Finance and Resources Committee

10am, Friday, 1 February 2019

Feedback on the Change Strategy and Budget Proposals 2018

Item number	7.6
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

This report summarises feedback received as part of engagement on the Council's budget and change approach for the next four financial years. In total, 1,597 individual submissions were received, along with around 140 participants in group activities. This figure is higher than the number received in 2017.

The Council continues to innovate in engagement activities and its 2018 group-based activity was well-received by participants and appears especially effective in helping participants to consider the whole budget as well as individual service areas. At the same time feedback suggests that participants found the act of balancing the Council's budget extremely difficult with many citing their own choices as unpalatable.

During the multiple engagement exercises, no service area avoided reductions. However, in individual and group settings, all demographic groups protected spending on Mental Health Services more than any other area. The largest reductions were seen in libraries, community safety, community learning and development and sport and leisure

As in 2017, there were substantial numbers of comments in support of introducing radical innovative approaches before reducing core services; with the introduction of a Transient Visitor Levy being especially common.

Report

Feedback on the change strategy and budget proposals 2018

1.   Recommendations

1.1   Committee notes the feedback received.

1.2   Committee notes the intention to separately report feedback received as part of the second engagement phase from January 2019.

2.   Background

2.1   In recent years, the City of Edinburgh Council has decided to engage residents and other stakeholders as part of its budget setting process, to raise awareness of the pressures the Council faces in allocating resources to meet needs, and gain feedback on areas of change.

2.2   In 2018, budget engagement was conducted using a range of tools and approaches intended to appeal to different audiences. In summary these were:

- A prospectus outlining the Council's financial position and the high-level options for change being considered by the Council – this was available electronically and in physical format at all libraries, community centres, local offices and schools;

- An interactive budget simulation tool, allowing individuals to set their own priorities for Council investment based on an accurate representation of the council budget;

- A group-based activity where a team of stakeholders agreed a budget based on a combination of individual priorities and consensus on options for change;

- Unstructured feedback mechanisms that allowed stakeholders to provide feedback in any format on any issue through social media, online form, email, paper form, letter, and telephone.

2.3   In order to ensure that a broad diversity of stakeholders have an opportunity to give their views on these issues, a second phase of engagement has been extended to January 2019. Feedback from this process will be included in papers to Full Council on 21 February.

3. Main report

Response

3.1 The Council engagement process lasted 10 weeks and received 1,597 individual submissions. These included:

- 547 completed budget simulator submissions;
- 833 open-ended submissions through the consultation hub;
- 201 social media responses; and
- 16 submissions by email, telephone, letter and printed leaflet.

3.2 In the previous year there were 1,300 comparable responses – the 2018 response was around 23% higher than in 2017.

3.3 The group engagement activity in 2018 included around 140 participants taking part in 2 hour-long group sessions. The purpose of these sessions was to invite and support a deeper level of debate and discussion amongst citizens, to inform their own understanding of the council budget and provide insight for the council as to what matters most to citizens in terms of relative priority. There is no direct comparison with previous years, but an event in the style of BBC Question Time in 2018 generated 56 questions and was attended by 45 people.

3.4 The total response achieved as part of the 2018 engagement was improved over 2017, however the level of response by each type of engagement method was unexpected. Response through budget simulator was lower than expected, while the response through the consultation hub (and based substantially on the prospectus) was far greater than expected.

3.5 It should be noted that the third quarter of 2018/19 included several major engagement and consultation exercises, and that the Council received more responses in total than during any previous three-month period. This crowded landscape may have affected response rates. These numbers, in combination with the feedback itself, suggest that stakeholders may find balancing the Council's budget directly to be difficult in the extreme, with unpalatable consequences.

3.6 Participants were 52% female, 47% male, and this is close to the make-up of the city as a whole. As in previous years, the age profile of participants includes fewer people aged under 25 (6% of all participants were under 25) or over 65 (12%) than are proportionately part of the city.

3.7 41% of all participants were parents or guardians of children under the age of 16 – this rate is around double the rate in the population as a whole. Only 13% of participants were employees of the City of Edinburgh Council. In previous years as many as a third of respondents have been Council employees.

