

# Finance and Resources Committee

10.00a.m., Thursday, 27 August 2015

## Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme - Month Two Position

Item number	7.8
Report number	
Executive/routine	
Wards	All

### Executive summary

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Following the requirements of the Council's Financial Regulations, this report provides information on the Corporate Governance revenue budget financial performance, in comparison to budget.

The report advises of a projected favourable variance of £0.995 million for the Corporate Governance revenue budget for 2015/16. It is anticipated this favourable variance will be used to offset budget pressure in the Health and Social Care revenue budget. The attainment of this position is subject to on-going management of service-specific risks and pressures.

### Links

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Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	

## Corporate Governance - Revenue Budget Monitoring 2015/16 and Capital Investment Programme - Month Two position

### Recommendations

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1.1.1 It is recommended that the Finance and Resources Committee notes:

- 1.1.1 the Corporate Governance service is currently projecting a favourable variance of £0.995 million;
- 1.1.2 the risks to the Corporate Governance service 2015/16 revenue budget projection; and
- 1.1.3 expenditure on the Corporate Governance Capital Investment Programme is projected to be in line with budget.

### Background

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- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Corporate Governance service financial performance to the Finance and Resources Committee.
- 2.2 This report advises on the financial position of the Corporate Governance revenue budget after two months of the financial year and provides an update on the projected outturn for 2015/16. A projection is also provided for the Corporate Governance Capital Investment Programme.

### Main report

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#### Month Two Position

- 3.1 The Corporate Governance net revenue budget for 2015/16 is £74.1 million. This requires achievement of approved savings of £6.969 million.
- 3.2 The period two projection reflects a favourable variance of £0.995 million. An analysis of this projection by service area is provided in Appendix 1. One-off and accelerated savings proposals of £0.995 million have been developed to offset Health and Social Care budget pressures in 2015/16. Savings measures identified are:
  - increased income recoveries (2015/16 only) – Culture and Sport - halls, museums and venues £0.1 million;
  - controls over discretionary expenditure (2015/16 only) - £0.345 million;

- one-off savings in cost of benefits (2015/16 only) - £0.1 million;
- inflation provision indexation (2015/16 only) - £0.050 million;
- acceleration of planned savings from 2016/17 to 2015/16 - £0.2 million;  
and
- favourable variance on service contingency (2015/16 only) - £0.2 million.

### **Savings Implementation Plans**

- 3.3 The revenue budget approved by Council requires Corporate Governance to achieve incremental savings of £6.969 million in 2015/16. These are detailed in Appendix 2. Savings implementation plans have been developed and revenue budget monitoring reports are considered by the Corporate Governance Management Team on a regular basis.
- 3.4 Savings and additional income targets are forecast to be fully achieved in 2015/16.

### **Risks**

- 3.5 There remain a number of risks in the Corporate Governance revenue budget, primarily relating to:
- Demand for payment of Discretionary Housing Payment (DHP) exceeding available resources. To mitigate this risk, payment thresholds will continue to be monitored during 2015/16 and reviewed, if required;
  - Cost of supernumerary staff within Human Resources and Organisational Development;
  - Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. The level of income achievable is not fully known with certainty until the year end;
  - Risk of savings targets not being fully achieved.

### **Contingency Planning**

- 3.6 A contingency of £0.5 million is held to mitigate service risks. The contingency is anticipated to be partially utilised during 2015/16 to offset Health and Social Care budget pressures of £0.2 million and to fund additional Health and Safety staff costs of £0.1million. A service contingency of £0.2 million is therefore forecast to be available to mitigate service financial risks during 2015/16.

### **Capital**

- 3.7 Corporate Governance service has a capital investment programme of £2.4 million in 2015/16. This is projected to be spent in line with the approved budget. The main projects are:
- Customer Services ICT Investment/Transformation (£1.8 million);
  - Pavilion, pitches and sports facilities (£0.3 million);
  - Edinburgh Leisure – investment in sports facilities (£0.2 million);

- Calton Hill/Collective Gallery project (£0.1 million).

## Measures of success

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- 4.1 Corporate Governance final outturn for 2015/16 is within budgeted levels and the service meets performance targets.

## Financial impact

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- 5.1 The report identifies a projection of a favourable Corporate Governance revenue budget variance of £0.995 million for 2015/16. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

## Risk, policy, compliance and governance impact

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- 6.1 The delivery of expenditure within the approved revenue budget for 2015/16 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be regularly monitored and reviewed and management action is taken as appropriate.

## Equalities impact

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- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are subject to an initial Equalities and Rights Impact Assessment.

## Sustainability impact

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- 8.1 There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

## Consultation and engagement

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- 9.1 There is no external consultation and engagement arising directly from this report. The Council undertook a budget engagement exercise when developing the 2015/16 revenue budget.

## Background reading/external references

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None.

