

Governance, Risk and Best Value Committee

10.00am, Tuesday, 28 November 2023

Revenue Monitoring 2023/24 – Month Five Report – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred the Revenue Monitoring 2023/24 – Month Five Report the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Dr Deborah Smart
Executive Director of Corporate Services

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Referral Report

Revenue Monitoring 2023/24 – Month Five Report – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 21 November 2023, the Finance and Resources Committee considered the projected Council-wide revenue budget position for the year, based on analysis of the first five months' financial data and forecasts of income and expenditure for the remainder of the year.
- 2.2 Following Council's approval of an additional in-year contribution to the Edinburgh Integration Joint Board (EIJB) of up to £14.2m, coupled with a slight improvement in Directorate and corporate projections, an overall underspend of £1.880m was now being forecast and given the potential for further expenditure pressures to emerge during the remainder of the year, however, it remained officers' recommendation that no additional commitments should be taken on at this time..
- 2.3 **Motion**
- 1) To note that, as of month five and taking into account Council's approval of an additional in-year contribution to the Edinburgh Integration Joint Board of up to £14.2m, an overall underspend of £1.880m was now being forecast.
 - 2) To note, nonetheless, 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.
 - 3) To note, therefore, the continuing recommendation that no additional expenditure commitments be taken on at this time.
 - 4) To note that regular updates would continue to be provided to members of the Committee during the remainder of the year.
 - 5) To refer the report by the Executive Director of Corporate Services to Council for approval to use the Council's unallocated reserves, should it be required, to meet Edinburgh's share of costs associated with the revised employer's non-teaching pay offer made on 3 November 2023, with repayment then received from the Scottish Government in 2024/25.

- 6) To refer the report to report to Council for ratification of use of the Council's Spend to Save fund to support the EICA bouldering project.
- 7) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

- moved by Councillor Watt, seconded by Councillor Dalglish

Amendment

- 1) To note that, as of month five and taking into account Council's approval of an additional in-year contribution to the Edinburgh Integration Joint Board of up to £14.2m, an overall underspend of £1.880m was now being forecast.
- 2) To note, nonetheless, 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.
- 3) To note, therefore, the continuing recommendation that no additional expenditure commitments be taken on at this time.
- 4) To note that regular updates would continue to be provided to members of the Committee during the remainder of the year.
- 5) To refer the report by the Executive Director of Corporate Services to Council for approval to use the Council's unallocated reserves, should it be required, to meet Edinburgh's share of costs associated with the revised employer's non-teaching pay offer made on 3 November 2023, with repayment then received from the Scottish Government in 2024/25.
- 6) To refer the report to report to Council for ratification of use of the Council's Spend to Save fund to support the EICA bouldering project.
- 7) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
- 7) Welcomes that an underspend is still projected, after allocating an additional in-year contribution to the Edinburgh Integration Joint Board of up to £14.2m.
- 8) Recognises the potential need to meet in-year pressures including the local authority pay deal, but also recognises that the Council's budget should be for elected members to decide and have democratic oversight of.
- 9) Therefore, requests that – should there still be an underspend projected by January - a report is brought to the January F&R committee with costings and other considerations for its allocation on effective measures including:
 - Specific in-year pressures that are being recommended for underspend allocation;

- Meeting CEC's Local Authority Pay responsibilities;
- The payment and backdating of the Real Living Wage to Edinburgh Leisure staff;
- Making a cost-of-living direct payment of £100 or £200 to every child in the city in receipt of free school meals and school clothing grant;
- Following the service review ensuring that funding is made available for the continuation of the Educational Welfare Officers' function and the retention of staff in their roles;
- Reintroduction of the Tenant Grant Fund, and
- Awarding funding Community Climate Fund bids which were unsuccessful previously due to over-subscription of the fund.

- moved by Councillor Mumford, seconded by Councillor Macinnes

Voting

The voting was as follows:

For the motion	-	6 votes
For the amendment	-	5 votes

For the motion: Councillors Bruce, Dalgleish, Doggart, Ross, Watt and Younie.

For the amendment: Councillors Biagi, Macinnes, Mumford, Nicolson and Staniforth.)

