

Finance and Resources Committee

10am, Thursday 27 September 2018

Council Change Strategy: Planning for Change and Delivering Services 2019-2023

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Executive Summary

This report sets out the longer-term changes and improvements the Council proposes to achieve, aligned to its statutory responsibility to set a balanced budget for 2019/20 as part of a medium-term financial and strategic framework.

The financial framework estimates that the Council will need to find recurring annual savings of at least £106 million by 2022/23, with £28m required in 2019/20. This report builds on the strong financial management and engagement with the public in recent years with a new approach for the next four years.

The report responds to the citizen engagement plan which was agreed by the Committee on 16 August 2018 and represents the next stage in that plan, detailing how the Council will inform, engage and obtain feedback from citizens to shape the role of the Council in providing services over the next four years.

The report also provides an update on the current financial position including capital spending priorities and the process for the Edinburgh Integration Joint Board for Health and Social Care services to set its budget.

Council Change Strategy: Planning for Change and Delivering Services 2019-2023

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 Approve the publication of *Planning for Change and Delivering Services* that will then be used to engage citizens ahead of the setting of the Council's 2019/20 budget in February 2019;
 - 1.1.2 Note that the key financial assumptions over the next four years remain unchanged from those reported to the Committee on 12 June 2018, meaning that the Council requires to identify at least £28m of savings in 2019/20 and £106m over the four-year period to 2022/23; and
 - 1.1.3 Note that further reports will be presented to the Finance and Resources Committee in January 2019, setting out the implications for the Council of the provisional Local Government Finance Settlement for 2019/20, the outcome of the engagement process and the main integrated impact assessment findings, in advance of the Council budget-setting meeting in February 2019.

2. Background

Responding to the Challenge

- 2.1 The Council has achieved significant changes and delivered sustainable savings over the last five years as available resources have not kept pace with demand-led service growth, inflationary pressures and other impacts linked to legislative reform. Since 2012, £240 million of recurring savings have been delivered through a number of savings programmes, with a further £36.5m underpinning the approved budget for 2018/19.
- 2.2 Most recently, savings have been delivered through the Transformation Programme which was agreed in 2015. Key elements of the programme were:
 - 2.2.1 moving the Council to a locality-based model for the provision of services in communities;
 - 2.2.2 laying the foundations for the development of a digitally-led organisation, with a new strategic ICT partner which will also save the Council £46m over the first seven years of its operation, making it easier for our citizens to access services; and
 - 2.2.3 restructuring the Council using a set of agreed organisational design principles, reducing staffing levels significantly in many areas, and

consolidating corporate and support service functions to reduce duplication, improve effectiveness and increase cost efficiency.

- 2.3 *Planning for Change and Delivering Services* builds on this approach and will broaden engagement with the public and our partner organisations across the city and the sub-region. The engagement process will seek to involve communities, staff, trade unions and our partner organisations by asking them to share with the Council their views on areas for future change, investment, performance improvement and our top priorities. Whilst *Planning for Change and Delivering Services* highlights opportunities for service reform and further financial savings, we are seeking a broader debate with the public on their views of relative priorities for Council resource allocation.
- 2.4 Subject to the outcomes of the Chancellor's Autumn Budget and Scottish Government Draft Budget, the Council is due to receive a provisional 2019/20 one-year financial settlement in December, with the Council's budget then approved in February 2019. Alongside the budget in February, a final version of *Planning for Change and Delivering Services*, the Council's Change Strategy, will also be published.

3. Main report

Planning for Change and Delivering Services, 2019-2023

- 3.1 Development of the medium-term financial framework needs to be fully aligned with the future strategic direction and priorities of the Council. The Council Business Plan set out the priorities for the Council and the 52 political commitments made by the Coalition that it will seek to deliver over this Council period.
- 3.2 The financial planning process builds on this approach and a framework was developed to provide focus to the investment choices over the next four months. This framework is centred around three overarching strategic themes:
- 3.2.1 Ensuring the growth of the city is inclusive and sustainable;
 - 3.2.2 Targeting investment in prevention and early intervention to reduce long-term reliance on Council services and allowing citizens to lead active, independent lives; and
 - 3.2.3 Delivering basic services to a high quality which citizens expect and rely upon.
- 3.3 Following development of these themes, the Coalition has worked over several months in a process of co-design, involving Council Officers, to identify opportunities to improve or change service delivery, and in doing so, reduce expenditure or generate additional income.
- 3.4 This will mean some difficult choices. That is why in *Planning for Change and Delivering Services* we have identified opportunities for service reform and potential financial savings or new income, in order to seek feedback from the public ahead of the budget being set in February. This will take place alongside several engagement processes set out in the previous report to this Committee on 16

August 2018 to elicit as much engagement with the public and other stakeholders as possible.

3.5 *Planning for Change and Delivering Services* clusters the proposals into five priorities. These are:

- **Prevention** – intervening before problems escalate for individuals and communities;
- **Improving How We Operate** – the Council's core job to run services in an efficient and effective way and deliver value for money;
- **Changing How We Work with Our Partners** – delivering better outcomes which will require the Council to work more effectively with all its partners, including the NHS and voluntary organisations;
- **Making the Most of Our Cultural and Leisure Assets** – maximising the impact of Edinburgh's cultural and leisure assets and ensuring their sustainability for future generations; and
- **Increasing Our Income** – ensuring that, where appropriate, the Council takes advantage of opportunities to increase income and diversify funding streams.

Citizen Engagement

3.6 The purpose of *Planning for Change and Delivering Services* is to launch engagement with the citizens of Edinburgh. As set out in the Committee report of 16 August 2018, engagement will be organised around four main activities:

- development of an issues paper (*Planning for Change and Delivering Services*) which presents the evidence base and makes the case for necessary change in the planning and delivery of public services;
- an online budget planner similar in scope to that used in previous budget engagements, but building on the lessons learned in those processes;
- a budget group activity-based approach to making collective decisions about local spending priorities; and
- an initial feedback mechanism for budget themes and proposals.

3.7 Through the approaches set out above, the Council seeks to raise awareness of the challenges, but also the opportunities. Feedback from citizens will help the Council to set out a plan for the next four years to meet the financial, social and demographic pressures, but also start an ongoing engagement with citizens about where there are opportunities to do things differently.

Budget framework 2019/23 – planning assumptions

3.8 *Responding to Change and Delivering Services* is based on budget assumptions which were reported to members of the Finance and Resources Committee on 12 June 2018. At that meeting, the Committee considered an update report on the Council's revenue budget framework for 2018/23. The report outlined a revised

estimated annual savings requirement of at least £106m over the period from 2019/20 to 2022/23.

