

Transport and Environment Committee

10.00am, Thursday, 10 October 2024

Revenue Budget Monitoring – 2023/24 provisional out-turn, 2024/25 month three forecast and 2025/26 proposals

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 Transport and Environment Committee is asked to note:
- 1.1.1 That services within the remit of this Committee returned a provisional out-turn overspend against budget of £0.274m in the financial year 2023/24, delivering 90% of approved budget savings. This forms part of the Place Directorate overspend of £2.030m and Council underspend of £2.278m;
 - 1.1.2 That services within the remit of this Committee are forecasting an underspend against budget of £0.860m at month three in financial year 2024/25, with 96% of approved budget savings assessed as 'green' and 4% as 'amber'. This forms part of the Place Directorate overspend of £10.830m and overall Council overspend of £26.421m;
 - 1.1.3 That services within the remit of this Committee have identified £10.102m of savings proposals for consideration in the 2025/26 budget process; and
 - 1.1.4 That plans to address 2024/25 cost pressures and further detail on 2025/26 budget proposals will be presented to Committee in November.

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Report

Revenue Budget Monitoring – 2023/24 provisional out-turn, 2024/25 month three forecast and 2025/26 proposals

2. Executive Summary

- 2.1 This report summarises the 2023/24 provisional out-turn, month three 2024/25 revenue monitoring position and provides an update on 2025/26 budget savings proposals for the services within the remit this Committee.
- 2.2 At month three, the forecast for 2024/25 for services within the remit of this Committee is an underspend of £0.860m, however there are three overspending services within this forecast. In addition to this, as [reported](#) to Finance and Resources Committee 19 September 2024, the Place Directorate and the Council are forecasting overspend of £10.830m and £26.421m respectively. Given this position, execution of the suite of financial management measures set out in paragraph 5.1 must be executed as a matter of urgency.

3. Background

- 3.1 The Council's Financial Regulations require submission of regular budget monitoring reports to all Executive Committees.
- 3.2 This report provides an update on the revenue budget 2024/25 forecast at month three for services within the remit of this Committee in addition to looking back to the 2023/24 provisional out-turn and forward to the 2025/26 budget proposals as part of a strategy to consider budget management as a rolling process of continuous iteration and improvement. A separate [report](#) to Finance and Resources Committee on 19 September 2024 set out the 2024/25 projected position on the Capital Investment Programme.

4. Main report

Transport and Environment Committee Remit – 2023/24 Provisional Out-turn

- 4.1 For services within the remit of this Committee, the approved net budget for 2023/24 was £39.841m (after adjustment for approved savings and investment).

The provisional out-turn has been declared as a £0.274m overspend against this allotted financial envelope which is equivalent to 0.07% of net-budget. A breakdown of the 2023/24 out-turn by service is shown in Appendix 1 accompanied by brief explanations of the respective variances.

- 4.2 In terms of the Transport and Environment Committee portfolio, there was some movement between the reported month nine forecast position and the actual out-turn. The drivers of positive and negative variances have been analysed and discussed with services in terms of required management action and refinements in forecasting where required. The outcomes of this exercise are taken onboard within the 2024/25 budget management strategy and the month three forecast set out later in this report.
- 4.3 As set out in Appendix 2, 90% of the 2023/24 budget savings which were allocated to services within the remit of the Committee were delivered. This equates to £12.278m of £13.647m of allocated savings. Of the £1.369m which were not delivered, £0.869m related to the effect of part year implementation which should be resolved in 2024/25 without further management action.

Transport and Environment Committee Remit – 2024/25 Month three forecast

- 4.4 This is the first formal reported forecast for the 2024/25 financial year and considers the actual position to 30 June 2024, with informed forecasts for the remaining nine months of the financial year. The declared position at month three for services within the remit of this Committee is an underspend of £0.860m.
- 4.5 A breakdown of the forecast positions by service is shown as Appendix 3. In accordance with the Council's Financial Regulations, it is a priority to further investigate and agree remedial action plans in respect of the overspending services: Waste and Cleansing, Roads and Infrastructure and Placemaking and Mobility. In addition to this, it is intended to review the parking management information available to assess if this forecast can be improved. Updates in respect of these actions will be reported as part of the month five reporting (scheduled for December 2024).
- 4.6 As set out in Appendix 4, 96% of the 2024/25 budget savings which were allocated to services within the remit of the Committee are assessed as 'green'. This means that £6.723m of savings are assessed to be delivered, with the management action (referred to in paragraph 4.5) taking the remaining £0.250m at 'amber' into consideration. No savings were categorised as 'red' or 'black'.

