

The City of Edinburgh Council

10.00am, Thursday 20 February 2020

Council's Change Strategy – Planning for Change and Delivering Services 2020/23 - Progress Update – referral from the Finance and Resources Committee

Executive/routine

Wards

All

Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Council's Change Strategy – Planning for Change and Delivering Services 2020/23 to Council as part of setting the revenue budget.

Laurence Rockey

Head of Strategy and Communications

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Referral Report

Council's Change Strategy – Planning for Change and Delivering Services 2020/23 - Progress Update

2. Terms of Referral

- 2.1 On 14 February 2020, the Finance and Resources Committee considered a report providing a progress update on the development of the Council's Change Strategy, savings implementation plans and management of service pressures, and proposals based on the provisional 2020/21 Local Government Finance Settlement and later years' current planning assumptions to deliver a balanced budget over the period from 2020/21 to 2022/23.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note the progress updates on the development of the Council's Change Strategy, savings implementation plans and management of service pressures.
 - 2.2.2 To note the proposals, based on the provisional 2020/21 Local Government Finance Settlement and later years' current planning assumptions, to deliver a balanced budget over the three-year period from 2020/21 to 2022/23.
 - 2.2.3 To note the draft funding offer assumed for the Edinburgh Integration Joint Board.
 - 2.2.4 To note the update on the Council's carbon budgeting pilot.
 - 2.2.5 To note that a further update would be reported to members of the Finance and Resources Committee once the final outcome of the Local Government Finance Settlement, including any associated impacts of the 2020/21 UK Budget, was known.
 - 2.2.6 To refer the report to Council as part of setting the revenue budget on 20 February 2020.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 14 February 2020

4. Appendices

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

Finance and Resources Committee

10.00am, Friday, 14 February 2020

Council's Change Strategy – Planning for Change and Delivering Services 2020/23 - progress update

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 progress updates on development of the Council's Change Strategy, savings implementation plans and management of service pressures;
 - 1.1.2 note the proposals, based on the provisional 2020/21 Local Government Finance Settlement and later years' current planning assumptions, to deliver a balanced budget over the three-year period from 2020/21 to 2022/23;
 - 1.1.3 note the draft funding offer assumed for the Edinburgh Integration Joint Board;
 - 1.1.4 note the update on the Council's carbon budgeting pilot;
 - 1.1.5 note that a further update will be reported to members of the Committee once the final outcome of the Local Government Finance Settlement, including any associated impacts of the 2020/21 UK Budget, is known; and
 - 1.1.6 refer the report to Council as part of setting the revenue budget on 20 February 2020.

Andrew Kerr
Chief Executive

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Council's Change Strategy – Planning for Change and Delivering Services 2020/23 - progress update

2. Executive Summary

- 2.1 On 10 October 2019, members of the Finance and Resources Committee considered a progress update on the development of an evolving four-year change strategy, with a specific focus on the budget-setting approach for 2020/21. The report also advised members of the outcome of a review of the principal expenditure and income assumptions and other relevant factors contained within the revenue budget framework. This review pointed to an estimated requirement to deliver at least £86.7m of recurring annual savings (beyond the £17m previously approved) over the period to 2022/23, with £36m of these required in 2020/21. This requirement also incorporated a risk contingency of £11m over this period.
- 2.2 A one-year provisional Local Government Finance Settlement (LGFS) for 2020/21 was announced by the Minister for Public Finance and Digital Economy on 6 February 2020. Given the necessarily condensed timetable for officer and Parliamentary scrutiny, as of the time of writing, analysis of the accompanying detail is on-going. Provisional indications are, however, that the level of core revenue grant funding is some £5.1m more than assumed within the budget framework, albeit essentially unchanged from 2019/20 in cash terms. In the absence of provisional grant funding allocations for future years, these and wider assumptions remain largely unchanged at this time, resulting in a need to identify £71.3m of additional savings beyond those previously approved, excluding the contingency noted above.
- 2.3 In view of this savings requirement, members have worked closely with officers to develop an integrated set of themed medium-term proposals that, if all approved, would address in full the anticipated savings gap over each of the next three financial years whilst allowing increased investment to support the delivery of the priority outcomes, and six underpinning workstreams, underpinning the Change Strategy. These outcomes, in turn, speak to the city's priorities as expressed through a range of stakeholder engagement, with a particular emphasis on tackling poverty, promoting sustainability and enhancing citizens' well-being.
- 2.4 Achievement of a balanced budget would also allow release of the provision contained within the revenue budget framework to support the Council's £78m funding contribution to the Wave Four schools programme.
- 2.5 Subject to the Committee's approval, these proposals will now be referred to Council on 20 February for decision.

3. Background

Financial context

- 3.1 On 10 October 2019, members of the Finance and Resources Committee considered a progress update on the development of an evolving four-year change strategy, with a specific focus on the budget-setting approach for 2020/21. The report also advised members of the outcome of a review of the principal expenditure and income assumptions and other relevant factors contained within the revenue budget framework. This review pointed to an estimated requirement to deliver at least £86.7m of recurring annual savings beyond those previously approved over the period to 2022/23, with £36m of these required in 2020/21.
- 3.2 The financial reality of the cumulative effect of increasing demand and reducing resource availability will require increasingly difficult decisions to be taken by councils across Scotland, with a heightened focus on prioritisation, prevention and radical reconsideration of service delivery required to secure financial sustainability. This will inevitably lead to a cut in some services currently provided by the Council, along with reductions in associated staffing. Displaced staff will, however, be fully supported through any resulting transition. In addition, demographic growth and funded national initiatives will offset a significant element of this reduction, with the proposals set out later in this report therefore expected to result in overall employee numbers remaining largely unchanged over the three-year period.

Development of the Change Strategy

- 3.3 Since the Committee's meeting in October, extensive work and engagement with elected members has been undertaken, focusing on developing necessary savings proposals to bridge the gap between expenditure and available funding over the next three years as part of a wider, longer-term programme of change aligned to the three underpinning themes of the Change Strategy, namely:
- driving improvements to deliver the high-quality services that our citizens expect and deserve;
 - targeting investment on prevention and early intervention to reduce long-term reliance on our services and allow citizens to lead active, independent lives; and
 - growing the city in a way that is sustainable and inclusive.
- 3.4 The content of the Change Strategy has been informed by in-depth insight on priorities for investment gathered through consultation with Council staff and representative focus groups, with a particular emphasis on hard-to-reach groups whose voices might not normally be heard. Members considered a detailed report on the main themes emerging from this engagement at the Committee's meeting on 6 December 2019. This, in turn, builds upon feedback received as part of consultation on the 2050 City Vision and more regular insight from the Edinburgh People Survey. This feedback has resulted in a more explicit focus within the

Change Strategy on addressing poverty, improving the well-being of the city's residents and supporting ambitious plans to become a carbon-neutral city by 2030.

3.5 Appendix 1 provides an overview of the significant work undertaken in recent months to develop the detail of the strategy as the foundation from which longer-term, priority-based change will be delivered. Members' attention is drawn, in particular, to the six interlinked and interdependent work programmes set out on pages 7 to 16 that will support delivery of the Change Strategy's three overarching aims, namely:

- Poverty and Well-Being;
- 2030 Net-Zero Carbon;
- A 21st Century Estate;
- Being an Efficient and Modern Council;
- Building an Inclusive City; and
- Empowered Citizens, Empowered Colleagues.

3.6 Recognising the crucial importance of financial sustainability to the integrity of the budget framework, work has also continued both to track the implementation of approved saving measures and manage underlying service pressures within Directorates. While the continuing balanced current-year revenue monitoring position set out in a report to the Committee's previous meeting on 23 January is to be welcomed, the co-ordinated, longer-term programme of transformation the Change Strategy seeks to achieve will only be successfully delivered from robust foundations.

4. Main report

Draft Scottish Budget 2020/21

4.1 It had been anticipated that the report to the Committee's January meeting would advise members of the impact on the overall savings requirement of the provisional LGFS to be announced in mid-December. Following the calling of the UK General Election, however, the Chancellor of the Exchequer wrote to the Treasury Select Committee to advise that the UK Budget announcement would no longer take place on the previously-indicated date of 6 November 2019 but with no revised date confirmed.

4.2 There is no specific legal requirement for the Scottish Budget, and by extension the LGFS, to be set after the announcement of the UK Budget. Given the impact of the Treasury block grant and other UK-determined tax-related assumptions on the overall level of funding available, however, recent years' practice has seen the Draft Scottish Budget presented to the Scottish Parliament some three weeks after the UK equivalent, with the LGFS then following two or three working days later.

4.3 The UK Government subsequently confirmed in early January that it would issue its Budget on 11 March. Following the conveying of significant concerns around the practical impact upon financial planning (and, in particular, the requirement for councils to set Council Tax levels for the following financial year by 11 March) of announcing the Scottish Budget after this date, the then Cabinet Secretary for

Finance, Economy and Fair Work confirmed that a one-year Draft Scottish Budget would be announced on 6 February, with the provisional LGFS issued on the same day.

Local Government Finance Settlement 2020/21

- 4.4 Given its later-than-usual date of publication, the Draft Budget will now enter a condensed period of officer and Parliamentary scrutiny. The draft LGFS is initially subject to one week's consultation, with comments invited on the accuracy of the calculations underpinning the accompanying Finance Circular. This period remains on-going as of the time of writing. Members should note that any agreed discrepancies or changes will require to be addressed within the overall quantum of funding contained within the LGFS and, as such, there is the potential for the provisional figures for the Council to change either favourably or unfavourably.
- 4.5 The total level of funding provided to local government may, however, change as part of the Draft Bill's Parliamentary consideration, given the likelihood of needing to secure the support of at least one other political party represented within the Scottish Parliament to be passed. In this regard, members' attention is drawn in particular to the Stage 1 Parliamentary debate, scheduled to take place on 27 February, which, based on previous years, is the most likely point at which any additional funding may be introduced.
- 4.6 Members will note that this debate takes place after the Council has agreed its budget but before the UK Budget is presented on 11 March. In view of the potential for changes to result from one or both of these events, a further report will be brought back to the Committee once the overall impact is known. Due to a combination of (i) the potential for additional funding to be introduced at Stage 1, (ii) the acknowledged cautious approach adopted by the Scottish Government in estimating the likely outcomes of the UK Budget and (iii) additional agreed flexibilities in the operation of the fiscal framework between the UK and Scottish Governments given these exceptional circumstances, however, it is not anticipated that this process will result in a reduction in overall funding.

