

Business Bulletin

Finance and Resources Committee

10.00am, Thursday, 14 March 2023

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

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Councillor Mandy Watt</p> 	<p>Councillor Marco Biagi Councillor Graeme Bruce Councillor James Dalgleish Councillor Phil Daggart Councillor Lesley Macinnes Councillor Alys Mumford Councillor Vicky Nicolson Councillor Neil Ross Councillor Alex Staniforth Councillor Lewis Younie</p>	<p>Taylor Ward Committee Services</p> <p>Louise Williamson Committee Services</p>

Recent News	Background	Contact
<p>2024/25 LG Finance Settlement, Council Budget Update 2024-25, Budget Process “Lessons Learned” and Edinburgh Integration Joint Board Budget Monitoring & 2024-25 Budget Update</p> <p>At Council's budget-setting meeting on 22 February 2024, members approved the Council's revenue budget for 2024/25, alongside the 2024/29 Capital Investment Programme and Housing Revenue Account (HRA) budget for 2024/25.</p> <p>Revisions to Local Government Finance Settlement, 2024/25</p> <p>On 21 February, the Deputy First Minister and Cabinet Secretary for Finance wrote to COSLA, copied to all Council Leaders, advising of the potential for additional funding to be provided as part of the 2024/25 Local Government Finance Settlement. Provision of this funding was, at the time, dependent upon confirmation of relevant additional sums being included within the UK Government's Spring Budget on 6 March. Assuming distribution on a generic needs basis, Edinburgh's estimated share would be £5.0m, based on a £62.7m settlement figure.</p> <p>In addition to the estimated £45m of Barnett Consequential funding arising from the previous announcement of £500m of extra adult social care spend in England in 2024/25, the Scottish Government would provide a further £17.7m of general revenue grant funding. Taken together and on the basis that the £45m would also be provided as general revenue funding, the combined £62.7m would address in full the cash-terms reduction in core revenue funding for Local Government contained within the Scottish Draft Budget.</p> <p>Following the Chancellor's announcement on 6 March, while the level of direct social care-related Consequentials was, in net terms, lower than anticipated, additional sums arising from wider increased local government spend in England addressed this gap. As a result, the Deputy First Minister has confirmed that the £62.7m of additional resources will be available as indicated in her initial letter.</p> <p>As a result of this further funding, the £147m provided to support a Council Tax freeze will be wholly additional in cash terms. Accessing each council's share of this funding will, however, be contingent upon not increasing Council Tax rates from 2023/24 levels. For those councils agreeing to a freeze (including Edinburgh), this funding will then be baselined in future years' settlements.</p> <p>Approved 2024/25 revenue budget – further actions</p> <p>Given the timing of the UK Spring Budget announcement, a further verbal update on this will be provided at the Committee's meeting. Consideration of the allocation of any additional funds will then be included as part of a wider budget update, incorporating the anticipated outturn for 2023/24, on 30 April. In the meantime, the Executive Directors of Children, Education and Justice Services and Place have been requested to</p>		<p>Corporate.finance2@edinburgh.gov.uk</p>

develop mitigating measures to address, in full, the respective pressures apparent in the current year across their areas of responsibility and present these to the Corporate Leadership Team (CLT) by 31 March. An overview of these measures will be included in the report to the Committee's meeting on 30 April.

Work is also underway to develop detailed delivery plans for savings contained within the approved revenue budget, including but not limited to the Best Value reviews in Corporate Services, Homelessness Services and Waste and Cleansing, as well as the review of off-contract and waived procurement spend. Discussions are also continuing with the Council's ALEOs, particularly Edinburgh Leisure and its transport companies, to support delivery of the in-year and longer-term savings assumed within the budget framework.

In recognising the significant incremental gaps in the remaining years of the budget framework, Executive Directors have additionally been asked to bring forward to CLT for initial consideration savings options for 2025/26 by 30 June 2024.

“Lessons learned” review of 2024/25 budget process

As was the case for 2023/24, a review of the 2024/25 budget process is being undertaken with political groups, trade unions and a range of other key stakeholders. This review will consider, amongst other areas, the effectiveness of the changes introduced and implemented for the first time in 2024/25, including earlier publication of budget motions, and also where improvements are still required, such as around Integrated Impact Assessments (IIAs).

Subject to stakeholder availability, these meetings will take place in March and April.

A [fees and charges equalities impact statement](#) for the 2024/25 budget and [statements for those savings measures not assessed to require IIAs](#) have been published on the Council's website. A separate IIA has been published for the [HRA Budget Strategy 2024-2034](#).

A retrospective equality impact assessment of the final budget passed by Council, will be completed so mitigation measures for unintended consequences from budget decisions can be considered if required.

Edinburgh Integration Joint Board (EIJB)

Current-year position

On 9 February, a [month nine-based update](#) was considered by the EIJB, pointing to an overall projected in-year overspend, after receipt of previously approved additional Council support, of £6.0m. While a total of £2.5m of one-off measures to mitigate the level of overspend have subsequently either been initiated by the EIJB Chief Officer or approved by the Board, these favourable movements have been offset by further purchasing-related growth of £1.7m, resulting in a revised projected overspend as of month ten of £5.3m.

Given the stage of the financial year and potential impacts on people and performance, it is not anticipated that actions

<p>contained within the Board’s recovery plan will be sufficient to achieve financial balance by the year-end. As the EIJB holds no general reserves to address the overspend, the Integration Scheme sets out that the EIJB Chief Finance Officer and partners are required to discuss and negotiate the position, recognising pressures and constraints on their respective budgets and services, and are expected to consider providing interim funding. Repayment of this interim funding in future years, based on a revised EIJB recovery plan, can be considered. Exploratory discussions on activating this mechanism have been initiated. If an agreement cannot be reached, dispute resolution arrangements will apply.</p> <p>2024/25 budget</p> <p>The EIJB is due to set its budget for 2024/25 on 18 March 2024. A series of budget workshops has been convened and tripartite discussions are continuing with a view to presenting a balanced position at that time. An update on the outcome of the budget meeting will be communicated to members of the Finance and Resources Committee by the Chief Officer of the EIJB. This budget is expected to have a material impact on service delivery, outcomes and performance.</p> <p>The overall gap to be addressed includes £5.3m in respect of a shortfall in the Council’s funding allocation to support the payment of a £12 minimum hourly rate in adult social care commissioned settings.</p> <p>Equivalent shortfalls to support adoption of the £12 minimum hourly rate in early years and housing support settings amount to a further £0.95m. An update on the EIJB budget for 2024/25 and the adoption of £12 minimum hourly rate in adult social care, early years and housing support commissioned settings will be included in the report to the Committee’s next meeting on 30 April.</p>		
<p>Responding to the Housing Emergency Declaration</p> <p>On 27 February 2024, Housing, Homelessness and Fair Work Committee received an update on the engagement with stakeholders on the Housing Emergency Declaration and approved the actions to be progressed to address this.</p>		<p>Derek.mcgowan@edinburgh.gov.uk</p>

Forthcoming activities:
