

## **Integrated Impact Assessment Statements of savings measures included in budget framework**

### **Council Tax – additional buoyancy in tax base**

Changes in the size and profile of the domestic tax base affect the level of income that can be raised through Council Tax. Household liability to Council Tax is defined in regulations.

The most recent assessment of this “buoyancy” demonstrates net growth in excess of previous assumptions, meaning that an additional £2m is available to support the delivery of services in the city.

For these reasons, there is therefore not anticipated to be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Cash balances – additional interest received**

The Council operates the Treasury Cash Fund on a low-risk, low-return basis for cash investments on behalf of itself, Lothian Pension Fund and other associated organisations.

Through a combination of the level of available cash balances and high current interest rates, significant additional income of at least £6m is anticipated in 2023/24. While these balances have reduced significantly (and are expected to be exhausted fully in 2024/25) and medium-term interest rates are expected to fall, it is estimated that £2m of additional income relative to budgeted levels will still be available in 2024/25.

As there is no direct impact on services or service users, there is therefore not anticipated to be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Release of elements of £10m contingency**

As part of the review of the budget framework reported to the Finance and Resources Committee in June 2023, a recurring £10m contingency was created in acknowledgment of a number of risk factors, including potential recurring unfunded costs of the 2023/24 non-teaching pay award, increases in employer teachers' superannuation contributions effective from April 2024 and additional costs of the replacement for the current SWIFT social care system.

Subsequent developments/clarifications have indicated an ability to release £8.7m of these provisions for other purposes in 2024/25. As they are not expected to be required for the purpose for which they were earmarked, a corresponding saving can be made without any material disproportionate impact on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Council Tax freeze – compensation for c. 5% increase**

As part of the Draft Scottish Budget for 2024/25, the Scottish Government has earmarked a total of £147m of funding to compensate local authorities for income foregone as a result of freezing Council Tax at 2023/24 levels. While there are differing interpretations on the effectiveness of this measure on those with protected characteristics and vulnerable to falling into poverty (in turn linked to wider assessments of the redistributive effects of the Council Tax system), in avoiding or mitigating a saving that would otherwise have required to be made, of itself this measure does not have any material disproportionate impact on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Reduction in employer's pension contribution rates for non-teaching staff**

As part of the triennial actuarial valuation of the Lothian Pension Fund, an opportunity has arisen to reduce, on a temporary basis, the level of employer's contribution, thereby reducing annual liabilities for the three-year period from April 2024 by around £20m. These changes do not affect the level of contributions made by current employees, nor current or future benefits paid.

On this basis, there are not considered to be any direct impacts on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment. Realising savings in this way will also allow current levels of investment in frontline service delivery to be retained.

### **Level of additional Council contribution to the Edinburgh Integration Joint Board (EIJB)**

The budget framework assumes additional direct or indirect support from the Council to the EIJB of £11.4m in 2024/25, alongside full pass-through of sums provided to support pay increases in commissioned services and free personal care uplifts.

Any assessment of the potential impacts of the overall level of contributions from the respective partners will be based on the savings required to achieve overall financial balance within the EIJB. These assessments are currently being undertaken by the Innovation and Sustainability Team within Health and Social Care and will be published once they have been completed.

## **Changes to Non-Domestic Rates Empty Property Relief (EPR) policy**

At the meeting of the Finance and Resources Committee on 21 November 2023, members approved adoption of [a revised EPR policy](#) which will reduce significantly the overall level of rates relief available with the intention of bringing vacant property more quickly back into use.

Occupied premises are a vital component of a healthy and growing economy. Established benefits include an increased economic activity through the city by attracting customers and businesses to the area. This increased footfall also supports other local businesses such as cafes, restaurants and entertainment venues, creating a virtuous cycle of economic activity. As more businesses open to meet the demand of the growing customer base, they generate additional economic activity beyond their own operations through the wages paid to employees, purchases made from suppliers and the spending of customers. This multiplier effect can amplify the economic benefits of each occupied premise.

