Finance and Resources Committee

10.00am, Thursday, 21 September 2023

Revenue Monitoring 2023/24 – month three report

Executive/routine
Wards

1. Recommendations

1.1 Members of the Finance and Resources Committee are asked to:

1.1.1 note that, as of month three, an overall overspend of £13.2m is being forecast;

1.1.2 note that, without the identification of additional mitigating actions, this would require full application of the 2022/23 underspend to achieve a balanced in-year position, as well as giving rise to recurring underlying pressures in future years;

1.1.3 note the potential for further 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;

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;

1.1.5 refer this report to Council to ratify use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy; and

1.1.6 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Dr Deborah Smart

Executive Director of Corporate Services

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Report

Revenue Monitoring 2023/24 – month three report

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 three months' financial data and forecasts of income and expenditure for the remainder of the year. At this stage, an overall overspend of £13.2m is being projected. Without the identification of additional mitigating actions, this would require full application of the 2022/23 audited underspend to achieve a balanced in-year position, as well as giving rise to recurring underlying pressures for future years. There is furthermore the potential for further risks to emerge during the remainder of the year, particularly in respect of the 2023/24 non-teaching employee pay award. Given all of these factors, no additional commitments should be taken on until the underlying position has improved.

2.2 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 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 23 February 2023, Council approved a balanced revenue budget for 2023/24 based on the Council's provisional grant funding allocation and a 5% increase in Council Tax rates. This grant funding allocation was confirmed following approval of the 2023/24 Local Government Finance Order on 1 March 2023.

3.2 The principal elements of the approved budget include the following:

(i) £3.357m of additional service investment, comprising £3.078m of spending on gully cleaning, fly-tipping, street-sweeping and graffiti removal and £0.279m to supplement staffing resource within the Council's Climate and Sustainability team;

(ii) a further £19.1m to reflect demand-led pressures in Homelessness Services, £3.9m for incremental demographic-related growth (excluding services falling within the auspices of the Edinburgh Integration Joint Board) primarily in Education, Children and Justice Services and an additional £1.0m to support implementation of the recommendations of the Independent Inquiry and review of whistleblowing culture undertaken as part of the Tanner Review;

(iii) £11.0m of provisions in respect of the on-going financial impacts of the pandemic, assessed at this time to be sufficient to meet relevant liabilities in full, comprising £6m for the continuing loss of the Lothian Buses dividend, up to £3m for reductions in parking income and up to £2m of additional funding support to Edinburgh Leisure; and

(iv) £26.6m of approved savings and additional income, with this total including consolidation of sums first received in 2022/23.

4. Main report

Directorate projections

Education, Children and Justice Services – net pressure of £5.5m

4.1 The first quarter's monitoring forecast for the Directorate shows a net pressure of £5.5m. Significant gross elements of pressure within the forecast include £3.0m in Children's Services for residential and secure accommodation. While numbers in external residential accommodation are decreasing, this remains above budgeted levels and placement costs continue to increase.

4.2 Pressures of £2.5m are also forecast within Home to School Transport, primarily reflecting the combined impact of growing service demand, contract inflation and shortfalls against previously approved savings targets. A further reduction in ringfenced funding for Early Years following the transition to a fully needs-based allocation methodology has contributed to an in-year pressure of £3.5m. Shortfalls against approved savings of £0.8m are also reflected in the forecast.

4.3 At this stage, anticipated net mitigations across the wider service of £4.3m have been identified, comprising a £1.8m allocation from the £5m Council-wide inflationary contingency approved as part of the 2023/24 budget and £2.5m from non-recurring staffing underspends, resulting in an overall £5.5m residual pressure.

Place – net pressure of £1.95m

4.4 As of month three, the Directorate is projected an overall adverse variance of £1.95m. This reflects net pressures of £1.35m within the Housing and Homelessness Division, in turn primarily attributable to contractual inflationary uplifts in excess of budgetary provision and changes in benefit eligibility, partially offset by underspends in staffing and commissioning costs.

