

Finance and Resources Committee

10.00am, Thursday 24 September 2015

2016/20 revenue and capital budget framework

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive summary

Following an extensive period of discussion and elected member consideration, the Capital Coalition has developed a range of proposals comprising the budget framework to form the basis of public engagement. The framework brings together savings from both the transformation and service prioritisation programmes in an integrated plan, setting out how resources available for investment in frontline service priorities will be maximised.

The framework reaffirms the previous requirement to identify at least £107m of recurring annual savings by 2019/20, with the opportunity also taken to provide a sustainable means of addressing expenditure pressures in the Health and Social Care and Corporate Property service areas. A range of proposals to bridge these gaps spanning both the transformation programme and service prioritisation workstreams is set out.

Based on projections of total resources available and assuming approval by Council, the net level of proposals identified would be sufficient to set a balanced budget in each of the first three years of the framework but with a remaining gap in 2019/20 which will require the identification of additional savings proposals once the Council's revised operating model has bedded in.

2016/20 revenue and capital budget framework

Recommendations

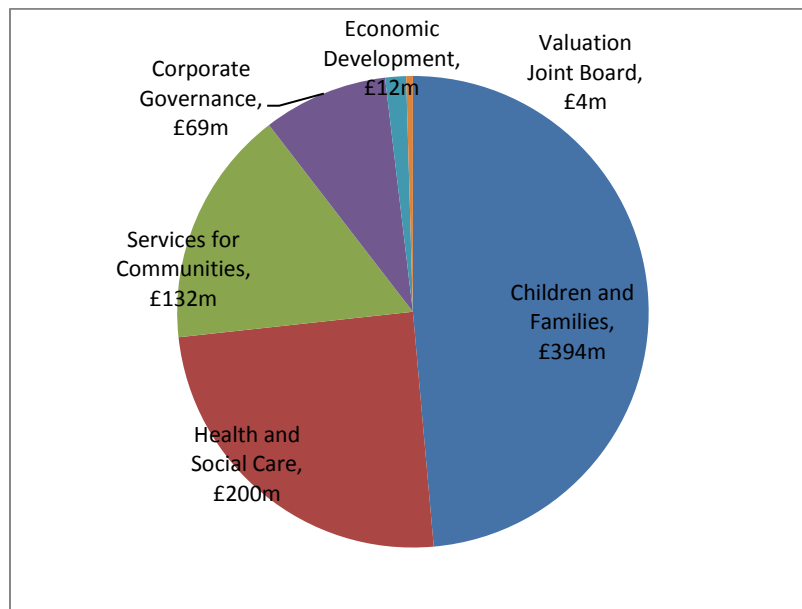
- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the contents of this report in the context of considering the Council's revenue and capital budget framework;
 - 1.1.2 note that the total value of the officer proposals set out in this report provides the potential for a balanced revenue budget to be set;
 - 1.1.3 approve the issuing for public engagement of the proposals listed in Appendix 1;
 - 1.1.4 note the potential additional capital receipts of £7.9m that may be realised over the period of 2015/20 Capital Investment Programme and the proposal that these be split equally between (i) supplementing planned repairs and maintenance spend through use of the Capital Fund and (ii) providing additional capital investment for priority areas;
 - 1.1.5 authorise Executive Directors to take forward detailed planning and development of the savings proposals contained within the budget framework including, where relevant to a savings proposal, planning, development and consultation in accordance with the Council's Organisational Review procedure;
 - 1.1.6 note that additional details of the officer proposals to address the savings requirements for the Business and Support Services (BSS) and Citizens and Localities (C&L) workstreams will be brought back to the Committee during the public engagement period; and
 - 1.1.7 recognise that the budget framework includes a number of proposals that are efficiency-related or not otherwise considered material decisions requiring to be the subject of public engagement and thus refer this report to Council on 22 October to approve the savings set out in Appendix 2.

