

# Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

## Revenue Monitoring 2022/23 – month five position – referral from the Finance and Resources Committee

Executive/routine                      Executive  
Wards  
Council Commitments

### 1. For Decision/Action

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- 1.1 The Finance and Resources Committee has referred a report on the Revenue Monitoring 2022/23 – month five position to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

**Richard Carr**  
Interim Executive Director of Corporate Services

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# Referral Report

## Revenue Monitoring 2022/23 – month five position – referral from the Finance and Resources Committee

### 2. Terms of Referral

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- 2.1 On 10 November 2022, the Finance and Resources Committee considered the Revenue Monitoring 2022/23 – month five position report. The report set out the projected Council-wide revenue budget position for the year, based on analysis of the first five months' financial data and projections of income and expenditure for the remainder of the year.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note that, as of month five, an overall overspend of £5.092m was forecast and that failure to break even would increase the savings requirement in 2023/24.
  - 2.2.2 To note the potential for further expenditure pressures to emerge during the remainder of the year and thus, given the deterioration in the overall position within Directorates since month three, the urgent need for pressures, savings delivery shortfalls and risks to be fully and proactively managed within all Directorates and the Health and Social Care Partnership.
  - 2.2.3 To note continuing discussions with the UK and Scottish Governments on the provision of further funding to address in full significant additional costs incurred as part of the Council's response to the Ukraine crisis.
  - 2.2.4 To note that, in light of the above, regular updates would continue to be provided to members of the Committee during the remainder of the year.
  - 2.2.5 To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
  - 2.2.6 To note that under 'Member-approved investments, 2022/23', investment in Energy for Edinburgh was marked as amber, dependent upon current Council capacity to deliver.
  - 2.2.7 To reaffirm the importance of this strategic work to investigate local heat and energy efficiency solutions in helping Edinburgh Council to meet our climate change and energy targets.

- 2.2.8 To note that progress would be reported to Council in due course and requested a report on progress made towards this action at Policy and Sustainability Committee within 3 cycles.
- 2.2.9 To agree to include an appendix to the next Revenue Budget Monitoring Report in January with information on the funding position for the Ukrainian refugee programme, including updates on negotiations with Governments and COSLA; ongoing costs; funding received and outstanding; and expenditure that is likely not to be recoverable.

### **3. Background Reading**

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- 3.1 [Finance and Resources Committee – 10 November 2022 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee – 10 November 2022

### **4. Appendices**

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- 4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

# Finance and Resources Committee

10.00am, Thursday, 10 November 2022

## Revenue Monitoring 2022/23 – month five position

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

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- 1.1 Members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that, as of month five, an overall overspend of £5.092m is being forecast and that failure to break even would increase the savings requirement in 2023/24;
  - 1.1.2 note the potential for further expenditure pressures to emerge during the remainder of the year and thus, given the deterioration in the overall position within Directorates since month three, the urgent need for pressures, savings delivery shortfalls and risks to be fully and proactively managed within all Directorates and the Health and Social Care Partnership;
  - 1.1.3 note continuing discussions with the UK and Scottish Governments on the provision of further funding to address in full significant additional costs incurred as part of the Council's response to the Ukraine crisis;
  - 1.1.4 note that, in light of the above, regular updates will continue to be provided to members of the Committee during the remainder of the year; and
  - 1.1.5 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

**Richard Carr**

Interim Executive Director of Corporate Services

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## Revenue Monitoring 2022/23 – month five position

### 2. Executive Summary

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- 2.1 The report sets out the projected Council-wide revenue budget position for the year, based on analysis of the first five months' financial data and projections of income and expenditure for the remainder of the year. At this stage, an overall overspend of £5.092m is being forecast but with the potential for further risks to emerge during the remainder of the year, particularly in respect of the 2022/23 teachers' pay award and other inflationary uplifts. Additional certainty is also still required with regard to securing full funding for the significant additional costs being incurred as part of the Council's response to the Ukraine crisis.
- 2.2 Particularly given the deterioration in the overall position within Directorates since month three, it therefore remains crucial that Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership fully manage pressures, risks and savings delivery shortfalls within their respective core budgets and review all discretionary expenditure if a balanced position is to be achieved by the end of the year.

### 3. Background

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- 3.1 On 24 February 2022, Council approved a balanced revenue budget for 2022/23 based on the Council's provisional grant funding allocation and a 3% increase in Council Tax rates. This grant funding allocation was then confirmed following approval of the Local Government Finance Order for 2022/23 on 2 March 2022.
- 3.2 Subsequent in-year updates have been considered by members of the Committee on 3 March, 16 June and 8 September 2022. The most recent of these updates pointed to an anticipated overall overspend of £5.627m, with the potential for further expenditure pressures to emerge during the remainder of the year, particularly regarding the 2022/23 employee pay award and other inflationary uplifts. In light of this position, the report emphasised the importance of pressures, savings delivery shortfalls and risks being fully and proactively managed within all Directorates and the Health and Social Care Partnership in order to achieve a balanced position by the year-end and thus not add to future years' savings requirements.

