

ABERDEEN CITY COUNCIL

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COMMITTEE	Enterprise, Planning and Infrastructure
DATE	18 January 2011
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	2010/11 Revenue Budget Monitoring
REPORT NUMBER:	EPI/11/005

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1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to:
- i) bring to Committee members notice the current year revenue budget performance to date along with forecast out-turns for the services which relate to this Committee;  
and
  - ii) advise on any areas of risk and management action.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- i) note this report on the performance to date and the forecast out-turn and the information on risks and management action that is contained herein; and
  - ii) instruct that officers continue to review budget performance and report on service strategies as required to ensure a balanced budget.
  - iii) instructs officers to report, in due course, on the actual out-turn compared to budget following completion of the 2010/11 financial statements.

3. FINANCIAL IMPLICATIONS

- 3.1. The total Enterprise, Planning and Infrastructure budget currently amounts to £27.5 million net expenditure.
- 3.2. Based upon present forecasts it is anticipated that the Service will overspend its budget by £3.1 million. This position will be reflected in the overall financial monitoring for the Council when it is reported to Finance and Resources Committee at the end of this Committee cycle.
- 3.3. Further details of the financial implications are set out in section 5 and in the appendix attached to this report.

#### 4. OTHER IMPLICATIONS

4.1 None.

#### 5. BACKGROUND/MAIN ISSUES

5.1 This report informs Members of the current year revenue budget performance for the Service to Period 8 (end of November 2010) and provides a high level summary for the consideration of Members. It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these.

5.2 The Service report and associated notes are attached at Appendix A

#### **Financial Position and Risks Assessment**

The forecast out-turn as at Period 8 is a net overspend of £3.1 million.

At this time the following areas of risk are highlighted together with the management action being taken.

- Planning and building application income is £280k above budget to Period 8. This is a significant improvement on the position reported previously and is due to a number of recent large applications. The out-turn has been updated to reflect the improved position but there is a risk that the improving trend will not continue.
- A budgeted income of £187k from Neighbour Notifications will not be realized due to the Scottish Government not implementing the increase in planning applications fees that was necessary to achieve this.
- The service has two budget savings proposals that are unlikely to be met in full. The first relates to the closure of Summerhill and the second relates to defraying the maintenance cost of the Real Time Passenger Information system for public transport. Service managers have identified alternative means of achieving the required savings.
- The Architectural Design service has seen a significant decline in its workload as a result of the reduced value of capital works being undertaken by the Council. It is anticipated that the Service will see a shortfall in income of £1.2 million and it is working to reduce costs to mitigate the impact of this shortfall.
- Adverse winter weather is being experienced relatively early this year and is having an impact on roads maintenance budgets. There is a risk that these conditions will persist for an extended period and the out-turn for winter maintenance has been increased to cover the expected additional cost.

- Agreement has been reached with Education, Culture and Sport on the treatment of the cost of providing school meals. The full cost of £1.5 million will revert to Enterprise, Planning and Infrastructure with £700k of this being offset against corporate reserves.

To mitigate the effect of these risks, the management of vacant posts is being actively pursued and savings of £800k are anticipated for the full year.

## 6. IMPACT

- 4.1. Corporate - As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore Committees and Services are required to work within a financial constraint. Every effort is being focused on delivering services more efficiently and effectively.

Public – this report is likely to be of public interest due to the size of the budgets involved and the nature of the services provided by Enterprise, Planning and Infrastructure, a number of which are front line services delivered directly to citizens and the business community within the city.

## 7. BACKGROUND PAPERS

Financial ledger data extracted for the period.

## 8. REPORT AUTHOR DETAILS

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