2025/26 Budget – Proposals within the remit of this Committee

- 4.7 In addition to the £1.5m (final tranche of the) Waste and Cleansing Best Value Review saving which has been pre-approved, services within the remit of the Committee are currently developing proposals to a value of approximately £6.102m. The proposals are summarised in Appendix 5, with a report to Committee on the details of these proposals scheduled for Committee in November 2024.

5. Next Steps

- 5.1 Current and emerging risks will continue to be subject to ongoing tracking and development of mitigation measures on a rolling budget basis. Although the services within the remit of this Committee are forecasting an underspend at month three in 2024/25, the Directorate and Council overall are forecasting an overspend. Given this position, the Corporate Leadership Team has instructed a series of measures to mitigate these pressures, including:
- 5.1.1 Development of prioritised action plans in overspending areas;
 - 5.1.2 Exploring opportunities to accelerate future years' savings and/or income plans;
 - 5.1.3 Freezing earmarked departmental reserves, with release subject to explicit Section 95 Officer authorisation;
 - 5.1.4 Where underspends emerge or opportunities to reprioritise are identified, using these to support the wider financial pressures rather than reprioritised for new work; and
 - 5.1.5 Scrutinising the need for all non-essential expenditure, in consultation with relevant elected members where appropriate.
- 5.2 This will be applied to the services within the remit of this Committee and reported back as part of the month five and subsequent reporting.
- 5.3 The 2025/26 budget saving proposals will continue to be developed and reported this Committee as appropriate in the November and subsequent sessions.

6. Financial impact

- 6.1 As of month three, and as was reported to Finance and Resources Committee on 19 September 2024, services within the remit of this Committee are projected to underspend by £0.860m for the services (after adjustments in respect of inflationary impacts). Failure to break even at Directorate level in 2024/25 will reduce the options to address future years' budget gaps and means that existing expenditure is exceeding in-year resources.
- 6.2 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.
- 6.3 This report emphasises the importance of urgent proactive management of pressures and delivery of approved savings in maintaining the integrity of the Council's budget framework and business plan objectives.

7. Equality and Poverty Impact

- 7.1 There are no equality, human rights (including children's rights) or socio-economic disadvantage implications arising as a consequence of this report.

8. Climate and Nature Emergency Implications

- 8.1 There are no Climate and Nature Emergency implications arising as a consequence of this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 The report provides forecasts of financial outturn based on financial performance and conditions existing on 30 June 2024, there remains a risk that changing circumstances and events will result in further budget pressures.
- 9.2 Financial performance will be tracked by the Place Senior Leadership Team and service management teams to identify and mitigate emerging financial risks. All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review on a rolling budget basis as we also develop the budget management strategy for the 2025/26 financial year. Management action plans within the budget management strategy will be implemented and reported to Committee where the proposed mitigations relate to the policy remit.
- 9.3 There are no health and safety, governance, compliance or regulatory implications arising from this report.

10. Background reading/external references

- 10.1 [Revenue Budget Framework and MTFP Progress Update](#), Finance and Resources Committee, 19 September 2024.
- 10.2 [Revenue Monitoring 2023/24 – outturn report](#), Finance and Resources Committee, 19 September 2024.

11. Appendices

- Appendix 1 Transport and Environment Service Remit – Provisional Out-turn 2023/24
- Appendix 2 Transport and Environment Service Remit –2023/24 Approved Savings Delivery
- Appendix 3 Transport and Environment Service Remit – 2024/25 Month three forecast
- Appendix 4 Transport and Environment Service Remit –2024/25 Approved Savings Delivery

Appendix 5 Transport and Environment Service Remit –2025/26 Budget Savings Proposals

Appendix 1 Transport and Environment Service Remit – Provisional Out-turn 2023/24

The provisional Council-wide General Fund revenue budget position at 31 March 2024 of £2.278m under spent, was reported to Finance and Resources Committee on 19 September 2024. Of this a £2.03m overspend relates to the Place Directorate overall. The declared position for the services within the remit of this Committee is a £0.274m overspend after adjustment for appropriate Council provisions in respect of inflationary and growth impacts. This is representative of 0.7% of the associated net budgets. This is a deterioration from the £0.130m underspend reported at month 9. The breakdown of this and notable variances are shown in Table 1 below.

