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ADDITIONAL CIRCULATION



To: All Members of the Council

Town House,
ABERDEEN, 11 February 2013

COUNCIL BUDGET MEETING

The undernoted item is circulated in connection with the meeting of the **COUNCIL** to be held here in the Town House on **THURSDAY, 14 FEBRUARY 2013 at 2.00pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

- 1 Five-Year Business Plan 2013/14 to 2017/18, Corporate Workforce Plan, Annual Report, General Fund Revenue and Capital Budget 2013/14 and Indicative Five-Year Budgets - Report by Director of Corporate Governance (Pages 1 - 10)

Updated Position

Website Address: www.aberdeencity.gov.uk

Should you require any further information about this agenda, please contact Martyn Orchard, tel. (52)3097 or email morchard@aberdeencity.gov.uk

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	14 February 2013
DIRECTOR	Stewart Carruth (Director of Corporate Governance)
TITLE OF REPORT	Five-Year Business Plan 2013/14 to 2017/18, Corporate Workforce Plan, Annual Report, General Fund Revenue and Capital Budget 2013/14 and Indicative Five-Year Budgets – <u>UPDATED POSITION</u>
REPORT NUMBER:	CG/13/10

Five-Year Business Plan 2013/14 to 2017/18, Corporate Workforce Plan, Annual Report, General Fund Revenue and Capital Budget 2013/14 and Indicative Five-Year Budgets

Additional Information and Update

The Council is financed by the Scottish Government and this is notified in a Finance Circular. The Finance Circular is numbered to reflect the edition and year in which it was issued.

In preparing the Five-Year Business Plan 2013/14 to 2017/18, Corporate Workforce Plan, Annual Report, General Fund Revenue and Capital Budget 2013/14 and Indicative Five-Year Budgets Report the most up to date Circular was used. This was Finance Circular 5/2012.

The Scottish Government in passing the Local Government Finance (Scotland) Order 2013 on 7 February 2013 issued Finance Circular 1/2013 which provides the Council with its approved funding for 2013/14.

In passing the above Order a significant change was announced on funding to the Council. This is additional grant to partly cover the abolition of Council Tax Benefit on 31 March 2013 and replace it with the Council Tax Reduction Scheme.

This change impacts on the presentation of financial information and the movement can be clearly seen if you compare the Whole of Scotland figures contained within the two Finance Circulars, shown as Appendix 1.

This shows that the revised circular includes additional amounts for Council Tax Reduction (£262.4 million for the whole of Scotland that is allocated) and an additional £65.6 million that is yet to be allocated. Therefore it has been assumed that Aberdeen City Council will receive the same percentage share of this allocation as it has for the amount that has been allocated.

What this means for Aberdeen is that the allocation of council grant funding is going up. However, the revised Appendices to the original budget report, attached as Appendix 3 to this note, shows that there is a corresponding reduction in the amount of Council Tax collectable.

Welfare Reform – Council Tax Reduction

From the 1 April 2013 Councils will no longer recover Council Tax Benefit from the Department for Works and Pensions (DWP). Rather the applicant will be able to apply for a Council Tax Reduction. As such the level of Council Tax income will be reduced and this will be offset by a corresponding increase in General Revenue Grant which the Scottish Government will receive from the United Kingdom Parliament.

In overall terms the United Kingdom Parliament expect there to be an overall reduction in cost of around 10% in the total amount of Council Tax relief that is applied. However, the Scottish Government estimate that this “relief” will still exist and has allocated additional funding of £537,000 to Aberdeen City Council. The Council has provided £1 million provision to meet the potential cost (estimated to be approximately £400,000).

The full impact of Council Tax Reduction is calculated and shown as Appendix 2 to this note and demonstrates how the total level of Council Tax Benefit (based on the Mid-Year DWP Claim estimate 2012/13) will be financed in 2013/14.

As the level of grant has increased the overall Council funding position as shown in Appendix 1 and 2 of the original budget report have now been revised and replaced with the revised Appendix 3 and 4 attached to this briefing note. There is no change to the overall budget position (other than minor adjustments in years 4 and 5) rather the presentation of values has been amended.