- 3.9 The updated projection incorporated the effect of upward revisions to pay award and other principal inflationary assumptions, as well as the impact of loans charge expenditure and associated running costs for the Council's proposed Wave 4 schools programme. The latter was based on an assumption of 50% upfront Scottish Government support for the construction costs of the Wave 4 programme, taking account of the existing Capital Investment Programme funding. It is important to emphasise, however, that should either costs increase or funding reduce below these assumed levels, the programme as a whole is not affordable within the stated timescales. The programme is similarly unaffordable if recurring savings of £106m across the four-year period are not identified.
- 3.10 In addition, the report set out revised Government Grant funding assumptions in each of the next four years, aligned to the actual level of like-for-like cash-terms change seen in 2018/19. The potential was noted, however, for the overall savings requirement to increase should actual funding levels be lower than assumed.
- 3.11 The principal assumptions contained within the framework are summarised below:

	2019/20	2020/21	2021/22	2022/23
Expenditure				
Employee pay award	3%	3%	3%	3%
Other inflation (applied to Care Home fees, ICT and PPP contracts, Landfill Tax, Non-Domestic Rates and energy tariffs)	3%	3%	3%	3%
Income				
Discretionary fees and charges increase	5%	RPI +2%	RPI +2%	RPI +2%
Council Tax increase	3%	3%	3%	3%
Government Grant funding change	-0.4%	-0.4%	-0.4%	-0.4%

- 3.12 Council Officers have continued to keep the accuracy and relevance of these assumptions under review. In view of current economic forecasts and wider projections relating to public expenditure levels, no further changes are proposed from the assumptions reported in June 2018. It should be noted, however, that while the above projections reflect an overall 1% increase in required employer pension contributions for non-teaching staff in accordance with the second and third

years of the Lothian Pension Fund actuarial assessment, there remains the potential for equivalent increases in teachers' contribution rates, dependent upon the results of the UK Treasury's equivalent assessment.

- 3.13 Members are reminded, nonetheless, that grant funding estimates are necessarily based on an assessment of the complex interaction of block allocations from the UK Treasury, Scottish Government fiscal policy, priorities and commitments and the complexities of the distribution formulae used to allocate the overall local government quantum amongst Scotland's thirty-two councils.

Demographic provision

- 3.14 In addition to necessary provision for future employee pay awards and contractual and other inflationary factors, the budget framework incorporates significant additional annual investment for the financial impacts of demographic change, including changes in school pupil rolls, numbers of older people (particularly those aged over 85) and individuals with physical and/or learning disabilities.
- 3.15 Current incremental provision in this area is summarised below:

	2019/20	2020/21	2021/22	2022/23
Demographic provision	£m	£m	£m	£m
Communities and Families - rising school rolls and children's services	2.511	2.862	2.616	2.616
Resources - rising school rolls	0.041	0.034	0.032	0.032
Health and Social Care - older people, disabilities, and mental health	6.096	6.187	6.280	6.374
Place - household numbers (for waste collection and disposal)	0.348	0.348	0.348	0.348
Total	8.996	9.431	9.276	9.370

- 3.16 While review of the level of underlying demographic provision for health and social care services has attested to its on-going appropriateness, pressures are apparent in the level of growth in school rolls relative to earlier assumptions.
- 3.17 Modelling work in this area is continuing and will be informed by the pupil census return to be submitted to the Scottish Government in September 2018. The affordability of any increase in the current level of demographic provision will be reviewed upon receipt of the Local Government Finance Settlement announcement in December 2018.
- 3.18 As has been indicated in previous reports, partly due to increasing school rolls across Scotland, the overall level of per capita funding contained within the

Settlement is reducing, such that growth in pupil numbers will not be matched by receipt of corresponding additional funding.

- 3.19 Of greater importance, therefore, is the Council's relative share of the key client groups used to guide funding distribution. On this basis, the level of additional demographic provision contained within the budget framework has generally been at a lower level than extrapolating current unit costs of delivery, encouraging examination of alternative ways of addressing increases in underlying demand.

Health and Social Care

- 3.20 Reports to this Committee have consistently highlighted significant underlying pressures within the Health and Social Care service. In recognition of these structural deficits, a total of £7m of additional funding was incorporated within the budget framework baseline in 2018/19.
- 3.21 The period two-based report considered by the Finance and Resources Committee on 16 August 2018 indicated, however, a delay in implementation of several savings rooted in improved demand management that are necessary to secure on-going financial sustainability.
- 3.22 Given the overall tightness of the financial framework, it is essential that these savings are delivered, as well as those in future years predicated on closer integration of respective Council and NHS Lothian service provision. More generally, the framework takes as its starting premise that the underlying budget for all service areas is balanced. Given the extent of residual pressures highlighted in the Period 2 report, regular updates will continue to be reported to the Committee to provide additional assurance in this regard.
- 3.23 Against a backdrop of reducing overall real-terms resource availability, investment in the Council's priority areas can only be sustained through on-going redesign of current processes, more effective channelling of resources into preventative and early intervention activity and, ultimately, prioritisation across other areas of service.
- 3.24 Future allocations to the Edinburgh Integration Joint Board will take as their baseline the previous year's actual "offer", adjusted for a demographic-related uplift, with the net cost of employee pay awards and other inflationary uplifts requiring to be matched by offsetting savings. This principle will be applied across all four years of the framework.
- 3.25 The EIJB is responsible for setting a budget for the delivery of its strategic planning intentions utilising the budgets delegated to it by its partner organisations, NHS Lothian (NHSL) and the City of Edinburgh Council (CEC).
- 3.26 The Chief Officer of the EIJB has developed a protocol taking account of the different budget-setting timelines and processes of the partner organisations. For development of the EIJB proposals for 2019/20, the key elements will be as follows:
- IJB Officers to develop outline savings programme for 2019/20 (August/September 2018)
 - IJB workshop on outline proposals (October 2018)

- IJB workshop on final proposals (January 2019)
 - IJB budget-setting meeting (February 2019)
- 3.27 Within this process, there will be clear points of engagement with elected members across the Coalition and other political groups, recognising the requirement for CEC elected members to have an awareness of proposals to inform decisions on the final allocation to be delegated to the EIJB through the Council's budget.

Capital Investment programme 2018/23

- 3.28 The Council budgets for capital expenditure are based on a rolling five-year capital investment programme which is set within a high-level ten-year capital plan. This allows for a strategic approach to investment in the Council's assets.
- 3.29 The Council set its current capital investment programme on 22 February 2018 for the period 2018/23. This provided additional funding to invest in additional infrastructure (£56m), the Local Development Plan Action Plan (£35m), the City Region Deal (£21m) and asset management works to improve the condition of Council buildings (£49m). As noted earlier in the report, delivery of this investment is dependent upon the identification of at least £106m of recurring savings by 2022/23.
- 3.30 The programme was subsequently revised to take account of slippage and acceleration from 2017/18 and approved by this committee on 16 August 2018. The Council's indicative capital investment plan for the period 2019-2024 now totals £805m. Of this, there is currently only £7m of unallocated funding in 2023/24.
- 3.31 In addition, as reported to this committee on 12 June 2018, the revenue budget framework provides additional loans charge funding to support £78m of capital investment in Wave 4 Schools, subject to an assumption of 50% Scottish Government funding and overall balancing of the revenue framework over the period to 2022/23. The table below sets out the indicative allocation of general fund capital budgets for the period 2019-2024. These plans will underpin the Council's Capital Strategy, due for publication by April 2019.

