
FINANCIAL STRATEGY AND RESOURCES 2020/21

Report by Executive Director Finance & Regulatory Services

SCOTTISH BORDERS COUNCIL

26 February 2020

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Council of the estimated revenue and capital resources available for financial year 2020/21 following publication of the Local Government Finance Settlement (LGFS) on the 6th February 2020.**
- 1.2 The report recommends the financial strategy to be followed by the Council next year and identifies the financial constraints and major risks to be addressed.
- 1.3 The report also outlines the process supporting the construction of the draft revenue and capital Financial Plans for 2020/21 as well as draft plans for future years.
- 1.4 The Corporate Management Team has worked with political groups to support Members set a corporate revenue and capital budget, meeting identified pressures facing the Council. These pressures have arisen from a variety of factors. The principle pressures identified are due to the anticipated continuing constraints on external revenue and capital funding from central government, the impact of national pay negotiations, the increasing pressures from demographics, particularly the increasing numbers of very elderly people requiring care services, as well as general inflation.
- 1.5 The budget development process has been conducted to ensure that the financial plans of the Council are aligned with its business and people planning objectives and the level of resources available.
- 1.6 The report highlights that total revenue resources of £295.757m are available to Elected Members assuming the Council accepts the 2020/21 settlement offer from Scottish Government including the ability to vary Council Tax by up to 4.84% in 2020/21. The impact of other potential variations in the Council Tax is shown in the tables in paragraph 7.2 and 9.1.
- 1.7 The benefits, in terms of financial stability and effective change management, derived from adopting a longer term corporate approach to

the revenue and capital planning process are widely accepted. Financial year 2020/21 represents the third year of the revenue 5 year financial plan for the Council first agreed in February 2018. It is anticipated members will continue to adopt a longer term approach to financial planning and consequently the estimated resources available over the following four financial years are also shown. These estimates will continue to be updated annually as the detail of the financial settlement from Scottish Government becomes known. There was a commitment by Scottish Government to provide a three year settlement from 2020/21, this has not materialised but it is hoped that from 2021/22 a three year settlement will be provided assisting long term financial planning.

- 1.8 The Council approved a revised approach to organisational change under the banner of 'Fit for 2024' when the budget was set for 2019/20 in February 2019. This approach is reshaping the transformation programme ensuring individual projects are more cross-cutting and focused on joined up business process review. The Fit for 2024 programme has been a strong driver in developing financial plan proposals for the 5 year period of the plan.
- 1.9 In line with previous Audit Scotland recommendations scenario planning has once again been used to model a range of scenarios with regard to Scottish Government grant, Council Tax increases and estimated future inflation. This analysis is included at Appendix 2.
- 1.10 This report also seeks approval of the financial strategy for the Council covering the period 2020/21 – 2024/25. The strategy provides the overall framework for the financial management of the Council and covers the revenue budget, capital investment plan, the Council's treasury management arrangements and the recommended policy on reserves.
- 1.11 The approach to the development of the 2020/21 budget has been aligned with the financial planning process in the NHS reflecting the increasing maturity of the Integration Joint Board (IJB) and the requirement to deliver shifts in the balance of care across the partnership from acute to community settings.
- 1.12 The financial plan is highly dependent on the delivery of savings and a risk based approach has once again been used to set the level of recommended balances to be held in contingency.

2 RECOMMENDATIONS

2.1 It is recommended that Council:

- (a) notes the estimated revenue resources for 2020/21 to 2024/25;**
- (b) notes the estimated capital resources for 2020/21 to 2029/30 and the requirement to adhere to the prudential code for capital borrowing;**
- (c) notes the flexibility provided through the LGFS process to allow Council Tax to be increased by up to 4.84% in 2020/21, and this flexibility is factored in to the total resources made available to Councils;**

- (d) approves the financial strategy set out in section 4.4 (a) to (h) of this report having considered the risk register highlighted in appendix 1;**
- (e) proceeds to consider the proposed Financial Plans submitted by political groups for 2020/21; and**
- (f) Approves the Council Taxes to be paid in 2020/21 in respect of all chargeable dwellings.**

3 THE REVENUE FINANCIAL PLANNING PROCESS 2020/21 TO 2024/25

3.1 Financial year 2020/21 represents the third year of the 5 year financial plan for the Council first agreed in February 2018 with this updated plan covering the period 2020/21 to 2024/25. A corporate approach has again been pursued with a focus on aligning the financial, business and people planning elements of the Council's Corporate Plan.

