

Transport and Environment Committee

10.00am, Thursday, 1 March 2018

Place Directorate - Revenue Monitoring 2017/18 – Month Eight position

Item number	7.11
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	None

Executive summary

The report sets out the projected month eight revenue budget monitoring position for Place Directorate.

Operational cost pressures are being faced by the service which are predominantly within the Waste and Roads services. At month eight, management actions had been identified and delivered to address some of the continuing structural budget deficit, in year operational pressures and approved savings. This left a projected unfunded budget pressure of £2.176m. A corresponding set of management actions has been developed to fully offset these pressures and while a number of risks remain around their subsequent delivery, a break-even position is being forecast at this time.

Place Directorate remains fully committed to making all efforts to deliver identified mitigations. This will be realised by enforcing reductions in discretionary spend, augmentations to existing improvement plans and seeking to accelerate action planned for 2018/19. Progress will continue to be reported in respect of mitigation delivery.

Place Directorate - Revenue Monitoring 2017/18 – Month Eight position

1. Recommendations

- 1.1 It is recommended that the Transport and Environment Committee notes:
- 1.1.1 that Place Directorate has now identified proposed remedial measures to fully address existing budget pressures and while a number of risks remain around delivery of these mitigating actions, a break-even position is now being forecast; and
 - 1.1.2 that approved savings in 2017/18 totalling £7.323m are currently 85% on target to be delivered; £6.199m. Place identified remedial measures include management plans to deliver the remaining savings.

2. Background

- 2.1 The total 2017/18 approved gross budget for Place Directorate is £197.800m. The net budget is £63.920m after adjusting for income from other parts of the Council, external grants and other income.
- 2.2 This report sets out the projected overall position for the Place Directorate revenue expenditure budget for 2017/18 at month eight of the financial year.

3. Main report

Month Eight Position

- 3.1 Place Directorate faces significant budget pressures in 2017/18 in respect of continuing structural budget deficits, identified in year pressures and approved 2017/18 savings. Management action has already been successfully delivered to address elements of this, leaving an unfunded budget pressure at month eight of £2.176m. A corresponding set of management actions has now been developed to fully offset pressures and while a number of risks remains around their subsequent delivery, a break-even position is being forecast at this time.
- 3.2 The suite of management actions includes examination of opportunities to develop the supporting detail of the improvement plans for Roads and Waste Services with a view to offsetting in year pressures and re-attaining financial sustainability in these areas over the medium term. Improvements towards

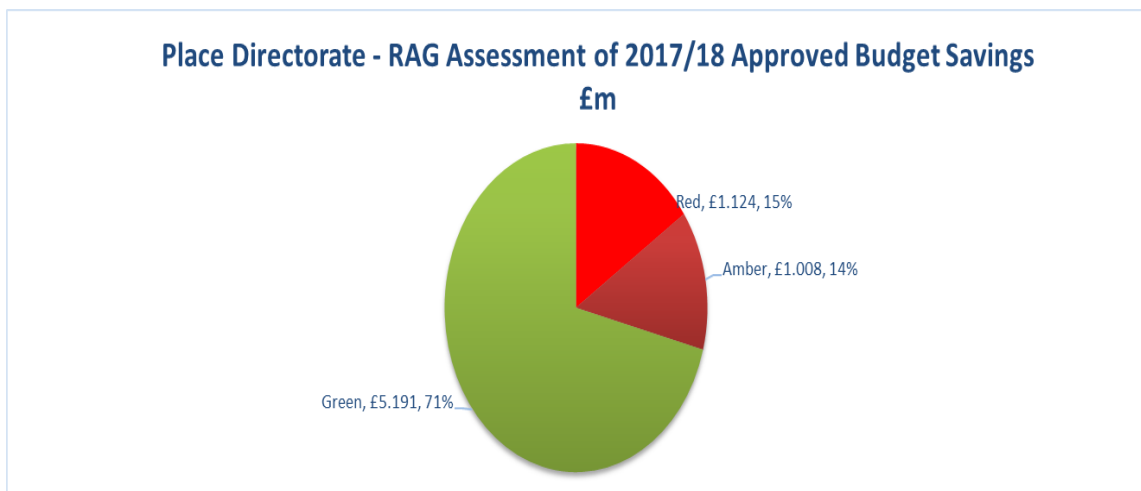
achieving a balanced budget have materialised month on month and we expect this to continue.