Planned General Fund Capital Expenditure 2019/20 to 2023/2024¹

Service	19/20 £m	20/21 £m	21/22 £m	22/23 £m	23/24 £m	Total £m
Communities and Families	54	31	14	-	-	99
Edinburgh IJB	2	5	5	-	-	12
Place	98	96	30	32	20	276
Resources - Asset Management Works	30	30	26	20	14	120
On – lending (housing)	26	58	74	118	-	275
LDP - unallocated	17	-	-	-	-	17
Unallocated	-	-	-	-	7	7
Total	226	220	148	170	41	805
Potential funding for Wave 4 Schools	2	7	50	19	-	78

- 3.32 Should members wish to reprioritise this allocation, this may be done as part of the budget-setting process via Council in February 2019.
- 3.33 In addition to the sums noted above, the Council receives Transfer of Management Development Fund (TMDF) resourcing, ring-fenced to support the provision of affordable housing, primarily by social landlords, within the city. The annual level of funding provided is intimated as part of the Local Government Finance Settlement but, based on recent years' allocations, is expected to be no less than £160m over the five-year period above.

Capital Funding Assumptions

- 3.34 As members are aware, the majority of this expenditure is funded from a combination of government grant (£200m), planned sale of Council assets (£18m) and loans fund advances (£548m). The assumed level of government grant and asset sales is conservative, reflecting ongoing fiscal constraint and a reducing number of surplus assets. The level of investment supported by loans fund advances is, however, limited to what is affordable within the Council's revenue

¹ Capital budget figures presented have been subject to rounding

budget. It is therefore unlikely that further capital priorities can be funded without redirecting funding from projects currently in the programme.

Unfunded Capital Priorities

- 3.35 While there is limited capacity for capital investment, members should be aware of the following unfunded priorities.
- (i) **Wave 4 Schools** – The Council aspires to replace the current Currie, Trinity, Castlebrae, Wester Hailes, Liberton and Balerno High Schools under its proposed Wave 4 school programme. The latest cost estimate of this programme is £207m. The Council has an existing budget of £25m for this programme and the additional £78m outlined above would allow the Council to fund 50% of this cost. However, without additional funding from Scottish Government, the full programme is not currently affordable. A report on the Wave 4 school business case will be considered by this committee on 11 October 2018.
 - (ii) **Rising school rolls** – As the current cohort of primary school pupils moves on to secondary education, there is a requirement to expand existing secondary schools to provide additional capacity.
 - (iii) **LDP Action Plan** – As reported to the Finance and Resources Committee on 23 January 2018, there is a gap of £202m between the required investment in infrastructure and the amount expected to be received from developers. While the Council has identified £35m to address the immediate gap, it is insufficient to provide the level of infrastructure actions required.
 - (iv) **Asset Condition/Suitability** – As Council assets continue to age and deteriorate, and the way in which services are provided changes, further investment will be required in the medium to long term to ensure that they remain safe, sustainable and fit for purpose.
- 3.36 Against a backdrop of increasing pressures on both the capital and revenue budgets, members need to ensure that capital projects are affordable to the Council. In doing so, members must consider the capital costs of each project, the funding available and the impact of loans charges, running costs, maintenance, and lifecycle replacements on revenue budgets.

4. Measures of success

- 4.1 Relevant measures in setting the revenue budget include:
- 4.1.1 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 2019/20 and subsequent years to be set as part of a sustainable longer-term framework;
 - 4.1.2 Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and

- 4.1.3 Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

5. Financial impact

- 5.1 Delivery of a balanced budget in any given year is contingent upon the development, and subsequent delivery, of robust savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

6. Risk, policy, compliance and governance impact

- 6.1 An annual report on the risks inherent in the budget process is considered by the Finance and Resources Committee and referred to Council as part of setting the revenue and capital budgets.
- 6.2 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 expected service impacts outlined in the respective budget proposals.
- 6.3 A summary of progress in respect of savings delivery is reported to the Finance and Resources Committee on a quarterly basis, with additional detail and commentary on risks, mitigations and alternative measures (as appropriate) reported to Executive Committees.
- 6.4 The assumptions underpinning the Council's budget framework are the subject of on-going review, with the results of the most recent such review detailed within this report. There is a risk, however, that these assumptions (particularly the assumed level of the 2019/20 Local Government Finance Settlement) will understate the overall level of savings required and, on this basis, there may be a need to accelerate savings from later years of the framework, or identify new savings, to allow a balanced budget for 2019/20 to be set in February 2019.

7. Equalities impact

- 7.1 All budget proposals are subject to an Integrated Impact Assessment which reviews the impact on equalities as well as several other considerations. The budget engagement also allows for any equalities-related impacts highlighted by service users to be taken on board in the implementation of the measures concerned.

8. Sustainability impact

- 8.1 All budget proposals are subject to an Integrated Impact Assessment which reviews the impact on sustainability as well as several other considerations. Material

associated with the Change Strategy and engagement will all be accessible online with printing only where necessary.

9. Consultation and engagement

- 9.1 As in previous years, an extensive programme of engagement will be undertaken. The main aspects of this programme were set out in the report to this Committee on 16 August 2018.

10. Background reading/external references

- 10.1 [Revenue Budget Framework 2018/23 Update](#), Finance and Resources Committee, 12 June 2018
- 10.2 [Proposed 2018/19 Citizen Engagement](#), Finance and Resources Committee, 16 August 2018.

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11. Appendices

Appendix 1: Planning for Change and Delivering Services

Planning for change and delivering services 2019 – 2023

Tell us what you think



Foreword



Edinburgh is one of Europe's great capital cities. With a successful economy, the city is of growing international significance and continues to embrace the jobs of today and the opportunities of tomorrow. Unemployment rates are low in both Scottish and UK terms, and our job market remains diverse and forward looking.

This city has always been about more than just economic success. Throughout the year people come here to experience our vibrant cultural scene. Those who live and work here also know what a special place Edinburgh is; [95% of residents](#) think this city is a great place to live. We are proud of this success and will work hard to ensure it continues.

However, there is another side to this city. Today, one in five children in Edinburgh are growing up in poverty, high housing costs are a challenge for many low and middle-income households and the life expectancy in our wealthiest areas is [21 years higher](#) than in the poorest parts of the city. The life chances of people across Edinburgh are still influenced too much by where they are born and not enough by their talent and ability.

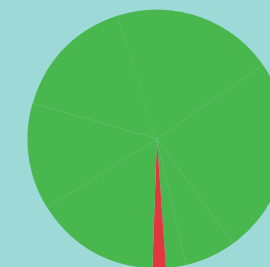
[Our population is also growing and changing.](#) In 2021, it is forecast that the number of over 65s will overtake the number of under 18s. By 2023 there will be 4,000 more children in our schools than there are today and our total population will have increased by 23,000 people.

Alongside these challenges, the Council needs to make savings of at least £106 million over the next four years. This is in part due to a changing population, but also an increased demand on our services and inflationary pressures across the Council. Our income from taxation and our funding from Scottish Government, which has been impacted by Westminster policies, is not sufficient to deal with the pressures from rising demand on Council services. We need to start planning for change now, and to do this we need to look again at the type of services we provide and how we deliver them.

