

**The City of Edinburgh Council
10 February 2011**

- GENERAL FUND REVENUE BUDGET 2011 - 2014
- GENERAL FUND CAPITAL INVESTMENT PROGRAMME 2011 – 2015
- HOUSING REVENUE ACCOUNT & CAPITAL PROGRAMME 2011/12

LIBERAL DEMOCRAT/SNP MOTION

POLICY OVERVIEW

Council agrees this Budget and the Administration's priorities of:

- investing in our children and our schools to ensure that every young person in Edinburgh has an equal opportunity to reach their potential and that our most vulnerable and at risk children are safe, secure and thriving;
- supporting Edinburgh's economic competitiveness, promoting growth and investment and Edinburgh's festivals, events and cultural offering to build prosperity and quality of life for all residents;
- transforming and improving care and protection for our increasing elderly population and our most vulnerable residents;
- creating a cleaner, greener, safer and more sustainable Edinburgh; and
- providing high-quality services in the most efficient and cost-effective manner.

Council notes that this budget enables the Council to deliver on Edinburgh's share of national commitments as set out in the recommended agreement of November 2010 between the Scottish Government and COSLA's Leadership. This includes commitments in relation to:

- an unprecedented fourth successive freeze in council tax for Edinburgh residents;
- police officer numbers being maintained;
- protection in relation to the number of teaching posts;
- continued commitment to Free Personal Care;
- implementation of the Carers and Young Carers Strategy; and
- savings in relation to a review of teachers' terms and conditions.

Council agrees that this Administration has made real progress in addressing the challenging financial circumstances and in providing maximum value for money. Council recognises that a record £90million in efficiency savings has already been delivered during this Administration. Council notes that the unallocated reserve has increased from £373k in 2006/07 to over £9million at the end of 2009/10. Council acknowledges that a further £2million was provided for unallocated reserves in the 2010/11 budget and that current projections suggest that it will be possible to increase this further to achieve the Administration's target of £12.8million ahead of schedule.

Council notes that over £90million further savings are required from 2011/12 to 2013/14. Council endorses this Administration's proven track record of good financial management and protecting the excellent public services that Edinburgh residents value, and welcomes the continuing emphasis on achieving savings through increased efficiencies, reduced back office functions and management delayering.

Council notes that this budget:

- responds to the most challenging financial circumstances which local government has faced for a generation and presents a balanced budget for the next 2 years and puts in place plans for delivering a substantial level of further savings in 2013/14;
- has been developed following a community engagement process which is the largest, most open and transparent budget consultation carried out by the Council with more than 2,000 people, as well as community and other groups, taking part;
- incorporates measures in relation to public sector pay restraint, with no pay award provision across all groups of staff for the next two years, and changes in conditions of service, both of which assist in protecting jobs and front line services;
- makes provision for demographic change in our society with additional funding for the growing number of adults and children with disability and the elderly; and
- recognises the need to reduce headcount in the Council over the next three years but seeks to do this in a manner which makes best use of low cost and voluntary options through proper workforce planning.

Investing in our children and our schools

Investing in our children and our schools remains this Administration's top priority. Council welcomes the investment this Administration is making in children, young people and in our schools while also tackling the huge pressures associated with demand for services for vulnerable children and the very young.

This budget provides, despite a very difficult financial background, additional funding of £7 million over the next three years for the following priorities:-

- £4 million for vulnerable children;
- £0.5million to further progress the implementation of class sizes of 18 in P1-P3 in our most deprived communities;
- £0.5million for additional early years services; and
- £2million for increasing school rolls.

Council notes that the £250,000 additional funding for school text books, computers and supplies agreed in February 2010 will be maintained. Council also welcomes that additional money (up to £571,000) is being made available to schools in 2010/11 to cover additional heating costs associated with the extraordinarily severe and prolonged winter weather conditions.

Council notes that the ability to deliver new funding is reliant upon a successful outcome from the review of teacher terms and conditions.

Council welcomes the additional funding recently announced by the Scottish Government in response to the compelling business case prepared for the renewal of Boroughmuir High school. Council notes that this enables the progression of all three of our 'Wave 3' secondary schools that were identified as needing refurbished or replaced. Council recognises that existing plans for the replacement of both Portobello and James Gillespie's High Schools are progressing well with additional

revenue funding to progress the James Gillespie's High school decant as this project moves towards its construction phase. Council notes that in the capital investment programme to 2015 this Administration has now committed a total of £83.5million to deliver the Wave 3 priority schools.

Council welcomes that £29million has been committed, in the capital investment programme to 2015, to progress improvements relating to school buildings, including: replacing boilers, windows, upgrading toilets, energy efficiency and other essential building works.

Council recognises the progress made on reducing class sizes and improving pupil/teacher ratios. Council notes with satisfaction that 56% of pupils attending schools in our most deprived communities are now being educated in class sizes of fewer than 18. Council welcomes new legislation from the Scottish Government to limit class sizes in the first year of primary school.

Council welcomes the fact that this Administration intends to maintain its excellent music service, free of charge for all children.

Council commends our schools' continued improvement in HMIE inspection results, increased levels of pupils' attainment, improved attendance, and continued progress in reducing numbers of children who are permanently excluded from school.

Protecting our most vulnerable children

Council notes that residents, through the extensive Budget Engagement process, affirmed that the most vulnerable in our community must be protected. Council notes that this accords with the Administration's consistent and continuing prioritisation of care for our most vulnerable children. Council recognises that this is further reflected through the additional revenue funding of over £4million in this budget to support increasing numbers of vulnerable children over the next three years.

