

The City of Edinburgh Council

10.00am, Thursday, 21 January 2016

2016-20 Revenue and Capital Budget Framework - referral report from the Finance and Resources Committee

Item number	4.1(a)
Report number	
Wards	All

Executive summary

The Finance and Resources Committee on 14 January 2016 considered a report on the impact on the Council's Revenue and Capital Budget Framework of the Scottish Government's announcement on 16 December 2015. The level of reduction in the Council's revenue funding allocation was significantly higher than anticipated. Members of the Corporate Leadership Team (CLT) had now considered the additional savings requirement of £16.7 million in 2016/17 and had set out how they proposed it should be addressed. The report has been referred to the City of Edinburgh Council for decision as part of budget setting process on 21 January 2016.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

2016-20 Revenue and Capital Budget Framework

Terms of referral

- 1.1 On 24 September 2015, the Finance and Resources Committee considered a report on the budget framework that set out a total Council-wide recurring annual savings requirement of at least £126 million over the period to 2019/20. Given the scale of the Council's financial challenge, however, the report indicated that further transformation-based proposals would be brought forward during the engagement period.
- 1.2 To this end, a subsequent report considered on 26 November 2015 set out proposals to a total value of £68.7 million over the period to 2019/20. When added to previous proposals, approval by Council was anticipated to retain an element of contingency for proposals not taken forward, risks and/or additional investment, subject to the ongoing availability of other planning assumptions, mainly the outcome of the Local Government Finance Settlement that was announced on 16 December 2015.
- 1.3 The provisional level of Settlement for 2016/17 showed an overall reduction in grant funding income relative to budget framework assumptions of £15 million. The subsequent additional reduction of £1.695 million therefore resulted in an increase in the overall shortfall in 2016/17 revenue grant funding relative to earlier assumptions to £16.7 million. The potential for a greater level of reduction than that assumed in the framework had already been identified as a risk and, to this end, the Council Leadership Team (CLT) had already begun to examine opportunities for acceleration of transformation programme proposals before the actual allocations were confirmed.
- 1.4.1 The Finance and Resources Committee agreed:
 - 1.4.1 To note the impact of the 2016/17 Local Government Finance Settlement on the 2016/20 budget framework.
 - 1.4.2 To note the officer recommendations to address the resulting shortfall relative to previous assumptions for each year covered by the framework.
 - 1.4.3 To refer the report to Council for decision as part of the budget setting process on 21 January 2016.

For Decision/Action

- 2.1 The Finance and Resources Committee has referred the report to The City of Edinburgh Council for decision as part of the budget setting process on 21 January 2016.

Background reading / external references

Minute of the Finance and Resources Committee, 14 January 2016.

Carol Campbell

Head of Legal and Risk

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Finance and Resources Committee

10am, Thursday 14 January 2016

2016/20 revenue and capital budget framework

Item number	7.6
Report number	
Executive/routine	
Wards	

Executive summary

Members have previously considered a number of reports setting out the Council's funding gap over the period until 2016/20, indicating a need to identify recurring savings of at least £126m by 2019/20. It was emphasised, however, that the precise savings requirement would depend on the level of the Local Government Finance Settlement, details of which were awaited.

While only one year's figures were provided as part of the Deputy First Minister's announcement on 16 December, in common with local authorities across Scotland, the level of reduction in the Council's revenue funding allocation was significantly higher than anticipated. The actual level of settlement has therefore resulted in a need to identify an additional £16.7m of savings in 2016/17 and, based on available information relating to the Council's grant settlement for next year, a further £5m in 2017/18.

Members of CLT have now considered this additional savings requirement and set out how they propose it be addressed, thereby giving the potential for a balanced budget to be achieved across all four years of the framework whilst still allowing an element of political choice to be applied in the precise measures approved by elected members.

Links

Coalition pledges	All
Council outcomes	All
Single Outcome Agreement	All

2016/20 revenue and capital budget framework

Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note the impact of the 2016/17 Local Government Finance Settlement on the 2016/20 budget framework;
 - 1.1.2 consider the officer recommendations to address the resulting shortfall relative to previous assumptions for each year covered by the framework; and
 - 1.1.3 refer the report to Council as part of setting the budget-setting process.

