

Governance, Risk and Best Value Committee

10.00am, Tuesday, 17 September 2024

Update – Proposals to End Library Overdue Fines

Executive/routine
Wards

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
 - 1.1.1 Note the report, in response to the decision at GRBV Committee on 4 June 2024, in relation to a referral from the Cultural and Communities Committee on proposals to end library overdue fines, at no detriment to the library service.

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Update – Proposals to End Library Overdue Fines

2. Executive Summary

- 2.1 On 22 February 2024, the Council approved a decision to permanently end overdue fines, at no detriment to the library service.
- 2.2 A budget allowance of £71,000 has been allocated to the Libraries Service to reflect the estimated direct impact of the Council decision to end overdue library fines. This allowance is equivalent to the actual income received in the most recent years (prior to suspension of fines in 2020/21).
- 2.3 A formal procedure requiring immediate action to address budget pressures is in place through the Council's approved Scheme of Delegation and Financial Regulations. Where financial reporting indicates that a shortfall on budgeted income is forecast, the relevant service manager should take immediate and appropriate action to prevent a budget overspend.
- 2.4 A remaining budget pressure of £114,000, reflecting reductions in overdue library fine income over several years from 2007, remained to be addressed by service management. As reported to Culture and Communities Committee, this was to be met from the wider Place directorate revenue budget and a budget realignment has now been agreed from the Operational Services budget to the Libraries budget to fully address this issue.
- 2.5 The Council's approved budget for 2024/25 is underpinned by a requirement for relevant Service Directors and Senior Managers to develop and implement detailed plans to fully mitigate known and emerging budget pressures. In line with a "lessons learned" approach, additional actions are being implemented to strengthen oversight and accountability for active management of budget pressures.

3. Background

- 3.1 The Governance, Risk and Best Value Committee considered a referral from the Culture and Communities Committee concerning proposals to end library overdue fines at its meeting on 4 June 2024.

- 3.2 The Governance, Risk and Best Value Committee agreed the following decision:
- (i) to receive a report in one cycle, which sets out the process by which an unfunded budget pressure, related to the permanent ending of overdue fines, was approved as part of the council's budget setting process, any lessons learned, and how this can be avoided in future.
 - (ii) that this report should assess the budget process whereby recurring budget pressures sit against services, with clear evidence that income or savings will not be achieved year after year, and develops a formal procedure for addressing these pressures as part of the annual budget setting process.

4. Main report

Proposals to End Library Overdue Fines

- 4.1 On 22 February 2024, the Council approved a decision to permanently end overdue fines, at no detriment to the library service.
- 4.2 A budget allocation of £71,000 was made to reflect this Council decision. This additional financial allocation was designed to ensure no detriment to the service and reflects the estimated direct impact of the policy decision. The allocation of £71,000 is equivalent to the average level of library fine income received by the library service over the most recent six financial years, prior to suspension of fines in 2020/21.
- 4.3 Formal procedures to address budget pressures, including projected shortfalls in budgeted income, are in place through the Council's Scheme of Delegation to Officers and Financial Regulations. Executive Directors, Service Directors and budget managers are fully accountable for the performance of their service against the approved budget. Where financial reporting indicates that an overspend or shortfall on budgeted income is forecast, the relevant service manager is required to take immediate and appropriate action to prevent a budget overspend.
- 4.4 Financial reporting to the Council Leadership Team and Council Committees has consistently highlighted the on-going need for budget pressures to be fully and proactively managed within Directorates.
- 4.5 Budgeted income in the Library Services in 2022/23 was £185,000. This represented an outdated position. Income from library fines has fallen steadily from £172,000 in 2007/08 to £49,000 in 2019/20. As noted above, a reasonable budget allocation of £71,000 was allocated to reflect the estimated direct impact of the policy decision to permanently end library fines. The remaining balance of £114,000 reflects a reduction in budgeted income over several years which should, under the Council's formal financial governance procedures, be addressed through action by service management to deliver services within the approved budget.