Budget simulator

3.8   The online budget simulator presented information on how the Council currently allocates its resources. For ease of use, some smaller services were grouped together into spending blocks of at least £3m, and some very small services were excluded altogether as there was no way to logically group them. Purely internal services such as Human Resources and Finance had their budgets proportionately allocated to the services they support – this was done to provide insight into how participants would make meaningful choices between services, rather than reduce funding in areas where they believed there would be no consequences for service delivery.

3.9   Participants had discretion to increase or decrease funding to all services in five percent increments from -20% to +10%. At each level of funding, information was provided to inform participants about the consequences of making changes. Initially participants needed to balance the budget over four years before they could submit (around 11% savings were needed), but this was relaxed after six weeks to allow respondents to submit a one-year budget.

3.10   Overall, participants, made reductions in spending to all services and service groupings. However, there was significant variation in the levels of reduction made to different services. Appendix one shows these changes in full.

3.11   Mental health services were reduced by the smallest proportion (-4%), followed by a range of services for older people and those with disabilities (-5%), primary and secondary schools (-5%) and roads, transport and infrastructure (-5%). The largest reductions were seen in libraries, community safety, community learning and development and sport and leisure (-9%).

Budget Group Challenge Sessions

3.12   There were 10 budget group challenge sessions with the public which engaged with 77 participants in total. This activity helped people understand how the Council spends and invests its money while getting feedback from people on how it should be spending and investing in future.

3.13   The format followed the same breakdown of service areas to the Budget Simulator activity noted earlier in the report.

3.14   Each service area had a card which displayed a specifically proportioned amount of squares representing the current spend of that service area. One hundred plastic tokens were divided equally amongst the group participants and each person had to place their tokens on the service areas which they felt were a priority.

3.15   Phase two of the session allowed participants to discuss and change any tokens for any service area. All participants in the group had to agree to these changes before these could be made. Participants were also allowed to obtain additional tokens by accepting the conditions of some options which raised income or reduced costs in some way.

3.16 The majority of groups chose to provide an increase in services areas relating to mental health services; community learning and development; sport and leisure; parks and green space and local environment; and roads, transport and infrastructure. All other services received some level of reduction.

3.17 Of those members of the public who took part in the group sessions, opinions were very positive: 94% said they felt the group activity was a good way of engaging people, 80% said they knew more as a result of taking part, and 41% said taking part in the sessions changed their views. This method has provided a platform for deliberation amongst Edinburgh citizens and stakeholders. This builds on our commitment to meaningfully engage with the public and stakeholders.

Survey and other responses

3.18 Stakeholders were asked for their views on the prospectus outlining proposed changes to Council services and their future shaped and delivery.

3.19 Respondents expressed concern regarding the consequences of further cuts to services for the city as a whole, but especially for vulnerable groups – in particular children and young people, individuals with disabilities, and the elderly. Respondents felt the scale of savings required was surprising, and urged the Council to consider radical innovation before reducing services. There was agreement that a focus on early intervention and preventative methods was reasonable.

3.20 The largest number of responses received regarding the prospectus were in relation to the **Transient Visitor Levy (TVL),** the majority of these being strongly supportive (178 comments in total). There were calls for stricter regulations of Airbnb properties (26 comments) with concerns about the affordability of house buying and rentals as a result of the growing number of properties being let out on a short-term basis. Short-term lets were viewed as damaging to communities as a result of fewer people living in the city centre. It was felt that visitors had a significant impact on the city's resources and therefore it was fair to ask for a contribution. Respondents were not concerned that this would affect tourism and felt that this and **the Workplace Parking Levy** (28 comments in total) were good methods of raising income without impacting core services.

3.21 Consistent with previous years of budget engagement processes, respondents were in favour of increasing **Council Tax** (66 comments). On a smaller scale, there were suggestions that students should also contribute to city services through Council Tax (16 comments).

3.22 **Education** was considered a priority (138 comments) with respondents expressing concern regarding potential cuts to schools and education. A good education system was considered key to resolving many of the other monetary issues the Council face in the long term. The condition of school buildings and the increasing number of pupils with special needs were the main issues highlighted.

3.23 There was significant support for **Edinburgh Leisure** and the sport and exercise facilities that are currently available in the city (107 comments). Respondents did

not want to see these services cut. Those in support of Edinburgh Leisure spoke of the benefits to both their physical and mental wellbeing and the positive impact on other services such as mental health services and the NHS.

