

## AGENDA ITEM NO 8

REPORT NO 261/17

### ANGUS COUNCIL

#### POLICY & RESOURCES COMMITTEE – 29 AUGUST 2017

#### 2017/18 FINAL CAPITAL BUDGET VOLUME - GENERAL FUND

#### REPORT BY THE HEAD OF CORPORATE FINANCE

#### ABSTRACT

This report presents to members the updated 2016/2021 General Fund Financial Plan (incorporating the 2017/18 capital monitoring budget) which will be reflected in the 2017/18 Final Capital Budget Volume.

#### 1. RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) approves the contents of the updated 2016/2021 General Fund Financial Plan, as will be reflected in the 2017/18 Final Capital Budget Volume (attached at **Appendix 1**); and
- (ii) notes that the 2017/18 capital budget represents the Council's approved budget for General Fund 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 **Appendix 1**, attached) contribute as a whole to the local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2014-2017.

#### 3. 2017/18 GENERAL FUND CAPITAL MONITORING BUDGET

- 3.1 At the special meeting of Angus Council on 16 February 2017, the Council approved the 2016/2021 General Fund Financial Plan, incorporating the provisional 2017/18 capital budget of £32.610m (report 60/17 refers). A comprehensive update of departmental capital programmes (based on the unaudited actual position at the close of the 2016/17 financial year) was undertaken over the summer months to inform the Final Capital Budget Volume position.
- 3.2 The updated 2016/2021 General Fund Financial Plan will be contained within the 2017/18 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 2017/18 is detailed in Table 1 below:

**Table 1**

2017/18 Capital Monitoring Budget and Funding	£m
Chief Executive's	2.429
Place	16.827
People	2.172
Adult Services (Integrated Joint Board)	0.260
<b>General Fund Capital Monitoring Budget 2017/18</b>	<b>21.688</b>
Scottish Government general capital grant	11.758
Corporate capital receipts from asset sales	0.500
Corporate CFCR – balance of loan charges budget	2.305
Estimated Borrowing for Capital Purposes	7.125
<b>Funding 2017/18</b>	<b>21.688</b>

- 3.5 The 2017/18 capital monitoring budget of £21.688m shows a net decrease of £10.922m when compared with the provisional capital budget position reflected in report 60/17 (£32.610m). This is due to movements in departmental capital programmes following the comprehensive review to reflect the impact of final actuals for 2016/17 on forward years and anticipated expenditure on a number of capital projects being re-phased across the years 2017/18 to 2020/21. The most significant movements are:

Economic Development (Chief Executive's)

- rephasing of expenditure on Montrose South Regeneration has decreased net expenditure by £1.088m in 2017/18.
- an allocation of £0.500m for improvements at Dens Road Business Park, Arbroath has been removed from the capital programme as the works are no longer going ahead.

Technical & Property Services (Place)

- rephasing of expenditure on Arbroath Flood Strategy has decreased expenditure by £1.538m in 2017/18, although this is offset to a degree by £0.539m slippage from 2016/17 into 2017/18 on the Flooding Works project.

Schools & Learning (People)

- rephasing of expenditure on Arbroath Primary Schools Phases 2 and 3a has decreased net expenditure by £6.329m in 2017/18.

- 3.6 The updated estimated borrowing of £7.125m is affordable in terms of the allowances made within the 2017/18 revenue budget for capital financing costs, as reflected in the approved long term affordability strategy (report 61/17 refers). It should be noted that some £0.804m of the total borrowing in 2017/18 relates to Waste Vehicle Replacement Programme departmental borrowing, where mechanisms are put in place to ensure the transfer of departmental revenue resources into the Council's capital financing costs budget.
- 3.7 The comprehensive review exercise of programmed expenditure for 2017/18 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 members of the Capital Projects Monitoring Group (CPMG). Particular emphasis on delivery to this monitoring budget will be applied in 2017/18 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. DISTRIBUTION**

- 4.1 Subject to the approval of the Committee, the 2017/18 Final Capital Budget Volume will be published on the Council's website and Intranet.

#### **5. FINANCIAL IMPLICATIONS**

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

**IAN LORIMER  
HEAD OF CORPORATE 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 2016/2021 Financial Plan (General Fund)