- 4.6 As reported to Culture and Communities Committee, this remaining pressure was to be met from the wider Place directorate revenue budget, and a budget realignment of £114,000 has now been agreed from the Operational Services budget (where additional income was identified) to the Libraries budget to fully address this issue.

Lessons Learned / Strengthening Financial Accountability

- 4.7 As noted above, the Council's financial reporting and formal financial governance procedures are explicit on the requirement for budget managers to develop immediate and appropriate action where budget pressures sit against services, either in relation to a projected budget overspend or a projected shortfall in budgeted income.
- 4.8 The approved revenue budget for 2024/25 reiterates the critical importance of robust and active management of all known and emerging budget pressures, with relevant Directors required to develop detailed plans for full mitigation of pressures on a sustainable basis. Management of these pressures is particularly important given that available offsetting savings in corporate budgets in 2023/24 are assumed within the 2024/25 budget.
- 4.9 In line with a "lessons learned" approach, additional actions have been taken to strengthen financial management and accountability including:
- (i) The Council's Budget Strategy, agreed in the 2024/25 Budget process, emphasises the requirement to address underlying budget pressures as a key foundation to underpin a more sustainable position in the Council's medium-term financial strategy.
 - (ii) Briefings on the Council's formal Financial Governance Framework and budget accountability requirements have been considered by the Council Leadership Team and cascaded to Directorate Management Teams.
 - (iii) The Chief Executive has directed all senior managers to prioritise urgent budget work, including management of financial pressures.
 - (iv) Executive Directors and Service Directors are convening regular meetings to actively manage key service budget pressures.
 - (v) Finance teams are prioritising work with service managers to review and realign budgets to seek to ensure that expenditure and income budgets remain realistic.
 - (vi) A Budget Strategy Working Group is being established to support the delivery of the Council's budget strategy and support setting a balanced budget for 2025/26.
 - (vii) The Chief Executive and Service Director, Finance and Procurement are establishing a Budget Management Accountability Board. Meetings with the relevant service manager(s) will be convened where budgets are materially overspending, savings are not being delivered and / or budget pressures are not being actively managed.

- 4.10 The first financial monitoring review of 2024/25 is ongoing and an update on the in-year position, including Directorate budget pressures, will be reported to the Finance and Resources Committee in September.
- 4.11 More detailed reports on Directorate plans to address budget pressures will be reported for scrutiny through the relevant Executive Committees from September.
- 4.12 The Chief Executive and Service Director: Finance and Procurement, through the existing governance framework, will first agree appropriate action to address service pressures. Where it is clear that income or savings will not be achieved and where the service area is unable to fully mitigate this, we will consider alternatives, including consideration of any required changes to financial or budgeting processes.

5. Next Steps

- 5.1 In line with the Council's approved financial governance procedures and Budget Strategy, work will continue to address underlying service budget pressures. More detailed update reports on detailed Directorate plans to address budget pressures will be reported for scrutiny through the relevant Executive Committees.

6. Financial impact

- 6.1 There are no direct relevant impacts arising from the report's contents.

7. Equality and Poverty Impact

- 7.1 There are no direct relevant impacts arising from the report's contents.

8. Climate and Nature Emergency Implications

- 8.1 There are no direct relevant impacts arising from the report's contents.

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

- 9.1 As outlined in the Council's approved Budget Strategy, addressing underlying budget pressures, in accordance with the Council's approved Scheme of Delegation and Financial Regulations, is a key foundation to establishing a sustainable position in the Council's medium-term financial strategy.

10. Background reading/external references

- 10.1 [Proposals to End Library Overdue Fines - referral from the Culture and Communities Committee](#), Governance, Risk and Best Value Committee, 4 June 2024
- 10.2 [Financial Regulations](#)
- 10.3 [Scheme of Delegation to Officers](#)

11. Appendices

- 11.1 None