

# Finance and Resources Committee

10am, Friday, 1 February 2019

## **Council Change Strategy: Planning for Change and Delivering Services 2019-2023**

**Item number**

**Report number**

**Executive/routine**

**Wards**

**Council Commitments**

### **Executive Summary**

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On 27 September 2018, members of the Finance and Resources Committee considered an update on the key financial assumptions underpinning the Council's revenue budget framework over the next four years. In noting the requirement to identify and deliver estimated recurring savings of at least £28m in 2019/20 and £106m by 2022/23, members approved *Planning for Change and Delivering Services 2019 – 2023* as the basis of public engagement. This period of engagement then ran from 1 October to 7 December 2018, inviting the public to respond to a series of high-level proposals for change.

The financial assumptions underpinning *Planning for Change* have been reviewed and updated following the announcement of the provisional Local Government Finance Settlement for 2019/20. Alongside changes in a number of other expenditure factors, these have increased the incremental savings requirement in 2019/20 to £41.0m.

This report responds to this change in the financial assumptions with a plan for the next year and beyond and should be read alongside the report detailing the results of engagement undertaken to date.

## Council Change Strategy: Planning for Change and Delivering Services 2019-2023

### 1. Recommendations

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- 1.1 Members of the Finance and Resources Committee are asked to:
  - 1.1.1 note the impact of the provisional 2019/20 Local Government Finance Settlement and changes in other expenditure assumptions on the 2019/23 revenue budget framework;
  - 1.1.2 agree further public and stakeholder engagement on the contents of the Change Strategy which sets out a four-year strategic narrative for the organisation (Appendix 1);
  - 1.1.3 approve the issuing for public engagement of a number of specific proposals addressing the estimated 2019/20 savings requirement, noting the difficult decisions setting a balanced budget will entail (Appendix 2);
  - 1.1.4 note that proposals were issued for the next phase of public feedback on 18 January to inform Council's budget-setting meeting on 21 February;
  - 1.1.5 note the draft funding offer made to the Edinburgh Integration Joint Board (EIJB);
  - 1.1.6 agree to the establishment of a carbon budgeting pilot;
  - 1.1.7 note that any further material changes to grant funding or other assumptions affecting the setting of the 2019/20 revenue budget will be advised to members; and
  - 1.1.8 refer the report to Council as part of the setting of the revenue and capital budgets on 21 February.

### 2. Background

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- 2.1 On 27 September 2018, members of the Finance and Resources Committee considered an update of the key financial assumptions underpinning the Council's revenue budget framework over the next four years, resulting in publication of *Planning for Change and Delivering Services* and ten weeks of public engagement.
- 2.2 *Planning for Change* set out the need to identify and deliver recurring estimated savings of at least £28m in 2019/20, and £106m by 2022/23, to maintain

expenditure in line with anticipated income levels. These requirements were, however, subject to confirmation of grant funding allocations by the Scottish Government which followed in December 2018. The estimated savings requirements reported to the Committee at the time also assumed management of all other residual pressures within Directorates and Council-delivered services falling within the locus of the EIJB.

- 2.3 *Planning for Change* launched the start of the Council's public engagement, as part of a four-year Change Strategy in advance of setting the budget for 2019/20. The engagement document highlighted some initial opportunities for service reform and financial savings. It also signalled an intention for a broader debate with the public on their views to help guide the Council's resource allocation decisions next year and beyond.
- 2.4 Members of the Committee also approved a Green Group addendum requesting that specific proposals for 2019/20 be issued for public feedback in a way, and within a timescale, in which that feedback could influence the final budget decisions. Members additionally agreed that a draft carbon budget would be provided to a future meeting of the Committee and feed into the budget-setting meeting of Council. This report delivers both of these actions.

### 3. Main report

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#### **Change Strategy**

- 3.1 Since the publication of *Planning for Change*, elected members and officers have continued to develop the underlying detail of the Council's long-term Change Strategy, centred around three key principles of:
- (i) driving improvements to deliver the high-quality services that citizens both expect and deserve;
  - (ii) targeting investment on prevention and early intervention to reduce long-term reliance on our services and enable citizens to lead active, independent lives; and
  - (iii) delivering growth within the city that is sustainable and inclusive.
- 3.2 The strategy is an evolving and ambitious document, with the current draft included as Appendix 1. It sets out an ambitious programme of change which has the potential to deliver improved services to citizens. Subject to the Committee's agreement, the content will continue to evolve in light of public and member feedback and will be presented for approval to the budget-setting meeting of the full Council on 21 February.

