

The City of Edinburgh Council

10.00am, Thursday, 23 February 2023

Revenue Budget Framework 2023/24 – further update

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that members of Council note the updates and changes set out in the report as part of setting the Council's Revenue Budget for 2023/24.

Andrew Kerr

Chief Executive

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Revenue Budget Framework 2023/24 – further update

2. Executive Summary

- 2.1 An update on the revenue budget framework was considered by the Finance and Resources Committee on 7 February 2023, with this report referred on to Council to inform today's budget-setting meeting. Given the remaining 2023/24 revenue funding gap of £3.7m detailed within that report, however, officers have continued to explore opportunities for additional income and/or reductions in expenditure, such that a balanced overall position, subject to acceptance of all officer recommendations, can be presented for consideration. This report therefore sets out a number of further updates which would reduce the gap, expressed on an equivalent basis, to £1.185m, assuming a 3% increase in Council Tax rates in 2023/24.
- 2.2 Following the announcement of the 2023/24 Local Government Finance Settlement (LGFS) on 20 December 2022, the reports considered on 7 February 2023 incorporated Council-specific grant funding allocations, albeit these sums remained provisional subject to both the Settlement consultation process and the Budget Bill's Parliamentary consideration. As of the time of writing, no further changes to the overall quantum of core funding to be provided to Local Government as a whole, or to the Council specifically, in 2023/24 had been confirmed as a result of either process.
- 2.3 Political groups should therefore prepare their respective motions on the basis of the Council's provisional 2023/24 grant funding allocation. Should the Bill's Stage Three consideration, anticipated to begin on 21 February, result in the provision of any additional unallocated sums, these will be the subject of separate consideration at a subsequent meeting of Council.

3. Background

- 3.1 At the meeting of the Finance and Resources Committee on 7 February 2023, members considered an update report on the Council's 2023/27 revenue budget framework, taking into account the provisional outcome of the 2023/24 LGFS and other changes in planning assumptions on the Council's incremental savings gaps for 2023/24 and subsequent years.

- 3.2 Alongside a number of further savings proposals presented for consideration, acceptance of all officer recommendations contained within that report would result in a residual gap in 2023/24 of £3.7m. In view of this remaining gap, however, officers have continued to explore opportunities for additional income and/or reductions in expenditure, such that a balanced overall position, assuming acceptance of all officer recommendations, can be presented for consideration.
- 3.3 Recognising the requirement for the Council to set a balanced budget for 2023/24, it was noted that based on the report's contents, a Council Tax increase of 4.2%, alongside acceptance of all officer recommendations, would align projected income and expenditure for the year.

4. Main report

- 4.1 A number of changes relative to the position reported to the Committee's last meeting have now been reflected within the budget framework as outlined in the following sections.

Millerhill Recycling and Energy Recovery Centre

- 4.2 Updated estimates have now been received on the Council's share of projected income from the heat off-take agreement for the Millerhill facility. These projections suggest additional income receivable in 2023/24 of some £0.950m. Given longer-term uncertainty around energy prices and other relevant factors, no change has been reflected in respect of subsequent years' income at this time.

Increase in Scottish Water agency collection fee

- 4.3 The 2023 Water Order, setting out the basis on which local authorities will continue to collect water and sewerage charges on Scottish Water's behalf during 2023/24, has now been approved by the Scottish Parliament. On this basis, £0.090m of additional income, after offsetting of relevant costs, is available as a contribution towards the savings gap in 2023/24 and subsequent years.

Increase in income from parking charges and parking permits

- 4.4 In accordance with the policy agreed at the Transport and Environment Committee on 17 May 2018, proposed increases in parking permit prices are linked to changes in RPI over the preceding twelve-month period. To maintain parity with these prices, it is officers' recommendation that parking charges increase by a similar amount, although the precise level of increase varies by location within the city.
- 4.5 As a result of application of this policy, relevant charges are proposed to increase by between 12% and 15% in 2023/24. Based on existing income levels and incorporating an element of price resistance, it is estimated that these increases will generate some £0.700m of additional income relative to current budget framework assumptions.

Contract for collection, haulage and recycling of mixed glass

- 4.6 The Council has recently awarded, for an initial period of two years, a contract for the collection, haulage and recycling of mixed glass. This contract provides for an enhanced price paid per tonne in 2023/24 which, based on anticipated volumes, will result in the one-off receipt of £0.550m of additional income before reverting to lower rates thereafter.