4.5 Net pressures of £1.5m are also apparent across the Culture and Wellbeing Division, in the main due to a range of legacy pressures, including £0.8m within Libraries and £0.4m in respect of winter festivals.

4.6 Set against these are savings totalling £0.9m across the Operational Services and Sustainable Development Divisions, resulting in an overall service pressure of £1.95m. The Executive Director and his Senior Management Team are committed to developing further mitigating measures, in consultation with elected members where appropriate, with a view to achieving a balanced position by the year-end.

Corporate Services – net underspend of £0.4m

4.7 As outlined in a report elsewhere on today's agenda, the Executive Director of Corporate Services is projecting an overall service underspend of £0.412m, reflecting additional savings in employee costs relative to approved targets.

Edinburgh Integration Joint Board (EIJB) – net funding gap of £16.7m

4.8 A pressure of £16.7m is projected at this time, with further details provided in Appendix 1.

Other pressures

4.9 The current overall projection also reflects £1m in-year liabilities for each of (i) Brunstane Primary School investigative works and decant costs and (ii) anticipated additional costs incurred as a result of buildings not being usable as a consequence of Reinforced Autoclaved Aerated Concrete (RAAC) panels. Additional details are included in Appendix 2. It is likely that remedial costs will be incurred in future years.

Corporate budget savings

4.10 Given the £25.7m of pressures outlined in the preceding sections, opportunities to address these through available savings in corporate areas have been examined. As of period three, the following anticipated mitigations have been identified:

	Anticipated saving relative to budget levels, £m	**Comments**
Council Tax	2.600	Projection based on confirmed 2022/23 income levels, analysis of subsequent changes in the size and profile of the Council Tax base and anticipated collection rates and required bad debt provision
Interest and investment income	6.000	Projection reflecting available cash balances and interest rates
Tram extension - additional running cost support	3.500	Reduced funding support based on extrapolation of current passenger levels and associated fare income
Application of audited underspend for 2022/23	0.379	Being the use, agreed under urgency provisions, of a small element of the audited 2022/23 underspend for required health and safety works in the North Merchiston and Castlegreen Care Homes
	12.479	

Employee pay award, 2023/24

4.11 While the 2023/24 teachers' pay award has previously been agreed, negotiations on the non-teaching equivalent remain in progress. Through a combination of baseline provision and additional Scottish Government funding, the budget framework includes sums equivalent to an average in-year increase of 5.5%, aligned to the current employer's offer. This offer has, however, been rejected by the representative trade unions. Should it be necessary to improve the existing offer to secure settlement, each 1% improvement without the provision of corresponding Scottish Government funding would give rise to a recurring pressure of £4.4m.

Inflationary pressures

4.12 In-year reports considered by the Committee in 2022/23 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. In recognition of these impacts, the approved budget for 2023/24 includes significant additional sums for increased energy costs and other contract uplifts, as well as a £5m contingency to address a range of other relevant impacts. These baselined sums mean that the majority of inflationary impacts are now anticipated to be contained within core budgets, with any exceptions to this noted in service narratives.

Overall position

4.13 Taken together, the net impact of anticipated pressures in service areas less corporate or other savings points to a projected overspend of £13.2m as shown in Appendix 3. **In the absence of further mitigations being identified, full application of the 2022/23 underspend against these pressures would therefore be required to achieve a balanced overall in-year position**. There is, additionally, the potential for further risks to emerge during the remainder of the year, particularly regarding the 2023/24 non-teaching pay award and other inflationary uplifts. Given all of these factors, no additional commitments should be taken on until the underlying position has improved.

4.14 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.

Savings delivery

4.15 The 2023/24 approved budget is underpinned by the delivery of approved savings and additional income of £26.6m. As shown in Appendix 4, 67% by value are assessed as green, with the majority of the remainder rated as amber. Deliverability assessments of the latter, and where necessary identification of mitigating offsetting measures in the case of shortfall, remain in progress.

Spend to Save Fund

4.16 An application for support through the Council's Spend to Save Fund is included in Appendix 5. Subject to members' approval, this will be referred to Council for ratification.

