

The City of Edinburgh Council

10.00am, Thursday 9 February 2017

Revenue Budget Framework 2017/21 - Update – referral report from the Finance and Resources Committee

Item number	4.1(b)(i)
Report number	
Executive/routine	
Wards	

Executive Summary

On the 19 January 2017 the Finance and Resources Committee considered a report that provided an update on the implications for the Council of the Local Government Finance Settlement announced on 15 December 2016 and the potential for a balanced position to be achieved in 2017/18. The report has been referred to The City of Edinburgh Council's budget meeting on 9 February 2017 for consideration as part of the budget setting process.

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Revenue Budget Framework 2017/21 - Update

Terms of Referral

- 1.1 In view of the worsening forecasts of the level of funding to be made available to local authorities in Scotland going forward, the budget framework update considered by the Finance and Resources Committee on 29 September 2016 intimated that the assumed level of reduction in the Council's revenue grant for 2017/18 had been increased to 2.5%.
- 1.2 Analysis of the Cabinet Secretary's statement and the accompanying detailed Local Government Finance Settlement was continuing, informed by on-going receipt of additional supporting detail from the Scottish Government. While the formal checking session that took place on 20 December 2016 did not identify any significant issues, it was emphasised that, as of the time of writing, the allocations set out within the Finance Circular remained provisional. Any changes were required to be met from within the overall level of resourcing made available to local authorities, which meant that there remained the potential for further revision to the Council's grant allocation.
- 1.3 The Finance and Resources Committee agreed:
 - 1.3.1 To note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework.
 - 1.3.2 To consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures.
 - 1.3.3 To refer the report to Council as part of the budget setting process.

For Decision/Action

- 2.1 The City of Edinburgh Council is asked to consider the report as part of the budget setting process.

Background reading/external references

Minute of the Finance and Resources Committee, 19 January 2017

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

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

Links

Coalition Pledges See attached report

Council Priorities See attached report

Single Outcome Agreement See attached report

Appendices See attached report

Finance and Resources Committee

10.00am, Thursday, 19 January 2017

Revenue budget framework 2017/21 - update

Item number 7.5
Report number
Executive/routine
Wards

Executive summary

On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the overall level of demographic provision made. Taken together and subject to a number of required actions to manage pressures and address anticipated shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19. The report highlighted, however, the importance of confirmation of the Council's grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement in 2017/18 and have implications for subsequent years of the framework.

This report updates members of the Committee on the implications for the Council of the Local Government Finance Settlement announced on 15 December 2016. While the level of confirmed funding, alongside residual pressures and savings shortfalls within services, increases the overall volume of savings requiring to be delivered, subject to approval of a number of revisions to corporate assumptions and a small number of additional savings proposals, the report sets out the potential for a balanced position to be achieved in 2017/18. If this headline reduction in funding is repeated in subsequent years, however, this will require the identification of additional savings/efficiencies over and above those previously estimated.

Links

Coalition Pledges [P30](#)
Council Priorities [CP13](#)
Single Outcome Agreement [SO1](#), [SO2](#), [SO3](#), [SO4](#)

Revenue budget framework 2017/21 – update

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework;
 - 1.1.2 consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures; and
 - 1.1.3 refer the report to Council as part of the budget-setting process.

2. Background

- 2.1 On 29 September 2016, the Finance and Resources Committee considered a mid-year progress update on the revenue and capital budget framework for 2016/20. The report advised members of a number of changes to framework assumptions, including revised grant funding projections and an increase in the level of demographic provision made across the main demand-led areas of the Communities and Families budget. Taken together and subject to a number of required actions to manage pressures and address shortfalls in the delivery of savings previously approved in principle, the overall position remained one of balance in both 2017/18 and 2018/19.
- 2.2 The report highlighted, however, the importance of confirmation of the Council's 2017/18 grant allocation as part of the Local Government Finance Settlement, with the potential that the actual level of funding received would increase the overall savings requirement and provide some insight into requirements for subsequent years.
- 2.3 A one-year Settlement for 2017/18 was announced by the Cabinet Secretary for Finance and the Constitution on 15 December 2016. This report advises as to the implications of the announcement for the Council's revenue budget framework, with a report on the capital position included elsewhere on today's agenda.

