

# **Savings needed to pay council staff following new pay deal**

**The City of Edinburgh Council has to make savings of £3.1 million in next year's budget to fund the wage deal which brought the bin strikes to an end.**

Weeks of negotiation drew to a close last week when unions accepted an offer that will give the lowest paid local government workers a 10 per cent pay increase.

It came as a relief that further strike action planned by the country's waste and cleansing staff was called off, but the council says difficult decisions lie ahead as around £13 million will have to be found over the next five years to cover the pay deal—meaning that cuts elsewhere in the council's £1 billion budget will be necessary.

A report to Thursday's Finance Committee states that the council is already facing "significant" financial pressures with a £70.4m gap in next year's budget.

The sum, which includes an additional £1.9 million to meet the cost of rising energy prices, has increased by more than £10 million since February when a balanced budget for 2022/23 was agreed by councillors.

The report adds that some of the deficit is caused by continuing impact from Covid-19, increased demand for services, inflation, legislative reform and "increased citizen expectations".

The staff pay deal, announced at the weekend following intensive talks led by the First Minister between unions and the council umbrella body COSLA, includes:

- A £2,000 increase for workers earning up to £20,500
- A £1,925 increase for staff making between £20,500 to £39,000
- A 5% increase for those earning between £39,000 to £60,000
- A maximum £3,000 increase for workers on over £60,000 a year
- Social care registration fees scrapped
- One extra day of annual leave

It will be funded partly by The Scottish Government and partly by councils. Edinburgh has already budgeted for a 3% rise, however, an annual £3.1 million shortfall remains which could rise to £3.4 million by 2026/27 if high inflation rates continue.

Nicola Sturgeon warned on Tuesday when presenting the Programme for Government that The Scottish Government will have to “take money from elsewhere in the budget” to finance the settlement, and the same will be the case for ever local authority.

Discussions about which departments will be faced with cuts to plug the gap are already underway and will be ramped up in the coming months as proposals are drawn up ahead of February’s budget meeting.

Work on an “urgent” medium term financial plan is looking at “opportunities to deliver better outcomes for local people but in a way that is more efficient or minimises costs”.

A report to the council’s Finance Committee, which meets on Thursday says: “While the Council has approved a balanced budget for 2022/23, it faces significant financial challenges going forward. The revised projections in this report indicate

a need to deliver at least £70m of recurring savings in 2023/24, increasing to £153m over the period to 2026/27.

“There is an urgent need to identify and develop potential options to address increasing future years’ savings gaps. Given the previous low rates of delivery associated with generic Council-wide savings, these proposals need to detail specific steps and measures to support delivery within each Directorate.”

It added that specific budget proposals will be presented to the committee on 10 November 2022.

by Donald Turvill, Local Democracy Reporter

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