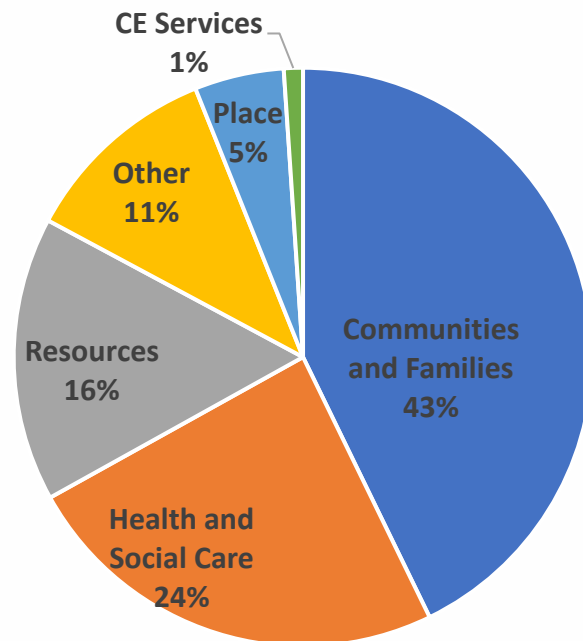


Funding Edinburgh's ambitions in an era of budget constraint

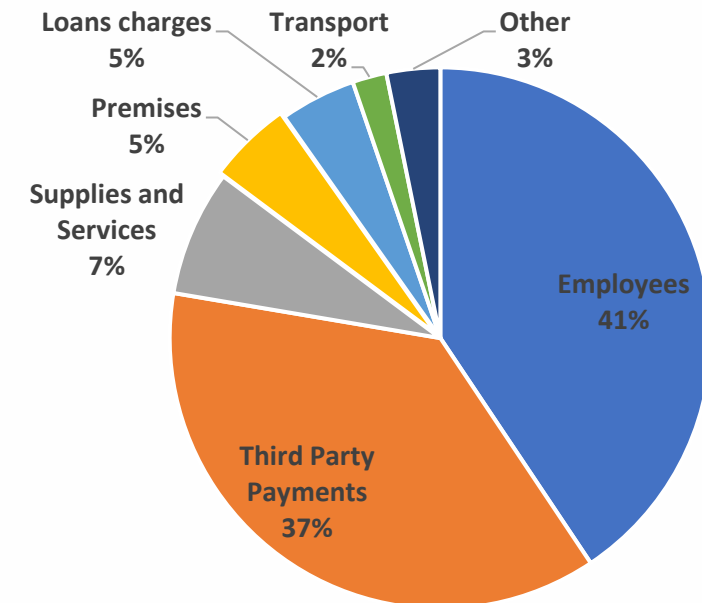
Revenue budget composition, 2022/23

While the detail for 2023/24 is currently being finalised, the analysis below provides a broad indication of the make-up of the Council's revenue budget. Although representing only 5% of the Council's net budget, due to the extent of fees and charges income, the Place Department's share of the *gross* budget is much higher than shown below.

Profile of net expenditure (by service)



Profile of expenditure (by cost type)

