

REPORT TO: East Lothian Council

MEETING DATE: 13 February 2018

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: Setting of Budget, Council Tax and Rent Levels 2018-23

1. PURPOSE

1.1 Following on directly from my report to Cabinet on 16 January, this report provides both an update of recent developments in respect of the Local Government Finance Settlement as well as presenting amended budget proposals for both General Services and the Housing Revenue Account in accordance with the budgetary framework approved previously by Council.

2. RECOMMENDATIONS

2.1 Council is asked to note the circumstances relating to changes made to the original Local Government Settlement offer of 14 December as set out within sections 3.1 – 3.4 of my report.

2.2 Council is asked to note that in accordance with Section 3.5 of the report, the Council has now effectively accepted the amended settlement offer made by the Cabinet Secretary.

2.3 Council is asked to consider and make recommendations in relation to the respective budget, council tax and rent proposals included within today's agenda at Items 2 and 3, these items reflecting formal amendments proposed to the Draft Administration Proposal approved by Cabinet on 16 January.

3. BACKGROUND

3.1 At meetings of the Council held on 31 October and 19 December 2017, information was provided in relation to likely forward financial prospects and a new 5-year Financial Strategy was formally approved. A new

framework governing development of budgets was also approved and the Administration duly brought forward to Cabinet on 16 January a draft budget proposal reflecting the Local Government Finance Settlement offer made by the Cabinet Secretary for Finance on 14 December.

- 3.2 Since consideration of those proposals by Cabinet in January, there have been two very significant changes made to the Local Government Finance Settlement resulting in a substantial variation to the Scottish Government grant funding made available to East Lothian Council.
- 3.3 On 23 January, the Council was formally advised that an error had been made by the Scottish Government affecting the way in which the national funding pot set aside for Local Government had been distributed across Scottish councils. The overall funding pot had not changed but the revised and correct way in which it had now been distributed had the effect of re-stating our grant figure at £166.030M an increase of £1.2M.
- 3.4 On 31 January, immediately following an amendment made by the Cabinet Secretary for Finance within the parliamentary debate on the Scottish Government's draft budget, the Council received notification via COSLA that further funding would be made available to Scottish Local Government and more specifically that East Lothian Council would receive further grant support of £3.023M, taking the expected grant to be received in 2018/19 to £169.053M. At and around the same time, the Council was also advised of certain amended expectations relating to expenditure commitments, principally around pay, albeit that the majority of this additional funding would be available for use at the Council's discretion.
- 3.5 Councillors will recall from the Cabinet report that a timed obligation had been placed upon the Council to advise in writing should it wish not to accept the settlement offer. This date was initially set at 16 January, then amended to 26 January and further amended to 2 February. In his initial response made before the Cabinet meeting, the Depute Leader of the Council sought approval from the Cabinet Secretary for flexibility in the way in which the cap on council tax would be applied although at the time of writing this report, no response has been received. Following consultation with other Group Leaders on 2 February, the decision was taken not to make any further written submission, effectively accepting the latest settlement offer.

Amended Budget Proposals

- 3.6 In accordance with the procedures agreed previously by Council, an amendment must be presented to Council in the form of an alternative budget proposal. The amendment must be deemed competent, both in its ability to be delivered as well as ensuring that it can still deliver a balanced budget.
- 3.7 Working in conjunction with all Group Leaders, revised grant levels together with any revised settlement obligations, have been built into all amendments being brought forward.

- 3.8 Amended revenue and capital budget proposals for General Services have been prepared by the Administration and the SNP Group. 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 within Items 2a and 2b for General Services' budgets and each includes proposed Council Tax levels. No formal amendments have been received by any political group in relation to the Housing Revenue Account, although some presentational amendments relating to existing expenditure commitments have been made by officers and are set out within Item 3 that also includes the proposed rent levels.

4. POLICY IMPLICATIONS

- 4.1 The amended budget proposals have been prepared in accordance with the new Financial Strategy approved by Council on 19 December 2017.
- 4.2 There are a number of policy implications associated with the approval of either of these 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, although at the time of writing, the results of the full Integrated Impact Assessment process are still subject to final review and these will be made available on the Council's website as soon as possible.

6. RESOURCE IMPLICATIONS

- 6.1 Financial – the proposals contained within this report have been prepared within the context of the Council's approved Financial Strategy. 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 2018/19 and beyond – Report to Council 31 October 2017
- 7.2 Council Financial Strategy 2018-23 – Report to Council 19 December 2017

- 7.3 Public Budget Consultation – General Services – Members Library Service
- 7.4 Public Budget Consultation – Rent Consultation – Members Library Service
- 7.5 SPICE Briefing on Local Government Finance, Draft Budget 2018-19 and provisional allocations to local authorities can be found per the attached link.
<https://digitalpublications.parliament.scot/ResearchBriefings/Report/2017/12/18/Local-Government-Finance--Draft-Budget-2018-19-and-provisional-allocations-to-local-authorities>
- 7.6 Administration DRAFT budget proposals – Item 8 Cabinet 16 January 2018
- 7.7 Letter from the Cabinet Secretary for Finance 14 December 2017
- 7.8 Letter/email from COSLA 23 January 2018 – recalculation of the settlement distribution
- 7.9 Letter from COSLA/Cabinet Secretary 31 January 2018

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