Our job, then, is to ensure that the city continues to thrive while managing our population growth and expansion in a way that means everyone can share in the benefits. Since 2017, we have already made steps towards this goal. To explore the prevalent inequality in pockets of the city, we recently announced a new [Edinburgh Poverty Commission](#). The Commission will explore the causes of poverty locally and develop recommendations to make real and lasting change across the city. But the choices we make as a Council, in preparing our budget and providing quality services to our citizens, can also contribute to the aim of making real progress by increasing opportunities and reducing inequality.

As our city grows and changes, we have already started investing in the infrastructure needed to support this. For example, this year, through signing the £1.3 billion

AT A
GLANCE



95%

THINK THIS IS A
GREAT PLACE TO LIVE



**Our population
IS GROWING
and changing**

**1 IN 5
CHILDREN
ARE GROWING UP
IN POVERTY**



**HOMELESSNESS
is still a day to day
CHALLENGE
FOR MANY**

Edinburgh and South-East Scotland City Region Deal, £600 million investment and commitment has been secured from Westminster and Holyrood with the balance of funding coming from regional partners. We must continue to invest while responding to the impact of climate change, in particular carbon emissions on our busy streets.

Over the next four years we have committed to invest £125 million in the city's roads, pavements, active travel, and cycle paths and to work with our partners to build 20,000 new affordable homes over the next ten years. This is one of the largest such building programmes in the UK. We are also delivering on funding we receive from the Scottish Government. This includes £7.5 million of annual funds for a Pupil Equity Fund (PEF) and a total of £161 million of additional funding to increase annual provision of early learning and childcare from 600 hours to 1,140 hours by April 2020.

But to achieve these aspirations and meet all our challenges head on, we need to be a modern Council focused on efficient and effective delivery of our public services. We cannot continue to do things the same way we always have. We need to change and improve.

Therefore, the Council is developing a new way of working. We are calling this our Change Strategy, and we believe this needs to be focused on three key objectives for the next four years. Firstly, we will intervene earlier to improve outcomes and prevent the need for expensive services later; secondly, we will ensure everyone benefits from the success

of Edinburgh and thirdly, we will continue to deliver high-quality services people can rely on.

Above all else, this strategy has a specific commitment of keeping the people of Edinburgh at the heart of everything we do. We want services for our citizens to be designed with our citizens. We want to make use of new technology to create services tailored to the needs of our people. Services that can be accessed in a way and at a time when people need them most.

The development of this strategy will not happen overnight and cannot be achieved by the Council alone. The next four years will mark a different way of working and this engagement is the first important step in the process. The Council is due to receive its draft financial settlement from the Scottish Government in December 2018 and we will set a balanced budget as required by law for our next financial year in February 2019. Alongside the budget we will publish the Council's Change Strategy.

Before we do, we want to hear from as many people as possible on what your priorities should be and where there are opportunities to do things differently. In this document we set out some initial ideas about how we might respond to this challenge, but we want to hear your views this autumn before the budget is set in February next year. We need to get this right and want to work with you all to do so.



*Keeping the
people of Edinburgh*
AT THE HEART
of everything we do



The financial challenge

We take our responsibility seriously to spend public money wisely and well. Since 2012 the Council has needed to deliver many changes to save over £240 million and keep expenditure and income in balance. We have re-organised our workforce, made better use of our office buildings and changed how we buy goods and services. These changes have ensured that the Council can continue to invest in the services the people of Edinburgh value most. However, neither the city nor the Council can stand still.

We will continue to review all our internal processes to identify where further efficiencies could be made but these alone will not be enough to address the scale of the financial challenge. The risks of not managing our finances are clear. The Accounts Commission has highlighted three other Local Authorities in Scotland that are in danger of running out of General Fund Reserves within the next three years.

What's our annual budget?

Our budget for 2018/19 is almost £1 billion. This includes spending of over £430 million on Education and Children's Social Services, £196 million on Adult Social Care through our role in the Integration Joint Board, £50 million on Environmental and Waste Services and £35 million on arts, culture, sports and lifelong learning.

What do we need to save?

The Council has always recognised the importance of

financial sustainability and has balanced its budget every year for over a decade. However, along with many other areas of the public sector we are facing a challenging budgetary position. Based on rising costs, increased demand for our services and grant funding projections, we estimate that we will need to save at least £106 million over the next four years, with a £28 million saving needed in 2019/20.

Meeting this challenge will require us to make hard choices. This is why the Council needs to embrace a forward thinking and ambitious change strategy. Rather than making small annual reductions across all our services, that over time impact the quality of delivery, a longer term progressive plan for 2019/20 to 2022/23 is needed.

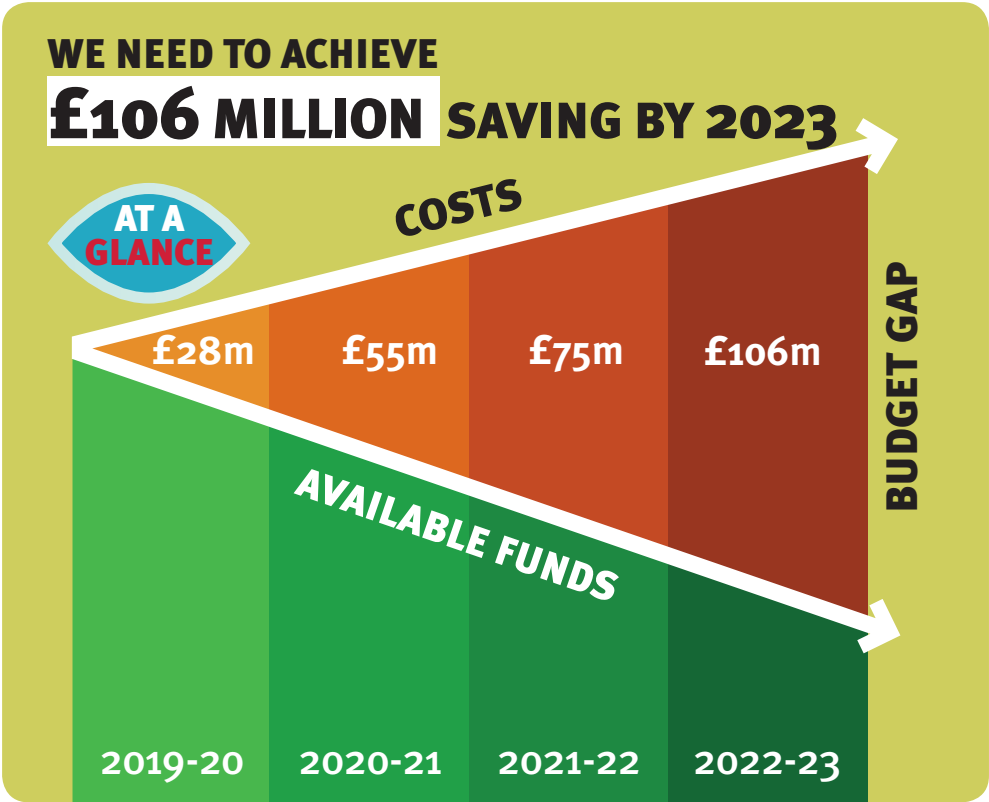
How do we propose to do this?

