

Finance and Resources Committee

10am, Friday, 1 February 2019

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

Item number 7.7

Report number

Executive/routine

Wards

Council Commitments

Executive Summary

On 27 September 2018, members of the Finance and Resources Committee considered an update on the key financial assumptions underpinning the Council's revenue budget framework over the next four years. In noting the requirement to identify and deliver estimated recurring savings of at least £28m in 2019/20 and £106m by 2022/23, members approved *Planning for Change and Delivering Services 2019 – 2023* as the basis of public engagement. This period of engagement then ran from 1 October to 7 December 2018, inviting the public to respond to a series of high-level proposals for change.

The financial assumptions underpinning *Planning for Change* have been reviewed and updated following the announcement of the provisional Local Government Finance Settlement for 2019/20. Alongside changes in a number of other expenditure factors, these have increased the incremental savings requirement in 2019/20 to £41.0m.

This report responds to this change in the financial assumptions with a plan for the next year and beyond and should be read alongside the report detailing the results of engagement undertaken to date.

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 note the impact of the provisional 2019/20 Local Government Finance Settlement and changes in other expenditure assumptions on the 2019/23 revenue budget framework;
 - 1.1.2 agree further public and stakeholder engagement on the contents of the Change Strategy which sets out a four-year strategic narrative for the organisation (Appendix 1);
 - 1.1.3 note that proposals were issued for the next phase of public feedback on 18 January to inform Council's budget-setting meeting on 21 February (Appendix 2);
 - 1.1.4 note the draft funding offer for 2019/20 made to the Edinburgh Integration Joint Board (EIJB);
 - 1.1.5 agree to the establishment of a carbon budgeting pilot;
 - 1.1.6 note that any further material changes to grant funding or other assumptions affecting the setting of the 2019/20 revenue budget will be advised to members; and
 - 1.1.7 refer the report to Council as part of the setting of the revenue and capital budgets on 21 February.

2. Background

- 2.1 On 27 September 2018, members of the Finance and Resources Committee considered an update of the key financial assumptions underpinning the Council's revenue budget framework over the next four years, resulting in publication of *Planning for Change and Delivering Services* and ten weeks of public engagement.
- 2.2 *Planning for Change* set out the need to identify and deliver recurring estimated savings of at least £28m in 2019/20, and £106m by 2022/23, to maintain expenditure in line with anticipated income levels. These requirements were, however, subject to confirmation of grant funding allocations by the Scottish

Government which followed in December 2018. The estimated savings requirements reported to the Committee at the time also assumed management of all other residual pressures within Directorates and Council-delivered services falling within the locus of the EIJB.

- 2.3 *Planning for Change* launched the start of the Council's public engagement, as part of a four-year Change Strategy in advance of setting the budget for 2019/20. The engagement document highlighted some initial opportunities for service reform and financial savings. It also signalled an intention for a broader debate with the public on their views to help guide the Council's resource allocation decisions next year and beyond.
- 2.4 Members of the Committee also approved a Green Group addendum requesting that specific proposals for 2019/20 be issued for public feedback in a way, and within a timescale, in which that feedback could influence the final budget decisions. Members additionally agreed that a draft carbon budget would be provided to a future meeting of the Committee and feed into the budget-setting meeting of Council. This report delivers both of these actions.

3. Main report

Change Strategy

- 3.1 Since the publication of *Planning for Change*, elected members and officers have continued to develop the underlying detail of the Council's long-term Change Strategy, centred around three key principles of:
- (i) driving improvements to deliver the high-quality services that citizens both expect and deserve;
 - (ii) targeting investment on prevention and early intervention to reduce long-term reliance on our services and enable citizens to lead active, independent lives; and
 - (iii) delivering growth within the city that is sustainable and inclusive.
- 3.2 The strategy is an evolving document, with the current draft included as Appendix 1. It sets out an ambitious programme of change which has the potential to deliver improved services to citizens. Subject to the Committee's agreement, the content will continue to evolve in light of public and member feedback and will be presented for approval to the budget-setting meeting of the full Council on 21 February.

Financial challenge: what has changed?

- 3.3 The financial context has developed since the assumptions which were reported to the Finance and Resources Committee on 27 September 2018. The Cabinet Secretary for Finance, Economy and Fair Work presented a one-year Draft Scottish Budget for 2019/20 to the Scottish Parliament on 12 December. In contrast to recent years, the announcement included headline detail of the Local Government

Finance Settlement, with provisional authority-specific figures then provided on 17 December.

- 3.4 The draft Settlement was subject to five weeks' consultation, with comments invited on the accuracy of the calculations underpinning the accompanying Finance Circular. The Council has not been informed of any changes resulting from this consultation period and, as such, the allocations provided on 17 December 2018 form the basis of the analysis contained within this report.
- 3.5 The total level of funding provided to local government may, however, change as part of the Draft Bill's Parliamentary consideration, given the likelihood of needing to secure the support of at least one other political party represented within the Scottish Parliament to be passed. In this regard, members' attention is drawn in particular to the Stage 1 Parliamentary debate, scheduled to take place on 31 January, which, based on previous years, is the most likely point at which any additional funding may be introduced. Should the level of grant funding change at this point, a verbal update on the impact on the budget framework will be provided at the Committee's meeting.

Local Government Finance Settlement, 2019/20

- 3.6 The Settlement reflects baselining of the £170m of additional revenue resources initially provided on a one-off basis as part of the revised Local Government Finance Settlement in February 2018. In addition, it includes:
- (i) total additional revenue (£210m) and capital (£25m) investment to support further expansion of early learning and childcare provision;
 - (ii) combined additional revenue funding of £148m to facilitate expansion of Free Personal and Nursing Care for under 65s, continuing implementation of the Carers' Act and increased investment in health and social care integration, allowing on-going payment of the Living Wage Foundation-recommended rate by all adult care providers. A further £12m has been provided for expanded school counselling services. Local authorities are required to pass on to Integration Joint Boards and/or relevant services a net increase in overall recurring funding at least equal to their share of this £160m;
 - (iii) an indicative £3.3m of additional revenue resources for valuation authorities to support implementation of the recommendations of the Barclay Review of Non-Domestic Rates; and
 - (iv) a new £50m Town Centre capital fund to enable local authorities to stimulate and support place-based economic improvements and inclusive growth.
- 3.7 As newly-introduced funding streams, a number of the above sums remain to be distributed amongst Scotland's thirty-two authorities. Allocation decisions will be taken forward by the joint Scottish Government/COSLA Settlement and Distribution Group (SDG) and presented to COSLA Leaders for approval in accordance with established practice.

- 3.8 Receipt of each council's full funding allocation is dependent upon increasing Council Tax levels by no more than 3% in 2019/20 and continuing adherence to national commitments around maintaining current pupil:teacher ratios and guaranteeing a place for every probationary teacher who requires one under the Teacher Induction Scheme.

Scotland-wide and Edinburgh-specific Settlement, 2019/20 – changes in funding allocations

- 3.9 The headline provisional Local Government Finance Settlement reflects a year-on-year increase of £173m (1.7%) in revenue and £208m (23.7%) in capital funding. These sums, however, reflect both funding for a number of new or expanded commitments (with corresponding expenditure obligations) and other presentational changes, the net effect of which requires to be taken into account in discerning the underlying impact on the Council's budget framework. The capital allocation additionally reflects £150m of realigned funding, having previously been subtracted from the 2016/17 Settlement in view of wider Scottish Government priorities at that time.
- 3.10 Once account is taken of the additional priorities noted above, underlying Scotland-wide core revenue funding has decreased by about £230m (2.3%). The specific impact on individual authorities' financial planning will however depend upon the level of funding already assumed to be provided to integration authorities. Edinburgh's level of core grant funding reduction, at 2.4%, is slightly higher than this average, reflecting the net effect of:
- (i) an increase of about £2.8m in its share of the needs-based distribution formulae, primarily those funding allocations calculated with reference to overall population numbers;
 - (ii) receipt of a £1.7m contribution (where none was received previously) under the Scottish Government policy whereby no authority receives less than 85% of the average Scotland-wide per capita level of revenue funding;
 - (iii) offset by a £5.3m reduced contribution from the stability funding floor. Due to a significant reduction in support for historic borrowing costs in recent years, however, the Council will still receive £13.3m of funding through this source in 2019/20.

Implications of the provisional 2019/20 Settlement for Council's budget framework

- 3.11 The provisional settlement as set out above will result in an increase of £8.9m in the Council's incremental savings requirement for 2019/20 relative to previous assumptions. This represents the net effect of a £17.9m like-for-like reduction in grant, less (i) the framework's pre-existing assumption of the provision of £6.0m of additional demographic-related investment for health and social care services (offset against the Council's share of the additional Health and Social care monies included within the Local Government Finance Settlement of £9.0m) and (ii) the

further pre-existing assumption of a 0.4% (£3.0m) reduction in revenue grant in 2019/20.

- 3.12 As noted above, the draft Budget Bill now enters a process of further Parliamentary consideration. This consideration has, in the last two years, resulted in the provision of significant additional resources for Local Government, with £12.4m of further funding provided to the Council in 2018/19. While, due to the tightness of the wider Scottish Government budgetary position following the UK Government's budget announcement last year, there is no similar guarantee for 2019/20, there is nonetheless the potential for new funding to be introduced and members will be kept apprised of any changes.

Local government employees pay award, 2018/19

- 3.13 Members may be aware of the decision reached at a Special COSLA Leaders' Meeting on Friday 14 December to increase by a further 0.5% (to 3.5%) the employer's pay award for most non-teaching staff in 2018/19. At this stage, in the absence of any indication of corresponding external funding, it is proposed that a provision of £1.8m be incorporated within the framework in respect of this additional liability. Assuming settlement at this level, this will also hasten a similar additional commitment in the current year, re-emphasising the need for urgent corrective action, such that a balanced overall position can be achieved by the year-end. For 2019/20, this pressure is mitigated, in part, by £0.3m of reductions in other areas relative to framework inflationary assumptions.
- 3.14 Members will also be aware that, as of the time of writing, the teaching trade unions have intimated rejection of the proposed three-year offer and approved plans to ballot their members on industrial action. As is set out in the Risks and Reserves report elsewhere on today's agenda, it is being assumed that, in light of the tripartite nature of teachers' pay negotiations, any additional funding necessary to achieve settlement will be provided by the Scottish Government. In view of COSLA's professed principle of pay parity, however, there is a risk that any improved offer would result in upward pressure on the award for non-teaching staff for which corresponding funding would likely not be made available by the Scottish Government and instead fall to be met by councils, increasing further the 2019/20 incremental savings requirement.

