

Governance, Risk and Best Value Committee

10.00am, Tuesday 14 March 2023

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

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred the Revenue Monitoring 2022/23 – month eight position report to the Governance, Risk and Best Value Committee for scrutiny.

Dr Deborah Smart
Executive Director of Corporate Services

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Referral Report

Revenue Monitoring 2022/23 – month eight position

2. Terms of Referral

- 2.1 On 26 January 2023, the Finance and Resources Committee considered a report which set out the projected Council-wide revenue budget position for 2022/23, based on analysis of the first eight months' financial data and projections of income and expenditure for the remainder of the year.
- 2.2 The Finance Resources Committee agreed:
- 2.2.1 To note that, as of month eight, a balanced overall in-year position was now being forecast.
 - 2.2.2 To note, nonetheless, the potential for additional expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership so as not to add to future years' savings requirements.
 - 2.2.3 To note the update on continuing discussions with the UK and Scottish Governments on the provision of sufficient funding to address in full the significant on-going additional costs being incurred as part of the Council's response to the Ukraine crisis.
 - 2.2.4 To note that, in light of the above, updates would continue to be provided as required 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.
 - 2.2.6 To agree to circulate a briefing note on the confirmed funding for the Haymarket Welcome Centre.
 - 2.2.7 To agree to circulate a briefing note on the increased Council costs for Housing First, increased rates for private sector leases and whether value for money was being achieved.

3. Background Reading

- 3.1 [Finance and Resources Committee – 26 January 2023 - Webcast](#)

3.2 Minute of the Finance and Resources Committee – 26 January 2023

4. Appendices

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

Finance and Resources Committee

10.00am, Thursday, 26 January 2023

Revenue Monitoring 2022/23 – month eight position

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that, as of month eight, a balanced overall in-year position is now being forecast;
 - 1.1.2 note, nonetheless, the potential for additional expenditure pressures to emerge during the remainder of the year and thus the need for all existing pressures, savings delivery shortfalls and risks to be fully and proactively managed within Directorates and the Health and Social Care Partnership so as not to add to future years' savings requirements;
 - 1.1.3 note the update on continuing discussions with the UK and Scottish Governments on the provision of sufficient funding to address in full the significant on-going additional costs being incurred as part of the Council's response to the Ukraine crisis;
 - 1.1.4 note that, in light of the above, updates will continue to be provided as required 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 eight position

2. Executive Summary

- 2.1 The report sets out the projected Council-wide revenue budget position for the year, based on analysis of the first eight months' financial data and projections of income and expenditure for the remainder of the year. A balanced overall in-year position is now being forecast but with the potential for further expenditure pressures to emerge during the remaining months, particularly in respect of the 2022/23 teachers' pay award and other inflationary uplifts. There remains certainty about whether sufficient funding will be secured to address in full the significant on-going additional costs being incurred as part of the Council's response to the Ukraine crisis.
- 2.2 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 to ensure a balanced position is achieved by the end of the year and thus not add to future years' savings requirements.

3. Background

- 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 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, 8 September and 10 November 2022. The most recent of these updates pointed to an anticipated overall overspend of £5.092m, 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 and all discretionary expenditure within Directorates and the Health and Social Care Partnership being reviewed in order to achieve a balanced position by the year-end and thus not add to future years' savings requirements.

4. Main report

COVID-related impacts

- 4.1 In addition to core service activity within Directorates, monitoring in the current year continues to incorporate an assessment of how the projected expenditure and income impacts of the pandemic compare to the provisions contained within the budget framework. The 2022/23 budget agreed 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 ¹	3.0
ALEOs – other	1.0
Personal Protective Equipment	1.0
Other income/expenditure	2.3
Total funding for COVID impacts	25.3

- 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. Based on current trends, however, there is a risk that the lower £3m loss provision included within the budget framework for 2023/24 will be insufficient. Should the full approved sum for COVID-related impacts of £25.3m not be required in 2022/23, it is therefore recommended that an element of these unallocated funds be earmarked to offset future income losses in this area.
- 4.4 Transport Scotland previously 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. It has now been confirmed that this support will continue until March 2023. Overall patronage is currently around 80% of pre-pandemic levels, albeit this position reflects a larger proportionate level of reduction at peak times, offset in part by increased weekend and leisure travel. Lothian Buses has previously indicated that it does not anticipate

¹ 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.