The Council knows it can be more efficient and effective by:

- working with our suppliers to reduce the cost of the things we buy
- continuing to harness the opportunities of digital technologies
- ensuring our buildings are fit for purpose and the size of our estate is monitored and
- perhaps most importantly of all, ensuring we have a capable, motivated and professional workforce.

Even if we were not facing the pressures described above we believe it is right to challenge the organisation to use public money in the most effective way.

However, it is not possible to address these wider financial pressures through improving and streamlining our operations alone. We will have to face some increasingly difficult choices. In this document we identify some initial areas where we think it is possible to find some financial savings. But, we want to hear what you think, before making decisions and finalising proposals and budgets. We want to hear your views on the priorities for the Council and how we could deliver services differently.



Our change objectives

Objective 1: prevention and early intervention

We want to support people to live healthier, more independent lives and ensure that help is coordinated as early as possible to achieve this. We want citizens to be actively involved in designing how their needs are met and for us to be able to respond quickly to immediate and changing needs.

There are, however, enduring challenges. Over 200 people are waiting in hospital for a package of care allowing them to return home and, close to 2,000 households are still in temporary accommodation. Our aim is not just to eliminate these delays, but to actively improve the circumstances of the people behind the numbers.

In 2018/19 we have already committed to spending:

- £45 million on providing support to those who have become, or are at risk of becoming homeless
- £114 million on children and families who need care or additional support
- £196 million on supporting adult social care
- over £2 million on supporting people with drug and alcohol addiction.

The Council Change strategy is based on three key objectives:

1. investment is targeted on prevention and early intervention to reduce long-term reliance on our services and allow citizens to lead active, independent lives
2. that the growth of this city is sustainable and inclusive
3. we continue to deliver basic services to the high quality our citizens expect and deserve.

These issues are challenging and complex and will not all be achieved in the next four years, but the changes will set us on a new path that will ensure the opportunities for our children will be better than they are today. This begins with the proposals set out in this document but will continue to develop as we move forward.



Objective 2: sustainable and inclusive growth

Our population is growing and changing and we need to develop our infrastructure accordingly. We need to ensure that the benefits that investment brings are shared by everyone across the city.

Over the next four years we plan to invest:

- over £600 million in new council homes or refurbishing and upgrading existing homes
- nearly £200 million on school construction and refurbishment
- at least £125 million in the city's roads, pavements, and cycle paths.

As part of this investment, we have the chance to create new, sustainable communities along the waterfront at Granton. We want to maintain our city centre's status as a World Heritage Site but we must also innovate to ensure it is one of the healthiest, most vibrant and well-connected city centres in the UK.

The proposals we are setting out are designed to support the wider growth of our city in a fair, sustainable and balanced way. It is important that we engage and work with local communities to make sure that everyone can benefit from the growth of our city.

OUR POPULATION
UP 24,000 by 2023



**Larger than the
capacity of one of
our football grounds**



***“We need to grow
the city for everyone
and ensure that
the benefits that
investment brings are
shared with everyone
across the city.”***

Objective 3: high quality services

Our strategy is not only about the long-term. The people of Edinburgh expect access to high-quality services today. In a world of increasing pressures and constraints this means difficult choices about the services we provide and how we deliver them.

We can do this by embracing the opportunities that technology brings by putting communities and residents at the heart of what we do and by working closely with our partners within the public, private and voluntary sectors. This is already happening across a range of services. We have highlighted some below.

Health and Social Care Partnership

The Edinburgh Health and Social Care Partnership (EHSCP) was established in 2016. It brought together the Council and NHS Lothian to co-manage social care services. The Integration Joint Board (IJB) controls the overall budget for community health and social care and makes decisions regarding planning, resourcing and delivery by the EHSCP. Integration offers opportunities to organise community health and social care in a more co-ordinated way. The EHSCP is prioritising a shift towards a more active participation of service users and patients in the design and development of support and services, and with a renewed emphasis on prevention and early intervention opportunities.



Homelessness

With more focus on prevention and early intervention, the number of people experiencing homelessness, and in need of support from the Council, has fallen from almost 6,000 to 3,000 over the last few years.

Although the number of people requiring support has fallen, the pressure on our temporary accommodation services has never been greater. This is due to an acute shortage of affordable housing and challenging private renter sector conditions. In most cases people are homeless for more than a year before we can provide permanent or settled housing.

To understand and tackle the causes of homelessness in Edinburgh we set up the Homelessness Task Force in 2017. Recommendations from the Task Force have included a review of the use of bed and breakfast accommodation and exploring alternatives that meet the needs of individuals and families. We have learned lessons from elsewhere and are preparing to support vulnerable citizens through the transition to Universal Credit.

Roads

The Council looks after 1,511km (939 miles) of roads. The volume of traffic has increased in recent years, putting pressure on the road network's condition. Whilst [Edinburgh's Road Condition Index](#) (RCI) demonstrates that the standard of our roads is better than the Scottish average, they are still in need of improvement. To deal with this pressure and improve our road condition the

service has developed a Roads Improvement Plan, which is implementing changes to address issues affecting service performance. Work is progressing on the city centre West to East link which will connect many cycle and walking routes in the city's western and northern suburbs to the city centre. As part of the Council's commitment to improving cycling facilities and promoting active travel, we have also allocated 10% of our transport budget for 2018/19 to making cycling in our city easier and safer.

Waste and cleansing

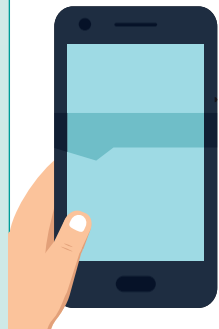
Between 2014 and 2017 residents' satisfaction with waste services and bin collections was amongst the lowest in Scotland. We made a lot of changes and, as a result, complaints are down from 10,437 in 2016/17 to 2,788 in 2017/18. Over the same period, missed bin collections have fallen from 47,700 to 38,000. Yet we want to pursue excellence in the service we deliver and aim to reduce these numbers even further. In April 2017, we opened a new waste collection and street cleaning depot at Seafield. The new depot has significantly improved existing facilities and construction of a similar facility at Bankhead is underway.



Our options for change

Improving how we operate

We provide services that touch everyone's lives, from bin collections, schools and community centres to the care for our elderly and vulnerable citizens. It is our job to run these services in an efficient and effective way and deliver value for money. To do this we need to make the most of our buildings, assets, and our most important resource: our 18,000 employees.



Digital delivery

Increasing the number of services that customers can access and manage online can cut down on back office processing time and would result in services being delivered more quickly while reducing costs. Customers would have the ability to manage and request services 24/7 making us more aligned to public expectations of a modern organisation.

