

# Finance and Resources Committee

2.00pm, Thursday 18 August 2016

## Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position

|                   |     |
|-------------------|-----|
| Item number       | 7.9 |
| Report number     |     |
| Executive/routine |     |
| Wards             | All |

### Executive summary

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This report provides information on the Resources Directorate revenue budget performance for 2016/17, based on actual expenditure and income to the end of May 2016 and expenditure and income projections for the remainder of the financial year.

The report advises of a balanced year-end projection for the Resources Directorate revenue budget for 2016/17. The attainment of this position is subject to undertaking ongoing action to deliver a number of approved savings and active management of significant risks and pressures.

### Links

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|                          |   |
|--------------------------|---|
| Coalition pledges        | <a href="#">P30</a>   |
| Council outcomes         | <a href="#">CO25</a>  |
| Single Outcome Agreement | <a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a> |

## Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position

### Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 Resources Directorate is currently projecting expenditure within the approved revenue budget for 2016/17; and
  - 1.1.2 the risks to the achievement of a balanced revenue budget projection.

### Background

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- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Resources Directorate financial performance to the Finance and Resources Committee.
- 2.2 This report advises on the projected outturn for the Resources Directorate revenue budget for 2016/17 after three months of the financial year.

### Main report

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#### Month Three Position

- 3.1 Resources Directorate revenue budget for 2016/17 is £83.624 million. The budget is stated after inclusion of approved savings of £8.541 million.
- 3.2 The period three projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings from phase one of Transformation Programme Organisational reviews.
- 3.3 A service pressure from a forecast reduction in internal recharges by Legal Services is being managed by offsetting savings in Human Resources service, arising through posts currently held vacant.
- 3.4 An analysis of the projection by service area is provided in Appendix 1.

#### Savings Implementation Plans

- 3.5 The revenue budget approved by Council on 21 January 2016 requires Resources Directorate to achieve incremental savings of £8.541 million in 2016/17. These are detailed in Appendix 2.

- 3.6 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Resources Management Team on a regular basis.
- 3.7 With the exception of Asset Management Strategy savings, all other savings are forecast to be fully achieved in 2016/17 and are therefore classified as 'green'.
- 3.8 The Asset Management Strategy programme is developing savings plans from organisational redesign, estate rationalisation and rental income. Alternative measures, including management of vacant posts, have been implemented to achieve the net savings target of £0.8m in 2016/17, pending realisation of Asset Management Strategy savings in 2017/18.

### **Risks**

- 3.9 There remain a number of risks in the Resources Directorate 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 minimised. 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**

- 3.10 A service contingency of £0.160 million has been created within the Resources Directorate revenue budget to mitigate service financial risks in 2016/17.

## **Measures of success**

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- 4.1 Resources Directorate final outturn for 2016/17 is within budgeted levels and the service meets performance targets.

## **Financial impact**

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- 5.1 The report projects Resources Directorate expenditure and income will be within approved budget. 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 2016/17 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 taken as appropriate.

## Equalities impact

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- 7.1 There are no direct equalities impact implications arising from this report.

## Sustainability impact

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- 8.1 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development.

## Consultation and engagement

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- 9.1 There is no direct relevance to the report's contents. The Council undertook a budget engagement exercise when developing the 2016/17 revenue budget.

## Background reading/external references

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There are no background papers.

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## 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> | SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all<br>SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health |

**Appendices**

SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential

SO4 – Edinburgh’s communities are safer and have improved physical and social fabric

Appendix 1 – Resources Directorate Revenue Budget Monitoring 2016/17 - Month Three position

Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2016/17.

## Resources Directorate

## Revenue Budget Monitoring 2016/17 - Month Three position

## Forecast Revenue Outturn by Service Area

|                                    | Revised Budget | Projected Outturn | Projected Variance | Adverse / Favourable |
|------------------------------------|----------------|-------------------|--------------------|----------------------|
|                                    | £'000          | £'000             | £'000              | £'000                |
| Customer                           | 26,021         | 26,021            | 0                  | -                    |
| Finance                            | 6,535          | 6,535             | 0                  | -                    |
| Human Resources                    | 3,506          | 3,256             | (250)              | Fav                  |
| Legal and Risk                     | 1,385          | 1,635             | 250                | Adv                  |
| Property                           | 44,129         | 44,129            | 0                  | -                    |
| Directorate and service-wide costs | 1,888          | 1,888             | 0                  | -                    |
| Service contingency                | 160            | 160               | 0                  | -                    |
| <b>Total Net Expenditure</b>       | <b>83,624</b>  | <b>83,624</b>     | <b>0</b>           | <b>-</b>             |

## Resources Directorate: Approved Revenue Budget Savings 2016/17

| Service         | Saving Description   | 2016/17<br>£'000 | Red/Amber/Green<br>assessment |
|-----------------|--|------------------|-------------------------------|
| Customer        | Transformation : Organisational Review   | 4,577            |                               |
| Customer        | Priority Based Planning : Revenues and Benefits, Contact Centre, HR and Payroll Service Centre | 484              |                               |
| Customer        | Budget Framework 2014-18 : Increase Council Tax Collection                                     | 311              |                               |
| Customer        | Budget Framework 2014-18 : Workforce saving  | 114              |                               |
| Customer        | Transformation: agency staff   | 276              |                               |
| Customer        | Transformation : reduce overtime   | 48               |                               |
| Finance         | Transformation : Organisational Review   | 340              |                               |
| Finance         | Priority Based Planning : Rationalise service accounting teams                                 | 350              |                               |
| Finance         | Budget Framework 2014-18 : Workforce saving  | 26               |                               |
| Finance         | Transformation : agency staff  | 38               |                               |
| Human Resources | Transformation : Organisational Review   | 301              |                               |
| Human Resources | Transformation : agency staff  | 2                |                               |
| Human Resources | Transformation : reduce overtime   | 4                |                               |
| Human Resources | Budget Framework 2014-18 : Workforce saving  | 26               |                               |
| Legal and Risk  | Transformation : Organisational Review   | 322              |                               |
| Legal and Risk  | Budget Framework 2014-18 : Workforce saving  | 11               |                               |
| Property        | Asset Management Strategy (net saving)   | 800              |                               |
| Property        | Property Conservation Service  | 500              |                               |
| Service-wide    | Increase in discretionary income   | 11               |                               |
|                 | <b>TOTAL</b>   | <b>8,541</b>     |                               |