

Finance and Resources Committee

10.00am, Thursday, 7 October 2021

Corporate Services Directorate: Revenue Budget Monitoring 2021/22 – Month Four 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 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 the Corporate Services Directorate.

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Finance and Resources Committee

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

2. Executive Summary

- 2.1 The report sets out the projected four-month revenue monitoring position for services delivered by the Corporate Services Directorate and the Chief Executive's Office, based upon actual expenditure and income to the end of July 2021 and expenditure and income projections for the remainder of the financial year.
- 2.2 Services delivered by the 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

- 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 four months of the financial year.

4. Main report

- 4.1 The Corporate Services Directorate revenue budget for 2021/22 is £79.086m. 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 and Assurance, Strategic Change and Delivery, Policy and Insight and Communications.

- 4.2 Council approved the recommendations of a report - Senior Leadership Review at its meeting on 27 May 2021. The report recommended a new Council organisational structure, effective from 1 July 2021. This budget monitoring report reflects the new Council structure and includes financial performance of the Chief Executive's Office.
- 4.3 The period four forecast is for expenditure of the Corporate Services Directorate to be within budget by £74,000. 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 the Corporate Services Directorate.
- 4.6 Customer and Digital Services is anticipating a range of additional Coronavirus recovery activities during 2021/22 including:
 - 4.6.1 additional support required for Benefit payments;
 - 4.6.2 agency resource for Contact Centre, if there is a requirement for staff to return to business as usual activities and additional Scottish Government requirements continue;
 - 4.6.3 ongoing overtime to ensure sufficient capacity to meet service demands;
 - 4.6.4 resource for Council Tax/NDR billing and recovery;
 - 4.6.5 recovery of Housing Benefit overpayments; and,
 - 4.6.6 investment in data management resource to ensure data is effectively analysed to support efficient operation.
- 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 throughout 2021/22.
- 4.8 An analysis of the projection by each Division of Corporate Services and the Chief Executive's Office is provided in Appendix 1, together with identification of forecast additional Coronavirus costs and income shortfalls.

- 4.9 The approved 2021/22 revenue budget requires the Corporate Services Directorate to achieve incremental savings of £1.537m in 2021/22. These are detailed in Appendix 2.
- 4.10 £1.287m (84%) of approved savings are forecast to be on track for full delivery and are assessed as 'Green', with £0.250m (16%) assessed as 'Amber'. Appendix 2 provides detail of the status of savings assessed as 'Amber'. No savings are assessed as 'Red' or 'Black'.
- 4.11 At this stage in the financial year, the principal financial risks identified for Corporate Services Directorate services include:
- 4.11.1 Welfare Reform grants - potential additional demand as furlough support ends at the end of September;
 - 4.11.2 Coronavirus recovery activities for Customer and Digital Services exceeds the available funding of £1m; and,
 - 4.11.3 A shortfall in Council Tax/NDR Intervention Income.
- 4.12 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review throughout 2021/22.
- 4.13 The following additional investment for 2021/22 is allocated to the Corporate Services Directorate:
- 4.13.1 £0.3m to support delivery measures for the Council's Sustainability Plan - approved by Council on 18 February 2021;
 - 4.13.2 £0.7m to support the City-wide 2030 Net Zero Strategy - approved by Council on 27 May 2021;
 - 4.13.3 £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 - approved by Council on 27 May 2021;
 - 4.13.4 £0.130m to support Food Growing and to recognise the increase in demand for local food - approved by Council on 27 May 2021;
 - 4.13.5 £0.100m to support Diversity Training - approved by Council on 27 May 2021;
 - 4.13.6 £0.052m for the contract extension of a Gaelic Development Officer post - approved by Council on 27 May 2021.
- 4.14 The report 'Revenue Monitoring 2021/22 – Month Four Position' on this agenda provides an update on project progress following the additional investment approved by Council.
- 4.15 On 12 January 2021, Finance and Resources Committee approved carry forward of an underspend of £30,000 on Civic Hospitality within the Lord Provost's Office from 2020/21 to 2021/22. This funding is now earmarked for 2021/22.

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 the 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

9. Appendices

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

1. Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	53,270	53,270	0	
Finance and Procurement	7,117	7,117	0	
Human Resources	5,595	5,595	0	
Legal and Assurance	6,771	6,760	(11)	FAV
Policy and Insight, Strategic Change and Delivery and Communications	6,128	6,065	(63)	FAV
Directorate and service-wide costs.	205	205	0	
Total Net Expenditure	79,086	79,012	(74)	FAV
Chief Executive's Office	212	212	0	-

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	
Total Net Expenditure	1,000	1,000	0	

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	Saving for Quarter One 2021/22 verified and progressed towards final agreement with other Council departments.
Customer and Digital Services	Renting of Assets for 5G Nodes	50	Saving being progressed by Council's Digital Services Team.
Service-Wide	Corporate Services Directorate Workforce Savings - Finance	110	
Service-Wide	5% average increase in discretionary fees and charges	77	
	TOTAL	1,537	

SUMMARY	£'000	%
Green assessed	1,287	84
Amber assessed	250	16
Red assessed	0	0
Black Assessed	0	0
TOTAL	1,537	100