

ABERDEEN CITY COUNCIL

COMMITTEE: Communities, Housing & Infrastructure

DATE: 18 March 2015

DIRECTOR: Pete Leonard & Ewan Sutherland

TITLE OF REPORT: 2014/15 TRADING SERVICES BUDGET
MONITORING

REPORT NUMBER: CHI/15/124

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; and
 - ii) instruct that officers report the year end position to the appropriate committee.

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 £1.5M.

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 £1.5M on the total Housing and Environment Trading Services budget.

- Building Services – the forecast is for a shortfall of £1.5M based on the forecast of current contracts. The forecast out turn for a number of contracts principally kitchens and bathroom and non housing has reduced this is based on known current and future contracts for these areas. Activity on the kitchens and bathrooms contract has reduced with only one team currently working on this contract due to work being undertaken on voids and Smithfield Court. In addition the contract has reduced from previous years and the addresses are scattered reducing the efficiencies. The non housing team in 2014-15 are not undertaking major non housing capital projects, and do not currently have the resources to deliver any projects. As there is now limited time left in the financial year it is prudent to reduce the surplus to £2.6M. The response contract is in part negating the impact of the above two contracts due to the type of work being undertaken and the close management of expenditure. Income and WIP continue to be monitored and reported on an on going basis.

Enterprise. Planning & Infrastructure

In overall terms the position forecasts remains at 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 December 2014		Year To Date			Forecast to Year End		
Accounting Period 9	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Outturn £'000	Variance Amount £'000	Variance Percent %
Building Services	(4,114)	(3,086)	819	2,141	(2,614)	1,500	36.6
Total	(4,114)	(3,086)	819	2,141	(2,614)	1,500	36.6

Enterprise, Planning & Infrastructure

As at End of December 2014		Year to Date			Forecast to Year End		
Accounting Period 9	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)	(3,582)	(4,230)	(648)	(5,692)	(923)	19.4%
Car Parking	(4,747)	(3,463)	(4,076)	(613)	(5,337)	(589)	12.4%
	(9,516)	(7,045)	(8,306)	(1,261)	(11,029)	(1,512)	15.9%