Background

- 2.1 On 24 September 2015, members of the Committee considered a report on the budget framework setting out a total Council-wide recurring annual savings requirement of at least £126m over the period to 2019/20. In terms of expenditure, this requirement reflected the combined net impact of increasing, demographic-driven demand for the Council's services, inflationary uplifts and other cost pressures driven by legislative reform. These increases contrasted starkly with a level of available resources through Council Tax, Government Grant and Non-Domestic Rates that was anticipated to remain essentially static over the same period. The proposed framework also included additional investment in both Health and Social Care and Corporate Property as a contribution towards re-establishing financial stability in these areas.
- 2.2 Following Council's previous approval of savings to a value of £22m as part of setting a balanced budget for 2015/16, at the September Finance and Resources Committee meeting members approved the release for public engagement of proposals totalling £25.6m. In addition, a number of other savings were referred to Council on 22 October, with £6.9m of proposals being approved.
- 2.3 Given the scale of the Council's financial challenge, however, the report to Committee on 24 September indicated that further transformation-based proposals would be brought forward during the engagement period. To this end, a subsequent report considered on 26 November set out proposals to a total value of £68.7m over the period to 2019/20. When added to the previous proposals, approval by Council was anticipated to retain an element of contingency for proposals not taken forward, risks and/or additional investment, subject to the on-going applicability of other planning assumptions. Chief amongst these assumptions was the outcome of the Local Government Finance

Settlement to be announced by the Deputy First Minister, John Swinney MSP, on 16 December. The following sections therefore set out the main aspects of the announcement, the resulting increase in the overall savings requirement across the period of the framework and a number of proposed and potential further means by which the gap is addressed.

Main report

Draft Scottish Budget announcement

- 3.1 The Draft Scottish Budget for 2016/17 was announced by the Deputy First Minister on 16 December. Indicative annual figures for the level of the Scottish Block for the period from 2016/17 to 2019/20 had previously been provided by the UK Government as part of its own Spending Review. Due both to the latter's unusually-late publication on 25 November and on-going discussions around the developing fiscal framework between the respective governments as part of the Scotland Bill, however, only one year's detailed allocations were announced by the Scottish Government.
- 3.2 The Draft Budget does, nonetheless, indicate a number of proposed principles and priorities to be reflected in subsequent years' Scottish budgets. These include adopting a more progressive approach to direct taxation and affording on-going real-terms protection to both Health and Police service expenditure, suggesting that a succession of further tight settlements for local government should be anticipated. The Deputy First Minister's announcement also confirmed the initiation of a full review of the current system of business rates and publication of the Scottish Government's formal response to the recommendations of the Commission on Local Tax Reform early in the new year.
- 3.3 The 2016/17 Budget is the first year for which a Minister of the Scottish Government will set the Scottish Rate of Income Tax (SRIT). Under the progressive devolution of powers through the Scotland Act, for the 2016/17 financial year the Scottish Government is only able to vary the percentage tax rate applicable to each existing band by the same amount, with the ability to vary the rates across different bands, or indeed introduce new bands, not available until 2017/18. On this basis, no changes relative to UK-wide rates have been made at this time.
- 3.4 The Scottish Government's financial plans continue to apply the main principles of reform underpinning the recommendations of the Christie Commission, emphasising the benefits of service integration and preventative action. Of particular relevance in this context is the transfer of an additional £250m from the NHS to health and social care partnerships (over and above existing funding for Integrated Care and Delayed Discharge Funds) as part of wider service integration to secure improved outcomes. As of the time of writing, further details are awaited on both the basis of allocation of these sums to local authority areas and the purposes for which funds may then be used but with an

expectation that clarification in each area will be available by mid-January. The updated budget position set out later in this report therefore makes a number of assumptions based on best-available information at this time.

