

Minutes

Finance and Resources Committee

10.00am, Monday 23rd October 2023

Present

Councillors Watt (Convener), Biagi, Doggart, Dalgleish, Macinnes, Mowat (substituting for Councillor Bruce), Mumford, Nols-McVey (substituting for Councillor Nicolson), Ross, Staniforth and Younie.

1. Point of Order – Standing Order 22.15 (40 Minute Rule)

Decision

To agree to suspend Standing Order 22.15 (40 minute rule) during consideration of Item 7.1 on the Agenda - Revenue Monitoring 2023/24 - Month Three Report.

(See Item 3 below.)

2. Deputations

a) **Unite the Union/UNISON/EIS
(in relation to Item 7.1 on the agenda – Revenue Monitoring 2023/24 –
Month Three Report)**

The deputation were concerned that the potential deletion of the Education Welfare Officer (EWO) service was deeply flawed and based on a misunderstanding of their role. They believed that this would impact the Council's ability to meet statutory commitments and leave some of the city's most vulnerable children and families without adequate support. They deputation asked that the EWO review be halted until the wider inclusion services review had taken place.

The deputation indicated that they felt that the initial consultation with Headteachers was flawed and stressed that there was no capacity within schools to take on the work currently carried out by the EWOs and that it was important that this services be retained.

(see item 3 below)

b) **Unison
(in relation to Item 7.1 on the agenda – Revenue Monitoring 2023/24 –
Month Three Report)**

The deputation felt that there had been inadequate funding provided for the Edinburgh Health and Social Care Partnership and that the Council needed to be united with it's workforce and the trade unions going forward. They urged the

Committee to recognise that the city's old, young and vulnerable would suffer without these services and the people who supported and guided them. The deputation stressed that the decisions taken would decide how to move forward to set the template for the next year's budget.

(see item 3 below)

**c) Unite Edinburgh Not for Profit Branch
(in relation to Item 7.1 on the agenda – Revenue Monitoring 2023/24 –
Month Three Report)**

The deputation were concerned about the worsening social care crisis in Edinburgh and how the Edinburgh integration Joint Board was going to deal with it. They were surprised that there were no proposals for the Council to make any contribution to the EIJB because its own financial situation.

The deputation indicated that the current crisis in Edinburgh would be made worse by the proposals contained in the report by the Executive Director of Corporate Services and stressed that the health and safety of care staff and clients was at risk. They believed that the Council had the responsibility for the future of social care in Edinburgh and not the EIJB.

(see item 3 below)

3. Revenue Monitoring 2023/24 - Month Three Report

The Committee had continued consideration of the projected Council-wide revenue budget position for the year, based on analysis of the first three months' financial data and forecasts of income and expenditure for the remainder of the year which at this stage, was projecting an overall overspend of £13.2m, to a special meeting of the Finance and Resources Committee where this could be scrutinised in full, with full understanding of each Directorate's pressures

An update was provided on the first Council-wide in-year revenue monitoring report for 2023/24.

Motion

- 1) To note the updates provided in the report by the Executive Director of Corporate Services and that an in-year overspend of £14.0m was now being forecast.
- 2) To note that, without the identification of additional mitigating actions, even full application of the unallocated 2022/23 underspend would leave a residual in-year pressure of £0.8m, as well as giving rise to recurring underlying pressures in future years.
- 3) To note, in the absence of any improvement to the projected position reported to the meeting on 21 September, the continuing recommendation that no new commitments be taken on at this time pending a further update to the Committee's next meeting on 21 November.
- 4) To note, additionally, the potential for further expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures,

savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership to ensure a balanced position was achieved by the year-end.

- 5) To refer, the above notwithstanding and recognising the importance of achieving in- and future years' financial balance, any recommendation on allocation of the 2022/23 underspend to Council for ratification.
- 6) To refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy.
- 7) To refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme.
- 8) Asks officers to pro-actively engage with Edinburgh Leisure to consider all possible options towards paying the real living wage and making it sustainable going forward, in recognition of the contribution that Edinburgh Leisure's staff make to the health and wellbeing of Edinburgh's residents and visitors.
- 9) Affirms our commitment to inclusion and high attendance in our schools and that the skills and experience of our EWOs (Education Welfare Officers) should be retained within our inclusion work, as set out in the original budget proposal details.

