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To: All Members of the Council

Town House,
ABERDEEN, 2 February 2011

COUNCIL BUDGET MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **THURSDAY, 10 FEBRUARY 2011 at 2.00pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

- 1 Members are requested to resolve that any exempt business on this agenda be considered with the press and public excluded

GENERAL FUND

- 2 General Fund Revenue Budget 2011/12 and Indicative 2012/13 to 2015/16 Budget - Report by Director of Corporate Governance (Pages 1 - 26)
- 3 General Fund Capital Programme 2011/12 - 2014/15 and Prudential Indicators - Report by Director of Corporate Governance (Pages 27 - 38)

HOUSING REVENUE ACCOUNT (HRA) BUDGET

- 4 Draft HRA and Housing Capital Budget 2011/12 to 2013/14 - Report by Director of Housing and Environment (Pages 39 - 82)

COMMON GOOD BUDGET

- 5 Common Good Budget 2011/12 to 2013/14 - Report by Director of Corporate Governance (Pages 83 - 100)

BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE

- 6 Outline Business Case - Externalisation of Corporate Governance - Report by Director of Corporate Governance (Pages 101 - 174)

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

Agenda Item 2

ABERDEEN CITY COUNCIL

| | |
|-----------------|--|
| COMMITTEE | Council |
| DATE | 10 February 2011 |
| DIRECTOR | Stewart Carruth |
| TITLE OF REPORT | General Fund Revenue Budget 2011/12 and indicative 2012/13 to 2015/16 Budget |

REPORT NUMBER:

1. PURPOSE OF REPORT

- 1.1 To provide elected members with information to allow the setting of the Council Tax levels for the financial year 2011/12 as well as provisional Council Tax levels for the financial years 2012/13 to 2015/16. In turn, this will allow a capital programme for 2011/12 to be set as well as a provisional programme for future years.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Council consider the contents of this report and:
 - a) Make recommendations in regard to a final package of savings and efficiency options from those outlined to achieve a balanced budget taking account of growth pressures and feedback obtained as part of the Priority Based Budget (PBB) exercise.
 - b) To agree the level of Council Tax for the financial year 2011/12.
 - c) To agree the recommendation by the Head of Finance to retain working balances of 2.5% or approximately £11 million.

3. FINANCIAL IMPLICATIONS

- 3.1 The Council in anticipation of setting its budget for 2011/12 undertook an extensive Priority Based Budgeting exercise that reviewed all costs currently being incurred across Council services over a 5 year period.
- 3.2 This review led to a number of Service Options being identified by officers for consideration by elected members at the Council meeting on 15 December 2010. The Council accepted the recommendations on options which were agreed at a meeting of the Finance and Resources Committee on 2nd December 2010.
- 3.3 Appendix 3 to this report shows each service option by Directorate broken down into options deemed "Green" - approved option, "Amber" - options requiring further detail and "Red" - options that the Council decided at that point not to take further.
- 3.4 In setting the budget for 2011/12 the Council needs to recognise the need to have sufficient working balances to meet any unforeseen expenses during the financial year.
- 3.5 In being prudent the Head of Finance recommends that minimum working balances of 2.5% of net spend be retained and this would equate to approximately £11 million. It is further recommended that the Council, over the medium term, aims to have higher balances than this, with the target to have retained working balances of approximately 4% by 2015/16, or £18 million.
- 3.6 Based on the current reported out-turn position the Council is currently forecasting to have £11.1 million of reserves by 31 March 2011 which is in line with this policy to move to having a 4% balance on working balances.
- 3.7 It is proposed that further work which is currently being undertaken on the ear-marked commitments, is reported to the Council on the completion of the 2010/11 financial statements.

4. OTHER IMPLICATIONS

- 4.1 The Council is required to set its Council Tax levels before the 11 March in the financial year preceding that for which it is set as governed by the Local Government Finance Act 1992.
- 4.2 A major impact on the Council's position for 2011/12 and future years budgets is the current economic down turn of the United Kingdom economy and the subsequent impact this has had on the level of funding available to the public sector.

- 4.3 As a result of this Aberdeen City Council has received a reduction in the level of grant funding it receives in the financial year 2010/11. Prudently this can be expected for future years although the Scottish Government has not yet released funding levels beyond 2011/12.
- 4.4 Based on the current settlement figures from the Scottish Government the Council has been notified that it will receive £336.7 million in 2011/12, a reduction of £7.3 million compared to 2010/11.

5. BACKGROUND/MAIN ISSUES

- 5.1 The current position for 2011/12 is summarised in the following table and is broken down further in Appendix 1 of this report:

| <u>Note</u> | <u>Funding</u> | <u>£</u> <u>million</u> | <u>£</u> <u>million</u> |
|-------------|---|----------------------------|----------------------------|
| 1 | Central Government Grants | | 336.715 |
| 2 | Council Tax (including Arrears) | | 106.635 |
| | | | <u>443.350</u> |
| | Add: | | |
| | Trading Services Net Income | | <u>6.961</u> |
| | Total Funding | | 450.311 |
| | <u>Projected Expenditure</u> | | |
| | Current Estimated Spend | | 473.302 |
| 3 | Deduct: Officer Recommendations | | 10.276 |
| | Deduct: Savings Approved | | |
| 4 | 15/12/10 | | <u>9.413</u> |
| | Total Projected Expenditure | | 453.613 |
| | Total Projected (Deficit)/Surplus | | (3.302) |
| | <u>Service Options Not Yet Taken</u> | | |
| 5 | Deduct: Amber Options 15/12/10 | 3.302 | |
| 6 | Deduct: Red Options 15/12/10 | 2.728 | |
| 7 | Deduct: New Options | <u>0.086</u> | |
| | Total Service Options Available | | 6.116 |

Note 1 – This is the total funding notified to the Council per the Finance Circular 14/2010 and subsequent notified amendments.

Note 2 – A review of Council Tax has been undertaken and it is estimated that a small increase in the Band D equivalent properties for 2011/12 can be anticipated.

Note 3 – The officer recommendations are outlined in Appendix 1 under the “corporate Adjustments” section. It includes the use of a provision contained within the Council’s Balance Sheet for LATS fees penalties which is now unlikely to be required as it is anticipated that the Scottish Government will repeal this legislation. Failure to have this repealed would mean that this would have to be met from working balances, although the risk is anticipated as low.

HRA transfer refers to the transfer of properties from the General Fund to the HRA primarily in relation to surplus school sites. Asset Utilisation refers to examining the commercial viability of non-operational assets through a third party.

Note 4 – This is the service options categorised “Green” at the Council Committee on 15 December 2010.

Note 5 – This is the service options categorised “Amber” at the Council Committee on 15 December 2010.

Note 6 – This is the service options categorised “Red” at the Council Committee on 15 December 2010.

Note 7 – This is new options that are being proposed by officers following further work and review of service budgets.

5.2 It is worthwhile noting that as part of the overall settlement agreement provided by the Scottish Government the Council has to ensure that it has adequate budgetary provision to meet a number of items as laid down in the Settlement letter and are:

- To remain committed to the delivery of the current Single Outcome Agreements, the 3 jointly agreed social strategies and the Curriculum for Excellence.
- To a council tax freeze for 2011/12.
- To police officers being maintained at 17,234 throughout 2011-12.
- To maintain the pupil-teacher ratio in P1-P3, the crucial early years of primary school.
- To protect the number of teachers posts as far as possible in order to secure:
 - Places for all probationers who require a place under the induction scheme in August 2011;
 - Sufficient teaching posts available for all probationers who achieve Standard for Full Registration in summer 2011 (i.e. successfully complete their probation); and
 - A reduction in the total number of unemployed teachers.
- To an independently chaired review of all aspects of the McCrone Agreement, to report by June 2011 with the clear intention that its recommendations should be available for implementation before August 2012.
- To continue to deliver the shared Scottish Government/COSLA commitments on Free Personal Care, for which payments will be up rated in 2011/12.
- To continue to work with the Scottish Government towards implementation of the Carers and Young Carers Strategy at local level, including the maintenance of an extra 10,000 weeks respite provision.

5.3 Failure to meet these targets could potentially result in a loss of grant funding totalling £15.272 million.

Budget Assumptions

- 5.4 In preparing the service options for each service allowances were made for potential costs associated with them. Such costs would be for the purchase of external resources, specialist advice and compulsory redundancy payments for staff.
- 5.5 There is currently no budgeted pay award for any staff in 2011/12 in line with the announcements made by the UK Treasury and the Scottish Government. As such pay awards are not being budgeted for in the following financial year either.
- 5.6 However, the Council budget does include an allowance for staff increments which is now related to performance and further details on this will be reported in due course.
- 5.7 A number of provisions have also been made within the revenue budget to cover known cost increases for Non Domestic Rates (£900,000), utilities (£300,000), general provisions (£1 million) and Other Miscellaneous provisions (£400,000). The Council is entering national procurement agreements for its utilities bills and it is anticipated that the overall cost will be broadly neutral.

Funding

- 5.8 The 2011/12 Non-Domestic Rate poundage rate has been set at 42.6 pence (up from 40.7 pence in 2010/11) by the Scottish Government. The large business supplement has also been set at 0.7 pence in the pound for businesses with a rateable value of over £35,000.
- 5.9 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 estimates of 2008) £1,907.70 compared to this Council receiving £1,579.31.
- 5.10 If this Council was to receive the same funding as the local authority immediately placed above us in the league table it would receive in excess of additional funding of £22 million. If it were to receive the Scottish average it would receive an additional £70 million.
- 5.11 The Council is also awaiting the additional allocation from two other grant allocations. These are the Teachers Induction Scheme totaling £37.6 million for the whole of Scotland and also for the Protection of Teacher Posts of £15.6 million.
- 5.12 The current settlement for the Council is only for the financial year 2011/12 with no indicative budget for future years at present, although there are whole of Scotland figures that have been published. Therefore in projecting into future years it has been assumed that a similar reduction will be incurred as that for 2011/12.

Budget Movements 2010/11 to 2011/12

- 5.13 The statement attached in Appendix 2 illustrates the budget movement over each Directorate. Primarily, the cost pressures that have been allowed for are known contractual movements, staff increments and a number of internal transfers between directorates. Within Miscellaneous Services there are a number of movements to reflect increased capital financing charges, increased utility bills, Non Domestic Rates and a number of other corporate provisions.

5 Year Costed Business Plan

- 5.14 Appendix 1 illustrates the Council's 5 year position the data from which was derived from the Priority Based Budgeting exercise. It provides illustrative budgets for future years after taking into account estimated movements.
- 5.15 Officers have had to use their judgment in certain areas where data is not yet known. For example, the Scottish Government have only announced a one year settlement figure for local authorities. In setting the budget for the whole of Scotland the Cabinet Secretary for Finance and Sustainable Growth indicated that the estimated budget for future years would be relatively static but that a reduction would be experienced in real terms. Projections have been used to forecast into the future showing an overall reduction in the level of possible funding. It remains to be seen what the likely settlement position will be.
- 5.16 In developing the 5 year business plan projected demographic factors were examined from a number of sources to determine the level of increased demand on services over the period.
- 5.17 As elected members will appreciate a business plan is a working document that requires to be updated at regular intervals to reflect the changing financial and economic climate that the Council faces. As such, a full Business Plan will be brought before the Council on 25 February 2011 once the decisions from today's Council meeting are known.
- 5.18 This is because the Service Options that are opted for will have a material impact by year 5 of the business plan. The business plan should then be updated at 6 monthly intervals and reported to Committee to demonstrate not just the short term, or in year financial position, but also how the Council is performing against its medium term financial strategy as laid out in the business plan.
- 5.19 On a positive note the business plan demonstrates that over the 5 year period, depending on the final decisions taken around service options, the Council's level of working balances will increase to just over 4% of net spend, or £18 million.
- 5.20 The business plan therefore provides officers with a medium term financial goal to deliver over the 5 year period and removes the need to look at budgets on an annualised basis. That is not to say that the annual budget will not need to be reviewed and amended going forward.

- 5.21 Indeed the focus in future will be on performance within the financial year but also the impact on future years as clearly the failure to deliver service options will have a material impact in future years.

Working Balances

- 5.22 Appendix 4 to this report shows the position on working balances as at 1 April 2010 after taking account of the known commitments, as per the period 8 monitoring position for 2010/11. The period 8 monitoring illustrates that the Council is currently projecting an underspend of £192,000 leaving working balances at 31 March 2011 of £11.1 million.

- 5.23 However, the Council also has ear marked reserves totaling £18.2 million. A review of these items will be undertaken towards the end of the financial year to determine if they are still required. This will formulate part of the financial statements of the Council and will be reported in due course. These commitments are shown in Appendix 4.

Savings

- 5.24 Included within Appendix 3 of this report is a full breakdown of the service options from services. This includes two new proposals from Housing and Environment. Elected members will be aware that Council on 15 December approved an initial raft of measures and these are listed as Green options within the Appendix.

Summary

- 5.25 The Council is required to set a balanced budget for the forthcoming financial year. This report sets out the options available to elected members to determine a balanced budget for the financial year 2011/12.

6. IMPACT

- 6.1 The City Council will operate within overall financial constraints taking into account recommended accounting practice and policies.
- 6.2 Following approval of the Council's revenue budget notification of the Council Tax levels will be issued to households by the Revenue & Benefits Manager, providing 28 days notice.

7. BACKGROUND PAPERS

Finance Circular 14/2010 and 15/2010
Priority Based Budget Report v1.4b
Period 8 Out-turn position

8. REPORT AUTHOR DETAILS

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General Fund Revenue Budget 5 Year Position

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Service | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Corporate Governance | 27,760 | 28,580 | 29,009 | 29,444 | 29,885 | 30,334 |
| Social Care and Wellbeing | 125,448 | 127,049 | 132,803 | 136,580 | 140,070 | 143,319 |
| Education, Culture and Sport | 185,714 | 185,542 | 190,721 | 193,424 | 195,342 | 197,183 |
| Housing and Environment | 43,122 | 45,230 | 47,452 | 49,704 | 50,717 | 50,980 |
| Enterprise, Planning and Infrastructure | 28,592 | 32,484 | 33,746 | 35,201 | 37,141 | 39,565 |
| Office of Chief Executive | 832 | 873 | 890 | 908 | 926 | 945 |
| Council Expenses | 2,149 | 2,200 | 2,244 | 2,289 | 2,335 | 2,381 |
| Net Cost of Service | 413,617 | 421,958 | 436,865 | 447,550 | 456,417 | 464,707 |
| Funding | | | | | | |
| General Revenue Grant | (344,042) | (336,715) | (328,297) | (321,731) | (318,514) | (318,514) |
| Council Tax | (106,467) | (106,635) | (106,635) | (106,635) | (106,635) | (106,635) |
| Trading Services Surplus | (6,867) | (6,961) | (6,730) | (6,593) | (6,411) | (6,205) |
| Funding | (457,376) | (450,311) | (441,662) | (434,959) | (431,560) | (431,354) |
| Budget (Surplus)/Deficit | (43,759) | (28,353) | (4,798) | 12,591 | 24,857 | 33,353 |
| Corporate Adjustments | | | | | | |
| Asset Purchases by HRA | | (3,400) | 0 | 0 | 0 | 0 |
| Asset Utilisation | | (4,008) | 0 | 0 | 0 | 0 |
| Use of Provisions | | (2,868) | 0 | 0 | 0 | 0 |
| Total Adjustments | | (10,276) | 0 | 0 | 0 | 0 |
| * - Still subject to Review | | | | | | |
| Projected Deficit/(Surplus) | | (38,629) | (4,798) | 12,591 | 24,857 | 33,353 |
| Service Options - Green | | | | | | |
| Corporate Governance | | (1,856) | (7,529) | (8,863) | (9,227) | (9,991) |
| Social Care and Wellbeing | | (460) | (9,392) | (13,157) | (13,531) | (14,071) |
| Education, Culture and Sport | | (1,064) | (7,013) | (9,737) | (12,367) | (11,860) |
| Housing and Environment | | (158) | (2,500) | (3,114) | (5,786) | (8,248) |
| Enterprise, Planning and Infrastructure | | (1,588) | (3,262) | (9,306) | (10,006) | (11,322) |
| Council Wide Options | | (4,287) | (5,511) | (6,362) | (6,861) | (7,788) |
| Total Service Options - Green | | (9,413) | (35,207) | (50,539) | (57,778) | (63,280) |
| (Surplus)/Deficit after Green | | (48,042) | (40,005) | (37,948) | (32,921) | (29,927) |
| Service Options - Amber | | | | | | |
| Corporate Governance | | 0 | 0 | 0 | 0 | 0 |
| Social Care and Wellbeing | | 1,406 | 763 | (3,556) | (3,556) | (3,556) |
| Education, Culture and Sport | | (2,319) | (9,941) | (13,643) | (19,161) | (19,161) |
| Housing and Environment | | (156) | (1,348) | (2,478) | (3,167) | (3,772) |
| Enterprise, Planning and Infrastructure | | (1,547) | (2,296) | (4,160) | (5,844) | (8,346) |
| Council Wide Options | | (5,436) | (4,259) | (4,767) | (6,064) | (7,835) |
| Total Amber Options | | (8,052) | (17,081) | (28,604) | (37,792) | (42,670) |
| Bond Adjustment | | 4,750 | (400) | (400) | (400) | (400) |
| Total Service Options - Amber | | (3,302) | (17,481) | (29,004) | (38,192) | (43,070) |
| Deficit/(Surplus) | | (51,344) | (57,486) | (66,952) | (71,113) | (72,997) |
| Position of Reserves: | | | | | | |
| Opening Reserve Level (Unearmarked) | (10,928) | (11,120) | (62,464) | (119,949) | (186,902) | (258,015) |
| (Contribution)/Utilisation | (192) | (51,344) | (57,486) | (66,952) | (71,113) | (72,997) |
| Closing Reserve Position | (11,120) | (62,464) | (119,949) | (186,902) | (258,015) | (331,012) |
| Service Options - Red | | | | | | |
| Corporate Governance | | (1,425) | (1,933) | (1,933) | (1,933) | (1,933) |
| Social Care and Wellbeing | | (2,782) | (2,775) | (7,760) | (7,745) | (7,730) |
| Education, Culture and Sport | | 2,216 | 552 | (1,142) | (19,803) | (18,769) |
| Housing and Environment | | (581) | (1,711) | (1,740) | (1,739) | (1,719) |
| Enterprise, Planning and Infrastructure | | 500 | 920 | 3,284 | (3,063) | (3,063) |
| Council Wide Options | | 0 | 0 | 0 | 0 | 0 |
| Total Red Options | | (2,728) | (4,811) | (9,862) | (34,854) | (33,785) |
| (Surplus)/Deficit after Red | | (54,072) | (62,297) | (76,814) | (105,967) | (106,782) |

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Analysis of Year on Year Movement

| | 2010/11 | 2011/12 | Movement |
|--|--------------|---------|----------|
| Service | £'000 | £'000 | £'000 |
| Corporate Governance | 27,760 | 28,580 | 820 |
| Social Care and Wellbeing | 125,448 | 127,049 | 1,601 |
| Education, Culture and Sport | 185,714 | 185,542 | (172) |
| Housing and Environment | 43,122 | 45,230 | 2,108 |
| Enterprise, Planning and Infrastructure | 28,592 | 32,484 | 3,892 |
| <i>Corporate Governance</i> | | | |
| Reduced Income - Cust. Serv. | 80 | | |
| Staff increments | 740 | | |
| | 820 | | |
| <i>Social Care and Wellbeing</i> | | | |
| Demand Pressures (Homecare/Residential) | 1,581 | | |
| Free Personal Care Adjustment | 152 | | |
| DWP National Care Home Rate Increase | (336) | | |
| Supporting People Adjustment | 271 | | |
| Staff increments | 1,433 | | |
| SCW Out-turn Reduction | (1,500) | | |
| | 1,601 | | |
| <i>Education, Culture and Sport</i> | | | |
| Staff Increments | 1,200 | | |
| Janitors - Transfer from ECS | (1,740) | | |
| Unitary Charge Adjustment | 1,020 | | |
| Transfer to Catering | (400) | | |
| Miscellaneous Movements (DEM etc.) | (252) | | |
| | (172) | | |
| <i>Housing and Environment</i> | | | |
| Staff Increments | 225 | | |
| Housing Benefits/Homelessness | 800 | | |
| Landfill Tax | 720 | | |
| Additional Waste Disposal Cost | 1,488 | | |
| Landfill Allowance | (1,125) | | |
| | 2,108 | | |
| <i>Enterprise, Planning and Infrastructure</i> | | | |
| Premises Cost Pressures (Net) | 183 | | |
| Carbon Accounting | 600 | | |
| Movement in Catering Costs | 317 | | |
| Roads Cost Pressure | 236 | | |
| Janitors - Transfer from ECS | 1,991 | | |
| Staff Increments | 565 | | |
| | 3,892 | | |