- 3.5 The overall settlement for local government reflects continuing receipt of monies provided in recent years to support specific Scottish Government commitments, in particular the provision of free school meals for all P1 to P3 pupils and an expansion of free early years learning and childcare. Funding to support the Scottish Government's policy of mitigating aspects of the UK Government's welfare reform programme, in particular through the Scottish Welfare Fund, additional funding for the Council Tax Reduction Scheme and top-up Discretionary Housing Payments resources sufficient to mitigate in full the impact of Underoccupancy Regulations (the "bedroom tax") is also retained at existing levels.
- 3.6 Receipt of an authority's full funding package is contingent upon agreeing to a further year's Council Tax freeze in accordance with the Scottish Government's commitment not to increase levels over the current Parliamentary term. While also continued for a further year, current teacher number-related commitments have been redefined to relate specifically to maintaining absolute numbers at 2015 levels, with no similar stipulation around maintaining current pupil:teacher ratios. Precise arrangements for the sign-off of this "package" by individual Council Leaders, as well as any financial sanctions should any choose not to do so, remain to be finalised between COSLA (on behalf of councils) and the Scottish Government.

Revenue budget settlement for the Council

- 3.7 The Deputy First Minister's announcement and issuing of the accompanying Finance Circular on 16 December confirmed the Council's provisional level of revenue and capital funding for 2016/17.
- 3.8 As part of the process of issuing the Local Government Finance Settlement, an annual checking session involving both Local Government and Scottish Government officials is arranged. While this normally takes place in advance of the Finance Circular's issue, the timing of this year's UK Spending Review meant that the session was necessarily scheduled for 21 December, five days *after* the LGFS announcement.
- 3.9 By and large, the session confirmed the figures that had been circulated on 16 December. One issue that did emerge, however, was a required change to the calculation of the distribution of monies for the Strategic Waste Fund (SWF) former ring-fenced grant. The resulting restatement reduced Edinburgh's direct grant allocation by £0.909m, with a further unfavourable knock-on impact of £0.786m on distribution of the additional £25m provided within the Settlement to ensure that each authority receives at least 85% of the mainland average level of grant support (as the reduction to Aberdeen's allocation was of a proportionately higher amount).

- 3.10 Compared on a like-for-like basis, the provisional level of Settlement for 2016/17 showed an overall reduction in grant funding income relative to budget framework assumptions of £15m. The subsequent additional reduction of £1.695m therefore results in an increase in the overall shortfall in 2016/17 revenue grant funding relative to earlier assumptions to £16.7m. The potential for a greater level of reduction than that assumed in the framework had been identified as a risk and, to this end, the Council Leadership Team had already begun to examine opportunities for acceleration of transformation programme proposals before the actual allocations were confirmed. This said, the extent of the reduction was significantly higher than most commentators and councils alike had anticipated.
- 3.11 Edinburgh's overall year-on-year reduction in revenue grant is in line with the Scotland-wide average of 3.35% which, in turn, represents the largest year-on-year reduction since the creation of the Scottish Parliament. This clearly presents significant challenges to councils across Scotland and reinforces the need for, and importance of, the Council's own programme of service transformation and prioritisation.
- 3.12 Some supporting detail concerning the background to this reduction is awaited but Edinburgh's overall level of settlement primarily reflects the net impact of:
- **an increased relative share of most needs-based indicators** (particularly those related to school and young people's services, where the city's projected rate of growth is amongst the highest in Scotland, and more general measures of need based on the total population); and
 - **a significant reduction in the level of support for historic borrowing/leasing**, understood to relate to leasing agreements (which at the time were admissible as capital expenditure) entered into shortly after the Council's formation in 1996, the funding support for which was agreed at the time.
- 3.13 Such is the scale of the reduction arising from the latter issue that the Council has received £10.168m of support through the "floor" mechanism which limits the amount of year-on-year variation in grant funding levels. The impact of the above distributional changes has also affected the allocation of additional revenue funding provided under the Scottish Government's policy whereby no authority should receive less than 85% of the per capita Scotland-wide average, resulting in a net transfer of £2.64m from Edinburgh to Aberdeen as the two current beneficiaries of this policy.
- 3.14 It is important to emphasise that the table on page 11 of the Finance Circular does not include each council's full funding allocation and, as such, slightly overstates the overall level of grant funding reduction applied. Of particular relevance are monies provided in respect of a further year's Council Tax freeze which, given the size and profile of Edinburgh's tax base, have the effect of bringing its overall level of reduction in grant funding much closer to the Scottish average.