3.24 Respondents felt that the Council spent too much money on which some members of the public called 'vanity' projects and tourist attractions, and that the focus should be on getting the basics right for residents (73 comments in total). There were 65 negative comments about the proposed extension of the trams particularly at a time when Council services are facing cuts and some were viewed as performing below standard. Questions were raised about continued support for services such as economic development when set against protecting spend on care for vulnerable and disabled children and adults.

3.25 126 complaints were made regarding the quality of service provided by the Council which mentioned issues in relation to roads and pavements (68), refuse collection and street cleansing (58).

4. Measures of success

4.1 The report on the proposed engagement methods presented to the August Finance and Resources Committee set a target of 1,400 responses using the budget simulation tool and the open feedback forms. This target was based on previous experience of budget engagement process. In total, 1,396 submissions were received by these methods in 2018.

4.2 Including social media responses gives a grand total of 1,597 individual submissions, which is 23% higher than the 1,300 comparable submissions in 2017.

4.3 The proposed engagement report also set a target of 24 groups completing the budget engagement group activity with an estimated total attendance of around 200 individuals. During the 2018 engagement period only 20 groups were completed with approximately 140 participants (77 residents, 60+ Council employees). A further five group sessions are planned with front-line staff in 2019 and this should close the remaining gap.

5. Financial impact

5.1 The Council set a budget of £35,000+VAT for engagement activity. During the 2018 phase of the engagement the Council spent approximately £25,000 – most of these costs are advertising, production of print materials and the budget group activity, some hire of venue costs, and £5,000 for a year-long rental of budget simulator.

5.2 Further costs will be incurred during the January 2019 engagement phase. Total costs will not exceed the budget set.

6. Risk, policy, compliance and governance impact

6.1 A separate integrated impact assessment report on the change and budget proposals has been provided.

7. Equalities impact

7.1 A separate integrated impact assessment report on the change and budget proposals has been provided.

8. Sustainability impact

8.1 A separate integrated impact assessment report on the change and budget proposals has been provided.

9. Consultation and engagement

9.1 As part of its continuous development processes, Strategy and Communications intends to seek external evaluation of its engagement process on this process. Future engagement plans will take account of any feedback received.

10. Background reading/external references

10.1 Report to the Finance and Resources Committee – 10am, Thursday, 16 August 2018 – [Proposed 2018/19 Citizen Engagement](#)

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11. Appendices

Appendix One – Summary of Budget Simulator Choices

Appendix One – Summary of Budget Simulator Choices

| | Average budgets for all participants | Total budget savings made | | | | Proportion of changes made to service | | | | | | |
| | | | | | | Decreases | | | | | Increases | |
		Less than 3.5%	3.5%-9.4%	9.5%-11.9%	12%+	-20%	-15%	-10%	-5%	0%	5%	10%
Nursery schools, nursery classes and early years centres	-7%	-3%	-7%	-12%	-18%	14%	7%	20%	32%	21%	4%	1%
Primary schools	-5%	-1%	-6%	-10%	-19%	12%	3%	17%	24%	37%	7%	0%
Secondary schools	-5%	-1%	-4%	-10%	-17%	11%	3%	16%	24%	39%	5%	1%
Residential care for children, child protection services and additional support for learning	-7%	-3%	-6%	-11%	-18%	13%	6%	16%	34%	26%	4%	1%
Library Services	-9%	-7%	-8%	-12%	-17%	24%	9%	20%	24%	19%	2%	2%
Community Safety and CCTV	-9%	-7%	-6%	-13%	-15%	22%	11%	20%	26%	15%	5%	2%
Sport and leisure	-9%	-6%	-6%	-13%	-15%	23%	11%	17%	24%	20%	3%	3%
Community Learning and Development	-9%	-6%	-8%	-13%	-16%	24%	8%	19%	29%	16%	3%	2%
Residential care for older people	-5%	-2%	-4%	-10%	-16%	13%	3%	15%	23%	40%	6%	0%
Care at home for older people	-5%	-1%	-3%	-10%	-15%	12%	3%	14%	23%	39%	9%	1%
Services for people with disabilities	-5%	-2%	-5%	-10%	-15%	12%	5%	14%	22%	40%	6%	0%
Mental Health Services	-4%	0%	-3%	-8%	-13%	12%	3%	10%	18%	43%	10%	3%
Waste, cleansing and environmental wardens	-6%	-4%	-5%	-9%	-13%	12%	8%	21%	25%	27%	5%	3%
Roads, transport and infrastructure	-5%	-3%	-3%	-8%	-11%	11%	7%	14%	24%	32%	7%	5%
Economic Development	-8%	-6%	-7%	-12%	-13%	24%	8%	14%	26%	22%	3%	4%
Culture	-7%	-5%	-7%	-10%	-15%	19%	5%	9%	41%	21%	4%	2%
Parks, Greenspace and Local Environment	-7%	-5%	-6%	-11%	-12%	15%	10%	20%	20%	28%	4%	3%
Planning, Building & Trading Standards and Environmental Health	-8%	-7%	-7%	-11%	-13%	18%	8%	29%	23%	17%	2%	3%

