

MAIN INTRODUCTION

Introductory Comments from the Head of Corporate Improvement & Finance

The 2016/17 budget setting process for all of the activities which the Council provides has again been a difficult and challenging exercise with the age old problem of trying to balance demand for services with the resources available to provide them. Achieving this balance and ensuring that best use is made of resources in overall terms are just two of the reasons why so much time is devoted to the Council's budget setting process. The budget preparation exercises on both revenue and capital activities take up a substantial amount of time over the May to February period but culminate ultimately in what the elected members and officers of the Council believe to be the optimal budget package for the people of Angus.

The Budget Guide

This Booklet is intended as a reference document for Elected Members, Council Officers, Council Tax Payers and Council House Tenants. It sets out the main features of the Council's budgetary process and gives a brief explanation of how the Council sets its Council Tax and Council House rents. It also contains summary details of the Common Good Fund Budgets which the Council administers.

The Booklet is designed to complement the detailed figures contained in the Final Revenue Budget Volume 2016/17 (Incorporating Provisional Capital Budget 2016/17) published by the Council's Corporate Improvement & Finance service which is available on the Council's internet site.

Structure of the Budget Guide

The Budget Guide has been set out into 6 main sections as follows:

- 1 The General Fund Revenue Budget
- 2 The Housing Revenue Account Budget
- 3 The General Fund Capital Budget
- 4 The Housing Capital Budget
- 5 The Common Good Funds Budgets
- 6 General Information

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May 2016

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AN INTRODUCTION TO THE FINANCES OF ANGUS COUNCIL

Introduction

The financial arrangements of Scottish local authorities comprise many different elements. Understanding these elements is important because different accounting, budgeting and control arrangements can apply to each. The sections below attempt to de-mystify the financial arrangements of Angus Council from an expenditure and income perspective.

Types of Expenditure

In the delivery of services the Council incurs what is termed revenue and capital expenditure. Revenue expenditure is the day to day running costs associated with service provision such as salaries, the cost of consumable materials, insurance costs, etc. Capital expenditure is generally on items of a more significant nature which involve the purchase or creation of an asset which will provide benefits over a number of years.

By way of example, the cost of constructing a new school would be capital expenditure whilst the cost of staffing the school, buying the books, etc. would be revenue expenditure.

Types of Income

The Council's revenue and capital expenditure is funded from a number of sources. Revenue expenditure is funded from government grants, Council Taxes, Housing Rents and fees and charges for particular services. Capital expenditure is funded from borrowing, capital grants, the proceeds of asset sales (capital receipts) and contributions from the revenue expenditure budget.

Budgeting & Accounting Arrangements

Revenue Activities

The Council's revenue expenditure and income splits into 2 distinct funds or accounts:

- 1 The General Fund Account
- 2 The Housing Revenue Account

General Fund services cover all of the Council's services (see page 6) except for Council Housing provision which comes under the Housing Revenue Account. General Fund services are funded by government grants, fees and charges for the use of services and Council Tax. Council Housing is funded almost entirely from Council House rents.

Capital Activities

The capital expenditure and income of the Council also splits into 2 areas:

- 1 General Fund Capital
- 2 Housing Capital

The General Fund Capital Budget covers the activities of all the Council's services except for Council Housing provision which comes under a separate Capital Budget for Housing. The cost of capital expenditure for both the General Fund and Housing is financed mainly through borrowing, contributions from revenue (known as Capital Financed from Current Revenue, CFCR) and from the sale of surplus assets (which generate capital receipts).

THE GENERAL FUND REVENUE BUDGET 2016/17

Introduction

The General Fund is the account where all of the Council's revenue expenditure apart from that relating to Council Housing is recorded. The General Fund therefore covers the most significant element, in value terms, of the Council's overall activities. The main services which are budgeted and accounted for through the General Fund Children & Learning and Adult Services (Integrated Joint Board), Communities, Chief Executive and Resources. A fuller listing of the services provided through the General Fund and the budgeted costs of each is shown on page 5.

The Budget Setting Process

The Council has moved away from a single year approach to budget savings thus providing more flexibility to services. In view of this a 3 year package of savings was approved in report 84/14 covering the period 2014/15 - 2016/17 so as to give members a framework for setting a balanced budget. Directorates were asked to review their approved budget savings proposals for 2016/17 to ensure that the savings remained deliverable and submit revised savings to cover those that required to be amended or rephased. Directorates were also asked to submit an additional 1% savings for 2016/17. These savings along with those anticipated from Transforming Angus Tier 1 Reviews brings the total package of 2016/17 savings to £10,099 million.

The budget virement flexibility scheme, again proved to be useful in helping Directorates to deliver priority services within the restrictions of another difficult financial settlement. This scheme allows Directorates to carry forward financial year end underspends on their controllable budgets, the maximum carry forward being restricted to the lower of the directorate's set carry forward limit, or 50% of the underspend. In addition a 100% carry forward for ring-fenced Scottish Government project funding and other such matters are permitted by exception.

The Angus Council Band D Council Tax charge was subsequently set at a meeting of the full Council on 18 February 2016.

SOURCES OF FINANCE FOR GENERAL FUND SERVICES

Introduction

General Fund expenditure is financed from three main sources - government grants, charges for services and the Council Tax. The total level of government grant is determined by the Scottish Government and forms what is known as Total Revenue Support Grant.

Total Revenue Support Grant

Total Revenue Support Grant is the total level of General Fund income which is determined by the Scottish Government and includes Revenue Support Grant (RSG), Non-Domestic Rate Income (NDRI) and Specific Grants. Total Revenue Support Grant supports approximately 81% of Angus Council's net revenue expenditure (i.e. after deduction of fees and charges for services). Angus Council's Total Revenue Support Grant was determined at £200.691million for the 2016/17 financial year.

Updated Service Provision

Previously referred to as Grant Aided Expenditure (GAE), Updated Service Provision is the basis used by the Scottish Government for determining the distribution of Total Revenue Support Grant.

Local Taxation

Once the total level of Revenue Support Grant has been determined by the Scottish Government the remaining amount of local authority expenditure requires to be funded from local taxation, balances, and fees and charges. In 2016/17 the Council Tax will finance approximately 19% of Angus Council's net revenue expenditure (i.e. after deduction of fees and charges for services).