Decision

To approve the motion by Councillor Watt:

3. Background Reading/ External References

3.1 Finance and Resources Committee – 21 November 2023 - Webcast

3.2 Minute of the Finance and Resources Committee – 21 November 2023

4. Appendices

Appendix 1 – Report by the Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Tuesday, 21 November 2023

Revenue Monitoring 2023/24 – month five report

**Executive/routine
Wards**

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note that, as of month five and taking into account Council's approval of an additional in-year contribution to the Edinburgh Integration Joint Board of up to £14.2m, an overall underspend of £1.880m is now being forecast;
 - 1.1.2 note, nonetheless, 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;
 - 1.1.3 note, therefore, the continuing recommendation that no additional expenditure commitments be taken on at this time;
 - 1.1.4 note that regular updates will continue to be provided to members of the Committee during the remainder of the year;
 - 1.1.5 refer this report to Council for approval to use the Council's unallocated reserves, should it be required, to meet Edinburgh's share of costs associated

Dr Deborah Smart

Executive Director of Corporate Services

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with the revised employer's non-teaching pay offer made on 3 November 2023, with repayment then received from the Scottish Government in 2024/25;

- 1.1.6 refer this report to Council for ratification of use of the Council's Spend to Save fund to support the EICA bouldering project; and
- 1.1.7 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Revenue Monitoring 2023/24 – month five report

2. Executive Summary

- 2.1 The report sets out the projected Council-wide revenue budget position for the year, based on analysis of the first five months' financial data and forecasts of income and expenditure for the remainder of the year. Following Council's approval of an additional in-year contribution to the Edinburgh Integration Joint Board (EIJB) of up to £14.2m, coupled with a slight improvement in Directorate and corporate projections, an overall underspend of £1.880m is now being forecast. Given the potential for further expenditure pressures to emerge during the remainder of the year, however, it remains officers' recommendation that no additional commitments should be taken on at this time.

3. Background

Approved 2023/24 budget

- 3.1 On 23 February 2023, Council approved a balanced revenue budget for 2023/24 based on the Council's provisional grant funding settlement and a 5% increase in Council Tax rates. This grant funding allocation was confirmed following approval of the 2023/24 Local Government Finance Order on 1 March 2023.

Month three report

- 3.2 On 21 September 2023, members of the Committee then considered a report setting out the projected Council-wide revenue budget position for 2023/24, based on analysis of the first three months' financial data and forecasts of income and expenditure for the remainder of the year. An overall projected overspend of £13.2m was indicated, including an increased funding shortfall of £16.7m within the EIJB.
- 3.3 It was noted that without the identification of additional mitigating actions, achieving a balanced in-year position would require full application of the 2022/23 audited underspend, as well as giving rise to recurring underlying pressures for future years. The report furthermore emphasised the potential for additional risks to emerge during the remainder of the year, particularly in respect of the 2023/24 non-

teaching employee pay award. Given all of these factors, it was recommended that no additional commitments be taken on until the underlying position had improved.

- 3.4 Following consideration of the report, members agreed to defer formal allocation of the 2022/23 underspend until a specially convened meeting of the Committee held on 23 October, with a series of complementary briefing sessions on the EIJB's financial position also arranged to understand and consider the reported budget pressure for 2023/24 and the planned mitigating actions.

Outcome of special meeting on 23 October 2023

- 3.5 At the special meeting of the Committee, members agreed:

- i) 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;
- ii) 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;
- iii) 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;
- iv) 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;
- v) 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;
- vi) to refer the report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy;
- vii) to refer the report to the Governance, Risk and Best Value Committee for noting as part of its work programme;
- viii) 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;

- ix) to affirm the 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;
- x) 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;
- xi) 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;
- xii) 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;
- xiii) 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;
- xiv) to request greater oversight by the Council's Finance and Resources Committee of the implementation of the EIJB's MTFS and instruct officers to ensure that the Committee 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;
- xv) 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;
- xvi) 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;
- xvii) 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;

- xviii) 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;
- xix) 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 Finance and Resources Committee Meeting and c) updates on spending and allocation of the underspend should be brought to all Finance and Resources Committee meetings for the remainder of the financial year; and
- xx) 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.

