

Motion by the Green Group

City of Edinburgh Council

Title: Revenue Budget 2021-22; Capital Investment Programme 2021-31; Housing Revenue Account Budget Strategy 2021-31

City of Edinburgh Council, 18 February 2021

A BUDGET FOR A GREEN RECOVERY

Introduction

1. The Green Group welcomes the opportunity to contribute to the debate about the city's budget. We pay tribute to the hard work of staff in preparing the budget papers in uniquely difficult circumstances and in delivering the Council services funded by the budget within the context of COVID-related pressures of £82m in 2020-21.
2. Over the last four years Greens, at various levels, have sought to secure reforms to local government funding, with greater control over local revenue, additional powers, tax reform and funding framework all being developed. In the context of a global pandemic and the self-inflicted turmoil of Brexit, long term financial reform has been delayed and one-year settlements have been the norm. However, reform remains as pressing as ever.

Green budget: Green Recovery

3. Edinburgh Climate Commission has written "*Those involved in making budget decisions across the city must have the climate emergency in the forefront of their minds.*" While the COVID-19 crisis is, of course, the dominant theme for this year's budget, the larger challenge of the climate emergency has not gone away. Unless cities, regions and nations all act to reduce greenhouse gases dramatically, the United Nations has warned of an increasingly bleak future, with catastrophic consequences for huge numbers of people, especially the poorest, and a devastating impact on habitats and other species. It is why the council has set a target for the city to be a Zero Carbon City by 2030. But, as the Edinburgh Climate Commission implies, the proof of targets lies in actions, including budget actions.

4. That is why we believe the 2021 budget must be a **Green Recovery budget**. It squares the circle of mapping a path out of the COVID-19 crisis in a way which accelerates action to meet the city's net zero carbon commitment. It makes for a city which is more equal, more liveable and more attractive: where congestion and air pollution are slashed; where fuel poverty is ended; where community life is strengthened. It's an Edinburgh which leads the way rather than being left behind; and where, as a result, investment is attractive, leading to sustainable economic recovery.

5. Those are budget choices: not just within the revenue budget straitjacket imposed on the council; but within large scale programmes too:

- The **£1.33 billion City Region Deal** and the need for it to be recast as a Green City Deal to support a sustainable and resilient city region economy.
- The **£8 billion Lothian Pension Fund** and the potential to invest in zero carbon development; in renewable energy; and forest regeneration.
- The **£2.8 billion** investment in the council's **housing stock** with the aim of being zero carbon by 2030.
- The **City Plan 2030** with its capacity to shape billions of pounds of development towards a zero-carbon city: reducing fuel bills, making walking, cycling and public transport much easier; and enhancing green spaces.
- Access to **£2 billion within the Scottish National Investment Bank** with a primary focus on securing a zero-carbon economy.

6. Investment valued at £4-8 billion could deliver up to two-thirds of the target to be net zero carbon and be fully paid back by savings generated. While these are huge sums; the council also has potential leverage over that kind of funding, which far outstrips the incremental decisions which are the focus for annual revenue budgets.

7. That is why our budget highlights both the big programme changes needed (above) and the more modest, but more immediate actions in our package for a Green Recovery. In the context of delayed UK budgets and a one-year settlement from the Scottish Government, this year must be seen as a transition year for the much larger transformations needed ahead.

A Green Recovery Package for 2021

8. We recognise that there are enormous opportunities to bring in **additional external funding** to support the city on its progress to zero carbon; so a theme of our proposals is using some limited budget scope in 2021-22 to build capacity and develop robust action plans for the years beyond, both for budget and zero carbon reasons. There is no shortage of good ideas – from the council's sustainability short window improvement programme; from the Climate Commission Green Recovery and Zero Carbon roadmap reports; and from the council's own evolving sustainability strategy.

9. That is why we have allocated over £10m in the revenue budget to deliver a Green Recovery programme. Some of this is for specific initiatives to be delivered this year; other sums are for our core zero carbon programme which seeks to build capacity and secure ongoing funding sources.