Balances

Local authorities have discretion to use accumulated surpluses (balances) from previous financial years in setting their budgets. Local authorities must also budget to make good any projected deficit carrying forward from a previous financial year.

It was projected that an **uncommitted** General Fund balance of some £1.185 million would be available at the end of 2015/16. Existing Council policy is to set aside around 1.6% of the net budget as a contingency in General Fund Balances. This currently equates to circa £4.0 million. After allowing for drawdowns of £0.085 million to fund one-off budget pressures a balance £1.100 million is projected to be available as at 31 March 2016 beyond the contingency level.

Government Spending Controls

The control of local authority spending through the imposition of an Expenditure Guideline by the Scottish Government was abolished with effect from 2001/02. Angus Council's revenue budget expenditure is limited by the Total Revenue Support Grant (provided by the Scottish Government), Council Tax income and ad-hoc funding from General Fund balances. The Scottish Government will maintain a control over local authority spending, however, through reserve powers to cap or re-introduce Expenditure Guidelines for individual local authorities if Ministers consider Council Tax rises or expenditure levels to be excessive.

The Revenue Budget - General Fund
ANALYSIS OF BUDGETED NET EXPENDITURE BY SERVICE

| 2015/16 Estimate £000 | SERVICE | 2016/17 Estimate £000 | % | Council Tax Band D Equivalent 2016/17 |
|--|--|-----------------------------|--------------|---|
| CHILDREN & LEARNING AND ADULT SERVICES (IJB) | | | | |
| 87,040 | Schools & Learning | 86,424 | 35.0 | 1,961.95 |
| 29,082 | Children & Young People | 29,604 | 11.9 | 672.05 |
| 3,902 | Quality & Performance | 4,247 | 1.7 | 96.41 |
| 595 | Welfare Rights | 0 | 0.0 | 0.00 |
| 46,083 | Adult Care | 46,852 | 18.9 | 1,063.61 |
| COMMUNITIES | | | | |
| 863 | Business Support | 1,433 | 0.6 | 32.53 |
| 17,595 | Technical Services | 16,986 | 6.9 | 385.61 |
| 5,086 | Planning & Place | 4,858 | 2.0 | 110.28 |
| 7,522 | Services to Communities | 6,090 | 2.5 | 138.25 |
| 17,786 | Regulatory & Protective Services | 16,519 | 6.7 | 375.01 |
| 12,564 | OTHER SERVICES | 11,860 | 4.8 | 269.24 |
| <u>NON-CSS ELEMENTS OF CHIEF EXECUTIVES & RESOURCES</u> | | | | |
| 1,504 | Economic Development | 1,317 | 0.5 | 29.90 |
| 159 | Resilience | 166 | 0.1 | 3.77 |
| 1,638 | Finance (Revenues & Benefits) | 1,497 | 0.6 | 33.98 |
| 0 | Welfare Rights | 619 | 0.2 | 14.05 |
| 129 | Registrars | 121 | 0.0 | 2.75 |
| 4 | Licensing | 8 | 0.0 | 0.18 |
| 904 | Transforming Angus | 904 | 0.4 | 20.52 |
| 757 | Joint Board | 750 | 0.3 | 17.03 |
| (50) | Miscellaneous Income | (50) | 0.0 | (1.14) |
| 121 | Pay Award Provision | 0 | 0.0 | 0.00 |
| | Provision for End of Contracted Out | 2,800 | 1.1 | 63.56 |
| 700 | Capital Financed from Current Revenue (CFCR) | 0 | 0.0 | 0.00 |
| 14,157 | Capital Financing Costs | 14,270 | 5.8 | 323.95 |
| 248,141 | | 247,275 | 100.0 | 5,613.49 |
| <u>Trading Accounts</u> | | | | |
| 16 | Print Unit | 28 | 0.0 | 0.64 |
| (218) | Tayside Contracts (Net Surplus - Angus Share) | (218) | (0.1) | (4.95) |
| (202) | | (190) | (0.1) | (4.31) |
| 45 | Add Specific Grants Netted Within Directorates Above | 38 | 0.0 | 0.86 |
| 247,984 | Adjusted Net Expenditure | 247,123 | 99.9 | 5,610.04 |
| 5,950 | Contributions to Special Funds | 1,975 | 0.7 | 44.85 |
| (1,569) | Contribution to/(from) Balances | (1,185) | (0.6) | (26.90) |
| 252,365 | TOTAL NET EXPENDITURE | 247,913 | 100.0 | 5,627.99 |
| To be financed by: | | | | |
| 172,224 | Revenue Support Grant | 167,382 | 67.5 | 3,799.82 |
| 0 | Health & Social Care Integration | 2,463 | 1.0 | 55.91 |
| 31,836 | Non-Domestic Rate Income | 29,410 | 11.9 | 667.65 |
| 45 | Specific Grants | 38 | 0.0 | 0.86 |
| 1,398 | Share of £70m Grant for Council Tax Freeze | 1,398 | 0.6 | 31.74 |
| 46,862 | Council Tax Income | 47,222 | 19.0 | 1,072.01 |
| 252,365 | | 247,913 | 100.0 | 5,627.99 |

ANALYSIS OF BUDGETED GROSS EXPENDITURE BY CATEGORY

| Budget Estimate 2015/16 £000 | % | Cost Per Head of Population 2015/16 £ | Expenditure | Budget Estimate 2016/17 £000 | % | Cost Per Head of Population 2016/17 £ |
|---------------------------------------|--------------|---|----------------------------------|---------------------------------------|--------------|---|
| 150,286 | 46.7 | 1,293.23 | Employee Costs | 144,060 | 45.7 | 1,239.65 |
| 20,746 | 6.4 | 178.52 | Property Costs | 19,746 | 6.3 | 169.92 |
| 15,365 | 4.8 | 132.22 | Supplies & Services | 12,653 | 4.0 | 108.88 |
| 10,086 | 3.1 | 86.79 | Transport Costs | 9,715 | 3.1 | 83.60 |
| 26,558 | 8.2 | 228.53 | Transfer Payments | 27,671 | 8.8 | 238.11 |
| 76,359 | 23.7 | 657.08 | Third Party Payments | 83,601 | 26.4 | 719.40 |
| 15,383 | 4.9 | 132.37 | Capital Financing Costs | 15,466 | 4.9 | 133.09 |
| 5,950 | 1.8 | 51.20 | Contribution to Funds & Balances | 1,975 | 0.6 | 17.00 |
| 1,330 | 0.4 | 11.44 | CFCR | 630 | 0.2 | 5.42 |
| 322,063 | 100.0 | 2,771.38 | Total Gross Expenditure | 315,517 | 100.0 | 2,715.07 |