- moved by Councillor Watt, seconded by Councillor Dalgleish

Amendment 1

- 1) Committee expresses deep concern about the situation facing the IJB and notes that to undertake any actions within the proposed recovery plan risks damage to staff and service users as well as the financial sustainability of health and social care in Edinburgh.
- 2) Committee acknowledges the work done to date on the Medium Term Financial Plan for the IJB, and that continuation of this must be the priority going forward.
- 3) Committee agrees that in order that this situation should not arise again:
 - a) IJB funding including updates on the deficit and progress on the Medium Term Financial Plan should be added as a standard item on the agenda for Finance and Resources meetings going forward;
 - b) Council officers should work with IJB officers to see how budget timings and processes can be brought into closer alignment including ensuring that IJB budgets are available for Councillors to take into consideration when setting CEC budgets. An initial report on this should be brought back to the next F&R Committee Meeting;
 - c) Updates on spending and allocation of the underspend should be brought to all Finance & Resources Committee meetings for the remainder of the financial year;
- 4) Finally, Committee firmly believes the NHS should also contribute to the projected overspend and therefore instructs CEC officers and the Chief

Executive to continue to ask the NHS to contribute more funding to the IJB in recognition of the integrated nature of health and social care and that care costs allocated to the Council are preventative, contributing to a reduction in overall NHS spend.

- 5) Welcomes the work done by Council officers to identify uncommitted resources from various service areas and notes that we are now close to being able to cover all of the shortfall in IJB and other service areas;
- 6) Notes that the previous committee recommendations included a recognition of other challenges facing the City of Edinburgh Council outwith health and social care funding;
- 7) Further notes that these challenges include the fact that 1 in 5 children in Edinburgh are growing up in poverty, and that in-work poverty is a growing issue,
- 8) Recognises that anti-poverty measures are preventative, and will reduce the pressure felt by health and social care services in Edinburgh;
- 9) Notes that temporary accommodation costs represent a significant expenditure pressure as set out in the report, and recognises that initiatives to reduce homelessness can help alleviate this pressure;
- 10) Understands that budgets and service demands are liable to change throughout the year, and that confidence in funding is essential to avoid entering damaging short-term cost saving measures;
- 11) Therefore agrees that the underspend should be allocated as suggested in the report with the exception of additional allocations of:
 - a) £1.9m to repeat the 2022/23 cost of living direct payment for every child in the city in receipt of free school meals and school clothing grant, at the sum of £200;
 - b) £1m to reintroduce payments through the Tenant Grant Fund, providing direct payments to individuals and families who are in rent arrears and at risk of homelessness or eviction;
 - c) £473k to Edinburgh Leisure as a one-off additional payment to cover the immediate implementation of the living wage for workers for this financial year and secure agreement for the company to not deviate from this position in future years;
 - d) £150k to reinstate the Council's Education Welfare Officers and reversing the cuts to this service, and reinstating this service, noting that the report recognises that any 'savings' found from this cut have now been reduced to £250k.
- 12) Recognises that use of reserves will require further discussion after referral to Full Council and renumbers accordingly.
- 13) To note, additionally, the potential for further expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within

Directorates and the Health and Social Care Partnership to ensure a balanced position was achieved by the year-end.

- 14) To refer, the above notwithstanding and recognising the importance of achieving in- and future years' financial balance, any recommendation on allocation of the 2022/23 underspend to Council for ratification.
- 15) To refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy.
- 16) To refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme.

