

Minutes

Finance and Resources Committee

10.00am, Thursday, 3 February 2022

Present

Councillors Munn (Convener), Griffiths (Vice-Convener), Booth, Bruce, Gordon (items 1 and 2), Frank Ross (substituting for Councillor Gordon, item 3 onwards), Hutchison, Johnston, McNeese-Mechan (substituting for Councillor Rankin), Neil Ross, Staniforth and Watt.

1. Sustainable Capital Budget Strategy 2022-2032

The Sustainable Capital Budget Strategy report set out priorities for £1,459.874m of council capital investment, in alignment with the Council Business Plan, over the medium to long-term.

Decision

- 1) To note the priorities for capital expenditure outlined in the report which were aligned to the Council Business Plan and refer the report to the Council's budget meeting on 24 February 2022.
- 2) To note the proposed funding solutions and that the plan was now balanced, subject to the risks set out in the report.
- 3) To note the continued pressure on the capital programme and the various unfunded pressures within the 2022-2032 Sustainable Capital Budget Strategy, detailed in paragraph 4.30-4.42.
- 4) To note that the strategy proposed funding to progress with an initial 'Pathfinder' project that involved implementing an EnerPHit informed approach for 12 Council operational buildings.
- 5) To note that delivery of funded capital expenditure priorities was dependent on the achievement of a balanced medium-term revenue budget.
- 6) To refer the report to the Governance Risk and Best Value Committee as part of its work programme.

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

2. Revenue Budget Framework 2022/27 – progress update

A progress update was provided on the projected Council-wide revenue budget position for 2021/22, based on analysis of month eight expenditure and income data. Further updates were provided on the provisional outcome of the Local Government Finance Settlement and the impact of the announcement and other changes in planning assumptions on the Council's incremental savings gap for 2022/23 and subsequent years.

Decision

- 1) To note that an overall underspend of £2.628m was forecast in 2021/22.
- 2) To note that achievement of this position depended, in particular, upon the income-related impacts of the pandemic over the remainder of the year and agreement on, and the funding of, the teachers' pay award for 2021/22.
- 3) To note the changes to financial planning assumptions set out within the report, including the provisional outcome of the Local Government Finance Settlement and the potential means of achieving overall balance in 2022/23.
- 4) To agree to allocate the Council's share of Scottish Crown Estate marine asset funding to support the repair of the Granton Castle Walled Garden boundary wall and dovecot.
- 5) To refer the report, subject to any further changes resulting from the Scottish Budget's Parliamentary consideration, to Council as part of setting the revenue and capital budgets on 24 February 2022.
- 6) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

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

3. Revenue Budget 2022/23 – Risks and Reserves

Details were provided of the risks inherent with the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

Decision

- 1) To note the report and the updated profile of the Council's usable reserves in light of the continuing impacts of the pandemic and wider risk factors.
- 2) To remit the report to The City of Edinburgh Council for approval on 24 February 2022 as part of the budget-setting process.

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

4. Capital Monitoring 2021/22 - Month Eight Position

Details were provided of the capital expenditure and funding position as at month eight, full-year outturn projections for the 2021/22 financial year, and explanations for key variances.

Decision

- 1) To note the capital monitoring position for the General Fund and Housing Revenue Account at month eight of the 2021/22 financial year.
- 2) To note on-lending approval for Edinburgh Living included within the Sustainable Capital Budget Strategy 2022-32 report elsewhere on the meeting agenda.

- 3) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

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

5. Corporate Services Directorate: Revenue Budget Monitoring 2021/22 – Month Eight position

The Corporate Services Directorate - Revenue Budget Monitoring 2021/22 report set out the projected eight-month revenue budget monitoring position for services delivered by the Directorate and the Chief Executive's Office, based upon actual expenditure and income to the end of November 2021 and expenditure and income projections for the remainder of the financial year.

Decision

- 1) To note that services delivered by the Corporate Services Directorate were forecast to be within budget for 2021/22.
- 2) To note it was forecast that outturn expenditure would be within the approved revenue budget for the Chief Executive's Office for 2021/22.
- 3) To note it was anticipated there would be additional costs incurred due to the Coronavirus pandemic. Costs were forecast to be fully funded from additional Scottish Government grant income and the Council's 2021/22 provision for Coronavirus additional costs.
- 4) To note measures would continue to be progressed to fully deliver approved savings targets and to offset budget pressures to achieve outturn expenditure in line with the approved revenue budget for 2021/22.
- 5) To note the ongoing risks to the achievement of a balanced revenue budget projection for services delivered by Corporate Services Directorate.