Demographic provision

- 3.15 As indicated in the budget framework update report considered by the Finance and Resources Committee on 27 September 2018, the level of incremental demographic provision in respect of rising pupil numbers has been reviewed following the publication of updated pupil roll projections in December 2018. Based upon these updated projections and in accordance with the established practice of funding at 70% of current unit costs both to reflect the marginal costs of delivery and incentivise innovative ways of addressing increased demand, a further £0.3m has been included in the framework for 2019/20. No changes to existing levels of provision are proposed for future years, or for other relevant services, at this time.

Teachers' superannuation contributions

- 3.16 Following a review of discount rate assumptions by the UK Treasury in 2018, a 5.2% increase in the employer's superannuation contribution rate for teaching staff (estimated to increase the Council's liability in this area by £7.2m) will be introduced with effect from April 2019. The UK Government has confirmed that around two-thirds of the additional costs may be mitigated by Barnett Consequentials for the devolved Administrations. While the Scottish Government is not bound to allocate these sums in accordance with the changes that triggered them, it has nonetheless given an indication that it will look favourably upon such a case. As the provision of these sums will not be confirmed until after the UK Spring Statement (expected in March 2019), however, receipt of corresponding funding remains a risk at this time.
- 3.17 As the UK Treasury has indicated that the remaining costs would fall to be met by the devolved Administrations, the budget framework now reflects a corresponding pressure of £2.4m, effective from 2019/20. This position would change if the UK Treasury fully funds these contributions.

Rapid access accommodation

- 3.18 At the meeting of Council on 13 December 2018, members agreed in-principle support to match-fund a Scottish Government contribution of £0.156m to provide additional rapid access accommodation to reduce homelessness, and in particular rough-sleeping, within the city for a period of twelve months. While discussions are on-going, there is the potential to recover up to £0.056m of the attendant cost of the Council's contribution through Housing Benefit claims.
- 3.19 Members agreed to consider this proposal as part of 2019/20's budget development process and, as such, a net sum of £0.100m is reflected in the updated savings requirement for 2019/20 noted at 3.24 below.

Management of service pressures

- 3.20 Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership have identified a number of recurring pressures as part of both the current year's revenue monitoring and future service planning. Identification of corresponding actions to manage these pressures on a sustainable basis is vital to the longer-term stability of the budget framework. To this end, a series of roundtable discussions has been held by the Corporate Leadership Team, highlighting, in particular, any instances where these pressures are unlikely to be able to be contained by the Directorates concerned without a consequent detrimental impact on service quality, quantity or material changes in Council policy. This has been highlighted as a risk in previous update reports.
- 3.21 Progress has been made in all of the main Directorates, such that at this stage and taking account of completed or planned actions, residual pressures totalling £8.6m across Communities and Families, Place and Resources are expected to be fully

mitigated. A further progress update will be provided at the Committee's next meeting on 7 March on any additional required preparatory actions in respect of those savings approved as part of the budget motion.

Edinburgh Integration Joint Board (EIJB)

- 3.22 The Chief Officer of the Edinburgh Health and Social Care Partnership (EHSCP) has identified net residual pressures in 2019/20, after the assumed pass-on of the additional health and social care monies provided in the Local Government Finance Settlement, of £16.4m. The Council's budget framework assumes that the Chief Officer will develop savings proposals, or identify planned areas of saving, to mitigate these pressures in full and present these to the EIJB on 8 February for approval.
- 3.23 The proposed offer to the EIJB for 2019/20 reflects a further saving of £3m (thus requiring total savings of £19.4m to be identified), resulting in an overall year-on-year increase in funding of £6.9m (3.5%) at this stage. While this is a savings target applied before the Council has passed on the full allocation of funding contained within the Local Government Settlement to the EIJB, there is still a risk that this is viewed as a breach of the conditions for receipt of the full level of funding set out within it. If this position is adopted as the Council's final budget in February, it therefore carries a risk of financial sanctions.

Updated revenue position, 2019/20

- 3.24 Taking into account the above changes, the revised savings requirement for 2019/20 has increased by £13.2m to £41.0m as indicated below. The majority of this movement relates to factors outside the Council's control, reinforcing both the dynamic nature of the wider local government environment and need for regular review of all income and expenditure assumptions.

	£m
Incremental savings requirement per report to Finance and Resources Committee on 27 September 2018	27.8
Provisional impact of Scottish Government Draft Budget, based on underlying change in funding once account taken of (i) monies provided in respect of new or expanded commitments and (ii) existing H&SC demographic provision	8.9
Recurring implications of improved 3.5% pay offer for non-teaching staff in 2018/19 net of minor changes in other inflationary assumptions	1.5
Additional demographic provision – Communities and Families (based on updated pupil projections)	0.3
Teachers' superannuation contributions	2.4
Rapid access accommodation	0.1
Revised savings requirement	41.0

Capital funding settlement

- 3.25 Details of the provisional capital funding settlement are included in a separate report elsewhere on today's agenda. Committee members should, however, note that a key dependency for delivery of the Wave Four schools programme is achievement of a balanced overall revenue budget framework position across the four-year period as a whole to provide assurance as to the longer-term annual affordability of the related required borrowing. Release of the existing loans charge provision for the programme included within the revenue framework is also contingent upon confirmation of funding levels from the Scottish Government. Given that the savings identified thus far address only the first year's incremental requirement, no corresponding projects or associated funding have been included within the Capital Investment Programme at this time.

Budget savings proposals: 2019/2020

- 3.26 In response to this revised budget position, savings proposals totalling £41.0m are included as Appendix 2. These proposals have been developed in a process of co-production between the Corporate Leadership Team and members of the Administration over a number of months. They have been informed by both the underlying principles and themes of the Change Strategy and engagement feedback received and include proposals for improved joint working, service redesign, more effective investment in preventative services, income maximisation and service prioritisation. In view of the scale of the savings requirement, however, it is estimated that there may be a reduction in current post numbers of up to 300FTE in 2019/20, although this will be managed within a framework of workforce controls, including current vacancies, and mitigated by demographic-related growth in relevant services and wider early years and childcare expansion.
- 3.27 The Council is asking the public for their views on whether these are the correct savings proposals to progress next year and beyond, given the requirement to deliver significant savings to balance the budget. This will impact the final list of proposals taken to Full Council on 21 February. At this point, the Council will also have received confirmation of the final budget settlement from the Scottish Government which may influence final savings and investment choices. Given the stated tightness of the overall Scottish Budget position, however, it is likely that the majority of the savings proposals set out (or alternatives of an equivalent value) will require to be implemented.

Budget savings proposals: future years

- 3.28 Given the one-year nature of the Local Government Finance Settlement, the implications for future years' savings requirements remain less clear. If a similar level of core grant funding settlement were received in the following three years, the previous estimated four-year gap of £106m would increase not only by the £13.2m for 2019/20 above but by a further £26.7m, together amounting to a revised savings requirement of almost £150m. This re-emphasises the need for the 2019/20 budget

to be the first step of systematic service redesign and re-prioritisation of everything the Council does, and how it does it, if longer-term sustainability is to be secured. This requirement for further difficult spending decisions means that the next phase of planning will commence immediately following the budget-setting meeting on 21 February, whilst also focussing on the delivery of approved savings plans.

- 3.29 The financial reality of the cumulative effect of increasing demand and reducing resource availability will require difficult decisions by councils across Scotland, with an increased focus on prioritisation, prevention and radical reconsideration of service delivery required to secure financial sustainability. This will inevitably lead to a cut in some services currently provided by the Council and the total number of posts within the Council. As highlighted in recent Accounts Commission reports, the 2019/20-specific proposals should therefore be seen as providing the necessary financial breathing space to form the foundation of more fundamental longer-term change in the role and organisation of local government services.

Integrated Impact Assessments (IIAs)

- 3.30 Officers have conducted an initial high-level assessment of all the proposals planned for implementation in 2019/20. The intention is to identify those with potentially-material impacts on individuals or groups with protected characteristics, vulnerable to falling into poverty or belonging to particular communities of place or interest. On this basis, a number of proposals have been identified where completion of detailed IIAs will be required, with relevant preparatory work underway.
- 3.31 Due to an increase in the number and scale of proposals needed to address the revised savings requirement set out at 3.24, the results of these impact assessments will now accompany the reports referred to the Council's budget-setting meeting on 21 February. This revised timescale will also allow for impact assessments to take account of citizens' views on the budget proposals following their publication.

