

Notice of meeting and agenda

City of Edinburgh Council

10.00 am Thursday, 18th February, 2021

Virtual Meeting - via Microsoft Teams

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The law allows the Council to consider some issues in private. Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

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1. Order of business

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declaration of interests

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

- 3.1 If any

4. Revenue and Capital Budgets

- | | | |
|------------|---|-----------|
| 4.1 | Revenue Budget 2021/26 – reports | 5 - 106 |
| | (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 | |
| | (e) Corporate Parenting Action Plan 2020/22 – referral from the Finance and Resources Committee | |
| 4.2 | Housing Revenue Account (HRA) Budget Strategy (2021-2031)– referral from the Finance and Resources Committee | 107 - 126 |
| 4.3 | Sustainable Capital Budget Strategy 2021-2031 - referral from the Finance and Resources Committee | 127 - 148 |

Andrew Kerr

Chief Executive

Information about the City of Edinburgh Council

The City of Edinburgh Council consists of 63 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4239, email gavin.king@edinburgh.gov.uk.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online at <https://democracy.edinburgh.gov.uk> ..

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The City of Edinburgh Council

10.00am, Thursday 18 February 2021

Council Business Plan and Budget 2021/26 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Council Business Plan and Budget 2021/26 to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

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Referral Report

Council Business Plan and Budget 2021/26

2. Terms of Referral

- 2.1 On 2 February 2021, the Finance and Resources Committee considered a report which outlined that the Council continued to operate in a climate of unprecedented uncertainty, the enduring impacts of which remained unknown. These impacts had required a wholesale review of current revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020.
- 2.2 A written deputation was presented on behalf of the UNISON City of Edinburgh Branch in relation to their concerns that proposing further cuts to services and jobs would have a negative impact on both staff and local communities. The deputation acknowledged the hard work of staff throughout the Covid-19 pandemic and sought increased funding to be requested from the Scottish Government for local government staff and services.
- 2.3 The Finance and Resources Committee agreed:
- 2.3.1 To note the impact of the updated review of savings deliverability, management of pressures and other key financial planning assumptions on the in-year savings requirements over the period of the budget framework.
 - 2.3.2 To note the timescales for confirmation of the 2021/22 Local Government Finance Settlement.
 - 2.3.3 To note the proposed adoption of financial flexibilities as set out which, alongside approval of the new savings proposals outlined within the report, would allow the Council to set a balanced budget in 2021/22 based on current planning assumptions.
 - 2.3.4 To note, that the three-year Council Business Plan: Our Future Council, Our Future City brought together our strategic priorities into a single plan responding to the need for change and should be read alongside the draft budget.
 - 2.3.5 To note that a new planning and performance framework would be developed to provide a clear link between our business plan, key strategies,

annual directorate plans and the underlying performance framework including benchmarking. The framework would be underpinned by a cycle of 'plan, do, check and review and act' at all levels and would drive a culture of continuous improvement.

- 2.3.6 To note that a further update would be reported to members once the implications for the Council of the Local Government Finance Settlement (LGFS) were known.
- 2.3.7 To note the potential areas, utilising Spend to Save funding, to inform the development of specific projects promoting a Green Recovery.
- 2.3.8 To refer, subject to any revisions in light of the LGFS announcement, the report to Council as part of setting the revenue and capital budgets on 18 February 2021.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)

4. Appendices

- 4.1 Appendix 1 – report by the Chief Executive and the Executive Director of Resources

Finance and Resources Committee

2.00pm, Tuesday, 2 February 2021

Council Business Plan and Budget 2021/26

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the impact of the updated review of savings deliverability, management of pressures and other key financial planning assumptions on the in-year savings requirements over the period of the budget framework;
 - 1.1.2 note the timescales for confirmation of the 2021/22 Local Government Finance Settlement;
 - 1.1.3 note the proposed adoption of financial flexibilities as set out which, alongside approval of the new savings proposals outlined within the report, would allow the Council to set a balanced budget in 2021/22 based on current planning assumptions;
 - 1.1.4 note, that the three-year Council Business Plan: *Our Future Council, Our Future City* brings together our strategic priorities into a single plan responding to the need for change and should be read alongside the draft budget;
 - 1.1.5 note that a new planning and performance framework will be developed to provide a clear link between our business plan, key strategies, annual directorate plans and the underlying performance framework including benchmarking. The framework will be underpinned by a cycle of 'plan, do, check and review and act' at all levels and will drive a culture of continuous improvement;
 - 1.1.6 note that a further update will be reported to members once the implications for the Council of the Local Government Finance Settlement (LGFS) are known;

- 1.1.7 note the potential areas, utilising Spend to Save funding, to inform the development of specific projects promoting a Green Recovery; and,
- 1.1.8 refer, subject to any revisions in light of the LGFS announcement, the report to Council as part of setting the revenue and capital budgets on 18 February 2021.

Andrew Kerr
Chief Executive

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Council Business Plan and Budget 2021/26

2. Executive Summary

- 2.1 The Council continues to operate in a climate of unprecedented uncertainty, the enduring impacts of which remain unknown. These impacts have required a wholesale review of current revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020.
- 2.2 In acknowledging the COVID-related causes of the shortfalls now being projected, it is proposed that the Council utilise available financial flexibilities in rebalancing the position for 2021/22 whilst acknowledging the vital need for more fundamental service change, improvement and prioritisation over the following years, guided by the overarching priorities set out within the Business Plan: *Our Future Council, Our Future City* to maintain its financial sustainability once the scale of these impacts becomes clearer.

3. Background

- 3.1 On 20 February 2020, the Council set a balanced budget for 2020/21 and indicative balanced budgets for the following two years. While it is anticipated that the most severe impacts of the pandemic will be felt in 2020/21, in early October a review was undertaken of the Council's underlying planning assumptions and previously-approved savings for both 2021/22 and 2022/23 to determine where corresponding adjustments may now be required. The results of this review, summarised in Appendix 1, were considered by the Finance and Resources Committee on 29 October and pointed to a need to identify further savings of at least £16.1m in 2021/22, with an additional £5.6m of savings also now required in 2022/23.

4. Main report

Further changes to the budget framework

- 4.1 The changes incorporated within the budget framework as part of the October review may be broadly grouped in to four categories:

- (i) anticipated recurring financial impacts of the pandemic on core budgets, both in terms of increases in expenditure and losses of income;
- (ii) a re-assessment of the on-going impacts of shortfalls in savings approved to be delivered, and pressures previously assumed to have been managed, in 2020/21;
- (iii) a re-assessment of the deliverability of those savings previously approved for implementation in 2021/22 and 2022/23; and
- (iv) other savings and additional income, primarily in corporate budgets, potentially available to offset the pressures above.

Recurring expenditure and income impacts of the pandemic

- 4.2 At this stage, provision for the anticipated recurring financial impacts of the pandemic remains unchanged, totalling £23m in 2021/22 and reducing to £21m in 2022/23 and continuing at that level thereafter. There is a risk, however, that the net pressure on the Council's budget, after taking account of any additional COVID-related funding included within the Local Government Finance Settlement, is higher than that assumed. On that basis, in addition to continuing to seek to optimise the level of financial flexibilities available to local authorities to spread the pandemic's expenditure and income impacts over a longer period, the Council's earmarked reserves will be reprioritised to create a specific COVID mitigation reserve. Further detail in each of these areas is provided later in this report.

Recurring impacts of delivery of savings approved for implementation and management of in-year residual pressures in 2020/21

- 4.3 The report to the Committee's meeting on 29 October included provision for a total £10m carry-forward into 2021/22 of (i) savings originally planned for delivery in 2020/21 and (ii) underlying pressures anticipated to have been managed on a sustainable basis during the current year. Given the combined level of pressure identified across these two areas of £17m, implicit within this sum was development of sustainable offsetting measures of £7m.
- 4.4 To date, some £5m of mitigating actions have been identified, reducing the residual pressure to £12.023m as shown in Appendix 2. Of these actions, £2m relates to reprofiling of repairs and maintenance expenditure which may give rise to a further liability in 2022/23 if the overall five-year strategic programme to improve the property estate's quality, safety and future sustainability is not extended.
- 4.5 While work is continuing to identify further mitigations, in order to reduce the risk of non-delivery incorporated within the approved budget framework, the remaining £2.023m has been added to the incremental savings gap for 2021/22 at this stage.

Re-assessment of savings approved for delivery in 2021/22 and 2022/23

- 4.6 Extensive work has also been undertaken on the development of implementation plans for those savings approved in principle in February 2020 for delivery in 2021/22 and 2022/23. Appendix 3 lists those savings where independent assessment by Finance staff has attested to the broad robustness of the associated

delivery plans, totalling £40.190m over the two years concerned. At this stage, however, there is insufficient assurance around the deliverability of a minority of these savings and reductions in investment (£5.588m and £9.347m in 2021/22 and 2022/23 respectively) as set out in Appendix 4.

- 4.7 The position reported to the Committee on 29 October included a risk contingency for non-delivery of savings of £5m in each year, based upon a preliminary assessment as of that time. Given the extended timeframes for likely service disruption, the updated assessment adds £0.588m and £4.347m respectively to each year's risk contingency (and thus the overall savings requirement). As with the management of in-year pressures, however, opportunities to develop corresponding implementation plans (or appropriate mitigations) for those savings where additional work is required will continue to be examined and a progress update will be reported to members of the Committee in the summer. Any further savings resulting from implementation of these measures will serve as a contingency against both (i) any shortfalls in delivery for those savings listed in Appendix 3 and (ii) further in-year COVID impacts, be it through additional costs or losses of income, and other risks within the budget framework, as well as contributing positively towards addressing subsequent years' savings requirements.

Other savings and additional income, primarily in corporate budgets, potentially available to offset the pressures above

- 4.8 Appendix 1 sets out a total of £27.0m of primarily-corporate or Council-wide mitigations assumed to be available to offset net cost pressures in 2021/22. At this time, the majority of these savings are still considered to be realistic and achievable. Council Tax collection levels and movements in the size of the underlying tax base will, however, continue to be closely monitored, taking into account additional available support through the Council Tax Reduction Scheme, planned recovery action and likely required levels of bad debt provision.
- 4.9 At the meeting of Council on 15 October 2020, members agreed to release funding of up to £14.8m from the Workforce Transformation reserve to facilitate a targeted programme of Voluntary Early Release Arrangements (VERA) for senior managers. An update on progress was included in the revenue monitoring report considered by the Committee on 21 January. Given the number of staff release approvals and modest associated recurring savings to date¹, it is considered prudent to revisit the assumed level of related savings for both 2021/22 and 2022/23 (together totalling £15.0m once account is taken of pre-existing targets in these areas).
- 4.10 The budget framework currently incorporates an assumed level of pay award of 3% for all staff in each of the years concerned, along with a £5m net in-year cost for consolidation of the Scottish Local Government Living Wage in 2021/22. Each 1% change in Council-wide employee costs equates to some £6m. In view of wider inflationary forecasts over this period, it is proposed to revise the assumed level of provision in both 2021/22 and 2022/23 to 2%, pending review of longer-term assumptions, with the resultant saving serving as a contingency against shortfalls in

¹ Estimated full-year savings of £0.8m are available to contribute to the Council-wide target as opposed to offsetting pressures within services.

the level of staff-related savings delivered and/or other assumptions within the budget framework. As such, there is no impact on the overall funding gap.

- 4.11 On 16 December 2020, the representative trade unions submitted the 2021/22 pay claim for employees covered by the Scottish Joint Council for Local Government (non-teaching) employees (SJC). This claim is for a £2,000 flat-rate increase to all spinal column points, or 6%, whichever is greater, along with a minimum rate of pay of £10.50 per hour, a separate additional payment towards pay restoration and no less than parity with other bargaining groups. As of the time of writing, no claim has been lodged in respect of teaching staff.

Overall impact of above changes

- 4.12 Taken together, the overall impact of the changes noted in the preceding paragraphs is as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Net additional savings requirement reported to Finance and Resources Committee on 29 October 2020	16.050	5.550	25.800	28.000	29.000
Increase in required provision for pressures	2.023	2.000	0.000	0.000	0.000
Increase in required provision for non-delivery of savings, including those implicit in investment reduction	0.588	4.347	0.000	0.000	0.000
Revised savings requirement prior to consideration of new savings/financial flexibilities	18.661	11.897	25.800	28.000	29.000

UK Spending Review and potential implications for Scottish Budget

- 4.13 On 25 November 2020, the Chancellor of the Exchequer published a one-year UK Spending Review for 2021/22, albeit against a backdrop of unprecedented fiscal uncertainty. Excluding additional COVID-related expenditure, Scotland's core resource (revenue) block grant will increase by some £1.3 billion in 2021/22 to £31.7 billion, a real-terms increase of around 3.5%.
- 4.14 In addition to the increase in core funding, the Scottish Budget is currently due to receive £1.3 billion of additional Barnett Consequentials as a result of the UK Government's COVID-related expenditure plans, compared to £8.6 billion of relevant funding in 2020/21. While this, at least at face value, implies a significant and rapid unwinding of current levels of support, following the re-imposition of lockdowns across all four nations of the UK with effect from 5 January and the knock-on impacts on subsequent recovery, this position is likely to be reviewed.
- 4.15 Given the fiscal framework underpinning the progressive devolution of taxation and spending powers between the UK and Scottish Governments, the above headline figures, while helpful in indicating broad trends, still leave the potential for variation, particularly with regard to the implications of UK taxation policy choices. More generally, the quantum of grant funding made available to Local Government in Scotland as a whole and the Council specifically reflects a complex array of factors,

including Scottish Government priorities and commitments, its own taxation policy, the distribution of available funding in accordance with a complex series of needs-based formulae and the operation of the stability and 85% per capita funding floors. It is not, therefore, possible to extrapolate the above headline figures to the Council's likely level of grant settlement. It is likely, however, that the Council will continue to receive support from the stability funding floor and, by definition, receive a less favourable settlement than for Scottish councils as a whole, prior to any policy intervention through the 85% funding floor.

- 4.16 Following the postponement of the planned UK Autumn Budget to focus on the immediate pandemic response, a one-year Draft Scottish Budget and Local Government Finance Settlement (LGFS) will be announced on 28 January and thereafter be subject to a shortened process of Scottish Parliamentary consideration. A briefing on the provisional LGFS will be provided to elected members as soon as practicable after the announcement is made, with further updates provided as appropriate at Stages One and Two of its Parliamentary consideration.
- 4.17 Of particular importance in this context, however, will be clarity on whether current-year flexibilities around permitted Council Tax increases² (and where the budget framework correspondingly assumes increases of 4.79% in each of 2021/22 and 2022/23) and application of Integration Joint Board (IJB) savings targets (where application of a c2% savings target, prior to passing on in full relevant additional monies provided through the LGFS, is assumed) will continue. Officers continue to support efforts, through COSLA, to obtain early clarification in these areas. The budget framework assumption of a 0.7% cash-terms reduction in core grant funding, with no specific additional funding for COVID-related impacts, is however considered prudent and may thus provide a level of contingency should one or both of these options not be available.

Financial flexibilities

- 4.18 Members will be aware from previous in-year monitoring updates that Council officers, through COSLA, have been working closely with the Scottish Government to explore a range of potential financial “flexibilities”, to be used as appropriate to individual authorities’ own circumstances, that would have the effect of spreading the cost impacts of the pandemic over a longer period.
- 4.19 Following consultation with the UK Government, three specific measures are able to be applied at this stage to meet COVID-related expenditure:
- (i) utilising capital receipts received in-year in either 2020/21 or 2021/22;
 - (ii) a Loans Fund principal repayment “holiday” which would permit a council to defer repayments in either 2020/21 or 2021/22, but with the amount of this repayment added to the term of the remaining loans fund advance; and,

² The 2020/21 Local Government Finance Settlement permitted authorities to increase Council Tax rates by up to 3% in real terms, with this inflation-based increase calculated with reference to the UK Treasury GDP deflator. Should the equivalent flexibility continue in 2021/22, current rates would permit an increase in line with that proposed.

- (iii) repaying, in accounting terms, the debt element of service concession arrangements within PPP contracts over the life of the asset rather than the current mechanism based on the life of the contract³.

4.20 Should it be permitted, it remains officers' preference to utilise the PPP-based flexibility, adopting an annuity basis of repayment, as this would both maximise the level of retrospective benefit (based on a comparison of sums previously paid and due, in accounting terms, under the revised calculation) and deliver significant savings to the revenue account from 2021/22 onwards, whilst deferring the additional liability relative to current arrangements fully beyond the period of the PPP1 and PPP2 contracts.

4.21 Based on the Council's understanding of relevant guidance, however, at this stage it is proposed to utilise the Loans Fund principal repayment flexibility in 2021/22, thereby creating a reserve equal to the amount of the previously-planned in-year repayment and using this to offset COVID-related pressures in each of the next three financial years.

4.22 A one-year deferral of the principal (debt) element of the Council's planned 2021/22 would allow for the creation of a reserve of some £34m. It is proposed to apply this sum against COVID-related pressures as follows:

Continuing COVID-related impacts "funded" by one-year repayment holiday	2021/22	2022/23	2023/24
	£m	£m	£m
Budget framework assumptions:			
Loss of Lothian Buses dividend	6.000	6.000	6.000
Increased required support for Arm's-Length External Organisations (ALEOs)	3.000	0.000	0.000
Net loss of income, including parking and commercial rentals	3.000	1.000	1.000
Personal Protective Equipment (PPE)	1.000	1.000	1.000
Aligned to available level of flexibility and assuming subsequent demand management/service transformation:			
Temporary accommodation	5.000	0.000	0.000
Total	18.000	8.000	8.000

4.23 Applying the flexibility in the way indicated reduces the 2021/22 savings requirement by £18m. It does, however, give rise to knock-on impacts in 2022/23 and subsequent years as follows:

- (i) as the deferred amount of the repayment requires to be repaid over the remaining term of the loans fund advance, an additional annual liability of £2.5m is created over this period (estimated to be around fourteen years); and,

³ This arrangement would, however, not affect the level of contractual payments made which would remain in line with original agreements.

- (ii) the reduction in mitigating “funding” available between 2021/22 and 2022/23 of £10m adds to the corresponding incremental savings requirement from 2022/23.

- 4.24 Given these increases in subsequent years’ savings requirements and the underlying unaffordability of the current expenditure pressure within the temporary accommodation service, it is also being assumed that, through a combination of improved demand management and service transformation, £5m of the baselined £10m pressure in this area will be managed with effect from 2022/23.
- 4.25 In addition, as part of consideration of the approved savings comprising the budget framework, opportunities to accelerate into 2021/22 £0.528m of pre-approved savings within Communities and Families (primarily those related to reductions in funding to Police Scotland) have been identified.
- 4.26 Taking the measures outlined in the preceding sections as a whole results in a revised position as follows⁴:

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Revised savings requirement per Paragraph 4.12	18.661	11.897	25.800	28.000	29.000
Application of financial flexibilities	(18.000)	10.000	0.000	0.000	0.000
Increase in subsequent years' loans charge liability resulting from deferral	0.000	2.500	0.000	0.000	0.000
Assumed management of temporary accommodation pressure	0.000	(5.000)	0.000	0.000	0.000
Acceleration of savings in Communities and Families	(0.528)	0.528	0.000	0.000	0.000
Updated savings requirement prior to consideration of new savings	0.133	19.925	25.800	28.000	29.000

- 4.27 While current pandemic-focused working arrangements and the uncertainty over timing of implementation have made the identification of additional savings correspondingly more difficult, three new proposals are indicated in Appendix 5, approval of which would allow the Council to meet the immediate priority of setting a balanced budget for 2021/22, with a small element of unallocated funding of £0.177m (as shown in Appendix 6).
- 4.28 It should be noted, however, that this budget framework provides no additional recurring funding relative to previous plans for tackling poverty, promoting sustainability and enhancing well-being and thus any such additional investment would need to be provided through reprioritising existing resources. The framework similarly does not include funding to meet, in full, current digital aspirations within schools. The Council's 2021/31 Sustainable Capital Budget Strategy, a report on

⁴ It is being assumed that, by 2024/25, loss of the funding flexibilities of £8m would be offset by increases in income, or reductions in expenditure, of the same amount, hence there is no overall impact of the loss of this time-limited funding.

which is included elsewhere on today's agenda, also currently shows a £172m funding shortfall.

Edinburgh Integration Joint Board (EIJB)

- 4.29 On 15 December 2020, members of the EIJB considered a report on the initial three-year financial outlook for the Board. This report indicated a projected in-year savings requirement for 2021/22 of £30.3m and £63.5m across the three-year period to 2023/24. These sums include the assumed application of the savings target noted in Paragraph 4.17.
- 4.30 It is envisaged that the Integration and Sustainability Framework, aligned to the EIJB's Strategic Plan and looking at how it best works with staff and the people of Edinburgh in shaping and re-imagining the delivery of community-based services within the level of funding available, will support delivery of longer-term sustainability. In the immediate term, however, work is underway to develop a savings and recovery programme in 2021/22, comprising four elements as follows:
- (i) reviewing previously-approved proposals from 2019/20 and 2020/21;
 - (ii) progressing operational and "grip and control" projects that do not require explicit EIJB approval;
 - (iii) delivering efficiency-based projects under the Transformation Programme; and
 - (iv) developing new proposals that will be presented for approval by the EIJB as part of the financial plan in March 2021.

Future years of budget framework

Best Value Assurance Report recommendations

- 4.31 The Council's Best Value Assurance Report (BVAR) noted a number of observations concerning the setting and subsequent implementation and delivery of the Council's revenue budget. These included continuing shortfalls in savings delivery (and consequent reliance on savings in non-service budgets), a lack of robustness in the implementation plans for some proposals and the potential for the Council's use of reserves to become unsustainable without decisive action.
- 4.32 In seeking to address these concerns, a number of further enhancements have been introduced into this year's process, including updated, detailed and consistently-applied guidance for Finance professionals in assessing the rigour of accompanying savings implementation plans and more general earlier recognition, through discussion and agreement at Corporate Leadership Team, of the impact of underlying service pressures and savings shortfalls on the robustness of the budget framework. An indicative five-year planning timeframe has also been adopted.
- 4.33 In addition, the budget process has included detailed review of non-service budgets, reserves, the availability of financial flexibilities to spread the pandemic's financial impacts over a longer and more manageable timeframe and consideration

of likely project management and other required support to aid subsequent savings delivery.

- 4.34 The BVAR also recommended that the Council adopt a longer-term financial planning horizon once the on-going impacts of the pandemic upon the Council and its ALEOs become clearer. Given, however, the announcement on 5 January 2021 that Edinburgh and all other mainland authorities in Scotland would be returning to arrangements akin to the March 2020 lockdown and the significant consequent increase in uncertainty and risk that any longer-term budget is based on incomplete information or flawed assumptions, the primary focus of activity has reflected the Council's statutory responsibility to set a balanced budget for the following year by 11 March. This shorter, one-year timeframe is consistent with both the UK and Scottish Governments and councils elsewhere in Scotland.
- 4.35 In view of the immediacy of the Council's pandemic response, the budget for 2021/22 will therefore be underpinned, in the main, by shorter-term tactical measures (including those related to the Information and Communications Technology contract extension, reducing our number of staff and taking full advantage of financial flexibilities provided by the Scottish Government) whilst preparing for broader reforms and major changes to services from 2022 onwards. This longer-term review will include the Council's ALEOs.
- 4.36 Over the next five years, due to a combination of rising demand, inflationary pressures, legislative reform and a level of funding that is not expected to keep pace, the Council will need to save more than £100 million whilst maintaining an appropriate level of reserves. This sum is in addition to over £350 million of savings delivered since 2012/13. This will inevitably mean taking difficult decisions about where it is going to invest to progress its priorities and what it will scale back, deliver differently or, in some cases, stop. Once the financial position is clearer, a strategic long-term financial plan, guided by the overarching vision, principles and priorities set out within the Business Plan: *Our Future Council, Our Future City* (included as Appendix 7), will therefore be developed to maintain its financial sustainability.

Business Plan: Our Future Council, Our Future City

- 4.37 The new Council business plan lists our key deliverables for the next three years. As recommended by the Best Value Assurance Report it is clear on both our collective strategic priorities and direction of travel. The tone of the business plan is optimistic about Edinburgh's future but sets this against the financial challenges detailed in this report. Indeed, these challenges only further evidence the need for significant change in how we work.
- 4.38 There are three priorities in 'Our Future Council, Our Future City':
- (i) ending poverty and preventing adverse outcomes such as homelessness and unemployment;
 - (ii) becoming a net-zero city; and,
 - (iii) ensuring wellbeing and equalities are enhanced for all.

- 4.39 The plan is aimed at shaping Edinburgh’s “fair and green” recovery from the pandemic in the years ahead and is intended to be considered hand in hand with the budget framework. Through the Business Plan and our on-going budget planning we’ll also be driving forward the [aims set out in Edinburgh’s Community Plan](#). The priorities, shared by all members of the Edinburgh Partnership, are that all citizens have:
- (i) enough money to live on;
 - (ii) opportunities to work, learning and training; and,
 - (iii) a good place to live.
- 4.40 While the business plan focuses on deliverables over the next three years, its actions go beyond this timeframe and speak to our 2050 City Vision for a thriving, welcoming, fair and pioneering city. Successful delivery of the business plan will also show progress towards our 2030 poverty target and ambition to be carbon-neutral by 2030.
- 4.41 While much of the work set out in the business plan is underway, formal reporting will begin when we finalise the 2020/21 annual performance report at Council in May. The new planning and performance framework will provide a clear link between our business plan, key strategies, annual directorate plans and the supporting performance framework including benchmarking. The framework will be underpinned by a cycle of ‘plan, do, check and review and act’ at all levels and will drive a culture of continuous improvement.
- 4.42 A more detailed report on our approach to integrated performance and planning, our SMART KPIs and monitoring/scrutiny cycles will be submitted to Council in May 2021. A strategy map is included in the business plan which sets out our outcomes, actions and initial areas of measurement. These will be further developed over the coming months in preparation for the commencement of the new planning and performance framework.
- 4.43 The business plan will be a live document and we will continue to update it in line with reporting cycles. We will develop a communications strategy to ensure it reaches citizens through our media outlets and through our frontline services, when it is safe to do so.

Realignment and reprioritisation of Council’s reserves

- 4.44 The Risks and Reserves report included elsewhere on today’s agenda sets out the basis of a proposed realignment and reprioritisation of the Council’s reserves, consistent with the budget framework risks outlined elsewhere within this report. Given the improved, balanced in-year revenue monitoring position now being forecast, the Council’s reserves as of 31 March 2021 are expected to comprise four main elements:

- (i) an **increased unallocated General Fund balance** of £25m, equating to around 2.3% of the Council’s net expenditure and being more in line with other authorities in Scotland;
- (ii) a series of **ringfenced reserves maintained for statutory⁵ or specific policy⁶ reasons** or to reflect timing differences between the receipt of income and its subsequent application, together totalling £55m;
- (iii) a **workforce transformation reserve** of £15m, less commitments incurred as part of the recent targeted staff release programme for senior managers, to facilitate organisational restructuring and deliver associated recurring efficiency savings; and
- (iv) a **COVID contingency reserve** of £16m, acknowledging the continuing uncertainty of the recurring impacts of the pandemic on, in particular, income levels in key areas such as parking, commercial rentals and other fees and charges.

4.45 Creation of the last-mentioned reserve, alongside both what are considered to be prudent planning assumptions in respect of grant funding levels and the potential for further in-year pressures mitigations and savings implementation plans to be developed, provides a degree of assurance against potential downside risks within the framework, particularly the ability to apply the assumptions around Council Tax increases and IJB savings targets.

Spend to Save proposals for Green Recovery

4.46 In considering the Revenue Budget 2020/21 – Progress Update report at their meeting on 24 September 2020, members of the Committee requested that relevant costed proposals meeting Spend to Save criteria be brought forward within two cycles, taking into account suggestions put forward in February 2020 budget motions, the first report of the Edinburgh Climate Commission, the Sustainability Programme and the Adaptation and Renewal Programme Update report of 6 October.

4.47 Work continues on developing the Council’s wider Sustainability Plan, including “Net-Zero” investment priorities, with an update presented to the Policy and Sustainability Committee on 1 December. After taking account of payback periods and other potential sources of funding, investment from the Council’s Spend to Save fund could, subject to development of detailed business cases, contribute positively in two main areas.

Solar Photovoltaics (PV) Fund

4.48 There may be opportunities for the Council to use spend to save money to operate in a similar way to the existing Edinburgh Community Solar Co-Operative and install solar panels on roofs of suitable properties or land. Upfront investment would be

⁵ Including the Insurance Fund, Council Tax Discount Fund (ringfenced for the provision of affordable housing), licensing reserves and sums set aside under the Devolved School Management (DSM) scheme.

⁶ Including the Spend to Save and City Strategic Investment Funds.

provided from the fund, with payment then received from the Council and/or its ALEOs for energy used (with each benefiting from reduced/fixed-cost green electricity).

- 4.49 Additional, or reprioritised, resources would be required to manage the scheme, with a number of technical and legal considerations also requiring to be addressed. The Council would furthermore need to assess potential take-up for this form of funding. Simple paybacks would be expected to be around twelve to fourteen years (thus requiring changes to current Spend to Save criteria). It may be possible, however, to consider more flexible methods of repayment to offer some short-term revenue savings to participating organisations.

Energy Efficiency/Renewables Fund for ALEOs

- 4.50 There may be opportunities to mirror the arrangements the Council has in place whereby former CEEF funding is combined with SALIX funding to operate a revolving loans fund. There may also be an opportunity for the Scottish Government to provide match funding for this. Projects operate on the basis of payback (i.e. 10 years for energy works or 12 years for renewables), with attention also given to CO₂ savings and repayment over the lifespan of the technology concerned. This may be an easier option to implement as SALIX would provide a lot of the support but this would again be dependent upon potential take-up amongst partner organisations. As with existing schemes, there would be some potential risks, such as disposal of buildings during payback period (and thus loss of the energy savings “funding” to repay the initial savings) so this would also need to be considered.

Green Growth Accelerator (GGA)

- 4.51 The Green Growth Accelerator (GGA) was announced as part of the 2019/20 Programme for Government with the intention of unlocking up to £200m of additional resources for investments which can reduce greenhouse gas emissions.
- 4.52 The GGA is built on the principles developed for the new Learning Estate and Investment Programme (LEIP) which itself builds on the existing Growth Accelerator Model (GAM) initiative, a revenue finance model in which a local authority commits to deliver defined, measurable outcomes that are enabled or underpinned by investment in infrastructure. Where these are met, the Scottish Government makes regular revenue payments for a set period (typically 25 years although the GGA could be shorter at 10 to 20 years) reflecting the value of the outcomes achieved. A similar arrangement is already in place for the St James Quarter development.
- 4.53 The implementation of the GGA was delayed as a result of the pandemic but is now proceeding with the intention that a small number of Local Government-led pathfinder projects should go ahead next financial year, with a report being considered by COSLA Leaders on 29 January. Members will be kept apprised as the scheme develops.

5. Next Steps

- 5.1 Following consideration by the Committee, the proposals set out in Appendix 5 will be referred to Council for decision as part of the budget-setting process. Given the timing of the provisional Local Government Finance Settlement, however, members will also be kept apprised of the impact of this and other announcements or clarifications insofar as they affect the budget framework.

6. Financial impact

- 6.1 If all approved, the proposals set out in Appendix 5 provide the potential to set a balanced budget for 2021/22, based on the key current assumptions set out within the framework. In addition, the report sets out the basis of a proposed re-alignment of the Council's reserves which, along with a number of other measures set out, provides a degree of contingency against the risks outlined in the Risks and Reserves report included elsewhere on this meeting's agenda.

7. Stakeholder/Community Impact

- 7.1 A detailed report elsewhere on today's agenda summarises the response to the Council's recent engagement on budget priorities for 2021/22 and beyond and includes relevant supporting material from other engagement activity on priorities and life experiences during the COVID-19 pandemic.

