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ABERDEEN CITY COUNCIL

COMMITTEE: Housing and Environment

DATE: 11 March 2014

DIRECTOR: Pete Leonard & Angela Scott

TITLE OF REPORT: 2013/14 REVENUE BUDGET MONITORING

REPORT NUMBER: H&E/014/20

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 for the Services which relate to this Committee;
 - ii) advise on any areas of risk and management action; and
 - iii) approve the request to earmark a sum of £400K.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- i) consider and note this report and the information on management action and risks that is contained herein;
 - ii) instruct that officers report the year end position to the appropriate committee; and
 - iii) approve the request to earmark £400K from the 2013/14 under spend for 2014/15 to spend on environmental improvements linked to Aberdeen's Greenspace Strategy and in Bloom agenda.

3. FINANCIAL IMPLICATIONS

Housing Revenue Account (HRA)

- 3.1. The HRA which has gross expenditure budget of £80M is ring-fenced and is funded mainly from housing rents.
- 3.2. The forecast position on the HRA, as outlined, indicates that there will be a working balance of £5.5M after taking account of the 2013/14 outturn and other agreed commitments. This is in excess of the recommended minimum level of £5.2M.

General Fund

- 3.3. The total Housing and Environment budget amounts to £36.4M net expenditure, excluding the HRA budget.
- 3.4. The forecast position indicates an under spend of £2.8M.
- 3.5. Further details of the financial implications are set out in section 5 and appendix A attached.

4. OTHER IMPLICATIONS

- 4.1 None

5. BACKGROUND/MAIN ISSUES

- 5.1 The Service revenue monitoring reports and associated notes are attached at Appendix A

Financial Position and Risks Assessment

Housing Revenue Account

The projected net saving for the year is forecast at £23M. It is anticipated this will be used to provide a CFCR contribution to fund the capital programme and increase the working balance. The principal movements within this total relate to an increase in dwelling house income and voids, a reduction in management & admin & capital financing. The impact of Welfare Reform on the HRA is being closely monitoring, there was also a provision made in the 2012/13 accounts to mitigate some of the potential impacts.

General Fund

In overall terms the position forecasts an under spend of £2.8M on the total Housing and Environment Budget (excluding the HRA).

- 5.2 The areas contributing to this movement are as follows

	£'000
Homeless	(1,110)
Trading Standards & Env Protection	(580)
Supporting People	(170)
Other Housing	(180)
Grounds Maintenance	(240)
Recycling & Waste Disposal	(530)
Environmental	10
Community Safety	(10)
ASSL	(50)
	<hr/> <hr/> (2,860)

- Homeless is forecast to be £1.1M lower than budget. This is due mainly to a reduction in the use of bed & breakfast as a result of private sector leased flats now being used, changes in contracts to outside agencies, reduction in forecasts for admin & management charges and lower than anticipated spend on furniture services and tenancy set up fund. The forecast is based on current activity.
 - Supporting People are forecast to be £170K below budget due to staff vacancies and reduced forecasts for courses, office supplies and software support as a result of historical budgets.
 - Other Housing is forecast to be £180K under budget due to the anticipated reductions in administration costs.
 - Recycling & Waste Disposal is forecast to be £530K under budget. This is due to an under spend on staff costs and Internal Fleet charges based on 12/13 costs, however this has partly been offset by a reduction in Commercial Waste income, the higher costs of Landfill tax based on tonnages to date & Food Waste Programme.
 - Charges for Fleet costs up to Period 8 have been applied where insufficient or no budgets are in place. These affect Waste, Environmental Services and Environmental Protection. A number of these charges are currently in dispute with Fleet therefore the outturns have not been amended to reflect current charges. If the charges remain unchanged and continue at the same rate there could be an over spend of £200K.
- 5.3 A request is made to earmark £400K of the under spend from Housing & Environment in 2013/14 for 2014/15 for environmental improvements linked to Aberdeen's Greenspace Strategy and in Bloom agenda. These improvements would be sustainable and would be of benefit across the city. It is envisaged that the funding will be split equally, £200K each, between Housing & Environment and Enterprise, Planning & Infrastructure. The budget would be managed by Housing & Environment.

The money allocated to Enterprise, Planning & Infrastructure would include works for –

- Lighting column painting
- Fencing / railing repairs / replacement
- Road repairs
- Roundabout improvements
- Verge improvements

The money allocated to Housing & Environment would include works for –

- Enhancing the city gateways
- Community / Friends groups match funding
- Formal gardens improvements

- General shrub bed and rose bed refurbishment
- City Centre planting
- Helping to deliver school projects
- Refurbishment of key park assets ie water fountains

The money would allow for many projects to be invested in which at the moment the service can not afford. The improvements would be seen in all areas of the city and would allow for community projects to get underway.

