

# Conservative Group Budget Motion

## City of Edinburgh Council

**10.00 am Thursday, 18th February, 2021**

Virtual Meeting - via Microsoft Teams

### **Conservative Group Budget Motion**

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#### **Andrew Kerr**

Chief Executive



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## Motion by the Conservative Group

### **City of Edinburgh Council**

**18 February 2021**

### **Title: Revenue Budget 2021/26; Sustainable Capital Budget Strategy 2021/31; Housing Revenue Account Budget Strategy 2021/31**

#### **Council:**

Recognises the unprecedented circumstances under which this budget is being set amidst the ongoing COVID-19 pandemic.

Acknowledges the resilience of our citizens and business community in responding to the pandemic and the associated restrictions and records our grateful thanks for their adherence to the restrictions and their support in helping to beat COVID-19.

Commends the work of Council employees, many of whom have been on the front line of the fight against the pandemic. In particular notes the extraordinary work of the Head of Finance and his team in closing the formidable gap in the budget resulting from COVID-19 in 2020/21.

Welcomes the interventions of the UK Government in delivering financial support to individuals and businesses hardest hit by the pandemic and in offering financial flexibilities which have enabled this Council to present a balanced budget.

Applauds the world leading work of UK scientists in testing and approving COVID-19 vaccines placing us on the front foot in the fight against the disease and showing what the UK can achieve when liberated from the inertia of EU bureaucracy and red tape.

Notes that the financial challenges facing this Council largely pre-date the outbreak of COVID-19 and calls on the SNP Administration at Holyrood to build the funding for a council tax freeze into the baseline for future years' budgets as a starting point to a fair settlement for local government.

Considers the appalling condition of the city's roads and many Council houses to be a cause for embarrassment in our capital city and a direct consequence of neglect and mis-prioritisation by this SNP/Labour coalition and previous Administrations.

Commits to immediate action to tackle homelessness and to exploring new and innovative solutions to achieve this aim.

Recognises the key role that the city's business community will play in Edinburgh's recovery from COVID-19 and regrets the omission of businesses and the city's economy more broadly from the Council's business plan.

Acknowledges the many challenges faced by teachers, pupils and parents alike during the COVID-19 pandemic and affirms the Council's support for education as a key priority in our city's recovery.

Supports the proposals in the Conservative motion to Build Back Better and deliver a sustainable recovery from COVID-19 for our capital city, its citizens and business community.

## **Revenue Budget 2021/26**

On specific budgetary proposals Council:

- 1) Rejects the proposed 20% increase in Council Tax over the next five years. Recognises that the Council Administration has not provided value for money to the citizens of Edinburgh and agrees to freeze Council Tax in 2021/22. Further, Council commits to cap future Council Tax increases at no more than 3% per annum.
- 2) Council notes that the failure of the current and previous Administrations to maximise efficiency and effectiveness of Council services has increased pressures with significant underlying budget deficits in Communities and Families, Place, Health and Social Care and Property and Facilities Management. Council further recognises that it is the quality of service that is important and commits to considering all methods of service delivery to improve quality and reduce cost thus maintaining and improving services in line with Best Value.
- 3) Council agrees to remove the self-imposed political restrictions of the Administration and empowers Chief Officers and senior managers to develop a programme of Value for Money service reviews to deliver significant savings, with options for implementation of a first phase to be brought to Council for approval by September 2021. Market testing and benchmarking should be applied to take an evidenced-based approach to development of savings options.
- 4) Notes that in the Edinburgh Health and Social Care Partnership urgent work is needed to develop a strategic approach to financial planning in both the immediate and medium to longer term with the EIJB continuing to rely on non-recurring funding to address additional recurring Partnership investment, non-delivery of Partnership savings and shortfalls in funding from the Scottish Government. Further recognises the failure of the Administration and the Edinburgh IJB (EIJB) to deliver transformational change in service delivery despite the belated decision by the EIJB to ring-fence £2.8m of funding in the 2019/20 budget.
- 5) Council agrees to allocate an additional £6.9m to the EIJB in 2021/22 in line with funding allocated in the Local Government Finance Settlement. Further, Council agrees to establish an innovation fund to support achievement of prolonged improvements in service outcomes. All funding allocated to the EIJB in 2021/22 will be subject to quarterly scrutiny of financial performance by the Council's Finance and Resources Committee.
- 6) Regrets the Administration's failure to deliver the Asset Management Strategy, with legacy pressures of £2.4m being reported. Council agrees to establish a dedicated cross-Council team to oversee a strategic review of the Council estate and implementation of a community hub model, thereby reducing revenue costs without impacting services.