Table 1 – Transport and Environment Committee Remit – Comparison of month nine forecast to provisional out-turn 2023/24

Service Area	Net Budget 2023/24	Month 9 Variance 2023/24	Provisional Out-turn Variance 2023/24	Main driver of variance
	£m	£m	£m	
Waste	33.234	(0.300)	0.278	Main driver of overspend is higher than forecast volumes of general waste.
Cleansing	13.935	0.310	0.042	Net position for public conveniences.
Network Management and Enforcement	(22.379)	0.030	(0.588)	Favourable variances including cruise liner docking and parking permit income.
Roads and Infrastructure	14.276	(0.470)	0.426	There were several drivers for the out-turn overspend including an overspend in operations required in response to winter weather conditions and fewer road construction consent applications than anticipated.
Placemaking and Mobility	0.775	0.300	0.206	Costs over budget for City Mobility Plan and increase in bus station rental costs.
Total	39.841	(0.130)	0.274	
Variance as % of net budget		(0.3%)	0.7%	

Appendix 2 – Transport and Environment Service Remit –2023/24 Approved Savings Delivery

Table 2 Proposal description/area	2023/24 Approved Saving	Saving Achievement		Further Information
		Achieved	Not Achieved	
Transport and Environment Committee Remit	£'000	£'000	£'000	
	Road Construction Consent Inspections	400	200	200
Strategic Review of Parking	2,000	1,800	200	The elements of non-achievement can be attributed to part year implementation. It is anticipated this will be resolved in 2024/25.
Transport and Environment Organisational Review	120	120	0	Achieved.
Fees and charges. Main uplifts relate to pay and display parking charges £1.9m and parking permits £0.32m.	2,389	2,120	269	The elements of non-achievement can be attributed to part year implementation of parking related income. It is anticipated this will be resolved in 2024/25.
Garden waste income consolidation	400	400	0	Achieved.
Bus lane camera income consolidation	600	300	300	Issues with camera vandalism and energy networks over the year resulted in periods of non-enforcement. As such, fewer penalty notices were issued.
Glass collection and recycling - one-off contract saving	550	550	0	Achieved.
Penalty Charge Notices	2,400	2,000	400	The penalty charge increase was implemented in June 2023 and therefore the full year income of the change was not realised in 2023/24.
Millerhill Third Party Income	3,450	3,450	0	£4.3m was achieved.
Best value reviews	500	500	0	As reported to the Transport and Environment Committee on 20 April 2023, £0.5m of the additional funding for street cleansing approved as part of the 2023/24 revenue budget has been set aside in recognition both lead-in times for implementation of the planned service improvements.
Savings in prudential borrowing costs; includes planned debt servicing for Fleet assets, Depot review programme and Streetlighting assets.	838	838	0	Achieved.
	13,647	12,278	1,369	
		90%	10%	

Appendix 3 Transport and Environment Service Remit – 2024/25 Month three forecast

The provisional Council-wide General Fund revenue budget position of £26.421m overspent, in respect of the month three forecast, was reported to Finance and Resources Committee on 19 September 2024. Of this, a £10.830m overspend relates to the Place Directorate overall. The declared position for the services within the remit of this Committee is a £0.860m underspend after adjustment for appropriate Council provisions in respect of inflationary and growth impacts. This is representative of 2% of the associated net budgets. The breakdown of this and notable variances are shown in Table 3 below.

