



**ABERDEEN**  
**CITY COUNCIL**

**PROJECTED FINANCIAL POSITION  
FOR THE YEAR 2017/18**

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**GENERAL FUND REVENUE**

As at 30 June 2017	Full Year Budget	Forecast Outturn	Variance from Budget		Notes
	2017/2018	2017/2018	£'000	%	
	£'000	£'000	£'000		
Education & Children's Services	218,912	218,912	0	0.0	1
Communities, Housing & Infrastructure	86,343	86,343	0	0.0	2
Integration Joint Board / Adult Social Care	83,308	83,308	0	0.0	3
Corporate Governance	27,764	27,749	(15)	(0.1)	4
Housing Benefits	2,153	2,153	0	0.0	4
Office Of Chief Executive	3,731	3,728	(3)	(0.1)	5
<b>Total Service Budgets</b>	<b>422,212</b>	<b>422,194</b>	<b>(18)</b>	<b>(0.0)</b>	
Contingencies	(16,202)	(16,202)	0	0.0	6
Council Expenses	2,858	2,790	(68)	(2.4)	7
Joint Boards	1,645	1,645	0	0.0	8
Miscellaneous Services	36,227	36,518	292	0.8	9
Trading Services	(10,829)	(10,625)	203	(1.9)	10
<b>Total Corporate Budgets</b>	<b>13,699</b>	<b>14,126</b>	<b>427</b>	<b>3.1</b>	
Non Domestic Rates	(205,547)	(205,547)	0	0.0	11
General Revenue Grant	(118,601)	(118,601)	0	0.0	12
<b>Government Support</b>	<b>(324,148)</b>	<b>(324,148)</b>	<b>0</b>	<b>0.0</b>	
Council Tax	(111,763)	(111,763)	0	0.0	13
<b>Local Taxation</b>	<b>(111,763)</b>	<b>(111,763)</b>	<b>0</b>	<b>0.0</b>	
<b>General/Fund Deficit/(Surplus)</b>	<b>(0)</b>	<b>409</b>	<b>409</b>		

**Notes**

It should be noted that the full year budgets reflected above differ from those set by Council in February 2017 for a number of reasons. This is normal practice during the year as virements are identified. The main change in services relates to the allocation of procurement savings which was held within Contingencies at the time the budget was set.

There are a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year. A short life working group has been set up to carry out a strategic review of spend across a range of areas including those detailed below. Initial work carried out by the group indicates that whilst there are challenges ahead, a number of options are available to address these such that a balanced position can be achieved.

1. The main areas of pressure within Education & Children's Services are:

- Foster care costs have risen due to the inability to recruit within the city, a national problem, with a high number of placements now being provided by external agencies that charge higher fees as part of a national contract;
  - There is pressure of rising client numbers on Self Directed Support packages for children with complex support needs;
  - In respect of Out of Authority placements there is continued pressure of cost increases per package, Sheriff Court, Children's Hearing and Education Tribunal placement decisions, and the need to safely manage child protection risks;
- and

- The closure of the Art Gallery and Provost Skene House means that income targets are not achievable.
2. The main areas of pressure within Communities, Housing & Infrastructure are:
    - Construction Consultancy/Design Team income is subject to the risk of any delays in the capital programme or decisions not to under take work in house; and
    - The revenue costs of operating AECC are subject to finalisation with the new operator and may vary from those budgeted.
  3. The main areas of pressure within Integration Joint Board/Adult Social Care are:
    - Commissioned care packages transitioning from Childrens' services due to an increase in both number and cost of packages and more clients transition with increased medical needs;
    - Additional costs of running Kingsmead Nursing home and associated capital costs if it is purchased; and
    - Increased demographic demand for commissioned services across all client groups and continued price inflation as anomalies in the pricing structure are fixed or providers withdraw from services and a premium has to be paid at short notice to a new provider.
  4. There are no material areas of pressure within Corporate Governance although it should be noted that Housing Benefits is demand led which can lead to cost pressures which in the main are offset by additional income from the DWP.
  5. There are no material areas of pressure within the Office of the Chief Executive.
  6. This budget has been adjusted from that set at Council in February due to the allocation of procurement savings across all services. The budget includes savings from vacant staff posts which is currently assumed to be achieved.
  7. There are no material areas of pressure within Council Expenses.
  8. This budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board.
  9. The main area of pressure within Miscellaneous Services is around interest receivable due to the lower level of cash balances held.
  10. The main area of pressure within Trading Services relates to Car Parking which continues to show a lower level of demand than in previous years.
  11. This figure is set by the Scottish Government as part of its overall funding support package rather than the amount billed and receivable by the Council. Following the revaluation of rateable values, two relief schemes have been put in place – a national transitional relief scheme and a localised relief scheme. At this time there have been 240 applications to the national scheme, with a value of £3m which will be met by the Scottish Government. There have been 84 applications to the local scheme, with a value of £0.3m which will have to be met by the Council.
  12. This figure is set by the Scottish Government as part of its funding support package. This may change during the year as the government announces funding redeterminations.
  13. This budget has been adjusted downwards by £2m from that set at Council in February to reflect revised assumptions on the level and banding of new properties which will become chargeable, taking account of the actual position at the 2016/17 year end. The short life working group previously referred to will consider means by which to mitigate against this variance.

