

Finance and Resources Committee

10.00am, Thursday, 19 January 2017

Resources Directorate - Revenue Budget Monitoring 2016/17 - Month Eight position

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive Summary

The report sets out the projected eight-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of November 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

Coalition Pledges	P30
Council Priorities	CP13
Single Outcome Agreement	SO1 , SO2 , SO3 , SO4

Resources Directorate - Revenue Budget Monitoring 2016/17 - Month Eight position

1. Recommendations

- 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.

2. Background

- 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 on the projected outturn for the Resources Directorate revenue budget for 2016/17 based on the position after eight months of the financial year.

3. Main report

Month Eight Position

- 3.1 Resources Directorate revenue budget for 2016/17 is £133.267m. The budget is stated after inclusion of approved savings of £8.541m.
- 3.2 The period eight projection is for expenditure to be within approved budget for 2016/17. Forecast savings include achievement of Transformation Programme employee cost savings from phase one of Transformation Programme Organisational reviews.
- 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 21 January 2016 requires Resources Directorate to achieve incremental savings of £8.541m in 2016/17. These are detailed in Appendix 2.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Resources Management Team on a regular basis.

- 3.6 One-off savings from vacant posts and additional rental income recoveries have been implemented, to achieve the Asset Management Strategy savings target of £0.8m in 2016/17, pending realisation of this savings target on a sustainable basis from 2017/18. The Asset Management Strategy programme is developing sustainable plans to be achieved from organisational redesign, estate rationalisation and rental income, to meet savings targets of £1.6m for 2017/18, a further £4.2m in 2018/19 and a further £0.4m for 2019/20 – a cumulative total of £6.2m by 2019/20.
- 3.7 A reduced level of internal recoveries by Legal Services is forecast for 2016/17. This is being offset by savings in employee costs through delay in recruiting to vacant posts in HR Services and Legal and Risk Services. Savings implementation plans are being progressed to address Legal Services Transformation Programme savings targets for 2017/18 on a sustainable basis.
- 3.8 Customer savings targets for 2016/17 are on track to be achieved. £0.9m of savings will be achieved from one-off savings from vacant posts held for the period prior to Organisational Review implementation. Business cases are being developed and progressed towards implementation for Customer savings targets of £6.024m in 2017/18.

Risks

- 3.9 There remain a number of risks in the Resources Directorate revenue budget for 2016/17. Key risks are:
- Risk of under-recovery of Council Tax and Non-Domestic Rates intervention income. Income will 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 Transformation savings not being fully achieved. While there is evidence of significant progress towards the achievement of all savings targets, and mitigating measures identified where savings targets are not being fully achieved during 2016/17, 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.

Contingency Planning

- 3.10 A service contingency of £0.160m will be used to mitigate any residual service financial risks in 2016/17.

4. Measures of success

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

5. Financial impact

- 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.

6. Risk, policy, compliance and governance impact

- 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

- 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

- 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

- 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

- 10.1 Resources Directorate - Revenue Budget Monitoring 2016/17 - month three position report to Finance and Resources Committee 18 August 2016.
- 10.2 Resources Directorate - Revenue Budget Monitoring 2016/17 - month five position report to Finance and Resources Committee 3 November 2016.

Hugh Dunn

Acting Executive Director of Resources

Contact: Iain Shaw, Principal Accountant

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

11. Links

Coalition Pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council Priorities	CP13 - Transformation, workforce, citizen and partner engagement, budget
Single Outcome Agreement	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
Appendices	Appendix 1 – Resources Directorate Revenue Budget Monitoring 2016/17 - Month Eight position Appendix 2 - Resources Directorate - Approved Revenue Budget Savings 2016/17.

Appendix 1

Resources Directorate

Revenue Budget Monitoring 2016/17

Month Eight position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Customer	28,095	28,095	0	-
Finance	6,608	6,608	0	-
Human Resources	4,221	4,014	(207)	Fav
Legal and Risk	1,411	1,683	272	Adv
Property	91,744	91,744	0	-
Directorate and service-wide costs	1,028	1,028	0	-
Service contingency	160	95	(65)	Fav
Total Net Expenditure	133,267	133,267	0	-

Appendix 2

Resources Directorate: Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £'000	Red/Amber/Green 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	Offset by employee cost savings (paragraph 3.7)
Legal and Risk	Budget Framework 2014-18 : Workforce saving	11	
Property	Asset Management Strategy (net saving)	800	£0.438m offset by in-year savings (paragraph 3.6)
Property	Property Conservation Service	500	
Service-wide	Increase in discretionary income	11	
	TOTAL	8,541	