## 4. Main report

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### COVID-related impacts

- 4.1 Monitoring in the current year will continue to focus not only on core service activity but how the projected expenditure and income impacts of the pandemic compare to the provisions contained within the revised budget. The budget approved by Council on 24 February 2022 provided for the following sums:

Area of expenditure pressure/income loss	£m
Reductions in parking income	6.0
Lothian Buses - loss of dividend	6.0
Reductions in commercial rental income	3.0
Additional support for Edinburgh Leisure	3.0
Homelessness <sup>1</sup>	3.0
ALEOs – other	1.0
Personal Protective Equipment	1.0
Other income/expenditure	2.3
<b>Total funding for COVID impacts</b>	<b>25.3</b>

- 4.2 **At this stage and based on the actual COVID-related requirement in 2021/22, the approved level of provision continues to be assessed as sufficient.**
- 4.3 **Parking income** for the year to date remains around £0.1m per month lower than in 2019/20, the last full largely pre-pandemic year. While these shortfalls are in addition to income from inflationary uplifts that would have been anticipated over the intervening period, they are still expected to fall within the £6m budget framework income loss provision in this area.
- 4.4 Transport Scotland has confirmed the provision until October 2022 of additional funding to **bus operators** through the Network Support Grant (NSG) Plus initiative, a temporary scheme to support services and protect fares while patronage continues to recover from the impacts of the pandemic. Lothian Buses has previously indicated that it does not anticipate being in a position to pay any dividend to the Council for the foreseeable future, an assumption that is consistent with the budget framework.
- 4.5 Equivalent funding has not, however, been made available to **Edinburgh Trams**, with overall patronage sitting at around 75% of pre-COVID levels. Tram revenues are also being affected by the expansion of free travel to under 22s. It is anticipated, however, that the remaining element of the £0.500m of investment to support the expansion of younger person's free travel included in the 2021/22 budget motion will be sufficient to address, in full, the resulting loss of income in the current financial year.

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<sup>1</sup> The £3m shown forms part of an overall level of budgetary provision that is £17.6m higher than was approved, pre-pandemic, for 2020/21.

- 4.6 As approved by the Transport and Environment Committee on 6 October 2022, the Council has agreed not to support financially the free travel for under 22s on Edinburgh Trams scheme beyond 31 March 2023 pending the outcome of Transport Scotland's on-going Fair Fares Review and wider consideration of resource availability as part of the 2023/24 budget process. Given that in-year liabilities are expected to be met in full from the £0.500m noted above, it is proposed to retain within reserves the £2m approved to support the policy as part of the agreed budget motion for 2022/23, with the allocation of this sum then contributing on a one-off basis towards addressing the 2023/24 budget gap. Final confirmation will, however, be provided in the report to the Committee's next meeting in late January 2023 should Executive Directors' proposed actions not be sufficient to provide confidence of a breakeven position being achieved in 2022/23.
- 4.7 Through a combination of an element of carry-forward from 2021/22 and the in-year allocation of £3m, it is not anticipated that the level of assumed financial support for **Edinburgh Leisure** will be exceeded.
- 4.8 The Council's **commercial rental portfolio** has proved resilient to wider economic conditions and the level of provision for reductions in income received is assessed to be sufficient at this time, although this will be kept under active review given current challenging economic conditions.
- 4.9 The position in respect of **homelessness services** is covered in more detail later within the report.

#### **Directorate projections**

- 4.10 In addition to monitoring the on-going or residual impacts of the pandemic, Executive Directors continue to oversee the delivery of approved savings and management of pressures within their respective areas. The approved budget for 2022/23 contains relatively few service-specific savings and also made some additional provision for service pressures. While these measures provide a degree of contingency against the emergence of significant in-year pressures within services, it remains the role of Executive Directors to manage these fully when they do arise and to maintain expenditure within budgeted levels.

#### **Education and Children's Services**

- 4.11 As of period five, the Executive Director of Education and Children's Services is projecting a net pressure of £4.0m, a deterioration of £1.5m from the position reported to the Committee's previous meeting. Significant elements within the forecast include a projected net pressure of £2.4m within the budget for Children's Services, including residential and secure accommodation, reflecting continuing increases in the numbers of young people being supported across the service and limited capacity to free up places within internal provision to return young people to the Council's care. The forecast is based on numbers of young people and families being supported as of the end of August and so any further increase in demand for support over the remainder of the year will result in an additional pressure.

- 4.12 Pressures of £1.2m are also forecast within Home to School Transport, reflecting shortfalls against previously approved budget savings relating to the Transport Review and costs for additional routes which were put in place in response to the pandemic. Routes are being reviewed following the start of the new school term, including the impact of under 22 free bus travel, with any changes in the current forecast then reported to the Committee's next meeting in January.
- 4.13 The majority of the remaining Directorate variance relates to a small element of uninsured costs following settlement of the insurance claim relating to the fire at Liberton Primary School in February 2020.
- 4.14 The Executive Director of Education and Children's Services is fully committed to continuing to deliver mitigations to reduce the existing pressures and to identify and implement management actions required to address these. A further update will therefore be included in the period eight report.

### **Corporate Services**

- 4.15 As outlined in a report elsewhere on today's agenda, the Interim Executive Director of Corporate Services is projecting an overall service underspend of £0.090m, in the main attributable to staffing-related savings. As agreed at the Committee's last meeting, the overall position now reflects the provision of one-off investment funding of £0.961m for Enterprise Resource Planning (ERP) infrastructure upgrades.