ANALYSIS OF BUDGETED GROSS INCOME BY CATEGORY

| Budget Estimate 2015/16 £000 | % | Income Per Head of Population 2015/16 £ | Income | Budget Estimate 2016/17 £000 | % | Income Per Head of Population 2016/17 £ |
|---------------------------------------|--------------------|---|--------------------------------------|---------------------------------------|--------------------|---|
| | | | Total Revenue Support Grant | | | |
| 172,224 | 53.5 | 1,482.00 | Revenue Support Grant | 167,382 | 53.0 | 1,440.34 |
| 1,398 | 0.4 | 12.03 | Share of £70m for Council Tax Freeze | 1,398 | 0.4 | 12.03 |
| 31,836 | 9.9 | 273.95 | Non-Domestic Rate Income | 29,410 | 9.3 | 253.08 |
| 0 | 0.0 | 0.00 | Health & Social Care Integration | 2,463 | 0.8 | 21.19 |
| 45 | 0.0 | 0.39 | Specific Grants | 38 | 0.0 | 0.33 |
| <hr/> 205,503 | <hr/> 63.8 | <hr/> 1,768.38 | | <hr/> 200,691 | <hr/> 63.5 | <hr/> 1,726.97 |
| 46,862 | 14.6 | 403.25 | To Be Met From Council Tax | 47,222 | 15.0 | 406.35 |
| <hr/> 252,365 | <hr/> 78.4 | <hr/> 2,171.63 | | <hr/> 247,913 | <hr/> 78.5 | <hr/> 2,133.32 |
| 24,201 | 7.5 | 208.25 | Fees and Charges | 21,336 | 6.8 | 183.60 |
| 1,569 | 0.5 | 13.50 | Contribution from Funds/Balances | 1,185 | 0.4 | 10.20 |
| 15,257 | 4.7 | 131.29 | Other Income (Including Recharges) | 13,681 | 4.3 | 117.73 |
| 28,671 | 8.9 | 246.72 | Other Grants | 31,402 | 10.0 | 270.22 |
| <hr/> 322,063 | <hr/> 100.0 | <hr/> 2,771.38 | Total Gross Income | <hr/> 315,517 | <hr/> 100.0 | <hr/> 2,715.07 |

CALCULATION OF THE COUNCIL TAX

| 2015/16 * £000 | | 2016/17 £000 | £000 |
|-------------------|---|-----------------|------------------|
| 247,984 | Net Expenditure @ Outturn Prices | | 247,123 |
| | Add : | | |
| 5,950 | Transfer to Special Funds | 1,975 | |
| (1,569) | Contributions to / (from) Balances | (1,185) | 790 |
| 252,365 | Total Net Expenditure | | 247,913 |
| | Less : | | |
| 172,224 | Revenue Support Grant | 167,382 | |
| 1,398 | Share of £70 Million for Council Tax Freeze | 1,398 | |
| 0 | Health & Social Care Integration | 2,463 | |
| 31,836 | Non-Domestic Rate Income | 29,410 | |
| 45 | Specific Grants | 38 | |
| 205,503 | | | 200,691 |
| 46,862 | Amount to be met from Council Tax | | 47,222 |
| | No. | | No. |
| | Divide by : | | |
| | Council Tax Base - Band D | | |
| 44,607 | Equivalent numbers of dwellings | 44,949 | |
| 892 | Less : Provision for non-collection (2%) | 899 | |
| 43,715 | | | 44,050 |
| £1,072.00 | COUNCIL TAX (Band D) | | £1,072.00 |
| | | Increase | £0.00 |

* This is the calculation of the 2016/17 Council Tax as agreed at the Council's Special Budget Setting meeting on **18 February 2016**. It does not reflect any additional resources allocated to the Council following late Government announcements.

CALCULATION OF COUNCIL TAX BASE

| | 2015/16 | 2016/17 |
|--|---------|---------|
| Total Number of Dwellings | 55,267 | 55,619 |
| Deduct : | | |
| Total Exemptions | 1,744 | 1,767 |
| Single Charge Payer & Other Adjustments | 5,785 | 7,529 |
| Revised Number of Equivalent Dwellings | 47,738 | 47,104 |
| Band D Equivalent Number of Dwellings (the Tax Base) (at 100% collection) | 44,607 | 44,949 |

COUNCIL TAX NON-COLLECTION

For budget purposes the level of non-collection of the Council Tax for 2016/17 has been assumed at 2%. This means that each pound of the Council Tax will yield £44,050 instead of £44,949 at 100% recovery. The shortfall of £899 is equivalent to £21.44 per Band D Council Tax payer at the level of £1,072. This estimate for non-collection is based on collection patterns experienced by Angus Council. It is stressed, however, that every effort will be made to collect all outstanding Council Tax debt.