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 80% 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 persons' 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.
- 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 fully met from the £0.500m noted above and a balanced overall position is now being projected, 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 potentially available to contribute on a one-off basis towards addressing the 2023/24 budget gap.
- 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 eight, the Executive Director of Education and Children's Services is projecting a net pressure of £2.0m, an improvement of £2.0m from the position

reported to the Committee's previous meeting. Significant elements within the forecast include a projected net pressure of £2.0m within the budget for Children's Services including residential and secure accommodation, reflecting 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 updated forecast is based on numbers of young people and families being supported as of the end of November, reflecting a slight reduction in the numbers of children being accommodated in external provision.

- 4.12 Despite the reduction in spend in this area, demand remains high and needs are increasingly complex. For example, in the last two months (November and December) the Department has received eleven referrals for residential care and seven for secure care. Of the former group, eight have been accommodated in residential care and three have been supported to remain with their families or kinship with some additional support. Three young people were also admitted to residential care who were initially referred for a foster care placement. This means the Council is now in a position where its in-house residential capacity is full and therefore any additional placements are likely to be in the private sector.
- 4.13 Pressures of £1.9m are also forecast within Home to School Transport, representing 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. The increase in the pressure from the £1.2m intimated in the period five report reflects the review of routes following the start of the new school term, net of the impact of under 22 free bus travel.
- 4.14 The Directorate variance also reflects a small element of uninsured costs following settlement of the insurance claim relating to the fire at Liberton Primary School in February 2020.
- 4.15 These pressures are being offset by one-off mitigations, including staffing vacancies, such that the overall projection indicates a £2.0m residual pressure.
- 4.16 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, such that significant further progress is made by the year-end.

Corporate Services

- 4.17 As outlined in a report elsewhere on today's agenda, the Interim Executive Director of Corporate Services is projecting an overall service underspend of £0.707m, in the main attributable to staffing-related savings, reflecting application of an in-year vacancy management target. As agreed at the Committee's meeting in September 2022, the overall position reflects the provision of one-off investment funding of £0.961m for Enterprise Resource Planning (ERP) infrastructure upgrades.

Place

- 4.18 The Executive Director of Place is forecasting an overall pressure of £2.382m as of period eight, a slight improvement from the £2.7m forecast at period five. This position reflects the combined impact of inflationary pressures in excess of those for which corporate budgetary provision has been made (totalling £1.872m) and a range of other net pressures across the Directorate of £0.510m.
- 4.19 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

- 4.20 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 up to £8.0m 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.
- 4.21 Preliminary analysis of October and November 2022 data points to a slowing in the rate of temporary accommodation household growth, as well as greater relative use of suitable, lower-cost accommodation. While these factors may lessen the extent of in-year pressure, the effect of the removal of “local connection” from 29

November is anticipated to increase presentation volumes, although it is too early to assess this in any detail. On this basis, no change to the in-year projection has been incorporated at this time.

- 4.22 The overall position, particularly growth in client numbers, will be kept under close review through the development of comprehensive management information dashboard, with further opportunities to manage demand prioritised.

Edinburgh Integration Joint Board (EIJB)

- 4.23 The EIJB Chief Finance Officer presented an update on the 2022/23 Financial Plan to the Board's meeting on 13 December 2022.
- 4.24 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 EIJB officers would work with partner bodies to address the gap as the year progressed. In setting a budget with a deficit, the EIJB 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.
- 4.25 Decisions made at the Board's meeting on 9 August resulted in a reduction in the residual gap to £10.8m, with a further decrease to £7.9m in the update reported to the Board's October meeting. Following an in-depth review of each delivery partner's financial monitoring position, at its meeting on 13 December, the Chief Finance Officer provided the EIJB with moderate assurance of the achievement of a break-even position for 2022/23. Recent growth in purchasing expenditure within Health and Social Care will require to be closely monitored and contained within this balanced overall position.

Employee pay award, 2022/23

- 4.26 As noted in the in-year monitoring update to the Committee's previous meeting on 10 November, agreement has been reached on the 2022/23 pay award for non-teaching staff, with implementation processed in December.
- 4.27 The Scottish Government has identified, on a recurring basis, total additional funding of £261m to support the agreed non-teaching offer and current non-teaching offer². 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 teaching³ and non-teaching awards, giving rise to an in-year and recurring pressure of £3.1m.
- 4.28 Discussions in respect of the teaching and Chief Officer pay awards are continuing. Following rejection of the teaching offer by the representative trade

² The total of £261m comprises two elements. £140m was initially provided across the SJC (non-teaching) and SNCT (teaching) bargaining groups to increase the employer's offer by around 1.5%. This was then supplemented by £120.6m specifically to support a further improvement of the SJC offer. Edinburgh's confirmed share of this total is £20.961m.