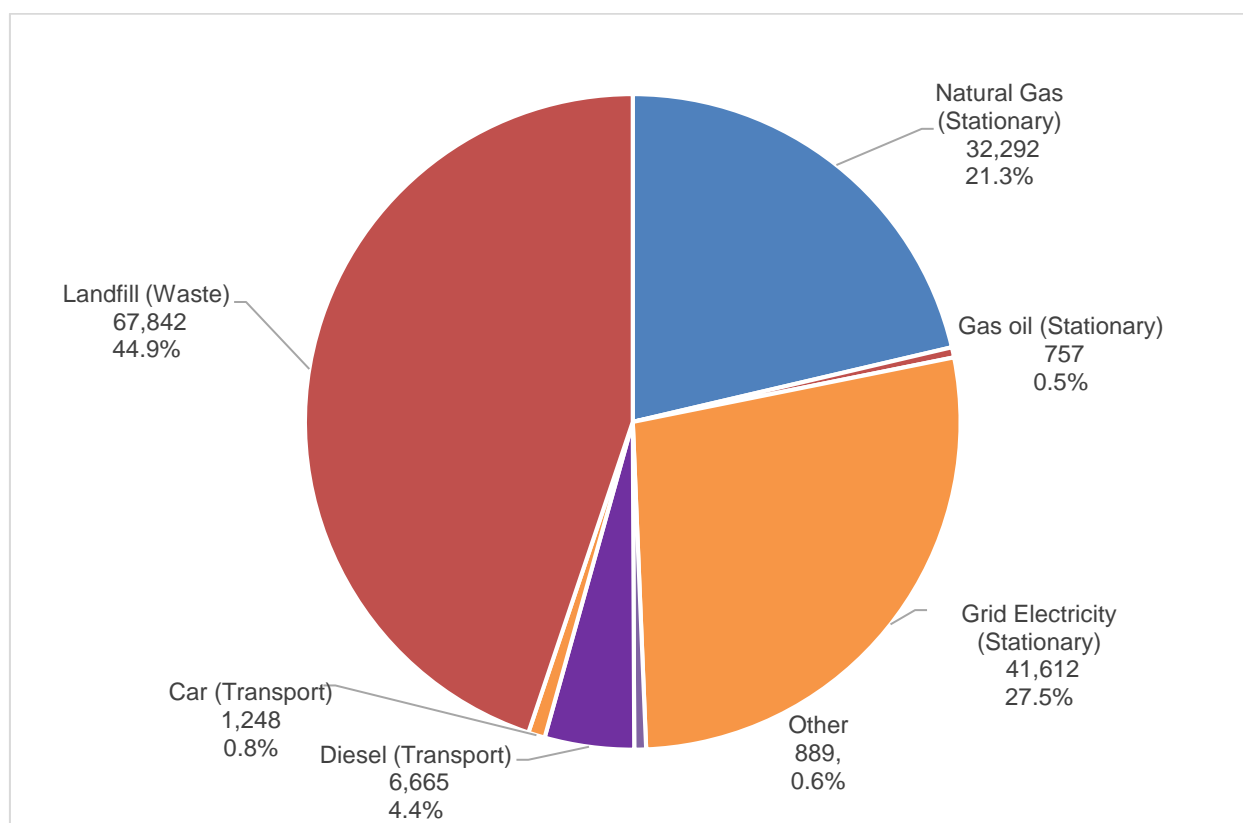
Carbon budgeting

- 3.32 At the Finance and Resources Committee's meeting on 27 September 2018, members agreed that a draft carbon budget would be brought back to a future meeting.
- 3.33 Following the example of other councils who are considering carbon budgeting, it is proposed this is undertaken on a pilot basis initially, focusing on the areas where data is most readily available. The feasibility of this approach going forward will be considered as part of the wider decisions being taken as part of the Council-wide audit of sustainability.
- 3.34 The Council has a legislative duty to submit an annual report on what it is doing to meet its statutory Public Bodies Climate Change Duties under the Climate Change

(Scotland) Act 2009. Carbon budgeting could be used as a mechanism for improving reporting under this duty.

- 3.35 The overall reduction in carbon emissions since 2005/06 is 22%. In order to achieve the 42% target¹ by 2020/21, total emissions reduction of 7% of tCO₂ are required, on average, each year for the next three years.
- 3.36 Stationary emissions, as outlined in the chart below, make up 49.3% of the Council's carbon emissions footprint. Emissions from landfill waste make up 44.9%, followed by 5% from transport and less than 1% for others, including water.

Composition of Council's carbon-related emissions, 2017/18 – total 151,305 carbon dioxide equivalent tonnes



- 3.37 It is proposed that a pilot carbon budget approach be trialled with energy-related emissions from the Council's school estate, streetlighting, traffic signals and waste. These assets and activities account for almost 70% of its total emissions and provide a clearly-defined group to which to apply targets. To begin this process, mapping of current and projected energy and carbon reductions in these areas for the next three years for projects being taken followed within the Council is included

¹ The target of 42% reduction in carbon emissions is in line with the 2020 target in the Climate Change (Scotland) Act 2009 and is the target the Council reports against in its annual Public Bodies Climate Change duties reports.

in Appendix 3; specific targets for waste are being developed, taking account as appropriate of anticipated changes in waste processing and recycling services. It should be noted that these are initial provisional estimates only and will require further work to test and refine going forward as, for example, actual energy performance of estates refurbishment and/or new-build become available. This will inform the development of further actions to reduce the Council's carbon footprint.

- 3.38 Detailed arrangements to take forward this initiative, including associated governance and development of underlying actions to achieve the 2020/21 target of a 42% reduction in emissions, will be considered as part of the wider decisions being taken as part of the Council-wide audit of sustainability.

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 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.
- 5.2 In 2016/17, following the introduction of enhanced senior officer and elected member scrutiny at the inception, development and implementation stages, some 88% of savings by value were subsequently delivered during the year. In 2017/18, however, this level of delivery reduced to 80%, with a further decrease to around 70% anticipated in the current year. In view of these reductions and the increasingly-challenging nature of savings delivery, particularly those approved measures concerned with more effective demand management, at the meeting of Council on 25 October 2018, members approved the use of up to £1m of previously-uncommitted monies to facilitate the engagement of dedicated fixed-term project managers to develop individual proposals comprising the broader Change Strategy.

- 5.3 The Council is required by legislation to set Council Tax rates for the following financial year by 11 March. Implicit within this requirement is agreement of specific expenditure and savings plans, such that combined grant funding, Council Tax and fees and charges income meet expected expenditure obligations. After successive years' expenditure reductions, this is likely to require approval of most, if not all, of the savings set out within this report, with increasingly-difficult decisions on service prioritisation and greater efficiencies required in subsequent years.

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. This report is included elsewhere on today's agenda and sets out a number of risks including future funding and pay award levels and, in particular, effectiveness in the delivery of approved savings and management of service pressures.
- 6.2 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. As noted above, however, due to a decrease since 2016/17 in the proportion of approved savings subsequently delivered, these controls will be strengthened through the provision of dedicated project management support of key change initiatives, with opportunities to enhance further senior officer and elected member scrutiny also examined.
- 6.3 Ongoing communications by the Council's statutory section 95 Chief Financial Officer, the Head of Finance, have reinforced the respective accountabilities and responsibilities of Executive Directors, the Chief Officer of the EIJB and Heads of Service to maintain expenditure within approved budgets, in accordance with the Financial Regulations. Executive Directors and the Chief Officer of the EIJB also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council.

7. Equalities impact

- 7.1 All budget proposals are subject to an initial relevance and proportionality assessment and, where appropriate, a formal Integrated Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed. Feedback received as part of 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.

- 7.2 A summary of the potential implications and identified mitigating actions for the proposals comprising the Change Strategy will be reported to the Council budget-setting meeting on 21 February to ensure members pay due regard to relevant considerations.

8. Sustainability impact

- 8.1 The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.
- 8.2 This report additionally sets out proposals for the introduction of a carbon budgeting pilot across key areas of Council activity.

9. Consultation and engagement

- 9.1 An overview of feedback received over the three-month engagement period for *Planning for Change and Delivering Services* is provided in a separate item elsewhere on today's agenda.
- 9.2 Feedback on the specific proposals set out in Appendix 2 has also been sought through the Council's consultation hub. A summary of this feedback will be included in a briefing to all elected members and published on the Council's website on 15 February to allow this feedback to be taken into account in setting the 2019/20 revenue budget.

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
- 10.3 [Council Change Strategy: Planning for Change and Delivering Services 2019-2023](#), Finance and Resources Committee, 27 September 2018
- 10.4 [Scottish Government Funding Offer for Rapid Access Accommodation](#), City of Edinburgh Council, 13 December 2018

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11. Appendices

Appendix 1: Change Strategy

Appendix 2: Summary of specific proposals for public engagement, 2019/20

Appendix 3: Carbon budgeting – provisional targets, 2018/19 to 2020/21

Change strategy

2019 – 2023

Appendix 1



Telephone 242 8181
Reference 18-4411



1. Introduction

In Autumn 2017, we launched a new Programme for the Capital setting out 52 commitments this Administration will deliver to ensure everyone in Edinburgh is able to benefit from the city's success. Over the last 18 months the Council and the city have made significant strides towards delivering these commitments. Despite this progress, however, much remains to be done if we are to respond to both the changing needs of the city and the increasing financial challenges we face.

The final budget settlement we will receive for 2019-20 is yet to be determined by Parliament. We already have a good indication that we will need to save up to £41 million next year and around £147 million over the next four years. These are higher figures than we originally anticipated and higher than those included in our Change Strategy consultation document, Planning for Change and Delivering Services, which we issued in October 2018.

Within this context it is important that over the next four years we, and the city, are clear and focused on delivering the priorities that are key to helping us meet our objectives. We need to:

- reinforce and restate the Council's continued focus on delivering all 52 of the commitments set out in the Programme for the Capital by 2022
- describe the steps we are taking to deliver a blueprint for how the Council needs to change over the coming years in response to the evolving needs of our city
- set out the key priorities the Council will focus on delivering during 2019/20 and beyond.

To do this we have been developing a long-term strategy focused on three key objectives for the next four years. This plan will focus on ensuring that:

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

The steps we will take over the next four years represent an ambitious and necessary programme of work to make a real difference to the lives of people across Edinburgh. They speak not only to the challenges we face now, but also to our vision of the Edinburgh we want to see. Our aim throughout this is to ensure that Edinburgh remains a successful, welcoming and caring city in which every resident and every community can enjoy the great quality of life they expect from Scotland's capital.

2. The need for change

In 2021 it is forecast that the number of people aged 65 and over will overtake the number of people aged under 18. By 2023 there will be 4,000 more children in our schools than there were in 2018 and our total population will have increased by 23,000 people.

We need to be prepared to support more children in our schools¹ while at the same time look after an ageing population who will need support from the Council and NHS alike. We need to make sure that the city continues to be open, progressive and forward-thinking so that everyone can share in the benefits. To do this we need to be a modern organisation 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.

Why do we need to make budget savings over the next four years?

We have already saved over £240 million since 2012, but there are further demands, rising public expectations and rising pressures on our budget. In 2018/19 our revenue budget was almost £1 billion. This included spending of over £430 million on education and children's social services, £196 million on adult social care, older people's and disability services in partnership with NHS Lothian, through our role in the Edinburgh Integration Joint Board, £50 million on environmental and waste services and £35 million on culture, sports and lifelong learning.

In 2019/20 our revenue budget will increase slightly, reflecting significant funding for additional or expanded national commitments, including doubling the hours of early learning and childcare for eligible two, three and four-year-olds. However, overall resources for core services will reduce by about £18 million (2.4%).

The rising costs, inflationary pressures, increased demand for services due to a rising and changing demography and a projected reduction in grant funding mean that we need to save at least £147 million (15.2%) over the next four years, with a £41 million (4.2%) saving needed in 2019/20.

Meeting this challenge will require us to make hard choices. Rather than making small reductions each year across all our services, that impact the quality and performance of our delivery, we need to set out clear priorities and focus our resources on achieving them. By producing a clear, focused and longer-term plan for 2019/20 to 2022/23 we will continue to deliver our priority services, particularly those for the most vulnerable in society and achieve a sustainable and balanced budget position for taxpayers.