Decision of Council, 2 November 2023

- 3.6 The above recommendations were referred to, and agreed by, Council at its meeting on 2 November. As a result of this decision and the in-principle full application of the 2022/23 underspend, an overall Council-wide overspend of £0.8m was being forecast as of that time.
- 3.7 In addition, members agreed that there would be no loss of Education Welfare Officer (EWO) roles before full scrutiny of the outcome of the review. The financial impact of this decision is reflected in Paragraph 4.3 below.
- 3.8 The remainder of the report addresses, as appropriate, the actions contained within the approved motion and updates members on a number of other changes based on analysis of actual income and expenditure to the end of August 2023 and projections for the remainder of the year.

4. Main report

Directorate projections

Children, Education and Justice Services – net pressure of £5.650m

- 4.1 The overall forecast for the Directorate as of month five shows a slightly increased net pressure of £5.650m. Significant gross elements of pressure within the forecast include £3.0m in Children's Services for out-of-authority residential and secure accommodation. While numbers in external residential accommodation are

decreasing, this remains above budgeted levels and placement costs continue to increase.

- 4.2 Pressures of some £2.4m are also forecast within Home to School Transport, primarily reflecting the combined impact of growing service demand, contract inflation and shortfalls against previously approved savings targets. A further reduction in ringfenced funding for Early Years following the transition to a fully needs-based allocation methodology has contributed to a net in-year pressure of £3.5m.
- 4.3 An increased shortfall of £0.95m against the level of approved savings is also reflected in the forecast. Following the decision of Council on 2 November 2023, full scrutiny of the outcome of the EWO review will be undertaken at the meeting of the Education, Children and Families Committee on 23 January 2024. As such, no in-year saving is now being assumed in respect of this review.
- 4.4 At this stage, anticipated net mitigations across the wider service of £4.2m have been identified, comprising a £1.8m allocation from the £5m Council-wide inflationary contingency approved as part of the 2023/24 budget and £2.4m from non-recurring staffing underspends, resulting in an overall £5.650m residual pressure.

Place – net pressure of £0.7m

- 4.5 As of month five, the Directorate is projecting an overall adverse variance of £0.7m, an improvement of £1.2m since the equivalent period three position. The overall position reflects net pressures of £1.1m within the Housing and Homelessness Division, in turn primarily attributable to growth in household numbers in excess of budgetary assumptions. Pressures from contractual inflationary uplifts and changes in benefit eligibility are largely being offset by underspends in staffing and commissioning costs.
- 4.6 Net pressures of £1.5m are also apparent across the Culture and Wellbeing Division, in the main due to a range of legacy pressures, including £0.85m within Libraries and £0.4m in respect of winter festivals.
- 4.7 Set against these are savings totalling £1.9m across the Operational Services and Sustainable Development Divisions (with the upside since month three largely due to an improvement in forecast parking income), resulting in an overall service pressure of £0.7m. The Executive Director and his Senior Management Team are committed to developing further mitigating measures, in consultation with elected members where appropriate, with a view to achieving a balanced position by the year-end.

Corporate Services – net underspend of £0.6m

- 4.8 As outlined in a report elsewhere on today's agenda, the Executive Director of Corporate Services is projecting an overall service underspend of £0.6m, primarily reflecting additional savings in employee costs relative to approved targets.

Edinburgh Integration Joint Board (EIJB) – net funding gap of £2.2m

- 4.9 Taking into account the Council's approved additional in-year contribution of up to £14.2m, [a pressure of £2.174m is projected at this time](#). Whilst not yet forecasting a balanced position, the advice from EIJB officers is that the financial recovery plan should not be progressed at this time, with officers instead pursuing the following mitigating actions:

- (i) undertaking a detailed review of the individual schemes in the savings and recovery programme to continue to drive delivery and, where possible, over delivery;
- (ii) reinforcing the importance of grip and control over all elements of expenditure;
- (iii) not entering into any additional commitments until the level of assurance over financial break-even is assured. For example, when considering spending plans for the slippage on carers funding currently held in reserves, the impact of not progressing with these would have to be balanced against the alternative of reductions to existing services; and
- (iv) ongoing discussion and engagement with partners.

- 4.10 A further verbal update will be provided at the Committee's meeting.

Other pressures

- 4.11 As noted in the month three update, the current overall projection also reflects £1m in-year liabilities for each of (i) Brunstane Primary School investigative works and decant costs and (ii) anticipated additional costs incurred as a result of buildings not being usable as a consequence of Reinforced Autoclaved Aerated Concrete (RAAC) panels. It is likely that remedial costs will be incurred in future years.