|	Average budgets for all participants	Total budget savings made				Total budget savings made by each demographic group							
		Less than 3.5%	3.5%-9.4%	9.5%-11.9%	12%+	Council Employee	Male	Female	Under 25	25-44	45-64	65+	Parent / guardian
Nursery schools, nursery classes and early years centres	-7%	-3%	-7%	-12%	-18%	-7%	-8%	-6%	-7%	-7%	-8%	-10%	-6%
Primary schools	-5%	-1%	-6%	-10%	-19%	-8%	-6%	-4%	-4%	-5%	-6%	-8%	-4%
Secondary schools	-5%	-1%	-4%	-10%	-17%	-8%	-6%	-4%	-4%	-6%	-6%	-7%	-4%
Residential care for children, child protection services and additional support for learning	-7%	-3%	-6%	-11%	-18%	-7%	-8%	-5%	-6%	-7%	-6%	-9%	-6%
Library Services	-9%	-7%	-8%	-12%	-17%	-11%	-9%	-8%	-8%	-9%	-9%	-8%	-9%
Community Safety and CCTV	-9%	-7%	-6%	-13%	-15%	-11%	-9%	-8%	-8%	-9%	-9%	-9%	-10%
Sport and leisure	-9%	-6%	-6%	-13%	-15%	-11%	-8%	-9%	-8%	-8%	-9%	-6%	-9%
Community Learning and Development	-9%	-6%	-8%	-13%	-16%	-12%	-9%	-7%	-7%	-8%	-9%	-10%	-9%
Residential care for older people	-5%	-2%	-4%	-10%	-16%	-6%	-6%	-4%	-5%	-6%	-5%	-5%	-6%
Care at home for older people	-5%	-1%	-3%	-10%	-15%	-4%	-5%	-2%	-5%	-4%	-3%	-3%	-4%
Services for people with disabilities	-5%	-2%	-5%	-10%	-15%	-7%	-6%	-3%	-4%	-5%	-5%	-5%	-5%
Mental Health Services	-4%	0%	-3%	-8%	-13%	-5%	-4%	-3%	-3%	-3%	-4%	-3%	-4%
Waste, cleansing and environmental wardens	-6%	-4%	-5%	-9%	-13%	-8%	-6%	-7%	-6%	-6%	-6%	-4%	-7%
Roads, transport and infrastructure	-5%	-3%	-3%	-8%	-11%	-7%	-4%	-5%	-4%	-5%	-5%	-4%	-6%
Economic Development	-8%	-6%	-7%	-12%	-13%	-11%	-8%	-8%	-4%	-9%	-9%	-9%	-11%
Culture	-7%	-5%	-7%	-10%	-15%	-10%	-7%	-6%	-6%	-7%	-8%	-7%	-8%
Parks, Greenspace and Local Environment	-7%	-5%	-6%	-11%	-12%	-8%	-7%	-7%	-9%	-6%	-7%	-6%	-7%
Planning, Building & Trading Standards and Environmental Health	-8%	-7%	-7%	-11%	-13%	-9%	-8%	-9%	-8%	-9%	-9%	-6%	-10%