Energy tariffs

- 4.7 As indicated at the meeting of the Finance and Resources Committee on 7 February, subsequent years' projections for energy costs are regularly reviewed in the light of usage levels, relevant prevailing wholesale rates and, in particular, the extent of confirmed forward-purchasing for utilities contracts. While the most recent forecasts continue to indicate year-on-year increases in electricity costs for 2023/24 of around 60%, gas prices appear to have stabilised, with the potential for an overall element of reduction subject to the outcome of the national reconciliation position (whereby the actual cost of energy bought on the day is added to pre-purchased volumes, with any differential then applied against the following year's rates). On this basis and factoring in measures to reduce consumption being introduced, the additional provision for gas, relative to the approved budget for 2022/23, has been reduced by £1.0m and is assumed to be baselined at that level thereafter.

Coronation of King Charles III

- 4.8 At the meeting of Council on 9 February, members agreed to grant an additional day's leave for all staff to mark the Coronation of King Charles III. While, in the majority of cases, this will not result in additional costs, some extra expenditure will be incurred as a result of necessary service cover. Based on the associated additional cost of equivalent events in 2022/23, the budget framework therefore now includes £0.250m, on a one-off basis, in 2023/24.

Savings profiles for proposals recommended by officers

- 4.9 Officers have continued preparatory work on the development of proposals comprising the budget framework in order that, subject to member approval, these are then able to be delivered in the manner intended in 2023/24. As part of this process, the level of saving and associated phasing of proposal ECS2 (Speech and Language Therapy) has been revised, with a lower sum of £0.370m assumed in 2023/24, increasing to £0.500m from 2024/25.
- 4.10 Following feedback from elected members, additional detail and/or clarification has also been provided on a number of proposals, with these amended templates included in Appendix 1.
- 4.11 It is furthermore officers' understanding that approval of the proposals contained within the budget framework would not breach any of the funding conditions on teacher numbers, pupil assistant numbers and teaching hours set out in the letter from the Cabinet Secretary for Education and Skills on 9 February 2023.

Overall impact of changes

- 4.12 The combined effect of the changes outlined in the preceding paragraphs is summarised below. The remaining gap in 2023/24 of £1.185m could, subject to acceptance of all officer recommendations, be met by a revision of the proposed Council Tax increase to 3.4%. This does not, however, detract from the more fundamental need to develop the Medium-Term Financial Plan as a means of addressing subsequent years' savings requirements.

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Remaining gap assuming acceptance of all officer recommendations per report considered by Finance and Resources Committee, 7 February 2023	3,745	39,474	68,514	91,824
Increases in savings/income:				
Millerhill Recycling and Energy Recovery Centre - additional income	(950)	0	0	0
Scottish Water agency collection fee – increased income net of associated costs	(90)	(90)	(90)	(90)
Increase in income from parking charges and parking permits	(700)	(700)	(700)	(700)
Contract for collection, haulage and recycling of mixed glass - additional Year 1 income	(550)	0	0	0
Energy tariffs/usage - updated forecasts	(1,000)	(1,000)	(1,000)	(1,000)
Reductions in savings/additional costs:				
Coronation of King Charles III - additional staffing costs	250	0	0	0
Speech and Language Therapy proposal (ECS2) - revised profile	480	350	350	350
Updated gap assuming approval of all officer recommendations	1,185	38,034	67,074	90,384
Revision of 2023/24 Council Tax increase to 3.4%	(1,315)	(1,354)	(1,395)	(1,437)
	(130)	36,680	65,679	88,947

Scottish Budget Bill Parliamentary progress

- 4.13 As of the time of writing, the Scottish Budget Bill is making its way through the Scottish Parliament, with the Stage One debate having taken place on 2 February, Stage Two consideration the following week and the Stage Three debate anticipated to take place on 21 February. No further changes to the overall quantum of funding to be provided to Local Government as a whole, or to the Council specifically, in 2023/24 have yet been confirmed as part of either process.

- 4.14 Political groups should therefore present their respective motions on the basis of the Council's provisional 2023/24 funding allocation. Should the Bill's Stage Three consideration result in the provision of any additional unallocated sums, these will be subject to separate consideration at a subsequent meeting of Council.

