

ABERDEEN CITY COUNCIL

COMMITTEE: Communities, Housing & Infrastructure
DATE: 13 January 2015
DIRECTOR: Pete Leonard & Ewan Sutherland
TITLE OF REPORT: 2014/15 TRADING SERVICES BUDGET
MONITORING
REPORT NUMBER: CHI/14/087

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year trading services revenue budget performance to date 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) 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) approves the virements outlined in Appendix B.

3. FINANCIAL IMPLICATIONS

- 3.1. It is the intention to continue to report on the previous Directorates during 2014-15 therefore this report details both the Housing and Environment and Enterprise, Planning & Infrastructure Trading Services. Work will be carried out during 2014-15 to align the budgets to the new Directorates with reporting starting on 1 April 2015.

The Housing & Environment budget amounts to a credit balance of £4.1M. The forecast position indicates a short fall of £1M.

The Enterprise, Planning & Infrastructure budget amounts to a credit balance of £9.5M. The forecast position indicates a favourable variance of £1.5M.

- 3.2. 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

The Service revenue monitoring reports are attached at Appendix A

Financial Position and Risks Assessment

Trading Services

Housing and Environment

In overall terms the position forecasts a short fall of £1M on the total Housing and Environment Trading Services budget.

- Building Services – the forecast is for a shortfall of £1M. This variance is mainly due to the anticipated reduction of income from 2013-14 levels. This is based on known contracts for response, voids, kitchens, bathrooms, gas installations, adaptations, environmental improvements and public buildings and one off contracts for Smithfield Court, Janitors houses and Spring Gardens. It is now anticipated that the number of additional contracts being awarded in future months may be limited therefore it is prudent to reduce the credit balance to £3.1M. Income levels will continue to be monitored and reported on an ongoing basis for Building Services.

Enterprise. Planning & Infrastructure

In overall terms the position forecasts a favourable variance of £1.5M on the total Enterprise, Planning & Infrastructure Trading Services budget.

The major variances arising in each service are:

- Property Letting – the forecast is for an overall favourable variance of £923K. This variance is mainly due to an increase in income from rental of £240K and Grassums of £685K.
- Car Parking – the forecast is for an overall favourable variance of £589K. This variance is mainly due to car parking fines as it is anticipated that the income will be £613K above budget.

6. IMPACT

It is important that a strong foundation of financial management supports the council's services and the Smarter City themes that support our citizens across service boundaries.

Corporate - The capital programme encompasses projects which link to the Community Plan, Single Outcome Agreement, Corporate and Individual Service Plans.

Public - This report will be of interest to the public as it outlines the Council's capital and revenue spending to date in Communities, Housing and Infrastructure.

7. MANAGEMENT OF RISK

To ensure the anticipated forecast outturn is maintained or improved the service has been

- Managing controllable costs for example staff vacancies and overtime
- Maximising the potential income streams of the service.
- Ensuring billing is resolved timely.

In addition there are a number of risks which there is little control over, for example Car Parking service's income is sensitive to adverse winter weather, particularly in the run up to Christmas and in the immediate post new year period and Building Services Response income can be influenced by the severity of the winter months.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period.

9. REPORT AUTHOR DETAILS

Helen Sherrit
Finance Partner
✉ hsherrit@aberdeencity.gov.uk
☎ 01224 346353

Appendix A

Housing & Environment

As At End of October 2014		Year To Date			Forecast to Year End		
Accounting Period 7	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
Building Services	(4,103)	(2,393)	(499)	1,894	(3,100)	1,003	24.4
Total	(4,103)	(2,393)	(499)	1,894	(3,100)	1,003	24.4

Enterprise, Planning & Infrastructure

As at End of October 2014		Year to Date			Forecast to Year End		
Accounting Period 7	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
Property Letting	(4,769)	(2,738)	(3,245)	(507)	(5,692)	(923)	19.4%
Car Parking	(4,747)	(2,613)	(3,003)	(390)	(5,337)	(589)	12.4%
	(9,516)	(5,351)	(6,248)	(897)	(11,029)	(1,512)	15.9%

The following virements require approval within Building Services to align budgets to actual spend and income, the overall impact is zero–

Additions

D01202 - Response

51511 Materials General £1,500,000

D01203 – Voids

12411 Agency Staff £165,000

51511 Materials General £145,000

98171 Recoveries for Housing Revenue £310,000

D01204 – Internal Work Non Housing

51511 Materials General £380,000

99314 Income – Internal Client £380,000

D01205 – Housing Capital – Kitchens & Bathrooms

12411 Agency Staff £300,000

51511 Materials General £300,000

99314 Income Internal Client £300,000

D01208- Housing Capital – Gas & Adaptations

51511 Materials General £1,000,000

98170 Recoveries for Housing Revenue £1,000,000

Income codes – 98171, 99314 & 98170 the request is to increase the income budget

Subtractions

D01202 – Response

54242 Payments to Outside Contractor £1,500,000

D01205 – Housing Capital – Kitchens & Bathrooms

51512 Stores issued to jobs £300,000