Background

Revenue budget and Long-Term Financial Plan overview

- 2.1 As has been documented in a number of previous reports, setting the annual revenue budget requires increasingly-difficult choices to be made in reconciling rising demand and increasing costs of providing services with real-terms reductions in available funding.
- 2.2 Despite this, the Council's approved revenue budget, at some £975m in 2015/16, remains substantial and provides an on-going opportunity to invest in

citizens', and the city's, priorities. Within this, £19m relates to corporate, centrally-held budgets, £119m to loan charges associated with servicing debt for expenditure through the capital programme and £26m to monies provided through the Local Government Finance Settlement for the Council Tax Reduction Scheme (CTRS). The remaining £811m is spent on a diverse range of services. The chart below shows how budgets are distributed across the current key service areas:



- Children and Families includes the provision of nursery, primary, secondary and special school education and care of vulnerable children;
- Corporate Governance includes culture and sport and the costs of the Council's governance arrangements and other corporate systems;
- Economic Development includes supporting inward investment and helping unemployed people into work or learning;
- Health and Social Care includes services for older people and adults with physical and learning disabilities, mental health services and criminal justice services; and
- Services for Communities includes waste services, parks, libraries, roads, transport and parking, homelessness prevention and planning services.

2.3 The overall savings requirement in any given year need is a complex product of the difference between the financial impact of the increased need to spend (primarily due to inflationary, demographic and legislative factors) and changes in available resources through grant funding, Non-Domestic Rates, Council Tax and fees and charges.

- 2.4 As members will be aware, the Council is one of relatively few in Scotland to make explicit provision for the costs of demographic change in its budget, with an additional £9.8m allocated within the Long-Term Financial Plan in 2015/16. Following Committee's approval in June to increase by £2.1m the level of demographic-related funding included within the budget baseline (in turn reflecting further pressures identified within the Children and Families service over and above previous estimates), a total of £12.2m of additional provision is now included in the 2016/17 budget, with further sums incorporated in subsequent years.
- 2.5 As noted in subsequent sections of this report, there is a risk that even these sums are insufficient. Given on-going reductions in overall funding availability, however, there remains a more fundamental need to consider the affordability of this strategy, and wherever possible, re-direct funding towards transformational and / or more preventative approaches to manage rising demand more effectively. This management of demand relates to all services but is particularly important as part of re-establishing financial sustainability within the Health and Social Care service.
- 2.6 The long-term financial plan also continues to include sums for the impact of inflation on provision of the Council's services, whether directly through pay awards or indirectly through increases in energy costs, non-domestic rates or contractual uplifts. The combined additional cost of these factors in 2015/16 alone is £13m and the incremental level of pressure is expected to increase in the medium-term as inflation rates move towards the Office for Budgetary Responsibility's 2% target.
- 2.7 The combination of an anticipated cash-terms reduction in grant funding, continuing demographic-led demand and changes in pensions-related legislation (resulting in the loss of the current contracted-out employer's National Insurance rebate from April 2016, increasing the Council's annual staffing costs by some £10m) make the position for 2016/17 particularly challenging; net savings of £30m require to be identified before pressures elsewhere in the budget are factored in.

Main report

Revenue budget – overall position

- 3.1 Members of the Committee have received a number of updates in recent months setting out the Council's estimated overall savings requirement over the five-year period from 2015/16 to 2019/20, the most recent of which was included as part of the Council's [Financial Strategy](#) considered by the Finance and Resources Committee on 4 June 2015. This assessment pointed to a requirement, including savings approved as part of setting a balanced budget for 2015/16, to identify at least £107m of recurring annual savings by 2019/20.
- 3.2 With the exception of the formal incorporation of on-going pressures affecting the Health and Social Care and Corporate Property services outlined below, this position remains essentially unchanged and, as such, members' attention is

drawn to the overview of assumptions on both expenditure and income set out within the Financial Strategy and the earlier [Revenue Budget Framework Update](#) considered by the Committee on 13 May 2015.

