

# Leadership Advisory Panel

10.00am, Thursday, 23 April 2020

## Revenue Budget 2020/21 Update

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 Members of the Leadership Advisory Panel are asked to:
- 1.1.1 note the progress to date in delivery of the approved savings and assumed management of residual pressures underpinning the 2020/21 budget;
  - 1.1.2 note the significant estimated expenditure and income impacts of the Covid-19 pandemic on the Council and its ALEOs' activities and the potential sources of offsetting funding identified to date;
  - 1.1.3 note that the Council will submit regular updates to COSLA on these expenditure and income estimates with a view to informing negotiations with both the UK and Scottish Governments;
  - 1.1.4 note that further regular updates will be provided to elected members as greater certainty is obtained in these areas;
  - 1.1.5 note that the content of the revenue and capital budget frameworks may be subject to change as part of a wider review of relative Council priorities once the on-going impacts of current disruption become clearer; and
  - 1.1.6 approve the payment of an uplift of 3.3% to contract hourly rates to allow all voluntary and independent social care providers to ensure that all social care support workers will have their pay increased to at least the Living Wage Foundation rate of £9.30 an hour from 1 April 2020.

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# Report

## Revenue Budget 2020/21 Update

### 2. Executive Summary

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- 2.1 Following the approval by Council on 20 February 2020 of the revenue budget for 2020/21, the report outlines progress and further actions in respect of (i) management of service pressures and (ii) development of savings implementation plans for the approved proposals comprising the budget framework.
- 2.2 In view of the profound and still-emerging impacts of the Covid-19 pandemic, however, its primary focus is on the related cost and income implications for the Council and its arm's length organisations, highlighting a significant residual funding gap under both of the scenarios of service disruption presented.

### 3. Background

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- 3.1 On 20 February 2020, Council approved a balanced revenue budget for 2020/21 and indicative balanced budgets for the following two years, based on assumptions around future grant funding levels. The approved 2020/21 budget is underpinned by the delivery of £34.9m of savings, as well as management of residual pressures of around £15m, once account is taken of additional investment included within the budget framework.
- 3.2 As in previous years, an initial in-year assessment has been undertaken of arrangements put in place both to manage these residual service pressures and implement the savings approved as part of setting the Council's 2020/21 budget. Since the approval of the budget, however, the full impact of the Covid-19 pandemic has affected the delivery of Council services and those of its arm's length bodies in a way almost unimaginable only two months ago. Whilst the position is inherently fluid, the report therefore also seeks to assess the main expenditure and income impacts, insofar as these are known at this stage, and to identify potential funding sources to address them.

### 4. Main report

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#### Coronavirus impacts

- 4.1 Given the Coronavirus pandemic's unprecedented scale and consequent impact on the Council's activities, the full financial implications will only emerge over time, with numerous variables to be considered at both local and national level. It was agreed

by members of the Council Incident Management Team (CIMT), however, that initial analysis would focus, insofar as is currently feasible given service manager availability, on service-wide expenditure and income projections based on two distinct scenarios, namely:

- (i) a complete shutdown of most Council services for a period of three months, after which point services quickly return to normal; and
- (ii) a complete three-month shutdown followed by a further three-month period during which activities gradually return to normal. For the sake of consistency, service managers were asked to assume 50% of normal activity over this latter period for those services that are temporarily suspended or significantly amended.

4.2 These estimates and the associated financial modelling will continue to be the subject of refinement and review, particularly as the timetable and basis on which the Council's activities will resume becomes clearer. Finance-related risks are also being actively tracked as part of wider Covid-19 risk management arrangements.

### **Covid-19 expenditure and income impacts – Council services**

4.3 **Appendix 1** summarises the current estimate of the main areas of reduced income and increased expenditure for Council services resulting from the emergency situation. This indicates net additional costs of £24.1m under the first scenario and, cumulatively, £37.9m under the second, longer-lasting scenario.

4.4 The totals in Appendix 1 reflect the main costs identified across the Communities and Families, Place and Resources Directorates, as well as an anticipated reduction in Council Tax collection levels. They do not, however, reflect any impacts on the Edinburgh Integration Joint Board (EIJB), for which separate funding arrangements are in place.

