

Transport and Environment Committee

10.00am, Thursday, 27 January 2022

Revenue Monitoring Update - 2021/22 Month six position

Executive/routine Wards Council Commitments	Routine All
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1. Recommendations

- 1.1 Transport and Environment Committee are asked to note that:
 - 1.1.1 The overall Place revenue budget month six position for 2021/22 is a projected £0.440m overspend (excluding Covid-19 impact). Services within the remit of the Committee are forecasting an overspend of £0.365m;
 - 1.1.2 General Fund Covid-19 costs of circa £12.420m, in addition to the pressure set out at 1.1.1, have been forecast for the overall Place Directorate at month six with circa £8.684m relating to services within the remit of the Committee;
 - 1.1.3 The Executive Director of Place is taking measures to address budget pressures and risks. Progress will be reported to Committee.

Paul Lawrence

Executive Director of Place

Contact: Susan Hamilton, Principal Accountant

E-mail: susan.hamilton@edinburgh.gov.uk | Tel: 0131 469 3718

Report

Revenue Monitoring Update –2021/22 Month six position

2. Executive Summary

- 2.1 This report provides an update on financial performance regarding revenue budgets; 2021/22 forecast at month six for the services within the remit of this Committee.
- 2.2 The 'business as usual' forecast position, excluding Covid-19 impact, is an improvement of circa £1.1m from that reported to Committee at month five. The projected overspend at month six is £0.440m for Place Directorate, of which £0.365m relates to services within the remit of this Committee.
- 2.3 The forecast position in respect of Covid-19 impact is a cost of £12.420m for Place Directorate and £8.684m for services within the remit of the Committee. This forecast overall is largely in line with that previously reported at month five.

3. Background

- 3.1 The total 2021/22 approved net General Fund (GF) revenue budget for the Place Directorate is £52.667m after adjusting for income from other parts of the Council, external grants and other income. This budget is net of £4.346m of savings approved by Council in February and May 2021 and includes residual pressure funding of £5.800m and service investment funding. The stated net budget and reported financial performance does not reflect changes to the Council's structure which are in progress. This will be addressed in future reporting as appropriate.
- 3.2 This report provides an update on financial performance regarding revenue budgets; 2021/22 forecast at month six for services within the remit of this Committee. A separate report to the Council's Finance and Resources Committee on [9 December 2021](#) set out the projected position on the Capital Investment Programme.
- 3.3 Covid-19 identified net costs have been separated from 'business as usual' net expenditure in order to facilitate understanding of the drivers of risks, cost pressures and mitigating actions where applicable.

4. Main report

Place Directorate – 2021/22 Month Six Forecast

- 4.1 A suite of assumptions has been applied to the 2021/22 forecast in terms of service adaptation public health guidance. These will continue to be monitored and reported at regular intervals as part of the risk assessment undertaken on the budget management strategy.
- 4.2 As stated in paragraph 3.1, residual pressure funding was awarded to services to address specific legacy pressures. The impact of this on services within the remit of this Committee is £3.023m of investment to reset the operating budget. This is summarised within Appendix 1. At this juncture, the combination of this and the execution of management plans are assessed to be adequate to manage the associated legacy budget risk.
- 4.3 At month six, there has been an improvement of circa £1.1m composite 'business as usual' position across Place Directorate from that reported at month five. This follows the half year review which has been undertaken and now means the forecast overspend has reduced to £0.440m (excluding Covid-19) impacts. This relates to identified but as yet unmitigated emergent pressures. The elements which are pertinent to this Committee are a £0.365m overspend which includes but is not limited to public safety measures on Calton Road.
- 4.4 At month six, Covid-19 costs across Place Directorate have been forecast at £12.420m with £8.684m relating to services within the remit of this Committee (see Appendix 2). The largest component of this relates to lost parking income, although as the financial year progresses there are signs of recovery which will be closely monitored.
- 4.5 The positions set out in this report are incorporated into the overall balanced budget position projected for the Council, as reported to Finance and Resources Committee on [9 December 2021](#).

2021/22 Budget – Approved Savings Delivery

- 4.6 The approved budget savings for Place Directorate in 2021/22 total £4.346m, of which £2.509m relates to services within the remit of this Committee. A BRAG assessment has been undertaken of the savings delivery risk by the Place Senior Management Team (SMT) and a summary of the savings relevant to this Committee is shown in Appendix 3. As can be seen, there are no savings at 'black' or 'red' with 19% at 'amber' and 81% at 'green'.

2021/23 Budget – Approved Service Investment

- 4.7 As part of the decisions made by Council on 27 May 2021, Elected Members approved service investments totalling £12.8m in respect of Place Directorate services. Of this, £9.671m relates to services within the remit of this Committee and a further £1.559m of investment which in part relates to services within the remit of this Committee. The investments, RAG analysis and status narrative is shown within Appendix 4. Of the £9.671m, 5% has been assessed as 'red', 84% at

'amber' and 11% at 'green' as at month six. It is expected that this assessment will incrementally improve as implementation is rolled out.