-moved by Councillor Macinnes, seconded by Councillor Mumford

Amendment 2

- 1) To note the updates provided in the report by the Executive Director of Corporate Services and that an in-year overspend of £14.0m was now being forecast.
- 2) To note that, without the identification of additional mitigating actions, even full application of the unallocated 2022/23 underspend would leave a residual in-year pressure of £0.8m, as well as giving rise to recurring underlying pressures in future years.
- 3) To note, in the absence of any improvement to the projected position reported to the meeting on 21 September, the continuing recommendation that no new commitments be taken on at this time pending a further update to the Committee's next meeting on 21 November.
- 4) To note, additionally, the potential for further expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership to ensure a balanced position was achieved by the year-end.
- 5) To refer, the above notwithstanding and recognising the importance of achieving in- and future years' financial balance, any recommendation on allocation of the 2022/23 underspend to Council for ratification.
- 6) To refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy.
- 7) To refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme.
- 8) Recognises the deeply concerning 2023/24 financial position of the Edinburgh Integration Joint Board's (EIJB's) Health and Social Care Partnership, with the Council being expected to fund a budgeted overspend of £14.2m.
- 9) Notes the unpublished, EIJB special measures proposals that could be needed to break even in the current year. And further notes that such measures could require extensive cuts to social care packages and critical services, with related impacts on staff, affecting a range of vulnerable service users and their carers.

- 10) Agrees
 - i) it is essential for the adequate provision of social care services in Edinburgh that the EIJB's Medium Term Financial Strategy (MTFS) is brought back on track; and
 - ii) that the cuts to essential social care services, proposed in the EIJB's special measures plan, are to be avoided.
- 11) Calls on NHS Lothian to provide an annual financial contribution, in recognition of NHS costs saved, towards the cost of the EIJB's preventative spending to reduce delayed hospital discharges and allow elderly and disabled people to return to their communities.
- 12) Requests greater oversight by the Council's Finance & Resources Committee (F&R) of the implementation of the EIJB's MTFS and instructs officers to ensure that F&R has an update to every meeting for as long as necessary, outlining MTFS progress and setbacks that affect the Council, and input to the EIJB's annual budget process with a view to setting a balanced budget for the Council's share of proposed EIJB spending in 2024/25.
- 13) Agrees that the Council's 2022/23 underspend of £13.3m and additional resource of £0.9m be made available, only to the extent required and no more, to meet the projected 2023/24 EIJB overspend of £14.2m.

-moved by Councillor Ross, seconded by Councillor Younie

Amendment 3

- 1) To note the updates provided in the report by the Executive Director of Corporate Services and that an in-year overspend of £14.0m was now being forecast.
- 2) To note that, without the identification of additional mitigating actions, even full application of the unallocated 2022/23 underspend would leave a residual in-year pressure of £0.8m, as well as giving rise to recurring underlying pressures in future years.
- 3) To note, in the absence of any improvement to the projected position reported to the meeting on 21 September, the continuing recommendation that no new commitments be taken on at this time pending a further update to the Committee's next meeting on 21 November.
- 4) To note, additionally, the potential for further expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership to ensure a balanced position was achieved by the year-end.
- 5) To refer, the above notwithstanding and recognising the importance of achieving in- and future years' financial balance, any recommendation on allocation of the 2022/23 underspend to Council for ratification.
- 6) To refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy.

- 7) To refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme.
- 8) Committee is concerned at the additional expenditure pressures at this stage of the financial year and recognises the need to reform the delivery of Council services to reduce the likelihood of future year pressures;
- 9) Committee expresses deep concern about the situation facing the IJB and notes that to undertake any actions within the proposed recovery plan risks damage to staff and service users as well as the financial sustainability of health and social care in Edinburgh;
- 10) Committee acknowledges the work done to date on the Medium-Term Financial Plan for the IJB, and that continuation of this must be the priority going forward;
- 11) Committee agrees that in order that this situation should not arise again:
 - a) IJB funding including updates on the deficit and progress on the Medium-Term Financial Plan should be added as a standard item on the agenda for Finance and Resources meetings going forward;
 - b) Council officers should work with IJB officers to see how budget timings and processes can be brought into closer alignment including ensuring that IJB budgets are available for Councillors to take into consideration when setting CEC budgets. An initial report on this should be brought back to the next F&R Committee Meeting;
 - c) Updates on spending and allocation of the underspend should be brought to all Finance & Resources Committee meetings for the remainder of the financial year;
- 12) Finally, Committee firmly believes the NHS should also contribute to the projected overspend and therefore instructs CEC officers and the Chief Executive to continue to ask the NHS to contribute more funding to the IJB in recognition of the integrated nature of health and social care and that care costs allocated to the Council are preventative, contributing to a reduction in overall NHS spend.