Scotland-wide position

- 4.7 The provisional Settlement reflects baselining of the £90m of additional revenue resources initially provided on a one-off basis as part of the revised Local Government Finance Settlement in January 2019. In addition, it includes:
- (i) additional revenue (£201m) and capital (£121m) investment to support further expansion of early learning and childcare provision;
 - (ii) additional funding of £100m to support investment in health and social care services delegated to Integration Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. The £100m includes £25m to support on-going payment of the Living Wage Foundation-recommended rate by all adult care providers, £11.6m for implementation of the provisions contained within the Carers' Act and smaller sums for Free Personal and Nursing Care uplifts (£2.2m) and the full-year effect of school counselling funding first provided in 2019/20. Local authorities are required to pass on to Integration

Joint Boards and/or relevant services a net increase in overall recurring funding at least equal to their share of this £100m. *As such, there is not, at this time, any ability to apply an additional savings target to the IJB baseline prior to passing on in full the additional sums concerned;*

- (iii) full provision for the agreed Scottish Government contribution to the teachers' three-year pay award and a share of the costs of meeting increased superannuation contributions for teachers, consistent with the level provided in 2019/20; and
- (iv) £5.3m of additional revenue resources for valuation authorities to support implementation of the recommendations of the Barclay Review of Non-Domestic Rates.

4.8 The announcement also confirmed that local authorities will again have the flexibility in 2020/21 to increase Council Tax rates by 3% in real terms which, when adjusted for the relevant GDP deflator used in this calculation, permits increases of up to 4.84%. The provisional Settlement also includes sums in respect of national commitments around (i) maintaining current pupil:teacher ratios and (ii) guaranteeing a place for every probationary teacher who requires one under the Teacher Induction Scheme.

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

4.9 The headline provisional Local Government Finance Settlement shows a year-on-year cash-terms increase of £495m (4.9%) in revenue funding. This sum, however, reflects both funding for a number of new or expanded commitments (with corresponding expenditure obligations) and other presentational changes, the net effect of which requires to be incorporated in discerning the underlying impact on the Council's budget framework.

4.10 Once account is taken of the additional priorities noted in the preceding sections, the underlying level of Scotland-wide core revenue funding has decreased by about £95m (0.95%). Relative to this Scotland-wide position, Edinburgh's more favourable (essentially "flat cash") position reflects the net effect of:

- (i) a slight increase in its share of needs-based distribution formulae, primarily those funding allocations calculated with reference to overall population numbers, offset by a corresponding reduction in the contribution from the stability funding floor which smoothes out *year-on-year* changes in grant funding; and
- (ii) receipt of a significantly increased £8.4m contribution (compared to £1.7m in 2019/20) under the Scottish Government policy whereby no authority receives less than 85% of the average Scotland-wide *absolute* per capita level of revenue funding. This funding is provided after calculation of the core settlement.

Implications of the provisional 2020/21 Settlement for the Council's budget framework

- 4.11 As planning assumptions were based on a 0.7% like-for-like funding reduction, the provisional settlement represents a £5.1m improvement relative to the level of core funding assumed within the budget framework, in turn linked to the influence of the 85% funding floor. Given that the overall level of funding is reducing in real terms, however, difficult decisions will still be required.
- 4.12 As noted above, the draft Budget Bill now enters a process of further Parliamentary consideration. This consideration has, in the last three years, resulted in the provision of significant additional resources for Local Government, with £7.0m of further funding provided to the Council in 2019/20. While there is no similar guarantee for 2020/21, there is nonetheless the potential for new funding to be introduced either as a result of this process or confirmation of the UK Budget in March and members will therefore be kept apprised of any resulting changes.

Delivery of previously-approved savings and management of residual pressures

- 4.13 Since the Committee's meeting in October, an on-going assessment of the impact on overall planning assumptions of (i) management of residual cost pressures and (ii) delivery profiles associated with previously-approved savings has been made as summarised in Appendix 2. The combined effect of these changes is broadly net-neutral across the period of the framework but will, assuming subsequent approval, result in additional baselined investment in a number of priority areas such as temporary accommodation, home-to-school transport for young people with additional support needs and waste and cleansing services as shown in Appendix 3.
- 4.14 Taking into account the net impact of (i) the provisional Local Government Finance Settlement and (ii) updated assessments of required investment to address underlying service pressures, the revised three-year savings requirement, including savings approved as part of previous years' budgets but falling due for implementation in future years, is as follows:

	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Estimated incremental savings requirement, March 2019	29.600	26.200	28.500	84.300
Additional sustainable savings required to offset service pressures	10.370	(1.320)	(1.000)	8.050
Additional core funding contained within provisional Local Government Finance Settlement, 2020/21 relative to current assumptions	(5.100)	-	-	(5.100)
Revised incremental in-year savings requirement	34.870	24.880	27.500	87.250

4.15 This requirement may be reconciled to the equivalent sum detailed in the report to the Committee's meeting of 10 October 2019 as follows:

	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m
Estimated incremental savings requirement, October 2019	36.000	23.500	27.200	86.700
Change in budget framework provision to offset service pressures	(1.030)	(1.320)	(1.000)	(3.350)
Change in contingency for risks and pressures	(3.000)	(3.000)	(5.000)	(11.000)
Add back previously-approved savings to be delivered in future years	7.000	4.700	5.300	17.000
Add back assumed RPI+2% increase in discretionary fees and charges	1.000	1.000	1.000	3.000
Additional core funding contained within provisional Local Government Finance Settlement, 2020/21 relative to current assumptions	(5.100)	-	-	(5.100)
Revised incremental in-year savings requirement	34.870	24.880	27.500	87.250

Savings proposals for 2020/23

- 4.16 Previously-approved and newly-presented proposals, developed with officers, to a total value of £87.975m are set out in Appendix 4. Based on existing planning assumptions (summarised in Appendix 5), these proposals, if all approved, would allow the Council to set a balanced three-year budget, with an unallocated sum of £0.300m in 2020/21 and a further £0.425m in 2022/23. Approval would additionally allow release of the provision contained within the framework to support the loans charge consequences of £78m of planned capital investment in the Council's Wave Four schools programme.
- 4.17 The report to the Committee's meeting on 10 October 2019 noted the inclusion within the framework at that time of a specific contingency (totalling £11m over the three-year period) to provide both an element of protection against the emergence of future unfunded expenditure pressures and delivery shortfalls in elements of the savings programme. The revised framework does not explicitly include this contingency, primarily reflecting the difficulty, given wider pressures and service demands, to identify corresponding deliverable savings from which to create this financial headroom.
- 4.18 In order to retain an element of protection against partial savings delivery in some areas, however, corporate budgets (particularly required non-staffing inflationary provisions and Council Tax income) will continue to be examined in the remainder of the financial year and 2020/21 to identify any further potential savings. In addition, given the potential for additional funding for Local Government to emerge from the Draft Budget Bill's Parliamentary consideration, while this position may not be repeated in the two subsequent years, an element of any additional funding

could be left uncommitted as a contribution towards future years' incremental requirements.

- 4.19 Setting a three-year balanced revenue budget, rooted in a wider Change Strategy, would complement the ten-year capital plan approved by the Finance and Resources Committee on 6 December 2019 (and on which a further update is provided elsewhere on today's agenda) and addresses, at least in part, the recommendation in the Council's Annual Audit Report that a more strategic, long-term approach be adopted. As this year's process vividly illustrates, however, projections of available revenue funding, even over the short- to medium-term, are subject to considerable uncertainty and, as such, opportunities to develop a longer-term revenue budget plan will be kept under regular review.
- 4.20 Following approval of the Council's budget on 20 February, a progress update on required actions to support implementation will be brought to the Committee's meeting on 5 March.

Edinburgh Integration Joint Board (EIJB)

- 4.21 Prior to the announcement of the provisional LGFS, the budget framework for 2020/21 assumed a gross uplifts of £10.1m (including £1m in respect of the Carers' Act) in the Council's offer to the EIJB based on the level of additional earmarked funding received from the Scottish Government for health and social care in 2019/20. The framework also reflects the agreed baselining of the £2.5m additional contribution approved as part of the Council's 2019/20 budget in support of sustained performance improvement.
- 4.22 The Scottish Government introduced flexibility in 2019/20 to allow local authorities to offset their adult social care allocations to Integration Authorities by up to 2.2% relative to recurring spend baselines, based on an assessment of local needs. Financial planning within the Council and the EIJB had been proceeding on the basis that this target (some £4.8m in 2020/21) would also be applied in each of the next three years. In light of the terms of the provisional Settlement, however, the assumed savings target in 2020/21 has now been removed.
- 4.23 Based on the provisional Settlement for 2020/21, the Council's provisional offer to the EIJB will therefore increase by £8.3m (3.7%) over the 2019/20 baseline to £225.9m. While this pass-through of resources is some £1.8m lower than the initial planning assumption, the removal of flexibility in the Settlement (and thus not applying the £4.8m savings target) results in a net increase in the Council's provisional offer relative to current EIJB planning assumptions of £3m, inclusive of £1.0m of Carers' Act implementation costs support already assumed by the EIJB.
- 4.24 In addition, as a condition of receipt of full funding by territorial health boards, payments to Integration Authorities for delegated health functions must be increased by at least 3% over 2019/20 agreed recurring budgets. As part of the 2020/21 funding settlement, NHS Lothian has also been allocated an additional 0.9% uplift (taking its overall uplift to 3.9%) as part of application of the NRAC funding parity policy. If a corresponding additional uplift were passed through to the EIJB, this could be used to offset further pressures.

- 4.25 Following the initiation of a series of workshops and onward consideration by the Board of a proposed savings and recovery programme for 2020 and beyond, it is the intention to present a 2020/21 financial plan, incorporating a savings and recovery programme, to a special meeting of the EIJB in April. Taken together, improved offers from both partners based on their respective funding settlements have the potential to go some way towards addressing the residual 2020/21 funding shortfall highlighted by the EIJB Chief Finance Officer and discussions with partners are continuing as current expenditure and funding assumptions are refined.
- 4.26 Engagement is continuing with the EIJB on a range of issues including contribution-based charging and application of inflationary uplifts on Resource Transfer sums provided by NHS Lothian. Given both this and wider uncertainty about future funding levels, the proposals in Appendix 4 continue to assume that the Council will apply an annual savings target of up to £4.8m based on current service expenditure, prior to passing on relevant additional monies included within the LGFS, in each of 2021/22 and 2022/23.

Carbon budgeting pilot

- 4.27 In considering a report on the Change Strategy on 1 February 2019, members of the Committee agreed to establish a carbon budgeting pilot incorporating the school estate, streetlighting, traffic signals and waste functions which together currently account for almost 70% of the Council's emissions. Indicative targets for reductions were set for 2018/19, the results against which are summarised in the table below.

Emissions source	2017/18 (tCO ₂ e)	2018/19 (tCO ₂ e)	2018/19 (tCO ₂ e)	Year-on-year reduction
	Actual	Target	Actual	Actual
Streetlighting	10,447	7,489	8,203	21.5%
Schools - electricity	9,800	7,596	7,669	21.7%
Schools – gas	16,040	15,542	15,029	6.3%
Traffic signals	878	823	677	22.9%
Total	37,165	31,450	31,578	15.0%

- 4.28 While no formal target was set for 2018/19, waste-related emissions also reduced by some 29% from 67,842 to 48,050 tonnes following the opening of the Millerhill recycling and reprocessing plant.
- 4.29 Across all areas of the pilot (including waste), actual in-year emissions reduced by some 24%, allowing the overall school- and traffic signals-related targets to be met. Streetlighting-related emissions were, however, slightly higher than anticipated due to delays in roll-out of the LED replacement programme.
- 4.30 The report to the Committee's meeting in February 2019 included indicative targets for later years. Given that carbon budgeting forms an integral part of wider carbon management activity geared towards the city's becoming carbon-neutral by 2030, any relevant changes and supporting initiatives will be set out as part of this wider strategy and reported to the Policy and Sustainability Committee.