Occupied premises facilitate better spaces and amenities for residents and visitors, by improving the quality of the visual environment. This can assist the city's High Streets and Town Centres being attractive places to visit and helps to protect the value of surrounding properties. Occupied premises can increase the value of nearby properties, as they make the area more attractive to potential buyers, renters and investors.

Occupied premises also decrease the risk of vandalism, crime and antisocial behaviour in all its forms while reducing pressures on Police and other public services and contribute towards community cohesion, shared sense of identity, civic pride and local distinctiveness.

## **Review of provisions**

Sums have previously been put aside based on an assessment of the likelihood that amounts included in respect of previous Housing Benefit and European Social Fund claims would be paid. Following a review and an updated (improved) assessment of the likelihood of payment, it has been possible to release the majority of these provisions and thereby contribute towards addressing 2024/25's incremental savings gap on a one-off basis.

In addition, as part of identifying one-off mitigations to allow deferral of schools-related savings originally planned for delivery from August 2024, it is planned to release £2.3m of debt-related provisions linked to inhibition orders.

In each case, an assessment has been undertaken attesting to the ability to release these provisions without exposing the Council to any material increase in risk. It is therefore not anticipated that there will be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Tanner Review recommendations implementation requirements**

A small underspend against the additional £2.5m set aside to support implementation of the recommendations arising from the Tanner Inquiry and Review is being projected in 2023/24. Based on estimated requirements going forward, it is anticipated that £0.25m of this £2.5m provision can be redirected to address the overall budget gap.

It is therefore not anticipated that there will be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

### **Contract and commissioning savings**

Although the majority of relevant savings delivered are being reinvested in the service, the budget framework for 2024/25 assumes the delivery of £0.7m of further savings in contract and commissioning for the Education, Children and Justice Services Directorate. Due to the diverse nature of existing arrangements, Integrated Impact Assessments will be completed by officers in collaboration with the incumbent providers in advance of their agreement ending. To support sustainability of these provisions, the City of Edinburgh Council commits to continue to fund the providers to collaboratively produce meaningful integrated impact assessments with the aim of mitigating the impact of the change on all involved.

### **ALEOs - Lothian Buses/Edinburgh Trams - reduction in required support**

The 2024/29 budget framework provides some £15m of additional annual support to the Council's transport ALEOs in the form of (i) no expectation of receipt of an annual Lothian Buses dividend in the medium term (where £6m was previously paid) and (ii) additional operating cost support for Edinburgh Trams (up to £9.25m in 2024/25) in recognition of the impact of post-pandemic working patterns on overall patronage.

Following the opening of the tram extension in May 2023, passenger numbers have significantly exceeded the assumptions underpinning the budgeted levels of additional financial support and to this end, the current year's revenue monitoring incorporates a saving of £3.5m based on an extrapolation of current passenger levels and associated fare income. While Edinburgh Trams has requested that the Council consider providing support for additional infrastructure renewals, given the full-year effect of this increased patronage and wider transport company reform, a reduction in funding requirement of £2.3m is being assumed at this time, with the potential to reduce the level of required operational support further pending detailed discussion with Lothian Buses and Edinburgh Trams.

It is therefore not anticipated that there will be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment (indeed the increased tram patronage will yield environmental benefits).

## **Energy costs**

The 2024/25 base budget reflects a further utilities budget increase of £3.6m relative to 2023/24. While the incremental level of increase required in 2024/25 is anticipated to exceed this sum, when offset against the significant underspend forecast in the current year, net savings of £1.7m are still anticipated.

It is therefore not anticipated that there will be any material disproportionate impact of this saving on those with protected characteristics, those vulnerable to falling into poverty, geographical communities or staff, nor on the economy or environment.

Richard Lloyd-Bithell,

Service Director - Finance and Procurement