Human Resource and Payroll System

- 4.15 On 10 November 2022, members of the Finance and Resources Committee noted the outcome of the Request for Proposal (RFP) for replacement of the Council's HR and Payroll system and approved mobilising the prerequisite work, insofar as was possible, prior to awarding the contract to the recommended vendor.
- 4.16 While approval of this proposal would not result in any additional funding requirement in 2023/24, it would give rise to liabilities of £0.590m beyond those assumed in the budget framework in 2024/25, increasing to £1.389m between 2025/26 and 2028/29. A further report seeking formalisation of the contract award will be considered by the Finance and Resources Committee on 10 March 2023 for onward ratification by Council.

Teachers' pay negotiations, 2022/23

- 4.17 On 14 February, a revised two-year pay offer was made to the representative teaching unions, comprising a 6% increase across all spinal points for 2022/23 and a further 5.5% rise in 2023/24, with a cap applied in each case at £80,000. As part of this improved offer, the Scottish Government had identified £156m of additional funding towards the cost of the two years' proposed teaching pay awards.
- 4.18 This revised offer has, however, been unanimously rejected by the EIS, the largest representative union and, as such, there remains a risk that any agreed teaching settlement for 2022/23 gives rise to recurring unfunded costs. Members are reminded that the budget framework assumes a 3% average increase across all staffing groups in 2023/24 and there is likewise a risk that the pay settlement, once agreed, also gives rise to recurring pressures.

Edinburgh Integration Joint Board (EIJB)

- 4.19 Parallel work on development of the EIJB's budget for 2023/24 is underway, with one workshop held thus far with Board members and further workshops planned for February and March. Due to a combination of unfunded demographic growth, unfunded Living Wage contract uplifts and previous one-off funding from NHS Lothian, however, a significant structural deficit has been identified for 2023/24.
- 4.20 The budget framework assumes full pass-through of all relevant monies included within the LGFS, including sums provided for the 2022/23 employee pay award. Given the extent of the remaining funding gap, however, it is anticipated that measures sufficient to address this deficit will continue to be the subject of discussion among the partners as the new financial year begins.

5. Next Steps

- 5.1 The revised level of resources outlined in this report forms the starting point for the respective budget motions brought forward for consideration at today's meeting.

6. Financial impact

- 6.1 Even on the assumption that all officer recommendations are accepted, the report sets out a revised estimated gap in 2023/24 of £1.185m, rising significantly in subsequent years.
- 6.2 In view of the Council's immediate statutory requirement to set a balanced budget for the coming year by 11 March 2023, additional savings and/or income-generating proposals therefore require to be identified to address this gap.

7. Stakeholder/Community Impact

- 7.1 Given the extent of activity undertaken in recent years to inform the Council's priorities, no direct additional consultation or engagement has been carried out as part of the 2023/24 budget development process. The Council will, however, set out – based on integrated impact assessments – what consultation will be necessary and when this will take place following the financial decisions taken by Council on 23 February 2023.
- 7.2 In addition to the publication of all relevant Integrated Impact Assessments (IIAs), a cumulative assessment is included elsewhere on today's agenda to ensure members pay due regard to their duties in this area.

8. Background reading/external references

- 8.1 [Revenue Budget Framework 2023/27 – progress update](#), Finance and Resources Committee, 7 February 2023
- 8.2 [Revenue Budget 2023/24 – Risks and Reserves](#), Finance and Resources Committee, 7 February 2023
- 8.3 [Sustainable Capital Budget Strategy 2023-2033](#), Finance and Resources Committee, 7 February 2023
- 8.4 [Accounting for Service Concessions](#), Finance and Resources Committee, 7 February 2023
- 8.5 [Housing Revenue Account \(HRA\) Budget Strategy 2023/2024 – 2032/2033](#), Finance and Resources Committee, 7 February 2023
- 8.6 [Finance Update](#), Edinburgh Integration Joint Board, 13 December 2022

9. Appendices

Appendix 1 – Updated savings proposal templates

Revenue Savings Proposals 2023/24

Proposal reference number	ECS1
Proposal description	Education Welfare Officers (EWOs)
Service Director	Lorna French
Service Manager with responsibility for proposal development and delivery	Lynn Paterson
Division	Education