Appendix One
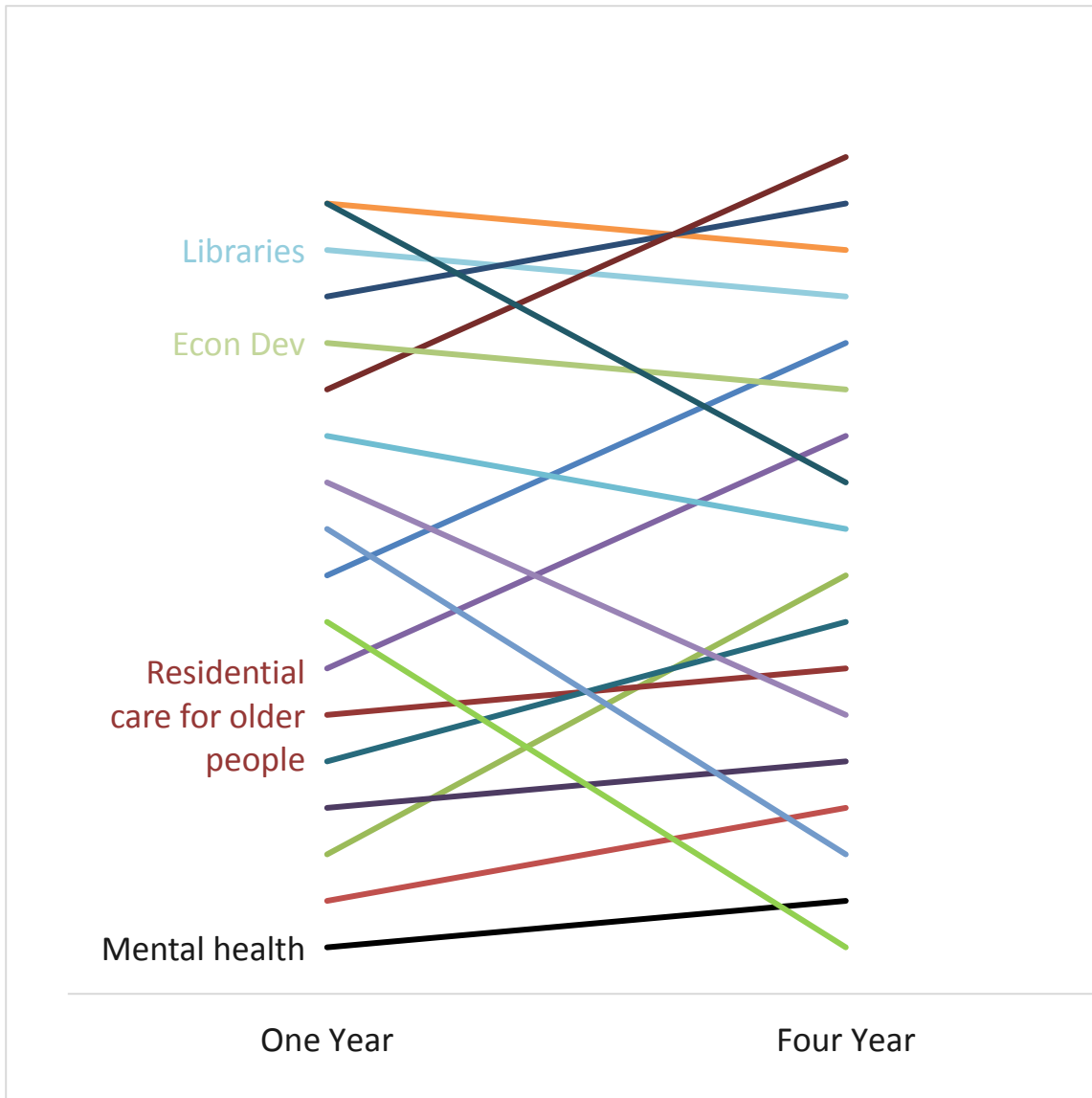
This graph show the public's spending priorities for a one-year solution compared to a longer-term, four year solution.

It is based on where each service area ranked in terms of cuts made by the public during the budget simulator challenge.

The services at the bottom are the areas which the public cut the least. The service areas at the top were cut by a larger amount.

From this we can see that Mental Health was the service least likely to be cut by members of the public looking for a short-term saving. When a longer-term solution is required, this is now second bottom and has been over-taken by Roads as the service least likely to be cut.

At the top end, Community Learning, Sport & Leisure and Library Services are the services most likely to be cut by members of the public. Whilst the former two were more severely cut for the four year budget, Library Services were consistently cut regardless of a long or short term view.