#### **Financial challenge: what has changed?**

- 3.3 The financial context has developed since the assumptions which were reported to the Finance and Resources Committee on 27 September 2018. The Cabinet

Secretary for Finance, Economy and Fair Work presented a one-year Draft Scottish Budget for 2019/20 to the Scottish Parliament on 12 December. In contrast to recent years, the announcement included headline detail of the Local Government Finance Settlement, with provisional authority-specific figures then provided on 17 December.

- 3.4 The draft Settlement was subject to five weeks' consultation, with comments invited on the accuracy of the calculations underpinning the accompanying Finance Circular. The Council has not been informed of any changes resulting from this consultation period and, as such, the allocations provided on 17 December 2018 form the basis of the analysis contained within this report.
- 3.5 The total level of funding provided to local government may, however, change as part of the Draft Bill's Parliamentary consideration, given the likelihood of needing to secure the support of at least one other political party represented within the Scottish Parliament to be passed. In this regard, members' attention is drawn in particular to the Stage 1 Parliamentary debate, scheduled to take place on 31 January, which, based on previous years, is the most likely point at which any additional funding may be introduced. Should the level of grant funding change at this point, a verbal update on the impact on the budget framework will be provided at the Committee's meeting.

#### **Local Government Finance Settlement, 2019/20**

- 3.6 The Settlement reflects baselining of the £170m of additional revenue resources initially provided on a one-off basis as part of the revised Local Government Finance Settlement in February 2018. In addition, it includes:
- (i) total additional revenue (£210m) and capital (£25m) investment to support further expansion of early learning and childcare provision;
  - (ii) combined additional revenue funding of £148m to facilitate expansion of Free Personal and Nursing Care for under 65s, continuing implementation of the Carers' Act and increased investment in health and social care integration, allowing on-going payment of the Living Wage Foundation-recommended rate by all adult care providers. A further £12m has been provided for expanded school counselling services. Local authorities are required to pass on to Integration Joint Boards and/or relevant services a net increase in overall recurring funding at least equal to their share of this £160m;
  - (iii) an indicative £3.3m of additional revenue resources for valuation authorities to support implementation of the recommendations of the Barclay Review of Non-Domestic Rates; and
  - (iv) a new £50m Town Centre capital fund to enable local authorities to stimulate and support place-based economic improvements and inclusive growth.
- 3.7 As newly-introduced funding streams, a number of the above sums remain to be distributed amongst Scotland's thirty-two authorities. Allocation decisions will be

taken forward by the joint Scottish Government/COSLA Settlement and Distribution Group (SDG) and presented to COSLA Leaders for approval in accordance with established practice.

- 3.8 Receipt of each council's full funding allocation is dependent upon increasing Council Tax levels by no more than 3% in 2019/20 and continuing adherence to national commitments around maintaining current pupil:teacher ratios and guaranteeing a place for every probationary teacher who requires one under the Teacher Induction Scheme.

### **Scotland-wide and Edinburgh-specific Settlement, 2019/20 – changes in funding allocations**

- 3.9 The headline provisional Local Government Finance Settlement reflects a year-on-year increase of £173m (1.7%) in revenue and £208m (23.7%) in capital funding. These sums, however, reflect both funding for a number of new or expanded commitments (with corresponding expenditure obligations) and other presentational changes, the net effect of which requires to be taken into account in discerning the underlying impact on the Council's budget framework. The capital allocation additionally reflects £150m of realigned funding, having previously been subtracted from the 2016/17 Settlement in view of wider Scottish Government priorities at that time.
- 3.10 Once account is taken of the factors noted above, underlying Scotland-wide core revenue funding excluding the additional priorities set out above has decreased by about £230m (2.3%). The specific impact on individual authorities' financial planning will however depend upon the level of funding already assumed to be provided to integration authorities. Edinburgh's level of core grant funding reduction, at 2.4%, is slightly higher than this average, reflecting the net effect of:
- (i) an increase of about £2.8m in its share of the needs-based distribution formulae, primarily those funding allocations calculated with reference to overall population numbers;
  - (ii) receipt of a £1.7m contribution (where none was received previously) under the Scottish Government policy whereby no authority receives less than 85% of the average Scotland-wide per capita level of revenue funding;
  - (iii) offset by a £5.3m reduced contribution from the stability funding floor. Due to a significant reduction in support for historic borrowing costs in recent years, however, the Council will still receive £13.3m of funding through this source in 2019/20.

