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To: All Members of the Council

Town House,
ABERDEEN 3 February 2010

COUNCIL BUDGET MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **THURSDAY, 11 FEBRUARY 2010 at 2.00 pm.**

RODERICK MACBEATH
ACTING HEAD OF DEMOCRATIC SERVICES

B U S I N E S S

GENERAL FUND

- 1 Financial Strategy - Revenue Budget 2010/11 - Report by City Chamberlain
(Pages 1 - 20)
- 1(a) Update Report on Social Care and Wellbeing Annual Grant Making Programme - Report by Director of Social Care and Wellbeing (Pages 21 - 26)
- 2 Non Housing Capital Programme 2010/11 to 2013/14 and the Prudential Indicators - Report by City Chamberlain (Pages 27 - 54)

HOUSING REVENUE ACCOUNT (HRA) BUDGET

- 3 Draft Housing Revenue Account (HRA) and Housing Capital Budget 2010/11 to 2012/13 - Report by City Chamberlain and Director of Housing and Environment
(Pages 55 - 118)

COMMON GOOD DRAFT BUDGET

- 4 Common Good Budget 2010/11 to 2012/13 - Report by City Chamberlain (Pages 119 - 144)

NOT FOR PUBLICATION

- 5(a) Proposals for Mental Health Day Service Redesign to Achieve Budget Savings - Report by Director of Social Care and Wellbeing (Pages 145 - 150)
- 5(b) Common Good Budget - Appendix 11 (Pages 151 - 154)

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ABERDEEN CITY COUNCIL

COMMITTEE: Council
DATE: 11 February 2010
REPORT BY: City Chamberlain
TITLE OF REPORT: Financial Strategy - Revenue Budget 2010/11 Update
REPORT NUMBER: CG/10/035

1. PURPOSE OF REPORT

1.1. The purpose of this report is to:

- a) Ensure the Council sets a balanced budget for the financial year 2010/11; and
- b) Inform members on the updated projected base budget position for 2010/11 taking account of decisions at Council on 16 December 2009; and
- c) Provide updated details of the 2009/10 budget pressures; 2010/11 growth pressures and additional savings proposals by Services; and
- d) Seek member's agreement to a range of service and financial changes in setting a balanced budget and Council tax freeze for 2010/11 including the additional ear marking of reserves for Hill of Tramaud and Disabled Parking Bill.

2. RECOMMENDATION(S)

2.1 It is recommended that members:

- a. consider the contents of this report; and
- b. make recommendations in regard to a final package of savings and efficiency options from those outlined to achieve a balanced budget taking account of 2009/10 budget pressures, 2010/11 growth items and feedback from consultation.

- 2.2 It is also recommended that members approve the commencement of a zero based budgeting approach to achieve a balanced budget for 2011/12 and future years, which includes stakeholder consultation and links to the development of Council's interim Business plan and Service's business plans.
- 2.3 The Head of Human Resources and Organisational Development and Head of Legal and Democratic Services report back to Finance and Resources Committee in due course on the outcome of a review of employment costs.

FINANCIAL IMPLICATIONS

- 3.1. The current forecast out-turn position, as reported recently to the Finance and Resources Committee meeting of 28 January 2010, identified that there were underlying costs pressures that would impact on the 2010/11 budget e.g. adults services, out of city placements and reductions in sports income. These cost pressures currently estimated to be c£8.5 million, have been included in the projected spend for 2010/11.
- 3.2. The Council also retains working balances to meet any unforeseen expenses during the financial year. In being prudent the Council aims to retain 2.5% to 3% of net spend which would equate to approximately £11.2 to £13.5 million.
- 3.3. Based on the latest projected out-turn position and utilising reserves to meet potential costs arising from Hill of Tramaud and the Disabled Car Parking Bill the projected level of working balances after taking into account known commitments is currently anticipated to be £12.876 million or approximately 3% of the net spend.
- 3.4. It is proposed that further work which is presently being undertaken on the ear-marked commitments, is reported to the Finance and Resources Committee on completion of the 2009/10 financial statements, to see if any elements can be released back into working balances.

4. SERVICE & COMMUNITY IMPACT

- 4.1. As a recognised top priority the Council must continue to take the necessary measures to continue to balance its budget. Therefore, Services are required to work within a financial constraint and every effort is being focused on delivering services more efficiently and effectively and not only on reducing services to individuals and communities.
- 4.2. Options for balancing the budget may have an impact upon service delivery and the wider community and these will be identified through each directorate and are included within this report.

4.3. A range of options were reported to Council on 16 December 2009 of which £23.070 million were approved for setting a balanced budget on 11 February 2010 and these are set out at **Appendix 1**. In addition a number of items were deferred totalling £1.148 million and these are set out in **Appendix 3.1** for members' consideration.

5. OTHER IMPLICATIONS

5.1. A major impact on the Council's position for 2010/11 and future years budgets is the current economic down turn of the United Kingdom economy and the anticipated reduction on monies allocated to the public sector by the Treasury. As Scotland receives most of its funding from the UK Government this squeeze will have a significant impact on the amount of money available to the public sector.

5.2. We can anticipate, in future years, a position of significant contracting of public sector funding which will change the shape of and the range of services which can be delivered.

6. REPORT

Summary – 2010/11 Budget Position

6.1 The updated current position is detailed in **Appendix 2** and is summarised in the following table:

2010/11 General Fund Revenue Budget		£ million
<u>Note</u>	<u>Funding</u>	
1	Central Government Grants	337.969
2	Council Tax Freeze Grant	3.300
3	Council Tax (including arrears)	106.207
4	Adult Support and Protection Funding	0.650
		<u>448.126</u>
	<u>Add:</u>	
	Trading Services – net income	6.435
	Total Funding	<u>454.561</u>
	 <u>Projected Expenditure</u>	
	Current Estimated Spend	470.856
	Add: 2009/10 Budget Pressures	9.297
5	Add: 2010/11 Growth items – Appendix 4	8.140
	Deduct: Savings Proposed Council 16/12/09	<u>(23.070)</u>
	Total Projected Expenditure	<u>465.223</u>

Total Projected Expenditure less Total Funding	10.662
Deduct: Further Savings Proposals for consideration – Appendix 3	(2.916)
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Estimated – Additional Savings/Efficiencies target to achieve a Balanced Budget	7.746

Note 1 – This is the current level of funding the Council estimates for the financial year 2010/11 based on Finance Circular 12/2009 and any subsequent revisions that have been advised.

Note 2 – If the Council freezes the Council Tax charge at 2009/10 levels an additional £3.3 million is allocated in government grant. It is assumed that the Council will freeze Council Tax levels and therefore be awarded this funding.

Note 3 – A review of Council Tax has been undertaken and it is estimated that there will be a small increase in the Band D equivalent properties for 2010/11 generating additional income. The total figure also reflects a sum of £275k from Council tax/Community Charge Arrears for prior years. .

Note 4 – Finance Circular 12/2009 of 26 November 2009 indicates that funding relating to Adult Support and Protection will be separately provided. This funding does show that the whole of Scotland allocation remains the same as 2009/10, so currently additional income is anticipated at 2009/10 levels.

Note 5. –Details of growth items proposed by services are set out in detail in Appendix 4. The information outlined mainly reflects maximum costs and implementation upon a phased basis is an option for consideration.

Current Projected Spend

- 6.3 The attached table, at **Appendix 2**, shows how the previously reported 2010/11 position has moved since reported to Council on 16 December 2009. This outlines that at present there is a gross spend of £465.223 million for 2010/11 if all of the 2009/10 budgetary pressures (£9.297 million) and growth items for 2010/11 (£8.140 million) were accepted.
- 6.4 This updated position reflects the previously identified 2009/10 cost risks relating to sports income, children’s out of city placements/specialist care and the increasing demand for adult services.

Description	Cost Impact £'000
Adult Services	4,657
Children’s Out of City Placements/ Specialist Care	2,915
Reduction In Sports Income	900
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	8,472

- 6.5 It is felt prudent that all these items should be considered in setting the Council's 2010/11 budget strategy, as such demand led pressures are to some extent unavoidable unless the Council reviews the way it provides services. The Council must decide if these pressures should be incorporated within the 2010/11 budget or if Services should absorb them within their allocated budget.
- 6.6 The current projected spend for 2010/11 also includes:
- A revised corporate budget provision/contingency of £3.467 million;
 - A sum of £1.897 million for a revenue investment fund;
 - A total of £36.963 million for Joint Boards requisitions (Police, Fire & Rescue, and Valuation which is subject to confirmation)
 - A sum of £2.375 million for former ring fenced- Fairer Scotland Fund.
- 6.7 In addition to the current year pressures (paragraph 6.4 to 6.5 above) there are also additional growth items faced by Services totalling £7.940 million and these are set out in **Appendix 4**.
- 6.8 It can be seen that some of these growth items relate to the Concordat and Single Outcome Agreement. Elected members will therefore have to decide what items, if any, that they would wish to be built into Service budgets. The information outlined mainly reflects maximum costs and implementation upon a phased basis is an option for consideration.
- 6.9 There is also no pay award built into the base budget other than for Teachers (2.4%) whereby a negotiated settlement had previously been agreed for 2010/11. It is anticipated that the Trade Union side of the Scottish Joint Council for Local Government in Scotland will be requesting a 3% increase for their members (which would equate to £4.8 million).
- 6.10 Subsequent to the Scottish Local Authorities Remuneration Committee making a recommendation that Councillor's remuneration be frozen for the next two years at the April 2009 level of remuneration the CoSLA Leader's meeting on 29 January 2010 agreed to accept a one year freeze. The budget reflects this agreement.
- 6.11 Included within the net expenditure is sum of £3.467 million for a corporate budget provision/ contingency. It is proposed that the following ear-marked commitments are made against this budget: a) additional cost of rates (£430,000); b) the potential cost of pay settlements; and c) loss of annual rental income for property at Wellington Road (£225,000) as detailed in **Appendix 3.2**.

6.15 It should be noted that if a pay settlement is agreed in excess of 1% additional efficiencies potentially will have to be identified by services to meet any costs in excess of this depending on the call on contingency during the year. However, the Head of Human Resources and Organisational Development in conjunction with the Head of Legal and Democratic Services are currently reviewing the organisations employment costs and will report back to a future Finance and Resources Committee on their findings with recommendations on how employee's work life balance can be maximised and ensure efficient service delivery in the current financial climate.

Funding

- 6.16 The total funding available to the Council will be £454.561 million (assuming Council Tax levels are frozen and the Council receives £0.650 million funding for Adult Support and Protection which is expected to be notified separately)
- 6.17 Contained within the settlement figure is the Council's share of the whole of Scotland reduction in funding of £131 million. This equates to £4.737 million for Aberdeen, or 3.6% of the whole of Scotland total.
- 6.18 The Council continues to be one of the lowest funded Council's in Scotland on a per head of population basis. The Scottish average is currently (based on mid year population estimates of 2008) £2,049 compared to this Council receiving £1,724 (excluding the Council Tax freeze grant).
- 6.19 Given the above if Aberdeen were to receive the Scottish average it would receive additional funding of approximately £68 million a year.
- 6.20 The settlement letter indicates that there is also a further allocation for the whole of Scotland in relation to Teachers Induction Scheme of £37.547 million. No further details are currently available on the likely share that this Council may receive.
- 6.21 The Non-Domestic Rate Income poundage has been set by the Scottish Government at 40.7 pence from the current level of 48.1 pence which is welcomed in light of the business rates revaluation due to take place in April 2010. Subject to any relief arrangements there will be an increased cost to the Council for the properties it owns based on the expected increase in property valuations of an estimated £430,000.

Savings

- 6.22 Based on proposals outlined by Services and decisions taken by Council on 16 December 2010 the following has been approved to achieve a balanced budget in 2010/11

Service	£'000
Council Expenses	20
Office of Chief Executive	178
Corporate Governance	3,811
Enterprise, Planning and Infrastructure	2,803
Housing and Environment	2,910
Education, Culture and Sport	8,560
Social Care and Well Being	4,788
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	23,070

- 6.23 This excludes the savings identified on management restructuring, at Director and Head of Service level, totalling £921,000 which has been built into the base budget.

2011/12 and future years Budget Position

- 6.24 In developing budgets for 2011/12 and future years, it is proposed that more of a zero- based, rather than a predominantly incremental based, approach is undertaken which includes stakeholder consultation and links to the development of Council's Interim Business Plan and Service's business plans.
- 6.25 The three year settlement for the period 2011/12 to 2013/14 is as yet unknown but predictions suggest that there could be reductions of around 12%, or 4% per annum, which would equate to around £14 million per annum based on the 2010/11 grant settlement. It should be borne in mind that the budget for these financial years will be calculated and based on a range of assumptions with no indication of the likely level of general revenue grant that will be receivable from the Scottish Government until Autumn 2010 at the earliest.
- 6.26 This will require certain high level assumptions to be made but it will however provide an indication of the continued financial pressure that the Council will continue to face over the short to medium term.

Conclusion

- 6.27 In conclusion, in setting a balanced budget it can be seen that the Council continues to face difficult financial circumstances.

6.28 To achieve this a decision is required to determine the amount of additional cost pressures that Services need to build into their base budget for 2010/11 and offset this, and the current funding gap of £7.746 million, with savings and other efficiencies options identified within **Appendix 3**.

7. AUTHORISED SIGNATURE

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9. BACKGROUND PAPERS

Financial ledger data extracted for 2009/10, service committee reports on financial monitoring and the Council's Medium Term Financial Plan; Finance Circular 12/2009.

Financial Strategy - Revenue Budget 2010/11 -Finance and Resources
Committee 10 December 2009, Report No. CG/09/175

Revenue Budget 2009/10 Monitoring - Finance and Resources Committee 28
January 2010, Report No. CG/10/023

COUNCIL EXPENSES

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head
CX1	Various Administration Costs	(20)	0.0	0.0
TOTAL		(20)	0.0	0.0

OFFICE OF CHIEF EXECUTIVE

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head
OCE4	Reduction in expenditure Election Unit	(27)	0.0	0.0
OCE1	Reduction in Clerical Assistant/ WPO post	(9)	(0.5)	(1.0)
OCE2	Remove Chief Public Affairs Officer post	(75)	(1.0)	(1.0)
OCE5	Remove Chief Officials Pay Award	(67)	0.0	0.0
TOTAL		(178)	(1.5)	(2.0)

CORPORATE GOVERNANCE

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head Count
CG5	Deletion of Clerical Assistant post (vacant) (G27130)	(20)	(1.0)	(1.0)
CG6	33% reduction in training budget (G27130)	(2)	0.0	0.0
CG50	50% reduction in hardware budget (G27130)	(2)	0.0	0.0
CG51	50% reduction in hardware budget (G51123)	(2)	0.0	0.0
CG52	20% reduction in courses (F11061)	(1)	0.0	0.0
CG53	40% reduction in travel (F11061)	(2)	0.0	0.0
CG54	Removal of Audit Fee (F11061)	(2)	0.0	0.0
CG7	Vacant posts - not filled	(98)	(4.0)	(4.0)
CG8	Overtime reduction	(10)	0.0	0.0
CG9	Corporate Training Budget	(80)	0.0	0.0
CG10	Misc Savings	(58)	0.0	0.0
CG11	Deletion of Team Manager - P & RM following VS	(41)	(1.0)	(1.0)
CG12	Removal of one Project Leader - currently vacant	(31)	(1.0)	(1.0)
CG14	Payroll - Postage Savings	(2)	0.0	0.0
CG15	Annual review of renewal costs of insurance premiums	(40)	0.0	0.0
CG16	Strain on the Superannuation Fund	(77)	0.0	0.0
CG17	AECC Swap Agreement	(100)	0.0	0.0
CG18	Removal of WPO Supervisor post	(25)	(2.0)	(2.0)
CG19	Change post from Committee Officer to Assistant	(13)	0.0	0.0
CG20	Efficiency savings	(15)	0.0	0.0
CG21	Efficiency savings (Various)	(10)	(1.0)	(1.0)
CG22	Change post of Senior Solicitor to Solicitor (Licensing)	(9)	0.0	0.0
CG23	Disestablishment of vacant Area Officer	(22)	(2.0)	(2.0)
CG24	Disestablishment of 2 WPO posts	(36)	(2.0)	(2.0)
CG25	Efficiency savings (Various)	(77)	0.0	0.0
CG26	Automated Bank Reconciliation	(22)	(1.0)	(1.0)
CG27	Reduction in Training budget	(5)	0.0	0.0
CG28	Efficiency savings (Various)	(16)	0.0	0.0
CG29	Review of staffing requirements - payroll	(33)	(1.5)	(2.0)

CORPORATE GOVERNANCE (Continued)

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head Count
CG30	RCC Admin Budget	(5)	0.0	0.0
CG31	Accord Admin Budget	(8)	0.0	0.0
CG32	Electronic Transfer of data	(22)	0.0	0.0
CG33	Electronic billing and merging of documentation	(2)	0.0	0.0
CG34	Removal of staffing assistant post	(19)	(1.0)	(1.0)
CG35	Strain on the Superannuation Fund	(16)	0.0	0.0
CG36	Deletion of clerical assistant post	(20)	(1.0)	(1.0)
CG38	Public Notices - Advertising Traffic Orders	(70)	0.0	0.0
CG39	Backup Software Support - reduced annual costs	(30)	0.0	0.0
CG40	Core Network Support Costs - reduced annual support	(9)	0.0	0.0
CG41	Core Hardware Support Costs- consolidation of servers	(25)	0.0	0.0
CG42	Reduction in Misc Software - reduction in required spend	(15)	0.0	0.0
CG43	Fixed Line costs - review of BT and THUS fixed lines	(40)	0.0	0.0
CG45	Project Support Officer Post	(22)	0.0	0.0
CG46	Procurement	(1,178)	0.0	0.0
CG47	Corporate Recruitment Advertising	(50)	0.0	0.0
CGI3	Scottish Water/Benefit funding	(122)	0.0	0.0
CGI4	Insurance Team Commission for Arms length organisation	(6)	0.0	0.0
CGR1	Restructure of 3rd tier Management	(58)	(1.0)	(1.0)
CGR2	Remove one part time Change Manager post.	(24)	(0.7)	(1.0)
CGR3	Review of 4th tier management	(170)	(4.0)	(4.0)
CGR4	Reduction in number of ICT analysts.	(89)	(3.0)	(3.0)
CGR5	Deletion of Posts	(148)	(4.0)	(4.0)
CGR6	24x7x365 Service Delivery Model	(83)	0.0	0.0
CP1	Strategist Central Proposals	(19)	0.0	0.0
CP2	Strategist North	(4)	0.0	0.0
CP4	Women's Centre/Grant payments to projects	(8)	0.0	0.0
CP5	Detached and Citywide Youth Work	(9)	0.0	0.0
CP6	Head of Community Planning and Regeneration	(5)	0.0	0.0
CP7	Directorate	(26)	(1.0)	(1.0)
CGX1	Backfilling of Posts	(154)	0.0	0.0
CGX2	Corporate Strain on the Fund	(500)	0.0	0.0
CG37	Prison Visiting Committee	(4)	0.0	0.0
	TOTAL	(3,811)	(32.2)	(33.0)

ENTERPRISE, PLANNING AND INFRASTRUCTURE

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head
CCM1	Marketing General	(2)	0.0	0.0
CCM2	Graphic Design	(2)	0.0	0.0
CCM3	Graphic Design Unit	(6)	0.0	0.0
CCM4	Hogmanay	(100)	0.0	0.0
CCM5	Summerhill Graphics Unit	(35)	(1.0)	(1.0)
CCM6	Waste Marketing	(12)	0.0	0.0
EES1	Reduce Visit Scotland Funding	(8)	0.0	0.0
EES2	Reduce ACSEF Funding	(11)	0.0	0.0
EES3	Reduce AREG Funding	(50)	0.0	0.0
EES4	Reduce Convention Bureau Funding	(11)	0.0	0.0
EES5	Remove Energy Futures Centre Funding	(89)	0.0	0.0
EES6	Water savings	30	0.0	0.0
EPIOS1	Operational support	(75)	(1.5)	(2.0)
F1B	Reduce Park and Ride Operation	(100)	(4.0)	(4.0)
F2	Reduction In Post Room Staff	(30)	(1.5)	(2.0)
F3	Reduction in Administration Team	(30)	(1.5)	(2.0)
F4B	Reduction in Facilities Supervisors	(60)	(2.0)	(2.0)
F5B	School Crossing - Reduce Manned Points	(90)	(5.0)	(12.0)
F6	Closure Of Summerhill	(180)	N/A	N/A
F7	Facilities Structure	(87)	N/A	N/A
F8B	Catering Service Review	tbc	tbc	tbc
PI1	E-planning Project Manager	(24)	(0.5)	(1.0)
PI2	E-planning Project Co-ordinator	(23)	(1.0)	(1.0)
PI3	Planner - Development Management	(13)	(0.4)	(1.0)
PI4	Freezing Senior Building Standards Officer	(44)	(1.0)	(1.0)
PI5	Planner - Development Plan and Access	(39)	(1.0)	(1.0)
PI6	Planner - Infrastructure Programmes	(39)	(1.0)	(1.0)
PI7	Planning Trainee - Infrastructure Programmes	(26)	(1.0)	(1.0)
PI8B	Freezing Planner Post for one year	(39)	(1.0)	(1.0)
PI9B	Senior - Strategic Programmes	(49)	(1.0)	(1.0)
PI10C	Freeze Trainee Planner Post	(26)	(1.0)	(1.0)
PI11C	Freeze Trainee Building Standards	(26)	(1.0)	(1.0)
PI12C	Freeze Building Standards Officer Post	(39)	(1.0)	(1.0)
R1	Street Lighting Electricity Costs	(450)	0.0	0.0
R2B	Dealing with Public Enquiries/Complaints	(30)	(1.0)	(1.0)
R3B	Winter Maintenance	(15)	0.0	0.0
R4	Taxicard	(10)	0.0	0.0
R5	Charges for TROs for New Developments	(10)	0.0	0.0
R6B	RTPI System	(80)	0.0	0.0
R7	Roads/Transport Structure	(35)	(1.0)	(1.0)
R8C	Road Staff Reductions (1)	(250)	(8.0)	(8.0)
R10B	16-18 Concession	(8)	0.0	0.0
R12B	Abandon Taxi Card Scheme	(130)	0.0	0.0
R13B	ITS Maintenance Contract	(20)	0.0	0.0
R14B	Blue/Green Badge Scheme	(50)	0.0	0.0
CG1	Removal of Senior Estates Surveyor post	(45)	(1.0)	(1.0)
CG2	Reduction in term consultancy	(250)	0.0	0.0
CG3	Removal of Senior Building inspector post	(30)	(1.0)	(1.0)
CG4	Removal of Principal Architect post	(55)	(1.0)	(1.0)
TOTAL		(2,803)	(40.4)	(50.0)

HOUSING AND ENVIRONMENT		2010/11	2010/11	
Ref No.	Title of Service Change	£'000	FTE	Head
HSG1	Central (Point)	(13)	(0.5)	(1.0)
HSG2	Housing Repairs	(115)	(3.0)	(3.0)
HSG3	Non Housing Repairs	(42)	(1.0)	(1.0)
HSG4	Sales and Consent	(31)	(1.0)	(1.0)
HSG5	Reduced Commissioning of homelessness services	(122)	0.0	0.0
HSG6	Community Safety	(34)	0.0	0.0
HSG7	Police Posts	(117)	0.0	0.0
HSG8	Transport Marshals	(20)	0.0	0.0
HSG9	Deletion of 3rd tier Community Safety Manager	(55)	(1.0)	(1.0)
HSG10	Clinterty	(6)	0.0	0.0
HSG11	Review of Supporting People	(182)	0.0	0.0
HSG12	Sacro Mediation Service - Non Council Tenant	(5)	0.0	0.0
HSG13	Neighbourhood Watch Co-ordinator	(7)	0.0	0.0
HSG14	Small Grants Budget	(0.5)	0.0	0.0
HSG15	Neighbourhood Budget	(5)	0.0	0.0
HSG16	The Point - St Nicholas House	(22)	(1.0)	(1.0)
ENV1	Use of Agency Staff	(33)	(35.0)	(60.0)
ENV2	Depot Consolidation	(40)	0.0	0.0
ENV6	Reduced running costs of replacement cremators	(80)	0.0	0.0
ENV3	Increase income from Ranger Service	(5)	0.0	0.0
ENV4	Increase Crematorium Charges	(90)	0.0	0.0
ENV8	Roundabout & Green space Sponsorship	(150)	0.0	0.0
ENV13	Laboratory of the Public Analyst	(27)	0.0	0.0
ENV24	Landlord Registration Fees	(96)	0.0	0.0
ENV25	Contract Monitoring to Sports Trust	(15)	0.0	0.0
ENV28	Sale of Surplus Vehicles	(27)	0.0	0.0
ENV29	Shared Trading Standards Service	(20)	(0.5)	(1.0)
W2	Trade Waste Collection	(40)	0.0	0.0
W3	Special Waste Collection Charges	(22)	0.0	0.0
DIR1	Operational support	(151)	0.0	0.0
DIR2	Vacancy Management	(242)	0.0	0.0
ENV5	Reduction to In Bloom Campaigns	(25)	0.0	0.0
ENV7	Review of Environmental Services	(150)	(2.5)	(5.0)
ENV9	Stop annual winter bedding	0	0.0	0.0
ENV10	Saving to staff structure	(32)	(1.0)	(1.0)
ENV11	General Cost Reductions	(15)	0.0	0.0
ENV12	Professional trainee and support post cuts	(20)	(1.0)	(1.0)
ENV14	Laboratory of the Public Analyst	(16)	0.0	0.0
ENV15	Pest Control Materials	(10)	0.0	0.0
ENV16	Environmental Protection Transport Savings	(5)	0.0	0.0
ENV17	Duthie Park Store	(20)	(1.0)	(1.0)
ENV18	Non Statutory post Cuts	(30)	(1.0)	(1.0)
ENV19	Lead Environmental Manager	(68)	(1.0)	(1.0)
ENV21	Reduce Parks Maintenance	(80)	(1.5)	(3.0)
ENV26	Market Testing - Grounds Service	(393)	(20.0)	(20.0)
ENV27	Market Testing of Street Sweeping	(78)	0.0	0.0
ENV30	Review of Environmental Health/Protection Service	(10)	(1.0)	(1.0)
ENV31	Sheltered Placement	(8)	(4.0)	(4.0)
W1	Waste Implementation Team Structure	(65)	(3.0)	(3.0)
W4	Market Testing of Waste	tbc	tbc	tbc
W5	Waste Marketing	(70)	0.0	0.0
		(2,910)	(80.0)	(110.0)

EDUCATION, CULTURE AND SPORT

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head Count
C01	Catering	(24)	0.0	0.0
C02	Reduction in central support/management posts	(145)	(4.0)	(4.0)
C03	Reduction in CLD Team Leader/Development posts	(68)	(1.5)	(2.0)
C04	Reduction in CLD Senior Community Worker Posts	(37)	(1.0)	(1.0)
C05	Reduction in Community Training Unit Budget	(30)	0.0	0.0
C06	Reduction in CLD Training and Development Funding	(80)	0.0	0.0
C07	Arts Development Team	(23)	(1.0)	(1.0)
C08	Sports & Culture Grants	(191)	0.0	0.0
C09	5% Reduction in funding for Sport Aberdeen	(500)	0.0	0.0
C10b	Museum and Gallery Staffing Reductions	(62)	(2.5)	(4.0)
C11	5% Reduction in grants to Community Projects	(33)	0.0	0.0
C12	Reduction in budgets for leased community centres	(29)	0.0	0.0
C13	8.75% reduction in Neighbourhood Planning budget	(40)	0.0	0.0
C14a	Library Service - Reduction in library posts	(122)	(4.5)	(6.0)
C14b	Library Service Charges	(20)	0.0	0.0
C15a	Citymoves	(14)	0.0	0.0
C15b	Arts Education	(11)	0.0	0.0
C16	Tribal Electronic Strategic Planning	(17)	0.0	0.0
C17	Admin Support Integrated Children's Service	(15)	0.0	0.0
C18	Integrated Children's Service Development Budget	(17)	0.0	0.0
C20	5% Reduction in gross budget for Adventure Aberdeen	(20)	(1.0)	(1.0)
C21	Reduction in Clerical Post	(24)	(1.0)	(1.0)
C22	Station House Media Unit	(50)	0.0	0.0
C23	Linkfield Swimming Pool	(125)	tba	(10.0)
L01	Schools - Teaching	(2,225)	(83.5)	(83.5)
L02a	Secondary Schools Technical Support	(197)	(5.9)	(5.9)
L02b	Secondary Schools Admin/Clerical	(218)	(11.0)	(11.0)
L03	Non-statutory	(535)	(6.5)	(6.5)
L04	ICT- Glow/European/Resources	(20)	0.0	0.0
L05	Facilities - Education	(750)	0.0	0.0
L06	School Transport	(125)	0.0	0.0
L07	Continuing Professional Development Learning	(75)	0.0	0.0
L08	Staffing adjustments due to school roll reductions	(211)	(9.2)	(9.2)
L12	Additional Support Needs	(1,552)	(5.0)	(7.0)
L13	Early Years, Early Intervention	(145)	0.0	0.0
DS01	Directorate and Support Costs	(164)	(6.0)	(6.0)
DS02	Operational Support	(647)	(12.0)	(12.0)
		(8,560)	(155.6)	(171.1)