As a result, we will make the difficult decisions necessary to deliver the savings needed to protect spending in priority services and achieve a legally balanced

budget. Some of this will be achieved by changing how we deliver our services to make them more efficient and effective. In other cases, we will move to more targeted support to protect services for our most vulnerable citizens. These decisions are not made lightly and we are committed to ensure we understand the full implications of these decisions before they are implemented. You can read more about these changes in the draft 2019/20 Council budget reports which will be considered by the Finance and Resources Committee on 1 February, and by the Full Council on 21 February.

3. Priorities for change

The Council is changing

During 2019 we will begin to implement our Change Strategy as the first step towards creating the type of organisation we need to be in future. This strategy will be built around three key objectives we need to focus on over the next four years and will be designed to ensure that:

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

2019/20 will see the delivery of many projects that are critical to ensuring we meet our goals for the city and its residents. This section lays out the changes that we will deliver during the next 12 months. Above everything else, we are ambitious for Edinburgh and committed to making the important changes we need to improve and protect the city we live in.

4. Prevention and early intervention

We want to support people to live healthier, longer, more independent lives and ensure that help is centred around the needs of the individual at the earliest possible stage. 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 and help others before the point of crisis.

In 2018/19 we have already spent:

- £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 dealing with drug and alcohol addiction.

Over the next four years we will:

- deliver a new approach to the Health and Social Care Partnership
- take a new action to further prevent homelessness in Edinburgh
- support people to live active, healthy lives in Edinburgh
- adapt new approaches to develop a more empowered education system
- make Edinburgh more child friendly
- ensure delivery of a new Edinburgh Poverty Commission.

A new approach to the 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 a wide range of health and social care services. The Integration Joint Board (IJB) controls the overall budget for community health and social care and makes decisions on planning, resourcing and delivery by the EHSCP. Integration offers exciting opportunities to reshape, rebalance and improve the whole health and care system within Scotland, creating

sustainable and high-quality services which are fit for the future.

The EHSCP is developing an ambitious programme of change and transformation, with a focus on well-being and preventative approaches which keep people independent for as long as possible within their own homes. We are committed to more active participation of communities and our third and independent sector partners in the redesign and development of support and services, with a renewed emphasis on improving outcomes and experience for the people of Edinburgh.

Homelessness

With a strong Council-wide focus on prevention and early intervention the number of people experiencing homelessness that we are supporting has fallen from 6,000 to 3,000 over the last ten years. Despite this success, the pressure on our temporary accommodation services has never been greater. This is due to an acute shortage of affordable housing in the city and challenging private rental sector conditions.

To understand and tackle the causes of homelessness in Edinburgh we set up the Homelessness Task Force in 2017. This work has now concluded and in addition to ongoing service delivery improvements, a series of recommendations were approved in June 2018. This included the action to introduce new facilities for 500 temporary accommodation bed spaces, delivery of Housing First support services for those with multiple and complex needs, new staff training and additional support for temporary accommodation service users and private sector tenants.

These and many other activities will continue to support the delivery of homelessness services ensuring anyone at risk of homelessness is supported from the point of contact into secure and sustainable housing.

Culture and leisure services

Edinburgh residents enjoy a fantastic quality of life. This is reflected in residents' satisfaction with their city being extremely high. We can further increase the opportunities and improve the circumstances for all our citizens and reduce inequalities in the manner that we provide and deliver culture and leisure services in Edinburgh.

Focusing on prevention, early intervention and tackling inequalities is already central to the approach taken to the delivery of leisure services in Edinburgh. Supporting more people to be active and to lead active, healthy lives not only benefits their individual well-being and quality of life but also reduces the financial burden on the Council, health and social care services and the NHS in both the short and long term. We will apply this approach on both a city-wide basis or targeted in local communities where most appropriate to empower people to lead healthier lifestyles, remove barriers that prevent people from being active, use physical activity to tackle inequalities, and create opportunities for people to connect socially and reduce isolation.

Edinburgh Learns

As a city we are both ambitious and inclusive: we want all our 48,000 children and young people to reach their full potential. Edinburgh Learns is our strategy for raising attainment in schools, setting out what, why and how we will do this. Approved by Elected Members in December 2018, it covers every aspect of educational experience including teaching and learning, health and well-being and parental engagement. Each theme is based on research and has actions and targets for success. This co-produced guidance fully endorses contemporary thinking on empowerment and stakeholder engagement and will ensure that all of today's young learners are equipped and enabled to be tomorrow's future citizens.

Child-friendly city

We will implement a child-friendly city approach which aims to increase participation and engagement of children and young people, celebrate their success and to use restorative practice to build relationships, reduce conflict and repair harm where it has occurred. There have been many events throughout 2018 to celebrate the Year of Young People, including a range of measures to extend participation and engagement of children and young people with decision makers in the Council and the Children's Partnership.

This included the Looked after Children's Champions Board which involves Looked After Children in the development of our corporate

parenting approach and the What Kind of Edinburgh Initiative which has engaged with a wide range of children and young people to hear their views on developing the strategic priorities contained within the Children's Services Plan.

Edinburgh Poverty Commission

Despite our successful economy and high living standards, Edinburgh remains a city blighted by unacceptably high levels of poverty and inequality. More than one in five of all children in Edinburgh grow up in poverty with this rate rising to more than one in three in some parts of the city. These are rates of poverty as high as any other city in Scotland with, in many cases, the poorest families in Scotland living in areas just a street away from some of the most affluent.

Addressing poverty and its effects is a critical part of our shift to a new, more preventative way of working. Towards this, Edinburgh Poverty Commission was launched in late 2018 and will work throughout 2019 to understand the forces which result in one in five of all children in Edinburgh growing up in poverty and to define the actions the city needs to take to reduce and prevent poverty. In doing so the Commission will listen and learn from citizens across Edinburgh who are struggling to get by, build on the approaches we know work well and challenge the city (including ourselves, partner agencies, third sector providers, businesses and communities) to do better.

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

Re-designing our services and rationalising our estate

Almost everyone needs to interact with the Council through one of the services we provide. Traditionally, this would have been by visiting one of the 760 buildings we own but technology is reducing this need. In some areas, services are being delivered from too many separate buildings which are expensive to maintain and run. We will re-design the way that services are provided and in doing so, make choices about which buildings we continue to use and what we build in the future. For example, we operate the Dumbrae Hub where several services are co-located and delivered.

Most importantly, we will engage directly with the community to ensure citizens and service users are involved from the start of the process and the results reflect their needs.

There are many catalysts for why this change is needed now:

- Our high school replacement programme presents the opportunity for schools to become community hubs. We will work with the community to

decide which services should be provided from each hub.

- The Early Years expansion programme, which will deliver 1,140 hours of early learning and childcare for eligible children under school age by 2020. Work is already well underway and we need to do more to ensure that new nursery provision is more accessible to the community.
- The growing city means we will need new community services, including schools and doctor's surgeries, in new areas of the city, with as many as five new primary schools to support new housing by 2022.

We also need to ensure these buildings fit for purpose. Our Asset Management Strategy will ensure all our buildings are safe and effectively used at an acceptable and efficient cost. In addition, our facilities management services are being modernised with the final element, the cleaning service due to be completed in 2019.

We also manage a property investment portfolio with than 1,500 leases which contribute over £15m in

income directly to our budget every year. Adopting a commercial approach, the portfolio is robustly managed to maximise the income achieved, by ensuring:

- that all assets are rented to their full market potential
- that all rent reviews and lease renewals are commercially negotiated
- that void rates are kept to a minimum
- that costs of repairs, maintenance and insurance are passed onto third parties
- that new opportunities are instigated such as the recent construction of 16 new industrial units in South Gyle.

Income maximisation and becoming a more commercial Council

We generate income from a range of services and assets to ensure that we can supplement our core budget. We have already achieved £150 million in savings through our Commercial Excellence Procurement Programme. Recognising the scale of financial challenge facing the authority however, the opportunity to generate new and additional income streams, along with maximising value and achieving full cost recovery for discretionary activities will be

¹ *Scottish Average 2016 – 36.4, Edinburgh 2016 - 34.6

<https://statistics.gov.scot/slice?dataset=http%3A%2F%2Fstatistics.gov.scot%2Fdata%2Froad-network-traffic&http%3A%2F%2Fstatistics.gov.scot%2Fdef%2Fdimension%2Findicator%28roadNetwo>

increasingly important. We will therefore undertake a full review of all existing revenue streams, consider options for additional income generation and will further assess the value delivered by and opportunities for greater cost reduction through intelligent use of our buying powers and procurement activities.

Roads

We look after 1,511km (939 miles) of roads. The volume of traffic has increased in recent years, increasing pressure on the condition of our roads. Whilst Edinburgh's Road Condition Index (RCI) demonstrates that the standard of our roads is better than the Scottish average*¹, they are still in need of improvement. To deal with this pressure and improve our roads, the service has developed a Roads Improvement Plan, which is implementing changes to address issues affecting 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 our commitment to improving cycling facilities and promoting active travel, we have allocated 10% of our transport budget for 2018/19 to making cycling in our city easier and safer.

rkTraffic%29=http%3A%2F%2Fstatistics.gov.scot%2Fdef%2Fconcept%2Findicator-road-network-traffic%2Fthe-percentage-of-roads-needing-repairs-red-and-amber-classification-in-scotland

Waste and cleansing

Between 2014 and 2017 residents' satisfaction with waste services and bin collections was amongst the lowest in Scotland. Over the same period, complaints about missed bin collections have fallen from 47,700 to 38,000 per year. Since then we have made a lot of longer term changes to our routes, depots and the introduction of new technology. 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. There are also short-term challenges which we are committed to addressing to ensure that our waste and cleansing service is fit for purpose. As part of developing a sustainable overall financial position we also need to make further savings and over the next year, we will look into joint procurement waste contracts with our local authority neighbours.

Improving processes

Technology alone will not be sufficient to deliver the changes we need to make. Like all large public-sector organisations, we need to challenge ourselves to be as efficient and effective as possible and to make sure the processes and procedures we follow are fit for purpose in the environment in which we currently operate.

Our teams have been challenged to deliver greater levels of operational efficiency in the way that they deliver their services. These will be taken forward through a number of routes

including new workforce controls (on agency expenditure, overtime and vacancy management), the application of 'lean systems' thinking to Council processes, process automation and reviewing our contracts and grants with other organisations and our supply chain management. Using these approaches, teams have been set an ambitious target to build on the £240 million of recurring savings already made since 2012 and deliver a further saving of up to 1.55% each year for the next four years.

Maximising new technology

Delivering these changes requires us to make use of all new technology available to us. In particular, we will continue to grow our use of Intelligent Automation, make use of new SMART technology and find new ways to manage our data.