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 2023/24. 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 three, an overall overspend of £13.2m is forecast, albeit with a number of further risks highlighted. Failure to break even in 2023/24 would increase the savings requirement in 2024/25 due to a need to reinstate the General Fund unallocated reserve. Any need to utilise part or all of the 2022/23 underspend in the current year also reduces the options to address future years' budget gaps and means existing expenditure is exceeding in-year resources.

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. Equality and Poverty Impact

7.1 There are no direct relevant impacts arising from the report's contents.

8. Climate and Nature Emergency Implications

8.1 There are no direct relevant impacts arising from the report's contents.

9. Risk, policy, compliance, governance and community impact

9.1 There are no direct relevant impacts arising from the report's contents.

10. Background reading/external references

10.1 Finance Update, Edinburgh Integration Joint Board, 8 August 2023

10.2 Unaudited Annual Accounts 2022/23, The City of Edinburgh Council, 22 June 2023

10.3 Revenue Budget 2023-24 Update - referral from the City of Edinburgh Council, Finance and Resources Committee, 30 March 2023

10.4 Liberal Democrat Group Budget Motions, City of Edinburgh Council, 23 February 2023

10.5 Revenue Budget Framework 2023/27 – progress update, Finance and Resources Committee, 7 February 2023

11. Appendices

11.1 Appendix 1 – Edinburgh Integration Joint Board – projected position, 2023/24

11.2 Appendix 2 – Additional details of Brunstane Primary School investigative works and decant costs and remedial costs for buildings including Reinforced Autoclaved Aerated Concrete (RAAC) panels

11.3 Appendix 3 - 2023/24 Revenue Budget – Projected Expenditure Analysis

11.4 Appendix 4 - Approved savings, 2023/24 – current status

11.5 Appendix 5 – Spend to Save application – Edinburgh Visitor Levy

Appendix 1

Edinburgh Integration Joint Board – projected position, 2023/24

In March 2023, the EIJB considered the 2023/24 financial plan and agreed the first phase of the associated savings and recovery programme (SRP). The second phase, along with further mitigating actions, was then agreed in June 2023. At this point, the plan remained unbalanced with a deficit, assuming full savings delivery, of £14.2m. The Board accepted the recommendation from officers that bridging this residual gap would require measures which would have significantly negative in- and future-year consequences for people and performance more generally.

At the Board's request, the Chair and Vice Chair wrote to Scottish Ministers setting out the challenge posed by the financial position and the potential implications of delivering additional savings. A response was received on 18 August 2023 which, while acknowledging the extent of current workforce shortages, financial constraints and increased demand, did not result in the provision of any additional resources. Similarly, NHS Lothian has indicated it is unable to provide any further funding to the EIJB.

The EIJB Chief Finance Officer presented a further update to the Board's meeting on 8 August 2023, indicating that the £14.2m deficit remained unchanged. Subsequent detailed monitoring completed by Council staff in July and August points to a further pressure, mainly due to additional spend in purchasing, of £2.5m, increasing the total gap to £16.7m. This forecast also reflects £0.379m of expenditure to meet the costs of urgent capital upgrades to the North Merchiston and Castlegreen Care Homes.

The EIJB Chief Financial Officer has been requested to prepare a recovery plan to the Board in line with the provisions of the Partnership Agreement. No additional savings against the gap of £16.7m are assumed in this report. While opportunities to deliver in-year savings will continue to be pursued, given both the stage of the financial year and focus on developing proposals for 2024/25 as part of the Medium-Term Financial Plan, their likely level is correspondingly reduced.

Brunstane Primary School – investigative works and decant costs

Pupils and teaching staff from Brunstane Primary School have been relocated to other local schools after a decision was taken to close the building as a precaution ahead of the start of the new 2023/24 term.

Ongoing investigations relating to planned energy retrofit works at the school revealed issues with the ground conditions including a small hole in an area of the playground next to the main school building. The site of the school contains historic coal mine workings and the Council is working closely with the Coal Authority to establish the exact cause and extent of the issue. An action plan will be drawn up to decide what remedial work is needed so the school can reopen as soon as possible.