- 3.3 The need to maintain financial sustainability over the medium- to longer-term is the Council's primary aim. With this in mind, the financial strategy approved in June comprises four distinct elements, namely:
- Controlling overspends within the Health and Social Care and Corporate Property areas and returning them, in due course, to a sustainable financial footing;
 - Implementing and delivering in full the savings approved as part of previous years' budget motions;
 - Implementing, and delivering the savings associated with, the Council's transformation programme; and
 - Delivering the remaining savings requirement through use of service prioritisation, focusing resources on the areas that make the biggest contribution to the Council's, and its citizens', priority outcomes.
- 3.4 Each of these objectives is crucial to developing a sustainable overall plan explicitly linked to delivery of the Council's key outcomes.
- 3.5 The assumptions within the Long-Term Financial Plan (LTFP) are based on the best-available information but nonetheless subject to a number of risks, particularly with regard to funding levels. The UK Government Spending Review will be announced somewhat later than usual on 25 November, meaning that the size of the Scottish Block will not be known until that time.
- 3.6 The Scottish Government then requires to allocate this overall sum, taking into account as appropriate existing and newly-devolved income-raising powers, across the main sectors of health, local and central government. While this will provide the total level of grant funding for local government, this quantum then requires to be allocated amongst authorities according to a complex series of distribution formulae. The output of this process has, in recent years, been subject to a formal checking process by local authority representatives to ensure its accuracy. Taken together, council-specific allocations are therefore unlikely to be confirmed until just before Christmas at the earliest but with the risk that these are not available until early January. While this undoubtedly constitutes a risk, existing assumptions are considered prudent and will be reviewed as soon as the quantum of the Local Government block is confirmed.
- 3.7 The LTFP also assumes that 2016/17 will be the last year of the current Council Tax freeze, reflecting the Scottish Government's previous intimation that the policy would be maintained for its full parliamentary term. Beyond this period, a 3% year-on-year increase is being assumed. The whole area of local taxation is currently the subject of the jointly-chaired Commission on Local Tax

Reform, recommendations from which are anticipated in the autumn. By definition, this makes future years' projections more speculative and, as such, they will be reviewed as additional details of any intended changes become apparent.

- 3.8 A number of other areas are recognised as risks but not explicitly factored in to the Council's overall spending requirements at this time. These are:
- (i) **Demography** – the review of the current level of provision included within the LTFP reported to the Committee in June identified additional potential cumulative pressures of £1.4m/£3.9m/£7.0m, particularly within services currently comprising Children and Families, over the period from 2017/18 to 2019/20 inclusive. At this stage, pending development of more detailed savings proposals to support this level of additional investment, these sums are not reflected in the net saving requirement shown at 3.21 below;
 - (ii) **Local Development Plan** – anticipated running costs of additional infrastructure required as a result of the plan, particularly in Children and Families, have also been identified. These costs, estimated at £3m by 2019/20, are not reflected in the above expenditure projections. There is also a significant risk that the Council will require to support additional borrowing associated with the LDP but, pending greater certainty over the quantum and profile of this requirement, no specific provision is included at this stage;
 - (iii) **City Deal** – the Council may incur additional borrowing costs or require short-term cash flow funding in taking forward the City Deal for the Edinburgh and South East of Scotland Region. Details will be factored in to the plan as the quantum and profile of any requirement become clearer; and
 - (iv) **National Minimum Wage** – following the Chancellor of the Exchequer's announcement of a staged increase in the level of the national minimum wage to £9 per hour by April 2020, initial modelling work has been undertaken. While the direct impact upon the Council is not anticipated to be significant given the current payment of the Living Wage of £7.85 per hour, the annual financial impact in the area of purchased care (where average pay rates are currently below this level) could potentially exceed current levels of provision within the LTFP by around £9m by 2019/20; and
 - (v) **Tram extension** – is it anticipated that a further report with associated cost implications will be presented to Council in October.

As set out later in the report, the framework makes provision, however, for £10m in 2016/17 and £15m from 2017/18 that could be used to make a contribution to some or all of the issues above.

- 3.9 There is also the potential for additional pressures arising from further welfare and/or pension reform to emerge and relevant details will be incorporated once proposals are clarified.

Health and Social Care

- 3.10 Progress in addressing the underlying pressures within the Health and Social Care budget has been the subject of monthly progress reports to the Committee, with the report elsewhere on today's agenda setting out current-year pressures of £16.3m offset by green-assessed mitigating actions of £5.5m. Following the ratification by Council of one-off corporate measures to a total value of £9.8m, the Chief Social Work Officer has, on behalf of the service, been instructed to deliver a further £1m of savings to bring the Council's overall 2015/16 budget position back in to balance.
- 3.11 In acknowledging the financial challenges arising from continuing increases in demand, the budget framework therefore provides an additional £10m to support the service on an on-going basis. This revised level of resourcing, adjusted for net changes arising from provision for pay awards, other inflation, demographic change and applied savings targets, will inform the annual level of resources transferred to the Integrated Joint Board to the Council from April 2016.