### **Place**

- 4.16 The Executive Director of Place is forecasting an overall pressure of £2.7m as of period five. This position reflects the combined impact of inflationary pressures in excess of those for which corporate budgetary provision has been made (totalling £1.9m) and a range of other net pressures across the Directorate of £0.8m.
- 4.17 The Executive Director and his Senior Management Team will continue to consider regular updates and develop corresponding actions, such that net expenditure is brought back within approved levels. These actions include a specific focus on those areas of the Directorate where "business as usual" operations indicate an anticipated overspend with a view to identifying, as a matter of urgency, mitigating actions both to address these current-year pressures and enhance the stability of the budget framework going forward.

### **Homelessness Services**

- 4.18 Revenue monitoring reports throughout 2021/22 highlighted pressures within Homelessness Services and, such is the extent of these pressures, the approved budget for 2022/23 contains £17.6m of additional investment relative to the equivalent budget for 2020/21. Despite this additional investment, further pressures totalling £8.0m (increased from £5.5m at month three) are now apparent in 2022/23, mainly comprising:

- (i) projected growth in client numbers, with an overall in-year increase of 307 households now forecast relative to assumed growth of 120 as of month three;
- (ii) claims for increased rates from providers due to changes in market rates (Private Sector Leasing), inflationary increases (spot purchasing) and revision of current terms (contracted suppliers), the majority of which represent a pass-through of increased energy costs;
- (iii) costs of the Haymarket Welcome Centre, funding for which remains to be confirmed;
- (iv) increased Council costs for Housing First;
- (v) a reduction in the assumed Housing Benefit recovery rate for those accommodated in dispersed flats relative to projections as of period three; and
- (vi) net costs to accommodate current and future increases in homeless Ukrainian households following the end of initial six-month hosting arrangements.

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

- 4.19 The EIJB Chief Finance Officer presented an update on the 2022/23 Financial Plan to the Board's meeting on 18 October 2022.
- 4.20 At its meeting in March 2022, the EIJB agreed the financial plan for 2022/23. At that point, the budget was out of balance by £16.9m and the board recognised that IJB officers would work with partner bodies to address the gap as the year progressed. In setting a budget with a deficit, the IJB recognised the clear risk that agreeing stringent additional savings at a time of significant uncertainty could lead to unnecessary public concern as well as a material deterioration in performance.
- 4.21 Decisions made at the Board's meeting on 9 August resulted in a reduction in the residual gap to £10.8m. The update to the October meeting of the Board indicates a further decrease in the gap to £7.9m. The position will be closely monitored by the EIJB Chief Officer and Chief Finance Officer, working with the finance teams from the Council and NHS Lothian, with a view to bridging the in-year shortfall by the year-end.

### **Savings delivery**

- 4.22 The approved budget for 2022/23 is underpinned by the delivery of approved savings of £19.2m. As shown in Appendix 2, 92% of these savings by value remain assessed as green, with most of the remainder rated as amber. Assessments of the deliverability of the latter, and where necessary identification of mitigating offsetting measures, remain in progress.

## **Service investments**

4.23 As part of setting the Council's budget on 24 February 2022, members approved £9.860m of additional service investments. Appendix 3 shows the current assessment of these investments and the associated outcomes sought. Any in-year underspends against these investments will not be carried forward into 2023/24 and thus be considered in the context of offsetting future years' savings requirements.

## **Employee pay award, 2022/23**

4.24 On 2 September, a revised pay award was made to SJC (non-teaching) staff comprising consolidated elements as follows:

- (i) an increase of £2,000 for those earning up to £20,500, based on a thirty-six hour working week;
- (ii) an increase of £1,925 for those earning between £20,500 and £39,000;
- (iii) a 5% increase for those earning between £39,000 and £60,000; and
- (iv) a maximum increase of £3,000 for those earning above £60,000<sup>2</sup>.

4.25 The revised offer also included the removal of Scottish Social Services Council (SSSC) registration fees and an additional day's leave, each on a recurring basis.

4.26 Consideration of the offer was subject to a ballot of members of UNISON, Unite and the GMB, with all indicating acceptance.

4.27 The Scottish Government has identified, on a recurring basis, total additional funding of £261m to support the revised offer<sup>3</sup>. When added to the 3% already included in the Council's budget framework for 2022/23, this results in an unfunded element of 0.5% across the teaching<sup>4</sup> and non-teaching awards, giving rise to an in-year and recurring pressure of £3.1m. At this stage, pending formal clarification on the availability and nature of any associated revenue and capital financial flexibilities agreed as part of the overall pay settlement, none of this liability is assumed to be offset through utilisation of such measures.

4.28 Discussions in respect of the teaching, Chief Officer and craft pay awards are continuing. The EIS is consulting with its members on a 5% undifferentiated offer, with the ballot closing on 8 November. Should this be rejected and subsequent negotiations result in an improved offer without the provision of full additional funding by the Scottish Government, this would increase the pressure of £3.1m

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<sup>2</sup> This element was based on an assumed thirty-seven hour working week and is thus pro-rated to the Council's thirty-six hour working week.