SUMMARY OF COUNCIL TAX & SCOTTISH WATER CHARGES 2016/17

| Property Valuation Band | Fraction of Band D | Upper Limit of Value £ | 2016/17 Council Tax Charge Set By Angus Council £ | Water Charge £ | Waste-water Charge £ | Total Charge Levied by Scottish Water £ | Total Combined Charge 2016/17 £ | Total Combined Charge 2015/16 £ |
|-------------------------|--------------------|------------------------|---|----------------|----------------------|---|---------------------------------|---------------------------------|
| A | 6/9ths | 27,000 | 714.67 | 130.80 | 151.80 | 282.60 | 997.27 | 992.89 |
| B | 7/9ths | 35,000 | 833.78 | 152.60 | 177.10 | 329.70 | 1,163.48 | 1,158.37 |
| C | 8/9ths | 45,000 | 952.89 | 174.40 | 202.40 | 376.80 | 1,329.69 | 1,323.85 |
| D | 9/9ths | 58,000 | 1,072.00 | 196.20 | 227.70 | 423.90 | 1,495.90 | 1,489.33 |
| E | 11/9ths | 80,000 | 1,310.22 | 239.80 | 278.30 | 518.10 | 1,828.32 | 1,820.29 |
| F | 13/9ths | 106,000 | 1,548.44 | 283.40 | 328.90 | 612.30 | 2,160.74 | 2,151.25 |
| G | 15/9ths | 212,000 | 1,786.67 | 327.00 | 379.50 | 706.50 | 2,493.17 | 2,482.22 |
| H | 18/9ths Over | 212,000 | 2,144.00 | 392.40 | 455.40 | 847.80 | 2,991.80 | 2,978.66 |

Note: Properties are placed in one of eight valuation bands from A to H in accordance with their values as at 1st April 1991. The upper limit of each band is shown above. Charges for each dwelling are levied in proportion to Band D using the fractions shown.

NON-DOMESTIC RATE POUNDAGE FOR 2016/17

The Unified Business Rate for 2016/17 is 48.4p

Scottish Water has a differential charging policy for customers with metered and unmetered water supplies. Further information in relation to the charging policy can be obtained directly from Scottish Water. (www.scottishwater.co.uk or telephone: 0845 601 8855)

SUMMARY OF COUNCIL TAX CHARGES

SET BY SCOTTISH COUNCILS (Lowest First)

| AUTHORITY | Band D Council Tax 2015/16 £ | Band D Council Tax 2016/17 £ | % Increase in Band D Council Tax % |
|---|---------------------------------------|---------------------------------------|---|
| Dumfries & Galloway | 1,049.00 | 1,049.00 | 0.0 |
| Falkirk | 1,070.00 | 1,070.00 | 0.0 |
| Angus | 1,072.00 | 1,072.00 | 0.0 |
| Scottish Borders | 1,084.00 | 1,084.00 | 0.0 |
| North Lanarkshire | 1,098.00 | 1,098.00 | 0.0 |
| South Lanarkshire | 1,101.00 | 1,101.00 | 0.0 |
| East Lothian | 1,117.62 | 1,117.62 | 0.0 |
| Fife | 1,118.00 | 1,118.00 | 0.0 |
| East Renfrewshire | 1,126.00 | 1,126.00 | 0.0 |
| West Lothian | 1,128.00 | 1,128.00 | 0.0 |
| Moray | 1,135.00 | 1,135.00 | 0.0 |
| Aberdeenshire | 1,141.00 | 1,141.00 | 0.0 |
| East Dunbartonshire | 1,141.85 | 1,141.85 | 0.0 |
| Clackmannanshire | 1,148.00 | 1,148.00 | 0.0 |
| North Ayrshire | 1,152.00 | 1,152.00 | 0.0 |
| South Ayrshire | 1,153.95 | 1,153.95 | 0.0 |
| Perth & Kinross | 1,158.00 | 1,158.00 | 0.0 |
| Highland | 1,163.00 | 1,163.00 | 0.0 |
| West Dunbartonshire | 1,163.00 | 1,163.00 | 0.0 |
| Renfrewshire | 1,164.69 | 1,164.69 | 0.0 |
| City of Edinburgh | 1,169.00 | 1,169.00 | 0.0 |
| Argyll & Bute | 1,178.00 | 1,178.00 | 0.0 |
| East Ayrshire | 1,188.99 | 1,188.99 | 0.0 |
| Stirling | 1,197.00 | 1,197.00 | 0.0 |
| Inverclyde | 1,198.00 | 1,198.00 | 0.0 |
| Midlothian | 1,210.00 | 1,210.00 | 0.0 |
| Dundee City | 1,211.00 | 1,211.00 | 0.0 |
| Glasgow City | 1,213.00 | 1,213.00 | 0.0 |
| Aberdeen City | 1,230.39 | 1,230.39 | 0.0 |
| Comhairle Nan Eilean Siar (Western Isles) | 1,024.00 | 1,024.00 | 0.0 |
| Orkney | 1,037.00 | 1,037.00 | 0.0 |
| Shetland | 1,053.00 | 1,053.00 | 0.0 |
| Scottish Average | 1,149.00 | 1,149.00 | 0.0 |

The data shown above has been sorted by 2016/17 Band D Council Tax (lowest first, excluding the Island Councils).

Source: Scottish Government Website

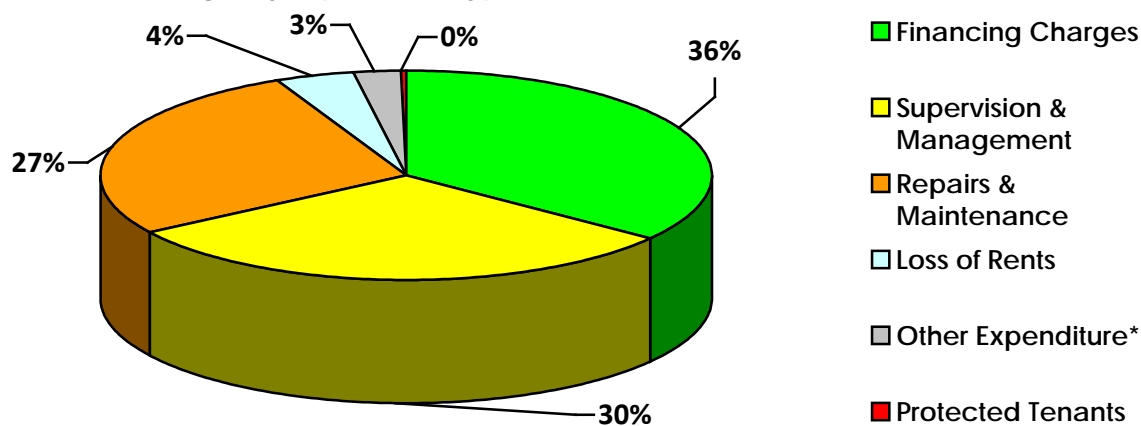
Angus Council has set the 3rd lowest Council Tax charge in mainland Scotland (i.e. excluding the Island Authorities which have unique funding and spending characteristics).