4.5 The overall cost is expressed net of assumed savings in energy, non-domestic rates and the withholding of the remaining £0.5m Community Policing funding for Police Scotland. It is anticipated that there may additionally be savings in (i) agency and overtime expenditure later in the year given the Council's reduced scale of activity, particularly in the summer months and (ii) payments to home-to-school transport and other contracted providers, based on the premise of meeting only actual costs incurred that are not funded by other means. Work is also continuing to quantify available non-domestic rates relief for those Council buildings, occupancy of which is now prohibited by law.

### **Delivery of approved savings**

4.6 On 20 February, in setting the 2020/21 revenue budget, members of Council approved the delivery of some £34.9m of savings. **Appendix 2** summarises the current Finance deliverability assessment of these savings, with £7.0m viewed as unlikely to be delivered under the first scenario and a further £0.5m should service disruption continue over a longer period.

4.7 Both sums include a combined £3.1m shortfall against the efficiencies and income maximisation workstream, with the remainder reflecting a combination of

insufficiently-scoped implementation plans, enforced delays in implementation (such as in the case of staffing reviews), service unavailability (where savings are dependent on income generation) and potential changes in immediate Council priorities (such as investment in Economic Development).

- 4.8 Given that slippage against a number of these savings is now almost inevitable, it is vital that any further deterioration is, wherever possible, avoided and action taken as soon as practicable to develop outstanding implementation plans for those savings not affected by the Coronavirus outbreak. In those cases where full delivery cannot now be achieved, identification of offsetting savings measures and/or acceleration of approved measures from later years of the budget framework will be required to ensure that, subject to a likely broader need to re-assess its priorities, the Council's financial sustainability is not compromised.

#### **Management of residual service pressures**

- 4.9 Estimated 2019/20 residual budget pressures for all Directorates have also been assessed, with the position summarised in **Appendix 3**. While this assessment is consistent with monitoring updates provided in-year, the final position will be confirmed when the 2019/20 outturn is known in early to mid-May.
- 4.10 The total estimated budget pressures from 2019/20 which will carry forward into 2020/21, after application of £10.4m approved investment, are £8.0m.
- 4.11 Most residual pressures have arisen from non-delivery of previously-agreed savings and efficiencies. In this context, the requirement for management actions to be delivered, or substituted, is critical and a refresh of implementation plans is urgently needed.

#### **Total expenditure pressures – Council**

- 4.12 Taken together, Covid-19 related expenditure or income losses, anticipated shortfalls in approved savings delivery and unmitigated residual pressures total £39.2m under the three-month scenario and £53.5m for the six-month equivalent. Given the magnitude of these pressures, radical action is likely to be required whilst continuing to impress upon the UK and Scottish Governments the gravity of the financial impact for local government services both in the immediate and longer term.

#### **Available funding**

- 4.13 **Appendix 4** summarises additional funding received to date as part of the Scottish Government's emergency response. Excluding those sums with corresponding expenditure liabilities (including the Scottish Welfare Fund), up to £5.6m is available to contribute towards Covid-19 related costs.
- 4.14 As summarised in **Appendix 5**, taking into account an assumed £2m contribution to the EIJB and recently-approved funding of £0.4m to meet Marketing Edinburgh's transitional costs, £5m of the as-yet unallocated 2020/21 budget monies could, subject to member approval, be made available to offset any funding shortfall. Analysis of the Council's available earmarked reserves has indicated that up to £11.2m could also be made available to offset relevant costs.

- 4.15 Taken together, these measures provide only £21.8m to address the net expenditure requirements set out in Paragraph 4.12, resulting in remaining shortfalls of £17.4m (three months) and £31.7m (six months) respectively. On this basis, further analysis of (primarily) non-service budgets has been undertaken to identify timing-related and other savings that could contribute towards this requirement. While further work is required, this analysis suggests that up to £11m could be made available through these sources, with the elements comprising this total set out in Appendix 5.
- 4.16 These measures, if all applied, would have the effect of reducing the remaining funding gaps to £6.4m (three months) and £20.7m (six months) respectively. Opportunities to identify further non-service savings, the majority of which will similarly be one-off in nature, will therefore continue to be examined.
- 4.17 Executive Directors have also been asked to consider further actions to mitigate savings non-delivery and residual pressures and ensure that Coronavirus-related costs are being recorded appropriately to inform both subsequent Council-wide reporting and wider representations around the need for the full scale of expenditure and income impacts upon the Council to be recognised.
- 4.18 If, after some or all of these measures, a shortfall still remained, it would be possible to apply up to £13m from the Council's unallocated general reserve. This would, however, require to be replenished through the identification of further savings in future years.