4 FINANCIAL STRATEGY

- 4.1 The Council along with all public bodies faces significant challenges as it aims to provide the best possible services within the resources available. The adoption of a longer term timeframe for financial planning has previously enabled the Council to plan the delivery of service changes across financial years through modernising services, investing in new technology, and in developing a range of strategic partnerships to provide longer term benefits. Despite the annual nature of the financial settlement this longer term approach has enabled the required changes to be delivered in a planned manner, mitigating the need for reactive cuts to services. The Fit for 2024 programme is now embedded within the budget process and delivery of cross cutting savings proposed by the programme are integral to balancing the budget in the period to 2024. Beyond that year it is anticipated that the ongoing process of transforming the Council will continue. It was understood that Scottish Government was planning to move towards three year settlements from 2020/21. This has not materialised for 2020/21 but it should be noted would greatly assist future financial planning processes.
- 4.2 The financial strategy for 2020/21 is therefore designed to further this approach and to ensure that;
- (a) resources are raised to meet approved service levels in the most effective manner;
 - (b) officers manage the effective deployment of those resources in line with the Council's corporate objectives and priorities;
 - (c) the revenue and capital plans approved by Council provide stability in resource planning, and;
 - (d) the changes required to services are delivered in a properly planned manner through the Council's Fit for 2024 programme.
- 4.3 This strategy continues to recognise the need to ensure that the Council's budget is targeted so that it meets a number of strategic aims. The Council recognises it has a duty to provide the most effective possible stimulus to the wider economy, to enhance our efforts to protect the environment, look after those who are most vulnerable in society and work with community planning partners to intervene as early as possible to reduce future demand for public services. This can be best achieved through

stopping anticipated problems arising or by addressing issues that are likely to escalate early on and assisting communities and individuals to help themselves wherever possible. This approach recognises the important need to continue to maximise efficiency and providing good value for money to local taxpayers over the long term.

4.4 The recommended high level financial strategy to be followed over the period 2020/21 – 2024/25 is therefore, once again, to:-

- (a) set a prudent, sustainable budget in line with available resources;
- (b) continue to invest in infrastructure that will raise standards, improve quality of life for local communities and reduce future demand for services;
- (c) set a capital programme which keeps debt within prudent sustainable limits as set out in the treasury strategy;
- (d) Provide for loans charges of £19.111m (2020/21) to finance capital investment recognising the long term implications of capital borrowing. This figure is planned to rise in future years reflecting the Council’s capital plans;
- (e) maximise income while keeping fees charged to service users at an affordable level;
- (f) continue to invest in new ways of working and efficiency projects to deliver long term financial savings and service benefits;
- (g) focus on preventative revenue and capital spend; and
- (h) recognising the challenges faced by the organisation, maintain unallocated reserves of £6.315m for 2020/21 as outlined in section 5 below and in line with the assessed risk register in appendix 1.

5 RESERVES

5.1 Reserves

The Council maintains a number of funds and balances which are reported to Elected Members at regular intervals during the financial year. Table 1 below shows the projected balance on each fund at 1 April 2020.