Employee pay award, 2023/24

- 4.12 On 22 September 2023, COSLA as employer made a "best and final" offer to the non-teaching trade unions with a view to avoiding industrial action. This offer increased the in-year value of the pay uplift across local government by some £90m, comprising £80m from the Scottish Government, supported through a one-off reprioritisation/redirection of funding, and a £10m recurring contribution from councils, with Edinburgh's proportionate share being £0.8m.
- 4.13 Following rejection of this offer by the largest representative trade union UNISON, a revised offer was then made on 3 November 2023, backdating further elements of

the uplift to 1 April 2023. The estimated additional Scotland-wide cost of this offer is £17.2m, with Edinburgh’s proportionate share being around £1.6m.

- 4.14 The associated costs will be met by councils in 2023/24, with reimbursement from the Scottish Government then following in 2024/25. As such, there may be a need to meet this sum initially from the Council’s unallocated general fund (with subsequent reimbursement from the Scottish Government) should some of the risks set out in the report crystallise.

Corporate budget savings

- 4.15 Given the £10.731m of pressures outlined in the preceding sections, opportunities to address these through available savings in corporate areas continue to be examined. As of month five, the following anticipated net mitigations have been identified, including a £1.4m improvement since month three in Council Tax:

	Anticipated saving relative to budget levels, £m	Comments
Council Tax	4.000	Projection based on confirmed 2022/23 income levels, analysis of subsequent changes in the size and profile of the Council Tax base and anticipated collection rates and required bad debt provision
Interest and investment income	6.000	Projection reflecting available cash balances and interest rates
Tram extension - additional running cost support	3.500	Reduced funding support based on extrapolation of current passenger levels and associated fare income
	(0.889)	Less net application of above sums to support in-principle maximum additional in-year contribution to EIJB of £14.2m
	12.611	

Overall position

- 4.16 Taken together, the net impact of (i) anticipated pressures in service areas less corporate or other savings and (ii) the Council’s in-principle contribution of up to £14.2m to address the projected EIJB in-year deficit (funded largely from the Council’s 2022/23 underspend) results in a projected underspend of £1.880m as shown in Appendix 1. Movements since the month three forecast are shown in Appendix 2.
- 4.17 While the improvement in the overall position is to be welcomed, there remains the potential for further risks to emerge during the remainder of the year, including inflationary uplifts and demand-led pressures, particularly in homelessness services. Given all of these factors, it remains the view of the Section 95 Officer that no additional commitments should be taken on at this time.

Savings delivery

- 4.18 The 2023/24 approved budget is underpinned by the delivery of approved savings and additional income of £26.6m. As shown in Appendix 3, 67% by value are

assessed as green, with the majority of the remainder rated as amber. Deliverability assessments of the latter, and where necessary identification of mitigating offsetting measures in the case of shortfall, remain in progress.

Fees and charges

- 4.19 At the Special Meeting of the Committee on 23 October, members requested an update on progress in implementing the revised fees and charges (and the associated income implications) approved at the Committee's meeting on 30 March 2023. An update in this area is provided in Appendix 4.

Spend to Save project application – EICA bouldering project

- 4.20 An application to utilise the Council's Spend to Save fund has been received from Edinburgh Leisure, with relevant details included in Appendix 5. The current uncommitted Fund balance is £1.5m, with confirmed or anticipated annual repayments from previously supported projects of £0.55m. Subject to the Committee's consideration, this application will be referred to Council for ratification.

5. Next Steps

- 5.1 Given the range of pressures outlined in the report, Executive Directors will require to bring forward measures to offset residual service pressures and risks within their respective areas of responsibility during 2023/24. The adequacy of budget framework provision for the on-going financial impacts of the pandemic will also be kept under close review to highlight any necessary remedial action.

6. Financial impact

- 6.1 As of month five, an overall underspend of £1.880m is forecast, albeit with a number of risks highlighted. Failure to break even in 2023/24 would increase the savings requirement in 2024/25 due to a need to reinstate the General Fund unallocated reserve. While allocation of the 2022/23 underspend in the current year has enabled a projected balanced position to be achieved, it nonetheless reduces the options to address future years' budget gaps and means existing expenditure is exceeding in-year resources.
- 6.2 The report therefore acutely emphasises the importance of proactive management of pressures and delivery of approved savings in maintaining the integrity of the budget framework. Given the extent of subsequent years' funding gaps, early action is also required to deliver robust savings proposals, aligned to the priorities set out in the Council's business plan, sufficient to meet these requirements.