SOCIAL CARE AND WELLBEING

Ref No.	Title of Service Change	2010/11	2010/11	
		£'000	FTE	Head Count
SCW-ML01	Tendering for Services	(125)	tbc	tbc
SCW-ML02	Redesign of training team	(150)	(3.0)	(3.0)
SCW-ML03	Apply eligibility criteria across all Supporting People Services	(300)	0.0	0.0
SCW-ML06	Increase all charges in day care	(45)	0.0	0.0
SCW-ML07	Review of role of Community Placement Team	(100)	(9.0)	(10.0)
SCW-ML08	Tendering for Garden Crafts Products	(37)	tbc	tbc
SCW-ML09	Redesign of Contract and Commissioning Functions	(130)	(3.0)	tbc
SCW-LT02	Recommission Mental Health Day Care Unit	(150)	0.0	0.0
SCW-LT03	Close residential care home	(200)	(13.0)	(13.0)
SCW-LT05	Close OP day care unit	(210)	(3.0)	(6.0)
SCW-LT06	Restructuring of Adults Services	(60)	(1.0)	(1.0)
SCW-LT07	Vacancy Management	(800)	0.0	0.0
SCW-LT08	Review role of hospital teams	(150)	(4.0)	(4.0)
SCW-LT09	Restructuring of Care Management	(150)	(3.0)	(3.0)
SCW-SD01	Decommission Service from Primrosehill Family Centre	(80)	0.0	0.0
SCW-SD03	Increase capacity within residential children's homes	(100)	0.0	0.0
SCW-ML10	Redesign of delivering self-directed care	(100)	(3.0)	0.0
SCW-ML11	Move to a single sensory service	(100)	0.0	0.0
SCW-ML12	Remove the grants payment in support of Talking Books	(13)	0.0	0.0
SCW-LT14	Reduce staffing levels in Care at Home Service	(160)	(5.0)	(5.0)
SCW-ML15	LD establishments staff restructure	(100)	0.0	0.0
SCW-LT11	Close LD Residential Establishment	(200)	(9.0)	(9.0)
SCW-LT13	Integrate Community Learning Disability with Adult Care	(50)	(1.0)	(1.0)
SCW-LT15 & 24	Horizons - reduce staffing levels	(280)	(7.0)	(7.0)
SCW-LT19	Restructure OP residential staff	(100)	0.0	0.0
SCW-SD04	Reduction of Senior Social Worker post in Children's services	(50)	(1.0)	(1.0)
SCW-SD05	Reduction in Changing Children's Services Fund	(100)	0.0	0.0
SCW- FMcB01	Reduction in Strategist Posts	(240)	(5.0)	(4.0)
SCW-FMcB03	Maximising income	(50)	0.0	0.0
SCW-FMcB05	Reduction in Administrative Support	(37)	tbc	tbc
F7- Facilities	Facilities Structure	(58)	tbc	tbc
SCW-LT16	Community Care Review team	(300)	(6.0)	(9.0)
SCW-FMcB04	Realign structure	(63)	(1.0)	(1.0)
		(4,788)	(77.0)	(77.0)
Overall Total		(23,070)	(386.7)	(443.1)

	Draft Base Budget 2010/11 £ million	Savings Proposed 16/12/09 £ million	Revised Base Budget 2010/11 £ million	2009/10 Budgetary Pressures £ million	Revised 2010/11 Base with Pressures £ million	2010/11 Growth Items £ million	Revised 2010/11 with Growth and Pressures £ million
NET EXPENDITURE							
Council Expenses	2.231	-0.020	2.211	0	2.211	0	2.211
Office of Chief Executive	0.951	-0.178	0.773	0	0.773	0	0.773
Corporate Governance	29.998	-3.811	26.187	0	26.187	0	26.187
Enterprise, Planning and Infrastructure	30.102	-2.803	27.299	0	27.299	0.075	27.374
Housing and Environment	59.280	-2.910	56.370	0	56.370	0	56.370
Education, Culture and Sport	188.353	-8.560	179.793	1.384	181.177	6.035	187.212
Miscellaneous Services	45.211	0	45.211	0	45.211	0	45.211
Social Care and Wellbeing	115.651	-4.788	110.863	7.088	117.951	1.830	119.781
Other Items	471.777	-23.070	448.707	8.472	457.179	7.940	465.119
	-0.921	0	-0.921	0.825	-0.096	0.200	0.104
	470.856	-23.070	447.786	9.297	457.083	8.140	465.223
FUNDING							
Central Government Grants	-337.975		-337.975		-337.975	0.006	-337.969
Council Tax	-105.932		-105.932		-105.932		-105.932
Council Tax Freeze	-3.300		-3.300		-3.300		-3.300
Adult Support and Protection	-0.650		-0.650		-0.650		-0.650
Council Tax/Community Charge Arrears	-0.275		-0.275		-0.275		-0.275
Reserves and Balances	0		0		0.000		0.000
Trading Services	-6.435		-6.435		-6.435		-6.435
	-454.567	0	-454.567	0	-454.567	0.006	-454.561
Budget (Surplus)/Deficit	16.289	-23.070	-6.781	9.297	2.516	8.146	10.662

2009/10 Budgetary Pressures Represented By:

Adult Services							
Social Care and Wellbeing				4.657			
Out of City Placements/Specialist Care				2.431			
Out of City Placements/Specialist Care				0.484			
Reduction in Sports Income				0.900			
				8.472			

Other Items:

Restructuring of 1st/2nd Tier	-0.921						
3R's Unitary Charge Adjustment	0.825						
Joint Board Requisition Adjustments	0.200						
							0.104

Further Items For Consideration

	£'000	£'000	Notes
Base Position with all Pressures		10,662	
Trading Services Revised Surplus	(320)		Revised Car Parking surplus
Water Savings	(171)		Includes water meters and procurement savings
Joint Public Sector Group	(20)		Funding no longer proposed
Private Sector Housing Grants	(1,177)		Awaiting grant settlement but this is net of spend already in base
50% Reduction in Investment Fund	(900)		Only 50% as there will be requirement for 2010/11 spend
NESTRAN Funding	(16)		Reduced level of funding requested for 2010/11
Democratic Services Structure	(13)		* Subject to Committee Approval
Pets' Corner Income Generation	(34)		* Review of donations, sponsorship, fundraising etc.
Merge Welfare Rights/Debt Counselling	(82)		* Merge welfare rights and debt counselling/money advice teams
Infosmart Creditors Processing	(183)		This depends on implementation date - assumed half year effect
		(2,916)	

Potential Base Budget Position

7,746

* - Approved by Finance and Resources 28 January 2010.

Other Options Available:

1. Include previously deferred savings totalling £1.148 million - See Appendix 3.1
2. Review level of contingency contained in base budget - See Appendix 3.2
3. Voluntary Severance/Early retirement savings (50 posts = £1.25 million approximately).
4. Only allow, say, 75% of 2009/10 budget pressures (services to contain this) reducing base by £2.1 million.
5. Phased implementation of 2010/11 education budget pressures - half year effect = £3.5 million reduction in base.
6. Potential work force working practices review.

Example:

Potential Base Position (Per above)	7,746	
Add Contingency Reduction	(500)	Reduce the level of budgeted contingency level.
Review of Growth and Employment Costs	(7,246)	Example of potential saving

Budget Surplus/(Deficit)

0

ITEMS DEFERRED FOR A FURTHER REPORT

	2010/11 £'000	2010/11 FTE	2010/11 Head
Enterprise, Planning and Infrastructure			
R11B Supported Bus Services	(80)	0	0
Education, Culture and Sport			
C19 Community Learning Hubs	(100)	(4.0)	(11.0)
L09a Learning Estate Primary	(193)	(7)	(10)
L09b Learning Estate Secondary	(295)	(10)	(10)
Social Care and Wellbeing			
SCW-ML13 Voluntary Organisations Grants	(300)	-	-
SCW-LT04 Welfare Rights Team *	(180)	(10)	(10)
	(1,148)	(31)	(41)

SCW-LT02 Recommision Mental Health Day Care Unit
Saving accepted but a further report is required.

* This item is now dealt with in Appendix 3

Use of Contingencies

	£'000	£'000
<u>2010/11 Contingency Provision</u>		(3,467)
Earmarked Sums:		
Non Domestic Rates	430	
Wellington Road	225	
Additional Support for Learning Act	75	
	<hr/>	<hr/> 730
Balance Available		<u><u>(2,737)</u></u>
Pay Contingency		1,600
Potential Reduced Level of Contingency		500
Potential Unapplied Contingency		<hr/> <u>(637)</u>

Growth Proposed not included in 2010/11 base budget

Summary Growth by Service

Description	£'000
Enterprise, Planning & Infrastructure	75
Education, Culture & Sport	6,035
Social Care and Wellbeing	1,830
Total Growth Proposed	7,940

Enterprise, Planning and Infrastructure

Description	£'000
EBDP1 – International Direct Marketing – designed to promote major investment opportunities within the city.	60
EESP3 – Energy Management – additional funding required to enable Technical Services to carry out work to achieve energy saving measures.	5
PIP9 – Affordable Housing Research – commissioning of an independent adviser to help develop a model for assessing affordable housing contributions to planning gain.	10
Total Growth Proposed	75

Education, Culture and Sport

Description	£'000
3R's Unitary Charge adjustment to reflect the current agreed unitary charge for 2010/11.	0
School Meals Legislation (Concordat) 3 options - To deliver free school meals to all P1-P3 pupils from August 2010.	1,560
Pre-School Entitlement (Concordat) 3 options. From August 2010, pre-school entitlement will increase from 470 to 570 hours.	757
Curriculum For Excellence - To be fully implemented from 2010. The first national qualifications will be delivered in 2014. Support required for continued development of Literacy, Numeracy, Assessment and Learning and Teaching.	0
ASL Act - Potential cost of new duties relate to a number of revisions of the Education (Additional Support for Learning) (Scotland) Act 2004 and the 2009 amendments to the Act.	0
Kaimhill Decant - Costs associated with the decanting of pupils while new facilities are built on the original school site.	255
Secondary Management Structures - Costs associated with moving to a Faculty Structure.	435

Education, Culture and Sport (Continued)	
Primary 1 to 3 Class Sizes (Concordat) - Reducing class sizes in primary one to three to a maximum of 18.	2,843
MIS for schools - Replacement/upgrade of Schools Management Information System.	125
L&IS spend to Save: ICT - Investment in new technology to replace current postal notification of overdue accounts and reservations with email or text.	60
Total Growth Proposed	6,035

Social Care and Wellbeing

Description	£'000
SCW-Growth-01 - Elmwood Resettlement. Current provision in the budget for the re-settlement of 10 individuals from Elmwood is £750k. It is now considered that support packages for these individuals will cost £1m.	250
SCW-Growth-02 - Impact of Demographic Changes. Seeks additional budget for Occupational Therapy equipment £200k, additional respite services £200k (now removed) and the establishment of a peripatetic pool of staff £300k.	500
SCW-Growth-03 - Intensive Community Support. New service to be provided jointly with Education, culture and Sport to provide support to children to prevent out of city placements and thereby enable achievement of the savings plans included in the budget from 2009/10.	730
SCW-Growth-04 - Post Adoption Support. Additional post to meet new legislative requirements in 2009.	50
SCW-Growth-05 - Kinship Care payments. To pay kinship carers in line with fostering rates and provide support services. This is required to meet the agreement in the Concordat and is now included in the Looked After Children regulations 2009.	300
Total Growth Proposed	1,830

The following items have been removed from the growth list following discussions with Directors and the City Chamberlain:

- 3R's Unitary Charge adjustment to reflect the current agreed unitary charge for 2010/11 and is now shown as an exceptional item - £825,000.
- Curriculum For Excellence - To be fully implemented from 2010. The first national qualifications will be delivered in 2014. Support required for continued development of Literacy, Numeracy, Assessment and Learning and Teaching – Removed from growth - £100,000.
- Additional Respite Services – Removed from growth - £200,000.
- ASL Act – Now provided for within contingencies - £75,000.

ABERDEEN CITY COUNCIL

COMMITTEE	Full Council	DATE	11 February 2010
DIRECTOR	Fred McBride		
TITLE OF REPORT	Update Report on Social Care and Wellbeing Annual Grant making programme		
REPORT NUMBER:	SCW/10/035		

1. PURPOSE OF REPORT

The purpose of this report is to update members as to the current position in respect of Grants to Voluntary sector from the Social Care and Wellbeing budget and to consider the impact of making savings across this budget. The value of these grants were in total £280,359.57 grants were made to 21 organisations. Last year organisations were informed in November of the then new grant making framework and invited to make applications to the fund on this basis. Just over 100 organisations made such applications. This year this process as been put on hold awaiting further decisions as to if and to what extent this programme may go ahead.

2. RECOMMENDATION(S)

- 1 Elected Members are asked to consider the grant awards and the recommendations of the officers in regard of these.
- 2 Approve the mainstreaming of the amounts recommended (£154,537) and the subsequent savings (£135,822.57) from the grant fund.
- 3 Approve the discontinuation of the Annual Grant making programme from this year.

3. FINANCIAL IMPLICATIONS

In previous years the total fund available has been up to £300K. This figure has been suggested as a saving as part of the budget reduction measures

4. SERVICE & COMMUNITY IMPACT

Links to Single Outcome Agreement

National Outcome

2. We realise our full economic potential with more and better employment opportunities for our people.

Local outcome: Aberdeen will have high quality employment opportunities for citizens.

National Outcome

6. We live longer, healthier lives.

Local outcome: Sustain long term change by focusing on the prevention of, or reduction in, health inequalities. (Joint Health Improvement Plan).

National Outcome

7. We have tackled the significant inequalities in Scottish society.

Local outcome: Improve the quality of life in our most deprived areas (Community Plan).

National Outcome

9. We live our lives safe from crime, disorder and danger.

Local outcome: Reduce anti-social behaviour, violence, domestic abuse, racist incidents and drug / alcohol related incidents (Community Plan).

National Outcome

11. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.

Local outcome: Every citizen is enabled to be more active in his or her community regardless of their age, gender, sexual orientation, ethnic origin, where they live or disability to ensure everyone can contribute to 'active citizenship' (Strengthening Local Democracy Strategy).

5. OTHER IMPLICATIONS

Some of the organisations in receipt of funds from this grant are receive the majority of their income from this source and are likely to close if they do not receive this grant.

6. REPORT

6.1 The Social Care Annual Grant funding in Aberdeen has tended to support long term service provision rather than provide start up, innovation and opportunity for new ways of working.

6.2 For the financial year 09/10 a new Social Care Annual Grant making framework was introduced. Implementing a grant-making framework to manage the SCAG grant opened up this source of funding for new organisations to apply, thus creating a more competitive funding stream. This was welcome by the voluntary sector, introducing greater transparency to the process and with the same level of funding saw several new organisations in receipt of grants.

6.3 The table below shows the organisations in receipt of a grant and the recommendations of officers in respect of those monies for 2010/2011.

Social Care Annual Grant			
Organisation	Funding Allocation	Recommendation	Anticipated Consequence
* Aberdeen Action on Disability	£20k	Cease	The organisation will not continue in current form. Potential to join with the Disability organisations.
Aberdeen Council of Voluntary Organisations	£22,837	Allocate fund through corporate governance	ACVO provides support to 3 rd sector organisations across the spectrum of service provision. Potential to develop Council wide SLA.
Age Concern Advisory Service	£3k	Cease	Local organisation service may cease – potential to be picked up by carers services, NHSG etc.
Age Concern Scotland	£20k	Cease	National organisation who can reallocate funds.
Befriend A Child	£40k	Allocate fund to mainstream funds and develop a service level agreement	This is a critical service to support children and young people and will be commissioned in an ongoing basis.
Counselling and Family Mediation	£20k	Allocate to mainstream funds and develop on Service Level Agreement	This organisation provide, amongst other things, a service to the Courts, e.g. in residence/ custody disputes. Local MSP and Sheriffs are keen to retain the service.
James Tyrell Centre	£40k	Allocate fund to mainstream funds and develop a service level agreement	Essential part of day care services for older people
Quarriers	£5k	Cease	National organisation who can reallocate funds.
* Samaritans	£10k	Allocate to mainstream funds and develop a service level agreement	Critical support for people with mental health problems in Aberdeen
*			

Scottish Motor Neurone Disease	£1,196	Cease	National organisation who can reallocate funds.
Shop Mobility Aberdeen	£22k	Cease	Now seeking funding from a range of other sources.
Victim Support Scotland - Aberdeen Service	£15k	Cease	National organisation who can reallocate funds.
Newhills Parish Church	£5k	Cease	Church organisation which has the potential to seek other funding services.
Who Cares? Scotland	£15k	Allocate to mainstream funds and develop a service level agreement	This service supports and advocates for children and young people who are looked after or looked after and accommodated
* WEA Reachout Project	£13,626.57	Cease	Services now integrated in learning disability day opportunities.
*FARE (Food Action Reaching Elderly) DC	£4,500	Cease	Organisation has option to seek other funding sources.
* Alten's Over 50's Project	£3k	Cease	Organisation has option to seek other funding sources.
Inchgarth Community Centre	£5,400	Allocate to mainstream funds and develop a service level agreement	This project is part of learning day opportunities.
*Grampian Employment Opportunities	£4,500	Cease	Organisation has opportunities to seek other funding sources.
* Cornerstone Aberdeen Employment Service	£9k	Cease	National organisation who can reallocated funds.
Bread Maker	£21,300k	Allocate to mainstream funds and develop a service level agreement	Allow purchase of services on a spot purchase basis.

TOTAL GRANT SAVED

£115,822.57

TOTAL GRANT ALLOCATED
TO MAINSTREAM BUDGETS

£174,537.00

- 6.4 The grant programme in 09/10 as a transitional year. Some organisations who were very dependant on the grant and had been in receipt for many years were given a strong indication the grant they received was unlikely to remain at the same level and they would need to plan accordingly. It remains the case that several of the grants made last year were contributions toward core funding of organisations.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

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COMMITTEE:	Council
DATE:	11 February 2010
REPORT BY:	City Chamberlain
TITLE OF REPORT:	Non Housing Capital Programme 2010/11 – 2013/14 and the Prudential Code Indicators
REPORT NUMBER:	CG/10/036

1. PURPOSE OF REPORT

The purpose of this report is to:-

- a) propose a Non Housing Capital Programme for 2010/11 and a provisional programme for 2011/12 to 2013/14; and
- b) outline a process for developing a longer term programme; and
- c) set out the Prudential Indicators that would require to be set should this programme be approved.

2. RECOMMENDATION(S)

It is recommended that the Council:-

- a) Considers and approves the revised Non Housing Capital Programme for 2010/2011 as indicated in Appendix 2 of this report, which excludes projects identified as low priority; and
- b) Considers the new bids as per Appendix 4 of this report, identifying any to be excluded from the programme subject to the comments by the City Chamberlain; and
- c) Approves the continuation into 2010/11 of projects funded by the Capital Fund as per Appendix 5 of this report with the condition that projects must be completed during 2010/11 and no further carry forward of this funding will be available; and
- d) Instructs Directors in conjunction with the Head of Finance to develop a 10 year programme covering financial years 2011/12 to 2021/22 taking account of the approved Corporate Property Asset Management Plan, the Capital Prioritisation Process and the development of the Council's Interim Business Plan and individual Service Plans; and

- e) Agrees that the Head of Resources Development & Delivery/Head of Asset Management and Operations, in conjunction with Directors, undertakes a critical assessment of the use of assets in order to identify where they can be rationalised and disposed of, as appropriate, in order to provide funding which can then be invested in the remaining assets.
- f) Approves the Prudential Indicators as per Appendix 6 of this report or as amended to take account of any programme changes agreed by this committee

3. FINANCIAL IMPLICATIONS

- 3.1 The monies required to fund the capital programme are achieved through external borrowing, capital receipts and grant income. The General Fund has adequate resources available to finance the projected capital spend in 2010/2011, assuming the level of slippage built into the programme is realised. However, further efficiencies, the generation of capital receipts or a reduced Capital Programme will have to be identified to ensure that the future programme is affordable, as required by the Prudential Code. The Prudential Code reflects a move towards more self-regulation for local authorities. In applying the code it is important to realise that this is an iterative process as the Council considers alternative financial strategies before deciding on the one that is suitably affordable, prudent and sustainable.
- 3.2 The revenue implications of the proposed programme in terms of the annual increase in capital financing costs and projected total capital financing costs (taking account of historic borrowing) are demonstrated below:-

	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000
Proposed Capital Programme	68,903	67,457	57,698	38,458
Annual Increase in Capital Financing Costs	8,624	5,590	2,059	2,221
Projected Total Capital Financing Costs	39,049	44,639	46,698	48,919

- 3.3 The overall cost of capital is calculated on a council wide basis. It is important that approved projects are managed and monitored in a robust way to ensure there is accuracy in relation to expenditure projections and thereby enable the Council to calculate and evaluate the overall need for, and cost of, borrowing.
- 3.4 To facilitate this process detailed information on a project by project basis is reported to each service committee as any variation will impact on the Councils' General Fund revenue accounts.

4. SERVICE & COMMUNITY IMPACT

The Council operates within overall capital control mechanisms laid down by the Scottish Government as well as recommended accounting practice and policies in accordance with the Prudential Code.

5. OTHER IMPLICATIONS

Failure to invest adequately in the Council's asset base may lead to the Council not complying with legislative requirements including health and safety. The Council must continue to exercise and maintain close budgetary control to ensure it operates within the capital control mechanisms laid down by the Scottish Government in relation to the Prudential Code for the 2009/2010 Non Housing Capital Programme.

6. REPORT

Background

6.1 In setting a capital programme the Council must pay due regard to Section 35 of the Local Government Scotland Act 2003. This requires local authorities to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities. In Scotland this means it is the duty of a local authority to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure.

6.2 In order to maintain its capital programme at affordable levels, it is essential that the Council adopts a clear asset management strategy. The aims of such a strategy should be to utilise the Council's asset base in the most efficient and effective way thus ensuring that capital investment is focused on making the best use of this asset base. In conjunction with this it is important that the use of assets is critically assessed in order to identify where assets can be rationalised and disposed of as appropriate, in order to provide funding which can then be invested in the remaining assets.

6.3 Attached to this report are a number of appendices in relation to the proposed Non Housing Capital Programme.

Project Prioritisation - Appendix 1

6.4 Provides a definition of the different criteria used by Services to distinguish between High, Medium and Low Priority. Each project has also been assessed to determine whether it is legally committed, partially committed or not legally committed.

Summary Programme - Appendix 2

6.5 Shows a summary of the programme under consideration and the funding available should this programme, including those new bids ranked as high and medium priority be approved. This shows a programme for 2010/11 totalling £96.518 million before slippage.

- 6.6 It should be noted that a significant level of slippage is built into the programme. Slippage can be described as the anticipated underspend on the total programme which will “slip” from one year to the next. Historically, a significant level of underspend has occurred year on year and thus it is deemed prudent to build this underspend into future budgets to ensure that unnecessary borrowing is not undertaken in any one year. It is accepted that spend variations can occur for a variety of reasons sometimes outwith the Council’s control. However, it is essential that such variations are identified at an early stage and that robust costing and profiling is undertaken prior to requests for capital funding being submitted, such that slippage can be kept to a minimum and thus promoting more effective financial management.
- 6.6 One of the primary tests that should be undertaken in setting a programme is the affordability test. For 2010/11, this programme is affordable as the Council in setting it’s general fund revenue budget has allowed for the costs of a programme of this size.
- 6.7 However, in setting this programme a number of legal commitments will be made that will have a knock on effect on 2011/12. Combined with the proposed programme for 2011/12 this will result in additional costs of £5.590 million in capital financing costs. The line titled “Annual Increase in Capital Financing Costs” on Appendix 2 shows the current estimated annual increase year on year that will be incurred as a consequence of accepting the programme as outlined at Appendix 2, which will have to be factored into future annual revenue budgets. It is recognised however that a number of capital projects will generate efficiency savings or result in a lower level of reactive maintenance costs in future years. It is also recognised that if some capital projects were cancelled there may be significant one off revenue implications.
- 6.8 The programme can be funded by a variety of sources including borrowing, grants/contributions and capital receipts from the sale of surplus assets. Appendix 2 provides various ratio’s which demonstrate the dependence on unsupported borrowing to fund the programme. This is not static and in particular the change in ratio’s in 2011/12 show the impact increased capital receipts have in reducing the proportion of borrowing. The objective of the Council should be to decrease the ratio of borrowing and thus reduce ongoing costs against the revenue budget.
- 6.9 Assumptions have been made about the timing and level of receipts from the sale of assets such as Summerhill Education Centre, Frederick Street Site and various school sites which should become surplus following their replacement under the 3R’s project. It should be noted however, that various factors often outwith the control of the Council can influence both the timing and level of receipts that can be achieved in any one year. The funding of the programme will require to be closely monitored to ensure that expenditure remains within the level of funding available and that action is taken to balance the programme should the assumed level of receipts fail to materialise.

Detailed Projects - Appendix 3

- 6.9 Provides details of individual projects within each service including the priority and legal commitment status given to each project by the service. This appendix includes those low priority projects which it is recommended are not approved as well all new bid projects under consideration such as to show the full programme should the Council decide to approve the low priority projects as well as all new bids.

New Bid Projects - Appendix 4

- 6.10 Provides details of all new bid projects to be considered. It should be noted that projects ranked low priority are not recommended for approval.

Capital Fund Projects - Appendix 5

- 6.11 Provides details of projects being funded from the Capital Fund.

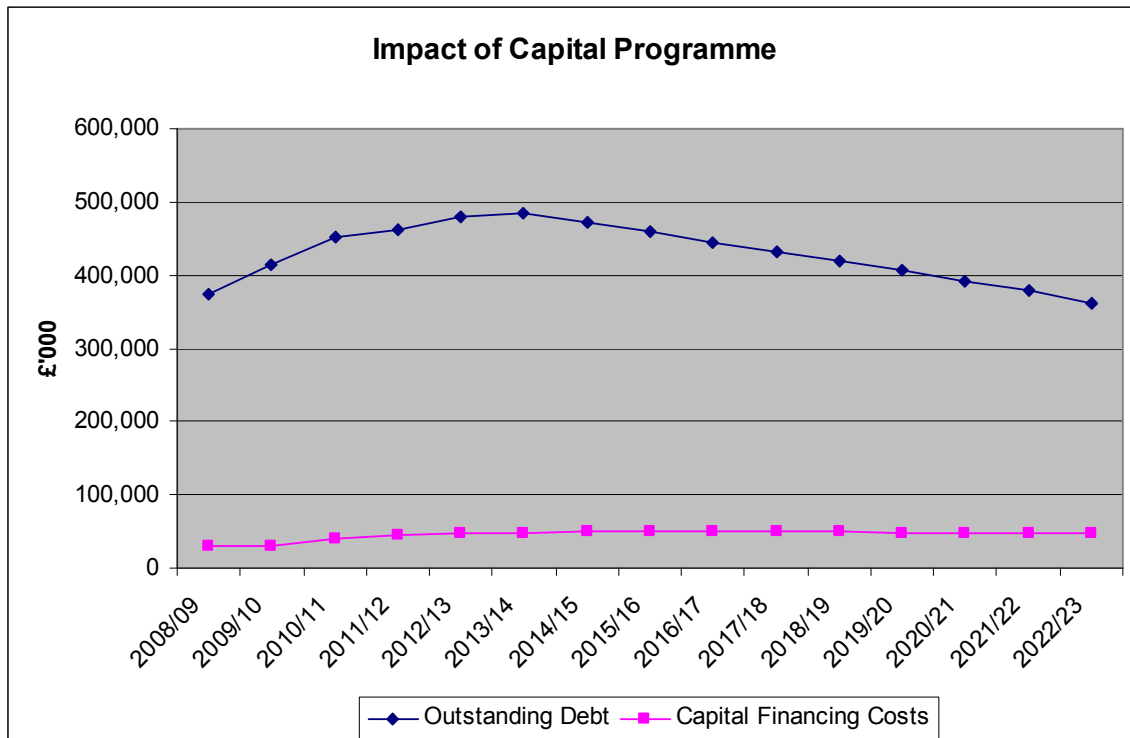
Prudential Indicators - Appendix 6

- 6.12 Shows the Prudential Indicators the Council will need to approve in order to allow delivery of the approved programme. Should there be any amendment to the programme alternative indicators will have to be set.