Core zero carbon programme

10. Our core Zero Carbon programme recognises that the scale of transition needs investment measured in billions, not millions. That investment cannot come from the council alone; instead it must tap into central government investment and private funding. For example, in housing and domestic energy efficiency a combination of regulation and financial incentives can shape how consumer investment is directed; the same might apply to business energy use and decarbonising transport. In facilitating that transition we have **allocated £4m to cover a wide-ranging programme** which supports the evolving City Sustainability Strategy and Council Emissions Plan. Some of that will be allocated as the plan emerges, but, of that £4m, we have specifically developed a **£2m funding envelope to support net zero delivery** and make progress on the political commitment to becoming a net zero city by 2030. This investment would support net zero activity in 2021/22 with a focus on the following key deliverables:

- Action to promote and support citizen engagement and behaviour change
- The development of a citywide heat and energy strategy and a Climate Ready Edinburgh adaptation plan.
- The development of a pipeline of net zero projects and business cases to underpin the Sustainability Strategy.
- Progressing the deep retrofit of the Council estate and building council capacity, expertise and knowledge to design and roll out a programme of retrofitting to ensure the Council becomes a net zero organisation by 2030.

The programme of investment would be subject to further reports to the Finance and Resources and Policy and Sustainability Committees to confirm specification and delivery timescales and will be aligned to the priorities of the plan.

Specific projects towards a zero-carbon city

Alongside the core programme we highlight specific project opportunities:

11. **Fleet transformation** – introducing new electric cargo bikes for council and third-party use; and switching heavy fleet from diesel to sustainable power.

12. **Outdoor learning** – building on greater use of outdoor learning during the pandemic by developing teacher skills and confidence; and by pump-priming funds for third sector organisations to deliver learning.

13. A huge boost to our **parks and greenspaces with £10m in the capital programme** to recognise the enormous benefit they have brought to stay-at-home-Edinburgh, with investment in **new toilets in premier parks**, new support for facilities in **Pentland Hills Regional Park** and country parks, footway work and estate improvements.

14. **Enhancing active travel** with specific funding for making Spaces for People changes permanent where appropriate; and dealing with a backlog in closed footpath and footbridges to create green links.

15. A big increase in funding for both **mature tree maintenance and new tree planting**, for amenity, biodiversity, climate mitigation and carbon sequestration.

16. A **Natural Edinburgh** project to enhance biodiversity and engage citizens in conserving our natural environment within the city, drawing in Citizen Science programmes; specialist research and support into enhancement programmes for headline species such as water vole or formerly common song birds; and habitat enhancement through an expanded Living Landscapes project, coupled with improved public information.

17. Community based support through refocusing £1.047m of NEP funds as **community climate change grants**, delivering through participatory budgeting; as well as a **neighbourhood resilience fund**, building on networks developed through the pandemic.

18. **Tackling waste** is a triple win for Edinburgh. It reduces greenhouse gas emissions; lower volumes reduce collection and processing costs; and less waste is less litter to scar our neighbourhoods. We want to change the emphasis from disposal to reduced consumption, repair and multiple use. So our budget sees a scaling up of **upstream re-use and repair work** – with new hubs and support to third sector partners.

Spending to Save

19. In the Net-Zero Carbon Roadmap for Edinburgh published in late 2020, the Edinburgh Climate Commission highlights that £4 billion of investment results in a net financial benefit, with £553m of energy savings by 2030 and 600 jobs each year for 20 years. The city urgently needs to develop financial instruments to realise that benefit. Against that backdrop the sums allocated in the budget for Spend to Save projects are very modest, adding up to only £2.050m and we would argue for that to be expanded in the future. Meanwhile we have identified the following projects on a Spend to Save basis.

- A **Solar PV programme**, building on and complementing the work of Edinburgh Community Solar Co-op
- An **arms-length company energy development fund**
- Targeted support through an evergreen loan fund to improve **warm homes in the private rented sector**
- A pilot for **renewable heat in schools**, delivering savings in fuel bills

A fairer city

20. We believe that a zero-carbon city is a fairer city: with warm homes, more local services, better public transport and more accessible green spaces, among much else. However, we also recognise that the most acute forms of poverty need a more direct response, as argued by the Edinburgh Poverty Commission.

21. Much of the funding responsibility to address poverty lies with UK and Scottish governments: for example, through the benefits system or housing programmes. However, in response to the Poverty Commission's work, the city council has agreed an End Poverty in Edinburgh Delivery Plan. We have allocated £2m for action in 2021-22 within that plan, with a focus on activity which will provide swift respite, including

- Investment in **homelessness prevention**
- Funding **Edinburgh Guarantee for All** to provide access to work and training
- Enhanced support on **income maximisation** and advocacy
- **Crisis support** and direct assistance

22. In January all political groups apart from the Greens voted to boost the Lord Provost's civic hospitality budget by £30k in 2021-22. We would remove that boost and reallocate it to fund the new **End Poverty Edinburgh Citizen Group**, within our overall £2m programme.

