

Extra monies from Holyrood as Edinburgh Council debate their budget next week



Even as the media met with Councillors Rankin and Cook yesterday afternoon, (the Convener and Vice-Convener of Finance and Resources respectively), the good news came in that the council will receive a further tranche of cash from Holyrood.

But this pair are ever-cautious, and it is not in their nature to act quickly or without considerable forethought. So when the draft budget goes forward to the full meeting of the council next Thursday for ratification, there will be no real mention of the extra cash available or how it will be used. Instead they will wait until the Finance and Resources committee meets on 23 February to decide what they will do with the extra money.

POLITICS

Of course there are two ways of looking at this. It may be viewed as extra money, or it may just mean that the amount of funding for Edinburgh is not cut by just as much as it might have been. It rather depends on your political stance. Before yesterday's government budget the position appeared to be that £327 million was being taken out of local authority spending across Scotland. Certainly the Council Leader Andrew Burns writing after the draft budget announcement in December was gloomy about the prospect of local government finances.

Burns said in December : "Tragically, the undeniable conclusion that I've regrettably come to is that, for the City

of Edinburgh Council, this is the worst revenue settlement from the Scottish Government since the onset of devolution in 1999.

“Of course, I know the Budget announced on Thursday last week is still Draft, and that it may change between now and its final adoption – but as things stand at the moment; year-on-year, we’ve got some £37million less revenue from the Scottish Government this year, than last, to spend on services.

“That’s on top of recent, and recurring, revenue reductions all of which has led to the Council having well over 1,300 less people in employment than 2 years ago.

“And this is all against a backdrop of the Scottish Government actually receiving, year-on-year, more revenue this year than last, from the Westminster Government.”

Some of the politics of other Edinburgh councillors was meanwhile being played out on Twitter by Labour Councillor Lesley Hinds. Councillor Hinds who announced her retirement at May’s council elections is in charge of the city’s Transport and Environment brief.

Councillor Hinds was tweeting most of yesterday, taking Green Party councillors to task in particular, telling them that their Green colleagues down the hill were voting for a budget which would mean cuts to services.

[@nigelbagshaw](#) [@melaniemain](#) but your Green MSPs are voting for the budget which will mean cuts to services?

– Lesley Hinds (@LAHinds) [February 2, 2017](#)

Green Councillors were more welcoming of what they saw as additional funds:

...and that means an addition £12 million for [#edinburgh](#)

Council. Constructive engagement, better than loud empty rhetoric of other parties <https://t.co/pwcI55docE>

– Melanie Main (@melaniemain) [February 2, 2017](#)

Scottish Greens co-convener, Patrick Harvie said after yesterday's budget session : "Green MSPs have achieved more in a single budget than the Labour Party has in a decade of opposition."

Harvie welcomed details of the Scottish Government's offer to increase funding to local councils by £160million.

The Greens explained : "In an exchange of letters to coincide with yesterday afternoon's Stage One debate and vote on the draft Scottish budget, Mr Harvie confirmed that Green MSPs would support the budget, and expect to see amendments over the coming weeks. It follows discussions with ministers, in which Green MSPs proposed a range of ways to prevent cuts to council services such as education and social work.

"Scottish Ministers have agreed to only one concession on income tax, abandoning their proposed tax giveaway for higher earners and instead keeping the 40 per cent income tax threshold at £43,000 rather than raising it to £43,430. An additional £160million will be allocated directly to local councils for them to spend on local priorities."

FIGURES

Despite the political comment, the assurances we were being given in another part of the City Chambers were that there would be no cuts to services.

Councillor Cook said that although the council's finances have in effect flat-lined over recent years, and that there are demographic challenges to council spending as well as

challenges from inflation on anything that the council has to buy, the council has managed to cut its borrowing by £100 million.

Councillor Rankin also explained that the council is far from bankrupt. He pointed out that the city has a £13 million reserve as Audit Scotland suggested it should have as a minimum. He went on to assure us that the current administration is handing over a sound financial position to the next administration.

He also said that moving to the localities model of providing services and the council's Transformation Programme mean that there is more money for frontline services.

When the two councillors met to draft their budget before Christmas they had anticipated that The Scottish Government would reduce their overall grant funding by a net 2.9% after increases in Council Tax are taken into account. With the announcement yesterday afternoon the reduction is less, and now overall funding from Holyrood will be cut by about 2% in net terms. Having estimated a larger reduction, and having balanced their budget within those confines, this announcement appears to leave them with some wiggle room.

