

Transport and Environment Committee

10am, Tuesday, 26 August 2014

Services for Communities Financial Monitoring: Period 2 2014/15

Item number	7.16
Report number	Routine
Executive/routine	
Wards	City-wide

Executive summary

Services for Communities (SfC) is forecasting the following outturn positions against its approved 2014/15 revenue and capital budgets:

- General fund revenue budget – managing significant pressures.
- Housing revenue account (HRA) – balanced.
- Capital budgets – balanced.

Services for Communities' general fund revenue budget presents significant challenges and risks in services such as Property Conservation and the new Shared Repairs Service, Winter Weather, Waste, internal improvement plan savings and Welfare Reform changes.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SOA1

Services for Communities Financial Monitoring Period 2 2014/15

Recommendations

- 1.1 It is recommended that the Transport and Environment Committee notes SfC's financial position and actions underway to manage pressures.

Background

- 2.1 At its meeting of 13 February 2014, the Council set its budget for the financial year 2014/15. The revenue budget for Services for Communities (general fund) was set at £115m and included savings of £13.4m. The general fund capital budget was set at £115.7m, including asset management works.
- 2.2 The budget meeting also approved a rent increase of 6% for Council homes. This provides a balance budget for the Housing Revenue Account and funds continued investment in affordable housing for the city.
- 2.3 This report monitors financial performance against these budgets.

Main report

General Fund Revenue Budget

- 3.1 At month two, SFC is managing pressures of £10.5m, which equates to 9% of its net budget of £115m. A range of measures has been put in place to manage these pressures, but the service's capacity to fund further pressures is limited.
- 3.2 SfC provides a diverse range of services and budget management presents significant complexity, challenges and risks.
- 3.3 Material risks and pressures this year include:
 - Property Conservation, Shared Repairs Service and development of an Enforcement Service.
 - Winter weather.
 - Achievement of imProve it and iPFM savings.
 - Achievement of property rationalisation, procurement and fleet savings.
 - Tram support operations.

- Landfill reduction.

Savings Implementation Plans

- 3.4 The SfC budget for 13/14 includes £13.4 m of savings to be delivered. Currently the department is on track to deliver £10.7m. The most significant shortfall relates to the iPFM internal improvement programme. This shortfall is being managed as a budget pressure.

Contingency Planning

- 3.5 In view of the pressures, risks and savings shortfalls noted above, SfC has introduced measures to reduce expenditure and achieve a balanced budget. These include reducing overtime by one third, reducing training budgets, non-filling of vacancies and savings from VERA.
- 3.6 These measures are sufficient to balance SfC's current pressures. However, given the scale and nature of the pressures faced, maintaining a balanced position will continue to be challenging.

Housing Revenue Account

- 3.7 The HRA is the Council's ring fenced account for the management of 20,000 Council homes. The gross expenditure budget in 2014/15 is £104m.
- 3.8 The HRA is forecasting a break even position. However welfare reform and changes in the funding of temporary accommodation continue to present very significant challenges.

Capital Budget

- 3.9 The general fund capital budget including asset management works was set at £115.7m in February 2014. The HRA capital budget was set at £48.2m in February 2014.
- 3.10 At month two, a balanced position is forecast for both general fund and HRA capital budgets.
- 3.11 A realignment and re-phasing exercise is currently under way, taking account of the final 2013-14 outturn and the most up to date cash flow projections. This realignment exercise will inform the revised capital investment programme 2014-2019 which will be reported to Finance and Resources Committee in August.

Measures of success

- 4.1 General fund revenue expenditure for 2013/14 is within budgeted levels.
- 4.2 A balanced position for the HRA.
- 4.3 Successful delivery of the SfC's capital investment programme within budget levels.

Financial impact

- 5.1 The financial implications arising from this report are being dealt with through budget monitoring and planning.

Risk, policy, compliance and governance impact

- 6.1 There are no direct risk, policy, compliance or governance implications arising from this report.

Equalities impact

- 7.1 The contents of this report, analysis and recommendations do not impact the Equality Act 2010 public sector general equality duty.

Sustainability impact

- 8.1 Successful delivery of SfC's budget will support continued improvement in environmental standards such as cleanliness and recycling.

Consultation and engagement

- 9.1 Consultation on budget proposals was undertaken as part of the Council's budget process.

Background reading/external references

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Links

Coalition pledges	P30 – Continue to maintain a sound financial position including long term financial planning.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SOA1 - Edinburgh's economy delivers increased investment, jobs, and opportunities for all