Implications for budget framework

- 3.15 Assuming full approval of the proposals that formed the basis of recent public engagement and prior to confirmation of the Local Government Finance Settlement in December, the framework offered the potential for (i) an element of proposals not to be taken forward and/or (ii) additional investment to be made in some, or all, of the risk and priority areas highlighted within the September report as shown below.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
1. Cumulative overall savings requirement	68.7	84.8	105.1	125.9
2. Savings Approved, February 2015	(22.0)	(22.0)	(22.0)	(22.0)
3. Early approval savings, October 2015	(6.8)	(6.9)	(6.9)	(6.9)
Remaining savings requirement	39.9	55.9	76.2	97.0
4. Prioritisation proposals, September 2015	(22.2)	(24.6)	(25.1)	(25.6)
5. Transformation proposals, November 2015	(23.5)	(53.5)	(67.4)	(68.7)
Budget Framework 2016/20 Total Savings	(45.7)	(78.1)	(92.5)	(94.3)
(Provision)/shortfall for proposal rejection, priorities and other risks	(5.8)	(22.2)	(16.3)	2.7

- 3.16 While the Settlement announcement covered only one year, given the scale of the reduction in grant funding for 2016/17, assumptions for future years have been re-assessed. The budget framework therefore now assumes that this reduced level of funding forms the new baseline, with the previous levels of incremental year-on-year reduction i.e. 0.5% for both 2017/18 and 2018/19, applied to this lower sum. The projection for 2019/20 remains one of “flat cash” relative to the previous year.
- 3.17 Information provided to date by the Scottish Government indicates that a further, albeit smaller, reduction in support for the Council’s historic borrowing/leasing is anticipated in 2017/18. On this basis, an additional assumed reduction in grant funding of £5m, bringing the total year-on-year reduction to 1.2%, has also been incorporated within the framework for that year.
- 3.18 In the absence even of indicative funding allocations for 2017/18 and subsequent years, these projections remain subject to significant risk. Those indications that have been provided by the Scottish Government, however, suggest that, assuming re-election, the additional powers available under the Scotland Act may be used to increase overall public expenditure. Given both this and UK-wide forecasts of public expenditure, the revised assumptions are best-estimates at this time but will continue to be the subject of on-going review.
- 3.19 As part of the review of framework assumptions, the opportunity has also been taken to allocate an element of the incremental inflationary provision for 2018/19 and 2019/20 to reflect successive increases in employer’s superannuation contribution rates of 0.5% in those years. While this clearly reduces slightly the

remaining level of inflationary provision available to offset other pressures affecting those years, this change does not affect the overall savings requirement.

- 3.20 The above-mentioned changes in assumed grant funding result in a need to identify cumulative additional savings of £16.7m in 2016/17 and £21.7m in 2017/18 and subsequent years, thus bringing the overall requirement over the period to 2019/20 to £148m. The Acting Executive Director of Resources, working with CLT, has therefore identified a number of proposed means of addressing the gap in each of the first three years of the framework as set out in the table below.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
(Provision)/shortfall for proposal rejection, priorities and other risks per table at paragraph 3.15	(5.8)	(22.2)	(16.3)	2.7
Additional savings requirement - Local Government Finance Settlement, December 2015	16.7	21.7	21.7	21.7
Remaining gap (assuming all public engagement options accepted)	10.9	(0.5)	5.4	24.4
Proposed additional measures in response to December settlement:				
(i) H&SC demographic provision	(5.9)	(5.9)	(5.9)	(5.9)
(ii) Revision to additional Health and Social Care framework investment	(3.0)	(3.0)	(3.0)	(3.0)
(iii) Acceleration of transformation savings	(3.1)	(3.1)	0.0	0.0
(iv) Amendment to required provision for pay awards given revised staffing levels	(0.9)	(2.6)	(3.5)	(4.5)
(v) Transformation savings delivery / grant contingency	0.0	10.6	2.5	0.0
(vi) Provision for priorities/options not taken forward	2.5	5.0	5.0	5.0
(vii) Revision to provision for energy tariff increases	(0.5)	(0.5)	(0.5)	(0.5)
Remaining net savings remaining to be identified	0.0	0.0	0.0	15.5

Health and Social Care partnership funding

- 3.21 As noted earlier in this report, the Deputy First Minister's announcement intimated the creation of a new £250m Scotland-wide fund to support the integration of health and social care services across NHS and local authorities and build the capacity of community-based services. For planning purposes, at this stage it is being assumed that, in overall terms, a sufficient level of resources will be provided for the Edinburgh area to allow the Council's own existing level of additional demographic investment (i.e. £5.9m) to be applied against the wider corporate savings requirement, with discussions with NHS colleagues proceeding on this basis.