Table 1 Funds and Balances	1 April 2020 (est £m)
Statutory Funds	
Corporate Property Repairs and Renewals Fund	0
Plant and Vehicles Renewals Fund	7.363
Insurance Fund	1.429
Capital Fund Excl Developer Contributions	2.264
General Fund – Earmarked	
Devolved School Management	0.759
Specific Departmental Reserves	6.046
Allocated reserves	3.090

General Fund – Non-Earmarked	6.315
Total	<u>27.266</u>

5.2 The Council holds reserves in order to manage identified risks, smooth uneven cash flows and provide a contingency against unforeseen circumstances. The existence and management of adequate reserves is a fundamental aspect of any sound financial strategy. The financial strategy and the associated reserves position is subject to scrutiny by the Council's external auditors.

5.3 A Corporate Financial Risk Register has again been used as the basis for setting reserve levels in 2020/21 and future years. This approach seeks to quantify the risks facing the Council's finances, including over optimistic saving assumptions, unplanned employment and pension cost increases, the failure by managers to enact effective budgetary control, severe weather events, the economic downturn, potential legal and contractual claims and unplanned emergencies in approving an appropriate level of unallocated balances.

5.4 A review of the major risks facing the Council has been undertaken by senior finance officers and these are shown in the risk register in appendix 1. The level of unallocated general fund balances is directly informed by an assessment of the risks facing the Council. This approach, despite being subject to an element of informed judgement, fundamentally reflects the risks inherent in setting the revenue budget, the reasons why reserves are held in the first place, the scale and complexity of the organisation and also provides an appropriate transparent rationale for the level of balances held.

5.5 **Unallocated balances**

Given the issues identified in the risk register and risks inherent in setting the revenue budget, members are recommended to maintain an unallocated general fund equivalent to £6.315m in 2020/21. The unallocated balance projected at the 31st March 2020 equates to 2.14% of net revenue expenditure and is sufficient to cover 52% of the risks identified in the finance risk register should they be realised.

6 **THE AEF SETTLEMENT 2020/21**

6.1 Mainstream support for Local Government from the Scottish Government is collectively known as Aggregate External Finance (AEF) and comprises:-

- (a) General Revenue Funding to support expenditure on the complete range of Council Services;
- (b) A distribution of funding from the National Non-Domestic Rates Pool;
- (c) Ring-fenced grants which must be used for specified purposes

6.2 The Local Government Finance Settlement, received on the 6th February 2020 was accompanied by a letter from Kate Forbes confirming that this is a

sanction free settlement. The correspondence confirmed funding levels along with criteria around the settlement as set out below:

- The additional £100 million from the Scottish Government for H&SC investment to support social care and mental health services should be additional and not substitutional to each Council's 2019/20 recurring budget for social care services that are delegated. This means that, when taken together, Local Authority Social Care budgets for allocation to Integration Authorities and school counselling services must be £100m greater than 2019/20 budgets.
- Provide local authorities with the flexibility to increase the Council tax by 3% in **real terms**, which equates to 4.84% for 2020/21.

7 REVENUE RESOURCES

7.1 The updated Settlement for 2020/21 confirmed resources from the Scottish Government through:

- (a) Revenue Support Grant of £173.123m (including the SBC share of £100m nationally to support H&SC integration) and Non Domestic Rates of £34.931m, providing total grant support of £208.054m;
- (b) Total specific grant has been confirmed to fund Early Learning & Childcare (£10.891m), the Pupil Equity Fund (£1.762m), Community Justice Social Work (£1.253m) and Gaelic (£0.001m);
- (c) Funding over and above the Settlement is still awaited to fund the Teachers Induction Scheme, Discretionary Housing Payments (DHP), Mental Health Officer shortfall, Gaelic, Barclay Implementation and Customer First top-up. All these budgets will be created during 2020/21 when funding is confirmed;
- (d) The development of the 2020/21 budget has seen closer cooperation and joint financial planning between the Council, NHS Borders and the IJB. Key aspects of the budget in this area include a Health and Social Care fund of £7.540m that is once again to be transferred from the NHS to Council via the Integration Joint Board (IJB). This funding has previously been delegated on a permanent recurrent basis to the Council's Social Care function by the IJB. A further adjustment has been made to the local government settlement to directly provide Councils with a further £100m nationally in 2020/21 to fund:
 - increases in the Living Wage (£25m);
 - the ongoing implementation of the Carers Act (£12m);
 - uplift in Free Personal Care (£2m);
 - School Counselling (£4m); and
 - integrated Authority ring-fenced funding (£57m)

