

Minutes

Finance and Resources Committee

10.00am, Tuesday, 6 February 2024

Present

Councillors Watt (Convener), Biagi, Bruce, Dalglish, Doggart, Macinnes, Mumford, Nols-McVey (substituting for Councillor Nicolson), Ross, Staniforth and Younie.

1. Order of Business – Point of Order

Councillor Nols-McVey raised a point of order regarding the late circulation the report at Item 7 below (Housing Revenue Account (HRA) Budget Strategy 2024-2025 to 2028-2029) which had not allowed members to give full consideration to the matter ahead of the meeting.

Decision

To agree that a briefing be circulated to members detailing the issues surrounding the delay in the completion of the report which led to its late publication.

2. Deputations

(a) **EIS**
(in relation to item 7.1 on the agenda – Revenue Budget Framework and Medium-Term Financial Plan (MTFP) 2024/29 – further update)

The deputation indicated that the proposed education cuts would have a massive, devastating and long-term effect on schools and staff and most importantly the children of Edinburgh and urged the Committee to look again at identifying funds which would cover these proposals.

(see item 3 below)

(b) **Unison**
(in relation to item 7.1 on the agenda – Revenue Budget Framework and Medium-Term Financial Plan (MTFP) 2024/29 – further update)

The deputation indicated that the cuts that the Council were being asked to make for this and the coming years would be far reaching and were of a nature of which would have effects long after the end of this administration and the next and that if that alone wasn't concerning enough, a recognition had to be given to Edinburgh remaining the lowest funded local authority in Scotland, despite the unique and unusual pressures of being the capital and the foremost city in Scotland. They felt that Governments seemed to not understand the demands put upon the Council's essential services as a result of their failure to properly fund.

The deputation were concerned that the council had been forced to make cuts that would cause irreparable damage, essential services would disappear or be rendered meaningless, the door would open to a private sector more interested in the bottom line than providing a quality service, and that very same door will be slammed shut on accountable, publicly owned services.

The deputation acknowledge that this was one of the most difficult budgets that City of Edinburgh Council had faced and urged them to really demand a fairer settlement with no ring fencing or strings attached. In addition they asked the Committee to recognise that Unison was the trade union for public sector workers and would oppose any budget cuts and attempts to outsource public services.

(see item 3 below)

3. Revenue Budget Framework and Medium-Term Financial Plan (MTFP) 2024/29 – further update

Details were provided on a number of updates relating to the Council's 2024/25 revenue budget-setting process, including proposed fees and charges in a number of additional areas, recent external funding announcements and the availability of one-off funding introduced in the context of considering school-related savings.

The Committee had heard deputations from the EIS and Unison on this issue (see items 1(a) and (b) above).

Motion:

- 1) To note the range and nature of the Council's usable reserves in light of wider risk factors.
- 2) To refer the report to The City of Edinburgh Council for approval on 22 February 2024 as part of the budget-setting process.

- moved by Councillor Watt, seconded by Councillor Dalgleish

Amendment 1

- 1) To note the range and nature of the Council's usable reserves in light of wider risk factors.
- 2) Committee notes the unsatisfactory nature of the budget process this year, including late information. No consultation with residents, stakeholders or trade unions and a lack of time for political parties receiving full information.
- 3) Committee notes the Housing report on today's agenda was finally published only a day and a half ahead of the committee in contravention of the Council's governance standards. Therefore, requests that relevant senior Council officers meet with each political group and specifically between Directors and Group Leaders immediately after the Feb 22 Budget setting Council meeting to get specific input about how this can be improved.

- 4) Requests further such meetings in June to provide a specific timetable for the 25/26 timetable and precise information about how the flow of budget information, including final proposals, and actions can be better managed.
- 5) To refer the report to The City of Edinburgh Council for approval on 22 February 2024 as part of the budget-setting process.

- moved by Councillor Macinnes, seconded by Councillor Nols-McVey

Amendment 2

- 1) To note the range and nature of the Council's usable reserves in light of wider risk factors.
- 2) Deeply regrets that Integrated Impact Assessments have not been carried out for this year's budget proposals.
- 3) Notes that this disregards the fact that Local Authority spending in all areas has clear impacts on women's equality, and particularly disabled, Black and minority ethnic and migrant women, and that Edinburgh Council has repeatedly reiterated its commitment to gender equality.
- 4) Therefore, requests that a Budget Equality Impact Statement is produced and published alongside the officer budget providing information from IIAs where they are able to be produced in the time, or collated information from previous IIAs, equalities evidence and assumptions, and information from third sector organisations.
- 5) To refer the report to The City of Edinburgh Council for approval on 22 February 2024 as part of the budget-setting process.

- moved by Councillor Mumford, seconded by Councillor Staniforth

In accordance with Standing Order 22(13), Amendment 1 was adjusted and accepted as an addendum to the Motion.

