

7. HORIZON SCAN

The Panel considered a joint report (copies of which had been circulated) by the Head of Finance and Property Services and the Head of Planning, Economic Development and Regeneration providing a summary of the latest UK economic indicators, including potential implications following the referendum vote to leave the EU and an update on the estimated revenue budget position facing the council as a result of ongoing unavoidable spending pressures and government funding constraints.

The report provided the Panel with a Horizon Scan for the UK covering areas such as the UK leaving the EU, debt and borrowing, economic growth, exports and inward investment, inflation, interest rates unemployment and house prices. A similar horizon scan was also provided for in the report specifically relating to Scotland and to West Lothian Council.

With regards to budget planning the revenue budget for 2018/19 to 2022/23 was approved by Council on 13 February 2018. The approved financial plan included a budget gap of £65.3 million over the five years to 2022/23, with approved savings of £60 million. Officers would continue to monitor announcements and other information to review and refine budget assumptions.

The Head of Finance and Property Services continued to explain that the nature of forecasting meant that it was challenging to identify with any certainty expenditure pressures and income. Therefore in general the following risks and uncertainties would be monitored :-

- Economic growth being less than forecast, resulting in further public spending reduction;
- Funding not provided to fully cover costs of introducing new legislation;
- Policy changes by the UK or Scottish Government which restricted the council's flexibility to decide how to deliver services locally;
- Ring fencing of grant funding, constraining how local authorities allocated resources; and
- Changes to local government remits with uncertainty for service provision and funding.

The report concluded that the report provided a high level overview of the latest economic indicators and other announcements likely to have an impact on the council and that based on forecasts and commentary the outlook would suggest that in the short, medium and long term public finances would continue to be constrained.

It was recommended that the Panel :-

1. Notes the results of the horizon scan for the UK, Scotland and

West Lothian;

2. Notes the horizon scan for West Lothian Council;
3. Notes that officers were currently updating the council's budget model for 2019/20 to 2022/23;
4. Notes that the constraints in funding and expenditure pressures would lead to an increased budget gap for 2019/20 to 2022/23; and
5. Notes the risks and uncertainties in relation to the council's budget model.

Decision

To note the content of the report