

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Corporate Services Directorate: Revenue Budget Monitoring 2022/23 – Month Five 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 a favourable budget variance of £0.090m is forecast for services delivered by Corporate Services Directorate for 2022/23;
 - 1.1.2 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 2022/23 and,
 - 1.1.3 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 2022/23 – Month Five position

2. Executive Summary

- 2.1 The report sets out the projected five-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 August 2022 and expenditure and income projections for the remainder of the financial year.
- 2.2 A favourable budget variance of £0.090m is forecast for services delivered by Corporate Services Directorate for 2022/23.
- 2.3 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 2022/23. 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 five months of the financial year.

4. Main report

- 4.1 Corporate Services Directorate revenue budget for 2022/23 is £87.186m. 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 five forecast is for a favourable budget variance of £0.090m for Corporate Services Directorate. An analysis of the budget and forecast by Corporate Services Directorate Divisions and for the Chief Executive's Office is shown in Appendix 1.
- 4.4 Significant forecast variances include:
- 4.4.1 Customer and Digital Services – £0.560m one-off saving from reduced ICT licence costs and a saving of £0.080m from the severance release of a senior manager.
 - 4.4.2 Human Resources – a favourable variance of £0.319m from employee cost savings and salary sacrifice income.
 - 4.4.3 Strategy and Communications – a favourable variance of £0.088m from employee cost savings, which are subject to ongoing review with service managers
 - 4.4.4 Enterprise Resource Planning (ERP) project implementation costs – the favourable variances identified contribute to one-off investment funding of £0.961m for ERP infrastructure upgrades.
- 4.5 The approved 2022/23 revenue budget requires Corporate Services Directorate to achieve incremental savings of £0.391m as detailed in Appendix 2.
- 4.6 £0.301m (77%) of approved savings are forecast to be on track for full delivery and are assessed as 'Green', with £0.090m (23%) assessed as 'Amber'. No savings are assessed as 'Red' or 'Black'.
- 4.7 At this stage in the financial year, the principal financial risks identified for Corporate Services Directorate services are:
- 4.7.1 Cost of response to the Ukraine crisis – the impact of demand for services and additional staff costs is estimated at £0.354m.
 - 4.7.2 Cost of Living Award (£0.072m) - Scottish Government Administration funding requires confirmation.

- 4.7.3 Cost of Living Crisis – the impact of demand for welfare payments and additional staffing required to administer these payments.
- 4.7.4 Digital Delivery – Print, Mail and Scan Strategy Development – achievement of the savings target of £86,000 requires confirmation with other Council services.
- 4.7.5 Legal and Assurance employee costs – costs are being reviewed to address cost pressures to support service demand.
- 4.8 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review for the remainder of 2022/23.
- 4.9 The following additional investment is allocated to Corporate Services Directorate for 2022/23:
 - 4.9.1 £2.0m for improvements to the Council’s Human Resources system, in response to the recommendations of the Independent Inquiry and Review of Organisational Culture. A report on this project is contained elsewhere on the agenda.
 - 4.9.2 £1.100m to support easing of the Cost-of-Living Crisis.
 - 4.9.3 £0.500m to support the City-wide 2030 Net Zero Strategy.
 - 4.9.4 £0.130m to support Food Growing and to recognise the increase in demand for local food.

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.

6. Financial impact

- 6.1 This report forecasts a favourable budget variance of £0.090m for Corporate Services Directorate for 2022/23.

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 COVID19 pandemic, Cost of Living Crisis, and Ukrainian Crisis. 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 2022/27 Framework: progress update](#), Finance and Resources Committee 16 June 2022
- 8.2 [Corporate Services Directorate: Revenue Budget Monitoring 2022/23 – Month Three position](#), Finance and Resources Committee 8 September 2022

9. Appendices

- 9.1 Appendix 1 – Corporate Services Directorate and Chief Executive’s Office Revenue Budget Monitoring 2022/23 - Month Five position
- 9.2 Appendix 2 – Corporate Services Directorate: Approved Revenue Budget Savings 2022/23

Appendix 1

Corporate Services Directorate and Chief Executive's Office

Revenue Budget Monitoring 2022/23

Month Five position

Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	56,860	56,220	(640)	FAV
Finance and Procurement Services	7,337	7,266	(71)	FAV
Human Resources	8,084	7,765	(319)	FAV
Legal and Assurance	9,222	9,257	35	ADV
Strategy and Communications	5,375	5,287	(88)	FAV
Directorate and service-wide costs.	308	340	32	ADV
Enterprise Resource Planning (ERP) project - implementation costs		961	961	
Total Net Expenditure	87,186	87,096	(90)	FAV
Chief Executive's Office	222	222	0	

Appendix 2

Corporate Services Directorate: Approved Revenue Budget Savings 2022/23

Division	Saving Description	2022/23 £'000	Red/Amber/Green/Black assessment
Customer and Digital Services	Digital Delivery - ICT	150	
Customer and Digital Services	Digital Delivery – Print, Mail and Scan Strategy Development	40	Savings verification being progressed with other Council services.
Customer and Digital Services	Renting of Assets for 5G Nodes	50	One-off mitigating saving identified in Digital Services budget.
Finance and Procurement	Workforce Savings	110	
Service-Wide	Increase in discretionary fees and charges	41	
	TOTAL	391	

SUMMARY	£'000	%
Green assessed	301	77
Amber assessed	90	23
Red assessed	0	0
Black Assessed	0	0
TOTAL	391	100