### **Implications of the provisional 2019/20 Settlement for Council's budget framework**

- 3.11 The provisional settlement as set out above will result in an increase of £8.9m in the Council's incremental savings requirement for 2019/20 relative to previous assumptions. This represents the net effect of a £17.9m like-for-like reduction in grant, less (i) the framework's pre-existing assumption of the provision of £6.0m of

additional demographic-related investment for health and social care services (offset against the Council's share of the additional Health and Social care monies included within the Local Government Finance Settlement of £9.0m) and (ii) the further pre-existing assumption of a 0.4% (£3.0m) reduction in revenue grant in 2019/20.

- 3.12 As noted above, the draft Budget Bill now enters a process of further Parliamentary consideration. This consideration has, in the last two years, resulted in the provision of significant additional resources for Local Government, with £12.4m of further funding provided to the Council in 2018/19. While, due to the tightness of the wider Scottish Government budgetary position following the UK Government's budget announcement last year, there is no similar guarantee for 2019/20, there is nonetheless the potential for new funding to be introduced and members will be kept apprised of any changes.

### **Local government employees pay award, 2018/19**

- 3.13 Members may be aware of the decision reached at a Special COSLA Leaders' Meeting on Friday 14 December to increase by a further 0.5% (to 3.5%) the employer's pay award for most non-teaching staff in 2018/19. At this stage, in the absence of any indication of corresponding external funding, it is proposed that a provision of £1.8m be incorporated within the framework in respect of this additional liability. Assuming settlement at this level, this will also hasten a similar additional commitment in the current year, re-emphasising the need for urgent corrective action, such that a balanced overall position can be achieved by the year-end. This pressure is mitigated, in part, by £0.3m of reductions in other areas relative to framework inflationary assumptions.
- 3.14 Members will also be aware that, as of the time of writing, the teaching trade unions have intimated rejection of the proposed three-year offer and approved plans to ballot their members on industrial action. As is set out in the Risks and Reserves report elsewhere on today's agenda, it is being assumed that, in light of the tripartite nature of teachers' pay negotiations, any additional funding necessary to achieve settlement will be provided by the Scottish Government. In view of COSLA's professed principle of pay parity, however, there is a risk that any improved offer would result in upward pressure on the award for non-teaching staff for which corresponding funding would likely not be made available by the Scottish Government and instead fall to be met by councils, increasing further the 2019/20 incremental savings requirement.

### **Demographic provision**

- 3.15 As indicated in the budget framework update report considered by the Finance and Resources Committee on 27 September 2018, the level of incremental demographic provision in respect of rising pupil numbers has been reviewed following the publication of updated pupil roll projections in December 2018. Based upon these updated projections and in accordance with the established practice of funding at 70% of current unit costs both to reflect the marginal costs of delivery

and incentivise innovative ways of addressing increased demand, a further £0.3m has been included in the framework for 2019/20. No changes to existing levels of provision are proposed for future years, or for other relevant services, at this time.

### **Teachers' superannuation contributions**

- 3.16 Following a review of discount rate assumptions by the UK Treasury in 2018, a 5.2% increase in the employer's superannuation contribution rate for teaching staff (estimated to increase the Council's liability in this area by £7.2m) will be introduced with effect from April 2019. The UK Government has confirmed that around two-thirds of the additional costs may be mitigated by Barnett Consequentials for the devolved Administrations. While the Scottish Government is not bound to allocate these sums in accordance with the changes that triggered them, it has nonetheless given an indication that it will look favourably upon such a case. As the provision of these sums will not be confirmed until after the UK Spring Statement (expected in March 2019), however, receipt of corresponding funding remains a risk at this time.
- 3.17 As the UK Treasury has indicated that the remaining costs would fall to be met by the devolved Administrations, the budget framework now reflects a corresponding pressure of £2.4m, effective from 2019/20. This position would change if the UK Treasury fully funds these contributions.