3. Main report

Local Government Finance Settlement

- 3.1 In view of worsening forecasts of the level of funding to be made available to local authorities in Scotland going forward, the budget framework update report considered by the Committee on 29 September 2016 intimated that the assumed level of reduction in the Council's revenue grant for 2017/18 had been increased to 2.5%.
- 3.2 Analysis of the Cabinet Secretary's statement and the accompanying detailed Local Government Finance Settlement is continuing, informed by on-going receipt of additional supporting detail from the Scottish Government. While the formal checking session that took place on 20 December 2016 did not identify any significant issues, it should be emphasised that, as of the time of writing, the allocations set out within the Finance Circular remain provisional. Any changes will require to be met from within the overall level of resourcing made available to local authorities, meaning that there remains the potential for further revision to the Council's grant allocation.

Council Tax banding changes

- 3.3 Following Parliamentary approval of The Council Tax (Substitution of Proportion) (Scotland) Order 2016 in November 2016, the Cabinet Secretary's announcement confirmed changes to Council Tax multipliers for properties in bands E to H effective from April 2017. It was furthermore confirmed that the additional income raised through these changes would be retained by the councils concerned. In contrast to recent years' Settlements where freezing of Council Tax has placed particular significance on changes in the level of General Revenue Grant provided, the ability to retain the additional band-related income locally means that the overall impact of the Settlement is therefore best seen in this wider context.

Year-on-year change in grant and Council Tax funding

- 3.4 Based on a year-on-year comparison of grant funding and taking into account new commitments, Edinburgh's allocation has fallen by some 5.2% in cash terms in 2017/18, compared to a decrease of 3.9% for Scotland as a whole. The main elements of this reduction, totalling £37.1m, are as follows:

Year-on-year change (decrease)/increase	£m
Share of £350m reduction in core funding net of other monies "freed up" within Settlement	(23.5)
Reduction in loans charge support for historic borrowing	(11.8)
Loss of support through 85% funding floor	(11.0)
Deduction in grant for assumed increase in Council Tax base (property numbers)	(2.4)
Increase in support through core funding floor	10.7
Distributional gains and other changes	0.9
Net decrease from 2016/17	(37.1)

- 3.5 The Local Government Finance Settlement currently incorporates two separate funding "floors". The first concerns *relative* changes in funding, with the aim, in the current financial climate, being to smooth out year-on-year movements in the level of grant reduction faced by authorities in any given year. While the precise floor calculation is complex, the overall increase in funding support received through this floor relative to 2016/17 (i.e. an additional £10.7m) broadly offsets the net impact of the reduction in historic loans charge support and distributional changes.
- 3.6 The second floor reflects a Scottish Government policy commitment whereby no local authority receives less than 85% of the Scotland-wide per capita average level of revenue support. This, in effect, is a measure of *absolute* funding, albeit expressed relative to a Scottish average. In previous years, the Scottish Government has made available £25m of additional funding to support the policy, with Aberdeen and Edinburgh receiving significant sums.
- 3.7 For 2017/18, the calculation has been rebased to take into account both grant funding and income raised through Council Tax within each authority to capture more fully the level of resources available to support the provision of local services. This revision, alongside changes in the profile of the population within the respective cities and, more specifically, their influence on overall per capita funding, now sees Aberdeen as the only beneficiary of the reduced required sum of £10m. As the additional funding for this policy sits outside the core Local

Government Finance Settlement, its loss is not compensated through the stability-based floor referenced at 3.5.

- 3.8 As noted earlier in the report, the terms of the Settlement mean that the additional income raised through changes to Council Tax band multipliers (estimated at £110.5m across Scotland) will be retained by the councils where this income is collected. Within Edinburgh, nearly 38% of properties are in Bands E to H, compared to 27% across Scotland as a whole; almost 30% of all Band H properties in Scotland are located within the city. As a result, the £16.1m expected to be raised as a result of the changes represents 14.6% of the all-Scotland total, significantly higher than Edinburgh's equivalent share of needs-based expenditure indicators. When this additional income is offset against the £37.1m above, the net reduction in funding through the Settlement falls to 2.9%, compared to 2.8% for Scotland as a whole.

