

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 3 JUNE 2025**

**2025/26 FINAL REVENUE BUDGET DOCUMENTS**

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

**1. ABSTRACT**

- 1.1 This report provides an update on the Council's 2025/26 Revenue Budget covering Revenue Support Grant and Corporate revenue budgets and asks the Committee to approve the publication of the 2025/26 Final Revenue Budget Volume on the Council's website. It also seeks approval to adjustments to the budgets following receipt of additional funding which was confirmed after the Council's budget setting meeting.

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

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

**3. RECOMMENDATIONS**

- 3.1 It is recommended that the Committee:
- (i) note the net increase of £0.125 million to the 2025/26 Revenue Support Grant allocated to the Council as set out in Section 6 and Tables 1 and 2;
  - (ii) agree that the £0.125 million noted in (i) above be added to the contingency for budget issues budget as set out in Section 6, paragraph 6.2;
  - (iii) agree that the balance of the Employers National Insurance Increase budget provision be managed on the basis set out in Section 6, paragraph 6.4; and
  - (iv) approve the publication of the 2025/26 Final Revenue Budget Volume on the Council's website.

**4. BACKGROUND**

- 4.1 The Special Meeting of Angus Council on 27 February 2025 approved the revenue and capital budgets for the 2025/26 financial year.
- 4.2 The Final Revenue Budget Volume is a document which sets out the revenue budgets for all Council Directorates and forms the basis for financial performance monitoring for the financial year. When the budgets were approved in February a number of items had been allowed for corporately and were not yet allocated to Directorate budgets. The allocation of some of these items has now been carried out and is reflected in each Directorate's revenue budget for 2025/26 included in the Final Revenue Budget Volume. In addition to the allocation of these corporate items, each Council Directorate was given the opportunity to undertake any virement adjustments considered necessary to reflect changes in circumstances that have arisen since the base budgets were first prepared in September 2024. No adjustments of this nature were required this year. Some adjustments between Directorates and centrally held budgets have been undertaken on a cost neutral basis within the approved budget totals agreed by the Council in setting the Council Tax.
- 4.3 In addition to adjustments to Directorate budgets the funding allocated to the Council for 2025/26 has also changed from that known when the budget was set.
- 4.4 In relation to the Council's General Fund Capital budget an update to the Provisional Capital Budgets agreed by Council in February 2025 will be subject to a separate report to this committee in September 2025.

## 5. CURRENT POSITION

- 5.1 The Final Revenue Budget Volume for 2025/26 includes detailed budget information for each area of council service, including budgeted personnel associated with each service and a number of overall budget summaries and this can be found at the following link:

[Final Revenue Budget Volume 2025\\_26](#)

## 6. PROPOSALS

- 6.1 The 2025/26 Provisional Revenue Budget Volume (Report 60/25) approved at the Special Meeting of Angus Council on 27 February 2025 has been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume.

6.2 2025/26 Total Revenue Support Grant

Report 58/25 noted that the Council's Total Revenue Support Grant for 2025/26 had been provisionally set at £294.014 million (including an estimated £6.178 million of funding not yet distributed).

Finance Circular 1/2025, issued by the Scottish Government on 28 February provides further detailed information on the Council's overall 2025/26 Revenue Support Grant total. The updated position for the Final Budget Volume is set out in Table 1 below;

**Table 1 – 2025/26 Revenue Support Grant**

	<b>Report 60/25 Provisional Budget Volume £m</b>	<b>Final Budget Volume £m</b>	<b>Increase / (Decrease) £m</b>
<b>Revenue Support Grant Per Circular</b>	<b>287.836</b>	<b>293.082</b>	<b>5.246</b>
Add - Estimated Grant not yet distributed per Circular 10/2024 & 1/2025 (note 1)	6.178	5.034	(1.444)
<b>Total Revenue Support Grant Funding</b>	<b>294.014</b>	<b>297.648</b>	<b>3.802</b>

*Note 1 – the grant not yet distributed from Circular 1/2025 includes funding for the Employers National Insurance increase and the Specific grant in relation to Criminal Justice.*

From Table 1 it can be seen that the grant position has increased by £3.802 million to that reported at budget setting. However, the majority of this increase needs to be earmarked for specific spending commitments the council must implement as set out in Table 2 below:

**Table 2 – Additional Revenue Support Grant for Earmarking**

	<b>£m</b>
<b>Additional Revenue Support Grant Funding (Per Table 1)</b>	<b>3.802</b>
Less – Additional Funding to be earmarked for Children's Social Care Pay	(0.263)
Less – Funding for Employers National Insurance Increases (note 1)	(2.970)
Less – Increase funding for Discretionary Housing Payments	(0.272)
Less – Additional funding for various areas (Teachers Pay, School Clothing, Scottish Disability Assistance and Whole Family Wellbeing Fund)	(0.172)
<b>Additional Net Revenue Support Grant Unallocated</b>	<b>0.125</b>

*Note 1 - This £2.970 million was not included in the Revenue Support Grant at budget setting but it was included in the approved Council Tax Calculation for 2025/26. As the grant was accounted for at budget setting this grant funding (when distributed) does not increase the revenue grant funding we have to utilise.*

From Table 2 it can be seen that the revenue support grant position has increased by £0.125 million after adjusting for monies that need to be earmarked. It is recommended that this £0.125 million be transferred to the contingency for budget risks budget currently held within Corporate Items for the time being and will therefore be available to be called upon if required.

