

AGENDA ITEM NO 11

REPORT NO 256/18

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 28 AUGUST 2018

2018/19 FINAL CAPITAL BUDGET VOLUME - GENERAL FUND

REPORT BY THE HEAD OF FINANCE & LEGAL

ABSTRACT

This report presents to members the updated 2017/2022 General Fund Financial Plan (incorporating the 2018/19 capital monitoring budget) which will be reflected in the 2018/19 Final Capital Budget Volume.

1. RECOMMENDATION

1.1 It is recommended that the Committee:

- (i) approves the contents of the updated 2017/2022 General Fund Financial Plan, as will be reflected in the 2018/19 Final Capital Budget Volume (attached at **Appendix 1**); and
- (ii) notes that the 2018/19 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) reflect the Council's corporate priorities and contribute as a whole to the local outcomes within the Council Plan and Local Outcome Improvement Plan.

3. 2018/19 GENERAL FUND CAPITAL MONITORING BUDGET

- 3.1 At the special meeting of Angus Council on 15 February 2018, the Council approved the 2017/2022 General Fund Financial Plan, incorporating the provisional 2018/19 capital budget of £31.600m (report 62/18 refers). A comprehensive update of departmental capital programmes (based on the unaudited actual position at the close of the 2017/18 financial year) was undertaken over the summer months to inform the Final Capital Budget Volume position.
- 3.2 The updated 2017/2022 General Fund Financial Plan will be contained within the 2018/19 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 The format of the updated 2017/2022 Financial Plan has been amended to reflect the latest managerial structure of Angus Council. Furthermore, projects relating to buildings and other physical assets occupied / utilised by Angus Alive are now separately identified within the capital programme (although it should be noted that Angus Council continues to own, replace, upgrade and maintain these assets).

- 3.5 On a net basis, the revised position covering the estimated capital budget, capital resources and capital borrowing position for 2018/19 is detailed in Table 1 below:

Table 1

2018/19 Capital Monitoring Budget and Funding	£m
Chief Executive's Place	0.855
People	14.667
Adult Services (Integrated Joint Board)	5.645
Angus Alive	0.108
	0.770
General Fund Capital Monitoring Budget 2018/19	22.045
Scottish Government general capital grant	12.202
Corporate capital receipts from asset sales	0.250
Estimated Borrowing for Capital Purposes	9.593
Funding 2018/19	22.045

- 3.5 The 2018/19 capital monitoring budget of £22.045m shows a net decrease of £9.555m when compared with the provisional capital budget position reflected in report 62/18 (£31.600m). This is due to movements in departmental capital programmes following the comprehensive review to reflect the impact of final actuals for 2017/18 on forward years and anticipated expenditure on a number of capital projects being re-phased across the years 2018/19 to 2021/22. The most significant movements are:

Place

- rephasing of expenditure on Provision for Agile Angus / Estates Review (Locality Hubs / Democratic – Building Works) has reduced expenditure by £0.988m in 2018/19, increasing 2019/20 onwards by an equivalent amount.
- rephasing of Restenneth Landfill Site Phase 3b Capping from 2018/19 into 2019/20 (£0.577m)
- application of estimated value of ring-fenced capital receipts to Waste Vehicle Replacement Programme (£0.150m)

People

- a significant rephrasing of Arbroath Primary Schools Phases 2 and 3a has resulted in anticipated net expenditure in 2018/19 being some £6.434m below the provisional capital budget. Furthermore, the presentation of the project has been amended to reflect only those areas of capital expenditure being funded by Angus Council - the financial plan therefore no longer reflects that portion of expenditure funded from Scottish Futures Trust revenue grant.

Adult Services (Integrated Joint Board)

- provision for The Gables replacement rephased from 2018/19 into 2019/20 (£0.500m).

- 3.6 The updated estimated borrowing of £9.593m is affordable in terms of the allowances made within the 2018/19 revenue budget for capital financing costs, as reflected in the approved long term affordability strategy (report 63/18 refers). It should be noted that some £1.536m of the total borrowing in 2018/19 relates to 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 2018/19 and beyond was undertaken by Strategic Directors, Heads of Service and 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 2018/19 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 2018/19 Final Capital Budget Volume will be available 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 FINANCE & LEGAL**

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 2017/2022 Financial Plan (General Fund)