<sup>3</sup> The total of £261m comprises two elements. £140m was initially provided across the SJC and SNCT (teaching) bargaining groups to increase the employer's offer by around 1.5%. This was then supplemented by a further £120.6m specifically to support a further improvement of the SJC offer. Edinburgh's confirmed share of this total is £20.961m.

<sup>4</sup> Based on the current undifferentiated offer of 5%.

noted above. By means of illustration, each unfunded additional 1% increase in the settlement for teachers would result in a further pressure of some £2.2m.

- 4.29 Given the evolving nature of discussions and the EIS ballot closing date, a verbal update will be provided at the meeting.

### **Operation Unicorn**

- 4.30 Following the death of Her Majesty the Queen on 8 September, the Council assumed the lead co-ordinating role in the safe implementation of Operation Unicorn, the programme of ceremonial and other events taking place in Scotland prior to her coffin being transported to London.
- 4.31 As part of these events, the Council incurred a range of additional costs, or losses of income, including internal and external stewarding and crowd management costs, road closures and diversions, additional street cleansing and parking enforcement. These costs are currently being collated and will be reported to members of Council in December. Discussions have also been initiated, through COSLA, with both the Scottish and UK Governments concerning appropriate reimbursement of these costs, with an initial claim now submitted.
- 4.32 Following the declaration of a national public holiday to coincide with the Queen's state funeral on 19 September, the Council also incurred additional staffing costs in respect of necessary essential service cover. Collation of these costs (which are not recoverable) is also continuing but estimated to be around £0.5m, with this sum reflected in overall monitoring projections.

### **Ukraine response**

- 4.33 The Council is undertaking a key role in welcoming displaced Ukrainians to Scotland and thereafter temporarily resettling a number of these within the city. As of the end of October, almost 10,000 arrivals had been triaged at the Council-operated Welcome Hub, with over 800 Ukrainians now residing in Edinburgh with hosts under the Homes for Ukraine scheme.
- 4.34 While some elements of funding have been received, the Council has also incurred significant expenditure in establishing and operating what are essentially national facilities. Urgent discussions are therefore continuing at a senior level with both the Scottish and UK Governments to ensure these costs are understood and funded, with no further commitments to be entered into until this assurance has been received. These discussions are also seeking to clarify the provision of relevant funding beyond the current financial year.
- 4.35 Firm or in-principle approval to provide funding has now been received for around 70% of the estimated total costs of £13.3m in 2022/23, with discussions continuing between the Scottish and UK Governments on the remaining items. There is nonetheless a risk that an element of these costs, particularly those incurred prior to Ukrainian Displaced Persons (UDPs) moving in to settled accommodation (the trigger for funding allocations), is not fully recognised, giving rise to an estimated

pressure of £4.0m in 2022/23, with the potential to extend into future years of the budget framework.

### **Inflationary pressures**

- 4.36 The report considered by the Committee on 16 June highlighted a range of inflationary pressures affecting the Council, most materially energy cost increases but also including food, fuel, home-to-school transport and uplifts affecting a number of its contracts. At this stage, the level of these remains broadly unchanged, with a pressure of some £8.9m in respect of energy assumed within the overall outturn<sup>5</sup>. The projected outturn for the Homelessness Service also reflects £2m of additional contract uplift requests from other providers. Other inflationary pressures, where their impact cannot be fully mitigated, are reflected in service outturns.

### **Corporate budget savings**

- 4.37 Given the extent of inflation-related and wider pressures within services, opportunities to address these through available savings in corporate areas continue to be examined. As of period five, the following anticipated mitigations have been identified, representing an overall increase of £4.4m since the period three position as shown in the table at Paragraph 4.38:
- (i) **Council Tax** - based on confirmed 2021/22 income levels, analysis of subsequent changes in the size and profile of the Council Tax base and estimated movements in discounts and exemptions over the remainder of the financial year, a £3.5m positive variance is now being forecast in 2022/23;
  - (ii) **Loans charges/interest and investment income** - based on analysis of the 2021/22 outturn, planned in-year capital spend and debt redemption, available cash balances and an expectation not to need to borrow in 2022/23, an overall saving of £3m is anticipated;
  - (iii) **application of the budget framework risk contingency, available inflation provisions and other timing-related savings** – together releasing total funding to offset in full energy-related pressures of £8.9m;
  - (iv) **Millerhill Recycling and Energy Recovery Centre** - the Council's share of net revenue from electricity generation is estimated at £3.8m in 2022/23;
  - (v) **National Insurance** – following the announcement by the UK Government on 22 September that the 1.25% increase in employer's rates will be reversed with effect from 6 November, in-year savings of some £1.6m relative to previous forecasts are now anticipated; and

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<sup>5</sup> Based on qualifying criteria and the wholesale price of energy within its contracts, it is not anticipated at this stage that the Council will receive any significant support from the Energy Bill Relief Scheme. Any update will be provided at the Committee's meeting.

- (vi) projected underspends against the **approved investment in the 2021/22 and 2022/23 budget motions** totalling £1.264m.

### Overall position

- 4.38 Taken together, the net impact of anticipated pressures in service areas less corporate or other savings is a projected overspend of £5.092m as shown in the table below. This marks a slight improvement of £0.535m in the overall position since period three.