Appendix One
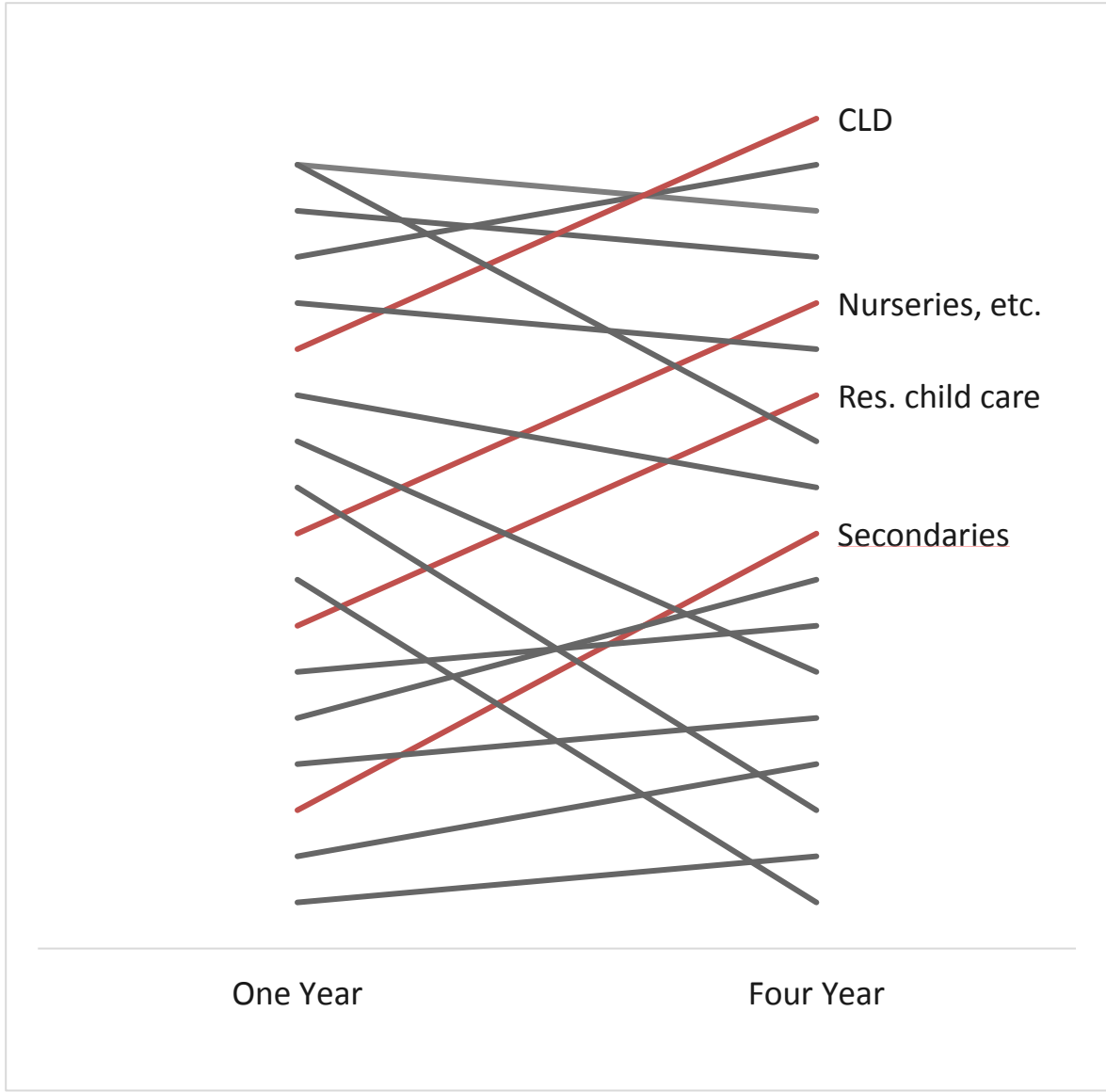
The services highlighted in red show the areas that were cut with increased severity when a longer-term solution was required.

e.g. Secondary school funding was quite well protected in the short term, but cut more heavily for a four-year budget.

CLD

Nurseries, etc.