5. Next Steps

- 5.1 Following consideration by the Committee, the proposals set out in Appendix 4 will be referred to Council for decision as part of the budget-setting process.

6. Financial impact

- 6.1 If all approved, the proposals set out in Appendix 4 provide the potential to set a balanced three-year budget, allowing provision for associated borrowing costs of the Council's contribution to the Wave Four schools programme to be released.

7. Stakeholder/Community Impact

- 7.1 As set out in the engagement-related report to the October Finance and Resources Committee paper, there are no plans for a further formal consultation on the budget. Budget proposals which are anticipated to have a substantive impact on citizens and have not been previously subject to discussion will, however, require consultation prior to implementation. This is likely to take place following the budget decision to provide sufficient time for informed consideration.
- 7.2 This said, the proposals set out in Appendix 4 to this report are based on feedback on priorities gathered both as part of the dedicated staff and citizen focus groups and related initiatives, including the City Vision 2050 and on-going insight from the Edinburgh People Survey.

8. Background reading/external references

- 8.1 [Revenue Monitoring Month Eight Position](#), Finance and Resources Committee, 23 January 2020
- 8.2 [2020/21 Finance Plan Update](#), Edinburgh Integration Joint Board, 4 February 2020
- 8.3 [Finance Update](#), Edinburgh Integration Joint Board, 10 December 2019
- 8.4 [Revenue Monitoring 2019/20 – half-year report](#), Finance and Resources Committee, 6 December 2019
- 8.5 [Change and Budget Citizen Focus Groups Report](#), Finance and Resources Committee, 6 December 2019
- 8.6 [Council Change Strategy: Planning for Change and Delivering Services 2019-23](#), Finance and Resources Committee, 10 October 2019
- 8.7 [Capital Budget Strategy 2020-2030](#), Finance and Resources Committee, 10 October 2019

9. Appendices

Appendix 1 - Change Strategy progress update

Appendix 2 - Delivery of previously-approved savings and management of residual service pressures – updated assessment

Appendix 3 - Detailed pressures and investment by Directorate

Appendix 4 – Budget proposals overview, 2020/23

Appendix 5 – Principal current financial planning assumptions, 2020/21 to 2022/23

Our Change Strategy Foreword



Adam McVey
Council Leader



Cammy Day
Depute Leader



Andrew Kerr
Chief Executive

A year ago, we set out the first stage of our Change Strategy, [Planning for Change and Delivering Services](#). We spoke of our ambitions, the opportunities available to us as a city, and the challenges we need to overcome in order to deliver the Council's [Programme for the Capital](#) and the Administration's 52 Commitments to the city.

Over this first year, residents of Edinburgh have been telling us about the kind of city they want Edinburgh to be now, and in the future. [The 2050 City Vision](#) may be looking decades into the future, but to make it happen, we need to start now.

We are committed to ensuring our actions contribute to making Edinburgh the kind of city residents are proud to live in, and that everyone can benefit from the success of the city. To achieve this, the first stage of our Change Strategy concentrated on three themes:

- to provide **high quality services**
- making sure that our growth is **sustainable and inclusive**
- to prioritise **early intervention** and preventative actions to support vulnerable people.

We are building on these themes and explicitly focusing on tackling poverty, improving the wellbeing of our residents and becoming a carbon neutral city by 2030.

With this in mind, we have developed six programmes highlighting the practical steps we are taking over the next three years and beyond.

- A **21st Century Estate**
- **Poverty and Wellbeing**
- 2030 Net **Zero Carbon**
- Building an **Inclusive City**
- Being an Efficient and **Modern Council**
- Empowered **Citizens**, Empowered **Colleagues**

Last year we showed the scale of the challenge; a potential budget gap of £106 million between 2019 and 2023. This year we will show how this gap can be closed and our budget balanced over the next three years. This will present challenges and changes, but we are committed to delivering the best possible services for the people of Edinburgh whilst maintaining a strong and sustainable financial position.

Our Change Strategy

The Story So Far

What have we achieved?

After the first year of our four-year Change Strategy we have made significant progress in redesigning services, improving efficiency and making savings in our Revenue Budget.

We have:

- delivered savings worth over £30m
- created an independent Poverty Commission which will shortly publish its final findings
- launched an innovative programme of intelligent automation, improving response times and access to services
- successfully lobbied the Scottish Government to grant powers to introduce levies on workplace parking and transient visitors.

Through our capital and investment budgets, we have achieved all of this whilst still making sustainable investments in infrastructure including:

- £67m for new or refurbished primary and secondary schools across the city
- £153m to upgrade our estate of nearly 600 operational buildings
- £11m to upgrade street lighting to energy efficient LED lights
- £7.4m on active travel and cycling around the city
- £15.7m of additional investment in health and social care
- funding a rapid access accommodation pilot and dedicated housing officers to reduce homelessness
- started construction on extending the Tram network.

So, What now?

Local authorities across Scotland are faced with rising demands for services at a time where the funding from Government is being increasingly stretched. Over the following pages we will look at our finances, the people and the city of Edinburgh, and the broader national context. This will show how our City Vision and the three themes of the Change Strategy have informed the six programmes we will use to ensure Edinburgh is a sustainable, inclusive city with access to efficient and modern Council services.

Our Change Strategy

Finances

Our **Revenue Budget** covers day-to-day spending on providing Council services, including staff salaries, utilities costs, and supplies.

The money to support our spending is set out at the start of the year through a combination of Government Grants, Non-Domestic Rates and Council Tax. We also collect some income from providing a range of Council services.

In 2019/20 roughly a quarter of our budget comes from **Council Tax**



Scottish Government Funding and **Business Rates** make up the rest



From every household in Edinburgh we collect, on average, **£1,175** of Council Tax.

The average cost of providing services to each household is over **£4,000**.

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 construction of new buildings such as schools. Money for capital spending can come from Government grants or income from selling property. Most of the remainder comes from borrowing.

Broadly speaking, these two budgets 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 longer-term capital projects.

We have already saved over £300 million since 2012, but there are further demands on our services, rising public expectations and other pressures on our budget. **In 2019/20 our revenue budget was £965 million.**

From our current budget of **£965million**, we need to make savings of roughly **10%** by 2023(£100m)

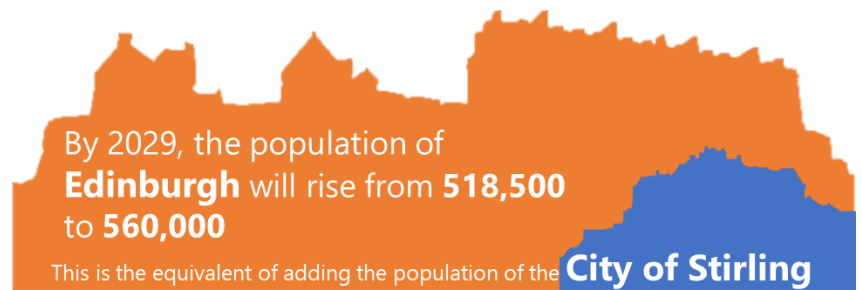


Our Change Strategy

People

In the coming years there will be an increased demand for all of our services, from **schools, roads and bin collections**, to **care homes, housing and mental health** services.

In 2021 it is forecast that the number of people aged 65 and over will overtake the number of people aged under 18. In comparison to 2018, by 2023 there will be 4,000 more children



in our schools and our **total population** will have increased by **23,000 people**.

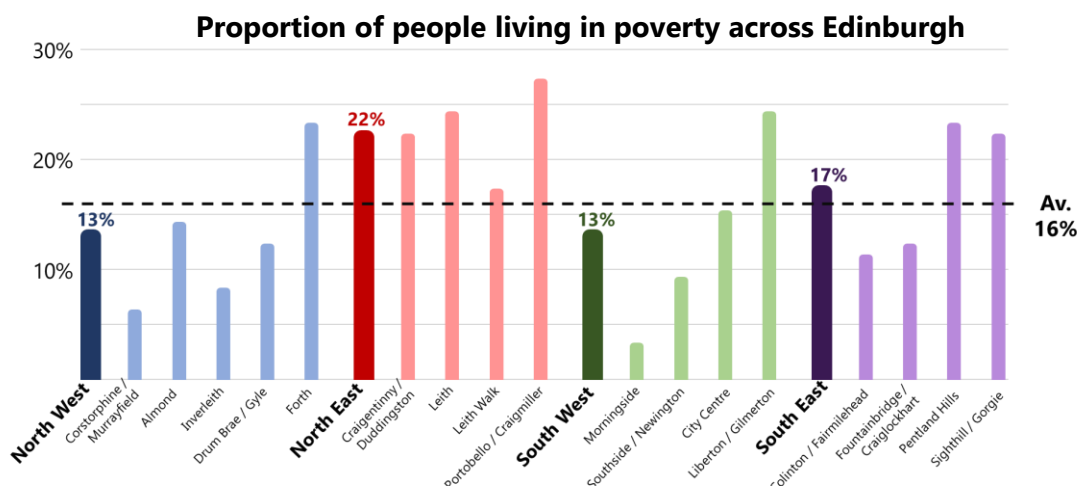
We need to make sure that the city continues to be open, progressive and forward-thinking so that everyone can share in the benefits. To do this we need to be a modern organisation focused on efficient and effective delivery of our public services. We cannot continue to do things the same way we always have.

We need to change and improve.

We all think that Edinburgh should be a city where everyone has a chance of a decent and secure life, no matter their start in life or where in the city they live.

That is not the case now. We know that over 80,000 of our citizens, including almost 1 in 4 of our children, live in poverty and an increasing number of our citizens, even some in work, rely on foodbanks. This cannot be allowed to continue.

Working together as a city, we have a responsibility to act and a legal duty to end Child Poverty by 2030. More than that we have an opportunity to improve this position. We believe that much lower rates of poverty in Edinburgh can be achieved.




Our Change Strategy

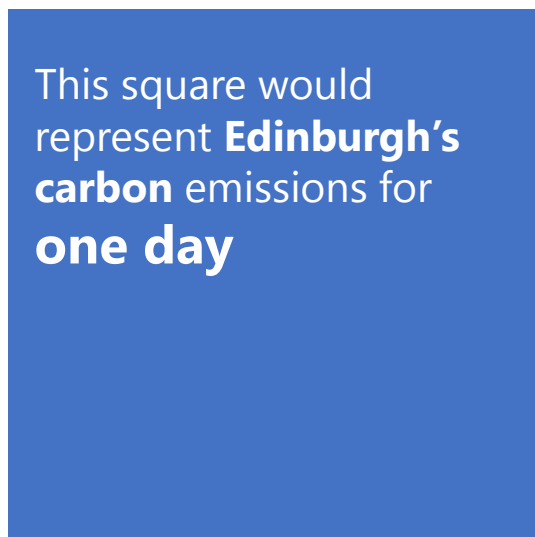
The City

Edinburgh has a rich **cultural history** and the Council is proud to play a significant role in supporting cultural life in the city, from our festivals to our 'here all year' organisations.