23. In addition to the £2m investment in the Delivery Plan we have allocated funding for

- Bridging the **digital divide in schools** which has been exposed more starkly during home-learning in the last year.
- Meeting the request of the **Looked After Champions Board** for funding for staff recruited from care-experienced people.
- Recognising the need to **transform approaches to food poverty**, food waste and food resilience in light of shocks to food systems through the pandemic and Brexit.
- Recognising the importance of access to housing in the city, we have allocated money from reserves for the lead work in **Short Term Lets regulation** to be repaid from fees when operational.
- Recognised the impact on council house tenants of the pandemic and proposed a **rent freeze in 2021-22** (see further below).

Challenging the funding straitjacket

24. In last year's budget (2020) all but one of the five political groups on the Council indicated a 4.79% council tax rise for 2021-22. As recently as the Budget meeting of Finance and Resources Committee on 2 February this was also a core part of the budget recommendations. Very late in the day, the Scottish Government indicated that it would provide funding of up to the equivalent of around 3% of council tax rise if councils choose to freeze council tax at 2020-21 levels. To put this in context, a 4.79% rise in Edinburgh yields £14.8m for investment in services and priorities, compared to £9.6m from the Scottish Government. So, to accept the Scottish Government payment is to reduce available budget by £5.2m in 2021-22 and with knock-on effects to the baseline going forward.

25. The Scottish Government has a choice. It has set aside £9.6m to go to Edinburgh. It could and should pass that £9.6m to Edinburgh, in recognition of the real-terms cuts imposed on local government by the Scottish Government since 2013-14, and still leave councils free to determine their own levels of council tax. Alternatively, it could use the funding as a council tax mitigation fund, by pledging to fund up to 3% of whatever council tax rise a council chooses. So, in the context of Edinburgh's plans, the additional £14.8m would still be raised, with £9.6m funded through Scottish Government and £5.2m by Council Tax in Edinburgh. In that scenario, the benchmark Band D council tax would rise by 46p a week.

26. At draft budget stage, the Scottish Government has chosen neither of those options. Instead it has reverted to type and said it will withhold all funding unless councils freeze council tax in absolute terms. We don't believe that is right. We don't believe council budgets should be treated so whimsically a few days before they are set just because a Holyrood election is on the horizon.

27. That is why we have made two choices in this budget: the first to **challenge the Scottish Government to release the £9.6m** which should rightfully belong to Edinburgh to fund schools, parks, waste collections, homelessness services and the many other services on which people in the city depend; the second to retain the right of the city to set its own council tax and allocate the additional revenue to investing in action for a Green Recovery.

28. At the same time we believe the council should also challenge the Scottish Government over flexibility over other forms of funding. While we have welcomed the £34m of flexibility in loan principal repayments, to be used over the next 3 years for COVID mitigation, we note that officers have repeatedly highlighted the even more advantageous position that could be derived from **recalibrating PPP payments**; we note that COSLA leaders on 29 January agreed to press Scottish ministers on agreeing that and it is time for the Scottish Government to act.

Capital choices

29. We welcome the importance placed on zero carbon projects within the capital strategy: for example, in delivering new schools at Passivhaus standard and in developing the carbon scenario tool. This is complemented by the HRA Business Plan with a commitment for the council housing estate to be net zero carbon by 2030. However, we express disappointment at the draft capital settlement from the Scottish Government; and we remain of the view that the **City Region Deal needs be reset in light of the need for Green Recovery**.

30. Within the limited scope that the budget presents we have used the headroom created by our council tax proposals **to secure an additional £32m of borrowing** as follows:

- **Green infrastructure:** parks, facilities, access – recognising the even greater importance which outdoor space has had in the last year.
- Upgrading and adding **play equipment in parks**
- Investing in **community centres**
- **Spaces for People:** transition to permanent interventions where appropriate
- Repairing and replacing **foot-bridges and inaccessible paths**
- Additional investment in **new and refurbished schools**

31. Finally, beyond that, as we highlighted in paragraph 5, there is a massive opportunity to marshal significant capital resources to invest in the city's zero carbon journey. That is more urgent than ever.