³ Based on the current undifferentiated offer of 5%.

unions, however, industrial action is now underway. Should 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 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.

Operation Unicorn

- 4.29 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. A report on the associated costs incurred was considered by Council on 15 December. A claim of some £0.6m has been submitted to the Scottish Government and is currently being considered in liaison with the UK Government, with a formal response awaited.

Inflationary pressures

- 4.30 Previous in-year reports considered by the Committee have highlighted a range of exceptional 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. Updated forecasts indicate a slight reduction (from £8.9m to £7.4m) in respect of the anticipated level of unbudgeted energy-related costs assumed within the overall outturn⁴. 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 as noted in the preceding sections.

Corporate budget savings

- 4.31 Given the extent of inflation-related and wider pressures within services, opportunities to address these through available savings in corporate areas have continued to be examined. As of period eight, the following anticipated mitigations have been identified, representing an overall increase of £0.2m since the period five position as shown in the table at Paragraph 4.32.
- (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 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;

⁴ 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.

- (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 revenue from electricity generation is now estimated at £4.0m 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 would be reversed with effect from 6 November, in-year savings of some £1.6m relative to previous forecasts are now anticipated; and
- (vi) projected underspends against the **approved investment in the 2021/22 and 2022/23 budget motions** totalling £1.264m. As noted earlier in the report, any further underspends against this investment will be considered against future years' savings requirements.

Overall position

4.32 Taken together, the net impact of anticipated pressures in service areas less corporate or other savings now indicates a balanced position as shown in the table below and Appendix 1. This marks an improvement of £5.092m in the overall position since period five.

	Period 8		Period 5	
	£m	£m	£m	£m
Net pressures in service areas:				
Homelessness Services	8.040		8.040	
Education and Children's Services	2.000		4.000	
Place	2.382		2.700	
Corporate Services	(0.707)		(0.090)	
Energy	7.432		8.859	
Employee pay award, 2022/23	3.100		3.100	
Additional costs of public holiday on 19 September	0.000 ⁵		0.500	
	22.247			27.109
Savings in corporate budgets:				
Application of budget framework risk contingency, available inflation provision and other timing-related savings	(8.883)		(8.853)	
Millerhill - gainshare income	(4.000)		(3.800)	
Council Tax	(3.500)		(3.500)	
Loans charges/interest and investment income	(3.000)		(3.000)	
Savings in employer's National Insurance	(1.600)		(1.600)	
Savings in members' investment	(1.264)		(1.264)	
		(22.247)		(22.017)
Net projected pressure		0.000		5.092

4.33 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 still required with regard to securing sufficient funding to address in full the significant on-going additional costs being incurred as part of the Council's response to the Ukraine crisis.

⁵ The approved budget framework includes £0.5m for the additional staffing costs arising from the late Her Majesty the Queen's Platinum Jubilee celebrations in June 2022. It is now anticipated that the additional costs of this public holiday and the subsequent day granted for the State Funeral can be contained within the original sum.

- 4.34 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 and not add to future years' savings requirements.

Ukraine response

- 4.35 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 December, more than 10,000 arrivals had been triaged at the Council-operated Welcome Hub.
- 4.36 At the Committee's meeting on 10 November, members requested that further details be included 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 any expenditure that is likely not to be recoverable. While these discussions remain in progress, relevant details are included in Appendix 2.

Savings delivery

- 4.37 The approved budget for 2022/23 is underpinned by the delivery of approved savings of £19.2m. As shown in Appendix 3, 97% of these savings by value are now assessed as green, with the majority 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

- 4.38 As part of setting the Council's budget on 24 February 2022, members approved £9.860m of additional service investments. Appendix 4 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.

Spend to Save scheme

- 4.39 At the Committee's last meeting on 10 November 2022, members also requested an update on the Council's Spend to Save scheme. Due to continuing necessary prioritisation of other activity, no new projects were approved during 2021/22, with contributions of £0.297m received in respect of previously supported projects increasing the year-end fund balance to £3.267m.
- 4.40 While opportunities to utilise the fund continue to be considered, at this stage there are no confirmed uses of the fund in 2022/23, with £0.295m expected to be received from benefiting projects resulting in a year-end balance of £3.562m.

5. Next Steps

- 5.1 Given the range of pressures outlined in 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 for the on-going financial impacts of the pandemic will also be kept under close review to highlight any necessary remedial action.