8. Background reading/external references

- 8.1 [Revenue Budget 2020/21: progress update](#), Finance and Resources Committee, 3 December 2020
- 8.2 [Financial Framework 2021-2024](#), Edinburgh Integration Joint Board, 15 December 2020
- 8.3 [Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update](#), Finance and Resources Committee, 29 October 2020
- 8.4 [Finance Update](#), Edinburgh Integration Joint Board, 27 October 2020

9. Appendices

- 9.1 Appendix 1 - Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26 - as reported to Finance and Resources Committee, 29 October 2020
- 9.2 Appendix 2 - Projected non-COVID recurring pressures, provision for which now included in budget framework

- 9.3 Appendix 3 - Previously-approved savings and investment reductions assessed as deliverable at this time (and thus included in budget framework)
- 9.4 Appendix 4 - Previously-approved savings and investment reductions not assumed in budget framework at this time
- 9.5 Appendix 5 – Additional savings proposals for consideration by elected members, 2021/22 to 2023/24
- 9.6 Appendix 6 - Revised budget framework position, 2021/22 to 2025/26
- 9.7 Appendix 7 – Council Business Plan: Our Future Council, Our Future City

Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26 - as reported to Finance and Resources Committee, 29 October 2020

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Unfavourable changes to current planning assumptions:					
Continuing loss of Lothian Buses dividend	6.0	0.0	0.0	0.0	0.0
Continuing loss of other income (including parking and property rentals)	3.0	(2.0)	0.0	0.0	0.0
Recurring increase in homelessness costs	10.0	0.0	0.0	0.0	0.0
Recurring increase in Personal Protective Equipment (PPE) costs	1.0	0.0	0.0	0.0	0.0
Recurring increase in net provision for ALEOs	3.0	0.0	0.0	0.0	0.0
(i) total recurring financial impacts of pandemic on core budgets	23.0	(2.0)	0.0	0.0	0.0
(ii) carry-forward into 2021/22 of savings not delivered/on-going pressures	10.0	0.0	0.0	0.0	0.0
(iii) updated deliverability assessment of 2021/22 and 2022/23 savings	5.0	5.0	0.0	0.0	0.0
Consolidation of Scottish Local Government Living Wage	5.0	0.0	(1.0)	0.0	0.0
Reassessment of required inflation-linked uplift for non-pay costs	(1.0)	(0.5)	0.0	0.0	0.0
Council Tax - changes in base/assumed collection levels	(5.5)	0.0	0.0	0.0	0.0
Loans charges - additional savings based on net slippage in 2020/21 of £180m (in addition to £4m already within framework; 2021/22 only)	(6.0)	6.0	0.0	0.0	0.0
ICT contract extension savings	(1.0)	0.0	0.0	0.0	0.0
Unallocated funding within 2020/21 budget, net of corporate adjustments	(4.8)	0.0	0.0	0.0	0.0
Reduced short-term funding for asset life reprofiling (roads and infrastructure; 2021/22 only)	(1.0)	1.0	0.0	0.0	0.0
Past service pension costs - incremental reductions in liability	(0.5)	(0.3)	(0.2)	0.0	0.0
Savings from staff release (in addition to those already assumed in budget framework)	(7.2)	(3.7)	0.0	0.0	0.0
(iv) other savings and additional income, offsetting increased requirements in (i), (ii) and (iii) above	(27.0)	2.6	(0.2)	0.0	0.0
Estimated in-year savings requirement (for years beyond current period of budget framework)			27.0	28.0	29.0
Net additional savings requirement	16.1	5.6	25.8	28.0	29.0

Key budget planning assumptions as of 29 October 2020:

	2021/22	2022/23	2023/24	2024/25	2025/26
Pay awards	3%	3%	3%	3%	3%
EIJB savings target	c. 2.2%	c. 2.2%	TBC	TBC	TBC
General Revenue and NDR Funding year-on-year change	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
Council Tax increase	4.79%	4.79%	3%	3%	3%
Fees and charges increase	5%	5%	5%	5%	5%

Projected non-COVID recurring pressures, provision for which is now included in budget framework

	Directorate	Description	£m
Schools Non-Devolved	Communities and Families	Recurring Pressure	0.500
Third Party Grants	Communities and Families	Recurring Pressure	0.440
Community Access to Schools	Communities and Families	Recurring Pressure	0.380
Library Books	Communities and Families	Non-delivered 20/21 saving	0.074
Total Communities and Families			1.394
Residual Budget Gap	Place	Recurring pressure	2.445
Waste and Cleansing	Place	Recurring pressure	2.380
Area-Based Regeneration/Place Development	Place	Recurring pressure	0.440
Parks and Greenspace	Place	Recurring pressure	0.308
Scientific, Bereavement and Registration	Place	Recurring pressure	0.320
Strategic Transport	Place	Recurring pressure	0.290
Fleet	Place	Recurring pressure	0.250
Auto-renewal of registrations and permits	Place	Non-delivered 20/21 saving	0.100
Various	Place	Recurring mitigation	(0.700)
Total Place			5.833
Property and Facilities Management (PFM) - Legacy Pressures incl. Asset Management Strategy	Resources	Recurring pressure	2.378
Less reprofiling of repairs and maintenance expenditure until later years	Resources		(2.000)
PFM - term-time holiday pay; Janitorial Review; Security Contract	Resources	New Pressure	0.300
Advertising Income	Resources	Non-delivered 20/21 saving	0.300
Total Resources			0.978
Total service pressures			8.205
Efficiencies Programme	Council-wide	Non-delivered 20/21 saving	2.000
Chief Officers and Senior/Middle Management Review	Council-wide	Non-delivered 20/21 saving	0.513
Income Maximisation	Council-wide	Non-delivered 20/21 saving	0.500
Workforce efficiency - agency/overtime	Council-wide	Non-delivered 20/21 saving	0.250
Pay-related allowances	Council-wide	Non-delivered 20/21 saving	0.200
Travel and mileage (review)	Council-wide	Non-delivered 20/21 saving	0.200
Standalone water coolers - remove	Council-wide	Non-delivered 20/21 saving	0.055
Review of car parking costs	Council-wide	Non-delivered 20/21 saving	0.050
Mobile phones - reduce specification and volume	Council-wide	Non-delivered 20/21 saving	0.050
Total Council-wide pressures			3.818
Total Pressures including Council-wide			12.023

Previously-approved savings and investment reductions assessed as deliverable at this time (and thus included in budget framework)

		2021/22	2022/23
	Directorate	£m	£m
Borrowing Costs	Corporate	4.000	4.000
Procurement	Corporate	0.100	0.100
Council Tax	Corporate	5.400	5.700
Council company dividends	Corporate	(0.250)	0.000
EIJB efficiency	Corporate	4.700	4.600
Total Corporate		13.950	14.400
Continuation of RPI+2%	Council-wide	1.500	1.500
Chief Officers and Senior/Middle Management Review	Council-wide	1.604	2.518
Total Council-wide		3.104	4.018
Early Years (restructure of staffing) (note 1)	Communities and Families	0.300	0.000
Quality Improvement Officers (note 2)	Communities and Families	0.120	0.000
School Efficiencies (DSM) (note 3)	Communities and Families	0.600	0.000
Police Funded Officers - acceleration from 2022/23	Communities and Families	0.478	0.000
Strategic Service Reviews: Libraries and Adult Learning (note 4)	Communities and Families	0.250	0.000
Library Opening Hours – acceleration from 2022/23 (note 4)	Communities and Families	0.050	0.000
Instrumental Music Service (note 5)	Communities and Families	0.150	0.000
Edinburgh Leisure (note 6)	Communities and Families	0.380	0.000
Total Communities and Families (including accelerated savings)		2.328	0.000
Statutory Consents	Place	0.040	0.025
Parks and Green Spaces	Place	0.100	0.000
Parking action plan phase 2	Place	0.520	0.000
Culture Services Review of Museums and Galleries	Place	0.150	0.000
Culture Service (Income Maximisation)	Place	0.038	0.000
Cashless Parking - remove cash for car parking across the city	Place	0.150	0.000
Development and Business Services Operating Model	Place	0.950	0.300
Scientific, Bereavement and Registration Services	Place	0.090	0.000
Depots and Yards	Place	0.210	0.000
Roads - Revenue to Capital (one-off)	Place	(0.500)	0.000
Total Place		1.748	0.325
Digital delivery	Resources	0.250	0.190
Property investment and additional investment	Resources	(0.850)	0.000
Edinburgh Shared Repairs - Management Resource and Income Generation	Resources	0.000	0.007
Resources Directorate Workforce Savings	Resources	0.110	0.110
Total Resources		(0.490)	0.307
Total pre-approved savings		20.640	19.050
Investment Reduction			
Home to School Transport	Communities and Families	0.500	0.000
Total (all savings and investment reduction)		21.140	19.050

Note 1 - The saving reflects the full-year effect of measures implemented in 2020/21.

Note 2 - The saving reflects the full-year effect of measures implemented in 2020/21.

Note 3 - The saving reflects the full-year effect of measures implemented in 2020/21.

Note 4 - The savings will be delivered through reviewing management and central structures.

Note 5 - The savings will be delivered through vacancy management and re-designing the tuition timetable to deliver operational efficiencies.

Note 6 - The Council provides an annual pay-related uplift of £0.380m to Edinburgh Leisure. In 2021/22, this uplift will be offset against an assumed saving of the same amount, resulting in the provision of a management fee that is unchanged in overall terms. The budget framework also contains additional investment of £3m for support of the Council's ALEOs, including Edinburgh Leisure.

Previously-approved savings and investment reductions not assumed in budget framework at this time

		2021/22	2022/23
	Directorate	£m	£m
Efficiencies Programme	Council-wide	2.000	2.000
Mobile phones - reduce specification and volume of devices	Council-wide	0.050	0.050
Approach to charging (Income maximisation)	Council-wide	0.500	0.500
Digital Strategy - Smart City	Council-wide	0.250	1.250
Redesign approach to our assets (including Letting and Catering Reviews)	Council-wide	0.500	1.500
Total Council-wide		3.300	5.300
Edinburgh Leisure Service Payment	Communities and Families	0.120	0.500
Review relationship with Edinburgh Leisure	Communities and Families	0.500	0.000
Police Funded Officers	Communities and Families	0.000	0.022
Instrumental Music Service	Communities and Families	0.000	0.350
Fee Paying Adult Education	Communities and Families	0.200	0.000
Strategic Service Reviews: Libraries and Adult Learning	Communities and Families	0.000	0.250
Library Opening Hours	Communities and Families	0.000	0.950
Library books - return to original library	Communities and Families/Resources	0.100	0.000
Night Noise team	Communities and Families	0.100	0.000
Total Communities and Families		1.020	2.072
Depots and Yards	Place	0.290	0.000
Parking action plan phase 2	Place	0.000	0.625
Culture Services Review of Museums and Galleries	Place	0.000	0.350
Culture Service (Income Maximisation)	Place	0.000	0.000
Cashless Parking - remove cash for car parking across the city	Place	0.050	0.000
Auto renewal of registration and permits (incl garden waste)	Place	0.100	0.000
Total Place		0.440	0.975
Edinburgh Shared Repairs - Management Resource and Income Generation	Resources	0.008	0.000
Total Resources		0.008	0.000
Total pre-approved savings		4.768	8.347
Investment Reduction			
Home to School Transport	Communities and Families	0.000	0.500
Community Access to Schools	Communities and Families	0.320	0.000
Property and Facilities Management	Resources	0.500	0.500
Total (all savings and pressures mitigations)		5.588	9.347

The above savings are not assumed within the budget framework at this time due to the associated high degree of confidence required for inclusion. Work will, however, continue over the coming months with a view to developing suitably-robust implementation plans to support their incorporation.

Proposal:	Renting of Assets for 5G nodes		Current Cost:	n/a	Saving by 2024:	£100k income pa
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Directorate:	Council-wide	Service Area:	n/a	Operational Lead:	Nicola Harvey	Finance Lead:	Iain Shaw
Change Area:	Tactical	IIA Required:	N				

Savings Profile:	2021/22	2022/23	2023/24
(Income)	£0.050m	£0.050m	-

Page 28	Description:	<ul style="list-style-type: none"> The Scottish Government released the 5G Strategy for Scotland in August 2019 - https://www.gov.scot/publications/forging-digital-future-5g-strategy-scotland/ The strategy encourages local authorities to assist with the rollout of this technology and work with telecoms providers to assist the proliferation of 5G technology across Scotland. The introduction of the Electronic Communication Code (ECC - December 2017) changed the charging structure for the hosting of telecoms equipment. It is not prescriptive, but CEC will work with other Scottish Cities through the Smart Cities Alliance to form a standardised charging structure for telecoms providers. Our intention is to provide a simple process to enable 5G providers to site masts and cells across the city and leverage opportunities to use Council assets for these sites to gain an income stream from rental agreements, ensuring we receive full market value. Income would come from one-off payments of between £3k and £5k for rental of mast or small cell space and ongoing rental income from small cells deployed e.g. on street furniture or masts on roof tops. An example would be income of £20k pa from ten masts and £50k from 200 small cells deployed on street furniture as well as £30k pa one off rental agreements for 6-10 masts. Place colleagues from Planning and Roads as well as property colleagues within Resources will require to be involved, as nodes will be placed onto current assets.
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Outcomes:	<ul style="list-style-type: none"> Maximise the rollout of 5G across Edinburgh Support the 5G Strategy for Scotland Support the aspirations in the 2050 City Vision and our Digital and Smart City Strategy to enable Edinburgh to be a world-leading smart city Support the opportunities for world-class connectivity for our citizens, businesses and visitors.
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IIA Consideration:	N/A
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Proposal:	Print, Mail and Scan Strategy Deployment			Current Cost:	Approx. £1.7m P/A	Saving by 2024:	TBC - Once Audit of Our Estate is complete Q1 2021
Directorate:	Resources	Service Area:	Council-wide	Operational Lead:	Nicola Harvey	Finance Lead:	Iain Shaw
Change Area:	Printing, Mailing and Scanning processes.	IIA Required:	N				

Savings Profile:	2021/22	2022/23	2023/24
	£0.100m	£0.000m	£0.000m

Description:	Deployment of the CEC-wide print mail and scan strategy to commence as agreed by CLT on 4.11.2020. Next steps are to continue with the deployment and planning and secure a new Multi-functional Device (MFD) service provider. An audit of devices will begin in the first quarter of 2021 following approval to proceed from the Finance and Resources Committee. Savings have been estimated at a 10% reduction year-on-year on copier click volumes. These will be taken from service areas' budgets each year with a historical estimated split 70% Learning and Teaching and 30% other services.
Outcomes:	A detailed and costed savings plan will be produced and agreed as part of the Smart Cities Project Board as indicated in the strategy. So far across Customer £80k has been delivered during 2018/19 and £100k estimated in 2020/21 under the paperless strategy. Further savings for 2021/22 will be profiled once new supplier completes an audit of our estate Q1 2021.
IIA Consideration:	It is not anticipated that an Integrated Impact Assessment is required as this proposal is for the reduction of printing functionality internally in the organisation and in line with the Council's Print Mail and Scan Strategy.

Proposal:	Garden Waste Collection Service – Full Cost Recovery			Current Cost:	Cost - £2.48m Income - £1.85m	Saving by 2024:	Cost recovery - £0.320m
Directorate:	Place	Service Area:	Waste and Cleansing	Operational Lead:	Gareth Barwell / Louise Wood	Finance Lead:	Susan Hamilton
Change Area:	Tactical	IIA Required:	Y				

Savings Profile:	2021/22	2022/23	2023/24
	£0.160m	£0.160m	£0.000m

Description: Following its implementation in 2018, the annual charge for the garden waste service has remained at £25 per bin. This rate was proposed based on assumptions in the Business Case for the charge (including sign up levels, resourcing requirements and administration costs). It is recognised that this rate does not fully cover the costs of administering the subscriptions and undertaking collections (which are chargeable under legislation). The revised rate would be implemented from the 2021/22 collection year, for which the registration period will commence in summer 2021.

This proposal recommends a revised rate of £35 per bin for approval. This is based on full-cost recovery for the chargeable elements of the garden waste service factoring in known costs and resourcing demands based on the initial two years of the subscription service. Benchmarking against other Scottish Local Authorities who charge for this service has shown that the charge of £35 is consistent with the services offered by them.

- Outcomes:**
- Full-cost recovery for the garden waste collections
 - Investment in administration support and system development to allow the mid-year sign up window to be greatly expanded addressing the high levels of complaints from residents and councillors on the restriction of the current window timescales and the inability to join if these are missed.

IIA Consideration: By increasing the charging for the removal of garden waste, groups of individuals who are in need may be affected. However, the likelihood is that the impact is reduced as there are policies in place for free garden waste uplift, for example for Council Tax Reduction Scheme and those registered as severely mentally impaired. There have been relatively few complaints about the charge itself (after the first year). Most complaints relate to the systems used, in particular the system of fixed registration windows.

Revised budget framework position, 2021/22 to 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Net additional savings requirement per Appendix 1	16.050	5.550	25.800	28.000	29.000
<i>Changes relative to position considered by Finance and Resources Committee on 29 October:</i>					
Increase in provision for pressures (revised composition as shown in Appendix 2)	2.023	2.000	0.000	0.000	0.000
Increase in provision for non-delivery of savings (per Appendix 4)	(0.232)	3.347	0.000	0.000	0.000
Increase in provision for non-delivery of savings implicit in investment reduction (per Appendix 4)	0.820	1.000	0.000	0.000	0.000
Application of financial flexibilities (see Paragraph 4.22 of main report)	(18.000)	10.000	0.000	0.000	0.000
Increase in on-going loans charge liability as a result of loans fund repayment deferral	0.000	2.500	0.000	0.000	0.000
Assumed management of temporary accommodation pressure	0.000	(5.000)	0.000	0.000	0.000
Less acceleration of savings in Communities and Families	(0.528)	0.528	0.000	0.000	0.000
New savings identified:					
Renting of assets for 5G nodes	(0.050)	(0.050)	0.000	0.000	0.000
Print, Mail and Scan Strategy Development	(0.100)	0.000	0.000	0.000	0.000
Increase in garden waste charge based on full-cost recovery	(0.160)	(0.160)	0.000	0.000	0.000
Revised position	(0.177)	19.715	25.800	28.000	29.000

Business Plan

Our Future Council, our Future City

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◆ EDINBURGH ◆
THE CITY OF EDINBURGH COUNCIL

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Introduction

We spent most of 2020 facing up to enormous challenges that none of us could ever have predicted. The global pandemic brought immense change and a great deal of uncertainty. It also shone a light on the health of our people and planet as well as underlining the need to protect and support the most vulnerable in society.

Our focus throughout has been on keeping essential public services running and delivering support to those who need it the most. As leaders of our Council, we have never been prouder of the resilience and dedication demonstrated by staff right across council services.

Now, even as we continue to deal with the pandemic and all its challenges, we need to plan for a fair and green recovery for our city. We want to hold onto the many positives to have come out of our collective response to this crisis: kindness and community spirit, collaboration, new ideas and smarter, more sustainable ways of working and living. We have also held onto our aspirations as a capital. We will continue to support our residents to get the most out of living in Edinburgh and meet our obligations to Edinburgh's young people by providing more equal and inclusive learning pathways. We will also fulfil The Promise to our care leavers so that each and every young person can meet their potential.

Our residents have told us that they want Edinburgh to become a sustainable, fair and thriving city. Now, more than ever, we must stay true to our commitments. We must build on our success as a capital city with such a high

quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city.

These are ambitious aims and to meet them we need to do more than simply strive to return Edinburgh to where it was before the pandemic. We must take on board the lessons we have learned and build back better.

This means continuing to promote fairness and tackle inequality, to build affordable and sustainable homes and to create safe and welcoming communities. We will also develop and support a network of '20-minute neighbourhoods' where public transport and active travel are the best options for getting around and our streets are designed for people, supporting their local businesses. We will also invest in new, modern inclusive schools and early years facilities for our children and young people, better engage with our local communities and create a strong and positive culture for our colleagues to support them in delivering services for our residents.

This Business Plan sets out how we will achieve the Council's priorities and how we will drive forward the [aims set out in Edinburgh's Community Plan](#). We want to make sure our residents have enough money to live on, opportunities to work, learning and training and that Edinburgh remains a good place to live for everyone.

This marks an exciting new opportunity for us, one that will make sure we are shaping the future and the responding positively to the challenges it will bring.

Executive summary

This plan has been developed to cover the next three years. It will act as a guide to make sure we focus on our priorities and deliver real improvements. It is also a guide for our partners, local businesses and communities who are all part of **Our Future Council; Our Future City**.

Continuing the fight against Covid-19

A lot has changed in Edinburgh since March 2020, but we have continued our work to support communities and businesses. In the first weeks of the initial lockdown, our Contact Centre team handled 12,000 calls, providing guidance and support to vulnerable and shielded residents. Council Resilience Centres meant appropriate face to face services could be continued, with almost 6,000 citizens making use of these essential services between April and September. We processed over 8,000 applications for crisis support which was a 76% increase on the same period in 2019 and there was a 100% increase in take up of free school meals, with direct payments made to families throughout lockdown and school holidays. We also processed over £110 million of Business Support Grants to support the city's businesses and the economy. No matter what new challenges the pandemic brings, this Council will continue to respond quickly to make sure our services are maintained, businesses are supported and the most vulnerable people in the city get the help they need.

This work can only be done in close partnership with the third sector, volunteers and our communities. With third sector partners we have set up Locality Operation Groups to provide practical and professional support to the children and families most in need of help and support. Barriers that have prevented collaboration in the past have been overcome in the face of a crisis. As we plan for recovery, we will embrace these changes, be that in working in new ways with the third and voluntary sector, or simply equipping and

supporting residents and local businesses to play a more active role in maintaining their local environment and helping each other out.

Managing the ongoing budget challenge

Continuing to respond to an emergency of this scale does not come without additional risks and challenges. For our Council, the pandemic so far has brought around £85 million of additional financial pressures in either increased spend or lost income. We have a strong track record of successfully delivering balanced budgets, but the scale of this new challenge is acute. Closing the gaps in our budget for this year and future years will mean reprioritising our services and reforming how we operate. This means that for the 2021/2022 budget we will be taking forward a number of short-term measures to help us deliver our pandemic responses, while also balancing our financial position and preparing for broader reform and major changes to services from 2022 onwards.

Our priorities

Both Covid-19 and the financial pressures on our budget mean we need to look again at how we deliver services. Over the coming years we will continue to focus on our three priorities:

- ending poverty and preventing adverse outcomes such as homelessness and unemployment
- becoming sustainable and net zero city
- making sure wellbeing and equalities are enhanced for all.

These will be aligned with the priorities set out in the Edinburgh Partnership Community Plan which were developed based on feedback from

communities. The priorities, shared by all members of the Edinburgh Partnership, are that all citizens have:

- enough money to live on
- opportunities to work, learning and training
- a good place to live.

Our Future Council

We need to work differently to deliver our priorities and those of the Edinburgh Partnership in a way that is financially sustainable. We need to be a Council that is more agile, more empowering of others and more connected to our citizens lives and communities. It means carrying on with the changes prompted through the city's response to the Covid-19 crisis and taking that learning into every aspect of the organisation.

It means structuring and delivering services differently, working with communities and using existing buildings within each community. In doing so we will work with equality groups to consider the needs of all our citizens.

It means having accessible technology to support digitally excluded citizens and the tools to allow our teams to deliver services digitally more effectively and efficiently.

It means building our resilience to a future crisis having learned first-hand from the experiences of Covid-19. We will build public health considerations into all our services and show how this approach can protect the city and economy from future shocks. By building an increased focus on public health into our future plans, we will look at everything from our use of our green spaces to how we use public transport in a crisis.

Most of all it means delivering a future organisation where we tailor support for everyone who needs help and where citizens feel their council is always on their side. This will be a new way of working for all parts of our organisation and it will need a new relationship between the Council and our colleagues, the people using our services and with our partners in the third and private sectors and across other public agencies.

This Future Council also requires a further evolution in the culture of the organisation. We must focus on empowering our colleagues and involving them in changes at a much earlier stage, as well as being honest about the impact of change on our teams and services. And it requires a culture that is more inclusive, where people feel safe and able to raise concerns and potential risks knowing that they will be responded to fairly and effectively.

This Business Plan marks an exciting new opportunity for us to make these changes and make sure that we can shape the future and respond positively to the challenges it will bring.



Business Plan structure

This Business Plan describes the approach we will take to deliver our priorities in the form of 15 outcomes with actions. This plan stands as one part of a golden thread linking and guiding our operations, through to the shared goals and commitments of the Edinburgh Partnership and towards our long term ambitions for [Edinburgh to be a fair, welcoming, pioneering, and thriving city, as expressed by the 2050 Edinburgh City Vision](#). These priorities represent a core focus for all our teams over the next phase of the city's development and for the way we will reform our services.

How we work with partners

Shared outcomes and joint working

The ambitions we have for Edinburgh cannot be met by the Council, or any other organisation, working on its own. Through the [Edinburgh Partnership](#) we are committed to working with our community planning partners – including public, private, and third sector leaders and their organisations – across the city to deliver the outcomes and goals we all share, and which can only be achieved when we work together. [The Edinburgh Partnership Community Plan 2018- 2028 describes the framework](#) for that joint working where there is a focus on action to end poverty and three specific outcomes to which all partners are committed. We want to make sure that residents across all parts of Edinburgh have enough money to live on, access to work, training and learning opportunities, and a good place to live.

- **Enough money to live on.** All partners are committed to working together to deliver a more coordinated approach to income maximisation, support and advice services. The plan aims to make sure all residents have access to income maximisation support where and when they need it and receive the same high-quality support wherever they are in the city.
- **Access to work, training and learning opportunities.** Partners are committed to working together to provide new and additional targeted support to help people into work, training or learning. This includes planning of intensive integrated family support programmes, support for people on release from prison and support for care experienced young people.
- **A good place to live.** The places people live and work, their connections with others and the extent to which they can influence the decisions that affect them, all have a significant impact on their quality of life and wellbeing. Towards this, all partners are committed to working together to

create good places to live in Edinburgh and accessible and open places, with good links to health, childcare, and other services. Partners are also committed to maximising the availability of land for affordable homes and the strategic value of Edinburgh's public sector estate.

We work locally with partners in Locality Partnerships within this framework to make sure the actions we take are focused on the things that matter most to citizens in every area of the city.



Ending poverty by 2030

Outcome 1

On track to end poverty in Edinburgh by 2030 by meeting the targets set by the Edinburgh Poverty Commission

- As a first step of **The City of Edinburgh Council End Poverty Plan 2020-30**, during the next 12-18 months we will:
 - deliver people-centred income **maximisation, family and household support services** with Edinburgh Partnership on a single city-wide approach to commissioning advice services, and aim to extend into all city communities, holistic support to improve financial resilience, health and wellbeing for people who are already in or are at risk of being in poverty - this will support the delivery of the Community Plan 'Enough money to live on' priority
 - work with the new **End Poverty Edinburgh citizen group** and embed citizens' voices in the design of approaches to end poverty
 - work to '**poverty proof**' all our services by expanding the successful 1in5 programme and continue to tackle child poverty
 - continue to provide and co-ordinate immediate support for those in financial hardship and experiencing food insecurity by working with our partners to develop a long-term support and intervention strategy to prevent food poverty and food insecurity in all our communities.

Outcome 2

On track to deliver new prevention service models

- We will create a **new prevention service model** for people focused services aimed at preventing poverty and its outcomes. This is a long-term programme of organisational change that will make prevention of poverty a core function of all our services and teams. We will develop new preventative service models over the next 12 -18 months and then roll them out so that they become embedded across the whole organisation over the ten-year period for which we have a target to tackle poverty. This model will co-ordinate public sector services behind empowered, front line workers for whom the quality of relationship with our most vulnerable people is their key concern. With this new approach we will remove structural and organisational barriers that impede joined up services and embed them in communities across the city. It will be built upon collaboration with our community planning partners such as the Edinburgh Integration Joint Board (EIJB) and the NHS and will be based upon a new relationship with the Third Sector.

Outcome 3

More residents experience fair work and receive the living wage

- We will expand the **Edinburgh Guarantee** to support more citizens into positive destinations, with an enhanced focus on helping those with barriers to employment, such as young people and people with disabilities or from a minority ethnicity, into sustainable employment. Since February 2020 we have seen a concerning rise in unemployment rates as well as Universal Credit claimants and have agreed with our city partners that we

need to take action to support citizens back into work. Working with the public, private, education and our third sector partners across Edinburgh we will launch an Edinburgh Guarantee for All. Businesses will be encouraged to offer a variety of support, training, education and employment opportunities for those who have had their life chances affected by the pandemic or suffer from barriers to employment. By offering routes into sustainable employment we aim to help to alleviate in-work poverty and reduce the unemployment rate as well as the amount of people claiming Universal Credit. This will support the delivery of the Community Plan 'Access to work, learning and training' priority.

- For many, the opportunity to work, while also gaining a qualification or a degree is crucial to their introduction to work life and for many people from deprived areas, this is the only way that they can afford to get a qualification or degree. We will continue to provide **apprenticeships** which combine paid employment and on-the-job training with an accredited qualification at industry recognised standards or degree. We will explore the possibility of offering further posts through the UK Government Kickstart funding and managers will be asked to include Modern and/or Graduate Apprenticeships as part of their workforce plan.
- We will encourage an expansion in the number of living wage accredited employers in the city. Together with Edinburgh employers, public sector, third sector and Trades Union partners we will work with the Living Wage Foundation Scotland, to achieve accreditation for Edinburgh as **a living wage city** and promote the use of living wage and fair work practices throughout the city economy.

Outcome 4

Intervene before the point of crisis to prevent homelessness

- We will focus on the unique **homelessness** challenges faced by our capital city with an ambitious programme to expand the supply of social rented and affordable housing, improve housing services, transform temporary accommodation and move away from the use of unsuitable accommodation. We will continue to invest in homelessness services

focusing on the prevention of homelessness in the first place and early intervention. We want to help before the point of crisis through our second rapid rehousing transition plan and as part of our new approach to prevention across the organisation.

Outcome 5

Ongoing delivery of our 20,000 affordable homes programme

- We are continuing to build 20,000 affordable homes in partnership with registered social landlords and private developers to address the city's housing crisis. Between April 2017 and March 2020, over 5,000 new homes were approved for site start and over 3,500 completed. It is currently projected that 10,000 homes will be completed, under construction or approved for site start by the end of 2022. This will support the Community Plan 'a good place to live' priority.
- We will **transform our housing services** through investment that is fairer, more sustainable and tackles poverty. Over the next ten years, we will invest £2.8 billion through the Housing Revenue Account and create homes and places that people can afford, and where they feel safe, secure, healthy and connected. This funding will deliver new council houses and invest in improvements to existing homes and estates. Through this investment we will bring together new and existing homes to create resilient communities with strong local identities. We will also invest to create well-designed, green and open spaces that will encourage residents to be active, with strong connectivity to the wider community through sustainable, affordable travel with easy access to services and amenities. We aim to bring all our Council homes for our 20,000 tenants up to modern standards, highly energy efficient and low carbon emissions.

Outcome 6

Increasing attainment for all and reducing the poverty-related attainment gap

- We will end the stigma of poverty by promoting and valuing all learning pathways. The **Edinburgh Learns for Life strategy** builds on the successful Edinburgh Learns strategy to help every learner reach their potential in school and their local community. This means making better use of digital learning and partnerships with colleges, universities and local businesses across our **learning estate**. We will embed a cultural shift that includes and supports every learner, particularly those with protected characteristics. This will include schools reviewing their curriculum to remove outdated traces of bias, in other words: decolonising.
- We will support the **Edinburgh Slavery and Colonialism Legacy Review Group**. This group will consider the city's historical links to racism and make recommendations to review features such as our statues and street names which commemorate those with close links to slavery. This is part of the Council's drive for racial equality across the City, to help redress this history which has a lasting impact today.
- We will continue to tackle closing the attainment gap and embedding the **Edinburgh Learns Teaching Charter**. We will continue to work in partnership with families and wider services to poverty-proof the school day and Get it Right for Every Child. This will support our Community Plan 'Access to work, learning and training'.
- We will create a truly **inclusive education system** and reduce the number of special schools. We will do this through our programme of modernising our services for **children with additional support needs** and by designing our schools for the future to accommodate the needs of all children irrespective of disability or additional support requirements.
- We will continue to **invest in our schools** within our ten-year Capital Investment Programme, so our school's estate provides modern places for learning that contribute to the 20-minute neighbourhood model and are

constructed to Passivhaus standards. Each new learning estate project will be influenced by a learner-led consultation. This will set out how and what pupils will learn and will form the basis of their Learning Charter.

- We will continue to plan for and deliver **expanded early years provision** for children aged three to four years across the city and make sure it is flexible enough to meet the needs of working families.
- We will continue to deliver a range of **Adult and Family learning opportunities** with the priority being Adult Literacy and Numeracy and English as a Second or other Language.

Outcome 7

Edinburgh's economy recovers from recession and supports businesses to thrive

- We will renew the **Edinburgh Economy Strategy** to support a new economy in the city. This will set out our response to the emerging economic challenges in the wake of the Covid-19 pandemic and align with our core priorities to tackle poverty, promote sustainability and wellbeing.
- We will use our Business Gateway service, which engages with over 3,000 entrepreneurs each year, to help more **businesses flourish in Edinburgh**. We want to support an environment where starting your own business is a choice rather than a necessity and where citizens have confidence that they will be supported as entrepreneurs at every stage of their business. Working with our partners, including the universities, enterprise agencies and business groups, such as Edinburgh Chamber of Commerce, Federation of Small Businesses and Social Enterprise Edinburgh, we will provide year-round start-up and growth focused workshops, and 1-2-1 growth and digital business advisors. These will be free to citizens and will focus on current priorities including Covid-19 recovery, digital skills, women in business, growth and digital skills.
- We will work in partnership to develop a new plan for the short term recovery in the **tourism and hospitality sector** and to deliver the city's adopted Tourism Strategy, with its focus on making sure that tourism

works for local people as well as visitors, whilst also remaining mindful of the climate emergency.

- We will continue to support the arts and cultural sector in the city and contribute to the stabilisation and retention of the city's **world class cultural offer**. We will work with partners to urgently deliver a plan for the future for the Festivals and the sector as a whole to support a sustainable recovery through 2021 and beyond. Issues of affordability and support for the individual artist, critical before the pandemic, remain of central importance.

Becoming a sustainable and net zero city

Outcome 8

On track to deliver our 2030 net zero target

- We will work with partners and citizens ahead of COP2026 to develop a **2030 City Sustainability Strategy**. The strategy will be supported by an implementation plan which will set out targeted actions to mitigate climate change and encourage businesses and city partners to adopt net zero strategies. It will set out what it will take to reach our target and key areas of impact and investment.
- We will deliver a **City Heat and Energy Masterplan** tied to our Local Development Plan that lays out a strategic citywide approach to heat and energy production, distribution and efficiency that can inform and support local net zero energy plans.
- We will develop a **Council Emissions Reduction Plan** that focuses on our own organisational emissions and reflects our commitment as a signatory of the **City Climate Compact**.
- We will develop a costed plan to retrofit a reduced Council estate to become more energy efficient and maximise the use of clean energy and **switch to zero-emission vehicles across our commercial fleet**. We will bring all our homes up to modern standards, highly energy efficient and low carbon. We will also **build sustainability into our governance** by delivering carbon literacy training to staff and to support elected members' decision-making and scrutiny.
- We will assess the risks of **climate change and develop a plan to climate proof our infrastructure, communities, business and the natural and built environment**. This will include adapting our buildings to be resilient to climate change, delivering an Ecological Coherence Plan to

identify the risks to our greenspaces and biodiversity from climate change and creating a Water Management Strategy for the city to deal with climate risks from river, surface water and coastal flooding. We will also learn more about how to protect areas around our coast by creating a climate ready coastal park in Granton.