### **Council Companies and Arm's Length Organisations (ALEOs)**

- 4.19 **Appendix 6** sets out the significant anticipated income impacts on the Council's companies and ALEOs insofar as these affect the Council's budget. These sums necessarily reflect assumptions around external sources of funding support, particularly financial assistance for furloughing the majority of staff beyond the currently-confirmed three-month period as part of the UK Government's Coronavirus Job Retention Scheme (CJRS).

### **Further actions**

- 4.20 Given the scale of the immediate financial impacts and potential ramifications for councils' longer-term financial sustainability (and consequent ability to contribute towards national objectives and Scotland's recovery from the pandemic), work is also continuing apace to develop, through COSLA, consistent tracking arrangements across Scotland.
- 4.21 A template has now been circulated to all councils and updates will be provided to COSLA and SOLACE every three weeks. The cost and income implications for the Council will therefore also be captured through this exercise and their gravity conveyed to the Scottish and UK Governments to inform consideration of further funding provision and/or delivery of previously- agreed or planned national commitments.
- 4.22 In the meantime, the Council Leader has written to the Cabinet Secretary for Finance to highlight the pressures on a number of the Council's ALEOs,

particularly in view of the vital role of Lothian Buses and Edinburgh Trams in driving forward the city and Scotland's recovery.

### **Edinburgh Integration Joint Board (EIJB)**

- 4.23 Based on previous estimates, the EIJB faces a deficit in its 2020/21 budget of around £26m. The Chief Officer and her team continue to develop the associated savings and recovery plan which will be presented to the EIJB for approval on 28 April. This plan will be based on an assumption of receipt of £2m of additional support from the Council as noted at 4.14 above.
- 4.24 The Edinburgh Health and Social Care Mobilisation Plan was submitted to the Scottish Government on 3 April and sets out a series of actions to support the whole system approach to reducing delayed discharge and maintaining the position below 100 by the end of March 2020 (as of 13 April, 80 individuals are awaiting discharge into a community setting). Given the urgency of the measures set out within the Mobilisation Plan, as of the time of writing, feedback is anticipated in the coming days.
- 4.25 The Scottish Government provides funding, routed through IJBs, to ensure that voluntary and independent adult social care providers pay their staff at least the level of the Living Wage Foundation's minimum hourly rate. In November 2019, the Foundation confirmed that the applicable rate for 2020/21 would be £9.30, an increase of 3.3% on the equivalent figure for 2019/20. The expenditure associated with increasing contract hourly rates in line with this uplift is included in the Health and Social Care Partnership's Mobilisation Plan. On the assumption that corresponding funding is made available, members are asked to approve payment of this increased rate to all providers with effect from 1 April 2020.

## **5. Next Steps**

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- 5.1 The costs and income impacts of the Coronavirus pandemic will continue to be actively tracked and refined as additional clarity is received on the timing and nature of any relaxation of current lockdown restrictions. These estimates will be shared with COSLA and form part of on-going liaison and negotiation with the Scottish and UK Governments around the provision of corresponding funding.
- 5.2 As noted in the main report, Executive Directors have also been asked to identify additional measures to offset savings delivery shortfalls and residual service pressures. The impact of these measures, alongside any further available non-service savings, will continue to be regularly reported to elected members.

## **6. Financial impact**

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- 6.1 The report sets out a range of significant expenditure pressures, both in respect of Council services and impacts on the activities of the Council's ALEOs. While a number of potential funding sources and other measures (including consideration, wherever possible and appropriate, of rental payment deferrals rather than abatements) have been identified to address, at least in part, these shortfalls, it is

likely that the wider budget framework will require to be re-assessed, including the impacts of Covid-19 on the Council's capital investment programme.

## **7. Stakeholder/Community Impact**

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- 7.1 There is no direct relevance to the report's contents although the scale and coverage of these impacts will require extensive and continuing engagement with key stakeholders as the city enters the recovery phase.