The table shown in the report under paragraph 5.1 will also change. It is reproduced below for ease of reference:

<u>Note</u>	<u>Funding</u>	<u>£ million</u>
1	General Revenue Grant	143.246
1	Non Domestic Rates	177.084
	Teacher Induction Grant	0.991
2	Council Tax (including Arrears)	99.793
		<u>421.114</u>
	Add:	
	Trading Services/Other Grants	11.870
	Total Funding	432.984
	 Projected Expenditure	
	Current Estimated Spend	438.525
	Deduct: Introduction of Risk	
3	Fund Approach	(5.541)
	Total Projected Expenditure	432.984
	 Net Spend	 0

Note 1 – This is the total funding notified to the council per the current Finance Circular 1/2013 available based on non-domestic rates and general revenue grant (amended to reflect the deduction of police and fire grant and adjustment for Council Tax Reduction).

Note 2 – A review of council tax has been undertaken and it is estimated that a small increase in the band D equivalent properties for 2013/14 can be anticipated. It is also estimated that approximately £10.6 million will not be collectable under the council tax reduction scheme.

Note 3 – This is the introduction of a risk fund based approach to dealing with in-year cost pressures that, given the inherent under spend being reported, will be absorbed from within existing budgets during the year if they should materialise.

Barnett Consequentials

As a result of the Chancellor of the Exchequers Autumn Budget Statement additional resources were entitled to the Scottish Government. As such, revised capital grant figures are included within the overall settlement and Appendix 4 reflects this change. This movement was anticipated.

5 Year Business Plan

Due to the funding position contained within the Finance Circular 1/2013 being altered for Council Tax Reduction it is also necessary to replace three tables contained within the plan. These are as follows:

Paragraph 6.1 which provides how the Council is funded should now be read as follows for the funding split:

General Revenue Grant	23%
Non Domestic Rates	32%
Council Tax Collectable	16%
Fees and Charges	29%

Also, Figure 7 has an amendment to reflect that the grant level now includes grant funding for the Council Tax Reduction and should be read as follows (with the assumption that the 2013/14 Council Tax Reduction is maintained for future years for ease of comparison):

	2013/14	2014/15	2015/16	2016/17	2017/18
General revenue grant	-1.97%	-9.44%	0.00%	0.00%	0.00%
Non-domestic rates	7.60%	9.40%	1.80%	3.54%	4.40%
Combined movement	0.34%	0.80%	1.10%	2.20%	2.80%

Finally, Figure 8 should also now read as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000
Funding	(432,984)	(436,559)	(445,470)	(451,361)	(455,800)
Net Forecast Spend	432,984	447,910	452,187	466,672	476,276
Surplus/(Deficit)	0	(8,297)	(6,717)	(15,311)	(20,476)

The issued version of the 5 Year Business Plan will incorporate the above changes.

REPORT AUTHOR DETAILS

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ALL SCOTLAND AGGREGATE FUNDING TOTALS 2012-15

ANNEX A

	2012-13 £ million	2013-14 £ million	2014-15 £ million
Revenue	Circular 3/2012		
General Resource Grant	7,748.553	6,861.449	6,617.950
Non Domestic Rate Income	2,263.000	2,435.000	2,664.000
Specific Revenue Grants	589.236	99.932	99.932
Other Local Government	314.900	0.000	0.000
Total Revenue*	10,915.689	9,396.381	9,381.882
<i>less top slice for police numbers</i>	33.000	0.000	0.000
<i>less top slice for police pensions</i>	222.600	0.000	0.000
<i>less top slice for fire pensions</i>	59.300	0.000	0.000
<i>less Teachers' Induction Scheme</i>	27.600	37.600	37.600
<i>less Criminal Justice Social Work</i>	86.450	86.450	86.450
Distributable Revenue Funding	10,486.739	9,272.331	9,257.832
Capital Funding			
General Capital Grant	437.303	405.008	582.975
Specific Capital Grants	99.280	86.976	127.722
Distributed to SPT and Fire Boards	33.117	15.337	22.524
Total Capital**	569.700	507.321	743.271
Total Funding	11,485.389	9,903.702	10,125.153

* Revenue allocations include the removal of Police and Fire funding from 2013-14. The figures relating to the Police transfer are subject to ongoing discussions with individual local authorities, the current Police Boards and COSLA, the outcome of the consultation process will determine the exact figure to be removed.