	Period 5		Period 3	
	£m	£m	£m	£m
<b>Net pressures in service areas:</b>				
Homelessness Services	8.040		5.500	
Education and Children's Services	4.000		2.500	
Place	2.700		3.600	
Corporate Services	(0.090)		(0.279)	
Energy	8.859		8.859	
Employee pay award, 2022/23	3.100		3.100	
Additional costs of public holiday on 19 September	0.500		n/a	
		<b>27.109</b>		<b>23.280</b>
<b>Savings in corporate budgets:</b>				
Application of budget framework risk contingency, available inflation provision and other timing-related savings	(8.853)		(7.853)	
Millerhill - gainshare income	(3.800)		(3.800)	
Council Tax	(3.500)		(3.000)	
Loans charges/interest and investment income	(3.000)		(3.000)	
Savings in employer's National Insurance	(1.600)		n/a	
Savings in members' investment	(1.264)		n/a	
		<b>(22.017)</b>		<b>(17.653)</b>
<b>Net projected pressure</b>		<b>5.092</b>		<b>5.627</b>

- 4.39 As noted in the preceding sections, there is the potential for further risks to emerge during the remainder of the year, particularly regarding the 2022/23 teachers' pay award and other inflationary uplifts. Additional certainty is also required with regard to securing full funding for significant additional costs being incurred as part of the Council's response to the Ukraine crisis.

- 4.40 *The position above reflects a worsening of £3.3m in the projected outturn of the Council's Executive Directorates.* It is therefore crucial that Executive Directors and

the Chief Officer of the Edinburgh Health and Social Care Partnership fully manage pressures, risks and savings delivery shortfalls within their respective core budgets and review all discretionary expenditure if a balanced position is to be achieved by the end of the year.

- 4.41 To this end, revised arrangements for staff recruitment have been implemented with effect from 3 August 2022, requiring all recruitment to secure written approval from both the relevant Head of Service and Service Director. The need to recruit should also be more explicitly scrutinised, including consideration of whether the relevant service could be delivered in a different way within current capacity.
- 4.42 Executive Directors have additionally been asked to identify a range of other in-year savings measures, including the development of specific mitigation plans in areas of overspend, reconsideration of all discretionary spend and identification of any opportunities for further savings relative to approved levels of investment. A number of measures to reduce energy consumption have also been implemented.

## **5. Next Steps**

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- 5.1 Given the range of pressures outlined within the report, Executive Directors will require to bring forward measures to offset residual service pressures and risks within their respective areas of responsibility during 2022/23. The adequacy of budget framework provision in respect of the on-going financial impacts of the pandemic will also be kept under close review with a view to taking any necessary remedial action.

## **6. Financial impact**

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- 6.1 As of Period 5, an overall overspend of £5.092m is forecast, with a range of further pressures identified. Failure to break even in 2022/23 would increase the savings requirement in 2023/24 due to a need to reinstate the General Fund unallocated reserve. The report therefore acutely emphasises the importance of proactive management of pressures and delivery of approved savings in maintaining the integrity of the budget framework. Given the extent of subsequent years' funding gaps, early action is also required to deliver robust savings proposals, aligned to the priorities set out in the Council's business plan, sufficient to meet these requirements.

## **7. 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 [Finance Update](#), Edinburgh Integration Joint Board, 18 October 2022
- 8.2 [Revenue Monitoring 2022/23 – month three position](#), Finance and Resources Committee, 8 September 2022

- 8.3 [Revenue Budget 2022/27 Framework: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.4 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.5 [Coalition Budget Motion 2022/23](#), The City of Edinburgh Council, 24 February 2022

## **9. Appendices**

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- 9.1 Appendix 1 – 2022/23 Revenue Budget – Projected Expenditure Analysis
- 9.2 Appendix 2 – Approved savings, 2022/23 – current status
- 9.2 Appendix 3 – Approved service investments, 2022/23 – current status