Capital Financing Costs

- 6.13 The movement in capital financing costs (based on 6% with an average repayment period of 20 years) is provided for information. However, there are a number of factors which influence this rate.
- 6.14 The loans pool rate is the rate services are charged for servicing the debt of the Council and is required by statute. It is calculated using a number of factors and is an average of all the Council's outstanding debt.
- 6.15 Firstly, the amount of investment income the Council receives has a material impact of the rate. The current low interest rates mean that investment income has dropped significantly.
- 6.16 Secondly, borrowing rates are particularly low at present which means that if the Council borrows at these low rates the average pool rate will decrease fractionally. However, it is predicted that rates will start to increase during 2010/11 and thus the margin by which the pool rate may decrease will reduce.
- 6.17 One of the major factors that impacts on the level of capital financing costs during the year is the capital spend profile. It is assumed that the programme will be spent evenly over the course of the year. However a trend of low spend early in the financial year with the highest spend levels towards the latter part of the financial year will result in capital financing costs being lower.
- 6.18 Finally, the level of capital receipts (as well as the timing of receipts) will impact on in year capital financing costs with large receipts received early in the year will resulting in reduced capital financing costs.

- 6.19 It is also important that the loans pool rate and the Public Works Loan Board (PWLB) rate (the rate the Council can borrow new money at) are not mixed up. While the PWLB rates are currently lower than the pool rate, it is the pool rate that each service is charged with. In effect, this means that when the PWLB rate is below the pool rate, historic debt is subsidised with the new debt. However, where the PWLB rate is above the pool rate, historic debt has to carry part of the cost of the new debt.
- 6.20 Irrespective of the rate the Council borrows at, it should be noted that the total capital financing costs for the Council will, all things being equal, increase. However, the rate of increase will be reduced by funding projects through capital receipts and generating revenue savings through spend to save investment which offsets the capital financing costs.
- 6.21 Based on the programme within Appendix 2, the estimated total increase in capital financing costs from 2009/10 to 2013/14 is £18.386 million. This effectively represents costs the Council will have to meet in order to fund a programme at this level. This is not sustainable going forward and it is therefore essential that the programme is reduced to an affordable level such that it can be funded solely by supported borrowing, capital receipts and grants and contributions.
- 6.22 The level of borrowing for which revenue support is provided by the Scottish Government is £10.321 million. Based on current assumptions, the cost of borrowing at this level would be approximately £0.9 million per annum. The graph below provides a projection of capital debt outstanding and capital financing costs on the basis that the programme is managed at supported borrowing levels and any capital spend in excess of this figure is met from capital receipts and contributions.



Conclusion

- 6.22 The Council is currently in the position of undertaking a number of critical corporate, strategic and city wide projects that will require a high level of capital investment over the next few years. This includes the 50m Pool, Corporate Office Accommodation as well as various major roads projects such as Access from the North, Central Aberdeen Transport Infrastructure, Berryden Road Improvements and the A96 Park & Ride/Dyce Drive Link Road. It is however important that the overall programme reduces in later years to an affordable long term programme.
- 6.23 Once the programme is approved, regular monitoring will be undertaken and reported in detail to each service committee and in summary to the Finance and Resources Committee.

7. AUTHORISED SIGNATURE

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8. REPORT AUTHOR DETAILS

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9. BACKGROUND PAPERS

Corporate Property Asset Management Plan (Resources Management Committee 16/06/09)

Interim Business Plan (Council 16/12/09, Report No. CG/09/140)

Capital Prioritisation Process (Finance and Resources Committee 28/01/10, Report No. EPI/09/127)

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NON HOUSING CAPITAL PROGRAMME PRIORITISATION OF PROJECTS

High Priority

High priority projects can be classified in a number of ways:-

1. Business critical
2. Service critical
3. Spend to save or create an offsetting income stream to mitigate revenue charges
4. Health and safety critical
5. Legislatively necessary
6. Meets strategic objectives linked to Vibrant, Dynamic and Forward Looking/Single Outcome Agreement/Interim Business Plan
7. Legally committed
8. Commenced projects that it would be unsustainable to retain a revenue charge against with no derived output or benefit

Medium Priority

Medium priority projects can be classified as:-

1. Part legally committed where the cost effectiveness of extrication or slipping is economically non material
2. Not legally committed where there is an assessed need to progress in the terms of high priority projects but it is non critical to progress immediately and the project(s) can be slipped, redefined or phased in future years

Low Priority

Low priority projects are those that can be classified as “nice to have” if the overall budget dimension can permit their progression at any time, specifically not necessarily now.

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Non Housing Capital Programme Summary

	Total Project Cost	Prior Years Spend	Projected Outturn 2009/2010	Estimated Budget 2010/2011	Estimated Budget 2011/2012	Estimated Budget 2012/2013	Estimated Budget 2013/2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Legally Committed	180,643	67,844	41,706	59,802	16,749	3,542	0
Partially Legally Committed	140,625	4,126	16,899	28,189	31,350	32,445	27,616
Not Legally Committed	73,411	8,440	8,250	17,769	18,828	17,528	2,596
Expenditure	394,679	80,410	66,855	96,760	66,927	53,515	30,212
Less: Low Priority Projects	(331)	0	0	(242)	(89)	0	0
Expenditure	394,348	80,410	66,855	96,518	66,838	53,515	30,212
Add: Prior Year Slippage (100%)	0	0	0	1,915	29,530	28,910	24,728
Expenditure	394,348	80,410	66,855	98,433	96,368	82,426	54,940
Less: Slippage at 30%	0	0	(1,915)	(29,530)	(28,910)	(24,728)	(16,482)
Expenditure	394,348	80,410	64,940	68,903	67,457	57,698	38,458
Capital Fund Projects	13,084	12,257	15	812	0	0	0
Total Expenditure	407,432	92,667	64,955	69,715	67,457	57,698	38,458
Funding							
Supported Borrowing	n/a	n/a	10,321	10,321	10,321	10,321	10,321
Un-supported Borrowing	n/a	n/a	36,004	35,196	16,023	27,189	13,256
General Capital Grant	n/a	n/a	17,250	13,286	13,286	13,286	13,286
Specific Capital Grant	n/a	n/a	365	365	0	0	0
Capital Receipts – Sales	n/a	n/a	1,000	2,775	19,215	4,289	1,320
Contributions – SG/University of Aberdeen	n/a	n/a	0	4,000	6,000	0	0
Sponsorship Funding	n/a	n/a	0	3,000	0	0	0
Contributions – SG Matched Funding	n/a	n/a	0	0	2,612	2,613	275
Use of Capital Fund	n/a	n/a	15	812	0	0	0
Total Income	n/a	n/a	64,955	69,755	67,457	57,698	38,458
Annual Increase in Capital Financing Costs				7,868	6,205	2,076	2,237
In Year Ratio of Unsupported Borrowing to Total Borrowing			0.78 : 1	0.78 : 1	0.61 : 1	0.73 : 1	0.56 : 1
In Year Ratio of Total Borrowing to Other Budgeted Income			2.48 : 1	1.88 : 1	0.64 : 1	1.85 : 1	1.58 : 1
In Year Ratio of Total Borrowing to Proposed Expenditure			0.71 : 1	0.65 : 1	0.39 : 1	0.65 : 1	0.61 : 1

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Non Housing Capital Programme Summary

	Total Project Cost	Prior Years Spend	Projected Outturn 2009/2010	Estimated Budget 2010/2011	Estimated Budget 2011/2012	Estimated Budget 2012/2013	Estimated Budget 2013/2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Corporate Governance	27,860	3,031	4,741	12,720	4,204	3,164	0
Legally Committed	2,106	1,386	608	112	0	0	0
Partially Legally Committed	13,514	751	3,883	8,098	3,404	3,164	0
Not Legally Committed	12,240	894	250	4,510	800	0	0
Education, Culture and Sport	118,323	40,550	19,186	13,524	24,196	20,868	0
Legally Committed	56,667	38,638	14,566	3,403	30	30	0
Partially Legally Committed	44,656	1,912	4,349	8,738	15,075	14,583	0
Not Legally Committed	17,000	0	271	1,383	9,091	6,255	0
Enterprise, Planning and Infrastructure	198,204	27,098	29,873	56,234	28,975	26,258	29,766
Legally Committed	77,053	18,233	13,730	35,293	8,470	1,327	0
Partially Legally Committed	88,714	1,463	8,667	12,441	16,796	21,731	27,616
Not Legally Committed	3,350	7,402	7,476	8,500	3,709	3,200	2,150
Housing and Environment	38,764	1,271	12,295	12,174	9,352	3,226	446
Legally Committed	35,414	1,127	12,077	11,776	8,249	2,185	0
Partially Legally Committed	0	0	0	0	0	0	0
Not Legally Committed	3,350	144	281	398	1,103	1,041	446
Social Care and Wellbeing	11,528	8,460	760	2,108	200	0	0
Legally Committed	9,403	8,460	725	218	0	0	0
Partially Legally Committed	0	0	0	0	0	0	0
Not Legally Committed	2,125	0	35	1,890	200	0	0
Total – All Services	394,679	80,410	66,855	96,760	66,927	53,515	30,212

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project		Legally Committed	Service Priority	Total Project Cost	Prior Years Spend	Projected Outturn	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	£'000	£'000	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Governance										
Corporate Accommodation										
334	Mobile Working	Part	H6	1,370		400	970	0	0	0
657A	Customer First Programme - CRM System	Part	H6	1,394		94	450	450	400	0
657B	Customer First Programme - Frederick Street	Part	H6	2,670		200	2,400	70	0	0
630	Data Centre Move	No	H1	5,749	814	200	4,335	400	0	0
				11,183	814	894	8,155	920	400	0
Corporate ICT										
346	IT Hardware & Software Development	Legal	M1	207		207	0	0	0	0
666	Corporate Asset Management System	Legal	H8	1,296	923	261	112	0	0	0
277	IT Infrastructure Improvements Repairs/Renewals	Part	H7	4,617		732	1,776	1,023	1,086	0
565	ICT Disaster Recovery Funding	Part	H1	460		160	100	100	100	0
708	E Government Stage 4 Implementation	Part	H3	475	40	111	150	100	74	0
709	Integrated Document Management	Part	H8	2,210	530	656	824	200	0	0
714	Identity Management	Part	H8	231	181	50	0	0	0	0
711	Electronic Corporate Performance Management System	No	H1	180	80	45	55	0	0	0
				9,676	1,754	2,222	3,017	1,423	1,260	0
Other ICT										
690	Consol Upgrade/Replacement	Legal	H8	603	463	140	0	0	0	0
746	Application Processing System	Part	H1	87		47	20	10	10	0
771	HR/Payroll	No	H1	525	0	5	120	400	0	0
				1,215	463	192	140	410	10	0
Miscellaneous										
769	Police - Capital Grant	Part	H6	5,786	0	1,433	1,408	1,451	1,494	0
				5,786	0	1,433	1,408	1,451	1,494	0
Total - Corporate Governance				27,860	3,031	4,741	12,720	4,204	3,164	0

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project		Legally Committed	Service Priority	Total Project Cost	Prior Years Spend	Projected Outturn	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	£'000	£'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Education, Culture and Sport										
Schools Estate										
371	School Development Plans	Legal	H7	300		300	0	0	0	0
611	Hanover Street Primary School Refurbishment	Legal	H7	7,946	7,742	204	0	0	0	0
651	Aberdeen Grammar School - Games Hall Replacement	Legal	H7	2,357	2,299	58	0	0	0	0
674	Walker Road Primary School - Refurbishment	Legal	H7	4,765	4,364	401	0	0	0	0
680	3R's Temporary Accommodation	Legal	H7	948	930	18	0	0	0	0
682	Music School Accommodation	Legal	H7	4,041	1,154	2,887	0	0	0	0
742	Outdoor Education Move to Kingswells	Legal	H2	504	54	450	0	0	0	0
754	Bridge of Don Alterations	Legal	H1	260	40	212	8	0	0	0
755	Northfield Academy - Transformation Plan	Legal	H1	155	7	148	0	0	0	0
759	School Estates Strategy	Legal	H7	1,908	1,722	186	0	0	0	0
772	Renovate Sunnybank School	Legal	H7	1,000	0	600	400	0	0	0
773	Bucksburn/Newhills New School - Feasibility	Legal	H7	250	0	60	190	0	0	0
	Kingswells Primary School Extension - Retention	Legal	H7	184	159	25	0	0	0	0
776	Provision for Children with Complex Needs (Initial Allocation)	No	H2	150	0	76	74	0	0	0
New	Bucksburn/Newhills New School - New Build (Gross Cost)	No	H7	10,450		0	0	5,225	5,225	0
New	Provision for Children with Complex Needs (Construction)	No	H2	12,045	0	0	1,088	3,925	7,033	0
New	Oldmachar Academy Heating/Ventilation	No	H4	875	0	0	809	66	0	0
				48,138	18,471	5,625	2,569	9,216	12,258	0
Schools - ICT										
750	Information Communication Technology Connectivity	Legal	H1	700	0	265	435	0	0	0
751	Upgrade to Management Information System	Legal	H1	120	0	120	0	0	0	0
710	Education ICT Rolling Programme	Part	H6	6,105	1,472	1,183	1,150	1,150	1,150	0
744	3R's New Schools ICT Provision	Part	H6	3,150	144	2,506	500	0	0	0
				10,075	1,616	4,074	2,085	1,150	1,150	0

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project	Project Description	Legally Committed (Yes/No/Part)	Service Priority (High/Med/Low)	Total Project Cost (£'000)	Prior Years Spend (£'000)	Projected Outturn 2009/10 (£'000)	Estimated Budget 2010/11 (£'000)	Estimated Budget 2011/12 (£'000)	Estimated Budget 2012/13 (£'000)	Estimated Budget 2013/14 (£'000)
Education, Culture and Sport cont'd										
Schools - Other Equipment										
581	Science & Technology Equipment	Legal	H7	9		9	0	0	0	0
774	Adequate Funding for TASSCC Equipment & Advisory Service	Legal	H1	120	0	30	30	30	30	0
778	3R's Furniture, Fittings & Equipment and Other Works	Legal	H7	3,000	0	2,907	93	0	0	0
New	3R's Furniture, Fittings & Equipment and Other Works	Legal	H7	881	0	0	881	0	0	0
	Sports			4,010	0	2,946	1,004	30	30	0
556	Rubislaw/Harlaw Playing Fields	Legal	M1	4,195	3,311	492	392	0	0	0
653	Inchgarth Community Facilities	Legal	H7	343	340	3	0	0	0	0
655	Changing Facilities Upgrade - Aulton/Hazlehead	Legal	H7	6,912	4,840	1,191	881	0	0	0
656	Regional Sports Facility - Phase 1	Legal	H7	10,577	10,058	519	0	0	0	0
673	Torry Outdoor Sports Centre	Legal	H7	411	402	9	0	0	0	0
741	Links Ice Arena Refrigeration Plant	Legal	H7	1,477	102	1,334	41	0	0	0
745	Hazlehead Golf Project	Legal	H7	2	0	2	0	0	0	0
753	Community Stadium	Legal	H7	188	98	90	0	0	0	0
717	Regional Sports Facility - 50m Pool	Part	H2	23,000	40	560	6,000	10,000	6,400	0
760	Sports Strategy	Part	H6	356	256	100	0	0	0	0
747	Regional Sports Facility - Phase 2	No	H6	2,500	0	0	0	2,500	0	0
	Culture & Leisure			49,961	19,447	4,300	7,314	12,500	6,400	0
763	Music Hall Ceiling & Roof Space	Legal	H4	395	1	381	13	0	0	0
770	Beach Ballroom Floor Replacement	Legal	H7	314	0	306	8	0	0	0
681	Aberdeen Arts Centre Refurbishment	Part	H6	462	418	39	5	0	0	0
767	Peacock Visual Arts	No	H6	3,000	0	170	500	1,300	1,030	0
				4,171	419	896	526	1,300	1,030	0
706	Woodside Customer Access Point	Legal	H7	1,943	597	1,320	26	0	0	0
727	Rosemount Community Education Centre	No	H7	25	0	25	0	0	0	0
				1,968	597	1,345	26	0	0	0
Total - Education, Culture and Sport				118,323	40,550	19,186	13,524	24,196	20,868	0

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project	Project Description	Legally Committed (Yes/No/Part)	Service Priority (High/Med/Low)	Total Project Cost £'000	Prior Years Spend £'000	Projected Outturn 2009/10 £'000	Estimated Budget 2010/11 £'000	Estimated Budget 2011/12 £'000	Estimated Budget 2012/13 £'000	Estimated Budget 2013/14 £'000
Enterprise, Planning and Infrastructure										0
Corporate Accommodation										
663	Corporate Office Accommodation	Legal	H7	67,928	12,703	10,735	34,693	8,470	1,327	0
				67,928	12,703	10,735	34,693	8,470	1,327	0
Roads/Pavements/Bridges										
217	MTS Associated Road Improvements - Wellington Rd Phase 5	Legal	H7	5,813	5,423	380	10	0	0	0
551	Cycling, Walking & Safer Streets (CWSS)	Legal	H7	730		365	365	0	0	0
724	Roads Safety ITS Unit Schemes	Legal	H7	167	107	60	0	0	0	0
743	Upgrade of Footpaths at Heathryfold	Legal	H7	5	0	5	0	0	0	0
88	Traffic Calming & Road Safety	Part	H4	760		160	150	150	150	150
587	Access from the North	Part	H6	12,830		200	1,000	3,200	4,930	3,500
647	Newhills Manse T Junction	Part	M1	290	280	5	5	0	0	0
660	Central Aberdeen Transport Infrastructure	Part	H6	6,160		1,030	60	60	155	4,855
703	Traffic Signal Safety Upgrade	Part	H7	2,597	507	490	400	400	400	400
715	MTS - Berryden Road Improvements	Part	H6	8,703	608	360	125	600	1,210	5,800
716	A96 Park & Ride/Dyce Drive Link Road	Part	H6	11,534	14	20	1,500	3,000	4,500	2,500
86	Lighting Improvements	No	H3	1,393		193	300	400	500	0
296	Roads Maintenance Resurfacing	No	H2	3,073		1,090	983	450	550	0
413	Footway Improvements	No	H4	1,632		350	532	250	250	250
470	Road Network - Weak Bridges	No	H6	318		90	78	50	50	50
471	Road Network - Bridge Major Maintenance Programme	No	H6	250		50	50	50	50	50
550	Signage	No	H2	292		92	50	50	50	50
627	Western Peripheral Route	No	H6	14,949	5,600	3,949	4,200	800	200	200
721	Wellington Bridge - Preservation Works Phase 2-4	No	L	1,121	950	10	161	0	0	0
757	Union Street Cable Support System for Banners & Festive Lights	No	H6	40	22	6	12	0	0	0
New	Union Street Cable Support System for Banners & Festive Lights	No	H6	70	0	0	70	0	0	0
				72,727	13,511	8,905	10,051	9,460	12,995	17,805

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project	Project Description	Legally Committed (Yes/No/Part)	Service Priority (High/Med/Low)	Total Project Cost (£'000)	Prior Years Spend (£'000)	Projected Outturn 2009/10 (£'000)	Estimated Budget 2010/11 (£'000)	Estimated Budget 2011/12 (£'000)	Estimated Budget 2012/13 (£'000)	Estimated Budget 2013/14 (£'000)
Enterprise, Planning and Infrastructure cont'd										
Car Parking										
216	Car Parking: Extend Pay & Display	Legal	H7	575		350	225	0	0	0
735	Car Parking: Extend Pay & Display - Zone M Rosemount Area	Legal	H7	135		135	0	0	0	0
739	Replacement Programme for Pay & Display Machines	No	H2	100	0	0	100	0	0	0
New	Golden Square Car Parking - purchase machines, signage & lining	No	H3	43	0	0	43	0	0	0
				853	0	485	368	0	0	0
Drainage/Flood Prevention										
646	Glashieburn Flood Protection	No	H2	362	152	25	165	20	0	0
734	Flood Prevention	No	H2	456	206	50	50	50	50	50
				818	358	75	215	70	50	50
Other Infrastructure										
768	Energising Aberdeen	Legal	H7	1,700		1,700	0	0	0	0
462	Council Travel Plan	Part	H5	89	54	25	10	0	0	0
765	Nestrans - Capital Grant	Part	H6	7,055		1,411	1,411	1,411	1,411	1,411
563	Vehicle Replacement	No	H2	7,500		1,500	1,500	1,500	1,500	1,500
662	Wifi Infrastructure	No	L	508	472	36	0	0	0	0
758	Upgrade of MOT Station	No	H2	35	0	35	0	0	0	0
New	Biomass Heating – Duthie Park Winter Gardens	No	H3	125	0	0	125	0	0	0
New	Wifi Infrastructure (Communities)	No	L	170	0	0	81	89	0	0
				17,182	526	4,707	3,127	3,000	2,911	2,911
Corp Property Replacement/Renewal Programme										
294	Corp Property Replacement/Renewal Programme	Part	H2	38,696		4,966	7,780	7,975	8,975	9,000
				38,696	0	4,966	7,780	7,975	8,975	9,000
Total - Enterprise, Planning and Infrastructure				198,204	27,098	29,873	56,234	28,975	28,258	29,766

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project		Legally Committed	Service Priority	Total Project Cost	Prior Years Spend	Projected Outturn	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	£'000	£'000	2009/10	2010/11	2011/12	2012/13	2013/14
Housing and Environment										
Waste										
233	Waste Disposal Facilities (Mill of Dyce)	Legal	H5	541	6	0	0	150	385	0
497	Ness Landfill Restoration	Legal	H5	19,665		6,448	7,900	5,317	0	0
720	Gully Waste Recycling - Reed Bed at Ness	Legal	H7	514	468	46	0	0	0	0
726	Co-mingled Collection of Garden & Food Waste	Legal	H7	857	115	742	0	0	0	0
766	Hill of Tramaud Landfill - Change of Law Costs	Legal	H7	4,337		2,800	656	881	0	0
762	Multi-Occupancy/Tenemental Paper Recycling	No	H6	262	15	176	71	0	0	0
				26,176	604	10,212	8,627	6,348	385	0
Environmental Protection										
738	Replacement of Cremators, Aberdeen Crematorium	Legal	H1	3,959	538	1,900	1,420	101	0	0
New	Scientific Services Lab - Equipment Purchase (ICP & HPLC)	No	H1	69	0	0	69	0	0	0
				4,028	538	1,900	1,489	101	0	0
Parks										
244	Duthie Park & Winter Gardens - Cost Net of Heritage Lottery Funding	No	H1	2,904	129	15	170	1,103	1,041	446
				2,904	129	15	170	1,103	1,041	446
Private Housing/Travelling Persons										
775	Clinterty Travelling Persons Site (net of grant)	No	M1	95	0	27	68	0	0	0
New	Private Sector Housing Grant	Legal	H5	5,250	0	0	1,750	1,750	1,750	0
				5,345	0	27	1,818	1,750	1,750	0
Other										
363	Improve City Gateways/Appearance of Routes In	Legal	H7	76		76	0	0	0	0
567	Memorials in City Cemeteries	Legal	H6	215		65	50	50	50	0
New	In-house manufacture of double glazing units - purchase equipment	No	H1	20		0	20	0	0	0
				311	0	141	70	50	50	0
Total - Housing and Environment				38,764	1,271	12,295	12,174	9,352	3,226	446

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project ID	Project Description	Legally Committed (Yes/No/Part)	Service Priority (High/Med/Low)	Total Project Cost (£'000)	Prior Years Spend (£'000)	Projected Outturn 2009/10 (£'000)	Estimated Budget 2010/11 (£'000)	Estimated Budget 2011/12 (£'000)	Estimated Budget 2012/13 (£'000)	Estimated Budget 2013/14 (£'000)
Social Care and Wellbeing										
594	Rosewell House	Legal	H1	8,753	8,460	75	218	0	0	0
691	Integrated Drugs Service	Legal	H1	650	0	650	0	0	0	0
777	New Residential Children's Unit	No	H1	1,700	0	35	1,465	200	0	0
New	Intensive Community Support & Learning Service	No	H3	75	0	0	75	0	0	0
New	Establish Joint Occupational Therapy Store with NHS Grampian	No	H2	350	0	0	350	0	0	0
Total - Social Care and Wellbeing				11,528	8,460	760	2,108	200	0	0
Total Gross Expenditure - All Services				394,679	80,410	66,855	96,760	66,927	53,515	30,212

New Bid Projects for Consideration

Project	Service	Total	Estimated	Estimated	Estimated		
ID	Project Description	Priority	Project	Budget	Budget	Budget	City Chamberlain Comments
		(High/Med/Low)	Cost	2010/11	2011/12	2012/13	
			£'000	£'000	£'000	£'000	
Education, Culture and Sport							
New	3R's Furniture, Fittings & Equipment and Other Works	H7	881	881	0	0	Request for additional funding
New	Bucksburn/Newhills New School - New Build (Gross Cost)	H7	10,450	0	5,225	5,225	Subject to option appraisal and whole life costing through the Capital Prioritisation Process, links to Scottish Futures Trust.
New	Provision for Children with Complex Needs (Construction)	H2	12,045	1,088	3,925	7,033	Subject to option appraisal and whole life costing through the Capital Prioritisation Process
New	Oldmachar Academy Heating/Ventilation	H4	875	809	66	0	Project should be funded from Project 294, Corporate Property Replacement/Renewal Programme
Total – Education, Culture and Sport			24,251	2,778	9,216	12,258	
Enterprise, Planning and Infrastructure							
New	Union Street Cable Support System for Banners & Festive Lights	H6	70	70	0	0	Per report to Enterprise, Planning and Infrastructure Committee 26/11/09 and Finance and Resources Committee 10/12/09
New	Golden Square Car Parking -purchase machines, signage & lining	H3	43	43	0	0	Spend to save project which will generate revenue income
New	Biomass Heating – Duthie Park Winter Gardens	H3	125	125	0	0	Should be funded from recent legacy
New	Wifi Infrastructure (Communities)	L	170	81	89	0	Low priority project, recommend not approving
Total – Enterprise, Planning and Infrastructure			408	319	89	0	
Housing and Environment							
New	Scientific Services Lab - Equipment Purchase (ICP & HPLC)	H1	69	69	0	0	Potential spend to save project through reduced running costs and increased workload throughput. Links to services plans to increase revenues from internal and external sources
New	Private Sector Housing Grant	H5	5,250	1,750	1,750	1,750	Restrict to amount allocated within General Capital Grant by Scottish Government (to be confirmed)
New	In-house manufacture of double glazing units - purchase equipment	H1	20	20	0	0	Spend to save project through facilitating more efficient service
Total – Housing and Environment			5,339	1,839	1,750	1,750	

New Bid Projects for Consideration

		Service	Total	Estimated	Estimated	Estimated	
Project		Priority	Project	Budget	Budget	Budget	
ID	Project Description	(High/Med/Low)	Cost	2010/11	2011/12	2012/13	City Chamberlain Comments
			£'000	£'000	£'000	£'000	
Social Care and Wellbeing							
New	Intensive Community Support & Learning Service	H3	75	75	0	0	Per report to Social Care & Wellbeing Committee 1/12/09 and Finance and Resources Committee 10/12/09
New	Establish Joint Occupational Therapy Store with NHS Grampian	H2	350	350	0	0	Subject to option appraisal and whole life costing through the Capital Prioritisation Process
Total – Social Care and Wellbeing			425	425	0	0	
Total – All Services			30,423	5,361	11,055	14,008	

Projects Funded from the Capital Fund

		Revised Budget £'000	Total Spend to Date £'000	Under / (Over) Spend £'000	Funding Required 2010/2011 £'000	Comment
1	ICT Schools	300	300	0	0	Complete
2	ICT Continuous Improvement	395	325	70	70	Various projects ongoing. Proposed to remove surplus funding.
3	Roads Investment	5,000	4,742	258	258	A full programme of works has been outlined and is ongoing.
4	Street Lighting	4,000	4,000	0	0	Complete
5	Repairs and Maintenance – Health & Safety	488	488	0	0	Complete
6	Improvements to Play Parks	450	403	47	47	Various projects ongoing.
7	Improving DDA Access	375	370	5	0	Complete
8	Improvements to Car parks	250	206	44	0	Complete
9	George Street	575	468	107	107	Project has commenced and is ongoing.
10	Improvements to Public Toilets	250	163	87	87	A programme of toilet refurbishments is ongoing.
11	Small Environmental Improvements	100	180	(80)	0	Complete
12	ICT investment	200	176	19	19	Various projects ongoing.
13	CRM investment	451	451	0	0	Complete
14	Investment in Cleaning	250	0	250	250	Held due to requirement for additional vehicle parking facilities.
	Total	13,084	12,272	781	812	

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Appendix 6

ABERDEEN CITY COUNCIL 2010/11 to 2013/14

THE PRUDENTIAL CODE For Capital Finance in Local Authorities

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.