** A further 86.626 million of capital grants will be paid in 2012-13.

** A further £100 million of capital grants will be paid in 2015-16.

	2012-13 £ million	2013-14 £ million	2014-15 £ million
Revenue Funding	Circular 3/2012		
General Resource Grant	7,748.553	6,861.449	6,617.950
Non Domestic Rate Income	2,263.000	2,435.000	2,664.000
Specific Revenue Grants	589.236	99.932**	99.932**
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<i>less top slice for police pensions</i>	222.600	0.000	0.000
<i>less top slice for fire pensions</i>	59.300	0.000	0.000
<i>less Teachers' Induction Scheme</i>	27.600	37.600	37.600
<i>less Criminal Justice Social Work</i>	86.450	86.450	86.450
Distributable Revenue Funding	10,486.739	9,272.331	9,257.832
Changes Since Circular 5/2012			
General Resource Grant			
Council Tax Reduction		262.400	
Adjustments to the Police Transfer		0.537	0.537
Council Tax Reduction (Undistributed)		4.600	
Specific Revenue Grants			
Change in AME Specific Grants		-1.000	-1.000
Revised Distributable Revenue Funding	10,486.739	9,534.268	9,257.369
Includes:			
Council Tax Freeze	70.000	70.000	70.000
New 85% Floor	25.000	25.000	25.000
Additional Undistributed			
Council Tax Reduction		65.600	
Capital Funding			
General Capital Grant	437.303	405.008	592.975
Specific Capital Grants	99.28	86.976	127.722
Distributed to SPT and Fire Boards	33.117	15.337	22.524
Total Capital*	569.700	507.321	743.271
Total Funding	11,485.389	10,235.839	10,124.690

* A further £86.626 million of capital grants will be paid in 2012-13

* A further £100 million of capital grants will be paid in 2015-16

** The reduction in specific revenue grants includes the removal of Excess Police Loan Charge Specific Grant

Scottish Government Financial Settlement 2013/14
Welfare Reform Impact

	£'000	£'000	£'000
<u>Council Tax Benefit - Abolition</u>			
Council Tax Collection - Draft Budget Papers 2013/14			<u>110,388</u>
Represented by:			
Council Tax Receipts (Forecast)	99,793		
Current CTB Subsidy (Mid Year Estimate 2012/13)	<u>10,595</u>		<u>110,388</u>
<hr/>			
<u>Council Tax Benefit Subsidy - Replaced by:</u>			
Council Tax Reduction - Confirmed FC 01/2013 (£262,400k Scotland)	7,659		
Council Tax Reduction - Undistributed FC 01/2013 (£65,600k Scotland)	1,915		
Funded through General Revenue Grant		9,574	
Shortfall, to be funded 60:40 SG:ACC			1,021
Council Tax Reduction - Confirmed FC 05/2012 (£18,400k Scotland) - Built into Budget		537	
Aberdeen City Council - Confirmed Welfare Reform Contingency		484	
Total Shortfall Funding			1,021
Net Impact			
Increase to General Revenue Grant	9,574		
Use of Budgeted Contingency / Provision	<u>1,021</u>		<u>10,595</u>
<hr/>			
Overall Impact / Revision to Draft Budget Papers 2013/14	Draft Budget	Adjustments	Revised Draft Budget
	£'000	£'000	£'000
<u>EXPENDITURE:</u>			
Total Expenditure - Draft Budget Papers 2013/14	439,546		
Use of Budgeted Welfare Reform Contingency		(1,021)	
Total Expenditure - Revised Draft Budget 2013/14			438,525
TOTAL EXPENDITURE	439,546	(1,021)	438,525
<u>FUNDING:</u>			
General Revenue Grant - Draft Budget Papers 2013/14	(133,672)		
Revision based on Council Tax Reduction Total Distribution (including estimated sums)		(9,574)	
Total General Revenue Grant - Revised Draft Budget 2013/14			(143,246)
Non-Domestic Rates	(177,084)		(177,084)
Teachers Induction Scheme Grant	(991)		(991)
Council Tax Collection - Draft Budget Paper 2013/14	(110,388)		
Revision based on removal of CTB Subsidy		10,595	
Total Council Tax Collection 2013/14			(99,793)
Trading Services Surplus	(11,870)		(11,870)
TOTAL FUNDING	(434,005)	1,021	(432,984)
<u>CORPORATE RISK REGISTER:</u>			
Total - Draft Budget Papers 2013/14	(5,541)		(5,541)
REVISED DRAFT BUDGET 2013/14	0	0	0

