

Transport and Environment Committee

10.00am, Thursday, 6 October 2022

Revenue Monitoring Update – 2021/22 Provisional out-turn and 2022/23 Month three position

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Transport and Environment Committee are asked to note that:
- 1.1.1 The Place provisional revenue out-turn for 2021/22 was a £1.561m underspend when COVID-19 costs are excluded. Services within the remit of the Committee delivered provisional underspends in 2021/22 of £2.452m;
 - 1.1.2 The financial effects of the COVID-19 pandemic continued to be significant in 2021/22 with a net cost to the Place Directorate of £12.161m;
 - 1.1.3 The Place revenue budget position for the 2022/23 financial year is a projected £3.6m overspend (excluding COVID-19 impact). Services within the remit of the Committee are forecasting an overspend of £2.542m;
 - 1.1.4 General Fund COVID-19 costs of c. £8.1m are forecast for the Place Directorate at month three with circa £6.85m relating to services within the remit of the Committee. At this stage the approved level of budget provision for COVID-19 financial effects is assessed to be sufficient; and
 - 1.1.5 The Executive Director of Place is taking measures to address budget pressures. Progress will be reported to Committee at agreed frequencies.

Paul Lawrence

Executive Director of Place

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Revenue Monitoring Update – 2021/22 Provisional out-turn and 2022/23 Month three position

2. Executive Summary

- 2.1 The report sets out the provisional out-turn for the 2021/22 financial year and the 2021/22 projected month three revenue monitoring position for Place Directorate services which are under the remit of this Executive Committee. This is based on the unaudited annual accounts for 2021/22 in respect of the provisional out-turn and for the month three forecast, an analysis of actual expenditure and income to the end of June 2022 with expenditure and income projections for the remainder of the 2022/23 financial year.
- 2.2 An overall 2021/22 provisional out-turn underspend, excluding COVID-19 impacts, of £1.561m was returned when the budget positions across Place Directorate were consolidated. The provisional out-turn for the services under the remit of this Committee was an underspend of £1.852m in respect of operations and an underspend of £0.6m against member-approved investment (total £2.452m). A significant element of the latter sum reflected an underspend in respect of the Edinburgh Bike Scheme following the scheme's closure in September 2021.
- 2.3 At month three, the 2022/23 overall Place gross budget pressure (excluding COVID-19 impact) is currently forecast to be £3.600m.
- 2.4 At month three, services within the remit of this Committee are forecasting a business as usual overspend in 2022/23 of £2.542m which is largely representative of emerging inflationary pressures but also impacted by pressures in the cleansing service including the ongoing costs of maintaining the public convenience services put in place in 2021/22.
- 2.5 At month three, the GF COVID-19 impact for Place Directorate has been forecast to be a net cost in the region of £8.131m with circa £6.850m of this relating to projected lost income and additional costs incurred in services within the remit of this Committee. At this stage, the approved level of budget provision for COVID-19 financial effects in 2022/23 is assessed to be sufficient.
- 2.6 This report will focus on the aspects of Place revenue budgets which are within the remit of the Transport and Environment Committee.

3. Background

- 3.1 This report provides an update on financial performance regarding revenue budgets; provisional 2021/22 out-turn and 2022/23 forecast at month three. A separate report to the Council's Finance and Resources Committee on 8 September 2022 set out the projected position on the Capital Investment Programme.
- 3.2 COVID-19 identified net costs have been separated from the 'business as usual' in order to facilitate understanding of the drivers of risks, cost pressures and mitigating actions where applicable.

4. Main report

Place Directorate - 2021/2022 provisional out-turn

- 4.1 The Place departmental provisional out-turn position for 2021/22 is a net £1.561m underspend after adjusting for COVID-19 impacts of £12.161m.
- 4.2 The provisional out-turn for 2021/22 for the services within the remit of the Committee is a net underspend of £1.852m for 'business as usual' operations and a £0.6m underspend in respect of investment monies allocated as part of the budget process. A summary of the position is set out in Appendix 1.
- 4.3 The costs of the COVID-19 impact in relation to services within the remit of this Committee were within the financial provision set out in the budget framework. The most material impacts were:
- Reduction in parking income, net of enforcement costs and lost cruise liner income £6.750m
 - Waste services, increase in residual waste tonnages and additional vehicles/fuel £1.318m
 - Loss of Bus Station income £0.383m
 - Cleansing services £0.348m
- 4.4 Budget of £0.450m was also allocated in 2021/22 towards the costs of providing public toilet provisions.
- 4.5 It should be noted that the impacts on parking income and waste services are anticipated to continue into 2022/23 as assessment is made of 'the new normal' budget baselines post COVID-19.
- 4.6 The underspend on investment monies relates to the bike hire scheme £0.500m following the scheme's closure in September 2021 and the 20 minute neighbourhood enabling costs of £0.100m.
- 4.7 The positions set out in 4.1 and 4.2 are incorporated into the overall Council provisional out-turn as reported to Finance and Resources Committee on 8 September 2022.