**HOUSING REVENUE ACCOUNT**

As at 30 June 2017	Full Year Budget 2017/2018	Forecast Outturn 2017/2018	Variance from Budget	
	£'000	£'000	£'000	%
<b>Housing Revenue Account</b>	(500)	(500)	0	(0.0)

There are no major variances anticipated in relation to the Housing Revenue Account.

## GENERAL FUND CAPITAL PROGRAMME

Recognising the need to improve and enhance governance around the capital programme and the projects within it, as reported to the Audit, Risk & Scrutiny committee in June 2017, the presentation of the General Fund Capital Programme has been updated, with the programme presented on the basis of the current tender status of each project. The following should be noted:

- Where tenders have been let, the figures in the first section of the tables below reflect costs based on those tenders. It is worth noting however that circumstances can arise which affect the costs of a tendered project and whilst some will be mitigated against through legal clauses within the contract, others may be unavoidable and lead to an increase in overall project cost;
- The second section of the tables below reflects those projects which are governed by specific funding arrangements and therefore are not necessarily subject to tenders;
- Some project lines within the programme will contain multiple contracts, not necessarily tendered at this stage and are therefore shown in the third section of the tables below as part let; and
- The final section of the tables below reflects those projects for which tenders are not currently let and therefore whilst appropriate steps are taken to estimate costs, the figures reflected below should be treated as provisional only. A number of factors can influence the market at any time and ultimately affect contract prices such that definitive costs will only become available through the tendering process.

			Outturn	Budget	Budget	Budget	Budget	Total	Notes
			2017/18	2018/19	2019/20	2020/21	2021/22		
NHCP No.	Tender Let?		£'000	£'000	£'000	£'000	£'000	£'000	
587	Yes	Access from the North / 3rd Don Crossing	2,589	0	0	0	0	2,589	
627	Yes	Aberdeen Western Peripheral Route	7,132	17,041	2,405	825	2,605	30,008	
630	Yes	Data Centre Transition & Infrastructure Transformation	62	156	0	0	0	218	
773	Yes	New Brimmond School	(43)	0	0	0	0	(43)	
776	Yes	Centre of Excellence (formerly ASN)	3,444	0	0	0	0	3,444	
794	Yes	Hydrogen Buses	0	5	0	0	0	5	
795	Yes	Accelerate Aberdeen (City Broadband)	360	0	0	0	0	360	
799A	Yes	Art Gallery Redevelopment - Museums Collection Centre	3	0	0	0	0	3	
799B	Yes	Art Gallery Redevelopment - Main Contract (HLF)	7,351	4,008	0	0	0	11,359	
807	Yes	A96 Park & Choose / Dyce Drive Link Road	1,775	40	0	0	0	1,815	
810E	Yes	Investment in Waste Collection	1,603	0	0	0	0	1,603	
810F	Yes	Refuse Derived Fuel Plant	480	0	0	0	0	480	
810G	Yes	Co-mingled MRF & Depot	400	556	0	0	0	956	
821	Yes	New Aberdeen Exhibition & Conference Centre	142,008	99,538	44,786	0	0	286,332	
823	Yes	Music Hall Refurbishment	0	0	0	0	0	0	
826	Yes	Aberdeen City Hydrogen Energy Storage (ACHES)	(55)	0	0	0	0	(55)	
827	Yes	SIP New Build Housing Programme	541	700	200	0	0	1,441	
828	Yes	Greenbrae Primary Extension and Internal Works	495	0	0	0	0	495	
829	Yes	Middlefield Project Relocation (Henry Rae CC)	(103)	0	0	0	0	(103)	
831	Yes	Stoneywood Primary	10,461	1,471	0	0	0	11,932	
832	Yes	Dyce 3G Pitch	10	0	0	0	0	10	
834	Yes	Refurbish Throughcare Facility - 311 Clifton Road	42	0	0	0	0	42	
837	Yes	Flood Prevention Measures: Riverside Drive at Bridge of Dee Court	351	149	0	0	0	500	
			<b>178,906</b>	<b>123,664</b>	<b>47,391</b>	<b>825</b>	<b>2,605</b>	<b>353,391</b>	
			Outturn	Budget	Budget	Budget	Budget	Total	
			2017/18	2018/19	2019/20	2020/21	2021/22		
NHCP No.	Tender Let?	<i>Projects governed by specific funding arrangements</i>	£'000	£'000	£'000	£'000	£'000	£'000	
551	n/a	Cycling Walking Safer Streets	339	0	0	0	0	339	1
843	n/a	Station House Media Unit Extension	750	149	0	0	0	899	1
844	n/a	Sustrans Active Travel Infrastructure Fund	600	594	0	0	0	1,194	1
765G	n/a	Nestrans Capital Grant	1,000	2,691	1,500	1,295	1,295	7,781	2
779	n/a	Private Sector Housing Grant (PSHG)	700	700	700	700	700	3,500	2
798	n/a	National Housing Trust Loans	0	0	0	0	0	0	2
808A	n/a	New Academy to the South - ICT Infrastructure	0	1,000	0	0	0	1,000	3
808B	n/a	New Academy to the South - Infrastructure Improvements	70	1,430	0	0	0	1,500	3
845	n/a	City Deal: Strategic Transport Appraisal	82	668	50	200	0	1,000	4
846	n/a	City Deal: Aberdeen Harbour Expansion Project	1,500	2,000	2,000	0	0	5,500	4
847	n/a	City Deal: Digital Infrastructure	0	1,750	1,750	0	0	3,500	4
852	n/a	City Deal: City Duct Network	350	2,000	2,000	650	0	5,000	4
810C	n/a	Energy from Waste (EFW) Procurement and Land Acq.	3,944	589	1,382	0	0	5,915	5
			<b>9,335</b>	<b>13,571</b>	<b>9,382</b>	<b>2,845</b>	<b>1,995</b>	<b>37,128</b>	

