

Finance and Resources Committee

10.00a.m., Thursday 14 January 2016

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

Item number	7.11
Report number	
Executive/routine	
Wards	All

Executive summary

To maintain alignment with the approved budget for 2015/16, financial monitoring reports for 2015/16 will continue to be presented according to existing Council service areas, until Transformation Programme structure changes are fully implemented.

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 November 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 Eight 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 eight months of the financial year. A projection is also provided for the Corporate Governance Capital Investment Programme.

Main report

Month Eight Position

- 3.1 The Corporate Governance revenue budget for 2015/16 is £74.4 million. The budget is stated after inclusion of approved savings of £6.969 million and transfer of one-off savings of £0.995 million to offset Health and Social Care budget pressures.
- 3.2 The period eight projection reflects expenditure within approved budget. In-year service pressures are being managed by additional offsetting savings identified during 2015/16. Forecast savings include early achievement of Transformation Programme employee cost savings following recent applications for voluntary early release (VERA).
- 3.3 An analysis of the projection by service area is provided in Appendix 1.

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 includes additional one-off savings of £0.995 million approved by Council on 17 September 2015 to offset Health and Social Care budget pressures.
- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams 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'. Appendix 2 notes where alternative measures have been implemented to achieve savings.

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;
 - 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 service management teams. 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 £0.25 million and to fund additional Health and Safety staff costs of £0.1million, a service contingency of £0.15 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. A marginal acceleration in expenditure ahead of budget (£52,000) is forecast across a number of projects. The main projects included in the capital investment programme 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).

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 Five Position](#) – report to Finance and Resources Committee 29 October 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.

Corporate Governance

Revenue Budget Monitoring 2015/16

Month Eight position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Business Intelligence	219	350	131	Adv
Communications	1,828	1,828	0	-
Corporate Programme Office	237	237	0	-
Culture and Sport	19,064	19,064	0	-
Customer Services	35,831	35,734	(97)	Fav
Directorate / Chief Executive	1,272	1,265	(7)	Fav
Finance	6,861	6,730	(131)	Fav
Human Resources and Organisational Development	5,206	5,282	76	Adv
Legal Risk and Compliance	3,947	4,115	168	Adv
Contingency	150	150	0	-
Transformational Programme savings	(200)	(340)	(140)	Fav
Total Net Expenditure	74,415	74,415	0	-

Corporate Governance: Approved Revenue Budget Savings 2015/16

Service	Saving Description	2015/16 £ million	Red/Amber/Green assessment
Communications	Development of merchandising.	0.025	Alternative applied to achieve target.
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	Partially achieved. Alternative applied to achieve target.
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	Alternative applied to achieve target.
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	0.340	
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	0.250	
	TOTAL	7.964	