- 7) Agrees to continue to invest £478,000 in additional Community Police Officers, including 8 Officers based in Family and Household Support teams.
- 8) Council agrees to undertake a comprehensive Workforce Modernisation programme including recurring investment of £5m to support consolidation of the Living Wage into pay structures alongside reviews of management costs; redeployment arrangements; and reward and recognition to deliver more robust arrangements and ensure value for money. As a priority the review of management arrangements will consolidate asset management functions across the Council and rationalise senior management structures across Chief Executive, Resources and Strategy / Communications.
- 9) Regrets the Administration's reduction in qualified teaching staff in nursery schools and the cut of £1.8m in school budgets and agrees funding of £900,000 to amend these proposals, supporting the recovery from COVID-19. Further, Council agrees to allocate additional recurring funding of £110,000 to support progress with the Corporate Parenting Action Plan.
- 10) Allocates £150,000 to reject the proposed reduction in funding in 2021/22 and commits to prioritising the City of Edinburgh Music School and the instrumental music service.
- 11) Agrees additional revenue investment of £11m to support delivery of 1 to 1 Digital Learning in Edinburgh's schools alongside investment of £1.25m in the first phase of the Smart City Operations Centre. Further agrees that these major investments will be subject to development of full business cases and open competitive procurement processes.
- 12) Recognises the positive impact on individuals and communities of engagement in exercise and agrees to examine opportunities to expand innovative community-based programmes such as the Crags and Queensferry Sports Centres to support recovery from COVID-19.
- 13) Agrees to establish a Sports Fund of £100,000 to provide support to programmes which provide positive opportunities to vulnerable individuals and communities through physical activity and sport. Further, agrees to allocate £30,000 from this Fund to support the continuation of the Spartans Alternative School which supports young people who are at risk of exclusion from mainstream education.
- 14) Regrets the Administration's proposals to introduce Sunday parking charges and rejects the proposals to increase pay and display charges by c. 6%.
- 15) Allocates a further £250,000 to reject proposed uplifts in fees and charges relating to school meals, health and social care, library charges, garden aid and burial and cremation charges.
- 16) Agrees to reprioritise £1m from the City Strategic Investment Fund to support additional investment to address homelessness. Further, Council agrees immediate action to progress a feasibility study to assess the practicality of developing high quality and energy efficient modular accommodation, such as the innovative [Y:Cube](#) and [PLACE / Ladywell](#) projects.
- 17) Allocates £2.5m for an integrated programme focussed on preventing poverty and homelessness; supporting access to work and training; and maximising take-up of benefits.
- 18) Agrees to allocate £0.5m to a staff support fund with priorities to include additional support for home workers and improved communication with colleagues who are not currently able to access regular communications through the Intranet or a Council email account.

