

## ABERDEEN CITY COUNCIL

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**COMMITTEE:** Housing and Environment  
**DATE:** 13 April 2010  
**REPORT BY:** Director and City Chamberlain  
**TITLE OF REPORT:** 2009/10 REVENUE BUDGET MONITORING  
**REPORT NUMBER:** H&E/10/052

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year revenue budget performance to date for the services of the 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 continue to review budget performance and report on service strategies as required to ensure a balanced budget.

### 3. FINANCIAL IMPLICATIONS

- 3.1. The total Housing and Environment budget, amounts to around £49.603 million net expenditure excluding the Housing Revenue Account (HRA) budget.
- 3.2. The HRA which has gross expenditure of £68.677 million is ring-fenced and is funded mainly from housing rents.
- 3.3. The forecast position on the HRA as outlined would suggest that there will be projected working balance of £5.135 million after taking account of the 2009/10 out-turn and other previously agreed commitments. This is within the recommended level of £3.345 million.
- 3.4. Further details of the financial implications are set out in section 6 and the appendices attached to this report.

#### **4. SERVICE & COMMUNITY IMPACT**

- 4.1. As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore Committees and Services are required to work within a financial constraint. Every effort is being focused on delivering services more efficiently and effectively.

#### **5. OTHER IMPLICATIONS**

- 5.1. 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.

#### **6. REPORT**

- 6.1 This report informs members of the current year revenue budget performance to date, for the service's budget and provides high level summary for the consideration of Members, to period 11 (end to Feb 2010). It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these.

- 6.2 This service report and associated notes is attached at Appendix A

##### **Financial Position and Risks Assessment**

In overall terms at this stage, analysing Appendix A, the position reflects there is an anticipated under spend of £78,000 on the total Housing and Environment Budget (excluding the Housing Revenue Account) and reflects a unfavourable increase of £327,000 since the last report to this Committee. This is principally as a result of higher than anticipated management and administration costs being identified.

The Housing Revenue Account is still anticipated to have a balanced budget, with a potential increase of the capital from current revenue due to the overall favourable position principally the result of reduced capital financing costs.

- 6.3 At this time the following areas of risk are highlighted together with management action being taken.

Following a review of Supporting People it is likely there will be an over spend this will be funded by the under spend on Homeless Strategy.

Income streams from such demand led areas as Aberdeen Crematorium may not be as high as anticipated however there may be other areas where further income will be generated such as Private landlord Registrations.

In addition early indications are that there will be sufficient surplus within Trading Services to bring Grounds Maintenance and Street Cleansing back to budget however there is a risk this may not occur.

## **7. REPORT AUTHOR DETAILS**

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## **8. BACKGROUND PAPERS**

Financial ledger data extracted for the period;

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2009 / 2010

DIRECTORATE : Housing and Environment

AS AT	28 FEB 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
ACCOUNTING PERIOD 11									
HEAD OF REGENERATION AND HOUSING INVESTMENT		(214)	2,314	2,073	(241)	(228)	(14)	6.5%	83
HEAD OF HOUSING AND COMMUNITY SAFETY		14,955	13,404	8,362	(5,042)	14,711	(244)	-1.6%	(244)
HEAD OF ENVIRONMENT		34,862	29,453	28,211	(1,242)	35,042	180	0.5%	488
<b>TOTAL BUDGET</b>		<b>49,603</b>	<b>45,171</b>	<b>38,646</b>	<b>(6,525)</b>	<b>49,525</b>	<b>(78)</b>	<b>-0.2%</b>	<b>327</b>
HOUSING REVENUE ACCOUNT		0	(9,572)	(23,183)	(13,611)	0	0	0.0%	0