- We will set a high bar for sustainable development in Edinburgh and hold ourselves to account as a major developer. Using our new Carbon Scenario Tool, we will be looking at all our new major infrastructure investments over the next ten years and challenging them to reduce their emissions to net zero. We will make sure that the economic benefits we deliver also contribute to the sustainability of our environment through infrastructure planning and providing services to develop our city and enhance our natural and built environments,
- We will develop Service Level Agreements or similar documents for our arm's length external organisations (ALEOs) that reflect our commitment to fair work and sustainability, incorporate the net zero target, and ask that ALEOs develop plans to reduce their emissions to net zero by 2030.

Outcome 9

Citizens are engaged and empowered to respond to the climate emergency

We will put **community engagement and empowerment** at the heart of our approach to sustainability, giving citizens and businesses the information, resources and motivation needed to make informed choices and act on issues which help to reduce the city's emissions to meet the net zero 2030 target. We will provide this support by:

- maintaining a long-term open dialogue with citizens, businesses and communities through a range of engagement approaches including online and, when possible, face-to-face activities
- engaging with children and young people through events and campaigns in primary and secondary schools, aimed at raising awareness and encouraging action on key issues, including clean air, active travel, healthy eating and wellbeing
- collaborating with third sector organisations and community groups to harness the assets that exist within communities and help enable communities to become more sustainable
- supporting citizens and businesses to reduce emissions from transport, energy and waste by:
 - working with citizens and communities to create and maintain safer walking and cycling routes which make on-foot, or by bike, the easiest choice for getting around the city
 - promoting and encouraging re-use, repair, recycling, and local food growing, to help citizens reduce waste and save money
 - exploring opportunities to further develop community-owned, low-cost, clean energy solutions
 - encouraging and supporting businesses from pre-start through to growth to adopt net carbon zero strategies and business models.

Outcome 10

Develop key strategic sites and project to meet the needs of a diverse and growing city

- Our **City Plan 2030** will inform all decisions on new development proposals and shape how the city grows and changes over the next ten years. The proposed plan will be published in 2021 and, as the spatial strategy for the city, it will set out the infrastructure required to support both change and growth and improve the city for existing communities and new residents. The key focus of the plan will be reusing existing

'brownfield' land where possible to deliver high quality, sustainable, mixed used developments. This will support our Community Plan 'A good place to live' priority.

- We will transform our city centre. The loss of income from both the festivals and commuter economy has impacted our city centre. While 2021 will see the opening of two new additions to Princes Street in the forms of the St James Quarter and the Johnnie Walker Visitor Centre, the changing retail landscape in recent years has had a significant impact. We will support the private sector by transforming the environment of the city centre. The **City Centre Transformation Plan** seeks to create an area for people and not cars, an exciting place to live and visit, that continues to be enriched by the legacy of our historic past. Over the next three years we will:
 - finalise the Waverley Valley Masterplan, including a revised design for Princes Street
 - complete the George Street improvement scheme, the city centre west to east cycle link, and other key connectivity schemes
 - work with partners to complete the Waverley station masterplan and move to phased delivery
 - create new, high quality urban environments on a permanent basis
 - help the city centre become again a residential destination of choice as a result of controlling the short term lets environment.
- We will begin the early phases of this regeneration programme starting with an outline business case and sustainable development blueprint to support the **Granton Waterfront** development. This development will have 3,500 new net zero homes (with at least 35% of these being affordable), ten hectares of new public accessible coastline, 20,000 square meters of new commercial and cultural space, a new primary school and mental health care facility. Through its vision to deliver net zero and low car ownership (75% of homes car free) Granton Waterfront regeneration is one of the largest projects of its kind and provides an opportunity to showcase how development can contribute to a greener

economy. A key feature will be reducing home energy costs which will saving around £12 million over thirty years¹. Granton will also support the delivery of the 20,000 new affordable homes target across Edinburgh. The Development Framework which was approved in February 2020 included the vision and key principles for creating this new coastal community. We will use the opportunity of Granton to test innovative approaches to construction, energy generation and community wealth building. This will support our Community Plan 'A good place to live' priority.

- We will finalise our re-development strategy for **West Edinburgh**. This will finally see the development of well connected, mixed use sites at Edinburgh Park, the Gyle, parts of the A8 corridor and potentially elsewhere. It will also put in place an inclusive approach to growth in the area, helping our more deprived areas benefit from investment, innovation and job creation. We will continue to work with the Wester Hailes community who have recently produced a Local Place Plan setting out their ambition for regeneration in their area, with new housing, a new school, better public safe and new urban designs key factors. This will support our Community Plan 'A good place to live' priority.
- We will finalise the business case and procure a commercial partner for the new **Bio Quarter** health innovation district with our partners. Edinburgh is a global destination for pioneering health, innovation and enterprise and the Bio Quarter will be further transformed into mixed used destination where health innovation companies can come to grow, alongside a sustainable mix of other uses, creating job opportunities for surrounding communities.

Outcome 11

The city has a well-connected and sustainable transport and active travel network

- We will complete the **Trams to Newhaven** project, finally completing the **East-West high-volume low carbon light rail route**.
- We will publish a new transport plan for the city, the **City Mobility Plan**, which will:
 - set out our plans to 2030 for our sustainable and integrated transport system and confirm our intention to move forward with a Low Emission Zone for Edinburgh
 - outline the need to reform public transport in the city to maximise integration across all modes and reduce over concentration in key corridors
 - confirm our policy of active travel improvement for walking, wheeling and cycling, including infrastructure to support safe, dedicated active travel choices on our key road network
 - set out plans to encourage more people and companies to go about their business without needing a car
 - show how we will rise to the challenge of digitally led mobility as a service innovation.

¹ Anderson Bell Christie net zero strategy 2019

Wellbeing and equalities

Outcome 12

People can access the support they need in the place they live and work

- Through our principle of a '20-minute neighbourhood' we will consult citizens on the **location of hubs** where everyone can use services in a 20-minute round trip on foot, cycle or public transport. This will shorten local travel patterns and reduce citizen's carbon footprint. We want services in town centres, as set out in the City Plan 2030, but we also want to consider where our most vulnerable residents live and the needs of our more rural residents. This will support our Community Plan's 'a good place to live' priority.
- We will develop a **new model for libraries** that aligns with the '20-minute neighbourhood' concept, giving our citizens good local access to library services via public transport or active travel. Integrating libraries into our wider estate will allow us to manage them more efficiently and allow opening times to be broader than at present.
- Working with Edinburgh Leisure, we want to improve **affordable leisure services** that residents can use in some parts of the city. The response to Covid-19 will undoubtedly mean that Edinburgh Leisure will need to realign its core business due to financial pressures and changes in customer demand. However, we need to make sure that any changes assist those people in poverty and improve the well-being of the city's residents.

Outcome 13

Improved safety and wellbeing for vulnerable citizens

- Over the next three years we will continue to focus on **child and adult support and protection** for our most vulnerable citizens and improve mechanisms to manage public safety risks presented by high risk offenders. We will continue to develop and improve our responses to domestic abuse through staff training and more generally, by taking on board in all our services the lessons learned from trauma informed practice and the drug related deaths review group.
- We will further invest in **early help and support for our children** by shifting the balance of care which aims to reduce the need for children to go into care and to improve their outcomes. We know that intervening early helps people and is cost effective. Our investment in early intervention for looked after children since 2012 has already helped prevent 1,600 children from being taken into care and saved us £5 million per year. We will continue to provide **good quality of care and support for looked after children and young people** by making our residential estate fit for purpose, working with partners as corporate parents to improve how we collectively fulfil our statutory duties to our looked after children and unaccompanied minors, and delivering the [recommendations from The Promise](#) outlined by the Independent Care Review.
- We will strengthen our role as a **Corporate Parent** for children and young people in our care by a council-wide approach to the delivery of our Corporate Parenting Plan. This will include working across the Council and with partners to ensure all public agencies are aware of and undertaking their statutory duties as corporate parents to make Edinburgh

a city that celebrates, encourages, supports and demonstrably cares for its Looked After Children.

- All decisions made in the Council will follow the UNRC children's rights into Scottish Law. This means that **children and young people are involved in decisions that affect their life and their rights are respected**. We will develop a new model of governance for the Edinburgh Children's Partnership that builds on the work of the Good Governance Institute. The model will ensure the active involvement of children and young people in the governance structure and the delivery of outcomes, with children's rights being front and centre.
- The **Edinburgh Integration Joint Board (EIJB)** is an independent Public Body and a partnership between the City of Edinburgh Council and NHS Lothian. The EIJB agreed its Strategic Plan for 2019 -2022 and has launched an ambitious transformation plan for significant and sustainable change and to improve health and social care services in the city. As a statutory partner with NHS Lothian and working alongside the EIJB's wider partners (the third and independent sectors, citizens and carers) we will look to align with the principles set out in their plans and maximise the opportunities for new ways of working. We will support their key programmes of work.
 - Through the **3 Conversations model** we will work closely with individuals and their families in a strengths-based approach to connect them to the right people, communities and organisations quickly. This partnership currently has ten teams practising in this new way and is building on this learning to embed the 3 Conversations model across all of our services.
 - We will build on our **Home First Project** which was scaled up during the Covid-19 response to help individuals maintain as much independence as possible by remaining at home or in a homely setting, through a new model of assessment, rehabilitation and recovery.

- We will develop The **Edinburgh Pact**, an informal agreement between the Edinburgh Health and Social Care Partnership and the people of Edinburgh, which will support thriving, healthy and informed communities. The Pact will be co-designed and created with citizens and the first phase of the project involved extensive public and stakeholder engagement to understand what really matters to people in relation to their health and social care needs.
- The **Bed Base Care** project will make sure we have the right kind of bed based supports available, in the right place, at the right time. This considers demand and capacity for a range of bed base services including care homes, intermediate care, respite, hospital based complex clinical care and rehabilitation and will set out the optimum model for sustainable bed-based care services that are fit for the future.

Outcome 14

Core services are maintained or improved

- We will continue to improve our **core services for communities**. Investing in our waste collection depots has improved the reliability of our kerbside collections and the Communal Redesign project will improve services for residents living in flats and tenements whilst increasing opportunities for them to recycle more of their household waste. Alongside this, we will continue to improve the cleanliness of the city through effective street cleansing, increased enforcement and working with community groups who want to play a more active role in keeping Edinburgh clean. We will maintain a focus on roads and street lighting through our Roads and Transport Improvement Plan, alongside capital investment in footpath and road improvements and upgrading the remaining 20,000 streetlights to more reliable and energy efficient ones. Covid-19 has reinforced the importance of accessible and welcoming parks and greenspaces and it is important that we continue to maintain these to the high standards which our citizens expect. We will continue to improve in play areas and develop park management plans that will allow

us to seek external funding to improve parks, such as the wonderful transformation of Saughton Park.

Outcome 15

Make better use of the Council estate and resources to meet our strategic priorities

- We will learn from the five **Council Resilience Centres** which we set up at the start of the pandemic to provide essential services to vulnerable people across the city. This included emergency homelessness assessments, cash payments and a safe place for people experiencing harassment and domestic violence. By the end of 2020, around 20,000 vulnerable citizens had sought support from the Resilience Centres, and we had gained valuable insight into the importance of a local point of coordination.
- We will look at where we can **better use the facilities** in local communities, such as schools, libraries community centres and sports centres. Working in this more strategic way will allow us to rationalise our assets and push forward our priority for a net zero organising for both out public and office-based buildings. Where possible we will upgrade buildings to meet our net zero target.

- We will introduce a single point of contact for all booking services, from swimming lessons and tennis courts, to cooking lessons and literacy classes.
- We will take the next steps to deliver the **Digital and Smart City Strategy** and begin the implementation of the City Operations Centre by investing in Internet of Things (IoT) sensors to monitor communal waste and recycling and litter bins and a new CCTV system to help us to manage the city on a more proactive basis. We will use this data to improvement our services.
- **We will commission, source and sustain** a broad range of supplies and services to meet our organisation's diverse needs in a way that meets our three priorities. We will continue to embed our new procurement strategy which places sustainability at the heart of our procurement programme. This will allow our considerable spending power to support fair and green growth, and simultaneously help us address the challenges that the city is facing. This will include seeking to make it easier for local small businesses and third sector to use our Council contracts which will increase the community benefits delivered by Council suppliers. Our Commercial and Procurement Services team will also consider Fair Trade, Fair Work and other sustainable procurement commitments when tendering for new contracts.

Listening to citizens and empowering communities in all we do

To meet the priorities set out in this plan, we need a real increase in the say people and communities have over services and how they are provided by the Council and other partners. This will build more empowered and resilient communities across the city, drive accountability within services and encourage democratic participation and engagement by citizens.

We have seen throughout the crisis that communities and citizens can achieve great progress together. We will seek to increase the control local communities have over the design of services and local resources through increased assets transfer and greater participatory budgeting.

We recognise that our communities engage with many different public and wider service providers and so we will work through our community planning partnership to increase the visibility and impact of joined up decision making and service delivery.

Working with our local partners - public, private and third sectors, we will:

- work with our community planning partners (the Edinburgh Partnership) to deliver the 2050 City Vision, eliminating poverty from the city by 2030 and responding to the threat posed by Climate Change to meet our 2030 emissions target
- work with the Edinburgh Partnership on a new operating model for all Council services that is focused on preventing poverty, and is built around '20-minute neighbourhoods' in all parts of the city, utilising local plans to enable change where appropriate

- work with the third sector to move away from a procured services model and into a relationship-based approach to commissioned services as advocated by the Edinburgh Poverty Commission
- agree a new role for voluntary sector hubs to develop our city's social capital and set out what resources will be required for this role to be optimised.

Working to empower our communities and listen to citizens, we will:

- build our community empowerment expertise and resources
- offer more support to Community Councils, work with EVOG and with our wider third sector partners to redesign and strengthen Neighbourhood Networks
- maintain new relationships and groups built up as a response to Covid-19 and support communities with Community Asset Transfers and Participatory Budgeting
- support Community Asset Transfers and the use Participatory Budgeting to allocate resources wherever possible
- make sure that the diverse people and communities of Edinburgh, including those protected by the law, feel their voice is effectively heard and listened to in decision making processes
- put in place a best practice consultation and engagement guide to support officers to deliver high quality consultation and report on how citizens' views have shaped the policies and services we deliver
- continue to benchmark our progress with an annual Capital Consultation developed with NHS Lothian.

Our finances

We spend over £1 billion in revenue and around £400 million of capital each year. While we have a strong track record of balancing the budget, the income we receive is not enough to meet the increased demand in services, such as homelessness and social care costs. While we cannot fully predict the financial impact of the pandemic, we know that over the next three years we will need to save around another £50 million. This is in addition to the £350 million we have already saved since 2012/2013. The nature of this financial pressure is very different to previous crises and presents new challenges, which this plan aims to address.

For 2021/2022, we have balanced the budget by making savings in areas such as our IT contract, reducing staff numbers and taking advantages of financial flexibilities provided by the Scottish Government to spread the costs of the pandemic over a longer period. We will also continue to use our Spend to Save fund to target investment in key areas and work with all layers of government so that the right conditions exist to help us achieve our goals.

While we can deliver a lot of the change using existing budgets, we will also need to identify further resources and investment if we are to deliver this ambitious Business Plan alongside the recommendations from the Edinburgh Poverty Commission and the Climate Commission.

This Plan will also be supported by our ten-year sustainable capital budget strategy which will direct capital investment into appropriate projects. You can learn more about our finances at Appendix 1.

Balance of controls and risk management

Through the continued support from our Governance, Internal Audit and Risk teams we will apply proportionate and balanced controls, effective risk management and assurance processes across the Council to support the management of our finances, delivery of services and the implementation of change. You can read more in our [Annual Governance Statement](#) and [Internal Audit Annual Opinion 2019/20](#).

Best Value

Responding to our 2020 Best Value report

In November 2020, Audit Scotland published [our Best Value report](#). It concluded that over the last four years many of our services have improved and our finances have been well-managed with ambitious strategies in place to improve the lives of local people and the economy. In some areas, the report felt that there was more we could do to fulfil our potential and further improve the lives of citizens.

A key recommendation was the need for us to align our strategic priorities within the framework of long-term financial planning, underpinned by a detailed workforce plan. This recommendation is addressed by this Council Business Plan, along with the 2021/22 Council Budget and new Council People Strategy and Workforce Plan. This plan also sets the strategic framework for meeting other key recommendations that we should:

- have a strategic approach to self-evaluation and continuous improvement (see page 20)
- further improve our performance reporting by making better use of performance measures and targets, particularly to demonstrate the impact of improvement work and reporting by publishing easily accessible, up-to-date performance information on our website (see page 20)
- putting communities at the heart of improving services, learning from community engagement and clearly communicating the results of community consultation (see page 16)
- support community groups to complete asset transfers, (see page 16) work with the Edinburgh Partnership Board on its new governance arrangements with community representatives and improve outcomes for communities (see page 6)
- work with the Edinburgh Partnership Board to produce progress reports with clear targets, accountable leads and links between the actions taken and the impact on performance (see page 6).

The full Best Value Report Improvement Plan will be considered by the Policy and Sustainability Committee on 23 February 2021. The plan will provide a response to each recommendation, consider specific findings, set out proposals for each recommendation and propose an approach to monitor the improvement actions.

Improvement actions will be specific, measurable and reported through the new performance management framework, aligned with the Business Plan.

Ensuring a governance framework that supports effective decision making and scrutiny

As we start to look beyond the immediacy of the global pandemic, like all organisations, we are considering what lessons we can learn from this period of adjustments to our democratic decision making. We want to make sure that our Governance Framework is agile, transparent and supports robust internal controls and scrutiny, as well as being clear and easy to navigate for the citizens as much as for councillors, and colleagues. We will do this by reviewing how we take decisions at all levels in the organisation and check that we are making them in a transparent and clear way. We will review our internal controls, so our governance and assurance arrangements support decisions being taken at the right time, in the right way and with proper consideration of our risk appetite.

We will also respond positively to the findings of the 2020 Best Value Assurance Review by completing and putting in place our refreshed Member / Officer Protocol. This will support councillors and council officers to work well together to deliver the Council's priorities and support political leaders to make strategy and policy decisions, whilst operational matters are led by Council managers.

Our people

A new People Strategy and Workforce Plan

We know that successful organisations have a clear purpose and a strong, positive culture. We aspire to be a progressive organisation that works flexibly and seeks to always do the right thing for our colleagues and the citizens we serve. Responding to Covid-19 has been a lesson in how we can work differently, and, over the next three years, we want to build on this to become a fairer and more inclusive place to work. There have been positives and negatives from the way we have had to work since March 2020. We will hear the voices of staff on this experience, which will inform future working practices.

Removing organisational and cultural barriers allows our colleagues to feel a greater sense of trust, empowerment and ownership of their roles that is positive for the services we offer and the people we employ. We want to build a culture across all services which focuses on the importance of strong relationships between colleagues, citizens, businesses and communities. These strong relationships will be critical as we build resilience to future public health, environmental and economic shocks into our structures, partnerships and skills.

You can read more about the changes we are making in our new People Strategy (2021-2024) and underpinning Workforce Plan. These include more detail on:

- our organisational purpose and behaviours
- physical, mental and emotional wellbeing
- the expectations we have of our colleagues and the expectations they should have of the Council as their employer



- our approach to organisational change so everyone feels engaged and heard
- our Diversity and Inclusion Strategy and Action Plan will promote a more positive culture where we can all be authentic and true to ourselves
- investing in the learning, development and capability of our colleagues
- work with the Trade Unions to consolidating the Scottish Local Government Living Wage into our pay framework
- and plans to reform aspects of our terms and conditions to help improve our organisational culture and performance.

Our performance

A new framework which integrates planning and performance

This new framework will provide a clear link between our business plan, key strategies, annual service plans and the underlying performance framework including benchmarking. The framework will be underpinned by a cycle of 'plan, do, check and review and act' at all levels of service and will drive a culture of continuous improvement.

The business plan outcomes will be aligned to SMART performance indicators and milestones which will allow for open discussion and scrutiny of performance at organisational and service team levels, as well as with Elected

Members on a regular basis. We will publish public reports and online tools on our website to make sure our performance is easy to access for citizens. Appendix 2 provides a high-level view of our outcomes, key actions/plans and initial areas of measurement. These measures will be further developed into SMART performance indicators and used to monitor progress.

We will submit a more detailed report on our approach to integrated performance and planning, our SMART key performance indicators (KPIs) and monitoring/scrutiny cycles to Council in May 2021.

Appendix 1: Council finances

Revenue or capital?

The **Revenue Budget** covers day-to-day spending on providing Council services, including staff salaries, utilities costs, third party payments and general supplies.

The money to support this is determined at the start of the year through a combination of Government Grants, Non-Domestic Rates and Council Tax.

Capital spending relates to anything spent on buying, constructing or improving the assets we own where the benefits will extend beyond the current year. This could include new buildings such as schools or investment in the tram network.

Money for this can come from Government grants or capital receipts (such as income from selling property), with some coming from borrowing.

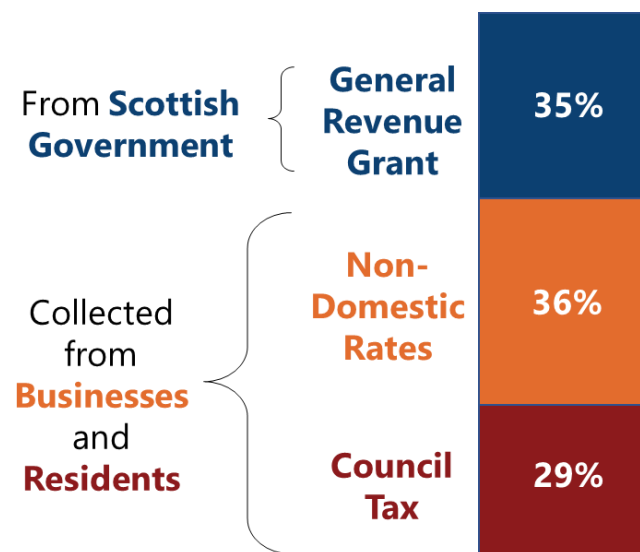
Reserves represent monies put aside in anticipation of meeting known (earmarked) or unknown (unallocated) future liabilities. Some of these reserves are required by law, whereas others are linked to the Council's own priorities

Where does the money come from?

Broadly speaking, capital and revenue are kept separate – **capital funds cannot be used to fund services** and revenue funds intended for delivery of services are not used to invest in capital projects.

Revenue comes from:

- Scottish Government through General Revenue Funding (35%)
- residents and businesses of Edinburgh through Council Tax (29%) and Non-Domestic Rates (36%).



The General Revenue Funding comes as a lump sum from The Scottish Government. Non-Domestic Rates are collected from businesses and public bodies within Edinburgh and Council Tax is collected by the Council from residents.

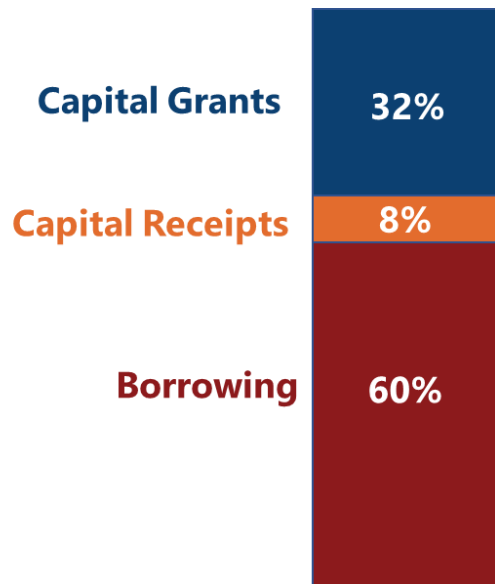
Capital comes from:

- Scottish Government through Capital Grants (32%)
- through Capital Receipts (8%)
- from borrowing (60%).

The Capital Grants come mainly from Scottish Government. Capital Receipts are income from, or linked to, capital projects (such as the sale of assets). The Council has a requirement to show that all borrowing is sustainable and affordable without detrimental impact on services.

In total, £1 billion of revenue and £470m of capital spending was approved in 2020/21.

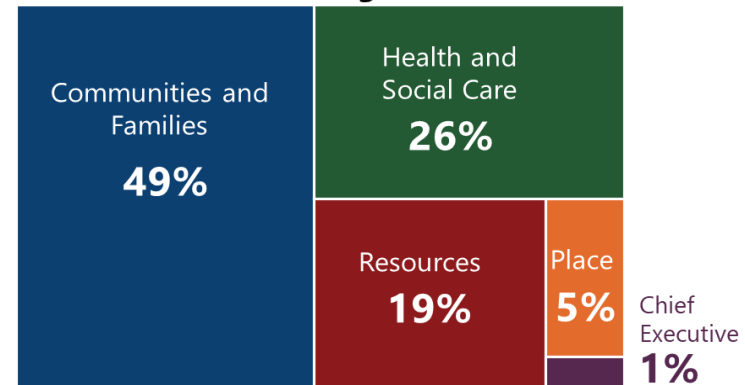
Page 55



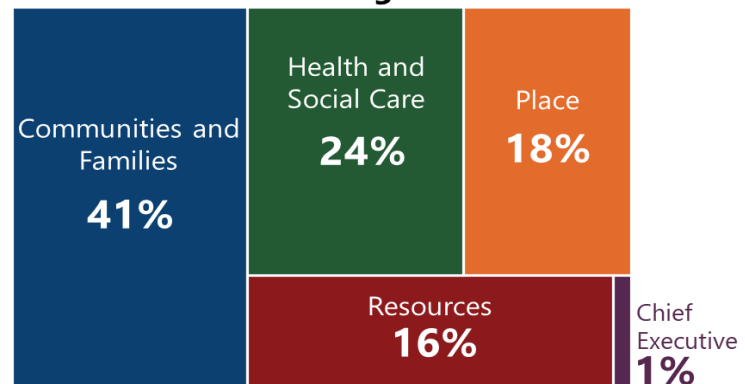
Where does it get spent?

The Council has four main Directorates; **Communities and Families, Place, Resources, and Health and Social Care*** as well as a division of services reporting to the **Chief Executive**. The net budget takes account of service income received. The gross budget represents all of the money that the Council spends irrespective of how it is funded.

Net Budget



Gross Budget



Directorate	Gross Budget (£m)	% of total Gross	Income (£m)	Net Budget (Gross minus Income) (£m)	% of total Net
Communities and Families	547.5	41%	108.9	428.6	49%
Place	247.7	18%	201.4	46.3	5%
Resources	222.6	16%	54.3	168.3	19%
Health and Social Care	323.5	24%	95.7	227.8	26%
Chief Executive	11.2	1%	1.9	9.3	1%
Total	1,352.5		462.2	890.3	

As well as this **£890m of direct service spend**, the Council incurs other corporate costs that support delivery of these services – these are shown below.

We also incur expenditure to support the delivery of all services across the Council and through partner organisations. The main elements are:

- **loans charges** (borrowing costs i.e. repayments of debt principal and interest) - £103.5m
- **insurance premiums**, the Council's **Apprenticeship Levy** liability, **non-service-specific payments to Lothian Pension Fund** and **inflation and demand related uplifts** - £25.8m
- **Lothian Valuation Joint Board** (Council's share of the Board's operating costs) - £3.8m.

*Some Health and Social Care spending is done through the Edinburgh Integration Joint Board (EIJB) which is made up of councillors, non-executive members of NHS Lothian and professional advisors.

NHS Lothian and the Council both contribute to the overall budget, but it is controlled and allocated by the EIJB.

Appendix 2: Performance Strategy Map

The strategy map shows the three strategic priorities, and outcomes with underlying actions and initial measures.

Ending poverty by 2030

We are on track to end poverty in Edinburgh by 2030 by meeting the targets set by the Edinburgh Poverty Commission.

We are on track to deliver new prevention service models

More residents experience fair work and receive the living wage.

Intervene before the point of crisis to prevent homelessness

Ongoing building of our 20,000 affordable homes programme

Increased attainment for all and reducing the poverty-related attainment gap.

Edinburgh's economy recovers from recession and supports businesses to thrive.

Delivery of the Council End poverty plan

Deliver people-centred income maximisation, family and household support services

Work with the End Poverty Edinburgh citizen group, to embed citizens' voices in the design of approaches to end poverty

Develop a long-term support and intervention strategy to prevent food poverty and food insecurity

Create a new prevention service model for people focused services aimed at preventing poverty

Expand the Edinburgh Guarantee to support more citizens into positive destinations

Continue to provide apprenticeships

Work with the living wage foundation to establish Edinburgh as a living wage city

Develop new and innovative approaches for homelessness

Continue delivery of 20,000 new affordable homes in partnership with registered social landlords and private developers

Develop and deliver the learning for life programme providing inclusive and equitable learning opportunities

Close the attainment gap

Support the Edinburgh Slavery and Colonialism Legacy Review Group

Continue to invest in our schools with our learning estate investment programme

Expand and deliver flexible early years provision

Deliver a truly inclusive education system with schools designed to accommodate the needs of all children

Renew the Edinburgh Economy Strategy

Help more businesses to flourish in Edinburgh through our Business Gateway service

Continue ongoing initiatives to support the tourism and hospitality sector

Contribute to the stabilisation and retention of the city's world class cultural offer

- ~ People lifted out of poverty
- ~ Rates of poverty in Edinburgh (children, households, persistent)
- ~ Numbers and outcomes for people supported by employability programmes/services
- ~ Edinburgh Guarantee measures
- ~ Apprenticeship programmes
- ~ Number of Living wage employers
- ~ Numbers and outcomes of people supported by homelessness services
- ~ Affordable homes (approvals, completions)
- ~ Home completions (all tenures)
- ~ Attainment levels
- ~ Reduce the attainment gap
- ~ Positive destination/Participation measure
- ~ Lifelong learning measures
- ~ Provision of early years hours
- ~ Delivery of school estate investment programmes (eg spend, new schools)
- ~ Updated Economy Strategy measures (Employment rates, unemployment statistics, GDP)
- ~ Business measures (eg new starts, numbers of businesses, survival rates)
- ~ Business Gateway service measures
- ~ Visitor measures
- ~ Festival measures

Becoming a sustainable and net zero city

We are on track to deliver our 2030 net zero target.

Citizens are engaged and empowered to respond to the climate emergency.

Develop key strategic sites and projects to meet the needs of a diverse and growing city.

The city has a well-connected and sustainable transport and active travel network.

Work with partners and citizens to deliver a 2030 City Sustainability Strategy

Deliver a City Heat and Energy Masterplan

Develop a Council Emissions Reduction Plan that focuses on our own organisational emissions

Develop a costed plan to retrofit a reduced Council estate to become more energy efficient

Develop a plan to climate proof our infrastructure, communities, business and the natural and built environment

Deliver a climate ready coastal park in Granton

Review and challenge our major infrastructure investments over the next 10 years to reduce their emissions

Develop Service Level Agreements for our ALEOs that reflect our commitment to sustainability

Put community engagement and empowerment at the heart of our approach to sustainability

Create and maintain safer walking and cycling routes which make on-foot, or by bike, the easiest choice for getting around the city

Promote and encourage re-use, repair, recycling, and local food growing, to help citizens reduce waste and save money

Explore opportunities to further develop community-owned, low-cost, clean energy solutions

Collaborate with third sector organisations and community groups to harness the assets that exist to help communities become more sustainable

Deliver the City Plan 2030

Transform the city centre through the City Centre Transformation plan and regenerate Granton and West Edinburgh

Finalise the business case and procure a commercial partner for the new Bio Quarter district health innovation

Move to early implementation of the City Mobility Plan, including delivering the Tram extension

- ~ Cut emissions to net zero by 2030
- ~ Council annual consumption (gas, electricity, LCG)
- ~ Council emission measures
- ~ Total heat consumption in the city
- ~ Total heat-related emissions in the city
- ~ Total power consumption in the city
- ~ Total power-related emissions in the city
- ~ Recycling rates/landfill usage
- ~ Electric vehicles measures
- ~ Energy efficiency standards for social housing
- ~ Major infrastructure investments emissions
- ~ Community engagement measures (to be defined)
- ~ Active travel measures
- ~ Programme delivery milestones/measures (to be defined)

Wellbeing and Equalities

People can access the support they need in the place they live and work.

Improved safety and wellbeing for vulnerable citizens

Core services are maintained or improved.

We will make better use of the Council estate and resources to meet our strategic priorities.