### **Rapid access accommodation**

- 3.18 At the meeting of Council on 13 December 2018, members agreed in-principle support to match-fund a Scottish Government contribution of £0.156m to provide additional rapid access accommodation to reduce homelessness, and in particular rough-sleeping, within the city for a period of twelve months. While discussions are on-going, there is the potential to recover up to £0.056m of the attendant cost of the Council's contribution through Housing Benefit claims.
- 3.19 Members agreed to consider this proposal as part of 2019/20's budget development process and, as such, a net sum of £0.100m is reflected in the updated savings requirement for 2019/20 noted at 3.24 below.

### **Management of service pressures**

- 3.20 Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership have identified a number of recurring pressures as part of both the current year's revenue monitoring and future service planning. Identification of corresponding actions to manage these pressures on a sustainable basis is vital to the longer-term stability of the budget framework. To this end, a series of roundtable discussions has been held by the Corporate Leadership Team, highlighting, in particular, any instances where these pressures are unlikely to be able to be contained by the Directorates concerned without a consequent detrimental impact on service quality, quantity or material changes in Council policy. This has been highlighted as a risk in previous update reports.
- 3.21 Progress has been made in all of the main Directorates, such that at this stage and taking account of completed or planned actions, residual pressures totalling £8.6m

across Communities and Families, Place and Resources are expected to be fully mitigated. A further progress update will be provided at the Committee's next meeting on 7 March on any additional required preparatory actions in respect of those savings approved as part of the budget motion.

### **Edinburgh Integration Joint Board (EIJB)**

- 3.22 The Chief Officer of the Edinburgh Health and Social Care Partnership (EHSCP) has identified net residual pressures in 2019/20, after the assumed pass-on of the additional health and social care monies provided in the Local Government Finance Settlement, of £16.4m. The Council's budget framework assumes that the Chief Officer will develop savings proposals, or identify planned areas of saving, to mitigate these pressures in full and present these to the EIJB on 8 February for approval.
- 3.23 The proposed offer to the EIJB for 2019/20 reflects a further saving of £3m (thus requiring total savings of £19.4m to be identified), resulting in an overall year-on-year increase in funding of £6.9m (3.5%) at this stage. While this is a savings target applied before the Council has passed on the full allocation of funding contained within the Local Government settlement to the EIJB, there is still a risk that this is viewed as a breach of the conditions for receipt of the full level of funding set out within the Local Government Finance Settlement. If this position is adopted as the Council's final budget in February, it therefore carries a risk of financial sanctions.

### **Updated revenue position, 2019/20**

- 3.24 Taking into account the above changes, the revised savings requirement for 2019/20 has increased by £13.2m to £41.0m as indicated below. The majority of this movement relates to factors outside the Council's control, reinforcing both the dynamic nature of the wider local government environment and need for regular review of all income and expenditure assumptions.

	<b>£m</b>
<b>Incremental savings requirement per report to Finance and Resources Committee on 27 September 2018</b>	<b>27.8</b>
Provisional impact of Scottish Government Draft Budget, based on underlying change in funding once account taken of (i) monies provided in respect of new or expanded commitments and (ii) existing H&SC demographic provision	8.9
Recurring implications of improved 3.5% pay offer for non-teaching staff in 2018/19 net of minor changes in other inflationary assumptions	1.5
Additional demographic provision – Communities and Families (based on updated pupil projections)	0.3
Teachers' superannuation contributions	2.4
Rapid access accommodation	0.1
<b>Revised savings requirement</b>	<b>41.0</b>



## **Capital funding settlement**

- 3.25 Details of the provisional capital funding settlement are included in a separate report elsewhere on today's agenda. Committee members should, however, note that a key dependency for delivery of the Wave Four schools programme is achievement of a balanced overall revenue budget framework position to provide assurance as to the longer-term annual affordability of the related required borrowing. Release of the existing loans charge provision for the programme included within the revenue framework is also contingent upon confirmation of funding levels from the Scottish Government. Given that the savings identified thus far address only the first year's incremental requirement, no corresponding projects or associated funding have been included within the Capital Investment Programme at this time.

