

Motion by the Conservative Group

City of Edinburgh Council

22 February 2024

Item 4.1 Revenue Budget 2024/25 and Sustainable Capital Budget Strategy 2024-34

Council

1. Recognises the continued disdain of the Scottish Government towards local government as displayed in its ongoing inadequate funding.
2. Supports local government as being the appropriate mechanism for raising local taxation, subject to the democratic will of elected members.
3. Rejects the centralising approach of the Scottish Government of imposing Council Tax freezes on local authorities.
4. Recognises that accepting the proposed settlement is a better option than raising Council Tax that would allow the Scottish Government to retain finances, resulting in inevitable wastefulness, as illustrated in ongoing spending decisions by both SNP and Green ministers.
5. Regrets that COSLA has had no success in persuading the Scottish Government to fund local authorities to the level required. Also regrets that successive SNP and Labour administrations have failed to persuade the Scottish Government to meet the needs of the residents, who live in, and business owners, who trade in, Scotland's capital.
6. Notes the specific shortfalls in funding of travel for under 22s, the consequences of an ageing demographic for health and social care, the real living wage and homelessness pressures have created a significant funding squeeze on Council's spending decisions.

7. Notes the lamentable failure to deliver five of the six recommendations in the Accounts Commission Best Value Assurance Audit Report within three years of the publication of the report.
8. Notes that since the last Budget setting meeting, the Care Inspectorate found “insufficient strategic leadership and management oversight of key processes. The concerns of elected members of all parties in the functioning of the Health & Social Care Partnership was reflected in the all-party motion of November 2023.
9. Regrets that the necessary steps have not been taken to date to improve what the Council can do to improve its own financial stability.
10. Recognises the importance of implementing a Medium-Term Financial Plan for the Council, but also understands the implications for future spending plans and the consequences for individual service areas.
11. Commits to supporting whatever approaches are required to implement a successful budgeting arrangement over the medium-term.
12. Welcomes the on-going successful management of the team at Lothian Pension Fund that will enable a reduction in pension contributions for 2024/25 onwards.

Revenue Budget 2024/29

13. Notes the continual failure to maximise efficiency and effectiveness of Council services. In recognising that the quality of the service is critical, Council further commits to considering revisions to all methods of service delivery to improve quality with an associated reduction in cost reflecting Best Value.
14. Agrees to remove the self-imposed political restrictions of the Labour Administration and empowers managers to develop a programme of Best Value reviews to deliver significant savings, with options for a first phase (Homelessness) to be brought to Council for approval by September 2024. Market testing, Zero-Based Budgeting and benchmarking should be applied to take an evidenced-based approach to development of savings.
15. Requests all Executive Directors and Heads of Service to conduct Best Value reviews as quickly as possible to identify service improvements and cost savings.
16. Agrees implementation of strengthened recruitment controls council-wide together with a programme of organisational reviews across Corporate Services.
17. Further agrees to review organisational change and redeployment arrangements to maximise opportunities for redeployment and ensure value for money.
18. Agrees to retain Lothian Buses in public ownership, recognising the need to evolve services as housing provision in the city changes, but rejects plans to introduce a workplace parking levy.