Res. child care

Secondaries

One Year

Four Year

Appendix One
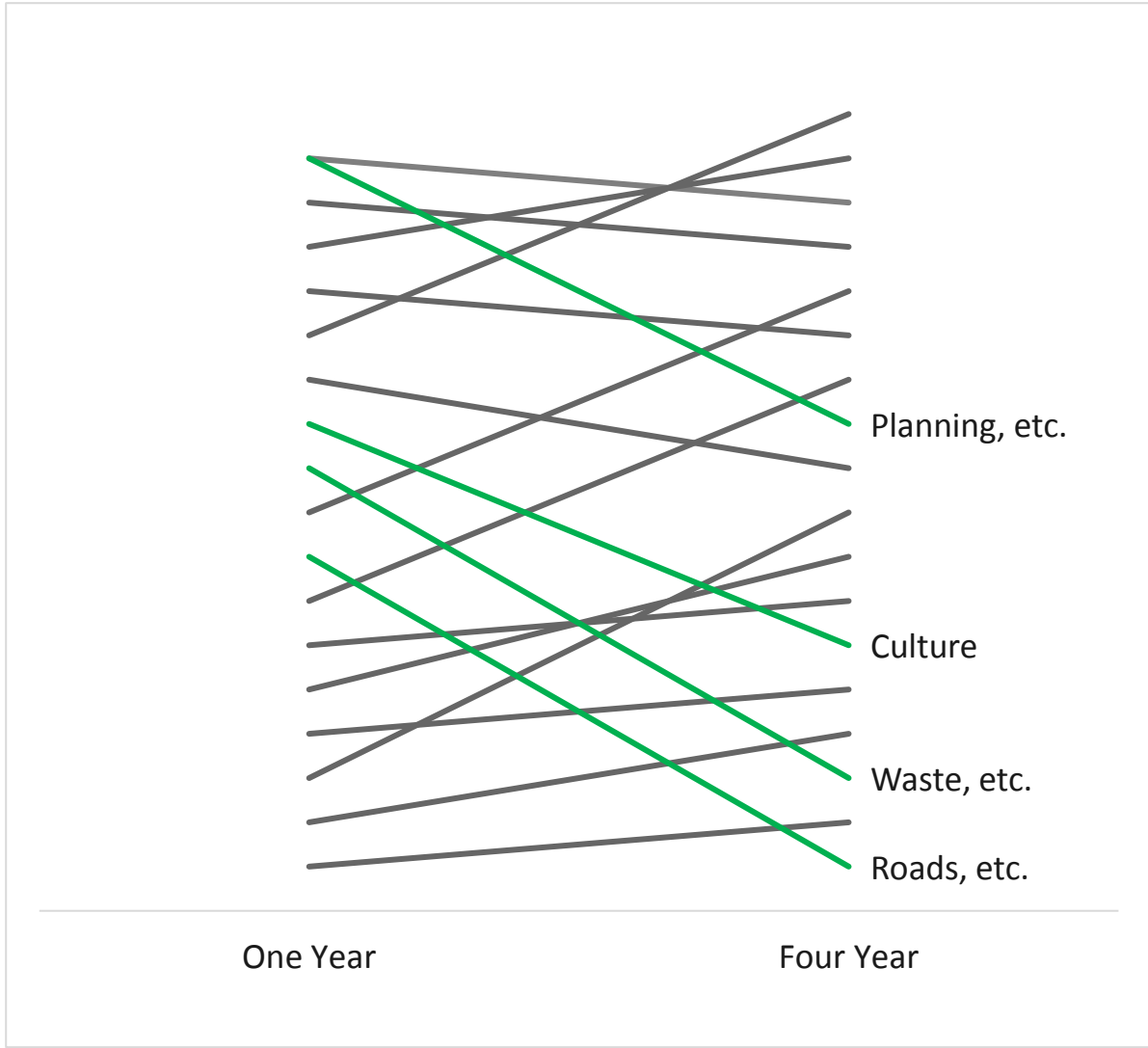
The services highlighted in green show the areas that were cut with decreased severity when a longer-term solution was required.

e.g. Planning was the area cut most heavily in the short term, but was cut much less harshly to balance a four-year budget.

One Year   Four Year

Planning, etc.

Culture

Waste, etc.

Roads, etc.

Appendix One