

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	19 April 2016
INTERIM DIRECTOR	Richard Ellis
TITLE OF REPORT	Council General Fund Monitoring 2015/16
REPORT NUMBER	CG/16/031
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides an opportunity to consider the current financial position for the Council and the forecast outturn for the financial year 2015/16.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- i) note the financial position contained within this report.

3. FINANCIAL IMPLICATIONS

3.1 Revenue

3.1.1 The financial position as at the end of February 2016 can be seen in Appendix A.

3.1.2 The indications are that an underspend of £4.6 million against budget is achievable. This is a favourable movement of £0.7 million from the last reported underspend of £3.9 million. Having now passed the year end, the indications are that the level of underspend will increase further.

3.1.3 In arriving at the forecast outturn, a number of assumptions have been made based on currently available data. At this stage in the financial year it is considered that the majority of risks have been highlighted previously and are reflected as far as possible in the forecast outturn. Further details on this will be included in the final year end monitoring report to this committee in June 2016.

3.1.4 The council has a number of earmarked reserves for specific projects. It is currently predicted that £8.4 million of these will be used during 2015/16.

- 3.1.5 A review of earmarked reserves was undertaken as part of the budget process with a number being recommended for removal and added to the Financial Risk Fund. This was approved by Council on 25th February 2016. A further review will be undertaken as part of the year end process and reported to this committee in June 2016.

3.2 Capital

- 3.2.1 The financial position as at the end of February 2016 can be seen in Appendix B.
- 3.2.2 As the majority of capital projects span more than one financial year, the focus when considering the position of the capital programme takes account of the whole life of projects rather than just the in year position. The exception to this is the rolling programmes which are shown separately in the appendix.
- 3.2.3 It should be noted that the forecast expenditure position reflected in Appendix C now takes account of the latest cost profiles for approved projects as reported to and approved by Council on 25th February 2016 and covers the years 2015/16 to 2020/21.
- 3.2.4 Funding comes from a number of sources, including the Scottish Government General Capital Grant, other third party grants and contributions, capital receipts, revenue contributions, usable capital reserves and borrowing. These are managed each year to ensure capital investment is funded in the most effective way, both in year and in planning for the future.
- 3.2.5 New Academy to the South
The planned new Academy to the South to replace Kincorth and Torry Academies in conjunction with the Scottish Futures Trust (SFT) continues to progress with Stage 1 having been presented during 2015. The Stage 2 report which will include the Stage 2 price is expected in April 2016. It is only at this stage that the final cost of the project and the associated funding from SFT in support of the project can be confirmed.

The Council at its meeting on 25th February 2016 approved the Non Housing Capital Programme which included the total project cost of £49.5 million (including prior years spend) for the New Academy to the South.

3.3 Non Housing Developer Contributions (Section 75)

- 3.3.1 At its meeting of 16th February 2016 this committee considered a report “Developer Obligations and Non Housing Developer Contributions” and agreed to instruct officers to include a summary update on developers funding within future reporting of the Non Housing Capital Programme.
- 3.3.2 Appendix C provides details of those projects in the programme currently utilising developer’s contributions

- 3.3.3 Appendix D provides details of new contributions agreed since the last report.

3.4 Reserves

- 3.4.1 The recommended level of uncommitted general fund revenue reserves of £11.3 million, as approved by committee in October 2012, will continue to be maintained. This ensures the Council can deal with unexpected and unplanned expenditure should it arise.
- 3.4.2 The Council sets aside funds for specific projects and for specific purposes. These are commonly referred to as “earmarked reserves” and fall into specific categories – financial risks; specific contingent risks; unspent grant income; specific projects; and the Devolved Education Management scheme.
- 3.4.3 The level of reserves and in particular earmarked reserves is essential in creating a balance sheet that de-risks the council going forward.
- 3.4.3 Earmarked reserves include the investment strategy and it is recommended that any uncommitted revenue surplus be set aside for this purpose.

4. OTHER IMPLICATIONS

- 4.1 Managing the Council’s financial position in a stable and sustainable way means that its legal responsibilities can be met. It enables the Council to be confident in preparing for the future and planning ahead.