Council recognises the valuable support provided by the Hospital Social Work team to children affected by serious health issues and notes that this budget protects this team.

Council welcomes the excellent services for children with additional support needs including: English as an Additional Language (EAL); Visiting, Teaching and Support Services (VTSS); and, Hospital and Outreach Teaching Service (HOTS). Council notes that this budget protects funding for these services and also protects the valuable educational psychology service within the context of the balanced budget for the next two years.

Council welcomes the significant improvements in services for vulnerable children: all looked after children now have an allocated social worker; timescales for child protection case conferences have improved together with supervision visits and reports to the reporter and the number of children placed for adoption has increased.

Council welcomes the progress made to replace the Seaview Respite Unit for children with special needs. Council recognises that £2.438million is included for the project in the Capital Investment Programme for the construction of the new purpose-built centre on the site of the former Lismore Primary School. Council notes that

building works are expected to commence on site in spring 2012 with completion in summer 2013.

Supporting Edinburgh's Economic Competitiveness

Council supports this Administration's continuing emphasis on supporting the local economy, through promoting new and existing investment and creating a stable platform for generating new jobs. Council agrees that the actions of this Administration have positioned Edinburgh well to support national growth. Council welcomes that Edinburgh has been named one of the most economically resilient cities in Britain in a recent report from the Centre for Cities. Council further recognises that Edinburgh won the 2009 Small City award for Foreign Direct Investment and the Best Small City of the Future and Top Location for Economic Potential 2010/11.

Council notes that unemployment in Edinburgh, at 3.0%, is below the UK and Scottish average. Council recognises the continuing need to combat this challenge. Council notes the existing commitment to help 3,000 people facing the most significant barriers to the labour market into Employment, Education or Training by 2012. Council welcomes that 2,778 people have already been supported into positive outcomes through a range of targeted programmes.

Council notes that this Administration has supported 3,523 SMEs across Edinburgh and the Lothians, through Business Gateway, which provides direct support to 10% of business stock in the city. Council welcomes that Edinburgh has been selected as the lead partner for the €8m European Interreg Initiative, and has secured £1.7million from the fund to promote innovation, and support business growth and university spin-out companies within the city

Council notes that this Administration brought forward, and which Council subsequently approved in November 2010, the development of Edinburgh's first integrated Destination Promotion Company. Council welcomes the new £160,000 external investment that city partners have made available to develop a series of annual shopper and visitor campaigns.

Council recognises the important contribution that Edinburgh makes to Scotland's economic competitiveness. Council welcomes that £442.8million has been secured through this Administration's strategy in attracting major investors into Edinburgh. Council notes that this includes over £385million physical development investment and over £57million commercial investment.

Council recognises the importance of a strong Edinburgh economy to the city and to Scotland. Council notes that the adoption of both a Strategic Investment Plan and a Zone Management approach will be critical to developing attractive locations for investors. Council recognises the innovative methods being used to stimulate investment and regeneration – Edinburgh will be the first city in the UK to use Tax Increment Finance to help facilitate development. Council agrees that the consolidation, within Economic Development, of all council-led employability services will provide for better co-ordination and greater strategic impact. Council welcomes the proposed rationalisation of its arms length companies and agrees that this should enable the resultant company to best contribute to the aspirations of a sustainable city.

Improving Care for our elderly and vulnerable

Council recognises that demand for services for older people and those with disabilities is increasing. Council welcomes the additional £8.4million for people with learning and physical disabilities and the additional £5.5million for older people, over the next three years. Council notes that this builds on the additional £2.5million and £1.1million provided respectively for each of these areas in 2010/11.

Council agrees that care for the elderly and the vulnerable has been transformed through innovative service delivery models such as the reablement of home care, developments in day care and respite and others which offer more choice and control in the provision of care and support services. Council notes that these help service users to achieve a greater degree of independence and assist people to live more confidently and safely in their own homes and communities. Council notes that these targeted interventions to assist residents in becoming independent more quickly, as well as directly benefiting the health and well-being of the individual, have reduced the requirement for ongoing care by an average of 35%. Council recognises that this success is freeing up £1million per year to respond to increasing demand. Council welcomes that, at December 2010, the Council was providing personal care at home to 3,370 older people – up by 4% over 12 months. Council further welcomes that 2,708 older people now receive care at home at weekends, up by 6% over the last 12 months, and evening care at home has increased by 17% over the same period.

Council continues to place great emphasis on supporting partners and families who provide many hours of unpaid care in often difficult circumstances to older and disabled people. Council agrees that respite care is an important service and notes that this has been expanded to provide an additional 1,200 weeks in the last year.

Council will continue to work with the Scottish Government to implement, at local level, the Carers and Young Carers Strategy, including our contribution towards the maintenance of an extra 10,000 weeks respite provision.

Council recognises that care homes remain the most appropriate setting for some vulnerable older people. Council welcomes the continued investment in Edinburgh's care homes, which will see, in March 2011, the opening of Inch View, the fourth new modern care home since 2007. The fifth new Care Home is to be developed at Drumbrae.

Council notes that a report on potential Spend to Save options for a Telecare project will be presented to Council on 28 April 2011.

A clean, green, safe, attractive and environmentally sustainable city

Council welcomes that this Administration is committed to creating a cleaner, greener, safer city with community safety and good environmental practice core to all policies. Having achieved the best scores for street cleanliness by independent assessors in the past year, Council notes its intention to build on that progress whilst providing the most efficient service. Council welcomes that Edinburgh has received half of all the green flag awards in Scotland and recognises that this budget continues the commitment to improve our parks and green spaces.