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DETAIL OF SERVICE OPTIONS - CORPORATE GOVERNANCE

| | | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|-------------------------------|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (Green) | | | | | | |
| CG ICT01 | External delivery of ICT | 80 | (50) | (251) | (549) | (803) |
| CG_F_04 | External delivery of Finance | 390 | (390) | (780) | (780) | (780) |
| CG_HR_24 | External delivery of HR & OD | 253 | (254) | (506) | (506) | (506) |
| CG_LDS_04 | External delivery of Legal Teams | 129 | (129) | (259) | (259) | (259) |
| CG_CS_FOS04 | External delivery of Customer Service | 92 | (88) | (184) | (184) | (184) |
| CG_CS_CPL01 | External delivery of Community Planning | 109 | (109) | (109) | (109) | (109) |
| CG_CS_PM01 | PMO Fully Internal | (25) | (50) | (75) | (80) | (90) |
| CG_CPU_5 | External delivery of Procurement Function | 40 | (40) | (80) | (80) | (80) |
| CG_LDS_13 | To create a "pool" of WPO/clerical/admin support across Legal & Democratic Services | (42) | (42) | (42) | (42) | (42) |
| CG_CPU_3 | Re-alignment of procurement staff across the 5 authorities | 0 | 0 | (200) | 0 | 0 |
| CG_HR_04 | Refocus and rationalise existing Health & Safety service. | (70) | (70) | (70) | 0 | 0 |
| CG_CPU_01 | Savings from contracts | (250) | (500) | (500) | (500) | (500) |
| CG_CPU_2a | Re-alignment of identified staff to CPU on a temporary basis - Social Work | (300) | (750) | (1,000) | (1,000) | (1,000) |
| CG_CPU_2b | Re-alignment of identified staff to CPU on a temporary basis - EP & I ; H & E | 0 | (350) | (350) | (350) | (350) |
| CG_CPU_7 | Close the SW OT Stores and transfer operations to the Whitemyres Centre | (63) | (105) | (105) | (105) | (105) |
| CG_LDS_09 | To maximise the capabilities of modern.gov to circulate agendas & change minute style | (22) | (79) | (79) | (79) | (79) |
| CG_LDS_18 | Merge Archive, Registrars to form a joint service | (35) | (52) | (52) | (52) | (52) |
| CG_F_16 | Merge Social Work Assessments into Revenues and Benefits | (50) | (50) | (50) | (50) | (50) |
| CG_LDS_08 | Transfer committee services within Legal Services to Democratic Services | (44) | (44) | (44) | (44) | (44) |
| CG_LDS_25 | To hire out Town House facilities to external groups and bodies. | (38) | (38) | (38) | (38) | (38) |
| CG_LDS_7D | Only one Committee Member of staff at each Committee Meeting | (12) | (29) | (29) | (29) | (29) |
| CG_LDS_24 | Increasing the type of ceremonies provided e.g. baby naming | (24) | (24) | (24) | (24) | (24) |
| CG_LDS_27 | Expand charging in Archives - Family History requests | (5) | (10) | (10) | (10) | (10) |
| CG_F_08 | Trusts & Common Good - Review Support | (10) | (10) | (10) | (10) | (10) |
| CG_F_10 | Cash Review - Area Offices | (125) | (125) | (125) | (125) | (125) |
| CG_CS_EQ02 | Equalities function being delivered by cross-sector partnership | 0 | 0 | (200) | (200) | (200) |
| CG_F_06 | Remove Internal Recharges across ACC | 40 | (182) | (182) | (182) | (182) |
| CG_HR_17 | Move away from centralised workforce planning in longer term | 0 | 0 | (41) | (75) | (75) |
| CG_CS_INT01 | Externalise delivery of Interpreting and Translating service | (21) | (21) | (28) | (28) | (28) |
| CG_F_20 | Treasury - share function with other local authorities | (20) | (37) | (37) | (37) | (37) |
| CG_LDS_15 | Closing of Area Offices at Bucksburn and Peterculter | 50 | 50 | 50 | 50 | 50 |
| CG_F_26 | Bed tax | 0 | (1,710) | (1,710) | (1,710) | (1,710) |
| CG_CPU_2c | Reduce rates on targeted contracts across ACC | (250) | (450) | (500) | (750) | (1,000) |
| CG_HR_07 | Payroll incorporated in HR Service Centre | (20) | (5) | 0 | 0 | 0 |
| CG_HR_10 | Develop Business Partner Model; basic queries to HR Service Centre | (60) | (15) | 0 | 0 | 0 |
| CG_HR_13 | Transactional HR Services incorporated into HR Service Centre | (26) | (15) | 0 | 0 | 0 |
| CG_LDS_14 | Increased use of Paralegals | (18) | (5) | 0 | 0 | 0 |
| CG_HR_19 | Corporate HR team to focus on core corporate employer issues; client incorporated in HR Service Centre | (46) | (20) | 0 | 0 | 0 |
| CG_HR_22 | Recruitment and Selection processed through the HR Service Centre | (105) | (26) | 0 | 0 | 0 |
| CG_LDS_01 | Transform in-house delivery of legal services | (30) | (8) | 0 | 0 | 0 |
| CG_F_13 | Revenues and Benefits Establishment Review | (91) | (31) | 0 | 0 | 0 |
| CG_F_01 | Financial Services Accounting - Process improvement | (20) | (35) | 0 | 0 | 0 |
| CG_CPU_6 | Rationalise Central Store Function | (43) | (43) | (43) | (43) | (43) |
| CG_LDS_20 | Charge fully for provision of archive service to Aberdeenshire | (36) | (36) | (36) | (36) | (36) |
| CG_LDS_21a | Reduce Members support unit | (20) | (37) | (37) | (37) | (37) |
| CG_LDS_22 | Cease delivering mail to Councillor's homes | (11) | (11) | (11) | (11) | (11) |
| CG_LDS_26 | External delivery of conveyancing resource to demand | (30) | (279) | 0 | 0 | 0 |
| CG_CS_CM01 | Subsume change management function into PMO | (151) | (271) | (271) | (271) | (271) |
| CG_CS_FS03 | Reduce Fairer Scotland Fund | (750) | (750) | (750) | (750) | (1,000) |
| CG_LDS_02 | Cease all external legal support | (110) | (110) | 0 | 0 | 0 |
| CG_CS_PMQ07 | Align Corporate Information & Research resource to work demand | (66) | (95) | (95) | (142) | (142) |
| | | (1,856) | (7,529) | (8,863) | (9,227) | (9,991) |
| Items Rejected (Red) | | | | | | |
| CG_LDS_07B | Council Committees - align to statutory minimum | (50) | (450) | (450) | (450) | (450) |
| CG_LDS_7E | Saving of convenor and vice convenor payments if less Committees | 0 | (108) | (108) | (108) | (108) |
| CG_CS_FS01 | Cease Fairer Scotland Fund | (1,375) | (1,375) | (1,375) | (1,375) | (1,375) |
| | | (1,425) | (1,933) | (1,933) | (1,933) | (1,933) |
| | | (3,281) | (9,462) | (10,796) | (11,160) | (11,924) |

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DETAIL OF SERVICE OPTIONS - EDUCATION, CULTURE & SPORT

| | | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (Green) | | | | | | |
| ECS1_C26 | Reduce the number of specialist care placements by redesign and small addition to existing local services | (470) | (710) | (950) | (1,130) | (1,310) |
| ECS1-C3 | Move to Cultural Trust | 250 | 0 | (144) | (144) | (144) |
| ECS_E11 | Redesign of senior secondary school towards a Virtual City Campus | 0 | 550 | (94) | (94) | (94) |
| ECS1-C17 | Educational Psychology: Develop joint/alternative service delivery | 0 | 0 | (35) | (35) | (35) |
| ECS1_C25 | RISK Potential shared services with other local authorities (EC&S) | 0 | 0 | (450) | (450) | (450) |
| ECS1-C10 | Root and branch review of commissioned arts and sports services | (64) | (283) | (656) | (1,171) | (1,800) |
| ECS_E19 | Rationalise School Administration | (111) | (578) | (578) | (578) | (578) |
| ECS_E4 | Provide one nursery teacher for each school | (177) | (265) | (265) | (265) | (265) |
| ECS_E30 | Changes to terms of engagement of casual teachers | (166) | (250) | (250) | (250) | (250) |
| | Contracting supply teachers for pupil attendance time only - 25hrs in Primary & 27.5hrs in Secondary and special schools | (112) | (168) | (168) | (168) | (168) |
| ECS1-C20 | Educational Psychology: Not filling current vacant posts | (168) | (168) | (168) | (168) | (168) |
| ECS1_C22 | Contract Out Catering at Beach Ballroom/Art Gallery | 100 | (85) | (85) | (85) | (85) |
| ECS_E5 | Nursery nurses to provide non class contact cover for nursery teachers | (53) | (80) | (80) | (80) | (80) |
| ECS_E32 | Pensions Reduction: No Contribution for temporary promoted posts | (26) | (26) | (26) | (26) | (26) |
| ECS_E40 | Maximising class sizes in upper stages of secondary school | 0 | 0 | (838) | (2,773) | (1,457) |
| ECS_E22 | Reduce Pupil Support Assistants Provision by 50% in Primary Schools | 397 | (2,850) | (2,850) | (2,850) | (2,850) |
| ECS_E17a | Additional Support Needs: Increase teacher/pupil ratios to 1:10 - Secondary | (167) | (600) | (600) | (600) | (600) |
| ECS_E18a | Additional Support Needs: Increase teacher/pupil ratios to 1:10 - Primary | (333) | (500) | (500) | (500) | (500) |
| ECS_E24 | Reduce Pupil Support Assistants Provision by 50% in Secondary Schools | 36 | (1,000) | (1,000) | (1,000) | (1,000) |
| | | (1,064) | (7,013) | (9,737) | (12,367) | (11,860) |
| Items Deferred (Amber) | | | | | | |
| ECS1-C1 | Integrated Communities Service | (592) | (1,106) | (1,106) | (1,106) | (1,106) |
| ECS_E37 | Change the delivery model of music tuition | 97 | (796) | (796) | (796) | (796) |
| ECS_E26 | RISK Increase teaching time to match pupil time in secondary schools | 0 | 0 | (1,564) | (4,840) | (4,840) |
| ECS_E6 | RISK Increase teaching time to match pupil time in primary schools | 0 | 0 | (590) | (2,480) | (2,480) |
| ECS_E9a | Secondary school estate - close 2 schools | (531) | (2,046) | (2,346) | (2,346) | (2,346) |
| ECS_E29a | Primary school estate - close 5 schools | 0 | (112) | (663) | (1,015) | (1,015) |
| ECS1-C9 | Close up to 8 community libraries over 5 years. | (47) | (386) | (452) | (452) | (452) |
| ECS_E12 | Withdraw Music Tuition | (763) | (450) | (450) | (450) | (450) |
| ECS1_C13 | Cease Community Team Service | (483) | (5,045) | (5,676) | (5,676) | (5,676) |
| | | (2,319) | (9,941) | (13,643) | (19,161) | (19,161) |
| Items Rejected (Red) | | | | | | |
| ECS_E9b | RISK Redesign of secondary school estate | 0 | 0 | 0 | 0 | 1,034 |
| ECS_E20b | RISK Redesign the profile of professional staffing in secondary schools | 0 | 0 | 2,664 | (6,083) | (6,083) |
| ECS_E7c | RISK Redesign the profile of professional staffing in primary schools | 0 | 0 | 1,649 | (5,181) | (5,181) |
| ECS_E3 | RISK Start nursery at 4 years | 0 | (1,008) | (3,388) | (3,388) | (3,388) |
| ECS1-C6 | Create Community Collections Centre & redeveloped Art Gallery | 0 | 50 | 50 | 50 | 50 |
| ECS1-C7 | Create Libraries & Information Heritage Centre | 0 | 50 | 50 | 50 | 50 |
| ECS_E8d | Formula Adjustment to reduce teaching fte required in schools | (104) | (440) | (440) | (440) | (440) |
| ECS_E36 | Remove devolved educational management savings targets for schools | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| ECS_E31a | RISK Extend non-subject specific/generic teaching until end of S2 (P8 and 9) | 0 | 0 | (1,334) | (4,418) | (4,418) |
| ECS_E8c | RISK Raise P1 to 3 class sizes to 33 and composite classes in P1 to 3 to 30 | 0 | (463) | (1,800) | (1,800) | (1,800) |
| ECS_E10 | RISK A II Secondary S1 & S2 Classes at 30 | 0 | 203 | (700) | (700) | (700) |
| ECS_C27 | Establishment of revenue budget for Old Torry CC and Ruthrieston CC | 18 | 18 | 18 | 18 | 18 |
| ECS1-C11a | Leased community centres - review council financial support | (58) | (58) | (58) | (58) | (58) |
| ECS_E28 | Close Music School | 213 | 53 | 0 | 0 | 0 |
| ECS1-C11e | Provision of development programme grant and building revenue costs to leased centres in regeneration areas only. | (353) | (353) | (353) | (353) | (353) |
| | | 2,216 | 552 | (1,142) | (19,803) | (18,769) |
| | | (1,167) | (16,402) | (24,522) | (51,331) | (49,790) |

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DETAIL OF SERVICE OPTIONS - ENTERPRISE, PLANNING & INFRASTRUCTURE

| | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|--|--|---------------------|---------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (Green) | | | | | |
| EPI_AMO01 | Partnering Arrangement for all AMO services | 500 | 500 | (4,481) | (4,481) |
| EPI_DIR01 | Full EP&I Service Review | (388) | (559) | (559) | (559) |
| EPI_PSD05 | PTU Shared Service combined with transfer to CPU | (51) | (51) | (51) | (51) |
| EPI_DIR03 | ASSIMILATE Environmental & Waste Services | 62 | (31) | (31) | (31) |
| EPI_DIR04 | Integration of Econ. Dev, Planning and Regeneration | 62 | (31) | (31) | (31) |
| EPI_AMO19 | Shared Facilities Management Services | 0 | (22) | (22) | (22) |
| EPI_AMO18 | Increased mobile and/or remote working for staff | 0 | (666) | (780) | (780) |
| EPI_EBD03a | Increase Revenue - Advertising on Fixed Assets | (150) | (300) | (450) | (750) |
| EPI_DIR06 | Enable Renewable Energy Network | 100 | 0 | 0 | (200) |
| EPI_PSD11a | Charge for Planning Pre-application advice etc. | 0 | 0 | (150) | (160) |
| EPI_AMO09 | Use of Wi-Fi for Roads UTC Communications | 0 | (92) | (92) | (92) |
| EPI_AMO06 | Increase Revenue - Charge for Roadspace | (68) | (68) | (68) | (68) |
| EPI_AMO07 | Increase Revenue - Charge for Driveway Apps. | (30) | (30) | (30) | (30) |
| EPI_EBD03c | Increase Revenue - Sponsorship of Bus Shelters | 0 | (30) | (30) | (30) |
| EPI_EBD03b | Increase Revenue - Roundabout Sponsorship | (20) | (20) | (20) | (20) |
| EPI_EBD03d | Only stage City Events that can be fully funded | (442) | (442) | (442) | (442) |
| EPI_AMO08 | Reduce Street Lighting Whole Life Costs | (4) | (8) | (11) | (15) |
| EPI_AMO20 | Improved Energy Efficiency in Council Buildings | (3) | (50) | (100) | (100) |
| EPI_PSD11b | Charge for Environmental Strategy Advice | (10) | (10) | (10) | (10) |
| EPI_DS01 | Restructure EP&I Directorate Support Unit | 0 | (8) | (42) | (42) |
| EPI_AMO14 | Stop/Franchise Catering (Town House & Kitty.) | 80 | (18) | (18) | (18) |
| EPI_EBD02e | Reduce Council Marketing materials to a minimum | (29) | (29) | (29) | (29) |
| EPI_AMO16 | Reduce Property Maintenance Inspections | (65) | (99) | (99) | (99) |
| EPI_EBD02c | Fully Fund Events, Twinning, Marketing & Graphics | 0 | 0 | 73 | (263) |
| EPI_PSD05a | Reduce PTU expenditure | (141) | (158) | (158) | (158) |
| EPI_PSD02 | Rationalise Application Management functions | 0 | (44) | (44) | (44) |
| EPI_AMO13 | Reduce Traffic Management and Road Safety | (111) | (111) | (111) | (111) |
| | | (708) | (2,377) | (7,786) | (8,486) |
| Trading Services | | | | | |
| EPI_AMO05 | Car Parking - Increase Charges every 2 years | (577) | (577) | (1,212) | (1,911) |
| EPI_AMO24 | Consider reverting to specialised Parking Wardens | (217) | (222) | (222) | (222) |
| EPI_AMO25 | High Risk: Proposed Change of the PCN rate to £80 or £100 | (86) | (86) | (86) | (86) |
| | | (880) | (885) | (1,520) | (2,219) |
| Items Accepted (Green) - Combined Total | | | | | |
| | | (1,588) | (3,262) | (9,306) | (10,006) |
| Items Deferred (Amber) | | | | | |
| EPI_AMO17 | High Risk: Additional Capital Funding for Roads | (1,547) | (3,094) | (4,641) | (7,735) |
| EPI_EBD02g | Reduce EBD Team to Minimum Required for Core Business | 0 | 0 | (317) | (454) |
| | | (1,547) | (3,094) | (4,958) | (6,642) |
| Trading Services | | | | | |
| EPI_AMO11b | Tactically Dispose of Selected Property | 0 | 798 | 798 | 798 |
| | | 0 | 798 | 798 | 798 |
| Items Deferred (Amber) - Combined Total | | | | | |
| | | (1,547) | (2,296) | (4,160) | (5,844) |
| Items Rejected (Red) | | | | | |
| EPI_AMO26 | High Risk: Charge a Congestion fee for Aberdeen's CBD | 500 | 1,000 | 3,500 | (2,738) |
| EPI_AMO15 | REDUCE then STOP School Patrols | 0 | (80) | (216) | (325) |
| | | 500 | 920 | 3,284 | (3,063) |
| Trading Services | | | | | |
| EPI_AMO11a | Dispose of full Property Investment Portfolio | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| Items Rejected (Red) - Combined Total | | | | | |
| | | 500 | 920 | 3,284 | (3,063) |
| | | (1,755) | (4,551) | (9,460) | (18,191) |
| | | | | | (21,310) |

