

Finance and Resources Committee

10.00a.m., Thursday, 29 October 2015

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

Item number	7.5
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides updated information on the Corporate Governance revenue budget performance for 2015/16, based on actual expenditure and income to the end of August 2015 and expenditure and income projections for the remainder of the financial year.

The report advises of a balanced year-end projection for the Corporate Governance revenue budget for 2015/16. This position is achieved after transfer of £0.995m of budget provision to offset pressures 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

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

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

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 Corporate Governance service is currently projecting expenditure within the approved revenue budget for 2015/16;
 - 1.1.2 the risks to the achievement of a balanced revenue budget projection; and
 - 1.1.3 expenditure on the Corporate Governance Capital Investment Programme is projected to be in line with budget.

Background

- 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 projected outturn for the Corporate Governance revenue budget for 2015/16 after five months of the financial year. A projection is also provided for the Corporate Governance Capital Investment Programme.

Main report

Month Five Position

- 3.1 The Corporate Governance net revenue budget for 2015/16 is £74.6 million. This requires achievement of approved savings of £6.969 million.
- 3.2 The period five projection reflects expenditure within approved budget. This is stated after achievement of favourable variances of £0.995 million, which have been transferred to contribute towards mitigation of Health and Social Care budget pressures.
- 3.3 An analysis of the projection by service area is provided in Appendix 1. One-off and accelerated savings proposals of £0.995 million approved by Council on 17 September 2015 to meet Health and Social Care budget pressures were:
 - 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

- 3.4 The revenue budget approved by Council on 12 February 2015 requires Corporate Governance to achieve incremental savings of £6.969 million in 2015/16. These are detailed in Appendix 2.
- 3.5 The Savings Plan has been updated to reflect the additional savings of £0.995million approved by Council on 17 September 2015, as referred to at paragraph 3.3.
- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Corporate Governance Management Team on a regular basis.
- 3.7 Savings and additional income targets are forecast to be fully achieved in 2015/16 and are therefore classified as 'green'. Savings of £0.200 million from acceleration of the Transformation Programme Business and Support Services are included within this classification, following Finance and Resources Committee approval of the report [2016/20 revenue and capital budget framework](#) on 24 September 2015 to authorise Executive Directors to take forward detailed planning and development of 2016/20 savings proposals (recommendation 1.1.5).

Risks

- 3.8 There remain a number of risks in the Corporate Governance revenue budget. Key risks are:
- Demand for payment of Discretionary Housing Payment (DHP) exceeding available resources. At this stage in the financial year, there is sufficient evidence to indicate this risk is reducing. To mitigate this risk, payment thresholds will continue to be monitored and will be reviewed, if required;
 - Cost of supernumerary staff within Human Resources and Organisational Development. The Council's policies on redeployment and voluntary severance are being utilised to mitigate this risk;
 - Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will continue to be monitored for the remainder of the year. It should be noted that the level of income achievable is not fully known with certainty until the year end;
 - Risk of savings not being fully achieved. Progress towards the achievement of all savings targets will continue to be tracked and reported to Corporate Governance Management Team. Alternative

savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

Contingency Planning

3.9 Following partial use of service contingency 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 available to mitigate service financial risks for the remainder of 2015/16.

Capital

3.10 Corporate Governance service has a capital investment programme of £2.7million in 2015/16. This is projected to be fully spent in line with the approved budget. The capital investment programme has increased by £0.3million since the Month Two position reported to Finance and Resources Committee, following confirmation of funding of £0.3 million from the Scottish Government for the Connected Capital project. The main projects are:

- Customer Services ICT Investment/Transformation (£1.8 million);
- Pavilion, pitches and sports facilities (£0.3 million);
- Connected Capital (£0.3 million);
- Edinburgh Leisure – investment in sports facilities (£0.2 million);
- City Observatory-Calton Hill/Collective Gallery project (£0.1 million). On 24 September 2015, Heritage Lottery Fund announced funding of £1.3million towards the cost of this project. It is anticipated that construction costs will occur in 2016/17.

Measures of success

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

Financial impact

5.1 The report projects Corporate Governance expenditure and income will be within approved budget, after achievement of a favourable variance of £0.995 million to contribute towards Health and Social Care budget pressures. 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

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

- 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

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

Consultation and engagement

- 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

[Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month Two Position – report to Finance and Resources Committee 17 August 2015](#)

2016/20 revenue and capital budget framework - report to Finance and Resources Committee 24 September 2015

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	
Appendices	Appendix 1 - Revenue Budget Monitoring 2015/16 - Month Five

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 Five position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Corporate Programme Office	234	250	16	Adv
Human Resources and Organisational Development	5,922	5,922	0	-
Culture and Sport	19,258	19,258	0	-
Finance	6,932	6,932	0	-
Legal Risk and Compliance	3,124	3,124	0	-
Communications	1,819	1,803	(16)	Fav
Customer Services	36,260	36,260	0	-
Directorate / Chief Executive	1,434	1,434	0	-
Service wide controls on discretionary expenditure	(345)	(345)	0	-
Contingency	200	200	0	-
Transformational Programme savings	(200)	(200)	0	-
Total Net Expenditure	74,638	74,638	0	-

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	
Culture and Sport	Increased income recoveries (2015/16 only) – Culture and Sport - halls, museums and venues	0.100	
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	

Appendix 2 (cont.)

Corporate Governance

Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Customer Services	Customer Services ICT Transformation.	0.150	
Customer Services	ICT contract inflation provision indexation (2015/16 only)	0.050	
Customer Services	Council Tax Reduction Scheme - re-alignment of expenditure to reflect current demand.	0.586	
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	0.390	
Service-wide	Procurement efficiency tariff	0.058	
Service-wide	Workforce savings	0.685	
Service-wide	Acceleration of Transformation Programme savings	0.200	
Service-wide	Application of service contingency	0.200	
	TOTAL	7.964	