

Transport and Environment Committee

10.00am, Thursday, 14 October 2021

Revenue Monitoring Update - 2021/22 Month five 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 five 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;
 - 1.1.2 General Fund Covid-19 costs of circa £12.57m, in addition to the pressure set out at 1.1.1, have been forecast for the overall Place Directorate at month five with circa £8.630m 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.

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Executive Director of Place

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Revenue Monitoring Update –2021/22 Month five position

2. Executive Summary

- 2.1 This report provides an update on the 2021/22 revenue budget forecast at month five for the services within the remit of this Committee.
- 2.2 The forecast position, excluding Covid-19 impact is unchanged from that reported to Committee at month three and is a projected overspend of £1.592m for Place Directorate, of which £0.404m relates to services within the remit of this Committee. A more detailed half-year review exercise is in progress and will be reported in the next Committee cycle.
- 2.3 The forecast position in respect of Covid-19 impact is a cost of £12.57m for Place Directorate, of which £8.630m relates to services within the remit of the Committee. This is an improvement on the month three position and primarily reflects some recovery in parking income.

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 the 2021/22 revenue budget forecast at month five for the services within the remit of this Committee. A separate report to the Council's Finance and Resources Committee on [7 October 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 Five Forecast

- 4.1 A suite of assumptions has been applied to the 2021/22 forecast in terms of service adaptation in response to current public health guidance. These will continue to be monitored and reported at regular intervals as part of on-going financial risk analysis.
- 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 investment and management plans are considered to be adequate to manage the associated legacy budget risk.
- 4.3 At month five, there has been no movement in respect of the ‘business as usual’ position from that reported at month three. Emergent pressures have been identified which, when combined with approved savings assessed as ‘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 and include the impact of keeping public conveniences open until the end of the calendar year. Plans are still being developed to bring this budget back into balance.
- 4.4 At month five, Covid-19 costs across Place Directorate have been forecast at £12.570m with £8.630m relating to services within the remit of this Committee (see Appendix 2). The largest component of this relates to lost parking income, although at month five there are signs of recovery which will be closely monitored.
- 4.5 There are financial risks not included in the forecast which are regularly monitored by the Place Senior Management Team ((SMT). One such risk which falls within the remit of this Committee is the £0.400m 2020/21 approved saving in respect of the Council’s contribution to Transport for Edinburgh operating costs. This was achieved in 2020/21 and it is assumed this will continue.
- 4.6 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 [7 October 2021](#).

2021/22 Budget – Approved Savings Delivery

- 4.7 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 3. 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

- 4.8 As part of the decisions made by the 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, 25% has been assessed as ‘red’, 70% at ‘amber’ and 5% at ‘green’ as at month five. It is expected that this assessment will materially improve over the coming months as implementation develops and proceeds.

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 - Place Directorate: 2021/22 Budget – Residual Pressures Funding
- 9.2 Appendix 2 - Covid-19 – 2021/22 Related Increases in costs and loss of income
- 9.3 Appendix 3 - Place Directorate: 2021/22 Month Five - Approved Savings Assessment
- 9.4 Appendix 4 – Place Directorate: 2021/22 Month Five – Approved Investment Assessment

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 costs and losses of income.

Area	Description	Actual Cost £m
Parking	Reductions in parking income	5.200
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.	1.730
		8.630

Appendix 3 – Place Directorate: 2021/22 Month Five - 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%

Appendix 4 – Place Directorate: 2021/22 Month Five – 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	
Communal Bins. No contractual commitment to be made until outcome of Zero Waste Scotland funding application is known in October 2021. Revised business case may be required depending on funding outcome.	1.100
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 and alternative options are therefore being investigated.	0.800
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
Roads, Pavements & Carriageways. A Delivery programme has been developed and associated phasing is being tested and agreed with Finance colleagues.	6.000
Increased foot and carriageway gritting and cleaning. Procurement of the additional vehicles is underway. Pavement gritting routes have been designed and are being tested and risk-assessed by staff.	0.300
Electric Vehicle Infrastructure. Relates to installation of charging points for Council fleet.	0.250
Energy and Waste Actions – Net Zero Strategy. Implementation planning underway, project management support required given tight timescales.	0.200
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 and now into secondments and/or recruitment for resource.	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