19. Regrets that the Scottish Government's policy commitments on free bus travel for under 22s and over 60s does not provide compensating funding for Edinburgh Trams.
20. Regrets on-going road closures and restrictions to city-wide travel have contributed nothing to mobility for all in Edinburgh and are unlikely to deliver any improvements in air quality.
21. Agrees investment of £240,000 to restore bus services 69 and 20 for Willowbrae/Lady Nairne and Dumbiedykes.
22. Further, notes that Scottish Government policy commitments including council tax freeze and real living wage for adult social care are not fully funded. Council does not agree budget provision for these unfunded National policy commitments and continues to seek full funding from Scottish Government. Further, Council agrees to reinstate budget provision if full funding is provided.
23. Agrees to terminate the Council's membership of the Convention of Scottish Local Authorities delivering an annual saving of £294,000 from 2025/26.
24. Welcomes the UK Government decision to allocate £600m to local government, including £500m for social care. Further, Council seeks assurances that the £45m of Barnett consequentials resulting from this announcement will be passed in full to councils.
25. Approves £5.35m of additional expenditure for a programme of environmental initiatives including £2.35m of recurring investment in cleansing services and a further £3m of recurring investment to address the appalling condition of the city's roads and footpaths.
26. Approves £1.5m of additional recurring investment to drive improvement / best practice in educational attainment and address poor IT performance in schools.
27. Rejects proposals to increase parking permit charges by c.10% and limits increases to 5%.
28. Recognises the positive impact on individuals and communities of engagement in exercise and agrees to examine opportunities to expand innovative community-based programmes. Further, Council encourages Edinburgh Leisure and the Health & Social Care Partnership to identify more ways of improving working together on such initiatives to improve community fitness and to maximise utilisation of facilities.
29. Notes the continued failure of the Edinburgh Health and Social Care Partnership to develop a strategic approach to financial planning with the Edinburgh Integration Joint Board (EIJB) continuing to rely on non-recurring funding to address non-delivery of Partnership savings and shortfalls in funding from the

Scottish Government and NHS Lothian. Further recognises the failure of the Partnership and EIJB to deliver transformational change in service delivery.

30. Notes the urgent need to address the failure of the EIJB to make progress towards a sustainable budget position and agrees to allocate £1m to create a ring-fenced Innovation and Service Transformation fund with the initial phase of business case proposals for investment to be brought to the Council by the Autumn. Further, agrees that the initial phase of proposals includes a study on the inspirational dementia “villages” service model.
31. Recognises the history of the city and its importance to attracting permanent employees and visitors to Edinburgh. By doing so, agrees to allocate £0.5m for the Edinburgh 900 project.
32. Identifies the importance of providing grants to third sector local organisations that meet the needs of local communities. Therefore, the Regenerative Futures Fund will receive an allocation of £0.1m subject to the approval of the Fund’s governance arrangements by Policy & Sustainability Committee.
33. Recognises the impact of Local Development Plans on communities; therefore agrees to allocate £0.06m for assistance in understanding the consequences of LDPs.

Capital Investment Programme

Council:

34. Agrees proposals for additional capital investment of £16.6m as detailed in Annex 3.
35. Agrees an initial capital contribution of £2.6m, alongside recurring annual revenue budget contributions of £0.5m p.a. to establish an IT investment reserve to support development of a planned IT investment programme rather than the current ad-hoc approach.
36. Agrees a 6-month pause of new legal commitments, pending a full review of investment requirements including an assessment of strategic requirements in IT, Adult Social Care and Inclusion services, together with consideration of a school catchment review. Notes that the pause will not apply to decisions taken by Council in the last six months or to statutory works or essential health and safety works.
37. Agrees that no material legal property commitments will be entered into pending a review of alignment with the strategic review of the estate and consideration of opportunities for wider consolidation and rationalisation, including through a community hub approach.

38. Agrees that no consideration should be given to extending the tram where there is no revenue to progress a business case, without considering the capital consequences for the Council.

Risks and Reserves

Council:

39. Notes the report by the Executive Director of Corporate Services setting out the significant risks associated with the budget proposals.
40. Agrees that enhancement of an ICT infrastructure reserve will be a priority should additional revenue funding be confirmed through UK and Scottish Government budget decisions.
41. Requests the Chief Executive to report to Council in April 2024 with detail of specific proposals to address long-standing underlying budget pressures in Service Directorates.
42. Requests the Chief Executive to report to Council in April 2024 with detail of the approved EIJB budget 2024/25, including the outcome of discussions with EIJB and NHSL Chief Officers on fair funding of investment associated with partnership performance improvement initiatives.

