

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	16 February 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	2015/16 Financial Monitoring–Corporate Governance
REPORT NUMBER	CG/16/015
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) Inform the Committee of the 2015/16 revenue and capital budget's financial performance for the period to 31 December 2015 and forecast outturn position for 2015/16 for the services within Corporate Governance; and
- ii) Advise on any areas of risk and management action.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:

- i) Note this report and the information on management action and risks that is contained herein; and
- ii) Instruct that officers continue to review budget performance.

3. FINANCIAL IMPLICATIONS

3.1 Financial Implications are detailed in section 5 Background/Main Issues

4. OTHER IMPLICATIONS

- 4.1 Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised 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 provides a high level summary of forecast expenditure as at the end of December 2015, shown in Appendix A.
- 5.2 The Service report shows net forecast outturn under spend of £1.7m across the current net budget of £28m. The following items are of note and they have been incorporated into the net outturn:-
- Staff costs are forecast to be underspent by £591k. Offsetting this, outlined below, is the loss of recharge income arising from vacant posts.
 - Property costs are forecast to be overspent by £92k largely as a result of insurance costing more than budgeted.
 - Transport costs are forecast to be overspent by £128k largely as a result of vehicle insurance costing more than budgeted.
 - Administration Costs are forecast to be underspent by £435k with anticipated savings on general insurance of £181k and an anticipated underspend on courses of £250k offset by an anticipated overspend on bank charges of £59k,
 - Supplies and Services are forecast to be overspent by £68k. Consultants are anticipated to be overspent by £295k. This is largely for consultants for the PACE project within Procurement. This is partially offset by a forecast underspend of £241k within Procurement and Commercial Services staffing and 50% of the unbudgeted consultancy cost is rechargeable to Aberdeenshire Council, resulting in higher than budgeted income. The Internal Audit Service is anticipated to cost £58k more than budgeted. The main anticipated underspend in this area is for hardware & software of £340k. Occupational Health expenditures are forecast to be underspent by £91k.
 - Income is forecast to be over budget by £944k with the largest areas of favourable variance are recharges of £294k to Aberdeenshire Council largely for Procurement Services, £100k to Bon Accord Care for telecoms, £67k to Police Scotland for payroll services, £79k from Scottish Water, £58k from Shetland Island Council and £359k for recharges to the HRA. Recharges to NESPF are forecast to be £225k below budget reflecting lower spending on rechargeable staff identified above.
 - Other Smaller variances within non-staff budgets account for the remainder of the movement from budget.

Ear-marked Reserves

- 5.3. Included at Appendix B is a table of projects within Earmarked Reserves.

Capital

- 5.4 Included at Appendix C is a summary of the Corporate Governance capital programme projects.

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)

Corporate Governance services contribute to all services provided by ACC.

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

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

8. BACKGROUND PAPERS

Financial ledger data extracted for the period (not attached).

9. REPORT AUTHOR DETAILS

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Appendix A

	Year To Date			Forecast to Year End			
As at Period 9 2015/16	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
Finance	4,200	3,610	(590)	5,280	4,783	(497)	(63)
Legal & Democratic Services	1,040	716	(323)	1,412	1,266	(146)	(47)
HR, Organisational Development & Customer Services	5,031	4,698	(333)	6,678	6,176	(503)	(51)
Commercial & Procurement Services	2,555	2,562	6	3,395	3,410	16	226
IT & Transformation	7,240	6,956	(285)	9,642	9,072	(569)	(69)
Housing Benefits	916	1,719	802	1,222	1,222	0	0
Total	20,982	20,260	(722)	27,629	25,929	(1,700)	(5)

	Year To Date			Forecast to Year End			
As at Period 9 2015/16	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
Staff	18,775	18,299	(476)	25,034	24,443	(591)	21
Property	452	520	68	598	690	92	0
Administration	2,025	1,570	(455)	2,902	2,468	(435)	(96)
Transport	372	460	88	496	625	128	(9)
Supplies and Services	5,030	4,972	(58)	6,686	6,617	(68)	(162)
Commissioning Payments	0	0	0	0	0	0	0
Transfer Payments	38,054	42,244	4,190	50,739	50,856	117	0
Gross Expenditure	64,709	68,065	3,356	86,455	85,700	(755)	(246)
Government Grants	(37,832)	(41,200)	(3,368)	(50,449)	(50,534)	(85)	0
Other Grant/Reimbursement/Contribution	(1,456)	(1,909)	(453)	(1,941)	(2,556)	(614)	28
Customer & Client Receipts	(945)	(1,001)	(56)	(1,260)	(1,309)	(50)	6
Interest	(18)	(16)	2	(24)	(21)	3	0
Recharges to Other Heads	(2,887)	(3,065)	(177)	(4,367)	(4,538)	(171)	3
Other Income	(589)	(614)	(25)	(785)	(813)	(27)	204
Total Income	(43,727)	(47,804)	(4,078)	(58,826)	(59,771)	(944)	241
Net Expenditure	20,982	20,260	(722)	27,629	25,929	(1,700)	(5)

Appendix B

As at Period 9 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>					
Strategic Infrastructure Plan	76	76	0	0	Salary for SIP Programme Manager.
ICT Projects	606	495	0	111	Project contributions to approved NHCP 15/16 £463k, Digital Services fixed term post £32k 15/16.
ICT Rolling Programme	777	777	0	0	Revenue contribution to Education Server Rationalisation programme – currently at Proof of Concept stage, prior to determining the wider procurement.
New Microphones	165	165	0	0	Microphones for Council Chambers.
Star Awards Sponsorship	25	21	-4	0	To fund Star Awards 2015. Final costs for 2015 were £21,170 so £4k unrequired.
Business Plan Service Options	637	637	0	0	3 Information Management staff, Information Records Store Officer, 4 Fixed term Analysts and Customer Service experience £25k.
Employee Benefit Scheme	113	80	-33	0	For marketing of employee benefits scheme.
<i>Revenue Grants:</i>			0		
2005-06 Rederminations-Mgf3-Crm	29	29	0	0	For implementing improvements that will be delivered through the Customer Experience Programme.
2005-06 Rederminations-Mgf3-Accord	54	54	0	0	This budget will be used to develop customer services enabled by the Aberdeen City smartcard, the Accord Card. These funds will be used for any supplier costs for software development, hardware requirements and any ICT infrastructure/ networking requirements. The current projects these funds will be used for are the roll out of cashless catering in primary schools and pre-ordering of meals in Very Sheltered Accommodation Units.
2005-06-Rederminations-Mgf3-Gazete	6	6	0	0	To purchase data management software called FME and pay for the additional training and installation costs.
Total	2,488	2,340	-37	111	

Appendix C

As at Period 9 2015/16 Corporate Governance	Figures for Total Project		
	Approved Budget	Expenditure to Date	Forecast Expenditure
	£'000	£'000	£'000
ICT Data Centre	3,000	171	3,000
Technology Investment Requirements	2,700	1,009	2,700
	5,700	1,180	5,700

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