Council notes that this budget makes suitable provision for a contribution to the Lothian and Borders Joint Police Board which will enable them to maintain current police officer numbers throughout 2011/12.

Council notes that this budget makes suitable provision for a contribution to the Lothian and Borders Fire and Rescue Board which will enable them to meet their statutory responsibilities and maintain a focus on intervention and prevention activities.

Council welcomes the new Waste and Recycling Strategy for Edinburgh which sets out a road map for the city to achieve a recycling rate of at least 50% by 2014/15. Council notes that this includes the introduction of kerbside recycling of plastics, the roll out of food waste collection to all households by 2013 and reviewing the frequency of waste collection services.

Providing a Modern, Effective, Integrated Transport Network

Council agrees the urgent need to reach a cost effective, timely and transparent conclusion to the Tram dispute. Council affirms its intention to achieve the best outcome for the taxpayer, businesses and travelling public through mediation and any other appropriate contractual means.

Council reiterates its commitment to retaining Lothian Buses in public ownership and to continuing the high level of Council funding for supported bus services. Council welcomes its continued heavy investment in the provision of bus priority infrastructure, information and enforcement systems.

Council agrees to review the provision of demand responsive and assisted transport across Edinburgh, to take account of demographic trends. Council further notes the continued investment in cycling, walking and safer streets across Edinburgh including the 20mph pilot in South Edinburgh, the new Kings Buildings to George Square cycle corridor and the roll out of Resident Priority parking.

Council agrees that Edinburgh's road users benefit from the investment in our roads and pavements this Administration is delivering. Under this Administration, the condition of Edinburgh's roads and pavements has improved by circa 20% despite the very challenging circumstances. Council notes that this Administration has overseen the improvement in the condition of Edinburgh's roads, rising from 32nd (last) in the league table of Scottish local authorities to 11th. Council notes that the capital programme provides a total of £57m for carriageway and footway investment over the next 4 years.

Council notes that the safety of our children is core to this Administration's priorities. Council welcomes that this budget will retain the school crossing patrol service in full.

Providing Safe, Warm and Affordable Homes

Council welcomes that the first new Council homes for rent to be built in Edinburgh for a generation will come on stream in Gracemount in November 2011. Council notes that this is part of the £150million 21st Century Homes programme which will

build 1,200 homes, for sale and for rent in Gracemount, North Sighthill and Pennywell and Muirhouse. Council welcomes that these sites will contain a mix of Council homes, low cost homes, home ownership and mid market rent with half of the homes being affordable housing.

Council recognises that, since 2006/07, £217 million has been invested in ensuring that Council homes in Edinburgh meet the Scottish Housing Quality Standard and are maintained to a high standard. Council commits £45.25million capital funding for 2011/12 to further improve the quality of our Council housing. Council welcomes that this investment will provide:

- 1500 new kitchen and bathrooms;
- 950 re-wired homes;
- 850 homes with greatly improved heating systems; and
- 450 houses with receive double glazing.

Council recognises that these improvements will also deliver significant energy efficiency savings.

Promoting and Celebrating Edinburgh's Festivals and Events

Council recognises that Edinburgh's continuing reputation as the world's Festival City is a national resource for Scotland. Council agrees that Edinburgh's position as one of the world's greatest cities for celebrations of the arts opens doors for the nation and has a symbolic role for Scotland in representing its creativity, innovation and heritage. Council recognises the direct contribution that Edinburgh's festivals and events make to the cultural life and economic well-being of the city and the nation and to the exceptional quality of life that Edinburgh offers.

Council welcomes the Council investment in festivals and events throughout 2010/11. Council recognises that Edinburgh's festivals and events attract audiences to Edinburgh in excess of four million and provide over 3,600 full time equivalent jobs in Edinburgh and 3,900 in Scotland. Council welcomes that Edinburgh's year round festivals generate around £170million in Edinburgh and £184 million in the rest of Scotland. Council notes that for every £1 of public investment the festivals generate an additional £61.

Council reaffirms its commitment to continue to work with Edinburgh's festivals, cultural venues and key stakeholders to attract investment into Edinburgh's cultural offering in the lead up to the Cultural Olympiad celebrations in 2012.

Promoting Culture, Sport and Leisure

Council reaffirms this Administration's commitment to improving the city's sporting and cultural infrastructure in recognition of the important contribution that this makes to quality of life and the economy in Edinburgh. Council welcomes that capital projects completed within the last year include:

- the Usher Hall major refurbishment;
- the refurbishment of Glenogle Swim Centre;
- the Saughton Skatepark;

- third generation pitch at Meggetland;
- major improvements to the air conditioning and ventilation in the City Art Centre and the first phase of improvements to visitor facilities; and
- refurbishment of a further 3 statues in Princes Street Gardens East as part of the Twelve Monuments Restoration Project, an ongoing joint initiative between the Council and Edinburgh World Heritage.

Council welcomes the work that is currently underway to deliver the following capital projects:

- the Royal Commonwealth Pool refurbishment;
- the Assembly Rooms refurbishment;
- improvements to the King's Theatre;
- a seven-a-side third generation pitch and changing facility at Lochend Park;
- the next phase of interim investment in the Meadowbank Stadium and Sports Centre;
- the refurbishment of Acheson House; and
- a new pavilion at Colinton Mains Park.

Council welcomes the continued delivery of high quality and accessible sports and leisure services across the city through the Edinburgh Leisure Trust.

Council recognises the ongoing re-shaping of the Civic Museums service and welcomes the progressive partnership approach adopted to refresh and renew this popular service.

