

Finance and Resources Committee

10.00am, Friday 14 February 2020

Present

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

1. Council's Change Strategy – Planning for Change and Delivering Services 2020/23 - Progress Update

1.1 Deputation by UNISON

The deputation highlighted a number of savings proposals included in the report, including the funding allocation for health and social care, a reduction in senior and middle management and the impact of this on staff and services, and proposals relating to libraries.

There were concerns regarding the impact these proposals would have on staff and citizens, and vulnerable people in particular. The deputation also spoke about the need to continue to pressure the governments for fair funding for local authorities.

1.2 Deputation by EIS

The deputation spoke in relation to the proposals which affected schools and teaching and highlighted the impact that these would have on young people in Edinburgh if they were approved.

These included proposals relating to quality improvement officers, schools' devolved budgets, instrumental music tuition and nursery provision.

The deputation requested that the concerns of EIS were taken into account when the budget was set.

1.3 Report by the Chief Executive and the Executive Director of Resources

An update was provided on the development of the Council's Change Strategy, savings implementation plans and management of service pressures, and proposals based on the provisional 2020/21 Local Government Finance Settlement and later years' current planning assumptions to deliver a balanced budget over the period from 2020/21 to 2022/23.

Decision

- 1) To note the progress updates on the development of the Council's Change Strategy, savings implementation plans and management of service pressures.
- 2) To note the proposals, based on the provisional 2020/21 Local Government Finance Settlement and later years' current planning assumptions, to deliver a balanced budget over the three-year period from 2020/21 to 2022/23.
- 3) To note the draft funding offer assumed for the Edinburgh Integration Joint Board.
- 4) To note the update on the Council's carbon budgeting pilot.
- 5) To note that a further update would be reported to members of the Committee once the final outcome of the Local Government Finance Settlement, including any associated impacts of the 2020/21 UK Budget, was known.
- 6) To agree to refer the report to Council as part of setting the revenue budget on 20 February 2020.

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

Declarations of interest

Councillors Bruce and Dixon declared non-financial interests in the above item as Directors of the Board of Edinburgh Leisure.

2. Council Change Strategy 2020/23: Risks and Reserves

Information was provided on the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these. The report also set out the level of reserves held and the purpose for which they were maintained, including consideration of the adequacy of balances held to mitigate against known risks.

Decision

- 1) To note the report.
- 2) To refer the report to The City of Edinburgh Council for approval on 20 February 2020 as part of the budget-setting process.

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

3. Capital Budget Strategy 2020-2030

A report detailed the priorities for Council capital investment over the medium to long-term and setting out a plan on how they could be funded. These included proposed additional funding for the Wave 4 schools programme, additional infrastructure required due to population growth and demography as well as increased investment in the Council's existing estate.

Decision

- 1) To note the content of the report and refer it to the Council's budget meeting on 20 February 2020.
- 2) To note the announcement of the provisional Local Government Finance Settlement on 6 February 2020 had been reflected in Appendices 1 to 3 to the report.
- 3) To note that delivery of funded capital expenditure priorities was dependent on the achievement of a balanced medium-term revenue budget.
- 4) To note the Council was governed by the Local Government in Scotland Act 2003 including the requirement to have regard to the Prudential Code and that capital plans were affordable, prudent and sustainable.
- 5) To note the prudential borrowing requirement of up to £12.600m for Fleet Replacement vehicles.
- 6) To note that budgets for lending to Edinburgh Living from 2020-21 onwards were based on the pipeline of development and would be subject to annual approval from Finance and Resources Committee and Council.
- 7) To note the proposed use of contingency funding for Meadowbank and Boroughmuir High School extension, subject to approval by Council.

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

4. Housing Revenue Account (HRA) Budget Strategy (2020-2030)

Details of the Housing Revenue Account (HRA) budget for 2020/21 were provided, following consultation with tenants.

The report set out an ambitious strategy to deliver investment and improve Council homes to deliver Council commitments on affordable housing and net zero carbon by 2030.

Decision

- 1) To refer the 2020/21 budget, draft five-year capital investment programme, and the rent levels for 2020/21 set out in Appendices 2, 3 and 4 to the report to the Council budget meeting for approval.
- 2) To note the outcome of the annual budget consultation.
- 3) To note the proposed £2.5 billion ten-year investment programme to deliver Council commitments, including 10,000 new affordable homes.
- 4) To note that the cost of achieving net zero carbon in Council housing by 2030 had been built into the business plan.
- 5) To note the risks to the delivery of the HRA budget strategy set out at paragraph 4.31 of the report and the mitigating actions.

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

5. Loans Fund Review

Information was provided on a proposal to revise the Loans Fund debt charge repayment periods, based on a prudent financial management strategy, following the introduction of new regulations.

Decision

- 1) To note the proposal for an amendment to the methodology of calculating loans fund advance repayments for pre-March 2019 advances.
- 2) To note the proposal for an investment of £2m per annum of Loans Fund savings in infrastructure maintenance.
- 3) To refer the report to Council as part of the 2020-23 budget considerations.

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

6. Council Revenue Budget Framework 2020/21 – Integrated Impact Assessments

Details were provided of the main equality, rights, environmental and economic impacts of the 2020/21 budget proposals and recommendations were identified for mitigating potential negative impacts alongside an assessment of cumulative impacts.

Decision

- 1) To agree to pay due regard to the potential equality, rights, sustainability, environmental and economic impacts associated with the revenue budget 2020-2023 proposals for 2020/21, and the recommendations to mitigate potential negative impacts; and consider the cumulative equality, rights, sustainability, environmental and economic impacts across all revenue budget options.
- 2) To refer the report for consideration at the Council budget-setting meeting on 20 February 2020.

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