The key objectives of the Code are to ensure:-

- The Council's capital programmes are affordable, prudent and sustainable.
- Treasury management decisions are taken in accordance with good professional practice.

The Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing (see separate report) and non-housing capital programmes that the Council wishes to embark upon.

The Code requires the Council following Prudential Indicators are set for the Council:-

	Capital Expenditure				
	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	62,601	64,940	69,072	67,571	57,732
HRA	47,669	48,000	54,847	50,278	39,564

	Ratio of Financing Costs to Net Revenue Stream				
	2008/09	2009/10	2010/11	2011/12	2012/13
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	9.0%	8.4%	8.7%	12.6%	10.4%
HRA	12.0%	12.6%	18.9%	23.9%	27.9%

	Capital Financing Requirement				
	2008/09	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000	£'000
	Actual	Estimate	Estimate	Estimate	Estimate
Non HRA	356,379	401,740	433,958	443,321	462,032
HRA	159,774	188,318	225,710	260,314	285,701
Total	516,153	590,058	659,668	703,635	747,733

The Prudential Code states:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.” For example, the 2010/11 total authorised limit for external debt (£670.055 million per table below) should not exceed the total capital financing requirement as at 2012/13 (£747.733 million per table above).

The City Chamberlain reports that the Council can meet this requirement in 2010/11, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt			
	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000
Borrowing	579,828	654,059	702,648	751,367
Other Long Term Liabilities	16,392	15,995	15,598	15,201
Total	596,220	670,055	718,245	766,567

	Operational Boundary for External Debt			
	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000
Borrowing	579,449	653,681	702,269	750,988
Other Long Term Liabilities	0	0	0	0
Total	579,449	653,681	702,269	750,988

The estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a) for the Band D Council Tax

2010/11	2011/12	2012/13
£0	£0 (Prov)	£0 (Prov)

(b) for average weekly housing rents (assuming that increased capital investment is financed by way of cfc and borrowing)

2010/11	2011/12	2012/13
£1.80	£0 (Prov)	£0 (Prov)

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ABERDEEN CITY COUNCIL

COMMITTEE:	Council
DATE:	11 February 2010
REPORT BY:	Director and City Chamberlain
TITLE OF REPORT:	Draft Housing Revenue Account (HRA) and Housing Capital Budget 2010/11 to 2012/13
REPORT NUMBER:	CG/10/037

1. PURPOSE OF REPORT

- 1.1 To provide elected members with information to allow the setting of the rent level for the financial year 2010/11 as well as provisional rent levels for the financial years 2011/12 and 2012/13. In turn, this will allow a capital programme for 2010/11 to be set as well as a provisional programme for 2011/12 to 2012/13.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Council consider the draft Housing Revenue Account and -
- a) Consider and determine any adjustments they may wish to make to the draft 2010/11 Housing Revenue Account and thereby
 - b) Determine the average weekly unrebated rents for municipal houses to take effect from Monday 5 April 2010 taking into consideration the Scottish Housing Quality Standard Delivery Plan, the Council House New Build Programme, the outcomes of the 2002 Tenants Referendum and the annual rent consultation;
 - c) Determine the level of revenue contribution to the Housing Capital budget for 2010/11 as well as a provisional contribution for the financial years 2011/12 and 2012/13;
 - d) Determine the level of working balances that should be retained to meet future contingencies;
 - e) Determine the level of miscellaneous rents and service charges, including Heat with Rent;
 - f) Agree to other adjustments Council may wish to make to the draft HRA for the financial years 2010/11 to 2012/13;
 - g) Set a capital programme for the financial year 2010/11 based on the rent strategy adopted as well as indicative level of programme for the financial years 2011/12 and 2012/13; and

- h) Approve the Housing Revenue Account savings proposals for 2010/11 summarised on page 40 of Appendix 1.

3. FINANCIAL IMPLICATIONS

- 3.1 There are audited working balances at 31 March 2009 of £6.491 million. However there are a number of significant expenditure commitments against this figure. It is estimated that the uncommitted balances at 31 March 2010 will be £5.135 million, based on the forecast surplus and known commitments. In developing a rent setting strategy it is important to ensure that adequate working balances exist. It is considered prudent to have a minimum working balance of approximately £3.5 million.

4. SERVICE & COMMUNITY IMPACT

- 4.1 The City Council will operate within overall financial constraints taking into account recommended accounting practice and policies.
- 4.2 Following approval of the Council's HRA budget notification of the rent increases (including other miscellaneous charges) will be issued to tenants by the Head of Customer Service and Performance, providing 28 days notice, before the 5 April 2010.

5. OTHER IMPLICATIONS

- 5.1 Without proper repairs and maintenance, there is the possibility that the housing stock could fail to meet health and safety regulations.

6. REPORT

Background

- 6.1 The Council is required to give its tenants 28 days notice of any rent change. Further, the Housing (Scotland) Act 2001 requires the Council to consult with tenants on any proposed rent increase. This consultation was in the form of a tenant "questionnaire" on the possible rent increase.
- 6.2 The tenants were asked if the rent policy of inflation + 1% should continue to maintain investment in the housing stock and improve services.
- 6.3 The results are shown **on page 28 of Appendix 1**. The number of tenants who responded and agreed with a rent policy was 78% with 21% against.

- 6.4 If a rent change is to be implemented for 5 April 2010 then in the interests of efficiency and customer care, the administrative process should commence as soon as possible.
- 6.5 Schedule 15 of the Housing (Scotland) Act 1987 requires expenditure in the under noted main areas to be charged to the HRA:
- Capital financing costs in respect of monies borrowed for the purpose of providing and improving the Council's housing stock;
 - Management, administration and maintenance of the Council's housing stock;
 - Other expenditure such as loss of rents for vacant periods, insurance, communal lighting and heating and care taking wages.
- 6.6 Items of income that must be credited to the HRA are:
- Council house rents
 - Other income attributable to the HRA. For example, income recovered from tenants for heating, interest on revenue balances and when available transfers from working balances generated by the HRA in previous years
- 6.7 In the absence of any central or local authority financial support for the HRA, the HRA is regarded as "ring-fenced". In addition, consideration of the level of capital to be financed from current revenue (CFCR) within the HRA budget will have an impact on the Housing Capital Budget (the "Capital Budget"). This report, therefore, whilst indicating a possible HRA budget also comments on the Capital Budget.
- 6.8 Consideration of the out-turn on the HRA for 2009/10 and the 2010/11 to 2012/13 budget is dealt with in detail in **Appendix 1. Based on the annual rent consultation feedback the budgeted figures have assumed a Council house rent increase of 2.3% (RPIX at September of 1.3% +1%)**. This equates to an average rental of £62.38 (for 48 weeks), in 2009/10 the average rental was £60.98. Any adjustment to this base assumption is for the Council to determine.
- Projected Out-turn 2009/10**
- 6.9 The current estimated out-turn for the HRA for the financial year 2009/10 shows a balanced budget with increased Capital from current revenue. The main movement relating to this reduced level of spend is the reduction in the level of capital financing charges.

2010/11 Budget – Key Aspects

Capital Expenditure

- 6.10 The draft budget for 2010/11 (and 2011/12 to 2012/13) is attached as **Appendix 1** of this report. The budget for 2010/11 (**Appendix 1 – pages 9 and 10**) shows gross expenditure of £70.095 million (this includes a contribution to capital expenditure, referred to as CFCR of £12.753 million) and income of £70.095 million. **This reflects and includes a proposed rent increase of 2.3% based on feedback from the annual tenants consultation.**
- 6.11 The budget includes the capital financing charges to fund a programme of £54.847 million. The details of the potential projects to be included in this programme are contained in **Appendix 1 – Pages 35 to 38**.

Miscellaneous Rents

- 6.12 The budget attached in Appendix 1 also requires the miscellaneous rents and service charges to be set. As way of indication on possible increases, pages 22 to 26 gives indicative increases that Council may wish to consider, along with what these mean as a percentage. **The Council will have to decide on any possible increment to these charges in line with their rent setting strategy.**

Working Balances

- 6.13 The City Chamberlain must be confident that the level of working balances is adequate to meet any unforeseen contingencies during the financial year.
- 6.14 Based on the projected expenditure and income is likely to be generated for 2009/10, this figure should be approximately £5.135 million.

<u>MOVEMENT IN WORKING BALANCES</u>	£'000
Working balances as at 1 April 2009	6,491
<i>Less Ear-Marked sums:</i>	(1,356)
Projected working balance as at 31 March 2010	<u>5,135</u>

- 6.15 In developing a rent setting policy it is important to ensure that there are adequate working balances and it is considered that these should be set at 5% of final gross expenditure.

6.16 Subject to final budget approvals minimum balances would be

£3.505 million	As at 31 March 2011
£3.524 million	As at 31 March 2012
£ 3.537 million	As at 31 March 2013.

Prudential Code

6.17 From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in (Scotland) Act 2003.

6.18 In setting a capital programme, members will be aware that under the Prudential Code, the level of capital investment is determined at a local authority level. The base programme for consideration, subject to the rent setting process is £54.847 million. This is attached in **Appendix 1 at Pages 35 to 38.**

6.19 As part of the rent setting process of determining the average rent payable for a Council house, the Council must ensure that this is affordable and sustainable over the long term.

6.20 The fundamental objective in the consideration of the affordability of the Council's capital programme is to ensure that the total capital investment of the authority remains within sustainable limits, and in particular to consider the impact on the "bottom line". That is, affordability is determined by a judgement about acceptable levels of rents.

6.21 If the Council does not invest in maintaining its housing stock it may not be able to comply with the Scottish Housing Quality Standard.

2011/12 to 2012/13 Budget

6.22 Included within **Appendix 1** is an outline budget for 2011/12 and 2012/13 including an assumed rent increase of 1.5% in 2011/12 and 1.3% in 2012/13. There is also an analysis of the management and administration, the repairs and maintenance and capital budgets.

6.23 In setting a 3 year rent strategy, Council must pay cognisance to the level of capital investment required to maintain and improve the overall housing conditions available to the citizens of Aberdeen. The Council is required to meet the Scottish Housing Quality Standard by 2015.

6.24 Based on the above annual rent increases the level of CFCR generated is £10.446 million and £8.558 million respectively. In order to increase these levels of CFCR and ensure the long term sustainability of the Housing Revenue Account efficiency savings will have to be made in the Housing Revenue Account. No efficiency savings have been currently assumed in any of the three year programmes. However proposals for members consideration are detailed on pages 40 to 49 in Appendix 1.

6.25 **Average Rent**

	2010/11	2009/10	% Increase
Average rent	£62.38 (Note 1)	£60.98	2.3

Note 1 This is the average rental assumed in the Draft Budget

6.26 Included within Appendix 1 at Page 27 is a list of the average rents of all other local authorities in 2009/10. If the Council approve the rental increase of 2.3% and all other authorities were to maintain their rent at 2009/10 levels Aberdeen City Council's average rent will not be the highest in Scotland Edinburgh, Renfrewshire and Highland would have a higher average rental.

6.27 A rent variation of £1 to the figures assumed would vary the income by £1.067 million per annum.

Savings

6.28 Included within Appendix 1 at Page 39 is a list of controllable costs and at Page 40 to 49 there is a schedule of savings that can and should be made to reduce controllable costs. These savings have not built into the base budget for 2010/11 onwards. These savings are part of the continuing drive to ensure that rental income is used effectively, costs are reduced and an increase in efficiency whilst at the same time improving the service.

Summary

6.29 The Council is required to determine the average weekly unrebated rents (and other miscellaneous rents and service charges) for municipal houses to take effect from Monday 5 April 2010 which in turn will allow decisions to be taken on the level of capital investment.

7. AUTHORISED SIGNATURE

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9. BACKGROUND PAPERS

Sector Weedon Grant Interest Rate Outlook 2009/10 issued in October 2009.

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ABERDEEN CITY COUNCIL
HOUSING REVENUE ACCOUNT
2010/11 – 2012/13 BUDGET PAPERS



ABERDEEN
CITY COUNCIL

Susan Cooper
City Chamberlain

Pete Leonard
Director of Housing and Environment

APPENDIX 1

ABERDEEN CITY COUNCIL
DRAFT HOUSING REVENUE ACCOUNT

Index

Page 2	.	.	.	.	.	Index
Page 4	.	.	.	.	.	Assumptions

Section 1 – HRA Budget 2010/11

Page 9	.	.	.	.	.	HRA Budget 2010/11
Page 11	.	.	.	.	.	HRA Variance Notes
Page 17	.	.	.	.	.	Repairs & Maintenance
Page 18	.	.	.	.	.	R&M Notes
Page 19	.	.	.	.	.	Management & Admin
Page 21	.	.	.	.	.	Management & Admin Notes
Page 22	.	.	.	.	.	Miscellaneous Rents
Page 27	.	.	.	.	.	Other Local Authorities rent
Page 28	.	.	.	.	.	Tenants Consultation

Section 2 – HRA Budget 2010/11 – 2012/13

Page 29	.	.	.	.	.	3 Year HRA Budget
Page 31	.	.	.	.	.	3 Year HRA Assumptions
Page 32	.	.	.	.	.	3 Year Repairs Budget
Page 33	.	.	.	.	.	3 Year Management Budget
Page 35	.	.	.	.	.	3 Year Capital Budget

Section 3 – Savings Proposals

Page 39 Controllable costs

Page 40 Savings Proposals

Section 4 – Benchmarking Information

Page 50 Benchmarking tables

Assumptions

In preparing the information for the draft Housing Revenue Account budget for the financial year 2010/11, a number of assumptions have been made and these are given below.

Should you require an electronic version of the budget contained within this documentation, please contact Helen Sherrit, Senior Accountant on (52)3566 or email hsherrit@aberdeencity.gov.uk. The budget information is available as a set of Excel spreadsheets.

Inflation

In preparing the budget inflation has been added in where appropriate at the relevant rate. Where there is no indicative increment, a rate of approximately 1.2% has been used. Inflation is currently running at approximately 1.3% (RPIX at September 2009).

Housing Stock

The number of Council houses owned by the Council, as at 30 September 2009, is 22,643. It has been assumed that there will be a further 144 sales during the financial year 2009/10, bringing total sales for the year to 200, this is a reduction of 100 from the budgeted amount of 300. The average selling price for the period 1 April 2009 to 30 September 2009 is approximately just above £30,027.

Set Aside Rules

For the financial year 2009/10 the Council budgeted for 100% of all Council house sales to be utilised to repay debt. The Council is free to decide on how the proceeds from the disposal of Council houses are used. **The City Chamberlain recommends that all capital receipts continue to be used to repay debt for the financial year 2010/11 and future years.**

Council House Sales

It has been assumed that the level of house sales will be 200 in 2010/11. The average selling price for 2010/11 is currently estimated at just over £30,027. The average number of houses for the financial year 2010/11 is therefore estimated to be 22,232 properties.

Average Rent Prices

The average rent used for the financial year 2010/11 is £62.38, and this has been used to calculate the income available in 2010/11 to fund the proposed budgeted level of expenditure. The average rent is calculated by taking the average rent for 2009/10 plus 2.3% (RPIX at September 2009 + 1%).

Housing Capital Expenditure Programme

Background

Fiscal year 2009/10 saw the introduction of the realigned Housing Capital Expenditure Budget. The realignment has ensured that the Housing Asset Management Service is well placed to deliver on the relative local housing outcomes detailed in the Single Outcome Agreement 2008-11.

In turn the Housing Capital Expenditure Budget therefore supports the delivery of the following National Outcomes to the citizens of Aberdeen:

- **National Outcome 10:** “We live in well designed sustainable places where we are able to access the amenities we need”; and
- **National Outcome 14:** “We reduce the local and global impact of our consumption and production”

This is in addition to contributing towards the achievement of the following strategic priorities laid out in the Community Plan Update 2008:

- **Affordable Housing** – Increasing the levels of affordable housing in new housing developments; and
- **Regeneration** – Improving the quality of life in our most deprived areas.

The 2009/10 Budget funded the site acquisition and subsequent demolition of Marchburn Nursery, Northfield as well as the demolition of Byron Park in Northfield and site remediation works at Hayton Road, Tillydrone. These are the first steps in providing much needed new affordable housing – the majority of which will be family housing with a front and back door – to some of the most deprived areas of our city.

All of this has been achieved within the existing financial projections contained within the Housing Revenue Account Business Plan.

Fiscal Year 2010/11 Onwards

2010/11 will see the creation of two distinct components within the overall Housing Capital Expenditure Budget, namely the:

- Housing Investment Programme; and
- Housing New Build Programme.

The Housing Investment Programme will primarily focus on:

- The investment in our existing asset base; as well as
- Providing a funding source for taking advantage of opportunities to add to our housing stock through the acquisition of land or buildings; and
- Supporting the new build programme through funding enabling works such as demolition or site remediation.

The Housing New Build Programme will fund the direct construction costs incurred in the Phases 1 and 2 of the new build programme over the next two fiscal years.

Housing Investment Programme

2010/11 will see continued major investment in tenants' homes to make sure that they meet their needs and expectations as well as the requirements of the Scottish Housing Quality Standard (SHQS). We continue to make steady progress towards SHQS compliance with 39% of our stock now meeting the standard (as at April 2009). Our compliance position is slightly above the Scottish average of 36%.

2010/11 will also see the commencement of a five year investment programme in providing high efficiency – low carbon emission - gas fired Combined Heat and Power and District Heating schemes to over 20 High Rise Buildings across the City. A number of these buildings are located in the most deprived areas of the city and will provide much welcomed affordable warmth to our customers in a time of ever increasing energy prices.

This is in addition to restarting our normal heating replacement work following the protracted delays caused by the legal challenge to the award of the heating framework tender. 2010/11 will therefore see another step change in the average National Home Energy Rating (NHER) of the council housing stock. The current average is 7.18 (as at 2008/09), which is well above the current SHQS energy efficiency minimum of 5.0.

We plan to start work on a major over cladding scheme to four High Rise buildings in 2010. This will not only protect the structure of these buildings for many years to come but will also introduce much needed insulation into the walls, thereby driving down energy use and fuel costs to the occupiers.

This is an ambitious capital programme that will see a far greater focus on contractor performance and a drive to secure short and longer term programme and procurement efficiencies. This will provide better Value for Money to the Housing Revenue Account as well as increased satisfaction to the end user, our council house tenants.

With this in mind, a 10% efficiency saving has been built into the proposed Housing Investment Budgets for each of the next three years. The Budgets (inclusive of slippage) can be summarised as follows:

2010/11 - £44.732 Million
2011/12 - £42.738 Million
2012/13 - £39.464 Million

Housing New Build Programme

Fiscal year 2010/11 will see the Council commence on the construction of the first council housing in a generation. These are to be located at the following sites:

Location	Houses	Flats	Total
Phase 1			
Byron Park, Northfield	16	12	28
Hayton Road, Tillydrone	18	12	30
Rorie Hall, Cults		27	27
Phase 2			
Marchburn, Northfield	19	16	35

85 units are projected to be completed during 2010/11 with a further 35 to be completed in 2011/12.

The Council was successfully in obtaining grant assistance from the Scottish Government for the construction of 85 units in Phase 1 amounting to £25,000 per unit. This will reduce our borrowing requirements by a total of £2.125 Million.

Aberdeen City Council has been awarded £0.875 million by the Scottish Government to help build 35 new council homes in phase 2. The money will be used to build 35 new homes in a family-friendly "Homezone" on the site of the former Marchburn School in Northfield, comprising 19 three-bedroom houses and 16 two-bedroom flats. The Homezone concept ensures that residential streets are designed for people, not traffic, to improve the quality of life.

The contracts for Phase 1 at the time of writing are in the process of being accepted.

The required capital budgets to fund the new build programme over the next three years are as follows:

2010/11 - £10.115 Million

2011/12 - £ 7.540 Million

2012/13 - £ 0.100 Million

Housing Capital Budget Expenditure Proposal

Taking the above points into consideration, the total Housing Capital Expenditure Budget requirements (inclusive of slippage) for each of the next three fiscal years are as follows:

Fiscal Year	Housing Investment	Housing New Build	Total
2010/11	£44.732 Million	£10.115 Million	£54.847 Million
2011/12	£42.738 Million	£ 7.540 Million	£50.278 Million
2012/13	£39.464 Million	£ 0.100 Million	£39.564 Million

These budgets are currently being updated in the Housing Revenue Account 30 year Business Plan and will be reported back to Committee in May 2010.

Heat with Rent

A detailed analysis has been carried out on the utility bills for Heat with Rent to ensure that the charging policy introduced in the 2006/07 budget setting process can be continued into 2010/11. No increase of income has been built into the proposed budget.

Working Balances

In developing a rent setting strategy it is important to ensure that adequate working balances. The City Chamberlain recommends that this be set at 5% of final gross expenditure (i.e. it should include capital from current revenue).

Rent Setting Strategy

In setting a rent strategy a number of factors must be considered. These include the following:

- Level of capital investment;
- Scottish Housing Quality Standard;
- Level of additional borrowing;
- Prudential Code;
- Level of capital from current revenue;
- Heat with Rent increases;
- Average rent increases;
- Level of voids;
- Level of working balances; and
- New Build

Housing Revenue Account		Budget	Out-turn	Budget	Notes
		2009/10	2009/10	2010/11	
		£000's	£000's	£000's	
Staff Costs					
1	Salaries	844	844	211	
2	Superannuation	117	117	41	
3	National Insurance	70	70	13	
4	Other Staff Costs	284	284	0	
		1,315	1,315	265	1
Premises Costs					
5	Rates	4	4	2	
6	Rent	87	87	105	2
7	Repairs and Maintenance	24,282	24,282	22,751	3
8	Maintenance of Grounds	2,675	2,675	2,695	4
9	Gas	647	563	705	5
10	Electricity	1,785	1,663	1,663	6
11	Cleaning & Security Service	0	0	1,107	7
12	Window Cleaning	19	19	18	
13	Refuse Collection	63	63	135	8
14	Fly tipping	103	103	0	8
15	Cleaning - Payments to Contractor	442	475	475	9
16	Cleaning Materials	33	33	0	
17	Premises Insurance	100	100	71	10
18	Other Property Costs - Council Tax	332	279	279	11
		30,572	30,346	30,006	
Administration Costs					
19	Downsizing Grants/Direct Debit Incentives	182	182	182	12
20	Legal Expenses	247	294	294	
21	Office Tel / Rent	64	64	73	
22	Former Tenants Arrears	1,379	1,379	1,379	13
23	Charges - Services Admin & Management.	8,156	8,156	8,204	14
24	General Consultancy	50	50	55	15
25	Training for Front Line Staff	200	200	200	15
26	Benefits Staff	98	98	98	15
27	Charges - Tenants Participation	398	398	401	16
28	Charges for Property/Technical	158	158	158	
29	Charges for Environmental Health	148	148	148	
		11,080	11,127	11,192	
Supplies & Services					
30	Provision of Meals	141	141	118	17
31	Equipment Purchase	22	22	55	
32	Television Licence	5	5	5	
33	Integrated Housing System	252	252	265	18
		421	420	443	

		Budget	Out-turn	Budget	
	Housing Revenue Account	2009/10	2009/10	2010/11	
		£'000	£'000	£'000	
	Agencies				
34	Mediation Service	106	106	98	19
35	Provision of Furniture	174	174	174	19
36	Energy Advice	87	87	81	20
37	Citizens Advice Bureau	14	14	14	15
38	Disabled persons Housing Service	38	38	38	15
		419	419	405	
	Transfer Payments				
39	Aberdeen Families Project	410	410	400	21
38	Loss of Rent - Council Houses	629	634	649	22
39	Loss of Rent - Garages, Parking etc	128	142	145	
40	Loss of Rent - Modernisation Works	70	70	48	
41	Supporting People Contribution	477	477	417	23
42	CFCR	12,500	15,262	12,753	
		14,214	16,995	14,412	
	Capital Financing Costs				
43	Loans Fund Instalment	1,098	1,469	2,577	
44	Loans Fund Interest	9,364	7,253	10,664	
45	Heating Leasing Payment	194	151	131	
		10,656	8,873	13,372	24
	Expense Total	68,677	69,495	70,095	
	Income				
46	Government Grant - General	(481)	(481)	(313)	25
47	Ground Rentals	(33)	(33)	(25)	
48	Dwelling Houses Rent Income	(65,178)	(65,870)	(66,571)	26
49	Housing - Heat with Rent Income	(1,067)	(1,056)	(1,056)	27
50	Housing - Garages Rent Income	(976)	(950)	(950)	28
51	Housing - Parking Spaces Rent	(170)	(154)	(154)	28
52	Housing - Insurance Income	(19)	(36)	(36)	28
53	Housing - Other Service Charge	(398)	(494)	(494)	28
54	Legal Expenses	(280)	(346)	(346)	
55	Revenue Balance Interest	(75)	(75)	(150)	29
	Income Total	(68,677)	(69,495)	(70,095)	
	Net Expenditure	0	0	0	
	Projected Working Balance at 1 April 2010			5,135	
	Less Provision for Pay Award			(33)	
	Projected Working Balance at 31 March 2011			5,102	

HOUSING REVENUE ACCOUNT 2010/11 BUDGET

Variance Notes

Comparing Draft Budget 2010/11 to Estimated Out-turn 2009/10

Expenditure Movements

1. Staff Costs

This budget covers Estate Caretakers and is based on the existing provision of service (Total £136,668) previously the Caretakers and Concierge costs were shown in this budget line, these budgets have been combined in the line Cleaning & Security Services.

In addition the staff costs for maintaining the Integrated Housing System are included here, similar to the 2009/10 budget. (Total £105,454)

2. Rent

This budget is for the rent of Police Houses, Accommodation for Community Groups and Housing Offices these have been uplifted by 2.3% the anticipated rent increase.

3. Repairs and Maintenance

An analysis of the proposed budget is included within this booklet (pages 17 to 18). This budget will be subject to change throughout the year as this budget is needs led but as part of the overall business plan strategy a reduction of spend is being made on this area.

4. Maintenance of Grounds

Maintenance of Grounds budget has two elements: Ground Maintenance cleansing/Weed control, the budget for 2010/11 is based on the actual expenditure for 2008/09 uplifted by 2.5% reflecting the pay award for 2009/10.

An element of the Housing Grounds Maintenance contract has been subject to market testing during 2009/10, the results of which are not known at present but it is unlikely the contract value will be above the amount contained in the budget.

5. Gas

A new gas contract commenced on 1 April 2009. The budget has been calculated using the actual usage for 2008/09 and uplifting the various unit charges agreed in the new contract.

6. Electricity

This is the third year of a three year electricity contract, therefore the budget has been calculated by using the 2008/09 expenditure.

7. Cleaning & Security Service

This budget was previously for the cleaning of communal areas which was suspended during 2007/08. A review of the cleaning and security service has been carried out and it is anticipated that a contract for Communal Cleaning and Security will be in place by the end of 2009/10. The budget of £1,107,000 is an estimated amount for what could be required for a revised service and is subject to change.

8. Refuse Collection

This budget is very difficult to predict. For 2010/11 the budget for 2009/10 has been calculated by uplifting the refuse collection actual for 2008/09 by 2.5%, in addition the former budget for fly tipping has also been included in this line.

9. Cleaning – Payments to Contractor

This is the budget for the cleaning of Extra Care Housing (Formerly known as Sheltered Housing) and has been calculated by using the anticipated out-turn for 2009/10.

10. Premises Insurance

The budget for 2010/11 is based on previous years expenditure uplifted by 1.2%.

11. Other Property Costs – Council Tax on void properties

This budget is for the cost of Council Tax due on void properties. The out turn for 2008/09 has been used and the assumption is that there will be no increase in Council Tax.

12. Downsizing Grants/Direct Debit Incentives

It is currently planned to fund two new schemes from the former tenants incentive scheme these are Downsizing grants and Direct Debit Incentives and these will be contained within the budget of £182,000.

A report is to go to the Housing and Environment Committee for approval of the policy for Downsizing grants. The scheme would provide assistance and a financial incentive to Council tenants occupying 3 + bedroom family properties in high demand areas, to move to smaller more suitable housing in order to increase the supply of large family housing. A potential scheme may pay qualifying tenants a one off payment of £1000 for one spare bedroom, £2000 for two and £3000 for three, to cover removals, carpets and curtains etc and in addition a Like for Like payment.

