

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 29 AUGUST 2023

PREPARATION OF 2024/25 GENERAL FUND REVENUE & CAPITAL BUDGETS

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report informs members of the current position in relation to the 2024/25 Revenue & Capital Budget preparation process, identifies the main stages of the budget timeline and seeks approval of the proposed strategy / approach for the 2024/25 budget process.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- i) Approve the broad strategy and approach to the budget preparation as set out in Section 5 of this report;
- ii) Approve the budget timeline as set out in Appendix A to this report;
- iii) Note the intended continuation of the revised arrangements for the Policy & Budget Strategy Group as set out in section 5.3;
- iv) Note the final sign off of the Council's Revenue & Capital Budgets is intended to take place in February 2024.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 This report contributes as a whole to the Council Plan.

3. BACKGROUND

3.1 In accordance with the Council's Financial Regulations, the detailed preparation of the 2024/25 revenue & capital budgets has now commenced. In financial year 2023/24 it was extremely challenging to deliver a balanced budget and delivering the 2024/25 budget is anticipated to be as difficult. This report outlines the strategy and approach to be taken for the preparation of the 2024/25 revenue & capital budgets.

4. CURRENT POSITION

4.1 As part of the council's financial planning arrangements a Medium Term Budget Strategy (MTBS) covering the period 2024/25 to 2026/27 will be prepared and reported to Angus Council on 2 November 2023. This medium term financial planning work is complementary to the budget setting process and helps ensure the Council is best placed to deal with the ongoing financial constraints facing local government, which are expected to continue for the foreseeable future.

4.2 Detailed revenue & capital budget guidance for 2024/25 has been issued to all of the Council's Directors requiring that base revenue budgets are prepared and submitted to the Finance Corporate Support Team by 22 September 2023, with the initial draft capital plan / capital project bid submissions due to be returned by 29 September 2023.

- 4.3 The general process for the preparation of the 2024/25 revenue and capital budgets will ultimately lead to the setting of the Budget and Council Tax in February 2024. A copy of the indicative timeline for the 2024/25 revenue and capital budget process is attached at Appendix A.
- 4.4 This report focuses on the General Fund budget setting. The process to set the Housing Revenue Account (HRA) revenue and capital budgets follows broadly the same timetable as that set out in Appendix A, with the exception that the HRA budgets are considered and approved separately from the special meeting to set the Council Tax and generally a few days prior to that meeting.
- 4.5 Under the Prudential Code, the capital budget and the revenue budget / Council Tax setting processes are inextricably linked. Within the restricted resources available to the Council there is a need for the impact of capital investment decisions on the revenue budget (primarily increased Capital Financing Costs) to be considered relative to the priority of other calls on the revenue budget.

5. PROPOSALS

5.1 Provisional Base Revenue Budget Submissions

Budget preparation guidance was issued to Directorates in August 2023. Each Directorate will prepare their detailed provisional base revenue budget for 2024/25 in consultation with their Finance Service contact and these are to be submitted to Finance by 22 September 2023.

5.2 Provisional Base Capital Budget Submissions

Following conclusion of the 2022/23 capital final accounts process, services were asked to update their Provisional Capital Budget Volume approved at the Special Angus Council Meeting in March (reports 41/23-50/23 refers). A comprehensive update of departmental capital programmes (based on the unaudited actual position at the close of the 2022/23 financial year) was undertaken over the summer months to inform the final 2022/23 capital budget position. This allowed the publication of the Council's Final Capital Budget Volume at this same committee (report 226/23 refers) and has in effect formed stage one of the 2024/25 capital budget process.

The 2024/25 capital budget process will be based on updating the capital project priority model and the 2024/25 capital budget preparation guidance will be issued to services in late August 2023. Each council service will, in consultation with Finance contacts, prepare their proposals for capital expenditure from 2024/25 up to and including 2027/28.

Capital Budget / capital project bid submissions are required to be returned by the 29 September with a review and validation process taking place prior to being considered by the Policy & Budget Strategy Group in mid to late November.

5.3 Policy & Budget Strategy Group (PBSG)

The PBSG, a member / officer group chaired by the Finance Convener, will develop a broad revenue and capital budget strategy for 2024/25 financial year and beyond which is then determined at the Council Tax Setting meeting. The PBSG has no decision making powers. The remit of the Group at the broadest level is to develop the Council's budget strategy over the short, medium and longer term in the context of the agreed priorities, detailed in the Council Plan.