A further benefit of the additional spend would be to help Aberdeen's Britain in Bloom 2014 campaign.

6. IMPACT

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.

7. MANAGEMENT OF RISK

To ensure the anticipated forecast outturn is maintained the service has been -

- Managing controllable costs for example staff vacancies and overtime
- Maximising the potential income streams of the service.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period.

9. REPORT AUTHOR DETAILS

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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013/14**

DIRECTORATE : Housing and Environment

As at 31 December 2013	Full year Revised Budget	YEAR TO DATE			FORECAST TO YEAR END			Change from last report
		Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
ACCOUNTING PERIOD 9	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
HEAD OF HOUSING AND COMMUNITY SAFETY	6,608	4,956	2,898	(2,058)	5,137	(1,471)	(22)%	1,481
HEAD OF REGENERATION AND HOUSING INVESTMENT	(1,921)	(1,441)	(1,654)	(213)	(1,920)	1	(0)%	0
HEAD OF ENVIRONMENT SERVICES	30,641	22,981	22,323	(658)	29,255	(1,386)	(5)%	(687)
OPERATIONAL SUPPORT MANAGER	1,071	803	700	(103)	1,069	(2)	0%	0
TOTAL BUDGET	36,399	27,299	24,267	(3,032)	33,541	(2,858)	(8)	794
HOUSING REVENUE ACCOUNT	(23,034)	(28,484)	(28,695)	(211)	(23,084)	(50)	0%	(24)

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013 / 2014: HEAD OF HOUSING & COMMUNITY SAFETY

DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD

As at	31 December 2013	YEAR TO DATE			FORECAST TO YEAR END			Change from last report	
		Full year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount		Variance Percent
ACCOUNTING PERIOD 9		£'000	£'000	£'000	£'000	£'000	%	£'000	
STAFF COSTS		4,455	3,341	3,001	(340)	4,228	(227)	-5%	1,056
PROPERTY COSTS		2,512	1,884	2,058	174	2,743	231	9%	276
ADMINISTRATION COSTS		1,226	920	536	(384)	1,423	197	16%	624
TRANSPORT COSTS		67	50	34	(16)	57	(10)	-15%	2
SUPPLIES & SERVICES		1,266	950	518	(432)	780	(486)	-38%	97
TRANSFER PAYMENTS		6,870	5,153	4,180	(973)	5,816	(1,054)	-15%	(232)
CAPITAL FINANCING		0	0		0	0	0	0%	0
GROSS EXPENDITURE		16,396	12,297	10,327	(1,970)	15,047	(1,349)	-8%	1,823
LESS:									
INCOME		(9,788)	(7,341)	(7,429)	(88)	(9,910)	(122)	1%	(342)
TOTAL INCOME		(9,788)	(7,341)	(7,429)	(88)	(9,910)	(122)	1%	(342)
NET EXPENDITURE		6,608	4,956	2,898	(2,058)	5,137	(1,471)	-22%	1,481

VIREMENT PROPOSALS

None

REVENUE MONITORING VARIANCE NOTES

Overall Note

The large movements from the last report relate to the Movement of the Hostels from the HRA to General Fund, this is at no cost.

Employee Costs

(227) 1,056

The anticipated outturn is based on the current level of staffing and the main under spend is within Homeless.

Property Costs

231 276

The over spend mainly relates to factoring, an outturn of £269K has been included however this will be balanced by income received.

Administration Costs

197 624

The over spend principally relates to bad debt forecasts within Homeless for the flats, B&B, private sector leasing & the hostels.

Transport Costs

(10) 2

This budget is for travelling expenses and outturns have been reviewed based on spend to date.

Supplies and Services

(486) 97

The underspend relates mainly to an anticipated lower spend on furniture purchases & Bed & Breakfast in Homelessness.

Transfer Payments

(1,054) (232)

Principally the anticipated underspend is from £720K in Homeless from the reduction in the usage of bed and breakfast and furniture and the £220K in the improvement grants.

Capital Financing Costs

0 0

Capital Financing Costs have now been removed from the budgets and will be treated corporately.