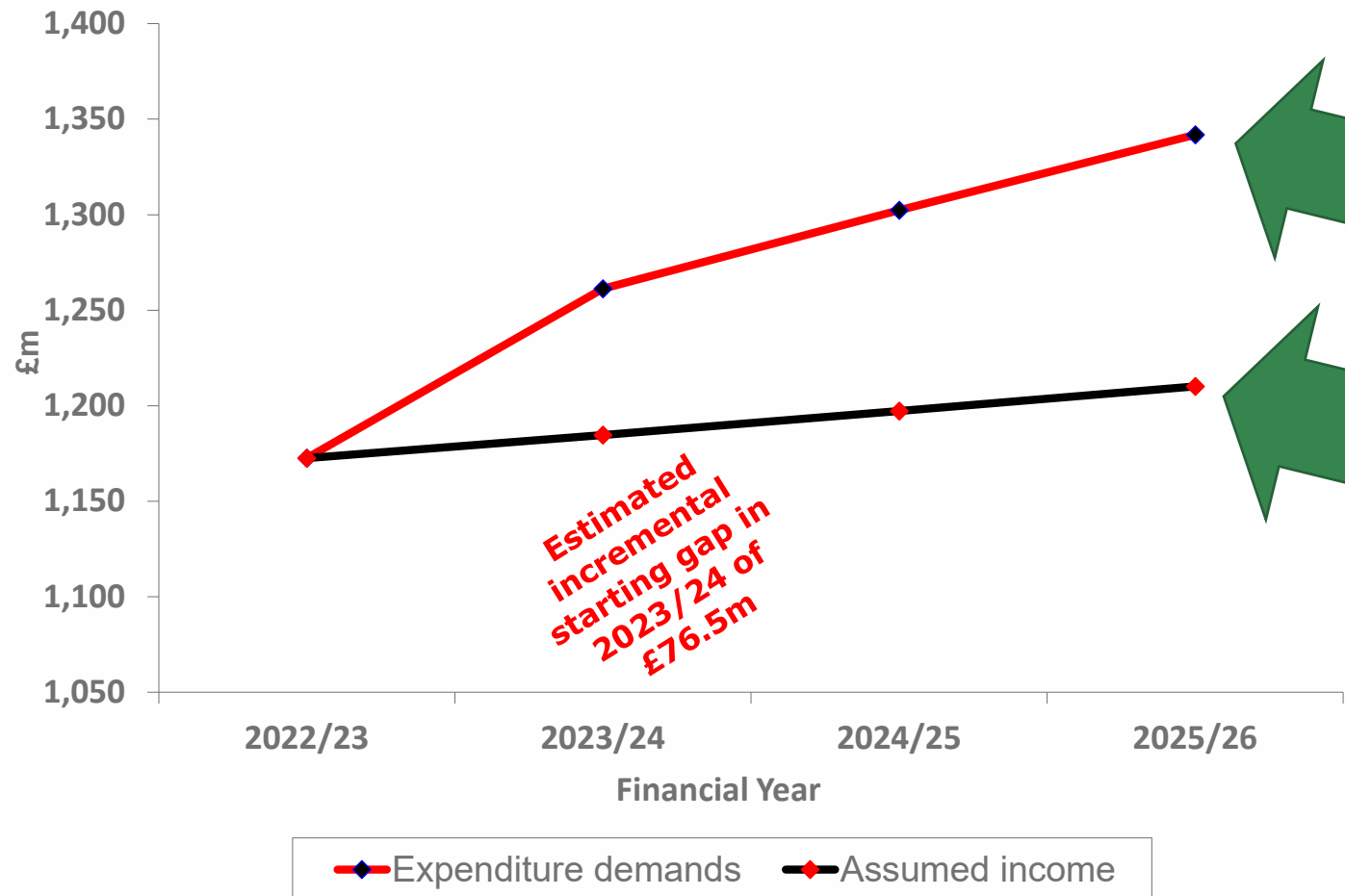


Funding sources for Council's revenue budget

	2023/24	2022/23	2021/22	2020/21	2019/20
Customer and client receipts	12.1%	12.6%	13.2%	13.8%	14.0%
General Revenue and Ringfenced Funding	39.0%	45.8%	45.1%	34.1%	31.1%
Non-Domestic Rates	25.5%	18.1%	18.0%	28.0%	30.4%
Council Tax	23.4%	23.4%	23.6%	24.1%	24.5%

- Although the precise balance of funding between General Revenue and Ringfenced Funding and Non-Domestic Rates has been affected by changes resulting from the COVID pandemic, two-thirds of total revenue funding has come from the sum of these two sources throughout the period
- Council Tax has consistently accounted for only around a quarter of the Council's funding

Council's financial challenge - revenue budget



- Demographic pressures
- Other growing service demand, particularly in homelessness services
- Pay awards
- Inflation, including energy and contract uplifts
- Loss of income post-COVID, particularly in parking
- Assumed cash-terms freeze in grant funding
- 3% increase in Council Tax
- c. 5% increase in discretionary fees and charges

Trends in Scottish Government funding

- Expressed on a like-for-like basis, there has been a 2.8% cash-terms increase in Council core grant funding over the period from 2019/20 to 2023/24 inclusive
- When adjusted in line with the impact of inflation (taken as CPI), however, there has been a 15.7% real-terms reduction in funding over the same period
- As a result, since 2019/20 the Council has approved over £137m of savings, excluding services within the remit of the Edinburgh Integration Joint Board, to maintain expenditure in line with income