- 19) Agrees to establish a Business Recovery Fund of £1m to boost recovery from the pandemic. Further, approves £850,000 of additional investment to promote the outdoor recreation economy including development of modern and accessible toilet and café facilities in Edinburgh's parks and investigation of self-financing partnership opportunities to modernise and extend Edinburgh's provision of public toilets.
- 20) Regrets the undemocratic manner in which the Spaces for People programme continues to be forced on the citizens of Edinburgh where money has been wasted on flawed and unnecessary schemes which have negatively impacted on the daily lives of residents, many of whom are our most vulnerable, and threatened the livelihoods of small business owners at the time when they most need our support.
- 21) Further regrets that Spaces for People programme has been appropriated by the Administration to drive their aggressive anti-motorist agenda rather than for its intended purpose of enabling social distancing.
- 22) Recognises that the focus on Spaces for People and the reallocation of resources to support this, has contributed to an intense deterioration in the condition of our roads and pavements and has been at least partly responsible for the Council's lacklustre response to Winter weather.
- 23) Rejects the Administration's pledge to ring-fence 10% of the roads and transport budget for cycling. Agrees that these resources should be committed to roads and pavement repairs to improve safety for all road and pavement users. Further approves additional revenue funding of £500,000 for a programme of road repairs, including a pilot of the road mole "right first time" pothole repair system. Alongside this, Council agrees £150,000 for a programme of additional investment in dropped kerbs.
- 24) Approves £1m of additional expenditure for a programme of environmental initiatives including work to address key issues including graffiti, litter, choked drains, road sweeping, overgrown hedges and tree maintenance.
- 25) Agrees to retain Lothian Buses in public ownership and rejects plans to introduce a workplace parking levy.
- 26) Continues to regret the reduced role of Marketing Edinburgh and the part played by senior Councillors in hastening the organisation's downfall.
- 27) Agrees to terminate the Council's membership of the Convention of Scottish Local Authorities delivering an annual saving of £255,000 from 2022/23.
- 28) Regrets the Administration's proposed 40% increase in the garden tax and commits to remove this charge should additional funding become available as a result of the forthcoming Scottish Government and UK budget decisions.
- 29) Notes that the budget assumes that the Council will utilise the financial flexibility whereby payment of the principal element of the planned loans fund repayment in 2021/22 will be deferred until 2022/23, with the resulting in-year estimated savings of £34m used to create a COVID-mitigation reserve. Officers continue to make the case, however, for the PPP-based flexibility to be applied on an annuity basis which would optimise the level of retrospective benefit whilst delivering savings to the revenue account over the medium term.

## **Capital Investment Programme**

### **Council:**

- 30) Agrees proposals for additional capital investment of £15m as detailed in Annex 3.
- 31) Regrets the Administration's decision to approve the Tram Extension business case which, according to the updated business case reported in November 2020, could lead to a future call on Council reserves of up to £93m.
- 32) Notes the failure by the Administration to bring forward a strategy to deliver the Wave 4 schools programme.
- 33) Approves £3m of additional capital investment in roads and pavements, including drainage improvements. Further, approves additional investment of £6m in a programme of transport schemes, including effective road repairs in heavily trafficked bus lanes and bus stops; and improvements in traffic management at key junctions, including the Dalmahoy Junction, and on major public transport routes.
- 34) Agrees £6m of investment in currently unfunded capital pressures comprising: Bridge Structures (£2.5m), Parks Infrastructure (£2m) and Community Centres (£1.5m).
- 35) Agrees that a full business case on the active travel programme should be considered before any commitments are made to allocate resources or reprioritise existing plans.
- 36) Agrees that no material legal property commitments will be entered into pending a review of alignment with the strategic review of the estate and consideration of opportunities for wider consolidation and rationalisation, including through a community hub approach.

## **Risks and Reserves**

### **Council:**

- 37) Notes the report by the Executive Director of Resources setting out the significant risks associated with the Administration's budget proposals.
- 38) Agrees that establishment of an appropriate risk contingency alongside further investment to address homelessness; provide support for businesses and individuals hardest hit by the pandemic; and cessation of the Garden Tax will be priorities as additional revenue funding is confirmed through the forthcoming Scottish Government and UK budget decisions.
- 39) Instructs the Chief Executive to report to Council in April with detail of specific proposals to address assumed workforce savings, including the longstanding savings targets relating to a Chief Officer and Senior / Middle Management review. Further, instructs the Chief Executive to report to Council in May with an update on the EIJB budget for 2021/22.

## **Council Business Plan**

Council:

- 40) Regrets that despite many laudable aims the Council Business Plan is entirely focused on vision without dealing with the issues our city is facing in the here and now;
- 41) Considers that it will simply add to a growing number of action plans on which the Administration are failing to deliver;
- 42) Rejects the Business Plan and instructs officers to deliver a report to Council in 3 cycles, consolidating all current action plans which have not been delivered either wholly or in part.

