

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 1 SEPTEMBER 2015

2015/16 FINAL CAPITAL BUDGET VOLUME - GENERAL FUND AND HOUSING

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT

This report presents to members the updated 2014/2019 General Fund Financial Plan and 2014/2018 Housing Financial Plan (both of which incorporate the 2015/16 capital monitoring budget) which will be reflected in the 2015/16 Final Capital Budget Volume.

1. RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) approves the contents of the updated 2014/2019 General Fund Financial Plan, as will be reflected in the 2015/16 Final Capital Budget Volume (attached at **Appendix 1**);
- (ii) notes the contents of the updated 2014/2018 Housing Financial Plan, as will be reflected in the 2015/16 Final Capital Budget Volume (attached at **Appendix 2**); and
- (iii) notes that the 2015/16 capital budgets for both the General Fund departments and Housing represent the Council's approved budgets for capital monitoring purposes.

2. ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT

2.1 The projects undertaken through the Council's capital programme (as reflected in **Appendices 1 and 2**, attached) contribute as a whole to the local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

3. 2015/16 GENERAL FUND CAPITAL MONITORING BUDGET

3.1 At the special meeting of Angus Council on 12 February 2015, the Council approved the 2014/2019 General Fund Financial Plan, incorporating the provisional 2015/16 capital budget of £45.757m. A comprehensive update of departmental capital programmes (based on the unaudited actual position at the close of the 2014/15 financial year) was undertaken over the summer months to inform the Final Capital Budget Volume position.

3.2 The updated 2014/2019 General Fund Financial Plan will be contained within the 2015/16 Final Capital Budget Volume which details the total cost and phasing of those capital projects anticipated to be undertaken by Angus Council in the foreseeable future. These costs are shown on an outturn basis, i.e. including an allowance for inflation.

3.3 Funding elements such as ring-fenced capital grants, external funding contributions, Local Capital Fund and other internal funding contributions are reflected within the financial plan itself, netted off against the gross cost of particular projects. Anticipated capital receipts from the sale of assets are not specifically shown in the financial plan (unless by exception, where committee approval has been given to ring-fence a receipt for a particular project).

3.4 On a net basis, the revised position covering the estimated capital budget, capital resources and capital borrowing position for 2015/16 is detailed in Table 1 below:

Table 1

2015/16 Capital Monitoring Budget and Funding	£m
Chief Executive's	0.276
Communities Directorate	22.320
People Directorate	24.770
Resources Directorate	0.400
General Fund Capital Monitoring Budget 2015/16	47.766
Scottish Government general capital grant *	22.219
Corporate capital receipts from asset sales	0.500
Corporate CFCR – revenue budget contribution	0.700
Corporate CFCR – balance of loan charges budget	3.068
Corporate Capital Fund contribution	1.450
Estimated Borrowing for Capital Purposes	19.829
Funding 2015/16	47.766

* includes funding for Brechin Flood Prevention Scheme

3.5 The 2015/16 capital monitoring budget of £47.766m shows a net increase of £2.009m when compared with the provisional capital budget position reflected in report 61/15 (£45.757m). This is due to a combination of factors:

- the £3.750m supplementary budget allocation provided to Technical and Property Services (Communities Directorate) for roads infrastructure projects through the 2015/16 revenue and capital budget setting process is now included.
- movements in departmental capital programmes following the comprehensive review to reflect the impact of final actuals for 2014/15 on forward years and anticipated expenditure on a number of capital projects being re-phased across the years 2015/16 to 2018/19. The most significant movements are:

Economic Development (Chief Executive's Unit)

- anticipated gross expenditure in 2015/16 on Montrose South Regeneration has decreased by £560,000 and grant funding of £297,000 from Scottish Enterprise has also been applied.

Regulatory, Protective & Prevention Services (Communities Directorate)

- expenditure on the ongoing development / capping of the current cell at Restenneth Landfill Site has been slipped (£760,000) as the continued operation of DERL and the success of the recycling rollout has decelerated the need for additional landfill capacity.
- slippage due to the late delivery of vehicles has increased 2015/16 expenditure on the General and Waste Vehicle Replacement Programmes by some £680,000.