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
	£000	£000	£000	£000	£000	£000	
<b>Directorate / Division</b>							
Corporate Services (including Chief Executive's Office)	87,408	40,713	39,821	(892)	87,318	(90)	(0.1)
Education and Children's Services	434,149	206,567	208,397	1,830	438,149	4,000	0.9
Health and Social Care	285,022	132,216	135,277	3,061	285,022	0	0.0
Place	193,897	87,688	89,107	1,419	196,597	2,700	1.4
Homelessness Services	50,640	21,402	24,059	2,657	58,680	8,040	15.9
Lothian Valuation Joint Board	3,817	1,591	1,591	0	3,817	0	0.0
<b>Directorate / Division total</b>	<b>1,054,933</b>	<b>490,177</b>	<b>498,252</b>	<b>8,075</b>	<b>1,069,583</b>	<b>14,650</b>	<b>1.4</b>
<b>Non-service specific areas</b>							
Loan Charges / interest and investment income	86,950				83,950	(3,000)	(3.5)
Other non-service specific costs less sums to be disaggregated:	23,932				16,084	(7,848)	(32.8)
- Non-Domestic Rates (poundage uplift)	1,005				0	(1,005)	n/a
- Energy tariff uplift	1,141				10,000	8,859	n/a
- Discretionary Rates	720				720	0	0.0
Additional Investment to disaggregate	20,507	0	0	0	19,243	(1,264)	(6.2)
Tram Shares	8,500	0	0	0	8,500	0	0.0
Council Tax Reduction Scheme	28,800	n/a	n/a	n/a	28,800	0	0.0
Staff early release costs	2,500	n/a	n/a	n/a	2,500	0	0.0
Net Cost of Benefits	(127)	n/a	n/a	n/a	(127)	0	0.0
Pay award - unfunded pressure	0	n/a	n/a	n/a	3,100	3,100	n/a
Public holiday, 19 September - estimated additional costs	0	n/a	n/a	n/a	500	500	n/a
Millerhill - electricity generation income	0	n/a	n/a	n/a	(3,800)	(3,800)	n/a
National Insurance - reduction in employer's rate from 6 November 2022	0	n/a	n/a	n/a	(1,600)	(1,600)	n/a
<b>Non-service specific areas total</b>	<b>173,927</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167,869</b>	<b>(6,058)</b>	<b>(3.5)</b>
<b>Movements in reserves</b>							
Net contribution to / (from) earmarked funds	(45,632)	0	0	0	(45,632)	0	0.0
<b>Movements in reserves total</b>	<b>(45,632)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(45,632)</b>	<b>0</b>	<b>0.0</b>
<b>Sources of funding</b>							
General Revenue Funding	(609,735)	(152,434)	(152,434)	0	(609,735)	0	0.0
Non-Domestic Rates	(249,861)	(62,465)	(62,465)	0	(249,861)	0	0.0
Council Tax	(323,632)	(80,908)	(80,908)	0	(327,132)	(3,500)	(1.1)
<b>Sources of funding total</b>	<b>(1,183,228)</b>	<b>(295,807)</b>	<b>(295,807)</b>	<b>0</b>	<b>(1,186,728)</b>	<b>(3,500)</b>	<b>(0.3)</b>
<b>In-year (surplus) / deficit</b>	<b>0</b>	<b>194,370</b>	<b>202,445</b>	<b>8,075</b>	<b>5,092</b>	<b>5,092</b>	<b>0.4</b>

## Approved savings, 2022/23 - current assessed status

	Directorate	£m	Current RAG status			Comments where full delivery not assumed
			£m	£m	£m	
Borrowing costs	Corporate	12.000	12.000	0.000	0.000	
Corporate budgets reprioritisation/realignment	Corporate	5.000	5.000	0.000	0.000	
Procurement	Corporate	0.100	0.100	0.000	0.000	
<b>Total Corporate</b>		<b>17.100</b>	<b>17.100</b>	<b>0.000</b>	<b>0.000</b>	
Continuation of 5% increase in discretionary fees and charges	Council-wide	1.000	0.120	0.880	0.000	An assessment of the deliverability of the Place element of this saving remains in progress taking into account service demand and other relevant factors.
Chief Officers and Senior/Middle Management Review	Council-wide	0.218	0.000	0.000	0.218	
<b>Total Council-wide</b>		<b>1.218</b>	<b>0.120</b>	<b>0.880</b>	<b>0.218</b>	
Statutory Consents	Place	0.025	0.025	0.000	0.000	
Increase in garden waste charge based on full-cost recovery (full-year effect)	Place	0.160	0.160	0.000	0.000	
Development and Business Services Operating Model	Place	0.300	0.000	0.300	0.000	
Library efficiencies	Place	0.050	0.000	0.000	0.050	
Edinburgh Shared Repairs - Management Resource and Income Generation	Place	0.007	0.000	0.007	0.000	
<b>Total Place</b>		<b>0.542</b>	<b>0.185</b>	<b>0.307</b>	<b>0.050</b>	
Digital delivery	Corporate Services	0.190	0.150	0.040	0.000	Verification for Print, Mail and Scan Strategy Development element of saving being progressed with other Council services.
Renting of assets for 5G nodes	Corporate Services	0.050	0.000	0.050	0.000	One-off mitigating saving has been identified in Digital Services budget.
Directorate Workforce Savings	Corporate Services	0.110	0.110	0.000	0.000	
<b>Total Corporate Services</b>		<b>0.350</b>	<b>0.260</b>	<b>0.090</b>	<b>0.000</b>	
<b>Total pre-approved savings</b>		<b>19.210</b>	<b>17.665</b>	<b>1.277</b>	<b>0.268</b>	
			92.0%	6.6%	1.4%	