We welcome people from across the globe who come to see and experience our vibrant capital city. This needs to take into account the economic benefit to the city balanced with the **needs of those who live and work here**.

Responding to the **global climate crisis** is a fundamental part of the Council's planning for the future. We have committed to becoming a carbon neutral city by 2030. To achieve this ambitious target the Council has co-sponsored a City Climate Commission and will develop a 2030 City Sustainability Strategy. We have already significantly reduced our carbon footprint over the last decade but there is still a lot of work to do. Edinburgh, as a city, needs to step up and play its part and encourage involvement from every resident.

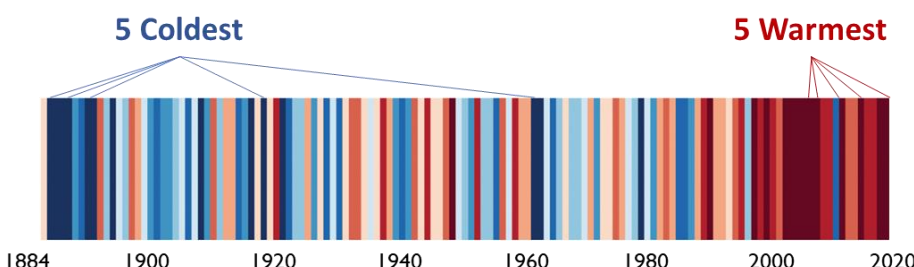
If this dot  represents **one tonne of carbon dioxide**.



This **whole page** would represent our emissions for **less than two weeks**

A full year would fill **30 pages**

The graph below shows the UK average temperature for every year since records began



The five **hottest years ever recorded** have **all** occurred since **2006**.

All of the **top ten** have occurred **since 2002**.

Our Change Strategy

National Context



The **Scottish Government** has developed a National Performance Framework which includes **11 strategic aims** aligned to the UN Sustainable Development Goals. They prioritise, health, wellbeing and sustainability.

Our City Vision

In 2016, we launched a major conversation about the future of our city and society.

During the first year, we spoke to thousands of people of all ages, and identified four important themes that resonated with the people of our city:

To be **connected, inspired, thriving, and fair**.

Our Change Strategy

Through our three themes, the City Vision and the Scottish Government Framework, we have developed six programmes:

- A **21st Century Estate**
- **Poverty and Wellbeing**
- 2030 Net **Zero Carbon**
- Building an **Inclusive City**
- Being an Efficient and **Modern Council**
- Empowered **Citizens**, Empowered **Colleagues**

These **Work Programmes** have been developed to illustrate how **our services are interlinked** and interdependent. By **focusing on our key aims**, all services can see how they **contribute to common goals** and share both the challenges and rewards.

Poverty and Wellbeing

Our main aim is that everyone should benefit from Edinburgh's success. In setting this three-year budget we will continue to deliver our plans to reduce poverty and improve residents' wellbeing. We are committing to this in the following three ways:

Developing a long-term Prevention Strategy

Prevention is all about providing the right support in the right way at the earliest opportunity to prevent the need for services developing for longer. The best way of improving long term outcomes for people is to ensure they can access help when they need it. For example, it is important to support people who have become homeless, but if we can work together and work differently to stop it happening in the first place, then we can make a more positive difference to people's lives in a sustainable way. This will not happen in a single, simple step and the challenge will increase as Edinburgh's population grows. We are changing how we work, moving from being reactive to being proactive. We will be more collaborative and empower citizens, communities and service providers to be heard and to be involved.

The Edinburgh Poverty Commission

We set up the independent Edinburgh Poverty Commission to investigate and define what we can do to end poverty in this city. The first findings have been published and final recommendations will be released in March. We will take these recommendations forward to improve the lives of people who are struggling to get by in this city.

A new approach to maximising wellbeing

Tackling poverty and inequality is also about improving the wellbeing of all citizens. Residents have access to some of the best parks, green spaces and leisure facilities in Scotland. We want to protect this for the enjoyment and physical health benefits they bring but also recognise the role of leisure facilities in improving mental health. We have an extensive library network and a wide selection of community-based learning that improves opportunities for citizens to socialise and develop new skills. We need to ensure that services such as these are designed around our residents' needs and can be sustainably funded to ensure they remain available for those who rely on them.

2030 Net Zero Carbon

Responding to the global climate crisis is a central part of our plan for the future. We want to be a carbon-neutral city by 2030. We have a lot of work to do and we need to start now.

Leading with Partnership: an Edinburgh Commission for Climate Action

55% of the City's carbon emissions could be reduced with current technology and behaviour choices that would pay for themselves within 10 years. Only around 12% of the city's emissions come from public bodies such as the Council, the NHS and our Universities. This means we must work as a city, with businesses and citizens, to find new and better ways of reducing our carbon footprint if we are to prevent the worst impacts of climate change. With the Edinburgh Centre for Carbon Innovation, we are co-sponsoring the establishment of the Edinburgh Commission for Climate Action. This will be an independent body that will advise and support the whole city to play its part in protecting our environment for future generations.

Short Term Improvement Plan

There are actions the Council has the power to take right now which would represent a meaningful step forward on our journey towards our 2030 target and we have already agreed a short-term improvement plan that will ensure we are maximising these wherever possible.

We will continue to look at energy generation, insulation and energy saving measures in some of our older buildings which present the greatest challenge in our historic city. We want as many of our building improvements and new builds to conform to the highest energy standards possible. We have already started to increase the number of charging points for electric vehicles across Edinburgh with plans under development to increase the number significantly to ensure that we are a city where people can easily make positive choices to move to electric and public transport. There is more to be done to realise our 2030 ambition, but it is vital we act now and build momentum for the long-term change that is needed.

Developing a 2030 City Sustainability Strategy

Building on the work already started and work underway with our partners and citizens we will publish an ambitious City Sustainability Strategy by the end of the year. The strategy will build on recent progress and the recently published City Centre Transformation, City Mobility Plan, Local Emission Zones and City Development Plan and will ensure we have a practical plan that responds to the agreed ambition for the city to be net zero by 2030.

21st Century Estate

Ours is a unique city. We have more greenspace than any other UK city and two UNESCO World Heritage Sites. We also have a fantastic network of community buildings which are a highly valued part of the social fabric of Edinburgh. Over the last few years we have reduced the number of buildings we use but still spend £100m a year running the ones we still own.

Land and Property Commission

Resources like offices and depots can be shared across the public sector. We'll be able to identify sites for new housing, release capital for investment, reduce costs and carbon emissions. This will be overseen by a Land and Property Commission and supported by the Scottish Government.

Managing, using, and investing in our estate

We are developing a new Estate Strategy examining all aspects of how we run and maintain our buildings and land. We have committed £153m of additional investment in our estate. This will hugely improve the condition, safety and accessibility of our buildings. We are investigating energy generation, insulation and energy saving measures in some of our older buildings which will be done in an ethical, sustainable way contributing to our carbon target and saving money in the long term.

Depots and Yards strategy

Three years ago we had 16 depots and yards spread all over the city. Today we have 10 and by 2023 we want this to reduce to three consolidated fit-for-purpose facilities. This will release land for housing and development and make our services more efficient and effective.

Cultural venues

We operate 13 museums and galleries across the city with staff curating a collection of over 200,000 items. We're reviewing how these collections are housed and how the public can make the most of them. Our commercial venues such as the Usher Hall can update the services they offer to be more accessible and generate more income, for example through cashless payment for food, drinks and merchandise.

Investment in the learning estate

We are developing our Learning Estate with 10 new or replacement primary schools and seven replacement secondary schools over the next 10 years. Queensferry High School will be opening this Easter. As a part of our environmental commitments, as many of our renewals and new builds as possible will conform to Passivhaus standards in line with the 2030 City Plan.

Our Change Strategy

Efficient and Modern Council

Our people are at the heart of delivering services. To deliver the right outcomes for citizens and the city, we'll need to continually reform and change as an organisation and continue to modernise our services. This can be done by making the most of digital technologies, improving access to services for citizens and, at the same time, streamlining our internal operations further.

A diverse and inclusive council

It is important that the Council's workforce becomes more inclusive, representative and reflective of the City and the communities that we serve. Our recently approved Diversity and Inclusion strategy, includes supporting our colleague networks for Women, BAME, LGBT+ and colleagues with disabilities or long-term conditions. We're committed to closing the Gender Pay gap and improving the diversity of our most senior managers.

Our employee health and wellbeing

Our Wellbeing strategy outlines our commitment to supporting the financial, physical and mental wellbeing of our employees, this includes programmes to break down the stigma associated with mental health conditions. It's critical that our workforce is fit and healthy to deliver services for our citizens.

What and how we pay our workforce

A review of what and how we pay our workforce is underway so that we can attract, retain and appropriately reward our workforce with a firm commitment to fully integrating the Scottish Local Government Living Wage. This is cognisant of our need to deliver services, the labour market, market comparators, living hours, gender pay, equal pay and our nationally agreed terms to ensure fairness, transparency and equality. Proposed changes will involve consultation and engagement with our employees and Trade Unions through our partnership agreement.

Continued review of our employee policies

Our employee policies set the tone for what we expect from our people. Set within a legal and regulatory framework, it's important that these set the right balance of expectation and support aligned to our values. To support our people and our change strategy, we have recently implemented a new change management policy with greater focus on engagement and a new absence management policy with a greater focus on prevention. We work closely with our Trade Union partners, colleagues and subject matter experts to help shape and develop the best policies for our people and organisation.

Our Change Strategy

How we develop our workforce

To ensure that we can support and equip our people properly, both now and in the future, we will continue to invest in learning and development. It's critical to grow the right skills and knowledge and to encourage a learning environment where our people are empowered to own their development. This includes key areas such as performance management, digital, mental wellbeing awareness and personal resilience. There is a need for strong leaders capable of supporting people through continuous change and improvement. We have recently implemented a new Leadership Framework, which includes managing change and performance. We have also launched a flexible self-directed digital development platform and a new Inspiring Talent programme recognising the need to develop both current and future leaders. Equally we continue to provide a wide range of essential learning to ensure core competence is maintained and professional standards achieved.

A new Smart City strategy

The increasing use of data and the advances in digital technology make it possible to oversee many aspects of city management through a single operations centre. It is also possible to bring teams together to reduce running costs, whilst improving outcomes for the city and citizens. We'll adopt a proactive approach to maximise the benefits of new technologies for areas such as: digital learning, digital health and smart housing. We'll do this in partnership with the City Region Deal Data Driven Innovation Programme and our IT partner, CGI.