Other key elements of Settlement

- 3.9 The Cabinet Secretary's announcement also included the following key points:
- i. an additional £120m of annual funding will be made available to schools to support closing the attainment gap, with Edinburgh's share of £7.3m paid as a ring-fenced grant. Further details are awaited on both the uses to which this funding may be allocated and the associated reporting arrangements;
 - ii. the annual level of Scotland-wide funding made available through the Social Care Fund will be increased from £250m to £357m, providing additional support to meet the full-year costs of the Living Wage across the care sector and address pressures related to changes in legislation in respect of sleepover costs, waiving of some care charges and implementation of the measures contained within the Carers' Act. As of the time of writing, confirmation is awaited both of the Council's allocation and the specific sums provided in respect of each element and any attendant conditions;
 - iii. high-level guidance on the permitted level of councils' delegated "offers" to Integration Joint Boards for 2017/18. While the position will become clearer upon receipt of the additional information referred to above, at this stage it is anticipated that the Council's planned level of contribution meets the requirements as set out;
 - iv. confirmation that councils may raise Council Tax levels by up to 3% per annum with effect from April 2017. This is consistent with existing budget framework assumptions; and

- v. a lowering of the business rate poundage by 3.7% which, alongside the draft impact of the rates revaluation effective from April 2017, will result in savings to the Council relative to framework assumptions.

3.10 As in previous years, receipt of each council's funding allocation as set out in the Finance Circular is subject to agreement to the full package of measures and benefits underpinning the Scottish Government's offer, including maintenance of Scotland-wide pupil:teacher ratios at 2016/17 levels. Any Council Leader not accepting the full package has been requested to write to the Cabinet Secretary by 20 January.

Impact on budget framework

3.11 The budget framework report considered by this Committee on 29 September 2016 indicated that, subject to a year-on-year reduction in grant funding of 2.5%, management of shortfalls against approved savings and containment of other risks and pressures, a balanced position could be achieved in 2017/18. In isolation, the net impact of the Settlement announcement, net of the retention of additional Council Tax income resulting from banding changes, is to require a further £2.390m of savings relative to the projected position at that time.

3.12 The mid-year review report did, however, note the potential for a more severe level of funding reduction. Officers have therefore been working to identify additional potential savings options to address the increase in the overall requirement resulting from both the actual funding announcement and residual pressures and shortfalls against a small number of previously-approved savings. Members are reminded of all previously-approved savings, which form part of the budget baseline and are thus included in calculating the residual savings requirement, in Appendix 1.

Pressures – updated position

3.13 The Acting Executive Director of Children and Families has identified gross pressures totalling £4.535m, primarily representing an anticipated shortfall against previously-approved 2017/18 savings in the use of residential care for looked-after children and underlying pressures within residential provision and fostering. A cross-service review has identified means to address £1.642m of this pressure through budgetary re-alignment, leaving a residual pressure of £2.893m.

3.14 The Head of Safer and Stronger Communities has identified residual combined pressures and as-yet unmet savings targets of £1.551m in 2017/18. These relate in the main to approved savings linked to a service-wide review, including consideration of advice services, and rationalisation and greater

efficiency across existing CCTV systems which has been assessed not to be achievable without significant additional investment.

- 3.15 The Executive Director of Place has furthermore identified underlying pressures, after taking account of one-off factors and mitigating actions in 2016/17, of £3.7m within the Waste service. Following a service-wide review to identify potential savings opportunities, through a combination of further reductions in agency and overtime expenditure, budget realignment and use of remaining service reserves, these pressures can be contained within a balanced overall position in 2017/18. In recognising that a number of these measures are of a non-recurring nature, however, in the medium-term underlying residual pressures will require to be addressed through implementation of the Environment Improvement Plan.
- 3.16 In addition to these pressures, no change to existing arrangements is planned at this time in the area of school musical instrument tuition, resulting in a shortfall of £1.668m relative to budget framework assumptions. While work continues to examine possible means of reconfiguring business support in schools, in recognition of the likely need for the phased introduction of changes, offsetting alternative savings of £1.2m require to be identified to address the resulting shortfall.
- 3.17 The mid-year review report noted a likely on-going funding requirement associated with Transport for Edinburgh as it develops its strategic role in integrating transport provision across the city and wider city region. Provision of £0.4m has been made in the budget framework for 2017/18 to meet these costs, with the net requirement for subsequent years to be reviewed as specific business cases are developed.
- 3.18 Recent asset condition surveys have highlighted an on-going need for additional repairs and maintenance expenditure. Available funding will continue to be prioritised based on these survey results. The revenue budget approved by Council on 21 January 2016 increased by £2m planned repairs and maintenance spend in both 2016/17 and 2017/18. It is now also proposed to increase, on a recurring basis, annual revenue and maintenance expenditure by a further £1m to allow a further element of the backlog to be addressed.
- 3.19 Taken together, these residual pressures, savings shortfalls and additional proposed investment increase the revised savings requirement by a further £8.712m. When added to the £2.390m resulting from the level of grant funding settlement announced on 15 December 2016, this increases the overall further level of savings requiring to be identified to £11.102m.