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
1	Improvements to HR systems	£2,000,000	Subject to the development of an accompanying full business case, the funding will serve as a contribution towards the cost of upgrading the Council's HR systems to support implementation of the recommendations from the independent inquiry and whistleblowing and organisational culture review.	Investment in an upgraded HR system will enable all employees to have access to organisational information, such as the Orb and myLearning Hub. Our current HR system has no core case management functionality and does not enable triage or offer the ability to perform complex data analysis e.g. spotting trends. A core HR solution that can administer all aspects of cases from logging, sending electronic letters and meeting notifications to allowing access to named individuals at certain points only, etc. is required in order to fulfil all the recommendations outlined.		There is delivery risk associated with this project which will not be mitigated until a fully-costed business case is produced. Additional details were included in <a href="#">the update report to Council</a> considered on 25 August 2022. An updated business case is included elsewhere on today's agenda.
2	Easing the cost of living crisis	£1,100,000	The investment will provide capacity and resources to help Edinburgh citizens on low incomes manage the increasing cost of living in 2022 by providing direct financial support; advice to maximise income and entitlements; and prevention measures for those experiencing high energy costs and at risk of falling into arrears and debt. Further details were included in <a href="#">a report to Council</a> considered on 25 August 2022.	The investment will: <ul style="list-style-type: none"> <li>* Deliver on commitments in the Council Business Plan</li> <li>* Prevent poverty and hardship</li> <li>* Make the experience of seeking help more compassionate and more dignified</li> <li>* Improve income or reduce living costs for poorest citizens</li> <li>* Improve opportunities to access or progress in fair employment, learning or training</li> <li>* Improve physical and mental health and reduce health inequalities</li> </ul>		
3	Deep cleaning the city, graffiti removal and street cleaning	£1,072,000	£72,000 of this funding will be used to purchase a new hot wash vehicle for city centre close cleaning. £200,000 will be used to procure a contract for the deep cleaning of the city centre. This will incorporate the cleaning of closes, steps, pavements and street furniture as well as the removal of graffiti from CEC property. £800,000 will be used to employ additional temporary staff and vehicles in the Street Cleansing service to undertake deep cleans of residential areas across the city.	This will improve the appearance of the city and send a message to residents and businesses that the Council is committed to improving local communities and supporting business recovery following COVID-19.		
4	Roads and pavements maintenance	£1,000,000	The package of funding includes £450,000 in permanent patching repairs across 10,000m <sup>2</sup> of carriageways across the city; £300,000 to carry out footpath resurfacing across the city; and £250,000 for traffic signal infrastructure improvements for which works are due to commence in October 2022, with all sites completed by April 2023.	This will visibly improve the condition of roads and pavements across the city and will increase pedestrian safety.		
5	Children's Services - additional investment	£1,000,000	Given the unforeseen duration of the pandemic's impacts and the continued restricted ability to move young people from their current placements, a budget pressure exists within 2021/22 and will extend into 2022/23. With children unable to move across the last two years, they have become settled in existing out-of-authority placements and it would be poor practice to disrupt their progress – and we would be unlikely to persuade the Children's Hearing to move them back into Edinburgh.	While a range of mitigating measures to address the overarching Children's Services pressure has been identified, the £1m investment will allow time for these measures to bed in.		
6	Net-zero	£500,000	The Council is leading on the development and delivery of net-zero community pilots based in geographies with different demographic profiles and community capacity. The pilots will be collaborations between property owners to scope a scalable approach to retrofitting private housing using models that focus on community empowerment and supporting a just transition to net zero.	The investment will: <ul style="list-style-type: none"> <li>* Deliver on political commitments in the net-zero strategy</li> <li>* Strengthen co-production approach and citizen capacity building to deliver net-zero agenda</li> <li>* Model net-zero community action with open source data and open source technical solutions for wider adoption</li> <li>* Provide a scalable financial model to support the financial route map to net-zero</li> <li>* Derive quantifiable co-benefits and nature-based economic benefits</li> </ul>		
7	Social care adaptations	£500,000	Further discussion is required to scope this investment proposal and relevant discussions have been initiated.			No delivery plan for this initiative has yet been developed.

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
8	Park facilities improvements	£450,000	The safety of residents visiting parks is extremely important. £300,000 of this funding will allow the employment of additional Trees and Woodlands staff to deal with Ash Dieback and reduce the risk of tree failures causing harm to members of the public. Recognising the importance of proper lighting for the safety of visitors to our parks, the remaining funding will be used to install additional lighting in some of our parks.	This additional lighting will help to make parks safer to visit. An updated draft trees in the city 2022-2032 strategy and a new workforce and resources plan for the Forestry Service has been developed to assess requirements to tackle the challenges of ash dieback. The work has identified the need for two additional arborist squads for ash dieback work. The budget will be used to begin to build up this resource and required equipment.		
9	Play parks (CFCR)	£325,000	This funding will be converted to capital to be used to invest in play park equipment in each ward across the city. Play park renewal projects are progressing and total £1.2M for 22/23. The £325k fund is expected to be fully allocated.	Residents will be encouraged to visit and spend time in play parks across the city as modern, accessible play equipment is introduced.		
10	Neighbourhood Action Team	£250,000	The investment will help to tackle hot spot areas of unkept land, dealing with dumping, vegetation and other issues to improve the look and feel of areas in need of additional attention.	An action plan has been developed and the sums will be fully utilised in-year.		
11	Local community festivals and events	£200,000	Based on experience of local city-wide community events/festivals funding, the investment would be targeted towards capacity building and resilience. Given this would be a one-off fund, the proposal would be for larger individual funding awards to support more substantively event stability and establish a robust business and event model going forward - principally to support (i) identifying baseline funding models and partners and (ii) the creative and programme development opportunities presented by the event or festival.	The approach reflects both the current events strategy, and culture funding targeted towards resilience and creative practitioner skills development/support/retention.		
12	Energy for Edinburgh	£200,000	The money will be spent on a combination of CEC staff time/capacity building and consultants' time that will be used to develop a business plan for Energy for Edinburgh, including outline scope(s) for potential community energy generation projects as part of the development of a local heat and energy efficiency strategy.	A business plan for Energy for Edinburgh; a draft local heat and energy generation strategy, and hopefully as a result, active and profit-making local energy generation projects.		This investment aims to explore the role of Energy for Edinburgh and identify initial project activity so the ESCO can begin to deliver heat and energy solutions for the city. Progress against this project will be dependent upon current Council capacity to deliver and reported to Council in due course.
13	Temporary toilets in premier parks	£200,000	The investment will allow for the continuation of hiring of temporary toilets for The Meadows, Inverleith Park and Leith Links.	Creation of a more welcoming and active travel-friendly environment, along with reductions in antisocial behaviour.		
14	Hostile vehicle mitigation barriers	£180,000	£0.180m was included within the budget motion to provide funding to cover potential costs of retaining temporary Hostile Vehicle Mitigation arrangements while a long-term solution is agreed to protect the High Street and other areas following the withdrawal of support from the Home Office. Further discussion is required to scope this investment proposal and relevant discussions have been initiated.	The National Counter Terrorism Security Office (NaCTSO) has recently confirmed that they will not charge the Council rental on the continued deployment of the National Barrier Asset (NBA). Therefore, the investment allocated will now all be used towards related equipment for the City. Work on this procurement has started and will be completed by the end of the financial year.		
15	Taxi regulation and enforcement	£160,000				
16	Short-term lets regulation and monitoring	£150,000				