## **Budget savings proposals: 2019/2020**

- 3.26 In response to this revised budget position, savings proposals totalling £41.0m are included as Appendix 2. These proposals have been developed in a process of co-production between the Corporate Leadership Team and members of the Administration over a number of months. They have been informed by both the underlying principles and themes of the Change Strategy and engagement feedback received and include proposals for improved joint working, service redesign, more effective investment in preventative services, income maximisation and service prioritisation. In view of the scale of the savings requirement, however, it is estimated that there may be a reduction in current staffing numbers of up to 300FTE in 2019/20, although this will be managed within a framework of workforce controls, including current vacancies, and mitigated by demographic-related growth in relevant services and wider early years and childcare expansion.
- 3.27 Subject to securing approval at this meeting, the Council will launch a second phase of engagement and ask the public for their views on whether these are the correct savings proposals to progress next year and beyond, given the requirement to deliver significant savings to balance the budget. This will impact the final list of proposals taken to Full Council on 21 February. At this point, the Council will also have received confirmation of the final budget settlement from the Scottish Government which may influence final savings and investment choices. Given the stated tightness of the overall Scottish Budget position, however, it is likely that the majority of the savings proposals set out (or alternatives of an equivalent value) will require to be implemented.

## **Budget savings proposals: future years**

- 3.28 Given the one-year nature of the Local Government Finance Settlement, the implications for future years' savings requirements remain less clear. If a similar level of core grant funding settlement were received in the following three years, the previous estimated four-year gap of £106m would increase not only by the £13.2m for 2019/20 above but by a further £26.7m, together amounting to a revised savings requirement of some £147m. This re-emphasises the need for the 2019/20 budget

to be the first step of systematic service redesign and re-prioritisation of everything the Council does, and how it does it, if longer-term sustainability is to be secured. This requirement for further difficult spending decisions means that the next phase of planning will commence immediately following the budget-setting meeting on 21 February, whilst also focussing on the delivery of approved savings plans.

- 3.29 The financial reality of the cumulative effect of increasing demand and reducing resource availability will require difficult decisions by councils across Scotland, with an increased focus on prioritisation, prevention and radical reconsideration of service delivery required to secure financial sustainability. This will inevitably lead to a cut in some services currently provided by the Council and total number of posts within the Council. As highlighted in recent Accounts Commission reports, the 2019/20-specific proposals should therefore be seen as providing the necessary financial breathing space to form the foundation of more fundamental longer-term change in the role and organisation of local government services.

### **Integrated Impact Assessments (IIAs)**

- 3.30 Officers have conducted an initial high-level assessment of all the proposals planned for implementation in 2019/20. The intention is to identify those with potentially-material impacts on individuals or groups with protected characteristics, vulnerable to falling into poverty or belonging to particular communities of place or interest. On this basis, a number of proposals have been identified where completion of detailed IIAs will be required, with relevant preparatory work underway.
- 3.31 Due to an increase in the number and scale of proposals needed to address the revised savings requirement set out at 3.24, the results of these impact assessments will now accompany the reports referred to the Council's budget-setting meeting on 21 February. This revised timescale will also allow for impact assessments to take account of citizens' views on the budget proposals following their publication.