Review of other budget framework assumptions

- 3.20 In addition to close scrutiny of the delivery of planned savings and management of service pressures, the wider assumptions concerning the Council's key expenditure and income factors are regularly reviewed. In the context of an increase in the overall savings requirement, attention has been directed in the first instance to identifying savings in these areas to maximise investment in frontline services.
- 3.21 The Acting Executive Director of Resources has undertaken a comprehensive review of all current expenditure assumptions contained within the budget framework, with a number of proposed changes listed in Appendix 2. These include:
- i. £2.5m of savings in loans charges, including the impact of a review of asset write-off periods in accordance with relevant professional guidance;
 - ii. a 0.5% increase in the employee performance factor for all staff other than teachers and those within Health and Social Care;
 - iii. application of an element of the pay award "buffer" on the basis of the anticipated overall level of pay settlement for 2017/18, although this assumption will be kept under review as discussions progress;
 - iv. a further net £1m of savings in the area of procurement;
 - v. net savings relative to budget framework assumptions of £1m in business rates, comprising a combination of savings resulting from the reduction in the poundage and the impact of the draft revaluation; and
 - vi. other savings totalling £1.8m, including reductions in agency and consultancy spend in addition to those previously approved and the level of the Council's external audit fee.
- 3.22 Besides levels of grant funding, the budget framework necessarily includes assumptions concerning the Council's other principal income sources. Total additional Council Tax income relative to current assumptions of £1.36m is anticipated in 2017/18, comprising a £1m increase in the property tax base and a further £0.36m linked to exercising the Council's discretion to remove the current discount on second homes. Changes in the forecast level of the Retail Price Index (RPI) should also generate total additional income of £0.25m given the Council's previous approval of aligning discretionary fees and charges levels to wider inflationary trends.

3.23 In total, these changes in framework assumptions address £10.8m of the overall additional savings requirement of £11.102m.

Additional savings proposals

3.24 In accordance with the Financial Regulations, Executive Directors have a responsibility to review their respective budgets on an on-going basis. This includes active monitoring and management of service pressures, delivery of approved savings and application of approved service investment. A small number of further proposed measures listed in Appendix 2 totalling £0.302m have therefore been identified across Communities and Families, having the effect of partially offsetting the budgetary implications of relevant service pressures.

3.25 As in previous years, supporting details for all of these proposals, including assessments of any potential equalities and human rights, carbon, climate change adaptation and sustainable development impacts and associated mitigating actions, will be made available to elected members to inform their respective Groups' consideration in advance of the Council's budget-setting meeting on 9 February.

Edinburgh Integrated Joint Board (EIJB)

3.26 The Chief Officer for the Edinburgh Health and Social Care Partnership has highlighted a need to invest an additional £1.6m in 2017/18, primarily to deal with an assessment backlog and to invest in an integrated telecare and equipment service. Funding to address any resulting packages from addressing the backlog will require to be addressed from within the overall resources available to the EIJB.

3.27 As noted in paragraph 3.9, the Cabinet Secretary's announcement confirmed that total support provided through the Social Care Fund across Scotland in 2017/18 will increase to £357m to address the full-year cost of Living Wage implementation and a number of other pressures affecting the care sector. In view of this additional funding, local authorities will be permitted to reduce their own allocations to IJBs by up to their proportionate share of £80m below the level of budget agreed for 2016/17. In the Council's case, while the distribution of the additional sums remains to be confirmed, this would equate to a permitted reduction of £6.46m based on a share equivalent to that in 2016/17.

3.28 The Council's planning assumption, which thus forms the basis of the provisional offer to the EIJB for 2017/18, is that the above pressures be managed within an overall delegated offer that is unchanged in cash terms from 2016/17. When coupled with the IJB's anticipated share of the additional £107m included within

the Social Care Fund, this would result in an overall cash-terms increase of some £8.6m (4.2%) in resources delegated to the EIJB, excluding sums delegated by NHS Lothian.

