prepare revenue budget estimates within a timetable and in a form as directed by the Head of Finance in accordance with the general directions of the Strategic Policy Committee and the specific instructions of the Corporate Services Committee. In this respect, it is the responsibility of each Chief Officer to ensure that the detailed annual guidance issued by the Head of Finance is followed and to draw on the professional support and advice available from the Finance Division as necessary.

Where appropriate, Chief Officers should liaise with each other and any other appropriate Officers, to ensure that all relevant facts have been considered in the preparation of the revenue budget. This would mean, for example, that Chief Officers who wish to make amendments to the property maintenance and energy budgets established by the Head of Property would firstly consult with the Director of Corporate Services and Head of Property .

Each Chief Officer shall be responsible for providing to the Head of Finance, on a timeous basis, all necessary information, as identified by the Head of Finance, pertaining to the budget.

Each Chief Officer, in conjunction with the Director of Corporate Services and the Head of Finance, shall ensure their respective Service Committees are kept advised of developments in relation to the revenue budget and are provided with sufficient information on which to make recommendations to the Corporate Services Committee, the Strategic Policy Committee and the Special Budget Meeting of the Council and Neighbourhood Services Committee, as appropriate. This will include review of charges recommendations, any budget savings / efficiencies recommendations and proposals on service developments which should be in accordance with Council Policy.

Chief Officers are responsible for ensuring that their departmental provisional base budget includes the full or part year effect of any revenue expenditure and income implications arising from capital projects.

Further, Chief Officers are directed to the specific Section within the Financial Regulations (i.e. [Section 9](#)) on Committee Report Preparation.

2.5 TECHNICAL VALIDATION PROCESS

Each department's provisional base budget, calculated in accordance with paragraphs 2.9 and 2.10, shall be subject to an informal validation process to confirm that key figures are verified and the Head of Finance's budget guidance has been followed. The Senior Service Manager (Finance Services) will be responsible for co-ordinating this process and in this role may organise informal meetings between departmental and Finance representatives to clarify key technical issues. This will ensure that the information which is submitted to subsequent meetings (PBSG, BRG – see below) is as accurate and comprehensive as possible.

2.6 POLICY AND BUDGET STRATEGY GROUP (PBSG)

The Policy and Budget Strategy Group core membership shall comprise:

- the Leader of the Council (Chair);
- the Depute Leader of the Council;
- the Convener of Corporate Services;
- the Vice Convener of Corporate Services;
- the Chief Executive;
- the Director of Corporate Services;
- the Head of Finance; and
- the Head of Corporate Planning & Human Resources.

Other appropriate officers will also be required to attend as necessary.

The PBSG will make the key decisions in setting the annual revenue budget strategy. It will also set the: budget strategy for the longer term; approach to budget savings / efficiencies to be adopted; contributions to the Council's Special Funds and balances; and Council Tax decisions etc.

The PBSG will meet as required throughout the budget setting process. The PBSG will however require to hold an initial meeting at the commencement of the budget setting process to determine the Council's overall strategy.

Additionally, the PBSG will meet with the respective Members and Chief Officers towards the end of the budget setting process to finalise each department's revenue budget. These meetings will be referred to as Member Officer Group meetings.

Throughout this process the PBSG will make recommendations regarding the detailed revenue budget.

All PBSG recommendations will however require to be approved through the relevant Committees as appropriate during the budget process.

2.7 BUDGET REVIEW GROUP (BRG)

The Budget Review Group core membership shall comprise:

- the Chief Executive (Chair);
- the Director of Corporate Services;
- the Head of Corporate Planning & Human Resources;

- the Head of Finance; and
- the Senior Service Manager (Finance Services).

The BRG meetings will provide a forum for discussion of key budget issues between officers, and will consider the key issues relating to each departmental revenue budget in light of the decisions made by the PBSG, prior to budget meetings with conveners and vice conveners. These discussions will also address any service planning and non-financial resource matters in relation to revenue budget submissions. The PBSG may recommend adjustments to a departmental budget to the appropriate Service Committee.

2.8 GENERAL PROCESS

Each department's provisional base budget, along with any proposed PBSG and BRG adjustments, budget savings / efficiencies, service development proposals and review of charges recommendations, shall be presented to Special Service Committees (immediately preceding the Special Budget Meeting of the Council) for their consideration and (with or without amendment) approval.