In accordance with Standing Order 22(13), Amendment 2 was accepted as an addendum to Amendment 1.

Voting

The voting was as follow:

For the Motion (as adjusted)	-	6 votes
For Amendment 1 (as adjusted)	-	5 votes

(For the Motion: Councillors Bruce, Dalgleish, Doggart, Ross, Watt and Younie.

For Amendment 1: Councillors Biagi, Macinnes, Mumford, Nols-McVey and Staniforth.)

Decision

To approve the following adjusted motion by Councillor Watt:

- 1) To note the range and nature of the Council's usable reserves in light of wider risk factors.

- 2) To note that the Housing report on today's agenda was finally published only a day and a half ahead of the committee in contravention of the Council's governance standards. Therefore, to request that relevant senior Council officers meet with each political group and specifically between Directors and Group Leaders immediately after the Feb 22 Budget setting Council meeting to get specific input about how this can be improved.
- 3) To request further such meetings in June to provide a specific timetable for the 25/26 timetable and precise information about how the flow of budget information, including final proposals, and actions could be better managed.
- 4) To refer the report to The City of Edinburgh Council for approval on 22 February 2024 as part of the budget-setting process.

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

4. Revenue Budget 2024/25 – Risks and Reserves

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

Decision

- 1) To note the range and nature of the Council's usable reserves in light of wider risk factors.
- 2) To refer the report to The City of Edinburgh Council for approval on 22 February 2024 as part of the budget-setting process.

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

5. Sustainable Capital Budget Strategy 2023-2033

Details were provided on the priorities for £1.45bn 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 this report which are aligned to the Council Business Plan.
- 2) To note the implications of the provisional Local Government Finance Settlement.
- 3) To note that delivery of funded capital expenditure priorities is dependent on the achievement of a balanced medium-term revenue budget.
- 4) To note that there is no capacity to fund additional projects that are not in the current programme.
- 5) To note that investment in unfunded pressures and priorities set out in this report will require additional external funding and/or reprioritisation of existing budgets and must be supported by robust business cases.

- 6) To delegate authority to the Chief Executive, in consultation with the Convenor of the Committee, to award contracts for the construction of learning estate projects where it can be demonstrated the contract value is within approved budget limits.
- 7) To note the climate assessment of capital spending proposals.
- 8) To refer the report by the Executive Director of Corporate Services to the Council Budget meeting on 22 February 2024.

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

6. Accounts Commission: Local Government in Scotland – Financial Bulletin 2021/22

A summary of the main issues and themes identified within the Accounts Commission's recently published *Local Government in Scotland - Financial Bulletin 2022/23* and how those related to the local context within Edinburgh was presented.

Decision

- 1) To note the report by the Executive Director of Corporate Services.
- 2) 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.)

7. Housing Revenue Account (HRA) Budget Strategy 2024-2025 to 2028-2029

Details were provided on the Housing Revenue Account (HRA) Budget Strategy 2024/2025 to 2028/2029. The 30-year Housing Revenue Account (HRA) Business Plan was reviewed annually and following rent consultation with tenants, officers had recommend that rents be increased by 8.4% p.a. for five years from 2024/25 onwards to make financial provision for delivery of day-to-day services to tenants, including the continuation of the Tenant Hardship Fund and the pre-COVID investment plan to deliver more social rented homes, and make all existing homes as modern and energy efficient as new homes.

Decision

- 1) To note that officers recommended that rents be increased by 8.4% in 2024/25 (year one of a five-year rent strategy; requiring annual increases of 8.4% for the subsequent four years) to deliver the pre-Covid investment plan and ensure the HRA remains in a healthy financial position.
- 2) To note the outcome of the annual review of the Housing Revenue Account (HRA) Business Plan and the annual rent consultation with tenants; where two thirds of tenants (66%) voted for a 4.1% p.a. rent increase for five years, a quarter (25%) for a 5.0% p.a. increase for five years and 9% for an 8.4% p.a. increase for five years.
- 3) To note that officers recommended that the Tenant Hardship Fund be continued in 2024/25 and inflated in line with any rent increase.

- 4) To note that nearly 60% of tenants agreed newly built and/or newly modernised homes should be charged higher rents. Further consultation would be carried out in the next year on the implementation of this from 2025/26 onwards.
- 5) To note the key risks to deliver the HRA budget strategy and capital investment plan, including inflation on expenditure rising higher than rental income, collection of that income, market capacity to deliver the capital investment plan and limited government subsidy to fund the plan.
- 6) To refer the 2024/25 budget, draft 10-year capital investment programme, and the rent levels for 2024/25 (set out in Appendices 3 and 4 of the report by the Executive Director of Corporate Services) to the Council meeting on 22 February 2024 for approval

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