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	0.400	0.200	0.000	0.000	0.000
Cumulative Savings	0.400	0.600	0.600	0.600	0.600

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where relevant)
<p>Following a Thematic Review of Attendance reported to ECF 2022, it is proposed to rationalise the various posts that are in place across the system to align with national and local policy (Included, Engaged and Involved) and to provide a consistent, targeted and/or intensive support model which also makes better use of Finance for Equity (PEF and SEF). Currently schools use a variety of methods to improve attendance. These range from clearer policies, improved management systems, improved curricula and effective inclusion. Following a previous reduction of the EWO service, the service was restructured to support 12 clusters (no special schools) and give access to service where attendance had fallen below 85%, in other words when the problem had become significant. This was not perceived as equitable since almost all schools have increasing levels of low attendance. Many schools therefore began to use Pupil Equity Fund to employ a Pupil Support Officer to build relationships and support families to improve attendance. Prevention and Early Intervention are key principles to improve attendance, as well as building relationships. The scarcity of the service, coupled with the reactive rather than preventative methodology, and the emerging and successful use of PEF to fund other posts are the key reasons for the Review to Maximise Attendance, which will look at the viability of these and produce a single model for all schools with clearer Universal, Targeted and Intensive Supports.</p>

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial and any project management) required to support delivery. Please highlight any cases where consultation is either required or may otherwise be desirable.
<p>This Review will be subject to an integrated impact assessment and ultimately, an Organisational Review. It will be aligned to the review of Inclusion as it will rely on schools working more closely within their learning communities to improve service, as well as developing the good practice of pooling PEF to employ Pupil Support Officers to work directly with families. Consultation will be required at all stages, including with parent/carers groups.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, risks and dependencies, relevant strategic, service plan or community planning outcomes and any pertinent research of practice elsewhere.

Improving attendance is a local and national priority, particularly post-Pandemic, and the services which support this work need to be research-based and available to all. Research confirms that building relationships and improving the school offer are more likely to improve attendance than using an 'Attendance Officer' type of approach. In common with other Local Authorities, ambitious Stretch Aims have been set to improve the poverty-related aspect of attendance statistics. A full Integrated Impact Assessment will be prepared. Reviews of work taken place in other local authorities suggest that this type of service was largely remodelled in almost all cases, so national benchmarking will also be undertaken. Headteachers can make referrals to the Children's Reporter, though other statutory elements of attendance will need to be captured within the IIA.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts, including proposed mitigating actions (at this stage, only a high-level assessment is requested, highlighting where further work is required)

We cannot reduce support for our most vulnerable families so this project would need to be seen as part of an overall improvement in service delivery. An Organisational Review as part of the wider improvements for inclusion would include IIA to ensure all Equalities duties were met. There would be no net zero impacts.

Current Budget (£m)	0.650	Proposed Budget Saving (£m)	0.600
Current FTE	12.0	Proposed FTE Reduction	TBC

An organisational review will be implemented in accordance with the Council's Managing Change procedure. It is anticipated that opportunities will be available to redeploy all staff into similar roles.

Revenue Savings Proposals 2023/24

Proposal reference number	ECS2
Proposal description	Speech and Language Therapy
Service Director	Amanda Hatton
Service Manager with responsibility for proposal development and delivery	Lorna French/Sharon McGhee
Division	

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	0.370	0.130	0.000	0.000	0.000
Cumulative Savings	0.370	0.500	0.500	0.500	0.500

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where relevant)

Legislation places a duty on the Education Authority to ensure speech and language services are provided with respect to specific groups of vulnerable children with additional support needs, where speech and language input is required or deemed beneficial. The Council will continue to commit additional funding to provide to the children in need of speech and language therapy however at this time the agreement does not provide a clear delineation between our two individual core statutory duties and we are concerned that there is a potential for overlaps to occur. It is therefore proposed that a review of delivery of SLA is progressed and alternative options are identified to ensure that required level of service delivery can continue to be provided from within existing resource in the most efficient way. We propose a shift towards more focus on complex needs in the provision of the Speech and Language Therapy additionally funded by the City of Edinburgh Council through a service level agreement with the NHS. The aim of the suggested change to the service delivery is to target the most vulnerable children in our society and ensure that they have every opportunity to improve their communication skills and continue to reduce any inequalities in line with the Education Authority statutory requirement.