Overall position

- 3.29 Subject to approval of the savings proposals and other assumptions set out in paragraphs 3.20 to 3.28 above, these measures have the potential to deliver a balanced budget for 2017/18.
- 3.30 The Cabinet Secretary's announcement did not confirm sector-specific allocations beyond 2017/18. In view of wider longer-term forecasts of public expenditure and Scottish Government spending priorities, however, members of CLT are continuing to examine, through a combination of service transformation and prioritisation, how these challenges might be addressed with a view to allowing early consideration and engagement with the incoming Administration.
- 3.31 The Council's budget framework currently assumes annual grant funding changes of -1%, 0% and 0% in 2018/19, 2019/20 and 2020/21 respectively. Given the 10% real-terms reduction in funding since 2015/16, however, it would be prudent for the Council to reconsider these budget assumptions in due course. Members are reminded that a residual funding gap of £15m exists in 2019/20 and at least a further £11m in 2020/21.

4. Measures of success

- 4.1 Relevant measures in setting the revenue budget include:
- i. 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 2017/18 and subsequent years to be set as part of a longer-term sustainable framework;
 - ii. Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
 - iii. Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

5. Financial impact

- 5.1 The proposals set out within the report have the potential to deliver a balanced budget in 2017/18. In view of potential increases in overall savings

requirements over the longer term, however, additional transformation- and prioritisation- based proposals will be required to secure financial sustainability.

6. Risk, policy, compliance and governance impact

- 6.1 A complementary report on the risks inherent in the budget process is included elsewhere on today's agenda and will be referred to Council as part of the budget-setting process.
- 6.2 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 expected service impacts outlined in the respective budget proposals.
- 6.3 Monitoring of delivery is reported to the Finance and Resources Committee on a regular basis. The most recent assessment shows 92% of approved savings to be on track for delivery in 2016/17, with good progress also apparent in preparation for the delivery of subsequent years' savings.

7. Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken.
- 7.2 As the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were reported [at that time](#).
- 7.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any potential equalities and human rights impacts, and associated mitigating actions, will be included in the templates made available to elected members to ensure they pay due regard to relevant issues in setting the Council's revenue budget for 2017/18.

8. Sustainability impact

- 8.1 As with equalities and human rights, while there is no direct additional impact on carbon, climate change adaptation and sustainable development of the report's contents, all budget proposals are now subject to an upfront assessment across these areas.
- 8.2 Given that the majority of savings included within the budget framework for 2017/18 were approved in January 2016, the accompanying anticipated equalities and rights impacts were again reported [at that time](#).

- 8.3 For those proposals approved only in principle in January 2016 and the newly-proposed savings set out in Appendix 2, commentary on any material potential impacts will be included in the templates made available to elected members.

9. Consultation and engagement

- 9.1 As in previous years, an extensive programme of engagement was undertaken within the context of the Council's wider transformation programme in October and November 2016. The main findings of this exercise are included on a report elsewhere on today's agenda.

10. Background reading/external references

[Revenue and Capital Budget Framework 2016/20 – mid-year review](#), Finance and Resources Committee, 29 September 2016

[Capital Coalition Budget Motion](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Impact Assessments - referral report from the Finance and Resources Committee](#), City of Edinburgh Council, 21 January 2016

[Council Revenue Budget Framework 2016/20 – Carbon, Climate and Sustainability Impact Assessments](#), City of Edinburgh Council, 21 January 2016

[2016/20 revenue and capital budget framework](#), Finance and Resources Committee, 14 January 2016

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	P30 – Continue to maintain a sound financial position including long term financial planning
Council Priorities	CP13 – Deliver lean and agile Council services
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – Previously-approved savings for delivery in 2017/18 Appendix 2 – Budget framework update, 2017/18

