

10.00am, Thursday, 9 February 2017

Revenue and Capital Budget Framework 2017/21 – further update

Item number 4.1(b)(ii)
Report number
Executive/routine
Wards

Executive summary

An update on the revenue and capital budget frameworks was considered by the Finance and Resources Committee on 19 January 2017, with these reports referred to Council to inform the budget-setting meeting. The reports reflect grant funding allocations contained within the Local Government Finance Settlement announced on 16 December 2016.

As part of on-going negotiations concerning the securing of Parliamentary approval for the Scottish Budget for 2017/18, revised revenue and capital allocations were advised on 2 February 2017. The full amount of these revenue and capital resources is available for allocation within Groups' respective budget motions.

Links

Coalition Pledges [P30](#)
Council Priorities [CP13](#)
Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)

Revenue and Capital Budget Framework 2017/21 – further update

1. Recommendations

- 1.1 It is recommended that Council note the anticipated provision of a revised level of resources in 2017/18 as part of setting the revenue and capital budget frameworks for this period.

2. Main report

- 2.1 An update on the revenue and capital budget frameworks was considered by the Finance and Resources Committee on 19 January 2017, with these reports referred to Council as part of today's budget-setting meeting. The reports reflect grant funding allocations contained within the Local Government Finance Settlement announced on 16 December 2016.
- 2.2 On Thursday 2 February, in light of discussions surrounding the securing of Scottish Parliamentary approval for the 2017/18 Scottish Budget, the Scottish Government confirmed the provision of £130m of additional revenue, and £30m of additional capital, funding for local government relative to the levels underpinning the December 2016 Local Government Finance Settlement. Subject to subsequent Parliamentary approval of the accompanying Finance Order at Stage 3 of the Budget Bill, Edinburgh's respective share of these sums is £9.998m and £2.278m. The full amount of these sums is available for allocation within Groups' respective budget motions.
- 2.3 At this stage, formal confirmation is awaited as to whether these sums will be baselined within the Local Government Finance Settlement. This point aside, given the anticipated increase in the overall revenue savings requirement relative to current budget framework assumptions going forward, members may wish to consider allocating sums to support one-off expenditure and, where possible, wider transformation- and prevention-related work across the Council, contributing towards both re-establishing financial stability and achieving key outcomes in the areas concerned.

3. Measures of success

- 3.1 Relevant measures in setting the revenue budget include:
- i. Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2017/18 and subsequent years to be set as part of a longer-term sustainable framework;
 - ii. Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
 - iii. Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

4. Financial impact

- 4.1 The proposals set out within the reports elsewhere on today's agenda have the potential to deliver a balanced revenue budget in both 2017/18 and 2018/19. In view of potential increases in overall savings requirements over the longer term, however, additional transformation- and prioritisation-based proposals will be required to secure financial sustainability.

5. Risk, policy, compliance and governance impact

- 5.1 A complementary report on the risks inherent in the budget process is included elsewhere on today's agenda.
- 5.2 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the expected service impacts outlined in the respective budget proposals.
- 5.3 Monitoring of delivery is reported to the Finance and Resources Committee on a regular basis. The most recent assessment shows 92% of approved savings to be on track for delivery in 2016/17, with good progress also apparent in preparation for the delivery of subsequent years' savings.

6. Equalities impact

- 6.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment

and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken.

- 6.2 As the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were reported [at that time](#).
- 6.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Item 4.1 (b) elsewhere on today's agenda, commentary on any potential equalities and human rights impacts, and associated mitigating actions, has been included in the templates made available to elected members to ensure they pay due regard to relevant issues in setting the Council's revenue budget for 2017/18.
- 6.4 For those additional measures included within the budget motion following the revised Local Government Finance Settlement announcement, an assessment of any material equalities and rights and carbon, climate change adaptation and sustainable development impacts is being undertaken to minimise any potential negative, and accentuate positive, impacts.

7. Sustainability impact

- 7.1 As with equalities and human rights, while there is no direct additional impact on carbon, climate change adaptation and sustainable development of the report's contents, all budget proposals are now subject to an upfront assessment across these areas.
- 7.2 Given that the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated carbon, climate change adaptation and sustainable development impacts were again reported [at that time](#).
- 7.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2 of Item 4.1 (b) elsewhere on today's agenda, commentary on any material potential impacts has been included in the templates made available to elected members.

8. Consultation and engagement

- 8.1 As in previous years, an extensive programme of engagement was undertaken within the context of the Council's wider transformation programme in October and November 2016. The main findings of this exercise are included on a report elsewhere on today's agenda.

9. Background reading/external references

- 9.1 [Revenue budget framework 2017/21 – update](#), Finance and Resources Committee, 19 January 2017
- 9.2 [Capital Investment Programme/Plan 2017/18 to 2025/26](#), Finance and Resources Committee, 19 January 2017

Hugh Dunn

Acting Executive Director of Resources

Contact: Hugh Dunn, Acting Executive Director of Resources

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

10. Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council Priorities	CP13 – Deliver lean and agile Council services
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	None