Intelligent automation (IA)

We want to do more to ensure we are more customer focused and support citizens to access the services they rely on. The new Intelligent Automation (IA) team delivered the first major milestone in June 2018: a live automation of landlord registration applications. IA uses automation software to process repetitive, rules-based administrative tasks that means instead of manually inputting data, colleagues can focus on helping customers with complex issues, or on those in need of additional support. From planning applications to contact with schools, we will exploit the best available technologies to deliver new approaches which meet the best standards of customer design and

simplicity. The overall results of this programme will mean better quality, easier to navigate services at a reduced cost.

Smart technology

Smart Technology means we can turn our assets into internet enabled devices offering enormous potential to change the way the city operates and develops. From street lights and traffic flows, to air pollution and the use of our buildings, smart technology provides a way to improve our understanding of how the city works and to build new automated ways to address issues as they arise.

The approval of the Edinburgh and South-East Scotland City Region Deal provides a significant first step towards this vision for the future of the city, with its £1.3 billion programme including a commitment to an ambitious data driven innovation project aiming to build Edinburgh into the data capital of Europe.

Alongside this investment, this Change Strategy will develop our approach to creating a city operations centre for the Council, bringing together multiple data sources from a range of public sector partners one place to manage the city more effectively. At present, opportunities to integrate information across partners are limited. This new project will offer a significant opportunity to vastly increase the quality of our insight into how the city

operates and make our systems and services more efficient and effective as a result.

Managing our data

To deliver services we need to safely manage huge sums of data about our people and the city. All Councils are generating an ever-increasing volume and complexity of data in response to new technologies. This means that we need to be prepared to both manage the data and use it better to help us deliver services.

As a first step we are investing in Business Intelligence technology so that we can centralise, integrate and analyse our data better. The new technology will allow us to identify patterns, trends and behaviours so that services can better address emerging issues, identify the root cause of issues and opportunities to improve service delivery. The solution will have built-in functions to ensure that our data is secure and compliant with legislation and our policies (e.g. GDPR).

6. Sustainable and inclusive growth

Our population is growing and changing and we are ambitious for how the city needs to develop its 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 deliver:

- 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
- new investment in sustainable communities in the Granton and Waterfront area
- a new plan for the transformation of the City Centre
- a new City Mobility Plan to make sure Edinburgh's transport networks support a more inclusive city for people of all ages
- a new City Plan, representing a significant new step in guiding the development of land for housing, employment, transport and other uses in the city over the next ten years.

Taken together, these actions represent an opportunity to significantly change the face of our city. They represent an opportunity to create new communities along the waterfront at Granton which could, pending approval, be connected to the city centre by the tram network. 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. Achieving city wide transformation means delivering three key things: a new Local Development Plan; a new transport plan; and a low emission zone. At the same time, the West of Edinburgh represents further huge opportunities to work with our partners, such as the airport, to create new thriving communities.

The proposals we are developing 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.

With this change come huge challenges but the impact of a buoyant economy means that the city needs to grow to meet the demands of a changing population. This is of course not just about physical development, we want to deliver mixed sustainable communities which work for everyone. This means that alongside delivering housing, we need to work with communities about the infrastructure they will require that is specific to their area.

7. How will we deliver this change?

We exist to ensure we're anticipating and responding to the needs of our citizens and city. These are changing and evolving which means, now more than ever, we cannot afford to stand still – we need to be able to respond and adapt to the changing landscape around us. This requires all colleagues to be committed to shaping the organisation and culture we need to deliver on our ambitions.

Our People Strategy, approved in March 2017, sets out a three-year plan to build an agile and flexible workforce by developing skills and to create a great environment for our staff. The initial focus was on delivering the previous transformation programme without the need for any compulsory redundancies, developing our new approach to performance management, delivering essential learning and development, securing Occupational Health and Employee Assistance provision and developing a new induction approach.

In response to our short and medium-term challenges and opportunities, our focus will be on embedding the work we have done to date and delivering the following:

- Pay, reward and terms and conditions: the practices and approaches we have in place were implemented in 2010 and since then there have been no major steps taken to further modernise what we do. This has resulted in our organisation falling behind in introducing more progressive and modern practices and what we have in place is not sustainable. We will review our current practices and develop solutions which reflect where we should aspire to be as an organisation, whilst continuing to commit to paying the Scottish Local Government Living Wage.
- Managing change: in response to feedback from colleagues we will redesign how we manage and lead change within our organisation. We aspire to work harder at being clear with colleagues on the reasons for change and focusing on colleague involvement before formal consultation takes place.
- Colleague communication and engagement: we recognise that our current channels of communication and engagement don't always hit the mark and for some colleagues aren't accessible at all. We commit to working to getting all colleague access and to creating channels which enable two-way timely engagement for all our colleagues and look for ways to strengthen the ability for all colleagues to be heard.
- Employee Health and Wellbeing: there has already been an initial shift toward preventative action supported by a new policy and guidance. The mental, emotional, physical and financial wellbeing of our colleagues is an area where we want to make more positive impact. This includes supporting colleagues in times of organisational change and supporting their personal resilience and wellbeing.

- Organisation and individual performance: we will move to a way of tracking and measuring our organisational performance through a balanced scorecard looking at financial, service, people and risk metrics. We will continue to embed our approach to managing individual performance to make all our colleagues have clear performance goals which are aligned to achieving an improved organisational performance.
- Diversity and Inclusion: we are clear as an organisation that we expect a culture of respect, dignity and inclusion and expect colleagues to recognise and consider the impact their behaviours may have on others – consciously or unconsciously, how we might judge or treat others. Rightly, we will increase our focus on embedding this culture.
- Development for our leaders and aspiring leaders: we have been redesigning our leadership development offering which will be launched in early 2019. Coupled with this we will launch a talent programme through which we will identify and develop future leaders.

8. Close

Our overarching objective is to ensure everyone benefits from Edinburgh's success and despite significant progress in the first 18 months of the administration there is still more to do. This strategy is upfront about the difficult choices we face in addressing significant financial challenges. By taking difficult choices now we can be confident that we can carry on providing high quality services that our citizens rely on and continue to deliver an ambitious programme for Scotland's capital.

The City of Edinburgh Council

Draft budget proposals 2019/20

Change strategy 2019 – 2022

These draft proposals will be considered at the Finance and Resources Committee on Friday 1 February by councillors, before the Council's budget meeting on Thursday 21 February 2019.

You can tell us your views at edinburgh.gov.uk/change before 11 February 2019.



HAPPY TO TRANSLATE

Telephone 242 8181

Reference 18-4412

Chapter	Description	19/20 Saving	20/21 Saving	21/22 Saving	22/23 Saving
1. Income Maximisation	Looking at ways to increase our annual income	£2.595m	£0.535m	£0.440m	£0.425m
2. Workforce Modernisation and Change	Ensuring our workforce is effectively organised and able to better respond to the needs of our citizens	£2.350m	£0.050m	-	-
3. Service Reduction	Areas where we propose to stop or reduce services	£2.004m	£1.521m	-	-
4. Corporate & Capitalised Budgets	Internal changes to funding with no impact on services	£9.500m	£3.600m	£4.100m	£4.100m
5. Operational Redesign	Opportunities to do things better by redesigning services	£0.915m	£0.915m	£1.000m	-
6. Service Reform	Finding new ways to deliver services and improving them	£4.240m	£0.780m	-	-
7. Maintaining Service Investment	Looking again at additional money from last year	£1.600m	-	(£0.850m)	-
8. Digital Delivery	Making use of technology to deliver customer facing services in new ways	£0.090m	£0.250m	£0.250m	£0.190m
9. Place Making	Making changes to services in specific areas	£1.669m	£0.618m	£0.520m	£0.625m
10. Arm's Length Bodies	Assessing and evaluating our relationship with our Arm's Length Organisations	£2.464m	£0.176m	£1.000m	£1.000m
11. Operational Efficiencies	Challenging ourselves to be more efficient each year	£11.966m	£9.783m	£9.500m	£9.500m
12. Homelessness Investment	Doing more to prevent Homelessness	£0.295m	£0.060m	-	-
13. Partnership Working	Collaborating differently with our partners	£1.062m	£1.575m	£1.000m	-
14. Service Design & Our Assets	Making best use of our estate	£0.250m	£1.250m	£1.100m	£0.350m
Total		£41.000m	£21.113m	£18.060m	£16.190m

1. Income Maximisation

What is being proposed?

Increasing Council income is a priority for the Change Strategy and there are nine strands to this proposal which relate to increasing existing, or creating new, income streams. We are also looking at reducing the associated costs of collecting income due to us. The nine proposals are:

Full Cost Recovery

Ensuring the Council recovers all costs incurred as a result of supporting major events in the city delivered by third parties.

Statutory Consents

Increasing cost recovery through charges levied for licensing and regulatory services, road occupation licences and consents, where permitted by legislation.

Pre-Planning Applications

Introducing discretionary charges for advice on pre-planning applications for major and/or complex developments.

Culture

Increasing income from cultural venues through revising existing, or introducing new, charges for discretionary services.

Parks and Green Spaces

Ensuring that, where appropriate, new concessions are invited into our parks to offer refreshments. In addition, the Council will look to increase charges for the use of parks for one-off events and will review the contract and lease arrangements in place for regular events.

Increasing Advertising Revenue

Generating additional income from the Council's outdoor advertising contract, including advertising at tram stops. This could include installing digital boards at specific points in the city.

Leased Property Income

Generating additional rental income from leased properties through commercial renegotiation. This could include digital boards.

Energy Generation

Exploring a range of ways to increase income through energy generation, including rooftop solar panels on Council buildings, electric vehicle charging network expansion, further "greening" of the Council's fleet and use of Council land and property for micro-energy generation.