			Outturn	Budget	Budget	Budget	Budget	Total
			2017/18	2018/19	2019/20	2020/21	2021/22	
NHCP No.	Tender Let?	Project budgets include more than one contract	£'000	£'000	£'000	£'000	£'000	£'000
294	Part	Corporate Property Condition & Suitability	7,758	10,070	9,000	8,000	8,000	42,828
784	Part	Fleet Replacement Programme (including Zero Waste Strategy Fleet)	2,979	3,900	4,100	4,272	4,300	19,551
789	Part	Planned Renewal & Replacement of Roads Infrastructure	5,115	5,211	5,211	4,968	4,968	25,473
789E	Part	Street Lighting	473	500	1,000	1,000	1,000	3,973
791	Part	Strategic Land Acquisition	1,922	1,051	2,775	0	0	5,748
805	Part	Technology Investment Requirements & Digital Strategy	1,100	1,134	695	855	0	3,784
806B	Part	CATI - Beryden Corridor (Combined Stages 1, 2 & 3)	685	320	3,096	10,300	4,490	18,891
810K	Part	Energy from Waste (EfW) Construction & Torry Heat Network	456	457	22,000	49,000	13,087	85,000
811	Part	Social Care Facilities - Len Ironside Centre	101	186	0	0	0	287
820	Part	Investment in Tenanted Non-Residential Property Portfolio	30	500	2,340	0	0	2,870
824	Part	City Centre Regeneration	6,168	14,632	7,114	0	0	27,914
825	Part	City Deal	10	34	0	0	0	44
835	Part	Street Lighting LED Lanterns (PACE 5 Year programme)	1,500	1,659	1,500	1,500	1,500	7,659
836	Part	Flood Prevention Measures: Flood Guards Grant Scheme	10	100	100	100	100	410
840	Part	Tillydrone Primary School	2,871	6,595	7,500	0	0	16,966
841	Part	Torry Primary School and Hub	2,983	7,000	9,000	1,000	0	19,983
			<b>34,161</b>	<b>53,349</b>	<b>75,431</b>	<b>80,995</b>	<b>37,445</b>	<b>281,381</b>
			Outturn	Budget	Budget	Budget	Budget	Total
			2017/18	2018/19	2019/20	2020/21	2021/22	
NHCP No.	Tender Let?		£'000	£'000	£'000	£'000	£'000	£'000
812	No	Kingsfield Childrens Home	420	1,080	50	0	0	1,550
819	No	Tillydrone Community Hub	2,349	2,790	134	0	0	5,273
821	No	New Aberdeen Exhibition & Conference Centre : Anaerobic Digestion Plant	0	21,270	4,000	0	0	25,270
806A	No	CATI - South College Street	50	250	2,300	2,300	492	5,392
809	No	New Milltimber Primary	0	500	11,000	1,500	0	13,000
810J	No	Bridge of Don HWRC	0	50	50	1,300	0	1,400
838	No	Flood Prevention Measures: Millside & Paddock Peterculter	200	300	500	2,000	0	3,000
839	No	Flood Prevention Measures: Inchgarth Road	30	20	950	0	0	1,000
851	No	Northfield / Cumming Park Early Learning and Childcare Provision	0	500	0	0	0	500
849	No	Cruyff Court	150	75	0	0	0	225
850	No	Community Growing Spaces	80	65	0	0	0	145
999	n/a	Construction Inflation Allowance for existing projects	1,195	0	0	0	0	1,195
			<b>4,474</b>	<b>26,900</b>	<b>18,984</b>	<b>7,100</b>	<b>492</b>	<b>57,950</b>
		<b>Totals</b>	<b>226,876</b>	<b>217,484</b>	<b>151,188</b>	<b>91,765</b>	<b>42,537</b>	<b>729,850</b>