5. BACKGROUND/MAIN ISSUES

- 5.1 This report provides an opportunity for the committee to consider the overall financial position, with specific reference to the General Fund, for the financial year 2015/16.
- 5.2 Specific service reports are presented to the relevant service committee’s and can be referred to for further detailed information.
- 5.3 In addition, the Common Good position is presented to the committee whilst the Housing Revenue Account is considered by the Communities, Housing and Infrastructure committee.

6. IMPACT

Improving Customer Experience –

Whilst there is no direct impact arising from this report, the efficient use of funds available to provide services will contribute to customer experience.

Improving Staff Experience –

Whilst there is no direct impact arising from this report, a robust budget monitoring process assists budget holders in their role which in turn should enhance the staff experience.

Improving our use of Resources –

As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.

Each Director reports on a regular basis to their service committee, providing the opportunity to consider the financial position and impact in more detail.

Corporate -

Financial governance is a vital part of ensuring that the resources required to take forward the council's plans and vision are robustly monitored and used effectively.

Public –

This report is likely to be of interest to the public as it concerns the stewardship of the council's financial resources.

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 Going forward the Audit, Risk and Scrutiny committee will receive service risk registers on a regular basis.

8. BACKGROUND PAPERS

Financial Ledger Data and Service Monitoring Reports;
Redetermination letters received from the Scottish Government; and
General Fund Revenue Budget 2016/17 and Non Housing Capital
Programme 2016/17 to 2020/21 report to Council 25th February 2016

9. REPORT AUTHOR DETAILS

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Aberdeen City Council							
Corporate Financial Reporting Summary 2015/16							
As at end of February 2016	Year to Date			Forecast to Year End			
Accounting Period 11	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Full Year Revised Budget £'000	Forecast Outturn £'000	Variance Amount £'000	Variance Percent % £'000
Services							
Office of Chief Executive	2,969	2,961	(8)	3,241	3,246	5	0.15%
Corporate Governance	25,441	24,151	(1,290)	27,629	25,633	(1,996)	(7.22%)
Communities, Housing & Infrastructure	74,310	71,782	(2,528)	81,500	81,565	65	0.08%
Education & Children's Services	198,754	188,681	(10,073)	213,300	212,605	(695)	(0.33%)
Adult Social Care	80,850	79,858	(992)	88,199	87,317	(882)	(1.00%)
Total Service Budgets	382,324	367,433	(14,891)	413,869	410,366	(3,503)	(0.85%)
Total Corporate Budgets	(383)	(2,948)	(2,565)	30,183	30,186	3	0.01%
Total Net Expenditure	381,941	364,485	(17,456)	444,052	440,552	(3,500)	(0.79%)
Funding:							
<u>Government Support:-</u>							
Revenue Support Grant & Non Domestic Rates	(311,877)	(306,710)	5,167	(340,229)	(340,229)	0	0.00%
<u>Local Taxation:-</u>							
Council Tax & Community Charge Arrears	(95,171)	(101,743)	(6,572)	(103,823)	(104,899)	(1,076)	1.04%
Total Funding	(407,048)	(408,453)	(1,405)	(444,052)	(445,128)	(1,076)	0.24%
Net Impact on General Fund (Surplus)/Deficit	(25,107)	(43,968)	(18,861)	0	(4,576)	(4,576)	
Transfer from GF Earmarked Reserves (Used)	7,765	3,774	(3,991)	8,363	8,363	0	0.00%
Transfer to GF Earmarked Reserves (Added)	0	0	0	0	(4,576)	(4,576)	0.00%
Transfer (to)/from GF Uncommitted Reserves	0	0	0	0	0	0	0.00%
Net Impact on General Fund	(17,342)	(40,194)	(22,852)	8,363	3,787	(4,576)	

APPENDIX B

As at Period 11 2015/16	Figures for Total Project				
Non-Housing Capital - Projects	Approved Budget	Expenditure to Date	Forecast Expenditure		
	£'000	£'000	£'000	Pr	Cu
Communities Housing & Infrastructure - Projects	415,863	84,393	415,784	A	G
Corporate Governance	5,700	1,690	5,700	G	G
Education & Children's Services	200,983	25,089	201,386	A	A
Integration Joint Board	4,400	514	4,400	G	G
Construction Inflation (Unassigned)	1,485	0	1,485	G	G
	628,431	111,686	628,755		