## **Development of a Sustainable Financial Strategy**

Council:

- 43) Recognises that the projected budget deficits largely pre-date the outbreak of COVID-19 with the Council increasingly relying on unplanned corporate savings and reserves to offset non-delivery of planned savings. Council therefore instructs the Chief Executive to bring forward an early update on the development of a robust plan to address the significant revenue and capital budget challenges.
- 44) Notes the failure of the Administration to influence the Scottish Government to provide adequate and equitable funding for issues including the National Living Wage and Homelessness pressures and agrees to develop an effective strategy to lobby for a fairer settlement for local government including introduction of PPP-based flexibility arrangements; proper recognition of demographic and demand pressures; and full funding for National policy commitments.
- 45) Subject to consideration of more detailed business cases by the Finance and Resources Committee, approves the use of up to £2m from the Spend to Save Fund to develop a comprehensive change plan to address the pressing financial challenges facing the council over the medium term including:
  - Establishment of a dedicated cross-Council project team to undertake a programme of Value for Money service reviews.
  - Provision of additional dedicated staff to accelerate a strategic property review and implementation of a community hub model approach to capital investment.
  - Development of innovation within adult social care to support achievement of prolonged improvements in service outcomes.

## **Housing Revenue Account Budget Strategy**

Council:

- 46) Recognises that the Council Administration has not provided full service and value for money to tenants during the pandemic and agrees to freeze rent levels in 2021/22.
- 47) Welcomes the necessary investment in external fabric and communal areas of blocks where the Council is a majority owner within the draft HRA five-year Capital Investment Programme.
- 48) Agrees acceleration of £1.86m of investment to deliver improvements to internal common stairwells through a prioritised programme of refurbishment across 180 blocks.
- 49) Approves additional resource of 2 surveyors and 1 case officer for the Mixed Tenure Improvement Service (MTIS) to accelerate property surveys and work with owners to bring forward works to the value of £4m.
- 50) Agrees to manage this exceptional rent freeze and essential accelerated fabric investment through contingency funding and reserves during 2021/22 with the position being subject to annual review of the budget strategy with updated assessments of delivery of the Capital Investment Programme and Investment Strategy to be considered.

## **Conclusions**

Council notes the following reports:

### Item 4.1 - Revenue Budget 2021/26

- (a) Council Business Plan and Budget 2021/26 – referral from the Finance and Resources Committee;
- (b) Local Government Finance Settlement 2021/22 – report by the Executive Director of Resources;
- (c) Council Business Plan and Budget 2021/26 – Risks and Reserves - referral from the Finance and Resources Committee;
- (d) Budget Insights 2020 - referral from the Finance and Resources Committee; and
- (e) Corporate Parenting Action Plan - referral from the Finance and Resources Committee.

### Item 4.2 – Housing Revenue Account (HRA) Budget Strategy (2021-2031) – referral from the Finance and Resources Committee

### Item 4.3 – Sustainable Capital Budget Strategy 2021-2031 – referral from the Finance and Resources Committee

### Item 4.4 – Council Revenue Budget Framework 2021-22 – Integrated Impact Assessments

Council approves:

- The Revenue Budget 2021/26 as set out in the reports, subject to the amendments set out in Annex 1 to this motion;
- A band 'D' Council Tax of £1,338.59 for 2021/22;
- The Council Tax and Rating resolution set out in Annex 2 to this motion;
- The 2021/31 Capital Budget Strategy as set out in the report by the Executive Director of Resources, subject to the amendments set out in Annex 3 to this motion;
- A further report to be submitted to seek approval of revised charges for Council services, the outcomes of which are contained in Appendix 1 to this motion;
- The recommendations contained in the Housing Revenue Account by the Executive Director of Place and the outline 10-year HRA capital programme 2021-31, subject to agreement that there be: no rent rise in 2021/22; implementation of the amendments set out in paragraphs 48 to 50; and any revisions needed to the capital programme as a result;
- Allocations from the Spend to Save Fund; City Strategic Investment Fund and Council Tax Discount Fund as set out in this motion;
- A further report to be submitted to seek approval of the prudential indicators arising from this motion.

