

Transport and Environment Committee

10.00am, Thursday, 19 August 2021

Revenue Monitoring Update - 2020/21 Provisional out-turn and 2021/22 Month three 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 provisional revenue out-turn for 2020/21 was a £0.531m overspend, excluding costs attributable to Covid-19. Services within the remit of the Committee delivered provisional out-turn overspends in 2020/21 of £2.182m excluding Covid-19 impacts;
 - 1.1.2 In addition to the position set out at 1.1.1, the provisional outturn for 2020/21 also reflected £21.984m of Covid-19 related expenditure and loss of income impacts for services within the remit of this Committee;
 - 1.1.3 The overall Place revenue budget month three position for 2021/22 is a projected £1.592m overspend (excluding Covid-19 impact). Services within the remit of the Committee are forecasting an overspend of £0.404m;
 - 1.1.4 General Fund Covid-19 costs of circa £13.5m, in addition to the pressure set out at 1.1.3, have been forecast for the overall Place Directorate at month three with circa £9.58m relating to services within the remit of the Committee;
 - 1.1.5 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

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Report

Revenue Monitoring Update – 2020/21 Provisional out-turn and 2021/22 Month three position

2. Executive Summary

- 2.1 This report provides an update on financial performance regarding revenue budgets; provisional 2020/21 out-turn and 2021/22 forecast at month three for the services within the remit of this Committee.

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.
- 3.2 This report provides an update on financial performance regarding revenue budgets; provisional 2020/21 out-turn and 2021/22 forecast at month three for services within the remit of this Committee. A separate [report](#) to the Council's Finance and Resources Committee on 12 August 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 – 2020/21 Provisional Out-turn

- 4.1 The Directorate's activities continued to be subject to significant pressures in 2020/21 and the overall reported outturn position is largely consistent with that reported at month nine. The Place provisional out-turn position for 2020/21 is a net overspend of £0.531m excluding Covid-19 related costs. A range of mitigating actions were identified and implemented in-year to offset pressures across the service. However, additional expenditure incurred as part of the city's response to

severe weather experienced in February meant that it was not possible to mitigate these sums in full.

- 4.2 The provisional out-turn for 2020/21 for the services within the remit of the Committee is a net overspend of £2.182m for 'business as usual' activity when Covid-19 related costs are excluded. The key driver of this increased net overspend was the exceptional expenditure incurred in responding to the severe winter weather. The provisional 2020/21 outturn also reflected £21.984m of Covid-19 related expenditure and losses of income for services within the remit of this Committee (see Appendix 1).
- 4.3 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 12 August 2021.

2020/21 Approved Savings Delivery

- 4.4 The approved budget savings for Place Directorate in 2020/21 were £4.508m with £1.233m of this to be delivered by services within the remit of this Committee.
- 4.5 As reported in the course of the financial year, budget savings were assessed by Place Senior Management Team (SMT) as having been impacted by factors which are mainly attributable to the Coronavirus (Covid-19) pandemic and at "substantial risk" of non-delivery. The out-turn position was £2.478m of delivered savings and a 55% delivery rate. It should be acknowledged that the eventual Directorate overspend was £0.531m as services brought forward one off or substitute measures in order to manage budgetary responsibilities and mitigate where savings could not be made as specified.
- 4.6 Of the £1.348m of savings which relate to this Committee, £0.905m was delivered which equates to 67%. The summary delivery position is shown within Appendix 2.

Place Directorate – 2021/22 Month Three Forecast

- 4.7 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.
- 4.8 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 3. At this juncture, the combination of this and management plans are assessed to be adequate to manage the associated budget risk.
- 4.9 Emergent pressures have been identified in respect of 'business as usual' which, combined with approved savings which have been assessed at 'red', total £1.592m across Place Directorate. The elements which are pertinent to this Committee total £0.404m and in the main relate to Waste and Cleansing services. Plans are actively being developed to bring this budget back into balance.