The recommendations of each Special Service Committee shall be submitted to a Special Budget Meeting of the Council for consideration and (with or without amendment) approval, and for the setting of the Council Tax.

The recommendations in respect of the Housing Revenue Account shall be submitted to a Special Meeting of the Neighbourhood Services Committee for consideration and (with or without amendment) approval, and for the determination of rent levels.

2.9 INCREMENTAL PREPARATION OF THE REVENUE BUDGET

Subject to instructions from the Corporate Services Committee on budget preparation, each departmental base revenue budget shall ordinarily be prepared on an incremental basis by rolling forward the previous year's budget and adjusting, where required, for policy led budgeting priorities and allowable growth items in accordance with the guidance issued by the Head of Finance. All provisional base budgets, including such adjustments, are subject to the technical validation process outlined at 2.5 above.

2.10 BUDGET ISSUES, NEW BURDENS, SERVICE DEVELOPMENTS AND REVIEW OF CHARGES

Chief Officers may highlight concerns regarding budget issues and new burdens in relation to their revenue budget through the budget setting process. In addition, each Chief Officer may bring forward proposals for enhancements to the service (service developments) and if at all possible these should include recommendations that will allow the proposals to be self-financing. Service development proposals should identify the likely financial implications of their introduction both for the forthcoming financial year and subsequent financial years. It shall be the responsibility of the Chief Officer concerned to prepare a submission in relation to each budget issue, new burden or proposed service development and submit this at the same time as the departmental provisional base budget submission.

The annual budget setting process should take cognisance of Council Policies, and include a review of charges for all users of Council services for which charges do, or could, apply with proposals, where appropriate, to amend these charges. Such a review is the responsibility of the relevant Chief Officer and should highlight the anticipated additional income that would accrue and take into account the possible impact of consumer resistance to changes in the system of charging.

2.11 DEPARTMENTAL BUDGET SAVINGS / EFFICIENCIES

Each Chief Officer may be required to bring forward proposals to reduce budgeted net expenditure in order for the Council to restrict increases in the level of expenditure to be met from the Council Tax. Such proposals should be on the recommendation of the appropriate Service Committee.

Where such savings / efficiencies have an implication for other services, the relevant Chief Officer should be advised of the proposed saving / efficiency eg the Director of Corporate Services should be advised of any proposed saving / efficiency in relation to energy or property maintenance budgets.

2.12 MOTIONS INVOLVING INCREASED EXPENDITURE

Subject to **Standing Order 15(9)**, no resolution of a Service Committee arising from a motion which would involve expenditure not provided for, or reduce income provided for, in the revenue estimates shall be put into effect without the approval of the Strategic Policy Committee.

2.13 AUTHORITY TO IMPLEMENT BUDGET / AUTHORITY TO INCUR EXPENDITURE

The inclusion of items in the approved revenue budget shall constitute authority to the Service Committee, Sub-Committee, Chief Officer or other Officer, as appropriate in terms of the Order of Reference of Committees and the Scheme of Delegation to Officers, to implement the revenue budget and to incur expenditure in this regard. The Strategic Policy Committee or the Council may however place reservation on any such items and expenditure on any such reserved items may be incurred only to the extent that such reservation has been removed.

2.14 TREATMENT OF REVENUE BUDGET OVERSPENDS

Where a department/service is determined to have incurred an annual budget overspend, this will be deducted from the revenue budget of the immediately following financial year (e.g. an overspend in 2008/09 will be deducted from 2009/10 budgets). This deduction will be applied in the form of a management adjustment to the approved budget for monitoring purposes.

2.15 BUDGET GUIDE AND FINAL BUDGET VOLUME

The Revenue Budget process is concluded with the production of a Budget Guide which provides summary information for the benefit of Council Rent and Council Tax Payers and a Final Budget Volume which provides detailed information for Council Officials within Departments to monitor and control expenditure.

The detailed departmental revenue budgets contained in the Final Budget Volume constitute the agreed cash limited budget of each Council department, on an objective and subjective budget head basis. Once published, changes to these budget figures should only be made in accordance with the virement procedures set out in **section 4** of these Regulations.

**For clarification or any queries in respect of this section please contact
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