**Alastair D Maclean**

Chief Operating Officer

Deputy Chief Executive

Contact: Iain Shaw, Principal Accountant

E-mail: [iain.shaw@edinburgh.gov.uk](mailto:iain.shaw@edinburgh.gov.uk) | Tel: 0131 469 3117

## Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council outcomes</b>	CO25 – The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 - Revenue Budget Monitoring 2015/16 - Month Two position - Forecast Revenue Outturn by Service Area. Appendix 2 - Corporate Governance - Approved Revenue Budget Savings 2015/16.

# Appendix 1

## Corporate Governance

### Revenue Budget Monitoring 2015/16

#### Month Two position

#### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Corporate Programme Office	216	232	16	Adv
Organisational Development and HR	5,460	5,560	100	Adv
Culture and Sport	19,260	19,160	(100)	Fav
Finance	6,859	6,859	0	-
Legal Risk and Compliance	3,042	3,042	0	-
Communications	1,917	1,902	(16)	Fav
Customer Services	35,508	35,358	(150)	Fav
Directorate / Chief Executive	1,343	1,343	0	-
Service wide controls on discretionary expenditure	-	(345)	(345)	Fav
Contingency	500	200	(300)	Fav
Transformational Programme savings	-	(200)	(200)	Fav
<b>Total Net Expenditure</b>	<b>74,106</b>	<b>73,111</b>	<b>(995)</b>	<b>Fav</b>

# Appendix 2

## Corporate Governance

### Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Communications	Development of merchandising.	0.025	
Communications	Contract Reviews - reduction in news management and media monitoring services	0.003	
Corporate Programme Office	Corporate Programme Office – funding to be achieved from support provided to projects.	0.225	
Culture and Sport	Reduction in Service Payment - Edinburgh Leisure.	0.500	
Culture and Sport	Reduction in Events Partnership funding.	0.190	
Culture and Sport	Reduction in Activity budget.	0.025	
Culture and Sport	Staff savings/vacancy management.	0.016	
Culture and Sport	Policy and Planning - vacancy management.	0.045	
Culture and Sport	Public Safety - vacancy management.	0.015	
Culture and Sport	Implement recharges for Licensing for non-houses of multiple occupancy.	0.056	
Culture and Sport	Rates - vacant property (Leith Waterworld) - property transfer concluded.	0.100	
Culture and Sport	Cessation of approved investment to undertake a review of sports facilities and services currently managed by Edinburgh Leisure and the Council.	0.050	
Culture and Sport	Additional Income from the Assembly Rooms, Usher Hall and Museums.	0.184	
Culture and Sport	Public Safety - additional external income.	0.010	
Customer Services	Staffing reductions in Non Domestic Rates, Council Tax debt recovery and Banking	0.200	
Customer Services	ICT Transformation - Core ICT team workforce management, to include reduction in agency staff and vacancy management.	0.075	
Customer Services	Customer Services Improvement Plan - staff savings, driven by maximising uptake of online services and through increased marketing activity.	0.375	
Customer Services	Sheriff Officer contract - new contract negotiated with reduced commission rates.	0.200	
Customer Services	Additional income - Council Tax Fraud Team.	0.050	
Customer Services	Revenues and Benefits, Contact Centre, Human Resource Service Centre / Payroll, ICT (Operations) and Print Services.	0.918	
Customer Services	Channel Shift.	0.128	
Customer Services	Contract Review – postages.	0.100	
Customer Services	Customer Services ICT Transformation.	0.150	

# Appendix 2 (cont.)

## Corporate Governance

### Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Customer Services	Council Tax Reduction Scheme - re-alignment of expenditure to reflect current demand.	0.486	
Customer Services	Housing Benefits - re-alignment of expenditure to reflect current demand.	0.350	
Finance	Financial Services staff saving.	0.250	
Finance	Procurement Service staff saving.	0.050	
HR and Org Dev	Agency staff contract - negotiate supplier rebate.	0.090	
HR and Org Dev	Members' Services - staff saving.	0.100	
HR and Org Dev	Re-alignment of budgeted expenditure.	0.030	
Legal, Risk and Compliance	Legal Services staff saving and efficiencies.	0.350	
Legal Risk and Compliance	Governance Service staff saving.	0.050	
Legal, Risk and Compliance	Transfer former District Court to Corporate Property resource.	0.460	
Legal, Risk and Compliance	Governance Service: Records Centre - recharges to other local authorities.	0.050	
Legal, Risk and Compliance	Staffing reductions in Business Intelligence.	0.100	
Legal, Risk and Compliance	Re-align Risk Management service.	0.025	
Legal, Risk and Compliance	Cessation of time-limited investment in business intelligence, external relationships and community planning partnerships.	0.050	
Service-wide	Sharing of support staff	0.100	
Service-wide	Reduction in discretionary expenditure	0.045	
Service-wide	Procurement efficiency tariff	0.058	
Service-wide	Workforce savings	0.685	
	<b>TOTAL</b>	<b>6.969</b>	