7.2 The revenue resources available to the Council based on an increase in Council tax of 3% and 4% and 4.84% in each financial year are shown below in table 1. The following table 2 provides the total revenue resources available to the Council based on an increase in Council tax of 4.84% for 2020/21 at £295.757m.

Table 1

	2020/21 £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	Total £'000
Council Tax (Band D £ 1,231.90 - increase of 3% in each year)	65,094	67,438	69,924	72,498	75,163	350,118
Total	294,595	298,612	301,185	303,709	305,774	1,503,876
Council Tax (Band D £1,243.86 - increase of 4% in each year)	65,726	68,752	71,971	75,332	78,843	360,624
Total	295,227	299,926	303,232	306,543	309,454	1,514,382
Council Tax (Band D £ 1,253.91 - increase of 4.84% in each year)	66,256	69,864	73,720	77,777	82,044	369,661

Table 2

	2020/21 £'000	2021/22 (Provisional) £'000	2022/23 (Provisional) £'000	2023/24 (Provisional) £'000	2024/25 (Provisional) £'000	Total £'000
Aggregate External Finance						
General Revenue Support	171,023	173,123	173,325	173,579	173,529	864,579
Assumed SG grant reductions 1% years 2-5	0	(2,233)	(2,235)	(2,237)	(2,237)	(8,942)
Ring fenced grants	13,907	15,211	15,211	15,211	15,211	74,751
Assumed additional funding for H&SC for demographics	2,100	2,602	2,489	2,187	1,637	11,015
Health & Social Care Partnership	7,540	7,540	7,540	7,540	7,540	37,700
Non-domestic Rates	34,931	34,931	34,931	34,931	34,931	174,655
	229,501	231,174	231,261	231,211	230,611	1,153,758
Council Tax (Band D £1,253.91 - increase of 4.84% in 2020/21 and then 3% each year thereafter)	66,256	68,642	71,172	73,792	76,506	356,368
Total	295,757	299,816	302,433	305,003	307,117	1,510,126

8 RESOURCING ESTIMATES 2020/21 AND BEYOND

8.1 At present the Scottish Government has only confirmed a one year Settlement and therefore has only published draft AEF figures for 2020/21. There was a commitment from the Scottish Government to provide a three year funding settlement for local government from 2020/21 budget onwards; this three year Settlement has not materialised for 2020/21 and we await further information on whether we can expect this for 2021/22. In planning resources over the next 5 years the Council has made assumptions about the levels of funding likely to be available and the level of savings which will be required to balance to these estimates. The assumption for planning purposes is that AEF resources will reduce by 1% in each year of the 5 year plan. These estimates exclude any transfers for new statutory burdens.