Pupils and teaching staff have been relocated to other schools in the area since the start of the new term. Magdalene Community Centre is also on the site and alternative venues are being considered for the community groups who use that building. Buses are being provided to transport Brunstane pupils to and from their host schools.

Estimated costs

The tests and investigations will take time to complete and their outcome will establish what remedial measures are required. On a worst-case scenario, this could be over a period of six to twelve months.

Costs will be incurred with the decant (including additional education, catering and school transport-related expenditure), on-going investigations and the resulting required remedial work. Work to collate these costs, all assumed to be of a revenue nature, is on-going. Although the position is currently being confirmed, it is unlikely that insurance will cover the costs concerned.

It is estimated at this stage that in-year costs may be up to £1m, with a further update to be provided in the month five report.

Reinforced Autoclaved Aerated Concrete (RAAC) Panels – remedial costs

RAACs are a form of lightweight concrete plank commonly used in roofs, walls, cladding, floors and eaves in the 1960s to 1980s with local authorities using them in a variety of buildings including many schools. Safety concerns have recently been raised as to the strength of these panels, initiating an urgent inspection process.

The Council has followed a prioritisation process for surveying the operational estate which has initially focused on the learning estate. Surveys have been carried out across the learning estate in phases. Phase 1 focused on the buildings where RAAC was most likely to have been used during construction and Phase 2 focused on buildings where it was possible RAAC would be present but less likely or restricted to smaller areas of the school.

In the first phase of surveys, four buildings were identified with RAAC and at two of these – Trinity Primary School and Cramond Primary School - due to the condition of the RAAC, mitigation measures were progressed. The other two instances of RAAC were in areas of buildings which are not used operationally. The second phase of surveys across the estate during the summer has identified RAAC in a further five operational school buildings.

At Trinity Primary School and Cramond Primary School, temporary accommodation has been provided during the summer to compensate for the classroom spaces which can no longer be used. The roofs in the areas of the school which contain RAAC will need to be replaced and the process to procure a contractor for this has commenced.

During the second phase of surveys, RAAC has been identified at Fox Covert Primary School (including St Andrews Fox Covert RC Primary School Primary School Campus), Colinton Primary School, Pentland Primary School, Lorne Primary School and Currie High School

Officers from a variety of Council services have been working with these schools to put in place mitigation measures which allowed them to remain operational for the beginning of term. Solutions have been developed for each school which can be contained within the existing school sites and will not require any additional accommodation to be provided.

Surveys will continue to be progressed across the operational estate following the process outlined in the Department of Education Guidance. There are limited surveys still to be carried out in the learning estate and, once finalised, surveys will be progressed across the remainder of the operational estate.

Due to the continuing nature of investigations, precise quantification of costs is not yet possible. Based on the level of expenditure incurred thus far and the expectation that costs relating to ceiling replacements will be of a revenue nature, however, a £1m provision has been included at this time, with a further update to be included in the month five report. In-year costs exclude any replacement of ceilings.