Develop the 20 minute neighbourhood model and identify the location of hubs through consultation with citizens

Develop a new model of library provision

Work with Edinburgh Leisure to provide accessible and affordable leisure services

Continue to focus on child and adult support and protection

Develop our response to Domestic Abuse

Continue to invest in early help and support for our children and young people

Continue to provide good quality care for looked after children

Embed the 3 Conversations model across all Health and Social care services

Build on our Home First Project to help individuals to remain independent at home or in a homely setting

Develop The 'Edinburgh Pact'

Transform and redesign bed-based services across the City

Provide high quality services in local communities

Build on the learning from the five Council Resilience Centres to provide essential services to vulnerable people

Utilise the facilities in local communities to support delivery of the new service delivery models

Introduce a single point of contact for all booking services

Deliver a number of smart city projects which use data to drive service improvement

Begin implementation of the City Operations Centre concept through investment in IoT sensors and a new CCTV system

Embed our new procurement strategy which places sustainability at the heart of our procurement programme

- ~ 20 minute neighbourhood measures
- ~ Library service measures
- ~ Adult and child protection measures
- ~ Domestic abuse measures
- ~ Looked After children measures
- ~ Health and Social Care Partnership Core 23 indicators (selection)
- ~ Assessment waiting time
- ~ Bed days lost due to delayed discharge
- ~ Service delivery measures for services delivered through the hubs (eg waste, street cleansing, roads, parks)
- ~ Service user satisfaction measures
- ~ Customer contact measures
- ~ Volume, value and processing times for claims (Crisis grant, Scottish Welfare fund, Discretionary housing payments)
- ~ Booking system measures
- ~ Online transactions measures
- ~ Sustainable Procurement Strategy measures

Organisational Performance measures, which include a range of our enabling functions and services:

- ~ Financial Management (Revenue and Capital Budgets)
- ~ Property/Building Condition
- ~ Health and Safety (reported incidents)
- ~ Workforce Planning and Management (Absence levels, Diversity, Headcount)
- ~ Digital (Service Incidents, System Availability and Security)
- ~ Local Government Benchmarking Framework (LGBF) Indicators

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The City of Edinburgh Council

10.00am, Thursday, 18 February 2021

Local Government Finance Settlement 2021/22

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 It is recommended that members of Council note both the provisional outcome of the Local Government Finance Settlement and its resulting impact on existing financial planning assumptions as part of setting the Council's Revenue Budget for 2021/22 and Sustainable Capital Budget Strategy 2021-2031.

Stephen S. Moir
Executive Director of Resources

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Finance Division, Resources Directorate
E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Local Government Finance Settlement 2021/22

2. Executive Summary

- 2.1 Updates on the respective revenue and capital budget frameworks were considered by the Finance and Resources Committee on 2 February 2021, with these reports referred to Council to inform today's budget-setting meeting. Given the timing of the Scottish Draft Budget and Local Government Finance Settlement (LGFS) announcements (confirmed on 28 January and 1 February respectively), these reports were necessarily based on estimates of grant funding levels and associated conditions of funding support.
- 2.2 While the potential remains for changes to result from both the Draft Budget's Scottish Parliamentary consideration and the UK Budget announcement, at this stage £14.2m of additional revenue resources are available in 2021/22 for allocation by members. Given the significant remaining shortfalls in subsequent years of the framework, however, the use of the available money on a one-off basis or in providing recurring savings would assist in closing future years' funding gaps.

3. Background

- 3.1 On 28 January 2021, the Cabinet Secretary for Finance presented a draft one-year Scottish Budget and LGFS to the Scottish Parliament. Following this announcement, the accompanying Finance Circular, providing details of grant funding allocations at local authority level, was then issued on 1 February.
- 3.2 At this stage, the figures contained within the Settlement remain provisional, pending both the Draft Budget's Parliamentary passage and confirmation of the UK Budget on 3 March. This said, additional funding and/or flexibilities for Local Government may also be introduced as part of securing sufficient Parliamentary support for the Draft Budget's approval.
- 3.3 As in previous years, any necessary amendments to reflect changes in allocations resulting from the Settlement checking process will be contained within the overall quantum of funding within the LGFS. As of the time of writing, however, no material changes are known to have been identified.

4. Main report

Impact of the provisional LGFS on the budget framework

- 4.1 Analysis of the Settlement is continuing as additional details and clarification are received. Based on work undertaken to date, however, the provisional level of revenue grant funding is more favourable than assumed in the report presented to the Finance and Resources Committee on 2 February.

Revenue grant funding

- 4.2 Expressed on a like-for-like basis, the Scotland-wide revenue budget settlement shows an overall increase of 0.9% on the level of grant funding provided in 2020/21. Edinburgh's increase is around 1.6%, due primarily to a combination of a number of population-based distributional gains and the continuing operation of the second funding floor, whereby all authorities are guaranteed to receive total funding equal to at least 85% of the per capita average for Scotland. When compared to the level of funding assumed within the budget framework, this results in the receipt of additional income of £17.4m.

Non-Domestic Rates

- 4.3 Following the introduction of a range of temporary Non-Domestic Rates reliefs in 2020/21, the Cabinet Secretary's announcement confirmed a number of further changes for 2021/22. The basic property rate (the poundage) will be reduced from 49.8 pence to 49 pence. In addition, there will be an at-least three-month extension into 2021/22 of current 100% retail, hospitality, leisure and aviation relief. Taken together, these changes will reduce the Council's estimated expenditure in this area by some £1.3m.

Integration Joint Boards (IJBs)

- 4.4 The LGFS also contains £72.6m of funding to be transferred from the Scottish Government Health portfolio to local authorities for investment in adult health and social care and mental health services delegated to integration joint boards, comprising £34m to allow continuing delivery of the Living Wage Foundation rate, £10.1m for uprating of free personal care and nursing care payments and £28.5m for on-going implementation of the Carers Act. Edinburgh's estimated share of these sums is £6.9m and this funding will be passed on in full to the Edinburgh Integration Joint Board (EIJB).
- 4.5 This funding should be additional and not substitutinal, such that local authority adult social care budgets for allocation to IJBs must be at least £72.6m greater than 2020/21 recurring budgets. As such, it is officers' understanding that the proposed £4.7m savings target included in the budget framework may not, at least at this stage, be applied and by extension, this offsets an element of the favourable overall movement in the Council's revenue grant funding level.
- 4.6 Despite the increase in resources available to the EIJB resulting from not applying this saving to its baseline budget, members should note that full pass-through of the

additional resources contained within the LGFS will only marginally improve the underlying overall EIJB funding gap relative to the position reported to the Board on 15 December. This is because, in contrast to recent years, no unhypothecated sums (i.e. monies provided on a non-specific basis) have been reflected within the Settlement, with the £6.9m instead representing recognition of known cost pressures, funding for which had largely already been assumed by the EIJB. Further discussions are therefore required with the Chief Finance Officer of the EIJB to understand fully these implications, alongside consideration of the equivalent settlement for NHS Lothian.

Impact of changes in grant funding and other budget framework assumptions

- 4.7 Taking account of the changes outlined in the preceding sections results in an updated position as follows:

	£m
Funding available for allocation per report to Finance and Resources Committee, 2 February	0.2
Positive change in revenue grant funding relative to framework assumptions	17.4
Savings in Non-Domestic Rates relative to framework assumptions	1.3
Inability to apply planned savings target to EIJB	(4.7)
Revised funding available following provisional LGFS	14.2

Council Tax freeze

- 4.8 In view of the specific pressures on households hastened by the pandemic, the LGFS also includes an additional £90m available to councils choosing to freeze Council Tax at 2020/21 levels, with Edinburgh's allocation of this sum, equivalent to compensating a 3.1% rise, being £9.6m. The budget framework currently contains an assumption that Council Tax rates will be increased by 4.79% in 2021/22, generating £14.8m of additional income. Agreeing to a freeze would therefore result in a net cost of £5.2m which would require to be met from the additional overall level of funding noted in the table above.

Opportunities for additional investment

- 4.9 Even if Council Tax levels were to be frozen, this updated position provides some scope for members to vary other existing framework assumptions, including fees and charges increases and/or to introduce additional investment in tackling poverty, enhancing wellbeing and promoting sustainability or other priority areas. Given the absence of a balanced budget in 2022/23 (where an incremental gap of £19.7m is currently projected), however, the use of the available money on a one-off basis or in providing recurring savings would assist in closing future years' funding gaps.

- 4.10 A number of potential options for application of this investment have been provided to members.

Sums remaining to be distributed

- 4.11 The Cabinet Secretary's announcement also included £259m of non-recurring COVID-related funding to be made available in 2021/22, the distribution of which will be agreed by COSLA Leaders (and, as such, is not reflected in the figures above). While, given the Council's share of sums previously provided on a general needs basis, this may result in the provision of further funding of some £20.5m, in view of the potential downside risks linked to the impact of continuation of current restrictions well in to 2021/22 and longer-term behavioural change, these sums are not assumed to be available to offset other savings requirements at this time.
- 4.12 Following the earlier receipt of £18m from the initial tranche of the income compensation scheme, the LGFS also confirmed that a further £110m of Scotland-wide funding will be made available in this area in respect of losses suffered in 2020/21, the distribution arrangements for which will be discussed with COSLA. This funding, other things being equal, would be expected to reduce the remaining expected call on the Council's unallocated reserves during the current financial year. Any further Barnett Consequentials accruing to Scotland in 2021/22 as a result of the operation of the equivalent scheme in England will also be passed on in full to local authorities.
- 4.13 Members will be kept apprised of the level of funding accruing to the Council under each of these elements. Updates will also continue to be provided around any changes in available financial flexibilities, including potential application of the annuity-based PPP flexibility.

Capital Settlement

- 4.14 The level of core capital grant settlement and ring-fenced funding for affordable housing confirmed in the LGFS was in line with current assumptions and, in light of the £172m ten-year projected funding shortfall across the programme as a whole, no additional resources are available for allocation at this time.

Public sector pay policy

- 4.15 While not directly applicable to local government, the Cabinet Secretary also confirmed the Scottish Government's Public Sector Pay Policy for 2021/22, comprising an increase of at least 3% for those earning up to £25,000, a 1% increase for those earning between £25,000 and £80,000 and a flat-rate £800 increase above this level. Given the potential, nonetheless, for this policy to inform the level of settlement reached with the Local Government workforce and based on modelling undertaken to date, application to the Council would fall within the overall level of provision included within the revenue budget framework (which, in turn, is based on a total level of provision equivalent to a 2% increase across all staffing groups).

5. Next Steps

- 5.1 The revised level of resources outlined in this report forms the starting point for the respective budget motions brought forward for consideration at today's meeting. A number of potential options for application of this investment have also been provided to members.
- 5.2 Should additional resources result from the Draft Scottish Budget Bill's Parliamentary consideration and/or the UK Budget, a further update report will be presented to the Finance and Resources Committee in due course.

6. Financial impact

- 6.1 Following confirmation of the provisional LGFS, £14.2m of additional revenue resources are available in 2021/22 for allocation by members. Given the absence of a balanced budget in 2022/23 (where an incremental gap of £19.7m is currently projected), however, use of the available money on a one-off basis or in providing recurring savings would assist in closing future years' funding gaps.

7. Stakeholder/Community Impact

- 7.1 A detailed report elsewhere on today's agenda summarises the response to the Council's recent engagement on budget priorities for 2021/22 and beyond and includes relevant supporting material from other engagement activity on priorities and life experiences during the COVID-19 pandemic

8. Background reading/external references

- 8.1 [Council Business Plan and Budget 2021/26](#), Finance and Resources Committee, 2 February 2021
- 8.2 [Sustainable Capital Budget Strategy 2021-2031](#), Finance and Resources Committee, 2 February 2021

9. Appendices

- 9.1 None

The City of Edinburgh Council

10.00am, Thursday 18 February 2021

Council Business Plan and Budget 2021/26 – Risks and Reserves – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Council Business Plan and Budget 2021/26 – Risks and Reserves to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling

Strategy and Communications Division, Chief Executive's Service

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Referral Report

Council Business Plan and Budget 2021/26 – Risks and Reserves

2. Terms of Referral

- 2.1 On 2 February 2021, the Finance and Resources Committee considered a report which advised of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.
- 2.2 The level of reserves held and the purposes for which they were maintained were outlined, including consideration of the adequacy of the balances held to mitigate against known risks. It also set out a proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.
- 2.3 The Finance and Resources Committee agreed:
 - 2.3.1 To note the report and the proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the Covid-19 pandemic and wider risk factors.
 - 2.3.2 To remit the report to The City of Edinburgh Council for approval on 18 February 2021 as part of the budget-setting process.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

2.00pm, Tuesday, 2 February 2021

Council Business Plan and Budget 2021/26 - Risks and Reserves

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
 - 1.1.1 note the content of this report and the proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the COVID-19 pandemic and wider risk factors; and
 - 1.1.2 remit the report to The City of Edinburgh Council for approval on 18 February 2021 as part of the budget-setting process.

Stephen S. Moir

Executive Director of Resources

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Finance Division, Resources Directorate

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Council Business Plan and Budget 2021/26 – Risks and Reserves

2. Executive Summary

- 2.1 The report advises members of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.
- 2.2 The report outlines the level of reserves held and the purposes for which they are maintained, including consideration of the adequacy of the balances held to mitigate against known risks. In this regard, it also sets out a proposed realignment and reprioritisation of the Council's usable reserves in light of the potential additional impacts of the COVID-19 pandemic and wider risk factors.

3. Background

- 3.1 This report advises members of significant risks identified within the budget process and sets out the range of measures and provisions in place to mitigate these.
- 3.2 Unallocated reserves are held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. In addition, there are specific earmarked reserves set aside to manage timing differences between the receipt of income and incurring related expenditure, in accordance with accounting rules.
- 3.3 The reserves held by the Council are reviewed annually as part of the revenue budget-setting process. The review considers the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.

4. Main report

Risks

- 4.1 Risks form an integral part of the business and budget planning process. What is important, however, is that these risks are identified, actively managed and, where appropriate, mitigated. Appendix 1 shows a matrix, setting out how it is planned that the known risks identified in this report will be managed. This list is, however, not exhaustive due to the complexity and diversity of the changing environment within which the Council operates.

COVID-19 specific impacts on service expenditure/income loss and savings delivery

- 4.2 The on-going impact of the COVID-19 pandemic poses significant risks, both in terms of the immediate ability to set a balanced budget for 2021/22 and undertaking longer-term financial planning. The increases in service expenditure and losses of income for both the Council and its Arm's-Length External Organisations (ALEOs) may be higher than assumed in the budget framework. The effects of the pandemic have also affected management's ability to deliver the level of pre-approved savings and manage on-going pressures to the extent assumed.
- 4.3 Financial "flexibilities" announced by the Scottish Government will allow the Council to mitigate some of these uncertainties by enabling relevant additional expenditure, and losses of income, to be spread across a longer timeframe. Further details of these flexibilities are included in the Council Business Plan and Budget 2021/26 report elsewhere on today's agenda.
- 4.4 The Council's Best Value Assurance Report (BVAR) also noted a number of observations concerning the setting and subsequent implementation of the Council's revenue budget. These included continuing shortfalls in savings delivery (and consequent reliance on savings in non-service budgets), an underlying lack of robustness in the implementation plans for some proposals and the potential for the Council's use of reserves to become unsustainable without decisive action.
- 4.5 In seeking to address these concerns whilst acknowledging the continuing short- and longer-term uncertainty resulting from the pandemic, a number of further enhancements have been introduced into this year's process as summarised in Appendix 1, with additional detail included within the Council Business Plan and Budget 2021/26 report elsewhere on this meeting's agenda. A proposed realignment and reprioritisation of the Council's reserves, consistent with the risks within the budget framework, is also set out later in this report.

Future funding settlements

- 4.6 Uncertainty around future funding settlements poses a significant risk to the Council's ability to set a balanced budget, given its impact on the overall level of savings required. The 2021/22 Local Government Financial Settlement (LGFS) is

due to be confirmed on 28 January 2021, with the announcement covering only one year as opposed to the multi-year settlement originally envisaged. It is also possible that, as in previous years, changes to the Draft Scottish Budget (and by extension the LGFS) will be introduced as part of the Bill's Parliamentary consideration.

- 4.7 As of the time of writing, however, a detailed timetable of scrutiny and debate had not been finalised, meaning that changes could be intimated after the Council's budget-setting meeting on 18 February. As this Parliamentary consideration is unlikely to reduce the overall level of funding provided or extent of associated flexibilities, however, the provisional LGFS announcement should provide a baseline from which to develop the Council's detailed plans.
- 4.8 Future years' funding allocations could also vary for a number of other reasons, including the use of updated population and other needs-based data and the complexities of funding distribution formulae, as well as wider Scottish and UK Government fiscal policy. The Council's actual funding allocations are additionally affected by the influence of the stability and 85% per capita funding floors, from each of which it currently benefits.

Delivery of approved savings and management of underlying service pressures

- 4.9 Shortfalls in the delivery of approved savings and management of underlying service pressures are an on-going risk to the budget. In 2019/20, only 77% of approved savings by value were delivered, although this headline figure comprised 83% for service-specific savings and 56% for Council-wide savings, including efficiencies. In light of this recurring trend, subsequent years' efficiency and Council-wide savings targets have been significantly reduced. The preparedness assessment of accompanying implementation plans undertaken by Finance staff has in addition informed the level of contingency included within the framework for delayed implementation or non-delivery, reducing the potential influence of optimism bias.
- 4.10 Corresponding measures are also required to offset significant pressures within a number of demand-led areas of service, with many of the mitigations applied in 2020/21 being of a non-recurring nature. The Council Business Plan and Budget 2021/26 report elsewhere on the agenda proposes the inclusion of some £12m of additional investment within the budget framework in 2021/22 (in addition to £10m specifically for homelessness services given likely recurring increases in demand) in recognition of these pressures. As with savings delivery above, work will continue to identify further mitigations to serve as a contingency against adverse movements in other budget assumptions during the year.

Demographic changes leading to rising service demands

- 4.11 Demographic changes continue to increase the overall level of demand for the Council's services and the ability to provide for this within available resources.

Levels of provision were reviewed in late 2019 in light of updated population and pupil roll projections, resulting in the inclusion of total demographic-related investment of £4.2m in the 2020/21 budget framework plus full pass-through of additional health and social care funding provided within the LGFS, with similar incremental increases assumed in subsequent years. More effective demand management, greater use of preventative approaches to service delivery and service prioritisation will, however, likely be required in order for this level of funding to prove sustainable over the medium to longer term.

Income

- 4.12 Assumptions are made in the budget process on the level of income that can be generated by services. There are risks associated with these assumptions, primarily around (i) demand for and/or price sensitivity of chargeable services, (ii) timing of implementation of new or amended charges and (iii) the ability to collect all income due. The Council has a range of measures in place to mitigate these risks, such as application of appropriate debt policies, service level agreements with external users and regular monitoring of income levels as a prompt to remedial action.
- 4.13 These areas have all been reviewed in light of the pandemic, with detailed monthly monitoring being undertaken and adjustments reflected in future years' budgets for the anticipated on-going loss of the Lothian Buses dividend and parking and commercial rental income. These assumptions will continue to be regularly reviewed.

Legislative changes

- 4.14 Legislative changes present on-going risks to the budget framework, and while provision has been made for the projected impact of known factors, there is a risk that further changes are made, resulting in direct or indirect impacts on the Council's budget. It is additionally assumed that all of the savings measures included in the budget framework are fully within the Council's gift. This remains to be confirmed in the case of both the proposed level of Council Tax increases and application of a savings target to the Integration Joint Board, each of which is based on the equivalent treatment in the 2020/21 LGFS.
- 4.15 The ending of the transition period following the United Kingdom's withdrawal from the European Union may result in short-term economic uncertainty with a knock-on impact on the availability of staff in key service areas, increased demand for the Council's services and higher prices for some goods and services (particularly food), as well as wider levels of public expenditure. The Council has, however, on-going risk assessment arrangements in place (including an EU exit-specific risk register) and staff within Commercial and Procurement Services have engaged extensively with current suppliers.

Legal claims and inquiries

- 4.16 There is a risk that the Council is exposed to reputational and financial consequences of legal claims and inquiries in relation to uninsured and insured incidents. The on-going Scottish Child Abuse Inquiry has potentially significant financial implications with effect from 2022/23 but, at this stage, the precise impact on the Council (and any associated financial liability) remains to be confirmed. There is a risk, nonetheless, that substantial additional funding to meet liabilities will require to be identified either directly or top-sliced from the level of funding provided within the LGFS.

Major infrastructure projects

- 4.17 The long-term financial implications of some major infrastructure projects, particularly the Local Development Plan, are still emerging and subject to change in light of the longer-term implications of the pandemic. While the revenue and capital budget frameworks incorporate some provision in these areas based on current projections, there is a risk that the Council will require to support additional borrowing and/or revenue running costs associated with these projects. On-going review of the projects and potential timing and value of funding requirements will therefore continue to be undertaken through relevant project boards and risks escalated as appropriate.

Reserves

- 4.18 Members are aware that the Council holds a number of earmarked reserves within the General Fund. As of 31 March 2020, the General Fund balance stood at £120.111m, of which £106.184m was earmarked for specific purposes. The unallocated General Fund stood at £13.927m, in line with the medium-term strategy of the Council.
- 4.19 As shown in Appendix 2, there are significant projected net movements in earmarked reserves during 2020/21 (some £9.181m). These represent a combination of planned transfers and the unbudgeted £7m contribution from reserves (after taking account of the £5m year-end contribution in 2019/20) required to deliver a balanced overall in-year position, with a projected balance of £110.930m at 31 March 2021. Appendix 2 also shows the planned use of these balances in financial year 2021/22, insofar as they are known at this stage.
- 4.20 In light of the risks outlined in the preceding sections of this report, it is proposed to realign and reprioritise the Council's reserves with effect from 31 March 2021 as follows:
- (i) an **increased unallocated General Fund balance** of £25m, equating to around 2.3% of the Council's net expenditure and being more in line with other authorities in Scotland;

- (ii) a series of **ringfenced reserves maintained for statutory¹ or specific policy² reasons** or to reflect timing differences between the receipt of income and its subsequent application, together totalling £55m;
- (iii) a **workforce transformation reserve** of £15m, less commitments incurred as part of the recent targeted staff release programme for senior managers, to facilitate organisational restructuring and deliver associated recurring efficiency savings; and
- (iv) a **COVID contingency reserve** of £16m, acknowledging the continuing uncertainty of the recurring impacts of the pandemic on, in particular, income levels in key areas such as parking, commercial rentals and other fees and charges.

4.21 The £28m used to increase the level of the Council's unallocated General Fund balance and to create a COVID-specific contingency has been identified through a rigorous re-assessment of the overall available level of reserves and need to maintain non-statutory balances previously, or newly proposed to be, set aside for specific investment.

4.22 The overall level of available reserves has been influenced, in particular, by two factors: an assumed reduction in the in-year call on reserves given the balanced overall position now being projected (totalling £14.8m, comprising the £8.0m reduction reflected in the period eight monitoring report considered by the Committee on 21 January and, additionally, the need not to draw upon further reserves to address the previously-projected £6.8m overspend) and timing-related in-year transfers to reserves that have now been redirected (totalling £7.0m). The process has also reflected the transfer of non-essential service reserves to address Council-wide pressures, the principle of which was indicated in the month five position report considered by the Committee on 29 October 2020.

4.23 The increase of £12m in the level of the Council's unallocated General Fund balance has been enabled by reprioritising a number of discrete sums, including the uncommitted element of the current risk management contingency, funding for LDP-related expenditure (provision for which will not now be required until later years of the framework), reserves currently earmarked to support transformational initiatives and a number of uncommitted reserves previously held within specific service areas.

4.24 Creation of a COVID contingency reserve, alongside both what are considered to be prudent planning assumptions in respect of grant funding levels and the potential for further pressures mitigations and savings implementation plans to be developed following the setting of the 2021/22 budget, provides a degree of assurance against potential downside risks within the budget framework,

¹ Including the Insurance Fund, Council Tax Discount Fund (ringfenced for the provision of affordable housing), licensing reserves and sums set aside under the Devolved School Management (DSM) scheme.

² Including the Spend to Save and City Strategic Investment Funds.

particularly the ability to apply the assumptions around Council Tax increases and IJB savings targets.

5. Next Steps

- 5.1 Following Committee's consideration, the report will be referred to The City of Edinburgh Council for approval as part of the budget-setting process.

6. Financial impact

- 6.1 The report identifies where funding has been made available for the risks set out. The Council holds unallocated General Fund reserves against the likelihood of unfunded risks occurring. In light of wider risks inherent within the budget framework, it is proposed to increase the level of these unallocated reserves to £25m, as well as creating a COVID-specific contingency reserve.

7. Stakeholder/Community Impact

- 7.1 There are no direct impacts arising from this report.

8. Background reading/external references

- 8.1 [Revenue Budget 2020/21: month eight position](#), Finance and Resources Committee, 21 January 2021

9. Appendices

- 9.1 Appendix 1 – Risk Matrix
- 9.2 Appendix 2 – Projected Movement in General Fund

Risk Matrix

The table below summarises how the risks identified in the report are managed.

Risk	Provisions and other actions to manage
<p>COVID-19 specific impacts on service expenditure/ income loss and savings delivery</p>	<p>Regular CLT and elected member scrutiny of the impacts of COVID-19 on budget framework assumptions</p> <p>Examination of all non-service budgets, reserves and available financial “flexibilities” to spread the cost impacts of the pandemic over a longer timeframe</p> <p>Creation of dedicated COVID-19 mitigation reserve, alongside wider re-alignment of existing reserves, including increasing level of unallocated General Fund balance</p> <p>On-going mitigating actions which also relate to wider risk management actions detailed below</p>
<p>Future funding settlements</p>	<p>Provisions included in the Long-Term Financial Plan (LTFP)</p> <p>Regular monitoring of public expenditure projections and active membership of relevant professional forums, promptly recognising potential or actual grant variations in LTFP</p> <p>Development, in due course, of a longer five-year planning timeframe to recognise the potential for variation from baseline assumptions in any given year and, by extension, an ability for additional savings measures to be accelerated</p>
<p>Delivery of approved savings and management of underlying pressures</p>	<p>Updated, detailed and consistently-applied guidance for Finance staff in assessing the rigour of accompanying savings implementation plans</p> <p>Earlier recognition, through discussion and agreement at Corporate Leadership Team, of the impact of underlying service pressures and savings shortfalls on the robustness of the budget framework</p> <p>Early consideration of likely required project management and other support</p> <p>Regular CLT and elected member scrutiny of proposed savings at the inception, development and delivery stages</p> <p>Regular SMT consideration of overall service budgetary position, including known or emerging risks and pressures, with a view to taking prompt corrective action</p> <p>Budget re-alignment, where required, to facilitate enhanced ownership, accountability and transparency of reporting</p>

Demographic changes leading to rising service demands	Provisions made in LTFP and regular reviews of the adequacy thereof, resulting in increased provision in 2020/21 and subsequent years of the framework
Income	<p>Service Level Agreements with external users, application of appropriate debt policies (including, where appropriate, upfront payment for services delivered) and regular monitoring of income levels as a prompt to remedial action</p> <p>Detailed monthly monitoring of actual income losses during pandemic, additionally informing preparation of income compensation scheme submissions</p>
Legislative changes	<p>Provisions made in LTFP and regular reviews of the adequacy thereof</p> <p>On-going monitoring of impacts of welfare reform and other relevant legislation on expenditure and income</p> <p>Active membership of relevant professional forums</p>
Legal claims and inquiries	The Council explicitly provides for a number of known risks and liabilities. Funding could, however, be drawn down from the unallocated General Fund balance to meet unanticipated or additional costs.
Major infrastructure projects	<p>Regular progress monitoring through Change Boards, particularly at key milestones, with documented escalation procedures</p> <p>Senior Finance representation on all Project Boards</p>

Projected Movement in General Fund

Appendix 2

NB The precise make-up of the drawdown from reserves currently projected to be required in 2020/21 will be determined as part of the year-end closure process. As such, the projected balances for non-statutory reserves shown below should be seen as indicative at this stage.

	Opening Balance at 1.04.20 £000	Actual/planned use 2020/21 £000	Reprioritisation/ realignment £000	Projected Balance at 1.04.21 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.22 £000	
General Fund							
<u>Balances Set Aside to Manage Financial Risks and for Specific Investment</u>							
Balances set aside for specific investment	44,444	(1,766)	(28,148)	14,528	(3,830)	10,698	Funding set aside for specific projects, including monies for Enterprise Resource Planning and Tram Extension.
Contingency and Workforce restructuring	13,358	1,764	0	15,122	(7,500)	7,622	Monies held to cover costs of workforce management changes including staff severance costs, which may be utilised to support future change programmes.
Capex Fund	3,227	(654)	0	2,573	0	2,573	Monies set aside to meet costs arising from the termination of property leases and other related contractual commitments to facilitate rationalisation of property.
Insurance Fund	20,097	(1,016)	0	19,082	0	19,082	Insurance Funds are held to defray any loss where the Council could have insured against a loss but has not done so and for paying premiums on an insurance policy. This includes the power to meet excesses on insurance policies and other claims arising from on-going legal inquiries.

General Fund	Opening Balance at 1.04.20 £000	Actual/planned use 2020/21 £000	Reprioritisation/ realignment £000	Projected Balance at 1.04.21 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.22 £000	
<u>Balances Set aside from Income Received in Advance</u>							
Licensing and Registration Income	2,981	(437)	0	2,544	0	2,544	Monies representing licensing income related to cabs, houses in multiple occupation, liquor and landlord registration. The Council is not permitted to use these monies on other services.
Lothian Buses	308	0	0	308	0	308	Holds dividend income received from Lothian Buses which is being drawn down to support the Tram Extension project.
Other Minor Funds	204	0	0	204	(14)	190	Minor funds for other specific projects.
Pre-paid PPP monies and lifecycle costs	3,318	289	0	3,607	272	3,879	Monies set aside in recognition of the phasing issues related to grant monies, for lifecycle costs of projects.
Council Tax Discount Fund	4,304	(2,500)	0	1,804	0	1,804	Monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to supporting the development of affordable housing. It forms part of the Strategic Housing Investment Fund (SHIF), alongside income from the Repairs and Renewals fund.
Unspent revenue grants	3,176	(3,002)	0	175	(122)	53	Monies set aside at the year end, in accordance with proper accounting practice, where income has been received prior to the relevant expenditure being incurred.
City Strategic Investment Fund	2,795	0	0	2,795	(1,400)	1,395	Primarily represents funds set aside for strategic regeneration priorities (£2.150m) and to provide match funding for new city development opportunities (£0.5m).

	Opening Balance at 1.04.20 £000	Actual/ planned use 2020/21 £000	Reprioritisation/ realignment £000	Projected Balance at 1.04.21 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.22 £000	
<u>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</u>							
Spend to Save Fund, Energy Efficiency and Salix CEEF	3,301	(786)	0	2,515	(2,050)	465	Funds set aside to assist service areas deliver revenue savings in future years through provision of one-off upfront revenue investment. Scheme repayments will be used to support further new initiatives.
<u>Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund</u>							
Balances held by schools under DSM / Pupil Equity Fund	4,671	(171)	0	4,500	0	4,500	Balances set aside for Devolved School Management Scheme and Pupil Equity Fund. There will always be a balance at March as the DSM scheme and PEF are based on an academic year.
<u>Unallocated General Fund</u>	13,927	(902)	12,000	25,025	0	25,025	Unallocated funds held against the risk of unanticipated expenditure and/or reduced income arising in any particular year, in line with Council reserves policy.
<u>COVID-19 mitigation reserve</u>	0	0	16,148	16,148	0	16,148	Newly-established reserve in recognition of the potential for the net costs of the pandemic to exceed the level of provision contained within the budget framework.
Total General Fund	120,111	(9,181)	0	110,930	(14,644)	96,286	

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The City of Edinburgh Council

10.00am, Thursday 18 February 2021

Budget Insights 2020 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Budget Insights 2020 to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling

Strategy and Communications Division, Chief Executive's Service

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Referral Report

Budget Insights 2020

2. Terms of Referral

- 2.1 On 2 February 2021, the Finance and Resources Committee considered a report which summarised the response to the Council's engagement on budget priorities for 2021/22 and beyond and included relevant supporting material from other engagement activity on priorities and life experiences during the Covid-19 pandemic.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the report.
 - 2.2.2 To refer the report with associated budget papers to Council.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)

4. Appendices

- 4.1 Appendix 1 – report by the Chief Executive

Finance and Resources Committee

2pm, Tuesday, 2 February 2021

Budget Insights 2020

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Committee is recommended to note the contents of this report.
- 1.2 Committee is recommended to refer this report with associated budget papers to Council.

Andrew Kerr

Chief Executive

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Budget Insights 2020

2. Executive Summary

- 2.1 This report summarises the response to the Council's engagement on budget priorities for 2021/22 and beyond, and includes relevant supporting material from other engagement activity on priorities and life experiences during the covid-19 pandemic.
- 2.2 The Council received 2,267 responses to the budget engagement. All responses have been published on the Council's Consultation Hub.
- 2.3 Edinburgh residents experienced a large decline in overall wellbeing due to the pandemic and associated restrictions. However, there is evidence to suggest that anxiety and happiness levels had, by December, returned to around pre-pandemic levels.
- 2.4 Levels of physical activity, active travel, social contact, visiting parks and reading for pleasure were different from pre-pandemic levels for most residents. A higher percentage of residents felt they were doing more of those things during the pandemic than felt they were doing less.
- 2.5 64% of residents who were working during the pandemic had been working from home "all the time", and 55% of all those had worked from home at any point during the pandemic would prefer to work "mostly" or "always" at home in future. This suggests there will be a long-term structural change in the working environment in Edinburgh in future.
- 2.6 Residents praised the continued delivery of essential services by the Council during the pandemic as well as the swift return of schools and nurseries when that was possible. Praise was also given for the quality of communication from Council services during a period of great uncertainty.
- 2.7 Residents had been badly impacted by the reduction of social opportunities provided by gyms, community centres and libraries. Children with additional support needs and adults with dementia (and their families) were felt to have been especially badly impacted by suspension of services for them.
- 2.8 Residents were supportive of measures to help meet the Council's 2030 Net Zero target, including more microgeneration and a reduction of vehicles in the city.

- 2.9 Residents continue to recognise the benefits provided by collocation of services into local hubs, but felt that there were no opportunities to further reduce core services which had already been reduced due to austerity measures. It was suggested that residents could take more active roles in the maintenance and management of their street through, for example, volunteer parks maintenance and litter picking.