Council recognises the importance of the libraries service in supporting life long learning and economic growth. Council welcomes that this budget ensures that all our libraries will continue to operate, with opening hours aligned to customer demand. Council also recognises the scope for further innovation in the library service, particularly in relation to joint working with the Education service. Council welcomes the recent opening of a new library on Captain's Road, fulfilling this longstanding ambition for South Edinburgh residents, the refurbishment of Morningside Library which is currently underway; and notes the new and improved library service that will be provided in Craigmillar as part of the new East Neighbourhood Office in the autumn of 2012.

Council further notes that it agreed in 2008 that a new library should be provided at Drumbrae. Council recognises that work has begun on the new £5.7million Drumbrae Library, Day Centre and Adult Learning facility. Council welcomes that Scotland's first multi-purpose hub project, designed in consultation with community representatives, will offer a wide range of services on one site, including: a state of the art library; a day care centre; a learning space for adults with learning disabilities; and a base for the West Edinburgh Neighbourhood Office. Council notes that the police will also be co-located within the Centre and that the new facilities will provide a stimulating environment for learning, a good start for children and young people, and positive responses to people who need extra help. Council welcomes that the new facility is expected to open by spring 2012.

Delivering Services which are high quality and efficient

Council notes that this Administration is committed to achieving the best possible value for money for Edinburgh's residents and has improved financial stability within the council through strict budget monitoring procedures, ongoing efficiency targets and an appropriate reserves strategy.

Council notes that the savings presented in this budget together with the first package of savings approved by Council in September 2010 include £51m of efficiency measures which equates to 75% of the total savings proposed over the next three years. These savings include the following:

- £13million from service redesign to improve the efficiency and effectiveness of service provision;
- £9million associated with changes in employee conditions of service;
- £9million from streamlining and reducing layers of management;
- £5million through improved procurement of goods and services;
- £3million net savings in property costs; and
- £12million from savings in a variety of back office and support functions.

Council notes that the remaining 25% of savings has been determined using a prioritisation process, with reference to the results of the community engagement process, and that all savings have been fully assessed for the impact on equality.

Financial Planning and Sustainability

Council recognises that this budget provides a clear financial planning framework for the next three years with a savings strategy to balance the financial position for the next two years. It also targets specific savings for delivery in 2013/14 which will go a long way towards balancing the budget on a three year basis, subject to confirmation of future grant settlements from the Scottish Government. Council notes that this budget includes a £2.3million contingency within the year 2012/13 as a prudent measure against the financial risks within the budget.

Council notes that employee costs represent 43% of Council expenditure and that it is inevitable that the extent of saving required to balance the budget will impact on staffing levels across the Council. Council notes that there has been extensive consultation with trade unions and staff engagement, and that this will continue on an ongoing basis.

Council welcomes the approach to workforce planning involving vacancy freeze, removal of temporary and agency staff, voluntary early release schemes and redeployment.

Recommendations

Council notes:

- Report no CEC/85/10-11/CE by the Chief Executive setting out the policy and management overview for the budget;
- Report nos. CEC/87/10-11/PS and CEC/78/10-11/F by the Director of Finance, setting out the overall resources available for revenue expenditure in 2011 – 2014;

- Report nos. CEC/83/10-11/PS and CEC/84/10-11/F by the Director of Finance, setting out the overall resources available for capital expenditure in 2011 – 2014;
- Report no. CEC/88/10-11/CD by the Director of City Development setting out the impact of the economic climate on capital receipts.

Council approves:

- The revenue budget set out in the reports and the detailed departmental budget packs and resource allocations, subject to the adjustments set out in Annex 1 to this motion;
- The capital programme as set out in report no. CEC/84/10-11/F by the Director of Finance;
- A band D Council Tax of £1169 which has remained the same since 2007/08;
- The Council Tax and Rating resolutions as set out in Annex 2 to this motion;
- The schedule of charges for Council services in 2011/12 as set out in Annex 3 to this motion;
- The recommendations contained in report no CEC/84/10-11/SFC by the Director of Services for Communities to increase rents by 7.6%, and to invest £48million in capital improvement, in line with the previously agreed strategy for delivering the Scottish Housing Quality Standard. This will take the average weekly rent from £68.88 to £74.87, an increase of £5.99 per week; and
- The Prudential Indicators at Annex 4.

Further Actions

- Council instructs the Chief Executive to report back by summer 2011 with proposals on the future shape and structure of the Council with a view to ensuring that the services best reflect the needs and requirements of users and that maximum value for money is achieved.
- Council instructs the Chief Executive to ensure that Directors put in place implementation plans and workforce plans for all savings contained in this motion in order to secure financial benefit as quickly as possible and to manage staffing reductions in a manner which minimises redundancy and staff severance costs.
- In recognition of the scale of challenge facing the Council in future years, and the remaining balance in 2013/14, Council instructs the Chief Executive to oversee Directors' ongoing pursuit of savings through further development of the "5P's" approach: prioritisation; people; process; procurement and property. In particular, all departments need to participate actively in the extension of improved procurement practices across the council. Council

- Council instructs the Chief Executive to consider the arrangements for assessment and allocation of 3rd Party Grants, looking at ways of improving liaison and monitoring arrangements.
- Council recognises the contribution which the adoption of LEAN methodology has made to efficiency improvements and instructs the Chief Executive to ensure that this methodology is adopted more widely.
- Council instructs the Chief Executive to report back on the potential for property savings, particularly those in relation to front line services, to allow realistic savings targets to be adopted in a future budget.
- Council instructs the Chief Executive to: (i) ensure EQIA recommendations are fully integrated into all relevant savings implementation plans; (ii) continue to monitor and report the impact of savings proposals on equalities groups with particular regard to grant aid and commissioning activity; and (iii) throughout all the difficult financial challenges that lie ahead, pay due regard to the need to (a) eliminate unlawful discrimination, harassment and victimisation, (b) advance equality and (c) foster good community relations.
- Council instructs the Chief Executive to oversee a report on joint working between the schools library service and the wider community.

