

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	15 March 2012
DIRECTOR	Stewart Carruth, Director of Corporate Governance
TITLE OF REPORT	2011/12 FINANCIAL MONITORING
REPORT NUMBER:	CG/12/025

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) Bring to Committee members notice the current year revenue performance to date for the Services within Corporate Governance; and
 - ii) Advise on any areas of risk and management action.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee
- i) Note this report and the information on management action and risks that is contained herein; and
 - ii) Instruct that officers continue to review budget performance and report on Service strategies.

3. FINANCIAL IMPLICATIONS

Financial Implications are detailed in section 5 Background/Main Issues

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

- 5.1 This report provides a high level summary with accrued actual expenditure to period 10, January 2012. The forecast is based on information and feedback from budget holders captured in January 2012.

Financial Position and Risks Assessment

- 5.2 The Service report is attached at Appendix A which shows projected net outturn savings £1.02M (3.8%), across the current net budget of £27.2M, a favourable movement of £280K from that last reported to Committee. There are not any significant risks at this time, and while the following items are of note they have been accommodated within the projected net outturn:-

- Net savings of £2.3M have been identified from the non-filling of staff vacancies, after having met savings allocated to Corporate Governance in the current year.
- Recharge Income for Corporate Governance is expected to be £1.5M below budget. This results from a number of specific areas that can no longer be recovered due to revised accounting practice and guidance including recharges to Capital and the Fairer Scotland Fund. In addition the significant cost savings achieved have reduced the level of recoverable expenditure. Budgeted income for 2012/13 has been adjusted to address these issues as appropriate.
- The net cost of Housing Benefit is expected to exceed budget by £500K. The cost to the Council arises as of the Housing Benefits paid by the Council to tenants of £50M, on average only 97% is offset by income from the Department of Work and Pensions. The actual level of recovery can vary from year to year and is impacted by factors such as inflation, levels of claims and overpayments. Revised procedures have been established to more regularly review the impact and minimise the risk of the recurrence of a cost pressure. This issue has been addressed in the 2012/13 Budget.
- Savings in Insurance costs of £330K have been identified as a result of close monitoring of costs, claims management and favourable market forces.

- The closure of Whitemyres is expected to result in an adverse variance of £300K compared with the original budget. This is as a result of the known costs of closure (£110K), loss of income in the last six months of operation in the wind down period (£100K) and anticipated stock write offs and adjustments (£90K). It should be noted that some £40K of usable stock will be distributed to schools free of charge.

6. IMPACT

- 6.1 The issues referred to in this report impact on the overall financial position of the Council which are included in another report on the agenda.

7. BACKGROUND PAPERS

Financial ledger data extracted for the period 10 (not attached).

8. REPORT AUTHOR DETAILS

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Appendix A

As at end of January 2012		Year to Date			Forecast to Year End		
Accounting Period 10	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
HEAD OF FINANCE - S.95 OFFICER	6,812	5,845	5,099	(746)	6,583	(229)	(3.4%)
HEAD OF LEGAL AND DEMOCRATIC SERVICES	1,952	1,655	1,343	(312)	1,888	(64)	(3.3%)
HEAD OF HUMAN RESOURCES AND ORG DEV	4,597	4,084	3,022	(1,062)	4,185	(413)	(9.0%)
HEAD OF PROCUREMENT	316	(410)	653	1,063	732	416	131.8%
HEAD OF CUSTOMER SERVICE AND PERFORMANCE	13,522	10,844	9,967	(877)	12,790	(732)	(5.4%)
TOTAL BUDGET	27,199	22,018	20,084	(1,933)	26,179	(1,021)	(3.8%)