Corporate Property

- 3.12 Material pressures are also apparent in the area of Corporate Property, with provision for an additional £10m (gross) therefore incorporated within the framework. In order to address an element of this pressure, it is proposed to apply the majority of the capital receipt generated from the sale of the Atria to pay off debt associated with the building's construction. Any additional receipt beyond that assumed in the financial framework will be available for Council priorities. When compared against rental income foregone, this will reduce the net pressure by £3.5m /£2m/£1m/£1m respectively over the period from 2016/17 to 2019/20. These pressures are both incorporated in the updated cumulative funding gap shown at 3.21 below; the analysis takes as its starting point the assumptions set out in the Council's Budget Strategy considered by the Committee on 4 June.

Transformation Programme

- 3.13 Some £22m of net savings were approved by Council as part of setting the 2015/16 budget in February 2015. Members were provided with a progress update on the various workstreams comprising the transformation programme at the Committee's last meeting on 27 August. Following a review of the content of the framework, both the level and associated timescales for delivery of savings targeted through the Business and Support Services (BSS) and Citizens and Localities (C&L) workstreams have been reviewed, with the net level of savings now assumed in the framework set out below.

Transformation workstream (savings shown on cumulative basis)	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
Citizens and Localities (15% savings in frontline services and 27% in management by April 2017)	22.7	44.4	44.4	44.4
Business and Support Services (26% overall savings by April 2017; includes Channel Shift)	7.2	18.4	18.9	18.9
Property and Asset Management Strategy (Option B)	(1.5)	(2.8)	5.8	6.2
Payments to Third Parties	2.2	4.4	4.4	4.4
Transformation programme costs	(2.4)	(1.5)	(0.5)	(0.5)
Cumulative savings - Transformation Programme	28.2	62.9	73.0	73.4

- 3.14 The savings now targeted through the review of the services within the scope of the Business and Support Services workstream amount to some 26% by April 2017, with those within the scope of the Citizens and Localities subject to an assumed 27% management and 15% non-management savings requirement over the same period. Realisation of savings on this scale requires a wholesale review of the current range and means of service delivery and, with this in mind, respective Executive Directors are currently examining options for delivery of savings to the level required with a view to bringing these to Committee during the engagement period.
- 3.15 Given the intrinsic link between the underlying rationale of the Channel Shift business case and release of staff from face-to-face customer contact roles, relevant savings have now been integrated alongside those for Business and Support Services. For Payments to Third Parties, the target saving remains 10% of in-scope expenditure and the figure shown above will be kept under review as firm plans are developed across all service areas.
- 3.16 At this stage, it is not possible to quantify the precise impact on staffing resulting from realisation of necessary savings. Given that employee costs represent some 40% of the Council's gross expenditure, however, it is inevitable that the changes will result in fewer posts, albeit these will be partially offset by higher numbers in areas subject to increased, demographic-led demand. Additional details will be provided during the consultation period as part of the update on

identification of specific options to realise savings in the Business and Support Services and Citizens and Localities workstream.

- 3.17 Proposals in respect of the Property and Asset Management Strategy (PAMS) workstream are included elsewhere on today's agenda. The report outlines two potential options for consideration by members but, in the interests of prudence, the budget framework reflects the broad (lower savings) profile of the "Plan B" model at this time, pending confirmation of Council's decision.
- 3.18 In addition to savings proposals developed through the transformation programme, a number of specific options have been developed by officers and these are shown in Appendix 1. Subject to approval of this report's recommendations, the proposals will be the subject of public engagement.
- 3.19 Consideration, delivery and tracking of the subsequent delivery of these savings will be considered as part of the integrated plan. As outlined in the previous transformation programme report on 27 August, this will allow realisation of the required savings to be aligned to the Council's strategic planning framework, simplify execution and increase transparency, with bi-monthly reporting to the Finance and Resources Committee.
- 3.20 The net impact of the changes in expenditure assumptions and savings proposals outlined in this report is summarised in the table below. The framework includes specific provision to recognise that an element of the savings from the transformation programme proposals will likely accrue to the Housing Revenue Account and/or reduce the element of income received by the Council and thus not be admissible against the overall General Fund savings target. In addition, a contingency is included to recognise that, given the scale of savings required, an element of these will not be accepted. The provision may alternatively, or additionally, be used to provide for further investment in key priorities or the risks and potential commitments listed in 3.8.

