

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 4 JUNE 2024

2024/25 FINAL REVENUE BUDGET DOCUMENTS

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

1. ABSTRACT

- 1.1 This report provides an update on the 2024/25 General Resource Grant and the Corporate revenue budgets and asks the Committee to approve the publication of the 2024/25 Final Revenue Budget Volume on the Council's website. It also seeks approval on the use 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 £1.468 million to the 2024/25 General Resource Grant allocated to the Council as set out in Section 6 and Tables 1 and 2;
- (ii) Agree that £0.500 million of this sum be used to provide an increase to the agreed 2024/25 revenue and capital budgets for road maintenance with the balance of £0.968 million being earmarked for 2024/25 budget risks, both on a one-off basis as set out in paragraph 6.7;
- (iii) Agree that the use of the increased funding beyond 2024/25 be considered through the 2025/26 budget setting process which will begin in the near future; and
- (iv) Approves the publication of the 2024/25 Final Revenue Budget Volume on the Council Website.

4. BACKGROUND

- 4.1 The Special Meeting of Angus Council on 29 February 2024 approved the revenue and capital budgets for the 2024/25 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 2024/25 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 2023. All these adjustments 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 2024/25 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 2024 will be subject to a separate report to this committee in August 2024.

5. CURRENT POSITION

- 5.1 The Final Revenue Budget Volume for 2024/25 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 Budget Volume 2024 25](#)

6. PROPOSALS

- 6.1 The 2024/25 provisional revenue budget volume approved at the Special Meeting of Angus Council on 29 February 2024 has been amended for the following matters for the purposes of preparing the Final Revenue Budget Volume.

6.2 2024/25 Total Revenue Support Grant

Report 63/24 noted that the Council's Total General Resource Grant for 2024/25 had been provisionally set at £273.170 million (including an estimated £6.064 million of funding not yet distributed and an estimated £3.084 million conditional funding linked to Teacher numbers).

Finance Circular 2/2024, issued by the Scottish Government on 29 February provides further detailed information on the Council's overall 2024/25 General Resource Grant total. The updated position for the Final Budget Volume is set out in Table 1 below;

Table 1 – General Resource Grant

	<u>Report 63/24 Provisional Budget Volume £m</u>	<u>Final Budget Volume £m</u>	<u>Increase / (Decrease) £m</u>
General Resource Grant Per Circular	264.022	270.379	6.357
Add - Estimated Grant not yet distributed per Circulars 8/2023 & 2/2024	6.064	0.504	(5.560)
Add – Funding to support the maintenance of teacher numbers (now held back) per Circulars 8/2023 & 2/2024	3.084	3.039	(0.045)
Add – New Monies – Early Learning and Childcare (ELC) Private & Third Party Pay	0.000	0.352	0.352
Add – Additional Non Domestic Rates Income	0.000	0.092	0.092
Add – Council Tax Freeze Grant (<i>note 1</i>)	0.000	2.841	2.841
Add – Confirmed Share of Additional £62.7m Funding (<i>note 2</i>)	0.000	1.296	1.296
Total General Resource Grant Funding	273.170	278.503	5.333

Note 1 - The Scottish Government Budget confirmed that funding of £147 million for all Scotland would be provided. This funding was not included in the initial finance settlement. Angus Council's share of this funding is £2.841 million and has been included in the revised General Resource Grant Funding.

Note 2 - The Deputy First Minister announced on 7 March 2024 additional funding of £62.7 million was to be made available to support those Councils which agreed a Council Tax freeze. This funding was not included in the initial finance settlement. Angus Council's share of this funding has now been confirmed as £1.296 million.

From Table 1 it can be seen that the grant position has increased by £5.333 million to that reported at budget setting. However, some of this increase needs to be earmarked for specific spending commitments the council must implement and some needs to be passed over to the Angus Health and Social Care Partnership as set out in Table 2 below:

Table 2 – Additional General Resource Grant for Earmarking

	£m
Additional General Resource Grant Funding (Per Table 1)	5.333
Less – Funding to be earmarked for ELC Private & Third Party Pay spending commitments	(0.352)
Less – Increased share of Funding in Circular for Social Care to be passed over to the Angus Health and Social Care Partnership	(0.672)
Less – Council Tax Freeze Funding (<i>note 1</i>)	(2.841)
Additional Net General Resource Grant	1.468

Note 1 - This £2.841 million was not included in the General Resource Grant at budget setting but it was included in the approved Council Tax Calculation for 2024/25. 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 General Resource Grant position has increased by £1.468 million after adjusting for monies that need to be earmarked. This is mostly due to the additional funding of £62.7 million announced in early March 2024.

6.3 2024/25 Pay Award

A corporate provision of £5.804 million (based on a 3% increase) was made in the Provisional Budget Volume (Report 63/24 refers) to allow for the estimated costs of the 2024/25 Pay Awards for Teachers, Chief Officers and Local Government Employees (LGE), and Living Wage increases. 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 further 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, this provision is being 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 2024/25 and future years budgets once known.

6.4 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.

6.5 Other Corporate Budget Items

In setting the budget in February the Council agreed to set aside £2.325 million for non-pay inflation and other risks and 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 and inflationary issues. The position on the non-pay inflation provision and additional investment funding will be reported to members during the year through the standard budget monitoring reports to this Committee. A saving provision of £1.100 million was also included in Corporate Items for the reduction in Employers' Pension Contributions. The estimated saving has now been allocated and included in the individual final budget volume pages and will be monitored as part of the Directorate budgets through the year.

6.6 Non-Funded Pension Costs

The Council, annually, are required to meet the costs of previously retired employees non-funded pension costs with payments being made to Tayside Pension Fund. The provision for these costs were contained within Directorate budgets and total £0.933 million. These costs are classed as unfunded discretionary payments in the pension scheme and need to be funded by the Council. The actual costs are not charged against Directorate budgets but as part of the year end annual accounts process the budgets are removed and reported centrally. To reduce the burden at year end these budgets have now been centralised into Other Services and will not form part of the Directorates monitoring through the year.

6.7 Proposals For Use Of Funding Headroom

As noted in Table 2 above, there is £1.468 million of additional grant funding compared with the estimate when the 2024/25 budget was set. It is proposed that this is utilised on a one-off basis in the 2024/25 revenue budget for the following:

- £0.500 million allocation to the Infrastructure & Environment Directorate for additional road maintenance expenditure – this will therefore be in addition to the revenue and capital budgets for road maintenance approved at the budget setting meeting in February 2024;
- The balance, £0.968 million earmarked for budget risks within the 2024/25 revenue budget – to be used to address budget risks if and when they arise.

It is further proposed that the use of this additional funding beyond 2024/25 is considered through the 2025/26 budget setting process.

7. **FINANCIAL IMPLICATIONS**

- 7.1 As set out in section 6.2 of this report additional grant funding of £1.468 million will now be received for 2024/25 and members are asked to approve the allocation of £0.500 million of funding to additional road maintenance and the balance of £0.968 million to be earmarked for budget risks. That additional funding is expected to be “baselined” and added to the Council’s grant allocation on an ongoing basis into future years.

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 has no impact on people.

11. **CONSULTATION**

- 11.1 The Chief Executive and 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 8/2023 issued by the Scottish Government
- Finance Circular 2/2024 issued by the Scottish Government

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