Digital learning

Edinburgh schools have long led the way in world class digital learning. Three of our secondary schools are already recipients of the Digital Schools Awards and we are determined that every child in every school will have the same opportunities. One of the key strands of our revised education system, Edinburgh Learns, is the strategy for Digital Learning which sets out how we train staff, support school leaders, and how we provide the highest quality devices to enhance learning. Digital learning for life, with families using school devices at home to access the internet forms part of this ambitious, inclusive strategy.

Council Wide efficiency programme

We have made good use of automation and process improvement and our award-winning procurement team is working with service areas to see how we can buy supplies and services as efficiently as possible. As a Council we will spend responsibly ensuring public money delivers community benefits, carbon emissions reductions and a more sustainable supply chain.

Our Change Strategy

Management of corporate finance

We have an excellent track record in achieving positive outcomes from our approach to treasury management, including our arrangements for borrowing and loans. We will continue to make prudent, sustainable and affordable investment decisions to support and maximise the funding we have available to provide services.

Income generation

We already generate additional funding through a range of our discretionary services and the application of fees and charges. We also leverage significant additional funding through the careful management of our investment property portfolio. We will continue our work to maximise all our revenue streams for the future.

Building an Inclusive City

Edinburgh has the strongest economic growth in the UK outside of London and our population continues to grow. We want everyone who lives here to benefit when the city does well, so we are investing in housing, transportation, schools and roads. We have one of the highest housing construction rates in the country and work on the Tram to Newhaven has begun. Across Edinburgh we have significant opportunities to develop our city and the communities within them. We have a series of strong plans to make the most of the opportunities we have.

Tram to Newhaven

A £207m investment has been approved and the construction phase is now underway. The extension is projected to raise £7m of fare income through the additional passengers using the extended Tram network from 2023, meaning that the project will not affect the on-going level of resources available for other services.

Housing and regeneration

We are committed to delivering 10,000 new affordable homes by 2022 and 20,000 by 2027. We are on track to achieve this target. To get this done we are working with Housing Associations and the private sector.

City Plan 2030

The future shape of the city will be guided by our 2030 city plan which was published earlier this year. It focuses on four key themes – sustainability, affordability, mobility and that everyone benefits from economic success.

A new approach to learning and community infrastructure

The Scottish Government launched its new Learning Estate Strategy in September 2019 with a focus on Connecting People, Places and Learning. As part of building an inclusive net zero-carbon city we need to create community lifelong learning and sports hubs where public services can be co-located with links to active travel networks, green infrastructure and strategic public transport networks.

Edinburgh Learns

Every child in our schools should have the highest quality education to develop the skills and competencies they need. Edinburgh Learns describes how we are radically reforming our whole education system with research-informed practice, collaborative decision making and genuine participation. Like the City Vision, it's ambitious and inclusive, and is already showing impact with more children and young people achieving key measures, including the narrowing of the attainment gap at P4, P7 and S3.

Our Change Strategy

City Centre Transformation

We need to have a sustainable city centre which protects our heritage and works for residents, businesses and visitors. By encouraging public transport and active travel we can reduce congestion and pollution – making Edinburgh a vibrant and sustainable capital city.

Edinburgh BioQuarter

This four-way partnership between the University of Edinburgh, NHS Lothian, the Council and Scottish Enterprise is designed to create high quality jobs and services adjacent to some of the most deprived areas of Edinburgh.

West Edinburgh and Granton Waterfront

These represent two of the largest development and regeneration sites in Scotland, and work continues with partners to maximise these major opportunities for mixed-use, high-quality development.

City Mobility Plan

We recently published an ambitious ten-year plan to change the way that people move around the city, focused on public transport, cycling and walking.

Transient visitor and workplace parking levies

Legislation is either in place or due to be progressed in 2020 for both a Transient Visitor Levy and a Work Place Parking Levy. If implemented these could provide additional income we can keep to help us make Edinburgh a sustainable city that meets the needs of residents, businesses and tourists.

Empowered Citizens, Empowered Colleagues

Both residents and colleagues within the Council, will be at the heart of the Change Strategy. Citizens have much to offer when they collaborate, with services which have been co-designed often delivering better outcomes than traditional models. Empowering citizens has also been a growing theme across the UK. Several recent acts have been passed by the Scottish Government that strengthen the voice of citizens in service design and budget allocation. We will prioritise a collaborative way of working through our strategic partnerships, contracts, third sector collaborations, and with communities and citizens.

We know that people working in the Council are committed to public service and they want to improve the quality of life for the people that live in, work in, study in or visit Edinburgh. A new approach to service design and working can have a positive impact on citizens' lives but also on colleague satisfaction and productivity. People across the Council have been clear that whilst they understand the need for change they don't always feel properly engaged or consulted. We will work with colleagues to ensure the right support and engagement is in place to ensure our whole workforce feels the Council is an exciting and rewarding place to work.

Active engagement and consultation with our residents

We have more than tripled citizen engagement in Council consultations in the last three years as we consider major change in the city from City Centre Transformation to the budget and climate action. We will continue to innovate and use modern and accessible ways of consulting with all citizens, engaging earlier and more meaningfully. We will be introducing new standards for consultation across the Council that will ensure consistent good practice showing clearly how citizen views shape the work of the Council.

Citizen empowerment and a new way of working together

We will work with citizens to develop a new way of working across the Council that focuses first on the strengths that citizens and communities hold. We will focus on how the Council can support community and citizen capacity to grow; co-designing services around strengths and listening to citizens' experiences and needs. This will begin with our approach to prevention and build on good practice within children and family services that has enabled citizens and communities to work with us to design and deliver services that have improved lives.

Participatory budgeting

Work is underway on a series of key participatory budgeting opportunities that will enable the public to decide how resources are invested. This will ensure we fulfil our commitment that 1% of council budgets should be invested through participatory budgeting by 2021.

Partnership

The Edinburgh Partnership has been on a journey of reform. New governance is now in place and the 10-year Locality Outcome Improvement Plan has been agreed around the priorities of poverty and inequality. The focus now is on delivery and further collaboration across the public sector and wider partners to ensure we are taking action to collectively address the challenges and capitalise on the opportunities facing the city.

Our Change Strategy

Conclusion

The Change Strategy is designed to ensure everyone can benefit from Edinburgh's success. We are building on progress made in the last 12 months, but this is just the beginning.

By 2023 we are committing to:

- **balancing our budget each year** and being a strong, sustainable Council
- providing **high quality services** that prioritise and **maximise all of our residents' wellbeing**
- **creating a sustainable, efficient estate** that meets the developing needs of residents
- making significant progress in **tackling poverty** in Edinburgh
- **involving citizens and staff** in the decisions that affect the city and its people
- developing a clear plan to **become carbon-neutral by 2030**
- completing construction of the extension of **trams to Newhaven** and **10,000 affordable homes**
- implementing a **Transient Visitor Levy**.

The Change Strategy is not just a document. It's a tool that will be used to set priorities across the Council. It will influence and drive the way we operate as an organisation and how we deliver services.

We have set up a change board to monitor the progress of major projects to ensure they are well-governed, resourced and run efficiently. The Council will receive regular reports and updates so there will be a full view of the work carried out to ensure honesty, accountability and transparency on behalf of the people and city of Edinburgh.

Appendix 2 – Delivery of previously-approved savings and management of residual service pressures – updated assessment

Previous reports to the Finance and Resources Committee have consistently highlighted the importance of sustainable foundations to the integrity of the budget framework. In this context, both delivery of previously-approved savings and active management and mitigation of residual service pressures are vital.

Delivery of previously-approved savings

Based on an assessment of their deliverability, the savings requirement set out in the report considered by the Committee on 10 October 2019 assumed a total of £17.0m of measures approved as part of the 2019/23 budget would be available to contribute towards future years' savings requirements. This assessment recognised that, in some cases, these savings represented the full-year effect of actions to be implemented in 2019/20.

The assessment has been reviewed on an on-going basis since that time and currently indicates that, in view of the status of associated implementation plans and experience of actual delivery in 2019/20, this figure has reduced slightly to £15.932m. The main change from the earlier assessment is a decreased level of saving relating to the review of the Economic Development function based on the impact of changes to date.

Management of residual service pressures

Executive Directors and their Heads of Service have also continued to examine service pressures with a view to mitigating, as far as is practicable, their impact. This assessment has, however, recognised that some pressures are, by their nature, complex, with corresponding mitigating actions only therefore deliverable over a longer timescale. Through targeted action to avoid direct frontline service impacts, however, this residual sum has been mitigated to £10.370m, anticipated to reduce by a further £1.320m in 2021/22 and then £1.000m (i.e. cumulatively £8.050m by 2022/23).

While adding to the overall savings requirement, much of this investment is focused in priority areas within the broader Change Strategy, including home-to-school transport for young people with additional needs and temporary accommodation. Other elements will bolster the foundations from which to deliver planned service improvements in core services such as waste collection and disposal. The full make-up of this investment is set out in Appendix 3.

Appendix 3 - Detailed pressures and investment by Directorate

Pressures	Month 6 Net Pressure	One-Off Mitigation and Other Factors	Estimated Residual Pressure 2020/21	Residual pressure requiring action by 2020/21	Investment 2020/21	Reduction in Investment 2021/22	Reduction in Investment 2022/23	Investment by 2022/23
	£m	£m	£m	£m	£m	£m	£m	£m
Home-to-School Transport	1.800	-0.200	1.600	-0.100	1.500	-0.500	-0.500	0.500
Temporary Accommodation	0.800	1.400	2.200	-0.200	2.000	0.000	0.000	2.000
Efficiencies - Management Savings and Workforce Management	0.900	0.100	1.000	-0.600	0.400	0.000	0.000	0.400
Schools Non-Devolved Costs	0.600	0.000	0.600	-0.600	0.000	0.000	0.000	0.000
Community Access to Secondary Schools	0.800	0.000	0.800	-0.480	0.320	-0.320	0.000	0.000
Schools Demographic Pressures	0.000	0.400	0.400	-0.240	0.160	0.000	0.000	0.160
Community Justice	0.200	0.700	0.900	-0.900	0.000	0.000	0.000	0.000
Libraries Income	0.300	-0.100	0.200	-0.200	0.000	0.000	0.000	0.000
Primary School Lets	0.150	0.000	0.150	-0.150	0.000	0.000	0.000	0.000
Adult Education	0.100		0.100	-0.100	0.000			0.000
Safer and Stronger Communities - Family and Household Support	-0.200	0.200	0.000	0.000	0.000			0.000
Communities and Families	5.450	2.500	7.950	-3.570	4.380	-0.820	-0.500	3.060
Property and Facilities Management	0.572	3.416	3.988	-1.988	2.000	-0.500	-0.500	1.000
ICT Partnership - Contract Optimisation		0.900	0.900	-0.900	0.000			0.000
Customer and Digital Services - Efficiency Savings	0.000	0.437	0.437	-0.262	0.175			0.175
DWP Grant Reduction	0.352		0.352	-0.152	0.200			0.200
Print and Mail Strategy		0.100	0.100	-0.100	0.000			0.000
Legal and Risk	0.273		0.273	-0.273	0.000			0.000
Workforce Management	-0.527	0.527	0.000	0.000	0.000			0.000
Resources	0.670	5.380	6.050	-3.675	2.375	-0.500	-0.500	1.375
Waste	0.649	1.151	1.800	-0.550	1.250			1.250
Parks and Greenspace	1.009		1.009	-0.605	0.404			0.404
Network (Transport Reform)	0.625		0.625	-0.625	0.000			0.000