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DETAIL OF SERVICE OPTIONS - HOUSING & ENVIRONMENT

| | | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (Green) | | | | | | |
| HE_ES_WS2 | Review Existing Waste Strategy | 100 | 0 | 0 | (2,484) | (4,822) |
| HE_ES_GM05 | External delivery/attain equivalent efficiency savings on Grounds Maintenance Service | 150 | (659) | (659) | (659) | (659) |
| HE_ES_ST5 | External delivery/attain equivalent efficiency savings of street cleaning service | 150 | (300) | (300) | (300) | (300) |
| HE_HCS_H01(viii) | Establish Private Sector Leasing Scheme | (100) | (100) | (100) | (100) | (100) |
| HE_EP_EP02 | Merge with SCG support group and potential outsource of some activities | 0 | (30) | (30) | (30) | (30) |
| HE_ES_WS3 | External delivery/attain equivalent efficiency savings in domestic waste collection | 75 | (275) | (650) | (650) | (650) |
| HE_ES_WS9 | Increase Commercial waste collection charges | (52) | (105) | (159) | (214) | (270) |
| HE_ES_HT04 | Implement mobile working for field staff in Trading Standards/Environmental Health | 100 | 20 | (140) | (180) | (180) |
| HE_ES_HT01 | Restructure Environmental Health and Trading Standards | (70) | (70) | (70) | (70) | (70) |
| HE_HCS_S01(iii) | Restructure of Housing Strategy (non HRA) team. | (40) | (40) | (40) | (40) | (40) |
| HE_ES_WS8 | Short term improvements to recycling performance at Recycling Centres | 0 | (12) | (25) | (38) | (38) |
| HE_ES_ASSL2 * | Scientific Labs to seek and increase the level of work from the private sector * | (13) | (10) | 17 | (13) | (33) |
| HE_ES_HT03 | Cease non-statutory food surveillance sampling (reduces Lab income) | (25) | (25) | (25) | (25) | (25) |
| HE_ES_ASSL1 | Sub-contract high cost / low volume testing where work cheaper than the labs | (4) | (15) | (20) | (38) | (50) |
| HE_HCS_CS05(vii) | Private Sector/Commercial Mediation | (25) | (25) | (25) | (25) | (25) |
| HE_HCS_CS05(viii) | Remove budget for community based repair service. | (22) | (22) | (22) | (22) | (22) |
| | Remove funding of Inspector working to address antisocial behaviour (in line with national agreements) | (68) | (68) | (68) | (68) | (68) |
| HE_ES_GM01 | Reduce Grounds Maintenance Service (specific service reduction options) | 0 | (416) | (416) | (416) | (416) |
| HE_HCS_CS05(vi) | Agreement to remove funding for dispersal of groups and closure of premises. | (6) | (6) | (6) | (6) | (6) |
| HE_HCS_CS05(ix) | Agreement to remove funding for the Safer Aberdeen programme | (12) | (12) | (12) | (12) | (12) |
| HE_HCS_S02(ii) | Stop scheme of Assistance | (117) | (117) | (117) | (117) | (117) |
| HE_ES_BSAD1 | Increase Bereavement Services charges (Cremation and burial fees) by 10% | (34) | (68) | (102) | (134) | (170) |
| HE_HCS_CS05b | Community Grant Budgets | (5) | (5) | (5) | (5) | (5) |
| | Remove funding of Sergeant working to address antisocial behaviour (in line with national agreements) | (27) | (27) | (27) | (27) | (27) |
| | Remove funding of Constable working to address antisocial behaviour (in line with national agreements) | (22) | (22) | (22) | (22) | (22) |
| HE_HCS_CS05d | Projects, Meeting Rooms | (7) | (7) | (7) | (7) | (7) |
| HE_HCS_CS05e | Contingency | (25) | (25) | (25) | (25) | (25) |
| HE_HCS_CS05j | Training budget | (3) | (3) | (3) | (3) | (3) |
| HE_HCS_CS05k | Communication budgets | (3) | (3) | (3) | (3) | (3) |
| HE_HCS_CS05i | Memberships subscriptions | (1) | (1) | (1) | (1) | (1) |
| HE_HCS_CS05m | Remove funding for community safety partnership analysts | (52) | (52) | (52) | (52) | (52) |
| | | (158) | (2,500) | (3,114) | (5,786) | (8,248) |
| Items Deferred (Amber) | | | | | | |
| HE_RHL_01 | Set up Arms Length Property Company | (11) | (1,023) | (2,128) | (2,792) | (2,792) |
| HE_ES_WS11 | Lobby for removal of landfill tax | 0 | 0 | 0 | 0 | (580) |
| HE_ES_WS10 | Invest in 1 FTE to work with communities to divert waste from landfill | 25 | 0 | (25) | (50) | (75) |
| HE_HCS_CS05(xii) | Remove budgets for transport marshals. | (70) | (70) | (70) | (70) | (70) |
| HE_ES_ST1 | Reduce Street Cleaning (specific service reduction options) | 0 | (155) | (155) | (155) | (155) |
| HE_HCS_S02(i) | Reduce provision on housing support | (100) | (100) | (100) | (100) | (100) |
| | | (156) | (1,348) | (2,478) | (3,167) | (3,772) |
| Items Rejected (Red) | | | | | | |
| HE-ES-PT5 | Close all toilets except two and run a community toilet scheme | 0 | (83) | (151) | (151) | (151) |
| HE_HCS_CS05(xi) | Remove funding for deploying street urinals | (8) | (8) | (8) | (8) | (8) |
| HE_ES_PT01 | Closure of all public toilets with no community toilet scheme | (221) | (138) | (70) | (70) | (70) |
| HE_ES_WS5 | Remove Recycling Points Service in Areas Covered by Kerbside Collections | (72) | (71) | (70) | (69) | (69) |
| HE_HCS_CS05(x) | Street Football - Remove Funding | (5) | (5) | (5) | (5) | (5) |
| HE_ES_WS7 | Remove Paper Recycling in Multi-occupancy areas | 0 | (20) | (20) | (20) | 0 |
| HE_ES_PC01 | Close all parks and gardens and cease maintenance | 0 | (1,111) | (1,141) | (1,141) | (1,141) |
| HE_ES_PT06 | Close all Public Toilets and replace with Community Toilet scheme | (128) | (128) | (128) | (128) | (128) |
| HE_HCS_CS05a | Neighbourhood Budgets | (15) | (15) | (15) | (15) | (15) |
| HE_HCS_CS05h | Wilful Fires | (7) | (7) | (7) | (7) | (7) |
| HE_HCS_CS05i | Legal costs of ASB case preparation | (70) | (70) | (70) | (70) | (70) |
| HE_HCS_CS05n | ASBIT Contribution | (25) | (25) | (25) | (25) | (25) |
| HE_HCS_CS05o | Aberdeen Families Project | (30) | (30) | (30) | (30) | (30) |
| | | (581) | (1,711) | (1,740) | (1,739) | (1,719) |
| | | (895) | (5,559) | (7,332) | (10,692) | (13,739) |
| New Options | | | | | | |
| | Restructure of the Community Safety Service | (56) | (56) | (56) | (56) | (56) |
| | Closure of Public Toilet at Kirkgate | (30) | (30) | (30) | (30) | (30) |
| | | (86) | (86) | (86) | (86) | (86) |

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DETAIL OF SERVICE OPTIONS - SOCIAL CARE & WELLBEING

| | | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|-------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (GREEN) | | | | | | |
| SCW_TC2+8 | Reprovision in house Adult residential/supported living | 110 | 375 | (1,422) | (1,478) | (1,478) |
| SCW_TC3+5+7+26 | Reduce use/length of stay of residential care for adults with mental health issues and spot purchase placements. Do not reinvest all monies from previous service closure | (789) | (789) | (789) | (789) | (789) |
| SCW_TC9+TC1+FMB15 | Develop the workforce to improve approaches to personal outcome planning, risk enablement and reflective practice and recommission learning disability services with the use of a resource allocation system and personalised budgets. | 0 | (2,763) | (2,763) | (2,763) | (2,763) |
| SCW_TC10+11+12 | Stop inhouse Adult LD building based day care services and spot purchase as required | 81 | (43) | (504) | (525) | (525) |
| SCW_TC14+LT19 | Develop and implement strategy for increased use and take up of telecare within LD services | 500 | (1,348) | (1,648) | (1,648) | (1,648) |
| SCW_TC21+LT1+2+13 | Review workforce skillmix to reduce the number of professional staff and replace with para-professional staff | 0 | (18) | (45) | (45) | (45) |
| SCW_SD2+4+8+10 | Reduce the number of specialist care placements for children and young people by redesign and small addition to existing local services | (299) | (378) | (459) | (759) | (999) |
| SCW_SD3 | End to end review of service provision in children's services | 0 | 0 | 0 | 0 | 0 |
| SCW_SD5 | Improve Early planning for young people moving from Children's to Adult's Services | (82) | (82) | (82) | (82) | (82) |
| SCW_SD7+13 | Redesign of Family and Community Support Services | (119) | (288) | (379) | (255) | (435) |
| SCW_SD11 | Investment in local Fostering and Adoption capacity | (112) | (223) | (335) | (335) | (335) |
| SCW_LT3 + 21 | move to personalised budgets for people in receipt of home care services | 170 | (200) | (475) | (475) | (475) |
| SCW_LT09+LT16+LT20+FMB14 | Invest in reablement to constrain growth | 821 | (1,767) | (1,767) | (1,767) | (1,767) |
| SCW_LT24 | Review Social Work Duty team | (33) | (50) | (50) | (50) | (50) |
| SCW_FMB16 | Redesign Directorate planning & strategy | (126) | (177) | (177) | (177) | (177) |
| SCW_FMB19 | Review out of hours service as part of the Corporate Review of staff who work a non standard working week | (53) | (67) | (67) | (67) | (67) |
| SCW_FMB21 | Jointly commission service with other organisations | 0 | 0 | (500) | (500) | (500) |
| SCW_T23 | Stop subsidising criminal justice social work-provide only within CJA grant | (70) | (140) | (210) | (280) | (350) |
| SCW_FMB1 | Review all Directorate Support Services | 19 | (100) | (150) | (200) | (250) |
| SCW_LT15 | Review of all Supporting People packages | 0 | (500) | (500) | (500) | (500) |
| SCW_TC15+16+17 | Rationalise the work of the welfare rights/debt advice and financial inclusion services | (53) | (70) | (70) | (70) | (70) |
| SCW_TC18 | Recommission ICDRS | (48) | (48) | (48) | (48) | (48) |
| SCW_FMB3 | Revise the charging policy with a 5% increase in all non residential charges | (50) | (50) | (50) | (50) | (50) |
| SCW_TC19 | Re-evaluate social work contribution to Integrated Addiction Services | (28) | (79) | (79) | (79) | (79) |
| SCW_TC24 | Re-evaluate provision of Mental Health day services/stop growth | (6) | (5) | (6) | (6) | (6) |
| SCW_SD14+SD9 | Renegotiate commissioned services from the third sector in community and youth justice and children with disabilities | (85) | (128) | (128) | (129) | (129) |
| SCW_FMB8 | reduce budget for learning and development team by 2% | (16) | (16) | (16) | (16) | (16) |
| SCW_TC25 | Stop funding community carers and room to care | (47) | (68) | (68) | (68) | (68) |
| SCW_TC22 | Stop provision of Employability Services in Social Care and Wellbeing | (60) | (60) | (60) | (60) | (60) |
| SCW_LT6+7 | Reprovision in house day care centres (Craigton Road and Kingswood) | (85) | (310) | (310) | (310) | (310) |
| | | (460) | (9,392) | (13,157) | (13,531) | (14,071) |
| Items Deferred (AMBER) | | | | | | |
| SCW_LT18 | Outsource care at Home Services | 110 | 2,769 | (1,465) | (1,465) | (1,465) |
| SCW_LT8+LT27+28 | Re-tender for care at home services to reduce costs | 110 | (624) | (624) | (624) | (624) |
| SCW_LT25 | Review charges for respite services according to financial circumstances of carer i.e. if carers can afford to pay for respite charge the full cost | (217) | (217) | (217) | (217) | (217) |
| SCW_SD15 | Outsource 4 residential children's units | 86 | (24) | (24) | (24) | (24) |
| SCW_LT14 | Closure of 2 ACC care homes for older people | 1,787 | (88) | (173) | (173) | (173) |
| SCW_FMB5 | Stop Directorate policy and strategic development | (470) | (1,053) | (1,053) | (1,053) | (1,053) |
| | | 1,406 | 763 | (3,556) | (3,556) | (3,556) |
| Items Rejected (RED) | | | | | | |
| SCW_SD6 | Introduction of charging for Children's Services | 0 | (7) | (7) | (7) | (7) |
| SCW_FMB2 | Review/Cap Kinship Payments | (50) | (50) | (50) | (50) | (50) |
| SCW-new2 | opt out of national care home rate and just uplift by 2% year on year | (489) | (475) | (460) | (445) | (430) |
| SCW-new3 | opt out of national care home rate by not paying quality award element of fee | (1,456) | (1,456) | (1,456) | (1,456) | (1,456) |
| SCW_FMB23 | RISK remove entitlement to FPC | 0 | 0 | (5,000) | (5,000) | (5,000) |
| SCW_FMB6 | RISK Stop kinship care payments | (787) | (787) | (787) | (787) | (787) |
| | | (2,782) | (2,775) | (7,760) | (7,745) | (7,730) |
| | | (1,836) | (11,404) | (24,473) | (24,832) | (25,357) |

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DETAIL OF SERVICE OPTIONS - COUNCILWIDE OPTIONS

| | Year 1 (2011/12) | Year 2 (2012/13) | Year 3 (2013/14) | Year 4 (2014/15) | Year 5 (2015/16) |
|-------------------------------|---|---------------------|---------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Items Accepted (Green) | | | | | |
| ACC_SO13 | Review Corporate Administration | (180) | (300) | (600) | (900) |
| ACC_SO19 | Reduce number of car loans | (8) | (25) | (25) | (25) |
| ACC_SO7 | Review and Rationalise cross Council IT | (166) | (200) | (250) | (250) |
| ACC_SO2 | Reduce funding to Grampian Fire | (598) | (979) | (1,225) | (1,346) |
| ACC_SO11 | Review Terms and Conditions of staff | 0 | 0 | 0 | 0 |
| ACC_SO9 | Review Corporate Training/Conferences | (185) | (370) | (555) | (555) |
| ACC_SO3 | Reduce funding to Joint Valuation Board | (41) | (88) | (118) | (133) |
| ACC_SO5 | Reduce Staff Advertising | (20) | (40) | (60) | (80) |
| ACC_SO4 | Reduce General Advertising | (20) | (40) | (60) | (60) |
| ACC_SO22 | Externalise mail - print & send (Aberdeenshire) | 0 | (400) | (400) | (400) |
| ACC_SO17 | SELF SERVICE - paperless admin across the Council | (20) | (20) | (20) | (63) |
| ACC_SO21 | Move to Cash Free Council | (49) | (49) | (49) | (49) |
| ACC_SO10 | Reduce Level of Contingency | (3,000) | (3,000) | (3,000) | (3,000) |
| ACC_SO16 | Commercial Opportunities | 0 | 0 | 0 | 0 |
| ACC_SO20 | Explore expanding use of Common Good for General Fund | 0 | 0 | 0 | 0 |
| | | (4,287) | (5,511) | (6,362) | (6,861) |
| Items Deferred (Amber) | | | | | |
| ACC_SO18 | Reduce Management Teams | 0 | 0 | (1,075) | (1,075) |
| ACC_SO1 | Reduce funding to Grampian Police | (394) | (1,224) | (1,632) | (3,555) |
| ACC_SO6 | Reduce Miscellaneous Grants | (292) | (435) | (535) | (605) |
| ACC_SO8 | Corporate Bond Issue | (4,750) | 400 | 400 | 400 |
| ACC_SO23 | Remove discretionary enhancements to Pensioners | 0 | (3,000) | (3,000) | (3,000) |
| | | (5,436) | (4,259) | (4,767) | (6,064) |
| Items Rejected (Red) | | | | | |
| ACC_SO24 | Charge levy on car parking for private businesses | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 |
| | | (9,723) | (9,770) | (11,129) | (12,925) |
| | | (9,723) | (9,770) | (11,129) | (12,925) |
| | | (15,623) | | | |

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**Aberdeen City Council
Reserves & Balances - Earmarked Sums**

| | | £'000 |
|--|---|-----------------|
| GENERAL FUND BALANCE AS AT 31/3/10 (PER FINAL ACCOUNTS) | | (29,157) |
| EARMARKED COMMITMENTS | | |
| Energy Efficiency Fund | Created after Scot Govt provided loan of £565k to pump-prime various schemes. Interest added each year (as per loan conditions) and services repay the money after initial investment from the fund. No opportunity to remove this from being ear-marked | 595 |
| Queens Links Reinstatement Fund | Set aside many years ago in relation to the reinstatement of the beach tramway tracks. Considered possible to un-earmark. | 99 |
| D.E.M. Carry Forward Balances | Made up of School £1.5m and Community Ed Centres £2.2m. | 3,700 |
| Ward Budgets | Expenditure being incurred by Councillors, this is the carry forward of unspent monies from previous years | 155 |
| Workforce Reduction/Pension Costs | Cost of the workforce reduction to date, taking account of the costs for those already left (strain on the fund for subsequent years) and also for new people about to leave for which there will be a liability. | 1,500 |
| Equal Pay Costs | Cost of settling 'buy-outs' with groups of employees | 956 |
| City Development Company (CDC) and Business Improvement District (BID) | Made up of commitments to Business Improvement District (BID) £200k; City Development Company £1,500k | 1,700 |
| 'The Green' Townscape Project | 'Match' funding in relation to the Heritage Lottery Funding awarded for the works at 'The Green' | 507 |
| Service Redesign Costs | Impact of PBB on need for upfront funding for staff reductions (est 280 staff at £30k) and 'investment to save' (£500k) opportunities requiring 'pump prime' monies identified through the PBB exercise and incorporated into the 5 year costed business plan | 8,900 |
| Pothole Repairs | Approved at F&R committee 11 May 2010, based on being unable to spend the Transport Scotland funding received at the end of 2009/10 | 117 |
| TOTAL FOR PROJECTS / FUNDS | | 18,229 |
| UNCOMMITTED GENERAL FUND BALANCE AS AT 1 APRIL 2010 | | (10,928) |
| Revenue Budget 2010/11 | | 445,706 |
| Uncommitted Balance as a Percentage of Revenue Budget 2010/11 | | 2.5% |

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ABERDEEN CITY COUNCIL

| | |
|-------------------------|---|
| COMMITTEE: | Council |
| DATE: | 10 February 2011 |
| DIRECTOR: | Stewart Carruth |
| TITLE OF REPORT: | General Fund Capital Programme 2011/12 – 2014/15 and Prudential Indicators |
| REPORT NUMBER: | CG/11/017 |

1. PURPOSE OF REPORT

The purpose of this report is to:-

- a) propose a General Fund Capital Programme for 2011/12 and an indicative programme for 2012/13 to 2014/15; and
- b) 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 General Fund Capital Programme for 2011/2012 and indicative programme for 2012/13 to 2014/15 as per Appendix 1 of this report; and
- b) Notes that the Corporate Asset Group will continue to work to develop a 10 year capital programme in the first instance, with a view to developing a 20 year plan. This will include further consideration of those projects currently outwith the proposed programme; and
- b) Approves the Prudential Indicators as per Appendix 3 of this report.

3. FINANCIAL IMPLICATIONS

- 3.1 The monies required to fund the capital programme are achieved through external borrowing, capital receipts and grant income. The proposed programme has been considered in the context of the Council's Five Year Business Plan with provision having been made within the General Fund Revenue Budget to finance the proposed capital programme. It should be noted that any increase to the proposed programme, funded by borrowing, will require additional resources to be made available from the revenue budget. Such an

increase will also impact on the Prudential Indicators which will require amendment and approval at a future committee.

- 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:-

| | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 |
|--|------------------|------------------|------------------|------------------|
| Outstanding Debt at 1 April | 452,217 | 465,869 | 465,869 | 465,869 |
| Proposed Capital Programme | 40,000 | 26,591 | 17,674 | 17,674 |
| Annual Increase in Capital Financing Costs | 2,587 | 1,150 | 213 | 232 |
| Projected Total Capital Financing Costs | 36,674 | 37,824 | 38,037 | 38,269 |

- 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. OTHER IMPLICATIONS

Failure to invest adequately in the Council's asset base may lead to the erosion of those assets and their value. It may also reduce the effectiveness and efficiency of service delivery and furthermore lead to the Council not complying with current 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.

5. BACKGROUND/MAIN ISSUES

Background

- 5.1 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.
- 5.2 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.

- 5.3 Establishing a capital programme limit for 2011/12 was therefore necessary to ensure the future sustainability of investment in Council assets. With knowledge of current debt levels, details of the Scottish Governments revenue and capital settlement for 2011/12 and assumptions around how this is expected to move in future years, it was assessed that in order to control the escalating debt levels a more radical approach was required.
- 5.4 The assessed level of capital spend that should be supported by the Council was recommended to be £40million. This took account of supported borrowing levels the Scottish Government change of funding mechanism –switching to capital grants – and an estimate of capital receipts.
- 5.5 A level of un-supported borrowing in 2011/12 was included to take account of the significant ‘step’ change that was being recommended to allow for a transition towards eliminating annual increases in borrowing. This was in part because there remained a need to complete projects that were already being implemented and also because there was a need to support investment in the Priority Based Budgeting options. Future years are recommended to be based on avoiding any borrowing and maintaining a programme that relies solely on grants and capital receipts.
- 5.6 The Corporate Asset Group, comprising of representatives from all services, has been tasked with developing an affordable and sustainable capital programme. The process leading to the proposed programme was as follows:-
 - updated spend profiles were obtained from services for all projects within the current programme
 - services were asked to identify any new projects they wished to put forward with particular emphasis on those with links to Priority Based Budgeting
 - new projects were considered by the group, with only those deemed of sufficient importance and urgency being taken forward to the next stage
 - projects were scored against 4 factors as follows:-
 - Avoidable – ranked 1 to 3, with 1 being unavoidable due to legal commitments or statutory requirements, 2 being desirable but not essential and 3 being avoidable

- PBB – ranked Yes or No depending on whether the project can be linked to service options within Priority Based Budgeting and the Five Year Business Plan
- Urgency – ranked 1 to 3, with 1 being the most urgent to progress
- Alternatives – ranked Yes or No depending on whether alternative ways of funding/delivering the project is available
- a further review was undertaken to identify any individual projects which could be encompassed within rolling programmes eg. roads, lighting, footways, traffic safety improvements are now all within the Planned Renewal & Replacement of Road Infrastructure rolling programme
- the proposed programme was built up as follows:-
 - all projects ranked 1 for avoidability ie. unavoidable
 - all rolling programmes

The initial total of these projects was above the £40 million funding limit and thus the rolling programmes were scaled back to fit the available funding
- services were then asked to produce business cases for those projects ranked 2 for avoidability. However, given funding levels it is not recommended that any of these projects be progressed in 2011/12. Instead, further detailed work should be carried out on each business case as part of the development of a 10 year capital programme

Proposed Programme - Appendix 1

- 5.7 Shows a summary of the programme under consideration and the funding available should this programme be approved. The following should be noted:-
- the figures are net of any contributions by third parties towards total project costs eg. Western Peripheral Route
 - the figures against the 4 rolling programmes within sub-total B are indicative. Further scrutiny will be undertaken by the Corporate Asset Group to facilitate the most efficient use of the total rolling programme budget.
- 5.8 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 effective financial management.
- 5.9 Assumptions have been made about the timing and level of receipts from the sale of assets. 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 2

- 5.10 Provides details of all projects considered for inclusion in the programme, including the above Scoring Factors. The following should be noted:-
- the figures are net of any contributions by third parties towards total project costs eg. Western Peripheral Route, Bucksburn/Newhill School, Duthie Park & Winter Gardens, 50m Pool
 - the figures against the 4 rolling programmes within sub-total B are indicative. Further scrutiny will be undertaken by the Corporate Asset Group to facilitate the most efficient use of the total rolling programme budget.