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial and any project management) required to support delivery. Please highlight any cases where consultation is either required or may otherwise be desirable.

- A) Review of the current referral system / scope of practice and criteria, including eating, drinking and swallowing (EDS) for children and young people to ensure clinical and educational needs are not overlapped and ensure the correct statutory boundaries / duties are being met.
- B) Increase the number of training hours to educational staff then to deliver internally with all direct Speech and Language Therapy work referred to NHS pathways.
- C) Work with the NHS to ensure a smooth transition

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, risks and dependencies, relevant strategic, service plan or community planning outcomes and any pertinent research of practice elsewhere.

There is a need to be more effective and targeted in the referral process and the data reporting and monitoring needs to be interrogated more to identify actual / potential efficiency savings. This targets our limited budget to where the need is greatest.

Over the last two years we have worked with the NHS to shift the focus towards more complex needs requesting enhanced support for children in Special Schools and Enhanced Support Base provisions. These vulnerable children will continue to receive the same level of additional support funded by the Education Authority.

Children and young people in mainstream schools will continue to access support provided universally through the NHS clinics. Individual schools in areas of material deprivation, or upon evidence of a specific need, may continue to purchase Speech and Language therapy in addition to the support provided in NHS clinics. This aligns with the Learning communities approach, allows robust monitoring of outcomes, purposeful identification of measures of success and more effective quality assurance processes.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts, including proposed mitigating actions (at this stage, only a high-level assessment is requested, highlighting where further work is required)

Families most in need will be prioritised for targeted support, shifting the balance of resources to benefit the most vulnerable.

Current NHS allocation of 15 Speech and Language Therapists in post would reduce which may create waiting list for SLT support - however service delivery will be reviewed on an ongoing basis and there would be potential to increase internal provision to address this issue if required, although this would reduce the level of the saving delivered.

Current Budget (£m)	0.850	Proposed Budget Saving (£m)	0.500
Current FTE	n/a	Proposed FTE Reduction	n/a

Revenue Savings Proposals 2023/24

Proposal reference number	ECS5
Proposal description	Review of Contracted Spend to Ensure Efficiency with Partners and to Remove Areas of Duplication
Service Director	Amanda Hatton
Service Manager with responsibility for proposal development and delivery	Lorna French Laura Zanotti
Division	Education and Children's Services

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	0.904	0.206	0.000	0.000	0.000
Cumulative Savings	0.904	1.110	1.110	1.110	1.110

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where relevant)

This proposal will examine services purchased from partners to ensure that Best Value is achieved and that areas of duplication are minimised.

Review of delivery of contracts and SLAs to identify alternative options and ensure that required level of service can continue to be provided from within existing resources.

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial and any project management) required to support delivery. Please highlight any cases where consultation is either required or may otherwise be desirable.

The following steps will be undertaken in implementation of the saving:

- A) Undertake all IIAs and work across the Directorate to better understand where any overlaps, synergies and efficiencies can be made.
- B) Review of the current referral system / scope of practice and criteria to ensure clinical and educational needs are not overlapped and ensure the correct statutory duties are being met.
- C) Review potential for crossover into PEF funding duplication leading to fragmentation and possible double accounting.
- D) Communicate the change to organisations, staff and service users as required.
- E) Explore chargeback for clinical assessments / support being undertaken in educational establishments.

There may be an initial requirement within schools and practice teams to ensure children, young people and families have a safety net and are appropriately signposted to relevant organisations.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, risks and dependencies, relevant strategic, service plan or community planning outcomes and any pertinent research of practice elsewhere.

There is a need to be more effective and targeted in the referral process and the data reporting and monitoring needs to be interrogated more to identify actual / potential efficiency savings.

Statutory Partner Agencies and their staff; children, young people and families living in communities across Edinburgh who benefit from accessing these services.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts, including proposed mitigating actions (at this stage, only a high-level assessment is requested, highlighting where further work is required)

Details will be considered for each proposal.