- 8.2 Any movement from these assumptions in future finance settlements will require adjustments to be made to the overall level of savings made in the Financial Plan. Despite the absence of firm future figures, the scale of the challenge facing the Council is unlikely to diminish in the foreseeable future and longer term planning for the delivery of savings, which may have significant lead in times and require large scale organisational change, remains an essential discipline.
- 8.3 The Council approved a revised approach to organisational change under the banner of 'Fit for 2024' when the budget was set for 2019/20 in February 2019. This approach is reshaping the transformation programme ensuring individual projects are more cross-cutting and focused on joined up business process review. The Fit for 2024 programme has been a strong driver in developing financial plan proposals for the 5 year period of the plan.
- 8.4 It should be noted that the 2020/21 figures from Scottish Government remain draft until the local government finance order is approved by Parliament. Any further amendments to the draft figures published will be reported to Council with an assessment of the financial implications.
- 8.5 The benefits of longer term financial planning have previously been promoted by Audit Scotland in the overview report for Local Government in Scotland. Audit Scotland have highlighted the good practise previously adopted by the Council in adopting medium term 5 year financial planning. The report recommended that this approach be extended to encompass greater use of scenario planning over a longer period. In response Council officers have once again modelled variations in the assumed level of Scottish Government grant, Council Tax increases and estimated inflationary increases in cost pressures over the 10 year period commencing 2020/21. This analysis is included at Appendix 2.
- 8.6 This analysis highlights a range of potential financial outcomes which would if realised require the Council to identify revenue savings of between £42m and £79m over the next 10 year period depending on the assumptions used. The range of scenarios modelled highlights the need for robust cost control and the continuation of a programme of strategic transformational change to ensure the Council can respond appropriately to these challenges.

9 COUNCIL TAX

- 9.1 As noted in paragraph 6.4 the Settlement for 2020/21 provides flexibility for Councils to increase Council Tax by up to 3% in real terms, which equates to 4.84% in 2020/21. The Table below shows the impact of various increases in the Council Tax. The Council is required under legislation to approve its Council Tax for the following financial year commencing 1 April by the 11 March in the preceding financial year.

3% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 19/20	797.35	930.24	1,063.13	1,196.02	1,571.44	1,943.53	2,342.21	2,930.25
20/21 prices + 3%	821.27	958.15	1,095.02	1,231.90	1,618.58	2,001.84	2,412.47	3,018.16
Annual Increase	23.92	27.91	31.89	35.88	47.14	58.31	70.27	87.91
Monthly Increase	1.99	2.33	2.66	2.99	3.93	4.86	5.86	7.33
Weekly increase	0.46	0.54	0.61	0.69	0.91	1.12	1.35	1.69

4% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 19/20	797.35	930.24	1,063.13	1,196.02	1,571.44	1,943.53	2,342.21	2,930.25
20/21 prices + 4%	829.24	967.45	1,105.65	1,243.86	1,634.30	2,021.28	2,435.90	3,047.46
Annual Increase	31.89	37.21	42.53	47.84	62.86	77.74	93.69	117.21
Monthly Increase	2.66	3.10	3.54	3.99	5.24	6.48	7.81	9.77
Weekly increase	0.61	0.72	0.82	0.92	1.21	1.50	1.80	2.25

4.84% Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Charge 19/20	797.35	930.24	1,063.13	1,196.02	1,571.44	1,943.53	2,342.21	2,930.25
20/21 prices + 4.84%	835.94	975.26	1,114.58	1,253.91	1,647.49	2,037.60	2,455.57	3,072.07
Annual Increase	38.59	45.02	51.45	57.89	76.05	94.07	113.36	141.82
Monthly Increase	3.22	3.75	4.29	4.82	6.34	7.84	9.45	11.82
Weekly increase	0.74	0.87	0.99	1.11	1.46	1.81	2.18	2.73

9.2 The table above shows the impact of a 3%, 4% and 4.84% increase in the Council Tax alongside the annual and monthly increases that would be associated with these uplifts in Council Tax bills.

10 CAPITAL RESOURCES

- 10.1 In setting its Capital Plan, the Council must adhere to The Prudential Code of Capital Finance (the Code) in Local Authorities as published by CIPFA. The Code was established to both give Local Authorities an element of flexibility but also to ensure they do not over borrow beyond levels that are sustainable over the longer term.
- 10.2 The code requires the Council to set a Capital Annual Treasury Management Strategy (the Strategy) which includes how it will finance its Capital Plans in an affordable and sustainable way. The Strategy is approved each year along with the Revenue and Capital Plans.
- 10.3 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils publish a capital strategy from 2019/20. As such Scottish Borders Council's Capital Strategy is included elsewhere on this agenda as part of the suite of financial planning papers.
- 10.4 The borrowing requirements associated with the proposals are anticipated to be fully financed by the Loans Charges revenue budget of:

	£m
2020/21	19.111
2021/22	19.389
2022/23	20.775
2023/24	23.022
2024/24	23.680

11 CAPITAL FUNDING ASSUMPTIONS

11.1 Capital Settlement

A General Capital Grant is issued to each Local Authority in Scotland as part of the Settlement process. Overall the level of capital grant has decreased by £4.2m in 2020/21 when compared to previous assumptions. This is the Scottish Borders Council share of a national £117m reduction in General Capital Grant.

11.2 Scottish Government –Capital Grants

The draft settlement confirms capital grant of £11.623m in 2020/21 which includes £0.474m for the Hawick flood protection scheme. A report on the Hawick Flood protection scheme is included elsewhere on the agenda. In addition the settlement confirms the continuation of the specific capital grant for cycling walking and safer street of £0.189m and Early Years expansion of £1.8m in 2020/21. The proposed plan assumes specific grants of £50m over the 10 year period.

11.3 Other External Capital Grants & Contributions

Many projects and programs are successful in bringing in matched funding from a range of external sources such as Sports Scotland, Historic Scotland and Lottery and European funds. These funds each come with specific conditions and are usually time limited.

11.4 Development Contributions

- (a) Development Contributions are contributions made by private developers for specific items. Legal agreements in place detail the terms of both the location and type of asset. Due to the uncertainty of the timing on payment of these it is not prudent to include large sums of development contributions being received at the same time as the assets are being constructed. This means the Council is required to either use the General Capital Grant or Borrowing to up front fund the construction until the contributions are received.
- (b) The proposed Plan includes an assumed £1.181m of development contributions over the next 10 year period.

11.5 Capital Receipts

- (a) Capital Receipts are funds generated from the disposal of capital assets. These funds are held in the Capital Fund and

used to either finance new capital expenditure or repay existing loan principle. The estimate is reviewed on a regular basis to determine assets available for disposal and their likely disposal value and timing.

- (b) The Plan is predicated on £3.140m of capital receipts being generated over first 3 years of the plan. The assumptions around the deliverability of these will be subject to ongoing review.

11.6 General Capital Grant future years

The total estimated Capital Grant over the period of the Plan is estimated at £149.749m, a decrease of £5.616m from the previous Plan. Should resources vary from current projections in future years this may require the associated borrowing levels, phasing and prioritisation of projects within the Capital Plan to be revisited. There is a risk that the assumptions for future years may be over or under estimated.

11.7 Replacement Funds

- (a) A fund was established by the Council in 2004 to ensure resources were in place for the continued replacement of its fleet. The fund is used to purchase the vehicles and then reimbursed by the department's revenue budgets over the life of the vehicle. The Plan assumes purchases of £2m per annum over the period of the Plan which will be fully funded.
- (b) A Fund was established by the Council in 2016 to ensure resources were available to provide for the replacement of carpets on synthetic pitches. The plan is based on assumed replacement lives of 10 years for each facility.

11.8 Borrowing

- (a) The balance of the funds required for the Plan is secured by borrowing. Local Authorities are able to borrow to fund Capital expenditure, or if given specific consent by Scottish Government. When determining the borrowing requirements the Council must follow the Prudential Code which requires Councils to ensure they are acting prudentially and sustainably. The costs of borrowing are charged to revenue via the Loans Charges budgets.
- (b) The proposed revenue budget to support capital through loans charges is set out in paragraph 10.4. Decisions to increase future capital borrowing will require permanent increases, funded by savings elsewhere or the generation of additional income, in the loans charges budget in order to repay additional capital borrowing.
- (c) The proposed Plan includes a total borrowing over the 10 year period of £202m borrowing an increase of £108.4m from the previous plan. It is estimated based on assumptions around

cash flow and interest rates that this is deliverable within the estimated revenue resources. There is a risk however if interest rates rise above the assumed levels this may result in additional charges. This will require regular monitoring to ensure that the borrowing levels are sustainable and affordable.