	<p><u>Upfront Payments</u></p> <p>Introducing a default upfront payment policy in appropriate circumstances to reduce costs of administration and debt recovery.</p>
What could change?	<ul style="list-style-type: none"> • Monies due are collected in a cost-efficient manner whilst continuing to support those who may need assistance • Council resources are redirected to priority services rather than subsidising non-core or commercial operations

<u>Current Income</u>					<u>Savings</u>
Full Cost Recovery	n/a				£0.200m
Statutory Consents	n/a				£0.825m
Pre-Planning	n/a				£0.100m
Culture	n/a				£0.150m
Parks	n/a				£0.150m
Advertising Income	n/a				£0.470m
Leased Property Income	£15.000m				£0.500m
Energy Generation	n/a				n/a
Upfront Payments	n/a				£0.200m
<u>Total:</u>	<u>£15.000m</u>	2019/20 Increased Income:			<u>£2.595m</u>
<u>Future Income</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Full Cost Recovery	-	-	-		£0.200m
Statutory Consents	£0.035m	£0.040m	£0.025m		£0.925m
Pre-Planning	-	-	-		£0.100m
Culture	-	-	-		£0.150m
Parks	-	£0.100m	-		£0.250m
Advertising Income	£0.300m	-	-		£0.770m
Leased Property Income	-	-	-		£0.500m
Energy Generation	£0.200m	£0.300m	£0.400m		£0.900m
Upfront Payments	-	-	-		£0.200m
<u>Total:</u>	<u>£0.535m</u>	<u>£0.440m</u>	<u>£0.425m</u>	Total Savings:	<u>£3.995m</u>

2. Workforce Modernisation and Change

What is being proposed?	<p>The Council is a major employer, providing a range of public services to the city. Ensuring that our workforce is effectively organised and able to better respond to the needs of citizens and service users means that we must continue to evolve our staffing structures. We must also ensure that we direct our human resources to those areas of the highest priority. This also means that our management costs need to be appropriate for the delivery of a productive and more effective organisation. We therefore propose that a number of organisational reviews will be undertaken so that we have the right balance between our frontline and support services. Underpinning these reviews, our approach to managing organisational change and the redeployment of staff will be reviewed to ensure these arrangements are more robust and ensure value for money.</p> <p>Ensuring our organisational structure is efficient needs to be complemented by modernised reward and recognition arrangements to create a more flexible workforce. Part of this is delivering our commitment to embed the Living Wage fully into our pay structures. We therefore propose to undertake a number of organisational reviews so that we have the right balance between our frontline and support services. We will also undertake a strategic review and revision of our reward and recognition arrangement.</p>
What could change?	<ul style="list-style-type: none"> • Services are adapted to suit the needs of the organisation. • Roles are fit for purpose and within budget • Some staff may have to change role/adapt to a new role • Some services may need to adapt/streamline operations • Full implementation of the Living Wage

<u>Current Spend</u>			<u>Savings</u>
Back Office Support	£49.838m		£1.450m
Support for Learning	£40.590m		£0.200m
Workforce Modernisation	£304.7m*		£0.500m
C&F Management			£0.200m
Total:	£395.13m	Total Savings for 2019/20:	£2.350m

<u>Future savings</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Back Office Support	-	-	-		£1.450m
Support for Learning	-	-	-		£0.200m
Workforce Modernisation	-	-	-		£0.500m
C&F Management	£0.050m	-	-		£0.250m
<u>Total:</u>	<u>£0.050m</u>	<u>£0.000m</u>	<u>£0.000m</u>	Total Savings:	<u>£2.400m</u>

*This represents the total remaining spend on staffing from which the Workforce Modernisation and Management savings would seek to make savings.

3. Service Reduction

What is being proposed?

The Council currently spends £10 million on Economic Development, Heritage Language Lessons, the discretionary Book Fund and a series of Small Grants and Awards. These are not statutory obligations and it is proposed that we could reduce or stop these services. A reduction in strategy and communications capacity is also proposed.

Economic Development

The Council's Economy Strategy is focused on inclusion, innovation and collaboration which will lead to good growth. The Council's Economic Development Service actively contributes to all of these strands of activity, alongside all other Council services. This proposal is to reduce the service provision by creating a small multi-disciplinary team which will focus on strategic development, managing employability third party grants and supporting business creation and business growth. A review of the payments to third parties will be carried out over the next two years.

Heritage Language

Heritage Language provides some free language lessons for children born in the UK. The children are tutored in the language to which they have a historic familial connection. The Council proposes no longer to provide these classes, however other services will continue to be available across the city and the Council will still provide support for those who speak English as a second language.

Small Grants and Awards

Small grants and awards are payments made by the Council to support city-wide sports and learning activities. The Council will no longer provide funding which can be sourced elsewhere, such as the Talented Athletes Scheme. The holiday activity fund which provides free sports provision to those living in more deprived parts of the city will continue.

The Book Fund

The Book Fund pays for new publications to stock our libraries. It is estimated that a saving could be made in this area by reducing spend on newspaper and magazine subscriptions however stock relating to priority areas (literacy, numeracy, large print, audio and community languages) would be protected.

Strategy and Communications

A reduction in Strategy and Communications capacity is proposed which will result in reduced capacity to work on strategic priorities and corporate communications support. This will be achieved by reducing headcount and the frequency of some external survey activity.

What could change?	<ul style="list-style-type: none"> • An organisation review of the Economic Development Service would be required in year one and in year two there will be a reduction in the Council's funding to third parties. • More efficient use of the book fund would ensure investment is focused on priority publications/books • The number of newly-released books may be reduced and so waiting times may increase • The small grants and awards reductions would be focused on non-essential learning activities however services that promote social inclusion, wellbeing and adult literacy/numeracy would be prioritised. • Reduced capacity within Strategy and Communications to work on corporate policy priorities, the provision of communications support and the carrying out of surveys.
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<u>Current Spend:</u>					<u>Savings</u>
Econ Development	£9.000m				£1.500m
Heritage Language	£0.063m				£0.042m
Small Grants	£0.106m				£0.062m
Book Fund	£0.901m				£0.200m
Strategy and Communications	£7.960m				£0.200m
<u>Total:</u>	<u>£18.03m</u>	<u>Total Savings for 2019/20:</u>			<u>£2.004m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Econ Development	£1.500m	-	-		£3.000m
Heritage Language	£0.021m	-	-		£0.063m
Small Grants	-	-	-		£0.062m
Book Fund	-	-	-		£0.200m
Strategy and Communications	-	-	-		£0.200m
<u>Total:</u>	<u>£1.521m</u>	<u>£0.000m</u>	<u>£0.000m</u>	Total Savings:	<u>£3.525m</u>

4. Corporate and Capitalised Budgets

What is being proposed?	<p>Some income and expenditure within the Council’s budget is not specific to any particular service. These budgets have been reviewed to identify where savings in revenue expenditure can be made or more income realised. There are five proposals in these areas:</p> <ol style="list-style-type: none"> 1. Additional income from Council Tax as a result of growth in the number of houses within the city being greater than originally estimated, alongside continuation of recent years’ improvements in collection rates; 2. Savings in borrowing costs arising from capital expenditure through planned repayment of loans, our anticipated spending profiles and continuing to use available cash balance instead of borrowing more funds; 3. Centralising and automating our procurement processes and managing our purchasing catalogues to increase efficiency; 4. Lodging business rating appeals, where appropriate; and 5. Reviewing the balance between revenue and capital expenditure, subject to complying with accounting rules. 		
What could change?	<ul style="list-style-type: none"> • These proposals are not expected to impact on service delivery • Proactive treasury management to manage debt management costs • Improved efficiency and reduced risk on our procurement processes • Maximisation of resources available for priority services, whilst continuing to promote take-up of Council Tax Reduction Scheme assistance and other income-related benefits • Capitalisation of current revenue expenditure depends upon confirmation of availability of capital funding 		
Current Spend:	<u>£132.0m</u>		<u>Savings</u>
Council Tax (income)	(£283m)		£3.000m
Borrowing Costs	£113m		£5.000m
Procurement	n/a		£0.100m
Business Rates	£19m		£0.800m
Revenue and Capital	n/a		£0.600m
<u>Total:</u>	<u>£132.0m</u>	<u>Total Savings for 2019/20:</u>	<u>£9.500m</u>

<u>Future savings</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Council Tax	-	-	-		£3.000m
Borrowing Costs	£4.000m	£4.000m	£4.000m		£17.000m
Procurement	£0.100m	£0.100m	£0.100m		£0.400m
Business Rates	-	-	-		£0.800m
Revenue and Capital	(£0.500m)	-	-		£0.100m
<u>Total:</u>	<u>£3.600m</u>	<u>£4.100m</u>	<u>£4.100m</u>	Total Savings:	<u>£21.300m</u>

5. Operational Redesign

<p>What is being proposed?</p>	<p><u>Property Investment Portfolio</u></p> <p>The Council owns a range of properties and land across the City from which it generates approximately £15m in income each year. Some of these assets, such as public houses, are not core to the Council's services or to the heritage of Edinburgh. Selling some of these assets, at best commercial value, will therefore enable the Council to reduce borrowing and the cost of servicing our borrowing.</p> <p><u>Depots and Yards</u></p> <p>The Council currently runs 19 depots across the city. It is proposed that these could be consolidated into six sites. Support services such as maintenance, storage and refuelling can be spread across each depot rather than being site-specific. Sites can then be sold to generate capital receipts and / or be made available for increased housing or commercial opportunities.</p> <p><u>Fleet Cost</u></p> <p>It is also proposed to move to a contract hire model for cars and vans. The use of a contract hire provider (whilst keeping maintenance in-house) for all our vehicles will deliver a reduction in cost to the Council as well as making it easier for services to access vehicles.</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • Reducing cost of borrowing • Spending less on procurement and maintenance of vehicles will allow investment in new technology and more focus on delivering services • Improved procurement makes it easier to phase out less environmentally-friendly fleet vehicles • Reducing the size of our estate and accelerate economic development and reduce carbon emissions • Improving frontline services by spreading them across the city, placing them closer to the communities they serve.

Current Spend:					<u>Savings</u>
Property Investment	} £18.481m				£0.415m
Depots and Yards					-
Fleet Cost	£12.6m				£0.500m
Total:	<u>£31.081m</u>	<u>Total Savings for 2019/20:</u>			<u>£0.915m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Property Investment	£0.415m	-	-		£0.830m
Depots and Yards	-	£0.500m	-		£0.500m
Fleet Cost	£0.500m	£0.500m	-		£1.500m
<u>Total:</u>	<u>£0.915m</u>	<u>£1.000m</u>	<u>£0.000m</u>	Total Savings:	<u>£2.830m</u>

6. Service Reform

What is being proposed?

School Management Design - Early Years

Many Council-run nurseries have individually-assigned head teachers and teachers. At the same time, there is a shortage of primary teachers. We can aid primary school recruitment by creating wider pools of locality-based head teachers, and teachers who are not attached to specific schools. This would mean an increase in Early Years Practitioners permanently attached to each nursery. Analysis of Care Inspectorate findings indicates no difference in quality between nurseries which have qualified teaching staff on site permanently and those that are supported in other ways.