Current Budget (£m)	22.100	Proposed Budget Saving (£m)	1.110
Current FTE	n/a	Proposed FTE Reduction	n/a

Revenue Savings Proposals 2023/24

Proposal reference number	PL4
Proposal description	Taxicard
Service Director	Place
Service Manager with responsibility for proposal development and delivery	Gareth Barwell
Division	Operational Services

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	0.120	0.030	0.000	0.000	0.000
Cumulative Savings	0.120	0.150	0.150	0.150	0.150

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where relevant)

Following a motion approved by the Council in March 2022, officers have been reviewing the options available in respect of the Council's Taxicard service. This service is available to people with a disability which makes it difficult to use ordinary buses, and enables them to get around the city by taxi with the cost of the journey being subsidised by the Council to the cost of £2.00 and provides free travel on Scotrail services within the Edinburgh and Lothians. While cards are issued for a three year period, demand for the service has reduced in recent years, with service data showing that the 2,017 taxicard users undertake circa 30,000 trips annually which equates to an average of 14 trips per annum, per user. Benchmarking suggests that there are few local authorities providing this service and that taxi companies are providing this service without subsidy from the Council (e.g. City Cabs operate a scheme called Cab Assist). In addition, the review of the options for this service has identified that there is likely to be a high likelihood of overlap with other third party services, and that accessibility on Lothian Bus services has improved significantly since Taxicard was initially introduced. Finally, a Fair Fares Review is being progressed by the Scottish Government which is likely to look at accessible services for people with a disability.

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial and any project management) required to support delivery. Please highlight any cases where consultation is either required or may otherwise be desirable.

The contract for Taxicard is currently awarded via waiver to the Council's contract standing orders which expires in July 2023. If this proposal is approved, it is proposed to phase out the scheme by the time that the waiver expires. Officers will write to all scheme recipients to let them know that the scheme is being discontinued and provide them with information relating to other transport support schemes that exist within the city.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, risks and dependencies, relevant strategic, service plan or community planning outcomes and any pertinent research of practice elsewhere.

There are no anticipated service impacts arising from this proposal as the service is provided by a third party directly to customers. As noted above, benchmarking suggests that few local authorities continue to provide a Taxi Card service and, in Edinburgh, there is at least one example of a similar scheme operated privately by a taxi company. In addition to this, the Council also funds individual travel packages for those most in need as well as providing grant funding to voluntary sector transport providers for community transport groups. Furthermore, due to recent changes in government policy, the number of citizens who are entitled to free bus travel has increased.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts, including proposed mitigating actions (at this stage, only a high-level assessment is requested, highlighting where further work is required)

An Integrated Impact Assessment has been completed for this proposal.

Current Budget (£m)	0.150	Proposed Budget Saving (£m)	0.150
Current FTE	n/a	Proposed FTE Reduction	n/a

Revenue Savings Proposals 2023/24

Proposal reference number	ECS6
Proposal description	Review of Devolved School Management Allocations
Service Director	Amanda Hatton / Lorna French
Service Manager with responsibility for proposal development and delivery	Lorna French
Division	Education and Children's Services

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	7.150	-0.250	0.000	0.000	0.000
Cumulative Savings	7.150	6.900	6.900	6.900	6.900

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where relevant)

Review allocations made under Scheme of Devolved School Management along with centrally managed resources including consideration of

- **recurring unallocated funding** of £1.6m;
- **a one off contribution from school carry forward balances** of £2m in 2023/24. School carry forward balances increased by £2m in 2022/23 due to difficulties recruiting along with lack of requirement to fill some posts over the course of the pandemic. This one off contribution will reduce balances to pre covid levels;
- **DSM per capita allocations** of £1.95m in 2023/24, increasing to £2.9m in 2024/25 to reflect full academic year. This additional funding was made available to schools to provide additional support during the pandemic. Consultation with a reference group of officers and Headteachers confirmed that elements of this funding could be considered.
- **staffing allocations** of £1.6m increasing to £2.4m in 2024/25 focussing on a review of
- **Transition Teacher posts** - which were scoped to progress improved transitions between primary and secondary schools. Initially it was assumed that these could be permanent, however as these are non-core, unpromoted posts, the provision could be taken forward in a different way
- additional specific **Pupil Support** allocations made to support P1-P3. These fixed term posts were allocated to provide additional support during the pandemic and can now be removed which will release more employees to apply for critical shortage posts. This can be managed through normal staff turnover and vacancy management.