3.21 Members will note that the framework as set out gives the potential to set a balanced budget for each of the next three years. It is important to emphasise, however, that committing additional expenditure on a recurring basis in 2017/18 will serve only to reduce the level of surplus (or increase the deficit) in subsequent years. Given the paramount importance of sustainability to the Council's budget, any proposals for additional expenditure in 2017/18 should therefore be of a non-recurring nature.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Estimated cumulative funding gap (<i>June 2015</i>)	52.2	66.8	86.1	106.9
Corporate Property deficit (<i>net</i>)	6.5	8.0	9.0	9.0
Health and Social Care deficit	10.0	10.0	10.0	10.0
Updated cumulative funding gap	68.7	84.8	105.1	125.9
Savings approved 2015/16	(22.0)	(22.0)	(22.0)	(22.0)
Additional Income	(8.5)	(9.5)	(10.5)	(11.5)
Reductions in third party spend, including procurable expenditure	(7.8)	(7.8)	(7.3)	(6.8)
Reductions in service expenditure	(7.3)	(7.4)	(7.4)	(7.4)
Transport and utility savings	(0.2)	(0.3)	(0.3)	(0.3)
Workforce savings:				
- Transformation programme savings, net of costs	(28.2)	(62.9)	(73.0)	(73.4)
- Other workforce savings	(5.5)	(6.9)	(6.9)	(6.9)
Remaining cumulative funding gap	(10.7)	(31.9)	(22.2)	(2.3)
Reduced recharges to HRA or other loss of income	0.0	5.0	5.0	5.0
Provision required to offset option approval risk	10.7	15.0	15.0	15.0
Estimated cumulative funding gap/(surplus)	0.0	(11.9)	(2.2)	17.7

3.22 The framework also indicates that the specific proposals, or broad themes, identified to date are insufficient to deliver a balanced budget in the fourth year. It is therefore proposed that members consider inclusion of an efficiency target in 2019/20, recognising that, by that stage, the Council's revised operating model should be established and further opportunities for savings better able to be identified.

Early approval of proposals

3.23 As was the case in last year's equivalent report, a number of the proposals contained within the framework are not anticipated to have either a material impact on financial, reputational or operational risk or on service delivery or performance. These proposals are listed in Appendix 2.

- 3.24 In order to facilitate the earlier delivery of savings and/or allow necessary planning to proceed, members of the Committee are asked to remit these proposals to Council for approval on 22 October. Additional details of the proposals concerned, including any potential material equalities and rights and carbon impacts, will be made available to elected members in advance of the Council meeting to inform this consideration.

Panmure School

- 3.25 The use of Panmure School is significantly below budgeted capacity and the Executive Director of Communities and Families would like to investigate alternative methods of delivering this service. Committee is asked to delegate authority to the Executive Director to develop a paper on a consultation process for the re-provision of services at Panmure School. The consultation process which must be followed regarding the closure of a school is prescribed in the Schools (Consultation) (Scotland) Act 2010.

Capital budget

- 3.26 Council approved the five-year capital programme for the period 2015-2020 in February 2015. At a general level, the ability to commit additional investment over and above that included in the current programme remains difficult due to:
- i. reductions in the level of General Capital Grant;
 - ii. the large number of capital receipts underpinning the existing capital programme or approved property rationalisation targets;
 - iii. the on-going lack of “headroom” within the revenue budget to support, on a recurring basis, the additional loans charge expenditure linked to additional borrowing. This remains pertinent given the unbalanced overall position for 2019/20.
- 3.27 At the time of rolling forward the 2015-2020 CIP for approval, the general fund programme was adjusted for current projected capital receipts forecasts underpinning expenditure. The approved 2015-2020 CIP assumes a level of general asset receipts totalling £40.5m.
- 3.28 At its meeting on the 31 October 2013, Finance and Resources Committee approved that future receipts where either ring-fencing or a 20% allocation to services had not already been agreed would now become a corporate resource to meet future capital expenditure requirements. This remains the current policy applied to capital receipts realisation.

Current assessment of receipts funding the CIP 2015-2020

- 3.29 The primary sources of funding for capital projects include capital grant provided by the Scottish Government, capital receipts realised from the disposal of surplus assets and borrowing, with corresponding revenue costs to support the loan charges being included in the revenue budget.

