



Item 5.1 - Business bulletin

Finance and Resources Committee

10.00am, Thursday 27 August 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Cllr Alasdair Rankin</p>  <p>Vice – Convener Cllr Bill Cook</p> 	<ul style="list-style-type: none"> ▪ Cllr Adam McVey ▪ Cllr David Walker ▪ Cllr Denis Dixon ▪ Cllr Paul Edie ▪ Cllr Gavin Corbett ▪ Cllr Iain Whyte ▪ Cllr Joan Griffiths ▪ Cllr Ricky Henderson ▪ Cllr Paul Godzik ▪ Cllr Allan Jackson ▪ Cllr Andrew Burns (ex officio) ▪ Cllr Sandy Howat (ex officio) 	<p>Veronica Macmillan Committee Officer Tel: 0131 529 4283</p> <p>Linda Fraser Professional Support Manager Tel: 0131 469 3928</p>

Recent news	Background
<p>On 4 June, the Chancellor of the Exchequer announced a requirement for an additional £3 billion of UK-wide savings, effective from 2015/16, to be identified as part of a longer-term strategy to eliminate the underlying structural deficit by 2018/19. An element of this change triggered corresponding adjustments to the level of funding provided to Scotland, with these Barnett Consequentials amounting to a £67m reduction in available capital resources and £47m in revenue. As of the time of writing, a decision on the proportion of this sum (if any) to be allocated to local government, and by extension the Council, remains to be confirmed.</p> <p>The Chancellor furthermore advised as part of the UK Spending Review announcement on 7 July that £12 billion of reductions in the level of welfare benefits to be paid relative to previous spending plans would be progressed in 2016/17. As an essentially reserved i.e. non-devolved area, application of this saving, in isolation, will mitigate the overall real-terms</p>	<p>Contact: Hugh Dunn, Head of Finance, hugh.dunn@edinburgh.gov.uk</p>

level of reduction to be applied to the Scottish Block as fewer savings will need to be found elsewhere. Given the Scottish Government's on-going emphasis on mitigating the impact of UK-wide welfare reforms, however, newly-acquired flexibility in these areas may result in additional spending commitments being introduced and, as such, it is too early to speculate on the longer-term overall impact of these funding changes.

The Chancellor also announced changes to the level of the national minimum wage, with the current rate of £6.50 per hour increasing to £7.20 from April 2016 and progressively rising to £9 by April 2020. Subject to confirmation of the precise phasing of this increase, the Council's previous full adoption of the Living Wage means that any direct financial impact will be limited. Of greater potential significance, however, is the impact on externally-provided services, particularly social care, and modelling work is progressing to assess how future increases may affect expenditure in these areas.

The UK Government has in addition announced its intention to release on 25 November details of the level of the Scottish Block up until 2019/20. Following confirmation of its allocation of available funding across the main sectors of health, central and local government, it is hoped that the Scottish Government will then be able to confirm by mid-December authority-specific allocations for, at the very least, 2016/17. The implications of these announcements will be reported to the Committee as relevant details become available.

Forthcoming activities