HOUSING REVENUE ACCOUNT BUDGET 2016/17

The Housing Revenue Account (HRA) is a ring-fenced account regulated by statute and quite separate from the General Fund. The account records both income and expenditure items in respect of all housing activities during the year. For financial year 2016/17 rents have increased by an average of £2.02 (3.4%) to an average dwelling rent of £61.55 per week.

| Summary of Budgeted Expenditure and Income | 2015/16 | 2016/17 |
|--|---------------|---------------|
| | £000 | £000 |
| Expenditure | | |
| Financing Charges | 9,007 | 9,469 |
| Supervision and Management | 7,863 | 8,165 |
| Repairs and Maintenance | 7,187 | 7,298 |
| Loss of Rents | 1,408 | 1,128 |
| Other Expenditure | 705 | 697 |
| Protected Tenants | 70 | 59 |
| Total Expenditure | 26,240 | 26,816 |
| | | |
| Income | | |
| Rents and Service Charges | 25,329 | 25,977 |
| Other Income | 254 | 270 |
| Homelessness Funding | 657 | 569 |
| Total Income | 26,240 | 26,816 |
| | | |
| Surplus / (Deficit) on HRA | 0 | 0 |

HRA Revenue Budget by Expenditure Type



* This category of expenditure includes items such as insurance, research and Community Scotland Improvement Plan.

Despite the rent increase, Angus Council is amongst the lowest rents of the 26 Scottish local authorities that currently hold housing stock. The table below indicates Angus Council's weekly average rent levels compared with neighbouring local authorities.

| Average Weekly Levels (Source COSLA) | | |
|--------------------------------------|---------------|---------------|
| Authority | 2015/16 | 2016/17 |
| Aberdeen Council | £70.11 | £70.11 |
| Aberdeenshire Council | £65.73 | £68.19 |
| Angus Council | £59.53 | £61.55 |
| Dundee City Council | £69.42 | £70.11 |
| Perth & Kinross Council | £64.58 | £66.00 |
| Scottish Average | £65.99 | £67.74 |

THE GENERAL FUND CAPITAL PROGRAMME

2015/2020 FINANCIAL PLAN & PROVISIONAL CAPITAL BUDGET 2016/17

Introduction

The General Fund capital programme encompasses expenditure on assets in service areas such as Schools & Learning, Children's Services, Technical & Property Services, etc. which provide benefits to the community for many years into the future. The type of works and projects involved can range from the purchase of new sports equipment for council leisure centres, to roads engineering projects, to the construction of a brand new school. Operating within the scope of the Prudential Code, the Council has a duty to ensure that its capital investment plans are affordable, prudent and sustainable.

The principal means of funding capital expenditure comes from the following 5 sources:

1. borrowing, which will generate annual capital financing costs requiring to be met from the revenue budget. Under the Prudential Code this borrowing is not constrained by limits set by central government, rather it is determined by what the revenue budget can sustain;
2. capital grants provided by the Scottish Government;
3. grants and contributions from other external sources;
4. the generation of capital receipts through the sale of the Council's surplus assets;
5. the funding of capital expenditure directly from the Revenue Account. This is termed Capital Financed from Current Revenue (CFCR).

Objectives

The Council's main objectives when preparing the capital budget for 2016/17 and beyond have been to:

1. In accordance with the requirements of the Prudential Code, ensure the capital expenditure plans are affordable, that external borrowing and other long-term liabilities are within prudent and sustainable levels and that treasury management decisions are taken in accordance with professional good practice.
2. Replace significant assets at an improved standard.
3. Plan effectively to meet its statutory obligations with regard to service delivery.
4. Deliver a capital programme which reflects the Council's key priority of communities which are:
 - prosperous and fair
 - learning and supportive
 - safe and strong
 - caring and healthy
 - sustainable.

CAPITAL EXPENDITURE PROGRAMMES FOR 2015/16 AND 2016/17

| <u>Net Capital Expenditure By Directorate</u> | <u>Projected</u> | <u>Provisional</u> |
|---|------------------|--------------------|
| | <u>Outturn</u> | <u>Budget</u> |
| | <u>2015/16</u> | <u>2016/17</u> |
| | <u>£m</u> | <u>£m</u> |
| Chief Executive's | 0.191 | 1.489 |
| Communities | 19.772 | 11.911 |
| People | 24.976 | 12.498 |
| Adult Services (Integrated Joint Board) | 0.088 | 0.937 |
| Resources | 0.150 | 1.725 |
| | | |
| Total Net Capital Expenditure | 45.177 | 28.560 |

The estimate of capital expenditure detailed for 2016/17 totalling £28.560 million is net of ring-fenced capital grants, CFCR and other external funding. After taking account of other funding elements (including estimated income from the sale of assets and unallocated Scottish Government capital grant), the borrowing required in 2016/17 for capital purposes is an estimated £15.614 million.

An assessment of the likely capital financing costs which will be charged to the revenue account has been made and this analysis indicates that the capital expenditure proposals for 2016/17 will be affordable within the allowances made in the projected revenue budget for 2016/17 and beyond.

The final capital budget for 2016/17 will not be established until a comprehensive update of the full 2015/2020 Financial Plan, including the provisional 2016/17 capital budget, is undertaken to account for the effect of the actual expenditure position for the 2015/16 financial year.

