

Finance and Resources Committee

10.00am, Thursday, 3 February 2022

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

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 that services delivered by the 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 it is anticipated there will be additional costs incurred due to the Coronavirus pandemic. Costs are currently forecast to be fully funded from additional Scottish Government grant income and the Council's 2021/22 provision for Coronavirus additional costs;
 - 1.1.4 measures will continue to be progressed to fully deliver approved savings targets and 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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Executive Director of Corporate Services

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Finance and Resources Committee

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

2. Executive Summary

- 2.1 The report sets out the projected eight-month revenue budget 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 November 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 It is anticipated there will be additional costs incurred as a consequence of the Coronavirus pandemic. These costs are forecast to be fully funded from additional Scottish Government grant income and the Council's 2021/22 provision for Coronavirus additional costs.
- 2.4 Measures will continue to be progressed to fully deliver approved savings targets and 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

- 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 eight months of the financial year.

4. Main report

- 4.1 Corporate Services Directorate revenue budget for 2021/22 is £78.671m. 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 professional support services for Finance and Procurement, Human Resources, Legal, Strategic Policy Support and Corporate Communications.
- 4.2 This budget monitoring report also includes financial performance of the Chief Executive's Office.
- 4.3 The period eight 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 include control of recruitment to all non-essential vacant posts and agency worker use. Controls also continue to be applied to discretionary expenditure where no legal or contractual commitment exists, to mitigate potential budget pressures.
- 4.5 Significant additional costs are forecast as a direct consequence of responding to the needs of the City and the Council during recovery from the Coronavirus pandemic.
- 4.6 Customer and Digital Services is managing a range of additional Coronavirus recovery activities during 2021/22, alongside providing capacity to meet core service demands in:
 - 4.6.1 Benefit payments;
 - 4.6.2 Contact Centre;
 - 4.6.3 Council Tax/NDR billing and recovery; and,
 - 4.6.4 Recovery of Housing Benefit overpayments.
- 4.7 Additional costs of £1.4m are forecast to be largely funded by Scottish Government grant of £1.385m. Additional costs will be subject to ongoing review for the remainder of 2021/22.
- 4.8 Following a report to Finance and Resources Committee on 18 November 2021 - [Capacity to deliver the 2021/22 Internal Audit plan](#) – it was agreed up to £0.350m be incurred 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 Strategy and Communications Divisions. Further savings are anticipated from renewal of the Council's legal services framework contracts. The funding was approved by 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 the Corporate Services Directorate services are:
- 4.13.1 Welfare Reform grants - potential additional demand due to increased and re-introduced Pandemic restrictions;
 - 4.13.2 Coronavirus recovery activities for Customer and Digital Services exceeding the available funding of £1m; and,
 - 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 for the remainder of 2021/22.
- 4.15 The following additional investment is allocated to the 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; and,
 - 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 £0.380m on the programme to better deliver prevention services; and,
 - 4.16.2 £0.340m on support for the City-wide 2030 Net Zero Strategy.

5. Next Steps

- 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

- 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

- 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

- 8.1 [Revenue Budget Framework 2021/26 Update](#), The City of Edinburgh Council, 27 May 2021
- 8.2 [Capacity to deliver the 2021/22 Internal Audit plan](#), Finance and Resources Committee, 18 November 2021
- 8.3 [Corporate Services Directorate: Revenue Budget Monitoring 2021/22 – Month Six position](#), Finance and Resources Committee, 9 December 2021

9. Appendices

- 9.1 Appendix 1 – Corporate Services Directorate and Chief Executive’s Office Revenue Budget Monitoring 2021/22 - Month Eight 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 Eight position

1. Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	53,244	53,244	0	-
Finance and Procurement Services	7,120	7,120	0	-
Human Resources	5,567	5,567	0	-
Legal and Assurance	6,792	6,792	0	-
Strategy and Communications	5,743	5,743	0	-
Directorate and service-wide costs.	205	205	0	-
Total Net Expenditure	78,671	78,671	0	-
Chief Executive's Office	213	211	(2)	FAV

2. Forecast Coronavirus Costs

	Budget Provision £'000	Projected Outturn £'000	Projected Variance £'000	Adverse / Favourable
Customer and Digital Services – Coronavirus Recovery	2,385	1,400	(985)	FAV
Scottish Government grant funding	(1,385)	(1,385)	0	-
Total Net Expenditure	1,000	15	(985)	FAV

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 and Procurement	110	
Service-Wide	5% average increase in discretionary fees and charges	77	
	TOTAL	1,537	

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