- 3.30 At the time of rolling forward the 2015-2020 CIP for approval, the general fund programme was adjusted for current projected capital receipts forecasts underpinning expenditure.
- 3.31 Finance has carried out an exercise with Corporate Property to review these projections, and update them based on current information and market conditions. Members should note that this excludes the projected additional £8m of receipt income generated from the sale of Boroughmuir High School which has been agreed to fund the site acquisition for a long-term solution to rising rolls in South Edinburgh and the re-provision of facilities at Leith Primary School.
- 3.32 It should be noted that final settlement values can differ from projections, with values increasing or decreasing from that originally envisaged based on prevailing market factors at that time. In addition, estimated dates of settlement can be affected by unforeseen and uncontrollable factors moving realisation of sale proceeds from one financial year to another. Overall, the principle upon which monitoring of capital receipts realisation is based, is consideration of the five year horizon of the CIP rather than just the current in-year position.
- 3.33 Based on the principle described above, current projections suggest that over the five year period of the 2015-2020 CIP, sale of general assets will generate additional income over and above that previously budgeted for of approximately £7.9m.
- 3.34 This projection is based on the level of a small number of receipts being higher than originally envisaged, and also due to the identification of additional asset sales not previously factored in to the approved budget level. The majority of additional capital receipt income is likely to be generated in 2016/17.
- 3.35 It is proposed that the current policy on 100% corporate pooling of capital receipts be revised to ring-fence 50% of any additional income, generated over and above that underpinning the current 2015-2020 CIP, for transfer to the Capital Fund. The transfer to Capital Fund would occur on receipt settlement. It is then proposed that these monies be drawn down from the Capital Fund into the repairs and maintenance revenue budget held by Corporate Property. In doing so, there is potential to generate approximately £3.95m of one-off monies over the next five-year period to be spent on revenue repairs and maintenance / health and safety works across the existing Council property estate.
- 3.36 The remaining 50% of any additional receipt income (potentially £3.95m over the next five-year period) generated over and above that underpinning the current 2015-2020 CIP would be pooled corporately for consideration in funding capital investment priorities for the Council. Final settlement of the majority of relevant receipts is expected in future years, so consideration of how any additional monies should be allocated could form part of roll forward updates once missives are concluded and the actual level / timing of receipts is more certain. As with previous budget processes, members will be asked to consider any allocation of additional funding based on assessment of Council wide service priorities and pressures at that time. The potential for the overall level of receipts assumed to underpin the 2015-2020 CIP to be higher than originally

envisaged will be closely monitored and managed by Corporate Property and Finance.

Measures of success

- 4.1 Relevant measures in setting the Council's revenue budget include:
- Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2016/17 and subsequent years to be set as part of a longer-term sustainable framework;
 - Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
 - Subsequent delivery of the approved savings, particularly where these are linked to additional service investment.

Financial impact

- 5.1 Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

Risk, policy, compliance and governance impact

- 6.1 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the anticipated service impacts outlined in the respective budget templates. This process will be further aided by the integration into a single cost reduction plan of savings derived from the respective transformation and service prioritisation programmes.
- 6.2 Recent improvements to the budget monitoring process should also enhance Corporate Leadership Group (CLG) and elected member scrutiny of the management of service pressures and delivery of approved savings.

Equalities impact

- 7.1 As in previous years, those proposals comprising the budget framework will be assessed for their corresponding potential equalities and human rights impacts.
- 7.2 Initial work has been undertaken and a summary of those proposals with the potential for significant impacts will be reported to the Committee's meeting on

29 October. This will additionally allow the combined and cumulative impact of the proposals across the transformation programme to be assessed and reported at that time. The results of these assessments will then be referred to Council to ensure that members pay due regard to them in setting the Council's 2016/17 budget.

Sustainability impact

- 8.1 The proposals comprising the budget framework will also be subject to an assessment of their likely corresponding carbon impacts.
- 8.2 Initial work has been undertaken and a summary of this assessment will be reported to the Committee's meeting on 29 October. As with the equalities impacts, this will allow the combined and cumulative impact of the proposals across the transformation and prioritisation programme to be assessed and reported at that time. The results of these assessments will then be referred to Council to ensure that members pay appropriate regard to them in setting the Council's 2016/17 budget.

Consultation and engagement

- 9.1 As in previous years, draft budget proposals will be the subject to a period of public engagement and consultation, with the feedback received shaping the final budget. In addition, Directors have previously been asked to take explicit account of the priorities of the city's residents as expressed through the budget planner in developing proposals to address residual savings requirements.