Development of a Sustainable Financial Strategy

Council:

43. Recognises that the projected budget deficits largely pre-date the outbreak of COVID-19 with the Council continuing to rely heavily on corporate savings and reserves.
44. Agrees to develop an effective strategy to lobby for a fairer settlement for local government including equitable funding for pressures in homelessness services; proper recognition of pay, demographic and demand pressures; and full funding for National policy commitments.
45. Subject to consideration of more detailed business cases by the Finance and Resources Committee, approves the use of up to £2.85m from reserves to accelerate the development of a comprehensive change plan to address the pressing financial challenges facing the Council.
46. Agrees to establish Health and Social Care Innovation and Service Transformation Funds with a first phase of business cases to be reported to the Council in the Autumn.

Conclusions

Council notes the following reports from the Executive Director of Corporate Services:

Council Budget Reports

- a) Revenue Budget Strategy and MTFP Progress Update - referral from the Finance and Resources Committee (25 January 2024)
- b) Revenue Budget Framework and Medium -Term Financial Plan (MTFP) 2024/29 – Further Update - referral from the Finance and Resources Committee (6 February 2024)
- c) Revenue Budget 2024-25 – Risk and Reserves - referral from the Finance and Resources Committee
- d) Sustainable Capital Budget Strategy 2024-2034 – referral from the Finance and Resources Committee

Council therefore approves:

- The Revenue Budget 2024/25 as set out in the reports appended to this motion, as amended by the changes/allocations included in Appendix 1;
- A band 'D' Council Tax of £1,447.69 for 2024/25;
- The Council Tax and Rating resolution set out in Annex 2 to this motion;
- The 2024/34 Sustainable Capital Budget Strategy as set out in the report by the Interim Executive Director of Corporate Services, as amended by the changes shown in Annex 3;
- Allocations from reserves as set out in this motion;
- A further report to be submitted to seek approval of revised charges for Council services, the financial impact of which is contained in Appendix 1 to this amendment; and
- A further report to be submitted to seek approval of the prudential indicators arising from this motion.

Moved by: Cllr Phil Daggart

Seconded by: Cllr Graeme Bruce

**THE CITY OF EDINBURGH COUNCIL
CONSERVATIVE GROUP BUDGET MOTION
REVENUE BUDGET 2024/26**

	2024/25		2025/26	
	£000	£000	£000	£000
Expenditure to be Funded				
- Resource Allocation Totals	1,344,834			
- Add: Expenditure funded through Specific Grants	<u>16,211</u>			
		1,361,045		
- General Revenue Funding and Non Domestic Rates	(989,082)			
- Ring Fenced Funding	<u>(16,211)</u>			
		(1,005,293)		
To be Funded by Council Tax		<u>355,752</u>		<u>409,900</u>
Council Tax at Band D	£	1,447.69		£ 1,491.12
Increase on Previous Year	£	-		£ 43.43
- Percentage Increase		0.00%		3.00%
Funding Requirement		355,752		409,900
Council Tax Income		355,752		369,400
		<u>355,752</u>		<u>369,400</u>
Funding (Excess) / Shortfall at Council Tax increase above as reported to Council, February 2024 (note 1)		-		40,500
Service Investment (see Appendix 1)	12,200		9,540	
Add / Less: Amendments to Draft Revenue Budget Framework (see Appendix 1)	250		250	
Less: Additional Savings (see Appendix 1)	<u>(9,100)</u>		<u>(13,394)</u>	
		3,350		-3,604
Contributions to / (from) reserves (itemise)				
Spend to Save Fund	(1,000)		(500)	
Welfare Reform	(900)			
City Strategic Investment Fund	(450)			
Severe Weather	<u>(1,000)</u>			
		<u>(3,350)</u>		<u>(500)</u>
Balance of Available Resources		<u>-</u>		<u>36,396</u>

Note 1 - incremental 2025/26 gap takes account of position set out in update report to the Finance and Resources Committee on 6 February 2024 i.e. that deferral of the schools-related savings results in the loss of the full-year effect of savings originally proposed from August 2024.