## **8. Background reading/external references**

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- 8.1 [Council's Change Strategy: Planning for Change and Delivering Services 2020/23](#) – Progress Update, Finance and Resources Committee, 14 February 2020
- 8.2 [Council Change Strategy 2020/23: Risks and Reserves](#), Finance and Resources Committee, 14 February 2020
- 8.3 [Coalition Budget Motion](#), City of Edinburgh Council, 20 February 2020

## **9. Appendices**

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Appendix 1 - Principal additional expenditure and reduced income impacts of COVID-19 pandemic – Council

Appendix 2 - 2020/21 approved savings - current Finance delivery assessment

Appendix 3 - Residual budget pressures

Appendix 4 - External funding confirmed to date for non-Health and Social Care services

Appendix 5 - Revenue Budget Update, 2020/21 – estimated position

Appendix 6 - Principal additional expenditure and reduced income impacts of COVID-19 pandemic - Council Companies (private)

Principal additional expenditure and reduced income impacts of COVID-19 pandemic - Council

Appendix 1

Broad assumption is that services are shut down fully for three months, before gradually returning to normal over following three-month period. All projections remain subject to considerable uncertainty as both the pandemic and associated UK and Scottish Government responses develop, with the longer-term implication similarly unclear.

Service Area	Potential Impact	Initial impacts	Further impacts	Total
		Months 1 to 3	Months 4 to 6	
		Value	Value	Value
		£m	£m	£m
<b>Increases in expenditure</b>				
Children's Services	Including additional agency, locum and overtime to cover internal staff absences; additional costs from external providers and/or need to identify alternative accommodation if children need to isolate; additional costs of internal reprovisioning for enhanced capacity to isolate; and costs of additional placements due to illness and self-isolation. Figures are based on 50% of potential liability and thus there is a risk that further sums will be required.	1.800	0.775	2.575
Homelessness Services	Additional temporary accommodation costs required to observe social distancing but with potential for further liabilities to emerge and/or for requirements to become recurring.	1.950	0.975	2.925
School meals/community food advice and distribution	Loss of school meals income is offset by reduction in food costs for regular service; cost therefore represents continuing payment for children eligible for free school meals. Remaining sum includes provision for income support measures and food distribution to vulnerable and/or at-risk groups.	1.650	-	1.650
Resources - Customer	Knock-on impacts on delivery of planned savings-mitigating measures dependent on staffing reviews and ICT developments - three months' assumed delay	0.700	0.400	1.100
Additional security costs	Council Resilience Centres, Homelessness Accommodation and Temporary Mortuary	0.150	0.150	0.300
Temporary mortuary hire	Including provision for additional direct staffing	0.110	0.075	0.185
Other incident-related costs	Including ICT, PPE, additional Registrar's Service staffing and payment to Volunteer Edinburgh (current combined actuals and commitments c£0.9m). Discussions are continuing with the Scottish Government to fund elements of ICT-related expenditure from sums redirected from the Council's 2019/20 PEF allocation (this funding is not reflected in these figures).	1.000	0.250	1.250
<b>Total increases in expenditure - Council (excluding Health and Social Care)</b>		<b>7.360</b>	<b>2.625</b>	<b>9.985</b>