3. Background

- 3.1 The City of Edinburgh Council continues to face difficult financial decisions in delivering services the people of Edinburgh need and want while meeting its financial challenges. The Council seeks input from residents to inform its decision-making processes prior to setting its budget.
- 3.2 The Council set out its proposed approach in its report '[Engaging Through Adaptation and Renewal](#)' to Policy and Sustainability Committee on 23 July 2020.. The intention of this was to:
- 3.2.1 Ensure the Adaptation and Renewal Programme makes City Vision real by continuing a conversation about how we deliver the Edinburgh residents want;
 - 3.2.2 Better understand the attitudes and experiences of residents that will inform Adaptation and Renewal delivery;
 - 3.2.3 Ensure people have a voice in any major change programme proposals; and
 - 3.2.4 Gathers local information for Edinburgh which may not be supplied by national sources due to disruption caused by Covid-19.
- 3.3 Due to the essential restrictions to limit the spread of Covid-19, the Council's options for engaging with residents on the budget during 2020 were severely limited. Unlike in previous years, there was no potential for face-to-face engagement or the distribution of written material, therefore all engagement was online.
- 3.4 This approach creates clear problems that a minority of Edinburgh residents who are not on online (generally older people and generally on lower incomes) would be less likely to be able to participate in this engagement. In order to mitigate this impact, this report includes findings and insights from other areas of work including:
- 3.4.1 The Capital Residents Survey – a telephone survey of a representative sample of 1,005 Edinburgh residents performed between October and December 2020. The survey was themed around experiences during the pandemic and views on public services. This survey was jointly-funded by the Council and NHS Lothian. Only partial results are available at this point; final results will be reported to the Policy and Sustainability Committee in April 2021.
 - 3.4.2 The Edinburgh Poverty Commission – the Commission conducted workshops, interviews and visits involving individuals with personal experience of living in poverty in Edinburgh. While these activities did not

take place during the pandemic, where relevant the Commission's findings have been included in this report.

- 3.4.3 The 2019 Budget Engagement – last year the Council conducted workshops using its group engagement activity with a sample of Edinburgh residents who are proportionately similar to the demographic, geographic and income characteristics of Edinburgh residents. The feedback from these workshops is still valid and where relevant has also been referenced.

4. Main report

Response to budget engagement

- 4.1 The online survey was promoted through Council social media channels and was sent to community councils, tenants and residents associations, Council partners, members of the Equalities and Rights Network, and to parents (through School newsletters).
- 4.2 2,267 residents responded to the online survey. Because of Covid-19 restrictions there are no entirely comparable engagement responses, however in 2018 and early 2019 there were 1,826 online and paper responses to the Council's 2019/20 budget engagement process.
- 4.3 Engagement respondents included proportionately more people aged 45-64, more women, and fewer people aged 16-24 than the Edinburgh population. Those who were selected to take part in the telephone survey were more closely matched to the demographics of the city as a whole. More information on demographics is included in appendix one.
- 4.4 The engagement response had a good geographic spread across the city, with an average of 120 responses per ward. Response by ward is also shown in appendix one.

Experiences during Covid-19

- 4.5 Edinburgh residents likely experienced much lower levels of overall happiness and much higher levels of anxiety during the first pandemic lockdown, compared to the period before the lockdown, but that these levels have likely improved since.
- 4.6 The Office of National Statistics' Annual Population Survey identified that for the year ending March 2020, Edinburgh residents on average rated their happiness 7.4 out of 10 (where 10 is the best) and rated their anxiety 3.6 out of 10 (where 10 is the worst).
- 4.7 A study conducted by YouGov and referenced by Scottish Government identified that by the beginning of April Scottish residents' ratings for these two questions were significantly worse, but have improved over time. (No Edinburgh figure is available from these results).
- 4.8 The Capital Residents Survey identified that Edinburgh residents' rating of happiness was 7.2 out of 10, while anxiety was 3.3 out of 10. This suggests that by

the autumn Edinburgh residents may have overall returned to around pre-pandemic levels of wellbeing.

- 4.9 Respondents to the budget engagement reported that they had experienced social isolation during the pandemic and the two main reasons mentioned for this were working from home and the suspension or reduction of Council services that enable social interaction (e.g. community centres, libraries, sports facilities).
- 4.10 However, while working from home has caused anxiety for some, it has been beneficial for others. According to the Capital Residents Survey, of those who had been employed during the pandemic, 64% had been working from home 'all the time'. Of those who had been working from home at any point, 55% would prefer to work always or mostly at home in future.
- 4.11 The Capital Residents Survey also identified that 37% of Edinburgh residents have been talking to their neighbours more than before the pandemic (14% less) and 45% have been talking to their family more (17% less).
- 4.12 Overall, this suggests that issues influencing wellbeing and social isolation are impacting individuals differently, with both positive and negative outcomes, and more work is needed to understand this.
- 4.13 861 respondents to the budget engagement reported that closing gyms, pools and leisure centres meant they had to find alternative ways to exercise in their local areas.
- 4.14 In the Capital Residents Survey, 33% said they took more exercise during the pandemic than before, but 26% said less. The results suggest that people were doing more walking (53%), cycling (18%), and visiting parks (36%) than they were before, but the pandemic has also prevented some from engaging in these activities.

Feedback on Council services during pandemic

- 4.15 As part of the budget engagement, Edinburgh residents were asked what Council services they most appreciated and what services they missed during the pandemic. Figures 1 and 2 below show the top five most frequently mentioned items. These are from 2,267 responses in total, and respondents could mention more than one item.

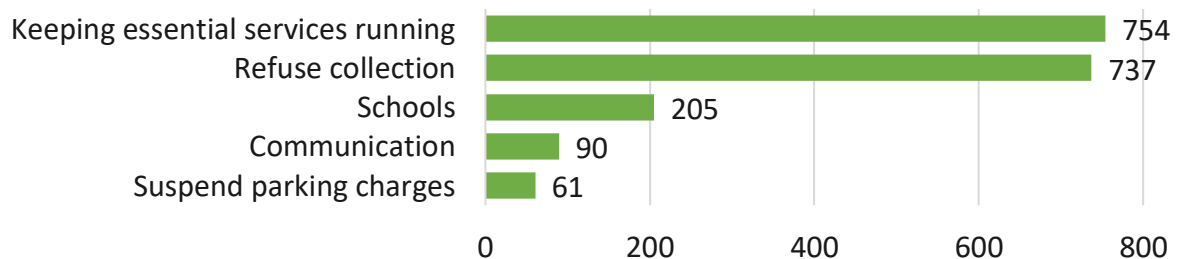


Figure 1 – Services praised by residents during the pandemic

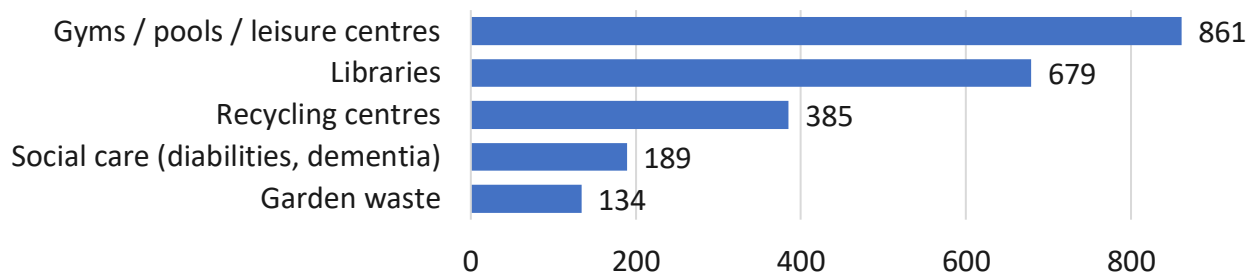


Figure 2 – Services missed by residents during the pandemic

- 4.16 **Schools and nurseries** – Much of the pressure parents felt because of the pandemic came from interrupted childcare (school, paid and family care), so the return of schools on schedule in August was especially appreciated by parents as this allowed many aspects of life to be close to normal. Parents also praised schools for going above and beyond the norm to support them, however the essential closure of schools in the spring has left parents with concerns about the long-term impacts on education, social skills and wellbeing especially for very young children.
- 4.17 **Social care** – The suspension of a range of services in this area was felt to have significant implications for users of those services. Parents of children with additional support needs were critical that this support has been withdrawn. Family members of those with dementia highlighted the disproportionate impact on them and service users through the suspension of social contact and wider support. By contrast, the extra resources and efforts made to house homeless people during the pandemic were recognised and praised.
- 4.18 **Libraries and community centres** – The social aspects of libraries and community centres were most frequently mentioned, with residents citing regular activities and visits as the time they saw many of their friends.
- 4.19 The Capital Residents Survey identified that since the pandemic 48% of Edinburgh residents feel they have been reading books and listening to audiobooks more, while 10% feel they have done these less than they normally would.
- 4.20 **Spaces for people** – Residents were divided in their views on the spaces for people changes. There was praise for the general direction of the policy – increasing the space and priority for pedestrians and cyclists – and support for increased pedestrianisation. However, residents were critical of the introduction of the scheme in some areas without consultation, they felt there was no guidance given on how to use it, and it was noted that some temporary measures were replaced with others which seemed to waste resources. There was also opposition to measures in principal, with some residents concerned about the impact of lost parking spaces on local businesses and others opposed to 20mph zones.
- 4.21 **Transport** – In addition to the comments on Spaces for People changes, 389 residents mentioned public transport and the importance of this for keeping the city running. Those who had needed to visit areas of the city where metered parking was in place valued the suspension of this charge. There were 212 comments opposing the tram.

4.22 All feedback received as part of the budget engagement has been published to the Council's Consultation Hub.

Meeting our 2030 Net-Zero commitments

4.23 As part of the budget engagement, residents were asked for suggestions on how the city could continue to work to meet its 2030 sustainability target. In addition to the spaces for people comments mentioned earlier, congestion charging was suggested 91 times as a component of reducing overall car use and encouraging public transport use and active travel. 115 residents opposed green belt construction, in part because it was seen as encouraging private transport use.

4.24 Residents wanted to see more advice and support for homeowners on microgeneration and insulation options, and wanted to see conservation rules reviewed to make these easier. Resident also expressed their support in principal for larger schemes such as district heating.

4.25 Residents expressed uncertainty about what could be recycled and what could not and requested more information about this, and for a general push from the Council to help people make more sustainable purchasing decisions. Some suggested an expansion of options to share items for free in designated spaces, supported by free collections of unwanted items by the Council.

Priorities

4.26 Residents were clear that the highest impact on them during the pandemic had been the closure of schools and nurseries. Keeping those facilities open and consistent enabled families to function more normally. Attempting to combine childcare and homeworking had been extremely difficult for many.

4.27 While everyone had been impacted by the pandemic there was particular appreciation that people in poverty, those living in areas of deprivation, those experiencing homelessness and those who did not have working-from-home options were especially badly affected. The provision of support and services to those individuals and communities was felt to be another top priority, especially making sure people were able to find employment as quickly as possible after the pandemic.

4.28 Residents recognised local businesses has struggled due to radical changes in shopping and leisure habits as well as the absence of tourists in 2020. Helping businesses to recover and helping new businesses to thrive was seen as essential for the city's recovery.

4.29 More positively for some was the recognition of the importance of community in recovering from a crisis. Residents wanted to do more to strengthen and build their community and encourage social mixing once it was safe to do so.

4.30 The Poverty Commission's recommendations included more restrictions on short-term lets to improve housing options, as well as establishing Edinburgh as a Living Wage City. Residents recognised that the profound change forced on Edinburgh in 2020 could also be an opportunity to resolve long-standing issues.

Changes to Council services

- 4.31 In 2019, Edinburgh residents taking part in that year's budget engagement saw significant opportunity for collocation of Council services. Collocation would help to ensure we were making best use of assets, making services accessible and convenient to the largest number of people, and helping services to better work together.
- 4.32 The recommendations of the Poverty Commission included making use of all important points of contact to help deliver income and employability services, including schools and GPs. Respondents to the Capital Residents Survey were also supportive of collocation:
- 61% felt it would be more convenient for them if libraries, community centres and advice services were all available at the same location. 17% disagreed;
 - 70% would be comfortable using sports facilities at schools. 20% would not;
 - 58% felt it made sense for all public services to be available at the same location. 30% disagreed.
- 4.33 The Capital Residents Survey identified that since March 32% of residents had needed to contact the Council for any reason, with most using the web (48%, base 321) and others using telephone (36%) and email (35%). Only 2% had visited a Council building in person. The Contact Centre's performance report for the pandemic period highlights that changes to MyGovScot registration have made using online services easier for individuals and businesses and that despite offices being closed, July to September call volumes in 2020 were lower than the same period in 2019 – 122,214 compared to 178,640, with 95% of calls received being answered. Year-to-year comparisons also show a 5% increase in Twitter contacts, further highlighting changes in preference for digital contact methods.
- 4.34 Feedback from residents on the impact of the pandemic make it clear that what they have lost is not any single narrow function, but welcoming and multipurpose social spaces where information and services are accessible. This is the key offering Council and its partners should pursue in designing future services.
- 4.35 Residents responding to the budget engagement suggested that Council managers should be reduced in number and take pay reductions, but believed that services had already been "cut to the bone" and there was no room for savings in core services.
- 4.36 However residents also suggested that communities should take increased responsibility for some tasks such parks maintenance, street cleaning, and litter picking with people being encouraged to volunteer to take control of their street and local assets such as community centres.

5. Next Steps

- 5.1 Budget proposals have been submitted to Committee and, following approval, will be sent to Council for consideration.
- 5.2 Where appropriate, including where identified by Impact Assessments, the Council will engage or consult on specific changes following the budget setting process.

6. Financial impact

- 6.1 All staff resources were met from existing budgets. No additional resources were spent on the budget engagement in 2020.

7. Stakeholder/Community Impact

- 7.1 Although access to engagement with significantly restricted in 2020, through partner outreach and reference to other engagements conducted prior to the pandemic this report makes use of existing intelligence to reflect broader stakeholder views.

8. Background reading/external references

- 8.1 [Budget citizens focus group report](#)
- 8.2 [Edinburgh Poverty in Edinburgh Delivery Plan 2020-30](#)
- 8.3 [Engaging through adaptation and renewal](#)
- 8.4 [Annual Population Survey, results April 2019 to March 2020](#)
- 8.5 [Full comments on 2020 budget engagement](#)
- 8.6 [Contact Centre Performance: January – September 2020](#)

9. Appendices

Demographics of online engagement and telephone survey participants

Appendix One – Demographics of online engagement and telephone survey participants

Response to Budget Engagement and participants in Capital Residents Survey by electoral ward

Electoral Ward	Budget Engagement		Capital Residents Survey	
	Number	Percent	Number	Percent
Almond	103	5%	100	10%
City Centre	100	5%	21	2%
Colinton/Fairmilehead	142	7%	69	7%
Corstorphine/Murrayfield	98	5%	53	5%
Craigenlinny/Duddingston	116	6%	72	7%
Drum Brae/Gyle	160	8%	67	7%
Forth	100	5%	66	7%
Fountainbridge/Craiglockhart	110	5%	49	5%
Inverleith	123	6%	60	6%
Leith	78	4%	35	3%
Leith Walk	103	5%	30	3%
Liberton/Gilmerton	124	6%	71	7%
Morningside	213	10%	44	4%
Pentland Hills	97	5%	92	9%
Portobello/Craigmillar	134	7%	79	8%
Sighthill/Gorgie	68	3%	60	6%
Southside/Newington	168	8%	38	4%
Invalid Postcode	25			
No Postcode	170			
Not Edinburgh	35			

Response to Budget Engagement and participants in Capital Residents Survey by age group

Age Group	Budget Engagement		Capital Residents Survey	
	Number	Percent	Number	Percent
Under 16	2	0%		
16-24	39	2%	149	15%
25-44	700	32%	398	40%
45-64	1047	48%	279	28%
65+	400	18%	180	18%
Not answered	80			

Response to Budget Engagement and participants in Capital Residents Survey by gender

Gender	Budget Engagement		Capital Residents Survey	
	Number	Percent	Number	Percent
Male	816	37%	486	48%
Female	1340	61%	516	51%
Other	26	1%	3	0%
Not answered	86			

Response to Budget Engagement and participants in Capital Residents Survey by ethnic group

Ethnic Group	Budget Engagement		Capital Residents Survey	
	Number	Percent	Number	Percent
<i>All white groups</i>	2067	95.4%	885	90.3%
Scottish	1446	66.8%	588	60.0%
Other British group	417	19.3%	227	23.2%
Irish	36	1.7%	5	0.5%
Gypsy/Traveller	1	0.0%	0	0.0%
Polish	22	1.0%	22	2.2%
Any other white ethnic group (please specify)	145	6.7%	43	4.4%
<i>All Asian groups</i>	36	1.7%	50	5.1%
Pakistani, Pakistani Scottish or Pakistani British	3	0.1%	11	1.1%
Indian, Indian Scottish or Indian British	14	0.6%	19	1.9%
Bangladeshi, Bangladeshi Scottish or Bangladeshi British	0	0.0%	11	1.1%
Chinese, Chinese Scottish or Chinese British	8	0.4%	5	0.5%
Asian Other (please specify)	11	0.5%	4	0.4%
<i>All black, African and Caribbean groups</i>	15	0.7%	9	0.9%
African, African Scottish or African British	4	0.2%	6	0.6%
Caribbean, Caribbean Scottish or Caribbean British	1	0.0%	1	0.1%
Black, Black Scottish or Black British	2	0.1%	0	0.0%
African, Caribbean or Black Other (please specify)	8	0.4%	2	0.2%
<i>All other groups</i>	48	2.2%	36	3.7%
Arab	3	0.1%	2	0.2%
Other Ethnic Group and Mixed (please specify)	45	2.1%	34	3.5%
TOTAL RESPONSES			2166	980

Response to Budget Engagement and participants in Capital Residents Survey by disability / long-term illness

Disability / Long-Term Illness	Budget Engagement		Capital Residents Survey	
	Number	Percent	Number	Percent
Yes	317	15%	291	30%
No	1837	84%	684	70%
Not answered	114		30	

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The City of Edinburgh Council

10.00am, Thursday 18 February 2021

Corporate Parenting Action Plan 2020-2022 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Corporate Parenting Action Plan 2020-2022 to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling

Strategy and Communications Division, Chief Executive's Service

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Corporate Parenting Action Plan 2020-2022

2. Terms of Referral

- 2.1 On 15 December 2020, the Education, Children and Families Committee considered a report setting out the high-level objectives of the City of Edinburgh Council Corporate Parenting Plan for 2020-2022. The committee agreed to refer to the report to the Finance and Resources Committee as part of the 2021-2022 budget process.
- 2.2 On 2 February 2021, the Finance and Resources Committee considered the referral report which presented the Council Corporate Parenting Plan for 2020-2022.
- 2.3 The Finance and Resources Committee agreed:
 - 2.3.1 To approve the high level 2020-2022 Corporate Parenting Action Plan.
 - 2.3.2 To refer the report to the City of Edinburgh Council for consideration as part of the 2021-2022 budget process.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)
- 3.2 [Education, Children and Families Committee – 15 December 2020 – Webcast](#)

4. Appendices

- 4.1 Appendix 1 – report by the Chief Executive

Finance and Resources Committee

2.00pm, Tuesday 2 February 2021

Corporate Parenting Action Plan 2020-2022– referral from the Education, Children and Families Committee

Item number
Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee is requested to consider the 2020-2022 Corporate Parenting Action Plan as part of the 2021-2022 budget process.

Andrew Kerr

Chief Executive

Contact: Matthew Brass, Assistant Committee Officer, Committee Services

E-mail: matthew.brass@edinburgh.gov.uk

Referral Report

Corporate Parenting Action Plan 2020-2022

2. Terms of Referral

- 2.1 On 15 December 2020, the Education, Children & Families Committee considered a report setting out the high-level objectives of the City of Edinburgh Council Corporate Parenting Plan for 2020-2022.
- 2.2 In order to progress the plan, and to support the corporate parenting work, annual funding of £145,000 was required. This would cover the costs of a Corporate Parenting Co-ordinator, two care experienced Participation Officers and an annual residential event for care experienced young people.
- 2.3 The service was currently delivered using external funding and had £35,000 available within existing budgets to go towards the annual cost. With the end of external funding arrangements, additional funding of £110,000 would need to be identified to enable the existing service to continue and progress.
- 2.4 The Education, Children and Families Committee agreed:
- 2.4.1 To approve the high level 2020-2022 Corporate Parenting Action Plan.
 - 2.4.2 To refer the report to the Council's Corporate Parenting Member/Officer Group.
 - 2.4.3 To refer the report to the Finance and Resources Committee on 21 January 2021 for consideration as part of the 2021-2022 budget process.

3. Background Reading/ External References

- 3.1 [Webcast of Education, Children & Families Committee 15 December 2020](#)
- 3.2 [Children and Young People \(Scotland\) Act 2014](#)

4. Appendices

- 4.1 Appendix 1 – Report by the Chief Executive

Education, Children and Families Committee

10am, Tuesday, 15 December 2020

Corporate Parenting Action Plan

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Education, Children and Families Committee is asked to:
 - 1.1.1 approve the high level 2020-2022 Corporate Parenting Plan for referral to the Council's Corporate Parenting Member Officer Group and to Finance & Resources Committee in January in order that it can be considered with the other 2021/22 budget reports.

Andrew Kerr
Chief Executive

Contact: Bernadette Oxley, Head of Children's Services
E-mail: bernadette.oxley@edinburgh.gov.uk | Tel: 0131 469 6119

Corporate Parenting Action Plan

2. Executive Summary

- 2.1 The Children and Young People (Scotland) Act 2014 confers duties upon the local authority and other corporate parents to publish a corporate parenting plan, setting out our vision for Looked After children and young people, the outcomes we are trying to achieve, the actions needed to do this and the governance arrangements for monitoring progress.

The council has had a Corporate Parenting plan in place since 2012 and now needs to publish an updated version which reflects the Children's Plan and the recommendations from the Care Review, which is now being taken forward as 'The Promise'.

The revised high-level plan has been discussed with partners and reflects consultation with children and young people, particularly members of the Looked After Children's Champions Board, which has been meeting monthly for over two years.

Elected members are asked to approve the plan for submission to the Council's Member Officer Group for Corporate Parenting and submission to Full Council in March 2021.

3. Background

- 3.1 Part 9 (Corporate Parenting) of the Children and Young People (Scotland) Act 2014 outlines a range of duties for corporate parents across Scotland. Schedule 4 of the Act lists 24 individuals, organisations and groups who are corporate parents, which includes Local Authorities. These duties require corporate parents to uphold the rights and promote the wellbeing of Scotland's looked after children and care leavers.

4. Main Report

- 4.1 The council has had a corporate parenting plan in place since 2012.
- 4.2 The plan that is attached (Appendix 1) provides high level objectives that are consistent with the Children's Services Partnership's Children's Plan, reflect the key intentions of The Promise, and incorporate the views of children and young people.

Our intention is to make the plan meaningful to children and young people, with a small, yet crucial, number of measurable and deliverable outcomes.

- 4.3 The plan has been produced following discussion with elected members and partners at the October 2020 Corporate Parenting Members and Officers Group.
- 4.4 The plan is high level at this stage and reflects our ambitions as Corporate Parents. Detailed work will be undertaken on the multi-agency actions required to deliver the three outcomes and measures developed that are consistent with those used in the Children's Plan.
- 4.5 In order to progress the plan, and to support the corporate parenting work, annual funding of £145,000 is required. This will cover the costs of a Corporate Parenting Co-ordinator, two care experienced Participation Officers and an annual residential event for our care experienced young people. The service currently has £35,000 available within existing budgets to go towards the annual cost. Additional funding will need to be identified to enable this important work to be undertaken.

5. Next Steps

- 5.1 Progress on actions will be reviewed in the Council's Corporate Parenting Member Officer Group and the Children's Partnership.

6. Financial impact

- 6.1 The annual cost of this plan is £145,000. The service is currently delivered using external funding and the Council contributes £35,000. The end of external funding arrangements necessitates the need to identify additional funding of £110,000 to enable the existing service to continue and progress.

7. Stakeholder/Community Impact

- 7.1 The council must publish the plan in order to comply with its duty under the Children and Young People (Scotland) Act 2014
- 7.2 The plan is designed to promote the interests of Looked After Children, to respect their rights and to encourage their full participation in the development of our corporate parenting approach through the Looked After Children's Champions Board.
- 7.3 There no impact on sustainability arising from the plan.
- 7.4 The plan reflects consultation since 2012 with children and young people through our Young People in Care Council and, more recently, the Looked After Children Champions Board and the work of our care experienced Participation Officers.

8. Background reading/external references

- 8.1 N/A

9. Appendices

9.1 Appendix 1 – High level Corporate Parenting Plan

City of Edinburgh Council Corporate Parenting Plan

Upholding our responsibility to safeguard and promote the wellbeing of looked after children and care leavers

This plan is aligned to Edinburgh Children's Partnership Children's Service's Plan and echoes the vision of *Edinburgh's children and young people enjoy their childhood and achieve their potential.*

BEST START IN LIFE

- A considered communication plan, including training on attachment and trauma, to ensure all partners are aware of and understand their corporate parenting responsibilities so that all children are loved, safe and respected
- Clear defined structures are in place between Social Work and Education to ensure strong partnership working thrives and has as its core, clear and defined points of contact
- A broad range of care placements are available to provide a loving, stable and caring experience for children and young people who cannot live within their own family networks

BRIDGING THE GAP

- Review the work of and develop a sustainable model for the Champion's Board including the coordination and participation capacity.
- Clear monitoring and understanding of the progress and achievement of all looked after children including robust attendance processes and procedures which are monitored to increase the number of children engaging in learning
- Partners work together to guarantee that education needs are identified and met through the CYP Planning process and **young people have access to safe affordable housing options**

BE EVERYTHING YOU CAN BE

- Praise and recognition is celebrated. Corporate Parenting week publicises and highlights achievements, successes and outcomes
- Extend and expand opportunities, pathways and transition programmes to achieve positive destinations for those in S4 and above including further commitment to Edinburgh being a Family Firm Employer
- Develop a comprehensive data set to gather and analyse information on the profile and wellbeing of Edinburgh's looked after children. Children and young people receive support to understand and make sense of their own life story and their treasured memories are stored safely and in way they can access.

Underpinning Principles

- We recognise that each service makes a valuable contribution to ensuring better outcomes, and that close and effective working relationships are crucial
- We are committed to placing children and young people at the centre of our practice through consultation, involvement in decision making and advocacy
- The actions in the Corporate Parenting Plan are monitored by the Council's Corporate Parenting Member/Officer Group

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The City of Edinburgh Council

10.00am, Thursday 18 February 2021

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

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Housing Revenue Account (HRA) Budget Strategy (2021-2031) to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling

Strategy and Communications Division, Chief Executive's Service

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Housing Revenue Account (HRA) Budget Strategy (2021-2031)

2. Terms of Referral

- 2.1 On 2 February 2021, the Finance and Resources Committee considered a report which presented the HRA Budget Strategy, also noted by Housing, Homelessness and Fair Work Committee in November 2020, and set out an holistic area-based approach to investment that would focus on buildings and the wider neighbourhood, to create places where people would want to live that keep them safe, secure, healthy and connected. The £2.8 billion investment, an increase of around £320 million on the previous year's plan, would act as a catalyst for wider area improvements and support the delivery of a brownfield first strategy as set out in Choices for City Plan. It would also support delivery of Council commitments on affordable housing and net zero carbon by 2030.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To agree to refer the 2021/22 budget, draft five-year capital investment programme, and the rent levels for 2021/22 set out in Appendices 2, 3 and 4 of the report by the Executive Director of Place to the Council budget meeting for approval.
 - 2.2.2 To note the outcome of the annual budget consultation.
 - 2.2.3 To note the proposed £2.8 billion ten-year investment programme to deliver Council commitments, including the delivery of new homes, the modernisation of existing homes and the commitment to deliver zero carbon emissions by 2030.
 - 2.2.4 To note the risks to the delivery of the HRA budget strategy set out at paragraph 4.29 of the report and the mitigating actions.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Place

Finance and Resources Committee

2.00pm, Tuesday, 2 February 2021

Housing Revenue Account (HRA) Budget Strategy (2021-2031)

Executive/routine Wards Council Commitments	Executive All 1, 2, 6, 10, 39 and 40
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 agrees to refer the 2021/22 budget, draft five-year capital investment programme, and the rent levels for 2021/22 set out in Appendices 2, 3 and 4 to the Council budget meeting for approval;
 - 1.1.2 notes the outcome of the annual budget consultation;
 - 1.1.3 notes the proposed £2.8 billion ten-year investment programme to deliver Council commitments, including the delivery of new homes, the modernisation of existing homes and the commitment to deliver zero carbon emissions by 2030; and
 - 1.1.4 notes the risks to the delivery of the HRA budget strategy set out at 4.29 and the mitigating actions.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

E-mail: elaine.scott@edinburgh.gov.uk | Tel: 0131 529 2277

Housing Revenue Account (HRA) Budget Strategy (2021-2031)

2. Executive Summary

- 2.1 Following consultation with tenants, this report sets out the HRA budget for 2021/22 and recommends that the report is referred to the Council budget meeting for approval on 18 February 2021.
- 2.2 The 30-year HRA Business Plan 2021/22-2050/51 is the financial framework that underpins the Housing Service. The Plan is reviewed annually in consultation with tenants and a five-year Capital Programme and one-year Capital Investment Budget is approved by Council.
- 2.3 The HRA Budget Strategy presented in this report, and noted by Housing, Homelessness and Fair Work Committee in November 2020, sets out an holistic area-based approach to investment that will focus on buildings and the wider neighbourhood, to create places where people want to live that keep them safe, secure, healthy and connected. The £2.8 billion investment, an increase of around £320 million on the previous year's plan, will act as a catalyst for wider area improvements and support the delivery of a brownfield first strategy as set out in Choices for City Plan. It will also support delivery of Council commitments on affordable housing and net zero carbon by 2030.
- 2.4 Capital investment will be accompanied by improvements in how we deliver housing services to increase customer satisfaction. The Strategy is aimed at reducing tenants cost of living, holding rent increases at 2% and delivering financial efficiencies of 12% by 2026. Service charges remain frozen for the sixth year in a row.
- 2.5 The major risks to the delivery of the strategy and mitigating actions are set out at section 4.29 of the report. The Business Plan projects that the HRA remains in balance or a small surplus to 2028/29. Thereafter a small annual deficit is projected with a return to surplus in year 22 (2042/43). There are sufficient reserves to offset the in-year deficits accrued.

3. Background

- 3.1 On [11 June 2020](#), Policy and Sustainability Committee received a report from the Edinburgh Poverty Commission on Poverty and Coronavirus in Edinburgh. The report provided initial findings on the impact of the outbreak on poverty in Edinburgh and reflections on responses needed to mitigate that impact.
- 3.2 On [27 August 2020](#), Finance and Resources Committee approved a revised 2020/21 HRA capital budget in light of the impacts of Covid-19. The HRA presented a 41% expected reduction in expenditure and committed to exploring opportunities to reallocate capital slippage to strategic land acquisition to support the new build programme.
- 3.3 On [5 November 2020](#), Housing, Homelessness and Fair Work Committee considered a report on the HRA Budget Strategy 2021/22, which set out the initial findings of consultation with tenants, a significant increase capital investment over the next ten years to support the delivery of new affordable homes, achieve zero carbon emissions in Council owned homes and improve the neighbourhoods where Council tenants live. It also provided a progress update on the delivery of service improvements and efficiencies.
- 3.4 On [14 January 2021](#), Housing Homelessness and Fair Work Committee approved the Strategic Housing Investment Plan (SHIP) 2021/26. It identified a pipeline of 10,036 affordable homes that could be approved for site start and 11,370 potential completions over the next five years. It also set out the key risks and challenges to delivering affordable housing at scale, including construction industry capacity, availability of grant funding and control of sites. A separate report on land strategy to support delivery of affordable housing and brownfield regeneration was also considered by committee.

4. Main report

- 4.1 The HRA manages the income and expenditure for the Housing Service. The Housing Service provides affordable homes and other services to nearly 20,000 tenants and 500 home owners in the city. The Housing Service is entirely self-financing and receives no funding from the General Fund. The annual revenue budget of c.£100 million is almost exclusively funded from tenants' rents (95%), with the remaining 5% coming from service charges. The annual capital investment programme is funded through a combination of prudential borrowing, Scottish Government grant funding, capital receipts and reserves.
- 4.2 The budget is prepared annually following consultation with tenants and the review of the 30-year HRA Business Plan and the Capital Investment Programme. Appendix 1 sets out the HRA Business Plan and budget setting process.

Tenant Priorities

- 4.3 The Budget Strategy is informed through an extensive programme of consultation and engagement with tenants. This includes regular surveys to assess customer

satisfaction with the service, focus groups to enable in-depth exploration of key issues, tenant panels, tenant led service inspections and scrutiny, resident and community meetings and an annual budget consultation.

- 4.4 Over the last five years the majority (over 80%) of tenants who responded to previous consultations told us that they supported the investment plan, funded by a 2% rent increase, identifying the following priorities to be delivered:
 - 4.4.1 building new affordable homes;
 - 4.4.2 investing in making existing homes easier and cheaper to heat;
 - 4.4.3 improving core housing services, such as day to day housing management, and repairs and maintenance of Council homes, as well as wider estate management; and
 - 4.4.4 reducing the cost of living through the delivery of a variety of different services, including an energy advice service, a tenant discount scheme, low cost broadband service and community food growing.
- 4.5 This year's consultation also sought tenants' views on the changing focus of the investment strategy from investing in the interiors of homes, to buildings and neighbourhoods. It is recognised that there are many factors which contribute to resident satisfaction with their local area and overall quality of life. The budget strategy asked tenants what is important to them and where investment should be focused.
- 4.6 All tenants received a paper copy of the 2021/22 budget consultation as part of the Tenants' Courier newsletter. This was further supported via an online form and social media campaign. The consultation was also promoted to tenant organisations and tenant panel members via email and text to ensure all tenants were given an opportunity to participate. In addition to this, the consultation questions were included in the annual tenants' survey of 1,000 tenants. This year's tenant survey was conducted in July and August, adapted from a face-to-face survey to a telephone survey in response to Covid-19. The survey is procured and delivered by an independent third-party organisation and seeks to provide a representative mix of views from tenants across the city.
- 4.7 This year's consultation has generated a similar profile of responses, with 76% of tenants confirming support for the investment plan funded by a 2% rent increase, with a further 22% supporting increasing rents beyond 2%, if priorities could be delivered more quickly.
- 4.8 While improvement inside tenants' homes and external fabric of buildings remain as priority areas for investment, over half of the surveyed tenants said more investment should be made to improve common areas including safe, modern stairwells, improved waste management and recycling facilities, as well as, access to green open spaces and local shops. One in three respondents also cited improved transport links, sports facilities, community meeting spaces and access to community growing spaces as priority areas.

