

Economy Committee

10.00am, Tuesday, 15 September 2015

Economic Development Revenue Budget Monitoring 2015/16 - Month Three Position

Item number	7.7
Report number	
Executive/routine	
Wards	All

Executive summary

Following the requirements of the Council's Financial Regulations, this report provides information on the Economic Development revenue budget financial performance, in comparison to budget.

Following a request from Corporate Leadership Group, the report advises of a projected favourable variance of £0.250 million for the Economic Development revenue budget for 2015/16. Subject to approval by Council on 17 September 2015, this favourable variance will be used to offset budget pressure in the Health and Social Care revenue budget. The attainment of this position is subject to on-going management of service-specific risks and pressures.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	

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Recommendations

- 1.1 It is recommended that the Economy Committee notes:
- that following a request by Corporate Leadership Group, measures have been identified to enable the Economic Development service to project a favourable variance of £0.250 million to offset Health and Social Care revenue budget pressure; and
 - the risks to the Economic Development service 2015/16 revenue budget projection.

Background

- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on Economic Development service financial performance to the Economy Committee.
- 2.2 This report advises on the financial position of the Economic Development revenue budget after three months of the financial year and provides an update on the projected outturn for 2015/16.

Main report

Month Three Position

- 3.1 The Economic Development net revenue budget for 2015/16 is £11.7 million. The budgeted is stated after inclusion of approved savings targets of £0.869m, which are currently on track to be achieved in 2015/16.
- 3.2 The period three projection reflects a favourable variance of £0.250 million. An analysis of this projection by service area is provided in Appendix 1. Following a request by Corporate Leadership Group, one-off savings proposals of £0.250 million have been developed to offset Health and Social Care budget pressures in 2015/16. These savings proposals will be subject to approval by Council on 17 September 2015. The savings proposals are:
- Employability - reduction in employability services £0.120 million
 - Reduction in grants to incubation projects £0.040 million
 - Reduction in funding for Marketing Edinburgh £0.030 million
 - Reduction in discretionary spending £0.025 million
 - Reduce activity on investment and talent promotion £0.023 million
 - Reduction in Business Improvement District funding £0.012 million

Savings Implementation Plans

- 3.3 The revenue budget approved by Council requires Economic Development to achieve incremental savings of £0.869 million in 2015/16. These are detailed in appendix 2. Savings implementation plans have been developed and revenue budget monitoring reports are considered by the Economic Development Management Team on a regular basis.
- 3.4 Savings targets are forecast to be fully achieved in 2015/16.

Risks

- 3.5 There remain a number of financial risks for the Economic Development revenue budget. These include:
- unanticipated changes in expenditure leading to savings targets not being fully achieved;
 - external funding not being fully achieved to make re-payment of Spend to Save funding approved by Council on 26 June 2014 for the Resource Opportunities team.
- 3.6 A contingency is held to mitigate service risks.

Measures of success

- 4.1 Economic Development final outturn for 2015/16 is within budgeted levels and the service meets performance targets.

Financial impact

- 5.1 The report identifies a projection of a favourable Economic Development revenue budget variance of £0.250 million for 2015/16. Attainment of this position is subject to active management of financial risks and, where appropriate, the taking of timely remedial action.

Risk, policy, compliance and governance impact

- 6.1 The delivery of expenditure within the approved revenue budget for 2015/16 is the key target. The risk of budget pressures arising throughout the course of the financial year will continue to be 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.

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 undertook a budget engagement exercise when developing the 2015/16 revenue budget.

Background reading/external references

None.

Greg Ward

Executive Director of City Strategy and Economy

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	Appendix 1 - Revenue Budget Monitoring 2015/16 - Month Three position - Forecast Revenue Outturn by Service Area. Appendix 2 - Economic Development - Approved Revenue Budget Savings 2015/16.

Appendix 1

Economic Development

Revenue Budget Monitoring 2015/16

Month Three position

Forecast Revenue Outturn by Service Area

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	£'000
Business Partnerships	630	618	(12)	Fav
Strategic Partnerships	245	245	0	-
Central Support/Contingency	762	737	(25)	Fav
Employability	5,970	5,850	(120)	Fav
Enterprise – Innovation	2,022	1,982	(40)	Fav
External Relations	319	319	0	-
Investment/Support	1,731	1,678	(53)	Fav
Total Net Expenditure	11,679	11,429	(250)	Fav

Appendix 2

Economic Development

Approved Revenue Budget Savings 2015/16

Service savings	2015/16 £ million	Red/Amber/Green assessment
Business Partnerships	0.025	
Enterprise and Innovation	0.095	
Investor Support	0.025	
Increase External Funding	0.110	
Marketing Edinburgh	0.030	
Service Integration	0.057	
Service-wide – workforce savings	0.132	
Service-wide efficiencies	0.228	
Third Sector payments	0.167	
TOTAL	0.869	