<b>Reductions in income</b>				
Parking Income - on-street	Loss of income from on-street car parking due to suspension of city-wide parking charges.	5.700	2.900	8.600
Rental income - Council-owned properties	Increased risk of non-recovery of rental income due to economic downturn, partly linked to reduced tourism. Due to likelihood of subsequent tenant insolvency and delays in re-letting, an 80% rental loss is assumed in each of the next two quarters. All opportunities will be examined, however, to utilise rental deferral rather than abatement wherever appropriate.	3.000	3.000	6.000
Council Tax	Reduced income due to ability to pay Increase in bad debts, with overall full-year 2020/21 collection rate assumed to fall by 1% Likely increase in uptake of CTRS, for which additional funding will be made available by Scottish Government.	1.550	1.550	3.100
Parking Income - enforcement	Enforcement and bus lane cameras PCN reductions	1.350	0.675	2.025
Edinburgh Roads Services	Loss of income from capitalised salaries - Roads, Lighting and Workshops teams	1.300	0.500	1.800
Place (various)	Loss of income - including park concessions, pest control, cruise liner berthing fees and museum and galleries donations, admissions and rents.	1.000	0.650	1.650
Building Standards	Loss of warrant income as construction industry shuts down	1.000	0.525	1.525
Parking - residents' and other permits	Loss of income for residents', retailers, business and trade permit schemes and associated non-enforcement	1.000	0.500	1.500
Cultural venues	Loss of income - sales, rentals, admissions and rents	0.800	0.400	1.200
Planning	Reduction in planning applications submitted due to construction shutdown	0.750	0.375	1.125
Outdoor Centres	Loss of fees and charges income	0.600	0.200	0.800
Licensing	Refunds, net of assumed reserves contribution for Cab, HMO and Liquor.	0.300	0.300	0.600
Refunds/discounts for cancelled services - garden waste	Required reimbursements for lost service, offset by savings in disposal costs.	0.225	0.115	0.340
Community Access to Schools	The pressure has been assessed on the assumption there will be no lets until October, resulting in no income. There are no staff costs as all staff are furloughed and pay reduced to 80%. Figures are based on estimates provided by EL. The impact of furloughing staff for three months is likely to mean no bookings administration in place to process August onwards lets; when lets could start again is unknown at this stage.	0.100	0.100	0.200
<b>Total reductions in income - Council (excluding Health and Social Care)</b>		<b>18.675</b>	<b>11.790</b>	<b>30.465</b>
<b>Savings in expenditure</b>				
Energy	Savings in gas, electricity and water costs across corporate building estate based on indicative analysis by Energy Management Unit	(0.920)	(0.300)	(1.220)
Police Scotland	Non-payment of remaining Community Policing funding	(0.250)	(0.250)	(0.500)
Non-Domestic Rates	Savings relative to budget framework provision following effective freezing of NDR poundage for 2020/21; further savings may result from enforced closure of other Council buildings including schools	(0.500)	n/a	(0.500)
Learning and Development	Cancellation of Learning and Development programme during 'Lockdown' - assume three months of no programme, one month to re-instate programme and two months at 50% capacity.	(0.230)	(0.060)	(0.290)
<b>Total savings in expenditure (excluding Health and Social Care)</b>		<b>(1.900)</b>	<b>(0.610)</b>	<b>(2.510)</b>
<b>Total net additional costs</b>		<b>24.135</b>	<b>13.805</b>	<b>37.940</b>
<b>Notes</b>				