MAJOR CAPITAL PROJECTS

The table below sets out the major capital projects which the Council is planning to undertake in 2016/17.

| <u>Directorate / Capital Project</u> | <u>Provisional Gross Expenditure 2016/17 £m</u> | <u>Estimated Gross Total Cost £m</u> |
|--|---|--|
| <u>Chief Executive's</u> | | |
| Montrose South Regeneration | 1.259 | 3.132 |
| <u>Communities</u> | | |
| Vehicle Workshop and Associated Facilities, Peasiehill, Arbroath | 0.880 | 2.798 |
| Vehicle Replacement Programme | 2.426 | n/a |
| Provision for Zero Waste Implementation | 1.379 | 1.480 |
| Capitalised Maintenance (Main Infrastructure Replacement) | 0.890 | n/a |
| Core Roads Maintenance Programme | 4.970 | n/a |
| <u>People</u> | | |
| Arbroath Schools Project – Phase 1 (Warddykes / Timmergreens) | 2.455 | 12.623 |
| Brechin High School Community Campus | 2.716 | 26.417 |
| Contribution Towards Forfar Academy Community Campus | 0.405 | 4.111 |
| Arbroath Schools Project (Phase 2) | 6.200 | 9.800 |
| <u>Adult Services (Integrated Joint Board)</u> | | |
| Replacement of The Gables Residential Unit | 0.650 | 2.600 |
| <u>Resources</u> | | |
| Provision for Agile Angus / Estates Review | 1.725 | 5.173 |

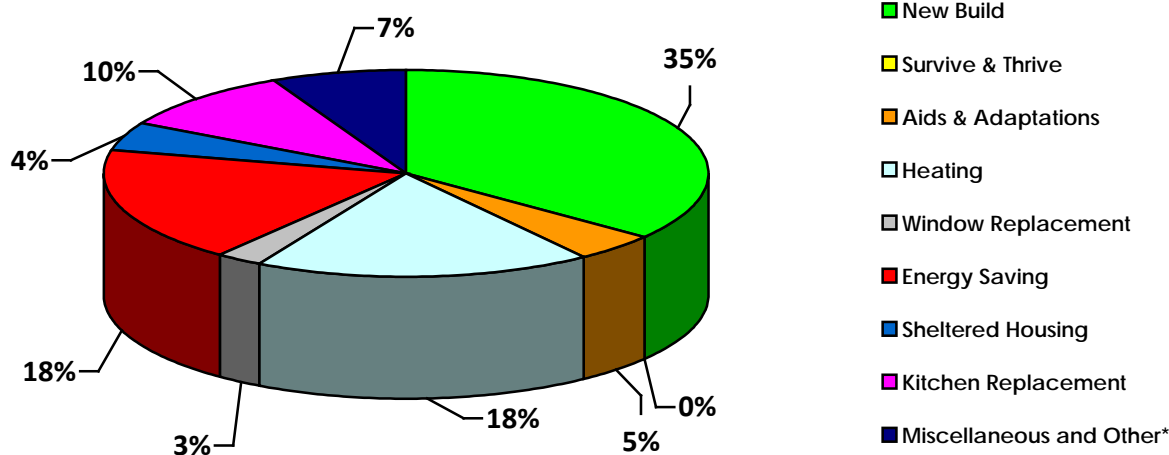
Source: Report 62/16 - 2015/2020 Financial Plan & Provisional Capital Budget 2016/17

HOUSING REVENUE ACCOUNT CAPITAL BUDGET 2016/17

The Housing Revenue Account capital budget covers all capital expenditure which is funded by tenants of council houses. The undernoted table outlines particularly the main elements of the capital programme to upgrade and increase the council housing stock during the financial year 2016/17.

| ANALYSIS OF 2016/17 HOUSING REVENUE ACCOUNT CAPITAL BUDGET | | |
|--|-------------------------|---------------------------|
| Programme | 2015/16 Outturn £000 | 2016/17 Budget £000 |
| New Build and Shared Equity | 1,882 | 4,067 |
| Survive and Thrive | 248 | 0 |
| Aids and Adaptations | 520 | 520 |
| Heating Installation and Replacement | 1,401 | 2,060 |
| Window Replacement | 188 | 295 |
| Energy Saving | 954 | 2,047 |
| Sheltered Housing | 210 | 513 |
| Kitchen and Bathroom Replacement | 354 | 1,127 |
| Other | 1,035 | 819 |
| Total | 6,792 | 11,448 |
| Funding | | |
| Mainstream Borrowing | 0 | 2,828 |
| Survive and Thrive Borrowing | 248 | 0 |
| Capital Receipts | 0 | 1,205 |
| Capital Finance from Current Revenue | 6,139 | 7,135 |
| HRA Revenue Balances | 405 | 280 |
| Total | 6,792 | 11,448 |

HRA Capital Projects by Programme



* This category of expenditure includes Door Entry Systems and Footpaths.

| SIGNIFICANT HRA CAPITAL PROJECTS TO BE UNDERTAKEN DURING FINANCIAL YEAR 2016/17 | |
|---|-------|
| Project | £000 |
| New Build – Eastgate Friockheim | 320 |
| New Build – Guthriehill, Smithycroft Arbroath | 325 |
| New Build – Chapelpark Forfar | 2,600 |
| Bathroom Replacement – Pilot Projects | 500 |
| Heating Installation and Replacement throughout Angus | 2,060 |
| Energy Saving – External Insulation Schemes within Angus | 1,097 |
| Garage Improvement Programme | 278 |

COMMON GOOD FUND BUDGETS 2016/17 - SUMMARY INFORMATION

SUMMARY OF NET INCOME AND ESTIMATED BALANCES

| Actual Net Income / (Expenditure) for 2014/15 £ | | Actual Opening Revenue Cash Balance at 01/04/15 £ | Estimated Net Income / (Expenditure) for 2015/16 £ | Estimated Closing Revenue Cash Balance at 31/03/16 £ | Estimated Net Income / (Expenditure) 2016/17 £ | Estimated Closing Revenue Cash Balance at 31/03/17 £ |
|---|-------------------|---|--|--|--|--|
| 8,855 | ARBROATH | 651,829 | (47,634) | 604,195 | (17,665) | 586,530 |
| (53,797) | BRECHIN | 604,338 | (121,683) | 482,655 | 31,825 | 514,480 |
| 38,326 | FORFAR | 838,701 | (322,436) | 516,265 | (87,010) | 429,255 |
| (334) | KIRRIEMUIR | 6,873 | 50 | 6,923 | 50 | 6,973 |
| 48,094 | MONTROSE | 409,340 | (22,271) | 387,069 | 51,740 | 438,809 |
| <hr/> 41,144 <hr/> | | <hr/> 2,511,081 <hr/> | <hr/> (513,974) <hr/> | <hr/> 1,997,107 <hr/> | <hr/> (21,060) <hr/> | <hr/> 1,976,047 <hr/> |