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

6. Housing Revenue Account (HRA) Budget Strategy (2022-32)

The Housing Revenue Account Budget Strategy (2022-32) report set out the aim to deliver a £2.9 billion investment in new Council homes, existing homes and neighbourhoods by 2027 whilst keeping rents affordable. HRA investment supported the delivery of major Council commitments; including the 20,000 affordable homes commitment and net zero carbon.

Motion

- 1) To note the outcome of the annual review of the Business Plan and that based on a 1.8% rent increase in 2022/23 (2% per annum thereafter) this would enable a £2.9 billion ten-year investment programme to deliver Council commitments, including 10,000 new affordable homes by 2027 and net zero carbon by 2038/39 (eight years later than originally planned).
- 2) To note the outcome of the annual rent consultation with the majority of tenants supporting a 1.8% rent increase in 2022/23 and that a further rent freeze would

require higher rent increases in future years, withdrawal/reduction of housing services or a reduction in investment in new and existing homes or a combination of all of the above.

- 3) To note the Committee recognised the cost of living crisis, with the cut to Universal Credit of £20 a week; the increase in National Insurance contributions which began 1st April 2022, which was the most regressive form of taxation, disproportionately affecting those on the lowest incomes; the increase in energy costs and the self-imposed Welfare Cap, introduced by the Conservative UK Government.
- 4) To note the underspend in capital expenditure, arisen from slippage in the capital programme which had been caused by restrictions due to the Coronavirus Pandemic.
- 5) To note that, on 20 January 2022, the Housing, Homelessness and Fair Work Committee agreed to recommend a zero increase in council rents during the coming year.
- 6) To further note the subsequent work carried out by officers to explore the options to mitigate the effect of the rent freeze and also the impacts of cost of living crisis on households and therefore to agree to recommend a zero increase in Council rents for 2022/23.
- 7) To agree to refer the 2022/2023 budget, draft five-year capital investment programme, and the rent levels for 2022/23 set out in Appendices 3, 5 and 6 to the Council budget meeting for approval.
- 8) To note that officers would continue to work with Scottish Government to maximise grant funding for both the new build programme and the transition to net zero carbon to support delivery of Council's commitments and to keep rents affordable.

- Moved by Councillor Munn, seconded by Councillor Griffiths

Amendment

- 1) To note the outcome of the annual review of the Business Plan and that based on a 1.8% rent increase in 2022/23 (2% per annum thereafter) this would enable a £2.9 billion ten-year investment programme to deliver Council commitments, including 10,000 new affordable homes by 2027 and net zero carbon by 2038/39 (eight years later than originally planned).
- 2) To note the outcome of the annual rent consultation with the majority of tenants supporting a 1.8% rent increase in 2022/23 and that a further rent freeze would require higher rent increases in future years, withdrawal/reduction of housing services or a reduction in investment in new and existing homes or a combination of all of the above.
- 3) To note that, on 20 January 2022, the Housing, Homelessness and Fair Work Committee agreed to recommend a zero increase in council rents during the coming year.

- 4) To further note the subsequent work carried out by officers to explore the options to mitigate the effect of the rent freeze and also the impacts of cost of living crisis on households and therefore to agree to recommend a zero increase in Council rents for 2022/23.
- 5) To agree to refer the 2022/2023 budget, draft five-year capital investment programme, and the rent levels for 2022/23 set out in Appendices 3, 5 and 6 to the Council budget meeting for approval.
- 6) To note that officers would continue to work with Scottish Government to maximise grant funding for both the new build programme and the transition to net zero carbon to support delivery of Council's commitments and to keep rents affordable.
 - Moved by Councillor Johnson, seconded by Councillor Bruce

Voting

The voting was as follows:

For the motion - 8 votes

For the amendment - 3 votes

(For the motion: Councillors Booth, Griffiths, McNeese-Mechan, Munn, Frank Ross, Neil Ross, Staniforth and Watt.

For the amendment: Councillors Bruce, Hutchison, Johnston)

Decision

To approve the motion by Councillor Munn.

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