Council depots and sites

The Council has 19 depots around the city, from which we deliver services such as bin collection, road repairs and housing repairs. These depots are outdated and there is the potential to redevelop or dispose of six sites to provide improved facilities and working conditions for our staff as

well as improving service delivery for citizens. The Council could perhaps sell the unused land to invest in service delivery.

Managing and maintaining vehicles



We have roughly 1,000 vehicles to help run our services. These bin lorries, vans, cars and minibuses are currently all maintained and repaired at a central site. By changing how we buy and rent vehicles and re-locating our

vehicle maintenance staff to the depots where the vehicles are based, we can save on maintenance and fuel costs as well as reducing our carbon footprint. This means the vehicles we need to transport people and goods around the city will be fit for purpose and well maintained.

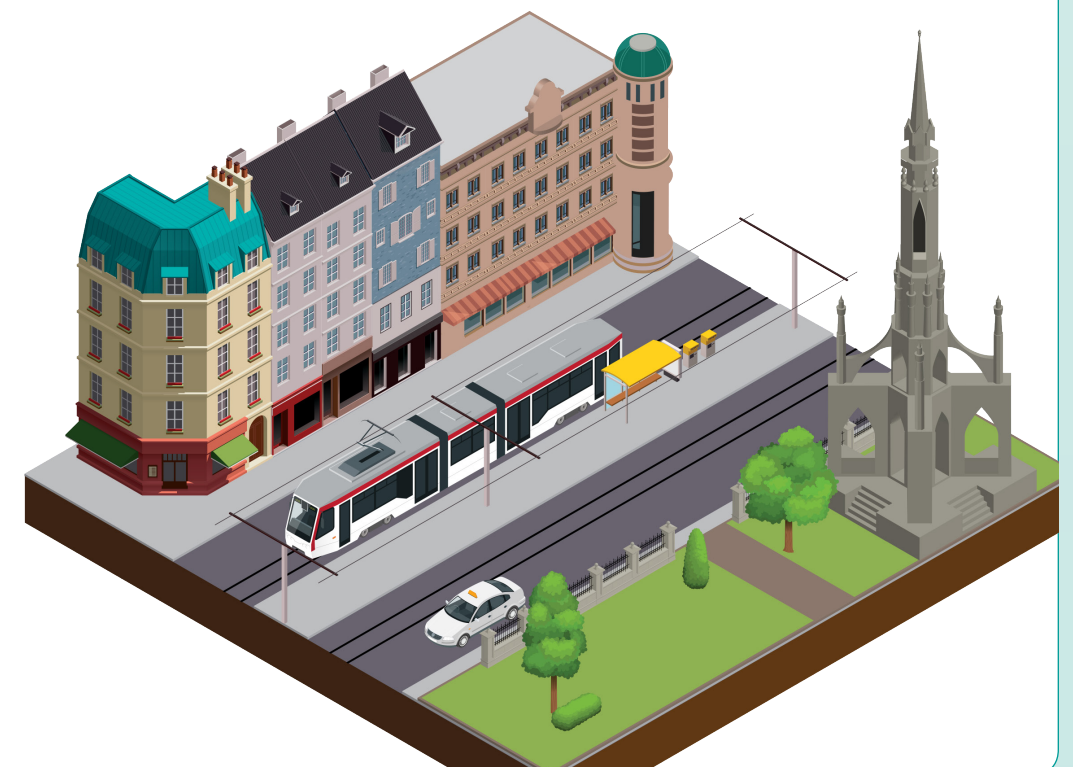
City operations and enforcements

The Council has a number of different systems that allow us to manage the public spaces and transport network in Edinburgh. These include our CCTV operations and Traffic Management Centre. Whilst these functions work well, we believe that investing further in them and integrating them into one single operation will allow us to manage the city better.

A City Operations Centre would allow us to not only react better to any incidents or travel disruption. Through

greater use of sensor technology (for example our new street lighting sensors or litter/waste bin sensors), we can proactively resolve issues before residents have to report them to us.

In order to maximise the benefit of a City Operations Centre, we would seek to engage key partners to base their operations alongside our own (e.g. Police Scotland, Lothian Buses). This will allow us to manage the city as a whole and make the right decisions based on information and systems that we have traditionally managed separately.



New ways of working

Our current approach to pay and reward was implemented in 2010. Since then we committed to adopting the Scottish Local Government Living Wage in January 2013. We are proud of this commitment to paying the Scottish Local Government Living Wage and to reflect this change our pay structures need to be updated to include it in our basic pay and not as a top up. To successfully deliver this, we need to consult our workforce about pay structure to respond to the changing demands on services. The Council remains committed to making no compulsory redundancies.



The services we deliver

We will look to review services which Local Authorities are not required to provide and whether it remains cost effective to do so. For example, we are one of only three councils in Scotland with an in-house scientific service and we propose to review its operation. We would like to explore how non-statutory services can be best delivered going forward and whether there are opportunities to work in partnership with other authorities or organisations to deliver these and generate income in doing so.

Managing our estate

The Council owns and manages a significant number of buildings and properties across the city. Our buildings range from schools, community centres and offices to museums, libraries, pubs and car parks. Over the next four years, we will ensure that the estate focuses on providing the services which matter most to the people of Edinburgh. Where there are opportunities to do so, we will bring services together, to make them more accessible to citizens through a “one stop shop” approach, by integrating and re-providing existing services in one location, along with our partner organisations, such as the NHS and Police, where possible.

Strategic review of parking

We recognise the increasing pressure of parking in residential streets. We will bring forward a new Parking Action Plan to address this in conjunction with proposals to deliver a workplace parking levy.

Internal efficiencies

Like all businesses, we pay business rates and energy costs and have to manage our borrowing carefully. Over the next four years, we will drive greater cost efficiencies, while ensuring we collect all the Council Tax due to us in an expanding city. We will also ensure we continue to achieve the best value from buying goods and services and management of our contracts.



Education

The school roll is evolving and expanding with the needs of a growing population and the Council is committed to delivering the right capacity and environment for learning while also considering the needs of local communities. We will continue to focus on ensuring all our children, especially our most vulnerable, receive the support they need to achieve their potential.

“We committed to adopting the Scottish Local Government Living Wage in January 2013.”

Prevention: intervening before problems escalate for individuals and communities

We will focus on improving wellbeing, increasing social inclusion, and empowering individuals and their families to make informed choices and take greater control of their own lives. By providing the right services at the right time, we can help citizens to live healthy, independent lives with a reduced need to rely on Council-provided services.

Enhancing our support for those living in temporary accommodation

The Council provides temporary accommodation for families and individuals who are homeless. There are lots of things we already do to help individuals and families, but there is still more that we can do.

We propose to employ more officers to make sure that our temporary flats are available quicker to enable households to move on from less suitable forms of temporary accommodation. To make sure that all temporary accommodation properties have the same gas and electricity supplier, by adopting the Scottish Government framework which will reduce household bills. Provide more support for households experiencing homelessness to ensure they receive all the benefits to which they are entitled make it easier for people to maintain their tenancies when they move on to permanent, settled accommodation. This support will be especially important as the roll-out of Universal Credit progresses.