11.9 The total capital funding available is £464.323m. The following table summarises the total resources for the proposed Capital Plan.

	3 year operational £000's	7 year strategic £000's	Total £000's	Est. External Funding £000's	Est. SBC Contribution £000's
Specific Grants from Scottish Government	45,263	4,465	49,728	49,728	0
Other External Grants & Contributions	31,969	1,950	33,919	33,919	0
Development Contributions	381	800	1,181	1,181	0
Capital Receipts	3,140	0	3,140	0	3,140
General Capital Grant	41,949	107,800	149,749	0	149,749
Plant & Vehicle Replacement - P&V Fund	6,000	14,000	20,000	20,000	0
Synthetic Pitch Replacement Fund	875	3,773	4,648	4,648	0
Borrowing	128,578	73,380	201,958	1,200	200,758
Total	258,155	206,168	464,323	110,676	353,647

12 IMPLICATIONS

12.1 Financial Implications

There are no additional financial implications associated with this report, its content referring specifically to the revenue and capital budgets.

12.2 Risk and Mitigation

Revenue Plan

- (a) The Council faces a number of risks in setting its Revenue Financial Plan for five years 2020/21 - 2024/25. The main identified risks are set out in the appendix 1. The Council faces significant financial challenges, not least the requirement to deliver ongoing savings to balance the revenue and capital plan each year and fund on going pressure from the demographic change facing the Borders population. The maintenance of reserves to manage such risks is an essential element of any sound financial strategy and the recommended level of reserves, to act as a contingency is £6.315m in financial year 2020/21.
- (b) It should be noted that the offer of funding from Scottish Government contained in the finance circular is provisional at this stage pending Parliamentary approval of the Government's budget bill and the publication of the final 2020/21 funding order. Any adjustment to the Scottish Government's proposed budget and the local government settlement as part of the parliamentary approvals process may require subsequent adjustment to the Council's budget. In this event a further report will be submitted to Council at the earliest opportunity.
- (c) There is an ongoing requirement for robust management action to further continue to deliver Financial Plan savings. This is fundamental to ensure the delivery of the proposals set out in the

five year Financial Plan on time and to the levels expected by the approved budget. The failure to deliver savings in line with the budget plan represents the most significant financial risk to the Council.

- (d) Within the Capital Plan overly optimistic project management resulting in unrealistic assumptions about time, costs and risks involved continues to pose a risk. This could be mitigated by more intense scrutiny at the initiation phase and reviewing lessons learned from previous projects.
- (e) The key risks associated with the Council's revenue and capital plans will be monitored on a regular basis within the regular monitoring reports submitted to the Council's Executive Committee.

12.3 **Equalities**

An integrated impact assessment (IIA) has been undertaken with regard to individual budget proposals, where issues have been identified mitigating actions will be put in place. There are no further equalities impacts arising from this specific report.

12.4 **Acting Sustainably**

The revenue budget will affect the people and economy of the borders it has been designed to be as financially, socially and environmentally sustainable as possible.

12.5 **Carbon Management**

There are no effects on carbon emissions.

12.6 **Rural Proofing**

This report contains no implications that will compromise the Council's rural proofing strategy.

12.7 **Changes to the Scheme of Administration or Scheme of Delegation**

There are no changes required to either the scheme of administration or the scheme of delegation.

13 CONSULTATION

- 13.1 Corporate Management Team has fully supported the revenue and capital financial planning process.
- 13.2 The Chief Legal Officer (Monitoring officer), the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council are being consulted and any comments will be reported at the Council meeting.

Approved by

David Robertson

Signature

Executive Director Finance & Regulatory Services

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Background Papers: [insert list of background papers used in compiling report]

Previous Minute Reference: [insert last Minute reference (if any)]

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