The Direct Debit incentive scheme will commence on 5 April 2010 and letters will be sent to all tenants along with their rent letters. Each month there will be a monthly draw for all new and existing direct debit payers for a months free rent and in addition an annual draw for a holiday voucher.

13. Former Tenants Arrears

The budget has been maintained at the current budgeted level for 2009/10 this allows for potential savings in the level of arrears.

14. Management & Administration

The staffing budget is based on the current structure of the Housing Revenue Account no pay award allowance has been built into these calculation, however a provision of £33,000 should be made within the working balance for a possible 0.5% pay award. The other management and administration costs have been calculated principally by uplifting the actual costs in 2008/09 by 2.5%.

15. General Consultancy, Training for Front Line Staff, Benefits staff, Citizens Advice Bureau, Disabled persons Housing Service

All of the above budgets were previously contained in the line contingency, no uplifts have been assumed.

General Consultancy allows the Housing Revenue Account to fund one off consultancy expenditure, this could be for example work on the Housing Business Plan.

Training for Front line Staff allows for example Housing Assistants to participate in professional staff development programmes with the opportunity of gaining membership of the Chartered Institute of Housing.

The costs of the benefits staff are recharged from the benefits team within Social Care and Wellbeing for the time spent with Council House Tenants on maximising income and tackling financial exclusion.

The contribution to the Citizens Advice Bureau provides funding to the service at ARI/Woodend Hospitals for benefits, initially it was believed most of the patients using this service were Council House Tenants, this is being reviewed.

Disabled Persons Housing Service (Aberdeen) (DPHS). The DPHS is a charitable organisation that provides specialist information, advice and advocacy on housing matters to disabled people, their families and carers and professionals working in housing, social work, health and the voluntary sector.

Grant funding has previously been provided to DPHS and it is proposed that funding would run for a three year period and would cover core funding for the Development Officer's post, plus a portion of running costs. This will enable the DPHS to continue to develop and expand the range of services that it offers to people of Aberdeen, in line with the objectives set out within the Disability Action Group (DAG), DAG Homes Sub-Group Action Plan, the Local Housing Strategy and the Community Care Housing Strategy.

16. Tenants Participation

This is the budget allocated for the provision of the Tenants Participation, this includes the teams in each of the Neighbourhoods also such items as Newsbite and training for tenant representatives.

17. Provision of meals

The actual expenditure for 2008/09 has been uplifted by 2.5% for the salary increases in 2009/10, this is for the provision of meals at Denmore and Kingswood extra care housing. The income for this service is contained in line 53 of the budget Housing Other Service Charge. The potential increase to this charge is contained in miscellaneous rents page 19. In addition the budget for 2010/11 includes £20,000 for the provision of meals in sheltered housing during the process of modernisation.

18. Integrated Housing System

This budget is based on the IT requirements for 2010/11 which includes all the support and maintenance costs. The staff costs for maintaining the system are shown in staff costs as detailed in Note 1.

19. Mediation Service & Provision of Furniture

For 2010/11 budgets these have been maintained at the 2009/10 levels.

20. Energy Advice

This budget is currently a payment to SCARF (Save Cash and Reduce Fuel). SCARF encourage the sustainable use of energy, achieving affordable warmth, eradicating fuel poverty and extending the life of natural energy resources across the North East of Scotland. The 2010/11 budget is as per agreed at Resources Management Committee of 5 February 2009.

21. Aberdeen Families Project

This budget is used to fund the Aberdeen Families Project. The Families project is based in the area of Torry, provides intensive support and supervision to families (mainly council tenants) who are involved in serious antisocial behaviour which could result in their eviction and subsequent homelessness. The service aims to reintegrate tenants or former tenants who are homeless and have a history of not sustaining a satisfactory tenancy, back into a tenancy without requiring intensive housing management.

22. Loss of Rent Council Houses

The budget is based on the estimated out-turn for 2009/10 as at the end of September 2009, uplifted by the assumed rent increase of 2.3%. The void trend in 2009/10 is still showing a decrease however it is prudent to assume that further reductions will be difficult to achieve.

23. Supporting People Contribution

This budget is a contribution to cover the costs of providing the former Wardens salaries for people who were not in receipt of Housing Benefit as at 31 March 2003. The contribution in 2010/11 is based on the actual for 2008/09.

This does not reflect the costs associated with the former warden's salaries as this forms part of the General Fund.

24. Capital Financing Costs

This budget for the Capital Financing Costs has been provided by the Office of City Chamberlain in Corporate Governance based on the likely capital spend in 2009/10 as at the end of September 2009 and a possible future programme for 2010/11 of £54,847 million. It also assumes that the consolidated loans pool rate (the rate used to calculate debt charges) is 6%.

Income

25. Government Grant – General

This budget is grant income from the Scottish Government for the Hostel deficit funding and is the estimated level of funding for 2010/11 taking into account income from Housing Benefit.

26. Dwelling Houses Rent Income

The budgeted income from Dwelling House Rent is calculated by using a stock level of 22,232. This is estimated by taking the closing stock on 31 March 2009 of 22,699 (less projected sales of 200 in 2009/10, 100 in 2010/11 and 167 potential properties being removed as a result of the Haudagain development at an average rental of £62.38 (average £60.98 for 2009/10 +1.3% RPIX at September 2009 +1%) for 48 weeks.

27. Housing – Heat with Rent Income

A review was undertaken of the income and expenditure of Heat with Rent.

- Gas
The projected energy consumption and the new contract rates were provided by the Council's Energy Management Unit for each extra care complex. A new contract for the provision of gas started on 1 April 2009. The energy used in the common rooms and guest rooms have been removed from the calculation as these costs are funded by rent pooling. The revised consumption has been multiplied by the agreed rate to be paid on the gas contract. This gives an estimated cost in 2010/11 for gas heated properties on heat with rent of £470,396.
- Electricity
The projected energy consumption and rates were provided by the Council's Energy Management Unit for each sheltered complex. The three year electricity contract started on 1 April 2008 at an increased rate of 25%. Reductions in the consumption were made for the common rooms and guest rooms as these costs are funded by rent pooling. The consumption has been multiplied by the agreed rate on the electricity contract. This gives an estimated cost in 2010/11 for electrically heated properties on heat with rent of £294,874.

- Combined Heat & Power (CHP)
Aberdeen Heat and Power have advised that there rate charged to Aberdeen City Council will be maintained at £8.30 per week for each property on CHP. This equates to an annual cost of £351,754.

29. Housing – Other Service Charges

This line will move depending on the level that miscellaneous rents are set at, as covered on page 19. The current budget therefore assumes that there will be no increase at present.

30. Interest on Revenue Balances

This is akin to bank interest received on the HRA's cash flow during the year. Budget is based on anticipated rate of interest.

HOUSING REPAIRS DRAFT BUDGET		Approved Budget 2009/10 £'000	Base Budget 2010/11 £'000
PLANNED AND CYCLICAL MAINTENANCE			
1	External Joinerwork Repairs including external painterwork etc.	2,050	1,250
2	Boiler Maintenance – Sheltered Housing	220	200
3	Controlled Entry Systems – Maintenance	62	200
4	Fire Precautions - Servicing & Renewal of Equipment incl Smoke Detectors & Dry Risers	123	145
5	Flat Roofs/Dormers – Renewal & Insulation	0	15
6	Common Rooms – Replacement of Furniture	120	90
7	Gas Servicing, Maintenance and Repair	2,755	2,800
8	Laundry Equipment Replacement & Maintenance	62	45
9	Legionella Testing incl. Repair/Renewal of Tanks	513	150
10	Lift Maintenance	292	170
11	Mutual Repairs outwith Housing Action Areas	62	30
12	Pumps & Fans - Maintenance & Renewal	108	70
13	Sheltered Housing - Replacement of Carpets, furnishings etc	120	70
14	Standby Generators – Maintenance	77	55
15	Warden call systems- maintenance and Repair	171	90
16	Provision of Community Alarm	170	130
17	Environmental Improvements	1,660	1,250
18	Contracting Services Prelim payments	472	0
19	Relets	4,100	3,817
DAY TO DAY RESPONSE MAINTENANCE			
20	Asbestos	200	300
21	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	255	280
22	Car Park Repairs	9	8
23	Chimneyheads - Repointing and Rebuilding	7	5
24	Condensation - Treatment of Walls	107	65
25	Electrical Work - General Repairs	975	1,510
26	Emergency Work - Out of Hours Service	725	620
27	External/Internal Response Paintwork	294	350
28	Fire Damage Repairs	95	50
29	Garage Repairs	10	25
30	Glazierwork	168	190
31	Joinerwork - General Repairs	2,314	2,850
32	Masonwork and Water Penetration Repairs	1,118	800
33	Minor Environmental Services	82	150
34	Plasterwork – General	304	300
35	Plumberwork – General	1,134	1,450
36	Slaterwork	940	900
37	Snow Clearance	51	51
38	TV Aerial	123	110
39	Rubbish Removal	118	100
40	Vandalism	308	250
41	Water Services Charges	10	10
HOUSING REPAIRS TOTAL		22,482	20,951
41	Fees	1,800	1,800
TOTAL REPAIRS AND MAINTENANCE BUDGET		24,282	22,751

REPAIRS AND MAINTENANCE BUDGET 2010/11

The review has been undertaken of the Repairs and Maintenance budget for 2010/11 reducing the budget from £24.282 million in 2009/10 to £22.751 in 2010/11. All items of a capital nature will be charged to directly to capital for example the modernisation of kitchens and bathrooms on void properties and not revenue.

Although main response trades are currently showing increases on budget figure it should be noted that plumberwork both in terms of number of jobs and total cost has fallen significantly since the introduction of Dynamic Scheduling within Building Services. This in turn when fully implemented across all response repairs, together with the introduction of mobile working during 2010, will provide significant savings, higher productivity and an overall improved service to customers linked to best value. However, it should be noted with the increase in apprentices there is a cost pressure although this can be contained within the budget.

Reductions to 2010/11 budget have also been made in areas where work is not demand led but based on a planned maintenance format i.e. Item 1 external Paintwork, Item 17 Environmental Improvements and Item 19 Relets.

The base budget has been proposed taking into cognisance areas of expenditure that were previously set against capital including smoke detector installations; crime prevention works and environmental improvements. The budget also identifies variations in outturn from budget provision to inform future year's spend.

Management & Admin			Proposed	
		Budget	Budget	
		2009/10	2010/11	
		£000's	£000's	
Staff Costs				1
1	APT&C C.O – Salaries	5,737	6,674	
2	APT&C C.O – Overtime	122	110	
3	APT&C C.O – Superannuation	982	1,213	
4	APT&C C.O - N.I	387	465	
5	General Manual – Salaries	343	437	
6	General Manual – Overtime	300	7	2
7	General Manual - Superannuation	110	83	
8	General Manual - N.I	42	24	
9	Other Staff Costs	355	290	
		8,378	9,303	
Premises Costs				
10	Rates	91	327	3
11	Rent	516	582	
12	Insurance	1	3	
13	Electricity/Gas	75	218	3
14	Void Properties	127	230	3
15	Rubbish Removal	60	64	
16	Cleaning	87	56	
17	Repairs and Maintenance	137	105	
		1,094	1,585	
Administration Costs				
19	Printing	195	106	5
20	Photocopying	20	20	
21	Stationery	31	29	
22	Subscriptions	12	16	
23	Postages	86	80	
24	Telephones	36	32	
25	Bank Charges	37	36	
26	Advertising	56	63	
27	Course Expenses	106	99	
28	Legal Expenses	16	9	
29	Former Tenants Arrears	20	193	6
30	Insurances	1	1	
		616	684	

		Budget	Proposed	
		2009/10	Budget	
		£'000	2010/11	
		£'000	£'000	
	Transport Costs			
31	Travel & Subsistence	102	88	
32	Car Parking Spaces	12	11	
33	Other Travel Costs	46	3	
		160	102	
	Supplies & Services			
34	Equipment Purchases	44	51	
35	Computer Software Support	3	18	
36	Office Equipment	12	7	
37	Books & Newspapers	1	1	
38	Bed & Breakfast	952	1,039	7
39	Sundry Outlays	100	105	
		1,112	1,221	
	Central Admin			
40	Central Admin	2,460	1,938	8
		2,460	1,938	
	Expense Total	13,820	14,833	
	Income			
	Recharges:-			
41	Management & Admin – HRA	(8,156)	(8,204)	
42	Tenants Participation - HRA	(398)	(401)	
44	Supporting People	(314)	(220)	
45	Other Housing	(262)	(273)	
46	Homeless Persons	(1,432)	(2,298)	
47	Housing Capital	(1,438)	(1,496)	
48	Social Work	(71)	(73)	
		(12,071)	(12,965)	
49	Fees & Charges	(1,749)	(1,868)	
	Income Total	(13,820)	(14,833)	
	Net Expenditure	0	0	

MANAGEMENT AND ADMINISTRATION BUDGET

Variances and Notes

The 2010/11 budget for management and administration on the existing structure of Housing which will be subject to change.

1. Staff Costs

Staff costs have been increased to reflect annual salary increments and increases in employers' Superannuation and National Insurance costs. Included now within this budget are an element of the Corporate Director and Heads of Service for Housing and Environment.

2. General Manual – Overtime

This was the budget for the Hostel for overtime and shift allowance, which has now changed as a result of the pay and conditions in the equal pay and modernisation.

3. Rent

The increase in rental reflects the anticipated increase in Homeless flats.

4. Void Properties

This is the budget for the void Homeless, Young Single Homeless properties and Clinterty Travelling Peoples Site. The budget provision for 2010/11 reflects the target level of voids of 10% and not the current trends.

5. Printing

This budget is based on the actual spend in 2008/09 uplifted by an annual inflationary rate of 1.2%.

6. Former Tenants Arrears

This is principally the budget for the Homeless Flats former tenants arrears it is based on 10% of the rental income.

7. Bed & Breakfast

Bed & Breakfast costs still remain high and this is reflected in the 2010/11 budget. Primarily these costs are high due to the number of people presenting themselves as homeless and having to be housed with Bed and Breakfast accommodation.

8. Central Support

This budget is based on the current services being provided to Housing and may be subject to change.

ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT					
Proposed Increase to be included in the HRA budget - Miscellaneous Rents					
	2 0 1 0 / 2 0 1 1				
	Current	Proposed	Increase	Percentage	Additional
	Rental	Rental	Per Week	Increase	Income
Miscellaneous Increases	£	£	£	%	£
Garages	7.90	8.10	0.20	2.53	20,429
Denburn and West North Street Spaces	4.10	4.20	0.10	2.44	3,010
Garages Sites	3.10	3.20	0.10	3.23	5,084
Car Ports	3.50	3.60	0.10	2.86	691
Car Parking Spaces	3.10	3.20	0.10	3.23	4,128
Parking Spaces Outside the Zone	7.90	8.10	0.20	2.53	394
Window Cleaning	0.75	0.80	0.05	6.67	396
Meals at Denmore & Kingswood	32.80	32.80	0	0	0
Mortgage Reference Fees	54.40	55.00	0.60	1.10	17
Guest Rooms	14.20	14.50	0.30	2.11	770
Owners Administration fees	10.05	10.05	0	0	0
					34,918
TOTAL ADDITIONAL INCOME NOT INCLUDED IN THE BASE BUDGET					
General Services					
Housing - Homeless Account					
Homeless Flats – Service Charge	152.00	152.00	0	0	0
Single Homeless	74.00	76.00	2.00	2.70	576
Clinterty Caravan Site	64.00	70.00	6.00	9.38	6,048
Furniture Service Charge (See Page 26)	0	0	0	0	0
					6,624
Housing Revenue Account					
Accommodation Units (Grant Funded)					
Adult (first2)	47.00	48.00	1.00	2.13	13,750
Child	31.00	32.00	1.00	3.23	6,875
					20,625

Heat with Rent – 48 week basis		
	Previous	Proposed
Gas Heated Properties	£	£
Bedsits	7.10	7.35
1 bedroomed flats	7.60	7.85
2 bedroomed flats	8.10	8.35
3 bedroomed flats	8.60	8.85
Electrically Heated Properties		
Bedsits	8.10	8.35
1 bedroomed flats	8.60	8.85
2 bedroomed flats	9.10	9.35
3 bedroomed flats	9.60	9.85
CHP Properties		
All 1 Bedroomed Properties	7.35	7.60
All 2 Bedroomed Properties	7.85	8.10
All 3 Bedroomed Properties	8.35	8.60

Heat with Rent calculations for 2010/11

It is proposed to apply an overall **increase of £0.25 per week** across all the Council's Heat with Rent properties. This is an **increase of between 2.60% and 3.52%**.

This would generate sufficient income to just about break even between the costs to the Council of providing the electricity, gas and Combined Heat with Power charges for the heating in these dwellings.

Type of heating	Estimated cost to Council	Estimated income to cover costs
Electric or oil	£294,874	£328,186
Gas	£470,396	£482,545
CHP	£351,754	£308,707
Total	£1,117,024	£1,119,438

This would equate to the following weekly Heat with Rent charges for 2010/11:

for electrically and oil heated properties:

Bedsits	£8.35	Increase of 3.09%
1 bedroomed dwellings	£8.85	Increase of 2.91%
2 bedroomed dwellings	£9.35	Increase of 2.75%
3 bedroomed dwellings	£9.85	Increase of 2.60%

for gas heated properties:

Bedsits	£7.35	Increase of 3.52%
1 bedroomed dwellings	£7.85	Increase of 3.29%
2 bedroomed dwellings	£8.35	Increase of 3.09%
3 bedroomed dwellings	£8.85	Increase of 2.91%

for CHP heated properties:

1 bedroomed dwellings	£7.60	Increase of 3.40%
2 bedroomed dwellings	£8.10	Increase of 3.18%
3 bedroomed dwellings	£8.60	Increase of 2.99%

Aberdeen City Council's contracts for both Electric and Gas are fixed for 2010/11 therefore will not be subject to change, CHP has agreed on a to maintain the charge at 2009/10 level.

Heat with Rent applies to all Council owned extra care housing schemes, and to all flatted blocks with communal heating systems. At the proposed rates none of the Council's Heat with Rent tenants will be in fuel poverty.

ABERDEEN CITY COUNCIL									
HOUSING REVENUE ACCOUNT									
Proposed Increase to be included in the HRA budget									
Owners Charges									
	Total no of flats in complex	Owners liable for Charge	Electricity	Cleaning	Lifts Maintenance	Admin	Total Charge	Current Charge 2009/10	Difference
Ashgrove Court	40	2	52.94	46.00	16.80	10.05	125.79	120.58	5.21
Aulton Court	113	15	19.94	33.00	16.80	10.05	79.79	77.58	2.21
Balgownie Court	66	12	24.06	46.00	16.80	10.05	96.91	94.33	2.58
Bayview Court	111	8	17.19	29.00	16.80	10.05	73.04	71.08	1.96
Beachview Court	111	8	22.69	29.00	16.80	10.05	78.54	76.08	2.46
Beechwood Court	72	1	22.14	38.00	16.80	10.05	86.99	86.33	0.66
Bruce House	46	6	30.94	64.00	16.80	10.05	121.79	118.58	3.21
Cairncry Court	94	20	39.19	38.00	16.80	10.05	104.04	100.08	3.96
Cornhill Court	100	25	33.69	36.00	16.80	10.05	96.54	93.08	3.46
Davidson House	46	15	30.94	61.00	16.80	10.05	118.79	115.58	3.21
Denburn Court	120	40	25.44	31.00	16.80	10.05	83.29	80.58	2.71
Grampian Court	52	4	13.06	59.00	16.80	10.05	98.91	97.33	1.58
Grandholm Court	72	0	21.31	54.00	16.80	10.05	102.16	99.83	2.33
Gilcomstoun Land	75	34	44.69	46.00	16.80	10.05	117.54	113.08	4.46
Greig Court	144	26	24.06	26.00	16.80	10.05	76.91	74.33	2.58
Hutcheon Court	140	28	28.19	27.00	16.80	10.05	82.04	79.08	2.96
Inverdon Court	66	17	32.31	49.00	16.80	10.05	108.16	104.83	3.33
Kincorth Land	52	10	29.56	57.00	16.80	10.05	113.41	110.33	3.08
Kings Court	72	3	21.31	159.00	16.80	10.05	207.16	204.83	2.33
Linksfield Court	111	3	15.81	29.00	16.80	10.05	71.66	69.83	1.83
Marischal Court	108	7	21.31	30.00	16.80	10.05	78.16	75.83	2.33
Morven Court	52	3	24.06	51.00	16.80	10.05	101.91	99.33	2.58
Oldcroft Court	72	7	13.06	42.00	16.80	10.05	81.91	80.33	1.58
Porthill Court	72	13	17.19	48.00	16.80	10.05	92.04	90.08	1.96
Promenade Court	111	8	21.31	29.00	16.80	10.05	77.16	74.83	2.33
Regent Court	111	10	14.44	29.00	16.80	10.05	70.29	68.58	1.71
Rose House	46	14	28.19	61.00	16.80	10.05	116.04	113.08	2.96
Rosehill Court	94	15	36.44	33.00	16.80	10.05	96.29	92.58	3.71
Seamount Court	126	38	37.81	29.00	16.80	10.05	93.66	89.83	3.83
Stockethill Court	100	33	33.69	34.00	16.80	10.05	94.54	91.08	3.46
St Ninian Court	66	9	28.19	50.00	16.80	10.05	105.04	102.08	2.96
Tillydrone Court	52	1	28.19	53.00	16.80	10.05	108.04	105.08	2.96
Thistle Court	126	46	25.44	29.00	16.80	10.05	81.29	78.58	2.71
Virginia Court	48	12	39.19	61.00	16.80	10.05	127.04	124.08	2.96
Wallace House	46	6	30.94	61.00	16.80	10.05	118.79	115.58	3.21
Total		499							
Proposed charges would be effective from 1 July 2010 to 31 March 2011									
Potential Increases stated in the above calculation -									
The Electricity contract increased by 25% in 2008/09, this increase is phased over three years, 2010/11 being the third									
Cleaning and admin charges maintained at 2009/10 Budgeted level									
Lift Maintenance has increased by 1.2%									
A full review of owners charges will be undertaken in 2010/11 once the new contracts have commenced for cleaning and security.									

Introduction of a Furnishing Service Charge

Resources Management Committee on 5 May 2009 approved the recommendation to allow officers to explore the possible introduction of a service charge for furnished tenancies.

Furnishing were provided for new tenants through two different funding streams. The Homeless Strategy Budget provides funding for tenants who have been housed following a homeless presentation. The HRA provides funding for tenants who are identified as having a need for assistance by a Housing Assistant.

The introduction of a service charge will lead to significant additional work and costs being incurred in maintaining the furnishings and administering the furnishing service. However the introduction of a service charge should lead to a reduction in the overall spend for both General Services Housing and the Housing Revenue Account with the aim of ultimately reducing the costs to zero. Initially furnishing will need to be purchased with the service charge income building up slowly as new tenants receive the service. The provision of furnishing will require a continuing budget commitment but one which will reduce over time.

The furnishing service will need to be designed in such a way to ensure that the service charge is eligible for Housing Benefit. Any tenant not in receipt of housing benefit will need to decide if paying a service charges agreed offer a cost effective solution for tenants.

Firstly a decision will need to be made on the type of scheme to be taken forward. There are four options available to Aberdeen City Council for the provision of furnishing-

Option 1 – To continue with the Status Quo this is to provide furnishings to tenants at no charge and the Council will continue to fund the full cost of supplying and administering the service. This allows the tenants to move into the property at the start of the tenancy.

Option 2 – To Discontinue the Furnishing Service this will provide a saving to the Council in both monetary and staff time. This would be a significant reduction in the service to tenants, which could mean that a number are unable to delay a move into permanent accommodation which could lead to further pressure on temporary accommodation and increase void rent.

Option 3 – Introduce a service charge to the scheme. The scheme would eventually become self financing but an additional member of staff would be required to administer the scheme, the costs would be covered by the scheme. Housing Benefit would cover the service charge for those eligible for Housing Benefit and would allow the tenant to move into the property at the start of the tenancy.

Option 4 – Introduce a service charge to the scheme but no electrical goods to be provided. Such a scheme would be at a reduced cost and administration. Housing Benefit would cover the service and it would allow the tenant to ove into property at the start of the tenancy.

A detailed report along with potential costs will be going to the Housing and Environment 13 April 2010 to approve one of the options above.

Other Local Authorities
Average Rent Levels 2009/10

	2009/10
	£
Aberdeen	60.98
Aberdeenshire	54.77
Angus	47.73
Argyll & Bute (*)	0
Clackmannanshire	53.86
Comhairle Nan Eilean Siar (*)	0
Dumfries & Galloway (*)	0
Dundee	60.04
East Ayrshire	55.10
East Dunbartonshire	61.18
East Lothian	46.02
East Renfrewshire	54.32
Edinburgh	70.94
Falkirk	53.92
Fife	54.56
Glasgow (*)	0
Highland	63.93
Inverclyde	0
Midlothian	60.98
Moray	44.17
North Ayrshire	58.65
North Lanarkshire	54.81
Orkney	53.5
Perth & Kinross	54.34
Renfrewshire	62.48
Scottish Borders (*)	0
Shetland	61.73
South Ayrshire	56.82
South Lanarkshire	56.23
Stirling	58.39
West Dunbartonshire	53.97
West Lothian	60.09

* Denotes Housing Stock has been transferred

Based on 48 weeks

ABERDEEN CITY COUNCIL Tenants Consultation

Aberdeen City Council is committed to ensuring that tenants views are both sought and listened to. As part of the review on the future of the Council housing stock, a tenant referendum was held to determine what the views of tenants was.

The tenants voted overwhelmingly to retain the Council as their landlord in 2002, provided that continued improvements were made to the housing stock. In 2004, the Council adopted a Housing Business Plan approach. This has allowed us to plan for the future. This has meant large rent increases over the last four years has allowed the Council to speed up the Capital Programme and build a foundation for future investment in Council homes.

Further, a questionnaire was sent out to tenants in October 2009 to ascertain views on the possible rent increase inflation plus 1%. Below shows the result of the questionnaire.

ANNUAL RENT CONSULTATION – Feedback

Do you agree that the rent policy, inflation + 1%, should be continued to maintain investment in our housing stock and improve services?

	Frequency	Percent
Yes	1,798	78
No	482	21
Don't know	21	1
Total	2,301	100

Housing Revenue Account		Budget	Budget	Budget	Notes
		2010/11	2011/12	2012/13	
		£000's	£000's	£000's	
Staff Costs					
1	Salaries	211	212	213	
2	Superannuation	41	41	41	
3	National Insurance	13	13	13	
4	Other Staff Costs	0	0	0	
		265	266	268	1
Premises Costs					
5	Rates	2	2	2	
6	Rent	105	107	108	
7	Repairs and Maintenance	22,751	21,751	20,751	2
8	Maintenance of Grounds	2,695	2,708	2,722	3
9	Gas	705	705	740	4
10	Electricity	1,663	1,663	1,746	5
11	Cleaning & Security Service	1,107	1,113	1,168	
12	Window Cleaning	18	18	18	
13	Refuse Collection	135	136	136	
14	Fly tipping	0	0	0	
15	Cleaning - Payments to Contractor	475	477	480	
16	Cleaning Materials	0	0	0	
17	Premises Insurance	71	71	71	
18	Other Property Costs - Council Tax	279	283	287	
		30,006	29,034	28,230	
Administration Costs					
19	Down sizing Grants/Direct Debit Incentives	182	182	182	
20	Legal Expenses	294	295	297	
21	Office Tel / Rent	73	73	74	
22	Former Tenants Arrears	1,379	1,379	1,379	
23	Charges - Services Admin & Management	8,204	8,245	8,286	6
24	General Consultancy	55	55	55	
25	Training for Front Line Staff	200	200	200	
26	Benefits Staff	98	98	99	
27	Charges - Tenants Participation	401	403	405	
28	Charges for Property/Technical	158	159	160	
29	Charges for Environmental Health	148	149	149	
		11,192	11,238	11,285	
Supplies & Services					
30	Provision of Meals	118	119	119	
31	Equipment Purchase	55	55	56	
32	Television Licence	5	5	5	
33	Integrated Housing System	265	266	268	
		443	445	447	

		Budget	Budget	Budget	
	Housing Revenue Account	20010/11	2011/12	2012/13	
		£'000	£'000	£'000	
	Agencies				
34	Mediation Service	98	98	99	
35	Provision of Furniture	174	175	176	
36	Energy Advice	81	81	82	
37	Citizens Advice Bureau	14	14	14	
38	Disabled Persons Housing Service	38	38	38	
		405	407	409	
	Transfer Payments				
39	Aberdeen Families Project	400	402	404	
40	Loss of Rent - Council Houses	649	659	667	
41	Loss of Rent - Garages, Parking etc	145	145	145	
42	Loss of Rent - Modernisation Works	48	49	49	
43	Supporting People Contribution	417	417	417	
44	CFCR	12,753	10,446	8,558	
		14,412	12,117	10,241	
	Capital Financing Costs				
42	Loans Fund Instalment	2,577	4,353	5,619	
43	Loans Fund Interest	10,664	12,492	14,115	
44	Heating Leasing Payment	131	131	131	
		13,372	16,976	19,865	
	Expense Total	70,095	70,485	70,745	
	Income				
45	Government Grant – General	(313)	(315)	(316)	
46	Ground Rentals	(25)	(25)	(25)	
47	Dwelling Houses Rent Income	(66,571)	(66,959)	(67,218)	7
48	Housing - Heat with Rent Income	(1,056)	(1,056)	((1,056)	
49	Housing - Garages Rent Income	(950)	(950)	(950)	
50	Housing - Parking Spaces Rent	(154)	(154)	(154)	
51	Housing - Insurance Income	(36)	(36)	(36)	
52	Housing - Other Service Charge	(494)	(494)	(494)	
53	Legal Expenses	(346)	(346)	(346)	
54	Revenue Balance Interest	(150)	(150)	(150)	
	Income Total	(70,095)	(70,485)	(70,745)	
	Net Expenditure	0	0	0	
	Minimum Working Balances	(3,505)	(3,524)	(3,537)	

HOUSING REVENUE ACCOUNT THREE YEAR BUDGET ASSUMPTIONS

1. Staff Costs

This budget has been uplifted by 0.5% in 2011/12 and 2012/13.