APPENDIX 3

General Fund Revenue Budget - 5 Year Position

	2013/14	2014/15	2015/16	2016/17	2017/18
Service	£'000	£'000	£'000	£'000	£'000
Corporate Governance	27,741	27,516	27,304	27,120	27,345
Social Care and Wellbeing	123,372	127,969	130,639	134,520	138,401
Education, Culture and Sport	174,695	178,951	181,165	185,689	187,111
Housing and Environment	39,893	38,932	36,400	39,567	39,909
Enterprise, Planning and Infrastructure	50,372	50,984	51,912	53,829	53,844
Office of Chief Executive	864	887	916	944	1,248
Council Expenses	2,115	2,166	2,187	2,209	2,209
Miscellaneous Services	17,961	18,978	20,122	21,236	24,651
Valuation Board	1,512	1,527	1,542	1,558	1,558
Net Cost of Service	438,525	447,910	452,187	466,672	476,276
Funding					
General Revenue Grant	(143,246)	(129,720)	(129,720)	(129,720)	(129,720)
Non Domestic Rates	(177,084)	(193,738)	(193,738)	(193,738)	(193,738)
Assumed Settlement Position	0	0	(3,500)	(7,000)	(9,000)
Teachers Induction Scheme Grant	(991)	(1,069)	(1,070)	(1,070)	(1,070)
Council Tax	(99,793)	(100,273)	(105,253)	(107,664)	(110,123)
Trading Services Surplus	(11,870)	(11,759)	(12,189)	(12,169)	(12,149)
Funding	(432,984)	(436,559)	(445,470)	(451,361)	(455,800)
Budget (Surplus)/Deficit	5,541	11,351	6,717	15,311	20,476
<i>Corporate Risk Register - In Base</i>					
Social Care and Wellbeing	(2,941)	(954)	0	0	0
Miscellaneous Services	(2,600)	(2,100)	0	0	0
	(5,541)	(3,054)	0	0	0
Revised Position	0	8,297	6,717	15,311	20,476

Appendix 3

<u>Education, Culture and Sport Virement</u>	Value
<u>Culture, Communities & Sport</u>	£
Staff	(102,000)
Premises	(82,000)
Admin	(24,000)
Transport	(12,000)
Supplies & Services	(23,000)
Transfer Payments	(126,000)
	<u>(369,000)</u>

<u>Educational Development, Policy and Performance</u>	
Staff	(88,000)
Premises	(4,000)
Admin	(3,000)
Transport	7,000
Supplies & Services	(98,000)
	<u>(186,000)</u>

<u>Schools</u>	
Staff	(980,000)
Premises	(150,600)
Admin	(14,400)
Transport	(14,000)
Supplies & Services	(263,000)
Commissioning	(8,300)
Transfer Payments	(14,700)
	<u>(1,445,000)</u>
Total Virements	<u>(2,000,000)</u>