-moved by Councillor Doggart, seconded by Councillor Mowat

In accordance with Standing Order 22(12), Amendments 2 and 3 were accepted as addendums to the Motion.

Voting

The voting was as follows:

For the Motion ((as adjusted)	-	6 votes
For Amendment 1	-	5 votes

(For the Motion (as adjusted): Councillors Dalgleish, Doggart, Mowat, Ross, Watt and Younie.

For Amendment 1: Councillors Biagi, Macinnes, Mumford, Nols-McVey and Staniforth.)

Decision

- 1) To note the updates provided in the report by the Executive Director of Corporate Services and that an in-year overspend of £14.0m was now being forecast.
- 2) To note that, without the identification of additional mitigating actions, even full application of the unallocated 2022/23 underspend would leave a residual in-year pressure of £0.8m, as well as giving rise to recurring underlying pressures in future years.
- 3) To note, in the absence of any improvement to the projected position reported to the meeting on 21 September, the continuing recommendation that no new commitments be taken on at this time pending a further update to the Committee's next meeting on 21 November.
- 4) To note, additionally, the potential for further expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership to ensure a balanced position was achieved by the year-end.
- 5) To refer, the above notwithstanding and recognising the importance of achieving in- and future years' financial balance, any recommendation on allocation of the 2022/23 underspend to Council for ratification.
- 6) To refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy.
- 7) To refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme.
- 8) To ask officers to pro-actively engage with Edinburgh Leisure to consider all possible options towards paying the real living wage and making it sustainable going forward, in recognition of the contribution that Edinburgh Leisure's staff make to the health and wellbeing of Edinburgh's residents and visitors.
- 9) To affirm the commitment to inclusion and high attendance in schools and that the skills and experience of EWOs (Education Welfare Officers) should be retained within the inclusion work, as set out in the original budget proposal details.
- 10) To recognise the deeply concerning 2023/24 financial position of the Edinburgh Integration Joint Board's (EIJB's) Health and Social Care Partnership, with the Council being expected to fund a budgeted overspend of £14.2m.
- 11) To note the unpublished, EIJB special measures proposals that could be needed to break even in the current year. And further note that such measures could require extensive cuts to social care packages and critical services, with related impacts on staff, affecting a range of vulnerable service users and their carers.

- 12) To agree
 - i) it was essential for the adequate provision of social care services in Edinburgh that the EIJB's Medium Term Financial Strategy (MTFS) was brought back on track; and
 - ii) that the cuts to essential social care services, proposed in the EIJB's special measures plan, were to be avoided.
- 13) To call on NHS Lothian to provide an annual financial contribution, in recognition of NHS costs saved, towards the cost of the EIJB's preventative spending to reduce delayed hospital discharges and allow elderly and disabled people to return to their communities.
- 14) To request greater oversight by the Council's Finance and Resources Committee (F&R) of the implementation of the EIJB's MTFS and instructs officers to ensure that F&R had an update to every meeting for as long as necessary, outlining MTFS progress and setbacks that affected the Council, and input to the EIJB's annual budget process with a view to setting a balanced budget for the Council's share of proposed EIJB spending in 2024/25.
- 15) To agree that the Council's 2022/23 underspend of £13.3m and additional resource of £0.9m be made available, only to the extent required and no more, to meet the projected 2023/24 EIJB overspend of £14.2m.
- 16) To note concern at the additional expenditure pressures at this stage of the financial year and recognise the need to reform the delivery of Council services to reduce the likelihood of future year pressures;
- 17) To express deep concern about the situation facing the IJB and note that to undertake any actions within the proposed recovery plan risked damage to staff and service users as well as the financial sustainability of health and social care in Edinburgh;
- 18) To acknowledge the work done to date on the Medium-Term Financial Plan for the IJB, and that continuation of this must be the priority going forward;
- 19) To agree that in order that this situation should not arise again:
 - a) IJB funding including updates on the deficit and progress on the Medium-Term Financial Plan should be added as a standard item on the agenda for Finance and Resources meetings going forward;
 - b) Council officers should work with IJB officers to see how budget timings and processes could be brought into closer alignment including ensuring that IJB budgets were available for Councillors to take into consideration when setting CEC budgets. An initial report on this should be brought back to the next F&R Committee Meeting;
 - c) Updates on spending and allocation of the underspend should be brought to all Finance & Resources Committee meetings for the remainder of the financial year;

