

## **ADDITIONAL RESOURCES – LOCAL GOVERNMENT FINANCE SETTLEMENT**

**Briefing Note by Executive Director, Finance & Regulatory**

### **EMERGENCY POWERS – COVID-19**

**8 April 2020**

#### **1 DECISION(S) REQUIRED BY CHIEF EXECUTIVE**

**1.1 I recommend that approval is given for the creation of budgets to reflect additional funding from the Scottish Government in 2020/21 over and above that approved by Council as part of the 2020/21 budget on the 26<sup>th</sup> February 2020:**

**(a) Capital funding – £0.318m for Cycling, Walking and Safer Streets; and**

**(b) Revenue funding – £2.089m:**

<b>Investment priority (revenue funding)</b>	<b>£m</b>	<b>Description</b>
Emergency reserve to support COVID-19	0.500	To be held in reserve to support the Council's response to the global pandemic
Investment in H&SC base budget	1.389	Additional funding to address historic pressures and non-delivery of permanent savings
Confirmed increase in insurance premiums	0.150	Impact of Peebles HS fire
Contract management (CGI developments)	0.050	Required to deliver significant financial plan savings in 2020/21
<b>Total</b>	<b>2.089</b>	

#### **2 BACKGROUND AND PURPOSE**

2.1 Following approval of the Council's 2020/21 budget on 26 February 2020, correspondence from Scottish Government was received on 27 February. This letter confirmed that discussions with the Scottish Green Party to secure support for the Scottish Government's Budget, have resulted in a further £95m revenue budget being identified for Scottish Local Authorities in 2020/21. This is in addition to the LGFS received on 6 February 2020. The funding is not ring-fenced and will be added to the core grant as part of the LGFS in 2020/21. It is assumed, until further clarification, that this funding is being provided on a one-off basis in 2020/21.

- 2.2 Further specific capital funding has also been made available for projects that support the Scottish Government’s net-zero ambitions. £15m has been provided to support further investment in cycling, walking and safer streets. £25m has been provided to support further investment in energy efficiency through a mix of area based schemes and other existing programmes. This commitment is to be discussed further with Local Government and other delivery partners, as such the distribution methodology is still to be confirmed.
- 2.3 These allocations are subject to Parliamentary approval of the final stages of the Budget Bill and associated Local Government Finance (Scotland) Order 2020.
- 2.4 For Scottish Borders Council the impact of the confirmed capital funding and the revenue funding is shown in table 1 below.

**Table 1**

<b>Additional Funding</b>	<b>£’m</b>
Capital funding - Cycling, walking & Safer streets (share of £15m nationally)	0.318
Revenue funding (share of £95m nationally)	2.089

- 2.5 The budget approved by Scottish Borders Council on 26 February 2020 now requires to be updated with this additional funding allocation.
- 2.6 The Capital allocation for Cycling, Walking & Safer streets of £0.318m will be added to the project budget already approved within the Capital Plan of £0.189m, giving a total budget of £0.507m in 2020/21.
- 2.7 It is proposed that the additional revenue funding of £2.089m be allocated to service priority areas as reflected in table 2 below.

**Table 2**

<b>Investment priority (revenue funding)</b>	<b>£m</b>	<b>Description</b>
Emergency reserve to support COVID-19	0.500	To be held in reserve to support the Council’s response to the global pandemic
Investment in H&SC base budget	1.389	Additional funding to address historic pressures and non-delivery of permanent savings
Confirmed increase in insurance premiums	0.150	Impact of Peebles HS fire
Contract management (CGI developments)	0.050	Required to deliver significant financial plan savings in 2020/21
<b>Total</b>	<b>2.089</b>	

- 2.8 The additional allocation to support the H&SC base budget seeks to address the structural deficit in the budget which has arisen due to the failure to deliver planned savings, required by the financial plan, over a number of years, along with increasing demand pressures.

### 3 IMPLICATIONS

#### 3.1 Financial

There are no additional financial implications associated with this report, its content referring specifically to the revenue and capital budget. The key risks associated with the Council's revenue and capital plans, as a result of COVID 19 impacting on normal business, are significant, and will be monitored and reported on a regular basis within the regular monitoring reports as required by the Council's Financial Regulations.

#### 3.2 Risk and Mitigations

There is a risk that the Local Government Finance Settlement could be amended again before Parliamentary approval. Any further funding updates and consequent amendments to the budget will be reported to Council when information becomes available.

#### 3.3 Equalities

Integrated Impact Assessments (IIA) were carried out on all budget proposals approved by Council on 26 February 2020. There are no further equality impacts arising from this specific report.

### 4 CONSULTATION

4.1 The Monitoring Officer/Chief Legal Officer, Service Director HR & Communications and the Chief Officer Audit & Risk have been consulted and their comments incorporated into the report.

4.2 The Convener, the Leader of the Administration and the Leader of the Opposition are being consulted and any questions will be responded to by relevant Officers and any comments received will be considered by the Chief Executive in arriving at her decision.

#### Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager X5881

#### APPROVED:

Chief Executive: \_\_\_\_\_Tracey Logan\_\_\_\_\_ Date: 6 May 2020

#### Having consulted -

Leader of the Administration: \_\_\_\_\_Cllr Shona Haslam\_\_\_\_\_ Date: 4 May 2020

Convener: \_\_\_\_\_Cllr David Parker \_\_\_\_\_ Date: 4 May 2020

Leader of the Opposition: \_\_\_\_\_Cllr Stuart Bell\_\_\_\_\_ Date: 4 May 2020