

Finance and Resources Committee

10.00am, Thursday, 19 January 2017

Chief Executive - Revenue Budget Monitoring 2016/17 - Month Eight position

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive Summary

The report sets out the projected eight-month revenue monitoring position for services reporting directly to the Chief Executive, 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 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

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

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1. Recommendations

- 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

- 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 eight months of the financial year.

3. Main report

Month Eight 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 eight 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). There is also a pressure of £0.8m in Homelessness and Housing Support relating to an increasing requirement for Bed and Breakfast and Short Term Lets. Vacancy

management and acceleration of approved savings in other areas of the service enable a balanced position to be forecast for 2016/17.

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 in paragraph 3.3. These savings targets are classified as 'amber', due to the requirement to identify alternative measures for the savings targets for rationalisation of existing CCTV monitoring services and reduction in cost of commissioned services for housing support.

Risks

- 3.7 In the [Revenue Budget Monitoring 2016/17 - month five position report to Finance and Resources Committee](#) on 3 November 2016, a risk was identified in respect of the adequacy of budget provision to address all liabilities associated with the transition to the new ICT service provider. The ICT Contract Management team has undertaken a process of challenge and review of potential cost variations, in consultation with service areas and the Council's appointed ICT service provider, CGI, to establish the current cost liability. Based on available information, it is now anticipated that contractual cost obligations will be within budget provision in 2016/17. Work is ongoing to establish all ICT cost liabilities for 2017/18 and beyond, with a view to any additional costs being contained within budget.
- 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

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

5. Financial impact

- 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

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

Andrew Kerr

Chief Executive

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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 – Chief Executive Revenue Budget Monitoring 2016/17 - Month Eight position Appendix 2 - Chief Executive - Approved Revenue Budget Savings 2016/17

Appendix 1

Chief Executive

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
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	-
Total Net Expenditure	64,947	64,947	0	-

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 alternative 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 alternative 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	
	TOTAL	10,786	