2. Repairs and Maintenance

The analysis of the three year budget is included within this booklet (page xx). It is assumed that there will be a reduction in expenditure of £1 million in 2011/12 and 2012/13, due to the impact of the modernisation programme. Also the budget has been based on a 50:50 split on planned and cyclical maintenance and day to day response maintenance.

3. Maintenance of Grounds

An uplift of 0.5% has been used for 2011/12 and 2012/13.

4. Gas, Electricity

Due to the volatility of the energy market future energy prices are very difficult to predict therefore in 2011/12 they have been maintained at 2010/11 prices and in 2012/13 a 5% uplift.

5. Management & Administration

As this budget is principally for staffing an annual increase of 0.5% has been assumed.

6. Dwelling Houses Rent Inc

The budgeted income from Dwelling House Rent is calculated by using the following stock levels 2011/12 22,032 and 2012/13 21,832. Built into these stock levels are projected sales and properties removed off the charge. The average rental has been increased by 1.5% in 2011/12 and 1.3% in 2012/13. The RPIX figures used are estimates these have been taken from Sector Weedon Grant Interest Rate Outlook 2009/10 issued in October 2009.

HOUSING REPAIRS DRAFT BUDGET		Base Budget 2010/11 £'000	Base Budget 2011/12 £'000	Base Budget 2012/13 £'000
<u>PLANNED AND CYCLICAL MAINTENANCE</u>				
1	External Joinerwork Repairs including external paintwork etc.	1,250	1,250	1,250
2	Boiler Maintenance - Extra Care Housing	200	200	200
3	Controlled Entry Systems – Maintenance	200	200	200
4	Fire Precautions - Servicing & Renewal of Equipment incl Smoke Detectors & Dry Risers	145	145	145
5	Flat Roofs/Dormers – Renewal & Insulation	15	15	15
6	Common Rooms - Replacement of Furniture	90	90	90
7	Gas Servicing, Maintenance and Repair	2,800	2,800	2,800
8	Laundry Equipment Replacement & Maintenance	45	45	45
9	Legionella Testing incl. Repair/Renewal of Tanks	150	150	150
10	Lift Maintenance	170	170	170
11	Mutual Repairs outwith Housing Action Areas	30	30	30
12	Pumps & Fans - Maintenance & Renewal	70	70	70
13	Extra Care Housing - Replacement of Carpets, furnishings etc	70	70	70
14	Standby Generators – Maintenance	55	55	55
15	Warden call systems- maintenance and Repair	90	90	90
16	Provision of Community Alarm	130	130	130
17	Environmental Improvements	1,250	1,250	1,250
18	Relets	3,817	2,817	1,817
19	Asbestos	300	300	300
<u>DAY TO DAY RESPONSE MAINTENANCE</u>				
20	Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails	280	280	280
21	Car Park Repairs	8	8	8
22	Chimneyheads - Repointing and Rebuilding	5	5	5
23	Condensation - Treatment of Walls	65	65	65
24	Electrical Work - General Repairs	1,510	1,510	1,510
25	Emergency Work - Out of Hours Service	620	620	620
26	External/Internal Response Paintwork	350	350	350
27	Fire Damage Repairs	50	50	50
28	Garage Repairs	25	25	25
29	Glazierwork	190	190	190
30	Joinerwork - General Repairs	2,850	2,850	2,850
31	Masonwork and Water Penetration Repairs	800	800	800
32	Minor Environmental Services	150	150	150
33	Plasterwork – General	300	300	300
34	Plumberwork – General	1,450	1,450	1,450
35	Slaterwork	900	900	900
36	Snow Clearance	51	51	51
37	TV Aerial	110	110	110
38	Rubbish Removal	100	100	100
39	Vandalism	250	250	250
40	Water Services Charges	10	10	10
HOUSING REPAIRS TOTAL		20,951	19,951	18,951
	Fees	1,800	1,800	1,800
TOTAL REPAIRS AND MAINTENANCE BUDGET		22,751	21,751	20,751

	Management & Admin			
		Budget	Budget	Budget
		2010/11	2011/12	2012/13
		£000's	£000's	£000's
	Staff Costs			
1	APT&C C.O – Salaries	6,674	6,707	6,741
2	APT&C C.O – Overtime	110	111	111
3	APT&C C.O – Superannuation	1,213	1,219	1,225
4	APT&C C.O - N.I	465	467	470
5	General Manual – Salaries	437	439	441
6	General Manual – Overtime	7	7	7
7	General Manual – Superannuation	83	83	84
8	General Manual - N.I	24	24	24
9	Other Staff Costs	290	291	293
		9,303	9,350	9,396
	Premises Costs			
10	Rates	327	329	330
11	Rent	582	585	588
12	Insurance	3	3	3
13	Electricity/Gas	218	219	220
14	Void Properties	230	231	232
15	Rubbish Removal	64	64	65
16	Cleaning	56	56	57
17	Repairs and Maintenance	105	106	106
		1,585	1,593	1,601
	Administration Costs			
19	Printing	106	107	107
20	Photocopying	20	20	20
21	Stationery	29	29	29
22	Subscriptions	16	16	16
23	Postages	80	80	81
24	Telephones	32	32	32
25	Bank Charges	36	36	36
26	Advertising	63	63	64
27	Course Expenses	99	99	100
28	Legal Expenses	9	9	9
29	Former Tenants Arrears	193	194	195
30	Insurances	1	1	1
		684	687	691

		Budget	Budget	Budget
		2010/11	2011/12	2012/13
		£'000	£'000	£'000
	Transport Costs			
31	Travel & Subsistence	88	88	89
32	Car Parking Spaces	11	11	11
33	Other Travel Costs	3	3	3
		103	103	103
	Supplies & Services			
34	Equipment Purchases	51	51	52
35	Computer Software Support	18	18	18
36	Office Equipment	7	7	7
37	Books & Newspapers	1	1	1
38	Bed & Breakfast	1,039	1,044	1,049
39	Sundry Outlays	105	106	106
		1,221	1,227	1,233
	Central Admin			
40	Central Support	1,938	1,948	1,957
		1,938	1,948	1,957
	Expense Total	14,833	14,907	14,982
	Income			
	Recharges:-			
41	Management & Admin – HRA	(8,204)	(8,245)	(8,286)
42	Tenants Participation – HRA	(401)	(403)	(405)
42	Supporting People	(220)	(221)	(222)
43	Other Housing	(273)	(274)	(276)
44	Homeless Persons	(2,298)	(2,309)	(2,321)
45	Housing Capital	(1,496)	(1,503)	(1,511)
46	Social Work	(73)	(73)	(74)
		(12,965)	(13,028)	(13,095)
47	Fees & Charges	(1,868)	(1,879)	(1,887)
	Income Total	(14,833)	(14,907)	(14,982)
	Net Expenditure	0	0	0

Draft Housing Capital Budget 2010/11 to 2012/13

Project	2010/11	2011/12	2012/13
	£'000	£'000	£'000
SCOTTISH HOUSING QUALITY STANDARDS			
1 Compliant with the tolerable standard			
1.1 B.T.S Houses For the refurbishment works to below tolerable standard properties	50	50	50
1.2 H.A.A. Council Flats For the refurbishment works to properties in the Housing Action Area	50	50	50
	100	100	100
2 Free from Serious Disrepair			
2.1 Primary Building Elements			
Structural Repairs Multi Storey Multi Storey blocks are surveyed on a 5-7 year cycle to identify any works required to the structure of the buildings in order to keep the buildings safe and prolong their life.	2,700	3,603	2,995
Structural Repairs General Housing Structural works carried out in order to keep the building stable and structurally sound.	1,440	1,440	1,200
Secondary Building Elements			
2.2 Upgrading Of Flat Roofs General Replacement of existing roof covering and upgrading of insulation to meet current building regulations.	150	150	150
2.3 Upgrade Flat Roofs Multi Storey Full replacement of the flat roofs and also checking the replacement of roof ventilation as required	700	700	510
2.4 Major Repairs- Roofs Renewal/Gutters/RWP/Roughcast Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast	500	500	500
2.5 Mono Pitched Types Replacement of the external render of the building, replacement of gutters and downpipes, environmental works	500	500	250
2.6 Window Replace General A rolling programme of double glazing where previously single glazing, or replacing existing double glazing to meet current standards. This is based on a cyclical programme.	830	800	600
2.7 Window Replace Multi Storey A rolling programme to replace existing double glazing to meet current standards. This is based on a cyclical programme.	300	400	400
2.8 Balcony Storm Doors Replacement of existing doors with more secure, solid doors	60	60	60
2.9 Balcony Glass Renewal - Multi Storey Replacement of existing balcony glazing on a cyclical basis	0	90	90
	7,180	8,243	6,755

	2010/11	2011/12	2012/13
	£'000	£'000	£'000
3 Energy Efficient			
<u>Effective insulation</u>			
3.1 General Houses Loft Insulation	0	0	220
Installation of loft insulation where there is none previously or the topping up of existing insulation to comply with current building regulations.	50	50	50
<u>Efficient Heating</u>			
3.3 Heating Systems Replacement	4,300	5,300	4,950
Replacement of boiler/whole system as deemed necessary.			
3.4 Medical Need Heating	10	10	10
Installation of gas/electric heating depending on the medical assessment. This can be installing a completely new system, modifying or extending an existing system.			
3.5 Energy Efficiency Multi Blocks	2,220	2,220	2,220
Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants			
3.6 Energy Efficiency Sheltered	200	200	200
Introduction of energy efficiency measures in extra care housing such as new or upgraded heating systems.			
<u>Additional Energy Efficiency measures</u>			
3.7 S.C.A.R.F	35	35	35
Payment to SCARF for work carried out by them under the Energy Efficiency programme to individual council properties. The work carried out includes the installation of loft insulation, Draughtproofing and compact fluorescent bulbs. Also, providing tenants with energy efficiency advice and information.			
3.8 Solid Wall Insulation	50	50	50
Installation of solid wall insulation where there was none previously.			
3.9 Vestibule Doors	15	15	15
Installation of new doors where there were none before.			
	6,880	7,880	7,750
4 Modern Facilities & Services			
<u>Bathroom and Kitchen Condition</u>			
4.1 Modernisation Programme	21,952	18,070	16,401
Replacement of bathrooms and kitchens.			
	21,952	18,070	16,401
5 Healthy, Safe & Secure			
<u>Healthy</u>			
5.1 Condensation Measures	50	50	50
Installation of heating systems and ventilation measures to combat condensation.			
<u>Safe</u>			
5.3 Rewiring	1,100	1,100	1,000
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis			
5.4 Lift Replacement Multi Storey/Major Blocks	600	600	600
Replacement of lifts where they are beyond economical repair. This can be full replacement or replacement of specific parts of the lift.			
5.6 Services	36	50	50
Cyclical maintenance/replacement of the following services Ventilation Systems, water tanks/pipework, refuse chutes/chamber, Dry risers systems, Standby Generators			

	2010/11 £'000	2011/12 £'000	2012/13 £'000
Healthy, Safe & Secure (continued)			
5.7 Entrance Halls/Concierge Provision of security service - under discussion	50	50	50
5.8 Laundry Facilities Replacement of laundry equipment	25	75	50
5.9 Lighting Of Common Stairs Installation of lighting controlled by photo cell ie switches on and off automatically depending on the level of natural light.	10	10	10
5.10 Provision Of External Lighting Installation of lighting in areas where there was none before.	30	26	26
<u>Secure</u>			
5.1 Door Entry Systems Installation of door entry and replacement of existing doors where required	40	40	40
5.1 Replace Door Entry Systems - Major Blocks Installation of door entry and replacement of existing doors where required	218	240	220
5.1 Other Initiatives Upgrading of stairs and installation of security doors and door entry systems	900	900	400
	3,059	3,141	2,496
NON SCOTTISH HOUSING QUALITY STANDARDS			
6 Community Plan & Single Outcome Agreement			
6.1 Housing For Varying Needs New build including extra care housing.	100	0	0
6.2 S.U.R.E. Refurbishment of properties or environmental improvements in designated areas.	350	200	200
6.3 Masionette blocks - Regeneration/Affordable Housing Early Action projects linked to Regeneration and Masterplanning Briefs for Regeneration	450	400	400
6.4 Regeneration Strategy Provision of consultation events required for promoting Regeneration in Priority Areas	200	200	200
6.5 Acquisition of Land/Houses Acquisition of Land/Houses for the new build programme	1,000	1,000	1,000
6.6 CCTV – Concierge Provision of CCTV for the new Concierge service	400	150	150
6.7 Adaptations Disabled Installation of level access showers, ramps, stair lifts and kitchen adaptations	1,450	1,450	1,250
6.8 Special Initiatives/Barrier Free Housing Provision of specialist facilities or housing for tenants with particular needs ie extensions	300	250	250
6.9 Housing For Varying Needs- Amenity/Adaptations Conversion of properties to Amenity Level standard	350	350	200
6.10 Housing For Varying Needs- Extra Care/Adaptations Adaptations required to ensure existing sheltered housing stock meets current standards	170	170	170
6.11 Roads Upgrade of Roads to an adoptable standard	200	150	150
6.12 Paths Formation or upgrading of paths	150	150	150
6.13 Garages Upgrade of Garages	150	50	50
6.14 New Affordable Housing	10,115	7,540	89
	15,385	12,060	4,258

	2010/11	2011/12	2012/13
	£'000	£'000	£'000
7 Service Development			
7.1 Conditions Surveys	50	50	50
Surveying of Council houses to identify failures against Scottish Housing Quality Standard			
7.2 Property Database	150	200	100
Various items of IT equipment including hardware and software			
7.3 Integrated Housing System	80	100	80
Various purchase of PC's and software packages			
7.4 Corporate IT			
	280	350	230
9 Service Expenditure			
Corporate Fees	8,207	6,970	6,717
	8,207	7,070	6,717
Gross Programme	63,043	56,814	44,707
Less Slippage	(8,196)	(6,536)	(5,143)
Net Programme	54,847	50,278	39,564
Financed by :-			
Borrowing	39,969	38,957	31,006
Scottish Government Grant Funding – New Build	2,125	875	0
CFCR (Capital Financed From Current Revenue)	12,753	10,446	8,558
Total Funding	54,847	50,278	39,564

Housing Revenue Account

Controllable Costs - Budget 2010/11

Item	£'000's
1 Salaries	211
2 Superannuation	41
3 National Insurance	13
8 Maintenance of Grounds	2,695
11 Cleaning & Security Service	1,107
12 Window Cleaning	18
13 Refuse Collection	135
15 Cleaning - Payments to Contractor	462
19 Tenants Incentive Scheme	182
23 Charges - Services Admin & Management	8,204
24 General Consultancy	55
25 Training for Front Line Staff	200
26 Benefits Staff	98
27 Charges - Tenants Participation	401
33 Integrated Housing System	265
34 Mediation Service	98
35 Provision of Furniture	174
36 Energy Advice	81
37 Citizens Advice Bureau	14
38 Disabled Persons Housing Service	38
39 Aberdeen Families Project	400
Total	<u>14,892</u>

SERVICE RE-DESIGN

**Service: Housing and Environment
Director: Pete Leonard**

Ref No.	Title of Service Change	Budget line in HRA	Head of Service	Financial Impact (£000)				Personnel Impact							
				2009/10	2010/11	2011/12	2012/13	2009/10		2010/11		2011/12		2012/13	
				£'000	£'000	£'000	£'000	FTE	Head Count	FTE	Head Count	FTE	Head Count	FTE	Head Count
HRA1	Contribution to ASBIT	23	Craig Stirrat	0	(25)	(25)	(25)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HRA2	Contribution to Welfare Rights	26	Craig Stirrat	0	(5)	(5)	(5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HRA3	Tenant Participation	27	Craig Stirrat	0	(149)	(149)	(149)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HRA4	Deletion of 3rd Tier Post	23	Craig Stirrat	0	(60)	(60)	(60)	0.00	0.00	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
HRA5	Withdrawal of Tenants Incentive Scheme	19	Craig Stirrat	0	(14)	(14)	(14)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HRA6	Recharge of Directorate	23	Craig Stirrat	0	(138)	(138)	(138)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HRA7	Grounds Maintenance Housing Amenity Areas	8	Norrie Steed	0	(135)	(135)	(135)	0.00	0.00	TBD	TBD	TBD	TBD	TBD	TBD
HRA8	Rent Collection	23	Craig Stirrat	0	(85)	(85)	(85)	0.00	0.00	(4.50)	(5.00)	(4.50)	(5.00)	(4.50)	(5.00)
HRA9	Reduction to training	25	Craig Stirrat	0	(100)	(100)	(100)	0	0	0	0	0	0	0	0
	TOTAL			0	(711)	(711)	(711)	0.00	0.00	(5.5)	(6.00)	(5.50)	(6.00)	(5.50)	(6.00)

Page 102

DETAILED BUDGET PROPOSALS

SERVICE: Housing & Environment

SAVING NAME: Contribution to ASBIT

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA1

CATEGORY: Service Redesign

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(25)	(25)	(25)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	?	?	?	?
Head Count				

Brief Description of Budget Saving

The modernisation and redesign of front line housing staff will see these officers have smaller patches but have wider , more generic roles. One of these roles will be the support and delivery of effectively managing neighbour problems and tackling antisocial behaviour. This will necessitate an escalation of service requirement to support services such as the ASBIT. This is expected to deliver efficiencies in the ASBIT team which is wholly funded by the HRA. One way of taking all of these points into account, and saving money/creating efficiencies, would be to do the following:

- (i) integrate the ASBIT day shift team into the Environmental Health Noise/Pollution Control team, doing away with a separate ASBIT day shift team; and
- (ii) introduce night working on a rota basis -say 5pm to 2 am or 4 am.

Deliverability Issues and Risks

The HRA contribution is approximately £1M (2009/10) is on a recharge basis - requiring the service to find efficiencies.

Legislative Background

Housing Scotland Act 2001 - The duties on local authorities to prevent homelessness: Anti social Behaviour Act

Consultation Required/Partner Engagement

Tenants, Unions, Staff

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

DETAILED BUDGET PROPOSALS

SERVICE: Housing & Environment

SAVING NAME: Contribution to Welfare Rights

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA2

CATEGORY: Service Redesign

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)		(5)	(5)	(5)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE				
Head Count				

Brief Description of Budget Saving

The modernisation and redesign of front line housing staff will see these officers have smaller patches but have wider , more generic roles. One of these roles will be the support and delivery of tenancy support. This will necessitate an escalation of service requirement to support services such as welfare rights - but there needs to be a one stop integrated benefits advocacy role instead of the myriad of services currently provided inhouse and outside of council services. Until this is rationalised the only saving taken at this time is approx 5%

Deliverability Issues and Risks

The HRA contribution of £98K (2009/10) is on a recharge basis - requiring the service to find efficiencies.

Legislative Background

Housing Scotland Act 2001 - The duties on local authorities to prevent homelessness

Consultation Required/Partner Engagement

Tenants, Unions, Staff

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

DETAILED BUDGET PROPOSALS

SERVICE:	Housing and Environment
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SAVING NAME:	Tenant Participation - Review
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HEAD OF SERVICE:	Craig Stirrat
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REFERENCE No:	HRA3
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CATEGORY:	Service Redesign
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	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(149)	(149)	(149)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	(3)	(3)	(3)
Head Count	0	(3)	(3)	(3)

Brief Description of Budget Saving

The modernisation and redesign of front line housing staff will see these officers have smaller patches but have wider, more generic roles. One of these roles will be the support and delivery of tenant participation. It is therefore proposed to reduce the number of FTE of Tenant participation officers (TPO's) from 6 to 3 - one for each current Area Housing Team - the title TPO will be deleted and the job redesigned to provide a policy development service and assist with new policy implementation. Budget proposed for 2010/11 was £400,620. It is proposed that this be cut as follows:H70272 = £25,000; H70318 = £38,099; H70368 = £36,041; H70338 = £49,470. The main areas of cuts after posts, is on courses and conferences - and the travel associated with same.

Deliverability Issues and Risks

This is deliverable as we have infrequently had the full compliment of staff in at any one time. Current Housing Assistants already are involved in Tenant Participation - and are often doubling up at tenants meetings with the TPO. The risk is that tenants may see this as an attack on TP. Redeployment or redundancy required for the TPO's. No major delivery problems but there is the risk that information and consultation with tenants may be curtailed as a result of cuts in budgets. Tenants will naturally object to any apparent cut in this budget.

Legislative Background

2001 Housing (Scot) Act - The duties on landlords to register tenants groups, prepare tenant participation strategies and consult on service levels.

Consultation Required/Partner Engagement

Staff , Unions, Tenant Groups and representatives

Have Cost Centre(s) been Identified?	Yes
Is this saving related to the General Fund?	No

DETAILED BUDGET PROPOSALS

SERVICE: Housing and Environment

SAVING NAME: Deletion of 3rd tier Post

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA4

CATEGORY: Service Redesign

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(60)	(60)	(60)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	(1)	(1)	(1)
Head Count	0	(1)	(1)	(1)

Brief Description of Budget Saving

In accordance with the Housing Service Plan the Housing Service will be redesigned and a new staff structure proposed for Council approval and implementation in 2010/11. This will require a redesign of the Housing service and posts - the functions of all third tier managers posts on the HRA will be reviewed on the basis that there will only be a requirement for 4 third tier managers as opposed to the current complement of 5 third tier HRA managers.

Deliverability Issues and Risks

Requires approval of new service structure and job descriptions - requires staff and union consultation. This will either be a redundancy issue or an early retirement - both of which have on-costs.

Legislative Background

2001 & 2003 Housing (Scot) Acts (Regulation) and Local Gov (Scotland) Act 2003.

Consultation Required/Partner Engagement

Union & Staff

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

DETAILED BUDGET PROPOSALS

SERVICE: Housing and Environment

SAVING NAME: Withdrawal of Tenants Incentive Scheme

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA5

CATEGORY: Service Redesign

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(14)	(14)	(14)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	0	0	0
Head Count	0	0	0	0

Brief Description of Budget Saving
 Consultation results on the withdrawal from the Tenants incentive scheme are currently being analysed for the budgetary process/rent setting. It is proposed to use this budget more proactively to support tenancies (preventing rent arrears and eviction) than to reward those tenants who have in the main been good tenants from the outset. Main expenditure - £168K has been on bonus bonds - the rest on Promotion and Marketing - it is proposed to cut the latter element of the former Incentive scheme budget = £14K.

Deliverability Issues and Risks
 No major delivery problems anticipated

Legislative Background
 No legislative requirements other than requirement to consult tenants on service change and this has been undertaken

Consultation Required/Partner Engagement
 Consultation with tenants has been undertaken

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

DETAILED BUDGET PROPOSALS

SERVICE: Housing and Environment

SAVING NAME: Recharge of Directorate

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA6

CATEGORY: Service Redesign

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(138)	(138)	(138)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	0	0	0
Head Count	0	0	0	0

Brief Description of Budget Saving
 Double counting of Salary costs of Director, and two Head of Service in General Fund and Housing Revenue Account. The appropriate amounts have been calculated based on the level of work on the Housing Revenue Account.

Deliverability Issues and Risks
 No major delivery problems anticipated

Legislative Background
 Not applicable

Consultation Required/Partner Engagement
 None required

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

Page 108

DETAILED BUDGET PROPOSALS

SERVICE: Housing and Environment

SAVING NAME: Grounds Maintenance: Housing Amenity Areas

HEAD OF SERVICE: Norrie Steed

REFERENCE No: HRA7

CATEGORY: Service Efficiencies

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(135)	(135)	(135)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	TBD	TBD	TBD
Head Count	0	TBD	TBD	TBD

TBD =To be determined

Brief Description of Budget Saving

A further service review of all aspects of the whole of Environmental Services, excluding: Street Sweeping; Grounds Maintenance of Sports Grounds & Playing Fields ; Parks & Gardens and the Housing Amenity Areas included in the 2009 grounds maintenance tendering process, has commenced and the first savings will take effect in December 2010. This review will include Grounds Maintenance of all Housing Amenity Areas , other than those included in the aforesaid tendering process, and so will reduce the costs to the Housing Revenue Account. The proposal listed here represents a 5% saving, but this may be increased if the review process identifies further savings.

Deliverability Issues and Risks

The details regarding Housing Amenity Areas within the 2009 tendering process have been worked out and therefore only require to be applied to all other Housing Amenity Areas, whereas the other aspects of Grounds Maintenance will require to be derived from the work done on sports grounds and playing fields, which are only a part of the overall grounds maintenance set of processes. In short, this means that it should be possible to have the savings commence from the start of the financial year 2010/11 as regards the remainder of Housing Amenity Areas in the City.

There is no specific legislation, other than Health and Safety law.

Consultation Required/Partner Engagement

This would require consultation with Trades Unions , Local Members and Tenants.

Have Cost Centre(s) been Identified? YES

Is this saving related to the General Fund? NO : HRA

DETAILED BUDGET PROPOSALS

SERVICE:	Housing and Environment
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SAVING NAME:	Rent Collection
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HEAD OF SERVICE:	Craig Stirrat
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REFERENCE No:	HRA8
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CATEGORY:	Service Efficiencies
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	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)		(85)	(85)	(85)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	(4.5)	(4.5)	(4.5)
Head Count	0	(5)	(5)	(5)

Brief Description of Budget Saving

The cessation of the Mobile Van and Outdoor Collectors as payment facilities.

Deliverability Issues and Risks

Tenants have a wide range of payment options with Direct Debit being the preferred method and there will be incentives introduced in early course. There are also over 100 locations where payments can be made at Post Offices and Paypoint outlets at more flexible opening hours. The latter costs 50p per transaction compared to £2.11 for the Mobile Van. There is a Health and Safety issue about staff carrying large sums of money and this is the principal reason for stopping outdoor collections. No other Council in Scotland provides this service. Alternative methods of collecting Laundry Card income is being investigated.

Legislative Background**Consultation Required/Partner Engagement**

There was consultation with tenants via Tenant Participation Officers and staff will discuss with each tenant, if necessary, the best alternative for them. Staff have been kept aware throughout the process and further engagement with staff, HR and Unions will be timetabled. The facilities may cease just prior to 31 March 2010 for operational reasons but the public will be kept informed. Staff will be offered redeployment within CRM in the first instance.

Have Cost Centre(s) been Identified?	Yes
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Is this saving related to the General Fund?	No
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DETAILED BUDGET PROPOSALS

SERVICE: Housing and Environment

SAVING NAME: Reduction in training

HEAD OF SERVICE: Craig Stirrat

REFERENCE No: HRA9

CATEGORY: Service Efficiencies

	Financial Impact:			
	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Costs/(Saving)	0	(100)	(100)	(100)

	Personnel Impact:			
	2009/10	2010/11	2011/12	2012/13
FTE	0	0	0	0
Head Count	0	0	0	0

Brief Description of Budget Saving
It is anticipated that in 2010/11 training will be provided in house therefore the full budget of £200,000 will not be required.

Deliverability Issues and Risks
No major delivery problems anticipated.

Legislative Background
No specific legislation.

Consultation Required/Partner Engagement

Have Cost Centre(s) been Identified? Yes

Is this saving related to the General Fund? No

Benchmarking Tables

Detailed below are the Benchmarking tables provided by the Scottish Government.

