

# Finance and Resources Committee

10.00am, Thursday, 14 July 2022

## Cost of Living Crisis: cost implications of motion approved by Council, 30 June

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1. note the estimated cost implications of the approved motion from Cllr Biagi;
  - 1.1.2. note, in view of wider pressures and commitments affecting 2022/23 and subsequent years of the budget framework, the officer recommendation that no further discretionary expenditure be incurred at this time; and
  - 1.1.3. redouble efforts to highlight to the Scottish Government, through COSLA, the significant and increasing inflationary impacts of the current Cost of Living Crisis upon both the Council and the communities it serves.

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# Report

## Cost of Living Crisis: cost implications of motion approved by Council, 30 June

### 2. Executive Summary

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- 2.1 The report details the estimated cost impacts of the proposals contained within the approved motion on the Cost of Living Crisis from Cllr Biagi approved by Council on 30 June 2022.

### 3. Background

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- 3.1 At the meeting of Council on 30 June 2022, members considered a report on the Council's unaudited accounts for 2021/22. The provisional outturn for the year indicates an overall underspend of £3.877m, of which £2.628m was assumed in setting 2022/23's budget and a further £0.037m represents the impact of an accounting adjustment and is thus not available for spending on frontline services.
- 3.2 Although any remaining available funding is subject to the outcome of the audit process, up to £1.212m therefore remains unallocated at this time.
- 3.3 The report to Council proposed that up to £0.961m of this sum be earmarked to invest in essential infrastructure upgrades for the Enterprise Resource Planning (ERP) project. Whilst noting the report's recommendations, further details of this expenditure, along with an assessment of the requested upgrades and associated risks with the current ERP programme, will be considered by the Committee as part of the first in-year revenue monitoring report on 8 September.
- 3.4 Members of Council also separately considered and approved a motion from Cllr Biagi on the Cost of Living Crisis, including a proposal for the Finance and Resources Committee to receive a report within two weeks setting out, in the context of the unallocated element of the 2021/22 underspend, the feasibility and costs of:
- (i) approving a further low-income household payment of £100 for each child in receipt of free school meals; and
  - (ii) adding a one-off Living Costs Top-Up Grant to the school clothing grant so that it is increased to £200 per qualifying child for the coming school year.

- 3.5 This report provides the details requested within the wider context of the Council's financial position for 2022/23 and subsequent years.
- 3.6 The agreed motion also proposed the immediate cancellation of all school meal-related debt and the commissioning of a further report to return to the Council in one cycle outlining options for future cost of living support options. The latter request is anticipated to be the subject of a separate report to be considered by Council on 25 August 2022.

#### 4. Main report

- 4.1 Following the receipt of some £6.4m of additional funding through the Scottish Government's Local Authority COVID Economic Recovery (LACER) Fund, as part of setting the 2022/23 revenue budget the Council agreed to make an additional payment of £100 for every child within a low-income household, identified with reference to the free school meals qualification. Some 8,400 payments were made as part of this scheme. Based on current take-up levels, repeating this scheme would entail a total cost of £883,200.
- 4.2 The Council also currently pays annual school clothing grants of £120 (primary) and £150 (secondary) per child to those families meeting relevant eligibility criteria. Increasing each of these sums to £200 would result in an additional cost, based on numbers eligible for the coming academic year, of £606,330.
- 4.3 The motion approved by Council on 30 June 2022 furthermore requested an indication of the sums required to write off all existing school meal-related debt. Based on current sums outstanding, this would entail an additional cost of some £64,000.
- 4.4 Taken together, the measures included in the motion would therefore have a combined estimated cost of £1,553,530 as shown in the table below, exceeding the available level of funding from the unallocated element of the 2021/22 underspend by some £341,000. It is also possible that increasing the sums paid may result in higher overall levels of take-up, adding to this total cost.

	<b>Current take-up levels</b>	<b>Proposed payment/ additional payment</b>	<b>Associated cost</b>
Free School Meals	8,832	£100	£883,200
School clothing – Primary	5,221	£80	£417,680
School clothing – Secondary	3,773	£50	£188,650
School meal-related debt			£64,000
<b>Total cost of measures included in motion</b>			<b>£1,553,530</b>

- 4.5 It is not anticipated that payment of either sum above would have any adverse impact on wider benefit entitlement for the recipients. On a practical note, however, as payment for the school clothing grant for the upcoming academic session has

already been made, the top-up would need to be achieved by separate means. Given the “passport” nature of the payments, it would nonetheless be possible to increase the sums paid with reference to free school meal entitlement by the amounts concerned.

- 4.6 The budget update report considered by the Finance and Resources Committee on 16 June 2022 outlined a range of inflationary pressures to which the Council is exposed in 2022/23 and subsequent years. These pressures include those in respect of energy, inflation-based contract uplifts, food and catering, fuel and home-to-school transport and pass-throughs of cost increases affecting, amongst others, children’s services and temporary accommodation services. In addition, the respective pay claims for the main bargaining groups significantly exceed the level of provision included within the budget framework.
- 4.7 Members of the Committee are furthermore aware of the significant wider financial pressures affecting the Council in subsequent years of the budget framework, with a recurring savings requirement of £63m in 2023/24 alone.
- 4.8 In view of the extent of these pressures in the current and future years and noting the existing commitment in respect of the ERP system detailed in Paragraph 3.3, it is officers’ recommendation that no further discretionary expenditure be committed at this time.
- 4.9 Given the extent of cost-of-living increases, however, it is also recommended that representations, through COSLA, to the Scottish Government be redoubled, outlining the scale of the pressures facing both the Council and the communities it serves. These pressures have significantly worsened since the Council’s budget was set in February 2022.

## **5. Next Steps**

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- 5.1 Next steps will be informed by the outcome of members’ consideration of the issues outlined within the report.

## **6. Financial impact**

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- 6.1 The estimated cost implications of the proposals contained within the approved motion exceed the unallocated element of the 2021/22 underspend by some £0.341m.
- 6.2 In view of wider pressures affecting the budget framework in 2022/23 and subsequent years, however, it is recommended that no further discretionary expenditure be incurred at this time.

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

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- 7.1 There is no direct relevance to the report’s contents.

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

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- 8.1 [Unaudited Annual Accounts 2021/22](#), The City of Edinburgh Council, 30 June 2022
- 8.2 [Motion by Cllr Biagi on Cost of Living Support](#), The City of Edinburgh Council, 30 June 2022
- 8.3 [Revenue Budget Update 2022/27 Framework: progress update](#), Finance and Resources Committee, 16 June 2022

## **9. Appendices**

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None