Health and Social Care additional budget framework investment

- 3.22 A report elsewhere on today's agenda points to a potential £3.0m current-year underspend within Health and Social Care, with a recommendation that this be used to supplement existing provision for staff release costs as part of the wider

transformation programme. In recognition of this position, going forward, it is proposed to reduce from £10m to £7m the baseline level of additional provision within the budget framework. Given the significant level of savings within Health and Social Care underpinning the framework, however, the adequacy of this level of funding will be kept under regular review in the coming months.

Savings assurance and proposal phasing

- 3.23 As part of assuring the robustness and deliverability of the proposals comprising the revenue budget framework, regular progress assessments have been reported to CLT. While, as anticipated given the nature and associated phasing of some of the transformational proposals, a number remain at a formative stage, it is the respective Directors' assessment that all can be delivered, albeit in some cases the phasing is different from that assumed in the September and November reports.
- 3.24 Recognising the potential for an additional savings requirement to emerge from the 2016/17 Settlement announcement, Directors have previously considered opportunities to accelerate the proposals contained within the framework. This has resulted in an increase in net savings totalling £3.13m and £3.052m respectively in each of the first two years of the framework, the detail of which is set out in Appendix 1. Members should take account of this acceleration, as appropriate, in their respective budgets.

Other changes to budget framework assumptions

- 3.25 The Council's current budget framework makes provision for employee pay awards, National Insurance and associated superannuation contributions based on existing staffing levels, adjusted for savings up to, and including, those contained in the February 2015 budget motion. Now that full details of the proposals comprising the 2016/20 framework are available, however, an estimate has been incorporated of the resulting reduction in required provision going forward, being £0.9m in 2016/17 rising to £4.5m by 2019/20. Members should note that these sums relate to reduced staffing levels going forward and do not reflect any changes in underlying provision for pay awards and associated on-costs.
- 3.26 The budget framework assumes an additional incremental £7m of Council Tax income each year from 2017/18, aligned to the Scottish Government's policy of maintaining the freeze policy for the duration of the current Parliamentary term. Any changes to local taxation arising from consideration of the recommendations of the Commission on Local Tax Reform may, however, be phased in and, as such, not be subject to full implementation until 2018/19. In addition, a number of the transformation proposals, such as those associated with libraries, music instruction and health and social care, sit primarily in 2017/18 and, given that they involve fundamental redesign of existing services, it may similarly be prudent to introduce an element of contingency to support such phased introduction. For these reasons and so as not to introduce additional expenditure which cannot be supported on a sustainable basis, the framework includes a contingency of £10.6m in 2017/18 and £2.5m in 2018/19.

3.27 The opportunity has also been taken to review the current cumulative budget framework provision for energy tariffs going forward. Based on best-available projections at this stage, it is not anticipated that the full level of provision in 2016/17 will be required and, on that basis, £0.5m has been assumed to be available to offset wider corporate pressures.

Provision for proposal rejection, risks and other priorities

3.28 The framework as presented to the Committee on 26 November included provision for rejected proposals, risk or investment in wider Council priorities of £5.8m, £22.2m and £16.3m over the period from 2016/17 to 2018/19. Given the subsequent reduction in grant funding, however, the affordability of this level of provision has been reconsidered. It is suggested that this provision be reduced to £2.5m in 2016/17 and £5m in subsequent years, thereby addressing an element of the additional savings requirement created by the reduction in grant funding. In this regard, the CLT has previously identified as a priority repairs and maintenance to Council property.

3.29 Given the absence of any previous contingency in 2019/20 (i.e. the level of savings identified within the framework did not fully offset the related savings requirement), introduction of a provision of £5m in that year only serves to increase the level of savings required. This lends additional weight to the need to introduce, for example, an annual efficiency target in line with that assumed by the Scottish Government (i.e. 3%) to reflect the bedding-in by that time of the revised Council structure. With this in mind, members should note that a further review, including identification of further potential savings measures couched in the Council's priority outcomes, will be undertaken upon publication of the Scottish Government's Draft Budget for 2017/18, expected at this stage to be no later than September 2016.