Delivering the strategy

- 4.9 The 2021/22 HRA Budget strategy seeks to support the health and wellbeing of tenants and support the transition towards a 'net zero' carbon city in which all forms of deprivation and inequality are reduced. The £2.8 billion investment programme set out in this report will deliver a holistic area-based approach to creating places where people want to live that keep them safe, secure, healthy and connected, through:
- 4.9.1 energy efficient, low carbon homes that minimise carbon emissions and reduce energy demand in secure, modern, well-maintained stairwells;
 - 4.9.2 new and existing homes blended together to create a local identity and a sense of pride in communities;
 - 4.9.3 well-designed, green, open spaces that encourage residents to be active, with strong connectivity to the wider community through sustainable, affordable travel; and
 - 4.9.4 Accessible, responsive and efficient services building on existing links with partner organisations to drive forward individual and community resilience and wellbeing.
- 4.10 Work is well underway to accelerate the delivery of affordable housing in the city and achieve this Council's commitment to develop a programme to build at least 20,000 social and affordable homes by 2027. The first three years of the commitment saw a record number of homes approved for site start to be delivered by the Council and housing associations (5,031 homes) for social rent, mid-market rent and low-cost home ownership. It is anticipated that over 2,000 new affordable homes will be approved for site start this financial year (2020/21) and based on current delivery programmes an additional 1,300 homes are expected to be completed. Including this year's projections and the first year of the SHIP, that would mean 9,200 new affordable homes would be approved by 31 March 2022; with the 10,000 target achieved later in 2022.
- 4.11 The draft five-year capital investment programme set out in Appendix 4, includes more than £1.9 billion investment in new Council homes over ten years. This will fund the delivery of around 4,500 Council homes for social rent, as well as supporting the development of mixed-use sites and large-scale regeneration of Granton; one of Europe's biggest Waterfront regeneration projects. Around £2m Council Tax Discount Fund (part of the Strategic Housing Investment Fund) will be used to support the delivery of the Granton Waterfront Early Action projects managed through the General Fund Capital Investment Programme. This will be further supplemented by other grant funding in 2021/22 to deliver these projects. The strategic purchase of land by the Council, as set out in the Land Strategy report presented to Housing Homelessness and Fair Work Committee on [14 January 2021](#) alongside new partnerships and joint ventures is expected to further increase the Council led development programme.

- 4.12 Over the last five years £165m has been invested in improving existing homes and neighbourhoods, delivering more than 28,000 individual improvements, with an emphasis on making homes easier and more affordable to heat. This includes:
- 4.12.1 7,100 homes with new kitchens and bathrooms;
 - 4.12.2 7,100 homes with new modern heating systems;
 - 4.12.3 1,600 homes with new doors and window upgrades;
 - 4.12.4 5,200 homes with electrical upgrades;
 - 4.12.5 4,000 homes with health and safety improvements;
 - 4.12.6 2,900 homes with external fabric upgrades; and
 - 4.12.7 280 neighbourhood improvement projects.
- 4.13 Making homes easier and cheaper to heat remains a key priority for tenants and reduces poverty. Delivery of the Scottish Government's Energy Efficiency Standards for Social Housing (ESSH) has been the key driver for improving existing homes over the past four years. Pre Covid-19, 86% of homes were expected to achieve ESSH by December 2020, with the remaining homes being held as a temporary exemption. Meeting ESSH2 and achieving net zero carbon by 2030, will be more challenging and requires a different approach. As set out in the Housing Sustainability Update report to Housing Homelessness and Fair Work Committee on 5 November 2020 a new evidence-led holistic approach will be taken, focusing on whole house deep retrofit which balances energy efficiency with building improvement and tenant comfort, health and affordability. A design brief has been produced that will ensure all new build homes are designed to achieve net zero carbon. The cost of achieving net zero carbon has been factored into the 2021/22 Business Plan.
- 4.14 The total proposed investment per home has nearly doubled from c.£24,000 to c.£43,000 over the first ten years of the business plan period; this includes known costs for whole house retrofit to meet sustainability objectives, mixed tenure investment in buildings and common areas. Consultation with tenants shows a strong desire for investment in wider neighbourhood improvement. This year's strategy also proposes the inclusion of an additional budget equating to £5,000 per home to invest in improving the areas outside of homes to create well-designed open spaces, working alongside planning and transport colleagues to promote active transport and access to local amenities. This will enable existing estates to benefit from similar levels of placemaking investment as in new housing developments. Similar to the approach for new build developments, individual design briefs will be developed for consultation and engagement with residents.
- 4.15 The holistic area-based approach to regeneration will be taken forward as part of the Mixed Tenure Improvement Service (MTIS) pilot. The 36-month MTIS pilot approved by Finance and Resources Committee on January 2020, seeks to deliver a mix of repairs and improvements to around 180 mixed tenure blocks in which the Council is a landlord. An enhanced Scheme of Assistance has been approved to

encourage owners to invest in the repairs and maintenance of their homes and common areas of the block.

- 4.16 The MTIS will operate initially in the Murrayburn, Dumbryden and Hailesland areas where the Council will be upgrading Council homes through the HRA Capital programme and new build Council housing is under construction. Council officers are already engaging with local organisations to take forward a wider place-based approach to the regeneration of Wester Hailes.
- 4.17 There is potential for the funding that is currently allocated through the NEPs budget to be better aligned to wider neighbourhood regeneration and capital investment programmes. A review and discussion with key stakeholders will be taken forward to develop an approach that ensures local communities can continue to exercise a strong influence over how this funding is prioritised.
- 4.18 With this scale of investment in homes and neighbourhoods, it is essential that the Housing Service is working as efficiently as possible to maximise the benefits to tenants and the wider city, whilst ensuring rents remain affordable. The Housing Service Improvement Plan (HSIP) was introduced in 2019/20 with the aim of significantly increasing customer satisfaction, improving operating performance and reducing costs, with a specific focus on developing more effective and responsive services for customers.
- 4.19 The Housing Service has undergone an unprecedented level of change over the last six months in response to Covid-19. This has accelerated modernisation and efficiencies in service provision through digital and remote working. Ensuring that the frontline housing service is visible, responsive and effective has never been more critical. The service is continuing to adapt to the challenges and opportunities of the new operating environment and wider core services are now resuming in a controlled manner.
- 4.20 The Covid-19 operating environment has reinforced the objectives of the HSIP and has highlighted some emerging priorities which will shape the way the programme is taken forward. The HSIP is driving improvements across a number of workstreams, centred around digital improvements, enhancements to customer communication, service resilience and efficiencies.
- 4.21 Work in progress prioritises the tenant experience of finding and moving into a home, as well as improvements to rents processes and systems. Informed by the Covid-19 operating environment, policies and procedures are being refreshed and training and wellbeing plans are being developed in consultation with officers. Over the next six to twelve months, estates management and continued digital improvements will be key areas of focus. A more detailed update on the work of the HSIP was included in the Housing Revenue Account (HRA) Budget Strategy 2021/22 report approved at Housing Homelessness and Fair work Committee on 5 November 2020. Progress with delivering the HSIP will be reported to Housing Homelessness and Fair Work committee on a six-monthly basis.
- 4.22 In addition to the HSIP, new services have been introduced that tenants felt would help reduce their living costs and improve the overall quality of the Housing Service.

This includes a dedicated energy advice service, tenant discount scheme and a housing apprenticeship programme targeted at tenants and their families. The expansion of community gardens and food growing is currently being explored, including bringing in a partner organisation to support delivery and management existing and new gardens. A pilot project in the Hutchison area is currently underway. The scope of the Community Grants funding agreement has also been expanded to support community garden projects. A broadband programme is also in development, with phase one focusing on securing super-fast, reliable fibre infrastructure to Council homes, at no cost to the Council or tenants. There is also an annual campaign to recognise and reward tenants and residents who support their neighbours and look after their communities.

Funding the Strategy

- 4.23 The HRA Business Plan sets out planned investment of £2.8 billion over the next ten years. This investment is funded from capital receipts, prudential borrowing, capital funding from current revenue and Scottish Government subsidy for new social rented homes. Appendix 4 sets out the draft five and ten-year capital investment programme.
- 4.24 In response to the recent period of disruption as a result of covid-19 and the financial pressures the HRA faces to meet its ambitious commitments, the HSIP now seeks to deliver greater savings over an extended period. In addition to the savings target of £11m to be achieved by 2023/24, a further £3m is now factored in by 2025/26. The investment required to make these necessary improvements has been factored into the Business Plan and progress is reported to Housing, Homelessness and Fair Work Committee every six months.
- 4.25 For the last four years, rents have increased by 2% which is below average inflation of 2.3%. Private rents have increased by an average of 3.3% a year, while the average rent for local authority landlords has increased by 2.9% a year and average housing associations' rent has increased by 2.5% a year over the same period. Between 70-80% of households each year receive some help with their rents through Housing Benefit and the housing element of Universal Credit (UC). Almost all of these tenants would be entitled to an increase in their benefits to cover any increase in rent charges, subject to there being no other changes in their household circumstances that would alter their overall entitlements.
- 4.26 Over three quarter of tenants who responded to the budget consultation supported the 2% rent increase, a further 22% said they would be willing to pay more if improvements could be delivered more quickly. The proposed rent increase of 2% for 2020/21 would mean an average increase of between £1.76 for a one bedroom flat and £2.58 for a four-bedroomed house per week in 2021/22. Any increase in rent should be offset by a reduction in the cost of living through investment in new services and investment in existing homes, for example, reducing energy costs. Support is available to tenants who face difficulty paying rent. No home will be repossessed, as long as, the tenant engages with the Housing Service and a reasonable repayment plan is agreed and maintained to manage arrears and late payments of rent.

- 4.27 For the sixth year running the Business Plan assumes no increase in fees and charges to tenants. These include charges for stair cleaning, furnishing and heating where included as a service charge. Not all of these charges are covered by housing benefit. Freezing these costs has a direct benefit to the majority of tenants.
- 4.28 A ring-fenced contingency was established in 2017/18 to mitigate the impact of further decreases in income and/or unexpected increases in expenditure. The Business Plan assumes a £11.5m contingency fund will be built up by the end of this financial year, rising to £25m by 2027 to ensure the continuation of the investment programme, even with an unexpected reduction in income or increase in unplanned expenditure. This is an increase from the £15m planned contingency set out in last year's budget.

Risks to the Business Plan

- 4.29 The top five risks to the Business Plan are set out in the table below:

Risk	Mitigation
<p>Reduction in rental income: Rental income collection falls below the assumed level in the Business Plan due to ongoing migration of tenants on to UC and financial hardship being experienced following Covid-19.</p>	<p>A total of 10,500 tenants are expected to migrate to UC by December 2023. 3,220 tenants were known to claiming UC by March 2020. The assumption on number of tenants migrating to UC in 2020/21 has been increased to take account of the impact of Covid-19 on tenants' income.</p> <p>Rent free fortnights have been removed from the start of 2020/21 to align charging periods more closely with monthly UC payments and salaries for tenants in employment, helping tenants to budget better and avoid getting into debt.</p> <p>Rent processes have been improved to monitor and track landlord payment from the DWP and early intervention continues to be sought for all tenants moving onto UC.</p>
<p>Increasing capital investment costs: The increase in new build construction and development costs (workforce, materials etc.) could be higher than anticipated due to the impact of Covid-19 and the need to implement safe working practices. As well as, additional cost implications associated with sustainability targets. Land costs for housing development is also increasing due to competition in the open market.</p> <p>With investment increasingly focused on buildings and wider neighbourhood, more improvement work will take place outdoor and progress will become more weather dependent.</p>	<p>Build cost inflation assumptions are reviewed annually based on market intelligence. In year projections take account of known costs uplifts as a result of Covid-19, but these are not expected to have a sustained long-term impact. The known costs for achieving net zero carbon (including trial innovative technologies, retrofit approaches and carbon offsetting) have been factored into the Business Plan.</p> <p>Weather dependency will be taken into account in the development of programmes and when awarding and managing contracts.</p>

<p>Mixed tenure and external improvement: Over half of Council homes are in mixed tenure blocks where the Council shares responsibility for the repair and maintenance of common areas with homeowners and private landlords. Owners may not have the funds to invest at scale in their homes, delaying or limiting investment to Council homes in these blocks.</p>	<p>The new MTIS is now in the implementation stage. Enhanced Scheme of Assistance measures are now in place following Finance and Resources Committee approval on 23 January 2020 for extended payment terms.</p> <p>The delivery of strategic acquisition and disposal of homes continues to achieve block consolidation.</p>
<p>Reduction in costs efficiencies: The financial efficiency savings assumed in the latest Business Plan are not delivered, thus deepening the deficit.</p>	<p>The HSIP aims to reduce operating expenditure by c.12% to mitigate the deficit and return the Business Plan to a positive balance. A detailed review of efficiency opportunities is continuing in response to the current operating environment. A HSIP Board and programme manager are in place. Progress is reported to Housing, Homelessness and Fair Work Committee on a six-monthly basis.</p>
<p>Securing land for affordable housing: One of the key risks to the delivery of 20,000 affordable housing is failure to secure suitable land for development. The Council and RSL delivery partners have significantly less influence over the type of housing that will be brought forward for development and development timescales on private sector sites.</p>	<p>27 surplus Council sites have already been purchased through the HRA for affordable housebuilding. Officers are working with public sector partners to secure the delivery of public sector outcomes, including affordable housing on public sector land.</p> <p>The HRA Business Plan includes c.£120m for land acquisitions over the next ten years.</p> <p>The availability and control of land continues to be a key focus of the partners working together on the City Region Deal.</p>

4.30 All risks are kept under review and significant changes will be highlighted to the Housing, Homelessness and Fair Work Committee, Finance and Resources Committee and Governance, Risk and Best Value Committee.

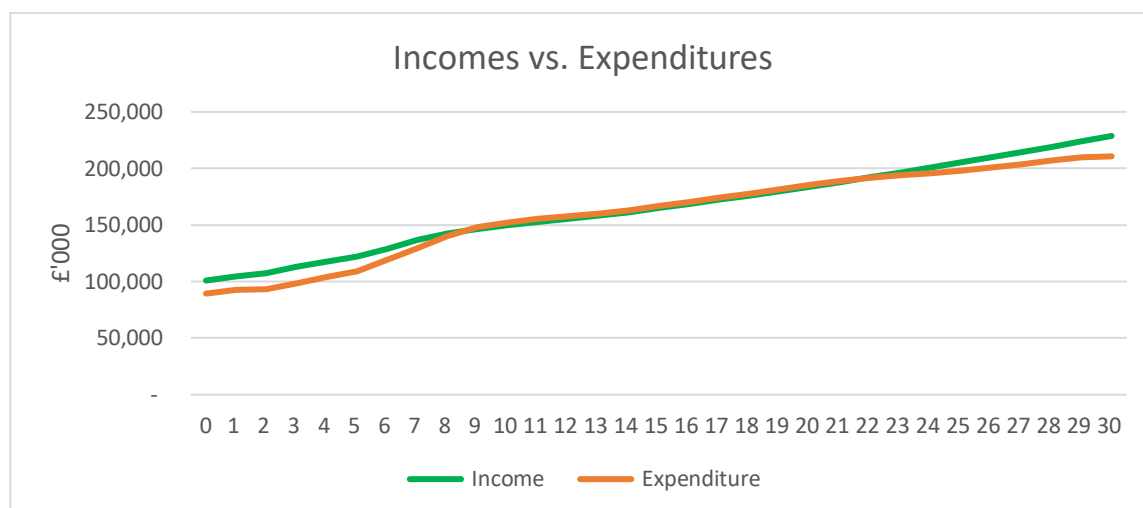
5. Next Steps

- 5.1 Consultation on the detail of the 2021/22 HRA Capital Programme will be carried out with members in early 2021. This will inform the 2021/22 HRA Capital Investment Programme report which will be presented to Housing, Homelessness and Fair Work Committee for approval in March 2021.
- 5.2 A six-monthly update of the HSIP will be provided to Housing, Homelessness and Fair Work Committee in June 2021.

6. Financial impact

- 6.1 The 2020/21 Business Plan projected a £22.7m deficit between 2034/35 and 2047/48. The Business Plan is reviewed annually and is rolled forward based on the previous year's outturn and approved rent levels. Key assumptions were updated prior to consultation and noted in the HRA Budget Strategy 2021/22 report to Housing, Homeless and Fair Work Committee in November 2020.
- 6.2 A summary of the key changes is set out below:
- 6.2.1 **Net Zero Carbon** – Additional capital costs to ensure all new homes are built to net zero carbon standards and all existing homes, where possible, have a full house retrofit. A carbon offsetting fund from year 10, once all fabric upgrade options have been exhausted;
 - 6.2.2 **Construction costs** – An increase in baseline new build assumptions to reflect recent tender costs and the impact of Covid-19 in the first few years of the Business Plan;
 - 6.2.3 **Estate Improvement** – An additional £5,000 per home has been included in the Business Plan to invest in well-designed open spaces that enhance local communities;
 - 6.2.4 **Operating efficiencies** – The business plan assumes efficiencies in operating and financing costs of £11m by 2023/24, and a further £3m to be achieved by 2025/26;
 - 6.2.5 **Further reduction in pool rate** – The Council's pool rate was reduced from 4.5% to 3.8% in last year's plan.
 - 6.2.6 **Increased contingency** - This year's Business Plan also includes a £25m contingency (an additional £10m increase on last year's plan), built up over the next six years, to ensure the continuation of the investment programme. This is a separate account to manage any unexpected reduction in income or increase in unplanned expenditure.
- 6.3 Further work to check and refine key assumptions has been undertaken since the report to Housing, Homelessness and Fair Work Committee as well as, the alignment of investment priorities identified through budget consultation with tenants and members. This includes changes in employee costs inflation and void rent loss in 2021/22 to take into account of the Covid-19 impacts on local government pay offer and time to re-let homes. A summary of the high-level assumptions is set out in Appendix 2.
- 6.4 Planned capital investment has increased in the first 10 years by nearly £320m (c.16%) compared to last year's Business Plan. The Business Plan assumes this will be funded by an annual 2% rent increase.
- 6.5 Following the changes set out above, the Business Plan is projecting a £25.3m deficit between years 9 and 21 (2029/30 and 2041/42); with an average annual deficit of £1.9m over these 13 years. However, it is important to note that the deficit only relates to in year expenditure exceeding income, there is enough fund in

reserves to completely offset it. The HRA has a net surplus of £84.3m over 10 years and £137.0m over 30 years.



- 6.6 A ring-fenced contingency was established in 2017/18 to mitigate the impact of further decreases in income and/or unexpected increases in expenditure. The contingency reserve is projected to be £11.5 million at the beginning of 2021/22, rising to £25 million by 2027, c.19% of the annual income of the year concerned.

7. Stakeholder/Community Impact

- 7.1 Each year the views of tenants are sought on the HRA budget strategy, investment plan, service improvements and associated rent levels.
- 7.2 All tenants received a paper copy of the budget consultation as part of the Tenants' Courier newsletter during the consultation period. There was an online form and social media campaign. The consultation was promoted to tenant organisations and tenant panel members via email and text. A virtual meeting with ETF members was held on 11 November 2020. Since Covid-19, Housing Officers have been engaging in regular welfare checks, these contacts were used as opportunity to encourage tenants to take part in the consultation.
- 7.3 In addition to the annual rent consultation and tenant survey the Housing Service is in regular contact with tenants and has a wealth of information on tenant satisfaction and priorities from a variety of sources. Focus groups are carried out to look at specific topics and various short life working tackle particular issues.
- 7.4 Tenant engagement is being further expanded and enhanced through the HSIP to ensure the programme is based on sound research, benchmarking and tenant feedback. In response to Covid-19, arrangements are being put in place to ensure tenant engagement can continue in a safe and accessible way. This will include setting up a new virtual tenant group to focus on service improvement. Consultation with existing tenant groups is taking place to help shape this.

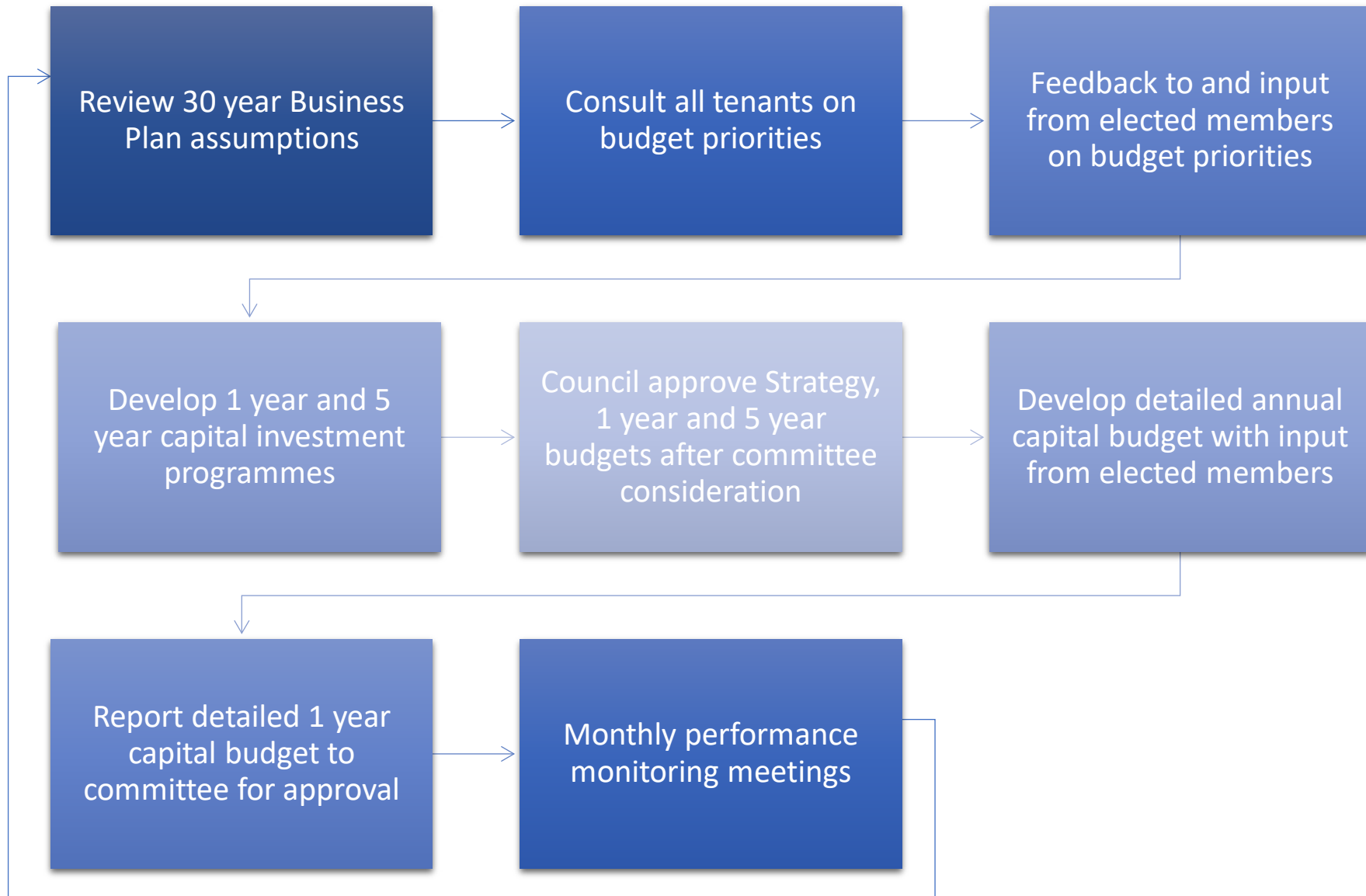
8. Background reading/external references

- 8.1 Mixed Tenure Improvement Service Pilot, Finance and Resources Committee, [23 January 2020](#)
- 8.2 Housing Revenue Account (HRA) Budget Strategy 2020/30, City of Edinburgh Council, [20 February 2020](#)
- 8.3 Edinburgh Poverty Commission – Poverty and Coronavirus in Edinburgh, Policy and Sustainability Committee, [11 June 2020](#)
- 8.4 Housing Sustainability Update, Housing, Homelessness and Fair Work Committee, [5 November 2020](#)
- 8.5 HRA Budget Strategy 2021/22, Housing Homelessness and Fair Work, [5 November 2020](#)
- 8.6 Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration, Housing Homelessness and Fair Work, [14 January 2021](#)

9. Appendices

- 9.1 Appendix 1 - Annual Business Planning Process
- 9.2 Appendix 2 - Business Planning – High Level Assumptions
- 9.3 Appendix 3 – Housing Revenue Account Budget 2021/22 (Draft)
- 9.4 Appendix 4 – Draft 5 Yr & 10 Yr HRA Capital Investment Programme

Appendix 1 – Annual Business Planning Process



Appendix 2 – Business Planning High Level Assumptions

Input	2021/22	Note
Inflation (Operating Costs)	2%	This is in line with the Bank of England inflation target.
Inflation (Employee Costs)	2.0%	The business plan assumes 2% employee costs increase in 2021/22 to align with the Operation Costs inflation above and Council General Fund assumption.
Rent Increase	2%	This assumption is in line with long term market inflation projection. The budget strategy aims to keep rents stable and affordable, while delivering one of the most ambitious investment programmes in Scotland.
Net Rental income	97.57%	Total projected rental income, minus written off former tenant arrears and rent loss due to empty homes.
Former tenant arrears write off	1.78%	Any rental debt outstanding for over three months, where there have been no payments received or there is no agreed repayment arrangement, is written off annually. The projected write off at the end of 2020/21 is estimated to be at a similar level to 2019/20.
Rent lost on empty homes	0.65%	This assumption is based on previous performance levels and is applied over the 30-year business plan period. A slightly higher percentage of 0.71% is assumed in 2021/22 only, to account for the longer re-let time as result of the new letting practice under Covid-19 restrictions.
Fees and charges increase	0%	Fees and charges for additional services provided with tenancies (e.g. stair cleaning, communal heating, furnished tenancies, etc) is frozen for the sixth year in a row.
Debt level (projected for March 2021)	£395m	The debt level is projected to remain the same as at 31 March 2020. £14m of new borrowing is forecasted to support the capital investment programme in 2020/21; which will be offset by treasury management controls and the repayment of a similar level of historic debt.
Interest on debt (pool rate)	3.80%	The Council does not borrow for specific projects, borrowing is pooled in a consolidated loans fund and the interest rate pooled across all projects. It has now included an assumption of the favourable rate for new HRA borrowing announced in Spring Budget 2020. The 2021/22 pool rate assumption is 0.7% lower than that assumed in 2020/21.

Appendix 3 – Housing Revenue Account Budget 2021/22 (Draft)

	Projected Outturn 2020/21 £m	Proposed Budget 2021/22 £m	Movement £m	Movement %	Note
Net Income	103.138	104.638	1.500	1.45%	1
Expenditure					
Housing Services	33.219	33.933	0.714	2.15%	2
Property Maintenance	20.666	21.009	0.343	1.66%	3
Debt Charges	36.337	37.556	1.219	3.35%	4
Strategic Housing Investment	12.926	12.140	-0.776	-6.01%	5
Total Expenditure	103.138	104.638	1.500	1.45%	

Note 1.

"Net Income" is the total rent due to be collected, less written off former tenant arrears and rent loss due to empty homes. It also includes service charges and costs recovered in relation to communal heating schemes and owner occupiers. The net income is expected to be increased by less than the 2% rent increase proposed. This is mainly due to the freeze on service charges and a higher void rent loss as a result of longer re-let time under the new letting practice after the Covid-19 outbreak. The average weekly rent will increase by £2.04.

Note 2.

"Housing Services" includes core housing management services, new tenant and community services like energy advice and tenant discount scheme. It includes employee costs, central support costs and recharges, premises and other expenditure. The draft budget also includes £2.0 million for the continued development of the Housing Service Improvement Plan (HSIP) and £1.0 million for the enabling work associated with large-scale regeneration projects. An accumulated saving of £1.05 million has been included in the draft budget during the third year of HSIP in order to reduce the total expenditure by 12% (£14.3 million) by 2025/26, to ensure the HRA remains financially stable, which has been partly offset by the inflationary increase.

Note 3.

"Property Maintenance" includes responsive repairs, estates maintenance, routine gas servicing and the costs associated with bringing empty homes back into use. As in "Housing Services", an accumulated saving of £4.0 million has now been incorporated in the draft budget during the third year of the HSIP, which is partly offset by the "additional" repairs and maintenance for new homes and inflationary increase on estate management/maintenance expenditure.

Note 4.

The HRA borrows to finance the planned housing investment and house building capital programmes. "Debt Charges" are capital financing costs (principal repayments and interest). The 3.35% increase is in line with the capital investment plan set out in the report. As a result of prudent treasury management, net debt levels are expected to have increased by only £27 million over the last five years, whilst delivering nearly £345 million of capital investment over the same period.

Note 5.

"Strategic Housing Investment" relates to income in excess of annual operating expenditure. It can be used within the same year to fund new capital investment (CFCR), repay old HRA debt or mitigate unforeseen risks. It can also be transferred to the Repairs and Renewals fund to support the new build programme in future years. The main reason for the reduction is the result of a higher rate of increase in expenditures than incomes. The Strategic Housing Investment Fund is an amalgam of the Repairs and Renewals Fund and the Council Tax Discount Fund.

Appendix 4 – Draft HRA Five Year Capital Investment Programme & Ten Year Investment Strategy

The 2021/22 Draft Budget and business plan are based on the assumptions set out in Appendix 2. Below is the outline draft five-year Capital Investment Programme and summary 10-year investment strategy, which is based on tenant priorities, service performance and statutory investment requirements. Inflation has been included in the figures where appropriate.

The funding strategy may be revised through the year as officers seek to make the best use of any existing and new resources and use the most appropriate funding to generate the best return to the HRA.

Programme Heading	1	2	3	4	5	5 Year	6 to 10	10 Year
	2021/22* £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total	2026/27 to 2030/31 £m	Total
<u>Programme Expenditure</u>								
New Homes Development**	33.223	95.718	142.628	110.806	328.326	710.701	1094.736	1805.437
New Home Land Costs	20.000	19.000	19.533	15.933	15.933	90.399	33.466	123.865
Tenant's Homes & Services	8.586	21.758	27.935	27.473	24.362	110.114	116.120	226.234
External Fabric and Estates	20.917	56.395	71.386	74.136	66.325	289.159	330.149	619.308
Total Expenditure	82.726	192.871	261.482	228.348	434.946	1200.373	1574.471	2774.844
<u>Programme Resources</u>								
Prudential Borrowing	28.424	156.397	120.778	97.870	138.309	541.778	728.812	1270.590
Strategic Housing Investment Fund	18.300	23.300	28.300	10.800	10.800	91.500	31.500	123.000
Capital Receipts and Contributions	4.560	3.880	7.700	25.590	16.644	58.374	89.754	148.128
Receipts from LLPs**	19.583	5.282	72.018	70.606	232.259	399.748	569.825	969.573
Scottish Government Subsidy (Social)	11.859	4.012	32.686	23.482	36.934	108.973	154.580	263.553
Total Funding	82.726	192.871	261.482	228.348	434.946	1200.373	1574.471	2774.844

*The planned programme for 2021/22 has been revised down to take account of the Level 4 Covid restrictions announced in December 2020 and rephased over the following three years. Opportunities to accelerate the programme will be pursued, should restrictions ease off during 2021/22.

**The budget for new build housing includes the upfront capital costs for the Council led development of all 10,000 affordable homes, including homes for mid market and affordable market that will be purchased by the Council's new LLPs. This has no impact on the HRA as interest payments are deferred until the homes are purchased. £25 million of the £970 million anticipated receipts from LLPs by year ten is for homes already under construction and due to complete in the next two years. Please note these receipts go beyond current approved levels of on-lending, approval will be sought to expand the programme in future years.