Chart 1 - Average weekly rent 2008-09 and 2009-10

Aberdeen City Council had the fifth highest average weekly rent out of the twenty six authorities. Aberdeen City Council has a high rent due to allow the high level of capital investment which is shown in Chart 7.

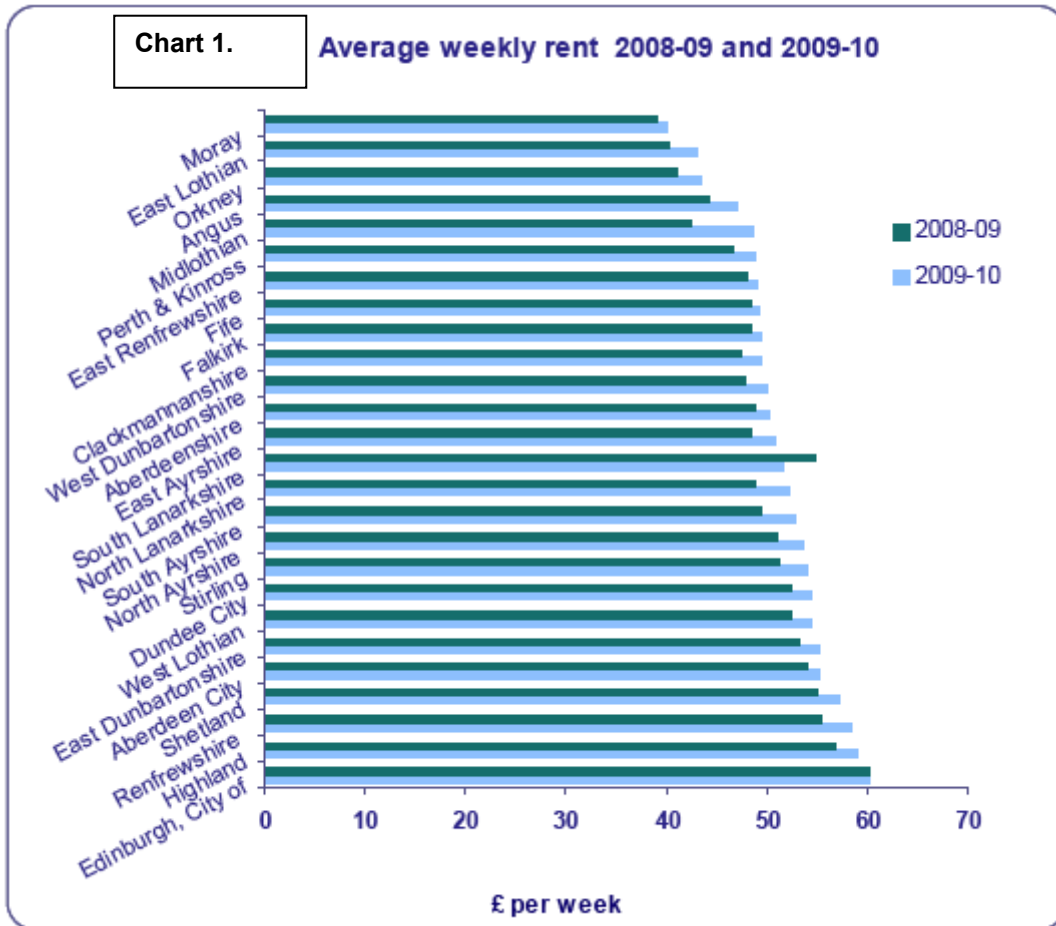


Chart 2 - Management and Maintenance expenditure per house:2009-10

Aberdeen City Council have the thirteenth lowest management and maintenance costs out of the twenty six authorities. This is considerably lower than the closest comparable local(city) authority – Edinburgh.

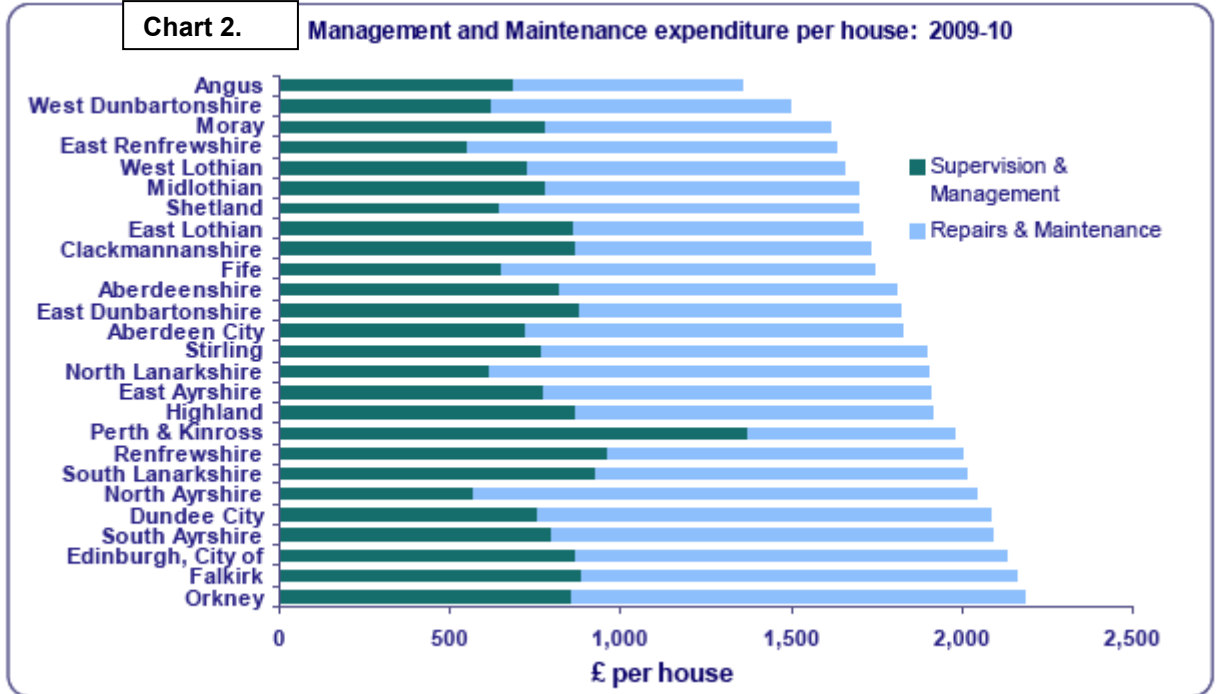


Chart 3 - Loan Charges per house; 2008-09 and 2009-10

Aberdeen City Council are twelfth lowest authority out of the twenty six authorities, the increase from 2008-09 to 2009-10 reflects the increased level of capital expenditure.

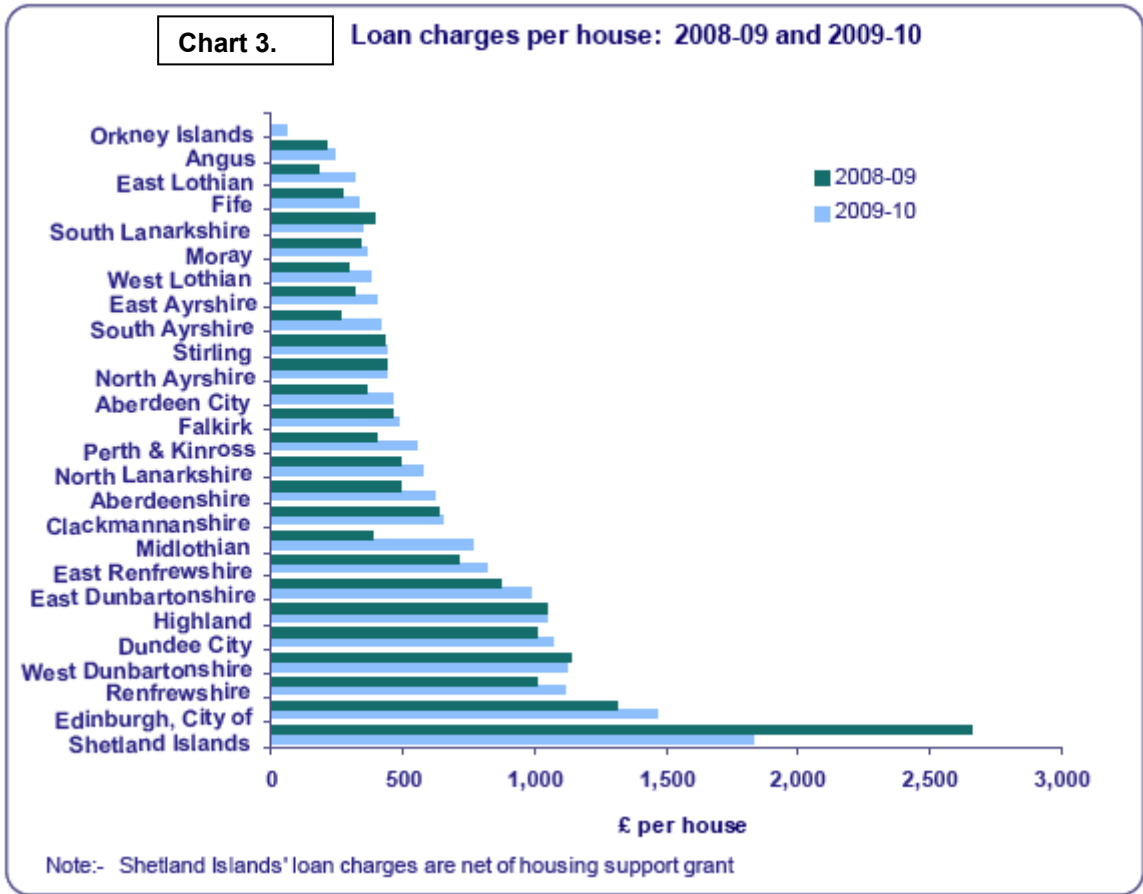


Chart 4 - Rents lost as a result of unlet properties as a percentage of standard rental income on houses: 2008-09 and 2009-10

Aberdeen City Council have the sixth lowest void rent loss out of the twenty six authorities, this reflects the result of various initiatives and improved working practices ie the introduction of workflow and the reorganisation of the property team.

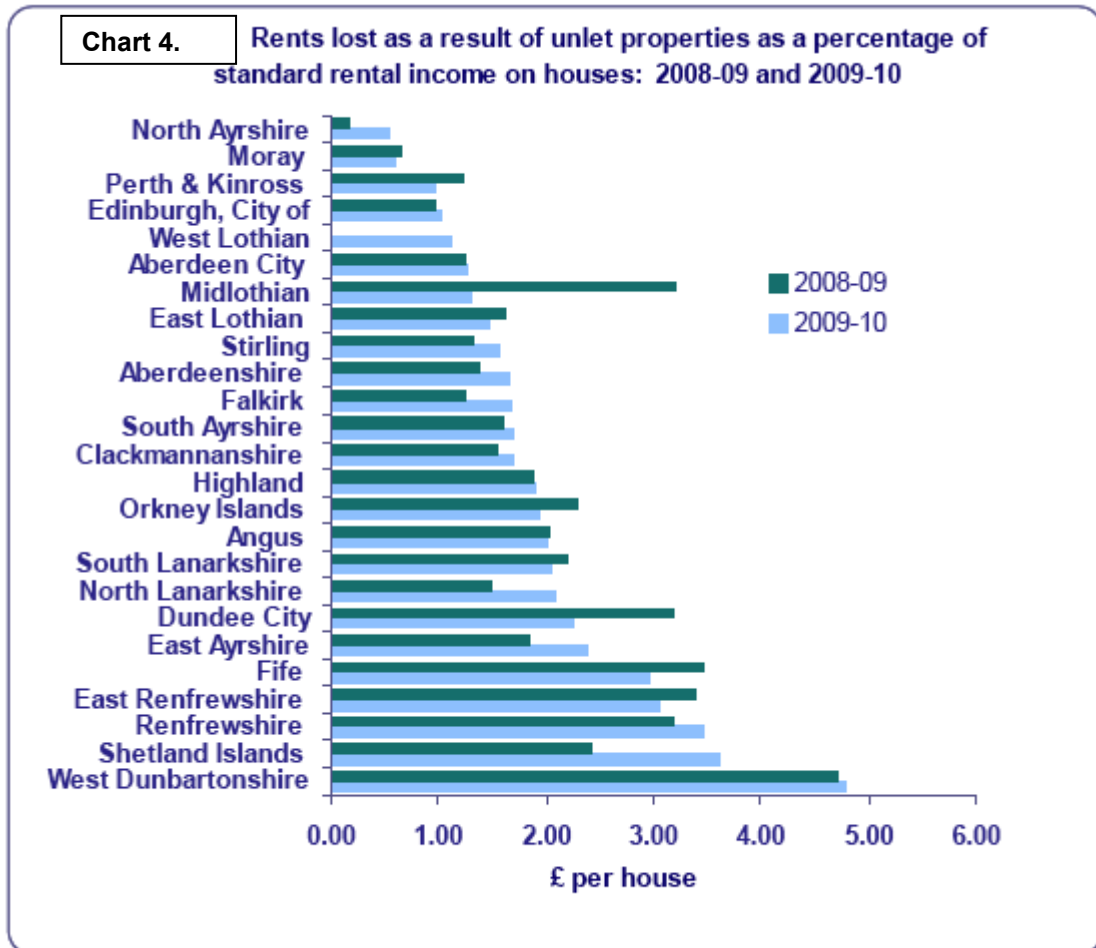


Chart 5 - Rent arrears at 31 March 2009 as a percentage of annual standard rental income on houses: 2008-09

Aberdeen City Council are the twelfth lowest authority out of the twenty six for rent arrears this reflects the work the rent arrears team are carrying out to ensure arrears are kept to a minimum.

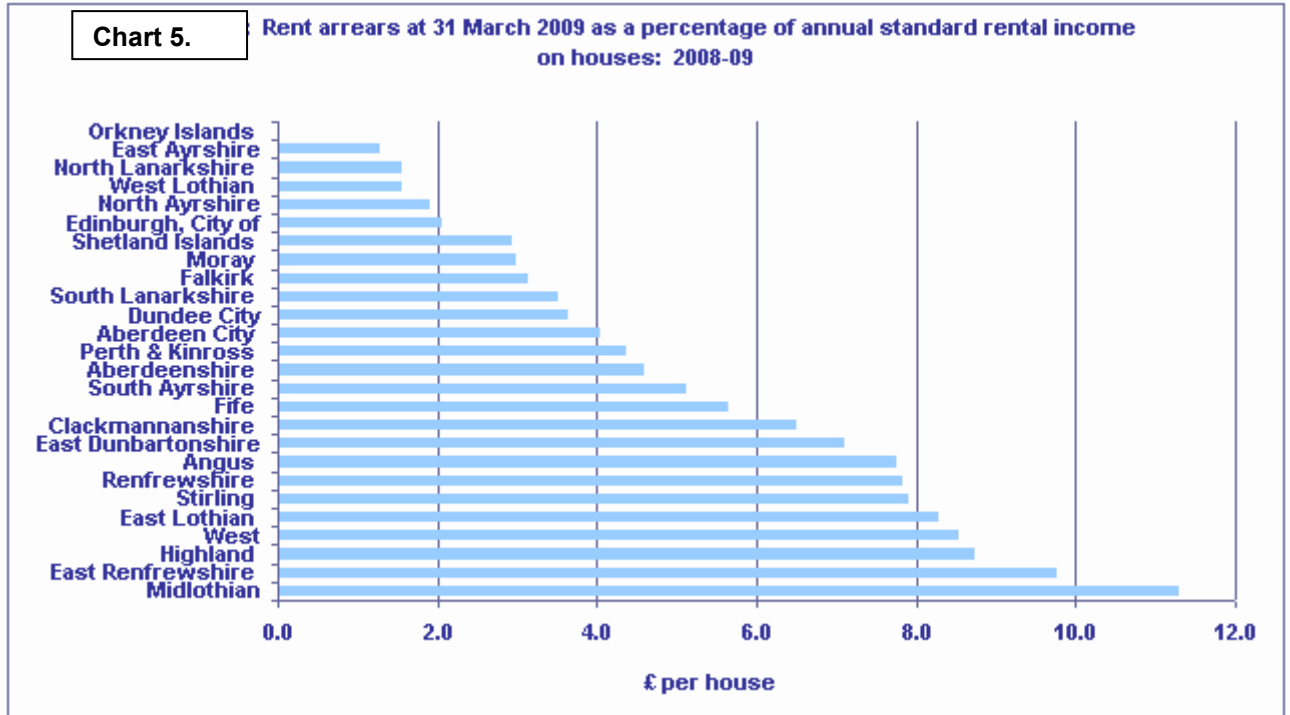


Chart 6 – Average debt per house at 31 March 2009 and 2010

Aberdeen City Council have the eighth highest average debt per house out of the twenty six authorities the increase in 2009-10 reflects the high level of capital investment the Council is making in its stock to delvier the SHQS by 2015 and provide an additional 300 new homes for rent as part of wider commitments to regenerate some of Scotland’s most deprived communities.

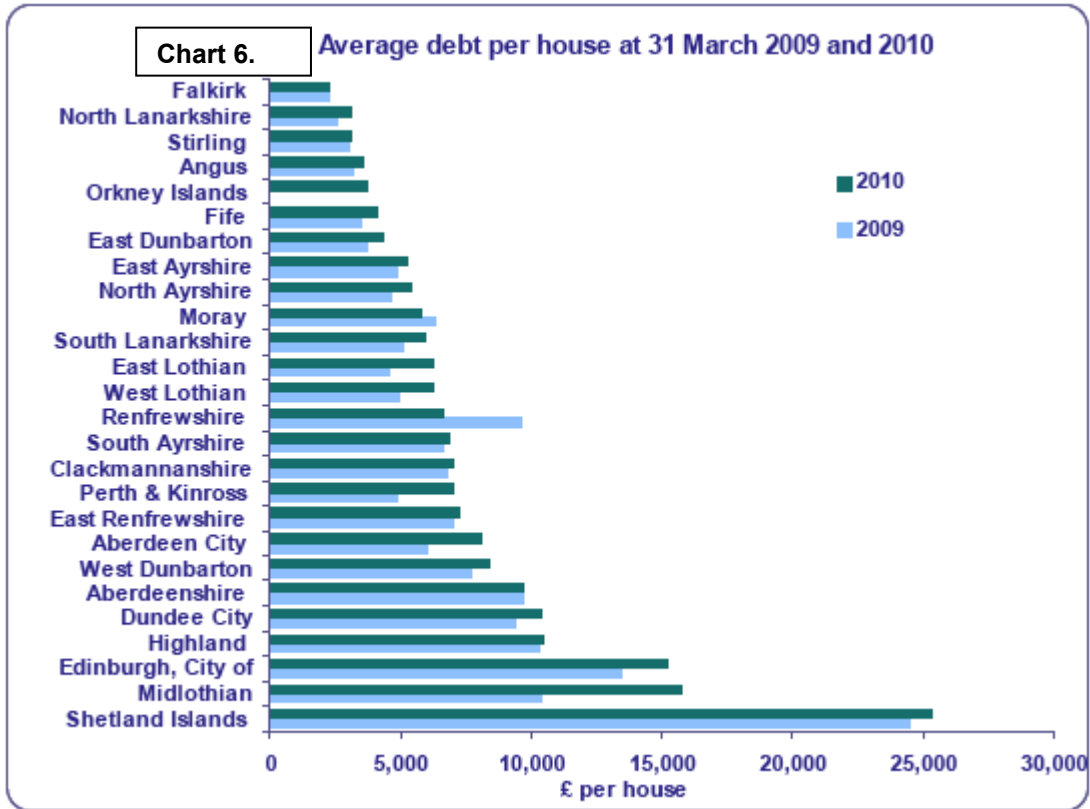


Chart 7 – Estimated Capital Expenditure and Receipts: 2009-10

Aberdeen City Council have the highest level of capital expenditure out of all twenty six authorities and this reflects the Councils policy to achieve the Scottish Housing Quality Standard by 2015, New Build and Regeneration.



ABERDEEN CITY COUNCIL

COMMITTEE: City Council Budget Management
DATE: 11 February 2010
REPORT BY: City Chamberlain
TITLE OF REPORT Common Good Budget –2010/11 to 2012/13
REPORT NUMBER: CG/10/033

1. PURPOSE OF REPORT

1.1 This report is to submit for the Council's consideration the draft Common Good Budget for 2010/11, along with indicative budgets for 2011/12 and 2012/13.

2. RECOMMENDATION(S)

2.1 It is recommended that the Council: -

- a) Consider the detailed Common Good Budget for 2010/11, set out at **Appendix 1** and the forecast Cash Balances position;
- b) Approves a Common Good Budget, taking into consideration:-
 - 1) Any proposals to amend the draft budget (at **Appendix 1**)
 - 2) Any decisions arising out of consideration of items referred to the budget process (at **Appendix 7**)
 - 3) Council's approval of the General Fund budget
 - 4) The impact of the above on Cash Balances.

3. FINANCIAL IMPLICATIONS

- 3.1 The Report outlines proposals for the Common Good Budget for the year to 31 March 2011 and indicative figures for the succeeding two years.
- 3.2 It also provides details of the recommended minimum cash balances required to be held on the Common Good after they are adjusted for inflation using the Consumer Price Index (CPI) to maintain their value.

- 3.3 Based on the budget projections for 2010/11 to 2012/13 there are projected cash balances of £4.954M as at 31 March 2011 falling to £4,730M as at 31 March 2013 which would be some £117,000 above the indicative level required to maintain the Common Good. This is after allowing for an adjustment to the recommended minimum cash balance, in respect of expenditure on the Greenfern Development Site.
- 3.3 It is recommended that the strategy for 2010/11 should be to limit expenditure to a level, which will result in cash balances at the end of the financial year being above the indicative value of £4.594M. This is necessary in order to assist with the maintenance in future years of cash balances linked to CPI levels, after taking account of projected expenditure in those years.

4. SERVICE & COMMUNITY IMPACT

- 4.1 The management of the Common Good contributes towards the most efficient and effective use of the Council's funds.
- 4.2 It is essential that the Common Good is managed in such a way that it continues to be able to support the wide range of artistic and other ventures it presently does.

5. OTHER IMPLICATIONS

- 5.1 The Common Good provides funding amongst other things for Promotion of the City, Xmas Illuminations and Twinning, which contribute to the sustainable economic development of the City. Health and Safety in the Community is supported by funding for Home Safety Checks and Funding for Personal Alarms.
- 5.2 If close budgetary control does not continue to be exercised and maintained and recurring deficits were to arise then there would be a risk that the Common Good's balances could be gradually eroded below acceptable levels.

6. REPORT

Introduction

- 6.1 In preparing a draft Common Good Budget for 2010/11 to 2012/13, the strategy approved by the Finance Monitoring Sub-Committee of 24 August 2004 has been applied. The calculation of an indicative cash balance using the Consumer Price Index (CPI) as part of the budget setting process has been adopted as an underlying principle.

- 6.2 Included in the Common Good budget for 2008/09 was £450,000 of expenditure approved by Resource Management Committee on 18th January 2008 relating to the Greenfern Development Site. While the Common Good has adequate cash funds to meet this expenditure it will put pressure on the maintenance of the recommended minimum cash balances, pending the recouping of this expenditure at the completion of the project.
- 6.3 In view of this, where indicative cash balances are shown in this report they have been reduced by £450,000 in respect of this to allow meaningful comparisons. The adjustment for Greenfern Development has also been uplifted in line with CPI to allow for the maintenance of its value
- 6.4 The CPI figure has been taken as 1.1 % for 2010/11, 0.1% for 2011/12 and 0.0% for 2012/13 in accordance with forecast figures supplied by financial analysts. It is estimated that the following levels of Cash balances would be required to maintain the value of the Cash Balances in the Common Good:

As at:	
31 March 2011	£4.594M
31 March 2012	£4.613M
31 March 2013	£4.613M

- 6.5 A report on the origin, history and purposes to which the Common Good may be used was prepared on 15th January 1976, by the then Town Clerk of the City of Aberdeen District Council. The report outlined the following purposes as meeting the required criteria: -
- Upholding the dignity of the City.
 - The prudent management, upkeep and improvement of Council Property which forms part of the Common Good.
 - Safeguarding the corporate rights of the community and defending its interests.
 - Granting of donations to public institutions or charities, providing it is in the interests of the general public of the city.
 - Any other purpose, which is in the bona fide and reasonable judgement of the Council, is for the good of the community as a whole or which the inhabitants at large may share.
- 6.6 It was also outlined that the prime purpose of the Council is to ensure that the Common Good is prudently conserved.
- 6.7 In addition, recent practice has excluded any activity from receiving assistance from the Common Good for which Aberdeen City Council or other public body has a statutory duty to support.

Draft Budget 2010/11 to 2012/13

- 6.8 In setting the Common Good budget appropriate input has been provided by external bodies supported by the Common Good and the various officers responsible for the different expenditure and income lines. For the calculation of staff costs for the coming year, no increase has been included in the budget. This is consistent with the assumptions used in the General Fund.
- 6.9 In the current financial climate, and given the importance of income from invested funds to the Common Good, it has been necessary to review projections for interest rates closely taking account of forecasts prepared by external financial analysts. On this basis the estimated interest rate for 2010/11 has been taken at 1.0% increasing to 2.5% for future years.
- 6.10 An outline of indicative budgets for 2010/11 to 2012/13 is provided at **Appendix 8**. In building these figures the following broad assumptions have been made in addition to that outlined in paragraph 6.9.
- Staffing costs rises have not been included in the budgets.
 - Average Interest rates reflect the projections currently being made by financial analysts enabling a 2.5% return on investments by 31 March 2013.
 - Rental income is based on projections provided by Asset Policy, Resources Development & Delivery.
 - The rate of increase in CPI is in line with the forecasts currently being made by financial analysts of 0.1% for 2011/12 and 0.0% for 2012/13.
 - Recently there have been indications that inflation may be higher than previously forecast, however the Monetary Policy Committee at its January meeting agreed to continue its financial policy unchanged at this time. In view of this the assumptions used in this report have also not been changed. These broad assumptions will of course be reviewed when the detailed budgets for each of these years are considered in 2011 and 2012 respectively.
- 6.11 Based on the figures attached it can be seen at **Appendix 8**, subject to review, that the cash balances would be £4.796M at 31 March 2012 and £4.729M at 31 March 2013 compared to the preferred levels of £4.613M in both years. The Cash Balance position is outlined further in paragraphs 6.3 and 6.4.

6.12 The following detailed information is provided in relation to the Common Good: -

Appendix Description

- 1 Common Good Draft Revenue Budget 2010/11
- 2 Analysis of Misc. and General Income and Expenditure Headings
- 3 Donations, Grants, Contributions etc (Line 4)
- 4 Other Projects (Line 17)
- 5 Variances 2009/10 Budget to Outturn– Recurring Items
- 6 Variances 2010/11 Budget to 2009/10 Budget – Recurring Items
- 7 Items to be referred to the budget process
- 8 Draft Common Good Revenue Budgets – 2010/11, 2011/12, 2012/13
- 9 Aberdeen Citizen’s Advice Bureau pension fund deficit funding request
- 10 Aberdeen Safer Community Trust funding cut impact letter
- 11 St Nicholas Carillon report (issued separately)
- 12 Gornell Trust balances and committed expenditure

Copies of **appendices 9 and 10** are available in the member’s library.

Projected Out-turn 2009/10

6.13 In order to project the cash balance position for the period 2010/11 to 2012/13 it has been necessary to review the estimated Cash Balances as at 31 March 2010. Taking account of current expenditure levels and expected expenditure for the remainder of the year the forecast figure for Cash Balances as at 31 March 2010 is currently £5.318M as detailed in **Appendix 1**. When the 2009/10 budget was approved in February 2009 the Cash Balance as at 31 March 2010 was expected to be £5.240M.

6.14 The favourable movement of £78,228 comparing budget to out-turn is broken down in **Appendix 5**.

Draft Budget 2010/11

6.15 The attached **Appendices 1 to 8** provide detailed information in regard to proposals for the Common Good Draft Budget for 2010/11 along with Estimated Outturn Results for 2009/10 compared to the budget position for 2009/10.

6.16 **Appendix 1** provides proposals in regard to the Common Good Budget 2010/11. The most significant variances between the 2010/11 draft budget and the previous year' budget are as follows:-

	£s	
General Properties/Estates	(25,800)	Removal of Water rates budget. Repairs budget reduced to more accurately reflect actual expenditure.
Receptions	(35,000)	Removal of one off increase for European Curling Championships. Decrease in reception budget of £10,000 to reflect actual expenditure.
Archivist Unit	(28,029)	Review of budget has identified areas of expenditure where costs could reduce in the future so budget has been adjusted for this.
Contributions to Trusts and Festivals	(35,000)	Decrease in expenditure within the Festivals/Trusts budget means the contribution from the Common Good can decrease.
Income from Properties and Estates	(117,301)	Increased income expected following rent reviews.
Interest on Invested Funds	147,000	Reflects the likely interest rates to be in force over the coming year.