**Proposed by** Councillor Graham Hutchison  
**Seconded by** Councillor Andrew Johnston

**THE CITY OF EDINBURGH COUNCIL  
CONSERVATIVE GROUP BUDGET MOTION  
REVENUE BUDGET 2021/22 - 2025/26**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<b>Expenditure to be Funded</b>					
- Resource Allocation Totals	<u>1,072,218</u>				
- Add: Expenditure funded through Ring Fenced Grants	<u>61,959</u>				
	1,134,177				
- General Revenue Funding and Non Domestic Rates	<u>(769,893)</u>				
- Ring Fenced Funding	<u>(61,959)</u>				
	(831,852)				
<b>To be Funded by Council Tax</b>	<u>302,325</u>	<u>339,215</u>	<u>376,358</u>	<u>416,090</u>	<u>459,458</u>
<b>Council Tax at Band D</b>	<u>£ 1,338.59</u>	<u>£1,402.71</u>	<u>£1,444.79</u>	<u>£1,488.13</u>	<u>£1,532.77</u>
<b>Increase on Previous Year</b>	<u>£ -</u>	<u>£ 64.12</u>	<u>£ 42.08</u>	<u>£ 43.34</u>	<u>£ 44.64</u>
- Percentage Increase	<u>0.00%</u>	<u>4.79%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
<b>Funding Requirement</b>	<u>302,325</u>	<u>339,215</u>	<u>376,358</u>	<u>416,090</u>	<u>459,458</u>
<b>Council Tax Income</b>	<u>311,325</u>	<u>328,323</u>	<u>339,179</u>	<u>351,186</u>	<u>363,619</u>
<b>Funding (Excess) / Shortfall at Council Tax increase above as reported to Council, February 2021</b>	<u>(9,000)</u>	<u>11,601</u>	<u>37,179</u>	<u>64,904</u>	<u>95,839</u>
<b>Service Investment (see Appendix 1)</b>	11,600	4,525	3,462	3,400	3,400
<b>Add / Less: Amendments to Draft Revenue Budget Framework (see Appendix 1)</b>	1,725	1,885	1,885	1,885	1,885
<b>Less: Additional Savings (see Appendix 1)</b>	<u>(1,800)</u>	<u>(4,955)</u>	<u>(7,705)</u>	<u>-2,358</u>	<u>(10,455)</u>
	11,525	1,455	-2,358	-5,170	(12,955)
					-7,670
<b>Contributions to / (from) reserves (itemise)</b>					
Spend to Save Fund	(1,500)	(500)			
City Strategic Investment Fund	(1,000)				
Council Tax Discount Fund	<u>(25)</u>				
	(2,525)	(500)			
<b>Balance of Available Resources</b>	<u>-</u>	<u>12,556</u>	<u>34,821</u>	<u>59,734</u>	<u>88,169</u>