Overall impact of changes to framework assumptions

3.30 The combined impact of these proposals would leave a balanced position in each of the first three years of the framework. As noted above, it is proposed that an additional savings requirement be applied in 2019/20 to deliver a balanced and sustainable position across the framework as a whole.

3.31 While the scale of the Council's savings requirement means that alternative options are fairly limited, in formulating their respective budget proposals, members may also wish to consider some or all of the following:

- (i) reducing further the level of provision for rejected options and/or additional investment in priorities, although the total sum required will ultimately be determined by political choices and priorities;
- (ii) reconsidering the level of demographic-related investment contained within the budget framework;
- (iii) imposing a moratorium on the payment of employee pay steps (increments), saving up to £3.5m per annum;

- (iv) re-introducing proposals that, following consideration by the Capital Coalition, were not included in the framework;
 - (v) introducing further proposals.
- 3.32 Lead officers within Finance will be able to advise their respective Groups further on these and other matters.

Common Good Asset Register

- 3.33 At its meeting on 1 December 2015, the Corporate Policy and Strategy Committee considered a referral report from the Governance, Risk and Best Value Committee regarding costs and timescales involved in updating the register of Common Good assets, including potential community involvement in the registering of Common Good land. In setting their respective motions, political groups may wish to have regard to the indicative additional costs of this and Community Empowerment Act-related work.

Repairs and maintenance investment

- 3.34 Members may recall that the Council's approved revenue budget for 2015/16 included provision to increase, on a one-off basis, property repairs and maintenance expenditure by £2m. In view of a projected £7.9m increase in capital receipts relative to previous assumptions over the period of the 2015/20 Capital Investment Programme (CIP), the revenue framework makes provision for this additional investment to continue for a further two years by means of supplementing existing budgets through use of the Capital Fund. The capital budget report elsewhere on this agenda recommends that the remaining £3.9m be used to provide initial infrastructural investment to support the city's Local Development Plan.

Risks

- 3.35 As indicated in the report on the Council's financial strategy considered on 4 June 2015, the framework provision for demographic pressures in Communities and Families has been increased by £2.1m in 2016/17 in recognition of the additional pressures identified across the service. It was noted at that time that provision of additional funding in subsequent years was dependent upon the identification of corresponding additional savings. In addition, potential pressures with regard to implementation of the National Minimum Wage, Local Development Plan, City Deal and tram extension were highlighted.
- 3.36 Given both the tightness of the budget framework and the need for increased certainty concerning both the quantum and timing of these additional pressures, no specific provision has been included at this time but the position will remain under review as additional details of likely costs and future funding settlements become available.

Capital budget

- 3.37 The Deputy First Minister's announcement also confirmed the level of capital funding available in 2016/17. While, due to a £150m Scotland-wide reprofiling of the Scottish Government's capital budget, Edinburgh's level of grant funding in

2016/17 at £38.8m, is £7.2m below that assumed in the current Capital Investment Programme (CIP), £10.3m will be reinstated over the following three years as part of the reprofiling exercise. The timing of receipt of this funding cannot be confirmed at this point and there is no indication of what the grant settlement will be over the following three year period relative to the assumptions factored in to the 2016-2021 CIP. There is therefore no scope to increase the level of capital resources available to support additional capital investment at this time, given that the additional borrowing required will lead to further pressure on the revenue budget.

Measures of success

- 4.1 Relevant measures in setting the Council's revenue budget include:
- Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2016/17 and subsequent years to be set as part of a longer-term sustainable framework;
 - Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
 - Subsequent delivery of the approved savings, particularly where these are linked to additional service investment.

Financial impact

- 5.1 Inclusion of any additional revenue investment within the budget framework is contingent upon the development, and subsequent delivery, of corresponding savings, alongside management of all risks and pressures, particularly those of a demand-led nature.

Risk, policy, compliance and governance impact

- 6.1 The savings assurance process is intended to ensure that, as far as is practicable, those proposals approved by Council deliver the anticipated level of financial savings in a way consistent with the anticipated service impacts outlined in the respective budget templates. This process will be further aided by the integration into a single cost reduction plan of savings derived from the respective transformation and service prioritisation programmes.
- 6.2 Recent improvements to the budget monitoring process should also enhance CLT and elected member scrutiny of the management of service pressures and delivery of approved savings.