6. Financial impact

- 6.1 As of month eight, a balanced overall position is now forecast, albeit with a number of risks to attainment of this position highlighted. 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.
- 6.2 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

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

8. Background reading/external references

- 8.1 [Response to motion by Councillor Mumford – Operation Unicorn](#), The City of Edinburgh Council, 15 December 2022
- 8.2 [Finance Update](#), Edinburgh Integration Joint Board, 13 December 2022
- 8.3 [Revenue Monitoring 2022/23 – month five position](#), Finance and Resources Committee, 10 November 2022
- 8.4 [Revenue Monitoring 2022/23 – month three position](#), Finance and Resources Committee, 8 September 2022
- 8.5 [Revenue Budget 2022/27 Framework: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.6 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.7 [Coalition Budget Motion 2022/23](#), The City of Edinburgh Council, 24 February 2022

9. Appendices

- 9.1 Appendix 1 - 2022/23 Revenue Budget – Projected Expenditure Analysis
- 9.2 Appendix 2 - Update on funding to support Ukrainian response
- 9.3 Appendix 3 – Approved savings, 2022/23 – current status
- 9.4 Appendix 4 – 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	
Directorate / Division							
Corporate Services (including Chief Executive's Office)	86,877	66,007	65,171	(836)	86,170	(707)	(0.8)
Education and Children's Services	439,791	297,514	299,838	2,324	441,791	2,000	0.5
Health and Social Care	286,806	194,081	197,563	3,482	286,806	0	0.0
Place	196,636	132,414	135,019	2,605	199,018	2,382	1.2
Homelessness Services	50,640	34,236	40,045	5,809	58,680	8,040	15.9
Lothian Valuation Joint Board	3,817	2,545	2,545	0	3,817	0	0.0
Directorate / Division total	1,064,567	726,797	740,181	13,384	1,076,282	11,715	1.1
Non-service specific areas							
Loan Charges / interest and investment income	87,732				84,732	(3,000)	(3.4)
Other non-service specific costs less sums to be disaggregated:	13,878				5,713	(8,165)	(58.8)
- Non-Domestic Rates (poundage uplift)	718				0	(718)	n/a
- Energy tariff uplift	1,141				8,573	7,432	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	0	0	n/a
Millerhill - electricity generation income	0	n/a	n/a	n/a	(4,000)	(4,000)	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
Non-service specific areas total	164,368	0	0	0	156,153	(8,215)	(5.0)
Movements in reserves							
Net contribution to / (from) earmarked funds	(45,632)	0	0	0	(45,632)	0	0.0
Movements in reserves total	(45,632)	0	0	0	(45,632)	0	0.0
Sources of funding							
General Revenue Funding	(609,810)	(406,540)	(406,540)	0	(609,810)	0	0.0
Non-Domestic Rates	(249,861)	(166,574)	(166,574)	0	(249,861)	0	0.0
Council Tax	(323,632)	(215,755)	(215,755)	0	(327,132)	(3,500)	(1.1)
Sources of funding total	(1,183,303)	(788,869)	(788,869)	0	(1,186,803)	(3,500)	(0.3)
In-year (surplus) / deficit	0	(62,072)	(48,688)	13,384	0	0	(0.0)

Update on funding to Support Ukrainian response

As of 13 January 2023, Edinburgh was hosting 2,808 displaced Ukrainian nationals, 869 of whom were between the ages of 2 and 18 and would therefore also be eligible for the Education Tariff Funding. Of the 2,808 present in the city, 1,891 have been in place for a period in excess of 13 weeks.

There has been a recent agreement with COSLA and the Scottish Government that the General Tariff funding of £10,500 per person can be accessed after a period of 13 weeks regardless of accommodation status and that the Education Tariff funding can be accessed from the point of arrival. This has largely relieved the issues that were being experienced with matching funding to expenditure.

The quarterly return submitted on 13th January will release a further £11.193 million of General Tariff funding bringing the total to £19.855 million along with total Education tariff funding of £4.854 million.

These funding streams are one-off and will require to be expended to support the displaced Ukrainian nationals over what is likely to be a three-year period. Unspent sums received in 2022/23 will therefore be carried forward to meet subsequent years' costs.