Prudential Indicators - Appendix 3

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

Capital Financing Costs

- 5.12 The movement in capital financing costs (based on 5.5%¹ with an average repayment period of 20 years) is provided for information. However, there are a number of factors which influence this rate.
- 5.13 The loans fund 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.
- 5.14 Firstly, the amount of investment income the Council receives has a material impact on the rate. The current low interest rates mean that investment income has dropped significantly.
- 5.15 Secondly, borrowing rates are 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 2011/12 and thus the margin by which the pool rate may decrease will reduce.
- 5.16 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.

¹ Estimated Loans Fund Pool Rate

- 5.17 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 contributing to reduced capital financing costs.
- 5.18 It is also important that the loans fund pool rate and the Public Works Loan Board (PWLB) rate (the rate the Council can borrow new money at) are not mixed up. The loans fund pool rate is the average of the Council's historic borrowing and is the rate each service is charged with, whilst PWLB rates are those at which the Council can currently borrow.
- 5.19 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.
- 5.20 Based on the programme within Appendix 2, the estimated total increase in capital financing costs from 2010/11 to 2014/15 is £4.182 million. This effectively represents costs the Council will have to meet.

Conclusion

- 5.21 The Council is facing reducing revenue funding in the future. Therefore, it is important that the General Fund Capital Programme is set at a level which places little or no reliance on borrowing such that future capital financing costs can be minimised as far as possible.
- 5.22 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.

6. IMPACT

- 6.1 Corporate – the capital programme encompasses projects which will link in one or several ways to the Community Plan, Single Outcome Agreement, Corporate and Individual Service Plans and *Vibrant, Dynamic & Forward Looking*.
- 6.2 Public – this report will be of interest to the public as it demonstrates financial performance.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

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Appendix 1 – Proposed Programme (Page 1 of 1)

| Project ID | Service | Project Description | Proposed Budget 2011/12 | Proposed Budget 2012/13 | Proposed Budget 2013/14 | Proposed Budget 2014/15 |
|---|----------|--|-------------------------|-------------------------|-------------------------|-------------------------|
| 55 | CG | Data Centre Move | 1,111 | 0 | 0 | 0 |
| 657B | CG | Customer First Programme - Frederick Street | 749 | 0 | 0 | 0 |
| 663 | EP&I | Corporate Office Accommodation | 12,967 | 1,000 | 0 | 0 |
| 627 | EP&I | Western Peripheral Route (Net) | 1,050 | 4,000 | 1,000 | 600 |
| 765 | EP&I | NESTRANS – Capital Grant | 1,411 | 1,400 | 1,400 | 1,400 |
| 782 | EP&I | Biomass Heating – Duthie Park Winter Gardens | 25 | 0 | 0 | 0 |
| 497 | H&E | Ness Landfill Restoration | 4,759 | 4,000 | 0 | 0 |
| 766 | H&E | Hill of Tramaud Landfill – Change of Law Costs | 881 | 0 | 0 | 0 |
| 769 | CG | Police – Capital Grant | 1,451 | 1,400 | 1,400 | 1,400 |
| 691 | SC&W | Integrated Drugs Service | 650 | 0 | 0 | 0 |
| 779 | H&E | Private Sector Housing Grant | 1,750 | 1,000 | 1,000 | 1,000 |
| 738 | H&E | Replacement of Cremators | 101 | 0 | 0 | 0 |
| 551 | EP&I | Cycling, Walking Safer Streets Grant | 307 | 0 | 0 | 0 |
| 660A | EP&I/H&E | Land Acquisition - Contingency | 700 | 100 | 0 | 0 |
| 788 | EP&I | AEEC Pavilion for Offshore Europe Conference | 1,000 | 0 | 0 | 0 |
| | | SUB-TOTAL A | 28,912 | 12,900 | 4,800 | 4,400 |
| 294 * | EP&I | Corp Property Condition & Suitability Programme | 6,245 | 7,400 | 7,400 | 7,400 |
| 710 * | CG/EC&S | ICT Rolling Programme | 676 | 1,150 | 1,150 | 1,150 |
| 751 * | EC&S | Replacement of Education Management Information System | 474 | 0 | 0 | 0 |
| 789 * | EP&I | Planned Renewal & Replacement of Roads Infrastructure | 3,693 | 4,000 | 4,000 | 4,000 |
| | | SUB-TOTAL B | 11,088 | 12,550 | 12,550 | 12,550 |
| | | SUB-TOTAL C (A+B) | 40,000 | 25,450 | 17,350 | 16,950 |
| * figures subject to further scrutiny by the Corporate Asset Group to facilitate the most efficient use of the total rolling programme resources. | | | | | | |
| | | FUNDING | | | | |
| | | Supported Borrowing | 10,321 | 0 | 0 | 0 |
| | | Capital Grants | 19,613 | 18,341 | 17,424 | 17,424 |
| | | Capital Receipts | 6,735 | 8,250 | 250 | 75 |
| | | Un-supported Borrowing | 3,331 | 0 | 0 | 0 |
| | | CAPITAL LIMIT D | 40,000 | 26,591 | 17,674 | 17,499 |
| | | REMAINING FUNDING AVAILABLE | 0 | 1,141 | 324 | 549 |

Appendix 2 – Detailed Projects (Page 1 of 2)

| Project ID | Service | Project Description | Possible Budget 2011/12 | Possible Budget 2012/13 | Possible Budget 2013/14 | Possible Budget 2014/15 | Scoring Factors | | | |
|---|------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----|---------|--------------|
| | | | | | | | Avoidable | PBB | Urgency | Alternatives |
| 55 | CG | Data Centre Move | 1,111 | 0 | 0 | 0 | 1 | Y | 1 | N |
| 657B | CG | Customer First Programme - Frederick Street | 749 | 0 | 0 | 0 | 1 | Y | 1 | N |
| 663 | EP&I | Corporate Office Accommodation | 12,967 | 1,000 | 0 | 0 | 1 | Y | 1 | N |
| 627 | EP&I | Western Peripheral Route (Net) | 1,050 | 4,000 | 1,000 | 600 | 1 | Y | 1 | Y |
| 765 | EP&I | Nestrans - Capital Grant | 1,411 | 1,400 | 1,400 | 1,400 | 1 | Y | 1 | N |
| 782 | EP&I | Biomass Heating - Duthie Park Winter Gardens | 25 | 0 | 0 | 0 | 1 | N | 1 | N |
| 497 | H&E | Ness Landfill Restoration | 4,759 | 4,000 | 0 | 0 | 1 | N | 1 | N |
| 766 | H&E | Hill of Tramaud Landfill - Change of Law Costs | 881 | 0 | 0 | 0 | 1 | N | 1 | Y |
| 769 | CG | Police - Capital Grant | 1,451 | 1,400 | 1,400 | 1,400 | 1 | Y | 2 | N |
| 691 | SC&W | Integrated Drugs Service | 650 | 0 | 0 | 0 | 1 | N | 1 | N |
| 779 | H&E | Private Sector Housing Grant | 1,750 | 1,000 | 1,000 | 1,000 | 1 | N | 1 | N |
| 738 | H&E | Replacement of Cremators | 101 | 0 | 0 | 0 | 1 | N | 1 | N |
| | EP&I | Cycling Walking Safer Streets Grant | 307 | 0 | 0 | 0 | 1 | N | 1 | N |
| 660A | EP&I / H&E | Land Acquisition - Contingency | 700 | 100 | 0 | 0 | 1 | N | 2 | N |
| 788 | EP&I | AECC Pavilion for Offshore Europe Conference | 1,000 | 0 | 0 | 0 | 1 | N | 1 | N |
| | | SUB-TOTAL A | 28,912 | 12,900 | 4,800 | 4,400 | | | | |
| 294 * | EP&I | Corp Property Condition & Suitability Programme | 6,245 | 7,400 | 7,400 | 7,400 | 2 | Y | 1 | Y |
| 710 * | CG / EC&S | ICT Rolling Programme | 676 | 1,150 | 1,150 | 1,150 | 2 | Y | 1 | Y |
| 751 * | EC&S | Replacement of Education Management Information System | 474 | 0 | 0 | 0 | 2 | N | 1 | N |
| 789 * | EP&I | Planned Renewal & Replacement of Road Infrastructure | 3,693 | 4,000 | 4,000 | 4,000 | 2 | Y | 1 | Y |
| | | SUB-TOTAL B | 11,088 | 12,550 | 12,550 | 12,550 | | | | |
| * figures subject to further scrutiny by the Corporate Asset Group to facilitate the most efficient use of the total rolling programme resources. | | | | | | | | | | |
| | | SUB-TOTAL (A+B=C) | 40,000 | 25,450 | 17,350 | 16,950 | | | | |
| | | CAPITAL LIMIT D | 40,000 | 26,591 | 17,674 | 17,499 | | | | |
| | | REMAINING SPEND (D-C) | 0 | 1,141 | 324 | 549 | | | | |

Appendix 2 – Detailed Projects (Page 2 of 2)

| Project ID | Service | Project Description | Possible Budget 2011/12 | Possible Budget 2012/13 | Possible Budget 2013/14 | Possible Budget 2014/15 | Scoring Factors | | | |
|------------|-------------|---|-------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----|---------|--------------|
| | | | | | | | Avoidable | PBB | Urgency | Alternatives |
| 777 | SC&W | New Residential Children's Unit | 911 | 0 | 0 | 0 | 2 | Y | 1 | Y |
| 657A/708 | CG | Customer First Programme - CRM Investment | 300 | 100 | 0 | 0 | 2 | Y | 1 | Y |
| 773A | EC&S | Bucksburn/Newhills New School - New Build | 893 | 4,457 | 2,210 | 283 | 2 | Y | 1 | Y |
| 776A | EC&S | Provision for Children with Complex Needs (Construction) | 771 | 5,722 | 6,393 | 1,056 | 2 | Y | 1 | Y |
| 787 | SC&W | Occupational Therapy Store | 277 | 0 | 0 | 0 | 2 | Y | 1 | Y |
| 587 | EP&I | Access from the North | 2,200 | 6,000 | 4,000 | 1,500 | 2 | N | 1 | N |
| New Bid | H&E | Doonies Four fields Waste Facility | 500 | 0 | 0 | 0 | 2 | Y | 2 | Y |
| 277 | CG | IT Infrastructure Improvements Repairs/Renewals | 1,150 | 825 | 500 | 500 | 2 | N | 2 | Y |
| 244 | H & E | Duthie Park & Winter Gardens - Cost Net of Heritage Lottery Funding | 1,103 | 1,041 | 446 | 0 | 2 | Y | 1 | Y |
| New Bid | H&E | Homelessness Project, Victoria Hse (Non HRA Element) | 1,369 | 1,433 | 37 | 0 | 2 | Y | 1 | Y |
| 717 | EC&S / EP&I | Regional Sports Facility - 50m Pool | 1,843 | 4,847 | 1,568 | 157 | 2 | Y | 1 | Y |
| 233 | H&E | Waste Disposal Facilities (Mill of Dyce) | 30 | 170 | 185 | 0 | 2 | Y | 1 | Y |
| 660B | EP&I | Central Aberdeen Transport Infrastructure | 5 | 350 | 4,600 | 600 | 2 | N | 2 | Y |
| 716A | EP&I | A96 Park & Ride - Land Acquisition | 0 | 2,890 | 0 | 0 | 2 | N | 1 | Y |
| 647 | EP&I | Newhills Manse T Junction | 0 | 75 | 0 | 0 | 2 | N | 2 | Y |
| | | SUB-TOTAL | 11,352 | 27,910 | 19,939 | 4,096 | | | | |
| 747 | EC&S | Regional Sports Facility - Phase 2 (Net) | 0 | 2,000 | 0 | 0 | 3 | N | 3 | Y |
| 655 | EC&S | Changing Facilities Upgrade - Aulton/Hazlehead | 1,804 | 0 | 0 | 0 | 3 | N | 3 | Y |
| 767 | EC&S | Peacock Visual Arts | 1,300 | 0 | 0 | 0 | 3 | N | 3 | Y |
| 715 | EP&I | MTS - Berryden Road Improvements | 500 | 830 | 830 | 5,550 | 3 | N | 3 | Y |
| 716B | EP&I | A96 Park & Ride/Dyce Drive Link Road | 0 | 0 | 0 | 0 | 3 | N | 3 | Y |
| 783 | EP&I | Wifi Infrastructure (Communities) | 89 | 0 | 0 | 0 | 3 | N | 3 | Y |
| 774 | EC&S | Adequate Funding for TASSCC Equipment & Advisory Service | 30 | 0 | 0 | 0 | 3 | N | 3 | Y |
| | | SUB-TOTAL | 3,723 | 2,830 | 830 | 5,550 | | | | |

Appendix 3

ABERDEEN CITY COUNCIL 2011/12 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. It should be noted that changes to accounting requirements in 2009/10 mean that the 3R's project has been brought on balance sheet and thus must be included in calculating the indicators.

In line with the Code, the following Prudential Indicators are set for the Council:-

| | Capital Expenditure | | | | |
|---------|---|---|---|---|---|
| | 2009/10 £'000 Actual | 2010/11 £'000 Estimate | 2011/12 £'000 Estimate | 2012/13 £'000 Estimate | 2013/14 £'000 Estimate |
| Non HRA | 57,101 | 69,114 | 40,000 | 26,591 | 17,674 |
| HRA | 48,738 | 54,847 | 52,276 | 39,553 | 43,625 |

| | Ratio of Financing Costs to Net Revenue Stream | | | | |
|---------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2009/10 Actual | 2010/11 Estimate | 2011/12 Estimate | 2012/13 Estimate | 2013/14 Estimate |
| Non HRA | 8.3% | 7.1% | 8.6% | 9.1% | 9.2% |
| HRA | 11.8% | 15.5% | 22.5% | 26.2% | 27.9% |

| | Capital Financing Requirement | | | | |
|--------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2009/10 £'000 Actual | 2010/11 £'000 Estimate | 2011/12 £'000 Estimate | 2012/13 £'000 Estimate | 2013/14 £'000 Estimate |
| Non HRA | 366,007 | 424,268 | 430,900 | 415,055 | 398,103 |
| HRA | 205,789 | 242,548 | 272,339 | 295,537 | 324,219 |
| Total | 571,866 | 666,816 | 703,239 | 710,592 | 722,321 |

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 2011/12 total authorised limit for external debt (£715.679 million per table below) should not exceed the total capital financing requirement as at 2013/14 (£722.321 million per table above).

The Head of Finance reports that the Council can meet this requirement in 2011/12, 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 | | | |
|-----------------------------|---|--------------------------|--------------------------|--------------------------|
| | 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 |
| Borrowing | 661,484 | 700,082 | 709,609 | 723,514 |
| Other Long Term Liabilities | 15,995 | 15,598 | 15,201 | 14,804 |
| Total | 677,480 | 715,679 | 724,810 | 738,318 |

| | Operational Boundary for External Debt | | | |
|-----------------------------|---|--------------------------|--------------------------|--------------------------|
| | 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 |
| Borrowing | 658,659 | 697,256 | 706,784 | 720,688 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 |
| Total | 658,659 | 697,256 | 706,784 | 720,688 |

ABERDEEN CITY COUNCIL

| | |
|-----------------|---|
| COMMITTEE | Council |
| DATE | 10 February 2011 |
| DIRECTOR | Pete Leonard |
| TITLE OF REPORT | Draft Housing Revenue Account (HRA) and Housing Capital Budget 2011/12 to 2013/14 |

REPORT NUMBER:

1. PURPOSE OF REPORT

- 1.1 To provide elected members with information to allow the setting of the rent level for the financial year 2011/12 as well as provisional rent levels for the financial years 2012/13 and 2013/14. In turn, this will allow a capital programme for 2011/12 to be set as well as a provisional programme for 2012/13 to 2013/14.

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 2011/12 Housing Revenue Account and thereby
 - b) Determine the average weekly unrebated rents for municipal houses to take effect from Monday 4 April 2011 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 2011/12 as well as a provisional contribution for the financial years 2012/13 and 2013/14;
 - 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 2011/12 to 2013/14;
 - g) Set a capital programme for the financial year 2011/12 based on the rent strategy adopted as well as indicative level of programme for the financial years 2012/13 and 2013/14; and
 - h) Approve the Housing Revenue Account savings proposals for 2011/12 summarised on page 37 of Appendix 1.

3. FINANCIAL IMPLICATIONS

- 3.1 There are audited working balances at 31 March 2010 of £8.388 million. However there are a number of significant expenditure commitments against this figure. It is estimated that the uncommitted balances at 31 March 2011 will be £5.336 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 £3.7 million.

4. OTHER IMPLICATIONS

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

5. BACKGROUND/MAIN ISSUES

- 5.1 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.

- 5.2 The tenants were asked if the rent policy of inflation + 1% should continue to maintain investment in the housing stock and improve services.

- 5.3 The results are shown **on page 26 of Appendix 1**. The number of tenants who responded and agreed with a rent policy was 76% with 24% against.

- 5.4 If a rent change is to be implemented for 4 April 2011 then in the interests of efficiency and customer care, the administrative process should commence as soon as possible.

- 5.5 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, cleaning and security.

- 5.6 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

- 5.7 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.
- 5.8 Consideration of the out-turn on the HRA for 2010/11 and the 2011/12 to 2013/14 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 5.7% (RPIX at November of 4.7% +1%).** This equates to an average rental of £65.94 (for 48 weeks), in 2009/10 the average rental was £62.38. Any adjustment to this base assumption is for the Council to determine.
- 5.9 An updated 30 year Housing Revenue Account Business Plan is being worked on and will be presented to a future Housing & Environment Committee and Council.

Projected Out-turn 2010/11

- 5.10 The current estimated out-turn for the HRA for the financial year 2010/11 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.

2011/12 Budget – Key Aspects

Capital Expenditure

- 5.11 The draft budget for 2011/12 (and 2012/13 to 2013/14) is attached as **Appendix 1** of this report. The budget for 2011/12 (**Appendix 1 – pages 7 and 8**) shows gross expenditure of £75.407 million (this includes a contribution to capital expenditure, referred to as CFCR of £13.925 million) and income of £75.407 million. **This reflects and includes a proposed rent increase of 5.7% based on feedback from the annual tenants consultation.**
- 5.12 The budget includes the capital financing charges to fund a programme of £50.276 million. The details of the potential projects to be included in this programme are contained in **Appendix 1 – Pages 33 to 36**.
- ##### **Miscellaneous Rents**
- 5.13 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 20 to 24 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

- 5.14 The Head of Finance must be confident that the level of working balances is adequate to meet any unforeseen contingencies during the financial year.
- 5.15 Based on the projected expenditure and income is likely to be generated for 2011/12, this figure should be approximately £3.7 million.

| | £'000 |
|---|--------------|
| MOVEMENT IN WORKING BALANCES | |
| Working balances as at 1 April 2010 | 8.388 |
| <i>Less Ear-Marked sums:</i> | 3.052 |
| Projected working balance as at 31 March 2011 | <u>5.336</u> |

- 5.16 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.
- 5.17 Subject to final budget approvals minimum balances would be
- | | |
|-----------------|----------------------|
| £3.770 million | As at 31 March 2012 |
| £3.856 million | As at 31 March 2013 |
| £ 3.883 million | As at 31 March 2014. |

Prudential Code

- 5.18 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.
- 5.19 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 £50.276 million. This is attached in **Appendix 1 at Pages 33 to 36.**
- 5.20 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.
- 5.21 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.
- 5.22 If the Council does not invest in maintaining its housing stock it may not be able to comply with the Scottish Housing Quality Standard.

2012/13 to 2013/14 Budget

- 5.23 Included within **Appendix 1** is an outline budget for 2012/13 and 2013/14 including an assumed rent increase of 2.9% in 2012/13 and 3% in 2013/14. There is also an analysis of the management and administration, the repairs and maintenance and capital budgets.
- 5.24 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.
- 5.25 Based on the above annual rent increases the level of CFCR generated is £11.712 million and £8.350 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 page 37 in Appendix 1.

5.26 Average Rent

| | 2010/11 | 2010/11 | % Increase |
|--------------|-----------------|---------|------------|
| Average rent | £65.94 (Note 1) | £62.38 | 5.7 |

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

- 5.27 Included within Appendix 1 at Page 25 is a list of the average rents of all other local authorities in 2010/11. If the Council approve the rental increase of 5.7% and all other authorities were to maintain their rent at 2010/11 levels Aberdeen City Council's average rent will not be the highest in Scotland, Edinburgh and Highland would have a higher average rental.
- 5.28 A rent variation of 1% to the figures assumed would vary the income by £0.679 million per annum.

