

# Finance and Resources Committee

10.00am, Thursday, 9 December 2021

## Corporate Services Directorate: Revenue Budget Monitoring 2021/22 – Month Six position

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee notes:
  - 1.1.1 that services delivered by Corporate Services Directorate are forecast to be within budget for 2021/22;
  - 1.1.2 it is forecast outturn expenditure will be within the approved revenue budget for the Chief Executive's Office for 2021/22;
  - 1.1.3 due to the Coronavirus pandemic, it is anticipated there will be additional costs incurred and loss of income. These are currently forecast to be within the 2021/22 provision for Coronavirus additional costs and loss of income;
  - 1.1.4 measures will continue to be progressed to fully deliver approved savings targets and measures required to offset budget pressures to achieve outturn expenditure in line with the approved revenue budget for 2021/22 and,
  - 1.1.5 the ongoing risks to the achievement of a balanced revenue budget projection for services delivered by Corporate Services Directorate.

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# Finance and Resources Committee

## Corporate Services Directorate - Revenue Budget Monitoring 2021/22 – Month Six position

### 2. Executive Summary

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- 2.1 The report sets out the projected six-month revenue monitoring position for services delivered by Corporate Services Directorate and the Chief Executive's Office, based upon actual expenditure and income to the end of September 2021 and expenditure and income projections for the remainder of the financial year.
- 2.2 Services delivered by Corporate Services Directorate and the Chief Executive's Office are forecast to be within budget for 2021/22.
- 2.3 Due to the Coronavirus pandemic, it is anticipated there will be additional costs incurred and loss of income. These are currently forecast to be within the 2021/22 provision for Coronavirus additional costs and loss of income.
- 2.4 Measures will continue to be progressed to fully deliver approved savings targets and measures required to offset budget pressures to achieve outturn expenditure in line with the approved revenue budget for 2021/22. The attainment of this position is subject to active management of risks and pressures.

### 3. Background

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- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the projected outturn for services delivered by Corporate Services Directorate and the Chief Executive's Office after six months of the financial year.

### 4. Main report

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- 4.1 Corporate Services Directorate revenue budget for 2021/22 is £78.686m. This includes a range of Council-wide contracts, including the Council's ICT contract, external audit fee and Scotland Excel membership. The Directorate provides directly delivered Council services, including Customer Contact services and a

range of professional support services, including: Finance and Procurement, Human Resources, Digital Services, Legal and Assurance, Policy and Insight, Strategic Change and Delivery and Communications.

- 4.2 This budget monitoring report also includes financial performance of the Chief Executive's Office.
- 4.3 The period six forecast is for expenditure of Corporate Services Directorate to be within budget. This forecast excludes the additional costs and loss of income due to the Coronavirus pandemic.
- 4.4 Financial controls applied during 2020/21, including control of recruitment to all non-essential vacant posts and agency worker use, will continue to be applied during the current year. Controls will also be applied to discretionary expenditure where no legal or contractual commitment exists, to mitigate potential budget pressures.
- 4.5 Significant additional costs, as a direct consequence of responding to the needs of the City and the Council during recovery from the Coronavirus pandemic are forecast for services delivered by Corporate Services Directorate.
- 4.6 Customer and Digital Services is managing a range of additional Coronavirus recovery activities during 2021/22, providing additional capacity to meet service demands in;
  - 4.6.1 Benefit payments;
  - 4.6.2 Contact Centre;
  - 4.6.3 Council Tax/NDR billing and recovery;
  - 4.6.4 Recovery of Housing Benefit overpayments.
- 4.7 Additional costs are forecast to be fully mitigated by investment in a Coronavirus pandemic recovery provision of £1m, established following confirmation of the 2020/21 outturn. These activities will be subject to ongoing review during 2021/22.
- 4.8 In a report to Governance, Risk and Best Value Committee on 9 November 2021 - [Capacity to deliver the 2021/22 Internal Audit plan](#) – it was recommended £0.350m be allocated to support completion of the minimum number of audits required to support the Internal Audit annual opinion.
- 4.9 The additional cost is forecast to be met from non-recurring employee cost savings in Customer and Digital Services, Finance and Procurement, Human Resources and the teams which were part of the former Strategy and Communications Division. Further savings are anticipated from renewal of the Council's legal services framework contracts. The funding forecast was reported to Finance and Resources Committee on 18 November 2021.

