



ABERDEEN
CITY COUNCIL

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

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GENERAL FUND REVENUE

As at 30 September 2017	Full Year Budget 2017/2018	Forecast Outturn 2017/2018 Quarter 2	Variance from Budget		Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
			£'000	%			
Education & Children's Services	222,544	223,250	706	0.3	0	706	1
Communities Housing & Infrastructure	87,166	87,581	416	0.5	0	416	2
Integration Joint Board / Adult Social Care	83,308	83,308	0	0.0	0	0	3
Corporate Governance	27,689	27,612	(77)	(0.3)	(15)	(62)	4
Housing Benefits	2,153	2,153	0	0.0	0	0	5
Office Of Chief Executive	3,354	3,305	(49)	(1.5)	(3)	(46)	6
Total Service Budget	426,213	427,209	996	(1)	(18)	1,014	
Contingencies	(20,654)	(20,654)	0	0.0	0	0	7
Council Expenses	2,860	2,625	(235)	(8.2)	(68)	(167)	8
Joint Boards	1,645	1,645	0	0.0	0	0	9
Miscellaneous Services	36,227	36,517	289	0.1	292	(3)	10
Trading Services	(10,380)	(10,334)	46	(0.4)	203	(157)	11
Total Corporate Budgets	9,698	9,798	100	(9)	427	(327)	
Non Domestic Rates	(205,547)	(205,547)	0	0.0	0	0	12
General Revenue Grant	(118,601)	(118,601)	0	0.0	0	0	13
Government Support	(324,148)	(324,148)	0	0	0	0	
Council Tax	(111,763)	(111,763)	0	0.0	0	0	14
Local Taxation	(111,763)	(111,763)	0	0	0	0	
General Fund Deficit/(Surplus)	0	1,097	1,097		409	688	

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 changes in services relate to the allocation of procurement and voluntary severance staff establishment budget savings which were 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 (£1.3m) 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 (£0.5m) 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 (£1.6m); and
- The closure of the Art Gallery and Provost Skene House means that income targets are not achievable (£0.3m).

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

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, additional costs for Henry Rae for which there is no income, and reflects the assumption that schools will be taken to the design stage (£0.9m);
- Housing Support due to the increased costs of repairs and arrears in Private Sector Leased accommodation (£0.4m);
- Facilities as a result of rates for Balgownie 1, for which there is no budget, and lower rental income than expected from IJB (£0.4m); and
- Directorate Support additional staffing costs (£0.5m).

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

3. The main areas of pressure within Integration Joint Board/Adult Social Care are:

- Commissioned care packages transitioning from Children's 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.

The above cost pressures are to be mitigated by underspends and cost reductions in other areas of the service including those identified by the short life working group.

4. There are no material areas of pressure within Corporate Governance.

5. Housing Benefits is demand led which can lead to cost pressures which in the main are offset by additional income from the DWP.

6. There are no material areas of pressure within the Office of the Chief Executive.

7. The Contingencies budget has been adjusted from that set at Council in February due to the allocation of procurement and voluntary savings.. The budget includes savings from vacant staff posts which is currently forecast to be achieved. Consideration is being given to approaching the Scottish Government for consent to borrow to fund the costs of the Voluntary Severance/Early Retirement (VSER) scheme.

8. There are no material areas of pressure within Council Expenses.

9. The Joint Boards budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board.

10. The main area of pressure within Miscellaneous Services is around interest receivable due to the lower level of cash balances held, and consultancy costs (£250k).

11. The main area of pressure within Trading Services relates to the staff costs within Car Parking (£120k), commission costs (£74k) for ticket sales, and central support charges (£23k).

12. The Non Domestic Rates 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 307 applications to the national scheme, with a value of £3.6m which will be met by the Scottish Government. There have been 552 applications to the local scheme, with a value of £1.5m which will have to be met by the Council and thus an underspend of £2m against the budget for the local scheme is currently forecast.

13. The General Revenue Grant 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.

14. The Council Tax 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 September 2017	Full Year Budget 2017/2018	Forecast Outturn 2017/2018 Quarter 2	Variance from Budget		Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
			£'000	%			
Housing Revenue Account	(500)	(572)	(72)	14.5	(500)	(72)	1

Notes

The main variances in forecast outturn against budget are:

- an overspend on repairs and maintenance £1m;
- under recovery of income from housing £900k;
- an overspend in voids of £213k; and
- an underspend in capital financing costs of £1.9m.

GENERAL FUND CAPITAL PROGRAMME

The presentation of the General Fund Capital Programme has been updated to reflect the Programme Board structure approved by Audit, Risk & Scrutiny committee in June 2017. The new dashboard style incorporates key project and financial indicators with notes for those with a red status shown below.