7. Equality and Poverty Impact

7.1 There are no direct relevant impacts arising from the report's contents.

8. Climate and Nature Emergency Implications

8.1 There are no direct relevant impacts arising from the report's contents.

9. Risk, policy, compliance, governance and community impact

9.1 There are no direct relevant impacts arising from the report's contents.

10. Background reading/external references

- 10.1 [Finance Update](#), Edinburgh Integration Joint Board, 16 November 2023
- 10.2 [Revenue Monitoring 2023/24 – month three report update](#), Finance and Resources Committee, 23 October 2023
- 10.3 [Revenue Monitoring 2023/24 – month three report](#), Finance and Resources Committee, 21 September 2023
- 10.4 [Revenue Budget 2023-24 Update - referral from the City of Edinburgh Council](#), Finance and Resources Committee, 30 March 2023
- 10.5 [Liberal Democrat Group Budget Motions](#), City of Edinburgh Council, 23 February 2023
- 10.6 [Revenue Budget Framework 2023/27 – progress update](#), Finance and Resources Committee, 7 February 2023

11. Appendices

- 11.1 Appendix 1 - 2023/24 Revenue Budget – Projected Expenditure Analysis
- 11.2 Appendix 2 – Analysis of movement in overall forecast between months three and five
- 11.3 Appendix 3 - Approved savings, 2023/24 – current status
- 11.4 Appendix 4 – Discretionary fees and charges – approved changes for 2023/24
- 11.5 Appendix 5 – Spend to Save application – EICA bouldering project

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
Directorate / Division	£000	£000	£000	£000	£000	£000	
Corporate Services (including Chief Executive's Office)	86,278	40,613	39,105	(1,508)	85,674	(604)	(0.7)
Children, Education and Justice Services	448,542	185,991	188,818	2,827	454,192	5,650	1.3
Health and Social Care	294,504	122,892	129,013	6,121	310,878	16,374	5.6
(offset by assumed maximum contribution approved by Council, 2 November 2023)					(14,200)	(14,200)	n/a
Place	252,641	105,086	106,456	1,370	253,352	711	0.3
Lothian Valuation Joint Board	3,774	1,573	1,573	0	3,774	0	0.0
Directorate / Division total	1,085,740	456,154	464,964	8,810	1,093,671	7,931	0.7
Non-service specific areas							
Loan Charges / interest and investment income	79,992				73,992	(6,000)	(7.5)
Other non-service specific costs less sums to be disaggregated:	39,643				39,643	0	0.0
- Non-Domestic Rates (poundage uplift/impact of revaluation)	3,213				3,213	0	0.0
- Energy (additional provision relative to approved 2022/23 budget)	16,700				16,700	0	0.0
- Discretionary Rates	720				720	0	0.0
Additional Investment to disaggregate	1,187	0	0	0	1,187	0	0.0
Tram Shares	8,500	0	0	0	8,500	0	0.0
Council Tax Reduction Scheme	28,647	n/a	n/a	n/a	28,647	0	0.0
Non Domestic Rates Relief (pending formalisation of any changes to current policy)	14,979	n/a	n/a	n/a	14,979	0	0.0
Staff early release costs	2,500	n/a	n/a	n/a	2,500	0	0.0
Net Cost of Benefits	(127)	n/a	n/a	n/a	(127)	0	0.0
Brunstane Primary School - exploratory survey and decant costs	0	n/a	n/a	n/a	1,000	1,000	n/a
Reinforced Autoclaved Aerated Concrete (RAAC) Panels	0	n/a	n/a	n/a	1,000	1,000	n/a
Unfunded element of best and final non-teaching pay offer for non-teaching staff, 2023/24 (23 September 2023)	0	n/a	n/a	n/a	800	800	n/a
Additional cost of non-teaching employee pay award, 2023/24 per revised offer, 3 November 2023	0	n/a	n/a	n/a	1,600	1,600	n/a
Non-service specific areas total	195,954	0	0	0	194,354	(1,600)	(0.8)
Movements in reserves							
Net contribution to / (from) earmarked funds	(39,679)	0	0	0	(42,290)	(2,611)	6.6
Net contribution to / (from) unallocated funds	0	0	0	0	(1,600)	(1,600)	n/a
Movements in reserves total	(39,679)	0	0	0	(43,890)	(4,211)	10.6
Sources of funding							
General Revenue Funding	(519,403)	(129,851)	(129,851)	0	(519,403)	0	0.0
Non-Domestic Rates	(377,317)	(94,329)	(94,329)	0	(377,317)	0	0.0
Council Tax	(345,295)	(86,324)	(86,324)	0	(349,295)	(4,000)	(1.2)
Sources of funding total	(1,242,015)	(310,504)	(310,504)	0	(1,246,015)	(4,000)	(0.3)
In-year (surplus) / deficit	0	145,651	154,461	8,810	(1,880)	(1,880)	(0.2)