- 4.10 An analysis of the projection by Division and for the Chief Executive's Office is provided in Appendix 1, together with forecast additional Coronavirus costs.
- 4.11 The approved 2021/22 revenue budget requires Corporate Services Directorate to achieve incremental savings of £1.537m in 2021/22 as detailed in Appendix 2.
- 4.12 £1.487m (97%) of approved savings are forecast to be on track for full delivery and are assessed as 'Green', with £0.050m (3%) assessed as 'Amber'. Appendix 2 provides detail of the status of savings assessed as 'Amber'. No savings are assessed as 'Red' or 'Black'. Mitigation measures have been identified to offset the 'Amber' assessed saving.
- 4.13 At this stage in the financial year, the principal financial risks identified for Corporate Services Directorate services are:
- 4.13.1 Welfare Reform grants - potential additional demand following cessation of furlough support at the end of September 2021;
  - 4.13.2 Coronavirus recovery activities for Customer and Digital Services exceeding the available funding of £1m;
  - 4.13.3 A shortfall in Council Tax/NDR Intervention Income.
- 4.14 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review throughout 2021/22.
- 4.15 The following additional investment is allocated to Corporate Services Directorate for 2021/22:
- 4.15.1 £0.3m to support delivery measures for the Council's Sustainability Plan;
  - 4.15.2 £0.7m to support the City-wide 2030 Net Zero Strategy;
  - 4.15.3 £0.6m to support the embedding of the Council Business Plan Outcome commitment to reform the way the Council works to better deliver prevention services with engaged and empowered communities;
  - 4.15.4 £0.130m to support Food Growing and to recognise the increase in demand for local food;
  - 4.15.5 £0.100m to support Diversity Training;
  - 4.15.6 £0.052m for the contract extension of a Gaelic Development Officer.
- 4.16 Expenditure slippage from 2021/22 to 2022/23 is forecast:
- 4.16.1 £0.221m on the programme to better deliver prevention services;
  - 4.16.2 £0.045m on support for the City-wide 2030 Net Zero Strategy.

## 5. Next Steps

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- 5.1 Continuing work to identify mitigating measures through workforce and discretionary expenditure controls to manage financial risks and take timely remedial action, where adverse variances become apparent.
- 5.2 Non-Domestic Rates and Council Tax Intervention Income will be reviewed throughout the remainder of 2021/22, after warrants have been raised. An assessment will be made of the potential collection rates.

## 6. Financial impact

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- 6.1 This report forecasts Corporate Services Directorate expenditure to be within budget, including the additional costs and loss of income due to the Coronavirus pandemic.
- 6.2 Attainment of a balanced position is the subject of continuing work to identify further mitigating measures, active management of financial risks and taking timely remedial action, where any further adverse variances become apparent.

## 7. Stakeholder/Community Impact

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- 7.1 Whilst the report provides a financial monitoring update on the Corporate Services Directorate revenue budget, it should be noted that these costs are directly associated within the provision of a range of front-line and corporate services that have been essential to support citizens, businesses and communities throughout the pandemic. The Directorate has enabled and continues to enable the Council to maintain and adapt core services across the City, as well as responding to the need to provide entirely new and additional services on behalf of the Scottish Government. All these activities have had varying degrees of impact upon the community or key stakeholders.

## 8. Background reading/external references

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- 8.1 [Revenue Budget Framework 2021/26 Update](#), The City of Edinburgh Council, 27 May 2021
- 8.2 [Corporate Services Directorate: Revenue Budget Monitoring 2021/22 – Month Four position](#), Finance and Resources Committee, 7 October 2021
- 8.3 [Capacity to deliver the 2021/22 Internal Audit plan](#), Finance and Resources Committee, 18 November 2021

## **9. Appendices**

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- 9.1 Appendix 1 – Corporate Services Directorate and Chief Executive’s Office Revenue Budget Monitoring 2021/22 - Month Six position
- 9.2 Appendix 2 – Corporate Services Directorate: Approved Revenue Budget Savings 2021/22

# Appendix 1

## Corporate Services Directorate and Chief Executive's Office

### Revenue Budget Monitoring 2021/22

#### Month Six position

##### 1. Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	53,244	53,194	(50)	FAV
Finance	7,120	7,070	(50)	FAV
Human Resources	5,567	5,517	(50)	FAV
Legal and Assurance	6,791	7,034	243	ADV
Strategy and Communications	5,759	5,666	(93)	FAV
Directorate and service-wide costs.	205	205	0	-
<b>Total Net Expenditure</b>	<b>78,686</b>	<b>78,686</b>	<b>0</b>	<b>-</b>
<b>Chief Executive's Office</b>	<b>213</b>	<b>213</b>	<b>0</b>	<b>-</b>

##### 2. Forecast Coronavirus Costs and Loss of Income

	Budget Provision £'000	Projected Outturn £'000	Projected Variance £'000	Adverse / Favourable
Customer and Digital Services – Coronavirus Recovery	1,000	1,000	0	
<b>Total Net Expenditure</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	

# Appendix 2

## Corporate Services Directorate: Approved Revenue Budget Savings 2021/22

Division	Saving Description	2021/22 £'000	Red/Amber/Green/Black* assessment
Customer and Digital Services	ICT contract extension savings	950	
Customer and Digital Services	Digital Delivery - ICT	150	
Customer and Digital Services	Digital Delivery – Print, Mail and Scan Strategy Development	200	
Customer and Digital Services	Renting of Assets for 5G Nodes	50	One-off mitigating saving identified in Digital Services budget.
Service-Wide	Corporate Services Directorate Workforce Savings - Finance	110	
Service-Wide	5% average increase in discretionary fees and charges	77	
	<b>TOTAL</b>	<b>1,537</b>	

SUMMARY	£'000	%
Green assessed	1,487	97
Amber assessed	50	3
Red assessed	0	0
Black Assessed	0	0
<b>TOTAL</b>	<b>1,537</b>	<b>100</b>