

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	3 December 2015
DIRECTOR	Richard Ellis
TITLE OF REPORT	2015/16 Common Good Fund – Monitoring Report Update
REPORT NUMBER	CG/15/146
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to:
- a) Bring to Committee members attention the current year revenue budget performance for the Common Good Fund; and
 - b) Provide a forecast position of the cash balances as at 31 March 2016.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) Notes this report on the forecast outturn of the Common Good budget.
 - b) Notes the estimated cash balances as at 31 March 2016 of £14.5m based on current estimates, which is within the recommended levels indicated by the Head of Finance;
 - c) Notes the position regarding earmarked reserves.

3. FINANCIAL IMPLICATIONS

- 3.1 The total Common Good revenue budget amounts to £534k net expenditure.
- 3.2 Based upon present forecasts it is anticipated that the financial performance of the Common Good Fund will result in a budget overspend of £39k.

4. OTHER IMPLICATIONS

- 4.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimized by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

5. BACKGROUND/MAIN ISSUES

- 5.1 This report informs Members of the current year Common Good revenue budget performance, and provides a high level summary for consideration of Members, to period 7 (to end of October 2015) at Appendix A.

Financial Position

Income and Expenditure – Outturn

- 5.1 The outturn figures for the year to 31 March 2016 show a forecast deficit position of £573k which is an unfavourable variance of £39k. This forecast overspend reflects anticipated savings in staff costs due to turnover in posts funded by the Common Good Budget offset by a waygo payment to tenant farmer due at end of their lease. A table summarising income and expenditure is given in Appendix A to this report.

Cash Balances

- 5.2 The cash balance as at 31 March 2016 is forecast to be £14.47m which includes earmarked reserves. A number of park and property maintenance & development projects were not completed within 2014/15 and £518k of earmarked reserves is included in this figure. Appendix B summarises the earmarked reserves position
- 5.3 The Council agreed at the budget setting meeting on 5th February 2015 that the minimum cash balance should be the equivalent of two years worth of expenditure. This equates to £6.1m. Added to this figure is the proceeds of sale of properties which are invested to provide future

income for the fund resulting in a total minimum cash balance of £13.6m.

- 5.4 As trustee of the Common Good Fund, the Council has a duty to ensure that cash balances are maintained at levels to generate sufficient annual income to fund any future expenditure from the Common Good deemed appropriate.

6. IMPACT

To enable the Common Good Fund to support the wide range of activities that it does, it is essential that it is managed effectively, its value maintained and investment returns improved to ensure its sustainability for the future.

Improving Customer Experience -

Accurate budget monitoring and forecasting assists the Council to plan and design our services around current and future customer needs as much as possible.

Improving Staff Experience -

Good financial information improves good financial management and helps to track how successful management initiatives, such as service redesign, have been.

Improving our use of Resources –

As a public sector organisation, the Council has a legal duty to be open, transparent and accountable for spending public funds.

Corporate –

Aberdeen the Smarter City:

Smarter Governance (Participation)

Accurate budget monitoring and forecasting contributes to the process of Smarter Governance.

Smarter Living (Quality of Life)

One of the conditions of common good funding is that it should benefit citizens of Aberdeen as a whole. Careful monitoring of budget ,means that we can ensure that money provides value for our citizens and that it is used to provide services that can contribute to their well being and quality of life in Aberdeen.

Public

The Council has a duty to ensure that best value is considered in all of its operations and this report helps to inform that process.

7. MANAGEMENT OF RISK

A variety of risk factors are considered in the planning and monitoring of expenditure within the Common Good Fund. The review of this report is part of the management of financial risk. Both members and officers have differing roles in the management of risk which is constantly being reviewed.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period.

9. REPORT AUTHOR DETAILS

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Appendix A – Common Good Fund Income and Expenditure

	Year To Date			Forecast to Year End		
As at Period 7 2015/16	Revised Budget	Actual Expenditure	Variance Amount	Full Year Revised Budget	Forecast Actual	Variance Amount
	£'000	£'000	£'000	£'000	£'000	£'000
Recurring Expenditure	682	682	0	3,036	3,001	(34)
Recurring Income	(1,676)	(1,677)	(1)	(3,053)	(3,054)	(1)
Budget After Recurring Items	(993)	(995)	(1)	(17)	(53)	(36)
Non Recurring Expenditure	62	62	0	552	627	75
Non Recurring Income	0	0	0	0	0	0
Total	(931)	(932)	(1)	534	573	39
Cash Balances as at 1 April 2015 (unaudited)				(15,041)	(15,041)	
Estimated Cash Balances as at 31 March 2016				(14,507)	(14,468)	
Minimum cash balance requirement per budger report (Council February 2015)				(13,643)	(13,643)	

Appendix B – Common Good Fund Earmarked Reserves

As at Period 7 2015/16	Balance b/f 1 April 2015	Forecast for Year	New Amounts / (Unrequired) Amounts	Projected c/f 31 March 2016	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	
<i>Projects:</i>					
Steading at Kepplehills & Kirkhill Farm	55	55	0	0	Steading is in the process of being built.
Fernhill Farm Replacement Building	40	40	0	0	Funds to allow replacement building to be built. The building is required under the terms of the farm lease.
Consultancy Costs	71	71	0	0	To meet costs relating to work done by consultants re rent reviews, and property management.
Auchmill Golf Course	197	197	0	0	Ongoing works at Auchmill Golf course.
Property Repairs & Maintenance	66	66	0	0	To cover electrical and asbestos work on farm properties to meet standards. Contract awarded and work is in progress.
Union Terrace Gardens Repairs	50	50	0	0	Expenditure is committed and part of a larger project to be completed early 2016.
March Stone Upkeep	5	5	0	0	Work to be completed early 2016.
Torry Battery Park	3	3	0	0	Officers in discussion with Torry Community Council regarding this. To be completed early 2016.
Cromwell Wall, Marischal Court Repairs	3	3	0	0	Project is covering two financial years. Work was half completed in 14/15 so remaining funds rolled over to allow it to continue. Work is now on going to complete repairs.
Twinning Grants	28	28	0	0	FP&R committee decision (18.02.15) to use funds to pay grants in 15-16.
Total	518	518	0	0	