As at Period 6 2017/18						Gross Figures for 2017/18		
AECC Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
New AECC: ACC project share	→	G	G	G	A	130,110	53,655	142,008
New AECC: Anaerobic Digestion Plant	→	G	G	A	A	4,000	0	0
						134,110	53,655	142,008

As at Period 6 2017/18						Gross Figures for 2017/18		
Asset Management Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
New Brimmond School	↗	G	G	G	G	0	(15)	(43)
Orchard Brae (New ASN School - previously Raeden Centre project)	→	G	G	G	G	3,367	2,698	3,444
New Academy to the South - ICT Infrastructure	→	G	G	G	G	0	0	0
New Academy to the South - Infrastructure Improvements	→	G	G	G	G	0	44	70
New Milltimber Primary	→	A	A	G	A	0	0	0
Social Care Facilities: Len Ironside Centre	→	G	G	G	G	287	127	150
Kingsfield Childrens Home	→	A	G	G	A	1,550	0	420
TNRP - Investment in Advance Factory Units	→	A	G	G	A	1,289	0	30
Greenbrae Primary Extension and Internal Works	→	A	G	G	A	495	3	495
Stoneywood Primary	↘	R	A	R	G	11,933	4,030	10,461
Dyce 3G Pitch	→	G	G	G	G	31	0	10
Refurbish Throughcare Facility - 311 Clifton Road	→	G	G	G	G	42	2	42
Street Lighting LED Lanterns (PACE programme)	→	G	G	G	G	1,659	111	1,500
Flood Prevention Measures: Flood Guards Grant Scheme	→	G	G	G	G	191	2	10
Flood Prevention Measures: Riverside Drive at Bridge of Dee Court	→	G	G	G	G	500	196	300
Flood Prevention Measures: Millside & Paddock Peterculter	→	G	G	G	G	0	0	0
Flood Prevention Measures: Inchgarth Road	↘	R	G	G	G	0	0	0
Tillydrone Primary School	→	A	A	G	G	2,871	12	250
Torry Primary School and Hub	→	A	A	G	G	2,983	9	250
Northfield / Cummings Park Early Learning & Childcare Provision	→	A	A	G	A	500	0	0
Kingsmead Nursing Home Acquisition	→	G	G	G	G	tbc	0	tbc
						27,698	7,218	17,389

As at Period 6 2017/18						Gross Figures for 2017/18		
Asset Management Programme Board Rolling Programmes						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Corp Property Condition & Suitability Programme	→	A	G	A	A	10,828	2,521	8,672
Cycling Walking Safer Streets Grant	→	G	G	G	G	316	484	339
Fleet Replacement Programme (including Zero Waste Strategy Fleet)	→	G	G	G	G	3,534	86	2,979
Planned Renewal & Replacement of Road Infrastructure	→	G	A	A	A	5,601	2,267	5,115
Planned Renewal & Replacement of Road Infrastructure (Street Lighting)	→	G	A	A	A	473	322	473
						20,752	5,680	17,578
As at Period 6 2017/18						Gross Figures for 2017/18		
City Centre Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Art Gallery Redevelopment - Aberdeen Treasure Hub	→	G	G	G	G	3	0	0
Art Gallery Redevelopment - Main Contract (HLF)	→	R	R	R	G	10,983	4,830	8,983
Music Hall	→	G	G	G	G	0	770	0
City Centre Masterplan	↘	A	G	G	G	8,269	1,094	2,038
Provost Skene House Refurbishment	→	R	R	R	G	1,413	21	650
Broad Street	↘	A	A	A	G	2,343	535	2,143
Union Street - Conservation Area Regeneration Scheme	→	G	G	G	G	338	0	338
						23,348	7,250	14,152
As at Period 6 2017/18						Gross Figures for 2017/18		
Energy Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Hydrogen Buses	→	G	G	G	G	5	0	0
Waste: Energy from Waste (EfW) Procurement & Land Acquisition	↘	A	G	G	G	5,200	277	3,944
Waste: Investment in Waste Collection	→	G	G	G	R	1,603	781	1,603
Waste: Refused Derived Fuel Plant	↘	A	A	G	A	480	489	474
Waste: Co-Mingled MRF & Depot	↘	A	A	G	A	956	871	716
Waste: Bridge of Don HWRC	↘	G	A	G	A	0	0	0
Energy from Waste (EfW) Construction & Torry Heat Network	↘	A	G	G	G	436	0	456
Aberdeen City Hydrogen Energy Storage (ACHES)	↗	G	G	G	G	0	(52)	(52)
JIVE (Hydrogen Buses Phase 2)	→	G	G	G	G	0	0	0
						8,680	2,366	7,141