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
17	Food growing	£130,000	A proposal on the allocation of this spend was agreed by the Policy and Sustainability Committee on 30 August 2022, comprising match-funding for Edible Edinburgh's Sustainable Food Co-Ordinator Post and support for the Council's Food Growing Strategy priorities, in line with officer capacity available to support project development and delivery and/or management of allocations to external organisations.			
18	Defibrillators in schools	£112,000	Budget has been allocated to roll out defibrillators to much of the school estate where not currently in place. However, work needs to be done in the next six to twelve months to identify the best locations to site them – this may be schools or a mix of schools, community centres and care homes.			Work still required to identify optimal locations. Progress will depend upon current capacity within Council to support the project. It is accepted that there will be continued risk while this is not taken forward.
19	Participatory Budgeting support	£100,000	The investment will allow the Council to work effectively with communities in delivering a robust local process, building community skills and capacity as part of the Council's commitment to progress community empowerment. Specifically it will support capacity building with communities and local community groups, communications and promotion of participatory budgeting activity, training for staff, delivery of local deliberation processes and IT support to underpin local decision-making.	<ul style="list-style-type: none"> <li>* Delivery of political commitments on community engagement</li> <li>* Delivery of nationally-agreed 1% target</li> <li>* Supports effective service design based on service user needs</li> <li>* Strengthened local democracy and community cohesion</li> <li>* Improved quality of life for people and communities</li> </ul>		
20	Portobello Kilns restoration	£61,000	The allocation represents seed funding to demonstrate the Council's commitment to the project and lever in external funding contributions for the estimated £645k of total funding required, including potential contributions from Historic Environment Scotland, Heritage Lottery Fund, Place-Based Investment Fund and the Wolfson Foundation.	Restoration of a key local landmark and listed ancient monument		Delivery of full restoration is dependent on the identification of partner funding, discussions on which remain in progress.
21	Pentland Park Rangers	£60,000	This funding will be used to employ additional Park Rangers and improve visitor facilities in the Pentland Hills Regional Park.	As well as improving conditions for local residents and land managers, this funding will help reduce anti-social behaviour and prevent loss of livestock.		
22	Libraries re-opening support	£60,000	The outline proposal for spend at this stage is to support the following: <ul style="list-style-type: none"> <li>* Additional book / media fund expenditure</li> <li>* Provision of replacement furniture/ fittings</li> <li>* Fund to support development and delivery of service in response to an engagement programme with young people</li> <li>* City-wide communications campaign to highlight the message that libraries are open</li> <li>* Temporary library provision for Leith at The Fort Community Centre</li> <li>* Costs to support reopening of the remaining four libraries</li> </ul>	Attracting people back in to the library service and reaching new members/audiences - building up use and visits		
23	"Forever Edinburgh" website development	£50,000	New website to replace the existing www.edinburgh.org	<p>An updated website which acts as a gateway to the city for visitors, residents, investors and students alike. A new Forever Edinburgh website will provide many benefits to the Council and city including:</p> <ul style="list-style-type: none"> <li>* Improved staff efficiencies and timesaving by automating some of the content management processes that are currently being done manually</li> <li>* Improved user experience as the website will be reliable and designed for purpose</li> <li>* Better insights on user behaviours through improved functionality</li> <li>* Possible reduction in ongoing hosting and maintenance costs</li> <li>* A reliable and professional website that supports the reputation we want to create and set for residents and visitors</li> <li>* The possibility of generating income from the website through digital advertising sales.</li> </ul>		
		<b>£9,860,000</b>				