



**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES COMMITTEE**

**STRATEGIC FINANCE**

**12 MAY 2016**

**2016-17 SETTLEMENT CHANGES**

**2. INTRODUCTION**

2.1 This report is to advise Members that there have been updates to both the

floor calculation. It was identified that the floor calculation had been made using data that was inconsistent to that used in the other settlement calculations. The floor calculation was therefore updated to ensure consistency – this was flagged up as an error during the settlement checking process and is not a change in methodology. This change resulted in a reduction to our revenue funding of £0.068m.

### **Finance Circular 1/2016 published 25 February 2016**

- 4.5 The Scottish Parliament approved the Local Government Finance (Scotland) Order 2016 on 25 February 2016 and Finance Circular 1/2016 was published.
- 4.6 There were two updates within the circular in respect of revenue funding, both of which have a nil bottom line effect on our budget for 2016-17:
- Confirmation of the Free School Meals Funding of £0.846m, previously advised and already included within our budget for 2016-17.
  - Allocation of £0.054 funding in respect of Discretionary Housing Payments – this funding will be matched by the creation of an expenditure budget.
- 4.7 In respect of Capital Funding, the capital grant increased in total by £0.655m as follows:
- Allocation of 20% of the flooding capital grant - £0.113m. (It should be noted that there is still £28.452m of Flooding Grant to be allocated.)
  - Additional monies in relation to the Children and Young People Act - £0.542m.

### **Proposals for dealing with Settlement Changes**

- 4.8 In recognition that £0.068m is less than 0.1% of the Council's overall revenue budget, it is proposed that SMT will take steps during the year to eliminate this variance and report through routine budget monitoring.
- 4.9 In respect of the increase in capital funding, there is a requirement to use some of this funding to meet the increased costs for the replacement of Dunclutha Children's House as agreed by Council on 21 April 2016. It is proposed that the remainder of the increase will be considered by the Asset Management Board in the first instance and proposals brought forward in due course for Member approval.

### **Announcement by Chancellor in Budget Speech**

- 4.10 The Chancellor as part of his budget speech on 16 March 2016, announced that £5m would be provided towards new community facilities for local people in Helensburgh and the Royal Navy personnel nearby at Faslane.
- 4.11 Confirmation is still awaited on the detail of this additional funding, when and how it will be paid. Members will be kept up to date once further information is known.

## **5. CONCLUSION**

- 5.1 This report is to advise Members of the changes to both the Revenue and Capital funding following the Council budget meeting on 11 February 2016 and outlines proposals to deal with the changes.

## **6. IMPLICATIONS**

- 6.1 Policy – Council previously agreed that part of the additional capital monies be used towards the increased costs for the replacement of Dunclutha Children’s House. Further utilisation of the additional capital funding will have policy implications and proposals will be brought forward in due course.
- 6.2 Financial - This report outlines changes to the financial settlement.
- 6.3 Legal - None.
- 6.4 HR - None.
- 6.5 Equalities - None.
- 6.6 Risk - None.
- 6.7 Customer Service - None.

**Policy Lead for Finance: Councillor Dick Walsh**

**Kirsty Flanagan  
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29 April 2016**