Savings

- 5.29 Included within Appendix 1 there is a schedule of savings that can and should be made to reduce controllable costs. These savings have not been built into the base budget for 2011/12 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

- 5.30 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 4 April 2011 which in turn will allow decisions to be taken on the level of capital investment.

6. IMPACT

- 6.1 The City Council will operate within overall financial constraints taking into account recommended accounting practice and policies.
- 6.2 Following approval of the Council's HRA budget notification of the rent increases (including other miscellaneous charges) will be issued to tenants by the Revenue & Benefits Manager, providing 28 days notice, before the 4 April 2011.

7. BACKGROUND PAPERS

No Background papers

8. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL
HOUSING REVENUE ACCOUNT
2011/12 – 2013/14 BUDGET PAPERS



ABERDEEN
CITY COUNCIL

Barry Jenkins
Head of Finance

Pete Leonard
Director of Housing and Environment

APPENDIX 1

ABERDEEN CITY COUNCIL
DRAFT HOUSING REVENUE ACCOUNT

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Section 1 – HRA Budget 2011/12

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Revenue Assumptions

In preparing the information for the draft Housing Revenue Account budget for the financial year 2011/12, 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 (81)4598 or email hsherrit@aberdeencity.gov.uk. The budget information is available as a set of Excel spreadsheets.

Inflation

In preparing the budget no inflationary uplift has been added as per the General Fund Budget for 2010/11, (there are some exceptions to this rule such as utility costs these are stated in the variance notes). Inflation is currently running at approximately 4.7% (RPIX at November 2010).

Housing Stock

The number of Council houses owned by the Council, as at 30 September 2010, is 22,717. It has been assumed that there will be a further 53 sales during the financial year 2010/11, bringing total sales for the year to 100, this is a reduction of 100 from the budgeted amount of 200. The average selling price for the period 1 April 2010 to 30 November 2010 is approximately just above £44,419.

Set Aside Rules

For the financial year 2010/11 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 Head of Finance recommends that all capital receipts continue to be used to repay debt for the financial year 2011/12 and future years.**

Council House Sales

It has been assumed that the level of house sales will be 50 in 2011/12. The average selling price for 2010/11 is currently estimated at just over £44,419. The average number of houses for the financial year 2011/12 is therefore estimated to be 22,639 properties.

Average Rent Prices

The average rent used for the financial year 2011/12 is £65.94, and this has been used to calculate the income available in 2011/12 to fund the proposed budgeted level of expenditure. The average rent is calculated by taking the average rent for 2010/11 plus 5.7% (RPIX at November 2010 + 1%).

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 2011/12. 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 there are adequate working balances. The Head of Finance recommends that this be set at 5% of final gross expenditure (i.e. it should include capital from current revenue) as a result of the current high inflation and a potential increase in base rates.

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 Capital Expenditure Programme

Background

The Housing Capital Expenditure Budget 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 2011/12 Budget will continue to provide funding for on-going new build projects and site acquisition.

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

Housing Investment Programme

2011/12 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 48% of our stock now meeting the standard (as at September 2010).

During this financial year we will restart our normal heating replacement work following the protracted delays caused by the legal challenge to the award of the heating framework tender in 2009. This will assist us in the improvement in the average National Home Energy Rating (NHER) of the council housing stock. The current average is 7.18 which is well above the current SHQS energy efficiency minimum of 5.0.

As has previously been reported to committee we plan to start work on a major over cladding scheme to three High Rise buildings in 2011. These proposals have been brought forward due to the continued problems with water penetration.

To ensure that the Council can meet its priorities in terms of its housing stock the budgets for the next three years (inclusive of slippage) can be summarised as follows:

2011/12 - £49.04 Million
 2012/13 - £44.46 Million
 2013/14 - £47.78 Million

Housing New Build Programme

Fiscal year 2011/12 will see the Council complete construction of phase one and continue construction of phase two and three of its' New Build Programme. These developments 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 |
| Phase 3 | | | |
| Oldcroft Place, Stockethill | 11 | 20 | 31 |

The Council was successful in obtaining grant assistance from the Scottish Government for the construction of 66 units for Phase 2 and 3 amounting to a total of £1.805 million.. This will reduce our overall borrowing requirements.

The Phase Two Scottish Government grant money will help build 35 new council 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 Phase Three Scottish Government grant money will help build 31 new Council homes on the site of the former Croft House in Stockethill, comprising of 11 three-bedroom houses and 20 two-bedroom flats. This development will also use the Homezone concept encouraging a more flexible and innovative approach to the design of new residential streets.

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 |
|--------------------|---------------------------|--------------------------|-----------------|
| 2011/12 | £49.04 Million | £7.77 Million | £56.81 Million |
| 2012/13 | £44.46 Million | £0.236 Million | £44.696 Million |
| 2013/14 | £48.175 Million | £ 1.12 Million | £49.295 Million |

| Housing Revenue Account | | Budget | Out-turn | Budget | Notes |
|--------------------------------|---|----------------|-----------------|----------------|--------------|
| | | 2010/11 | 2010/11 | 2011/12 | |
| | | £000's | £000's | £000's | |
| Premises Costs | | | | | |
| 1 | Rates | 2 | 2 | 3 | |
| 2 | Rent – Other | 105 | 105 | 128 | 1 |
| 3 | Repairs and Maintenance | 22,751 | 22,856 | 23,531 | 2 |
| 4 | Maintenance of Grounds | 2,560 | 2,482 | 2,560 | 3 |
| 5 | Gas | 705 | 705 | 710 | 4 |
| 6 | Electricity | 1,663 | 2,263 | 2,310 | 5 |
| 7 | Cleaning Service | 549 | 539 | 520 | 6 |
| 8 | Security Service | 558 | 0 | 444 | 7 |
| 9 | Window Cleaning | 18 | 18 | 18 | |
| 10 | Refuse Collection | 135 | 135 | 150 | 8 |
| 11 | Cleaning – Sheltered Housing | 475 | 489 | 475 | 9 |
| 12 | Premises Insurance | 71 | 71 | 71 | 10 |
| 13 | Other Property Costs - Council Tax | 279 | 72 | 72 | 11 |
| | | 29,871 | 29,737 | 30,991 | |
| Administration Costs | | | | | |
| 14 | Downsizing Grants/Direct Debit Incentives | 168 | 78 | 78 | 12 |
| 15 | Legal Expenses | 294 | 440 | 440 | |
| 16 | Office Tel / Rent | 73 | 73 | 88 | |
| 17 | Former Tenants Arrears | 1,379 | 1,379 | 1,379 | 13 |
| 18 | Charges - Services Admin & Management. | 8,161 | 9,465 | 8,904 | 14 |
| 19 | General Consultancy | 55 | 55 | 55 | 15 |
| 20 | Training for Front Line Staff | 100 | 100 | 100 | 15 |
| 21 | Benefits Staff | 93 | 93 | 94 | 15 |
| 22 | Charges - Tenants Participation | 252 | 252 | 288 | 16 |
| 23 | Charges for Property/Technical | 158 | 0 | 0 | |
| 24 | Charges for Environmental Health | 148 | 225 | 226 | |
| | | 10,881 | 12,160 | 11,652 | |
| Supplies & Services | | | | | |
| 25 | Provision of Meals | 118 | 217 | 218 | 17 |
| 26 | Equipment Purchase | 55 | 55 | 55 | |
| 27 | Television Licence | 5 | 5 | 5 | |
| 28 | Integrated Housing System | 265 | 284 | 434 | 18 |
| | | 443 | 561 | 712 | |
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| | | Budget | Out-turn | Budget | |
|----|--|-----------------|-----------------|-----------------|----|
| | Housing Revenue Account | 2010/11 | 2010/11 | 2011/12 | |
| | | £'000 | £'000 | £'000 | |
| | Agencies | | | | |
| 29 | Mediation Service | 98 | 95 | 98 | 20 |
| 30 | Provision of Furniture | 174 | 68 | 0 | 19 |
| 31 | Energy Advice | 81 | 81 | 81 | 20 |
| 32 | Citizens Advice Bureau | 14 | 14 | 14 | 15 |
| 33 | Disabled persons Housing Service | 38 | 38 | 38 | 15 |
| | | 405 | 296 | 231 | |
| | | | | | |
| | Transfer Payments | | | | |
| 34 | Aberdeen Families Project | 400 | 400 | 400 | 21 |
| 35 | Loss of Rent - Council Houses | 649 | 717 | 758 | 22 |
| 36 | Loss of Rent - Garages, Parking etc | 145 | 151 | 160 | |
| 37 | Loss of Rent - Modernisation Works | 48 | 48 | 51 | |
| 38 | Supporting People Contribution | 417 | 417 | 406 | 23 |
| 39 | CFCR | 13,561 | 15,234 | 13,926 | |
| | | 15,220 | 16,967 | 15,700 | |
| | | | | | |
| | Capital Financing Costs | | | | |
| 40 | Loans Fund Instalment | 2,577 | 2,362 | 3,560 | |
| 41 | Loans Fund Interest | 10,664 | 8,627 | 12,429 | |
| 42 | Heating Leasing Payment | 131 | 131 | 131 | |
| | | 13,372 | 11,120 | 16,120 | 24 |
| | | | | | |
| | Expense Total | 70,192 | 70,841 | 75,407 | |
| | | | | | |
| | Income | | | | |
| 43 | Government Grant - General | (313) | (313) | (310) | 25 |
| 44 | Ground Rentals | (25) | (25) | (25) | |
| 45 | Dwelling Houses Rent Income | (66,571) | (67,269) | (71,838) | 26 |
| 46 | Housing - Heat with Rent Income | (1,119) | (1,127) | (1,127) | 27 |
| 47 | Housing - Garages Rent Income | (970) | (977) | (977) | 28 |
| 48 | Housing - Parking Spaces Rent | (167) | (158) | (158) | 28 |
| 49 | Housing - Insurance Income | (36) | (36) | (36) | |
| 50 | Housing - Other Service Charge | (495) | (495) | (495) | 28 |
| 51 | Legal Expenses | (346) | (360) | (360) | |
| 52 | Revenue Balance Interest | (150) | (81) | (81) | 29 |
| | | | | | |
| | Income Total | (70,192) | (70,841) | (75,407) | |
| | | | | | |
| | Net Expenditure | 0 | 0 | 0 | |
| | | | | | |
| | Projected Working Balance at 1 April 2011 | | | 5,300 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

HOUSING REVENUE ACCOUNT 2011/12 BUDGET

Variance Notes

Comparing Draft Budget 2011/12 to Estimated Out-turn 2010/11

Expenditure Movements

1. Rent

This budget is for the rent of Police Houses, Accommodation for Community Groups and Housing Offices these have been uplifted by 5.7% the anticipated rent increase.

2. Repairs and Maintenance

An analysis of the proposed budget is included within this booklet (pages 14 to 16).

3. Maintenance of Grounds

Maintenance of Grounds budget has two elements: Ground Maintenance cleansing/weed control, the budget for 2011/12 has been maintained at the 2009/10 Budget.

4. Gas

The Council is required to move on to Scottish Government National Procurement for Gas Supply from 1 April 2010 the contract price will be reviewed on an annual basis. The budget has been calculated using the actual expenditure for 2009/10.

5. Electricity

This is the first year of a four year electricity contract, therefore the budget has been calculated by using the 2009/10 consumption and the revised unit charge for both heat with rent and communal areas.

6. Cleaning Service

This budget is for the Communal cleaning. The cleaning contract commenced on 5 July 2010 and runs for three years, cost of cleaning included in the budget for 2011/12 is £520,000.

7. Security Service

This budget is for the Security Service which is anticipated to start in 2011/12, an anticipated cost of £444,000 is included.

8. Refuse Collection

This budget has been based on the actual expenditure for 2009/10.

9. Cleaning – Payments to Contractor

This is the budget for the cleaning of Sheltered Housing and has been calculated by using the actual for 2009/10 uplifted by 0.065%.

10. Premises Insurance

The budget for 2010/11 has been maintained at the 2010/11 level.

11. Other Property Costs – Council Tax on void properties

This budget is for the cost of Council Tax due on void properties. The actual for 2009/10 has been used and the assumption is that there will be no increase in Council Tax.

12. Downsizing Grants/Direct Debit Incentives

There are currently two schemes within this budget line these are Downsizing grants (£76,000) and Direct Debit Incentives (£2,000).

The Downsizing scheme provides 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.

The Direct Debit incentive scheme commenced on 5 April 2010, each month there will be a monthly draw for all new and existing direct debit payers for a weeks free rent.

13. Former Tenants Arrears

The budget has been maintained at the current budgeted level for 2010/11 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.

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

All of the above budgets have had no uplifts 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 it was agreed in 2010/11 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 Areas also such items as Newsbite and training for tenant representatives.

17. Provision of meals

The actual expenditure for 2009/10 has been uplifted by 0.065% for the salary increases in 2010/11, 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 20. In addition the budget for 2011/12 includes £40k 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 2011/12 which includes all the support and maintenance costs.

19. Provision of Furniture

The Provision of Furniture was stopped in 2010/11 and the budget is not required for 2011/12.

20. Mediation Service & Energy Advice

For 2011/12 budgets have been maintained at 2010/11 levels. The Energy Advice 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.

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. The budget has been maintained at 2010/11 levels.

22. Loss of Rent Council Houses

The budget is based on the estimated out-turn for 2010/11 as at the end of November 2010, uplifted by the assumed rent increase of 5.7%. The void trend in 2010/11 is still showing a small increase.

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 2011/12 is based on the actual for 2009/10.

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 Treasury Section in Corporate Governance based on the likely capital spend in 2010/11 as at the end of December 2010 and a possible future programme for 2011/12 of £50.276 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 2011/12 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 22,639. This is estimated by taking the closing stock on 31 March 2010 of 22,764 (less projected sales of 100 in 2010/11, 50 in 2011/12 at an average rental of £65.94 (average £62.38 for 2010/11 +5.7% RPIX at November 2010 +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 sheltered complex. As from the 1 April 2011 the Gas Supply is through Scottish Government National Procurement and will be reviewed on an annual basis. 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 2011/12 for gas heated properties on heat with rent of £482,331.

- **Electricity**
The projected energy consumption and rates were provided by the Council's Energy Management Unit for each sheltered complex. The four year electricity contract will start on 1 April 2011 at an increased rate of 100%. 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 2011/12 for electrically heated properties on heat with rent of £525,821.
- **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.

28. Housing – Garages Rent Income, Housing Parking Spaces Rent, 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.

29. 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 2010/11 £'000 | Projected Spend 2010/11 £'000 | Base Budget 2011/12 £'000 |
|---|---|-------------------------------------|-------------------------------------|---------------------------------|
| PLANNED AND CYCLICAL MAINTENANCE | | | | |
| 1 | External Joinerwork Repairs including external painterwork etc. | 1,250 | 1,038 | 1,500 |
| 2 | Boiler Maintenance – Sheltered Housing | 200 | 240 | 248 |
| 3 | Controlled Entry Systems – Maintenance | 200 | 371 | 385 |
| 4 | Fire Precautions - Servicing & Renewal of Equipment incl Smoke Detectors & Dry Risers | 145 | 331 | 340 |
| 5 | Flat Roofs/Dormers – Renewal & Insulation | 15 | 14 | 15 |
| 6 | Common Rooms – Replacement of Furniture | 90 | 4 | 70 |
| 7 | Gas Servicing, Maintenance and Repair | 2,800 | 2,264 | 2,400 |
| 8 | Laundry Equipment Replacement & Maintenance | 45 | 63 | 65 |
| 9 | Legionella Testing incl. Repair/Renewal of Tanks | 150 | 54 | 150 |
| 10 | Lift Maintenance | 170 | 200 | 200 |
| 11 | Mutual Repairs outwith Housing Action Areas | 30 | 23 | 25 |
| 12 | Pumps & Fans - Maintenance & Renewal | 70 | 146 | 150 |
| 13 | Sheltered Housing - Replacement of Carpets, furnishings etc | 70 | 2 | 70 |
| 14 | Standby Generators – Maintenance | 55 | 110 | 112 |
| 15 | Warden call systems- maintenance and Repair | 90 | 53 | 90 |
| 16 | Provision of Community Alarm | 130 | 122 | 125 |
| 17 | Environmental Improvements | 1,250 | 441 | 1,500 |
| 18 | Relets | 3,817 | 5,113 | 5,000 |
| 19 | Asbestos | 300 | 678 | 600 |
| Planned/Cyclical Maintenance Sub Total | | 10,877 | 11,266 | 13,045 |
| DAY TO DAY RESPONSE MAINTENANCE | | | | |
| 20 | Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails | 280 | 294 | 300 |
| 21 | Car Park Repairs | 8 | 10 | 10 |
| 22 | Chimneyheads - Repointing and Rebuilding | 5 | 4 | 5 |
| 23 | Condensation - Treatment of Walls | 65 | 121 | 125 |
| 24 | Electrical Work - General Repairs | 1,510 | 997 | 1,030 |
| 25 | Emergency Work - Out of Hours Service | 620 | 738 | 700 |
| 26 | External/Internal Response Paintwork | 350 | 453 | 400 |
| 27 | Fire Damage Repairs | 50 | 39 | 45 |
| 28 | Garage Repairs | 25 | 15 | 20 |
| 29 | Glazierwork | 190 | 134 | 140 |
| 30 | Joinerwork - General Repairs | 2,850 | 2,132 | 2,200 |
| 31 | Masonwork and Water Penetration Repairs | 800 | 553 | 600 |
| 32 | Minor Environmental Services | 150 | 456 | 500 |
| 33 | Plasterwork – General | 300 | 328 | 350 |
| 34 | Plumberwork – General | 1,450 | 1,078 | 1,100 |
| 35 | Slaterwork | 900 | 804 | 810 |
| 36 | Snow Clearance | 51 | 51 | 52 |
| 37 | TV Aerial | 110 | 120 | 124 |
| 38 | Rubbish Removal | 100 | 242 | 150 |
| 39 | Vandalism | 250 | 154 | 175 |
| 40 | Water Services Charges | 10 | 10 | 10 |
| Day to Day Response Maintenance Total | | 10,074 | 8,732 | 8,846 |
| 41 | Chargeable Repairs | | 1,218 | |
| 42 | Fees | 1,800 | 1,640 | 1,640 |
| TOTAL REPAIRS AND MAINTENANCE BUDGET | | 22,751 | 22,856 | 23,531 |

REPAIRS AND MAINTENANCE BUDGET 2011/12

General

The projected spend figures have been taken from invoicing up to June and the committed cost for jobs yet to be invoiced as at 10/1/11.

The commitment costs applied to response orders yet to be invoiced has been calculated from the average cost of repairs for each trade invoiced to June and then applied to the total number of jobs yet to be invoiced. An individual average cost per job, applied to response repairs only, for each trade this should provide a more accurate projection than an overall average cost across all trades.

Overall the projected spend indicates a 13% saving on day to day response maintenance. This is primarily due to the increase in productivity as a result of the introduction of mobile working across most of the building trades with the Electricians (Item 24), Glazier (29), Joiner (30), Mason (31), Plumber (34) and Slater (35) all projecting an underspend on approved budget. The planned and cyclical maintenance projects a slight overspend of 0.1% although this has required containing approved spend in some items to balance against overspend in others particularly Relets as explained below.

Specific Items

Planned and Cyclical Maintenance

Item 1: External Joinerwork Repairs including external painter work

Although an underspend is projected reducing expenditure on the external and/or internal fabric of a building e.g. extending external painterwork cycles can lead to can result in more expensive repairs later on – untreated woodwork, metalwork etc. It is recommended that the budget be increased.

Item 3: Controlled Entry Systems

The projected increase in spend on Controlled Entry Systems as this now includes the costs associated with the maintenance of CCTV systems

Item 4: Fire Precautions

The increase in the Fire Precautions expenditure is a result of the additional work now being required to repair and/or replace hard wired smoke detectors.

Item 17: Environmental Improvements

The Environmental Improvements budget which includes such items as crime prevention, bird proofing, sound proofing etc was transferred from Capital to Revenue repairs last year and although there has been some spend this year it was well below the approved figure. The reason for this has been twofold, firstly the predicted high spend on Relets (see next item), this was recognised at an early stage and was in part offset against

the environmental budget to prevent a large overspend on total budget. Secondly although as stated there has been minimal spend information on a number of possible projects have been identified during scheme inspections/ visitations for inclusion as future environmental improvements. Amongst the issues being proposed is the replacement of current high maintenance chain link fencing throughout the city.

Item18: Relets

The Relets projected spend is well above budget due primarily to the increase in the number of properties now being allocated as Homeless properties. The initial upgrade to these properties and the high frequency of turnover has increased the spend on relets significantly throughout 2010/11. Of the projected spend on Relets 18% is attributed to homeless properties.

