

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 3 SEPTEMBER 2024**

**2024/25 FINAL CAPITAL BUDGET - GENERAL FUND**

**REPORT BY IAN LORIMER, THE DIRECTOR OF FINANCE**

**1. ABSTRACT**

- 1.1 This report presents to members the updated 2023/2028 General Fund Capital Plan, incorporating the 2024/25 capital monitoring budget.

**2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES**

- 2.1 The projects undertaken through the Council's capital programme (as detailed in **Appendix A**, attached) reflect the Council's corporate priorities and contribute as a whole to the specific targets and objectives within the Council Plan.

**3. RECOMMENDATION**

- 3.1 It is recommended that the Committee:

- (i) note the contents of this report and approve the contents of the updated 2023/2028 General Fund Capital Plan (attached at **Appendix A**);
- (ii) note that the 2024/25 capital budget in Appendix A represents the Council's approved budget for General Fund capital monitoring purposes;
- (iii) approves the request for additional funding of £0.100m ( paragraph 6.2 refers).

**4. BACKGROUND**

- 4.1 At the special meeting of Angus Council on 29 February 2024 the Council approved the 2023/2028 General Fund Capital Plan, incorporating the provisional 2024/25 capital budget of £56.824m (report 63/24 refers). A comprehensive update of departmental capital programmes (based on the unaudited actual position at the close of the 2023/24 financial year) was undertaken over the summer months to inform the 2024/25 final capital budget position.
- 4.2 The Capital Projects Monitoring Group (CPMG) met on 8 August 2024 to review the draft updated capital plan/additional funding bids and to scrutinise and challenge the officers in attendance on their proposed spending plans in terms of robustness and achievability.

**5. UPDATED CAPITAL RESOURCES POSITION**

- 5.1 Updated estimated capital resources totalling £129.395 million over the 5 year period of the 2023/2028 Capital Plan are detailed in Table 1 below, alongside a comparison of the Provisional Budget Volume position approved at February's budget setting meeting (reports 63/24 and 68/24 refer).

**Table 1 – 5 Year Position**

	<b>Updated Resource Position £m</b>	Total Resources Per Report 63/24 £m	Increase / (Decrease) £m
Scottish Government general capital grant	<b>42.265</b>	41.871	0.394
Corporate capital receipts (from sale of assets)	<b>0.400</b>	0.650	(0.250)
Corporate revenue contribution	<b>0.600</b>	0.600	0.000
Corporate borrowing	<b>86.130</b>	86.518	(0.388)
<b>Total Resources</b>	<b>129.395</b>	129.639	(0.244)

5.2 The above table reflects a small overall decrease in resources of £0.244 million. The estimated capital resources figures decreased from £129.639 million over the 5 year period of the provisional 2023/2028 Capital Plan to £129.395 million in the 2023/28 Final Capital Plan.

5.3 The £0.394 million increase in general capital grant is due to additional specific capital grant being awarded in 2023/24 and lower than anticipated general capital grant netting off against specific capital projects and non-enhancing capital expenditure within the existing capital plan.

5.4 The decrease in estimated corporate capital receipts of £0.250 million is due to no corporate receipts being realised in 2023/24.

5.5 The small increase in estimated corporate borrowing of £0.388 million is brought about by the rephasing of expenditure across the capital programme and the various movements in application of other sources of funding.

## **6. CAPITAL CONTINGENCY**

6.1 The balance on the corporate contingency is currently £5.292 million. Within that balance are amounts earmarked for specific purposes. The current commitment against contingency is detailed below. The commitment is precautionary in nature and may not ultimately be required.

- £0.354m – Agile Angus / Estates Review capital receipts risk (level of receipts built into the Capital Plan)

6.2 There was one bid submitted for additional resources from the Council's general capital contingency. This was initially considered and recommended to the CPMG at their meeting of 8 August 2024. The following bid is now being recommended for approval by the Committee:

- Public Sector Housing Grants (Planning & Sustainable Growth) - £0.100 million sought due to the increased number of applications. Also, the availability of contractors has increased allowing works to be committed however cost of work has significantly increased.

6.3 In addition to this bid the project Analogue to Digital (Angus Health & Social Care Partnership) for switching Forfar to Digital is being highlighted as area of risk that could be a call on the contingency during the year. It is estimated that around 450 units require to be purchased at an estimated cost of £0.117 million however discussions are on-going with all parties to find potential funding solutions.

6.4 After allowing for current commitments against the contingency, the uncommitted balance is £4.938 million. If the recommended bid is approved the uncommitted balance will reduce to £4.838 million. The adequacy of the contingency will be reviewed again as part of the 2025/26 budget setting process. This provides flexibility should prices start exceeding budget estimates or in case of emergency spending being required.

## **7. UPDATED 2023/2028 CAPITAL PLAN AND 2024/25 CAPITAL MONITORING BUDGET**

7.1 The updated 2023/2028 Capital Plan, reflecting the impact of 2023/24 actual expenditure on the budget and phasing of projects for 2024/25 onwards, is attached at Appendix A for the Committee to approve.

