



DEVELOPMENT AND TRANSPORTATION POLICY DEVELOPMENT AND SCRUTINY PANEL

2019/20 FINANCIAL PERFORMANCE – MONTH 6 MONITORING REPORT

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To provide the Panel with an update on the financial performance of the Development and Transportation portfolio.

B. RECOMMENDATION

It is recommended that the Panel:

1. Notes the financial performance of the Development and Transportation portfolio as at month 6;
2. Notes that the Development and Transportation portfolio position at month 6 is part of the overall council budget position reported to Council Executive on 12 November 2019;
3. Notes any actions required to be taken by Heads of Service and budget holders to manage spend within available resources.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on customers' needs, being honest, open and accountable, making best use of resources, working in partnership.
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Local Government (Scotland) Act 1973, Section 95; Local Government in Scotland Act 2003, section 1-14.
III Implications for Scheme of Delegations to Officers	No implications at this stage.
IV Impact on performance and performance indicators	Effective budget management is an essential element of service performance. Additional financial reporting provides elected members with information to allow for proper scrutiny of performance of services.
V Relevance to Single Outcome Agreement	The revenue budget provides resources necessary to help deliver the Single Outcome Agreement. Effective prioritisation of resources is essential to achieving key outcomes.

VI Resources – (Financial, Staffing and Property)	A forecast underspend of £121,000 is the position for the Development and Transportation portfolio revenue budget in 2019/20.
VII Consideration at PDSP	A financial performance report will be presented to the Panel twice yearly on an ongoing basis.
VIII Other Consultations	Depute Chief Executives, Head of Operational Services and Head of Planning, Economic Development and Regeneration

D. TERMS OF REPORT

D.1 Introduction

This report provides an update on the general fund revenue financial performance in respect of the Development and Transportation Policy Development and Scrutiny Panel (PDSP) portfolio of services. The council's revenue budget is operationally managed at a Head of Service level, and the financial position included within this report formed part of the overall council position reported to Council Executive on 12 November 2019. This report also includes the position on the delivery of approved budget reduction measures relevant to the Development and Transportation portfolio for 2019/20.

The budget monitoring process is undertaken in line with the council's budgetary control framework and procedures, which place particular focus on a risk based and pro-active approach to budget monitoring.

This report focuses on the financial performance of council services which further enhances the information presented to elected members to allow scrutiny of service and financial performance. The report contains reference to key performance measures for service areas which are contained within Service Management Plans and referenced in the 2017/18 Local Government Benchmarking Framework (LGBF) data-set. LGBF data for 2018/19 will be collated by the Improvement Service and will be made available later in the financial year.

D.2 Financial Information for 2019/20 Month 6 Position

The table below summarises the position in relation to service expenditure for the portfolio area. As part of the monitoring exercise, a number of key risks and service pressures have been identified and these are noted in the narrative for the relevant service area.

Service	2019/20 Budget £'000	Month 6 Forecast £'000	Variance £'000
GENERAL FUND REVENUE			
Operational Services			
Public Transport	2,334	2,213	(121)
Operational Services - Total	2,334	2,213	(121)
Planning, Economic Development and Regeneration			
Planning Services	353	353	0
Economic Development and Regeneration	2,390	2,390	0
Planning, Economic Development and Regeneration - Total	2,743	2,743	0
TOTAL EXPENDITURE GENERAL FUND REVENUE	5,077	4,956	(121)

D.3 Summary of Main Issues in Service Expenditure Budgets and Impact on Performance

D.3.1 General Fund Revenue - Operational Services

Public Transport

Expenditure within the Development and Transport portfolio relates to concessionary travel and local bus subsidies and the position for 2019/20 is a projected underspend of £121,000. The remainder of Public Transport relates to support for school transport and this is reported to the Education PDSP. Although there is an underspend within the expenditure for the Portfolio area, these are offsetting pressures on school transport.

The outturn for Local Bus expenditure which relates to subsidising approximately 20% of the West Lothian bus network (the other 80% is commercially operated) is a projected underspend of £131,000. The Concessionary Rail scheme forecast is an overspend of £10,000. Demand for this type of service is increasing year on year and the underspend within Public Transport will be required in future years to meet anticipated demand.

On 25 June 2019, Council Executive considered a report advising of the outcome of the Local Bus Services Review and outlines contract changes required to remove the subsidised duplication of the local bus network whilst maintaining a sustainable subsidised service which contributed to the council's overarching public transport strategy. It was reported that eight contracts had been identified as duplication to the commercial network and would generate an annual saving around £305,000. It was also identified that there was a requirement to retain the savings identified from the duplicate service review to address some of the overall public transport pressures. However, due to other service changes in the local bus network since June 2019, the level of underspend has reduced and the remaining amount is £131,000, and as agreed at Council Executive, this underspend is to be preserved for remaining pressures within Public Transport expenditure.

