

ABERDEEN CITY COUNCIL

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COMMITTEE	Enterprise, Planning and Infrastructure
DATE	09 November 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	2010/11 Revenue Budget Monitoring
REPORT NUMBER:	EPI/10/269

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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 £26.6 million net expenditure.
- 3.2. Based upon present forecasts it is anticipated that the Service will overspend its budget by £670k. 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 6 (end of September 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 6 is a net overspend of £670k.

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

- Planning application income is £40k below budget to Period 6. This represents an improvement on the position reported previously and the outturn has been amended accordingly. 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 have not yet been met. 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.
- It is assumed that the roads winter maintenance budget is adequate to cover the cost of a "normal" winter.

To mitigate the effect of these risks, the management of vacant posts is being actively pursued and savings of £700k 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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**ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011**

**DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE**

AS AT	30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN	
			PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE
<b>ACCOUNTING PERIOD 6</b>		£'000	£'000	£'000	£'000	£'000	%
HEAD OF ASSET MANAGEMENT AND OPERATIONS		17,866	3,368	2,918	(450)	18,553	687 3.8%
HEAD OF PLANNING AND SUSTAINABLE DEVELOPMENT		2,660	1,052	1,528	476	2,718	59 2.2%
OPERATIONAL SUPPORT MANAGER		808	399	399	(0)	808	0 0.0%
ECONOMIC DEVELOPMENT PROJECT DIRECTOR		5,245	2,617	2,266	(352)	5,172	(73) -1.4%
<b>TOTAL BUDGET</b>		<b>26,578</b>	<b>7,436</b>	<b>7,111</b>	<b>(325)</b>	<b>27,252</b>	<b>673 2.5%</b>

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011

DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE

AS AT 30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN			CHANGE FROM LAST REPORT
		PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE		
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
<b>ACCOUNTING PERIOD 6</b>								
STAFF COSTS	21,810	10,905	10,497	(408)	21,109	(701)	-3.2%	(558)
PROPERTY COSTS	5,168	2,515	2,620	105	5,670	502	9.7%	502
ADMINISTRATION COSTS	1,300	548	428	(120)	1,288	(12)	-0.9%	(12)
TRANSPORT COSTS	3,856	1,928	1,790	(138)	3,841	(15)	-0.4%	(15)
SUPPLIES & SERVICES	13,360	6,675	6,412	(263)	13,382	22	0.2%	22
TRANSFER PAYMENTS	2,791	1,396	1,254	(141)	2,720	(71)	-2.6%	(71)
TOTAL	11,699	0	273	273	11,699	0	0.0%	0
CAPITAL FINANCING COSTS								
<b>GROSS EXPENDITURE</b>	<b>59,984</b>	<b>23,967</b>	<b>23,275</b>	<b>(692)</b>	<b>59,710</b>	<b>(275)</b>	<b>-0.5%</b>	<b>(132)</b>
LESS: INCOME								
GOVERNMENT GRANTS	(155)	(70)	(97)	(27)	(155)	0	0.0%	0
OTHER GRANTS	(41)	(20)	(21)	(0)	(41)	0	0.0%	0
FEES & CHARGES	(17)	(9)	(5)	3	(17)	0	0.0%	0
RECHARGES	(9,970)	(4,857)	(4,032)	825	(9,442)	528	-5.3%	528
OTHER INCOME	(23,223)	(11,575)	(12,009)	(434)	(22,803)	420	-1.8%	(106)
<b>TOTAL INCOME</b>	<b>(33,406)</b>	<b>(16,531)</b>	<b>(16,164)</b>	<b>367</b>	<b>(32,458)</b>	<b>948</b>	<b>-2.8%</b>	<b>422</b>
<b>NET EXPENDITURE</b>	<b>26,578</b>	<b>7,436</b>	<b>7,111</b>	<b>(325)</b>	<b>27,252</b>	<b>673</b>	<b>2.5%</b>	<b>290</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

The Architectural Design, Surveying and Planning sections have identified a number of vacancies that will not be filled this year.

FORECAST  
VARIANCE  
£'000

CHANGE  
£'000

(701) (558)

**Property Costs**

Rent for the AECC offices has been restated as a cost and recharge rather than being netted off.

502 502

**Administration Costs**

Revised estimated if internal recharges to Public Transport Unit based on 2009/10 actual costs

(12) (12)

**Transport Costs**

Travelling expenses within a number of sections have been reviewed and reduced in line with spend to date.

(15) (15)

**Supplies & Services**

Revised estimates for use of consulting engineers and for software support within Asset Management.

22 22

**Transfer payments**

The budget includes a contribution to Glencraft which will not now be made.

(71) (71)

**Recharges**

Rent for the AECC offices has been restated as a cost and recharge rather than being netted off. Recharges for Architectural Design work are expected to be significantly less than budget as the demand for work has continued to decrease.

528 528

**Other Income**

Recharges to outside parties for Architectural Design work is expected to be below budget due to weak market conditions. Planning application and building warrant income is expected to be similarly affected although the position shows some improvement since the forecast was last reviewed.

