

Council proposes its budget – balanced but ‘difficult decisions’ ahead

by Joseph Anderson Local Democracy Reporter

The City of Edinburgh Council will propose a balanced budget – with a UK Government loan repayment holiday and a rise in council tax as set out in last year’s budget – but warns that ‘difficult decisions will be unavoidable’ in coming years.

A council budget for 2021/22, as well as a four-year business plan, will be presented at the council’s Finance Committee next week, outlining how council officials are planning to balance the books next year, and in the immediate years following the hopeful end of the coronavirus pandemic.

Council officers have managed to project a balanced budget for 2021/22, despite pressures of £85million caused by the pandemic, a reduction in core funding from the Scottish Government, and planned savings.

The council has also managed to agree with the UK Government to defer its loan repayments for a year, freeing up £34m of

reserves.

This money will be used to plug the gap caused by the loss of the Lothian Buses dividend (which will be down £18m over three years), the increased support needed for the council's arms-length external organisations (ALEOs) (-£3m), the loss of parking and commercial rent income (-£5m over three years), the purchasing of PPE equipment (-£3m over three years), and providing temporary accommodation for homeless people during the pandemic (-£5m).

A spokesperson for the council said: "As well as reporting a balanced budget position for 2021/22, the revenue budget report sets out a budget framework for the following four years.

"During this time, due to a combination of rising demand, inflationary pressures, legislative reform and a level of funding that is not expected to keep pace, the council will be required to save more than £100m whilst maintaining an appropriate level of reserves.

"Difficult decisions on where to prioritise investment will therefore be unavoidable."



Cllr Cammy Day, Deputy Council Leader. Photo: Martin P. McAdam
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Depute leader of the council, Cllr Cammy Day, said: "With challenging budgets and continued underfunding from the snp government we have had to look at every possible opportunity to balance our budgets

"We have lobbied the governments for additional funding, more powers and flexibility.

"I'm pleased that the UK Government has listened and now relaxed some borrowing rules to allow some flexibility for local councils to make decisions to help balance our city's

budget.”



Cllr Andrew Johnston

Conservative councillor for Fountainbridge and Craiglockhart, Andrew Johnston, said: “These figures make for grim reading and had it not been for the UK Government working with the council to allow £34m of loans to be deferred for a year, would have been even grimmer.

“This is in stark contrast to years of under-funding by the Scottish Government, who continue to impose swinging cuts on Scotland’s capital city.

“Tax-payers will be left wondering why the SNP-Labour administration will once again break their promise to limit council tax increases and question why they should pay more to receive less.”

The draft budget and four-year business plan, which will need the final approval of councillors sitting in full council, makes several assumptions, including planning back-to-back tax increases of 4.79% over the next two years – followed by three years of 3% increases.

Last year, the council raised the tax by 4.79%, although the SNP-Labour coalition had originally pledged to increase council tax by 3% each year up until 2021 as part of its coalition agreement in 2017.

The documents also assume there will be severe cuts to some council services – including a demand to make £5m of savings from homelessness services, and wiping £19.8m from the staff budget.

Other assumptions include:

There will be ‘full management of Edinburgh Integration Joint Board funding gaps in 2021/22 and in subsequent years’.

An 'assumed containment of homelessness pressures at £10m in 2021/22, with delivery of £5m of savings in 2022/23'.

There will be 'no specific additional funding to support priorities of tackling poverty and promotion sustainability and aspirations in schools'.

There will be 'a delivery of total management and staff-related savings of £19.8m by 2022/23'.

The Finance Convener, Rob Munn, said: "Like all Scottish local authorities, we find ourselves in a difficult situation, both in terms of how long Covid restrictions will be in place and what further pressures the pandemic will place on our budgets in the months to come.

"We've already faced budget pressures of around £85m through increased expenditure and lost income.

"That's why it's entirely pragmatic to set a balanced one-year budget for the next financial year while preparing for broader reforms from 2022 onwards.

"Our recent Best Value audit by the Accounts Commission found that we're managing our finances well but recommended that we set out longer-term financial plans and that we pull together our ambitious strategies into a single plan.

"Both the business plan and the five-year budget framework we're proposing respond directly to this recommendation and, taken together, they will help us reprioritise and, where required, redesign services to address budget gaps and progress our core priorities over the coming years."

Finance Vice-convener Cllr Joan Griffiths MBE said: "In setting out a balanced budget position for 2021/22, I am particularly pleased to note that, through careful financial management, we're able to sustain vital frontline services; the services our communities have so depended upon during the incredibly difficult and challenging situation we've all faced since the pandemic began.

“We remain fully committed to our established priorities of tackling poverty and inequality, boosting sustainability and promoting wellbeing – all of which were set based on direct public feedback on what is most important to the people of Edinburgh.

“There’s no doubt some very challenging times lie ahead but we’re determined to maintain our focus on investing in attractive, safe and sustainable places to live, building thousands more affordable homes and high-quality modern schools and early years settings to give our children the best possible start in life.

“The residents of Edinburgh deserve nothing less.”