

Council savings of £16m to be implemented immediately

The City of Edinburgh Council has approved a range of savings at its recent meeting amounting to £16m in the first phase of what will be a three year savings exercise. The cuts have been suggested following earlier discussions when it became clear that Government funding might be reduced but service demand might not. The proposals, which have come from Council officers, cover management posts and 'backroom' functions. Information on the options has been shared with unions and a briefing has also gone out to all staff. It is expected that in the first instance around 300 jobs could be affected across all departments.

All but one of the options considered by councillors was passed. The details can be viewed in the [budget development report](#).

The important details of this report are that the Council needs to make plans as to how it will save £90m from its budget over the next three years. A budget has been approved for the year 2010/11 but although savings have been recommended for the following two financial years the detailed budgets for those two years have not yet been fixed. It has been decided that the Council will approach the next two years with caution and one stage at a time. So the first step was to identify where savings can be made in the budget.

There is a large funding gap and as well as making savings wherever it can the Council also wants to have some cushion by way of reserves from the next financial year, so that it can take those forward to what it thinks might be a challenging future. Efficiency savings alone will therefore not be enough, and some council services will have to be cut to enable the budget cuts to be effected.

The report suggests that as 40% of the Council's overall

budget is spent on staff, it is clear that some cuts will have to be made in that area. Any reductions in staff would be handled through a combination of options, including reducing temporary staff, leaving vacancies unfilled, early retirement, voluntary redundancy, and redeployment to vacant posts that need to be filled. Compulsory redundancies cannot be ruled out. While some of the posts will go between now and the new financial year, it may take longer for the full effect of the changes to be implemented. A consultation process has begun with unions, and staff are currently being briefed on the proposals.

The exception was item CDD10 – Design initiatives, on page 10 of the report (page 3 of the appendix) which has been deferred for a further report.

Council Leader Cllr Jenny Dawe said: “The harsh reality of the UK budget deficit requires us to confront some very difficult decisions. These officer recommendations highlight the scale and severity of the challenge. We recognise just how concerning this is for staff and we will critically examine the proposals received from directors. We will do all we can to support staff and to protect the valued and vital services they deliver for the people of Edinburgh.”

The Council has taken the exceptional step of presenting these options to the 16 September meeting of the Full Council, rather than waiting for the normal budget-setting process in February, to allow more time to manage any changes. Further savings proposals are being developed which will be the subject of full public engagement over September and October before they are considered by councillors.