

REPORT TO: East Lothian Council

MEETING DATE: 3 March 2020

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Budget Development 2020–23, Including Setting of Council Tax

1 PURPOSE

- 1.1 Further to my reports to Council on 25 February and Cabinet on 21 January 2020, this report now provides councillors with a brief update on the budget development process and sets the scene for presenting amended budget proposals for Council Tax setting and General Services budgets.

2 RECOMMENDATIONS

- 2.1 Council is asked to note the position regarding the delayed Draft Local Government Settlement offer of 6 February 2020 as set out within sections 3.2–3.3 of this report.
- 2.2 Council is asked to consider and make recommendations in relation to the respective General Services budget proposals included within today's agenda reflecting formal amendments proposed to the Draft Administration Proposal for General Services approved by Cabinet on 21 January 2020.

3 BACKGROUND

- 3.1 Councillors were provided with information at meetings of the Council held on 29 October 2019 and 17 December 2019 in relation to the future financial prospects for the Council, and the 5-year Financial Strategy incorporating the Capital Strategy was formally approved. The framework supporting development of budgets was also approved and in accordance with this approved framework, the Administration duly brought forward draft budget proposals to Cabinet on 21 January 2020. As councillors are already aware, these draft proposals were prepared in

advance of the delayed Local Government Finance Settlement that was made on 6 February 2020.

Local Government Finance Settlement

3.2 At the time of writing and since updating Council on 25 February, no further significant developments have taken place subsequent to the draft Local Government Finance Settlement being published on 6 February 2020. Although the first reading of the Scottish Government's Budget Bill is due to take place on 27 February, the formal Parliamentary process is not due to complete until either 4 or 5 March 2020. Any subsequent changes in respect of the settlement that are deemed relevant will be shared with councillors on the day of the meeting.

3.3 A reminder of the most relevant components of the Finance Settlement for purposes of Council Tax and General Services budget-setting are repeated below:

- The draft Scottish Government Budget and related Local Government Settlement were provided on a one year basis covering 2020-21 financial year only;
- Councils must continue to deliver a number of specific commitments including:
 - Maximum Council Tax increase to be capped at 4.84% in 2020-21;
 - Maintain the national pupil teacher ratio level, ensuring places are provided for all Probationer Teachers who require one;
 - Social Care budgets made available to Integration Authorities must be greater than 2019-20 budgets by each local authority's share of the national sum of £100m made available via the Health Settlement.
- East Lothian Council's core Revenue Support Grant has increased by £0.6 million in cash terms relative to 2019-20 budgets, but this includes a reduction of core revenue funding of £2.08m (1.2% reduction in cash terms which equates to a real terms reduction of 3%).
- The Council has received an increase in specific grants of £4.096 million most of which relates to previously announced (May 2018) funding in relation to the delivery of 1140 Hours.
- In terms of capital, the general capital grant has reduced by £1.8 million from 2019-20, with some grant funding re-profiled to reflect expenditure plans relating to flooding programmes. Additional capital grant has been provided to support the delivery of the 1140 Hours in line with the previous announced funding.

General Services Budget Proposals

- 3.4 In accordance with the budget framework previously agreed by Council, the General Services budget will be considered by way of formal amendment to the Administration draft budget proposal approved by Cabinet on 21 January 2020. Any budget amendment being proposed must be deemed competent, both in terms of deliverability and compliance with the requirements set out within the Financial Strategy which was approved by Council in December 2019.
- 3.5 Working in conjunction with all Group Leaders, revised Scottish Government grant levels and other settlement obligations have been built into the amendment being brought forward.
- 3.6 Amended revenue and capital proposals for General Services have been brought forward by the Administration. The General Services Capital Budget includes a number of re-profiled projects from the draft proposal presented to Cabinet in January. The budget amendments are set out in accordance with Item 2 of the agenda and these include a proposed Council Tax level for 2020-21 and indicative Council Tax levels for the subsequent two years.

4 POLICY IMPLICATIONS

- 4.1 The amended budget proposals have been prepared in accordance with the new Financial and Capital Strategies approved by Council on 17 December 2019.
- 4.2 There are a number of policy implications associated with the approval of any of the amended budget proposals.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Equalities – the budget proposals will have a significant impact on the future delivery of services by East Lothian Council and therefore a potential impact on the wellbeing of equality groups. All political groups have been provided with general information on the potential impact of all budget saving proposals.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – the proposals contained within this report have been prepared within the context of the Council's approved Financial and Capital Strategies. Accordingly, many of the proposals will have significant financial implications.
- 6.2 Personnel - none at this stage

6.3 Other – none at this stage

7 BACKGROUND PAPERS

7.1 Financial Prospects 2020 and beyond – Report to Council 29 October 2019

7.2 Council Financial Strategy 2020-25 – Report to Council 17 December 2019

7.3 Public Budget Consultation – Rent and General Services Consultation – Members' Library Service

7.4 Administration DRAFT budget proposals – Item 5, Cabinet, 21 January 2020

7.5 Budget Development, Including Setting of Rent Levels 2020-25 – Item 4 Council, 25 February 2020

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