Council housing

32. As above we commend the ambition of the investment programme put forward in the HRA business plan, combining improvements to the quality of service for tenants with the need to align with Green Recovery. However, we also appreciate that these are unique times and there is a case, for this year only, to reconsider the planned rent rise of 2%. Over the last year, for entirely understandable reasons, there has been a delay in capital programmes and a reduction in repairs and maintenance activity. And that is also against a backdrop where council rents in Edinburgh are the highest in Scotland by some way, 30% above the Scottish average. Notwithstanding the availability of housing benefit and universal credit to cover rent rises for half of tenants, for those at the margin, a rent rise of £100 a year on low and fragile incomes is significant. In the context of a wider debate about freezing or cutting charges, we think it is right that any such measures should be most alert to people on the lowest incomes so, **in the specific circumstances of 2021-22 we propose a rent freeze.**

33. Pegging rents at 20-21 levels will result in reduced income to the HRA of around £2m with an ongoing and long-term impact on the HRA Business Plan. However, we note the contingency fund of £11.5m in the HRA, rising to £25m to mitigate reductions in income. This is in addition to HRA reserves designed to smooth out in-year mismatches of income and spend. Given the potential for significant fluctuation in other variables over the 30-year period we judge that a one-off rent freeze is still consistent with delivering the business plan in full and, if agreed, we would expect to see the business plan in revised form next year, as it was this year.

Recommendations

Council notes the following reports:

4.1 Revenue Budget 2021/26

(a) Council Business Plan and Budget 2021/26 – referral from the Finance and Resources Committee

(b) Local Government Finance Settlement 2021/22 – report by the Executive Director of Resources

(c) Council Business Plan and Budget 2021/26: Risks and Reserves – referral from the Finance and Resources Committee

(d) Budget Insights 2020 – referral from the Finance and Resources Committee

(e) Corporate Parenting Action Plan 2020/22 – referral from the Finance and Resources Committee

4.2 - Housing Revenue Account Budget Strategy (2021-2031) – referral from the Finance and Resources Committee

4.3 - Sustainable Capital Budget Strategy 2021-2031 – referral from the Finance and Resources Committee

4.4 - Council Revenue Budget Framework 2021/22 – Integrated Impact Assessments – report by the Chief Executive

Council approves:

- The revenue budget set out in the reports, subject to the amendments set out in Appendix 1 to this motion;
- A band D Council Tax of £1,402.71;
- The Council Tax and Rating resolution as set out in Annex 2 to this motion;
- The 2021 to 2031 capital budget as set out in the report by the Executive Director of Resources, subject to the amendments set out in Annex 3 to 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;
- The recommendations contained in the Housing Revenue Account report by the Executive Director of Place and the outline 10-year HRA capital programme 2021-31, subject to agreement that there be no rent rise in 2021-22 and any revisions needed to the capital programme as a result; and
- Allocations from General Reserves and Spend to Save Fund, as outlined above.

Moved by Gavin Corbett

Seconded by Chas Booth

**THE CITY OF EDINBURGH COUNCIL
GREEN GROUP BUDGET MOTION
REVENUE BUDGET 2021/22 - 2025/26**

	2021/22		2022/23		2023/24		2024/25		2025/26	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure to be Funded										
- Resource Allocation Totals	1,072,218									
- Add: Expenditure funded through Specific Grants	<u>61,959</u>									
		1,134,177								
- General Revenue Funding and Non Domestic Rates	(760,278)									
- Ring Fenced Funding	<u>(61,959)</u>									
		(822,237)								
To be Funded by Council Tax		<u>311,940</u>		<u>349,524</u>		<u>387,410</u>		<u>427,920</u>		<u>469,870</u>
Council Tax at Band D	£ 1,402.71		£ 1,469.90		£ 1,514.00		£ 1,559.42		£ 1,606.20	
Increase on Previous Year	£ 64.12		£ 67.19		£ 44.10		£ 45.42		£ 46.78	
- Percentage Increase	4.79%		4.79%		3.00%		3.00%		3.00%	
Funding Requirement	311,940		349,524		387,410		427,920		469,870	
Council Tax Income	<u>326,140</u>		<u>343,832</u>		<u>355,918</u>		<u>368,428</u>		<u>381,378</u>	
	<u>326,140</u>		<u>343,832</u>		<u>355,918</u>		<u>368,428</u>		<u>381,378</u>	
Funding (Excess) / Shortfall at Council Tax increase above as reported to Council, February 2021		(14,200)		5,692		31,492		59,492		88,492
Service Investment (see Appendix 1)	16,975		5,235		5,360		5,360		5,360	
Add / Less: Amendments to Draft Revenue Budget Framework (see Appendix 1)	475		95		95		95		95	
Less: Additional Savings (see Appendix 1)	<u>(950)</u>		<u>(920)</u>		<u>(920)</u>		<u>(920)</u>		<u>(920)</u>	
		16,500		4,410		4,535		4,535		4,535
Contributions to / (from) reserves (itemise)										
Spend to Save Fund	(2,050)		0		0		0		0	
Unallocated General Reserves	(250)		(125)		375		0		0	
		(2,300)		(125)		375		-		-
Balance of Available Resources		<u>-</u>		<u>9,977</u>		<u>36,402</u>		<u>64,027</u>		<u>93,027</u>