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial and any project management) required to support delivery. Please highlight any cases where consultation is either required or may otherwise be desirable.

Budget savings will be implemented from Summer 2023 within the DSM framework. Headteachers have been consulted and will have the ability to manage savings in a way that best needs the needs of their individual schools while maintaining core pre-Covid Pupil Teacher ratios.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, risks and dependencies, relevant strategic, service plan or community planning outcomes and any pertinent research of practice elsewhere.

This measure will not impact on core Pupil Teacher ratios and the statutory requirement to provide an education that meets the individual needs of all pupils will remain. In delivering this requirement schools will continue to meet any needs arising from protected characteristics. There is no evidence that the proposed budget reduction will impact disproportionately on any group with protected characteristics.

The Council has also invested heavily in the implementation of its Empowered Learning digital strategy to support changes in how Education and support can be delivered more effectively, taking advantage of improved connectivity and the allocation of 1:1 digital devices across the learning estate.

It should also be noted that while this proposal does propose a reduction in transition teacher numbers it is anticipated that the number of teachers required by City of Edinburgh Council will continue to increase as a result of rising rolls. Scottish Government published statistics evidence an increase in teacher numbers of 6.4% across the city over the last three years, compared with a national average of 3.7%. So while there may be a need for a small number of teachers to be redeployed no staff will be under threat of redundancy as a result of this measure.

Budgetary provision for this ongoing growth of £2.296 million per annum is built in to the Council's budget framework assumptions.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts, including proposed mitigating actions (at this stage, only a high-level assessment is requested, highlighting where further work is required)

The element relating to the removal of £1.6m unallocated reserve will not have any impact as it was not allocated to any recurring activity.

The one-off contribution of £2m carry-forward balances is also effectively a centrally held reserve which accrued due to restricted activity during the pandemic. This funding is also not allocated to any recurring activity and can therefore be given up with no adverse impact.

The £1.95m DSM allocation reduction in 2023/24, rising to £2.9m in 2024/25, was additional funding provided over the last 18 months and does not support core activity, schools were able to use this funding based on decisions made at a local level and the removal of the funding will not impact on specific groups or core teaching activities. Given the nature of Devolved School Management Headteachers will have the ability to divert resources locally if they feel that there is an ongoing need.

The proposed staffing reduction of £1.6m in 2023/24, rising to £2.4m in 2024/25 will remove two specific staffing groups. Again this additional resource was put in to schools over the last 18 months to support transition from Primary to Secondary and to provide some additional support in P1-3 during the pandemic. These additional posts served an important purpose at the time, but it is felt that this role can now be removed without any adverse impact. Again as with the DSM reduction noted above, the scheme of Devolved School Management will allow for Headteachers to continue to divert resources in to this area if they feel that there is still a need locally.

Current Budget (£m)	284.300	Proposed Budget Saving (£m)	7.150
Current FTE	3,812.0	Proposed FTE Reduction	65.0

Revenue Savings Proposals 2023/24

Proposal reference number	ECS7
Proposal description	Review and Alignment of Inclusion and Support
Service Director	Lorna French
Service Manager with responsibility for proposal development and delivery	Sharon McGhee
Division	Education

Forecast Savings (including later years where applicable)	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Incremental Savings	0.000	1.500	1.000	1.000	0.900
Cumulative Savings	0.000	1.500	2.500	3.500	4.400

