

# Finance and Resources Committee

10.00am, Thursday, 3 November 2016

## Chief Executive - Revenue Budget Monitoring 2016/17 - Month Five position

Item number	7.6
Report number	
Executive/routine	
Wards	

### Executive Summary

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The report sets out the projected half-year revenue monitoring position for services reporting directly to the Chief Executive, based on actual expenditure and income to the end of August 2016 and expenditure and income projections for the remainder of the financial year.

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

### Links

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Coalition Pledges	<a href="#">P30</a>
Council Priorities	<a href="#">CP13</a>
Single Outcome Agreement	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a> , <a href="#">SO4</a>

## Chief Executive - Revenue Budget Monitoring 2016/17 - Month Five position

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 services reporting directly to the Chief Executive are 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.

### 2. Background

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- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 2.2 This report advises of the projected outturn for the revenue budget for 2016/17 for services reporting directly to the Chief Executive, after five months of the financial year.

### 3. Main report

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#### Month Five Position

- 3.1 The revenue budget for 2016/17 for services reporting directly to the Chief Executive is £64.947m. The budget is stated after inclusion of approved savings of £10.786m.
- 3.2 The period five projection reflects expenditure within approved budget. Forecast savings include achievement of Transformation Programme employee cost savings from organisational reviews and ICT contract procurement savings arising through award of the ICT contract in August 2015. An analysis of the projection by service area is provided in Appendix 1.
- 3.3 Service pressures are forecast in Safer and Stronger Communities, arising through savings targets from rationalisation of existing CCTV Monitoring services (£0.350m) and a reduction in the cost of commissioned services for housing support (£0.5m). Vacancy management and acceleration of approved savings in other areas of the service enables a forecast of a balanced position for 2016/17. Identification of

sustainable budget solutions to address these savings targets is being progressed as part of development of the 2017/18 revenue budget.

### **Savings Implementation Plans**

- 3.4 The revenue budget approved by Council on 21 January 2016 requires achievement of incremental savings of £10.786m in 2016/17 for services reporting directly to the Chief Executive. These are detailed in Appendix 2.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by service management teams on a regular basis.
- 3.6 Savings are forecast to be fully achieved in 2016/17 and are classified as 'green', with the exception of savings targets referred to at paragraphs 3.3 and 3.7. These savings targets are classified as 'amber', due to the requirement to identify alternative measures for the savings targets (rationalisation of existing CCTV Monitoring services and reduction in cost of commissioned services for housing support) and the risk of additional costs being identified (ICT contract).

### **Risks**

- 3.7 A risk exists around the adequacy of budget provision to address all liabilities associated with the transition to the new ICT service provider. Work is being undertaken by the ICT Contract Management team to establish the current cost liability. An update will be included as part of the month nine position to be reported to Finance and Resources Committee.
- 3.8 A key risk is of savings not being fully achieved. While there is evidence of significant progress towards the achievement of savings targets, full realisation of 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.

## **4. Measures of success**

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

## **5. Financial impact**

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- 5.1 The report projects 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.

## **6. 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.

## **7. Equalities impact**

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- 7.1 There are no direct equalities impact implications arising from this report. All budget proposals are subject to an initial relevance and proportionality assessment and, where appropriate, a formal Equalities and Rights Impact Assessment is then undertaken. The equalities and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

## **8. 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. The Council's revenue budget includes expenditure impacting upon carbon, adaptation to climate change and contributing to sustainable development. In addition, all budget proposals are now subject to an upfront assessment across these areas.

## **9. 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.

## **10. Background reading/external references**

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- 10.1 Chief Executive - Revenue Budget Monitoring 2016/17 - month three position report to Finance and Resources Committee, 18 August 2016.

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Chief Executive

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## 11. Links

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<b>Coalition Pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council Priorities</b>	CP13 - Transformation, workforce, citizen and partner engagement, budget
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health 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
<b>Appendices</b>	Appendix 1 – Chief Executive Revenue Budget Monitoring 2016/17 - Month Five position Appendix 2 - Chief Executive - Approved Revenue Budget Savings 2016/17

# Appendix 1

## Chief Executive

### Revenue Budget Monitoring 2016/17

#### Month Five position

#### Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Chief Executive	237	237	0	-
Communications	999	999	0	-
ICT	29,700	29,700	0	-
Safer and Stronger Communities	25,478	25,478	0	-
Strategy and Insight	8,533	8,533	0	-
<b>Total Net Expenditure</b>	<b>64,947</b>	<b>64,947</b>	<b>0</b>	<b>-</b>

# Appendix 2

## Chief Executive: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green assessment
Communications	Transformation : Organisational Review	432	
Communications	Transformation: agency staff	4	
Communications	Budget Framework 2014-18 : Workforce saving	10	
Communications	Budget Framework 2014-18 : Contract Reviews - News Management/Media Monitoring	3	
ICT	Contract savings	5,530	Contractual commitments review progressed
ICT	Transformation : Organisational Review	348	
ICT	Transformation : agency staff	55	
ICT	Transformation : reduce overtime	1	
Safer and Stronger Communities	Community Safety Management	318	
Safer and Stronger Communities	Homelessness Management	300	
Safer and Stronger Communities	Redesign in-house Housing Support Service	500	
Safer and Stronger Communities	Redesign of Advice Services	60	
Safer and Stronger Communities	Redesign of Safer and Stronger Communities	422	
Safer and Stronger Communities	Redesign of Homelessness Service	229	
Safer and Stronger Communities	Safer Families Management	62	
Safer and Stronger Communities	Reduce commissioned services - Housing Support (sheltered housing/temporary	500	Mitigated by other savings (para 3.3)

	accommodation)		
Safer and Stronger Communities	Transformation Programme : reduce overtime, agency employees and other savings	96	
Safer and Stronger Communities	CCTV Monitoring Rationalisation	350	Mitigated by other savings (para 3.3)
Strategy and Insight	Transformation : Organisational Review	1,541	
Strategy and Insight	Transformation : agency staff	13	
Strategy and Insight	Budget Framework 2014-18 : Workforce saving	12	
	<b>TOTAL</b>	<b>10,786</b>	