

*Councillor Jenny Dawe  
Leader of the Council*

Ms Harriet Eadie  
Chair Edinburgh Compact Partnership  
EVOC  
14 Ashley Place  
Edinburgh  
EH6 5PX

**Date** 11 January 2010  
**Your ref**  
**Our ref** JD/GT/Compact

Dear Harriet

### **THIRD SECTOR AND SOCIAL VALUE**

Thank you for your letter of 22 December 2009, setting out the direct and additional benefits of a thriving third sector in the city.

As a Compact partner, the Council shares the positive views you set out on the value and achievements of direct services commissioned from the voluntary sector. The leverage of additional resources to increase the impact of Council funding and social value of third sector support, including the involvement of citizens in volunteering and the real focus on preventive action and community engagement, are important contributions to the city. I can assure you that these considerations are part of the Council's planning for the coming financial year.

Your letter also reinforces the importance of these values in the current serious financial context, when financial resources across the public sector are sharply reduced. I am mindful that the recent briefings for this year's funding process stressed the financial situation facing the Council and the overall targets for reduction of expenditure.

Though the targets have been set to minimise the impact on direct service provision, it is inevitable that services will be reduced. As the briefings noted, the scale of reduction cannot be delivered by simple percentage adjustments to budgets, and each funding department has to apply a strategic approach. Initial budget proposals have been published by the Council, and these seek to prioritise contributions to the main outcomes which the Council must deliver.

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INVESTOR IN PEOPLE



The Council is appreciative of the co-operation which has been offered by the third sector through the Compact to adapt our shared application and assessment systems to reflect the main outcomes.

In this financial context, budget planning for 2010/11 must weigh choices between valued and productive services which are very challenging for service users, officers and elected members alike. Significant reductions in direct Council services, and new approaches to provision, will be required. Following government policy, competitive procurement is being applied widely throughout public provision to increase cost effectiveness, and I know this has been considered constructively through the Compact.

Comments on the published budget packs as they relate to third sector provision will be welcomed, though of course these are currently under very active consideration and comparison as the Council works towards a balanced budget within the overall resources available. Notwithstanding the restricted timescale available for the Council to set a budget, further information on the proposals under discussion and the timetable for decision making will be provided to the third sector through the Compact.

Yours sincerely

A handwritten signature in black ink, reading "Jenny Dawe". The signature is written in a cursive style with a long horizontal stroke extending to the right.

**Councillor Jenny Dawe**  
**Leader – The City of Edinburgh Council**