Income

(122) (342)

The forecast over spend relates to increased income from Homeless Flats of £101K, Private Sector Leasing of £258K, Factoring of £294K which is netted off by a reduction in Bed & Breakfast income of £425K & Improvement Grants of £232K

(1,471) 1,481

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013 / 2014 :HEAD OF REGENERATION & HOUSING INVESTMENT

DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD

As at 31 December 2013	Full year Revised Budget	YEAR TO DATE			FORECAST TO YEAR END			Change from last report
		Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
ACCOUNTING PERIOD 9	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	3,169	2,377	2,074	(303)	2,697	(472)	-15%	0
ADMINISTRATION COSTS	56	42	12	(30)	53	(3)	-5%	0
TRANSPORT COSTS	92	69	38	(31)	53	(39)	-42%	0
SUPPLIES & SERVICES	489	367	476	109	646	157	32%	0
TRANSFER PAYMENTS	0	0	0	0	0	0	0%	0
CAPITAL FINANCING COSTS	0	0	0	0	0	0	0%	0
GROSS EXPENDITURE	3,806	2,855	2,600	(255)	3,449	(357)	-9%	0
LESS								
INCOME	(5,727)	(4,295)	(4,254)	41	(5,369)	358	-6%	0
TOTAL INCOME	(5,727)	(4,295)	(4,254)	41	(5,369)	358	-6%	0
NET EXPENDITURE	(1,921)	(1,441)	(1,654)	(213)	(1,920)	1	0%	0

VIREMENT PROPOSALS

None

REVENUE MONITORING VARIANCE NOTES

Employee Costs

The anticipated outturn is based on the current level of staffing and the underspend is £348K for Construction Consultancy & £124K from Housing Repairs.

(472)

0

Administration Costs

The outturn is based on actual to date and previous years spend.

(3)

0

Transport Costs

This budget is for travelling expenses and outturns have been reviewed based on spend to date.

(39)

0

Supplies and Services

The overspend of £156K is as a result of a increase in projected expenditure on Consultants Fees due to the nature of the activities in Construction Consultancy and the Victoria House new build.

157

0

Capital Financing Costs

Capital Financing Costs have now been removed from the budgets and will be treated corporately.

0

0

Income

The budgeted fee income from Housing capital in Construction Consultancy is forecast to be below budget based on current activity.

358

0

1

0

ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013 / 2014 : HEAD OF ENVIRONMENT SERVICES

DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD

As at 31 December 2013	Full year Revised Budget	YEAR TO DATE			FORECAST TO YEAR END			Change from last report
		Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
ACCOUNTING PERIOD 9	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS	18,350	13,763	12,891	(872)	17,084	(1,266)	-7%	(492)
PROPERTY COSTS	806	605	609	5	898	92	11%	(59)
ADMINISTRATION COSTS	413	310	200	(110)	404	(9)	-2%	(7)
TRANSPORT COSTS	1,986	1,490	1,678	189	1,859	(127)	-6%	1
SUPPLIES & SERVICES	9,983	7,487	7,537	50	10,894	911	9%	584
TRANSFER PAYMENTS	8,226	6,170	6,835	666	8,226	0	0%	0
CAPITAL FINANCING COSTS	0	0		0	0	0	0%	0
GROSS EXPENDITURE	39,764	29,823	29,750	(73)	39,365	(399)	-1%	27
LESS: INCOME								
INCOME	(9,123)	(6,842)	(7,427)	(585)	(10,110)	(987)	11%	(714)
TOTAL INCOME	(9,123)	(6,842)	(7,427)	(585)	(10,110)	(987)	11%	(714)
NET EXPENDITURE	30,641	22,981	22,323	(658)	29,255	(1,386)	-5%	(687)

VIREMENT PROPOSALS

None

REVENUE MONITORING VARIANCE NOTES

Employee Costs

Staff costs are to date below budget, an underspend of £1.2M is being anticipated this is split over a very wide variety of services including Grounds Maintenance & Waste.

FORECAST VARIANCE	CHANGE
£'000	£'000
(1,266)	(492)

Property Costs

The main reason for the forecast over spend is £82K in the Winter Gardens due to increased fuel costs, this has reduced from the last report due to a reduced requirement.

92 (59)

Administration Costs

The main underspend is £10K for Trainee Health Officers with the difference from a wide variety of services..

(9) (7)

Transport Costs

This budget is for travelling expenses and outturns have been reviewed based on spend to date.

(127) 1

Supplies and Services

The predicted over spend relates to an increase in Waste of £952K, Tree Squad of £45K and £36K in Commercial and reduced by an under spend within Contaminated land of £150K.

911 584

Capital Financing Costs

Capital Financing Costs have now been removed from the budgets and will be treated corporately.

0 0

Income

The forecast over spend relates to income £143K incorrectly budgeted within Street Sweeping this will be corrected for 2014/15, a forecast reduction of £150K in Commercial Waste which is netted off with potential increases in income from Tree Squad £53K, Grounds Maintenance £50K, Other Collection £895K, Crematorium £114K & ASSL £74K.