- 7.2 The 2024/25 capital monitoring budget and updated funding position is detailed in Table 3 below, alongside comparable figures from the February budget setting meeting (per report 63/24):

**Table 2- Movement on the 2024/25 Capital Budget from Council Tax Setting Meeting**

<b>2024/25 Capital Monitoring Budget and Funding</b>	<b>Capital Monitoring Budget (this report) £m</b>	<b>Provisional Capital Budget (Report 63/24) £m</b>	<b>Movement £m</b>
Vibrant Communities & Sustainable Growth	0.380	0.370	0.010
Infrastructure & Environment	12.647	16.345	(3.698)
Education & Lifelong Learning	32.789	30.897	1.892
Digital Enablement & Information Technology	0.705	0.822	(0.117)
Angus Health & Social Care Partnership	0.250	1.117	(0.867)
Angus Alive	0.875	1.292	(0.417)
Tay Cities Deal	0.175	5.981	(5.806)
<b>General Fund Capital Monitoring Budget 2024/254</b>	<b>47.821</b>	<b>56.824</b>	<b>(9.003)</b>
Scottish Government general capital grant	7.695	8.265	(0.570)
Corporate capital receipts from sale of assets	0.100	0.100	0.000
Corporate borrowing	40.026	48.459	(8.433)
<b>Funding 2024/25</b>	<b>47.821</b>	<b>56.824</b>	<b>(9.003)</b>

- 7.3 Funding elements such as ring-fenced capital grants, external funding contributions and other internal funding contributions are reflected within the capital 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 capital plan (unless by exception, where committee approval has been given to ring-fence a receipt for a particular project). Likewise, general capital grant received from the Scottish Government is not reflected on the face of the capital plan unless it is being utilised to fund third party capital expenditure.
- 7.4 The 2024/25 capital monitoring budget of £47.821 million shows a net decrease of £9.003 million when compared with the provisional capital budget position reflected in report 63/24 (£56.824m). This downward movement is due to the rephasing of expenditure which was originally planned for 2024/25 moving into later years. This downward movement in 2024/25 mainly relates to the rephasing of the following projects :-
- Angus Rural Mobility Hub £3.000m – awaiting approval from Scottish Government through Tay Cities Deal governance arrangements. Work now planned for 2025/26
  - Tay Cities Deal Zero Four, Montrose £1.713m – project slipped into financial year 2026/27
  - Provision for Tay Cities Deal Projects £1.268m – capital allocation slipped by a year into 2025/26
  - Waste Vehicles Replacement Programme (departmental borrowing) £0.693m – potential supply delays
  - Restenneth Landfill Capping Works £0.364m – project has been moved into financial year 2025/26
  - Arbroath Places for Everyone £2.036m – mainly due to the timing of grant income from Sustrans and re-phasing of the project
  - Monifieth Learning Campus £1.861m - rephasing of expenditure and the application of general fund reserve, offset by additional developers contributions
- 7.5 The revised estimated borrowing of £40.026 million remains affordable in terms of the allowances made within the 2024/25 revenue budget for capital financing costs, as reflected in the approved long-term affordability strategy (report 68/24 refers).

- 7.6 It should also be noted that some £2.153 million of the total borrowing in 2024/25 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.
- 7.7 The comprehensive review exercise of programmed expenditure for 2024/25 and beyond was undertaken by directors, service leaders and managers with a view to setting as realistic and achievable a capital monitoring budget as possible. This picture will however continue to evolve financially over the coming months as contracts for agreed projects are put in place.
- 7.8 The delivery of this monitoring budget, including any further review that may be necessary, will be overseen by the CPMG and PBSG, with updates provided through regular capital monitoring reports to the Policy & Resources Committee.

## **8. DISTRIBUTION**

- 8.1 Subject to the approval of the committee, the updated 2023/2028 Capital Plan (incorporating the 2024/25 capital budget) will be available on the council's website and intranet.

## **9. RISK MANAGEMENT**

- 9.1 The environment the council is operating in, particularly resource availability and inflationary pressure, although settling is still uncertain and carries a degree of risk, the main one being an underestimation of its financial impact on the 2023/2028 Capital Plan. Mitigation measures have been considered however, with services having reviewed their plans in detail, giving attention to both the financial and non-financial implications.
- 9.2 Another risk is that of slippage. Whilst this, in some cases, can be out with the council's control, working in close partnership with contractors to ensure there is a continued and open dialogue on such matters will be essential.
- 9.3 The following risks from the Corporate Risk Register are relevant to this report:
- Financial Sustainability
  - Transforming for the Future

## **10. FINANCIAL IMPLICATIONS**

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

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 There are no direct environmental implications arising from the recommendations of this report.

## **12. EQUALITY IMPACT ASSESSMENT**

- 12.1 An Equality Impact Assessment is not required as this report does not impact on people.

## **13. CONSULTATION**

- 13.1 The Chief Executive and Director of Legal, Governance & Change have been consulted on this report.

**NOTE:** The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on in preparing the above report are:

- Local Government Finance Circular No 2/2024 issued on 29 February 2024 by the Scottish Government

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List of Appendices:

**Appendix A** – Updated 2023/2028 Capital Plan (General Fund)