As at Period 11 2015/16	Figures for Total Project				
Non-Housing Capital - Rolling Programmes	Approved Budget	Expenditure to Date	Forecast Expenditure		
	£'000	£'000	£'000	Pr	Cu
Communities Housing & Infrastructure - Rolling Programmes	20,981	16,486	20,521	G	G
	20,981	16,486	20,521		

APPENDIX C

Projects within the Non Housing Capital Programme utilising Developer Contributions

As at Period 11 2015/16 Projects Utilising Developer Contributions	Figures for Total Project			Pr	Cu
	Approved Budget	Expenditure to Date	Forecast Expenditure		
	£'000	£'000	£'000		
Airyhall Library Improved Access and Internal Refurbishment	46	46	46		G
Core Path 27: Upgrade path surface at Stronsay Park	20	20	20		G
Cults Community Hub: Upgrades at Cults Parish Church	21	21	21		G
Dyce 3G Pitch: Funding Contribution to main project	33	33	33		G
Fairley Road Playing Fields: Drainage Improvements	7	7	7		G
	127	127	127		

APPENDIX D

New Developer Contributions agreed since the last report to this committee

Planning Ref	Location of Planning Application	Heading	Agreed Terms	Status	Agreed Value (£)	Funds Received (£)	Expenditure Recorded (£)	Development Start Date	Spend by date
P15-1803	23/24 Regent Quay	Car Club	To be utilised towards the Car Club	Paid in Full	800	800	0	Development Start Date to be confirmed	19/02/2021
P15-0911	119 Constitution Street, Aberdeen, AB24 5ET	Core Paths	To be utilised towards the upgrade of Core Path 20 which runs over Broad Hill.	Paid in Full	6,863	6,863	0	Development Start Date to be confirmed	To be confirmed
P14-1837	Cloverleaf Hotel, Kepplehills Road, Bucksburn	Primary Education	"The Council shall be obliged to utilise the Primary School Contribution towards for the purposes of providing new or enhanced primary school education facilities at Brimmond Primary School or such other primary school to serve the Development Site and to which primary school aged pupils arising from the Development are zoned."	Pending	225,400	0	0	Development Start Date to be confirmed	To be confirmed
P14-1837	Cloverleaf Hotel, Kepplehills Road, Bucksburn	Secondary Education	"The Council shall be obliged to utilise the Secondary School Contribution towards for the purposes of providing new or enhanced secondary school education facilities at Bucksburn Academy or such other secondary school to serve the Development Site and to which primary school aged pupils arising from the Development are zoned."	Pending	105,600	0	0	Development Start Date to be confirmed	To be confirmed
P14-1837	Cloverleaf Hotel, Kepplehills Road, Bucksburn	Core Paths	"The Council shall be obliged to utilise the Core Path Contribution towards the provision of upgrading in the vicinity of the Development of Core Path 42 as identified in the Aberdeen City Core Paths Plan April 2009. Declaring that such upgrading works may include resurfacing, improvements to sections of the path and re-profiling to reduce the gradient to make it more accessible to users."	Pending	4,916	0	0	Development Start Date to be confirmed	To be confirmed
P14-0810	May Baird Avenue, Ashgrove, Aberdeen	Car Club	"shall be obliged to use the City Car Club Contribution to contribute towards the provision of a "car club" vehicle in terms of the City Car Club"	Pending	15,300	0	0	Development Start Date to be confirmed	To be confirmed
P14-0810	May Baird Avenue, Ashgrove, Aberdeen	Primary Education	"to alleviate the accommodation pressures at the primary schools zoned by the Council to provide primary education to the children residing within the Agreement Subjects"	Pending	92,000	0	0	Development Start Date to be confirmed	To be confirmed
P14-0810	May Baird Avenue, Ashgrove, Aberdeen	TRO	"towards the proper and reasonable costs incurred by the Council in relation to any Traffic Regulation Order required for the purpose of designation of a parking space within the Development for use by the City Car Club	Pending	2,000	0	0	Development Start Date to be confirmed	To be confirmed