Efficiencies in the delivery of accommodated children's services

The Council has capacity for 70 residential beds. This proposal is to reduce capacity by two beds, through reducing expenditure with third party providers. This is possible as a result of effective early intervention which has reduced the number of looked-after children in the system. More children in family-based placement leads to better outcomes. In addition, savings will continue to be made through our use of preventative services, such as outreach, multi-systemic therapy and family group conferencing to prioritise those that deliver the greatest effectiveness and efficiency.

New Ways of Working - Public Safety and Business Continuity

This proposal is to develop a new service which is focused on public safety and business continuity but which aligns the Council's resources to these key activities. We will start by looking for duplication and overlap between these services, and options to create a team responsible for all elements of public safety, from covering events to national emergencies.

Public toilets

We will review the current staffing arrangements for the daily maintenance of public toilets in the city. We also recognise that some of the current facilities are no longer fit for purpose and we will review the provision of facilities and improve the community toilet scheme (CTS) over the next four years.

Laboratory and Pest Control

We will look at how these services should be provided, with an aim to find savings and service efficiencies in future years.

Health and Social Care

An additional efficiency target has been set for the Integration Joint Board (IJB). The IJB has a separate budget process and will consider the settlement offer from the Council. This additional saving will need to be considered by the IJB as part of its wider budget process and reform programme which will require very significant savings and efficiencies to be delivered next year.

What could change?	<ul style="list-style-type: none"> • Qualified primary teachers could be redeployed to primary schools with staff shortages • Increased early intervention and prevention in children's services • Reduced duplication and overlap in Council activities • Improving public toilets in the city and increasing uptake of the Community Toilet Scheme would increase the availability of accessible public toilets in the city • Public toilets would be staffed part-time instead of full-time
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<u>Current Spend</u>					<u>Savings</u>
Public Toilets	£0.452m				£0.250m
Early Years	£4.290m				£0.350m
Residential Care	£18.481m				£0.510m
Public Safety and Business Continuity	£1.400m				£0.130m
Integration Joint Board	£199m*				£3.000m
<u>Total:</u>	<u>£223.623m</u>	<u>Total savings for 2019/20:</u>			<u>£4.240m</u>
<u>Future savings</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Public Toilets	-	-	-		£0.250m
Early Years	£0.650m	-	-		£1.000m
Residential Care	-	-	-		£0.510m
Public Safety and Business Continuity	£0.130m	-	-		£0.260m
Integration Joint Board	-	-	-		£3.000m
<u>Total:</u>	<u>£0.780m</u>	-	-	Total Savings:	<u>£5.020m</u>

*While the budget is £199m, current spend is £206m

7. Maintaining Service Investment

What is being proposed?	<p>Last year the Council received additional funding from the Scottish Government as part of the Budget settlement. This funding was used to develop new programmes in line with Council policy. As part of the 2019/20 budget-setting process we have reviewed this additional funding and four areas have been highlighted where there is either no on-going service requirement, or where the level of additional expenditure may be reduced without affecting delivery of associated outcomes:</p> <ul style="list-style-type: none"> • One-year only grant funding within Communities and Families • Efficiencies in service delivery within street cleansing • Efficiencies in service delivery within roads services • Funding to deliver property upgrades for the Council's operational estate <p>This funding is no longer treated as one-off, and therefore efficiencies can be made without impacting on service delivery.</p>				
What could change?	<ul style="list-style-type: none"> • Although full grants will no longer be available, the remaining funding will still be used to maintain outcomes. 				
<u>Current Spend:</u>					
C&F transitional grant funding	£0.250m				£0.250m
Street Cleaning one-year additional investment	£10.3m				£0.250m
Roads one-year additional investment	£5.4m				£0.250m
Property Maintenance	£16m				£0.850m
<u>Total:</u>	<u>£31.95m</u>			<u>Total Savings for 2019/20:</u>	<u>£1.600m</u>
<u>Future savings</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Grant Funding	-	-	-		£0.250m
Street Cleaning	-	-	-		£0.250m
Roads Funding	-	-	-		£0.250m
Property Maintenance	-	(£0.850m*)	-		-
<u>Total:</u>	<u>£0.000m</u>	<u>(£0.850m*)</u>	<u>£0.000m</u>	Total Savings:	<u>£0.750m</u>

*the saving can only be sustained for two years, and will therefore no longer be available in 2021/22.

8. Digital Delivery

What is being proposed?	<p><u>Digital Delivery</u></p> <p>The Council is committed to expanding and enhancing its digital systems and processes to enable a greater number of citizens and service users to conduct more of their interactions with the Council through online, self-service technology. Developing this approach will make services more accessible at times to better suit the needs of people across the city, thereby reducing demand on services. Through improvements to the Council's website and the exploitation of new technologies, such as voice recognition software, combined with greater automation of 'back office' processing, further savings will be achievable, whilst improving citizen and service user experience.</p> <p><u>Print and Mail</u></p> <p>The Council delivers services across an operational estate of hundreds of properties. The transfer of information, data and correspondence between these sites and with other organisations can be achieved more efficiently through a review of our Print and Mail strategy. By improving document scanning and electronic delivery of information, we will reduce unnecessary printing, postage and travel between sites, thereby reducing the environmental impact.</p>
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What could change?	<ul style="list-style-type: none"> • Increased customer satisfaction • Improved efficiency • More consistent delivery • Reallocation of staff to more customer-facing tasks • Would require working with IT partners and some systems upgrades.
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<u>Current Spend:</u>			<u>Savings</u>
Digital Delivery	£n/a		-
Print and Mail	£n/a		£0.090m
Total:	£n/a		£0.090m

<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Digital Delivery	£0.150m	£0.150m	£0.150m		£0.450m
Print and Mail	£0.100m	£0.100m	£0.040m		£0.330m
<u>Total:</u>	<u>£0.250m</u>	<u>£0.250m</u>	<u>£0.190m</u>	Total Savings:	<u>£0.780m</u>

9. Place Making

What is being proposed?

Area-based Regeneration

This proposal aims to support and co-ordinate development and strategic growth in the city by creating multi-disciplinary functions which will focus on opportunities for development and strategic growth. For example, when proposing a new housing development, the multi-disciplinary team would include roads infrastructure, schools, services and transport connections. Savings will be derived from staffing changes and from the progressive use of capital funding to replace Council revenue support.

Parking Action Phase 2

To review current parking arrangements across Edinburgh and consider an expansion of parking controls into areas where there are known parking pressures created by commuter and non-residential vehicles and/or there have been requests for parking controls from residents and community groups to improve parking opportunities.

Localities Phase 2

The Council proposes to review its approach to localised services and to strengthen the focus on community planning, community empowerment and citizen engagement. This will include looking at where services could be delivered more efficiently citywide. This is likely to lead to a rebalancing of locality staff teams and efficiencies.

Improved Approach to Street and Environmental Enforcement

Environmental enforcement is currently the responsibility of five separate teams (four Locality teams and the Waste and Cleansing service). This means there are currently five different approaches to environmental enforcement. This includes offences such as litter dropping, dog fouling and trade waste abuse.

The creation of a citywide enforcement team with additional resources will more proactively enforce the powers available to the Council and will lead to improved local environments.

What could change?

- Improved parking opportunities for residents, businesses and their visitors.
- Enhanced conditions for walking, cycling and public transport.
- May include the extension of residents' permit zones
- Some reorganisation of roles and responsibilities for staff in Locality and Central teams

	<ul style="list-style-type: none"> • Potential reduction of management posts • More capacity to report issues such as fly-tipping, leading to quicker resolution times • Increased capacity to deal with trade waste abuse of communal residential bins
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<u>Current Spend:</u>					<u>Savings</u>
Regeneration	n/a				£0.250m
Parking	n/a				£0.369m
Localities	£18.300m				£0.300m
Enforcement	£0.870m				£0.750m
<u>Total:</u>	<u>£19.170m</u>	<u>Total Savings for 2019/20:</u>			<u>£1.669m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Regeneration	£0.500m	-	-		£0.750m
Parking	£0.118m	£0.520m	£0.625m		£1.632m
Localities	-	-	-		£0.300m
Enforcement	-	-	-		£0.750m
<u>Total:</u>	<u>£0.618m</u>	<u>£0.520m</u>	<u>£0.625m</u>	Total Savings:	<u>£3.432m</u>

10. Arm's Length Organisations

<p>What is being proposed?</p>	<p>The Council operates several “Arm’s Length” organisations (ALEOs). We would like to assess and evaluate our relationship with those organisations and make sure we are delivering the best value for public money. This will also involve making difficult choices in light of available resources which will result in reduction in the support given to some of our ALEOs.</p> <p>Marketing Edinburgh. A very significant grant reduction is proposed which will remove most of the grant from the Council over the next two financial years. This will have profound implications for the organisation and will need it to fundamentally review its future options.</p> <p>EDI. Saving through receiving a one-off dividend in 2019/20 as part of the wider Transition Strategy.</p> <p>Culture and Leisure. A review is currently underway across all our leisure and cultural estate to assess options as to how we might improve services and reduce Council subsidy. In 2019/20 a modest reduction in grant is proposed to Edinburgh Leisure which we expect them to absorb through internal efficiencies. There is the potential for more significant savings in future years through new partnership to deliver local services.</p> <p>Transport for Edinburgh. Savings achieved through re-negotiations of tram maintenance contracts.</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • Far less dedicated capacity to market the city to investors, businesses and visitors. Film Edinburgh will be maintained and the Council will explore opportunities for promoting the city with key partners. • Edinburgh Leisure will need to find efficiencies in order to offset the impact of inflation and in the medium term be part of more significant change across the Council’s leisure and cultural services subject to future discussions and decision by Council.

<u>Current Grant:</u>					<u>Savings</u>
Marketing Edinburgh	£0.890m				£0.567m
EDI	N/A				£1.047m
Edinburgh Leisure	£8.155m				£0.350m
Transport for Edinburgh	N/A				£0.500m
<u>Total:</u>	<u>£9.045m</u>	Total Savings for 2019/20:			<u>£2.464m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Marketing Edinburgh	£0.223m	-	-		£0.790m
EDI	(£1.047m)	-	-		-
Edinburgh Leisure	£1.000m	£1.000m	£1.000m		£3.350m
Transport for Edinburgh	-	-	-		£0.500m
<u>Total:</u>	<u>£0.176m</u>	<u>£1.000m</u>	<u>£1.000m</u>	Total Savings:	<u>£4.64m</u>

11. Operational Efficiencies

What is being proposed?

The Council like any organisation should aim to be more efficient year on year with public money. Like all businesses we pay business rates and energy costs and need to manage our borrowing and contracts carefully.