Description of savings proposal, rationale for implementation and alignment to Business Plan priorities (where applicable)
<p>Inclusion in Edinburgh is being reviewed in light of the recommendations from the National ASL Review and to ensure alignment with the objectives of the City Plan. This will result in more needs being met locally and specialist services being aligned across Learning Communities. It will specifically improve opportunities for community empowerment and will build capacity within the schools themselves, reducing the reliance on central teams of specialists and therefore providing a more skilled, responsive service overall. It fully coheres with the 20-minute neighbourhood and Team around the Learning Community approach. It also underlines national policy that inclusion is delivered as close to the child or young person as possible. This methodology often results in longer staying-on rates and greater independent work habits, therefore improved life chances.</p> <p>As this is such a large area of work, an overarching project board has been set up to oversee the organisational review of the services which support inclusion, as well as to agree the vision and strategy. This work was begun pre-pandemic and is now being taken forward with peer support from the ADES ASN Network and will involve an independent collaborative review of Inclusion by Education Scotland and ADES on how inclusion is delivered. Initial baseline measures indicate that of the four workstreams, Support for Pupils should be prioritised. This will also satisfy trade unions which have been critical of low pay and poor career progression for PSAs. Recruitment and retention of PSAs has been increasingly difficult and absence rates are higher than for other groups. Taken together this indicates a need to review the overall provision, including training, remuneration and career progression. Comparator authorities have concluded reviews for PSAs to 'professionalise' the workforce, which with fewer, better paid employees, has released significant efficiency savings. Finally, research shows that untrained low paid staff can inhibit independence rather than support inclusion and raise attainment. It is possible that the ASL Service would be decentralised, with inclusion being managed at learning community level. It is also anticipated that some external funding to 3rd sector partners is reviewed to ensure better, strategic use is made of Pupil Equity and Strategic Equity funding.</p> <p>The special school estate is in scope due to the significant changes in ASN delivered in our schools and could see some learners with less complex or severe needs attending mainstream schools, for example in Enhanced Support Bases, as well as clearer ASN profiles for our special schools. This should result in a smaller physical footprint.</p>

Outline implementation plan for saving, including (i) key steps, (ii) timescales and (iii) resources (staffing, financial)
<p>Headteachers have been calling for a review of Inclusion for several years and as mentioned above, the Project Board was initiated pre-pandemic and has just been reconvened. Due to the complexity and scale of the change involved, an overall impact assessment is being prepared, as well as individual ones for each workstream. These will be done with full involvement from teaching and ancillary unions and appropriate stakeholder reference groups. The indicative timeline is that actions could be implemented by 2024/25, however the review of special schools will be particularly sensitive and will require Statutory Consultations.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where

Edinburgh has invested heavily in ASL to a greater extent than almost all other local authorities, with the exception of the Challenge Authorities (which received approximately 10 times the funding pro rata), but has not reviewed provision or completed service level internal scrutiny for several years. The allocation of Inclusion Support 'audit hours for PSAs' was adjusted to be directed to those children and young people recorded on SEEMIS with ASN. This resulted in a significant rise in the numbers assessed as having ASN, accounting for 60% of the national increase in the past 3 years. In addition our profile of ASN is at odds with the national picture in which most ASN are related to poverty, whereas ASN in Edinburgh occurs mostly in higher deciles. This suggests a perverse incentive has arisen which requires further analysis. There is a clear ambition to review current support and design a service which meets the needs of learners; there is no ambition to remove support overall.

In parallel, Teams around the Learning Community models are being developed which ensure that headteachers make best use of the significant resources for Finance for Equity, which they can pool and plan together across schools. The greatest risk will be in continuing with the current model. As the population changes and empowerment gains momentum, our schools need to be supporting children and young people to become increasingly active and empowered. Failing to meet needs appropriately could result in lower attainment, children's medical needs not being sufficiently met, an increase in risk-taking behaviour/crime from young people who are at risk of not engaging in full-time education and ultimately legal action against the Council for not fulfilling statutory requirements. If there is not adequate funding to enable the inclusion agenda and requirements under key legislation, there is a risk of legal and reputational impact to the Council.

Part of the new model for school/locality-based inclusion is the investment of recurring budget in excess of £2.5m to establish Wellbeing Hubs in every secondary school to support the presumption of mainstream and to provide additional capacity for young people to take part in a range of curricular and learning experiences and supports. Over time, resources like these should reduce the numbers on part-time or flexi timetables.

Potential equalities and human rights and carbon, climate change adaptation and sustainable development impacts,

Full Impact Assessments and Organisational Reviews will be required to ensure compliance with relevant legislation and policy

- Children and Young People Scotland Act
- Standards in Scotland's Schools Act
- Equality Act 2010
- Scottish Government ASL Action Plan
- NCRC
- GIRFEC
- The Promise, Care Experienced Children and Young People

Current Budget (£m)	55.800	Proposed Budget Saving (£m)	4.400
Current FTE	1,288.0	Proposed FTE Reduction	80.0

This review has recently been reconvened and will be progressed with full involvement from teaching and ancillary unions and appropriate stakeholder reference groups. No financial / FTE savings are assumed in 2023/24 pending development of detailed proposals.