1. Potential Early Years pressures of £4.4m by Month 6 (primarily representing compensation for lost fee income for partner providers) is assumed to be funded from redirected expansion monies and/or provider staff costs met through the Coronavirus Job Retention Scheme.
2. Work is continuing to confirm the impacts upon a number of other areas, including the Registrar's Service income, Bereavement Services and non-Roads recharges to the Capital Programme.
3. Work is also continuing to assess potential impacts upon the HRA, including likely increases in rent arrears.
4. Further costs may be incurred in the short-term for additional overtime, agency and acting-up costs but these are assumed to be offset by subsequent reductions linked to the Council's focus on core services.
5. The above analysis focuses on revenue income and expenditure; work to assess the potential implications for the capital programme is necessarily at a much earlier stage.
6. Costs associated with the Health and Social Care are subject to separate analysis and funding.

Approved Saving	Service Area	2020/21 Saving	Impact of Covid-19 - three months shutdown		Further impact of three months' activity @ 50%	Notes
			Total deliverable	Total non-deliverable		
		£m	£m	£m	£m	
Heritage Language	C&F	0.021	0.021	0.000	0.000	
Scottish Government Framework for Electricity and Gas	C&F	0.060	0.060	0.000	0.000	
Early Years (restructure of staffing)	C&F	0.600	0.000	0.600	0.000	Changes need to happen by August 2020; Covid-19 will stop the work required to recruit the Early Years Practitioners. Changes would not take place during the academic year.
Edinburgh Leisure Service Payment	C&F	0.500	0.500	0.000	0.000	
Police Funded Officers	C&F	1.600	1.600	0.000	0.000	
Quality Improvement Officers	C&F	0.120	0.120	0.000	0.000	
School Efficiencies (DSM)	C&F	1.200	1.200	0.000	0.000	
Continuation of RPI+2%	C&F	0.246	0.160	0.086	0.037	Further analysis underway but as most of the increase relates to community access and adult education, assume no income for April - June. Limited income in summer holidays. Adult education income starts in September, community access in mid-August.
Library books - return to original library	C&F / Resources	0.100	0.026	0.074	0.000	Vacant post still achievable.
Strategy and Communications Workforce Savings	CE	0.100	0.100	0.000	0.000	
Borrowing Costs	Corporate	4.000	4.000	0.000	0.000	
Procurement	Corporate	0.100	0.100	0.000	0.000	
EDI Dividend	Corporate	(1.047)	(1.047)	0.000	0.000	
Council Tax	Corporate	5.100	5.100	0.000	0.000	While a decrease in the overall collection rate is anticipated, this is not explicitly linked to the 4.79% rise and is thus captured separately in Appendix 1.
LOBO Efficiency	Corporate	0.600	0.600	0.000	0.000	
Loans Fund Review	Corporate	10.000	10.000	0.000	0.000	
Council Company Dividends	Corporate	0.250	0.250	0.000	0.000	
Continuation of RPI+2%	Council-wide	0.050	0.050	0.000	0.000	
Efficiencies Programme	Council-wide	2.000	0.000	2.000	0.000	
Optimal workforce efficiency - agency/overtime	Council-wide	0.250	0.000	0.250	0.000	
Pay-related allowances	Council-wide	0.200	0.000	0.200	0.000	
Water Coolers - remove stand alone coolers	Council-wide	0.055	0.000	0.055	0.000	
Mobile phones - reduce specification and volume of devices	Council-wide	0.050	0.000	0.050	0.000	
Review of car parking costs	Council-wide	0.050	0.050	0.000	0.000	
Travel and Mileage (review)	Council-wide	0.200	0.200	0.000	0.000	
Income Maximisation	Council-wide	0.500	0.000	0.500	0.000	
Improving management of Procurement and Contracts	Council-wide	0.100	0.100	0.000	0.000	
Auto renewal of registrations and permits	Council-wide	0.100	0.075	0.025	0.025	
Chief Officers and Senior/Middle Management Review	Council-wide	0.513	0.385	0.128	0.129	
Continuation of RPI+2%	Place	0.958	0.490	0.468	0.075	
Statutory Consents	Place	0.035	0.025	0.010	0.005	
Economic Development	Place	0.500	0.300	0.200	0.000	
New ways of working-Public Safety and Business Continuity	Place	0.130	0.065	0.065	0.000	
Area-based Regeneration	Place	0.500	0.200	0.300	0.050	
Parking Action Plan Phase 2	Place	0.118	0.038	0.080	0.008	
Marketing Edinburgh	Place	0.490	0.490	0.000	0.000	
Transport for Edinburgh	Place	0.400	0.000	0.400	0.000	
Joint Waste	Place	0.325	0.000	0.325	0.000	
Revenue and Capital (road maintenance)	Place	(0.500)	(0.500)	0.000	0.000	
Night Noise team	Place	0.100	0.000	0.100	0.000	
Culture Service (Income Maximisation)	Place	0.112	0.000	0.112	0.000	
Development and Business Services Operating Model	Place	0.850	0.500	0.350	0.100	
Scientific, Bereavement and Registration Services	Place	0.090	0.000	0.090	0.000	
Roads - Revenue to Capital(one off)	Place	0.500	0.500	0.000	0.000	
Continuation of RPI+2%	Resources	0.246	0.087	0.159	0.029	Assume six months then four months of additional income achievable, less £72,000 non-achievable income target for RPI uplift for school meals due to no increase being applied.
CGI - further contract efficiencies	Resources	0.600	0.600	0.000	0.000	The savings remain dependent upon contract negotiations with CGI, with key dependencies around ERP.
Advertising Income	Resources	0.300	0.000	0.300	0.000	
Other efficiencies - ICT/CGI Partnership	Resources	0.150	0.150	0.000	0.000	
Digital delivery	Resources	0.250	0.250	0.000	0.000	
Edinburgh Shared Repairs - Management Resource & Income Generation	Resources	0.190	0.095	0.095	0.048	Anticipated employee savings and income reduced to reflect period of lockdown then three-month recovery.
Facilities Management	Resources	0.500	0.500	0.000	0.000	As saving is a reduction in reactive Repairs and Maintenance which is an internally ring-fenced programme over five years from 2018 to 2023, it is anticipated this reduction can still be applied.
Resources Directorate Workforce Savings	Resources	0.408	0.408	0.000	0.000	While there may be a delay in realising these specific savings, delays in recruitment across the Directorate are likely to result in equivalent savings being delivered elsewhere.
<b>Total</b>		<b>34.870</b>	<b>27.848</b>	<b>7.022</b>	<b>0.506</b>	