Schools & Learning (People Directorate)

- anticipated net expenditure in 2015/16 on the Arbroath Schools Project (Phase 1) has decreased by £1.582m following a rephasing of spend.
- rephasing of expenditure on Brechin High School Community Campus has increased anticipated net expenditure by £2.338m in 2015/16.

3.6 The updated estimated borrowing of £19.829m is affordable in terms of the allowances made within the 2015/16 revenue budget for capital financing costs and is in line with the approved long term affordability strategy (report 63/15 refers). It should be noted that some £1.291m of the total borrowing in 2015/16 relates to projects funded through departmental borrowing, where mechanisms are put in place to ensure the transfer of departmental revenue resources into the Council's capital financing costs budget (e.g. Waste Vehicle Replacement Programme).

3.7 The comprehensive review exercise of programmed expenditure for 2015/16 and beyond was undertaken by Strategic Directors, Heads of Service and Service Managers with a view to setting a realistic and achievable capital monitoring budget. The monitoring budget was thereafter 'signed off' as being reasonable by the Capital Projects Monitoring Group (CPMG) at their meeting on 13 August 2015. Particular emphasis on delivery to this monitoring budget will be applied in 2015/16 as overseen by the CPMG and the Policy and Budget Strategy Group, with updates provided through regular capital monitoring reports to the Policy & Resources Committee.

4. HOUSING CAPITAL PROGRAMME

4.1 The special Communities budget meeting, which took place on 10 February 2015, approved the 2014/2018 Housing Financial Plan incorporating the provisional 2015/16 capital budget which totalled £7.623m (report 53/15 refers). As with the General Fund, the Housing Financial Plan has been updated and a 2015/16 capital monitoring budget of £7.216m has been established following a comprehensive review of the 2014/2018 Financial Plan, based on the unaudited actual expenditure for financial year 2014/15 and updated information on the position regarding specific projects in 2015/16. The updated 2014/2018 Financial Plan incorporating the 2015/16 monitoring budget was approved by the Communities Committee on 18 August 2015 (report 311/15 refers).

4.2 Members are asked to note that the Housing monitoring budget was reviewed by the CPMG at their meeting on 13 August 2015 and no amendments were requested.

4.3 The 2015/16 capital monitoring budget of £7.216m shows a net decrease of £0.407m when compared with the position approved at the special Communities budget. Details in respect of this movement are contained within Report 311/15 presented to the Communities Committee on the 18 August 2015 and are not therefore replicated here

4.4 The revised position covering the estimated 2015/16 Housing capital monitoring budget and the anticipated funding sources is detailed in Table 2 below:

Table 2

2015/16 Capital Monitoring Budget and Funding	£m
New Build and Shared Equity	2,033
Survive and Thrive	206
Regeneration	0
Conversion	144
Heating Installation	1,162
Window Replacement	312
Energy Saving	1,587
Sheltered Housing	177
Kitchen Replacement	330
Aids and Adaptations	520
Improvements	29
Miscellaneous	716
Housing Capital Monitoring Budget 2015/16	7,216
Capital receipts	0
CFCR	6,139
Borrowing	0
Borrowing – Survive and Thrive	206
Transfer from Ear-marked Reserves	871
Funding 2015/16	7,216

4.5 The approved updated 2014/2018 Housing Financial Plan will be contained within the 2015/16 Final Capital Budget Volume and particular emphasis on delivery to this monitoring budget will be applied in 2015/16 as overseen by the Capital Projects Monitoring Group, with regular updates continuing to be provided to the Communities Committee.

5. DISTRIBUTION

- 5.1 Subject to the approval of the Committee, the 2015/16 Final Capital Budget Volume will be published on the Council's website and Intranet.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications for the Council arising from this report are as detailed in the body of the report.

**IAN LORIMER
HEAD OF CORPORATE IMPROVEMENT AND FINANCE**

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix 1 – updated 2014/2019 Financial Plan (General Fund)

Appendix 2 – updated 2014/2018 Financial Plan (Housing)

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