

Finance and Resources Committee

10.00am, Thursday, 15 January 2015

Corporate Governance - Revenue Budget Monitoring 2014/15 and Capital Investment Programme Month Eight Position

Item number	7.7
Report number	
Wards	All

Executive summary

The report advises on the projected financial position of the Corporate Governance revenue budget after eight months of the financial year and provides an update on risks to achievement of the projected outturn for the year 2014/15. A projection is also provided for the Corporate Governance Capital Investment Programme.

It is projected that the Corporate Governance revenue budget will be balanced in 2014/15 and there will be slippage into 2015/16 of £0.1million on the Capital Investment Programme. While a balanced revenue outturn is projected, attainment of this position is subject to on-going management of a service-specific risks and pressures.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

Finance and Resources Committee

Corporate Governance - Revenue Budget Monitoring 2014/15 and Capital Investment Programme

Month Eight position

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 the service is currently projecting a balanced revenue budget;
 - 1.1.2 the risks to the Corporate Governance 2014/15 revenue budget projection; and
 - 1.1.3 the service is currently projecting slippage to 2015/16 of £0.1million on the Capital Investment programme for 2014/15.

Background

- 2.1 The report advises on the projected financial position of the Corporate Governance revenue budget after eight months of the financial year and provides an update on risks to achievement of the projected outturn for the year 2014/15. A projection is also provided for the Corporate Governance Capital Investment Programme.

Main report

- 3.1 The Corporate Governance net revenue budget for 2014/15 is £76.4million which includes savings targets of £2.4m and service investment of £2.5million.
- 3.2 Service investment is projected to deliver benefits of:
 - a reduction in running costs in Customer Services of £3.2million per annum by 2017/18 (in comparison to 2011/12); and
 - an increase in annual Council Tax collection of £0.7million in 2014/15, leading to a total increase in Council Tax collection of £1.2million since 2013/14.
- 3.3 These savings have been incorporated into the Council's financial planning for 2014/2018.
- 3.4 The period eight projection reflects a break-even position, as detailed in Appendix 1.
- 3.5 The Council's approved revenue budget for 2014/15 included a savings target of £11.8million, to be achieved from the procurement savings pipeline. Of the total

target of £11.8million, specific procurement projects to the value of £0.570m were included in the Corporate Governance budget. To achieve the full savings target of £11.8 million, further general unidentified procurement savings targets were allocated to all services, with £0.245million allocated to Corporate Governance. As reported to Finance and Resources Committee at its meeting on 30 October 2014, savings from print optimisation (£0.140m) and the general unidentified procurement savings target of £0.245million are forecast not to be achieved in 2014/15. These pressures are offset by a number of one-off savings measures in Customer Services service, including savings from the transfer of staff to the Single Fraud Investigation Service and ICT service efficiencies.

- 3.6 There is a projected shortfall in Customer Services Improvement Programme savings targets of £0.095m, mainly due to delays in implementation of the functionality required of the Customer Relationship Management (CRM) system. The pressure associated with this has been fully offset by reduced project management costs.

Savings Implementation Plans

- 3.7 The revenue budget approved by Council requires Corporate Governance to achieve incremental savings of £2.4million in 2014/15, as detailed in Appendix 2. Revenue budget monitoring reports are considered by the Corporate Governance Management Team on a regular basis.

Since the Month Five position reported to Committee on 30 October 2014, savings implementation plans have been fully reviewed. All efficiency savings and additional income targets are forecast to be fully achieved in 2014/15, either through the original savings plan or by alternative measures. This, follows management action taken to identify and deliver alternative options, where required.

Risks

- 3.8 There remain a number of risks in the Corporate Governance budget, primarily relating to:
- Winter Festival, policing and stewarding costs £0.13m. These costs are unbudgeted;
 - Discretionary Housing Benefit (DHP) grant payments, £0.3m. There is a risk that demand may exceed current available budget. Should there be an overspend on this budget a claim would be made to Scottish Government for compensation from funding held for this purpose;
 - Risk of under-recovery of income, including Council Tax and National Non-Domestic Rate intervention income. The full year position on these income streams is not known with certainty until the year end; and
 - Risk of savings targets not being fully achieved. At present, with the exception of the identified risks to the achievement of procurement savings,

all approved savings targets are on track to be achieved.

Contingency Planning

- 3.9 A contingency of £0.5m has been created, which will be used to mitigate any residual service risks.

Capital

- 3.10 Corporate Governance service has a capital investment programme of £6m in 2014/15. The spend is projected to be £5.9million, based on slippage on residual projects of £0.1m. The main projects are:

- Customer Services ICT Investment/ICT Transformation Programme (£4.3m);
- Pavilion, pitches and new sports facilities(£0.6m);
- Edinburgh Leisure – investment in sports facilities (£0.2m);
- Royal Commonwealth Pool, retention payments(£0.5m); and
- Residual projects (£0.3m).

Measures of success

- 4.1 Corporate Governance final outturn for 2014/15 is within budgeted levels and the service meets performance budgets.

Financial impact

- 5.1 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.

Risk, policy, compliance and governance impact

- 6.1 The delivery of a balanced budget outturn is a key financial target. The risk of budget pressures arising throughout the course of a financial year are regularly monitored and reviewed and management action is taken as appropriate.

Equalities impact

- 7.1 While there is no direct additional impact of the report's contents, all budget proposals are 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

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

Consultation and engagement

9.1 There is no external consultation and engagement arising directly from this report. The Council has undertaken a consultation exercise when developing the 2014/15 revenue budget.

Background reading/external references

[Corporate Governance Revenue Budget Monitoring 2014/15 and Capital Investment Programme - Month Five Position](#) Finance and Resources Committee 30 October 2014

Alastair D Maclean

Director of Corporate Governance

Contact: Iain Shaw, Principal Accountant

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

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 Appendices	Appendix1 – Revenue Budget Monitoring 2014/15 Month Eight position Appendix2 – Revenue Budget Monitoring 2014/15 Approved Savings Programme

Appendix 1

Corporate Governance

Revenue Budget Monitoring 2014/15

Month Eight position

Forecast Revenue Outturn by Division

Service	Annual Budget	Projected Outturn at Period 8	Variance	Adverse/ Favourable	Period 5 Projected Variance	Movement
	£'000	£'000	£'000		£'000	£'000
Culture and Sport	21,419	21,419	0		0	
Legal, Risk and Compliance	4,299	4,299	0		0	
Finance	6,468	6,468	0		0	
Organisational Development	5,805	5,805	0		0	
Communications	1,662	1,662	0		0	
Corporate Programmes Office	624	624	0		0	
Customer Services	35,153	34,768	(385)	Fav	(140)	(245)
Directorate and service-wide costs	1,276	1,276	0		0	
Procurement Savings target	(815)	(430)	385	Adv	140	245
Contingency	500	500	0		0	
Total Net Expenditure	76,391	76,391	0		0	

Appendix 2

Corporate Governance

Revenue Budget Monitoring 2014/15

2014/15 Approved Savings Programme

Category	Saving Description	2014/15 £'000	Current Position
Reviews Including Workforce Management	Contract Review – News Management/Media Monitoring; Sheriff Officers; Postages	200	On track/ substitution identified
Reviews Including Workforce Management	Workforce – develop workforce plans and review staffing mix to reduce staff costs	1,331	On track
Efficiencies	Customer Services Improvement Programme	582	On track/ substitutions identified
Additional Income	Assembly Rooms, Usher Hall and Museums	169	On track
Additional Income	Public Safety, Legal Risk and Compliance, Organisational Development – additional income/services to external clients.	135	On track/ substitution identified
TOTAL		2,417	