APPENDIX 4

Non Housing Capital Programme 2012/13 – 2017/18

Project Description	Approved Budget 2012/13 £'000	Approved Budget 2013/14 £'000	Approved Budget 2014/15 £'000	Draft Budget 2015/16 £'000	Draft Budget 2016/17 £'000	Draft Budget 2017/18 £'000	5 Year Project Totals £'000
New Proposals - Financial profiling to be refined							
ICT Data Centre	0	0	0	2,500	500	0	3,000
Technology Investment Requirements	0	900	1,800	0	0	0	2,700
Central Aberdeen Infrastructure	0	1,915	3,935	3,740	6,790	3,670	20,050
A96 Park & Choose : Stage 1 - Dyce Drive Link Road	0	100	2,500	2,500	0	0	5,100
A96 Park & Choose : Stage 2 - Park & Choose Facility	0	0	100	5,000	5,000	0	10,100
New Academy to the South	0	500	11,500	19,000	1,000	0	32,000
New Milltimber Primary	0	0	0	1,250	7,500	3,000	11,750
Art Gallery Redevelopment - Museums Collection Centre	0	246	2,320	434	0	0	3,000
Art Gallery Redevelopment - Main Contract (HLF)	0	1,100	867	12,300	13,883	850	29,000
Leachate & Gas Control Measures at Ness Landfill Site	0	0	500	1,000	400	0	1,900
Waste : Hill of Tramaud - Change of Law	0	350	0	0	0	0	350
Energy from Waste - Procurement & Land Acquisition	0	3,625	500	500	375	0	5,000
Waste : Implement Waste Strategy *	0	6,200	10,050	2,000	0	0	18,250
Fleet Replacement *	0	3,000	3,000	3,000	3,000	3,000	15,000
Social Care Facilities : Burnside *	0	3,960	440	0	0	0	4,400
Childrens Home Replacement / Upgrade *	0	250	1,100	200	0	0	1,550
Social Care Facilities : Quarry Centre Refurbishment *	0	150	0	0	0	0	150
Social Care Facilities : Criagielea Refurbishment *	0	200	0	0	0	0	200
Social Care Facilities : Fergus House *	0	250	0	0	0	0	250
Social Care Facilities : Respite Centre *	0	0	500	0	0	0	500
Social Care Facilities : Rosewell House	0	400	1,400	200	0	0	2,000
Tillydrone Extra Care Village : Residential Type Care *	0	500	1,000	2,000	3,000	3,500	10,000
Tillydrone Extra Care Village : Community Hub *	0	0	0	500	500	2,000	3,000
Projects Continued from 11/12							
Western Peripheral Route (Net)	4,100	1,000	600	600	600	600	3,400
3 rd Don Crossing	430	5,180	5,230	3,280	1,670	0	15,360
NESTRANS – Capital Grant	960	882	1,295	1,295	1,295	1,295	6,062
Ness Landfill Restoration	4,000	0	0	0	0	0	0
Hill of Tramaud Landfill – Change of Law Costs	449	0	0	0	0	0	0
Corporate Office Accommodation	1,000	0	0	0	0	0	0
Duthie Park HLF	3,170	0	0	0	0	0	0
St Nicholas House Demolition	1,000	2,692	0	0	0	0	2,692
Carry forward - legally committed							
Land Acquisition -Contingency	650	0	0	0	0	0	0
ICT Connectivity	34	0	0	0	0	0	0
Replacement Education MIS	167	0	0	0	0	0	0
3R's Furniture, Fittings & Equipment	50	0	0	0	0	0	0
Data Centre Move	175	0	0	0	0	0	0
Integrated Drugs Service	650	0	0	0	0	0	0
Reserve Collection Store	43	0	0	0	0	0	0
Duthie Park & Winter Gardens Replacement Greenhouses	4	0	0	0	0	0	0
New Projects Approved in 2012							
Marchburn House	912	0	0	0	0	0	0
ASN Centre (previously called Raeden)	771	5,722	6,393	1,057	835	0	14,007
Victoria House	1,271	1,272	0	0	0	0	1,272
Hydrogen Buses	400	400	400	400	400	0	1,600
City Broadband	1,000	1,000	0	0	0	0	1,000
School Estate Strategy (Newhills / Bucksburn)	522	1,215	7,638	2,555	149	0	11,557
School Estate Strategy (Riverbank)	172	1,490	88	0	0	0	1,578
Tulloch Pool	871	100	0	0	0	0	100
Frederick Street Car Park	2,345	0	0	0	0	0	0
Rolling Programmes							
Police – Capital Grant **	1,705	651	954	0	0	0	1,605
Corp Property Condition & Suitability Programme	7,710	7,400	7,400	7,400	7,400	7,400	37,000
Planned Renewal & Replacement of Roads Infrastructure	3,748	3,768	3,659	4,000	4,000	4,000	19,427
Cycling Walking Safer Streets Grant	252	232	341	0	0	0	573
Private Sector Housing Grant	921	1,032	1,512	1,200	1,200	1,200	6,144
	39,482	57,682	77,022	77,911	59,497	30,515	302,627

Capital Grant - Latest Figures	(16,131)	(16,039)	(22,341)	(14,591)	(14,591)	(14,591)	(82,153)
Prudential Borrowing / Receipts / Other Funding	(23,351)	(41,643)	(54,681)	(63,320)	(44,906)	(15,924)	(220,474)

* Indicates Revenue Funding

** Police Grant to be removed from 2013/14 onwards