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News release

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Some progress at Edinburgh but budget shortfall increases

The City of Edinburgh Council faces substantially greater challenges to cut its spending while meeting increasing demands on services.

In May 2013 the Accounts Commission highlighted difficulties the council faced in making additional savings of £17 million to balance its budget in 2017/18. That figure has now risen to £67 million.

A follow-up report published today says the council has made some improvements and has financial plans in place but savings in some areas have been scaled back. It also faces financial risks over resolving the issue of statutory repairs.

In its findings, the Commission said it had "growing concern" about the increased level of savings required by the council to balance its books.

The council's net annual spend is £950 million. Total savings required by 2017/18 have now risen to £138 million, including the additional £67 million savings yet to be identified. The council aims to achieve much through a transformation programme (BOLD) but it is too early to say whether the programme will deliver its objective.

The report says Edinburgh has made good progress in developing scrutiny and risk management and made improvements in services. Dealing with long-running issues has absorbed a considerable amount of senior managers' time and it needs to ensure it has sufficient capacity for the future.

However, the council has still to develop a comprehensive workforce strategy, which the Commission recommended last year. This has a fundamental role in ensuring it can meet the challenges it faces.

Douglas Sinclair, chair of the Accounts Commission, said: "The City of Edinburgh Council has made some progress and that is encouraging. But it still has a long way to go, amid increasing demands and rising levels of required savings, and the continued lack of a workforce strategy is a significant omission."

The Commission has asked for a further report next year by which time it expects to see substantial improvements.

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Notes to editors

1. This report has been prepared by the Controller of Audit for the Accounts Commission. It is a follow-up to a Best Value audit on the City of Edinburgh Council in May 2013 and available here.

2. The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public.

3. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.