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The City of Edinburgh Council

10.00am, Thursday 18 February 2021

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

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Sustainable Capital Budget Strategy 2021-2031 to the City of Edinburgh Council as part of the budget-setting process.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling

Strategy and Communications Division, Chief Executive's Service

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Sustainable Capital Budget Strategy 2021-2031

2. Terms of Referral

- 2.1 On 2 February 2021, the Finance and Resources Committee considered a report which detailed priorities for Council capital investment, in alignment with the new Council Business Plan, over the medium to long-term. A plan was set out to address how these could be funded.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note the report and refer it to the Council budget meeting on 18 February 2021.
 - 2.2.2 To note the announcement of the provisional Local Government Finance Settlement was expected on 28 January 2021 and that any subsequent changes to grant figures assumed in the report would be reported back to Council on 18 February 2021.
 - 2.2.3 To note that delivery of funded capital expenditure priorities would be dependent on the achievement of a balanced medium-term revenue budget.
 - 2.2.4 To note that capital expenditure priorities were being considered in line with the Council's priorities and approach proposed under the Adaptation and Renewal Programme outlined in the new Council Business Plan.
 - 2.2.5 To note that budgets for lending to Edinburgh Living from 2021-22 onwards were based on the pipeline of development and would be subject to annual approval from Finance and Resources Committee and Council.
 - 2.2.6 To note the proposed ring-fencing status of capital receipts in Appendix 4 of the report by the Executive Director of Resources, subject to approval by Council on 18 February 2021 as part of the budget setting.
 - 2.2.7 To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council on 18 February 2021 as part of the budget setting.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 2 February 2021 – Webcast](#)

4. Appendices

4.1 Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

2.00pm, Tuesday, 2 February 2021

Sustainable Capital Budget Strategy 2021-2031

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 To note the contents of this report and refer to Council's budget meeting on 18 February 2021;
- 1.2 To note the announcement of the provisional Local Government Finance Settlement is expected on 28 January 2021 and any subsequent changes to grant figures assumed in this report will be reported back to Council on 18 February 2021;
- 1.3 To note that delivery of funded capital expenditure priorities is dependent on the achievement of a balanced medium-term revenue budget;
- 1.4 To note that capital expenditure priorities are being considered in line with the Council's priorities and approach proposed under the Adaptation and Renewal Programme outlined in the new Council Business Plan;
- 1.5 To note that budgets for lending to Edinburgh Living from 2021-22 onwards are based on the pipeline of development and will be subject to annual approval from Finance and Resources Committee and Council;
- 1.6 To note the proposed ring-fencing status of capital receipts in Appendix 4, subject to approval by Council on 18 February 2021 as part of the budget setting; and,
- 1.7 To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council on 18 February 2021 as part of the budget setting.

Stephen S. Moir

Executive Director of Resources

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Finance Division, Resources Directorate

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Sustainable Capital Budget Strategy 2021 - 2031

2. Executive Summary

- 2.1 The report details priorities for council capital investment, in alignment with the new Council Business Plan, over the medium to long-term and sets out a plan on how they could be funded.
- 2.2 While the plan is affordable in the short-term, thereafter a funding gap develops from 2024/25 onwards, which future budgets will need to address. This strategy should therefore be seen as setting out aspirations for future investment rather than making long-term commitments.
- 2.3 The Capital Budget Strategy is expected to come under significant financial pressure as a result of higher tender prices caused by social distancing requirements and associated construction industry changes arising from COVID-19 guidance. There is also renewed focus on embedding the ambitions of a net-zero carbon City contribution from the Council by 2030 into the restart of major capital investment projects, which has had further financial consequences on previous assumptions.
- 2.4 The capital budget strategy in this report can only be funded if the Council is able to balance its revenue budget over the medium to long-term to comply with the terms of the Prudential Code. Moreover, the strategy assumes that some priorities, such as the City Centre Transformation and wider transport initiatives, will be funded from a combination of external funding and realignment of existing budgets.

3. Background

- 3.1 The initial Capital Budget Strategy 2020-2030 was reported to the Finance and Resources Committee on 10 October 2019 and approved on 20 February 2020 as part of the budget process.
- 3.2 It was subsequently consolidated with other key strategies into the Council's Capital Strategy which was approved by Council on 12 March 2020. This strategy set out expenditure of £2,324.800m to 2029/30. While the programme was affordable in the short to medium term, there remained £154.600m which was unfunded and would require the Council to find additional revenue savings or additional funding in future

years or lead to projects having to be removed from the capital investment programme or delayed.

- 3.3 Since the setting of the Capital Budget Strategy 2020-2030, COVID-19 and the measures put in place to protect citizens have created significant financial and logistical challenges and it will no longer be possible to deliver projects within the timescales and budgets previously envisaged. Following guidance from Scottish Ministers, all construction sites were closed and are now opened in accordance with the [Coronavirus \(COVID 19\): construction sector guidance](#) six phase plan. This has required changes to working practices to protect both construction workers and the public at large.
- 3.4 The impact of COVID-19 will have potentially significant implications for the Capital Budget Strategy 2021-2031, namely:
 - 3.4.1 The Council's Adaptation and Renewal Programme is predicated on pausing, reflecting and changing the way the Council will deliver its services in the future. One of the principles expected to be embedded in the way forward is the ambition to be a net-zero carbon City and Council by 2030. This will affect the cost of the approved projects and may also change the priority of certain projects – such as active travel – that deliver this ambition.
 - 3.4.2 Individual project costs are expected to increase due to heightened contractor requirements for ensuring a safe workplace in a COVID-19 environment. The immediate economic outlook is one of recession which is likely to have adverse impacts on the construction sector.
- 3.5 Poverty, Sustainability and Wellbeing as the Council's strategic priorities are reflected in much of the work of this Strategy.
- 3.6 The proposals contained in our [End Poverty in Edinburgh Delivery Plan 2020-2030](#) report were approved on 1 December 2020 and outline a series of key actions that need to be taken by the Council and partners over the next decade to eradicate poverty in the city by 2030. The comprehensive plan has been drawn up in response to the [final report of the Edinburgh Poverty Commission](#).
- 3.7 The climate emergency has led to the Council setting a new and ambitious target to be carbon neutral by 2030 within a legal context for Scotland being carbon neutral by 2045. This has already led to some significant strategic decisions in respect of the City Development Plan Choices document, the City Mobility Plan and specific investment programmes such as the plan to design and build Currie High School to Passivhaus certified standard.
- 3.8 The Council is being supported by the Edinburgh Centre for Carbon Innovation to develop a carbon scenario tool that will augment current business case analysis of major Council projects and capital investment. This strategy will continue to be reviewed based on this work and wider needs to deliver the 2030 net zero carbon target.
- 3.9 This report details capital investment priorities for the next 10 years and sets out proposed funding solutions. This report should be read in parallel with the revenue

budget report elsewhere on this agenda as the revenue impact of additional capital expenditure needs to be contained within a balanced medium-term revenue budget. Within the wider policy context of sustainability, it is intended that this a Sustainable 2021-31 Capital Budget Strategy, both in terms of funding and priorities.

- 3.10 This report only covers the general fund capital investment programme. The capital expenditure requirements for the Housing Revenue Account are reported elsewhere on this agenda as part of the Housing Revenue Account business plan.

4. Main report

- 4.1 The Council is currently reviewing its approach to the use of its assets to focus on a Local Place for Local Communities approach, focusing on how to meet the Poverty and Prevention agenda, and how to move towards a Carbon Neutral City by 2030. As part of this review, the Council needs to consider how to invest in future projects and ensure they align with this approach.
- 4.2 The Council needs to ensure that it creates a sustainable capital budget strategy, from an environmental, financial and service delivery perspective. COVID-19 and the true costs of creating Carbon Neutral infrastructure will have an impact on what the Council can afford, and it needs to ensure that the projects taken forward are the right choices with more limited resources. It also needs to consider a total place approach where new buildings are not built in isolation but consider the full range of services offered, their role and accessibility within the local community.
- 4.3 Priorities for capital expenditure, identified by officers and considered through the operational Asset Management Board and Corporate Leadership Team / Change Board, are aligned to our statutory responsibilities to deliver services together with achieving our strategic objectives.
- 4.4 The Council's budget for 2021/22 will seek to improve the wellbeing of all citizens and ensure Edinburgh is a thriving, fair and sustainable city by prioritising decisions that have a positive impact on poverty, well-being and sustainability – particularly in delivering net zero carbon and eradicating poverty in the city by 2030.
- 4.5 The budget will also continue to protect and evolve services connected to these policy priorities, while focusing on delivery of high-quality core services in the most efficient way possible.

Latest 2020/21 Capital Monitoring Position and Future Updates

- 4.6 Projected slippage in the 2020/21 programme is included in the Capital Monitoring 2020/21 – Period Eight Position report, elsewhere on the agenda, and has been built into the revised programme in Appendix 1. This slippage will be further amended after the final outturn for the financial year and thereafter reported to Finance and Resources Committee in summer 2021.

Local Government Finance Settlement

- 4.7 The provisional Local Government Finance Settlement will be announced on 28 January 2021. Within Appendix 1, it is assumed:
- the Early Years grant for 1140 hours ended in 2020/21 but grant which has been unused has been carried forward and will be drawn down to match expenditure;
 - Cycling, Walking and Safer Streets (CWSS) is expected but will only be recognised in the budget when received, as expenditure will be aligned to funding provided;
 - Transfer of Management of Development Funding (TMDF) is expected but will only be recognised in the budget when received, as expenditure will be aligned to funding provided; and,
 - While a commitment was made in September 2019 for substantial extra capital spending in years ahead, very little was outlined at the time of both the Spending Round 2019 and Spending Review 2020 announcements. As a result, we have revised the 2021-22 General Capital Grant assumption down from £43.500m to £38.225m to be consistent with 2020-21 funding level. Any further changes will be reported to Full Council on 18 February 2021 and any subsequent changes to Finance and Resources Committee along with the 2020/21 provisional outturn.

Proposed Capital Expenditure

- 4.8 Feedback from recent tender returns suggests an uplift of around 5% for the impact of COVID-19 on safe operating practices is likely. To deliver on the carbon neutral agenda, initial costs for Passivhaus buildings and improvements in the quality, digital, data and ventilation strategies now expected by the Scottish Government, have suggested that around a 12% uplift is required. The cost of retrofitting the existing estate is however, yet to be fully costed. When accounting cumulatively for COVID-19, Passivhaus standards and inflation, a 20% uplift for future building projects has been applied to the existing programme, where applicable.
- 4.9 To work towards the target of being carbon neutral by 2030 and building on the success of the capital funded state of the art waste treatment facility at Millerhill, there is funding to complete the Energy Efficiency Street Lighting Project, £17.830m as part of the 10% Cycling Commitment and significant further investment in Road Safety, Active Travel and public transport. This funding will be further augmented by the Cycling, Walking and Safer Street (CWSS) funding received from the Scottish Government and other external funding sources.
- 4.10 In order to continue to deliver high-quality services, the Council needs to continue to invest in the condition and suitability of its assets. The Sustainable Capital Budget Strategy 2021-31, as set out in Appendix 1, includes £204.911m for the existing operational estate and £155.197m for carriageways and footways as well as continuing investment in specific assets such as the completion of the North Bridge Refurbishment. Within the 2020-30 Capital Budget Strategy approved in February

there was a remaining provision of £4.242m for pressures from the existing capital programme. It is proposed that this is reallocated to the North Bridge Refurbishment project to fund justified additional costs, largely following ongoing detailed discovery of the condition of the bridge's key elements such as the concrete decking, steelwork and cast-iron façade. If any additional funding pressures occur on the North Bridge Refurbishment, these will be managed using existing roads and pavements budget.

- 4.11 The most recent update on the Communities and Families Learning Estate went to Finance and Resources Committee on 3 December 2020. It approved the contract for Boroughmuir High School extension could be awarded and that the contracts for Darroch (James Gillespie's High School Annexe), Trinity Academy (Bangholm Sports Facility) and Wester Hailes Education Centre (WHEC) Phase 1 Improvements could be awarded under delegated authority when it was appropriate. These are factored into the Communities and Families capital budget figures in Appendix 1.
- 4.12 There is a further £161.189m for schools under the heading 'infrastructure for population growth' as part of the Local Development Plan requirements. This will be kept under review to ensure that the timing of investment is aligned with wider development. The Education Appraisal for City Plan 2030 started in early December, once the final spatial strategy is agreed, outputs will be included in the Proposed Plan and fully costed in the Proposed Action Programme.
- 4.13 In addition to these projects, further investment in schools is planned within the strategy, with £323.365m allocated to complete the Wave 4 school replacement and refurbishment programme, to deal with rising school rolls and modernise the learning estate whilst considering environmental factors. On the 18 December 2020 the Scottish Government announced that the Council's Liberton High School and WHEC Phase 2 Wave 4 projects would both be part of phase 2 of the Learning Estate Investment Programme. The financial implications of this announcement on our funding assumptions are summarised in paragraph 4.27.
- 4.14 Within the existing plan there is also £0.761m for Libraries in 2021/22. £0.350m of this is for the Open Libraries pilot and £0.350m for Library enhancement projects, including £0.200m for Pennywell Hub and £0.150m Ratho Library Nursery Community Hub. The remaining £0.061m is for other small projects.
- 4.15 Edinburgh is a growing city and capital investment is required both to promote inclusive growth and to address its impacts on citizens and the city. The capital programme provides investment of £61.400m in the St James Quarter Growth Accelerator Model (GAM) and a further £1.500m in public realm assets surrounding the new St James development as well as the extension of the tram line to Newhaven. The Tram to Newhaven will unlock a large swathe of the city for housing development and employment opportunities that would not be possible without high capacity public transport. It will also help to reduce air pollution by providing efficient, sustainable transport solutions while opening people-friendly transport links for individuals and communities from all walks of life.

- 4.16 Economic growth in Edinburgh has resulted in increased house prices and rent levels, making good quality housing unaffordable to many citizens. While additional social housing provision is financed by the Housing Revenue Account, the general fund capital programme provides £218.211m for lending to Edinburgh Living and National Housing Trust LLPs over the next three years. These projects are self-financing as a result of income from affordable rents. This is a change from the previous strategy which assumed on-lending beyond 2023/24. Further detail is provided in paragraph 4.34.

Proposed Expenditure Savings

- 4.17 The effect of applying uplifts to the 2020-30 Capital Budget Strategy for COVID-19 and the sustainability agenda resulted in significant additional funding pressure to the 2021-31 Capital Budget Strategy. Given the financial issues facing the Council, the programme is recommended to be reduced in scope to the present funding envelope. It is recommended that most projects tackling sufficiency issues continue as the Council would risk failing to meet its statutory responsibilities if not delivered. However, there is an opportunity to review education infrastructure aligned to the growth of the city in line with the emerging Adaptation and Renewal programme and further growth to be outlined in the City Plan 2030. Accordingly, efficiency targets for this programme are described below. The net-zero carbon agenda suggests that sustainability projects should proceed in their entirety.
- 4.18 The Communities and Families projects make up a significant part of the 2021-31 Capital Budget Strategy and through the Adaptation and Renewal programme it is the ambition that in the longer term through transformation to learning and teaching methods and practice (e.g. digital learning; outdoor learning; flexible learning; inclusion) and the development of community hubs it will be possible to reduce the overall requirement for new buildings.
- 4.19 It should also be possible to reduce the overall requirement for education infrastructure currently in the strategy associated with the growth of the city through a new review aligned to the production of the City Plan 2030. There is also an ambition from the Communities and Families Directorate to increase inclusion of all pupils in their local catchment schools and this could result in additional receipts from disposal of sites which can be reinvested in learning estate projects over the course of the 10-year capital budget strategy.
- 4.20 In order to progress these transformation opportunities detailed analysis, planning, consultation and engagement will be required. Catchment reviews, school extensions rather than establishing new schools and suitability analysis to improve the learning environments in existing schools will all be considered as part of this process.
- 4.21 It is considered essential to begin the analysis and planning stage with ambitious saving targets for the Communities and Families Directorate to reduce capital spend on floor space from the outset because this is one of the driving forces for the Adaptation and Renewal programme. A business plan will be developed and

through receipts and savings a total of £63.160m is proposed to be removed from the strategy as a result of the review of the learning estate programme.

- 4.22 In addition to this saving, £13.340m has been removed from Rising School Rolls capital budget allocations as the Adaptation and Renewal programme combined with catchment reviews, where necessary, and new learning estate infrastructure associated with the growth of the city will address the expected accommodation pressures.
- 4.23 The 2020-30 Capital Budget Strategy, approved in February 2020, allocated £10.000m towards a new, 60 bed Integrated Care Facility (ICF), as well as ring-fencing a further £5.000m of capital receipt towards this facility. This allocation is now put forward as part of the savings target as a proposal for a smaller scale ICF has been developed. Given the benefits that could arise from the facility, it is proposed that a business case is developed, considering this smaller scale proposal, alongside changing patterns of bed based care, to identify a partially self-funding model to deliver this new facility, requiring a balance of £2.000m to be retained from the £5.000m receipt to fund the balance. Details of this partial ring-fencing are included in Appendix 4 on ring-fencing of capital receipts.
- 4.24 Within the Place Directorate, a saving of £1.500m is proposed from Street Lighting, which will leave it with an annual budget of £0.867m from 2023/24 onwards. The work of the linked energy efficiency street lighting project should result in street lighting lifecycle costs reducing in future and this reduced budget allowance will still enable the Council to carry out structural testing and replace street lighting columns, cables, supply cabinets and pillars, lit bollards, lit signs and wall boxes that have reached the end of their useful lives. A further saving has also been proposed of £6.000m across the wider Carriageways and Footways budget. The consequence of this saving could be a deterioration of the carriageway network and the potential for an increase in revenue funding requirements to repair defects on the network.
- 4.25 Year-on-year there is also slippage in the capital programme and this has been factored into this Strategy. A slippage assumption has been applied over the latest cashflows and that has moved £5.579m out of the 10-year programme into financial year 2031/32.
- 4.26 These savings and funding assumptions are summarised in Appendix 2, along with summarised details of the other proposed movements from the 2020-30 Capital Budget Strategy approved in February 2020.

Proposed Capital Funding

- 4.27 The Sustainable Capital Budget Strategy 2021-31 funding remains largely unchanged from the Capital Budget Strategy 2020-30 which was approved in February 2020, except for the following changes:

- the 2021-22 General Capital Grant assumption has been revised down from £43.500m to £38.225m to be consistent with 2020-21 funding level (per para 4.5), creating a further pressure of £5.275m. This has been extended for the two following years based on the latest information, creating a total funding pressure of £17.325m. If this trend continues, there will be further pressure within the strategy;
- Phase 2 of the Learning Estate Investment Programme was announced on 18 December 2020 which included Liberton High School and WHEC Phase Two, as a result, changes have been made to the assumed revenue funding available and net additional funding of £7.700m has been included within the strategy; and,
- there was an assumption of £19.997m of funding from asset sales to support the Wave 4 schools in the original business case, however, given the uncertainty surrounding these receipts while the design options are developed, they have been removed from the funding model. A movement of £4.569m in other contributions has offset this pressure to £15.428m. We will continue to monitor the likelihood and timing of these receipts and contributions.

4.28 It is worth noting the changes made to the capital programme as a result of Liberton High School being included in the Scottish Government Learning Estate Investment Programme will also address rising rolls issues at this school. There is also an intention that the project at Liberton will include a dedicated Gaelic Medium Education (GME) secondary provision and further discussions with the Scottish Government will be ongoing in relation to funding this element through the GME capital grant should the project progress through statutory consultation to delivery.

Funding Pressure and Risks

- 4.29 The overall funding position of the additional funding opportunities and expenditure is summarised in Appendix 3. It shows that the programme is funded in the short-term, but pressures require action from 2023/24 which would require further re-profiling of priorities, reduction in scope of projects or additional revenue savings to fund the borrowing costs to deliver the Capital Budget Strategy.
- 4.30 This is an aspirational Capital Budget Strategy but due to the funding pressure will require an annual gateway review before commitment to fund projects is made to ensure the Council does not commit to projects which become unaffordable in the medium- to long-term as several projects span a number of financial years.
- 4.31 As detailed in paragraph 4.7 (bullet point 4) and paragraph 4.27 (bullet point 1) above, the General Capital Grant has been reduced for the next three financial years to reflect anticipated capital grant funding levels from the Scottish Government. There is a risk that this lower than anticipated level of capital grant continues for the longer-term, which would increase the overall funding gap of the strategy.

- 4.32 There is an assumption that 10% of the annual revenue Council Tax increase can be used to support borrowing costs but this assumption is dependent upon Scottish Government flexibility on Council Tax levels and continued growth in the Edinburgh housing sector increasing the Council Tax base.
- 4.33 Discussions are ongoing regarding the planned £25m redevelopment of the King's Theatre. The Theatre Development Fund (TDF), a designated fund built up over many years for the capital project has had to be partly used to cover day to day expenditure although Scottish Government support has partially mitigated this position. The uncertainty over the return of the Trust's programme (and audiences) will reduce the TDF earnings further and this uncertainty is likely to be the position for some months yet. An updated business case addressing the funding of the project will be required before the project can progress.
- 4.34 Following on from paragraph 4.16, at present the City of Edinburgh Council only has consent to borrow from the Scottish Government for Edinburgh Living LLP up to 2023-24 for a total of £248.000m. The Housing Revenue Account (HRA) Business Plan assumes continuation of the consent beyond this point, in the form of capital receipts in the HRA. Options are being reviewed to address the requirement for consent for future years on-lending.
- 4.35 The Capital Budget Strategy assumes Capital Receipts of £3m per year which may be difficult to achieve following the COVID-19 economic slowdown. As referenced in Appendix 4, there is also a risk that if capital receipts are not received, or not received in the same financial year as the expenditure is incurred, additional funding pressures will occur which would increase the revenue pressures with higher than anticipated revenue loan charges.
- 4.36 Finally, there is still a potential risk of expenditure exceeding budget on projects and these will be reviewed as part of the quarterly monitoring and included in the Council's 2021 budget planning process, as appropriate.

Unfunded Capital Priorities and Pressures

- 4.37 In addition to the existing programme and additional priorities, we are developing a funding strategy to deliver City Centre Transformation and the wider City Mobility Plan. This will be reported at a later date to Committee.
- 4.38 The wider financial implications of City Plan 2030 may also have a further impact on the 2021-31 Capital Budget Strategy which have yet to be fully understood and reflected in the assumptions.
- 4.39 Council is aware that community centres are greatly valued by their local communities. A report detailing the condition of the existing estate was considered by the Finance and Resources Committee on 5 March 2020 with an indicative cost of £13.625m (pre-Covid) attached but this remains unfunded. Any strategy for investing in community centres requires to align with the Council business plan and emerging themes under the Adaptation and Renewal programme, which will be developed through the local place making plans later in 2021.

- 4.40 It should be noted that while the proposed Capital Budget Strategy now shows accelerated funding for Liberton High School and WHEC Phase Two in order to meet the delivery requirements of the Scottish Government's delivery programme, this adds additional pressures in certain years of the programme. Options to address these pressures will be considered as part of the ongoing review of the capital programme and include exploration of increased borrowing potential, analysis of expected developer contributions aligned to housing sites in the forthcoming City Plan 2030 and new receipts generated through reorganisation of the learning estate for pupils with additional needs which will focus on the strategic objective of including as many pupils as possible in their catchment school.
- 4.41 In a similar vein, several unfunded pressures have been put forward by the Place Directorate, which cannot be funded from existing budgets. Appendix 5 sets out unfunded capital pressures.

Prudential Indicators

- 4.42 The Sustainable Capital Budget Strategy 2021-31 will be reflected in the Council's prudential indicators, which accompany the Budget Motion.

5. Next Steps

- 5.1 The Capital Budget Strategy 2021-31 will be referred to Council as part of the Council's budget setting process on 18 February 2021.

6. Financial impact

- 6.1 This report sets out capital expenditure of £1,455.344m, offset by capital funding of £1,283.565m, resulting in an additional funding requirement of £171.779m in loans fund advances above that already assumed in the strategy. The remaining £171.779m is currently unfunded and will require the Council to find additional revenue savings. A profile of this additional funding pressure and revenue savings is set out in Appendix 3. If the Council is unable to make the revenue savings at that time, then capital expenditure will need to be reduced, potentially meaning that later phases of the Wave 4 Schools programme could not be delivered. Any additional capital resources received will be used to reduce this funding deficit.
- 6.2 Revenue budget planning assumptions mean that that costs associated with £78.000m of the loans fund advances will be met from savings initiatives and £43.000m can be met from Council Tax. This is contingent on the Council approving a balanced medium-term revenue budget in February 2021. It is also assumed that £48.700m will be supported by revenue for investment in the learning estate. A further £100.024m will be funded through prudential borrowing supported by revenue income and savings.

- 6.3 Investment in additional assets is likely to result in increased running costs. A report on the associated cost implications of changes in the size and profile of the Council's operational property estate was considered by the Finance and Resources Committee on 23 May 2019. The report noted the need to provide for the additional revenue costs of several demand- and condition-led school replacements and new-builds. Based on the cost projections intimated in that report and sums provided within the budget framework in respect of known rising school rolls projects, the Wave Four schools programme (as set out in the original 2018 business case) and additional, or expanded, facilities linked to the Local Development Plan, this level of provision was anticipated to be sufficient to meet, in full, these additional costs at that time. There is, however, a continuing need to assess, based on best-available expenditure and income projections for the projects concerned, the adequacy of sums provided within the budget framework in respect of known and emerging potential commitments. As a result, all projects will be required to produce a detailed business case, setting out both capital and revenue costs and demonstrating how they will be funded prior to project commencement as part of the wider Gateway process requirement.

7. Stakeholder/Community Impact

- 7.1 Consultation on the capital budget was undertaken as part of the wider engagement on the Council's budget.
- 7.2 The stakeholder and community impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

8. Background reading/external references

- 8.1 [Wave 4 Infrastructure Investment Programme](#), Finance and Resources Committee, 11 October 2018
- 8.2 [Edinburgh Tram – York Place to Newhaven Final Business Case](#), The City of Edinburgh Council, 14 March 2019
- 8.3 [Capital Budget Strategy 2020-30](#), Finance and Resources Committee, 10 October 2019
- 8.4 [Communities and Families Learning Estate](#), Finance and Resources Committee, 10 October 2019
- 8.5 [Capital Budget Strategy 2020-30](#), The City of Edinburgh Council, 20 February 2020
- 8.6 [Capital Strategy 2020-30 – Annual Report](#), The City of Edinburgh Council, 12 March 2020
- 8.7 [Capital Budget Update - 2019/20 Provisional Outturn and 2020/21 COVID-19 Forecast](#), Policy and Sustainability Committee, 25 June 2020

- 8.8 [2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update](#), Finance and Resources Committee, 27 August 2020
- 8.9 [2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update](#), Finance and Resources Committee, 29 October 2020
- 8.10 Communities and Families Learning Estate – Project Contract Awards, B Agenda, Finance and Resources Committee, 3 December 2020
- 8.11 [2020-30 Capital Budget Strategy – 2020/21 Period Eight Monitoring](#), Finance and Resources Committee, 21 January 2021

9. Appendices

- 9.1 Appendix 1 – Sustainable Capital Budget Strategy 2021-31 (incorporating out-turn slippage from 2020/21)
- 9.2 Appendix 2 – Changes from Capital Budget Strategy 2020-2030 - Pressures and (Savings)
- 9.3 Appendix 3 – Sustainable Capital Budget Strategy 2021-31 – Funding Pressure
- 9.4 Appendix 4 – Sustainable Capital Budget Strategy 2021-31 - Capital Receipts
- 9.5 Appendix 5 - Sustainable Capital Budget Strategy 2021-31 - Unfunded Capital Pressures
- 9.6 Appendix 6 - Sustainable Capital Budget Strategy 2021-31 - Unfunded Capital Pressures – Prioritisation Criteria

Expenditure		Total	Projected										
			Slippage from	Indicative Budget	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget
			2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Expenditure													
Communities and Families	Early Years	23.704	4.947	15.164	20.111	3.593	-	-	-	-	-	-	-
Communities and Families	Primary Schools	25.440	3.052	22.388	25.440	-	-	-	-	-	-	-	-
Communities and Families	Wave 3 Schools	14.007	2.348	11.659	14.007	-	-	-	-	-	-	-	-
Communities and Families	Wave 4 Schools	323.365	0.149	31.021	31.170	38.358	56.505	68.218	36.320	10.489	43.932	25.888	12.485
Communities and Families	Libraries	0.761	-	0.761	0.761	-	-	-	-	-	-	-	-
Communities and Families	Sports Facilities	9.519	0.009	8.025	8.034	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165
Communities and Families	Safer and Stronger Communities CCTV	0.979	0.979	-	0.979	-	-	-	-	-	-	-	-
Communities and Families	Other Communities and Families	0.919	(0.919)	-	(0.919)	-	-	-	-	-	-	-	-
Communities and Families	Infrastructure for Population Growth	161.189	3.459	19.220	22.679	14.430	7.863	12.568	28.014	33.514	28.335	3.174	0.612
Place	Depot Review	7.311	(0.232)	7.543	7.311	-	-	-	-	-	-	-	-
Place	Parks and Greenspace and Other Environment	3.776	0.178	1.598	1.776	0.400	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Place	Fleet Replacement	7.622	0.145	7.477	7.622	-	-	-	-	-	-	-	-
Place	Home Owners Adaptation Grants and Other Housing and Regeneratio	10.236	(0.000)	1.236	1.236	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Place	Town Centre Fund	2.593	2.593	-	2.593	-	-	-	-	-	-	-	-
Place	Roads and Transport Infrastructure (including North Bridge)	155.197	1.691	27.477	29.168	23.246	13.125	11.094	13.094	13.094	13.094	13.094	13.094
Place	Energy Efficiency Street Lighting Project	8.416	3.422	4.994	8.416	-	-	-	-	-	-	-	-
Place	Road Safety and Active Travel (including CWSS)	47.915	1.182	16.345	17.526	9.599	2.599	2.599	2.599	2.599	2.599	2.599	2.599
Place	10% Cycling Commitment	19.613	-	3.566	3.566	1.783	1.783	1.783	1.783	1.783	1.783	1.783	1.783
Place	St James GAM/Picardy Place	62.900	-	62.900	62.900	-	-	-	-	-	-	-	-
Place	Tram Life Cycle Replacement	11.129	1.129	1.000	2.129	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Place	IMPACT	5.000	-	-	-	-	5.000	-	-	-	-	-	-
Place	King's Theatre (£4m Capital Contribution)	4.000	-	-	-	4.000	-	-	-	-	-	-	-
Place	King's Theatre (£5m Prudential Borrowing)	5.000	-	-	-	5.000	-	-	-	-	-	-	-
Place	Leith Theatre	0.501	(0.255)	0.756	0.501	-	-	-	-	-	-	-	-
Place	Other Culture	0.182	0.182	-	0.182	-	-	-	-	-	-	-	-
Place - Lending	Lending - Edinburgh Living LLPs	209.451	7.042	13.260	20.302	4.856	184.293	-	-	-	-	-	-
Place - Lending	Lending - National Housing Trust (NHT)	8.760	4.718	4.042	8.760	-	-	-	-	-	-	-	-
Place - Trams	Tram to Newhaven	126.739	6.509	71.005	77.514	37.710	11.515	-	-	-	-	-	-
Resources	ICT	8.775	(0.125)	2.213	2.088	0.807	1.091	1.597	0.669	0.678	0.615	0.615	0.615
Resources	Asset Management Works	204.911	(5.055)	25.916	20.861	25.650	19.800	19.800	19.800	19.800	19.800	19.800	19.800
Slippage Assumption	Slipped from Previous Year	112.841	-	-	-	-	16.260	32.620	15.764	12.041	9.636	12.216	8.153
Slippage Assumption	In-Year	118.420	-	-	-	(16.260)	(32.620)	(15.764)	(12.041)	(9.636)	(12.216)	(8.153)	(6.151)
Unallocated		30.000	-	-	-	-	-	-	5.000	5.000	5.000	5.000	5.000
Total Expenditure		1,492.494	37.149	359.566	396.715	146.337	293.578	141.879	113.367	91.726	114.943	78.380	60.356
Funding Opportunities													
<i>Income</i>													
Existing Programme - Funding	Asset Sales (Unringfenced)	30.000	-	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Existing Programme - Funding	Income	-	-	-	-	-	-	-	-	-	-	-	-
Existing Programme - Funding	Capital Grants Unapplied Account	17.864	-	14.442	14.442	3.422	-	-	-	-	-	-	-
Existing Programme - Funding	General Capital Grant	440.175	-	38.225	38.225	38.225	38.225	45.000	45.500	46.000	46.500	47.000	47.500
Existing Programme - Funding	Developers Contributions - Tram	3.420	-	0.380	0.380	0.380	0.380	0.760	0.760	0.760	-	-	-
Existing Programme - Funding	Loans Fund Advances - Prudential	100.024	3.210	85.127	88.337	0.807	6.091	1.597	0.669	0.678	0.615	0.615	0.615
Existing Programme - Funding	Loans Fund Advances - On-Lending	218.211	11.760	17.302	29.062	4.856	184.293	-	-	-	-	-	-
Existing Programme - Funding	Loans Fund Advances - Trams to Newhaven	123.319	6.509	70.625	77.134	37.330	11.135	0.760	0.760	0.760	-	-	-
Existing Programme - Funding	Loans Fund Advances - General	120.091	15.670	92.323	107.993	13.554	0.273	0.304	0.304	0.304	0.304	0.304	0.641
Borrowing supported by	Scottish Government Schools Funding	48.700	-	-	-	-	-	18.700	30.000	-	-	-	-
Borrowing supported by	Revenue Budget Framework	78.000	-	22.500	22.500	25.500	30.000	-	-	-	-	-	-
Borrowing supported by	10% of Increased Council Tax take	43.000	-	8.600	8.600	4.300	4.300	4.300	4.300	4.300	4.300	4.300	-
External Funding	Developers contributions (Wave 4)	12.511	-	0.056	0.056	5.612	1.158	3.743	0.436	1.506	-	-	-
External Funding	Developers contributions (LDP)	58.400	-	-	-	0.165	-	6.150	1.619	3.382	12.794	19.237	15.053
External Funding	Asset Sales (Wave 4)	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	Capital Fund Drawdown	27.000	-	6.986	6.986	9.186	-	10.828	-	-	-	-	-
Total Funding Opportunities		1,320.715	37.149	359.566	396.715	146.337	278.309	93.014	85.220	58.562	66.905	73.848	70.164

Pressures and Uplifts

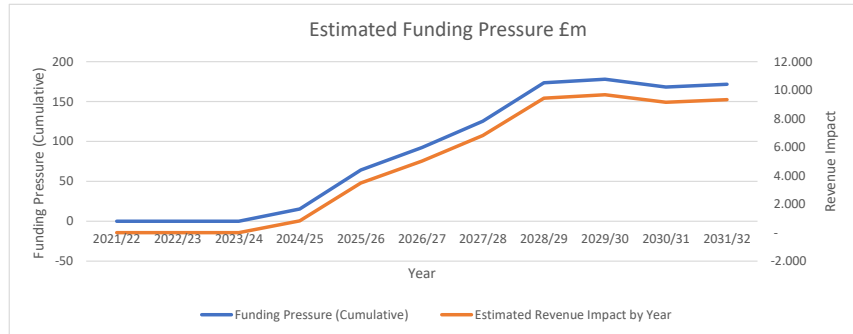
Type of Movement	Directorate	Division/Project	Amount
Uplift	Communities and Families	Early Years	0.893
Uplift	Communities and Families	Primary Schools	1.066
Uplift	Communities and Families	Wave 3 Schools	0.555
Uplift	Communities and Families	Wave 4 Schools	49.022
Uplift	Communities and Families	Infrastructure for Growth	29.040
Uplift	Place	Road Safety and Active Travel	1.238
Pressure	Place	North Bridge Major Refurbishment	9.889
Pressure	External Funding	Net Asset Sales (Wave 4) + Contributions	15.428
Pressure	External Funding	General Capital Grant	17.325
		Pressures and Uplifts	124.456

Savings and Funding

Partial Saving	Communities and Families	Wave 4 Schools and Infrastructure for Growth	(63.160)
Partial Saving	Communities and Families	Rising School Rolls	(13.340)
Full Saving	IJB	Intermediate Care Facility	(10.000)
Partial Saving	Place	Transport Savings	(6.000)
Partial Saving	Place	Street Lighting	(1.500)
Funding	External Funding	Wave 4 Schools Funding	(7.700)
Slippage Assumption	Slippage Assumption	Slippage Assumption	(5.579)
		Savings	(107.279)
		Net Movement	17.177

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Total	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Total Capital Expenditure	1,455.345	359.566	146.337	293.578	141.879	113.367	91.726	114.943	78.380	60.356	55.212
Total Capital Funding	1,283.566	359.566	146.337	278.309	93.014	85.220	58.562	66.905	73.848	70.164	51.641
Funding Pressure (Incremental)	171.779	-	-	15.270	48.864	28.148	33.164	48.039	4.532	- 9.809	3.571

Estimated Funding Pressure Loan Charges	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Funding Pressure (Cumulative)	-	0.000	- 0.000	- 0.000	15.269	64.134	92.281	125.446	173.484	178.016	168.207	171.779
Estimated Revenue Impact by Year	-	0.000	- 0.000	- 0.000	0.830	3.487	5.017	6.821	9.433	9.679	9.146	9.340



Property Address	Ringfenced for Project Status	Project to be funded
132 West Mains Glasgow Road	No	Corporate Capital Receipt
144 Pitt Street	No	Corporate Capital Receipt
167/1 Balgreen Road Pansy Walk	No	Corporate Capital Receipt
32 West Mill Road	No	Corporate Capital Receipt
53 Prince Regent Street	No	Corporate Capital Receipt
5-6 Marshall's Court	No	Corporate Capital Receipt
5-7 Regent Road (former Royal High School)	No	Corporate Capital Receipt
Balgreen Bowling Green	No	Corporate Capital Receipt
Craighleith Crescent, Edinburgh Plot 212	No	Corporate Capital Receipt
Ferry Road, Edinburgh Plot 1	No	Corporate Capital Receipt
Springfield Road, Penicuik land	No	Corporate Capital Receipt
Wellington Primary School, Penicuik	No	Corporate Capital Receipt
Whitehill Roads	No	Corporate Capital Receipt
26 Viewforth - Boroughmuir High School	No	Corporate Capital Receipt
26 Viewforth - Boroughmuir High School	£2m from total	Intermediate Care Facility
Castlebrae High School	Yes	Castlebrae High School Refurbishment
Longstone Depot	Yes	Depot Review
Tower Street Industrial Estate, Leith	Yes	Depot Review
		Ferniehill YPC (£60k) and remainder to St
St Katherines Secure Unit Bamwell Terrace	Yes	Crispin's Special School Replacement
15(a) Pennywell Court	Yes	Pennywell/Macmillan Hub
83 Pentland View	Yes	Oxgangs New YPC
St Crispins School	Yes	St Crispin's Special School Replacement
Old Victoria Primary School buildings	Yes	Victoria Primary School

Please note, these receipts and the corresponding expenditure has not been reflected in Appendix 1. If they are not received, or not received in the same financial year as the expenditure, this will create additional pressures to those shown in Appendix 3. For example, the Oxgangs YPC capital project is complete but the receipt is needed to fund the construction.