Analysis of movement in overall forecast between months three and five

	Period 3 F&R, 21 September (favourable)/unfavourable	Period 5 F&R, 21 November (favourable)/unfavourable	Movement (favourable)/unfavourable
	£m	£m	£m
General Fund Services			
EIJB	16.7	16.7	0.0
(Assumed maximum CEC contribution approved by Council, 2 November 2023)	0.0	(14.2)	(14.2)
Children, Education and Justice Services	5.5	5.7	0.2
Place	2.0	0.7	(1.3)
Corporate Services	(0.4)	(0.6)	(0.2)
	23.8	8.3	(15.6)
Other pressures			
Brunstane Primary School decant, etc.	1.0	1.0	0.0
RAAC	1.0	1.0	0.0
Impact of best and final non-teaching pay award, 2023/24	0.0	0.8	0.8
	2.0	2.8	0.8
Offset in net terms by:			
Additional interest on available balances	(6.0)	(6.0)	0.0
Council Tax - additional buoyancy	(2.6)	(4.0)	(1.4)
Tram extension - increased patronage relative to budget assumptions (so lower requirement for support)	(3.5)	(3.5)	0.0
Reserves drawdown for North Merchiston and Castle Green care homes urgent repairs previously approved by Council	(0.4)	(0.4)	0.0
	(12.5)	(13.9)	(1.4)
Application of element of in-year corporate savings to support £14.2m EIJB contribution i.e. £14.2m less £13.2m 2022/23 underspend (figure net of North Merchiston and Castle Green drawdown previously approved)	0.0	0.9	0.9
Overall forecast	13.3	(1.9)	(15.3)

Proposal description/area	2023/24 Approved Saving	Saving BRAG assessment				Confirmed or planned mitigating actions where full or partial shortfall in delivery identified
		Green	Amber	Red	Black	
		£'000	£'000	£'000	£'000	
Children, Education and Justice Services						
Multi-system Therapy Services	500	500	0	0	0	
Wellington School Former monies	340	340	0	0	0	
Review of contract spend with partners, remove duplication	904	400	0	504	0	Achievement of full saving to be reviewed with service managers
Education Welfare Officers	400	0	0	400	0	The outcome of the review will be considered at the Education, Children and Families Committee on 23 January 2024. As such, no in-year saving is now being assumed in respect of this review.
Fees and charges (total)	199	199	0	0	0	
Corporate Services						
Customer - promotion of online services	165	165	0	0	0	
Staffing savings - vacancy and turnover management	1,173	1,173	0	0	0	
Management savings	223	223	0	0	0	
Salary Sacrifice savings	225	225	0	0	0	
Scottish Water agency collection fee	90	90	0	0	0	
Fees and charges (total)	20	20	0	0	0	
Place						
Road Construction Consent Inspections	400	335	65	0	0	
Strategic Review of Parking	2,000	1,000	1,000	0	0	Although initial projections are consistent with business case assumptions, implementation remains at a relatively early stage and further evidence is required before greater assurance can be obtained.
Homelessness - No recourse to public funds	3,000	3,000	0	0	0	
Non-core cultural grants	250	0	250	0	0	Further discussion on detailed means of achievement of saving is required.
Homelessness - supply-side initiatives	2,325	0	2,325	0	0	Realisation of this saving is linked to 500 Housing Revenue Account (HRA) void properties coming into use during 2023/24. This process has been delayed, with the properties now expected to become available between November 2023 and March 2024, 70% of which will be allocated to homeless households. Given the level of saving predicated on this assumption, the position will be kept under active review.
Income recovery in Regulatory and Planning and Building Standards	500	0	500	0	0	Income received in the year to date is lower than in 2022/23; delivery of the saving will therefore be kept under close review.
Organisational Reviews	530	170	160	200	0	Saving associated with Transport and Environment Organisational Review currently assessed as amber pending final staff matching and associated savings confirmation. Timescales for Public Safety and Resilience Organisational Review have slipped, resulting in majority of in-year savings being assumed not to be delivered.