Total Scottish Government funding in 2023/24 to CEC

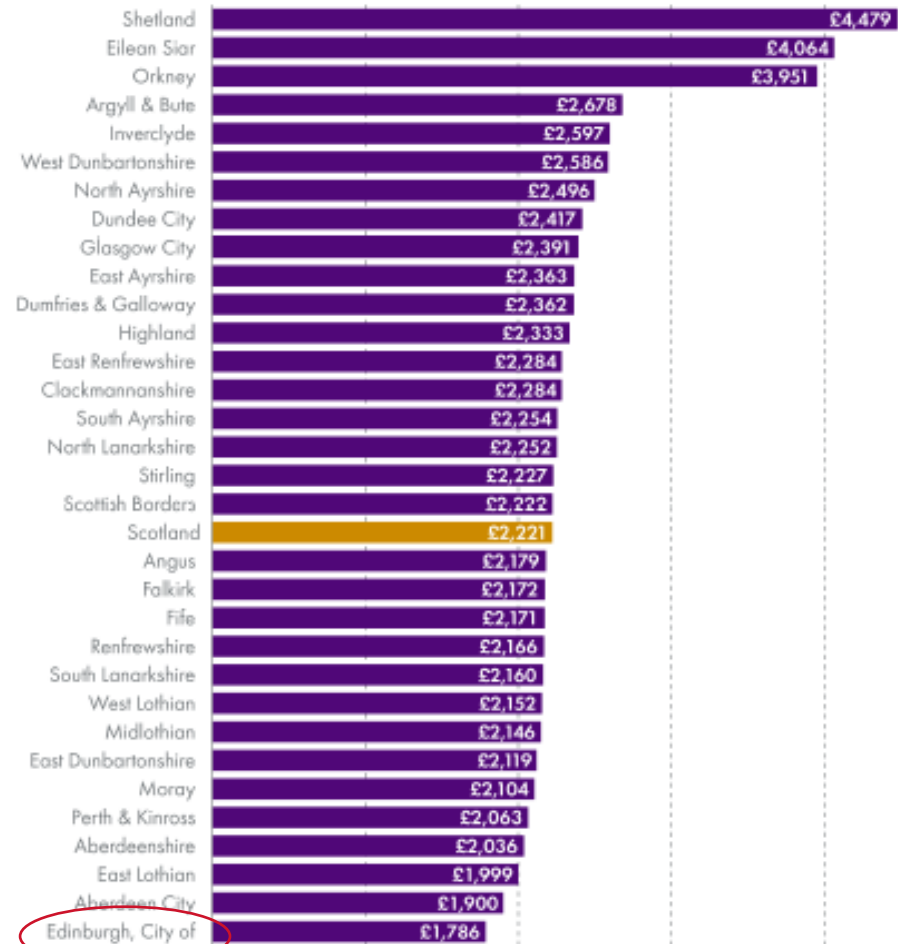
Revenue budget

- £519m in General Revenue Funding
- £57m in ringfenced grants (primarily Early Learning and Childcare expansion, Pupil Equity Funding and Community Justice)
- £377m in Non-Domestic Rates