Pressures	Month 6 Net Pressure	One-Off Mitigation and Other Factors	Estimated Residual Pressure 2020/21	Residual pressure requiring action by 2020/21	Investment 2020/21	Reduction in Investment 2021/22	Reduction in Investment 2022/23	Investment by 2022/23
	£m	£m	£m	£m	£m	£m	£m	£m
Place - Residual Budget Gap	1.255		1.255	-1.255	0.000			0.000
Place - currently red-assessed savings which require a new plan	1.000	-0.150	0.850	-0.850	0.000			0.000
Fleet	0.219	0.400	0.619	-0.372	0.247			0.247
Roads	0.104		0.104	-0.104	0.000			0.000
Cleansing	0.535		0.535	-0.535	0.000			0.000
Scientific Services	0.458		0.458	-0.458	0.000			0.000
Infrastructure	0.107		0.107	-0.107	0.000			0.000
Environmental Localities	0.360		0.360	-0.360	0.000			0.000
Planning and Building Standards	0.457		0.457	-0.457	0.000			0.000
Place	6.778	1.401	8.179	-6.278	1.901	0.000	0.000	1.901
Lean / Automation	1.750		1.750	-0.250	1.500			1.500
Income Generation	1.000		1.000	0.000	1.000			1.000
Workforce Modernisation and Change Management	0.500		0.500	0.000	0.500			0.500
Reduction in Senior Management	0.243	-0.107	0.136	-0.136	0.000			0.000
Council-Wide Savings	3.493	-0.107	3.386	-0.386	3.000	0.000	0.000	3.000
Total - Service Budgets and Council-Wide Savings	16.391	9.174	25.565	-13.909	11.656	-1.320	-1.000	9.336
Carbon Reduction Commitment/Climate Change Levy - net savings	-0.500		-0.500	0.000	-0.500			-0.500
Efficiencies - enabling funding	-0.786		-0.786	0.000	-0.786			-0.786
Corporate Budgets: Recurring	-1.286		-1.286	0.000	-1.286	0.000	0.000	-1.286
Final Position	15.105	9.174	24.279	-13.909	10.370	-1.320	-1.000	8.050

The City of Edinburgh Council

Budget Proposals Overview

Change Strategy 2020/21 – 2022/23

Financial Summary

Theme	Description	2020/21 Saving (£m)	2021/22 Saving (£m)	2022/23 Saving (£m)	Total Saving (£m)
1. Income Generation	Looking at ways to increase our income.	1.255	1.406	1.157	3.818
2. Workforce	Ensuring our workforce is effectively organised.	1.021	1.714	2.628	5.363
3. Service Reduction	Stopping or reducing some services.	0.921	0.100	1.000	2.021
4. Council-Wide Budgets	Looking at ways to maximise the level of funding available for priority services.	21.200	14.250	15.800	51.250
5. Service Reform	Improving services through changing how they are delivered.	4.315	1.710	1.150	7.175
6. Digital Delivery	Making better use of technology to deliver customer facing services.	1.100	0.800	1.440	3.340
7. Arm's Length Organisations	Assessing and maximising the value delivered through our relationship with our ALEO's.	0.593	0.250	0.500	1.343
8. Operational Efficiencies	Challenging ourselves to be more efficient each year.	4.265	2.750	2.150	9.165
9. Our Assets	Making best use of our estate and being more sustainable.	0.500	1.150	1.850	3.500
10. Well-being Services	Redesigning services to promote well-being.	-	0.750	0.250	1.000
TOTAL SAVINGS		35.170	24.880	27.925	87.975

1. Income Generation

What is being proposed?

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

Income generation (£1.500m)

Reviewing potential opportunities to increase income for the Council and creating a structured approach to taking forward identified options.

Fee-Paying Adult Education (£0.200m)

Adult Education is an important service that contributes towards our longer-term health and wellbeing goals. It is important that we assess all the classes we provide by subject, attendance, frequency, accessibility and location to make sure we are doing it in a way that supports those that need it most while aiming to remain cost neutral to the Council.

Culture Services – Increasing Income (£0.150m)

We are responsible for a wide range of cultural venues, from museums and galleries to live venues. We want to focus on providing improved or additional services to contribute towards generating income, such as cashless payments at the Usher Hall and Assembly Rooms and seeking to repurpose cultural venues which are not currently used. These will not compromise any existing services being offered.

Edinburgh Shared Repairs Service (ESRS) (£0.205m)

An administration fee would be charged to conveyancing solicitors for the provision of debt information during the process of selling or buying property in Edinburgh. The sharing of a manager position across two service areas will also be piloted.

Pre-Approved Savings from 2019/20

Parks and Greenspace (£0.100m)

It is intended that this will be achieved by increasing income generation through sales to the public or production of plants and flowers for neighbouring local authorities. An assessment of the potential to increase concessions and licences granted in parks will also be undertaken, in line with existing parks and greenspace policies.

Statutory Consents (£0.100m)

Approved last year, we are working to ensure that the charges we make for Statutory Consents cover the cost of providing the service.

	<p>Advertising Income (£0.300m)</p> <p>We will look to generate additional income from the Council’s outdoor advertising contract, including advertising on Tram stops. This could include installing digital boards at specific points in the city.</p> <p>Parking Action Phase 2 (£1.263m)</p> <p>We are reviewing current parking arrangements across Edinburgh and considering an expansion of parking controls into areas where there are known parking pressures created by commuter and non-residential vehicles and/or there have been requests for parking controls from residents and community groups to improve parking opportunities.</p>
What could change?	<ul style="list-style-type: none"> • Monies due are collected in a cost-efficient manner whilst continuing to support those who may need assistance • Improved parking opportunities for residents, businesses and their visitors. • Enhanced conditions for walking, cycling and public transport. • May include the extension of residents’ permit zones.

Income Generation			Breakdown		
			2020/21 £m	2021/22 £m	2022/23 £m
Proposal	Current Spend (£m)	Total Saving £m			
Income Generation	N/A	1.500	0.500	0.500	0.500
Fee-Paying Adult Education	0.078 (net)	0.200	-	0.200	-
Culture Services	9.014	0.150	0.112	0.038	-
Edinburgh Shared Repairs Service	0.768	0.205	0.190	0.008	0.007
Pre-Approved:					
Parks and Greenspace	1.661	0.100	-	0.100	-
Statutory Consents	N/A	0.100	0.035	0.040	0.025
Advertising Income	N/A	0.300	0.300	-	-
Parking Action Plan	N/A	1.263	0.118	0.520	0.625
	Total (£m):	3.818	1.255	1.406	1.157

2. Workforce

<p>What is being proposed?</p>	<p>The Council is a major employer, providing a range of public services to the city. Ensuring that our workforce is effectively organised and able to better respond to the needs of citizens and service users means that we must continue to evolve our staffing structures. This also means that our management costs need to be appropriate for a productive and effective organisation.</p> <p>Ensuring our organisational structure is efficient needs to be complemented by modernised reward and recognition arrangements to create a more flexible workforce. Part of this is delivering our commitment to embed the Living Wage fully into our pay structures. We therefore may need to undertake organisational reviews, so that we have the right balance between our frontline and support services.</p> <p><u>Central Services Workforce Savings (£0.728m)</u></p> <p>Savings will be achieved through a combination of staffing reviews and increased vacancy/turnover controls applied across Resources and Chief Executive Directorates.</p> <p><u>Organisational design including Chief Officers and Senior/Middle Management (£4.635m)</u></p> <p>The Council will look at how it is organised to ensure it is set up to deliver high quality services and Council priorities for the best possible value. This multi-year project will consider all senior and middle management posts staff across all services.</p> <p>This work would focus on the application of the Council’s organisational design guidance in staff structures. It would include looking at management spans of control and further layering of management tiers. Any process would be in full alignment with the Council’s Managing Change Policy and consultation with Trade Unions.</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • Services are adapted to suit the needs of the organisation. • Roles are fit for purpose and within budget • Some staff may have to change role/adapt to a new role • Some services may need to adapt/streamline operations • Full consolidation of the Living Wage • Reduced capacity within Strategy and Communications to work on corporate policy priorities, the provision of communications support and the carrying out of surveys.

Workforce

Workforce			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Central Services Workforce Savings	£45m approx.	0.728	0.508	0.110	0.110
Organisational Design	N/A	4.635	0.513	1.604	2.518
Total (£m):		5.363	1.021	1.714	2.628

3. Service Reduction

What is being proposed?	<p>The overall position facing the Council requires the need for some service reduction. Efforts have been made to minimise the impact on citizens in line with the priorities set out in the Change Strategy.</p> <p><u>Night Noise Team (£0.200m)</u></p> <p>This proposal would see the current Night Noise service move towards a more efficient callout-based service. This would mean that citizen concerns would be addressed, but costs would not be incurred for nights when there are no noise complaints.</p> <p><u>Library Opening Hours (£0.300m in 2020/21)</u></p> <p>Ensuring residents have access to a high-quality library service remains a priority. At this time all opening days will be maintained. However, it is proposed we reduce library hours on Saturday afternoons where analysis demonstrates footfall is low.</p> <p><u>Libraries - Open Plus delivery model (£1.000m in 2022/23)</u></p> <p>In the medium term, options around the implementation of the Open Plus service delivery model from 2022/23 will be developed, with the aim of delivering a modern and high-quality service while recognising the need for funding efficiencies. In doing so there remains a commitment to maintain equal access to library services across the city.</p> <p>Pre-Approved Savings from 2019/20</p> <p><u>Economic Development (£0.500m)</u></p> <p>Continuing from work approved last year, we will make savings in Business Growth and Inclusion, this time from payments to third parties. However, it is intended that there will be no impact on the Business Gateway Contractual payments to West, East and Mid Lothian Councils, and limited changes to funding for Business Gateway services in Edinburgh, employability grants and support for development.</p> <p><u>Heritage Language (£0.021m)</u></p> <p>Heritage Language provided some free language lessons for children born in the UK with a historic familial connection to a language other than English. In 2019/20 the Council approved a reduction in these classes with the saving applied across two financial years, reflecting the academic year. This is the 2020/21 element of the saving. Other services will continue to be available across the city to provide support for those who speak English as a second language.</p>
What could change?	<ul style="list-style-type: none"> • A review of the Economic Development Service will continue and there will be a reduction in the Council’s funding to third parties. • Library hours will reduce slightly but with all current days of opening maintained

Service Reduction

Service Reduction			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Night Noise Team	0.275	0.200	0.100	0.100	-
Library Opening Hours/ Open Plus Service model	7.531	1.300	0.300	-	1.000
Pre-Approved:					
Economic Development	7.071	0.500	0.500	-	-
Heritage Language	0.021	0.021	0.021	-	-
Total (£m):		2.021	0.921	0.100	1.000

4. Council-Wide Budgets

What is being proposed?