420 (106)

673 290

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011

DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE  
HEAD OF ASSET MANAGEMENT AND OPERATIONS

AS AT	30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE		
		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
<b>ACCOUNTING PERIOD 6</b>									
STAFF COSTS		14,950	7,475	7,001	(474)	14,400	(550)	-3.7%	(408)
PROPERTY COSTS		5,165	2,514	2,616	102	5,667	502	9.7%	502
ADMINISTRATION COSTS		748	277	206	(71)	736	(12)	-1.6%	(12)
TRANSPORT COSTS		3,744	1,872	1,745	(127)	3,742	(2)	0.0%	(2)
SUPPLIES & SERVICES		10,605	5,297	5,127	(170)	10,627	22	0.2%	22
TRANSFER PAYMENTS TOTAL		253	127	82	(45)	255	2	0.7%	2
CAPITAL FINANCING COSTS		11,116	0	0	0	11,116	0	0.0%	0
<b>GROSS EXPENDITURE</b>		<b>46,581</b>	<b>17,561</b>	<b>16,775</b>	<b>(786)</b>	<b>46,543</b>	<b>(38)</b>	<b>-0.1%</b>	<b>104</b>
LESS: INCOME									
GOVERNMENT GRANTS		0	0	(0)	(0)	0	0	0.0%	0
OTHER GRANTS & CONTRIBUTIONS		0	0	(0)	(0)	0	0	0.0%	0
INTEREST		0	0	0	0	0	0	0.0%	0
RECHARGES		(9,189)	(4,467)	(3,679)	788	(8,661)	528	-5.7%	576
OTHER INCOME		(19,526)	(9,727)	(10,178)	(451)	(19,329)	197	-1.0%	197
<b>TOTAL INCOME</b>		<b>(28,715)</b>	<b>(14,194)</b>	<b>(13,857)</b>	<b>337</b>	<b>(27,990)</b>	<b>725</b>	<b>-2.5%</b>	<b>773</b>
<b>NET EXPENDITURE</b>		<b>17,866</b>	<b>3,368</b>	<b>2,918</b>	<b>(450)</b>	<b>18,553</b>	<b>687</b>	<b>3.8%</b>	<b>877</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

A further review of vacant posts has identified additional posts that will not be filled this year within Architectural Design and Surveying sections.

FORECAST VARIANCE	CHANGE
£'000	£'000

(550)	(408)
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**Property Costs**

Restatement of rent for the AECC offices, which was formerly set off against recharges to other services

502	502
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**Administration Costs**

Revised estimated if internal recharges to Public Transport Unit based on 2009/10 actual costs

(12)	(12)
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**Transport Costs**

Updated estimate of travelling expenses

(2)	(2)
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**Supplies and Services**

Revised estimates for use of consulting engineers and for software support

22	22
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**Transfer Payments**

Increase in support payments made by Public Transport Unit

2	2
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**Income**

Estimated reduction in rechargeable works undertaken by Architectural Design Services is estimated to be £1.2 million. The restatement of recharge for AECC office rent, for which the cost and the recharge was formerly netted off, increases recharges by £530k.

725	773
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687	877
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**ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011**

**DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE  
HEAD OF PLANNING AND SUSTAINABLE DEVELOPMENT**

AS AT	30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE		
		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
<b>ACCOUNTING PERIOD 6</b>									
STAFF COSTS		3,620	1,810	1,892	81	3,470	(150)	-4.2%	(150)
PROPERTY COSTS		0	0	3	3	0	0	0.0%	0
ADMINISTRATION COSTS		113	56	52	(4)	113	0	0.0%	0
TRANSPORT COSTS		69	35	27	(7)	56	(13)	-19.0%	(13)
SUPPLIES & SERVICES		1,084	542	513	(29)	1,084	0	0.0%	0
TRANSFER PAYMENTS TOTAL		165	83	113	31	165	0	0.0%	0
CAPITAL FINANCING COSTS		572	0	273	273	572	0	0.0%	0
<b>GROSS EXPENDITURE</b>		<b>5,623</b>	<b>2,526</b>	<b>2,874</b>	<b>349</b>	<b>5,459</b>	<b>(164)</b>	<b>-2.9%</b>	<b>(163)</b>
LESS: INCOME									
GOVERNMENT GRANTS		(32)	(8)	0	9	(32)	0	0.0%	0
OTHER GRANTS & CONTRIBUTIONS		0	0	0	0	0	0	0.0%	0
INTEREST		0	0	0	0	0	0	0.0%	0
RECHARGES		(41)	(20)	(9)	11	(41)	0	0.0%	0
OTHER INCOME		(2,890)	(1,445)	(1,338)	108	(2,668)	222	-7.7%	(303)
<b>TOTAL INCOME</b>		<b>(2,963)</b>	<b>(1,474)</b>	<b>(1,346)</b>	<b>128</b>	<b>(2,741)</b>	<b>222</b>	<b>-7.5%</b>	<b>(303)</b>
<b>NET EXPENDITURE</b>		<b>2,660</b>	<b>1,052</b>	<b>1,528</b>	<b>476</b>	<b>2,718</b>	<b>59</b>	<b>2.2%</b>	<b>(466)</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

There are a number of vacancies within the service that will not be filled this year.