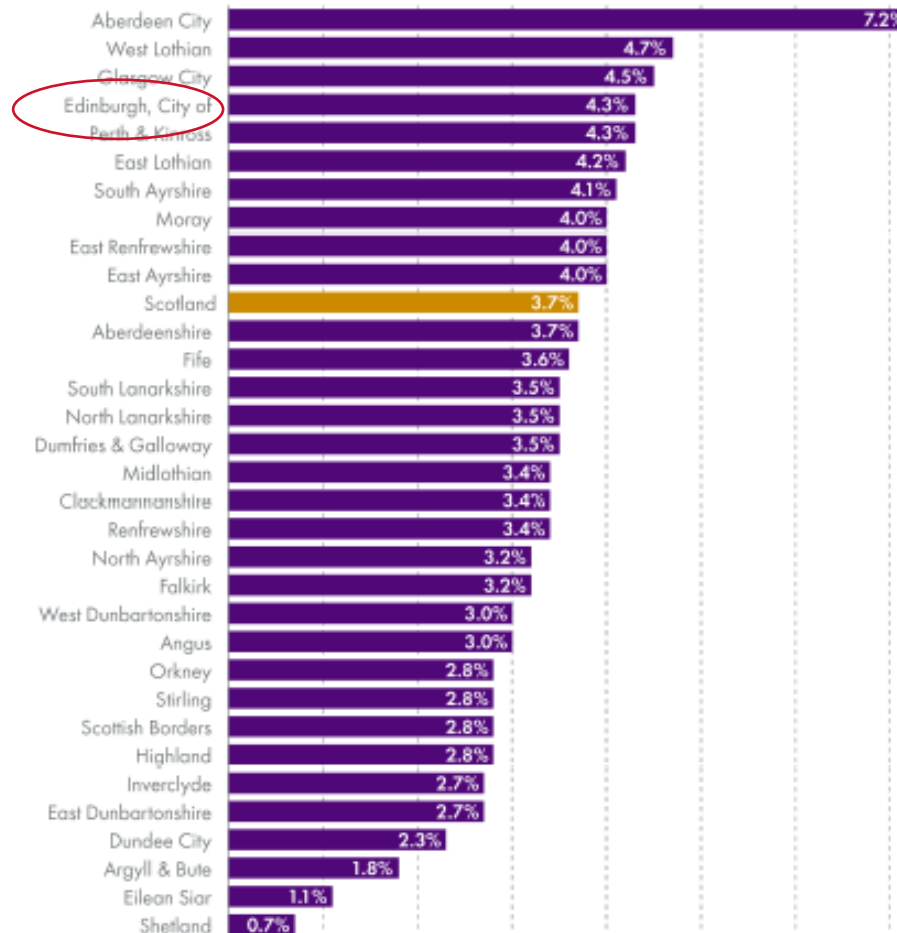
Capital budget

- £54m in General Capital Grant
- £31m in ringfenced grants (primarily to support construction costs of affordable housing)