2021/2022 Approved Savings Delivery

- 4.8 The approved budget savings for Place Directorate in 2021/22 totalled £4.346m with £2.509m of this delivered by services within the remit of this Committee. Whilst savings delivery was impacted by factors related to COVID-19, when budgetary adjustments related to the cost of COVID-19 are applied, all savings within the remit of the overall Place Directorate and this Committee were delivered. The summary delivery position is shown within Appendix 2.

Place Directorate – 2022/2023 Month three forecast

- 4.9 A suite of assumptions have been applied to the forecast in terms of post COVID-19 operations. These will continue to be monitored and reported at regular intervals.
- 4.10 At month three, the 'business as usual' forecast for Place Directorate is a £3.6m overspend with £2.542m relating to services within the remit of this Committee.
- 4.11 Emergent pressures have been identified in respect of 'business as usual' and are in the main driven by the impact of higher than budgeted inflation on services with £1.821m of the forecast overspend falling into this category; circa £1m on additional uplifts to inflation linked contracts and circa £0.800m on increased cost of fuel. The remaining material overspend for services within the remit of this Committee sits within the Cleansing service, which is forecast to overspend by £0.693m in 2022/23 should the public convenience provision remain at current levels.
- 4.12 At month three, COVID-19 costs across Place Directorate have been forecast at £8.131m with £6.850m relating to services within the remit of this Committee. The largest component of this relates to lost parking income, although at month three there are signs of recovery which will be closely monitored. At month three, it is anticipated that the reported costs of COVID-19 can be accommodated within the approved budget provision made for this purpose.
- 4.13 The positions set out in 4.9 and 4.10 are incorporated into the overall budget position projected for the Council as reported to Finance and Resources Committee, 8 September 2022.

2022/23 Budget – Approved Savings Delivery

- 4.14 The specific approved budget savings for Place Directorate in 2022/23 total £0.542m. £0.160m of the approved savings are within the remit of this Committee and the full year impact of the 2021/22 increase in garden waste charges is expected to be realised in full.
- 4.15 In addition a £0.825m uplift on fees and charges has been approved for 2022/23. An assessment of the deliverability of this element of the approved budget is in progress.

2022/23 Budget – Approved Service Investment

- 4.16 [This section and Appendix will be added post APM – some savings are cross Committee or cross Directorate and presentation requires further development]

5. Next Steps

- 5.1 Place Directorate is committed to delivering mitigating management action to address identified budget pressures and risks on an ongoing basis and will continue to report on progress towards the delivery of a balanced budget for the Directorate.
- 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. The Place Senior Management Team (SMT) is looking to the 2023/24 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 and monitor post COVID-19 recovery plans and implications of inflationary pressures, reporting budgetary 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 Month three report 2022/23 - Finance and Resources Committee [8 September 2022](#)
- 8.2 Out-turn report 2021/22 - Finance and Resources Committee [8 September 2022](#)
- 8.3 Capital Investment update 22/23 - Finance and Resources Committee [8 September 2022](#)

9. Appendices

- 9.1 Appendix 1 – Place Directorate: 2021/2022 Provisional Out-turn – Summary position for services within the remit of the Transport and Environment Committee
- 9.2 Appendix 2 – Place Directorate: 2021/2022 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Transport and Environment Committee.
- 9.3 Appendix 3 – Place Directorate: 2022/2023 Month Three – Approved Investment Summary – Services within the remit of the Transport and Environment Committee.

Appendix 1 – Place Directorate: 2021/2022 Provisional Out-turn – Summary position for services within the remit of the Transport and Environment Committee

2021/22 Budget Provisional Out-turn – Services within the remit of Transport and Environment Committee	'Business as Usual' £m	Cost of COVID- 19 £m	Total £m
Waste and Cleansing	-1.233	1.667	0.434
Roads, Transport and Infrastructure	-0.165	-	-0.165
Network Management and Enforcement	-1.027	6.750	5.723
Placemaking and Mobility	0.573	0.383	0.956
Total before Investment Monies	-1.852	8.800	6.948
Unspent 2021/22 Investment Monies (not carried forward into 2022/23)			-0.600
Total			6.348

Appendix 2 – Place Directorate: 2021/2022 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Transport and Environment Committee

2021/22 Budget Approved Savings Position Out-turn Transport and Environment Committee	Delivered £m	Not Delivered £m	Total £m
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; 21/22 only	1.000	-	1.000
Total	2.509	-	2.509

Appendix 3 – Place Directorate: 2022/2023 Month Three – Approved Investment Summary – Services within the remit of the Transport and Environment Committee.

In February 2022, as part of the 2022/23 budget process the Council approved £9.860m of investment to deliver priority Council objectives. A full update of progress pertaining to the services within the remit of this Committee will be provided within the next financial update on 8 December 2022.