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2009 / 2010: HEAD OF REGENERATION AND HOUSING INVESTMENT

DIRECTORATE : HOUSING AND ENVIRONMENT  
DIRECTOR : PETE LEONARD

AS AT	28 FEB 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
ACCOUNTING PERIOD 11		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS		2,304	2,112	1,960	(152)	2,158	(146)	-6.3%	(24)
PROPERTY COSTS		6	6	5	(1)	4	(2)	-33.3%	0
ADMINISTRATION COSTS		71	65	34	(31)	66	(5)	-7.0%	(6)
TRANSPORT COSTS		105	96	70	(26)	78	(27)	-25.7%	1
SUPPLIES & SERVICES		38	35	8	(27)	31	(7)	-18.4%	(1)
CAPITAL FINANCING		17	0	0	0	17	0	0.0%	0
<b>GROSS EXPENDITURE</b>		<b>2,541</b>	<b>2,314</b>	<b>2,077</b>	<b>(237)</b>	<b>2,354</b>	<b>(187)</b>	<b>-7.4%</b>	<b>(30)</b>
LESS: INCOME									
RECHARGES		(2,755)	0	(4)	(4)	(2,582)	173	-6.3%	113
<b>TOTAL INCOME</b>		<b>(2,755)</b>	<b>0</b>	<b>(4)</b>	<b>(4)</b>	<b>(2,582)</b>	<b>173</b>	<b>-6.3%</b>	<b>113</b>
<b>NET EXPENDITURE</b>		<b>(214)</b>	<b>2,314</b>	<b>2,073</b>	<b>(241)</b>	<b>(228)</b>	<b>(14)</b>	<b>6.5%</b>	<b>83</b>

VIREMENT PROPOSALS

None this cycle

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

Lower than anticipated staff costs as a result of unfilled vacancies in the Point, lower than anticipated agency costs and removal of Anti-Vandalism Unit expenditure and income.

YEAR END PROJECTED VARIANCE	CHANGE
£'000	£'000
(146)	(24)

**Property Costs**

Other Property Costs are below the phased level and a small overspend is anticipated.

(2) 0

**Administration Costs**

A review has been undertaken of these costs since the previous report to this Committee and they are not as high as previously anticipated.

(5) (6)

**Transport Costs**

Based on actual to date and staff in post transport costs have been reduced.

(27) 1

**Supplies and Services**

These budgets are principally for the purchase of equipment and hardware these are difficult to predict & requirement to spend these discretionary items is being reviewed.

(7) (1)

**Capital Financing Costs**

Capital Financing Costs are posted at the end of the financial year, but are currently forecast to be fully spent by year end.

0 0

**Income**

The movement principally relates to reduced recoveries from repairs and maintenance, based on the current level of spend.

173 113

(14) 83

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2009 / 2010 : HEAD OF HOUSING AND COMMUNITY SAFETY

DIRECTORATE : HOUSING AND ENVIRONMENT  
DIRECTOR : PETE LEONARD

AS AT	28 FEB 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
ACCOUNTING PERIOD 11		£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
STAFF COSTS		794	728	827	99	807	13	1.6%	13
PROPERTY COSTS		129	118	56	(62)	40	(89)	-69.0%	(89)
ADMINISTRATION COSTS		1,983	1,818	1,151	(667)	2,384	401	20.2%	(3)
TRANSPORT COSTS		13	12	12	0	13	0	0.0%	0
SUPPLIES & SERVICES		4,464	4,092	474	(3,618)	4,333	(131)	-2.9%	(135)
TRANSFER PAYMENTS		9,035	8,282	7,402	(880)	9,248	213	2.4%	(10)
CAPITAL FINANCING		332	0	0	0	329	(3)	-0.9%	(3)
<b>GROSS EXPENDITURE</b>		<b>16,750</b>	<b>15,050</b>	<b>9,922</b>	<b>(5,128)</b>	<b>17,154</b>	<b>404</b>	<b>2.4%</b>	<b>(227)</b>
LESS: INCOME									
OTHER GRANTS & CONTRIBUTIONS		0	0	(236)	(236)	(236)	(236)	0.0%	0
OTHER INCOME		(1,795)	(1,645)	(1,324)	321	(2,207)	(412)	23.0%	(17)
<b>TOTAL INCOME</b>		<b>(1,795)</b>	<b>(1,645)</b>	<b>(1,560)</b>	<b>85</b>	<b>(2,443)</b>	<b>(648)</b>	<b>36.1%</b>	<b>(17)</b>
<b>NET EXPENDITURE</b>		<b>14,955</b>	<b>13,404</b>	<b>8,362</b>	<b>(5,042)</b>	<b>14,711</b>	<b>(244)</b>	<b>-1.6%</b>	<b>(244)</b>

VIREMENT PROPOSALS

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

PROJECTED VARIANCE	CHANGE
£'000	£'000
13	13

Virement approved at the Housing & Environment 6 October 2009 for Homeless Strategy.