Some income and expenditure within the Council's budget is not specific to any service or affects a range of different service areas. Other areas of service delivery may involve a combination of revenue and capital expenditure. These budgets have been reviewed to identify where savings in revenue expenditure can be made or more income realised.

Fees and charges uplift (£4.500m)

This corresponds to an annual average increase of 5% across a range of discretionary fees and charges but with all concessions and exemptions retained. Some areas, such as school meals, will be specifically excluded. Parking charges, property rentals and social care charges are subject to separate arrangements.

Council Tax (£16.200m)

As part of the 2019/20 funding settlement, Scottish councils were given powers to increase Council Tax levels by up to 4.79%. Assuming this option remains available, setting Council Tax at the maximum level allowed would generate about £5.1m of extra funding for services in 2020/21, increasing to £16.2m if applied for each of the next three years.

Debt Restructuring (LOBO) (£0.600m)

Following the successful restructuring of the Council's Inverse LOBO loans in October 2019, on-going annual interest savings of £0.6m are available to contribute to broader savings targets.

Loans Fund Review (£10.000m)

As with other local authorities in Scotland, the Council has undertaken a review of the useful lives of its main asset categories. This has identified an opportunity to increase these average lives, consistent with the benefits from their use and existing depreciation policies, whilst maintaining the overarching requirement of repayment of the associated borrowing being prudent, affordable and sustainable. The proposed changes would result in an annual £12m saving to the Council's revenue budget, of which it is proposed to earmark £2m to increase the repairs and maintenance budget for those infrastructure assets (such as roads and bridges) not currently included within the strategic planned maintenance programme.

Edinburgh Integration Joint Board (£9.3m)

Given wider budgetary pressures, the Scottish Government introduced flexibility in 2019/20 to allow councils to offset their adult social care allocations to Integration Authorities by up to 2.2% relative to expenditure baselines, based on an assessment of local needs. While this flexibility is not currently available in 2020/21, at this stage, the budget framework assumes application of corresponding targets in each of 2021/22 and 2022/23.

	<p>Roads Capital (£0.500m saving available in 2020/21 only)</p> <p>Opportunities have been identified to review the balance between revenue and capital expenditure, subject to complying with accounting rules, thereby generating a saving to the revenue budget for a further year.</p> <p>Pre-Approved Savings from 2019/20</p> <p>Borrowing Costs (£12.000m)</p> <p>Savings in borrowing costs arising from capital expenditure are anticipated through planned repayment of loans, projected spending profiles and continuing to use available cash balances instead of borrowing more funds to meet core capital funding requirements.</p> <p>Estate Investment Reprofile (£0.850m in 2020/21 only)</p> <p>Following the approval in 2018 of investment in the Council’s operational estate, a structured programme of property upgrades is being undertaken, replacing the previous reactive programme of property repairs. Based on the continued additional capital investment in property upgrades, this will allow for a reduction in the revenue budget for property repairs for a further year in 2020/21.</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • Many discretionary fees and charges will increase by an average of 5% per year • Council Tax would increase annually by 4.79% over the next three years • These proposals are not expected to impact on service delivery • Continuing proactive treasury management to manage debt management costs

Council-Wide Budgets

Council-Wide Budgets			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Fees and Charges uplift	92.000 (income)	4.500	1.500	1.500	1.500
Council Tax	293.000 (income)	16.200	5.100	5.400	5.700
Debt Restructuring (LOBO)	N/A	0.600	0.600	0.000	0.000
Loans Fund Review	N/A	10.000	10.000	0.000	0.000
EIJB	216.000	9.300	-	4.700	4.600
Roads - Revenue to Capital (continuing for a further year)	N/A	0.000	0.500	(0.500)	0.000

Pre-Approved:					
Borrowing Costs	113.000	12.000	4.000	4.000	4.000
Roads - Revenue to Capital	N/A	(0.500)	(0.500)	0.000	0.000
Property Investment and Additional Investment	N/A	(0.850)	0.000	(0.850)	0.000
Total (£m):		51.250	21.200	14.250	15.800

5. Service Reform

What is being proposed?

How services are delivered to achieve maximum benefits is constantly changing with lessons to be learned from other local authorities and public bodies. These reforms are required to deliver the best services possible within available funding levels. Detailed engagement with service users and residents will be a key element of a number of these proposals.

Early Years – Service Management and Delivery (£0.900m)

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

Instrumental Music Service (£0.500m)

In 2020/21 a full consultation on the future delivery of the Instrumental Music Service (IMS) will be carried out with all stakeholders including schools and parents. This will inform the design of the service model which best meets customer requirements while recognising the need to make savings of £0.150m in 2021/22 and £0.350m in 2022/23.

Scientific and Bereavement Services (£0.180m)

We want to consider the Council's approach to the delivery of these services and to ensure that they are clearly aligned to the appropriate areas of our organisation. This alignment is likely to lead to some changes in how some service activities are managed and to bring together others to improve service delivery.

Alongside this, investment in modern equipment within our Scientific Services Laboratory will deliver a combination of efficiency savings and increased income.

Libraries - Book Returns (£0.200m)

As part of a review of library processes, one of the aims will be to cease transporting library books across the city back to their home library and introduce a modest charge for reserving books.

Quality Improvement Officers (£0.240m)

Reviewing the service to map remit, purpose and function with a view to rationalising the number of overall officers. The current spend on seconded posts will be reviewed to ensure the policy of maintaining experienced practitioners to support pedagogical development is efficient in terms of cost and outputs.

Development of Business Services Operating Model (£2.100m)

The Council's planning, building standards and regulatory services currently incur costs of £16.1m with an income of £14m. We can reduce the cost to the Council by adopting a new approach that aligns income from fees and charging to the cost of regulating economic activities.

Police Funding (£1.600m in 2020/21 and a further £0.500m in 2022/23)

We are one of the only local authorities in Scotland still supporting the provision of additional Community Police Officers. The Council also contributes funding for eight dedicated Family and Household Support Officers.

The proposal applies a phased approach to the removal of this total funding of £2.1m. The Community Policing element will be withdrawn with effect from 2020/21 given an increase in Police Scotland's overall funding. To ensure a smooth transition, the Council will continue to provide funding for the current Family and Household Support Officers until 2022/23. Discussions are ongoing with Police Scotland to ensure the protection of policing services in Edinburgh while removing the subsidised funding support.

Pre-Approved Savings from 2019/20

Public Safety and Business Continuity (£0.130m)

A review of current service activities is looking at how these services, particularly Public Safety, could be delivered more efficiently.

Area-Based Regeneration (£0.500m)

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

Joint Waste (£0.325m)

We will continue to develop proposals for a joint procurement framework in waste disposal with other Local Authorities. This would mean we can unlock additional savings from contracts, and potentially secure economies of scale if we can bring together materials for recycling from all the local authorities involved before disposal.

What could change?	<ul style="list-style-type: none"> • Operating models in some Council services will change but with outcomes maintained or improved • A modest charge introduced to reserve books in libraries • By combining the volume of waste generated by each LA it is possible to reduce the per-tonne cost of waste disposal • Increase the level of waste going being recycled
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Service Reform			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Early Years – Service Management and Delivery	4.400	0.900	0.600	0.300	-
Instrumental Music Service	2.592	0.500	-	0.150	0.350
Scientific and Bereavement Services	(1.494) net income	0.180	0.090	0.090	-
Libraries – Book Returns	7.531	0.200	0.100	0.100	-
Quality Improvement Officers	0.905	0.240	0.120	0.120	-
Development of Business Services Operating Model	2.100 (net)	2.100	0.850	0.950	0.300
Police Funding	2.100	2.100	1.600	-	0.500
Pre-Approved:					
Public Safety and Business Continuity	1.270	0.130	0.130	-	-
Area-Based Regeneration	N/A	0.500	0.500	-	-
Joint Waste	N/A	0.325	0.325	-	-
Total (£m):		7.175	4.315	1.710	1.150

6. Digital Delivery

What is being proposed?

The Council is committed to expanding and enhancing its digital systems and processes to enable a greater number of citizens and service users to conduct more of their interactions with the Council through online, self-service technology. Developing this approach will make services more accessible at times to better suit the needs of people across the city, thereby reducing demand on services. Through improvements to the Council's website and the exploitation of new technologies, such as voice recognition software, combined with greater automation of 'back office' processing, further savings will be achievable, whilst improving citizen and service user experience.

CGI Contract Efficiencies (£0.600m)

By working more closely with our IT partner (CGI), we can save money and be more efficient about how and where we spend money on our IT requirements.

Cashless Parking (£0.200m)

The Council currently offers a cashless parking transaction service through the use of the Ringo system. It is proposed that parking in the core city centre area would move to a fully cashless system, with the removal of all pay and display machines.

Automatic renewal of permits (£0.200m)

We are aiming to make the purchasing and renewal of permits simpler and easier for customers. This would include automatic renewal to reduce the burden on customers and lower the cost of administering permit authorisations.

Digital Smart City Planning (£1.500m)

All our services are engaged in the planning of a City Operations Centre to bring a wide array of services together. By using data, utilising the latest technology and linking that to maturing technology in sensors and other innovations, we can more proactively manage the city and reduce service failure. This will improve our ability to respond to issues as they arise and increase our efficiency in delivering services.

Pre-Approved Savings from 2019/20

Digital Delivery/ Print and Mail (£0.690m)

The Council delivers services across an operational estate of hundreds of properties. The transfer of information, data and correspondence between these sites and with other organisations can be achieved more efficiently through a review of our Print and Mail strategy. By improving document scanning and electronic delivery of information, we will reduce unnecessary printing, postage and travel between sites, thereby reducing the environmental impact.

	<p>ICT Partnership Efficiencies (£0.150m)</p> <p>These savings will be delivered from the implementation of a series of additional ICT technical improvements.</p>
What could change?	<ul style="list-style-type: none"> • Increased customer satisfaction • Improved efficiency • More consistent delivery • Reallocation of staff to more customer-facing tasks • Closer working with IT partners and some systems upgrades.