## Residual budget pressures (after provision of additional £10.37m in budget framework)

## Appendix 3

Pressures	Residual Pressure following mitigating action	New Pressures	Total	Description/Additional Notes
	£m	£m	£m	
Home to School Transport	0.750	0.000	0.750	Work is ongoing on new initiatives and there may be a full-year benefit of 2019/20 actions but further assessment is required. The assessment will include estimated impacts of rising school rolls for 2020/21 academic year.
Schools Non-Devolved Costs	0.600	0.000	0.600	This relates to grounds maintenance, cleaning materials and trade waste. Actions are being taken to review service levels and processes, however, at this time there are no agreed actions that suggest this pressure will reduce significantly.
Efficiencies - Management Savings and Workforce Management	0.400	0.000	0.400	The saving expected from the S&LL/Place review is now in doubt as a result of the postponement of the review due to COVID. The £0.4m shown is the full benefit expected so should the review be implemented and staff released prior to 31st March 2021, some savings would be delivered.
Community Access to Secondary Schools	0.380	0.000	0.380	This pressure has been reducing by approximately £0.1m a year as price harmonisation with Edinburgh Leisure prices and increased usage has been achieved. The expectation is that this would continue in 2020/21 with a further £0.1m reduction. Actions are being progressed to transfer non-sports lets to Edinburgh Leisure which would provide dedicated management to this aspect of community access, however the financial benefit of this is expected in 2021/22. NOTE - new pressures due to COVID 19 are reported separately.
Other residual pressures	0.050	0.000	0.050	
<b>Communities and Families</b>	<b>2.180</b>	<b>0.000</b>	<b>2.180</b>	
Property and Facilities Management	1.688	0.000	1.688	This pressure relates to as-yet undelivered savings including asset management and efficiency savings. The pressure is shown after the application of £2m approved investment.
<b>Resources</b>	<b>1.688</b>	<b>0.000</b>	<b>1.688</b>	
Waste	0.491	0.135	0.626	Residual pressure relates to as-yet undelivered elements of 2019/20 savings: Joint Approach to Waste (£0.325m), Clean and Green (£0.250m) and Waste and Cleansing operating model (£0.235m).
Parks and Greenspace	0.432	0.000	0.432	Residual pressure is net of £0.4m investment. Residual pressures relates to as-yet undelivered savings including roundabout and verge advertising (£0.3m), partial delivery of Edinburgh Leisure income (£0.190m) and Park Concessions (£0.150m).
Fleet	0.044	0.400	0.444	Investment of £0.250m agreed and is offsetting residual pressure from unrealised elements of 2019/20 saving.
Place - Residual Budget Gap	2.357	0.000	2.357	Legacy savings and efficiency savings target. Specific proposals are required to address gap.
Transport Review	0.520	0.000	0.520	Phase 2: review of shift payments to be implemented when new structure in place.
Scientific Services	0.602	0.000	0.602	2019/20 Asbestos Service pressure of circa £0.8m from suspended operations. New service model to be agreed and implemented.
Other residual pressures	0.159	0.000	0.159	
One-off 2020/21 mitigation - prudential payment for Millerhill not required until 2021/22	(1.250)	0.000	(1.250)	
<b>Place</b>	<b>3.355</b>	<b>0.535</b>	<b>3.890</b>	
Council-wide	0.261	0.000	0.261	Pressures are due to non-delivery of management (£0.136m) and Lean and Automation savings (£0.125m). The full L&A pressure is £0.250m (giving a combined total of £0.386m) and it was originally anticipated that it would be managed in 2020/21. However due to Covid-19, delays are expected and only £0.125m is assumed at this stage.
<b>Grand Total</b>	<b>7.484</b>	<b>0.535</b>	<b>8.019</b>	

The position in respect of the EIJB is subject to separate consideration.