An analysis of the projected budget pressures with quantification of further planned management action to be delivered to deliver a balanced budget is provided in appendix 1.

Savings Implementation Plans

- 3.3 The revenue budget approved by Council on February 2017 requires Place Directorate to achieve incremental savings of £7.323m in 2017/18. These are detailed in appendix 2.
- 3.4 A red, amber, green (RAG) analysis is undertaken in consultation with Heads of Service. Delivery of all savings is monitored monthly by the Place Senior Management Team. At month eight this indicated that 85% of these savings, £6.199m were assessed as green or amber.

The RAG analysis is shown graphically in the following chart:



- 3.5 Actions have been identified to deliver the remainder of the savings within the wider management action planned by the Directorate which in the main relate to the full delivery of the transformation programme in Environment whilst balancing the demands of planned service improvement. Progress in the delivery of the savings programme is reviewed regularly.

Risks

- 3.6 Whilst, a break even position is forecast, at month eight, projected unfunded budget pressures of £2.176m were identified with corresponding mitigations. The most significant financial risks in the Place Directorate revenue budget for 2017/18 are:

- 3.6.1 The main budget pressure and therefore risk resides within Waste Services. There is a continuing structural budget issue in this area. To address this there is a four year plan spanning 2017-2020 with the aim of

bringing the collective Environment service into a balanced budget position. Within the further mitigations referred to in 3.1 to deliver a balanced budget, £1.210m refer to Environment and relate to cost efficiencies from full implementation of transformation savings, rerouting efficiencies and planned de-fleeting of vehicles and the winding down of current rail haulage arrangements;

- 3.6.2 As with the Environment service there is an improvement plan to bring the Roads service into a balanced budget position. £0.360m of the further mitigations referred to in 3.1 are in respect of planned improvements in this service;
- 3.6.3 Whilst care and due diligence is applied to budget management within Place Directorate, it should be acknowledged that the high level of demand led service provision and responsibility in terms of being prepared for and responding to severe weather create significant risk of cost variability in plans and forecasts;
- 3.6.4 It is the responsibility of the Director of Place Directorate to deliver an overall balanced revenue budget and all areas of the Directorate have been tasked with delivering challenging efficiency targets and bringing forward initiatives to assist. Whilst there is evidence of significant progress towards the delivery of savings targets and mitigating measures identified where savings targets are not being fully achieved during 2017/18, full realisation of savings targets will continue to be tracked and reported to service management teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing proposals;
- 3.6.5 Some of the management actions that have already been identified are one-off in nature, meaning that, although they assist in addressing the immediate challenge in 2017/18, a permanent sustainable solution still needs to be identified. Work is ongoing to identify options to achieve a permanent solution; and
- 3.6.6 Place Directorate is committed to delivering mitigating management action to address identified budget pressures on an ongoing basis and will continue to report on progress towards the delivery of a balance budget in 2017/18.

4. Measures of success

- 4.1 The measure of success is the achievement of a balanced revenue budget position for Place Directorate. Place Directorate has been working to identify, as a priority, proposed remedial measures on an ongoing basis and, based on the outputs of the half year review and month eight monitoring, actions have now been developed to address identified unfunded pressures.

5. Financial impact

- 5.1 The report projects that Place Directorate expenditure and income will be within approved budget once identified mitigations are delivered. Attainment of this position is subject to the active management of financial risks and, where appropriate the taking of timely remedial action.

6. Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn for the year is the key target, monthly progress has been made in the identification and delivery of mitigation actions on both a one off and recurring basis. This approach will continue to be complied with. The risks associated with cost pressures, and savings delivery targets are regularly monitored and reviewed by the Place Senior Management Team, and management action is taken as appropriate.

7. Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

8. Sustainability impact

- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising from this report.

9. Consultation and engagement

- 9.1 As is the norm, there has been no external consultation or engagement in producing this report.

10. Background reading/external references

None

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11. Appendices

Appendix 1 – Place Directorate Revenue Budget Monitoring 2017/18 – Month Eight position.

Appendix 2 – Place Directorate – Approved Revenue Budget Savings 2017/18.

Appendix 1

Place Directorate Revenue Budget Monitoring 2017/18 Month Eight position

Forecast Revenue Outturn by Service Area

Service Area	Realigned 2017/18 Budget £m	Projected 2017/18 Outturn £m	Projected 2017/18 Variance £m	Planned 2017/18 Mitigations £m*	Adjusted 2017/18 Outturn £m
Place Management	51.320	53.516	2.196	(1.586)	0.610
Place Development	3.998	3.998	0.00	(0.590)	(0.590)
Culture	8.602	8.582	(0.020)	(0.000)	(0.020)
Total Net Expenditure	63.920	66.096	2.176	(2.176)	0.000

*Planned Mitigations Include –

- Waste haulage efficiencies.
- Implementation of Roads improvement plan initiatives.
- Further implementation of Environment transformation programme including reduction of overtime and agency usage.
- De-fleeting cost efficiencies.
- Continued focus on spend reduction where appropriate.
- Cost reductions from implementation of more efficient waste collection routing.

Appendix 2

Place Directorate Approved Revenue Budget Savings 2017/18

Area	Division	Savings 2017/18 £m
Management	Environment	-0.089
Management	Housing and Regulatory Services	0.322
Management	Planning and Transport	0.311
Culture Third Party Payments	Culture	0.155
Culture service restructure	Culture	0.123
Review funding arrangements for Winter Festivals	Culture	0.400
Develop workforce plans and review staffing mix	Culture	0.076
Assembly Rooms - additional income each year until 2017/18	Culture	0.050
Usher Hall - additional income each year until 2017/18	Culture	0.036
Museums - additional income each year until 2017/18	Culture	0.032
Increased income for Scott and Nelson Monuments	Culture	0.010
Additional income from Assembly Rooms, Usher Hall and Museums	Culture	0.184
Workforce savings	Economy	0.010
Economy Third Party Payments	Economy	0.154
Public Health	Environment	0.154
Parks and Greenspace	Environment	0.236
Task Force	Environment	0.383
Waste Services	Environment	0.364
Efficiencies in the Waste Service	Environment	0.000
Reduce internal transport	Environment	0.100
In-source - efficient use of vehicles	Environment	0.050
Additional savings through internal improvement plan	Environment	0.009
Passenger Operations	Environment	0.063
Licensing and Trading Standards	Housing and Regulatory Services	0.040
Stop Repairs and Maintenance of Stair Lighting Service in	Housing and Regulatory Services	0.250
Transport	Planning and Transport	0.324
Increase parking charges by an average of 4.5% per year over four years	Planning and Transport	1.050
Sub-total agreeing to CEC Business Plan		4.797
Place allocation of Council Wide Savings		
Reduce use of agency staffing by 20% by 2017/18	Environment	0.492
Reduce use of agency staffing by 20% by 2017/18	Housing and Regulatory Services	0.071
Reduce use of agency staffing by 20% by 2017/18	Planning and Transport	0.086
Reduce use of overtime	Environment	0.268
Place allocation of 2017/18 Corporate Savings		
Agency Contract		0.221
Fees and Charges Increase		0.991
Performance Factor		0.397
Total Place savings		7.323