Equalities impact

- 7.1 As in previous years, those proposals comprising the budget framework have been assessed for their corresponding potential equalities and human rights impacts.
- 7.2 An overview of the outcome of these assessments is included elsewhere on today's agenda.

Sustainability impact

- 8.1 The proposals comprising the budget framework have also been subject to an assessment of their likely corresponding carbon impacts.
- 8.2 As of the time of writing, the results of these assessments are being collated and a separate briefing will be prepared for elected members prior to the proposals' consideration by Council to ensure that members pay appropriate regard to them in setting the Council's 2016/20 budget.

Consultation and engagement

- 9.1 An extensive period of public engagement has been undertaken on the proposals comprising the framework and a report summarising the main findings is included elsewhere on today's agenda.

Background reading/external references

[Common Good Asset Register – referral from the Governance, Risk and Best Value Committee](#), 1 December 2015

[2016/20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 26 November 2015

[2016/20 Revenue and Capital Budget Framework](#), Finance and Resources Committee, 24 September 2015

[Revenue Budget Framework 2016/20](#), Finance and Resources Committee, 13 May 2015

[Council's Budget 2015/16 – Risks and Reserves](#), Finance and Resources Committee, 15 January 2015

Hugh Dunn

Acting Executive Director of Resources

Contact: Hugh Dunn, Acting Executive Director of Resources

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Links

Coalition pledges

Council outcomes CO25 the council has efficient and effective services that deliver on objectives.

Single Outcome Agreement

Appendices Appendix 1 – Rephrasing of Budget Framework proposals

Net acceleration/(slippage) relative to budget framework assumptions

Framework Proposal Number	Option	Service area	Division/Organisational Review	Savings 2016/17 £m	Savings 2017/18 £m	Savings 2018/19 £m	Savings 2019/20 £m
CF/EFF10	Management	Communities & Families	Children's Services	0.085	0.000	0.000	0.000
CF/EFF5	Reductions to Family Based Care and Throughcare	Communities & Families	Children's Services	0.064	0.000	0.000	0.000
CSE/EFF1	Culture	City Strategy & Economy	Culture	0.020	0.000	0.000	0.000
CSE/EFF6	Review funding arrangements for Winter Festivals	City Strategy & Economy	Culture	-0.400	0.000	0.000	0.000
CSE/EFF3	Economy	City Strategy & Economy	Economy	0.450	0.000	0.000	0.000
PLA/SP1	Parks and Greenspace	Place	Environment	-0.014	0.100	0.000	0.000
PLA/SP2	Task Force Gross Saving	Place	Environment	0.617	0.500	0.000	0.000
PLA/SP3	Waste Services	Place	Environment	0.286	0.000	0.000	0.000
PLA/ST2	Management	Place	Environment	0.013	0.000	0.000	0.000
PLA/EFF4	Transport	Place	Planning & Transport	0.226	0.000	0.000	0.000
PLA/ST2	Management	Place	Planning & Transport	0.193	0.000	0.000	0.000
CF/ST10	Re-design of Safer and Stronger Communities	Public Protection and CSWO	Safer and Stronger Communities	0.287	0.497	0.000	0.000
CF/ST11	Re-design of Homelessness Services (Gross Saving)	Public Protection and CSWO	Safer and Stronger Communities	0.225	0.000	0.000	0.000
CF/EFF8	Early Years	Communities & Families	Schools & Lifelong Learning	0.269	0.000	0.000	0.000
CF/EFF10	Management	Communities & Families	Schools & Lifelong Learning	0.314	0.000	0.000	0.000
CF/SP4	Redesign of Music Instructor Service	Communities & Families	Schools & Lifelong Learning	0.000	0.556	0.000	0.000
CF/ST7	Community Services	Communities & Families	Schools & Lifelong Learning	0.241	0.000	0.000	0.000
CF/ST8	Redesign of Libraries Service	Communities & Families	Schools & Lifelong Learning	0.254	1.400	0.000	0.000
Total				3.130	3.053	0.000	0.000

In the above analysis, positive figures represent net acceleration relative to framework assumptions and negative figures net slippage.