AREA, POPULATION & RATING STATISTICS

The following table sets out some Angus area statistics

| | 2015/16 | 2016/17 |
|-----------------------------------|--|--|
| AREA STATISTICS | | |
| Angus Council Electorate | 91,115 <small>(per Summary of Register of Electors as at 1 December 2014)</small> | 88,111 <small>(per Summary of Register of Electors as at 1 December 2015)</small> |
| Area (Hectares) | 218,148 | 218,148 |
| Total Estimated Population | 116,210 <small>(per 2012 Estimated Population of Localities)</small> | 116,210 <small>(per 2012 Estimated Population of Localities)</small> |

The following table sets out the estimated population of main Angus towns

| Town | Population |
|--------------------|----------------|
| Arbroath | 23,640 |
| Brechin | 7,520 |
| Carnoustie | 11,430 |
| Forfar | 13,970 |
| Kirriemuir | 6,160 |
| Monifieth | 8,210 |
| Montrose | 11,880 |
| Outwith Main Towns | 33,400 |
| Total | 116,210 |

The following table sets out Angus' estimated population by age band

| Age (years) | Population | % |
|--------------|----------------|--------------|
| 0 – 4 | 5,932 | 5.1 |
| 5 – 15 | 14,046 | 12.1 |
| 16 – 24 | 11,617 | 10.0 |
| 25 – 44 | 26,683 | 23.0 |
| 45 – 64 | 33,698 | 29.0 |
| 65 – 74 | 13,142 | 11.3 |
| 75 – 84 | 8,063 | 6.9 |
| 85 + | 3,029 | 2.6 |
| Total | 116,210 | 100.0 |

The following table sets out Rateable Values / Subjects

| At April 2016 | No. | Value (£) | | No. | Value (£) |
|--------------------|--------------|-------------------|----------------|-------|------------|
| Shops | 1,151 | 17,250,220 | Sporting | 162 | 484,590 |
| Public Houses | 94 | 1,375,650 | Education | 89 | 8,041,475 |
| Offices Inc. Banks | 490 | 5,292,640 | Public Service | 339 | 6,921,273 |
| Hotels Etc. | 60 | 1,428,775 | Communication | 13 | 124,900 |
| Industrial Etc. | 1,133 | 21,214,340 | Quarries Etc. | 21 | 555,764 |
| Leisure Etc. | 423 | 4,774,165 | Religious | 173 | 947,790 |
| Garages Etc. | 112 | 1,289,525 | Health & Care | 127 | 5,707,085 |
| Cultural | 58 | 514,905 | Other | 360 | 2,328,495 |
| Sub-Total | 3,521 | 53,140,220 | Sub-Total | 1,284 | 25,111,372 |
| Total | 4,805 | 78,251,592 | | | |

BUDGETED PERSONNEL - ALL SERVICES

| | 2015/16 | | | 2016/17 | | |
|--|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | Full-Time | Part-Time | Full-time Equivalent | Full-Time | Part-Time | Full-time Equivalent |
| <u>Children & Learning and Adult Services (IJB)</u> | | | | | | |
| Schools & Learning | 1,060 | 497 | 1,401.8 | 1,057 | 542 | 1,389.0 |
| Children & Young People | 401 | 342 | 602.2 | 378 | 366 | 600.0 |
| Quality & Performance | 63 | 13 | 68.1 | 57 | 15 | 47.1 |
| Adult Services | 337 | 874 | 844.5 | 327 | 869 | 784.2 |
| <u>Communities</u> | | | | | | |
| Directorate | 0 | 0 | 0.0 | 0 | 0 | 0.0 |
| Support & Resources | 29 | 17 | 38.6 | 51 | 35 | 70.8 |
| Regulatory & Protective Services | 397 | 54 | 422.1 | 363 | 50 | 387.2 |
| Technical & Property Services | 172 | 31 | 186.6 | 148 | 21 | 160.3 |
| Planning & Place | 80 | 59 | 104.2 | 77 | 58 | 100.1 |
| Services to Communities | 160 | 430 | 296.9 | 0 | 0 | 0.0 |
| <u>Chief Executive</u> | | | | | | |
| Chief Executive's Unit | 27 | 3 | 29.0 | 28 | 7 | 32.4 |
| Resilience | 2 | 0 | 2.0 | 2 | 0 | 2.0 |
| Members | 4 | 0 | 4.0 | 2 | 2 | 3.0 |
| Economic Development | 30 | 8 | 34.6 | 31 | 5 | 34.3 |
| <u>Resources</u> | | | | | | |
| Transforming Angus | 3 | 0 | 3.0 | 6 | 1 | 6.5 |
| Corporate Improvement & Finance | 120 | 42 | 137.8 | 121 | 42 | 140.9 |
| Welfare Rights | 16 | 3 | 17.0 | 17 | 5 | 19.5 |
| Legal & Democratic | 43 | 44 | 66.9 | 41 | 43 | 64.3 |
| Organisational Change | 79 | 21 | 91.6 | 74 | 20 | 86.3 |
| <u>Housing Revenue Account</u> | | | | | | |
| | 91 | 10 | 95.8 | 79 | 17 | 87.4 |
| <u>TOTAL</u> | 3,114 | 2,448 | 4,446.7 | 2,859 | 2,098 | 4,015.3 |

ANGUS COUNCIL ELECTED MEMBERS AS AT MAY 2016

The link below lists the elected members as at May 2016:-

<http://www.angus.gov.uk/councillors>

All Councillors can be contacted via:

Members' Services
The Cross
Forfar
DD8 1BX

Tel. (01307) 473000

Email: members@angus.gov.uk

COUNCIL CONTACT POINTS

The link below lists how to contact the Council:-

http://www.angus.gov.uk/info/19999/council_and_democracy/172/contact_us

TIMETABLE OF COMMITTEE MEETINGS 2016/17

The link below lists the timetable of committee meetings 2016/17:-

http://www.angus.gov.uk/downloads/20086/council_committees_and_membership

GLOSSARY OF TERMS

TOTAL REVENUE SUPPORT GRANT - This is the funding which is out with Council control, i.e. determined by Central Government. The Government sets the level for public expenditure, including the Scottish Government allocation for local authorities, during its budgeting exercise, and thereafter there is an allocation to each of the local authorities. Total Revenue Support Grant includes Revenue Support Grant, Non Domestic Rate Income and Specific Grants and is paid by the Government to help finance the cost of services.

