

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	19 April 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	2015/16 Financial Monitoring–Corporate Governance
REPORT NUMBER	CG/16/029
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 29 February 2016 and forecast outturn position for 2015/16 for the services within Corporate Governance;
- ii) Inform the Committee of a request to vire £125k of the Corporate Training budget earmarked for Health and Safety training to the cost centre for Health, Safety & Wellbeing.
- iii) 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;
- ii) Approve the request to vire £125k from the Corporate Training budget to the cost centre for Health, Safety & Wellbeing; and
- iii) 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 January 2016, shown in Appendix A.

- 5.2 The Service report shows net forecast outturn under spend of £2m 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 £479k. Offsetting this, outlined below, is the loss of recharge income arising from vacant posts.
- Property costs are forecast to be overspent by £89k largely as a result of insurance costing more than budgeted.
- Transport costs are forecast to be overspent by £125k largely as a result of vehicle insurance costing more than budgeted.
- Administration Costs are forecast to be underspent by £518k. The main variances are forecast underspends on general insurance of £181k and courses of £284k offset by an anticipated overspend on bank charges of £56k.
- Supplies and Services are forecast to be underspent by £236k. 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 £176k 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 £500k largely as a result of project delays.. Occupational Health expenditures are forecast to be underspent by £96k with little cost of service provision for 4 months to the start of new contract in August and penalties paid for non-performance by the previous contractor.
- Income is forecast to be over budget by £1m with the largest areas of favourable variance are recharges of £382k 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, £70k from Shetland Island Council and £359k for recharges to the HRA. Recharges to NESPF are forecast to be £118k 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.

Virement – Corporate Training Budget

- 5.5 The 2016/17 Corporate Training Budget of £595k funds training courses for a variety of skill areas across the council. The whole budget is currently held within cost centre K55634 –Corporate Training Budget and account 31311 – Courses. Within this total budget amounts are budgeted for training in specific areas such as health and safety training which accounts which has a £125k budget. To improve the financial management of this budget, officers would like to vire the £125k Health and Safety Training budget to cost centre K55623 – Health Safety & Wellbeing, account 31311. This would enable the Health, Safety & Wellbeing Manager to have direct access to financial information on this budget via the ledger system and financial performance reports.

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.
- 7.2 A software supplier has carried out an audit on the number of software licences in use and has submitted a claim for unpaid software licences. This claim is being disputed and no provision has been incorporated into forecasts pending the quantification of any liability.
- 7.3 This report has identified the rising cost of insurance to the council in the current year, with further rises in premiums anticipated in future years. As part of the year end process the capacity of the Council's Insurance Fund will be reviewed to identify potential funding of these overspends.

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 11 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	4,947	4,382	(566)	5,280	4,787	(493)	16
Legal & Democratic Services	1,271	907	(364)	1,412	1,186	(227)	(69)
HR, Organisational Development & Customer Services	6,149	5,590	(560)	6,678	6,128	(551)	14
Commercial & Procurement Services	3,115	2,849	(266)	3,395	3,515	120	20
IT & Transformation	8,839	8,225	(614)	9,642	8,795	(846)	(10)
Housing Benefits	1,120	2,199	1,079	1,222	1,222	0	0
Total	25,441	24,151	(1,290)	27,629	25,633	(1,996)	(30)

	Year To Date			Forecast to Year End			
As at Period 11 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	22,948	22,469	(478)	25,034	24,554	(479)	94
Property	550	634	85	598	687	89	1
Administration	2,474	1,865	(610)	2,902	2,385	(518)	(36)
Transport	455	565	110	496	621	125	2
Supplies and Services	6,133	5,818	(316)	6,686	6,450	(236)	3
Transfer Payments	46,511	51,736	5,225	50,739	50,856	117	(0)
Gross Expenditure	79,071	83,088	4,017	86,455	85,554	(901)	64
Government Grants	(46,245)	(50,371)	(4,125)	(50,449)	(50,544)	(95)	(11)
Other Grant/Reimbursement/Contribution	(1,780)	(2,437)	(657)	(1,941)	(2,652)	(711)	(41)
Customer & Client Receipts	(1,155)	(1,217)	(62)	(1,260)	(1,299)	(39)	
Interest	(22)	(19)	3	(24)	(21)	3	0
Recharges to Other Heads	(3,708)	(3,831)	(123)	(4,367)	(4,612)	(245)	2
Other Income	(720)	(1,063)	(343)	(785)	(793)	(8)	(44)
Total Income	(53,630)	(58,937)	(5,307)	(58,826)	(59,922)	(1,095)	(94)
Net Expenditure	25,441	24,151	(1,290)	27,629	25,633	(1,996)	(30)

Appendix B

As at Period 11 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	78	78	0	0	Salary for SIP Programme Manager.
ICT Projects	606	495	0	111	Project contributions to approved NHCP 15/16 £463k and Digital Services fixed term post £32k 15/16.
ICT Rolling Programme	777	250	-527	0	Revenue contribution to Education Server Rationalisation programme.
New Microphones	165	135	0	30	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 Redeterminations-Mgf3-Crm	29	0	-29	0	For implementing improvements that will be delivered through the Customer Experience Programme.
2005-06 Redeterminations-Mgf3-Accord	54	13	-41	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-Redeterminations-Mgf3-Gazete	6	4	-2	0	To purchase data management software called FME and pay for the additional training and installation costs. Software ordered but training will be in next financial year.
Total	2,490	1,713	-636	141	

Appendix C

As at Period 11 2015/16 Corporate Governance	Figures for Total Project				
	Approved Budget	Expenditure to Date	Forecast Expenditure	Pr	Cu
	£'000	£'000	£'000		
Data Centre Transition & Infrastructure Transformation	3,000	612	3,000	G	G
Technology Investment Requirements & Digital Strategy	2,700	1,078	2,700	A	G
	5,700	1,690	5,700		