An overall efficiency target has been proposed for the organisation of 1.55%. Areas of focus for the efficiency target are:

- Reduction in sickness absence and agency staffing, recognising we currently lose the equivalent of 762 full-time staff a year to sickness and spend around £2m a month on flexible staffing through agency staffing and overtime
- Streamlining our end-to-end processes and greater automation of transactions, building on the progress made this year using process automation. For example, we have cleared the backlog of landlord registrations in five hours rather than four weeks it would have taken using the traditional approach.
- Maximising savings through procurement and reviewing contracts recognising the Council spends over £200m on its top 20 contracts.
- Additional income generation
- Reviewing senior management structures to reduce costs.

A number of specific operational efficiencies have also been identified for 2019/20 and 2020/21 budget setting including:

- Renegotiating the Council’s ICT-related contracts to generate greater savings
- Reducing discretionary budgets and spend in discretionary areas, such as external legal advice.
- Reducing staff learning and development budgets but prioritising essential and statutory training needs to manage spend.
- Streamlining of Emergency Service Provision for Edinburgh Shared Repairs Service

What could change?

- Increasing efficiency with public money
- Shifting staff time from process-heavy tasks to focus on higher priority tasks improving service delivery.
- Further automating transactions, increasing the ease and speed of the Council’s delivery of vital services
- Improving end-to-end process for a broader range of Council services
- Reducing expenditure on temporary staff and overtime
- Focussing even more on reducing sickness absence

<u>Current Spend:</u>					<u>Savings</u>
Efficiency Target 1.55%	-				£9.500m
Other Efficiencies	-				£2.466m
<u>Total</u>	<u>N/A</u>	<u>Total Savings for 2019/20:</u>			<u>£11.966m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Efficiency Target 1.55%	£9.500m	£9.500m	£9.500m		£38.000m
Other Efficiencies	£0.283m	-	-		£2.749m
<u>Total:</u>	<u>£9.783m</u>	<u>£9.500m</u>	<u>£9.500m</u>	Total Savings:	<u>£40.749m</u>

12. Homelessness Investment

What is being proposed?	<p>The Council has an obligation to support anyone who presents themselves as homeless and in need of support. While there are wider social efforts to reduce the need for this, there are also ways in which temporary accommodation can be made more cost-effective.</p> <p><u>Void Rates</u> Invest in extra staff to help prepare accommodation between occupations and reduce the amount of time that accommodation is sitting empty (known as “void rates”).</p> <p><u>Revenue Officers</u> Invest in additional officers to increase financial support and inclusion for temporary accommodation service users which will widen housing options and promote financial stability</p> <p><u>Scottish Government Framework for Electricity and Gas</u> The Council would adopt the Scottish Government framework for the supply of energy for temporary accommodation which will benefit from nationally negotiated rates.</p>
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What could change?	<ul style="list-style-type: none"> • Reducing void rates and increasing revenue would assist in supporting more homeless people into accommodation as soon as possible • This would reduce reliance on more expensive B&B accommodation and improve outcomes for people • Additional staff could come from the Council’s internal redeployment pool and therefore be cost-neutral • Gas and electricity provision may require tendering process to establish a single supplier
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<u>Current Spend</u>			<u>Savings</u>
Void Rates	-		£0.090m
Revenue Officers	-		£0.175m
Electricity and Gas	-		£0.030m
<u>Total:</u>	-	Total Savings for 2019/20:	<u>£0.295m</u>

<u>Future savings</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Void Rates	-	-	-		£0.090m
Revenue Officers	-	-	-		£0.175m
Electricity and Gas	£0.060m	-	-		£0.090m
<u>Total:</u>	<u>£0.060m</u>	-	-	Total Savings:	<u>£0.355m</u>

13. Partnership Working

<p>What is being proposed?</p>	<p>To deliver services, the Council works with a wide array of partners, from Police Scotland and the NHS, to voluntary/third-sector organisations and our IT partner. We will collaborate differently in order to seek efficiencies, improved outcomes and to better share responsibilities where appropriate.</p> <p><u>Funding the Edinburgh Partnership</u></p> <p>The Council will look to review how we use grant funding to support multi-agency projects across the city and in keeping with the new legislative framework, we will look to share responsibility for funding the Edinburgh Partnership and its infrastructure with our statutory partners.</p> <p><u>Third Party Contractual Arrangements</u></p> <p>The Council works closely with 3rd party providers, including the NHS to support children and families. We will work in partnership with them to ensure services take account of a changed profile of need, legislative requirements and deliver best value for money.</p> <p><u>Police Joint Working/Police Funding</u></p> <p>Services jointly run by the Council and Police Scotland (such as CCTV, community policing and environmental teams) could be run from a joint facility and co-locating staff from both agencies.</p> <p>The City of Edinburgh is one of only three Scottish councils to give a significant funding contribution to Police Scotland. Savings could be made by bringing ourselves further in line with other authorities and reducing additional contributions to Police Scotland's budget.</p> <p><u>Joint Waste</u></p> <p>We will look to develop a joint framework for procurement in waste collection and disposal. By combining with other Authorities, we can unlock savings by working together. It would also be possible to increase the level of recycling by lining-up materials recycled by each Local Authority (LA).</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • The Council contribution to Police Scotland's funding would reduce • By combining the volume of waste generated by each LA it is possible to reduce the per-tonne cost of waste disposal • Increase the level of waste going being recycled • Increased efficiency of back office functions could lead to improved customer service by allowing staff to focus on priority areas • Improved collaboration on public safety

<u>Current Spend:</u>					<u>Savings</u>
Ed Partnership	} £9.00m				£0.040m
Third Party Grants					-
3 rd Party Contracts					£0.175m
Police Funding	£2.600m				£0.522m
Joint Waste	-				£0.325m
<u>Total:</u>	<u>£11.600m</u>	<u>Total savings for 2019/20:</u>			<u>£1.062m</u>
<u>Future savings:</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Ed Partnership	-	-	-		£0.040m
Third Party Grants	£1.250m	-	-		£1.250m
3 rd Party Contracts	-	-	-		£0.175m
Police Funding	-	-	-		£0.522m
Police Joint Working*	-	£1.000m	-		£1.000m
Joint Waste	£0.325m	-	-		£0.650m
<u>Total:</u>	<u>£1.575m</u>	<u>£1.000m</u>	<u>£0.000m</u>	Total Savings:	<u>£3.637m</u>

14. Service Design and Our Assets

What is being proposed?	<p><u>Asset Management Strategy and Service Re-provisioning</u> The Council delivers its services through an extensive operational property portfolio, which incorporates 760 buildings across the City. By adopting a service-led approach to the future design and re-provisioning of Council services, rather than simply an asset or buildings-based approach, we will engage with citizens, service users and communities to plan for the co-location of our services into multiple use “hubs”. This would enable the Council to reduce the number of buildings it currently operates and all the associated running costs that these have. This approach to service design also creates the opportunity for the Council to have a more flexible, sustainable estate that reduces our environmental impact.</p> <p><u>Culture Services Review</u> To investigate the feasibility of the potential to create a new museum and gallery for Edinburgh. Consolidating existing Council-run cultural venues (People’s Story, Museum of Edinburgh, City Art Centre, Trinity Apse, Writer’s Museum, Museum of Childhood, City Archives and reserve collections housed across the city) would allow much-needed additional physical, educational and digital access to nationally-significant collections.</p>				
What could change?	<ul style="list-style-type: none"> • Fewer buildings will result in lower running costs • Services can be grouped together making it easier for citizens to access locally • Income generated by leasing out surplus buildings • Creation of a refocused, sustainable and cost-effective and international standard service for Museums and Galleries, Archives and Records in the city 				
Current Spend:					
Asset Management	£65m				£0.250m
Museums	£1.40m				-
Total:	£66.4m	Total Savings for 2019/20:			£0.250m
Future savings:	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>		<u>Overall</u>
Asset Management	£1.100m	£1.100m	-		£2.450m
Museums	£0.150m	-	£0.350m		£0.500m
Total:	£1.250m	£1.100m	£0.350m	Total Savings:	£2.950m

Proposed targets for carbon emission reductions, 2018/19 to 2020/21

Project	2017/18		2018/19		2019/20		2020/21		Additional Information
	Energy Consumption (kWh)	Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	
Street Lighting upgrade to LED	27,176,046	10,447	24,378,431	7,489	16,190,997	4,795	8,632,970	2,456	<p>These figures are based on:</p> <ul style="list-style-type: none"> The Contractor's Current Programme for the Energy Efficient Street Lighting Programme; and The detailed street lighting designs using the lanterns outlined in the Contractor's Tender. <p>These are subject to change so the figures should be considered provisional at this stage.</p>
Schools Electricity Use	25,492,000	9,800	24,727,000	7,596	23,985,000	7,104	23,265,860	6,620	Future figures are outline figures and require further analysis to confirm feasibility.
Schools Gas Use	87,098,000	16,040	84,485,000	15,542	81,950,000	15,076	79,492,000	14,623	Gas use will be subject to weather and therefore may be more appropriate to normalise.
Electric Consumption for traffic lights	2,282,959	878	2,141,313	823	2,056,141	790	1,970,969	758	Reductions are dependent on the capital refurbishment project
Total for street lighting, schools electricity and gas and traffic lights	142,049,005	37,165	135,731,744	31,450	124,182,138	27,765	113,361,799	24,457	

Project	2017/18		2018/19		2019/20		2020/21		Additional Information
	Energy Consumption (kWh)	Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	Estimated Energy Consumption (kWh)	Estimated Emissions (tCO2E)	
Waste	n/a	67,842	n/a	TBC	n/a	TBC	n/a	TBC	<p>The amount of Council municipal waste going to landfill will significantly reduce following the opening of the Millerhill waste processing facility. From 2017 onwards, reprocessing of Council food waste into renewable energy and fertiliser will lead to an estimated annual reduction in emissions of 14,635 tCO₂. The thermal treatment facility for residual waste at Millerhill will also be operational by summer 2019, substantially reducing the Council's municipal waste sent to landfill. This would lead to an estimated reduction in emissions of 65,592 tCO₂e per annum.</p> <p>Enhanced recycling services are planned for high-density housing areas from 2018-2021. Continued development of recycling services would also contribute to reductions in waste emissions, however the majority of gains in this area are now levelling off. In view of this, specific targets for waste-related emissions remain under consideration at this stage.</p>
Total emissions (including waste) within scope of pilot		105,007 (69.4%)							
Council's total carbon emissions, 2017/18		151,305							