

# Council finances under scrutiny on Thursday



It is expected that there will be a few deputations at tomorrow morning's Finance Committee meeting from the unions who represent council employees. The council has now admitted that it has to make even greater cuts to spending than first thought, which with a £15million contingency built in, brings the level of savings required to £141m in the next four years.

Part of that saving will come from the newly lean and agile council when it has gone through the transformation programme, but that comes at a cost of 2000 jobs. Councillors will now consider some key issues tomorrow morning:

## **4-year Budget Framework**

To address its financial challenge, the Council must look to different ways of delivering services efficiently to an increasing population, including greater numbers of older people and younger people living in Edinburgh, while its annual budget remains around the same.

The Budget Framework report outlines proposals for a 4-year budget framework which will address an overall shortfall of £126m. This reflects the Council's £107m savings target, together with additional savings to be made as a result of overspends in Health and Social Care and in Property. An additional buffer of £15m has been built into the proposals to ensure that the £126m savings will be met, even if some of the proposals do not go forward. This takes the overall target to £141m.

In light of this, the Budget Framework sets out how resources made available for frontline services are to be maximised. The proposals outlined in the report will form the basis of the Council's annual public engagement exercise which will commence in early October. Further details of the budget engagement will be announced in due course.

## **Property and Asset Management Strategy**

Proposals have been put forward outlining options for a new Property and Asset Management Strategy, which could deliver

more than £9m in savings annually, with an estimated net saving of £18m in the first four years, increasing to approximately £80m over a 10 year period.

The proposals also recommend outsourcing facilities management to a third party provider, which would deliver cost benefits to the Council, while achieving service delivery requirements. An alternative proposal, involving an in-house solution, with support from an external specialist, has also been outlined.

By reviewing and reducing the extensive number of properties owned by the Council, and implementing a clear investment strategy, resulting in a smaller, better performing portfolio, it aims to deliver a lower cost and cost-effective estate.

### **Workforce Change Policy**

This report provides an update on the Council's Managing Workforce Change Policy, highlighting measures to support employees through the transition, including a new career transition service, and reinforces the Council's commitment to encourage voluntary redundancy as far as possible, highlighting the potential requirement for Councillors to consider compulsory redundancy as a further option in the future

### **New procurement approach delivers savings**

The Council's Commercial and Procurement Strategy is expected to deliver further savings of £19m in 2015/16 and £20m in 2016/17 through improved commercial activity and by increasing the quality and control of purchasing. The Council, which is now ranked amongst the top three local authorities in Scotland for procurement capability, is currently piloting a procurement delivery "tactical" team to assist members of staff with less complex contract opportunities.

These include the recent [award of a new ICT and digital services contract to CGI](#), resulting in savings of £45m over the seven year contract term.

All of the proposals will be considered by Councillors at the [Finance and Resources Committee](#) tomorrow 24 September 2015.