- 20) To firmly believe the NHS should also contribute to the projected overspend and therefore instruct CEC officers and the Chief Executive to continue to ask the NHS to contribute more funding to the IJB in recognition of the integrated nature of health and social care and that care costs allocated to the Council be preventative, contributing to a reduction in overall NHS spend.

(References – Finance and Resources Committee of 21 September 2023 (item 6); report by the Executive Director of Corporate Services, submitted.)

4. Emergency Motion by Councillor Watt – Council Tax

The Convener ruled that the following item, notice of which had been given at the start of the meeting, be considered as a matter of urgency to allow the Committee to give early consideration to this matter.

The following motion by Councillor Watt was submitted in terms of Standing Order 17:

“In June 2023, the Scottish Government confirmed their commitment to partnership working with Local Authorities through the publication of the Verity House Agreement. The Agreement pledged to deliver regular budgetary engagement between Scottish and Local Government in preparation for the Scottish Budget in December.

Through partnership working, Scottish and Local Government were to work together to ultimately deliver on three key national priorities; ending poverty; transforming the economy through a just transition to deliver net zero, and delivering sustainable person-centred public services.

On 17 October 2023, the First Minister unexpectedly announced the Scottish Government would freeze Council Tax rates for the 2024/25 Financial Year.

The announcement blindsided Local Government, COSLA, and the SNP’s Coalition partners at Holyrood and contradicted the foundations of the Verity House Agreement, diminishing the statement of intent the Agreement pledged for the future of Local Authorities.

On the back of real term income cuts for Local Government, now compounded over several years, the announcement to freeze Council Tax has the potential to exacerbate an already precarious environment and result in the deterioration of publicly run services, which the Agreement was introduced to protect.

As the lowest funded per capita Local Authority in Scotland, the future of the City of Edinburgh Council’s services would be at peril without the support of Council Tax revenue.

COSLA sought immediate input from Councils regarding their forecast for 2024/25 Council Tax increases and this had to be submitted without consulting Councillors, who are ultimately responsible for agreeing a rate. The rate submitted was per the last published forecast and did not reflect the amount required to fully protect services.

Therefore, Committee agrees; that the Chief Financial Officer will write to COSLA – as a matter of urgency – to put on record the rates that would be required to fully protect services; and

That the Convenor will write to the Scottish Government to emphasise Committee’s dismay that a decision proposing to reintroduce a council tax freeze without consulting COSLA regarding the impact this would have on local services; and our view that the Verity House Agreement should be adhered to in respect of ring-fencing of funds and both existing and proposed local taxes.”

- moved by Councillor Watt, seconded by Councillor

Amendment

To add to the motion by Councillor Watt:

“Notes residents are still living through the effects of the cost-of-living crisis and therefore welcomes and supports the Scottish Government's commitment to freeze the Council Tax to help people across Edinburgh make ends meet.”

- moved by Councillor Macinnes, seconded by Councillor Biagi

Voting

The voting was as follows:

For the motion	-	8 votes
For the amendment	-	3 votes

(For the motion: Councillors Dalglish, Doggart, Mowat, Mumford, Ross, Staniforth, Watt and Younie.

For the amendment: Councillors Biagi, Macinnes and Nols-McVey.)

Decision

To approve motion by Councillor Watt: