

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	31 January 2012
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	2011/12 Revenue Budget Monitoring
REPORT NUMBER:	EPI/12/046

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 outturns for the Services which relate to this Committee;
 - 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 outturn and the information on risks and management action that is contained herein;
 - 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 outturn compared to budget following completion of the 2011/12 financial statements.

3. FINANCIAL IMPLICATIONS

- 3.1. The total Enterprise, Planning and Infrastructure budget currently amounts to £39.7M net expenditure.
- 3.2. Based upon present forecasts it is anticipated that the outturn for the Directorate will be £100K above budget. 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. Two PBB options have been identified as being at risk and the impact of this is reflected in the forecast outturn. Option EPI_AMO25 for £90K will not be achieved in the current year due to delays in proposed increases in parking charges being announced by the Transport

Minister and option EPI_EBD03a for £150K from additional advertising income is estimated only to realize £60K in the current year.

- 3.4. Further details of the financial implications are set out in section 5 and in the appendix 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 Directorate to Period 8 (end of November 2011) 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 Directorate report and associated notes are attached at Appendix A.

Financial Position and Risks Assessment

The overall position for the Directorate at Period 8 is a net underspend of £1.3M. The forecast outturn for the full year is a net overspend of £100K. The reason for this movement is that a number of charges are not made to the Directorate until the year-end.

The outturn takes account of a number of areas that are expected to incur adverse variances against budget in the current year:

- Architectural Design income for both Housing and Non-Housing works is expected to be £3M below budget due the declining trend in income as a result of a decrease in the level of capital works being undertaken. To mitigate the impact of this the Services have been managing their vacant posts and are expected to realize £400K in staff and other savings.
- Building Cleaning recharges have been stopped and all cleaning budgets have been removed from the former clients of this service, along with the Service's own income. The impact of this in the current year is that the Service is left with a shortfall in budget of £710K but this is offset by corresponding favourable variances within former client budgets.
- Building application and property enquiry fee income is forecast to be £280K below budget, based on the current trend in applications and the low number of large applications this year.

In mitigation of these forecasts, there are a number of areas where costs are forecast to be below budget in the current year:

- The rates cost for Marischal College is still to be finalized for the current year in respect of the effective date of entry to the building but if this date is agreed as 1 August 2011 the saving against budget will be £320K.
- All Non-Housing property repair budgets have now been removed from individual services and have been consolidated within the Directorate. Repair costs to date are below budget and this trend is expected to continue, realizing a saving of £540K for the full year.
- Fleet Services' vehicle leasing budget will be underspent for the year as the Council no longer has any vehicles financed in this way. This will result in a favourable variance of £220K. In addition, the Directorate is making savings in vehicle maintenance and in other transport and travel costs that are expected to amount to £260K for the full year.
- Significant savings are being made in staff costs throughout the Directorate through the management of vacant posts and, apart from staff savings included above, it is forecast that a saving of £2.5M will be achieved.

6. IMPACT

Corporate - as a recognized 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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