Supporting people to live well

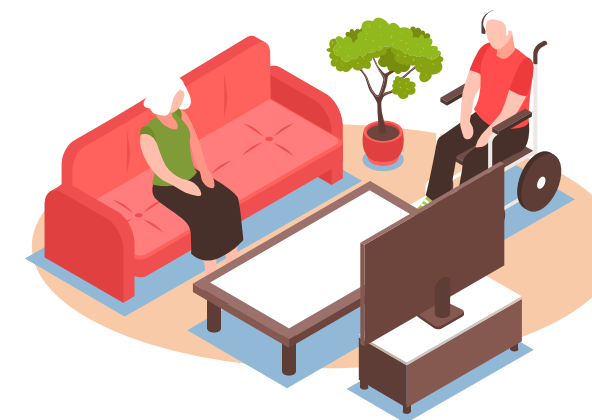
Many long-term conditions and disabilities are of course not preventable, but there are many other instances where personal investment in wellbeing could prevent a problem getting worse. This includes supporting individuals to prioritise an improvement in their lifestyle, including healthy eating and the avoidance of harmful activity. The impact on individuals through lifestyles choices is obvious but there is also a highly significant impact on the demand for complex health and social care services. We would like to turn this around. To achieve this goal, we are asking citizens to work with us in designing opportunities to improve community health, as well as to consider how, as individuals, we could make some reasonable adjustments to contribute to our own wellbeing.

Giving people more control over things which affect them

We know our communities value the opportunity to make more choices and exert greater control over their lives. We also recognise that when additional support is needed, individuals often find that the care system is under strain with an increasing demand due to an ageing demographic. This extra demand represents a rising cost for the Integration Joint Board who are jointly funded by NHS Lothian and the City of Edinburgh Council. We propose to work more closely with our partners, to support individuals and communities to produce solutions together to address the growth in demand and expectation of our health service.

Helping our most vulnerable to feel part of a community and participate in society

We want all our citizens to feel part of a community. We propose to work closely with the third and independent



sectors, the faith community, and other formal and informal networks to find new ways to help make people feel part of their community. Many citizens feel that their circumstances have changed to the

extent that they no longer have the potential to retain their independence. With approaches that help assist the resumption of a normal life, or as close to normal as possible, citizens can restore much of that which they felt they had lost. This could include working on rebuilding confidence and physical strength in older people to allow them to resume independent living and reduced dependency on formal care systems. We will be working with our key partners, to help citizens co-ordinate a network of opportunities in local communities which will contribute to reducing social isolation and in turn some of the causes of dependency on more formal care services.

Changing how we work with our partners

To deliver better outcomes more efficiently we must work more effectively across the public sector to join up delivery to provide higher quality services in areas of highest need that work for and with our communities.

Area based regeneration

As the city grows and develops we are looking to strengthen our focus on integrated placemaking and development. This will involve the establishment of integrated regeneration and development teams to support strategic growth areas such as Granton and West Edinburgh. This will streamline the Council's approach to development and ensure greater collective working both internally and externally with all stakeholders including local communities.

Locally based services

In recent years we have moved many services into a "Locality" model, enabling services to be more responsive to local needs and strengthening the way that public services work together and with local people. We will review this approach to ensure that the services that are delivered through the "Locality" model are those that have the greatest impact on improving outcomes for local communities. This will mean continuing to deliver (and enhancing where possible) some services locally as well as considering which services would be more efficiently managed and delivered on a citywide basis.

Third party capacity building

The Council will look to review how we use grant funding to support multi-agency projects across the city. We must ensure that we are investing in the city's future success and aligning our budgets with partners to deliver on our shared priorities. Community planning is about councils and public bodies like the police, the fire and rescue service and the NHS working with communities, businesses, charities and voluntary groups. Together they plan and deliver better services to improve the lives of local people.

Tourism and marketing reform

In 2015, Edinburgh's thriving tourism sector delivered almost £1.5 billion to the city's economy and as of November 2016, it employed 34,600 people. As a vital part of our economy, with visitor numbers growing each year, it is important that the Council plays a stronger role in the city's tourism management, strategy and delivery. This will mean ensuring that we work more efficiently and effectively with stakeholders and partners to achieve the right outcomes for both residents and visitors. We want to encourage a dialogue about the best way of achieving these outcomes.

Shared procurement on waste disposal

We propose to pursue efficiencies with neighbouring local authorities through shared procurement of waste disposal contracts. This will start with sharing the operational costs for the Millerhill (Zero Waste) site but will progress into other opportunities as these arise. We would also look to develop other options for joint working with surrounding local authorities.

**EDINBURGH
received over**

4 MILLION TOURIST VISITS

in 2015, contributing almost

£1.5 BILLION TO THE

CITY'S ECONOMY,

with these numbers

continuing to

increase each year.



Making the most of our cultural and leisure assets

This city has a unique collection of cultural and leisure assets. There is a huge opportunity to maximise their impact and ensure their sustainability for future generations. This has the potential to reduce their subsidy but will mean that some services currently offered may change either in the way they are delivered, or who they are delivered by.



Ensuring everyone can live an active life

We propose to look again at the provision of sports facilities in Edinburgh. There are many different models we could adopt and we will look at best practice elsewhere to ensure we are delivering a high quality and cost-effective service.

