

ABERDEEN CITY COUNCIL

COMMITTEE:	Communities, Housing & Infrastructure
DATE:	20 January 2016
DIRECTOR:	Pete Leonard & Richard Ellis
TITLE OF REPORT:	2015/16 TRADING SERVICES BUDGET MONITORING
REPORT NUMBER:	CHI/15/311

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 The Trading budget amounts to a credit balance of £13.3M. The forecast position indicates an under recovery of £664K.

Further details of the financial implications are set out in section 5 and appendix A and B attached.

4. OTHER IMPLICATIONS

- 4.1 None

5. BACKGROUND/MAIN ISSUES

The Service revenue monitoring reports are attached at Appendix A and Appendix B contains the earmarked reserves for Trading.

Financial Position and Risks Assessment

Trading Services

In overall terms the position forecasts an under recovery of £664K on the total Communities Housing and Infrastructure Trading Services budget.

The major variances and risks arising in each service are

- Building Services – There is a significant risk that the £4.1m surplus will not be achieved this year; it is currently assumed that the shortfall is £835k. The shortfall could be up to £1.5m, due to the reduction in planned work for Building Services.
- Property Letting – The favourable variance is a result of additional rent. There is a risk that the downturn in the economic position of Aberdeen may impact on the Property Letting income a review will be undertaken with the Budget Holder and reported back to a future Committee.
- Car Parking - The forecast is for an overall under recovery. There is a significant underspend in staff costs due to vacancies in the City Wardens team however this is being offset by reduced income from parking permits and off street charges.
- Pay award – The impact of the 1.5% pay award, £213k has been factored into the above figures and this is offset by corresponding amounts in the corporate budgets.

6. IMPACT

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)

Building Services under take the repairs on Council Houses therefore contribute to the priority 'tenants have a dry, warm home in a safe and enjoyable environment'.

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

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

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Appendix A

As at Period 7 2015/16	Year To Date			Forecast to Year End			
	Revised Budget	Actual Expenditure	Variance Amount	Full Year Revised Budget	Forecast Actual	Variance Amount	Change from previous forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Services	(2,340)	(900)	1,440	(4,011)	(3,176)	835	835
Property Letting	(2,766)	(2,401)	365	(4,742)	(4,918)	(176)	103
Car Parks	(2,674)	(2,705)	(31)	(4,584)	(4,580)	5	230
Total	(7,780)	(6,006)	1,774	(13,338)	(12,674)	664	1,168

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>					
Business Plan Service Options	493	0	0	493	Earmarked sum is required to reinvestigate the Building Services LLP however this unlikely to be undertaken in 2015-16.
Replacement of Handheld Devices	148	148	0	0	Delays had been experienced in the purchase of the handhelds for the tradesmen, issues have been resolved and purchases have now been made and spend complete.
Total	641	148	0	493	