Proposal description/area	2023/24 Approved Saving	Saving BRAG assessment				Confirmed or planned mitigating actions where full or partial shortfall in delivery identified
Fees and charges	2,935	1,499	1,436	0	0	Majority of amber-assessed element relates to parking-related uplifts pending further months' evidence of actual income received following 20% overall increase in parking charges implemented in early June. Impact of 11% increase in most cultural fees and charges being assessed.
Estate rationalisation and property savings	500	320	180	0	0	Level of anticipated additional rental income to be confirmed.
Garden waste income consolidation	400	400	0	0	0	
Bus lane camera income consolidation	600	500	100	0	0	Bus lane cameras were offline for three weeks, resulting in income shortfall.
Glass collection and recycling - one-off contract saving	550	550	0	0	0	
Penalty Charge Notices	2,400	1,200	1,200	0	0	Following implementation of increase in early June, monitoring of income and behavioural impacts remains at a comparatively early stage and a further update will therefore be provided as part of the month eight report.
Millerhill Income	3,450	3,450	0	0	0	
Best value reviews	500	500	0	0	0	As reported to the Transport and Environment Committee on 20 April 2023, £0.5m of the additional funding for street cleansing approved as part of the 2023/24 revenue budget has been set aside in recognition both of the lead-in times for implementation of the planned service improvements and that the best value service review is unlikely to be able to deliver the full saving in 2023/24.
Savings in prudential borrowing costs	918	626	292	0	0	Further work is required to review fleet review programme to understand better its overall affordability.
Smart City Phase 1 assumed savings	500	258	242	0	0	This represents cessation of £0.500m annual budget allocation for the two preceding financial years. The £0.258m green element relates to budget ringfenced to service the prudential borrowing requirement re Smart Cities Phase 1. Assessment of delivery of the remaining element is on-going.
Council-wide						
Redeployment	600	600	0	0	0	Following approval of the report on revised redeployment arrangements by the Policy and Sustainability Committee on 22 August 2023, this saving will be managed in the context of services' overall employee budgets and established structures whilst still securing the level of saving approved by members.
	26,597	17,743	7,750	1,104	0	
		66.7%	29.1%	4.2%	0.0%	

Discretionary fees and charges – approved changes for 2023/24

Approved budget motion, 23 February 2023

The budget motion approved by Council on 23 February 2023 included an assumption of a CPI-linked uplift, based on the relevant rate as of October 2022 (i.e. 11.1%), for most discretionary fees and charges (except where a higher level of increase had already been proposed).

The approved motion (i) separately included a 25% increase in road occupation charges for property developers and (ii) specifically excluded charges for community access to secondary school facilities and Houses in Multiple Occupation (HMO) licences where, by extension, the original officer-recommended increase of 5% would apply.

Taken together, these savings were assumed to generate an additional £1.190m of income on a recurring basis relative to the budget framework assumption of £1.700m.

Special Meeting of the Finance and Resources Committee, 30 March 2023

A decision on setting the detail of these fees and charges was remitted initially to Council on 16 March 2023 and thereafter to a Special Meeting of the Finance and Resources Committee on 30 March 2023. At this latter meeting, the following additional changes were agreed:

- (i) to raise on-street parking charges by 20% across the various charge levels, excluding resident permits and town centres, increasing income by approximately £0.8 million relative to the level assumed in the budget baseline (i.e. a 12% increase);
- (ii) to use the additional monies raised by increased parking charges to reduce the impact of other charges in the Council's remit, particularly on low-income and older households, specifically freezing the following fees and charges:
 - adult burial fee charges (reduction in income of £0.340m);
 - Garden Aid (£0.050m);
 - Day Care for Older People and Adults with learning or physical disabilities (£0.005m);
 - Community Alarms and Telecare Services (£0.194m); and
 - Costs of audio, film rentals, photocopying, etc. within libraries (£0.040m).
- (iii) to create a library fine amnesty period to dismantle potential barriers to continued access for adults and children (£0.071m); and
- (iv) to create an additional fund for community-led cultural projects to help sustain local cultural organisations working in our neighbourhoods (£0.100m).