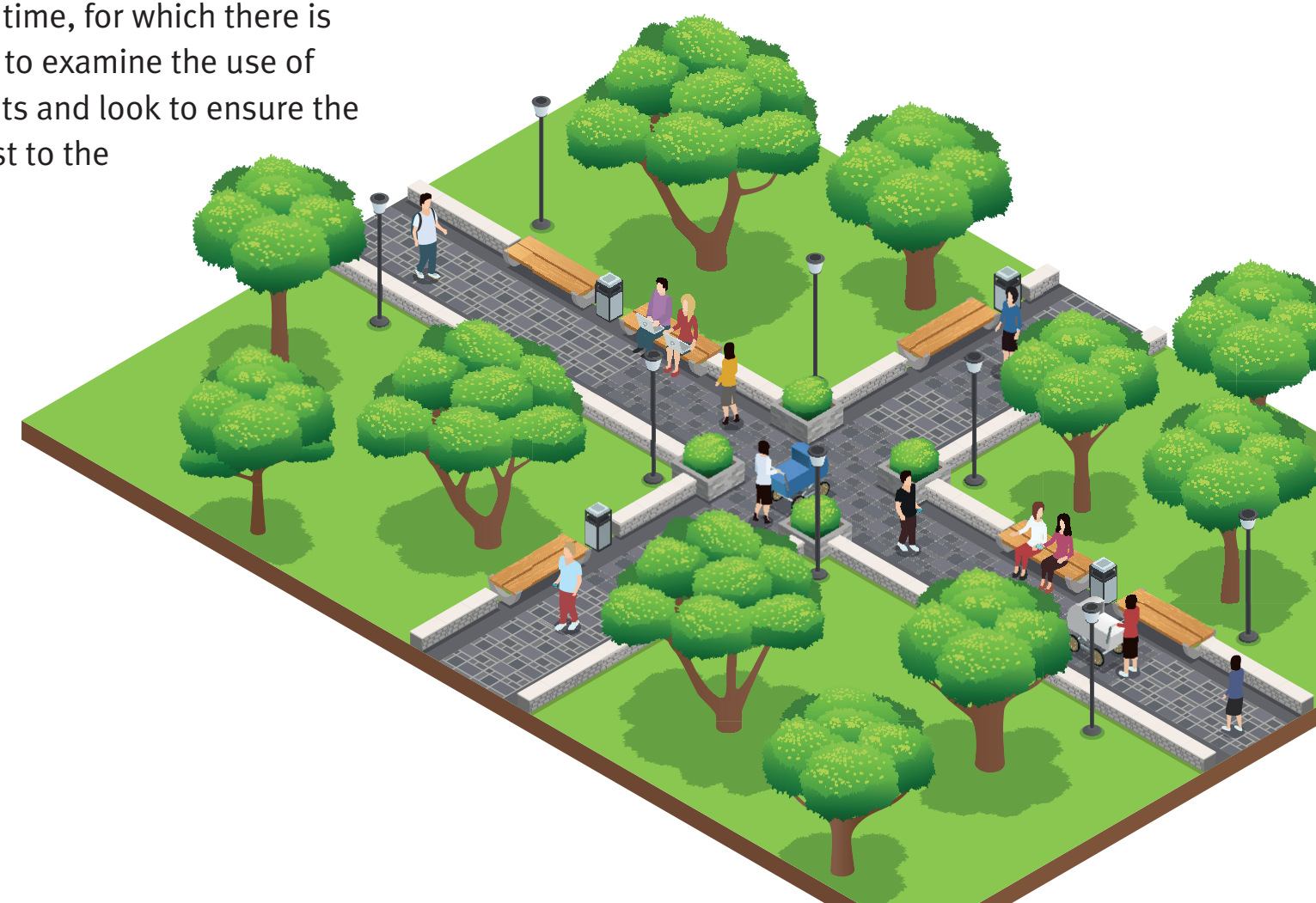


Maximising the potential of our cultural estate

Currently there are various sites for Council museums and galleries spread across the city with over 750,000 objects in our collection. This proposal would create new facilities where all of Edinburgh's collections can be brought together to tell the historic and fascinating story of our city. In doing so, we would ensure that our Cultural offering is fit for the future.

Preserving our parks and greenspaces

Our parks and greenspaces are vital green assets for the city. Some of our Parks and Greenspaces are used for commercial events from time to time, for which there is usually a small fee. We propose to examine the use of Parks and Greenspaces for events and look to ensure the fee charged matches the full cost to the service.



“This city has a unique collection of cultural and leisure assets.”

Increasing our income

The Council had direct income streams worth £120 million last year. We want to ensure that, where appropriate, we are entrepreneurial in everything we do and believe there are a wide variety of opportunities across the Council to increase our income and diversify our funding streams.

Transient Visitor Levy(TVL)

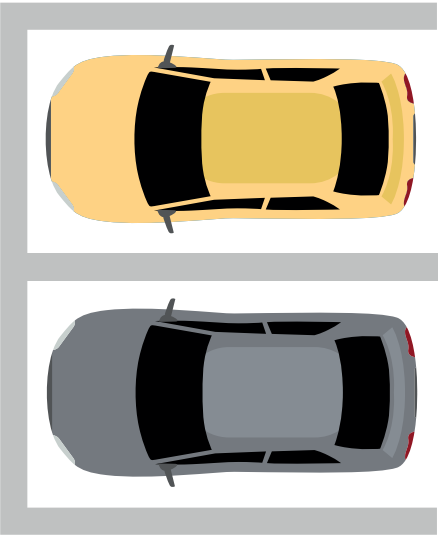
Increasingly tourists come from all over the world to stay in Edinburgh and we need to make sure we continue to make this a great place to visit as well as ensuring we manage the impact of tourism such as cleaning our streets and collecting and recycling our waste.



Introducing a TVL would help us to invest in and ensure sustainable tourism moving forward. We estimate introducing a levy of £1 or 2% per person per night would raise over £11 million per year. This would be a direct charge to visitors to the city and has already been used in cities across Europe in countries such as Spain, Italy, France, Germany, and Greece. We will continue to make the case for the introduction of TVL working with partners and the Scottish Government.

Work place parking levy

As part of our wider strategy to reduce emissions and congestion in the city centre we are developing options to enable us to levy a charge on larger-scale business car parking. This investment could then be used to ensure we are maximising our investment in sustainable public transport working in partnership with our stakeholders.



Energy generation

We propose moving the Council towards increased use and generation of sustainable energy. This could include investing in expanding electric vehicle charging networks, increasing the number of electric and hybrid vehicles in our fleet and installing solar panels on Council



buildings to generate energy. The designing of new Council buildings could also consider the reduction of running costs through using energy generated on site.

Recovery of all our costs, increasing our charges and statutory charges

Council revenue could be increased by providing services in a different way or by recovering the cost of providing extra services. Proposals include recovering the full cost of providing services at commercial events, charging for processing pre-planning applications and applications that would result in roadworks or for expanding parking control zones into areas with known parking pressures.

Increasing our revenue from advertising

The Council will look to raise more money from advertising. This could include using digital formats at agreed locations in the city. Careful consideration would be given to the type, scale, and location of adverts especially in historic areas of the city.

How to get involved

How can you involved

The ideas outlined in this document Planning for Change and Delivering Services **needs your views.**

As a result of rising demand for our services and other pressures, the Council will have to make at least £106 million savings over the next 4 years.

The council has worked hard to save over £240 million since 2012. But efficiencies can only go so far and we need to change to continue to meet the needs of our citizens and be financially sustainable into the future.

Exactly how we change needs to be shaped by you. The Council is purposefully moving away from a year on year approach to the budget to agree a more long-term plan for change and delivering services. This is the start of a process by which the Council will agree a plan of action with specific proposals for change.

No decisions have been taken yet and the outcome of this initial engagement will not only shape the long-term strategy but the options to inform more detailed proposals for balancing the budget in February for 2019/20.

We need to hear from you at this early point in our thinking on your priorities for change and investment.

There are lots of ways to put forward your views whether that be by using our online planner, email, social media,

print flyer, or speaking with your local councillor.

This autumn we are launching an initial engagement period so that prior to confirmation of the Council's grant funding allocation in December, we know the areas you want us to prioritise and the approaches you want us to take.

Ways to get involved:

- **Tell us what you think about Council Strategy 'Planning for Change and Delivering Services'.** We want to know what you think of the priorities and principles shaping that plan and the options that we are considering as part of that.
- **Council's Budget Simulator** – this interactive online tool has been used previously in the city and has proved to be a popular way of understanding individual citizens priorities and views around budget choices. Residents can use the online tool to show how they would deal with the budget gap and the consequences of making savings across council services.
- **Council's Budget Group Activity** – this is a new group based discussion to debate, consider and agree collective decisions about spending priorities within communities.

People can give their feedback online or by post for 10 weeks until midnight on Friday 7 December.