2023/24 Revenue Budget - Projected Expenditure Analysis - Month 3

Appendix 3

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
Directorate / Division	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
Corporate Services (including Chief Executive's Office)	86,228	27,301	27,071	(230)	85,816	(412)	(0.5)
Children, Education and Justice Services	449,460	108,396	111,207	2,811	454,960	5,500	1.2
Health and Social Care	294,504	73,846	77,437	3,591	311,204	16,700	5.7
Place	253,191	60,982	62,179	1,197	255,141	1,950	0.8
Lothian Valuation Joint Board	3,774	944	944	0	3,774	0	0.0
Directorate / Division total	**1,087,158**	**271,468**	**278,837**	**7,369**	**1,110,896**	**23,738**	**2.2**
Non-service specific areas							
Loan Charges / interest and investment income	79,992				73,992	(6,000)	(7.5)
Other non-service specific costs less sums to be disaggregated:	38,225				38,225	0	0.0
- Non-Domestic Rates (poundage uplift/impact of revaluation)	3,213				3,213	0	0.0
- Energy (additional provision relative to approved 2022/23 budget)	16,700				16,700	0	0.0
- Discretionary Rates	720				720	0	0.0
Additional Investment to disaggregate	1,187	0	0	0	1,187	0	0.0
Tram Shares	8,500	0	0	0	8,500	0	0.0
Council Tax Reduction Scheme	28,647	n/a	n/a	n/a	28,647	0	0.0
Non Domestic Rates Relief (pending formalisation of any changes to current policy)	14,979	n/a	n/a	n/a	14,979	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
Brunstane Primary School - exploratory survey and decant costs	0	n/a	n/a	n/a	1,000	1,000	n/a
Reinforced Autoclaved Aerated Concrete (RAAC) Panels	0	n/a	n/a	n/a	1,000	1,000	n/a
Non-service specific areas total	**194,536**	**0**	**0**	**0**	**190,536**	**(4,000)**	**(2.1)**
Movements in reserves							
Net contribution to / (from) earmarked funds	(39,679)	0	0	0	(43,559)	(3,880)	9.8
Movements in reserves total	**(39,679)**	**0**	**0**	**0**	**(43,559)**	**(3,880)**	**9.8**
Sources of funding							
General Revenue Funding	(519,403)	(129,851)	(129,851)	0	(519,403)	0	0.0
Non-Domestic Rates	(377,317)	(94,329)	(94,329)	0	(377,317)	0	0.0
Council Tax	(345,295)	(86,324)	(86,324)	0	(347,895)	(2,600)	(0.8)
Sources of funding total	**(1,242,015)**	**(310,504)**	**(310,504)**	**0**	**(1,244,615)**	**(2,600)**	**(0.2)**
In-year (surplus) / deficit	**0**	**(39,035)**	**(31,666)**	**7,369**	**13,258**	**13,258**	**1.1**

Approved savings, 2023/24 - current status **Appendix 4**

Proposal description/area	2023/24 Approved Saving	Saving BRAG assessment				Confirmed or planned mitigating actions where full or partial shortfall in delivery identified
		Green	Amber	Red	Black	
	£'000	£'000	£'000	£'000	£'000	
Children, Education and Justice Services						
Multi-system Therapy Services	500	500	0	0	0	
Wellington School Former monies	340	340	0	0	0	
Review of contract spend with partners, remove duplication	904	400	0	504	0	Achievement of full saving to be reviewed with service managers
Education Welfare Officers	400	150	0	250	0	Reflects a delay in scheduled implementation from August 2023 to January 2024
Fees and charges (total)	199	199	0	0	0	
Corporate Services						
Customer - promotion of online services	165	165	0	0	0	
Staffing savings - vacancy and turnover management	1,173	1,173	0	0	0	
Management savings	223	223	0	0	0	
Salary Sacrifice savings	225	225	0	0	0	
Scottish Water agency collection fee	90	90	0	0	0	
Fees and charges (total)	20	20	0	0	0	
Place						
Road Construction Consent Inspections	400	335	65	0	0	
Strategic Review of Parking	2,000	1,000	1,000	0	0	Although initial projections are consistent with business case assumptions, implementation remains at a relatively early stage and further evidence is required before greater assurance can be obtained.
Homelessness - No recourse to public funds	3,000	3,000	0	0	0	
Non-core cultural grants	250	0	250	0	0	Further discussion on detailed means of achievement of saving is required.
Homelessness - supply-side initiatives	2,325	0	2,325	0	0	Realisation of this saving is linked to 500 Housing Revenue Account (HRA) void properties coming into use during 2023/24. This process has been delayed, with the properties now expected to become available between October 2023 and March 2024, 70% of which will be allocated to homeless households. Given the level of saving predicated on this assumption, the position will be kept under active review.
Income recovery in Regulatory and Planning and Building Standards	500	0	500	0	0	Income received in the year to date is lower than in 2022/23; delivery of the saving will therefore be kept under close review.
Organisational Reviews	530	170	160	200	0	Saving associated with Transport and Environment Organisational Review currently assessed as amber pending final staff matching and associated savings confirmation. Timescales for Public Safety and Resilience Organisational Review have slipped, resulting in majority of in-year savings being assumed not to be delivered.