Response Maintenance

Item 32: Minor Environmental Services

The main contributory factor to the increase in expenditure is the requirement under Health and Safety and the Council's duty of care to ensure safe working practices relating to working at heights. In this respect the cost of scaffolding has been recorded against environmental services. The cost of scaffolding tend to rise and fall in line with demand on slaterwork.

| | Management & Admin | | Proposed | |
|----|------------------------------------|--------------|--------------|-------|
| | | Budget | Budget | Notes |
| | | 2010/11 | 2011/12 | |
| | | £000's | £000's | |
| | Staff Costs | | | 1,2 |
| 1 | APT&C C.O – Salaries | 6,674 | 5,615 | |
| 2 | APT&C C.O – Overtime | 110 | 68 | |
| 3 | APT&C C.O – Superannuation | 1,213 | 995 | |
| 4 | APT&C C.O - N.I | 465 | 473 | |
| 5 | General Manual – Salaries | 437 | 625 | |
| 6 | General Manual – Overtime | 7 | 0 | |
| 7 | General Manual - Superannuation | 83 | 85 | |
| 8 | General Manual - N.I | 24 | 47 | |
| 9 | Other Staff Costs | 290 | 231 | |
| | | 9,303 | 8,139 | |
| | Premises Costs | | | 2 |
| 10 | Rates | 327 | 90 | |
| 11 | Rent | 582 | 29 | |
| 12 | Insurance | 3 | 2 | |
| 13 | Electricity/Gas | 218 | 77 | |
| 14 | Void Properties | 230 | 10 | |
| 15 | Rubbish Removal | 64 | 7 | |
| 16 | Cleaning | 56 | 41 | |
| 17 | Repairs and Maintenance | 105 | 32 | |
| | | 1,585 | 288 | |
| | Administration Costs | | | 2 |
| 19 | Printing | 106 | 80 | |
| 20 | Photocopying | 20 | 18 | |
| 21 | Stationery | 29 | 27 | |
| 22 | Subscriptions | 16 | 16 | |
| 23 | Postages | 80 | 77 | |
| 24 | Telephones | 32 | 28 | |
| 25 | Bank Charges(inc Cash in transit | 36 | 35 | |
| 26 | Advertising | 63 | 63 | |
| 27 | Course Expenses | 99 | 94 | |
| 28 | Legal Expenses | 9 | 9 | |
| 29 | Former Tenants Arrears | 193 | 3 | |
| 30 | Insurances | 1 | 1 | |
| | | 684 | 451 | 3 |
| | | | | |
| | | | | |
| | | | | |

| | | | Proposed | |
|----|---------------------------------------|-----------------|-----------------|---|
| | | Budget | Budget | |
| | | 2010/11 | 2011/12 | |
| | | £'000 | £'000 | |
| | Transport Costs | | | 3 |
| 31 | Travel Costs | 102 | 97 | |
| | | 102 | 97 | |
| | Supplies & Services | | | 3 |
| 32 | Equipment Purchases | 51 | 35 | |
| 33 | Computer Software Support | 18 | 18 | |
| 34 | Office Equipment | 7 | 8 | |
| 35 | Books & Newspapers | 1 | 0 | |
| 36 | Sundry Outlays | 105 | 100 | |
| | | 182 | 161 | |
| | Corporate/Directorate Recharge | | | |
| 38 | Corporate/Directorate Recharges | 1,938 | 2,251 | 4 |
| | | 1,938 | 2,251 | |
| | Expense Total | 13,794 | 11,387 | |
| | Income | | | |
| | Recharges:- | | | |
| 39 | Management & Admin – HRA | (8,204) | (8,370) | |
| 42 | Tenants Participation – HRA | (401) | (288) | |
| 44 | Supporting People | (220) | 0 | 2 |
| 45 | Other Housing | (273) | (287) | |
| 46 | Homeless Persons | (2,247) | (474) | 2 |
| 47 | Housing Capital | (1,496) | (1,209) | |
| 48 | Social Work | (73) | 0 | 2 |
| | | (12,914) | (10,628) | |
| 49 | Fees & Charges | (880) | (760) | |
| | Income Total | (13,794) | (11,387) | |
| | Net Expenditure | 0 | 0 | |

MANAGEMENT AND ADMINISTRATION BUDGET

Variations and Notes

The 2011/12 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 within this budget are an element of the Corporate Director and Heads of Service for Housing and Environment.

2. General Note

The decreases throughout the Management & Administration Budget reflect the removal of the Homeless and Young Single Homeless, these are now charged directly to the General Fund.

3. Administration Costs, Transport Costs, Supplies and Services

All the above budgets have been maintained at the level for 2009/10.

4. Corporate/Directorate Charges

This budget is based on the current services being provided to Housing and may be subject to change, this covers such services as Legal, Finance, Office Accommodation, IT.

| ABERDEEN CITY COUNCIL HOUSING REVENUE ACCOUNT | | | | | |
|--|-------------------|----------|----------|------------|---------------|
| Proposed Increase to be included in the HRA budget - Miscellaneous Rents | | | | | |
| | | | | | |
| | 2 0 1 1 / 2 0 1 2 | | | | |
| | Current | Proposed | Increase | Percentage | Additional |
| | Rental | Rental | Per Week | Increase | Income |
| Miscellaneous Increases | £ | £ | £ | % | £ |
| Garages | 8.10 | 8.50 | 0.40 | 4.94% | 40,858 |
| Denburn and West North Street Spaces | 4.20 | 4.40 | 0.20 | 4.76% | 6,019 |
| Garages Sites | 3.20 | 3.40 | 0.20 | 6.25% | 10,168 |
| Car Ports | 3.60 | 3.80 | 0.20 | 5.56% | 1,382 |
| Car Parking Spaces | 3.20 | 3.40 | 0.20 | 6.25% | 8,256 |
| Parking Spaces Commercial | 10.28 | 10.90 | 0.62 | 6.03% | 1,220 |
| Window Cleaning | 0.80 | 0.85 | 0.05 | 6.25% | 396 |
| Meals at Denmore & Kingswood | 32.80 | 35.00 | 2.20 | 6.71% | 9,038 |
| Mortgage Reference Fees | 55.00 | 56.00 | 1.00 | 1.82% | 28 |
| Guest Rooms | 14.50 | 15.30 | 0.80 | 5.52% | 2,053 |
| Owners Administration fees | 10.05 | 10.05 | 0.00 | 0.00% | 0 |
| | | | | | 79,417 |
| TOTAL ADDITIONAL INCOME NOT INCLUDED IN THE BASE BUDGET | | | | | |
| | | | | | |
| General Services | | | | | |
| Housing - Homeless Account | | | | | |
| Homeless Flats – Service Charge | 250.33 | 250.33 | 0 | 0.00% | 0 |
| Single Homeless | 76.00 | 80.00 | 4.00 | 5.26% | 1,152 |
| Clinterty Caravan Site | 70.00 | 74.00 | 4.00 | 5.71% | 6,048 |
| | | | | | 7,200 |
| Housing Revenue Account | | | | | |
| Accommodation Units (Grant Funded) | | | | | |
| Adult (first2) | 48.00 | 51.00 | 3.00 | 6.25% | 41,250 |
| Child | 32.00 | 34.00 | 2.00 | 6.25% | 13,750 |
| | | | | | 55,000 |
| | | | | | |

| Heat with Rent – 48 week basis | | |
|---------------------------------------|-----------------|-----------------|
| | Previous | Proposed |
| | £ | £ |
| Gas Heated Properties | | |
| Bedsits | 7.35 | 8.53 |
| 1 bedroomed flats | 7.85 | 9.11 |
| 2 bedroomed flats | 8.35 | 9.68 |
| 3 bedroomed flats | 8.85 | 10.27 |
| | | |
| Electrically Heated Properties | | |
| Bedsits | 8.35 | 9.68 |
| 1 bedroomed flats | 8.85 | 10.27 |
| 2 bedroomed flats | 9.35 | 10.85 |
| 3 bedroomed flats | 9.85 | 11.43 |
| | | |
| CHP Properties | | |
| All 1 Bedroomed Properties | 7.60 | 8.82 |
| All 2 Bedroomed Properties | 8.10 | 9.40 |
| All 3 Bedroomed Properties | 8.60 | 9.98 |
| | | |

Heat with Rent calculations for 2011/12

Electricity and Gas price increases have resulted in a cost pressure to the Council of £242,882 (comparing 2010/11 cost with the estimated cost in 2011/12).

It is proposed to apply an overall **increase of 16%** across all the Council's Heat with Rent properties these are detailed on Page 21.

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 | £482,331 | £372,020 |
| Gas | £525,822 | £569,303 |
| CHP | £351,754 | £367,571 |
| Total | £1,359,906 | £1,308,896 |

After March 31st, Aberdeen City Council will move on to new contracts for both gas and electricity supplies. There has been a significant increase in the cost of electricity supplied, a small decrease in the cost of gas and CHP has agreed to maintain the charge at the 2010/11 level.

There are a number of factors behind the electric price increase:

Electric prices have risen significantly since the last procurement process in 2007, (because ACC have had a constant price over last 3 years tenants have been protected from this)

The price given is guaranteed for a 4 year period. It is expected that electric prices will rise again over this time period. Prices received through tender process will reflect this.

The Council is required to move on to Scottish Government National Procurement for Gas Supply from 1 April 2010 the contract price will be reviewed on an annual basis.

Heat with Rent applies to all Council owned sheltered housing schemes, and to all flatted blocks with communal heating systems.

Because the Council purchases a large amount of gas and electricity each year through contracts that cover all of its buildings – that is schools, offices, day centres and all the homes on Heat with Rent - the Council can buy these fuels at lower contract prices than would be available to individual domestic customers. These fuel price savings are then passed on to tenants who are on Heat with Rent.

As the charge is the same every week, tenants on Heat with Rent are not faced with the problem of having to pay large gas or electric bills during the colder winter months.

| 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 2010/11 | Difference |
| Ashgrove Court | 40 | 2 | 64.63 | 46.00 | 19.82 | 3.37 | 133.82 | 125.79 | 8.03 |
| Aulton Court | 113 | 15 | 29.34 | 32.35 | 19.82 | 3.37 | 84.88 | 79.79 | 5.09 |
| Balgownie Court | 66 | 12 | 38.84 | 49.61 | 19.82 | 3.37 | 111.64 | 96.91 | 14.73 |
| Bayview Court | 111 | 8 | 28.65 | 32.93 | 19.82 | 3.37 | 84.78 | 73.04 | 11.74 |
| Beachview Court | 111 | 8 | 25.29 | 32.93 | 19.82 | 3.37 | 81.41 | 78.54 | 2.88 |
| Beechwood Court | 72 | 1 | 25.13 | 50.97 | 19.82 | 3.37 | 99.09 | 86.99 | 12.10 |
| Bruce House | 46 | 6 | 49.53 | 54.59 | 19.82 | 3.37 | 127.31 | 121.79 | 5.52 |
| Cairncry Court | 94 | 20 | 55.04 | 33.21 | 19.82 | 3.37 | 111.43 | 104.04 | 7.39 |
| Cornhill Court | 100 | 25 | 51.08 | 32.74 | 19.82 | 3.37 | 107.01 | 96.54 | 10.47 |
| Davidson House | 46 | 15 | 51.57 | 54.59 | 19.82 | 3.37 | 129.34 | 118.79 | 10.56 |
| Denburn Court | 120 | 40 | 46.08 | 30.46 | 19.82 | 3.37 | 99.74 | 83.29 | 16.45 |
| Grampian Court | 52 | 4 | 28.40 | 57.09 | 19.82 | 3.37 | 108.69 | 98.91 | 9.78 |
| Grandholm Court | 72 | 0 | 33.79 | 50.77 | 19.82 | 3.37 | 107.75 | 102.16 | 5.59 |
| Gilcomstoun Land | 75 | 34 | 50.76 | 31.45 | 19.82 | 3.37 | 105.39 | 117.54 | -12.15 |
| Greig Court | 144 | 26 | 42.04 | 25.39 | 19.82 | 3.37 | 90.61 | 76.91 | 13.71 |
| Hutcheon Court | 140 | 28 | 34.24 | 21.21 | 19.82 | 3.37 | 78.64 | 82.04 | -3.40 |
| Inverdon Court | 66 | 17 | 39.70 | 49.61 | 19.82 | 3.37 | 112.50 | 108.16 | 4.34 |
| Kincorth Land | 52 | 10 | 72.03 | 54.16 | 19.82 | 3.37 | 149.37 | 113.41 | 35.96 |
| Kings Court | 72 | 3 | 31.45 | 50.77 | 19.82 | 3.37 | 105.41 | 207.16 | -101.74 |
| Linksfild Court | 111 | 3 | 27.36 | 32.93 | 19.82 | 3.37 | 83.49 | 71.66 | 11.83 |
| Marischal Court | 108 | 7 | 21.31 | 30.00 | 19.82 | 3.37 | 78.16 | 75.83 | 2.33 |
| Morven Court | 52 | 3 | 40.08 | 57.09 | 19.82 | 3.37 | 120.37 | 101.91 | 18.46 |
| Oldcroft Court | 72 | 7 | 19.59 | 50.77 | 19.82 | 3.37 | 93.55 | 81.91 | 11.64 |
| Porthill Court | 72 | 13 | 11.24 | 28.52 | 19.82 | 3.37 | 62.94 | 92.04 | -29.10 |
| Promenade Court | 111 | 8 | 30.01 | 32.93 | 19.82 | 3.37 | 86.13 | 77.16 | 8.97 |
| Regent Court | 111 | 10 | 28.96 | 32.93 | 19.82 | 3.37 | 85.08 | 70.29 | 14.79 |
| Rose House | 46 | 14 | 33.97 | 54.59 | 19.82 | 3.37 | 111.75 | 116.04 | -4.29 |
| Rosehill Court | 94 | 15 | 58.13 | 33.21 | 19.82 | 3.37 | 114.52 | 96.29 | 18.23 |
| Seamount Court | 126 | 38 | 21.89 | 29.00 | 19.82 | 3.37 | 74.10 | 93.66 | -19.56 |
| Stockethill Court | 100 | 33 | 55.36 | 32.74 | 19.82 | 3.37 | 111.29 | 94.54 | 16.75 |
| St Ninian Court | 66 | 9 | 53.24 | 49.61 | 19.82 | 3.37 | 126.03 | 105.04 | 20.99 |
| Tillydrone Court | 52 | 1 | 43.52 | 54.16 | 19.82 | 3.37 | 120.87 | 108.04 | 12.83 |
| Thistle Court | 126 | 46 | 38.48 | 24.77 | 19.82 | 3.37 | 86.44 | 81.29 | 5.16 |
| Virginia Court | 48 | 12 | 61.39 | 42.77 | 19.82 | 3.37 | 127.35 | 127.04 | 0.31 |
| Wallace House | 46 | 6 | 29.50 | 54.59 | 19.82 | 3.37 | 107.28 | 118.79 | -11.51 |
| Total | | 499 | | | | | | | |
| Proposed charges would be effective from 1 April 2011 to 31 March 2011 | | | | | | | | | |
| Potential Increases stated in the above calculation - | | | | | | | | | |
| The Electricity reflects the consumption for each multi storey in the previous financial year | | | | | | | | | |
| Lift Maintenance has been uplifted by 18% | | | | | | | | | |
| Admin Costs based on actual staff costs. | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Other Local Authorities
Average Rent Levels 2010/11

| No | | 2010/11 £ |
|----|---------------------|--------------|
| 1 | Edinburgh, City of | 74.62 |
| 2 | Highland | 66.06 |
| 3 | Renfrewshire | 65.29 |
| 4 | Shetland | 63.58 |
| 5 | West Lothian | 62.49 |
| 6 | Dundee | 62.44 |
| 7 | Aberdeen | 62.38 |
| 8 | East Dunbartonshire | 61.50 |
| 9 | North Ayrshire | 60.17 |
| 10 | Stirling | 59.28 |
| 11 | South Lanarkshire | 59.14 |
| 12 | Orkney | 57.77 |
| 13 | Aberdeenshire | 57.64 |
| 14 | Clackmannanshire | 56.80 |
| 15 | East Ayrshire | 56.72 |
| 16 | North Lanarkshire | 56.72 |
| 17 | Perth & Kinross | 56.64 |
| 18 | South Ayrshire | 56.59 |
| 19 | West Dunbartonshire | 56.47 |
| 20 | East Renfrewshire | 56.23 |
| 21 | Falkirk | 55.87 |
| 22 | Fife | 55.27 |
| 23 | Midlothian | 52.57 |
| 24 | Angus | 51.58 |
| 25 | East Lothian | 47.40 |
| 26 | Moray | 45.40 |

Based on 48 weeks

Glasgow Housing Association £66.82 (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 along with Newsbite in December 2010 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?

| | Returns | Percent |
|-------------------|----------------|----------------|
| Yes | 478 | 76 |
| No | 149 | 24 |
| Don't know | 0 | 0 |
| Total | 627 | 100 |

| Housing Revenue Account | | Budget | Budget | Budget | Notes |
|--------------------------------|--|---------------|---------------|---------------|-------|
| | | 2011/12 | 2012/13 | 2013/14 | |
| | | £000's | £000's | £000's | |
| Premises Costs | | | | | |
| 1 | Rates | 3 | 3 | 3 | |
| 2 | Rent | 128 | 132 | 136 | |
| 3 | Repairs and Maintenance | 23,531 | 24,472 | 25,614 | 1 |
| 4 | Maintenance of Grounds | 2,560 | 2,560 | 2,611 | 2 |
| 5 | Gas | 710 | 710 | 746 | 3 |
| 6 | Electricity | 2,310 | 2,310 | 2,310 | 3 |
| 7 | Cleaning General | 964 | 817 | 819 | |
| 8 | Window Cleaning | 18 | 18 | 18 | |
| 9 | Refuse Collection | 150 | 150 | 150 | |
| 10 | Cleaning - Payments to Contractor | 475 | 475 | 476 | |
| 11 | Premises Insurance | 71 | 71 | 71 | |
| 12 | Other Property Costs - Council Tax | 72 | 73 | 74 | |
| | | 30,992 | 31,791 | 33,028 | |
| Administration Costs | | | | | |
| 13 | Down sizing Grants/Direct Debit Incentives | 78 | 78 | 78 | |
| 14 | Legal Expenses | 440 | 440 | 449 | |
| 15 | Office Tel / Rent | 88 | 88 | 89 | |
| 16 | Former Tenants Arrears | 1,379 | 1,379 | 1,379 | |
| 17 | Charges - Services Admin & Management | 8,904 | 8,904 | 9,082 | 4 |
| 18 | General Consultancy | 55 | 55 | 55 | |
| 19 | Training for Front Line Staff | 100 | 100 | 100 | |
| 20 | Benefits Staff | 94 | 94 | 96 | |
| 21 | Charges - Tenants Participation | 288 | 289 | 291 | |
| 22 | Charges for Environmental Health | 226 | 226 | 231 | |
| | | 11,652 | 11,654 | 11,849 | |
| Supplies & Services | | | | | |
| 23 | Provision of Meals | 218 | 218 | 222 | |
| 24 | Equipment Purchase | 55 | 55 | 56 | |
| 25 | Television Licence | 5 | 5 | 5 | |
| 26 | Integrated Housing System | 434 | 443 | 452 | |
| | | 712 | 721 | 735 | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |
| | | | | | |

| | Housing Revenue Account | Budget | Budget | Budget | |
|----|-------------------------------------|-----------------|-----------------|-----------------|---|
| | | 20011/12 | 2012/13 | 2013/14 | |
| | | £'000 | £'000 | £'000 | |
| | Agencies | | | | |
| 27 | Mediation Service | 98 | 98 | 100 | |
| 28 | Energy Advice | 81 | 81 | 83 | |
| 29 | Citizens Advice Bureau | 14 | 14 | 14 | |
| 30 | Disabled Persons Housing Service | 38 | 38 | 39 | |
| | | 231 | 231 | 236 | |
| | Transfer Payments | | | | |
| 31 | Aberdeen Families Project | 400 | 400 | 400 | |
| 32 | Loss of Rent - Council Houses | 758 | 780 | 803 | |
| 33 | Loss of Rent - Garages, Parking etc | 160 | 160 | 160 | |
| 34 | Loss of Rent - Modernisation Works | 51 | 52 | 54 | |
| 35 | Supporting People Contribution | 406 | 406 | 406 | |
| 36 | CFCR | 13,925 | 11,712 | 8,350 | |
| | | 15,700 | 13,510 | 10,173 | |
| | Capital Financing Costs | | | | |
| 37 | Loans Fund Instalment | 3,560 | 4,643 | 5,663 | |
| 38 | Loans Fund Interest | 12,429 | 14,458 | 15,854 | |
| 39 | Heating Leasing Payment | 131 | 131 | 131 | |
| | | 16,120 | 19,232 | 21,648 | |
| | Expense Total | 75,408 | 77,139 | 77,669 | |
| | Income | | | | |
| 40 | Government Grant – General | (310) | (310) | (311) | |
| 41 | Ground Rentals | (25) | (25) | (25) | |
| 42 | Dwelling Houses Rent Income | (71,838) | (73,570) | (74,099) | 5 |
| 43 | Housing - Heat with Rent Income | ((1,127)) | ((1,127)) | ((1,127)) | |
| 44 | Housing - Garages Rent Income | (977) | (977) | (977) | |
| 45 | Housing - Parking Spaces Rent | (158) | (158) | (158) | |
| 46 | Housing - Insurance Income | (36) | (36) | (36) | |
| 47 | Housing - Other Service Charge | (495) | (495) | (495) | |
| 48 | Legal Expenses | (360) | (360) | (360) | |
| 49 | Revenue Balance Interest | (81) | (81) | (81) | |
| | Income Total | (75,407) | (77,139) | (77,669) | |
| | Net Expenditure | 0 | 0 | 0 | |
| | Minimum Working Balances | (3,770) | (3,856) | (3,883) | |

HOUSING REVENUE ACCOUNT THREE YEAR BUDGET ASSUMPTIONS

1. Repairs and Maintenance

The analysis of the three year budget is included within this booklet (page 30). The budget has been uplifted by 4.3% in 2012/13 and 5% in 2013/14.