We asked Councillor Rankin about that:

The [@Edinburgh_CC](#) Finance Convener talked to us ahead of next week's budget meeting pic.twitter.com/E8DRFi0xN3

– Edinburgh Reporter (@EdinReporter) [February 3, 2017](#)

He said : "It does provide us with, we estimate, about £10 million more in terms of our annual revenue spend and about £2 million on capital for buildings for example, and the repair and maintenance of council buildings, that kind of thing.

"It is a decision that the administration will be making, between now and the meeting of the Finance and Resources committee on 23 February.

"We don't feel we can sensibly make a decision about what to do with that money at the moment as we don't know whether there are any particular conditions attached to that money. Perhaps it is one-off funding for one year or its recurring funding for example.

"But once we have that detail we will be able to make decisions about how that money can best be spent in the city.

"There's no shortage of good things we could spend that money on'

"One of the things we hear about very regularly is about roads for example. We could also usefully put some of that money towards health and social care where there is a rising demand for council services and we have a statutory obligation to provide those services.

"There are plenty of other areas, but one other I would mention now is the repair and maintenance of the council's own property estate. We could easily spend that amount of money several times over to keep the council's estate somewhere beyond what we currently aim to do, which is to keep buildings wind and watertight and secure from a health and safety point of view. What we would like to do is put more into longer term maintenance and investment in these buildings.

"As I say there are plenty of options."

The Scottish Government has to work within the confines of the Conservative-led UK Government's financial plans and how much they give to Holyrood, and it is clear that the council also has to work within the Holyrood budget. That budget was only

saved by a last-minute deal between the SNP and the Greens yesterday afternoon in a stormy debate at the foot of the Royal Mile.

Following discussions with other parties, the Finance Secretary also confirmed, as part of an agreement with the Scottish Green party to support the passage of the budget bill, Scotland's local authorities would benefit from an additional £160 million investment – including £30 million capital – to support local services. This means just over £12 million extra will be paid to Edinburgh Council than the amount announced in December. Just under £10m will fall into the category of revenue and the rest will have to be used on capital projects.

There was also some additional funding of £7.3 million from the Education Attainment Fund announced by Holyrood earlier in the week which will be given straight to schools across the city since it is ring-fenced funding.

Cllr Cammy Day, Education, Children & Families Convener, said: "We welcome this additional funding from the Scottish Government, which will enable schools to carry out more work to tackle the effects of inequality and poverty on pupils. As a Council we are committed to closing the attainment gap and already have many initiatives in place aiming to give all children the same start in life, despite the challenging local government settlement for Edinburgh.

"Individual schools and head teachers will now assess their funding allocation to decide how money is best spent."

Notwithstanding all of this the council may still have to find savings of about £11 million by measures such as reducing spending on agency workers and consultants.

So what does the budget proposed by the Labour/SNP coalition mean for us living in Edinburgh, if it is approved next week?

Council tax will go up by 3%. Band D council tax will be £1204.07

Parking charges will increase by 4.5% per year over four years

Second homes will no longer get discounts on council tax.

Council rents will rise by 2%

Up to £1 million is set aside for the council to negotiate along with other councils in the wider East of Scotland area to secure a City Deal.

All libraries will remain open as at present.

In the financial year 2017/18 the council will deliver capital projects including the following:

£16.3m on new schools including Boroughmuir High School, replacement of St Crispin's Special School and a new St John's RC Primary School.

£8.9m on the Water of Leith Flood Prevention Scheme

£18.5m on roads and pavements

£12.5m on street lighting including £8.7m on upgrading

£2.5m on Leith Walk/Constitution Street

£11.1m on property asset management works – to upgrade and maintain the council's own buildings

£34.7m on National Housing Trust delivery of affordable housing

The council plans to invest in capital projects over the next five years as follows:

£12m on refurbishing the North Bridge

£12.7m on a new primary school for South Edinburgh

£7.9m contribution to Meadowbank Sports Centre

£1.6m for a new care home at Dumbryden

£6.7m to address the costs of rising school rolls

£2.5m investment in roads and bridges

Looking ahead

But looking ahead Councillor Rankin was quite clear that the Transformation Programme by which the council's staff will be reduced by around 1500 full-time positions by May 2017, will not be enough on an ongoing basis.

Further ways to increase income for the council will have to be found. But that will have to wait till next January when the new administration of whatever political persuasion is in power and is setting a budget for the financial year 2018/19.

The council will meet to discuss and approve its draft budget next Thursday 9 February 2017. [You can watch online here.](#)

The papers for next week's meeting are [here](#).