Table 3 – Transport and Environment Committee Remit – 2024/25 Month three forecast

Service Area	Net Budget 2024/25	Month 3 Variance 2024/25	Main driver of variance
	£m	£m	
Waste	36.144	0.420	Higher than expected volumes of general waste were collected in Qtr1 which has an associated processing cost. This will be carefully monitored, investigated and reported as appropriate.
Cleansing	16.136	(0.190)	Favourable variance relates to lead in period in recruitment of operatives financed by service investment.
Network Management and Enforcement	(27.599)	(1.480)	Favourable variances are in the main from employee underspends and income from rechargeable elements of the service. It is hoped that the parking related income forecast will improve as more operational data is available for the current year. This will be monitored and incorporated in regular routine reporting.
Roads and Infrastructure	15.403	0.370	Assumes a 'normal' severity winter weather response. Increased costs forecast in respect of operational materials with a prudent view on income including road construction consents.
Placemaking and Mobility	0.149	0.020	Increased cost of bus station rent is being offset by assorted operational underspends.
Total	40.233	(0.860)	
Variance as % of net budget		(2%)	

Appendix 4 – Transport and Environment Service Remit –2024/25 Approved Savings Delivery

£13.255m of approved savings were allocated to be delivered by Place Directorate as part of the 2024/25 Approved Budget set by Council. £6.973m* of this relates to budgets within the remit of the Transport and Environment Committee. This is 53% of the Directorate total.

At month three no savings have been assessed as ‘red’ or ‘black’. For presentational purposes these columns are not shown in the table.

Table 4 Proposal description/area	2024/25 Approved Saving	Saving BRAG assessment		Confirmed or planned mitigating actions where full or partial shortfall in delivery identified
		Green	Amber	
Transport and Environment Committee Remit	£'000	£'000	£'000	
Transport ALEOS	2,300	2,300	0	Assessed as on track to be delivered.
Efficiency saving to support capital expenditure.	195	195	0	Assessed as on track to be delivered.
Waste and Cleansing Best Value Review	1,000	772	228	The amber element is largely driven with the variance analysis at month 3 (Appendix 3) re third party costs.
Fees and charges. Place overall was allocated a £0.736m approved budget saving. This element relates to services within the remit of the Transport and Environment Committee only. Main uplifts relate to pay and display parking charges and parking permits £0.325m, and £0.153m of other charges spread over the remit.	478	456	22	The amber element relates to road occupation charge income which will be closely monitored.
Strategic Review of Parking	1,000	1,000	0	Assessed as on track to be delivered.
Parking Pay and Display Income	1,000	1,000	0	Assessed as on track to be delivered.
Bus Lane Camera Enforcement Income	1,000	1,000	0	Assessed as on track to be delivered.
	6,973	6,723	250	
		96%	4%	

*the approved saving in respect of general place efficiencies (£0.395m) may impact on services within the remit of Transport and Environment Committee once formal disaggregation has been undertaken by the Place Senior Leadership Team.

Appendix 5 - Transport and Environment Service Remit –2025/26 Budget Savings Proposals

Place Directorate has pre-approved budget savings of £3.5m to be delivered in 2025/26, including the £1.5m in respect of Waste and Cleansing as set out below.

In addition to this, £15m of additional proposals have been brought forward which relate to the services within Place Directorate, and of this, £8.602m fall within the remit of the Transport and Environment Committee and are set out at summary level in Table 5 below.

Table 5 – 2025/26 budget saving proposals within the remit of Transport and Environment Committee

Proposal description/area	£m	Further Information
Waste and Cleansing Best Value	1.500	Final tranche of previously approved saving totalling £2.5m p.a. Major component relates to the Kerbside Recycling review.
Increase in Pay and Display Parking Charges	1.268	Represents a 10% increase on 2024/25 charges.
Increase in Permit Parking Charges	0.314	Represents a 5% increase on 2024/25 charges.
Parking Income Realignment	1.000	Assumes income over budget can be realised.
CPZ Extension	0.350	Assumes part year impact of approved scheme at Fettes and Portobello.
Flexibility on Fees and Charges	1.500	Permission sought from Scottish Government and COSLA to increase flexibility re existing and new charges.
Fees and Charges	0.170	5% increase on other charges within Committee remit.
Total	6.102	
Proposals which may develop to include Transport and Environment Services		
Review of Charges	0.450	
Programme of Best Value Service Efficiencies	2.200	