Digital Delivery			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
CGI Contract Efficiencies	27.100	0.600	0.600	-	-
Cashless Parking	N/A	0.200	-	0.200	-
Automatic renewal of Permits	N/A	0.200	0.100	0.100	-
Digital Smart City Planning	N/A	1.500	-	0.250	1.250
Pre-Approved:					
Digital Delivery / Print and Mail	N/A	0.690	0.250	0.250	0.190
ICT Partnership Efficiencies	N/A	0.150	0.150	-	-
	Total (£m):	3.340	1.100	0.800	1.440

7. Arm's Length Organisations

<p>What is being proposed?</p>	<p>The Council operates several “Arm’s Length” organisations (ALEOs). We will continue to work with these organisations and make sure we are delivering the best value for public money and are achieving the right outcomes. This will also involve making difficult choices in light of available resources which will result in a reduction in the level of financial support given to some of our ALEOs.</p> <p><u>Edinburgh Leisure (£1.500m)</u></p> <p>The Council provides Edinburgh Leisure with around £0.380m each year in support of additional annual pay-related costs. In 2020/21, after providing this payment, a reduction in service payment of £0.500m is proposed which we expect will be managed through internal efficiencies and a slight increase in pricing. A similar proposal will be made for 2021/22 and 2022/23.</p> <p><u>Council Company Dividends (£0.250m in 2020/21 only)</u></p> <p>In maximising the overall level of tax relief received across the wider CEC tax group, losses in the EDI Group of companies in 2018 are available for offset against profits generated in the other entities comprising the group, including Lothian Buses and the Edinburgh International Conference Centre. Subject to relevant Board approval, a distribution of £0.250m is therefore expected to be available to contribute towards the Council’s overall savings requirement in 2020/21.</p> <p>Pre-Approved Savings from 2019/20</p> <p><u>Marketing Edinburgh (£0.490m)</u></p> <p>A further significant reduction in funding for Marketing Edinburgh is proposed. The Board of Marketing Edinburgh is currently considering the implications of this on the future operations of the company.</p> <p><u>Transport for Edinburgh Group (£0.400m)</u></p> <p>A reduction is proposed in the overall operating costs of Transport for the Edinburgh Group.</p>
<p>What could change?</p>	<ul style="list-style-type: none"> • Less dedicated capacity to market the city to investors, businesses and visitors. Film Edinburgh will be maintained, and the Council will continue to explore opportunities for promoting the city with key partners. • Edinburgh Leisure will need to find efficiencies in order to offset the impact of inflation and in the medium term be part of more significant change across the Council’s leisure and cultural services subject to future discussions and decision by Council.

Arm's Length Organisations

Arm's Length Organisations			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Edinburgh Leisure	8.155	1.500	0.500	0.500	0.500
Council Company Dividends	7.047	0.000	0.250	(0.250)	-
Pre-Approved:					
Marketing Edinburgh	0.590	0.490	0.490	-	-
Transport for Edinburgh Group	N/A	0.400	0.400	-	-
EDI Dividend	7.047	(1.047)	(1.047)	-	-
Total (£m):		1.343	0.593	0.250	0.500

8. Operational Efficiencies

What is being proposed?

The Council will continue to identify opportunities to be more efficient year on year.

Efficiencies Programme (£7.005m)

An efficiency target of in excess of £2m per year has been proposed for the organisation. Areas of focus for the efficiency target include:

- Reducing further sickness absence and agency staffing, recognising we currently lose the equivalent of 762 full-time staff a year to sickness and spend around £2m a month on flexible staffing through agency staffing and overtime.
- Streamlining our end-to-end processes and making greater use of automation of transactions, building on the progress made this year using process automation. For example, we have cleared a backlog of landlord registrations in five hours rather than four weeks it would have taken using the traditional approach.
- Maximising savings through procurement and reviewing contracts, recognising the Council spends over £200m on its top 20 contracts.
- Reviewing travel and mileage to reduce spend and carbon through enabling staff to access more sustainable forms of transport or through better utilisation of virtual meetings.
- Looking to ensure pay related allowances are aligned with national agreements.
- Ensuring minimum expenditure necessary on mobile devices.

School Efficiencies (DSM) (£1.800m)

Applying an efficiency target of around 1% against additional monies, including £9.1m over the next three years for demographic factors, passed to schools under the Devolved School Management (DSM) scheme, while also recognising that school carry-forward levels reached £5m in 2018/19. The mechanism for considering how this will be applied will take appropriate account of poverty and deprivation,

Pre-Approved Savings from 2019/20

Procurement (£0.300m)

Incremental reductions in payments due under the Council's Commercial Excellence partnership are available to contribute towards future years' savings requirements.

Scottish Government Framework for Electricity and Gas (£0.060m)

The Council has adopted the Scottish Government framework for the supply of energy for temporary accommodation which will benefit from nationally negotiated rates.

What could change?	<ul style="list-style-type: none"> • Increasing efficiency with public money • Shifting staff time from process-heavy tasks to focus on higher priority tasks improving service delivery. • Further automating transactions, increasing the ease and speed of the Council’s delivery of vital services • Improving end-to-end processes for a broader range of Council services • Reducing expenditure on temporary staff and overtime • Focusing even more on reducing sickness absence
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Operational Efficiencies

Operational Efficiencies			Breakdown		
			2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Efficiencies Programme	N/A	7.005	2.905	2.050	2.050
School Efficiencies (DSM)	195.900	1.800	1.200	0.600	-
Pre-Approved:					
Procurement	N/A	0.300	0.100	0.100	0.100
Scottish Government Framework – Electricity and Gas	N/A	0.060	0.060	-	-
Total (£m):		9.165	4.265	2.750	2.150

9. Our Assets

What is being proposed?

Redesigning the Approach to Our Assets

The Council delivers its services through an extensive operational property portfolio, which incorporates 760 buildings across the City. By adopting a service-led approach to the future design and reprovisioning of Council services rather than simply an asset or buildings-based approach, we will engage with citizens, service users and communities to plan for the co-location of our services into multiple use “hubs” where possible.

Letting Review

The Council operates a substantial amount of property across the city, this proposal would seek to review the buildings which are available for letting to the public and partners. Currently most of the Council’s buildings are available for letting in some form however there is no one consistent approach or process and the pricing structure is not consistent across our assets. The review would seek to look at the sustainability and suitability of the buildings which are currently available for letting, focussing on those which are predominately on accessible transport routes, have fit-for-purpose facilities and are staffed appropriately.

Catering Provision

Continued sustainable meal production as the number of meals continues to rise across the school population but with partnership working creating efficiencies for both the Council and EIJB. Valuable school estate would be freed up for classroom space while meals are still cooked locally.

(ALL three proposals to generate £2.000m)

Facilities Management (£0.500m)

The proposal outlines an option to reduce the current level of spend on reactive repairs and maintenance for the operational estates. By moving to a planned approach, the level of spend on reactive repairs can be reduced because the condition of the estate overall has been enhanced.

Pre-Approved Savings from 2019/20

Depots and Yards (£0.500m)

The Council is reviewing its depot provision across the city. It is proposed to consolidate into six sites. Support services such as maintenance, storage and refuelling can be centralised rather than being site-specific. Surplus sites can then be sold to generate capital receipts and/or be made available for increased housing or commercial opportunities.

Culture Services Review (Museums) (£0.500m)

Work continues on the feasibility of creating a new museum and gallery for Edinburgh. Consolidating existing Council-run cultural venues (People’s Story, Museum of Edinburgh, City Art Centre, Trinity Apse, Writer’s Museum, Museum of Childhood, City Archives and reserve collections

	housed across the city) would allow much-needed additional physical, educational and digital access to nationally-significant collections.
What could change?	<ul style="list-style-type: none"> • Fewer buildings will result in lower running costs • Services can be grouped together making it easier for citizens to access locally • Income generated by leasing out surplus buildings • Creation of a refocused, sustainable and cost-effective and international standard service for Museums and Galleries, Archives and Records in the city

Our Assets

Our Assets			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Redesign of Our Assets	N/A	2.000	-	0.500	1.500
Facilities Management	12.000	0.500	0.500	-	-
Pre-Approved:					
Depots and Yards	N/A	0.500	-	0.500	-
Culture Services Review	N/A	0.500	-	0.150	0.350
Total (£m):		3.500	0.500	1.150	1.850

10. Well-being Services

What is being proposed?

A number of Council services support the overall well being of citizens in Edinburgh. With a need to continue to tackle the inequality in the city and the challenge on budgets, a review will be undertaken to shape these services to provide a more outcome focused approach to spend.

Review Relationship with Edinburgh Leisure (£0.500m)

Recognising the importance of Edinburgh Leisure's services to the city's residents, we will undertake a strategic review of current operating arrangements to ensure there is a sustainable model going forward. The review will work closely with Edinburgh Leisure and partners including the EIJB, aligned to the Council's holistic approach to Health and Wellbeing. The review will aim to maximise benefits to citizens while recognising the need to secure best value.

Strategic Review of Libraries

The review would analyse different delivery models from across the country and previous work undertaken within Edinburgh to develop a comprehensive business case for assessing potential options to maximise public benefit and wellbeing, as well as securing best value to the Council. Potential options assessed would be co-location of current libraries within existing or new Council buildings, transfer of ownership in part or full to the community and/or third sector and developing different ways to access library services digitally, reducing the need for physical buildings.

Strategic Review of Adult Education

This service delivers a varied range of learning options some of which are vital for our vulnerable citizens through to those which are designed for the education and enjoyment of the wider population. There are currently over 1,000 courses delivered across the city, we need to understand the levels of charging, frequency, relevance to strategic outcomes and access to minority and underrepresented citizens (including SIMD areas). We need to analyse the true cost to the Council of delivering all of these courses in their current format and location. A more targeted and refined offering may allow the organisation to achieve specific outcomes better while also looking to reduce the cost of service delivery, achieving an offering which is appropriate and proportionate for the city.

(Jointly proposals to generate £0.500m in total)

What could change?	<ul style="list-style-type: none"> • Development of new options for the delivery of the Adult Education Service, which is matched better to specific outcomes and budget constraints. • The delivery model for public focussed leisure services across the city could be revised • Maintaining equal access to a library service across the city whilst adapting to modern requirements and expectations. • Ensuring best value is created from the budget spent on wellbeing services, ensuring access for all.
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Well-being Services

Well-being Services			Breakdown		
Proposal	Current Spend (£m)	Total Saving (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Edinburgh Leisure Review	8.155	0.500	-	0.500	-
Strategic Review of Libraries and Adult Education	7.609	0.500	-	0.250	0.250
Total (£m):		1.000	-	0.750	0.250

Key assumptions as reflected in budget framework baseline

Factor	Assumed percentage change		
	2020/21	2021/22	2022/23
Pay awards (all staff groups)	3%	3%	3%
Contract and other inflation	3%	3%	3%
Council Tax¹	3%	3%	3%
Government Grant funding	Flat-cash, based on provisional settlement	0.7% year-on-year reduction in core funding	0.7% year-on-year reduction in core funding
Discretionary fees and charges²	RPI+2%	RPI+2%	RPI+2%

¹ The savings requirement baseline is underpinned by an assumed 3% increase in annual Council Tax levels. The proposals set out in Appendix 4, however, propose modifying the actual increase to 4.79% in each year of the framework.

² The savings requirement baseline assumes continuation of the existing RPI+2% policy. The proposals set out in Appendix 4, however, propose modifying this, where permissible, to RPI+3%. Based on applicable inflation rates this would, however, result in the continuation of a baseline 5% increase in each year for those charges in scope. Parking charges, property rentals and all social care charges are subject to separate arrangements.