2. Maintenance of Grounds

No uplift has been applied for 2012/13 and 2% 2013/14.

3. Gas, Electricity

A four year electricity contract will commence on 1/04/11 therefore the electricity costs will only vary if consumption varies. From 1/04/11 the Gas supply will be through the Scottish Government National Procurement, these process will be reviewed annually, in 2012/13 no uplift has been applied however in 2013/14 a 5% uplift has been applied.

4. Management & Administration

As this budget is principally for staffing therefore no uplift has been applied for 2012/13 and 2% 2013/14.

5. Dwelling Houses Rent Inc

The budgeted income from Dwelling House Rent is calculated by using the following stock levels 2012/13 22,719 and 2013/14 22,680. Built into these stock levels are projected sales, new build and properties removed off the charge. The average rental has been increased by 2.9% in 2012/13 and 3% in 2013/14. The RPIX figures used are estimates for 2012/13 were provided by Sector issued in January 2010.

| HOUSING REPAIRS DRAFT BUDGET | | Base Budget 2011/12 £'000 | Base Budget 2012/13 £'000 | Base Budget 2013/14 £'000 |
|---|---|---------------------------------|---------------------------------|---------------------------------|
| PLANNED AND CYCLICAL MAINTENANCE | | | | |
| 1 | External Joinerwork Repairs including external paintwork etc. | 1,500 | 1,460 | 1,533 |
| 2 | Boiler Maintenance - Extra Care Housing | 248 | 259 | 272 |
| 3 | Controlled Entry Systems – Maintenance | 385 | 402 | 422 |
| 4 | Fire Precautions - Servicing & Renewal of Equipment incl Smoke Detectors & Dry Risers | 340 | 355 | 372 |
| 5 | Flat Roofs/Dormers – Renewal & Insulation | 15 | 16 | 16 |
| 6 | Common Rooms - Replacement of Furniture | 70 | 31 | 33 |
| 7 | Gas Servicing, Maintenance and Repair | 2,,400 | 2,503 | 2,628 |
| 8 | Laundry Equipment Replacement & Maintenance | 65 | 68 | 71 |
| 9 | Legionella Testing incl. Repair/Renewal of Tanks | 150 | 104 | 110 |
| 10 | Lift Maintenance | 200 | 209 | 219 |
| 11 | Mutual Repairs outwith Housing Action Areas | 25 | 26 | 27 |
| 12 | Pumps & Fans - Maintenance & Renewal | 150 | 156 | 164 |
| 13 | Extra Care Housing - Replacement of Carpets, furnishings etc | 70 | 31 | 33 |
| 14 | Standby Generators – Maintenance | 112 | 117 | 123 |
| 15 | Warden call systems- maintenance and Repair | 90 | 94 | 99 |
| 16 | Provision of Community Alarm | 125 | 130 | 137 |
| 17 | Environmental Improvements | 1,500 | 1,043 | 1,095 |
| 18 | Relets | 5,000 | 5,215 | 5,476 |
| 19 | Asbestos | 600 | 626 | 657 |
| Planned/Cyclical Maintenance Sub Total | | 13,045 | 13,606 | 14,286 |
| DAY TO DAY RESPONSE MAINTENANCE | | | | |
| 20 | Blacksmith General incl. Renewing & Repairing Rotary Driers/Handrails | 300 | 313 | 329 |
| 21 | Car Park Repairs | 10 | 10 | 11 |
| 22 | Chimneyheads - Repointing and Rebuilding | 5 | 5 | 5 |
| 23 | Condensation - Treatment of Walls | 125 | 130 | 137 |
| 24 | Electrical Work - General Repairs | 1,030 | 1,074 | 1,128 |
| 25 | Emergency Work - Out of Hours Service | 700 | 730 | 767 |
| 26 | External/Internal Response Paintwork | 400 | 417 | 438 |
| 27 | Fire Damage Repairs | 45 | 47 | 49 |
| 28 | Garage Repairs | 20 | 21 | 22 |
| 29 | Glazierwork | 140 | 146 | 153 |
| 30 | Joinerwork - General Repairs | 2,200 | 2,086 | 2,190 |
| 31 | Masonwork and Water Penetration Repairs | 600 | 626 | 657 |
| 32 | Minor Environmental Services | 500 | 417 | 438 |
| 33 | Plasterwork – General | 350 | 365 | 383 |
| 34 | Plumberwork – General | 1,100 | 1,147 | 1,205 |
| 35 | Slaterwork | 810 | 834 | 876 |
| 36 | Snow Clearance | 52 | 54 | 57 |
| 37 | TV Aerial | 124 | 129 | 136 |
| 38 | Rubbish Removal | 150 | 156 | 164 |
| 39 | Vandalism | 175 | 183 | 192 |
| 40 | Water Services Charges | 10 | 10 | 11 |
| Day to Day Response Maintenance Total | | 8,846 | 9,226 | 9,688 |
| HOUSING REPAIRS TOTAL | | 21,891 | 22,832 | 23,974 |
| | Fees | 1,640 | 1,640 | 1,640 |
| TOTAL REPAIRS AND MAINTENANCE BUDGET | | 23,531 | 22,472 | 25,614 |

| | Management & Admin | | | |
|----|---------------------------------|----------------|----------------|----------------|
| | | Budget | Budget | Budget |
| | | 2011/12 | 2012/13 | 2013/14 |
| | | £000's | £000's | £000's |
| | Staff Costs | | | |
| 1 | APT&C C.O – Salaries | 5,615 | 5,615 | 5,727 |
| 2 | APT&C C.O – Overtime | 68 | 68 | 69 |
| 3 | APT&C C.O – Superannuation | 995 | 995 | 1,015 |
| 4 | APT&C C.O - N.I | 473 | 473 | 482 |
| 5 | General Manual – Salaries | 625 | 625 | 638 |
| 6 | General Manual – Superannuation | 85 | 85 | 87 |
| 7 | General Manual - N.I | 47 | 47 | 48 |
| 8 | Other Staff Costs | 231 | 231 | 236 |
| | | 8,139 | 8,139 | 8,302 |
| | | | | |
| | Premises Costs | | | |
| 9 | Rates | 90 | 90 | 92 |
| 10 | Rent | 29 | 29 | 30 |
| 11 | Insurance | 2 | 2 | 2 |
| 12 | Electricity/Gas | 77 | 77 | 79 |
| 13 | Void Properties | 10 | 10 | 10 |
| 14 | Rubbish Removal | 7 | 7 | 7 |
| 15 | Cleaning | 41 | 41 | 42 |
| 16 | Repairs and Maintenance | 32 | 32 | 33 |
| | | 288 | 288 | 294 |
| | | | | |
| | Administration Costs | | | |
| 17 | Printing | 80 | 80 | 82 |
| 18 | Photocopying | 18 | 18 | 18 |
| 19 | Stationery | 27 | 27 | 28 |
| 20 | Subscriptions | 16 | 16 | 16 |
| 21 | Postages | 77 | 77 | 79 |
| 22 | Telephones | 28 | 28 | 29 |
| 23 | Bank Charges | 35 | 35 | 36 |
| 24 | Advertising | 63 | 63 | 64 |
| 25 | Course Expenses | 94 | 94 | 96 |
| 26 | Legal Expenses | 9 | 9 | 9 |
| 27 | Former Tenants Arrears | 3 | 3 | 3 |
| 28 | Insurances | 1 | 1 | 1 |
| | | 451 | 451 | 460 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | Budget | Budget | Budget |
|---------------------------------------|-----------------|-----------------|-----------------|
| | 2011/12 | 2012/13 | 2013/14 |
| | £'000 | £'000 | £'000 |
| Transport Costs | | | |
| Travel Costs | 97 | 97 | 99 |
| | 97 | 97 | 99 |
| Supplies & Services | | | |
| Equipment Purchases | 35 | 35 | 36 |
| Computer Software Support | 18 | 18 | 18 |
| Office Equipment | 8 | 8 | 8 |
| Sundry Outlays | 100 | 100 | 102 |
| | 161 | 161 | 164 |
| Corporate/Directorate Recharge | | | |
| Corporate/Directorate Recharge | 2,251 | 2,251 | 2,337 |
| | 2,251 | 2,251 | 2,337 |
| | | | |
| | | | |
| Expense Total | 11,387 | 11,387 | 11,656 |
| | | | |
| Income | | | |
| Recharges:- | | | |
| Management & Admin – HRA | (8,370) | (8,370) | (8,370) |
| Tenants Participation – HRA | (288) | (288) | (314) |
| Hostel Deficit Funding | (310) | (310) | (316) |
| Recharges to Other Housing | (287) | (287) | (293) |
| Recharges to Homeless | (164) | (164) | (167) |
| Housing Capital | (1,209) | (1,209) | (1,233) |
| | (10,628) | (10,628) | (10,881) |
| | | | |
| Hostel – Rents | (760) | (760) | (775) |
| | | | |
| Income Total | (11,387) | (11,387) | (11,656) |
| | | | |
| | | | |
| Net Expenditure | 0 | 0 | 0 |

Draft Housing Capital Budget 2010/11 to 2012/13

| Project | 2011/12 | 2012/13 | 2013/14 |
|---|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| SCOTTISH HOUSING QUALITY STANDARDS | | | |
| 1 Compliant with the tolerable standard | | | |
| 1.1 B.T.S Houses | 50 | 50 | 380 |
| For the refurbishment works to below tolerable standard properties | | | |
| 1.2 H.A.A. Council Flats | 50 | 50 | 100 |
| For the refurbishment works to properties in the Housing Action Area | | | |
| | 100 | 100 | 480 |
| 2 Free from Serious Disrepair | | | |
| 2.1 Primary Building Elements | | | |
| Structural Repairs Multi Storey | 3,603 | 2,945 | 2,000 |
| 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. | | | |
| Structural Repairs General Housing | 1,210 | 1,150 | 800 |
| Structural works carried out in order to keep the building stable and structurally sound. | | | |
| Secondary Building Elements | | | |
| 2.2 Upgrading Of Flat Roofs General | 150 | 150 | 350 |
| Replacement of existing roof covering and upgrading of insulation to meet current building regulations. | | | |
| 2.3 Upgrade Flat Roofs Multi Storey | 700 | 510 | 550 |
| Full replacement of the flat roofs and also checking the replacement of roof ventilation as required | | | |
| 2.4 Major Repairs- | 500 | 500 | 700 |
| Roofs Renewal/Gutters/RWP/Roughcast | | | |
| Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast | | | |
| 2.5 Mono Pitched Types | 500 | 250 | 500 |
| Replacement of the external render of the building, replacement of gutters and downpipes, environmental works | | | |
| 2.6 Window Replace General | 800 | 600 | 900 |
| 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. | | | |
| 2.7 Window Replace Multi Storey | 400 | 400 | 450 |
| A rolling programme to replace existing double glazing to meet current standards. This is based on a cyclical programme. | | | |
| 2.8 Balcony Storm Doors | 60 | 60 | 60 |
| Replacement of existing doors with more secure, solid doors | | | |
| 2.9 Balcony Glass Renewal - Multi Storey | 90 | 90 | 90 |
| Replacement of existing balcony glazing on a cyclical basis | | | |
| | 8,013 | 6,655 | 6,400 |

| | 2011/12 | 2012/13 | 2013/14 |
|--|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| 3 Energy Efficient | | | |
| <u>Effective insulation</u> | | | |
| 3.1 General Houses Loft Insulation | 0 | 220 | 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 | 4,950 | 4,950 |
| Replacement of boiler/whole system as deemed necessary. | | | |
| 3.4 Medical Need Heating | 10 | 10 | 50 |
| 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 | 3,220 | 2,220 | 220 |
| Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants | | | |
| 3.6 Energy Efficiency Sheltered | 200 | 200 | 250 |
| 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 | 150 |
| 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. | | | |
| | <hr/> 7,880 | <hr/> 7,750 | <hr/> 5,940 |
| 4 Modern Facilities & Services | | | |
| <u>Bathroom and Kitchen Condition</u> | | | |
| 4.1 Modernisation Programme | 18,070 | 16,401 | 12,894 |
| Replacement of bathrooms and kitchens. | | | |
| | <hr/> 18,070 | <hr/> 16,401 | <hr/> 12,894 |
| 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> | 0 | 0 | 300 |
| 5.2 Smoke Detectors in Dwellings | | | |
| 5.3 Rewiring | 1,100 | 1,000 | 1,100 |
| 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 | 1,000 |
| Replacement of lifts where they are beyond economical repair. This can be full replacement or replacement of specific parts of the lift. | | | |

| | 2011/12 | 2012/13 | 2013/14 |
|--|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Healthy, Safe & Secure (continued) | | | |
| 5.6 Services | 50 | 50 | 200 |
| Cyclical maintenance/replacement of the following services | | | |
| Ventilation Systems, water tanks/pipework, refuse chutes/chamber, Dry risers systems, Standby Generators | | | |
| 5.7 Entrance Halls/Concierge | 50 | 50 | 175 |
| Provision of security service - under discussion | | | |
| 5.8 Laundry Facilities | 75 | 50 | 150 |
| Replacement of laundry equipment | | | |
| 5.9 Lighting Of Common Stairs | 10 | 10 | 10 |
| Installation of lighting controlled by photo cell ie. switches on and off automatically depending on the level of natural light. | | | |
| 5.10 Provision Of External Lighting | 26 | 26 | 26 |
| Installation of lighting in areas where there was none before. | | | |
| <u>Secure</u> | | | |
| 5.11 Door Entry Systems | 40 | 40 | 40 |
| Installation of door entry and replacement of existing doors where required | | | |
| 5.12 Replace Door Entry Systems - Major Blocks | 240 | 200 | 200 |
| Installation of door entry and replacement of existing doors where required | | | |
| 5.13 Other Initiatives | 900 | 400 | 800 |
| Upgrading of stairs and installation of security doors and door entry systems | | | |
| 5.14 Crime Prevention/Safety Features | 0 | 0 | 200 |
| | 3,141 | 2,476 | 4,401 |

NON SCOTTISH HOUSING QUALITY STANDARDS

| | | | |
|---|------------------|-----------------|-----------------|
| 6 Community Plan & Single Outcome Agreement | | | |
| 6.1 Housing For Varying Needs | 0 | 0 | 2,000 |
| New build including extra care housing. | | | |
| 6.2 S.U.R.E. | 200 | 150 | 1,200 |
| Refurbishment of properties or environmental improvements in designated areas. | | | |
| 6.3 Regeneration/Affordable Housing | 400 | 400 | 2301.6 |
| Early Action projects linked to Regeneration and Masterplanning Briefs for Regeneration & provision of consultation events. | | | |
| 6.4 Acquisition of Land/Houses | 1,200 | 1,200 | 800 |
| Acquisition of Land/Houses for the new build programme | | | |
| 6.5 CCTV – Concierge | 150 | 150 | 150 |
| Provision of CCTV for the new Concierge service | | | |
| 6.6 Adaptations Disabled | 1,450 | 1,250 | 1,250 |
| Installation of level access showers, ramps, stair lifts and kitchen adaptations | | | |
| 6.7 Special Initiatives/Barrier Free Housing | 250 | 250 | 150 |
| Provision of specialist facilities or housing for tenants with particular needs ie extensions | | | |
| 6.8 Housing For Varying Needs- Amenity/Adaptations | 350 | 200 | 700 |
| Conversion of properties to Amenity Level standard | | | |
| 6.9 Housing For Varying Needs- Extra Care/Adaptations | 170 | 170 | 1,020 |
| Adaptations required to ensure existing sheltered housing stock meets current standards | | | |
| 6.10 Roads | 150 | 150 | 180 |
| Upgrade of Roads to an adoptable standard | | | |
| 6.11 Paths | 150 | 150 | 150 |
| Formation or upgrading of paths | | | |
| 6.12 Garages | 50 | 50 | 220 |
| Upgrade of Garages | | | |
| 6.13 New Affordable Housing | 7,767.78 | 236.78 | 1,210 |
| | 12,287.78 | 4,356.78 | 11,331.6 |

| | 2011/12 | 2012/13 | 2013/14 |
|--|----------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 |
| 7 Service Development | | | |
| 7.1 Conditions Surveys | 50 | 50 | 150 |
| Surveying of Council houses to identify failures against Scottish Housing Quality Standard | | | |
| 7.2 Property Database | 200 | 100 | 200 |
| Various items of IT equipment including hardware and software | | | |
| 7.3 Integrated Housing System | 100 | 100 | 100 |
| Various purchase of PC's and software packages | | | |
| 7.4 Corporate IT | | | |
| | <u>350</u> | <u>250</u> | <u>450</u> |
| 9 Service Expenditure | | | |
| Corporate Fees | 6,970 | 6,706 | 7,399 |
| | <u>6,970</u> | <u>6,706</u> | <u>7,399</u> |
| Gross Programme | <u>56,812</u> | <u>44,694</u> | <u>49,295</u> |
| Less Slippage | (6,536) | (5,141) | (5,670) |
| Net Programme | 50,276 | 39,553 | 43,625 |
| Financed by :- | | | |
| Borrowing | 33,351 | 27,841 | 34,345 |
| Scottish Government Grant Funding – New Build | 3,000 | 0 | 930 |
| CFCR (Capital Financed From Current Revenue) | 13,925 | 11,712 | 8,350 |
| Total Funding | <u>50,276</u> | <u>39,553</u> | <u>43,625</u> |

SAVINGS PROPOSALS

The following list of efficiency savings has been identified and can be delivered during the financial year 2011/2012.

| | |
|--|---------------------|
| The Logie office has been closed and Cornhill will be closed | £ 50k |
| Reduce the cleaning payments to internal contractors | £ 13k |
| Reduce legal expenses | £100k |
| Reduce tenant participation costs | £ 50k |
| Integrated housing system | £ 50k |
| Void rent loss (houses and garages) | £100k |
| ASBIT team | <u>£ 50k</u> |
| TOTAL | <u>£413k</u> |

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ABERDEEN CITY COUNCIL

| | |
|-----------------|--|
| COMMITTEE | City Council Budget Management |
| DATE | 10th February 2011 |
| DIRECTOR | Stewart Carruth |
| TITLE OF REPORT | Common Good Budget –2011/12 to 2013/14 |
| REPORT NUMBER: | CG/11/016 |

1. PURPOSE OF REPORT

This report is to submit for the Council's consideration the draft Common Good Budget for 2011/12, along with indicative budgets for 2012/13 and 2013/14.

2. RECOMMENDATION(S)

It is recommended that the Council: -

- a) Consider the detailed Common Good Budget for 2011/12, 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 as stated in (a)
 - 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 2012 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.

4. OTHER IMPLICATIONS

4.1 If funding is not provided for projects/external organisations then they may not be able to continue their work.

5. BACKGROUND/MAIN ISSUES

Introduction

- 5.1 In preparing a draft Common Good Budget for the three years 2011/12 to 2013/14, 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 CPI as part of the budget setting process has been adopted as an underlying principle.
- 5.2 Included in the Common Good budget for 2008/09 was £450K 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.
- 5.3 In view of this, where indicative cash balances are shown in this report they have been reduced by £450K 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
- 5.4 The CPI figure has been taken as 3.0 % for 2011/12, 1.8% for 2012/13 and 2.3% for 2013/14 in accordance with forecast figures supplied by the Bank of England. It is estimated that the following indicative levels of Cash Balances would be required to maintain the value of the Cash Funds in the Common Good:

| | |
|---------------|-------|
| As at: | |
| 31 March 2012 | £4.9M |
| 31 March 2013 | £5.0M |
| 31 March 2014 | £5.1M |

5.5 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.

5.6 It was also outlined that the prime purpose of the Council is to ensure that the Common Good is prudently conserved.

5.7 In addition, recent practice has excluded any activity from receiving assistance from the Common Good for which Aberdeen City Council or any other public body has a statutory duty to support.