BUDGET - A statement of the Council's spending plans for a specified period of time.

CAPITAL EXPENDITURE - Expenditure of a capital nature produces an asset with a flow of benefits over a period of years.

CAPITAL RECEIPTS - Income from the sale of capital assets or income from capital grants.

COUNCIL TAX/COUNCIL TAX BAND - The Council Tax is a part property related tax and a part personal tax, a combination of the previous rates system and community charge. In respect of property, however, the tax is not related to an estimated rental income (as rates were) but to an estimated capital value which should be more readily assessed. In addition, there is a "personal" element retained in the tax in that there is a 25% reduction where there is only a single occupant in a property. The Government has set eight basic valuation bands for the Council Tax within which property is grouped. The valuations range from Band A (up to £27,000), which incurs two-thirds of the basic charge (Band D), to Band H, the highest range (property valued at over £212,000), which incurs twice the Band D level of charge. The valuations are based on 1991 prices.

COUNCIL TAX BASE – So that the tax level can be estimated, there has to be a conversion of the different numbers of properties in the various bands to the number of properties in the basic band, Band D. So for every Band H house there will be "two Band D houses" and similarly, for every three Band A houses there will be only two Band D houses, so far as tax base estimation is concerned.

COUNCIL HOUSING - The houses owned by a local authority for letting.

DEFICIT - The shortfall of income compared with expenditure.

ESTIMATED SERVICE EXPENDITURE (ESE) - The Scottish Government determines each year a level of expenditure in relation to all Scottish local authorities. This expenditure is determined through a complex formula known as Client Group Assessments of Relative Need and allocated to each of the local authorities on the basis of an assessment of basic needs. It also forms the basis for total revenue support grant allocations to local authorities.

ESTIMATES - The forecasts of expenditure and income included in the budget.

FINANCIAL YEAR - The year commencing 1st April and ending 31st March.

GENERAL FUND - The account which records the expenditure and income of all the Council's services apart from Council Housing.

GROSS EXPENDITURE - The total cost of providing services before deducting Specific Grants, rents, fees and charges, etc.

HOUSING REVENUE ACCOUNT (HRA) - The account which shows the Council's expenditure and income on the provision, management and maintenance of Council housing. This account is held separately from the General Fund, and is entirely self-financing, with the full balance of net expenditure being met by Council House tenants.

INFLATION ALLOWANCES - The amount provided in the budget to cover anticipated cost increases from the base date to the end of the financial year.

INTEREST - The amount received or paid for the use of money.

NET EXPENDITURE - The net cost of providing services after deducting Specific Grants, rents, fees and charges, etc.

NON-DOMESTIC RATE POUNDAGE - The level of non-domestic rate set by the Scottish Government in respect of business and commercial premises. (Also referred to as the **Unified Business Rate**.)

NON-HRA (OTHER HOUSING) – The housing expenditure of the Council is divided into two sections – the Housing Revenue Account (HRA) which relates to Council housing expenditure and the non-HRA which covers the housing expenditure not involving Council housing, i.e. housing benefits, etc.

RENEWAL AND REPAIR FUND – Funds maintained by the Council into which contributions can be made from which there can be money made available for unforeseen items of expenditure. The Council's R&R Fund is for unforeseen items of a repair or renewal nature in the areas of Property, Roads and Transport, Information Technology, Recreation and Print & Design Unit.

REVENUE EXPENDITURE - The continuing day-to-day running expenses on the provision and upkeep of services which are met from current income.

REVENUE SURPLUS BALANCE - Reserves available to meet items of future expenditure.

REVENUE DEFICIT BALANCE - Liabilities which need to be budgeted for.

REVENUE EXPENDITURE

EMPLOYEE COSTS - Includes wages, salaries, bonuses, overtime, Employer's National Insurance and superannuation contributions as well as employee training.

PROPERTY COSTS - Includes rent, rates, repairs and maintenance, heating and lighting costs as well as feu duties and metered water charges.

SUPPLIES AND SERVICES - Includes printing and stationery, advertising and postages, the cost of purchasing materials, spare parts, food, protective clothing, as well as payments to contractors and others for the provision of services.

TRANSPORT COSTS - Includes the cost of providing and maintaining all vehicles and plant including fuel, tyres, repairs, Road Fund Tax and insurance, as well as employee travelling expenses.

THIRD PARTY PAYMENTS - Payments made to an external provider in return for the provision of a service on behalf of the Council, such as care of the elderly.

TRANSFER PAYMENTS - Payments to individuals for which no goods or services are received in return by the local authority, such as grants and benefits paid to individuals and various organisations.

SUPPORT SERVICES - Charges for services such as Finance, Information Technology, Legal & Democratic, etc. which support those directorates providing front line services to the public.

CAPITAL FINANCING COSTS - The cost of financing assets owned or controlled by the Council. This includes loan repayments, interest charges, leasing charges and debt management expenses.

CAPITAL FINANCED FROM CURRENT REVENUE (CFCR) – The cost of acquiring an asset which is financed at the Council's discretion from within the Revenue Budget (i.e. expenditure is financed as it is incurred).

RECHARGE COSTS (Internal) – This is expenditure for overhead costs not directly associated with operating activity recharged to other service areas.

REVENUE INCOME

SPECIFIC GOVERNMENT GRANTS - Grants received from Central Government in respect of a specific purpose or service, usually calculated as a pre-determined percentage of the expenditure actually incurred.

OTHER GRANTS - Grants of a non-specific nature which are not included in the Government's Total Revenue Support Grant settlement, the largest of these being the grant received in respect of Housing Benefits awarded to public and private sector tenants.

RECHARGE INCOME (Internal) - This is income received for work done by one Council service on behalf of another.

FEES, CHARGES, ETC. - Income received by directorates for services provided to members of the public or other external bodies e.g. planning application fees, charges for sports and leisure facilities.

OTHER INCOME - Miscellaneous amounts of income which cannot be included in any of the other categories of income defined above.