

# Finance and Resources Committee

10am, Thursday, 16 January 2014

## Corporate Governance Revenue Budget Monitoring 2013/14 and Capital Investment Programme Month Nine Position

Item number	7.6
Report number	
Wards	All

### Links

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Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CO25</a>
Single Outcome Agreement	

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# Executive summary

## Corporate Governance Revenue Budget Monitoring 2013/14 and Capital Investment Programme Month Nine position

### Summary

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The report advises on the financial position of the Corporate Governance revenue budget after nine months of the financial year and provides an update on the projected outturn for the year 2013/14. A projection is also provided for the Corporate Governance Capital Investment Programme.

It is projected that the Corporate Governance revenue budget will show a break-even position for 2013/14. While a balanced overall outturn is projected, attainment of this position is subject to on-going management of a number of service-specific risks and pressures.

There is slippage of £0.3million forecast on the Corporate Governance Capital Investment Programme.

### Recommendations

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It is recommended that the Finance and Resources Committee notes:

1. the service is currently projecting a balanced revenue budget;
2. projected slippage of £0.3million on the Capital Investment Programme; and
3. the risks to the Corporate Governance 2013/14 revenue budget projection.

### Measures of success

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Corporate Governance final outturn for 2013/14 is within budgeted levels.

### Financial impact

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The report's contents point to a projected balanced outturn for the year as a whole, although attainment of this position is subject to active monitoring of a number of risks and, where appropriate, the taking of timely remedial action.

### Equalities impact

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While there is no direct additional impact of the report's contents, all budget proposals are now subject to an initial Equalities and Rights Impact Assessment. The equalities

and rights impacts of any substitute measures identified to address savings shortfalls are similarly assessed.

### **Sustainability impact**

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There are no impacts on carbon, adaptation to climate change and sustainable development arising directly from this report.

### **Consultation and engagement**

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There is no external consultation and engagement arising directly from this report. The Council has undertaken a consultation exercise when developing the 2013/14 revenue budget.

### **Background reading/external references**

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[Corporate Governance Revenue Budget Monitoring 2013/14 Month 5 position to 31 August 2013](#) – Finance and Resources Committee 31 October 2013

[Welfare Reform – Financial Update](#) Report to Finance and Resources Committee – 31 October 2013

## Corporate Governance Revenue Budget Monitoring 2013/14 and Capital Investment Programme Month Nine position

### 1. Background

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- 1.1 The report advises on the financial position of the Corporate Governance revenue budget after nine months of the financial year and provides an update on the projected outturn for the year 2013/14. A projection is also provided for the Corporate Governance Capital Investment Programme.

### 2. Main report

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#### Month Nine Position

- 2.1 The Corporate Governance net revenue budget for 2013/14 is £73.1million. This is after inclusion of additional Discretionary Housing Payments (DHP) funding provided by the Scottish Government of £2.1million. Savings targets of £1.1million, efficiencies and other savings of £2.3million and service investment of £2.7million are also included.

Service investment is projected to deliver benefits of:

- a reduction in running costs in Customer Services of £3.2million by 2017/18 (in comparison to 2011/12);
- an increase in annual Council Tax collection of £1.2million by 2015/16 (£0.5million in 2013/14, increasing to £0.7million in 2014/15); and
- strengthened risk management, internal control and governance.

- 2.2 The period nine projection reflects a break-even position, after pressures of £0.6million have been contained within available resources. These relate to staffing costs for civic duties, priorities and city promotion (£0.2million), staffing costs in Organisational Development (£0.3million), and residual property costs for Leith Waterworld (£0.1million).

- 2.3 In order to contain these pressures Corporate Governance Management Team have taken a number of management actions. These include:

- a review of the service workforce, to create efficiencies;
- maximisation of income;
- controls on discretionary and uncommitted spend; and

- a reduction in agency spend.

As a result of the success of this action after nine months, expenditure is forecast to be within approved budget resources.

- 2.4 The Scottish Government has allocated an additional £20million to Scottish Local Authorities in 2013/14 (£2.1million to Edinburgh) to add to council's Discretionary Housing Payment (DHP) budget and to mitigate against the impact of reductions in Housing Benefit for under occupation in social housing. This funding will top up the payments in each local authority to the maximum permitted under UK legislation and will bring the total funding available to £3.5million for Edinburgh. As a result of this, a review has been undertaken of staffing within Customer Services, to provide resources to support the scheme at the new level of funding.

### **Savings Implementation Plans**

- 2.5 The revenue budget approved by Council requires Corporate Governance to achieve incremental savings of £2.3million in 2013/14. Savings efficiencies and additional income targets were approved for Corporate and Transaction Services (now Customer Services) (£0.8million), ICT services (£0.2million), Culture and Sport (£0.2million), Finance (£0.2million), Legal, Risk and Compliance (£0.4million) and Organisational Development (£0.5million). Savings implementation plans have been developed and revenue budget monitoring reports are considered by the Corporate Governance Management Team on a regular basis.

Efficiency savings and additional income targets are on track to be fully achieved in 2013/14, with the exception of the Customer Services Improvement Plan, where some savings are expected to be delayed until 2014/15. The shortfall in savings has been contained within the overall Customer Services budget by the identification of alternative savings measures.

### **Risks**

- 2.6 There remain a number of risks in the Corporate Governance budget, primarily relating to:
- Welfare Reform staffing pressures to provide resources to support the Discretionary Housing Payment (DHP) budget at the new level of funding;
  - Risk of additional costs to address higher volume of processes relating to Council Tax and Housing Benefits and to reduce risk of Local Authority subsidy loss on DWP grant; and
  - Risk of under-recovery of income, such as intervention income attributable to the service, which is not fully known with certainty until the year end.

### **Contingency Planning**

- 2.7 A contingency of £0.5million has been created, which is planned to be used to support delivery of workforce planning savings.

## Capital

2.8 Corporate Governance service has a capital investment programme of £5.9million in 2013/14. The main projects are:

- Corporate and Transaction Services ICT Investment/ICT Transformation Programme (£4.1million);
- residual costs - Royal Commonwealth Pool refurbishment (£0.5million);
- residual costs - Assembly Rooms refurbishment (£0.2million);
- residual costs - Old City Observatory (£0.2million); and
- Edinburgh Leisure – investment in sports facilities (£0.2million).

Slippage of £0.3million is anticipated on the Capital Investment Programme in 2013/14, due to project retentions, mainly on the Assembly Rooms refurbishment project.

## 3. Recommendations

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3.1 It is recommended that the Finance and Resources Committee notes:

3.1.1 Corporate Governance is currently projecting a break-even position for the revenue budget and slippage of £0.3million on the Capital Investment Programme; and

3.1.2 the risks to the Corporate Governance 2013/14 budget position.

### Alastair D Maclean

Director of Corporate Governance

## Links

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<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long term financial planning
<b>Council outcomes</b>	CO25 – The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	