Comparative revenue grant funding by authority per head, 2023/24

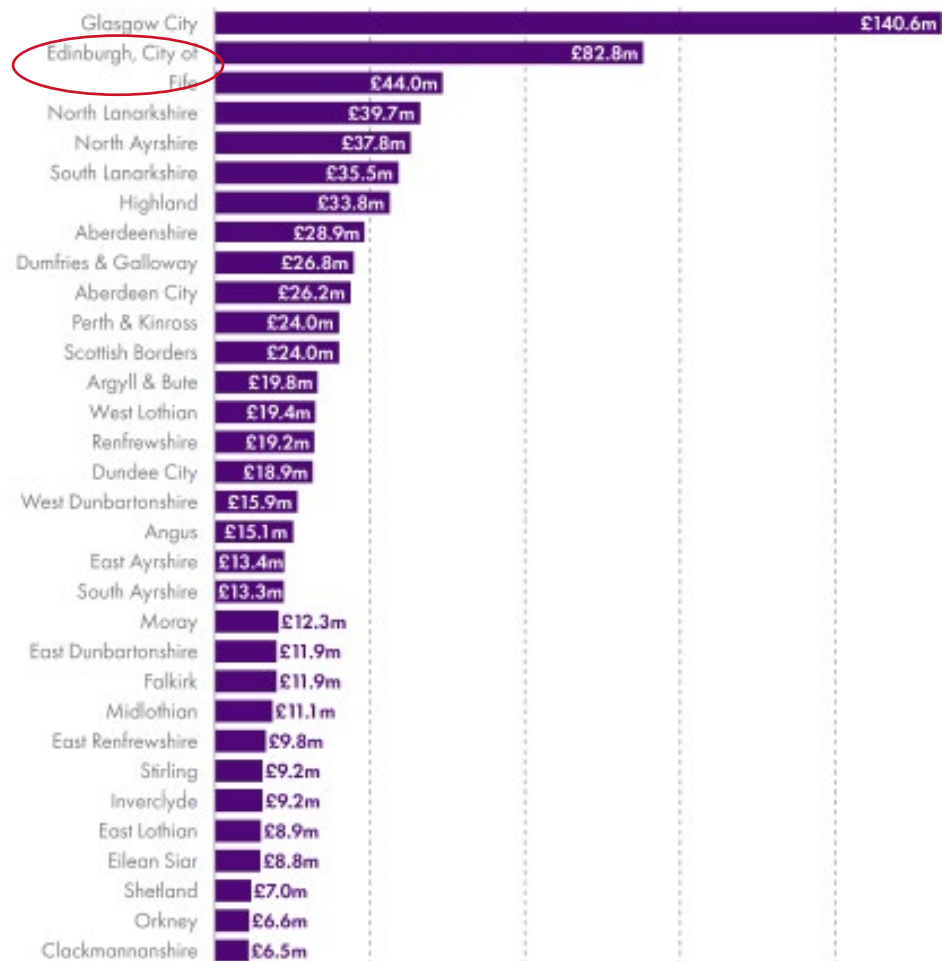


Real-terms changes in revenue funding by local authority, 2022/23 to 2023/24

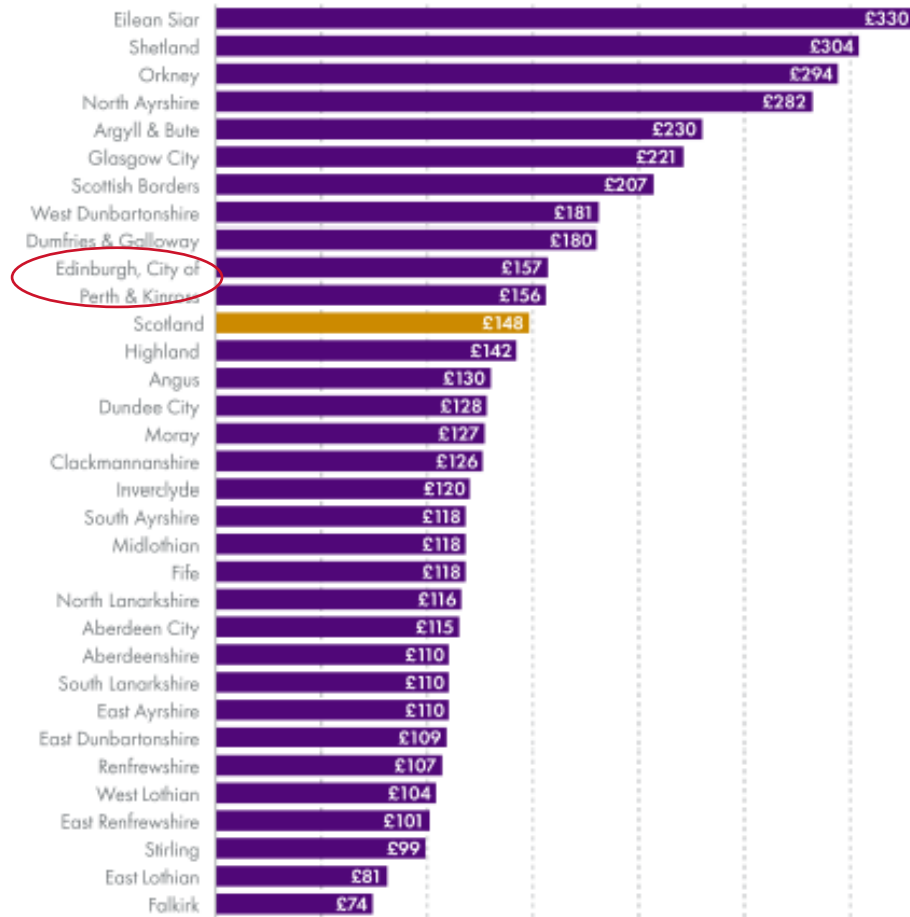


Includes transfer of Empty Properties Relief (NDR). CEC share £16m of £105m

Total capital funding allocations by local authority, 2023/24



Scottish Government capital funding allocations per head, 2023/24



Sustainable Capital Budget Strategy 2023-33

- The Strategy sets out priorities for almost £1.5bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.
- The capital programme is experiencing significant financial pressure due to current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs across all capital projects (with tender prices typically increasing by between 30% and 35%).

Sustainable Capital Budget Strategy 2023-33

- Funding assumptions have been reviewed but there are limited opportunities to increase the level of funds to address inflationary pressures.
- Officers are therefore recommending that, where possible, budgets are cash-limited, uncommitted learning estate projects are only progressed following the development of fully funded business plans and Balerno High School undergoes a retrofit, rather than a full replacement. An increase in costs for North Bridge will also be partially funded from a reduction in the wider roads and carriageways budget.

Transient visitor levy (tourist tax) – current position

- The Scottish Government has confirmed its intention to introduce legislation to facilitate implementation of a Local Visitor Levy Bill, expected to be later in 2023
- The Scottish Government has indicated its preference for a percentage-based charge on the nightly cost of accommodation, as well as an eighteen-month implementation period for affected accommodation providers
- As a result, it is not anticipated that any levy would be introduced before 2026