5. Next Steps

- 5.1 The Place Directorate is committed to delivering mitigating management action to address identified emergent budget pressures and risks on an ongoing basis and will continue to report on progress towards the delivery of a balanced budget.
- 5.2 In addition to the introduction of realigned budgets and half-year reviews, a more strategic approach is being implemented in terms of budget management. Place SMT is looking to the 2022/23 budget management strategy as part of a rolling process not confined to the current financial year.
- 5.3 The forecast costs in relation to Covid-19 can currently be contained within existing Council budgets, however Place SMT will continue to monitor changes in public health guidance and budgetary impacts and report impacts as appropriate.

6. Financial impact

- 6.1 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets. The position set out in the report indicates pressures emerging within the Place Directorate which require to be addressed.

7. Stakeholder/Community Impact

- 7.1 Consultation was undertaken as part of the budget setting process.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 - Place Directorate: 2021/22 Budget – Residual Pressures Funding – Services within the remit of Transport and Environment Committee.
- 9.2 Appendix 2 - Covid-19 – 2021/22 Related Increases in expenditure and losses of income.
- 9.3 Appendix 3 - Place Directorate: 2021/22 Month Six - Approved Savings Assessment - Services within the remit of Transport and Environment Committee.
- 9.4 Appendix 4 – Place Directorate: 2021/22 Month Six – Approved Investment Assessment – Services within the remit of the Transport and Environment Committee.

Appendix 1 – Place Directorate: 2021/22 Budget – Residual Pressures Funding – Services within the remit of Transport and Environment Committee.

2021/22 Budget Approved Residual Pressure Service Funding – Transport and Environment Committee	£m
Waste and Cleansing	2.380
Scientific, Bereavement and Registration	0.320
Strategic Transport	0.790
Fleet	0.250
Estimated underspends in service areas – netted off	(0.717)
Net Total	3.023

Appendix 2 – Covid-19 – 2021/22 Related Increases in expenditure and losses of income.

Area	Description	Actual Cost £m
Parking	Reductions in parking income	5.561
Waste and Cleansing	Provision for additional costs / greater than normal waste tonnages	1.393
Other	Reductions in income; cruise liner berthing, tables and chairs permits, enforcement, Bus Station, scientific services.	1.730
		8.684

Appendix 3 – Place Directorate: 2021/22 Month Six - Approved Savings Assessment - Services within the remit of Transport and Environment Committee.

2021/22 Budget Approved Saving Transport and Environment Committee	Green £m	Amber £m	Red £m	Black £m	Total £m
	Delivered	In Progress	Difficult	At Risk	
Depots and Yards	0.210	-	-	-	0.210
Parking Action Plan Ph2	0.520	-	-	-	0.520
Cashless Parking	0.150	-	-	-	0.150
Garden Waste Uplift	0.160	-	-	-	0.160
Fees & Charges	-	0.379	-	-	0.379
Scientific & Bereavement	-	0.090	-	-	0.090
Asset life reprofiling (roads, infrastructure; 2021/22 only)	1.000	-	-	-	1.000
Total	2.040	0.469	-	-	2.509
% of Total Savings	81%	19%	-	-	100%

Appendix 4 – Place Directorate: 2021/22 Month Six – Approved Investment Assessment – Services within the remit of the Transport and Environment Committee.

Investment and Status Narrative	£m/ RAG Status
Approved Investments within Transport and Environment Remit	
Tram concessions – Free under-19 travel. Scottish Government policy is now for under-22 free travel on buses. If this were applied to trams, the cost would exceed the approved annual level of investment funding by at least £1m, with this sum likely to increase significantly upon opening of the tram extension.	0.500
Edinburgh Bike Scheme. Following the failure of contract extension negotiations, the current scheme will end on 17 September. Alternative bike hire options are forecast to spend £0.300m of funding in-year.	0.800
Communal Bins. Zero Waste Scotland funding bid was successful and approved in November 2021 which allows contractual arrangements using this funding to be progressed. In year spend is currently being assessed.	1.100
Roads, Pavements & Carriageways. A Delivery programme has been developed and associated phasing has been shared and agreed with Finance colleagues. All funds are expected to be committed in year.	6.000
Energy and Waste Actions – Net Zero Strategy. Implementation planning underway, project management support required given tight timescales.	0.200
Increased foot and carriageway gritting and cleaning. Procurement of the additional vehicles has been undertaken.	0.300
Electric Vehicle Infrastructure. Installation of charging points for Council fleet expected in-year.	0.250
All Ability Bikes. Grant award to the Thistle Foundation to support the delivery of a service to allow adaptive cycles to be available for disabled people across the city was approved by Transport and Environment Committee at continuation of its meeting originally held on 19 August 2021.	0.071
Public Conveniences. Additional temporary toilets in premier parks and other key locations – approval to incur costs to 30 September 2021.	0.450
Sub-total	9.671
Approved Investments partially within Transport and Environment Remit	
Smart Cities. The related commercial terms are currently being finalised and the programme will seek to join the Council's Change Portfolio for in-depth monitoring from September 2021.	0.500
20 Minute Neighbourhood Strategy – Enabling Works. 18-month funding agreed at CLT on 28 July.	0.500
Fees and Charges pressure reduction. Some fees and charges were assessed as being at tipping point in terms of commerciality or affordability if full uplift applied. Funding applied against income shortfall as agreed.	0.559
Sub-total	1.559
Total Investments fully/partially within the remit of Transport and Environment Committee.	11.230