Conclusion

Council recognises that this Budget progresses the Council Administration's clear vision for Edinburgh in a financially challenging environment where every young person has an equal opportunity to reach their full potential, our economy is buoyant, the vulnerable are protected, the city is cleaner and more sustainable, and all residents share in the city's success.

THE CITY OF EDINBURGH COUNCIL
ADMINISTRATION BUDGET
REVENUE BUDGET 2011-12 to 2013-14

	2011-12		2012-13	2013-14
	£000	£000	£000	£000
Expenditure to be Funded				
- Resource Allocation Totals	990,694			
- Add: Expenditure funded through Specific Grants	47,955			
		1,038,649		
- General Revenue Funding and Non Domestic Rates	-744,184			
- Ring Fenced Funding	-47,955			
		-792,139		
To be Funded by Council Tax		<u>246,510</u>		
Council Tax at Band D		£ 1,169.00		
Increase on Previous Year		£ -		
- Percentage Increase		0.0%		
Funding Requirement		246,510		
Council Tax Income		<u>226,125</u>		
Funding (Excess) / Shortfall at Council Tax increase above, as reported to Policy and Strategy Committee 18 January 2011		20,385	14,662	26,142
Changes since report to Policy and Strategy Committee 19-Jan-10				
Adjs. to inflation factors in Health and Social Care	-1,332			
Dividend income	-1,000			
Reduction in demography	-500			
Change in grant support for police	-80			
Total changes since report to Policy and Strategy Committee		<u>-2,912</u>		
Net Funding Shortfall		17,473	14,662	26,142
Service Pressures				
(full detail shown in Appendix 1)				
Children and Families	1,053		517	300
Health and Social Care	2,790		-	-
Services for Communities	1,692		709	-
Total Funding for Service Pressures		<u>5,535</u>	<u>1,226</u>	<u>300</u>
Savings				
Total Savings Proposed as Per Appendix 2		-23,008	-18,152	-11,096
(Balance) / Shortfall of Available Resources		<u><u>0</u></u>	<u><u>-2,264</u></u>	<u><u>15,346</u></u>

ADMINISTRATION BUDGET
SERVICE PRESSURES

	2011-12 £000	2012-13 £000	2013-14 £000
Children and Families			
Special Schools Income Reduction for placement from other authorities	267	127	68
Additional secure accommodation places currently required	500	-	-
Working Time Directive within residential units	286		
James Gillespies High School cost of decant		390	232
Total Funding for pressures - Children & Families	1,053	517	300
Health and Social Care			
Purchased Care at Home and Residential	2,790	-	-
Total Funding for pressures - Health and Social Care	2,790	-	-
Services for Communities			
New office/HUB facilities	186	509	-
Pressure on B&B budget due to homelessness targets	-	200	-
Environment Budget shortfalls	720	-	-
Unbudgeted cross divisional costs	400	-	-
Pension fund strain cost	386	-	-
Total Funding for pressures - Services for Communities	1,692	709	-
Total Additional Funding	5,535	1,226	300

THE CITY OF EDINBURGH COUNCIL
ADMINISTRATION BUDGET
REVENUE BUDGET 2011-12 to 2013-14
EFFICIENCY AND OTHER SAVINGS / ADDITIONAL INCOME

	2011-12 £000	2012-13 £000	2013-14 £000
Council-wide			
Property savings across the Council	163	1,350	1,154
Additional procurement savings	725	-	-
ICT Partnership, savings in desktop, systems rationalisation and BT labour	970	295	-
Grants (incl. former FSF but Excl. Culture & Sport)	180	726	1,008
Carry forward of unspent FSF funding in 2010/11	343	-	-
Corporate Transport	193	284	285
Fleet Management	1,258	1,258	787
Reduction in expenditure on external consultants	142	-	-
Total Savings - Council-wide	3,974	3,913	3,234
Children and Families			
Home to school transportation costs	500	-	-
Community Learning and Development management costs	189	-	-
Secondary Schools - reduction in management costs and business support	1,676	1,397	63
Primary schools - reduction in management costs	400	200	187
Special schools - reduction in management costs	62	126	-
Reorganisation of janitorial support	208	623	-
Early Years Strategy	97	284	348
Reduce management costs of Sports and Outdoor Education Unit	-	72	-
Reduce costs of managing music instruction service	-	49	-
Target saving in psychological services to be based on outcome of review	-	-	55
Reduce costs of Out of Council Secure and residential care for children and young people	-	-	1,971
Full year effects of approved 2010/11 savings	1,010	-	-
Community Learning & Development - non employee costs	63	12	-
Various non-staffing budgets	178	-	-
Early Years, workforce development	456	-	-
Support to children & young people - non staff savings	294	-	-
Budget re-alignment - net saving relating to budgets no longer required	537	245	95
Increase in the level of pupil contact time for probationer teachers	565	377	-
Paying supply teachers on the lowest point of the main grade teachers scale	290	174	-
Paying supply teachers for class contact time only	484	291	-
Teachers accrued maternity leave entitlement based on max of 40 days per annum.	340	-	-
Increased Class Contact Time - Qualified Teachers	-	4,106	2,054
Total Savings - Children and Families	7,349	7,956	4,773
Health and Social Care			
HQ Back Office reductions - Phase 2	89	124	59
HQ & SWC business services - phase 2	-	-	100
Emergency SW Review of out of hours service	77	36	113
Older Peoples Day Services - re-provision outreach	81	-	-
Training kitchen re-provision	82	-	-
Organisational review, management de-layering, staff review and mix and service re-design	224	277	50