6.17 Details of these and other variances are given in **Appendices 5 and 6**.

6.18 The draft 2010/11 Budget shows a projected net expenditure of £363,817. In addition at **Appendix 7** there are potential bid items that are not built into the draft Budget and are for members' consideration.

6.19 In addition to outlining proposals for the Common Good Budget for the year to 31 March 2011 indicative figures for the succeeding two years are provided at **Appendix 8**.

Items Referred to the Budget Process

6.20 There are several items which have to be considered as part of the budget process, full details of these are provided at **Appendix 7**.

Cash Balances

- 6.21 This report also provides details of the recommended minimum cash balances required to be held on the Common Good after they are adjusted for inflation using the Consumer Price Index (CPI) to maintain their value. Based on the budget projections for 2010/11 to 2012/13 there are projected cash balances of £4.954M as at 31 March 2011 falling to £4.730M as at 31 March 2013 which would be some £117,000 above the indicative level required to maintain the Common Good.
- 6.22 It is recommended that the strategy for 2010/11 should be to limit expenditure to a level, which will result in cash balances at the end of the financial year being above the indicative value of £4.594M. This is necessary in order to assist with the maintenance in future years of cash balances at CPI levels, after taking account of projected expenditure in those years. In addition as funds presently invested in the money market mature, consideration should to be given to other investment mediums, including property to ensure the best return on investment is being achieved.
- 6.23 It is the duty of the Council as trustees of the Common Good to ensure that the Cash Balances are maintained, and the Common Good is preserved for future generations.
- 6.24 Net expenditure from the Common Good has traditionally been looked at on two levels. Firstly the position after recurring income and expenditure has been accounted for and secondly after non-recurring income and expenditure has been accounted for.
- 6.25 As can be seen in **Appendix 8** the position after recurring expenditure remains in a deficit position at all times. The reason for this is that long-term commitments now exceed income levels as a result of inflationary pressures and the addition of new commitments over time. In light of the current economic position, and the forecast position in 2010/11, the return on cash investments is expected to be considerably less than previously e.g. 1.0% for 2010/11 rising to 2.5% for 2012/13, which will maintain these financial pressures.
- 6.26 However there are expected benefits to come from the Greenfern development which have not been finally quantified, and while the timing of this project will be affected by the present economic situation, significant income is still expected. The impact of this and the alternatives to investing cash will be considered as part of the financial management strategy for the Common Good once the financial details of the Greenfern project are finalised.

7. AUTHORISED SIGNATURE

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9. BACKGROUND PAPERS

Index to Appendices and Reports

Appendix No. Description

1	Common Good Draft Revenue Budget 2010/11
2	Analysis of Misc. and General Income and Expenditure Headings
3	Donations, Grants, Contributions etc (Line 4)
4	Other Projects (Line 17)
5	Variances 2009/10 Budget – Recurring Items
6	Variances 2009/10 budget to 2010/11 Budget – Recurring Items
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8	Draft Revenue Budgets – 2010/11, 2011/12, 2012/13
9	Aberdeen Citizen's Advice Bureau pension fund deficit funding request
10	Aberdeen Safer Community Trust funding cut impact letter
11	St Nicholas Carillon report (issued separately)
12	Gomel Trust balances and committed expenditure

Copies of the **appendices 9 and 10** are available in the member's library.

Report No.	<u>Organisations/Activities</u>	<u>Budget Line</u>
A	Aberdeen Citizens Advice Bureau	4
B	Techfest	4
C	Bulawayo Trust	4
D	APA – Stage 1 Agreement	4
E	Aberdeen Safer Community Trust	4
F	Civic Administration Unit	5
G	Twinning Activities	13
H	Archivist	14
I	Xmas Illuminations & Festival	15
J	Home Safety Check	17

Copies of the above reports are available in the member's library.

RECURRING EXPENDITURE

	BUDGET 2009/10 £s	ESTIMATED OUT-TURN 2009/10 £s	BUDGET 2010/11 £s	% CHANGE IN BUDGETS
1 General Properties/Estates	52,600	41,800	25,800	(50.95)
2 Miscellaneous Expenses	34,028	34,028	29,528	(13.22)
3 Central Support Services	141,834	141,834	141,834	-
4 Donations, Grants, Contributions	680,525	683,440	670,225	(1.51)
Civic Hospitality				
5 Civic Administration Unit	290,739	285,531	293,615	0.99
6 Receptions, etc	200,000	170,000	165,000	(17.50)
7 Entertainment for Elderly/Disabled Citizens	195,000	195,000	195,000	-
8 Older Persons Development Officer	17,410	17,410	17,410	-
9 Hospitality for Community Centres	4,000	4,000	4,000	-
10 Misc. Civic Hospitality Expenditure	25,700	20,700	23,000	(10.51)
11 Sub-Total Civic Hospitality	732,849	692,641	698,025	
12 Upkeep of Civic Car	51,332	55,947	51,292	(0.08)
13 Funding - Twinning Activities	137,352	137,352	137,352	-
14 Archivist Unit	209,505	209,505	181,476	(13.38)
15 Christmas Illuminations and Festivals	228,000	228,000	213,000	(6.58)
16 Contributions to Trusts & Festivals	360,000	360,000	325,000	(9.72)
17 Other Projects	85,780	85,780	85,876	0.11
18 Other Recurring Expenditure	42,250	37,500	40,250	(4.73)
19 Sub-Total Recurring Expenditure	2,756,055	2,707,827	2,599,658	(5.67)

RECURRING INCOME

	BUDGET 2009/10 £s	ESTIMATED OUT-TURN 2009/10 £s	BUDGET 2010/11 £s	
20 Income from Properties and Estates	(2,129,390)	(2,129,390)	(2,246,691)	5.51
21 Interest on Invested Funds	(201,000)	(201,000)	(54,000)	(73.13)
22 Miscellaneous Income	(70,150)	(70,150)	(60,150)	(14.26)
23 Total Recurring Income	(2,400,540)	(2,400,540)	(2,360,841)	(1.65)
24 Budgeted (surplus)/deficit on recurring items	355,515	307,287	238,817	(32.83)

	BUDGET 2009/10 £s	ESTIMATED OUT-TURN 2009/10 £s	BUDGET 2010/11 £s	% CHANGE IN BUDGETS
<u>Non Recurring Expenditure Items</u>				
25 "Energising Aberdeen" Music Event	30,000	0	-	(100.00)
26 Artists Rooms - Ron Meuk	10,000	10,000	-	(100.00)
27 Nativity Scene purchase	2,000	2,000	-	(100.00)
28 Gordon Highlanders Statue	-	-	125,000	100.00
<u>Non Recurring Income Items</u>				
29 Sale of Land at Overhills Farm	-90,000	-90,000	-	(100.00)
30 Sub-Total Non-Recurring Items	-48,000	-78,000	125,000	
31 Budget Deficit after Non-Recurring Items	307,515	229,287	363,817	18.31
32 Cash Balances as at 1 April	(5,548,000)	(5,548,000)	(5,318,713)	
33 Estimated Cash Balances as at 31 March	(5,240,485)	(5,318,713)	(4,954,896)	
34 Cash Balance Required to maintain value using CPI	(5,010,158)	(5,010,158)	(5,065,270)	
35 Adjustment for Greenfern Development Site	465,750	465,750	470,873	
36 Revised Cash Balance to maintain value using CPI	(4,544,408)	(4,544,408)	(4,594,396)	

NOTES

1 - At the Finance Monitoring Sub- Committee of 24 August 2004 it was agreed that the minimum cash balance requirement for the Common Good would be established as part of the Budget Setting process using the Consumer price Index.

2 - Budget lines with supporting information included in Appendices nos. 2 to 8.

Appendix

1.General Properties/Estates	2
2 Miscellaneous Expenses	2
4. Donations, Grants, Contributions	3
10. Misc. Civic Hospitality Expenditure	2
17. Other Projects	4
18. Other Recurring Expenditure	2
22. Miscellaneous Income	2

2 - The following Budget lines are supported by additional information on the organisations and activities involved by way of reports, copies of which are attached. These reports will form the basis of a Following the Public Pound review.

Report

4. Donations, Grants, Contributions	A - E
5. Civic Administration Unit	F
12. Upkeep of Civic Car (including lease costs)	F
13. Funding - Twinning Activities	G
14. Archivist Unit	H
15. Christmas Illuminations and Festivals	I
17. Other Projects	J

Copies of the above reports are available in the member's library.

Appendix 2

**ANALYSIS OF MISCELLANEOUS & GENERAL
INCOME & EXPENDITURE HEADINGS**

	BUDGET 2009/10 £s	ESTIMATED OUT-TURN 2009/10 £s	BUDGET 2010/11 £s
<u>General Properties/Estates</u>			
Rates and Insurance	2,600	1,800	1,800
Repairs and Maintenance	50,000	40,000	24,000
Sub-Total General Properties/Estates	52,600	41,800	25,800
<u>Miscellaneous expenditure</u>			
Green Market - Rates	2,500	2,500	-
St. Nicholas Carillon	5,928	5,928	5,928
Printing, Advertising and Sundry Outlays, etc.	7,600	7,600	6,600
Official Catering	18,000	18,000	17,000
Sub Total Miscellaneous expenditure	34,028	34,028	29,528
<u>Civic Hospitality</u>			
Promotional Civic Hospitality	8,000	3,000	8,000
Hospitality to Visitors/Groups to the Town House	17,000	17,000	15,000
Charges for Conferences/complimentary Packs & Tickets	200	200	-
Table Ware	500	500	-
Total Misc. Civic Hosp.	25,700	20,700	23,000
<u>Other recurring Expenditure</u>			
Lord Provost's Gift Fund	18,000	18,000	18,000
Lord Provost - Lord Lieutenancy and other duties	8,750	4,000	6,750
Display of Flags and Regimental Colours and Armistice Day Expenses	5,500	5,500	5,500
Picture Loan Scheme	10,000	10,000	10,000
Total Other recurring Expenditure	42,250	37,500	40,250
<u>Misc. Income</u>			
Lands of Skene/Torry - Share of Surplus	(70,000)	(70,000)	(60,000)
Burgesses of Guild and Trade	(150)	(150)	(150)
Total Misc. Income	(70,150)	(70,150)	(60,150)

4. DONATIONS, GRANTS, CONTRIBUTIONS, ETC.

	BUDGET 2009/10 £	PROJECTED OUTTURN 2009/10 £	BUDGET 2010/11 £	Report
Aberdeen Citizen's Advice Bureau	263,025	263,025	263,025	A
Techfest	36,500	36,500	36,500	B
Satrosphere	35,000	35,000	35,000	
Bulawayo Trust	50,000	50,000	50,000	C
Gomel Trust	-	-	-	
North Sea Society	2,500	-	-	
Young Person of the Year Award	1,500	-	-	
Equal Opportunities Award	1,500	-	-	
Mary Garden Prize	1,500	1,500	1,500	
Presentations Prizes Etc.	5,000	500	1,000	
Quincentenary Prizes Etc.	4,000	4,000	3,200	
Stage 1 Agreement				
Aberdeen Performing Arts Contribution	75,000	75,000	75,000	D
Aberdeen Safer Community Trust	57,000	57,000	57,000	E
Youth Activities Small Grant Funding	50,000	50,000	50,000	
Castlegate Arts Centre Rent	8,000	8,000	8,000	
Events Funding	50,000	62,915	50,000	
Lemon Tree Rent	40,000	40,000	40,000	
Sub Total	<u>680,525</u>	<u>683,440</u>	<u>670,225</u>	

Copies of the above reports are available in the member's library.

**COMMON GOOD BUDGET 2009/2010
OTHER PROJECTS**

Appendix 4

PROJECT	2009/10 £	20010/11 £	Report (where applicable)
Home Safety Check Scheme	71,280	71,376	J
Charity Shop	13,000	13,000	
Community Safety Initiatives	1,500	1,500	
	<u>85,780</u>	<u>85,876</u>	

Copies of the above reports are available in the member's library.

Common Good Budget

Appendix 5

	£
Budgeted 2009/10 Net Expenditure	307,515
Out-turn 2009/10 Net Expenditure	229,287
Variance	<u>(78,228)</u>
	Projected Variance
<u>Line 1 General Properties/Estates</u> – The budget for water rates has not been used in earlier years and is not expected to be used this year and is therefore reflected in this forecast favourable variance. The estimated outturn for the repairs and maintenance budget is now £40,000 resulting in a saving of £10,000	(£10,800)
<u>Line 4 – Donations, Grants, Contributions</u> – Assuming that the costs of all other events will be at the budgeted level the forecast spend for events funding has been increased (£12,915) to cover the costs of the memorial service for Flight 84N. This is after taking into account a contribution of £5,000 from the Board of Oil & Gas UK. This has been offset by the estimated outturns for some of the smaller grants have been adjusted resulting in a saving of £5,500 and the outturn for presentation and prizes has been adjusted to reflect a more accurate expenditure level resulting in a saving of £4,500.	£2,915
<u>Line 5 – Civic Administration Unit</u> – The implementation of Equal Pay and Modernisation has resulted in an increase in the outturn of £6,585 but savings due to staff vacancies of £11,793 have offset this resulting in an overall saving of £5,208.	(£5,208)
<u>Line 6 – Receptions</u> – Given that the majority of receptions have now been approved for 2009/10 and final costs processed for the larger events, the estimated outturn figure has been adjusted to reflect a more accurate expenditure figure.	(£30,000)
<u>Line 10 - Misc. Civic Hospitality</u> – The promotional civic hospitality budget has been adjusted to reflect expenditure levels during the year.	(£5,000)
<u>Line 12 – Upkeep of the Civic Car</u> – The outcome of job evaluation has resulted in an increase in salary costs.	£4,615
<u>Line 17 – Other Recurring Expenditure</u> – the estimated outturn for the Lord Lieutenancy budget has been reduced as there have been fewer events required this year.	(£4,750)
<u>Line 24 – Energising Aberdeen Music Festival</u> – The music festival did not take place this year resulting in a saving of £30,000.	(£30,000)
Favourable Movement/Variance	<u>(£78,228)</u>

COMMON GOOD BUDGET

Appendix 6

VARIANCES 2010/11 BUDGET TO 2009/10 BUDGET - RECURRING ITEMS

	£
BUDGET 2009/10 (SURPLUS)/DEFICIT	355,515
BUDGET 2010/11 (SURPLUS)/DEFICIT	238,817
VARIANCE	<u><u>(116,698)</u></u>

		VARIANCES		
EXPENDITURE	£	£		COMMENTS
Line				
1. General Properties/Estates				
Water Rates	(800)			Water Rates budget no longer required.
Repairs and Maintenance	<u>(26,000)</u>	(26,800)		Repairs budget has been reduced to more accurately reflect actual expenditure.
2. Miscellaneous Expenses				
Official Catering	(1,000)			Reduction in budget to reflect actual usage.
Green Market	(2,500)			Expenditure removed as no longer required.
Printing, Advertising and Sundry Outlays, etc.	<u>(1,000)</u>			Increase in budget to allow for repairs to Civic Chain.
			(4,500)	
4. Donations, Grants, Contributions				
Various small grants	(6,300)			Removal/reduction of grants as they have not been used for several
Presentations and Prizes	<u>(4,000)</u>			Reduction in budget to reflect actual usage.
			(10,300)	
5. Civic Administration Unit				
			2,876	Increases in staff costs due to EP&M. Increase of £7,500 to more accurately reflect current central support charges, off set by staff savings

VARIANCES

EXPENDITURE	£	£	COMMENTS
Line			
6. Receptions etc		(35,000)	Removal of one off increase for European Curling Championships (£25,000) . Decrease in receptions budget of £10,000.
10. Misc Civic Hospitality Expenditure		(2,700)	Reduction in the Visitors/Groups to Town House budget to more accurately reflect current expenditure. Two small budgets removed as not used in recent years.
12. Upkeep of Civic Car (including lease costs)		(40)	
14. Archivist Unit		(28,029)	A review of this budget has identified areas of expenditure where costs could reduce in the future so the budget has been adjusted for this.
15. Christmas Illuminations and Festival		(15,000)	An increase of £3,000 for the recurring costs of the nativity scene offset by a decrease of £18,000 for the Christmas lights to more accurately reflect expenditure.
16. Contributions to Trusts and Festivals		(35,000)	Decrease in expenditure within the Festivals/Trusts budget means the contribution from the Common Good can decrease.
17. Other Projects		96	
18. Other Recurring Expenditure		(2,000)	Reduction in the Lieutenancy budget to more reflect actual expenditure.
INCOME			
19. Income from Properties and Estates		(117,301)	Increased income expected following rent reviews.
20. Interest on Invested Funds		147,000	Reflects the likely interest rates to be in force over the coming year.
22. Miscellaneous Income		10,000	Decrease in income as Lands of Skene/Torry surplus will be affected by declining interest rates.
		<u>(116,698)</u>	

Aberdeen Citizen's Advice Bureau

After consultation with Council officers Aberdeen Citizen's Advice Bureau (ACAB) restricted their request for an increase in funding to £5,125 to meet a 1.9% increase in staffing costs. A proposal has been made that a 5% cut be applied to the funding provided during 2009/10, in line with the target set for the Council's services which is equivalent to £13,151. The outline budget presented to Committee currently shows the position if the funding level remain unchanged from that provided in 2009/10.

In addition, due to the last two members of staff in ACAB who were members of Aberdeen City Council Superannuation fund leaving, the Bureau's share of the fund deficit has crystallised as a liability and this sum of £43,011 is now due for payment. ACAB are also seeking assistance from the Common Good to meet this cost in full as outlined in **Appendix 9**.

Aberdeen Safer Community Trust

A proposal has been made that a 5% cut be applied to the funding provided during 2009/10, in line with the target set for the Council's services. Attached at **Appendix 10** is an outline from Aberdeen Safer Community Trust of the impact such a reduction in funding equivalent to £2,850 would have on their services. The outline budget presented to Committee currently shows the position if the funding level remain unchanged from that provided in 2009/10.

St. Nicholas Carillon

A proposal has been made regarding this which is discussed in **Appendix 11** which has been issued separately. The outline budget presented to Committee currently shows the position if the funding level remain unchanged from that provided in 2009/10.

Gomel Trust

The Gomel Trust has requested the reinstatement of its annual grant for the £10,000. To assist with a decision being arrived at details of estimated reserves at 31 March 2010 and committed expenditure for 2010/11 have been provided at **Appendix 12**. This shows reserves of £20,918 at 31 March 2010 all of which is committed to projects in the next financial year. Therefore if the grant funding of £10,000 is not reinstated some projects would have to be cancelled. This could include the school exchange between Kincorth Academy and Gomel for which the pupils raise all the necessary funds except for the flight costs of the teachers accompanying them. The outline budget presented to Committee currently shows the position if the funding was not approved.

The Charity Shop

A request has been received for one off additional funding to enable essential repairs to be carried out on the charity shop costing £15,000. The following outline report for the reasons for this request has been prepared by Lynne Dawson, Technical Officer. It should be noted that on average the shop is used 48 weeks of the year. The outline budget presented to Committee currently shows the position if the funding level remain unchanged from that provided in 2009/10.

Charity Shop Outline Report:-

The annual budget for the Charity Shop is £13,000 and once all the bills for the day to day running have been deducted we are usually left with between £2,500 and £3,000 which has been returned into the Common Good fund for spending on other projects. The last refurbishment works undertaken at the above property was in Summer 2003, as I understand it a new carpet was fitted and the walls were painted.

The reason for asking for additional funding is that we were approached by Councillor Neil Fletcher regarding the state of the shop and he requested that we look at carrying out some works. We would like to make the shop as low maintenance as possible, due to the purpose of the shop to help charities raise money for their individual causes we only propose basic cosmetic works: -

- Frame up the block walls within the main shop and plasterboard them, we would like to introduce a suspended ceiling and square light fittings. We are hoping that undertaking these two jobs will help to make the property more energy efficient. At present the ceiling is very high therefore all the heat is not benefit the charity shop workers. I feel that these two jobs will be of a big benefit to the occupiers.

- I would also propose to remove all the carpets; Carpeted shops are not a good idea when dealing with a high volume of foot traffic. We would like to install commercial linoleum which can be easily swept/mopped cleaned. I know from dealing with the occupier that time and again the Hoover lets us down possibly due to high usage.
- The kitchen needs to be replaced, as there is very little room and it would be nice for a small worktop space for the occupiers to be able to prepare a hot drink, wash up and store their mugs safely. Finally we would like to paint throughout to freshen it up.

We have had estimates in the past however depending on when these works gets done the figures which we provide can only be an estimate however a figure of £15,000 is proposed to complete all of the above.

I have been advised from property repairs department that doing the above works in smaller jobs will not only be more problematic (arranging for times when the shop is empty which will severely disrupt the operating of the shop), it will also be a more costly method.

COMMON GOOD
DRAFT REVENUE BUDGET - 2010/11, 2011/12, 2012/13

RECURRING EXPENDITURE

	BUDGET 2010/11 £s	BUDGET 2011/12 £s	BUDGET 2012/13 £s
1 General Properties/Estates	25,800	25,800	25,800
2 Miscellaneous Expenses	29,528	29,528	28,528
3 Central Support Services	141,834	141,834	141,834
4 Donations, Grants, Contributions	670,225	670,225	670,225
<u>Civic Hospitality</u>			
5 Civic Administration Unit	293,615	293,615	293,615
6 Receptions, etc	165,000	165,000	165,000
7 Entertainment for Elderly/Disabled Citizens	195,000	195,000	195,000
8 Older Persons Development Officer	17,410	17,410	17,410
9 Hospitality for Community Centres	4,000	4,000	4,000
10 Misc Civic Hospitality expenditure	23,000	23,000	23,000
11 Sub-Total Civic Hospitality	698,025	698,025	698,025
12 Upkeep of Civic Car	51,292	51,292	51,292
13 Funding - Twinning Activities	137,352	137,352	137,352
14 Archivist Section	181,476	181,476	181,476
15 Christmas Illuminations and Festivities	213,000	213,000	213,000
16 Contributions to Trusts & Festivals	325,000	325,000	325,000
17 Other Projects	85,876	85,876	85,876
18 Other recurring Expenditure	40,250	40,250	40,250
19 Sub-Total Recurring Expenditure	2,599,658	2,599,658	2,598,658

RECURRING INCOME

	BUDGET 2010/11 £	BUDGET 2011/12 £	BUDGET 2012/13 £
20 Rent of Properties, Feu Duties etc.	(2,246,691)	(2,321,028)	(2,355,870)
21 Interest on Invested Funds	(54,000)	(100,000)	(116,000)
22 Miscellaneous Income	(60,150)	(60,150)	(60,150)
23 Total Recurring Income	(2,360,841)	(2,481,178)	(2,532,020)
24 Budgeted (Surplus)/Deficit on recurring items	238,817	118,480	66,638

	BUDGET 2010/11	BUDGET 2011/12	BUDGET 2012/13
NON RECURRING ITEMS			
25 "Energising Aberdeen" Music Event	-	30,000	-
26 Lord Provost Portrait	-	10,000	-
27 Gordon Highlanders Statue	125,000		
28 Sub-Total Non-Recurring Items	125,000	40,000	-
29 Budget Deficit after Non Recurring Items	363,817	158,480	66,638
30 Cash Balances at 1 April	(5,318,713)	(4,954,896)	(4,796,416)
31 Estimated Cash Balances as at 31 March	(4,954,896)	(4,796,416)	(4,729,778)
Cash Balance required to maintain value using C.P.I.	5,065,270	5,085,531	5,085,531
Adjustment for Greenfern Development	470,873	472,756	472,756
Adjusted Cash Balance Required	4,594,397	4,612,775	4,612,775

The above reflects the indicative position to 31 March 2013, on the assumption that there is no growth in any areas of expenditure year on year including staff costs. If staff costs were to increase by 1% each year then the additional costs would be in the region of £60,000 in 2010/11, £120,000 2011/12, and £180,000 2012/13.

Our Ref:

Aberdeen Citizens Advice Bureau
41 Union Street, Aberdeen AB11 5BN

22 January 2010

Mr Hugh Coleman
Finance Manager
Office of City Chamberlain
Aberdeen City Council
3rd Floor, Town House
Broad Street
Aberdeen
AB10 1AH

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Citizens Advice Direct: 0844 343 9690
Administration Desk: 01224 533739
Fax: 01224 210510
Visit our website: www.citizensadvice.org.uk
Email: enquiries@abercadvice.org.uk



Dear Mr Coleman

Further to my telephone conversations with yourself and Carole Jackson, Trading Standards & Commercial Premises Manager we would ask you to accept this letter in support of our request for funding from the Common Good fund for £43,011 to meet the invoice from Aberdeen City Council Superannuation Fund for additional pensions contributions.

Aberdeen Citizens Advice Bureau withdrew from the scheme when, of the two final members, one retired and the other left our employment in May 2008.

The salaries for both of these staff members were paid with money from the cure grant received from Aberdeen City Council's Common Good Fund. If the Bureau directors had been aware that additional contributions were required, these would have been included in our annual applications for funding.

Given that had they known that this money would have been required when the Bureau was still a member of the Council's superannuation scheme, the directors would have included the sums in the annual grant application to The Council, they now request that the sum of £43,011 be included in our application for the forthcoming year or alternatively that it be paid out over several years.

For the bureau to have to pay this money to Aberdeen City Council's Superannuation Fund from our future funding will substantially reduce the service that we are able to offer to the citizens of the City of Aberdeen, particularly if, as indicated by yourself and Carole Jackson the council are recommending a reduction in our core funding and the removal of specialist money advice funding.

Yours sincerely

Zara Strange
Bureau Manager



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100 years 100 years





APPENDIX 10



Wednesday, 13 January 2010

Mr Hugh Coleman
Finance Dept
Aberdeen City Council
Town House
Brisad Street
ABERDEEN
AB10 1AH

central
local tel
contact: Emma Bellis
email: info@absafe.org.uk
office: 01224 646461
fax: 01224 646461
www: absafe.org.uk

Dear Hugh

Following our recent telephone conversation regarding a proposed cut in the funding available from the Common Good Fund; I am writing to describe the effect this would have on our organisation.

The funding received from the Common Good Fund is essential to our main administration. The projects and grants that we provide as the Trust are to the benefit of all residents and workers within Aberdeen; helping to keep them safe and feel secure. Our grants and projects improve safety and the quality of life for local people, saving money from the public purse.

Less funding would mean a reduction in the number and quality of services we offer and a restriction in promoting them to the groups most in need in our communities. This would be due to staff time having to be cut to fit with the proposed reduction in funding for our administration cuts. Specifically:

Neighbourhood Watch administration - The trust supports and develops Neighbourhood Watch schemes within Aberdeen and has increased the number of active watches in the city, assisting Grampian Police in the recent reduction in housebreaking. The service has also won an award from the Association of Scottish Neighbourhood Watches. However, despite the fact that Aberdeen City has the highest rate of domestic housebreaking per head of population in Scotland, funding from the Community Safety Partnership has been cut with the expectation that the Trust will be able to absorb the costs. If further core funding is reduced this will not be possible and the service will end.

Home Accident Reduction - Aberdeen City Community Health Partnership currently has the highest rate of child accidents and accidents to the over 60s than any other CHP in Scotland. Our target in the coming year is to further develop our Home Safety service, helping to tackle this problem and streamline the services currently offered by both the City Council and Grampian Fire & Rescue service, as well as secure additional funding that is not available to public bodies. This will also enable us to provide additional support to



Aberdeen Safer Community Trust Ltd is a recognised charity and company limited by guarantee registered in Scotland.
Charity number: SC04664; Company number: 533693
Registered office: Room SUG5, Aberdeen College, Gallovgate, Aberdeen, AB25 1AH

CITY CARILLON

Issued Separately

Gomel Trust

Appendix 12

	£	£
Estimated Reserves at 31 March 2010		20,918
Add Investment Interest		150
Less		
Annual Recurring Costs		1,730
<u>Approved Project Funding</u>		
Choir Visit to Gomel	2,000	
Home Start Project	9,000	
Medical Students Visit	2,000	
ENT Visit	2,000	
"Children's Diabetes Mellitus" NGO	1,000	
Soroptomist Visit	2,000	
Telemedicine Visit	<u>3,000</u>	21,000
<u>Proposed Project Expenditure</u>		
Schools Exchange Visit	2,000	
Tullos Training project	<u>4,055</u>	6,055
		<u><u>-7,717</u></u>

Exempt information as described in paragraph(s) 6, 10 of Schedule 7A of the Local Government (Scotland) Act 1973.

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Exempt information as described in paragraph(s) 1 of Schedule 7A of the Local Government (Scotland) Act 1973.

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