Background reading/external references

[CEC Transformation Programme: Progress Update](#), Finance and Resources Committee, 27 August 2015

[Financial Strategy 2015/16 to 2019/20](#), Finance and Resources Committee, 4 June 2015

[Revenue Budget Framework 2016/20](#), Finance and Resources Committee, 13 May 2015

[Council's Budget 2015/16 – Risks and Reserves](#), Finance and Resources Committee, 15 January 2015

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Links

Coalition pledges

Council outcomes

CO25 the council has efficient and effective services that deliver on objectives.

Single Outcome Agreement

Appendices

Appendix 1 – Proposals for public engagement
Appendix 2 – Proposals recommended for early approval by Council

BUDGET FRAMEWORK, 2016/17 - 2019/20							
Option Number	Option	Service Area	Division	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m

Additional income							
Inc1	Integrate sports services currently based in Children and Families and Corporate Governance	C&F	Schools and Community Services	0.500	0.500	0.500	0.500
Inc2	Increase in discretionary income - Retail Price Index plus 2%	CW	Council-wide	1.000	2.000	3.000	4.000
Inc3	Increased charges for residential accommodation, telecare and other local authority charges	HSC	Business Services	0.250	0.250	0.250	0.250
Inc4	Increase fee charges for section 109 permits to install pipes and cables in roads and pavements	SfC	Transport	0.016	0.016	0.016	0.016
Inc5	Increase fee for Temporary Traffic Regulation Orders	SfC	Transport	0.054	0.054	0.054	0.054
Inc6	Increase bus station income	SfC	Transport	0.030	0.030	0.030	0.030
Inc7	Review allotment services and increase rents	SfC	Environment	0.021	0.021	0.021	0.021
Inc8	Increase parking permit charges by 5%	SfC	Transport	0.145	0.145	0.145	0.145
Inc9	Increase pay and display charges	SfC	Transport	1.000	1.000	1.000	1.000
Total additional income				3.016	4.016	5.016	6.016

Reductions in third party expenditure							
TP1	Reduce in third party payments for Community Learning and Development services	C&F	Schools & Community Services	0.250	0.250	0.250	0.250
TP2	Reduce grant payment to Festival City Theatre Trust	CG	Culture and Sport	0.100	0.100	0.100	0.100

BUDGET FRAMEWORK, 2016/17 - 2019/20							
Option Number	Option	Service Area	Division	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
TP3	Reduction in consultant expenditure	CW	Council-wide	2.000	2.000	2.000	2.000
TP4	Review funding arrangements for Winter Festivals	CG	Culture and Sport	0.500	0.500	0.500	0.500
TP5	Additional savings through procurement, including improved contract management	CW	Council wide	1.000	1.000	1.000	1.000
TP6	Review Edinburgh Shared Repairs Service	CG	Corporate Governance	0.500	0.500	0.500	0.500
TP7	Consolidate care and support/care at home pricing levels	HSC	CSWO Branch - Contracts Management Team	0.900	0.900	0.900	0.900
TP8	Reduce spending on block-contracted services by 10%	HSC	CSWO Branch - Contracts Management Team	0.720	0.720	0.720	0.720
TP9	Reduce funding to Police Scotland by a total of £0.5m (includes £0.25m through transformation programme)	SfC	Community Safety	0.250	0.250	0.250	0.250
TP10	Reduce commissioned services - Housing Support (sheltered housing/temporary accommodation)	SfC	Housing and Regeneration	0.500	0.500	0.500	0.500
TP11	Efficiencies in the waste service	SfC	Environment	1.000	1.000	0.500	0.000
TP12	Improve the internal waste haulage service	SfC	Environment	0.030	0.030	0.030	0.030
Total reductions in third party expenditure				7.750	7.750	7.250	6.750

Reductions in service expenditure							
SP1	Renegotiate fees for foster placements for young people aged 18+	C&F	Support to Children and Young People	0.380	0.380	0.380	0.380
SP2	Adoption allowances for young people aged 18+	C&F	Support to Children and Young People	0.077	0.077	0.077	0.077