### 6.3 2025/26 Pay Award

A corporate provision of £5.6 million (based on a 3% increase) was made in the Provisional Budget Volume (Report 58/25 refers) to allow for the estimated costs of the 2025/26 Pay Awards for Teachers, Chief Officers and Local Government Employees (LGE), and Living Wage increases. Following review it is necessary to make some adjustments to the pay award provision and the related provision for Employers National Insurance increases (see para 6.4 below).

It is recommended that £0.3 million be transferred from the £5 million budget provision for employers national insurance (eNICs) as part of the Final Budget Volume. Some £0.2 million of this is to cover the compounding impact of the NI increase of increases to gross pay and £0.1m is needed following more detailed calculations of the cost of a 3% pay increase against individual budgets. For avoidance of doubt these proposed adjustments do not change the assumed percentage increase of 3% used when the budget was set in February.

At the time of writing, no pay deals have been concluded so this remains an area of risk and uncertainty. In the event that pay deals are settled at a level higher than has been budgeted for, and assuming no additional funding support for this is provided by the Scottish Government, it will be necessary to identify compensating savings elsewhere in the Council's budget to pay for these.

All pay awards are still the subject of ongoing negotiations at a national level at the time of finalising the Final Revenue Budget Volume, as such the proposed revised provision of £5.9 million will be held corporately until the pay award is confirmed.

Members will be updated on the outcome of pay negotiations and what this means for the Council's 2025/26 and future years budgets once known.

### 6.4 Employers National Insurance Increase

The Chancellor announced in October 2024 that the rate at which employers pay national insurance contributions to the UK Treasury and the thresholds which apply to such payments were to change from April 2025. In setting the budget in February the Council agreed to set aside £5m within Corporate Items for this increase. A detailed analysis of the impact of this change on the Council's budgeted employee cost budgets has now been undertaken and £3.6 million has been allocated to Directorate budgets to cover these additional costs. A provision of £0.5 million for the impact onto Tayside Contracts remains in place and as outlined in para 6.3 above it is proposed to transfer £0.3 million to the corporate pay award provision.

A balance of £0.6 million of the original £5m budget provision therefore remains available at this time. It is proposed to retain £0.3 million of this sum in the eNICs budget given the potential for unexpected issues to emerge e.g. if the pay deal is higher than 3% there will be additional costs arising from the higher NI rates which would need to be covered because of increases in gross pay.

It is proposed that the remaining balance of £0.3 million originally set aside for eNICs additional costs now be transferred to the contingency for budget risks held within Corporate Items.

### 6.5 Property Maintenance & Energy Budgets

Property Maintenance budgets for Angus Council Directorates are centralised in Other Services and will be monitored through the year by the Property Assets team.

The provision for energy costs has been allocated and included in the individual final budget volume pages and will be monitored as part of the Directorate budgets throughout the year.

### 6.6 Other Corporate Budget Items

In setting the budget in February the Council agreed to set aside £1.448 million as a contingency for budget risks of which there are many. As part of this report, a further £0.125 million (para 6.2) and £0.3 million (para 6.4) is proposed to be added giving a revised contingency of £1.873 million. This will continue to be retained as a corporate budget until such time as the funding requires to be used in response to specific risks. The position on the contingency for budget risks will be reported to members during the year through the standard budget monitoring reports to this Committee.

## 7. **FINANCIAL IMPLICATIONS**

- 7.1 As set out in section 6.2 of this report additional grant funding of £0.125 million will now be received for 2025/26 and members are asked to agree that this be added to the contingency for budget risks

budget for the time being. The other proposals in this report seek agreement to move budget provision between headings and are therefore neutral to the budget bottom line.

## **8. RISK MANAGEMENT**

8.1 The following risks from the Corporate Risk Register are relevant to this report:

- Financial Sustainability
- Transforming for the Future

## **9. ENVIRONMENTAL IMPLICATIONS**

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

## **10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY**

10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason:-

This report does not have any impact on individuals.

## **11. CHILDREN'S RIGHTS AND WELLBEING IMPACT ASSESSMENT**

11.1 A Children's Rights and Wellbeing Impact Assessment has been undertaken and a full assessment is not required as the "General Principles" do not apply to this report.

## **12. CONSULTATION**

12.1 The Chief Executive and the Acting Director of Legal, Governance & Change have been consulted on this report.

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

- Finance Circular 10/2024 issued by the Scottish Government
- Finance Circular 1/2025 issued by the Scottish Government

**REPORT AUTHOR: JILL RENNIE, Team Leader (Finance)**

**EMAIL DETAILS: [FINANCE@angus.gov.uk](mailto:FINANCE@angus.gov.uk)**