**Property Costs**

(89) (89)

The change from last committee reflects that Homeless Strategy are now unlikely to purchase services and equipment by 31 March 2010.

**Administration Costs**

401 (3)

Amended out-turn for Homeless to take into account updated Homeless Flat numbers and costs, this is also reflected in the income. The under spend to date reflects allocations to be made at the end of the financial year for Homeless.

**Supplies and Services**

(131) (135)

The charges for the Care Co-ordinators will not be allocated until the end of the financial year. The variance in out turn reflects the additional purchase of furniture to be funded from the carry forward of income of £236,000 in Homeless Strategy and virement of £144,000. It is anticipated there will be an underspend on the Homeless Strategy budget as a result of the delay in purchasing services.

**Transfer Payments**

213 (10)

Supporting People payments are currently below the planned level and it is anticipated that there will be an over spend. This over spend will be funded by the potential under spend on Homeless Strategy.

**Capital Financing Costs**

(3) (3)

Capital Financing Costs are posted at the end of the financial year, but are currently forecast to be fully spent by year end.

**Income**

(648) (17)

Income of £236,000 has been carried forward for Homeless Strategy for the purchase of furniture. In addition income has been adjusted to reflect the Homeless flat numbers £491,000. Income of £96,000 budgeted for in the Community Safety Manager South budgeted in error will not be achieved.

(244) (244)

ABERDEEN CITY COUNCIL  
REVENUE MONITORING 2009 / 2010 : HEAD OF ENVIRONMENT SERVICES

DIRECTORATE : HOUSING AND ENVIRONMENT  
DIRECTOR : PETE LEONARD

AS AT	28 FEB 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
ACCOUNTING PERIOD 11		£'000	£'000	£'000	£'000	£'000	%	£'000	
STAFF COSTS		8,141	7,463	7,915	452	8,767	626	7.7%	527
PROPERTY COSTS		1,336	1,225	996	(229)	1,345	9	0.7%	30
ADMINISTRATION COSTS		1,013	929	358	(571)	964	(49)	-4.8%	(44)
TRANSPORT COSTS		367	336	221	(115)	284	(83)	-22.6%	4
SUPPLIES & SERVICES		27,919	25,592	22,405	(3,187)	28,235	316	1.1%	36
TRANSFER PAYMENTS		4,251	3,897	4,715	818	6,821	2,570	60.5%	(211)
CAPITAL FINANCING		2,732	0	0	0	2,729	(3)	-0.1%	(3)
<b>GROSS EXPENDITURE</b>		<b>45,759</b>	<b>39,441</b>	<b>36,610</b>	<b>(2,831)</b>	<b>49,145</b>	<b>3,386</b>	<b>7.4%</b>	<b>339</b>
LESS: INCOME									
OTHER GRANTS &		(184)	(169)	(2,942)	(2,773)	(3,275)	(3,091)	1679.9%	(1)
RECHARGES		(5,829)	(5,343)	(2,025)	3,318	(5,603)	226	-3.9%	259
OTHER INCOME		(4,884)	(4,477)	(3,432)	1,045	(5,225)	(341)	7.0%	(109)
<b>TOTAL INCOME</b>		<b>(10,897)</b>	<b>(9,989)</b>	<b>(8,399)</b>	<b>1,590</b>	<b>(14,103)</b>	<b>(3,206)</b>	<b>29.4%</b>	<b>149</b>
<b>NET EXPENDITURE</b>		<b>34,862</b>	<b>29,453</b>	<b>28,211</b>	<b>(1,242)</b>	<b>35,042</b>	<b>180</b>	<b>0.5%</b>	<b>488</b>

**Add waste**

VIREMENT PROPOSALS

REVENUE MONITORING VARIANCE NOTES

**Employee Costs**

PROJECTED VARIANCE	CHANGE
£'000	£'000
626	527

The change from the last report relates to a review which has been undertaken of the Housing and Environment Management and Administration costs and has led to higher than anticipated staff costs being identified. In addition there was an element of the Private Sector Housing payments which are staff related.

**Property Costs**

Contributions yet to be posted for Repairs Fund contributions resulting in an under spend to date.

9 30

**Administration Costs**

Expenditure on Admin costs for the Public Analyst and Corporate Director are this stage below the planned level but are currently anticipated to be fully spent but analysis.