Draft Budget 2011/12 to 2013/14

5.8 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.

5.9 An outline of indicative budgets for 2011/12 to 2013/14 is provided at Appendix 8. In building these figures the following broad assumptions have been made in addition to that outlined in paragraphs 5.4.

- Staffing costs rises have not been included in the budgets which is consistent with the assumptions used in the General Fund.
- Average Interest rates reflect the projections currently being made by Sector enabling a 2.75% return on investments by 31 March 2014.
- Rental income is based on projections provided by Asset Management, Enterprise, Planning & Infrastructure.

- 5.10 Based on the figures attached it can be seen at Appendix 8, subject to review, that the cash balances would be £5.2M at March 2013 and 2014 compared to the preferred levels of £5.0M at March 2013 and £5.1M at March 2014. The Cash Balance position is outlined further in paragraphs 5.18 and 5.19.

Projected Out-turn 2010/11

- 5.11 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 2011. 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 2011 is currently £5.3M as detailed in Appendix 1.
- 5.12 The favourable movement of £21K comparing budget to out-turn is broken down in Appendix 5.

Draft Budget 2011/12

- 5.13 The attached Appendices 1 to 8 provide detailed information in regard to proposals for the Common Good Draft Budget for 2011/12 along with Estimated Out-turn Results for 2010/11 compared to the budget position for 2010/11.
- 5.14 Details of the variances between 2010/11 Budget and Out-turn and 2010/11 Budget and 2011/12 Budget are given in Appendices 5 and 6.
- 5.15 The draft 2011/12 Budget (Appendix 1) shows a projected net expenditure of £95K. In addition at Appendix 7 there are potential bid items that are not built into the draft Budget and are for members' consideration.
- 5.16 In addition to outlining proposals for the Common Good Budget for the year to 31 March 2012 indicative figures for the succeeding two years are provided at Appendix 8.

Items Referred to the Budget Process

- 5.17 There are several items which have to be considered as part of the budget process, full details of these are provided at Appendix 7 and a summary of the budget position if they were all to be agreed is shown at Appendix 9.

Cash Balances

- 5.18 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 CPI to maintain their value. Based on the budget projections for 2011/12 to 2013/14 there are projected cash balances of £5.2M as at 31 March and 2014 which would be some £22K above the indicative level required to maintain the Common Good.
- 5.19 It is recommended that the strategy for 2011/12 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 £4.9M. 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.
- 5.20 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.
- 5.21 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.
- 5.22 As can be seen in Appendix 8 the position after recurring expenditure is in a deficit position from 2011/12 onwards. 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
- 5.23 However there are expected benefits to come from the Greenfern Development which have not been finally quantified. The timing of this project will be affected by the present economic situation, but significant income is still expected, post new local development plan. 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.

6. IMPACT

- 6.1 It is essential that the value of the Common Good is preserved in such a way that it continues to be able to support the wide range of artistic and other ventures it presently does, in the long term.

7. BACKGROUND PAPERS

None

Index to Appendices and Reports


| Appendix No. | <i>Description</i> |
|---------------------|---|
| 1 | Common Good Draft Revenue Budget 2011/12 |
| 2 | Analysis of Misc. and General Income and Expenditure Headings |
| 3 | Donations, Grants, Contributions etc (Line 4) |
| 4 | Other Projects (Line 17) |
| 5 | Variances 2010/11 Budget to out-turn – Recurring Items |
| 6 | Variances 2011/12 Budget to 2010/11 Budget – Recurring Items |
| 7 | Items to be referred to the budget process |
| 8 | Draft Revenue Budgets – 2011/12, 2012/13, 2013/14 |
| 9 | Summary of Budgets after Recurring Items are agreed Information for items referred to the Budget Process |
| 10 | - Steading Report by Technical Officer, Asset Management, EP&I |
| 11 | - Gomel Trust additional Funding |

| Report No. | Organisations/Activities | Budget Line |
|-------------------|--|--------------------|
| A | Aberdeen Citizens Advice Bureau | 4 |
| B | Techfest | 4 |
| C | Bulawayo Trust | 4 |
| D | APA – Stage 1 Agreement | 4 |
| E | Aberdeen Safer Community Trust and comments by Community Safety Manager, Aberdeen City Council | 4 |
| F | Civic Administration Unit | 5 |
| G | Twinning Activities | 13 |
| H | Archivist Unit | 14 |
| I | Events Funding & Entertainment for the Elderly & Disabled | 4 and 7 |
| J | Home Safety Check | 17 |
| K | Gomel Trust | 4 |

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

8. REPORT AUTHOR DETAILS

Catriona Gilmour - Accountant

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RECURRING EXPENDITURE

| | BUDGET 2010/11 £s | PROJECTED OUT-TURN 2010/11 £s | BUDGET 2011/12 £s |
|--|-------------------------|--|-------------------------|
| 1 General Properties/Estates | 25,800 | 25,800 | 25,800 |
| 2 Miscellaneous Expenses | 29,528 | 29,528 | 29,528 |
| 3 Central Support Services | 141,834 | 141,834 | 151,834 |
| 4 Donations, Grants, Contributions | 678,025 | 677,025 | 672,025 |
| <u>Civic Hospitality</u> | | | |
| 5 Receptions, etc | 165,000 | 155,000 | 165,000 |
| 6 Entertainment for Elderly/Disabled Citizens | 195,000 | 195,000 | 195,000 |
| 7 Older Persons Development Officer | 17,410 | 17,410 | 17,410 |
| 8 Hospitality for Community Centres | 4,000 | 4,000 | 4,000 |
| 9 Misc. Civic Hospitality Expenditure | 23,000 | 21,000 | 20,500 |
| 10 Sub-Total Civic Hospitality | 404,410 | 392,410 | 401,910 |
| 11 Upkeep of Civic Car | 59,746 | 55,688 | 50,249 |
| 12 Civic Support Team | 285,161 | 279,097 | 240,628 |
| 13 Funding - Twinning Activities | 137,352 | 137,352 | 137,352 |
| 14 Archivist Unit | 181,476 | 181,476 | 166,581 |
| 15 Christmas Illuminations and Winter Festival | 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 | 2,607,458 | 2,584,336 | 2,540,033 |

RECURRING INCOME

| | BUDGET 2010/11 £s | PROJECTED OUT-TURN 2010/11 £s | BUDGET 2011/12 £s |
|--|-------------------------|--|-------------------------|
| 20 Income from Properties and Estates | (2,246,691) | (2,246,691) | (2,330,077) |
| 21 Interest on Invested Funds | (54,000) | (51,500) | (65,290) |
| 22 Miscellaneous Income | (60,150) | (60,150) | (60,150) |
| 23 Total Recurring Income | (2,360,841) | (2,358,341) | (2,455,517) |
| 24 Budgeted deficit on recurring items | 246,617 | 225,995 | 84,516 |

NON-RECURRING ITEMS

| | BUDGET 2010/11 £s | PROJECTED OUT-TURN 2010/11 £s | BUDGET 2011/12 £s |
|---|-------------------------|--|-------------------------|
| <u>Non Recurring Expenditure Items</u> | | | |
| 25 Gordon Highlanders Statue | 125,000 | 125,000 | - |
| 26 Charity Shop Refurbishment | 15,000 | 15,000 | - |
| 27 Battle of Harlaw | 10,000 | 10,000 | 10,000 |
| 28 CLAN | 55,000 | 55,000 | - |
| 29 Sub-Total Non-Recurring Items | 205,000 | 205,000 | 10,000 |
| 30 Budget Deficit after Non-Recurring Items | 451,617 | 430,995 | 94,516 |
| 31 Cash Balances as at 1 April | (5,750,722) | (5,750,722) | (5,319,727) |
| 32 Estimated Cash Balances as at 31 March | (5,299,105) | (5,319,727) | (5,225,211) |
| 33 Cash Balance Required to maintain value using CPI | (5,271,382) | (5,271,382) | (5,429,523) |
| 34 Adjustment for Greenfern Development Site | 470,873 | 470,873 | 484,999 |
| 35 Revised Cash Balance to maintain value using CPI | (4,800,509) | (4,800,509) | (4,944,524) |

Appendix 2

ANALYSIS OF MISCELLANEOUS & GENERAL INCOME & EXPENDITURE HEADINGS

| | BUDGET 2010/11 £s | PROJECTED OUT-TURN 2010/11 £s | BUDGET 2011/12 £s |
|---|-------------------------|--|-------------------------|
| <u>General Properties/Estates</u> | | | |
| Rates and Insurance | 1,800 | 1,800 | 1,800 |
| Repairs and Maintenance | 24,000 | 24,000 | 24,000 |
| Sub-Total General Properties/Estates | 25,800 | 25,800 | 25,800 |
| <u>Miscellaneous expenditure</u> | | | |
| St. Nicholas Carillon | 5,928 | 5,928 | 5,928 |
| Printing, Advertising and Sundry Outlays, etc. | 6,600 | 6,600 | 6,600 |
| Official Catering | 17,000 | 17,000 | 17,000 |
| Sub-Total Miscellaneous expenditure | 29,528 | 29,528 | 29,528 |
| <u>Misc. Civic Hospitality</u> | | | |
| Promotional Civic Hospitality | 8,000 | 8,000 | 8,000 |
| Hospitality to Visitors/Groups to the Town House | 15,000 | 13,000 | 12,500 |
| Sub-Total Misc. Civic Hosp. | 23,000 | 21,000 | 20,500 |
| <u>Other recurring Expenditure</u> | | | |
| Lord Provost's Gift Fund | 18,000 | 18,000 | 18,000 |
| Lord Provost - Lord Lieutenancy and other duties | 6,750 | 6,750 | 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 |
| Sub-Total Other recurring Expenditure | 40,250 | 40,250 | 40,250 |
| <u>Misc. Income</u> | | | |
| Lands of Skene/Torry - Share of Surplus | (60,000) | (60,000) | (60,000) |
| Burgesses of Guild and Trade | (150) | (150) | (150) |
| Sub-Total Misc. Income | (60,150) | (60,150) | (60,150) |

Appendix 3

4. DONATIONS, GRANTS, CONTRIBUTIONS, ETC.

| | BUDGET 2010/11 £ | PROJECTED OUT-TURN 2010/11 £ | BUDGET 2011/12 £ | 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 | 45,000 | C |
| Gomel Trust | 7,800 | 7,800 | 7,800 | |
| Mary Garden Prize | 1,500 | 1,500 | 1,500 | |
| Presentations Prizes Etc. | 1,000 | - | - | |
| Quincentenary Prizes Etc. | 3,200 | 3,200 | 3,200 | |
| Stage 1 Agreement - APA 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 | 50,000 | 50,000 | I |
| Lemon Tree Rent | 40,000 | 40,000 | 40,000 | |
| Sub Total | <u>678,025</u> | <u>677,025</u> | <u>672,025</u> | |

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

17. OTHER PROJECTS**Appendix 4**

| PROJECT | BUDGET | PROJECTED | BUDGET | Report (where applicable) |
|------------------------------|---------------|---------------------------|---------------|------------------------------|
| | 20010/11 £ | OUT-TURN 20010/11 £ | 20011/12 £ | |
| Home Safety Check Scheme | 71,376 | 71,376 | 71,376 | K |
| Charity Shop | 13,000 | 13,000 | 13,000 | |
| Community Safety Initiatives | 1,500 | 1,500 | 1,500 | |
| | <u>85,876</u> | <u>85,876</u> | <u>85,876</u> | |

A copy of the above report is available in the member's library.

VARIANCES 2010/11 BUDGET TO OUT-TURN - RECURRING ITEMS

| | | |
|--------------------------|---|------------------------|
| | £ | |
| BUDGET 2010/11 DEFICIT | | 246,617 |
| OUT-TURN 2010/11 DEFICIT | | 225,995 |
| VARIANCE | | <u><u>(20,622)</u></u> |

VARIANCES

| EXPENDITURE Line | £ | COMMENTS |
|--|----------|---|
| 4. Donations, Grants, Contributions | (1,000) | Presentations and Prozes budget is no longer required. |
| 5. Receptions | (10,000) | Reduction in budget to more accurately reflect current expenditure. |
| 9. Misc Civic Hospitality Expenditure | (2,000) | Reduction in the Visitors/Groups to Town House budget to more accurately reflect current expenditure. |
| 11. Upkeep of the Civic Car | (4,058) | Close monitoring of the budget has resulted in a reduction in the estimated out-turn. |
| 12. Civic Administration Unit | (6,064) | The non filling of staff vacancies has resulted in a reduction in the estimated out-turn. |
| 21. Interest on invested Funds | 2,500 | Estimated out-turn has been updated to more accurately reflect current interest rates . |
| | | <u><u>(20,622)</u></u> |

VARIANCES 2011/12 BUDGET TO 2010/11 BUDGET - RECURRING ITEMS

| | | |
|--------------------------|---|-------------------------|
| BUDGET 2010/11 DEFICIT | £ | 246,617 |
| BUDGET 2011/12 (DEFICIT) | | 84,516 |
| VARIANCE | | <u><u>(162,101)</u></u> |

VARIANCES

| EXPENDITURE Line | £ | £ | COMMENTS |
|--|---------|-------------------------|---|
| 3. Central Support Services | | 10,000 | Increase to budget to reflect more accurately the work carried out for the Common Good Fund. |
| 4. Donations, Grants, Contributions | | | |
| Bulawayo Trust | (5,000) | | Funding requested lower than previous year. |
| Presentation & Prizes | (1,000) | (6,000) | Budget no longer required. |
| 9. Misc Civic Hospitality Expenditure | | (2,500) | Decrease in the Hospitality to Visitors/Groups to the Town House budget. |
| 11. Upkeep of Civic Car (including lease costs) | | (9,497) | Decrease as budgets brought into line with required expenditure. |
| 12. Civic Administration Unit | | (44,533) | Vacant posts no longer to be filled. |
| 14. Archivist | | (14,895) | Increase to income to Other Local Authorities to more accurately reflect the cost of the service. |
| INCOME | | | |
| 19. Income from Properties and Estates | | (83,386) | Increased income expected following rent reviews. |
| 20. Interest on Invested Funds | | (11,290) | Reflects the likely interest rates to be in force over the coming year. |
| | | <u><u>(162,101)</u></u> | |

ITEMS TO BE REFERRED TO THE BUDGET PROCESS

Appendix 7

| | 2011/12 £ | Appendix |
|---|----------------------|----------|
| <u>Recurring Expenditure</u> | | |
| Gomel Trust - increase to grant requested | 4,200 | 11 |
| ACAB - increase to grant requested | 2,630 | |
| Satrosphere - increase to grant to cover rental increase (rent paid to ACC) | 3,500 | |
| Picture Loan Scheme | 5,000 | |
| Total | <u>15,330</u> | |

Non-Recurring Expenditure

| | | |
|---|-----------------------|----|
| Lord Provost Portrait | 10,000 | |
| Civic Chain Repairs - due to the age of the civic chain, repairs are becoming necessary and more frequent. | 5,000 | |
| Steading at Kepplestone & Kirkhills Farm | 126,500 | 10 |
| Satrosphere - increase to grant to cover rental increase backdated rent increase 2009/10 (rent paid to ACC) | 2,052 | |
| Total | <u>143,552</u> | |

DRAFT REVENUE BUDGET - 2011/12, 2012/13, 2013/14

RECURRING EXPENDITURE

| | BUDGET 2011/12 £s | BUDGET 2012/13 £s | BUDGET 2013/14 £s |
|--|-------------------------|-------------------------|-------------------------|
| 1 General Properties/Estates | 25,800 | 25,800 | 25,800 |
| 2 Miscellaneous Expenses | 29,528 | 29,528 | 29,528 |
| 3 Central Support Services | 151,834 | 151,834 | 151,834 |
| 4 Donations, Grants, Contributions | 672,025 | 670,020 | 670,020 |
| <u>Civic Hospitality</u> | | | |
| 5 Receptions, etc | 165,000 | 165,000 | 165,000 |
| 6 Entertainment for Elderly/Disabled Citizens | 195,000 | 195,000 | 195,000 |
| 7 Older Persons Development Officer | 17,410 | 17,410 | 17,410 |
| 8 Hospitality for Community Centres | 4,000 | 4,000 | 4,000 |
| 9 Misc Civic Hospitality expenditure | 20,500 | 20,500 | 20,500 |
| 10 Sub-Total Civic Hospitality | <u>401,910</u> | <u>401,910</u> | <u>401,910</u> |
| 11 Upkeep of Civic Car | 50,249 | 50,249 | 50,249 |
| 12 Civic Administration Unit | 240,628 | 240,628 | 240,628 |
| 13 Funding - Twinning Activities | 137,352 | 137,352 | 137,352 |
| 14 Archivist Unit | 166,581 | 166,581 | 166,581 |
| 15 Christmas Illuminations and Winter Festival | 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 | <u>2,540,033</u> | <u>2,538,028</u> | <u>2,538,028</u> |

RECURRING INCOME

| | BUDGET 2011/12 £ | BUDGET 2012/13 £ | BUDGET 2013/14 £ |
|--|------------------------|------------------------|------------------------|
| 20 Income from Properties and Estates | (2,330,077) | (2,343,639) | (2,355,366) |
| 21 Interest on Invested Funds | (65,290) | (83,900) | (119,000) |
| 22 Miscellaneous Income | (60,150) | (60,150) | (60,150) |
| 23 Total Recurring Income | <u>(2,455,517)</u> | <u>(2,487,689)</u> | <u>(2,534,516)</u> |
| 24 Budgeted Deficit on recurring items | <u>84,516</u> | <u>50,339</u> | <u>3,512</u> |

| BUDGET | BUDGET | BUDGET |
|---------|---------|---------|
| 2011/12 | 2012/13 | 2013/14 |

NON RECURRING ITEMS

| | | | |
|--|---------------------------|---------------------------|---------------------------|
| 27 Battle of Harlaw | 10,000 | - | - |
| 27 Sub-Total Non-Recurring Items | <u>10,000</u> | <u>-</u> | <u>-</u> |
| 28 Budget Defecit after Non Recurring Items | <u>94,516</u> | <u>50,339</u> | <u>3,512</u> |
| 29 Cash Balances at 31 March | (5,319,727) | (5,225,211) | (5,174,872) |
| 30 Estimated Cash Balances as at 31 March | <u>(5,225,211)</u> | <u>(5,174,872)</u> | <u>(5,171,360)</u> |
| Cash Balance required to maintain value using C.P.I. | (5,429,523) | (5,527,254) | (5,654,381) |
| Adjustment for Greenfern Development | 484,999 | 493,729 | 505,085 |
| Adjusted Cash Balance Required | <u>(4,944,524)</u> | <u>(5,033,525)</u> | <u>(5,149,297)</u> |

Summary of Common Good Budget after recurring items**Appendix 9**

| | 2011/12 | 2012/13 | 2013/14 |
|--|--------------------|--------------------|--------------------|
| Budget Deficit after Non-Recurring Items | 94,516 | 50,339 | 3,512 |
| Items Referred to committee - recurring (Appendix 7) | 15,330 | 15,330 | 15,330 |
| Items Referred to committee - non recurring (Appendix 7) | 143,552 | - | - |
| Budget deficit after referred items | <u>253,398</u> | <u>65,669</u> | <u>18,842</u> |
| Cash Balances as at 1 April | (5,319,727) | (5,066,329) | (5,000,660) |
| Estimated Cash Balances as at 31 March | <u>(5,066,329)</u> | <u>(5,000,660)</u> | <u>(4,981,818)</u> |
| Cash Balance Required to maintain value using CPI | (5,429,523) | (5,527,254) | (5,654,381) |
| Adjustment for Greenfern Development Site | 484,999 | 493,729 | 505,085 |
| Revised Cash Balance to maintain value using CPI | <u>(4,944,524)</u> | <u>(5,033,525)</u> | <u>(5,149,296)</u> |

**ABERDEEN GOMEL TRUST
2011-2012 BUDGET**

Appendix 10

FUNDS AVAILABLE AT 1 APRIL 2011 ESTIMATE

9257

INCOME FOR 2010/11

Interest on Invested Funds
Aberdeen City Contribution

100
7,800

7,900

EXPENDITURE FOR 2010/11

Construction Technology

Tullos Training Project

4,300

Education & Young People

School Visits

2,000

Medical

Medical Students Visit - 2011
ENT visit to Scotland
"Children's Diabetes Mellitus" NGO
Medical Equipement - Diabetes Project
Telemedicine Visit

2,000
2,000
800
235
6,000

11,035

Conferences, Liaison etc

Friends of Gomel Visit
Trustee Visit
Translation/Interpretation Services
Liaison/Attendance at Conferences

370
2,000
452
250

3,072

Miscellaneous

Honorarium 2011
Audit Fee 2011
Audit Fee 2012
Tax 2012
Tax 2011

500
200
200
20
30

950 21,357

Additional Funds requested

(4,200)

Exempt information as described in paragraph(s) 6, 8 of Schedule 7A of the Local Government (Scotland) Act 1973.

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