



ABERDEEN
CITY COUNCIL

PROJECTED FINANCIAL POSITION
FOR THE YEAR 2017/18

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE - GENERAL FUND REVENUE

As at 30 June 2017	Full Year Budget 2017/18	Forecast Outturn 2017/18	Variance from Budget		Notes
	£'000	£'000	£'000	%	
Finance	6,269	6,241	(28)	(0.4%)	1
Legal & Democratic Services	1,456	1,473	17	1.2%	2
HR, Organisational Development & Customer Services	6,870	6,590	(280)	(4.1%)	3
Commercial & Procurement Services	4,065	4,210	145	3.6%	4
IT & Transformation	9,103	9,235	132	1.4%	5
Housing Benefits	2,153	2,153	0	0.0%	6
Total	29,917	29,902	(15)	(0.1%)	

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 variances 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, emerging risks and assumptions within Finance are:

- The significant volume of mail out of documentation such as Council Tax Billing creates a pressure on the services postage budget. Whilst the current forecast reflects the trend in prior years, efforts are being made to contain postage costs as far as possible.

2. The main areas of pressure, emerging risks and assumptions within Legal & Democratic Services are:

- Recharges to Other Heads such as Capital and the NESPF (North East Scotland Pension Fund) are anticipated to be lower than budget, in line with prior year actuals and rechargeable work during quarter 1 in 2017/18, reflecting actual work carried out by Legal Services for these accounts.

3. The main areas of pressure, emerging risks and assumptions within HR, Organisational Development and Customer Services are:

- Agency costs incurred in relation to the development of the Your HR IT system has created a pressure within the services budget.
- Following a review of training needs for the year, an underspend on the Corporate Training budget is now forecast.
- Recharges to Trading are forecast to be above budget reflecting actual recharges in Q1 and prior year actuals.
- The Employee Benefits Scheme is anticipated to generate significant unbudgeted income during the year not. This will be used to offset cost pressures within the service such as the development of the Your HR IT system referred to above.

4. The main areas of pressure, emerging risks and assumptions within Commercial & Procurement Services are:

- Reduced income is anticipated from Highland Council reflecting delays in filling posts which will be offset by savings in staff costs as a result of these short term vacancies.
- Following a review of the 2016/17 costs recharged for shared services, a prior year adjustment has been agreed which will have an adverse impact on income levels this year.

- Vehicle insurance continues to be a pressure area reflecting the poor claims history. Driver training has been implemented to mitigate this. This pressure will be partly offset by forecast underspends on general insurance.
- Anticipated savings/income reflected within recoveries general are unlikely to be achieved and therefore represent a pressure area within the service.

5. The main areas of pressure, emerging risks and assumptions within IT & Transformation are:

- Staffing costs are anticipated to be over budget as a result of hiring staff to work on capital projects. However, this will be offset by additional income from the capital programme.
- A review of Hardware and Software budgets has been undertaken which has identified areas where in year savings can be achieved with no major impact on service delivery.
- A new charging system was implemented in late 2016/17 which more accurately captures the cost of IT support to users of the service. Recharges to HRA are now forecast at a reduced rate reflecting the change to recording service use by time rather than number of uses. This will be partly offset by forecast an increase in the level of recharges to Trading.

6. Housing Benefits is demand led which can lead to cost pressure but this is offset by additional income from the DWP.

CORPORATE GOVERNANCE - GENERAL FUND CAPITAL

NHCP No.	Tender Let?		Outturn 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total
			£'000	£'000	£'000	£'000	£'000	£'000
630	Yes	Data Centre Transition & Infrastructure Transformation	62	156	0	0	0	218
			62	156	0	0	0	218
NHCP No.	Tender Let?	<i>Project budgets include more than one contract</i>	Outturn 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total
			£'000	£'000	£'000	£'000	£'000	£'000
805	Part	Technology Investment Requirements & Digital Strategy	1,100	1,134	695	855	0	3,784
			1,100	1,134	695	855	0	3,784
		Totals	1,162	1,290	695	855	0	4,002

There are no significant issues to report within the Corporate Governance capital projects.