Taken together and with the addition of the increase in the rate charged for parking Penalty Charge Notices (PCNs), some £5.6m of increased income was anticipated to be generated in 2023/24.

Implementation of changes in charges resulting from Special Meeting

Parking

Following the decision of the Finance and Resources Committee, officers put in place arrangements to action the agreed amendments as soon as practicable. Due to a combination of the need to advertise the revised parking charges and required changes to relevant infrastructure such as signage and ticket machines, however, an interim increase was implemented with effect from 3 April, with full implementation of the agreed changes from 5 June.

Coupled with extensions to existing Controlled Parking Zones, it therefore remains comparatively early to assess the impact on overall income levels, although updated forecasts referenced in the main report indicate that the assumed £0.8m of additional income, taking into account separate budget framework provision for COVID-related impacts, will be generated.

Library fines

The library fine amnesty period remains in operation and is expected to do so at least until the end of the current financial year.

Community-led culture fund

Officers have also developed a programme of activity for the £0.100m to support community-based access to cultural resources and opportunities. The programme offers a broad spectrum of access options – provided both via Council resources and external partners – and builds on existing proven programmes, alongside new initiatives. Activity in 2023/24 will be treated as a pilot for future years' investment and includes building on the Welcome programme in libraries; music strands; parks and venues access and participation. Each element is a bespoke approach to providing subsidised access to city indoor and outdoor spaces in partnership with communities.

The proposed programme has been shared with, and agreed by, the culture and well-being leads of each political group.

Application for use of Spend to Save fund – Edinburgh International Climbing Arena (EICA)

The Council has received an application for Spend to Save funding to support upgrading of current bouldering facilities at the Edinburgh International Climbing Arena (EICA).

Bouldering on indoor walls is now the most widely practiced form of climbing. As climbing has grown in popularity and become an Olympic sport, the accessibility of indoor bouldering and its lack of barriers to participation has led to an explosion in the number of bouldering walls across the world.

EICA currently offers two bouldering spaces that are now outdated and no longer fit for purpose. They do not work well for introducing people to the sport, coaching and developing climbers, catering for the growth in bouldering or hosting bouldering competitions at grass roots, regional, national or international level.

Mountaineering Scotland, the NGB for Climbing, has identified the need for EICA to upgrade its bouldering facilities in order to keep a national and international profile. Their strategy also highlights that indoor bouldering and rope climbing is the lynchpin in climbing pathways.

Edinburgh Leisure's business case proposes (i) the replacement of the existing arena boulders with an International Federation of Sport Climbing (IFSC)/Olympic standard bouldering installation and (ii) the development of former retail space to provide a new space for beginner/intermediate bouldering.

These two new developments combined with the existing bouldering room will ensure EICA is in a position to capitalise on the growing demand by offering progressive casual, coaching and competition bouldering areas. It will provide entry routes into climbing for complete beginners, enhance our comprehensive coaching pathways right through to the highest levels of world-class competition.

The cost of the initial developments has been estimated at £0.641m with yearly ongoing costs of circa £0.038m. Edinburgh Leisure is submitting an application to Sports Scotland who may be able to provide up to £0.100m in funding. The remaining costs would be met by a CEC Spend to Save loan over a maximum five-year period, with these repayments topsliced from EL's payment for service. The existing arena boulders have been in place for 20 years and the proposed development is expected to have a greater lifespan.

Annual income from the new development is forecast at circa £0.160m to £0.250m, giving a payback period of four years¹. By year 5 it is anticipated the development will be contributing over £0.200m net per annum to EICA's financial position. This would see a significant reduction in the subsidy required by the venue. Due to the appeal and reach of the venue, the developments are also expected to bring users and visitors from across the UK and the world. This will result in further wider economic benefit to Edinburgh.

Sport climbing has three Olympic disciplines – Lead, Speed and Boulder. This proposed development would make EICA the only venue in the UK with international standard walls for all three disciplines, and one of a handful around the world. This would allow EICA to expand its world-class indoor climbing for people of all ages and stages whilst keeping up to date with developments and trends within the sport.

¹ Should this funding bid be successful, there would be a corresponding shortening of the payback period.