

ABERDEEN CITY COUNCIL

COMMITTEE: Communities, Housing & Infrastructure
DATE: 24 January 2017
DIRECTOR: Pete Leonard & Richard Ellis
TITLE OF REPORT: 2016/17 TRADING SERVICES BUDGET MONITORING
REPORT NUMBER: CHI/16/287

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) bring to Committee members notice the current year trading services revenue budget performance to date for the Services 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 report the year end position to the appropriate committee.

3. FINANCIAL IMPLICATIONS

- 3.1 The Trading budget amounts to a credit balance of £10.3m, the forecast position indicates an under recovery of £346k.

Further details of the financial implications are set out in section 5 and appendix A and B attached.

4. OTHER IMPLICATIONS

- 4.1 None

5. BACKGROUND/MAIN ISSUES

The Service revenue monitoring reports are attached at Appendix A and Appendix B contains the earmarked reserves for Trading.

Financial Position and Risks Assessment

Trading Services

In overall terms the position forecasts an under recovery of £346k on the total Communities Housing and Infrastructure Trading Services budget. This is being covered within the overall Corporate budget.

The major risks arising in each service are

- Building Services – Building Services surplus target has been reduced to £1m for 16/17. If work levels were to remain the same as 15/16 there is potential to over achieve the target and could be rebated back to the Housing Revenue Account as per the guidance. The service is to undertake work from the non housing capital programme to offset the reduction in housing capital work being allocated to the service.
- Property Letting – The favourable variance is a result of additional rent. There is a risk that the continued downturn in the economic position of Aberdeen may impact on the Property Letting income.
- Car Parking – It is anticipated at this stage in the financial year that the budgeted income from car parks will be under achieved. To date most income streams are reduced compared to the same period last year due to the economic

downturn. Car Parks income can be weather dependant and there may be a possible increase in activity over the festive period.

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)

Building Services under take the repairs on Council Houses therefore contribute to the priority 'tenants have a dry, warm home in a safe and enjoyable environment'.

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

To ensure the anticipated forecast outturn is maintained or improved the service has been

- Managing controllable costs for example staff vacancies and overtime
- Maximising the potential income streams of the service.
- Ensuring billing is resolved timely.

In addition there are a number of risks which there is little control over, for example Car Parking service's income is sensitive to adverse winter weather, particularly in the run up to Christmas and in the immediate post new year period and Building Services Response income can be influenced by the severity of the winter months.

8. BACKGROUND PAPERS

Financial ledger data extracted for the period.

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
Building Services	(605)	(390)	214	(1,036)	(1,037)	0	0
Property Letting	(2,810)	(3,593)	(782)	(4,818)	(5,109)	(292)	(30)
Car Parks	(2,608)	(1,965)	643	(4,471)	(3,832)	639	358
Total	(6,023)	(5,948)	75	(10,325)	(9,979)	346	328

Appendix B

Earmarked Reserves

As at Period 7 2016/17	Balance b/f 1 April 2016	Forecast for Year	New Amounts / (Unrequired) 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	
<i>Projects:</i>					
Kincorth Shopping Centre CCTV	5	5	0	0	Replace defunct security camera at Kincorth Shopping Centre
Total	5	5	0	0	