

Economy Committee

10.00am, Tuesday 20 September 2016

Economy Service Revenue Budget Monitoring 2016/17 - Month Three Position

Item number	8.2
Report number	
Executive/routine	Routine
Wards	All

Executive summary

The report sets out the projected month three revenue monitoring position for the Economy service revenue budget, based on actual expenditure and income to the end of June 2016. The current full-year forecast points to a balanced overall position, with 2016/17 savings targets forecast to be achieved.

Links

Coalition pledges	P30
Council priorities	CP5, CP7, CP8, CP13
Single Outcome Agreement	SO1, SO2, SO3, SO4

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Recommendations

- 1.1 It is recommended that the Economy Committee notes:
 - 1.1.1 the Economy service is currently projecting expenditure and income to be within the approved revenue budget for 2016/17; and
 - 1.1.2 the risks to the achievement of a balanced revenue budget projection.

Background

- 2.1 The Council's Financial Regulations require submission of quarterly monitoring reports on the Economy Service financial performance to the Economy Committee.
- 2.2 This report advises on the projected outturn for the Economy Service revenue budget for 2016/17 after three months of the financial year.

Main report

Month Three Position

- 3.1 The Economy Service revenue budget for 2015/16 is £9.99 million. The budget is stated after inclusion of approved savings of £1.363 million.
- 3.2 The period three projection reflects expenditure and income to be within the approved budget. Forecast savings include achievement of Transformation Programme and other approved employee cost savings and non-employee cost savings.
- 3.3 An analysis of the projection by service area is provided in Appendix 1.

Savings Implementation Plans

- 3.4 The revenue budget approved by Council on 21 January 2016 required the Economy service to achieve incremental savings of £1.363 million in 2016/17. These are detailed in Appendix 1.
- 3.5 Savings implementation plans have been developed and revenue budget monitoring reports are considered by Place and Economy Management Teams on a regular basis.

- 3.6 Savings targets are forecast to be fully achieved in 2016/17 and are therefore classified as 'green'. Alternative savings measures have been fully implemented where originally approved savings measures are not now forecast to be fully achieved. This applied to the target income increase of £0.328 million. Following a management review of all potential non-employee cost commitments for 2016/17, the final level of cost commitments was made within the approved level of budget resource.
- 3.7 Further update reports will be presented to Economy Committee based on the month five and month eight position and will detail progress towards the achievement of all savings targets and a balanced budget position.

Risks

- 3.8 There remain a number of risks to the achievement of a balanced budget at the year-end. The key risk remains cost savings not being fully achieved. Progress towards the achievement of all savings targets will continue to be tracked and reported to Place and Economy Service Management Teams. Alternative savings measures will be developed, where a risk emerges as to the achievement of existing savings proposals.

Measures of success

- 4.1 Economy service final outturn for 2016/17 is within budgeted levels and the service meets performance targets.

Financial impact

- 5.1 The report projects Economy Service expenditure and income will be within approved budget, after achievement of approved Council savings of £1.363million. 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 and income within the approved revenue budget for 2016/17 is a 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 taken as appropriate.

Equalities impact

- 7.1 There are no direct equalities impact implications arising from this report.

Sustainability impact

- 8.1 There is no direct relevance of the report's contents to impacts on carbon, adaptation to climate change and sustainable development.

Consultation and engagement

- 9.1 There is no direct relevance to the report's contents.

Background reading/external references

Service monitoring statements for the period ending 30 June 2016.

Paul Lawrence

Executive Director of Place

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	CP5 - Business growth and investment CP7 - Access to work and learning CP8 - A vibrant, sustainable local economy CP13 – Transformation, Workforce, Citizen & partner engagement, Budget
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh's communities are safer and have improved physical and social fabric
Appendices	Appendix 1 - Revenue Budget Monitoring 2016/17 - Month Three position

Economy Service

Revenue Budget Monitoring 2016/17 - Month three position

1. Forecast Revenue Outturn by Service Area

	Net Expenditure Budget £'000	Projected Outturn £'000	Projected Variance £'000	Adverse / Favourable £'000
Employability and Talent Development	5,412	5,412	0	-
Enterprise and Innovation	1,785	1,785	0	-
Investment and International Relations	1,725	1,725	0	-
Director and service-wide costs	559	559	0	-
Development	314	314	0	-
City Leverage (Interim)	196	196	0	-
Total	9,991	9,991	0	-

2. Approved Revenue Budget Savings 2016/17

Service	Saving Description	2016/17 £ million	Red/Amber/Green assessment
Service-wide	Transformation programme	0.700	
Service-wide	Workforce savings	0.159	
Service-wide	Agency/Overtime savings	0.022	
Service-wide	Third Sector savings	0.154	
Service-wide	Increase in income targets	0.328	
	TOTAL	1.363	