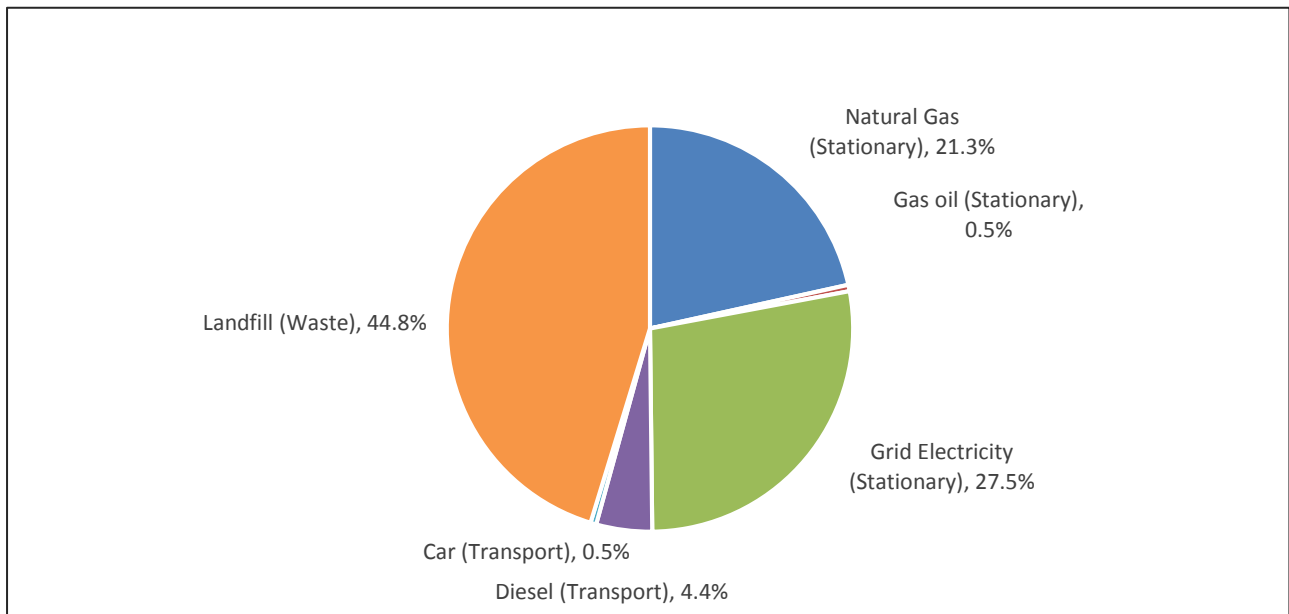
### **Carbon budgeting**

- 3.32 At the Finance and Resources Committee's meeting on 27 September 2018, members agreed that a draft carbon budget would be brought back to a future meeting.
- 3.33 Following the example of other councils who are considering carbon budgeting, it is proposed this is undertaken on a pilot basis initially, focusing on the areas where data is most readily available. The feasibility of this approach going forward will be considered as part of the wider decisions being taken as part of the Council-wide audit of sustainability.
- 3.34 The Council has a legislative duty to submit an annual report on what it is doing to meet its statutory Public Bodies Climate Change Duties under the Climate Change

(Scotland) Act 2009. Carbon budgeting could be used as a mechanism for improving reporting under this duty.

- 3.35 The overall reduction in carbon emissions since 2005/06 is 22%. In order to achieve the 42% target<sup>1</sup> by 2020/21, total emissions reduction of 7% of tCO<sub>2</sub> are required, on average, each year for the next three years.
- 3.36 Stationary emissions, as outlined in the chart below, make up 49.3% of the Council's carbon emissions footprint. Emissions from landfill waste make up 44.8%, followed by 5% from transport and less than 1% for water.

#### Composition of Council's carbon-related emissions, 2017/18



- 3.37 It is proposed that a pilot carbon budget approach be trialled with energy-related emissions from the Council's school estate, streetlighting, traffic signals and waste. These assets and activities account for the majority of its total emissions and provide a clearly-defined group to which to apply targets. To begin this process, mapping of current and projected energy and carbon reductions for the next three years for projects being taken forward within the Council is included in Appendix 3. It should be noted that these are initial provisional estimates only and will require further work to test and refine going forward as, for example, actual energy performance of estates refurbishment and/or new-build become available. This will inform the development of further actions to reduce the Council's carbon footprint.

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<sup>1</sup> The target of 42% reduction in carbon emissions is in line with the 2020 target in the Climate Change (Scotland) Act 2009 and is the target the Council reports against in our annual Public Bodies Climate Change duties reports.

- 3.38 Detailed arrangements to take forward this initiative, including associated governance and development of underlying actions to achieve the 2020/21 target of a 42% reduction in emissions, will be considered as part of the wider decisions being taken as part of the Council-wide audit of sustainability.

## **4. Measures of success**

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- 4.1 Relevant measures in setting the revenue budget include:
- 4.1.1 Accurate capturing and quantification of the key determinants of the Council's overall expenditure requirement and available sources of income, allowing a balanced overall budget for 2019/20 to be set as part of a sustainable longer-term framework;
  - 4.1.2 Development of savings and investment options aligned to the Council's priority outcomes, with due opportunity provided for public consultation and engagement; and
  - 4.1.3 Subsequent delivery of the approved savings, particularly where these are linked to additional service investment, along with key service performance indicators.