A revised approach and membership of the Policy & Budget Strategy Group for the planning and budget setting process was agreed during 2023/24 and it is proposed that the PBSG will continue to operate with a cross party membership for those stages of the budget preparation where the PBSG is receiving information from officers on revenue and capital budget submissions, usually between August and January each year. For the final stage of the budget preparation, where final proposals are developed, the PBSG will become an Administration only group with non-Administration members being supported separately by officers should they wish to develop their own budget proposals.

These PBSG arrangements result in a more efficient use of member and officer time and avoid duplication, whilst still enabling different budget proposals to be developed by the respective political groups. The membership is as follows:-

Elected Members	Senior Officers (note 1)
Leader of the Council	Chief Executive
Depute Leader of Council	Depute Chief Executive
Depute Leader / Finance Convenor	Director of Finance
2 Other Administration Members (Cllrs Cheape and Beattie)	Director of Legal & Democratic
Leader of main Opposition	Director of Strategic Policy, Transformation & Public Sector Reform (for August Meeting and thereafter Service Lead – Governance & Change)
Opposition Finance Spokesperson	Director of HR, DE, IT and Business Support
Non-aligned Member – (Cllr Doran)	Service Leader (Finance)

Note 1 – input from the Director of Infrastructure & Environment will be necessary when PBSG considers capital budget proposals (Nov/Dec each year). Input from the Director of Children, Families & Justice in her role as Chief Social Work Officer will also be required when finalising budget and policy options. The Manager – Communications input to any budget consultation discussions at PBSG will also be required.

5.4 Broad Strategy and Approach

The strategy and approach proposed below is mainly consistent with the approach taken in previous years:-

- Council Plan update – the starting point for the preparation of the budget is to determine the objectives and priorities which that budget is intended to facilitate. The Council Plan went through an extensive review and update resulting in the approval of the 2022-2025 Angus Council Plan at the 3 March 2023 Special Council meeting (Report 55/22 refers). No significant changes to the priorities in the Plan are anticipated but this will be part of the PBSG considerations.
- Develop a high level long term financial planning framework
This framework will provide a forward look around the potential impact of changes in cost drivers, service demand, population etc, how these might impact on the Council financially and the outcomes it seeks to deliver. This framework will inform future updates to the Council's MTBS. The Council's first long term financial planning framework will be presented to Angus Council in September 2023.
- Prepare a Medium Term Budget Strategy (rolling – 3 years revenue and 4 years capital)
The strategy identifies the resource available, the funding gap, priorities for investment and the plans and actions intended to deliver a balanced budget (report going to Angus Council 2 November 2023)
- Formal Budget Setting (February)
Members will be asked to agree the detailed budget for the year ahead (2024/25) and a high level budget and indicative savings plans for the following 2 years.
- Change Programme Savings
The strategy will seek to deliver all the required savings from the Change Programme. Council agreed in March 2023 a 3 year Change Programme which will form the starting point for 2024/25 budget planning but will require to be updated A new Change Programme will be agreed as part of the budget setting process that will include any new projects identified to meet future budget gaps.

- General Fund Reserves - Proposed Budget Strategy for the Use of Reserve Balance over the Period 2023/24-2027/28 (report 57/23 refers)

Report 57/23 approved a proposed a budget strategy for the use of the General Fund Reserve over the 5 year period from 2023/24 to 2027/28. Given the significant financial challenges the Council needs to address the report recommended adopting a 7 point plan covering 5 years. The proposals were at a point in time but will be reviewed and amended if required as part of the 2024/25 budget setting process.

- Angus IJB and ANGUSalve

Officers will ensure early dialogue with the Angus Health & Social Care Partnership and ANGUSalve regarding those elements of the budget and the Council's funding to those partners.

5.5 Special Committee & Setting the Council Tax

The Local Government Finance Act 1992 requires that Council Tax Band D level be set on or before the 10 March of the year preceding the financial year to which it will apply. Similar to the past few years, all decisions will be made via a Special Meeting of the Council and the budget timetable has been drawn up to allow the Council Tax to be set in late February 2024.

5.6 Common Good Funds

The Council's Policy Guidelines for accessing and maintaining the Common Good Funds are detailed in report [138/21](#) to the Angus Council meeting of 13 May 2021 which approved the "Common Good Fund Policy Guidelines and Administrative Procedures". In terms of the Common Good revenue annual budget we will do what the policy requires in relation to the Common Good budgets.

5.7 Consultation and Engagement on our Plans & Budgets

For the 2024/25 budget setting process this is subject to a separate report to Angus Council on the 7 September.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications arising directly from this report. The budget strategy proposed will be used to guide the ultimate delivery of a balanced and legal budget in February 2024.

7. **EQUALITY IMPACT ASSESSMENT**

- 7.1 An Equality Impact Assessment has not been completed as this report does not impact on people.

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 A - Budget Timeline