THE CITY OF EDINBURGH COUNCIL

GREEN GROUP BUDGET MOTION
REVENUE BUDGET 2021/22 - 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
SERVICE INVESTMENT	£000	£000	£000	£000	£000
<i>Green recovery</i>					
Zero Carbon Plan	4,000	(4,000)			
Outdoor education development	500	(500)			
Neighbourhood resilience fund	500	(500)			
Digital inclusion in schools	2,250				
Cargo bikes	500	(500)			
EV fleet transition	1,000				
Tree-planting and maintenance	1,000	(1,000)			
Repair and Re-use third sector support	500	(500)			
Natural Edinburgh project	565	(565)			
Refocus £1.047m of NEP Localities budget as Community Climate Change Fund	0	0			
End Poverty in Edinburgh Delivery Plan	2,000	(2,000)			
Supporting Looked After Young People	110				
Food resilience and transformation	1,000	(1,000)			
Short-term holiday lets regulation - set-up costs	250	(125)	(125)		
Prudential borrowing-supported projects (see Annex 3)	750	1,000	250		
<i>Projects funded from Spend to Save</i>					
Solar PV programme	500	(500)			
ALEO energy development	500	(500)			
Warm homes in PRS	600	(600)			
Renewable heat in schools	450	(450)			
TOTAL SERVICE INVESTMENT	16,975	(11,740)	125	0	0
PROPOSED AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK 2021/24					
Instrumental music	150				
Edinburgh Leisure (transitional leeway)	380	(380)			
Replace water coolers in schools	(55)				
TOTAL AMENDMENTS TO DRAFT REVENUE BUDGET FRAMEWORK	475	(380)	0	0	0
ADDITIONAL SAVINGS	£000	£000	£000	£000	£000
Higher parking income (net of risk)	(470)				
Estate temperature control	(100)				
Staff travel and parking	(250)				
Reduce paper/print costs	(100)				
Budget carry forward for LP office	(30)	30			
TOTAL ADDITIONAL SAVINGS	(950)	30	0	0	0

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

To recommend that in respect of the year to 31st March, 2022:

1. GENERAL FUND

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

Council Tax - estimated expenditure from Council Tax of £326.140m 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	935.14	E	1,843.01
B	1,091.00	F	2,279.40
C	1,246.85	G	2,746.97
D	1,402.71	H	3,436.64

2. RATING APPEALS TIMETABLE

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

Main Assessment Roll

Lodging of Appeals with the Executive Director of Resources by	9 July 2021
Hearing of Appeals by the Rating Authority	17 September 2021

Amendments to Main Assessment Roll made subsequent to its issue

Lodging of Appeals with the Executive Director of Resources	Within six weeks of issue of Rate Demand or in terms of Section 11 of the Rating and Valuation (Amendment) (Scotland) Act 1984
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Hearing of Appeals by the Rating Authority	Periodically
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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
GREEN GROUP BUDGET MOTION
CAPITAL BUDGET 2021 - 2026
ADDITIONS TO REVISED PROGRAMME**

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	Total £000
Changes to recommended CIP						
Prudential Borrowing-supported projects (funded through Council Tax income):						
Green infrastructure: parks, facilities, access	10,000					10,000
Play equipment in parks	2,000					2,000
Community centres	2,000					2,000
Spaces for People: transition to permanent interventions	3,000					3,000
Foot-Bridges and Paths	3,000					3,000
Schools investment	4,000	8,000				12,000
	24,000	8,000	0	0	0	32,000