

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	1 December 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	2016/17 Financial Monitoring–Corporate Governance
REPORT NUMBER	CG/16/137
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i) Inform the Committee of the 2016/17 revenue and capital budget's financial performance for the period to 31 October 2016 for the services within Corporate Governance;
- 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;
- 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 expenditure as at the end of October 2016, shown in Appendix A.

5.2 The forecast net outturn under spend is £1.1m across the current net budget of £30m. The following items are of note and they have been incorporated into the forecast outturn:-

- Staff costs, budgeted at £28m, are forecast to be overspent by £159k, including £101k related to staff exit costs. Pressure areas include agency expenditure offset by vacancy savings across the service.
- Forecast variances in a range of accounts within Administration Costs total £249k with the main forecast underspend being £160k for courses.
- Transport costs have a pressure area with vehicle insurance forecast to have an adverse variance of £200k. Driver training is ongoing within services aimed at reducing accident levels.
- Income is forecast to be greater than budgeted by £1.2m with the largest areas of favourable variance are forecast recharges above budget of £225k to Aberdeenshire Council largely for Procurement and other shared services, £67k for payroll services to Police Scotland, Legal Services recharges in relation to Right to Buy of £54k, £271k for recharges to Trading and £196k for recharges to the HRA, forecast additional income of £50k from the Supplier Incentive Scheme. Unbudgeted income of £50k is forecast to be earned from Sport Aberdeen for providing IT Services. The Employee Benefits Scheme is forecast to generate income above budget of £200k.
- Other smaller variances within non-staff budgets account for the remainder of the movement from budget.

5.3 Virements

The Financial Regulations require that if a Director approves a virement of over £100k, this must be reported to committee in the Service Monitoring Report. Within the ICT Hardware Rolling Programme, cost centre T59000, which has a budget of £1.1m, £139,078 has been vired from Supplies and Services to Staffing Costs for staffing involved in the installation of new hardware.

Ear-marked Reserves

5.4 Included at Appendix B is a table of projects funded by Earmarked Reserves.

Capital

5.5 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 7 2016/17	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	4,289	3,481	(808)	6,306	6,156	(150)	(1)
Legal & Democratic Services	888	697	(191)	1,549	1,347	(201)	(13)
HR, Organisational Development & Customer Services	4,211	3,941	(270)	7,189	6,633	(557)	(79)
Commercial & Procurement Services	2,218	2,489	272	3,918	3,900	(18)	(312)
IT & Transformation	5,606	5,454	(152)	9,599	9,422	(177)	1
Housing Benefits	693	696	3	1,188	1,188	0	0
Total	17,905	16,758	(1,147)	29,748	28,644	(1,104)	(405)

	Year to Date			Forecast to Year End			
As at Period 7 2016/17	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	16,405	16,612	208	28,202	28,361	159	(208)
Property	373	329	(44)	627	617	(10)	(2)
Administration	1,485	1,275	(210)	2,758	2,509	(249)	(167)
Transport	327	455	129	560	770	210	5
Supplies and Services	3,718	3,570	(149)	6,441	6,430	(11)	160
Transfer Payments	29,578	33,820	4,242	50,705	50,701	(4)	0
Gross Expenditure	51,885	56,062	4,177	89,294	89,390	96	(212)
Government Grants	(29,326)	(33,569)	(4,242)	(50,273)	(50,274)	(1)	(1)
Grant/Reimbursement/Contribution	(1,420)	(1,440)	(20)	(2,435)	(2,783)	(348)	0
Customer & Client Receipts	(751)	(815)	(65)	(1,287)	(1,396)	(109)	(10)
Interest	(14)	(10)	4	(24)	(18)	6	0
Recharges to Other Heads	(2,020)	(2,957)	(937)	(4,756)	(5,171)	(415)	53
Other Income	(449)	(512)	(63)	(770)	(1,104)	(334)	(235)
Total Income	(33,980)	(39,304)	(5,323)	(59,546)	(60,746)	(1,200)	(193)
							0
Net Expenditure	17,905	16,758	(1,147)	29,748	28,644	(1,104)	(405)

Appendix B

As at Period 7 2016/17	Balance b/f 1 April 2016	Forecast for Year	(Unrequired) Amounts	New Amounts	Projected c/f 31 March 2017	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	£'000	
<i>Projects:</i>						
New Microphones	37	37	0	0	0	Microphones/ web cam for Council Chambers.
Business Plan Service Options	340	340	0	0	0	3 Information Management staff, Information Records Store Officer, 4 fixed term Analysts and Customer Service experience £25k.
Employee Benefit Scheme	77	77	0	0	0	Potential VAT liability for bus to work scheme .
Health & Safety Training programme for Managers	25	25	0	0	0	Funding for Institute of Occupational Health & Safety training programme for managers.
ICT projects	47	47	0	0	0	To fund ICT investment projects
ICT Rolling Programme	76	76	0	0	0	Revenue contribution to projects
Total	602	602	0	0	0	

Appendix C

As at Period 7 2016/17 Corporate Governance	Figures for Total Project			<table><tr><th>Pr</th><th>Cu</th></tr><tr><td>G</td><td>G</td></tr><tr><td>G</td><td>G</td></tr></table>	Pr	Cu	G	G	G	G
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Approved Budget	Expenditure to Date	Forecast Expenditure								
£'000	£'000	£'000								
Data Centre Transition & Infrastructure Transformation	3,000	1,048	2,992							
Technology Investment Requirements & Digital Strategy	4,557	108	4,557							
	7,557	1,156	7,549							