PREVIOUSLY-APPROVED SAVINGS FOR DELIVERY IN 2017/18		
Area	Division	Savings 2017/18 £m
Chief Executive (including Safer and Stronger Communities)		
Digital and IT	ICT	0.348
Information Management	ICT	0.140
Re-design of Safer and Stronger Communities (including Advice)	Safer and Stronger Communities	0.880
Re-design of Homelessness Services (General Fund share)	Safer and Stronger Communities	0.098
Strategy and Insight	Strategy	0.330
Transformation and Business Change	Strategy	0.317
Members' Services	Strategy	0.107
Total Chief Executive (including Safer and Stronger Communities) savings		2.220
City Strategy and Economy		
Culture Third Party Payments	Culture	0.155
Culture service restructure	Culture	0.123
Review funding arrangements for Winter Festivals	Culture	0.400
Economy Third Party Payments	Economy	0.154
Total City Strategy and Economy savings		0.832
Communities and Families		
Management	All service	1.095
C&F Third Party Payments	All service	0.119
Sport Third Party Payments	All service	0.407
Efficiencies within social, emotional and behavioural needs (SEBN) secondary provision	Children's Services	0.675
Review of support staff within all Special Schools	Children's Services	0.292
Reduce residential provision by four beds	Children's Services	0.250
Reconfiguration of residential provision	Children's Services	0.076
Reconfigure primary and secondary social, emotional and behaviour difficulties support	Children's Services	0.073
Parenting support review	Children's Services	0.050
Family Solutions review	Children's Services	0.102
Redesign of Libraries Service	Schools & Lifelong Learning	2.546
Redesign of Music Instructor Service	Schools & Lifelong Learning	1.668
Prioritise the funding which supports schools in areas of deprivation	Schools & Lifelong Learning	0.070
Efficiencies in the revenue implications of infrastructure development	Schools & Lifelong Learning	0.050
Total Communities and Families savings		7.473
Health and Social Care (revised savings as approved by Edinburgh Integrated Joint Board, 13 May 2016)		
Mental Health and Redesign	Mental Health	0.080
Transformation: Organisational Review	Service-wide	5.437
Transformation: re-ablement, demand management and telecare	Service-wide	4.943
Social Care Fund	Service-wide	(3.543)
Total Health and Social Care savings		6.917
Place		
Management	All service	0.544
Public Health	Environment	0.154
Parks and Greenspace	Environment	0.236
Task Force	Environment	0.383
Waste Services	Environment	0.364
Reduce internal transport	Environment	0.100
Licensing and Trading Standards	Housing and Regulatory Services	0.040
Stop Repairs and Maintenance of Stair Lighting Service in Tenements	Housing and Regulatory Services	0.250
Transport	Planning and Transport	0.324
Increase parking charges by an average of 4.5% per year over four years	Planning and Transport	1.050
Total Place savings		3.445
Resources		
Business Support	Customer	5.540
Customer Services	Customer	2.776
Finance	Finance	0.126
Commercial and Procurement	Finance	0.457
Human Resources	Human Resources	0.101
Internal Audit and Risk	Legal and Risk	0.032
Legal Services	Legal and Risk	0.259
Asset Management (gross savings)	Property and Facilities Management	0.800
Total Resources savings		10.091
Council-wide		
Reduce use of agency staffing by 20% by 2017/18	All	1.333
Increase in discretionary income - Retail Price Index (RPI) plus 2%	All	1.000
Other net changes		0.454
Total Council-wide savings		2.787
Total gross savings approved January 2016		33.765
Savings approved as part of previous years' budgets (primarily looked-after children-related) and other net changes		6.429
Total approved savings		40.194

BUDGET FRAMEWORK UPDATE, 2017/18			
		£m	£m
			£m
Impact of Local Government Settlement			
Additional reduction in Government Grant relative to position assumed in 29 September report		18.490	
(Offset in part by retention of additional income resulting from changes to Council Tax bandings for properties in Bands E to H)		(16.100)	
			2.390
Pressures			
Communities and Families (residual pressures)		2.893	
Safer and Stronger Communities (residual pressures)		1.551	
Instrumental music tuition		1.668	
Business support in schools		1.200	
Transport for Edinburgh - operating costs		0.400	
Repairs and maintenance - additional investment		1.000	
			8.712
Total additional savings requirement			11.102
Revisions to framework assumptions - expenditure			
Loan charge savings - including review of asset write-off periods	(2.500)		
Employee performance factor - 0.5% excluding teachers and Health and Social Care	(1.500)		
Application of pay award "buffer"	(1.390)		
Procurement	(1.000)		
Business rates - savings from decrease in poundage and net impact of revaluation	(1.000)		
In-year contribution to dilapidations reserve	(0.700)		
Further savings in agency staffing expenditure	(0.500)		
Consultancy spend	(0.250)		
Other savings, including audit fee and inflation provision review	(0.350)		
			(9.190)
Revisions to framework assumptions - income			
Council Tax - additional income	(1.000)		
Council Tax - removal of second home discount	(0.360)		
Additional fees / charges based on RPI projection	(0.250)		
			(1.610)
Additional savings proposals			
Communities and Families			
Intensive behaviour support service	(0.090)		
Edinburgh Connect	(0.142)		
Partnership Development manager	(0.070)		
			(0.302)
Total savings			(11.102)
Net position			0.000