In terms of service performance, the key indicator is public access to an hourly bus service and the council has a target of 90% of residents having such access. The most recent reporting period indicates that 91.6% of residents have access to an hourly service, an increase from the previous reported figure which was 86%. In 2018, First Bus significantly changed their commercial network developing a revised model concentrating on reducing internal West Lothian journey times and accessing as many areas as possible whilst providing a hub for onward travel. This, alongside the introduction of a new large local bus provider, Lothian Country, has resulted in the performance indicator increasing above target.

D.3.2 General Fund Revenue – Planning, Economic Development and Regeneration

Planning Services

The service is forecast to break even for the year. The main risk area continues to relate to planning income, however it should be noted there is an upwards trend in both planning applications and building warrants with 79% of the annual income target having been collected by month 6. The general economic situation can impact on the level of planning and building warrant income, factors such as interest rate changes and employment levels can affect the housing market.

Service performance remains high with the majority of performance indicators within agreed targets. One area where service delivery has been below target is major planning applications which have taken longer than anticipated, mainly as a result of the complex nature of these applications. Customer satisfaction within this area has reduced slightly as a result of the channel shift initiatives but it is anticipated that satisfaction will increase as the new processes are consolidated.

Economic Development and Regeneration

The Economic Development and Regeneration forecast out-turn is breakeven. Approximately half of the expenditure within this area is funded by one-off external funding or time limited funds. The significant areas are Scottish Government Economic Growth Funding and the time limited investment on employability projects, including the council's apprentice and graduate schemes. In terms of the Economic Growth Fund package of £9.9 million over the period 2013/14 to period 6 of 2019/20, £5.9 million has been spent with a further £3.7 million committed against projects agreed or in progress.

In terms of service performance, the council is ranked 17th in the LGBF for the percentage of unemployed persons that are helped into work programmes supported by the council and 8th for the number of business start-ups per population. Customer surveys indicate that the service is achieving results above targets.

D.3.3 General Fund Revenue – Monitoring of approved budget reductions

For the Development and Transportation portfolio, savings in 2019/20 are anticipated to be fully delivered by the end of the financial year. At this stage, there are no significant issues that will impact on the delivery of current year savings. The operational delivery of the savings for future years is progressing well.

E. SUMMARISED BUDGET POSITION FOR 2018/19

The month 6 position is a projected underspend of £121,000 within the General Fund Revenue budget for the Development and Transportation portfolio. The month 6 position was reported to Council Executive on 12 November 2019.

F. FUTURE BUDGET ISSUES AND RISKS

The Partnership and Resources PDSP considered updated financial planning assumptions for the three years 2020/21 to 2022/23 on 12 September 2019. Any changes to the budget model and approved budget savings will be reported for consideration at the Council budget setting meeting in February 2020. In addition, as noted in the PDSP report, officers will continue to review and refine the budget model assumptions in line with established practice in advance of presenting an updated three year detailed revenue budget to Council in February 2020. As reported to the Partnership and Resources PDSP on 12 September 2019, the balance of savings still to be identified was £6.730 million, after taking account of an update to the financial model.

The significant level of approved savings, in addition to savings achieved in previous years and the impact of constrained funding, is resulting in an increased risk of overspends across council services and the ability to deliver approved budget reductions. In addition, there are recurring pressures of £1.738 million, as reported to Council Executive on 12 November 2019. Mitigating actions have been agreed and are being implemented to ensure these pressures are managed on a recurring basis.

The overall position reflects the very challenging financial context the council is now facing after many years of funding constraints and requirements to make significant savings with demand for services continuing to grow. There are considerable risks and uncertainties around various aspects of council spending, including the costs of demand led services especially in social care, the level of inflationary increases in budgeted expenditure and the waste recycling market. There are also major risks connected to the future level of UK and Scottish Government funding and of policy changes that impact on local government in Scotland.

Specifically for the Development and Transport portfolio, there are key risks around the effects of Brexit. In particular on the external funding of projects and also on the wider economic position which can affect employment levels and housing. Planning application and building warrant income is directly linked to housing activity which in turn is linked to the wider

economic situation. Increasing demand for public transport services and contractual costs above inflation are also key risks for the portfolio area.

The council's risk based approach to budget monitoring will ensure that effective action is taken to manage risks during the course of the financial year. Officers will continue to provide updates on risks as part of the quarterly budget monitoring reporting to Council Executive at period 4, 6 and 9.

G. CONCLUSION

The forecast position for the Development and Transportation portfolio is an underspend of £121,000. As noted, the position for the Development and Transportation portfolio is part of the overall outturn forecast position for 2019/20 which was reported to Council Executive on 12 November 2019.

H. BACKGROUND REFERENCES

1. Council Executive 2019/20 General Fund Revenue Budget – Month 6 Monitoring Report – 12 November 2019
2. Council Executive – Local Bus Review – Report by Head of Operational Services 25 June 2019
3. Local Government Benchmarking Framework

Appendices / Attachments: None

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