**THE CITY OF EDINBURGH COUNCIL  
CONSERVATIVE GROUP BUDGET MOTION  
REVENUE BUDGET 2021/22 - 2025/26**

	2021/22	2022/23	2023/24	2024/25	2025/26
<b>SERVICE INVESTMENT</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Strategic Property Review and Value for Money Service Reviews (Spend to Save)	1,000	(500)	(500)		
Health and Social Care Innovation (Spend to Save)	500	(500)			
Homelessness Strategic Investment (City Strategic Investment Fund)	1,000	(1,000)			
Homelessness - Modular Housing Feasibility Study (Council Tax Discount Fund)	25	(25)			
Infrastructure Investment (Prudential Borrowing)	190	281	281	188	
Sport / Physical Activity	100				
Homelessness	400	194	(594)		
Maximising incomes and meeting crisis needs	1,050	(1,050)			
A council focussed on prevention	300	(300)			
Delivering Edinburgh Guarantee for all	175	(175)			
Corporate Parenting	110				
1 to 1 Digital Learning	2,250				
Smart City Operations Phase 1	500	(250)	(250)		
Toilet / café facilities in parks	850	(850)			
Winter weather recovery - Road Repairs	500	(500)			
Dropped Kerbs	150	(150)			
Business and Economy Fund	1,000	(1,000)			
Staff Support Fund	500	(500)			
Environmental Initiatives	1,000	(1,000)			
<b>TOTAL SERVICE INVESTMENT</b>	<b>11,600</b>	<b>(7,075)</b>	<b>(1,063)</b>	<b>(62)</b>	<b>0</b>
<b>PROPOSED AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK 2021/26</b>					
Early Years	300				
School Efficiencies (DSM)	600				
Police Funded Community Officers	478				
Instrumental Music Service	150				
Parking Pay and Display Charges	300				
Discretionary fees and charges	250				
Chief Officers and Senior / Middle Management Review	(513)				
Garden Waste Collection Service	160	160			
<b>TOTAL AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK</b>	<b>1,725</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ADDITIONAL SAVINGS</b>					
Value for Money Service Reviews	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Asset Management	(500)	(2,500)	(2,500)	(2,500)	(2,500)
Workforce Modernisation	(200)	(250)			
Strategy and Communications	(900)	(400)			
CoSLA	(200)				
	(255)				
<b>TOTAL ADDITIONAL SAVINGS</b>	<b>(1,800)</b>	<b>(3,155)</b>	<b>(2,750)</b>	<b>(2,750)</b>	<b>(2,500)</b>

**THE CITY OF EDINBURGH COUNCIL  
COUNCIL TAX / RATING RESOLUTION  
CONSERVATIVE GROUP BUDGET MOTION**

To recommend that in respect of the year to 31st March, 2022:

**1. GENERAL FUND**

Revenue Estimates - the Revenue Estimates as presented and adjusted be approved;

Council Tax - estimated expenditure from Council Tax of £311.325m be met and in terms of Sections 70(1) and 74(1) of the Local Government Finance Act 1992 (the 1992 Act) Council Tax be levied in respect of properties in the bands defined in Section 74(2) of the 1992 Act, as amended by The Council Tax (Substitution of Proportion) (Scotland) Order 2016, as follows:

<b>Band</b>	<b>Council Tax</b>	<b>Band</b>	<b>Council Tax</b>
	£		£
A	892.39	E	1,758.76
B	1,041.13	F	2,175.21
C	1,189.86	G	2,621.41
D	1,338.59	H	3,279.55

**2. RATING APPEALS TIMETABLE**

In terms of Part XI of the Local Government (Scotland) Act 1947 the following dates be approved:

**Main Assessment Roll**

Lodging of Appeals with the Executive Director of Resources by	9 July 2021
Hearing of Appeals by the Rating Authority	17 September 2021

**Amendments to Main Assessment Roll made subsequent to its issue**

Lodging of Appeals with the Executive Director of Resources	Within six weeks of issue of Rate Demand or in terms of Section 11 of the Rating and Valuation (Amendment) (Scotland) Act 1984
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Hearing of Appeals by the Rating Authority	Periodically
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**3. CAPITAL EXPENDITURE**

Expenditure on Capital projects in progress be met.

**4. BORROWING**

The Council borrows necessary sums to meet the above capital expenditure.

**THE CITY OF EDINBURGH COUNCIL  
CONSERVATIVE GROUP BUDGET MOTION  
CAPITAL BUDGET 2021 - 2026  
ADDITIONS TO REVISED PROGRAMME**

						Total £000
<b>Available Resources for Distribution</b>						<b>£000</b>
Prudential Borrowing (funded through additional revenue savings)						15,000
<b>Resources Available for Distribution</b>						<b>15,000</b>
	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Total £000
<b>Changes to recommended CIP</b>						
Roads and Pavements	3,000					3,000
Transport Schemes	1,000	1,000	4,000			6,000
Bridge Structure	500	1,000	1,000			2,500
Parks and Greenspace Infrastructure	1,000	500	500			2,000
Community Centres	500	500	500			1,500
	<b>6,000</b>	<b>3,000</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>