BUDGET FRAMEWORK, 2016/17 - 2019/20							
Option Number	Option	Service Area	Division	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
SP3	Review of family and pupil support services	C&F	Support to Children and Young People	0.500	0.500	0.500	0.500
SP4	Greater use of telecare and remodelling Social Care Direct	HSC	Older People's Services	2.000	2.000	2.000	2.000
SP5	Health and Social Care- improve management of service user demand	HSC	Assessment and Care Management	1.300	1.300	1.300	1.300
SP6	Unblock reablement, allowing more people to benefit from improved self-care at lower cost	HSC	Older People's Services	2.000	2.000	2.000	2.000
SP7	Develop local authority trading company and co-operative for care services	HSC	All	0.000	TBC	TBC	TBC
SP8	Reduce gully cleaning service	SfC	Transport	0.110	0.110	0.110	0.110
SP9	New approach to street lighting repairs	SfC	Transport	0.134	0.134	0.134	0.134
SP10	New approach to managing Clarence response service - defect repairs	SfC	Transport	0.185	0.185	0.185	0.185
SP11	Reduce bus stops and shelters maintenance	SfC	Transport	0.025	0.025	0.025	0.025
Total reductions in service expenditure				6.711	6.711	6.711	6.711

Workforce savings							
P1	Prioritise the funding which supports schools in areas of deprivation	C&F	Schools and Community Services	0.118	0.188	0.188	0.188
P2	Change Early Years services	C&F	Schools and Community Services	0.297	0.297	0.297	0.297
P3	Reduce use of employee overtime by 25%	CW	Council-wide	1.667	1.667	1.667	1.667
P4	Reduce use of agency staffing by 20%	CW	Council-wide	2.667	4.000	4.000	4.000
Total workforce savings				4.749	6.152	6.152	6.152

Total - all savings				22.226	24.629	25.129	25.629
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BUDGET FRAMEWORK, 2016/17 - 2019/20							
Option Number	Option	Service Area	Division	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m

Additional income							
EA1	Increase Council Tax collection	CG	Customer Services	0.311	0.311	0.311	0.311
EA2	Increase in Lothian Buses dividend to £6m (£5m now anticipated in 2015/16)	CW	Council-wide	3.000	3.000	3.000	3.000
EA3	Increase in EDI Group dividend	CW	Council-wide	0.500	0.500	0.500	0.500
EA4	Increase funding from external sources	CW	Enterprise and Innovation	0.328	0.328	0.328	0.328
EA5	Begin contribution-based charging for Self-Directed Support and care and support services	HSC	Business Services	0.230	0.230	0.230	0.230
EA6	Increase trade permit income	SfC	Transport	0.100	0.100	0.100	0.100
EA7	Tram advertising income	SfC	Transport	0.500	0.500	0.500	0.500
EA8	Increase Planning and Building Standards application income	SfC	Planning and Building Standards	0.200	0.200	0.200	0.200
EA9	Retain parking income	SfC	Transport	0.300	0.300	0.300	0.300
Total additional income				5.469	5.469	5.469	5.469

Reductions in third party expenditure							
EA10	Prioritise accreditation and memberships	CW	Council wide	0.050	0.050	0.050	0.050
Total reductions in third party expenditure				0.050	0.050	0.050	0.050

Reductions in service expenditure							
EA11	Efficiencies in the revenue implications of infrastructure development	C&F	Resources	0.121	0.171	0.171	0.171
EA12	Balance of Care residual funding	C&F	Support to Children and Young People	0.160	0.160	0.160	0.160
EA13	Savings due to reduced level of adoption allowances required	C&F	Support to Children and Young People	0.100	0.100	0.100	0.100

BUDGET FRAMEWORK, 2016/17 - 2019/20							
Option Number	Option	Service Area	Division	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
EA14	Uncommitted funding for family based respite care	C&F	Support to Children and Young People	0.085	0.085	0.085	0.085
EA15	Savings from reducing the number of purchased adoptions	C&F	Support to Children and Young People	0.150	0.150	0.150	0.150
Total reductions in service expenditure				0.616	0.666	0.666	0.666

Transport and utility savings							
EA16	Reduce internal transport	SfC		0.150	0.250	0.250	0.250
Total transport and utility savings				0.150	0.250	0.250	0.250

Workforce savings							
EA17	Edinburgh Guarantee	C&F	Schools and Community Services	0.060	0.060	0.060	0.060
EA18	Early Years	C&F	Early Years	0.250	0.250	0.250	0.250
EA19	Conservation costs	C&F	Schools and Community Services	0.250	0.250	0.250	0.250
EA20	Efficiencies from merger of design teams	SfC	Transport	0.143	0.143	0.143	0.143
Total workforce savings				0.703	0.703	0.703	0.703

Total - all savings				6.988	7.138	7.138	7.138
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