(150) (150)

**Transport Costs**

The estimated cost of travelling expenses has been revised in line with spend to date.

(13) (13)

**Income**

Planning application fee income is expected to be £60k below budget and Building application fee income is expected to be £20k below budget. This represents an improvement on the previous forecast. No income will arise from Neighbour Notifications whereas the budget provided for £187k.

222 (303)

59 (466)

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011

DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE  
ECONOMIC DEVELOPMENT PROJECT DIRECTOR

AS AT	30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
<b>ACCOUNTING PERIOD 6</b>									
	STAFF COSTS	2,014	1,007	1,008	1	2,014	0	0.0%	0
	PROPERTY COSTS	2	1	1	0	2	0	0.0%	0
	ADMINISTRATION COSTS	378	190	130	(59)	378	0	0.0%	0
	TRANSPORT COSTS	41	21	17	(4)	41	0	0.0%	0
	SUPPLIES & SERVICES	1,656	829	769	(61)	1,656	0	0.0%	0
	TRANSFER PAYMENTS TOTAL	2,373	1,186	1,059	(127)	2,300	(73)	-3.1%	(73)
	CAPITAL FINANCING COSTS	12	0	0	0	12	0	0.0%	0
<b>GROSS EXPENDITURE</b>		<b>6,477</b>	<b>3,233</b>	<b>2,984</b>	<b>(249)</b>	<b>6,404</b>	<b>(73)</b>	<b>-1.1%</b>	<b>(73)</b>
LESS: INCOME									
	GOVERNMENT GRANTS	(124)	(62)	(97)	(35)	(124)	0	0.0%	0
	OTHER GRANTS & CONTRIBUTIONS	(41)	(20)	(21)	(0)	(41)	0	0.0%	0
	INTEREST	(17)	(9)	(5)	3	(17)	0	0.0%	0
	RECHARGES	(244)	(122)	(115)	7	(244)	0	0.0%	0
	OTHER INCOME	(806)	(403)	(480)	(77)	(806)	0	0.0%	0
<b>TOTAL INCOME</b>		<b>(1,232)</b>	<b>(616)</b>	<b>(718)</b>	<b>(102)</b>	<b>(1,232)</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
<b>NET EXPENDITURE</b>		<b>5,245</b>	<b>2,617</b>	<b>2,266</b>	<b>(352)</b>	<b>5,172</b>	<b>(73)</b>	<b>-1.4%</b>	<b>(73)</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

**Transfer Payments**

A contribution to Glencraft was included in budget but won't be made

FORECAST VARIANCE	CHANGE
£'000	£'000

(73)	(73)
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(73)	(73)
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**ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2010 / 2011**

**DIRECTORATE : ENTERPRISE, PLANNING AND INFRASTRUCTURE  
OPERATIONAL SUPPORT MANAGER**

AS AT	30 September 2010	ANNUAL BUDGET	YEAR TO DATE			OUT-TURN			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	FORECAST TOTALS	FORECAST VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
<b>ACCOUNTING PERIOD 6</b>									
STAFF COSTS		1,224	612	597	(15)	1,224	0	0.0%	0
PROPERTY COSTS		1	0	0	(0)	1	0	0.0%	0
ADMINISTRATION COSTS		62	26	40	14	62	0	0.0%	0
TRANSPORT COSTS		2	1	1	(0)	2	0	0.0%	0
SUPPLIES & SERVICES		15	8	4	(4)	15	0	0.0%	0
TRANSFER PAYMENTS TOTAL		0	0	0	0	0	0	0.0%	0
CAPITAL FINANCING COSTS		0	0	0	0	0	0	0.0%	0
<b>GROSS EXPENDITURE</b>		<b>1,304</b>	<b>647</b>	<b>642</b>	<b>(5)</b>	<b>1,304</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
LESS: INCOME									
GOVERNMENT GRANTS		0	0	0	0	0	0	0.0%	0
OTHER GRANTS & CONTRIBUTIONS		0	0	0	0	0	0	0.0%	0
INTEREST		0	0	0	0	0	0	0.0%	0
RECHARGES		(496)	(248)	(229)	19	(496)	0	0.0%	0
OTHER INCOME		0	0	(13)	(13)	0	0	0.0%	0
<b>TOTAL INCOME</b>		<b>(496)</b>	<b>(248)</b>	<b>(243)</b>	<b>5</b>	<b>(496)</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>
<b>NET EXPENDITURE</b>		<b>808</b>	<b>399</b>	<b>399</b>	<b>(0)</b>	<b>808</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

FORECAST VARIANCE £'000	CHANGE £'000
0	0