1. Projects which are completely funded by ring-fenced capital grant. If the project is stopped, the funding will be lost.

2. Specific grants/loans to external bodies; tendering is not applicable

3. Budgets represent the Council's associated projects in addition to the SFT funded model for the new Academy

4. No tender exercises have been completed for any City Deal projects, though the Council committed to delivering these projects by signing the City Region Deal agreement.

5. The Council committed to completing the EfW Procurement and Land Acquisition project with the Inter Authority Agreement also agreed by Aberdeenshire Council and The Moray Council.

6. Projects where tenders have been received, and formal letting of contract could be imminent.

### Reconciliation – Original Budget at February 2017 to Current Budget

<b>Original Budget (as set by Council February 2017)</b>	<b>239,518</b>	<b>214,429</b>	<b>139,213</b>	<b>76,458</b>	<b>37,555</b>	<b>707,173</b>
Re-profiled from 2016/17 to future years						15,332
<b>Approved by FP&amp;R 9 March 2017:</b>						
Station House Media Unit Extension						150
Cruyff Court						250
Community Growing Spaces						145
Northfield / Cumming Park Early Learning and Childcare Provision						500
<b>New/Additional Fully Funded Amounts:</b>						
City Deal: City Duct Network						5,000
Stoneywood Primary						1,300
<b>Totals</b>						<b>729,850</b>

**Note** – the re-profiling from 2016/17 to future years does not alter the total cost of any project, it simply profiles the costs across the project life.

**HOUSING CAPITAL PROGRAMME**

	<b>Approved Budget</b>	<b>Forecast Expenditure</b>
	£'000	£'000
Compliant with the tolerable standard	95	95
Free from Serious Disrepair	20,612	20,612
Energy Efficient	7,687	7,687
Modern Facilities & Services	3,140	3,140
Healthy, Safe & Secure	3,648	3,648
Non Scottish Housing Quality Standards	26,972	26,972
	<b>62,154</b>	<b>62,154</b>

The table above reflects the gross capital programme and this stage is currently shown as being fully spent. However, it is important to note that the budget set in February 2017 assumes that a level of slippage will occur across projects such that the net or funded programme is £55.318m.

Work is ongoing to review the programme to identify where this slippage is likely to occur and will be reflected in Quarter 2.



**COMMON GOOD**

As at June 2017	Full Year Revised Budget	Forecast Actual	Variance Amount		Notes
			£'000	%	
	£'000	£'000	£'000		
Recurring Expenditure	2,783	2,741	(42)	(0.0)	1
Recurring Income	(3,428)	(3,428)	0	0.0	
<b>Budget After Recurring Items</b>	<b>(645)</b>	<b>(687)</b>	<b>(42)</b>	0.1	
Non Recurring Expenditure	421	421	0	0.0	
Non Recurring Income	0	0	0	0.0	
<b>Net Income</b>	<b>(224)</b>	<b>(266)</b>	<b>(42)</b>	<b>0.2</b>	
<b>Amounts required for increase in cash balances in line with inflation</b>	<b>(168)</b>	<b>(168)</b>			
<b>Revised Net income</b>	<b>(56)</b>	<b>(98)</b>			
<b>Cash Balances as at 1 April 2017 (unaudited)</b>	<b>(22,001)</b>	<b>(22,001)</b>			
<b>Estimated Cash Balances as at 31 March 2018</b>	<b>(22,225)</b>	<b>(22,267)</b>			
<b>Minimum cash balance requirement per budget report (Council February 2015)</b>	<b>(18,808)</b>	<b>(18,808)</b>			

**Notes**

1. It is anticipated that the Twinning budget will be underspent due to a staff vacancy whilst based on the previous year and information to date it is expected that service support charges will be lower than budgeted.