- 4.10 At month three, Covid-19 costs across Place Directorate have been forecast at £13.520m with £9.580m relating to services within the remit of this Committee (see Appendix 4). The largest component of this relates to lost parking income, although at month three there are signs of recovery which will be closely monitored.
- 4.11 The positions set out in paragraphs 4.9 and 4.10 are incorporated into the overall balanced budget position projected for the Council, as reported to Finance and Resources Committee on 12 August 2021.

2021/22 Budget – Approved Savings Delivery

- 4.12 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 Place SMT and a summary of the savings relevant to this Committee is shown in Appendix 5. As can be seen, there are no savings at ‘black’ or ‘red’ with 22% at ‘amber’ and 78% at ‘green’.

2021/23 Budget – Approved Service Investment

- 4.13 As part of the decisions made by Council on 27 May, members approved service investments totalling £12.8m. Implementation plans are being developed for these investments and a detailed update, including intended associated outcomes, will be presented to the Committee’s next meeting.

5. Next Steps

- 5.1 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 – Covid-Related Increases in expenditure and losses of income, 2020/21
- 9.2 Appendix 2 - Place Directorate: 2020/21 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Transport and Environment Committee
- 9.3 Appendix 3 - Place Directorate: 2021/22 Budget – Residual Pressures Funding – Services within the remit of Transport and Environment Committee
- 9.4 Appendix 4 - Covid-Related Increases in expenditure and losses of income, 2021/22
- 9.5 Appendix 5 - Place Directorate: 2021/22 Month Three - Approved Savings Assessment - Services within the remit of Transport and Environment Committee

Appendix 1 – Covid-Related Increases in Expenditure / Losses of Income, 2020/21

Area	Description	Actual Cost £m
Parking	Loss of income from on-street car parking due to the suspension of city-wide charges until 22 June 2020, with continuing shortfalls in income for the remainder of the year due to reduced demand and/or space availability.	12.297
Waste and Cleansing	Additional refuse collection vehicles, fuel, external contractors, PPE, etc. Sum also includes agency staffing and overtime expenditure linked to the reopening of Community Recycling Centres and for providing wider absence cover, as well as a reduction in income from sale of recyclates, based on depressed state of market. It furthermore includes (i) the financial impacts of greater-than-normal waste tonnages collected in the year to date, (ii) necessarily-reduced enforcement activity and (iii) the net in-year impact of refunds for garden waste customers.	4.007
Roads	Reduction in staff salaries chargeable to the Capital Programme.	1.488
Parking	Loss of parking fine income, net of reduced enforcement costs.	1.082
Other	Includes loss of income from cruise liner berthing, Bus Station, table and chairs permits, pest control and scientific services.	3.110
		21.984

Appendix 2 – Place Directorate: 2020/21 Provisional Out-turn – Approved Savings Delivery Summary- Services within the remit of Transport and Environment Committee

2020/21 Budget Approved Savings Position Transport and Environment Committee	Delivered £m	Not Delivered £m	Total £m
Parking Action Plan Phase 2	-	0.118	0.118
Workforce Savings	0.090	-	0.090
Transport Reform	0.400	-	0.400
Joint Approach to Waste Contracts	-	0.325	0.325
Allocation of increase in fees and charges	0.415	-	0.415
Total £	0.905	0.443	1.348
Total %	67%	33%	100%

Appendix 3 – 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 4 – Covid-Related Increases in Expenditure / Losses of Income, 2021/22

Area	Description	Actual Cost £m
Parking	Reductions in parking income	6.000
Roads	Provision for reduction in salaries chargeable to capital	0.500
Waste and Cleansing	Provision for additional costs / greater than normal waste tonnages	1.200
Other	Reductions in income; cruise liner berthing, tables and chairs permits, Bus Station, scientific services.	1.880
		9.580

Appendix 5 – Place Directorate: 2021/22 Month Three - 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	0.075	0.075	-	-	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	1.965	0.544	-	-	2.509
% of Total Savings	78%	22%	-	-	100%