

Minutes

Finance and Resources Committee

2.00pm, Tuesday 2 February 2021

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener), Booth, Bruce, Corbett, Gordon, Hutchison, Johnston, Frank Ross (substituting for Councillor Rankin), Neil Ross and Watt.

1. Council Business Plan and Budget 2021/26

(a) Deputation – UNISON City of Edinburgh Branch

A written deputation was presented on behalf of the UNISON City of Edinburgh Branch in relation to their concerns that proposing further cuts to services and jobs would have a negative impact on both staff and local communities. The deputation acknowledged the hard work of staff throughout the Covid-19 pandemic and sought increased funding to be requested from the Scottish Government for local government staff and services.

(b) Report by the Chief Executive and the Executive Director of Resources

The Council continued to operate in a climate of unprecedented uncertainty, the enduring impacts of which remained unknown. These impacts had required a wholesale review of current revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020.

In acknowledging the Covid-related causes of the shortfalls now being projected, it was proposed that the Council utilised available financial flexibilities in rebalancing the position for 2021/22 whilst acknowledging the vital need for more fundamental service change, improvement and prioritisation over the following years, guided by the overarching priorities set out within the Business Plan: Our Future Council, Our Future City to maintain its financial sustainability once the scale of these impacts had become clearer.

Decision

Tuesday, 2nd February, 2021

- 1) To note the impact of the updated review of savings deliverability, management of pressures and other key financial planning assumptions on the in-year savings requirements over the period of the budget framework.
- 2) To note the timescales for confirmation of the 2021/22 Local Government Finance Settlement.
- 3) To note the proposed adoption of financial flexibilities as set out which, alongside approval of the new savings proposals outlined within the report, would allow the Council to set a balanced budget in 2021/22 based on current planning assumptions.
- 4) To note, that the three-year Council Business Plan: Our Future Council, Our Future City brought together our strategic priorities into a single plan responding to the need for change and should be read alongside the draft budget.
- 5) To note that a new planning and performance framework would be developed to provide a clear link between our business plan, key strategies, annual directorate plans and the underlying performance framework including benchmarking. The framework would be underpinned by a cycle of 'plan, do, check and review and act' at all levels and would drive a culture of continuous improvement.
- 6) To note that a further update would be reported to members once the implications for the Council of the Local Government Finance Settlement (LGFS) were known.
- 7) To note the potential areas, utilising Spend to Save funding, to inform the development of specific projects promoting a Green Recovery.
- 8) To refer, subject to any revisions in light of the LGFS announcement, the report to Council as part of setting the revenue and capital budgets on 18 February 2021.

(References – Act of Council (no. 2) of 20 February 2020; report by the Chief Executive and the Executive Director of Resources, submitted.)

2. Council Business Plan and Budget 2021/26 - Risks and Reserves

The Finance and Resources Committee were advised of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

The level of reserves held and the purposes for which they were maintained were outlined, including consideration of the adequacy of the balances held to mitigate against known risks. A proposed realignment and reprioritisation of the Council's

usable reserves were set out in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.

Decision

- 1) To note the report and the proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.
- 2) To remit the report to The City of Edinburgh Council for approval on 18 February 2021 as part of the budget-setting process.

(Reference – report by the Executive Director of Resources, submitted.)

3. Sustainable Capital Budget Strategy 2021-2031

The priorities for Council capital investment were detailed, in alignment with the new Council Business Plan, over the medium to long-term. A plan was set out to address how these could be funded.

Decision

- 1) To note the report and refer it to the Council's budget meeting on 18 February 2021.
- 2) To note that the announcement of the provisional Local Government Finance Settlement was expected on 28 January 2021 and that any subsequent changes to grant figures assumed in this report would be reported back to Council on 18 February 2021.
- 3) To note that delivery of funded capital expenditure priorities would be dependent on the achievement of a balanced medium-term revenue budget.
- 4) To note that capital expenditure priorities were being considered in line with the Council's priorities and approach proposed under the Adaptation and Renewal Programme outlined in the new Council Business Plan.
- 5) To note that budgets for lending to Edinburgh Living from 2021-22 onwards were based on the pipeline of development and would be subject to annual approval from Finance and Resources Committee and Council.
- 6) To note the proposed ring-fencing status of capital receipts in Appendix 4 of the report by the Executive Director of Resources, subject to approval by Council on 18 February 2021 as part of the budget setting.
- 7) To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council on 18 February 2021 as part of the budget setting.

(References – Act of Council (no. 2) of 20 February 2020; report by the Executive Director of Resources, submitted.)

4. Housing Revenue Account (HRA) Budget Strategy (2021-2031)

The HRA Budget Strategy was presented, also noted by Housing, Homelessness and Fair Work Committee in November 2020, and an holistic area-based approach to investment was set out that would focus on buildings and the wider neighbourhood, to create places where people would want to live that would keep them safe, secure, healthy and connected. The £2.8 billion investment, an increase of around £320 million on the previous year's plan, would act as a catalyst for wider area improvements and support the delivery of a brownfield first strategy as set out in Choices for City Plan. It would also support delivery of Council commitments on affordable housing and net zero carbon by 2030.

Decision

- 1) To agree to refer the 2021/22 budget, draft five-year capital investment programme, and the rent levels for 2021/22 set out in Appendices 2, 3 and 4 of the report by the Executive Director of Place to the Council budget meeting for approval.
- 2) To note the outcome of the annual budget consultation.
- 3) To note the proposed £2.8 billion ten-year investment programme to deliver Council commitments, including the delivery of new homes, the modernisation of existing homes and the commitment to deliver zero carbon emissions by 2030.
- 4) To note the risks to the delivery of the HRA budget strategy set out at paragraph 4.29 of the report and the mitigating actions.

(References – Housing, Homelessness and Fair Work Committee of 5 November 2020 (item 7); report by the Executive Director of Place, submitted.)

5. Budget Insights 2020

The response to the Council's engagement on budget priorities for 2021/22 and beyond was summarised, including relevant supporting material from other engagement activity on priorities and life experiences during the Covid-19 pandemic.

Decision

- 1) To note the report.
- 2) To refer the report with associated budget papers to Council.

(Reference – report by the Chief Executive, submitted.)

6. Corporate Parenting Action Plan 2020-2022 – referral from the Finance and Resources Committee

The Education, Children and Families Committee had referred a report setting out the high-level objectives of the City of Edinburgh Council Corporate Parenting Plan for 2020-2022 to the Finance and Resources Committee as part of the 2021-2022 budget process.

Decision

- 1) To approve the high level 2020-2022 Corporate Parenting Action Plan.
- 2) To agree to refer the report to the City of Edinburgh Council for consideration as part of the 2021-2022 budget process.

(References – Education, Children and Families Committee of 15 December 2020 (item 11); report by the Chief Executive, submitted.)

7. Accounts Commission: Local Government in Scotland – Financial Overview 2019/20

A summary was provided on the main issues and themes identified within the Accounts Commission's recently published *Financial Overview 2019/20* and how these related to the local context within Edinburgh.

Decision

- 1) To note the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee for its scrutiny.

(Reference – report by the Executive Director of Resources, submitted.)