## **5. Financial impact**

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- 5.1 Delivery of a balanced budget in any given year is contingent upon the development, and subsequent delivery, of robust savings, alongside management of all risks and pressures, particularly those of a demand-led nature.
- 5.2 In 2016/17, following the introduction of enhanced senior officer and elected member scrutiny at the inception, development and implementation stages, some 88% of savings by value were subsequently delivered during the year. In 2017/18, however, this level of delivery reduced to 80%, with a further decrease to around 70% anticipated in the current year. In view of these reductions and the increasingly-challenging nature of savings delivery, particularly those approved measures concerned with more effective demand management, at the meeting of Council on 25 October 2018, members approved the use of up to £1m of previously-uncommitted monies to facilitate the engagement of dedicated fixed-term project managers to develop individual proposals comprising the broader Change Strategy.
- 5.3 The Council is required by legislation to set Council Tax rates for the following financial year by 11 March. Implicit within this requirement is agreement of specific expenditure and savings plans, such that combined grant funding, Council Tax and fees and charges income meet expected expenditure obligations. After successive years' expenditure reductions, this is likely to require approval of most, if not all, of

the savings set out within this report, with increasingly-difficult decisions on service prioritisation and greater efficiencies required in subsequent years.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 An annual report on the risks inherent in the budget process is considered by the Finance and Resources Committee and referred to Council as part of setting the revenue and capital budgets. This report is included elsewhere on today's agenda and sets out a number of risks including future funding and pay award levels and, in particular, effectiveness in the delivery of approved savings and management of service pressures.
- 6.2 A summary of progress in respect of savings delivery is reported to the Finance and Resources Committee on a quarterly basis, with additional detail and commentary on risks, mitigations and alternative measures (as appropriate) reported to Executive Committees. As noted above, however, due to a decrease since 2016/17 in the proportion of approved savings subsequently delivered, these controls will be strengthened through the provision of dedicated project management support of key change initiatives, with opportunities to enhance further senior officer and elected member scrutiny also examined.
- 6.3 Ongoing communications by the Council's statutory section 95 Chief Financial Officer, the Head of Finance, have reinforced the respective accountabilities and responsibilities of Executive Directors, the Chief Officer of the EIJB and Heads of Service to maintain expenditure within approved budgets, in accordance with the Financial Regulations. Executive Directors and the Chief Officer of the EIJB also have a requirement to ensure that savings identified are both achievable and delivered to maintain a sustainable budget across the Council.

## **7. Equalities impact**

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- 7.1 All budget proposals are subject to an initial relevance and proportionality assessment and, where appropriate, a formal Integrated Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed. Feedback received as part of the budget engagement also allows for any equalities-related impacts highlighted by service users to be taken on board in the implementation of the measures concerned.
- 7.2 A summary of the potential implications and identified mitigating actions for the proposals comprising the Change Strategy will be reported to the Council budget-setting meeting on 21 February to ensure members pay due regard to relevant considerations.

## 8. Sustainability impact

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- 8.1 The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.
- 8.2 This report additionally sets out proposals for the introduction of a carbon budgeting pilot across key areas of Council activity.

## 9. Consultation and engagement

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- 9.1 An overview of feedback received over the three-month engagement period for *Planning for Change and Delivering Services* is provided in a separate item elsewhere on today's agenda.
- 9.2 Feedback on the specific proposals set out in Appendix 2 has also been sought through the Council's consultation hub. A summary of this feedback will be included in a briefing to all elected members and published on the Council's website on 15 February to allow this feedback to be taken into account in setting the 2019/20 revenue budget.

## 10. Background reading/external references

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- 10.1 [Revenue Budget Framework 2018/23 Update](#), Finance and Resources Committee, 12 June 2018
- 10.2 [Proposed 2018/19 Citizen Engagement](#), Finance and Resources Committee, 16 August 2018
- 10.3 [Council Change Strategy: Planning for Change and Delivering Services 2019-2023](#), Finance and Resources Committee, 27 September 2018
- 10.4 [Scottish Government Funding Offer for Rapid Access Accommodation](#), City of Edinburgh Council, 13 December 2018

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## 11. Appendices

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Appendix 1: Change Strategy

Appendix 2: Summary of specific proposals for public engagement, 2019/20

Appendix 3: Carbon budgeting – provisional targets, 2018/19 to 2020/21