(49) (44)

**Transport Costs**

Various underspends on sections following a review of actual spend.

(83) 4

**Supplies and Services**

The main reason for the variance is £181,000 for Compostable Food Waste Bags purchased for the new food collection service, this is to be funded from the zero waste fund grant.

316 36

**Transfer Payments**

movement relates to the employee costs of the Private Sector Housing now shown under the correct heading.

2,570 (211)

**Capital Financing Costs**

Capital Financing Costs are posted at the end of the financial year and have been replaced with more accurate budgets.

(3) (3)

**Income**

The projected variance of £3,206,000 principally relates to the inclusion of the grant income for Private Sector Housing with the change relating a review of the recharging of the Management and Administration of Housing and Environment.

(3,206) 149

180 488

**ABERDEEN CITY COUNCIL**  
**REVENUE MONITORING 2009 / 2010 - HOUSING REVENUE ACCOUNT**

**DIRECTORATE : HOUSING AND ENVIRONMENT**  
**DIRECTOR : PETE LEONARD**

AS AT	28 FEB 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END			CHANGE FROM LAST REPORT
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE		
		£'000	£'000	£'000	£'000	£'000	%	£'000	
ACCOUNTING PERIOD 11		£'000	£'000	£'000	£'000	£'000	%	£'000	
STAFF COSTS		1,315	1,205	957	(248)	1,315	0	0.0%	0
PROPERTY COSTS		30,573	28,025	19,648	(8,377)	30,460	(113)	-0.4%	114
ADMINISTRATION COSTS		10,732	9,838	5,125	(4,713)	10,779	47	0.4%	0
SUPPLIES & SERVICES		420	385	109	(276)	420	0	0.0%	0
TRANSFER PAYMENTS		14,981	13,733	12,944	(789)	17,673	2,692	18.0%	(89)
CAPITAL FINANCING		10,656	127	147	20	8,873	(1,783)	-16.7%	0
<b>GROSS EXPENDITURE</b>		<b>68,677</b>	<b>53,313</b>	<b>38,930</b>	<b>(14,383)</b>	<b>69,520</b>	<b>843</b>	<b>1.2%</b>	<b>25</b>
LESS: INCOME									
OTHER GRANTS &		(481)	(441)	(397)	44	(481)	0	0.0%	0
INTEREST		(75)	0	0	0	(75)	0	0.0%	0
OTHER INCOME		(68,121)	(62,444)	(61,716)	728	(68,964)	(843)	1.2%	(25)
<b>TOTAL INCOME</b>		<b>(68,677)</b>	<b>(62,885)</b>	<b>(62,113)</b>	<b>772</b>	<b>(69,520)</b>	<b>(843)</b>	<b>1.2%</b>	<b>(25)</b>
<b>NET EXPENDITURE</b>		<b>0</b>	<b>(9,572)</b>	<b>(23,183)</b>	<b>(13,611)</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>

VIREMENT PROPOSALS

REVENUE MONITORING VARIANCE NOTES	PROJECTED VARIANCE £'000	CHANGE £'000
<b>Employee Costs</b>		
There is an underspend to date however is expected that spend will be in line with budget by year end.	0	0
<b>Property Costs</b>		
The projected variance is principally due to the anticipated reduction in Gas and electricity costs. However this should be treated with a level of caution following the extreme weather conditions experienced in Aberdeen over the recent months, this will also apply to Repairs and Maintenance.	(113)	114
<b>Administration Costs</b>		
There are phasing differences in Management and Administration, with a number of charges being applied at year end, but expected to be in line with budget by year end. The projected variance reflects higher than anticipated legal expenses.	47	0
<b>Supplies and Services</b>		
Provision of meals is still below the phased level but expected to be fully spent by year end.	0	0
<b>Transfer Payments</b>		
Capital Finance Costs have been increased by £2,692,000 from the original budgeted figure principally as a result of the reduced capital financing costs. However this will be constantly updated.	2,692	(89)
<b>Capital Financing Costs</b>		
Capital Financing Costs have decreased to reflect the decrease in interest rate. There is a movement of £20,000 to reflect the invoice received for the buying out of the Heating Lease for those properties sold.	(1,783)	0
<b>Income</b>		
The forecasts for Dwelling House Rent Income and various other rents are based on current projected level of income.	(843)	(25)
	0	0