

Councillor Scott Arthur – some views on Edinburgh's budget preparations

Cllr Scott Arthur is the Labour councillor who represents the Colinton/Fairmilehead Ward. Here he shares his views on the council budget process.

The council will meet in February to agree the terms of the budget for the next financial year beginning in April 2018.



Councillor Scott Arthur

Context

In the build-up to the SNP Government's 2018/19 budget statement [Daniel Johnson MSP published an article](#) in the Edinburgh Evening News which explained how, since 2013, the SNP Government had taken over £400m out of local government finances. despite having received a broadly flat settlement from the UK Government over the same period.

Indeed, [we know that](#) between 2013-14 and 2017-18, the local government Revenue Budget fell by 6.9%, whereas the Scottish Government Revenue Budget fell by only 1.6%.

This is why our roads are potholed, why bins go uncollected and why Edinburgh has a huge building maintenance backlog. Indeed, the situation in Edinburgh is worse than elsewhere. Our Capital now has the most poorly-funded budget, £1443 per person, 25% less than other Scottish cities. It represents a cut double that of the Scottish average since 2013.



Past Cuts

We must remember that the Council has for the last few years already reduced staff (by about 1600), pared back on many services and restrained costs by contracting with companies who have poorer wages and conditions than the Council. In addition to this, a substantial amount of Council owned property has been sold. With each passing year demand for services is rising and it is getting harder to accommodate the cuts.



Lothian Chambers not sold, just leased, will become the French Embassy.

Scottish Government Settlement

The UK Government's budget had three key impacts for the SNP Government.

Firstly the Tories, after lobbying from Scottish Labour, agreed to end the anomaly created by the SNP whereby the emergency services in Scotland had to pay VAT – this is a £40m benefit.

The budget included [marginal increases](#) in revenue allocations over the next three years of £347m, but once inflation is accounted for this is a [real-terms cut](#). This is the money we use to run existing services.

The capital spending allocation, the money we use for building things, is more complex. A welcome £2.1bn extra was allocated over the next 3 years. The SNP Government points out that £1.1b comes with restrictions – it is Barnett money that arises from the UK Government's "Help to Buy" scheme, and in the past the SNP has tended use it to support [similar schemes or commercial property development](#).

Edinburgh's Preparation

In the build up to the SNP Government's budget, the Council had been briefed to expect a cut of £30m (even if we increased Council Tax by 3%) and planned on that basis.

There were essentially two parts to this. Approximately £10m cuts from 2017/18 which had previously been consulted on ([but were paused for a year](#)), plus £20m of new proposals. [Reducing library hours](#) (a 2017/18 proposal) was discussed alongside plans ranging from charging for garden waste collection to cutting home to school transport (2018/19 proposals).



Derek Mackay, Cabinet Secretary for Finance and the Constitution appears before the Finance and Constitution Committee to give evidence on the expenditure proposals in the Scottish Government's Draft Budget 2017-18.
Pic – Andrew Cowan/Scottish Parliament

Edinburgh's Settlement

When Finance Secretary Derek McKay's budget was published, however, the cut was less than we had been warned – but is still a huge £12.2m. He did, however maintain the trend of cutting Edinburgh more than the national average – 5% more to be precise (1.7% compared to the 1.6% mentioned above). Nonetheless, [COSLA say Councils need a 5.7% rise just to maintain the status quo](#) (3% for inflation and 2.7% for rising demand).

Edinburgh has the highest levels of homelessness and housing need in Scotland. This settlement does not recognise our city's needs, nor does it assist the council in addressing these serious issues at scale and with urgency.

However, it is not as simple as selecting £12.2m of services

on the list of £30m that went out to consultation. The budget came with a big catch – unfunded pay rises (£2.2m). We will essentially have to make cuts to fully fund this.

In addition to this, we need to consider setting aside money to start dealing with the [huge building maintenance backlog](#) (£9m), inflationary pressures on rent (£1m) and we need more funding to meet rising demand for social care (£2m has been suggested, but this won't solve the problems we currently face). This means that even with reluctantly increasing Council Tax by 3% and without accounting for rising demand in services, the budget blackhole could be even higher if we choose to accommodate these demands.

In addition to this, we will have to anticipate the results of the consultations on [South West Schools](#), support for [Gaelic Medium Education](#) and the [pressures on funding support for children with additional support needs](#).



Next Steps

Council Officers and Labour Councillors now have to think about how we can deliver our manifesto commitments whilst also making these cuts. Finding services and activities to cut will not be easy, but we will soon have the consultation reports from the 2018/19 proposals to offer some context.

Of course, this is just a draft budget and the SNP at Holyrood is a minority government. The days of the SNP doing deals with the Tories have passed, so we can now expect the nationalists to seek support from the Lib-Dems, Greens or perhaps even Labour if they are to set a budget.

Tribalism in the SNP ranks means that they are unlikely to do a deal with Labour. In any event, Scottish Labour Leader, Richard Leonard, is unlikely to accept SNP tax policy without significant change.

We can't cut Council budgets to fund tax cuts for people earning £50k.

The Greens and Lib-Dems, however, may be willing to tinker and seek more funding to help protect local services. This won't deliver the real change for the many that we need, but it may be enough to reduce the impact of the SNP's attack on our capital.

Next Year's budget

The Scottish Government have only given Edinburgh a budget for one year, so it is difficult for the city to draw up a longer-term plan.

However, we can expect the cuts to continue and demands for services to rise (the population is increasing and living longer!). Increasingly, services which are not mandatory will come under huge pressure but these services are hardly a luxury. They include school uniform grants, holiday support for children with special needs, breakfast clubs and community centres.

Nonetheless, the Tories had a [motion](#) passed which asked the Council to "make clear what the Council is spending on non-statutory services". (Item 9.6 was supported at the November council meeting)