	2011-12 £000	2012-13 £000	2013-14 £000
Welfare Rights Re-design: H&SC part of joint saving with SfC	50	70	40
Blindcraft	650	-	-
Re-provision of care homes, part of the Live Well in Later Life Strategy to improve the Care Home estate	-	-	256
The Access Point	19	16	-
Community Equipment	31	31	-
Criminal Justice SW 8% overheads	300	-	-
Travel reductions	200	-	-
Fees, equipment and materials savings	200	-	-
SWIFT core contract reductions (was Package 3C)	400	-	-
Further staffing savings through Restructuring	85	25	-
Procurement savings - of day care services	400	-	-
Procurement savings - block, care at home	1,500	-	-
Procurement savings - renegotiate of high cost care packages and electronic monitoring	-	400	400
Total Savings - Health and Social Care	4,388	979	1,018

City Development

Economic Development, destination promotion service redesign	80	39	-
Planning Development - savings in work associated with strategic and local development plans	139	-	-
Reduction in Council wide facilities management costs	87	79	50
Reduced workload and mainstream of property design & conservation service	51	-	35
<i>Corresponding loss of income</i>	(30)	-	-
Staff rationalisation and staff reduction in relation to support for major projects	40	56	10
Management reduction in Architectural Service	49	-	-
Review of Economic Development's Physical Development and Investor Support activity	-	-	55
Senior management restructure in Corporate Property division	-	40	57
Mainstreaming of Glasgow Edinburgh Collaboration activity	46	-	-
Workload reduction in supporting the Council's capital programme, and support cost savings	276	-	154
<i>Corresponding loss of capital recharge income</i>	(132)	72	(139)
Property repairs and maintenance & contract compliance, savings through ABM programme	50	50	150
Reduction in funding to SESTRAN	35	-	-
Increased income from Parking Operations - Pay & Display	400	125	250
Increased income from Parking Operations - Residential Permits	80	85	90
Total Savings - City Development	1,171	546	712

Services for Communities

Reduction in Private Rented Services and Homeowner Services	322	80	50
Reduce environmental assessments of planning applications, scale back licensing activity.	210	-	-
Review and rationalise community recycling centre provision	197	-	-
Prioritise Noise Team response towards period of peak demand	500	-	-
Focus regeneration activity to HRA & 21st Century Homes led regeneration	170	-	-
Neighbourhood Environment Services - efficiency to be achieved through internal improvement plan or alternative business model	1,000	500	-
Library & Information Service - review of opening hours and mobile service	52	550	-
Redirect consumer advice requests to national helpline and reduce enforcement activity in trading standards.	150	-	-
Reduce resource dedicated to Public Health	-	200	-
Reduction in number of Public Conveniences	-	413	-
Review of refuse collections for recycling and residual waste	180	720	-

	2011-12 £000	2012-13 £000	2013-14 £000
Parks and Greenspace (various savings)	237	90	-
Food Health & Safety - reduce health improvement initiatives, focus food sampling and inspections on high risk categories	-	158	-
Withdrawal of Community Safety Concierge, refocus Neighbourhood Community Safety services onto enforcement and the most serious complaints.	-	597	
Review of Debt Advice Services and Welfare Rights	50	50	30
Increased income from burials and fixed penalties and reduce overtime	106	-	-
Remove discretionary element of Edinburgh Community Safety Partnership budget & reduce use of Edinburgh Community Mediation Service	110	-	-
Edinburgh Building Services efficiencies - management de-layering	265	-	-
Strategy & Investment -reduce commissioning by 5%	1,300	-	-
Non staff costs related to package 1 & 2 - Community Safety Concierge & Assessment, Homelessness and Support.	26	55	-
Roads - reduce gully cleaning squad, increase income, decrease street lighting costs.	437	-	-
Waste Services - close central stores	25	-	-
Parks - remove stonemason service, efficiencies from merging teams into horticulture service	125	-	82
Reduce community grants by 8%	35	-	-
Total Savings - Services for Communities	5,497	3,413	162

Corporate Services

Further reduction in Communications staff and new ways of working	30	65	65
Reduction in HR Case Management and Advice service to Departments	84	84	84
Further reduction in PSP management and project staff	30	120	47
Reduction in E-Government project staff	50	50	50
Further reduction in Culture and Sport Planning & Performance staff	-	22	-
8% reduction in Cultural Grants over 3 years	218	100	99
Further reduction in Legal Services Litigation staff	-	50	-
Reduction in Culture and Sport Team staff	-	36	-
Savings through Contact Centre process review	-	-	119
6.5% reduction in Events budget	-	-	46
Further 4% (total 8%) reduction in Edinburgh Leisure budget	-	174	173
Increase in income from Scott Monument	15	-	-
Management de-layering in Contact Centre	38	38	-
Management de-layering across Human Resources service	-	-	123
Total Savings - Corporate Services	465	739	806

Finance

Revenues & Benefits - internal improvement plan	-	203	253
Revenues and Benefits - additional savings per internal improvement plan	164	285	138
Payments & Procurement - Internal improvement plan, management de-layering.	-	118	-
Total Savings - Finance	164	606	391