A summary of funding is set out below:

	Expected	Claimed to Date	Received to Date
CEC Allocated Funding	£100,000	£100,000	£100,000
Scottish Government Warm Welcome Funding	£726,000	£363,000	£363,000
General Tariff Funding	£31,500,000	£19,855,500	£8,662,500
Thankyou Payments	£0	£569,100	£371,350
Education Tariff Funding	£6,850,290	£4,853,807	£0
Dnipro	£624,000	£0	£0
Total	£39,800,290	£25,741,407	£9,496,850

In addition, there is specific ringfenced Scottish Government funding to support Welcome Hub-associated activities as set out below:

	Expected	Claimed to Date	Received to Date
Welcome Hub	£3,450,000	£1,423,338	£1,423,338
Bridging Accommodation	£916,280	£916,280	£916,280
Support for Ship	£310,500	£0	£0
Customer Services	£184,500	£0	£0
Total	£4,861,280	£2,339,618	£2,339,618

A further claim will be submitted to the Scottish Government in January to draw down ringfenced expenditure incurred to the end of December 2022. This will include the Support for Ship and Customer Services expenditure referenced above.

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 - gainshare	Corporate	0.100	0.100	0.000	0.000	
Total Corporate		17.100	17.100	0.000	0.000	
Continuation of 5% increase in discretionary fees and charges	Council-wide	1.000	1.000	0.000	0.000	
Chief Officers and Senior/Middle Management Review	Council-wide	0.218	0.000	0.000	0.218	
Total Council-wide		1.218	1.000	0.000	0.218	
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	
Total Place		0.542	0.185	0.307	0.050	
Digital delivery	Corporate Services	0.190	0.190	0.000	0.000	Following verification exercise with relevant services, full delivery is now anticipated.
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	
Total Corporate Services		0.350	0.300	0.050	0.000	
Total pre-approved savings		19.210	18.585	0.357	0.268	
			96.7%	1.9%	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.		Members of the Finance and Resources Committee agreed in principle on 10 November 2022 to progress with implementation of the preferred HR system solution, pending consideration of the overall investment requirement as part of the Council's 2023/24 budget process. Subject to securing this approval, the £2m will then be utilised in subsequent years as a contribution to system implementation costs.
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 report to Council considered on 25 August 2022.	The investment will: <ul style="list-style-type: none"> * Deliver on commitments in the Council Business Plan * Prevent poverty and hardship * Make the experience of seeking help more compassionate and more dignified * Improve income or reduce living costs for poorest citizens * Improve opportunities to access or progress in fair employment, learning or training * Improve physical and mental health and reduce health inequalities 		
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. An update on progress was provided in response to a Council Question on 24 November 2022.		
4	Roads and pavements maintenance	£1,000,000	The package of funding includes £450,000 in permanent patching repairs across 10,000m ² 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 be 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"> * Deliver on political commitments in the net-zero strategy * Strengthen co-production approach and citizen capacity building to deliver net-zero agenda * Model net-zero community action with open source data and open source technical solutions for wider adoption * Provide a scalable financial model to support the financial route map to net-zero * Derive quantifiable co-benefits and nature-based economic benefits 		

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
7	Social care adaptations	£500,000	Further discussion is required to scope this investment proposal and relevant discussions have been initiated.			The Chief Officer of the Edinburgh and Health Social Care Partnership has confirmed that no plan is in place to allocate this funding, with this position unlikely to change for the foreseeable future. Given this, the relevant funding will be recovered by the Council.
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.	Priority areas within wards which require additional attention are being identified to inform creation of a detailed programme of work.		
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, with an update reported to the Policy and Sustainability Committee early in 2023. Subject to confirmation of the overall Council-wide outturn for 2022/23, these sums will be carried forward pending development of more detailed proposals.
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 is 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"> * Delivery of political commitments on community engagement * Delivery of nationally-agreed 1% target * Supports effective service design based on service user needs * Strengthened local democracy and community cohesion * Improved quality of life for people and communities 		The majority of the funding has been committed to the Edinburgh Community Climate Fund PB initiative that was launched early in 2023. Allocation of this sum is contingent upon receipt of corresponding project nominations from across the city.
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"> * Additional book / media fund expenditure * Provision of replacement furniture/ fittings * Fund to support development and delivery of service in response to an engagement programme with young people * City-wide communications campaign to highlight the message that libraries are open * Temporary library provision for Leith at The Fort Community Centre * Costs to support reopening of the remaining four libraries 	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	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: <ul style="list-style-type: none"> * Improved staff efficiencies and timesaving by automating some of the content management processes that are currently being done manually * Improved user experience as the website will be reliable and designed for purpose * Better insights on user behaviours through improved functionality * Possible reduction in ongoing hosting and maintenance costs * A reliable and professional website that supports the reputation we want to create and set for residents and visitors * The possibility of generating income from the website through digital advertising sales. 		
		£9,860,000				