	Purpose and uses of fund	Scotland-wide funding allocation £m	Edinburgh's allocation (where confirmed) £m	Notes
<b>Confirmed funding sources - Council-specific</b>				
Hardship Fund	Barnett Consequentials of UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit.	50	3.9	This is currently the main funding source against which the Council's non-Health and Social Care-related additional costs and losses of income may be offset.
Scottish Welfare Fund	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	45	1.5	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed.
<b>Total</b>		<b>95</b>	<b>5.4</b>	
<b>Confirmed funding sources to which councils will have part access</b>				
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax Reduction Scheme and Scottish Social Security Benefits	50	TBC	The element of the Fund provided in respect of CTRS remains to be confirmed and will be based on actual expenditure relative to existing funding provision.
Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	70	1.7	Following agreement by COSLA Leaders, allocations to local authorities for £30m of the fund (£15m for continuity in each of (i) FSM provision and (ii) food for vulnerable groups) have now been confirmed, with Edinburgh's share being £1.651m. It is anticipated that any direct costs of food distribution to vulnerable citizens as part of the "shielding" project will also be eligible for support.
<b>Funds provided to other sectors that may have relevance to costs incurred by councils</b>				
Third Sector Resilience Fund	Represents support to ensure the health and continued viability of the third sector organisations affected by cash flow and other problems, which have a key role to play in the overall national response	20	n/a	
<b>Remaining elements of Welfare and Well-Being Fund</b>				
Well-Being Fund	Support to help charities and others who require additional capacity to work with at-risk people who may be worst affected by the crisis, including homeless people and those experiencing fuel poverty.	50	n/a	Funding will be provided directly to third sector
Supporting Communities Fund	Funds used to support community efforts at a local level which will be vital to national resilience, including supporting people at risk because of age, isolation, carers, homeless people and asylum seekers and signposting people to sources of help such as applying for benefits.	40	n/a	Funding will be provided directly to community groups
Unallocated funding	Represents sums to be kept in reserve to allow swift and flexible responses to rapidly-changing circumstances.	25	n/a	
<b>Total Welfare and Well-Being Fund</b>		<b>350</b>	<b>7.1</b>	
<b>Funds benefiting other sectors but administered by councils</b>				
Business Support Fund	Targeted grants intended to help protect jobs, prevent business closure and promote economic recovery. These complement other measures in place to support business, including the Coronavirus Job Retention Scheme.	1,188	111.5	While 80% of the total expected funding will be provided in early April, a balancing payment will be made later in the year such that expenditure incurred and funding received should result in no net cost to councils. Figures shown assume full take-up. Further Scotland-wide support of £220m was announced by the Cabinet Secretary for Finance on 15 April, including extensions to current Business Grant Scheme eligibility and further support to self-employed people and viable micro and SME businesses in distress, the implications for Edinburgh of which are currently being assessed.
NDR relief	100% relief in 2020/21 for retail, hospitality and tourism-based businesses	c. 950	n/a	
Freezing of effective NDR poundage	Relief provided such that poundage maintained at 2019/20 levels	c. 50	0.5	Freezing of the effective poundage delivers a £0.5m saving to the Council relative to budget framework assumptions.

NB Separate funding is being provided for health and social care mobilisation.

	3 months	6 months	
	£m	£m	
<b>Additional net expenditure pressures</b>			
Estimated Covid-19-specific expenditure and income (per Appendix 1)	24.135	37.940	
Approved savings - anticipated shortfall in delivery (per Appendix 2)	7.022	7.528	Included for illustrative purposes; expectation is that majority are managed by service areas
Residual pressures (per Appendix 3)	8.019	8.019	
	<b>39.176</b>	<b>53.487</b>	
<b>Potential funding and savings:</b>			
Confirmed Covid-19 related funding (per Appendix 4)	(5.561)	(5.561)	Funding for Scottish Welfare Fund and Council Tax Reduction Scheme assumed to be offset by corresponding expenditure
2020/21 budget - unallocated additional monies	(5.008)	(5.008)	Excludes £2m assumed contribution to EIJB and up to £0.422m approved for Marketing Edinburgh
Use of earmarked reserves	(11.212)	(11.212)	Comprising funds for specific investment (£5.9m), dilapidations (£2.5m), Workforce Management (£1.5m), Unallocated General Fund (former-CSIF element) (£0.9m) and Council Priorities Fund (£0.4m, subject to 2019/20 outturn)
	<b>(21.781)</b>	<b>(21.781)</b>	
<b>Further potential timing-related savings:</b>			
<b>2019/20</b>			
Corporate budgets	(3.000)	(3.000)	Work underway to assess achievability of timing-related savings linked to Covid-related disruption
<b>2020/21</b>			
Loans Fund Review	(1.000)	(1.000)	Slippage in first year's additional related roads/infrastructure expenditure
Repairs and maintenance	(3.000)	(3.000)	Slippage in backlog maintenance programme
LDP revenue budget	(1.500)	(1.500)	Slippage in anticipated calls on allocation
VERA/VR - in-year provision	(2.500)	(2.500)	Assumption that relevant liabilities fully met from reserves
	<b>(11.000)</b>	<b>(11.000)</b>	
<b>Remaining shortfall</b>	<b>6.395</b>	<b>20.706</b>	