Proposal description/area	2023/24 Approved Saving	Saving BRAG assessment				Confirmed or planned mitigating actions where full or partial shortfall in delivery identified
Fees and charges	2,935	1,499	1,436	0	0	Majority of amber-assessed element relates to parking-related uplifts pending further months' evidence of actual income received following 20% overall increase in parking charges implemented in early June. Impact of 11% increase in most cultural fees and charges being assessed.
Estate rationalisation and property savings	500	320	180	0	0	Level of anticipated additional rental income to be confirmed.
Garden waste income consolidation	400	400	0	0	0	
Bus lane camera income consolidation	600	500	100	0	0	Bus lane cameras were offline for three weeks, resulting in income shortfall.
Glass collection and recycling - one-off contract saving	550	550	0	0	0	
Penalty Charge Notices	2,400	1,200	1,200	0	0	Following implementation of increase in early June, monitoring of income and behavioural impacts remains at a comparatively early stage and a further update will therefore be provided as part of the month five report.
Millerhill Income	3,450	3,450	0	0	0	
Best value reviews	500	500	0	0	0	As reported to the Transport and Environment Committee on 20 April 2023, £0.5m of the additional funding for street cleansing approved as part of the 2023/24 revenue budget has been set aside in recognition both of the lead-in times for implementation of the planned service improvements and that the best value service review is unlikely to be able to deliver the full saving in 2023/24.
Savings in prudential borrowing costs	918	626	292	0	0	Further work is required to review fleet review programme to understand better its overall affordability.
Smart City Phase 1 assumed savings	500	258	242	0	0	This represents cessation of £0.500m annual budget allocation for the two preceding financial years. The £0.258m green element relates to budget ringfenced to service the prudential borrowing requirement re Smart Cities Phase 1. Assessment of delivery of the remaining element is on-going.
Council-wide						
Redeployment	600	600	0	0	0	Following approval of the report on revised redeployment arrangements by the Policy and Sustainability Committee on 22 August 2023, this saving will be managed in the context of services' overall employee budgets and established structures whilst still securing the level of saving approved by members. While assessed to be achievable given current employee turnover and vacancy levels, an update on implementation will be included in the month five report and to Executive Committees as appropriate.
	26,597	**17,893**	**7,750**	**954**	**0**	
		67.3%	**29.1%**	**3.6%**	**0.0%**	

Application for Spend to Save funding – Edinburgh Visitor Levy

Background

The Visitor Levy (VL) is a fiscal devolution project that would maximise opportunities to raise local income to provide additional resources for the Council's strategic priorities. The levy would contribute, in particular, to the Business Plan objective "Edinburgh has a stronger, greener, fairer economy and remains a world-leading cultural capital".

The VL has a strong legislative, political and Edinburgh-specific strategic foundation. The Visitor Levy (Scotland) Bill was formally introduced into the Scottish Parliament in May 2023. If passed, this will give local authorities the power to introduce a visitor levy, which Edinburgh has been lobbying and leading in Scotland for many years.

Scheme revenue generation

The expected revenue that could be generated from an Edinburgh Visitor Levy varies from £11 million to £28 million from a 2% to 5% of room cost charge if applied to all hotels, self-catering apartments, B&B / Guest house, short-term lets and hostels in Edinburgh. The proceeds raised from a visitor levy are expected to be spent on delivering objectives that support, develop or sustain the visitor economy.

Use of revenue generated to support associated administrative costs

While the revenue raised will be limited to spend on certain specified areas, the scheme features an ability to cover administration costs from income generated.

Spend to Save proposal

Early implementation of the schemes would be assisted by the project support that is the subject of this application. It is therefore proposed to use the Spend to Save fund to recruit one Project Management Officer (Grade 8) over a 2.5-year period, starting within the last quarter of 2023. The associated cost of this investment is £0.150m, with full planned repayment in 2026/27 once the scheme is operational.