Capital Budget Strategy 2021-31 – Unfunded Capital Pressures

Projects	Total Cost (including Third Party)	Total Funding Gap	Priority Score
	£m	£m	
Bridge Structure	9.000	7.050	35
Parks and Greenspace Infrastructure Upgrade	2.100	1.900	33
Hostile Vehicle Mitigation	3.000	3.000	30
West Princes Street Gardens (including Ross Theatre)	30.000	5.000	28
Parking Pay and Display Ticket Machines	2.300	2.300	23
Craigmillar Cemetery Extension	0.850	0.850	22
Cramond Chain Ferry / Promenade	1.100	1.100	21
Allotments	0.400	0.400	19
Pentland Paths	3.130	0.400	17
Community Centres	13.625	13.625	TBA
Parks and Cemeteries Walls and Infrastructure	10.000	8.000	TBA
Provision of modern and accessible public toilet facilities in premier parks	2.500	2.500	TBA
	78.005	46.125	

Capital Budget Strategy 2021-31 – Unfunded Capital Pressures - Prioritisation Criteria

All bids for the 2020 capital budget setting process have been assessed against a series of criteria to determine their priority for funding, as described below.

All bids have been assessed on a scale of 0-5 points against the following criteria to determine their relative merits. The first three criteria are considered to be particularly important, and have accordingly been given a weighting of three to reflect their importance, allowing a maximum score of 15 per criterion. The remaining criteria are of lesser importance and a maximum score of 5 per criterion is possible. Those projects delivering a statutory function have been accorded greater weight in the scoring.

1. Health and Safety – poor condition buildings or equipment score highly as they pose a risk to health and safety (max points 3x5 = 15);
2. Statutory Requirement – where the Council is obliged to make provision under statute – for example having sufficient school places (max points 3x5 = 15);
3. Risk of operational failure – where an existing asset is at risk of failing, requiring the closure of the asset and stopping the delivery of the service (max points 3x5 = 15);
4. High reputational risk – where national media coverage is a risk, this scores 5; local coverage (Evening News) scores 3 (max points =5);
5. Fulfils Council commitment – contributes to delivering one the of the 52 Council commitments from the Business Plan (max points =5);
6. Significant income implication – projects may generate higher income (e.g. increased footfall in commercial venues), or may expose the Council to increased revenue costs if the project is not delivered – in either case they would score highly on this criterion (max points =5);
7. Sustainability benefits – may deliver benefits such as increased recycling, improved public transport use or building fabric upgrade, all scoring high points. New buildings which increase the Council's estate size and carbon footprint score 0. Buildings which replace existing buildings score some points for allowing a more sustainable design to be achieved (max points =5).

A total score of 65 is achievable.

The initial scores were undertaken by each service department however, these were moderated by Strategic Asset Management to ensure consistency across the application of the scoring methodology.

It is recognised that the standardised scoring methodology can only provide an initial starting point and further information on the circumstances of a project may increase its priority.

The City of Edinburgh Council

10.00am, Thursday, 18 February 2021

Council Revenue Budget Framework (2021-22) – Integrated Impact Assessments

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 It is recommended that members of Council:

- 1.1.1 pay due regard to the potential equality, rights, sustainability, environmental and economic impacts associated with the revenue budget 2021-2026 proposals for 2021/2022, and the recommendations to mitigate potential negative impacts; and consider the cumulative equality, rights, sustainability, environmental and economic impacts across all revenue budget options.

Andrew Kerr

Chief Executive

Contact: Ruth Baxendale, Senior Policy and Insight Officer

E-mail: ruth.baxendale@edinburgh.gov.uk | Tel: 0131 529 3951

Council Revenue Budget Framework (2021/22) – Integrated Impact Assessments

2. Executive Summary

- 2.1 This report presents a summary of the main equality, rights, environmental and economic impacts of the 2021/22 budget proposals and identifies recommendations for mitigating potential negative impacts alongside an assessment of cumulative impacts.

3. Background

- 3.1 As well as meeting the requirements of the Equality Act 2010, human and children's rights conventions, Fairer Scotland Duty 2018 and the Climate Change (Scotland) Act 2009, Integrated Impact Assessments (IIA) enable the Council to assess the potential impact of budget proposals and service redesign on people who share protected characteristics in the City. They also enable the development of mitigating actions where necessary.
- 3.2 The three-year Council Business Plan: Our Future Council, Our Future City brings together our strategic priorities into a single plan responding to the need for change. This was considered along with the Draft Revenue Budget Framework 2021/26 by Finance and Resources Committee on 2 February 2021. This report presents a summary of equality, diversity, human rights, carbon, climate change, sustainable development, health, inequality, poverty and economic impacts of the proposals with associated savings for 2021/22 and of associated mitigating actions where necessary. These findings should inform the budget decision at full Council on 18 February 2021.
- 3.3 The Council's approach to the integrated impact assessment process is aligned to the wider Equality Diversity and Rights Framework 2017 – 2021. In addition to an equality, diversity and rights assessment, it includes an assessment of poverty, health inequality and environmental impacts. (Environmental impact is an all-encompassing term referring to carbon emissions, climate change adaptation and sustainable development).
- 3.4 An IIA of the anticipated or potential impact of each individual proposal has been undertaken by relevant lead officers and signed off by relevant Heads of Service.

The Council's policy and change teams have supported officers across departments to complete IIAs with:

- 3.4.1 five IIA training sessions delivered in 2020, open to any Council, NHS and West and Midlothian Council staff. In response to the Covid-19 pandemic, IIA training was delivered remotely, as staff were advised to work from home wherever possible, following advice from the Scottish and UK Governments
- 3.4.2 a bespoke IIA budget training session offered to identified proposal sponsors on 22 December 2020
- 3.4.3 written guidance, supporting information and examples made available on the Orb and the Council website.
- 3.5 An Equality, Diversity and Rights (EDR) Advisors Network is in place and EDR advisors have been trained to support relevant service areas on equality, diversity and rights and to assist with carrying out IIAs.
- 3.6 Due to the essential restrictions to limit the spread of Covid-19, the Council's options for engaging with residents on the budget during 2020 were severely limited. Unlike in previous years, there was no potential for face-to-face engagement or the distribution of written material, therefore all engagement was online. This approach identified that a minority of Edinburgh residents who are not online (generally older people and those on lower incomes) would be less likely to be able to participate in this engagement. In order to mitigate this impact, Strategy and Communications drew on findings and insights from other areas of work including, the Capital Residents Survey, the Edinburgh Poverty Commission and the 2019 Budget Engagement.
- 3.7 Any relevant feedback from the engagement activity is provided to proposal sponsors for consideration in the impact assessment process and in further development of the proposal.
- 3.8 The findings are summarised below and are published on the Council website. Due regard of such assessments should be given by elected members when making budget decisions. www.edinburgh.gov.uk/impactassessments.

4. Main report

- 4.1 The incorporation of equality, rights, economic and carbon impact assessments as an integral part of the budget development process reflects both good practice and compliance with relevant legal duties. This activity enables the Council to identify and address any unintended consequences of specific proposals on specific groups of service users including those most vulnerable, and on climate change and partnership and prevention activity, increasing the effectiveness of the mitigating actions.
- 4.2 It is inevitable that the need to deliver total savings of £21m in 2021/22 will have some impact on the organisation and its services. This saving, whilst significant, should be considered in the broader context which is that the Council has an overall

budget of around £1 billion that can also continue to make significant impact on and improvement to equality, rights, economic and carbon.

- 4.3 The budget framework also includes an additional £22m in respect of current service pressures, including £10m specifically in homelessness services and a further £12m of investment in a number of other frontline service areas including waste and cleansing, community access to schools and parks and greenspace. Following the announcement of the provisional Local Government Finance Settlement on 28 January, it is estimated that an additional £14.2m of grant funding is also available for investment in key priorities.

Budget proposals

- 4.4 Where budget proposals represent a continuation of savings identified in 2020/21, individual IIAs, the cumulative IIA and IIA statements were completed and published as part of the 2020/21 budget process. No further assessment is required as part of the 2021/22 budget process. Those assessments can be accessed on the Council website at www.edinburgh.gov.uk/impactassessments
- 4.5 Of the remaining proposals, integrated impact statements have been completed for those considered as having no relevant impact on equality, economy and the environment, or where or it is not possible to assess impact at this early stage in the development of the proposal and an IIA is planned at a later date. All IIAs and statements for 2021/22 can be accessed on the Council website at www.edinburgh.gov.uk/impactassessments
- 4.6 Four of the budget proposals being considered for approval by Council on 18 February 2021 have been assessed as requiring an IIA. To comply with statutory obligations due regard has been given to the equality, environmental and economic impacts of these budget proposals through the IIA assessment process. A further cumulative impact assessment has been carried out to identify any small impacts which, when taken together, could have a cumulative effect on a particular issue or population group.
- 4.7 The cumulative impact assessment is based on the information provided in the individual budget proposal IIAs. If there are any changes to the budget proposals further to decisions made at Council meeting on 18 February 2021, the IIA will be updated accordingly and if appropriate shared with a relevant Committee if required.
- 4.8 Where change proposals are in early stages of development, there may be a requirement to do further iterations of the IIA. The IIAs are listed for ease below:
- 4.8.1 Rental of Council Assets for 5G Nodes
 - 4.8.2 Digital Print, Mail and Scanning Strategy Development
 - 4.8.3 Garden Waste Collection Service – Full Cost Recovery
 - 4.8.4 Parking Action Plan: the introduction of Sunday parking controls

Cumulative Impacts

- 4.9 Details of the cumulative assessment are provided in Appendix 1. Key findings suggest that the cumulative impact was limited across all proposals. Where a particular group was identified as being impacted, it usually applied to only one or two proposals in total. The cumulative impact analysis provides further detail but in the round key findings suggest that the greatest impact of these proposals will be felt on people with disabilities and older people, in addition to other vulnerable groups, such as those from low incomes and experiencing poverty.
- 4.10 The negative equality, health, wellbeing, or human rights impacts identified were generally concerned with some groups' ability to access digital or online systems, and with changes to parking controls potentially affecting some groups' ability to travel to certain areas on Sundays, with a risk of social isolation as a result. However, there were also positive impacts identified in that parking restrictions on public transport routes would reduce delays and improve the reliability of public transport for those who rely on it. Equally, the flexibility afforded by online service offers was identified as positive for some groups, along with a facility to allow the nomination of someone to register on behalf of those who are unable to do so themselves.
- 4.11 Negative socio-economic impacts identified were mainly associated with charges (in relation to Sunday parking and garden waste collection); however, IIAs noted that exemption schemes would limit this for vulnerable groups. Negative sustainability impacts identified were also associated with these charges – in relation to displacement of parking or lowering uptake of garden waste services. However, positive impacts were also anticipated in the form of lower emissions from increased use of public transport and reductions in tonnages of green waste.
- 4.12 In addition, positive impacts were identified in some of the proposals that would:
- 4.12.1 increase health and wellbeing for all populations;
 - 4.12.2 maximise income to invest in Council priorities, including poverty, sustainability and wellbeing which will benefit vulnerable groups; and
 - 4.12.3 reduce greenhouse gas emissions and the need to travel and promote sustainable forms for transport. This will help meet the Council's 2030 Net Zero target and secure a more sustainable future for citizens.
- 4.13 In carrying out IIAs, relevant lead officers for budget proposals are also obliged to consider mitigating actions to reduce any negative impact from proposals, and details of these are provided in the individual IIAs.
- 4.14 If any other impacts on equality and rights are identified as part of further consultation processes, proposal Sponsors will revise their IIAs as appropriate, with these revised IIAs also being made publicly available. Should these impacts be significant, the Cumulative IIA will be updated accordingly and if appropriate shared with a relevant committee.

5. Next Steps

- 5.1 Due regard to the equality, rights, environment and economic impacts has been given to each of the budget proposals.
- 5.2 The potential equality and rights impacts are taken into account when budget decisions are being made, and recommendations for mitigating negative impacts are implemented and reported on.
- 5.3 The potential carbon emissions, climate change adaptation and sustainable development impacts are taken into account when budget decisions are being made.
- 5.4 The potential cumulative (both annual and incremental) impacts are taken into account, and mitigating actions are identified when each year's budget decisions are being made.
- 5.5 Senior managers across all Service Areas take responsibility and ownership for compliance with Council systems put in place to ensure that statutory duties are met.

6. Financial impact

- 6.1 This report identifies the potential risks in relation to equality, rights, environment and economy. The Council could be the subject of a legal challenge if these risks are not considered and addressed. Other financial risks relate to savings derived from preventative services which may result in increased demand on other crisis intervention services.

7. Stakeholder/Community Impact

- 7.1 Undertaking Integrated Impact Assessments that include assessment of impact on equality is intended to ensure that any negative impacts, including cumulative impacts, for protected characteristic groups set by the Equality Act 2010 are reduced.
- 7.2 It also ensures that the Equality Act 2010 public sector equality duty is met with regard to (i) eliminating unlawful discrimination, victimisation and harassment; (ii) advancing equality of opportunity and (iii) fostering good relations, and that any infringements on human and children's rights are minimised.
- 7.3 Carbon impact assessments have enabled consideration of the public body duties under the Climate Change (Scotland) Act 2009. The findings of these assessments will also help to achieve a sustainable Edinburgh with regard to progressing climate change, social justice and community wellbeing objectives
- 7.4 Budget sponsors are required to have utilised a range of evidence gathering, including public involvement where appropriate to draw up proposals and consider their impact.
- 7.5 An on-line budget engagement process has also taken place.

- 7.6 The cumulative impact assessment is based on the information provided in the proposal templates and from the budget engagement feedback and other wider recent consultation and engagement activity.
- 7.7 Further engagement may be undertaken as appropriate on the detail of the proposals and any relevant feedback will be passed on to Budget Sponsors in order for IIAs to be updated and proposals amended accordingly.

8. Background reading/external references

- 8.1 The City of Edinburgh Council Equality, Diversity and Rights Framework 2017 – 2021 www.edinburgh.gov.uk/downloads/download/13224/equality-and-rights-documents
- 8.2 [Public Bodies Climate Change Duties Report 2019/20](#)
- 8.3 Budget Engagement Report [Budget Insights 2020](#)
- 8.4 [Council Revenue Budget Framework – Integrated Impact Assessment 2020/21](#)

9. Appendices

- 9.1 Appendix 1 – Integrated Impact Assessment on Cumulative Impact of 2021/22 Budget Proposals

Appendix 1 Integrated Impact Assessment

Summary Report Template

Each of the numbered sections below must be completed

Interim report		Final report	x
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1. Title of proposal

Cumulative Integrated Impact Assessment on Budget Proposals 2021/22

2. What will change as a result of this proposal?

The revenue savings proposals aim to provide efficiencies and savings and allow the Council to continue to meet its statutory responsibilities, thereby maximising the level of investment available for priority services.

3. Briefly describe public involvement in this proposal to date and planned

Due to the essential restrictions to limit the spread of Covid-19, the Council's options for engaging with residents on the budget during 2020 were severely limited. Unlike in previous years, there was no potential for face-to-face engagement, therefore all engagement was online. This approach identified that a minority of Edinburgh residents who are not online (generally older people and those on lower incomes) would be less likely to be able to participate in this engagement. In order to mitigate this impact, Strategy and Communications included findings and insights from other areas of work including, the Capital Residents Survey, the Edinburgh Poverty Commission and the 2019 Budget Engagement.

The online survey was promoted through Council Social media channels, the consultation hub and was sent to community councils, tenants and resident associations, Council partners, member of the Equality and Rights Network, and to parents (through School newsletters).

Each directorate also has a number of relevant and recently conducted service specific consultations to draw on and the Council has a robust managing change policy that is followed internally.

4. Is the proposal considered strategic under the [Fairer Scotland Duty](#)?

The overall Revenue Budget Framework is considered strategic under the Fairer Scotland Duty, insofar as individual budget proposals may be found to have a cumulative socio-economic impact. Socio-economic impacts are considered in each IIA.

5. **Date of IIA** 20 and 27 January 2021

6. **Who was present at the IIA? Identify facilitator, Lead Officer, report writer and any partnership representative present and main stakeholder (e.g. NHS, Council)**

Name	Job Title	Date of IIA training
Ruth Baxendale	Senior Policy and Insight Officer	IIA trainer
Sarah Bryson (20/1/21)	Planning and Commissioning Officer	IIA trainer
Gareth Dixon	Senior Policy and Insight Officer	17 December 2019
Ciaran McDonald (20/1/21)	Senior Policy and Insight Officer	17 December 2019
Fraser Rowson	Principal Accountant – Corporate Accounts, Resources	5 September 2018 and 23 January 2019
Fiona McLeod	Senior Policy and Insight Officer	
Emma Baker	Change Manager	

7. **Evidence available at the time of the IIA**

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected?
Data on populations in need		N/A for cumulative IIA. The purpose of the cumulative IIA is to consider whether any impacts arise as a result of the <i>cumulative effect</i> of smaller impacts identified within individual IIAs. These individual IIAs have considered the appropriate evidence in relation to the corresponding budget proposal.
Data on service uptake/access		As above - N/A for cumulative IIA
Data on socio-economic disadvantage e.g. low income, low wealth, material deprivation, area deprivation.		As above - N/A for cumulative IIA

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected?
Data on equality outcomes		As above - N/A for cumulative IIA
Research/literature evidence		As above - N/A for cumulative IIA
Public/patient/client experience information		As above - N/A for cumulative IIA
Evidence of inclusive engagement of people who use the service and involvement findings	Yes – the budget engagement process and wider consultation evidence	<p>Budget Insights 2020 reported to Finance and Resources Committee 2 February 2021 identified the following services most appreciated by residents during the pandemic:</p> <ul style="list-style-type: none"> • Keeping essential services running • Refuse collection • Schools • Communications • Suspend parking charges <p>The services most missed by residents during the pandemic:</p> <ul style="list-style-type: none"> • Gyms/pools/leisure centres • Libraries • Recycling centres • Social care (disabilities, dementia) • Garden waste <p>Priorities identified included:</p> <p>The provision of schools and nurseries;</p> <p>The provision of support and services to people experiencing homelessness, living in poverty, or without working from home options during the pandemic.</p> <p>Helping local businesses to recover and helping new businesses</p> <p>Residents were supportive of measures to help meet the Council's 2030 Net Zero target, including more microgeneration and a reduction of vehicles in the city.</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected?
Evidence of unmet need		As above - N/A for cumulative IIA
Good practice guidelines		The Council's Consultation framework
Carbon emissions generated/reduced data		As above - N/A for cumulative IIA
Environmental data		As above - N/A for cumulative IIA
Risk from cumulative impacts		Information on the impacts identified for each proposal provided by respective budget proposal lead officers have been used to undertake this cumulative impact assessment.
Other (please specify)		As above - N/A for cumulative IIA
Additional evidence required		As above - N/A for cumulative IIA

All evidence and data relevant to specific budget proposals are listed in corresponding IIAs. All budget proposal IIAs received were used as the basis for this Cumulative Integrated Impact Assessment.

The team received four IIAs.

- Rental of Council Assets for 5G Nodes
- Digital Print, Mail and Scanning Strategy
- Parking Action Plan: the introduction of Sunday parking controls
- Garden Waste Collection Service – Full Cost Recovery

8. In summary, what impacts were identified, and which groups will they affect?

Equality, Health and Wellbeing and Human Rights	Affected populations
Positive	
The Council proposals seek to ensure as far as possible that all citizens can positively benefit from change proposals,	

<p>This is based on the premise that change can mean different provision rather than less provision and that reconfiguring services is one way in which the Council can see to protect front line capacity.</p>	
<p>Specific groups where a positive impact was identified include people with disabilities and older people:</p> <ul style="list-style-type: none"> • The introduction of Sunday parking controls will enhance access for people with disabilities as this will improve their parking opportunities over general traffic. There will also be benefits for people with disabilities and older people who rely on public transport, as parking restrictions on main routes will reduce delays and improve reliability of public transport. • The Garden Waste Collection Service offers a flexible registration system to allow people to register for those who are unable access the system themselves • People on low income will benefit from the exemption scheme for the Garden Waste Collection Service. Edinburgh is currently the only Scottish Council with a chargeable service which operates an exemption scheme. <p>There was a cumulative benefit of increased health and wellbeing identified for people with chronic health conditions, all residents and staff as follows:</p> <ul style="list-style-type: none"> • the introduction of Sunday parking controls will encourage more use of public transport and reduce the attractiveness of car travel to the city centre. Conditions will be enhanced for pedestrians, cyclists and public transport users. • The digital print, mail and scanning strategy will improve the physical wellbeing of staff by reduced heavy lifting <p>The proposal to rent Council assets to support the rollout of a 5G network will improve access to connectivity, increase digital participation.</p>	<p>People with disabilities and older people Disabled persons' blue badge holders Disabled National Entitlement Card holders and older people with mobility impairment</p> <p>People with disabilities</p> <p>People with low income or material wealth</p> <p>People with chronic health conditions and all residents</p> <p>Business Support and staff service users</p> <p>All citizens, businesses and visitors to the geographical areas covered</p>

Negative	
<p>Specific groups where a potential negative impact was identified included older people and people with disabilities:</p> <ul style="list-style-type: none"> the introduction of Sunday parking controls may discourage people visiting friends, relatives or attending Sunday services and subsequent social activities within the controlled parking zone or incur an additional charge to their journey. This could result in affected groups becoming isolated and reduce social activity. some people may experience challenges in using digital or online systems, however, as identified above, this service offers a flexible registration system to allow people to register for those who are unable access the system themselves <p>People who don't have digital access will not benefit directly by the proposal to rent Council assets to support the rollout of a 5G network but ongoing work to mitigate against this is taking place by programmes such as Connecting Scotland and Empowered Learning</p>	<p>Older people and people in the middle years and/or those with mobility impairments who do not qualify for a disabled blue badge. People with religious beliefs</p> <p>People with disabilities</p> <p>All citizens, businesses and visitors to the geographical areas covered</p>

Environment and Sustainability including climate change emissions and impacts	Affected areas
Positive	
<p>Positive impacts were identified to reduce carbon emissions and improve air quality:</p> <ul style="list-style-type: none"> The digital print, mail and scanning strategy development will result in less vehicle journeys and less waste by promoting the retention of documents electronically rather than paper format Active travel and use of public transport will be encouraged by removing free parking opportunities on Sundays The introduction of the charge for Garden Waste Collection service has led to a reduction in tonnages of contaminated garden waste being collected and allowed the Council to continue providing the service and increase the collection frequency. 	<p>Transport / Waste</p>

The proposal to rent Council assets to support the rollout of a 5G network will support environmental monitoring through improved sensor technology	
Negative	
There following impacts were identified: <ul style="list-style-type: none"> the introduction of Sunday Parking controls could lead to the displacement of parking into nearby unrestricted streets the increased garden waste charge could reduce participation in service uptake. To date it is not possible to say if this has happened as there was a service suspension in 2020 due to Covid-19. 	Transport / Waste

Economic including socio-economic disadvantage	Affected populations
Positive	
<p>The cumulative impact of a number of proposals would create a net revenue gain to the Council to offset savings requirements and be reinvested in services:</p> <ul style="list-style-type: none"> rental of Council assets to support the rollout of a 5G network to improve 5G connectivity reduced costs associated with transport, postage, paper, copier use and storage of documents by switching to digital print, mail and scanning strategy development. additional income through introduction of Sunday parking controls. additional income with an increase to garden waste collections fee <p>All residents can expect to benefit from an investment in Council priorities.</p> <ul style="list-style-type: none"> Groups of people vulnerable to falling into poverty eg on low income will benefit from the exemption scheme for garden waste collection service. <p>the introduction of Sunday parking controls will reduce inconsiderate parking, which causes delays to public transport, and improve road safety for pedestrians and cyclists and in particular will benefit those lower incomes or NEC holders who may rely entirely on active travel and public transport.</p>	<p>All</p> <p>Older people, people with disabilities,</p> <p>People on low income,</p>

Negative	
<p>The introduction of Sunday parking controls will incur additional costs for visitors and residents, social or community groups. Carers would also be negatively impacted but this would be mitigated by introducing visitors' permits, in addition, Healthcare workers' Permits are also available.</p>	<p>People on low-incomes, unemployed, people on benefits. Vulnerable families, looked after children and young people. Carers.</p>
<p>The charge for the Garden Waste Collection Service may discourage people from using the service but those on low income will benefit from the exemption scheme.</p>	<p>People with low income or material wealth</p>
<p>As stated previously, people who don't have digital access will not benefit directly by the proposal to rent Council assets to support the rollout of a 5G network but ongoing work to mitigate against this is taking place by programmes such as Connecting Scotland and Empowered Learning</p>	<p>All citizens, businesses and visitors to the geographical areas covered.</p>

9. Is any part of this policy/ service to be carried out wholly or partly by contractors and if so, how will equality, human rights including children's rights, environmental and sustainability issues be addressed?

Rental of Council Assets for 5G Nodes - The installation of nodes will be carried out by 3rd party Telecoms providers. Their work is governed by the Electronics Communications Code which is regulated nationally by Ofcom. Any issues not addressed by the installation companies can be addressed through Ofcom.

Digital Print, Mail and Scanning Strategy Development - Royal Mail has been contracted, through a Scottish Government framework, to fulfil the printing and mailing of documents submitted through the 'hybrid' mail solution. Commitments and compliance with equality, human rights, environmental and sustainability issues formed part of the specification, tender evaluation and subsequent contract management undertaken by the Scottish Government in the award and operation of this framework contract. Similarly, the Council is in the process of tender award to a supplier (TBC) for copier machines again through a Scottish Government framework where the same requirements are expected.

Parking Action Plan: the introduction of Sunday parking controls - The enforcement of parking regulations is undertaken by a private contractor, who was appointed following a successful competitive tender process and was subject to an Equalities and Rights Impact Assessment. No negative equality, human rights including children's rights, environmental or sustainability rights impacts have been identified as a result of any work being carried out by a contractor in regards to this proposal.

Garden Waste Collection Service – Full Cost Recovery - Part of the service is delivered by Tiphereth who specifically work with vulnerable young people:
www.tiphereth.org.uk

10. Consider how you will communicate information about this policy/ service change to children and young people and those affected by sensory impairment, speech impairment, low level literacy or numeracy, learning difficulties or English as a second language? Please provide a summary of the communications plan.

Changes will be communicated by the service affected using methods that are considered appropriate to the range of audiences. The Edinburgh (City of Edinburgh Council and Health and Social Care Partnership) British Sign Language (BSL) plan demonstrates commitment to improve services for BSL users with actions across a range of themes and services. The Council’s Interpretation and Translation Service is also available for those who require materials in different languages.

11. Is the policy likely to result in significant environmental effects, either positive or negative? If yes, it is likely that a [Strategic Environmental Assessment](#) (SEA) will be required and the impacts identified in the IIA should be included in this.

No proposals were identified as requiring a SEA

12. Additional Information and Evidence Required

If further evidence is required, please note how it will be gathered. If appropriate, mark this report as interim and submit updated final report once further evidence has been gathered.

IAs for proposals that may be at a formative stage at this point will need to be reviewed in due course on an ongoing basis. Ongoing efficiency work across the Council will also be cognisant of impact on equalities, sustainability and economy.

13. Specific to this IIA only, what recommended actions have been, or will be, undertaken and by when? (these should be drawn from 7 – 11 above) Please complete:

Specific actions (as a result of the IIA which may include financial implications, mitigating actions and risks of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
Consideration should be given as to how these proposals, their impact, and the cumulative impact, relate to proposals presented by the Integration Joint Board	Elected Members	Ongoing	In line with IJB strategic plan timelines

Specific actions (as a result of the IIA which may include financial implications, mitigating actions and risks of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
Elected members should consider the results of the budget proposal IIAs, including this cumulative IIA.	Elected Members	February 2021	Ongoing
Implementation of the Poverty Commission Proposals will mitigate against some negative impact on people who are experiencing poverty and positively contribute to addressing poverty in the city	Elected Members and Corporate Leadership Team	Ongoing	Ongoing
The three-year Council Business Plan: Our Future Council, Our Future City has three priorities; ending poverty, becoming a sustainable and net zero city and ensuring wellbeing and equalities are enhanced for all. Implementation of this plan will ensure mitigating actions are taken against any negative impacts arising from implementation of the budget proposals. The Change Team will endeavour to ensure equalities is mainstreamed throughout the plan's development, and during implementation, in order to mitigate against any negative impacts identified in this cumulative IIA.	The Change Team	2021-2024	Ongoing
Relevant lead officers for budget proposals should progress any specific actions in individual proposals to mitigate against negative impacts, continue to update their IIAs after further consultation and develop communications plans as appropriate	Relevant lead officers for budget proposals	ongoing	January 2022

14. **Are there any negative impacts in section 8 for which there are no identified mitigating actions?** No
15. **How will you monitor how this proposal affects different groups, including people with protected characteristics?**

All relevant service areas should put in place appropriate monitoring for implementation of relevant proposals. This should include how the proposals are affecting different groups who share protected characteristics.

16. Sign off by Head of Service

Name

Date

17. Publication

Completed and signed IIAs should be sent to strategyandbusinessplanning@edinburgh.gov.uk to be published on the IIA directory on the Council website www.edinburgh.gov.uk/impactassessments