THE CITY OF EDINBURGH COUNCIL
CONSERVATIVE GROUP BUDGET MOTION
REVENUE BUDGET 2024/26

	2024/25	2025/26
SERVICE INVESTMENT	£000	£000
Best Value Review of Homelessness (Welfare Reform Reserve)	900	(900)
Organisational Reviews (Spend to Save Fund)	500	(500)
Zero Based Budgeting and Asset / Technology Research (Spend to Save Fund)	500	
Capital Investment Programme Pause / Evaluation (City Strategic Investment Fund)	450	(450)
Road and Footpath Repairs (£1m from Severe Weather Reserve in 24/25)	3,000	
Infrastructure Investment (Prudential Borrowing)	250	750
City Clean Up ("Scrub our Streets")	2,350	
EIJB Innovation and Transformation Funds	1,000	(1,000)
Education Attainment	500	
Schools IT	1,000	
Data Management	250	
IT Investment Reserve (recurring contribution)	500	
Service Improvement Programme	100	
Bus Services	240	
"Edinburgh 900"	500	(500)
Regenerative Futures Fund	100	
Local Development Plan - Community Fund	60	(60)
TOTAL SERVICE INVESTMENT	12,200	(2,660)
PROPOSED AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK 2024/28		
Parking Permit Increases limited to 5%	250	
TOTAL AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK	250	0
ADDITIONAL SAVINGS		
Best Value Review of Homelessness	(500)	(2,000)
Organisational Review and Vacancy Management Programme	(1,500)	(1,500)
COSLA		(294)
<i>Scottish Government Underfunding (note 1):</i>		
Tram Concessionary Fares - underfunding of over 60s / under 22s	(1,900)	
EIJB - underfunding of demography and Real Living Wage	(4,300)	
Education - underfunding of council tax freeze	(900)	(500)
TOTAL ADDITIONAL SAVINGS	(9,100)	(4,294)

Note 1: proposed budget reductions relate to underfunding of Scottish Government commitments, budgets will be reinstated if policy commitments are fully funded.

Note 2: funding allocated for a library fines amnesty will now be used on a permanent basis to remove library fines.

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

To recommend that in respect of the year to 31st March, 2025:

1. GENERAL FUND

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

Council Tax - estimated expenditure from Council Tax of £355.752m be met and in terms of Sections 70(1) and 74(1) of the Local Government Finance Act 1992 (the 1992 Act) Council Tax be levied in respect of properties in the bands defined in Section 74(2) of the 1992 Act, as amended by The Council Tax (Substitution of Proportion) (Scotland) Order 2016, as follows:

Band	Council Tax	Band	Council Tax
	£		£
A	965.13	E	1,902.10
B	1,125.98	F	2,352.50
C	1,286.84	G	2,835.06
D	1,447.69	H	3,546.84

2. RATING APPEALS TIMETABLE

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

Main Assessment Roll

12 July 2024

Lodging of Appeals with the Executive Director of Corporate Services by
Hearing of Appeals by the Rating Authority

13 September 2024

Amendments to Main Assessment Roll made subsequent to its issue

Lodging of Appeals with the Executive
Director of Corporate Services

Within six weeks of issue of Rate Demand or
in terms of Section 11 of the Rating and
Valuation (Amendment) (Scotland) Act 1984

Hearing of Appeals by the Rating Authority

Periodically

3. CAPITAL EXPENDITURE

Expenditure on Capital projects in progress be met.

4. BORROWING

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

**THE CITY OF EDINBURGH COUNCIL
CONSERVATIVE GROUP BUDGET MOTION
CAPITAL BUDGET 2024 - 2029
ADDITIONS TO REVISED PROGRAMME**

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	Total £000
Available Resources for Distribution						
Prudential Borrowing (funded through additional revenue savings)	9,600					
Capital Programme Contingency	7,000					
	<u>16,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes to recommended Capital Investment Programme						
Roads and Pavements	12,000					
IT Investment Reserve	2,600					
Transport Schemes	1,000					
Parks and Greenspace	1,000					
	<u>16,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>