(987) (714)

(1,386) (687)

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013 / 2014 : OPERATIONAL SUPPORT MANAGER**

**DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD**

As at 31 December 2013	Full year Revised Budget	YEAR TO DATE			FORECAST TO YEAR END			Change from last report £'000
		Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	Variance Percent	
	£'000	£'000	£'000	£'000	£'000	£'000	%	
ACCOUNTING PERIOD 9								
STAFF COSTS	1,075	806	813	7	1,075	0	0%	0
PROPERTY COSTS	301	226	233	7	299	(2)	-1%	0
ADMINISTRATION COSTS	72	54	59	5	72	0	0%	0
TRANSPORT COSTS	16	12	4	(8)	16	0	0%	0
SUPPLIES & SERVICES	348	261	25	(236)	348	0	0%	0
TRANSFER PAYMENTS	0	0	0	0	0	0	0%	0
CAPITAL FINANCING COSTS	0	0	0	0	0	0	0%	0
GROSS EXPENDITURE	1,812	1,359	1,134	(225)	1,810	(2)	0%	0
LESS: INCOME								
INCOME	(741)	(556)	(434)	122	(741)	0	0%	0
TOTAL INCOME	(741)	(556)	(434)	122	(741)	0	0%	0
NET EXPENDITURE	1,071	803	700	(103)	1,069	(2)	0%	0

VIREMENT PROPOSALS

None

REVENUE MONITORING VARIANCE NOTES

Overall Note

A review has been completed on the recharges to other heads. The forecast will be updated in future reports.

FORECAST
VARIANCE
£'000

CHANGE
£'000

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2013 / 2014 - HOUSING REVENUE ACCOUNT**

**DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD**

As at	31 December 2013	YEAR TO DATE			FORECAST TO YEAR END			Change from last report
		Full year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	
ACCOUNTING PERIOD 9	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
PROPERTY COSTS	30,212	22,659	21,630	(1,029)	30,236	24	0%	1
ADMINISTRATION COSTS	10,985	8,239	7,326	(913)	10,888	(97)	-1%	0
SUPPLIES & SERVICES	542	407	311	(96)	509	(33)	-6%	(1)
TRANSFER PAYMENTS TOTAL	2,034	381	1,873	1,492	2,614	580	29%	(30)
CAPITAL FINANCING COSTS	13,593	131	117	(14)	13,355	(238)	-2%	17
GROSS EXPENDITURE	57,366	31,816	31,257	(559)	57,602	236	0%	(13)
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	(234)	(176)	(117)	59	(234)	0	0%	0
INTEREST	(148)	(111)	0	111	(138)	10	-7%	0
OTHER INCOME	(80,018)	(60,014)	(59,835)	179	(80,314)	(296)	0%	(11)
TOTAL INCOME	(80,400)	(60,300)	(59,952)	348	(80,686)	(286)	0%	(11)
NET EXPENDITURE	(23,034)	(28,484)	(28,695)	(211)	(23,084)	(50)	0%	(24)

VIREMENT PROPOSALS

REVENUE MONITORING VARIANCE NOTES

Property Costs

The forecast over spend is principally made up of a number of services including Council Tax £80K & Cleaning Sheltered Housing £50K which is offset by under spends in Security £70K & cleaning of the Multi Storey Blocks £40K.

FORECAST VARIANCE £'000 CHANGE £'000

24 1

Administration Costs

The projected variance is principally due to a decrease in management & admin of £490K which is based on a detailed analysis of current vacancies and potential central support charges. In addition there is also a increase of £420K in former tenants arrears based on the outturn for 2012-13.

(97) 0

Supplies and Services

The Provision of meals outturn has been increased by £20K to reflect the actual costs for 2012/13 & there is a an under spend anticipated of £40K on equipment purchases.

(33) (1)

Transfer Payments

The main reason for the over spend is the loss of rent for Council Houses which is high as result of properties moving from the capped rent and delays in gas checks and OT property reviews, this has improved as an OT has been appointed.

580 (30)

Capital Financing Costs

Capital Financing Costs are posted at the end of the financial year. It is forecast that capital financing costs are £230K under budget these are the latest forecasts from Corporate Accounting based on capital expenditure for 2012/13 and Outturn for 2013/14.

(238) 17

Income

The forecasts for Dwelling House Rent Income and various other rents are based on current forecast level of income. Principally as a result of properties moving from the capped rent when the property becomes void.

(286) (11)

(50) (24)