Total Net Savings

23,008	18,152	11,096
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REVENUE BUDGET 2011-12
AMENDMENTS TO RESOURCE ALLOCATIONS 2011-12

	Revised Resource Allocations £000	Adjusts. per Report to Council £000	Adjustments per Budget Motion £000	Demography £000	Council-wide Savings £000	Virements and Other Adjusts. £000	Final Resource Allocations £000
Children and Families	386,866	-	-6,296	2,049	(14)	1,104	383,709
City Development	19,220	-	-1,171	-	(167)	-101	17,781
Corporate Services (including STOs)	57,241	-	-465	-	(1,212)	-953	54,611
Finance	11,916	-	-164	391	(4)	653	12,792
Health and Social Care	173,584	-1,332	-1,598	4,036	(54)	-287	174,349
Services for Communities (including STOs)	138,563	-	-3,805	-	(2,201)	12	132,569
Joint Boards							
- Police	44,725	-	-	-	-	-19	44,706
- Fire	21,885	-	-	-	-	-	21,885
- Valuation	3,795	-	-	-	-	-	3,795
General Fund Services	857,795	-1,332	-13,499	6,476	-3,652	409	846,197
Non-Department Specific							
Loan Charges	104,954	-	-	-	-	-409	104,545
Carbon Tax	900	-	-	-	-	-	900
Council-wide Savings	-	-	-3,974	-	3,652	63	(259)
Demographic Changes	6,976	(500)	-	(6,476)	-	-	-
Dividend and Investment Income	-2,000	(1,000)	-	-	-	-	-3,000
Insurance Excesses	250	-	-	-	-	-	250
Modernising Pay	3,828	-	-	-	-	-	3,828
Net Cost of Benefits	1,534	-	-	-	-	-	1,534
Non-Domestic Rates	1,350	-	-	-	-	-	1,350
Other Contingencies	63	-	-	-	-	(63)	-
Pension Lump Sum	10,525	-	-	-	-	-	10,525
	128,380	-1,500	-3,974	-6,476	3,652	-409	119,673
Contributions to / (from) Reserves							
Net Contribution to / (from) Earmarked Reserves	4,439	-	-	-	-	-	4,439
Total Contribution to Reserves	4,439	-	-	-	-	-	4,439
Total Expenditure	990,614	-2,832	-17,473	-	-	-	970,309
Spending through Ring-Fenced Grants	47,955	-	-	-	-	-	47,955
Total Gross Expenditure	1,038,569	(2,832)	-17,473	-	-	-	1,018,264
General Revenue Grant / Non Domestic Rates	744,104	80	-	-	-	-	744,184
Ring-Fenced Grants	47,955	-	-	-	-	-	47,955
Total AEF	792,059	80	-	-	-	-	792,139
Council Tax	226,125	-	-	-	-	-	226,125
Total Funding	1,018,184	80	-	-	-	-	1,018,264
Funding Gap / (Available Resources)	20,385	-2,912	-17,473	-	-	-	-

**THE CITY OF EDINBURGH COUNCIL
COUNCIL TAX / RATING RESOLUTION
ADMINISTRATION PROPOSAL**

To recommend that in respect of the year to 31st March, 2012:

1. GENERAL FUND

1.1 Revenue Estimates - the Revenue Estimates as presented and adjusted be approved;

1.2 Council Tax - estimated expenditure from Council Tax of £226.125m be met and in terms of Sections 70(1) and 74(1) of the Local Government Finance Act 1992 (the 1992 Act) Council Tax be levied in respect of properties in the bands defined in Section 74(2) of the 1992 Act as follows:

Band	Council Tax	Band	Council Tax
	£		£
A	779.33	E	1,428.78
B	909.22	F	1,688.56
C	1,039.11	G	1,948.33
D	1,169.00	H	2,338.00

2. RATING APPEALS TIMETABLE

In terms of Part XI of the Local Government (Scotland) Act 1947 the following dates be approved:

Main Assessment Roll

Lodging of Appeals with the Director of Finance by	8th July 2011
Hearing of Appeals by the Rating Authority	16th September 2011

Amendments to Main Assessment Roll made subsequent to its issue

Lodging of Appeals with the Director of Finance	Within six weeks of issue of Rate Demand or in terms of Section 11 of the Rating and Valuation (Amendment) (Scotland) Act 1984
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Hearing of Appeals by the Rating Authority	Periodically
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3. CAPITAL EXPENDITURE

Expenditure on Capital projects in progress be met.

4. BORROWING

The Council borrows the necessary sums to meet the above capital expenditure.

PRUDENTIAL INDICATORS

Indicator 1 - Estimate of Capital Expenditure

The actual capital expenditure that was incurred in 2009/10 and the estimates of capital expenditure (excluding the tram project) to be incurred for the current and future years that are recommended for approval are:

	----- Capital Expenditure General Services -----					
	2009/10 Actual £000	2010/11 Estimate £000	*2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Children and Families	15,882	16,252	29,941	49,156	28,075	21,693
City Development	98,468	27,703	30,028	31,988	14,977	2,750
City Development - Trams	118,926					
Corporate Services	27,109	21,384	10,737	3,965	2,065	165
Health and Social Care	5,562	8,301	6,550	9,824	856	0
Services for Communities	71,489	63,975	68,730	19,200	16,600	15,069
Other Services	2,965	12,343	27,935	29,309	2,501	0
Contributions to unapplied capital grants fund	1,136	0	0	0	0	0
Contributions to Investments	1,246	0	0	0	0	0
Total General Services	342,783	149,958	173,921	143,442	65,074	39,677

*Note 2011/12 includes slippage brought forward based on projected capital expenditure reported at the nine month stage.

	----- Capital Expenditure Housing Revenue Account -----					
	2009/10 Actual £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Housing Revenue Account	33,864	39,840	45,250	38,774	40,058	40,379

*Note: The report on the Housing Revenue Account (HRA) Budget 2011/12 (Ref CEC/84/10-11/SFC) provides for a one-year capital budget. Indicative capital budget figures have been included for future years based on the Housing Revenue Account business plan.

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2009/10 are:

	Ratio of Financing Costs to Net Revenue Stream					
	2009/10 Actual %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
General Services	8.88	10.09	10.78	10.80	10.75	N/A
HRA	35.27	37.49	37.91	39.22	40.36	N/A

Note: Figures for 2012/13 onwards are indicative as neither the Council or HRA has set a budget for these years.

The estimates of financing costs include current commitments and the proposals in this budget report.

Indicator 3 - Capital Financing Requirement

Estimates of the end of year capital financing requirement (including the Council's share of the financing requirement for trams project) for the authority for the current and future years and the actual capital financing requirement at 31st March 2010 are:

	---- Capital Financing Requirement ----					
	2009/10 Actual £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Non-HRA	1,083,833	1,090,931	1,119,595	1,160,267	1,153,051	1,110,574
HRA	313,158	335,026	359,839	376,692	393,095	408,155

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence:

"In order to ensure that the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current next two financial years."

	Net External Borrowing and the Capital Financing Requirement					
	2009/10 Actual £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Net External Borrowing	993,573	1,091,175	1,144,651	1,202,175	1,211,363	1,183,946
Capital Financing requirements	1,396,991	1,425,958	1,479,434	1,536,958	1,546,146	1,518,729
Under Limit by:	403,418	334,783	334,783	334,783	334,783	334,783

Net external borrowing does not include PFI finance lease liabilities but capital financing requirement includes advances and repayments relating to PFI assets. As a result, the forecast comparison of net external borrowing against forecast capital financing requirement results in a large variance. This anomaly will be rectified once the Prudential Code is updated to change the definition from Net External Borrowing to Net External Debt thus allowing PFI Finance Lease Liabilities to be included.

As demonstrated in the above table, the authority had no difficulty meeting this requirement in 2009/10, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Indicator 4 – Authorised Limit for External Debt

The authorised limit should reflect a level of borrowing which, while not desired, could be afforded, but may not be sustainable. In respect of its external debt, it is recommended that Council approves the following authorised limits for its total external debt gross of investments for the next three financial years. These limits separately identify borrowing from other long term liabilities including finance leases and PFI assets. Council is asked to approve these limits and to delegate authority to the Director of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change:

	Authorised Limit for External Debt			
	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Borrowing	1,484,622	1,462,364	1,480,037	N/A
Other long term liabilities	217,522	209,497	201,137	N/A
	1,702,144	1,671,861	1,681,174	N/A

These authorised limits are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

Indicator 5 – Operational Boundary for External Debt

The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary equates to the estimated maximum of external debt. It is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Director of Finance, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change:

	Operational Boundary for External Debt			
	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Borrowing	1,344,171	1,394,788	1,405,037	N/A
Other long term liabilities	217,522	209,497	201,137	N/A
	1,561,693	1,604,285	1,606,174	N/A

The Council's actual external debt at 31st March 2010 was £1,230.985m, comprising borrowing (including sums repayable within 12 months). Of this sum, £38.343m relates to borrowing carried out by the Council on behalf of the Police and Fire Joint Boards and Further Education Colleges.

In taking its decisions on this budget report, the Council is asked to note that the estimate of capital expenditure determined for 2010/11 (see paragraph 1 above) will be the statutory limit determined under section 35(1) of the Local Government in Scotland Act 2003.

Indicator 6 – Impact on Council Tax and House Rents

The estimate of the incremental impact of capital investment decisions proposed in this budget report, together with changes in projected interest rates, over and above capital investment decisions that have previously been taken by the Council are:

a) for the band "D" Council Tax

2011/12	2012/13	2013/14	2014/15
£	£	£	£
3.46	12.45	17.07	N/A

b) for average weekly housing rents

2011/12	2012/13	2013/14	2014/15
£	£	£	£
0.20	0.67	0.84	1.40

The increase shown against Council Tax reflects the rephasing of the capital programme.

Consideration of options for the capital programme

In considering its programme for capital investment, Council is required within the Prudential Code to have regard to:

- affordability, e.g., implications for Council Tax;
- prudence and sustainability, e.g., implications for external borrowing;
- value for money, e.g., option appraisal;
- stewardship of assets, e.g., asset management planning;
- service objectives, e.g., strategic planning for the authority;
- practicality, e.g., achievability of the forward plan.

A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax.

Indicators included in Treasury Management Strategy

The Council's treasury management strategy and annual plan for 2011/12 will include the following:

- The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services;
- It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2011/12, 2012/13, 2013/14 and 2014/15 of 100% of its net outstanding principal sums;

-It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2011/12, 2012/13, 2013/14 and 2014/15 of 50% of its net outstanding principal sums;

-This means that the Director of Finance will manage fixed interest rate exposures within the range 50% to 100% and variable interest rate exposures within the range 0% to 50%. This is a continuation of current practice;

-It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper Limit	Lower Limit
	%	%
under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	100	20

The maximum total principal sum which may be invested with a maturity of up to 3 years is £100m. The Council currently has no investments longer than 364 days.