As at Period 6 2017/18 Housing and Communities Programme Board						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Tillydrone Community Hub	↗	G	G	G	G	4,773	29	812
SIP New Build Housing Programme	→	A	G	G	A	541	172	541
Middlefield Project Relocation / Henry Rae Community Centre Extension	→	G	G	G	G	28	(162)	(95)
Station House Media Unit Extension	↗	G	G	G	G	1,064	1	750
New Cruyff Court	→	G	G	G	G	25	0	0
Community Growing Spaces	→	G	G	G	G	145	0	80
						6,576	40	2,088

As at Period 6 2017/18 Housing and Communities Programme Board Rolling Programmes						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Private Sector Housing Grant	→	G	G	G	G	700	0	700
						700	0	700

As at Period 6 2017/18 Transportation Programme Board						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Access From the North / 3rd Don Crossing	→	A	R	A	A	2,478	841	1,146
Western Peripheral Route	→	G	G	G	G	15,858	1,334	4,132
Strategic Land Acquisition	→	G	G	G	G	848	459	1,922
CATI: South College Street	→	G	G	G	A	382	22	50
CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	↘	R	A	A	R	4,101	241	685
A96 Park & Choose / Dyce Drive Link Road	↘	A	A	G	A	1,815	785	1,775
Sustrans Active Travel Infrastructure Fund	→	G	G	G	A	1,194	293	643
						26,676	3,975	10,353

As at Period 6 2017/18 Transportation Programme Board Rolling Programmes						Gross Figures for 2017/18		
	Status	Timeline	Budget	Risk	Resource	Approved Budget £'000	Expenditure to Date £'000	Forecast Expenditure £'000
Nestrans - Capital Works	→	A	A	G	G	0	588	0
Nestrans - Capital Grant	→	G	G	G	G	2,111	283	1,000
						2,111	871	1,000

As at Period 6 2017/18						Gross Figures for 2017/18		
Strategic Asset & Capital Plan Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Data Centre Transition & Infrastructure Transformation	→	G	G	G	G	218	93	102
City Broadband (Accelerate Aberdeen)	→	G	G	G	G	360	0	360
Technology Investment Requirements & Digital Strategy	↘	R	G	G	G	1,184	629	927
City Deal	→	G	G	G	G	44	0	10
City Deal: Strategic Transport Appraisal	→	G	G	G	G	585	82	82
City Deal: Aberdeen Harbour Expansion Project	→	G	G	G	G	1,500	0	1,500
City Deal: Digital Infrastructure	→	G	G	G	G	1,750	0	0
City Deal: City Duct Network	↘	A	A	G	G	2,000	0	350
City Deal: Transportation Links to Bay of Nigg	→	G	G	G	G	100	1	100
Construction Inflation (unassigned)	→	G	G	G	G	957	0	0
						8,698	805	3,431

Key	Status
Project Status is Improving	↗
Project Status is Stable	→
Project Status is Deteriorating	↘

The presentation of the General Fund Capital Programme has been updated to reflect the Programme Board structure approved by Audit, Risk & Scrutiny committee in June 2017. The new dashboard style incorporates key project and financial indicators.

It should be noted that some projects in the 5 year programme are currently profiled for later financial years, so do not quote a budget amount for 2017/18. These projects are included to provide a complete overview of projects in the approved programme and to ensure they are not omitted from the regular programme reviews.

The Programme Management Office has undertaken reviews of the cultural, transport and environmental projects within the capital programme and additional project management resources are to be made available to increase the level of assurance on projects to senior management.

The programme has been extended since Quarter 1 to include the City Deal: Transportation Links to bay of Nigg project (funded in full from the Aberdeen City Region Deal).

Notes on projects with Red indicators:

Projects which are to be brought to an early close:

- As reported to the Communities Housing & Infrastructure committee in August, the Flood Prevention Measures: Inchgarth Road project does not require civil engineering works and the project can be withdrawn from the programme.
- Following the Strategic Transformation Committee in early October, the original Digital Strategy is to be superseded by the new Digital Transformation Programme. Any unspent capital budgets for the original programme are to be returned to the corporate core.

Projects where officers are responding to delivery challenges:

- The contractor for Stonewood Primary has formally submitted an extension of time claim, which is currently in dispute by the project manager.

- The recent departure of two senior members of Waste Services staff and difficulties in retaining operational staff means the resourcing of the final months of the Waste: Investment in Waste Collection is proving challenging. The service is assessing the requirements of completing the project.
- The timeline for the Berryden corridor is under review, and due to be completed by the end of 2017. The departure of one of the Council's Estates Surveyors will mean a reassessment of resourcing negotiations for some voluntary property acquisitions is required.

Projects under officer assessment for potential contractual dispute:

- An extension of time claim has been received from the contractor for the Art Gallery refurbishment, and officers are considering the validity of the claim. Additional project management resources have been appointed to support the final project stages and evaluate the impact of contractor claims on final valuation. A separate report on this project is included on the agenda for consideration by this committee (Finance, Policy & Resources, 1 December 2017). Any changes to the project arising from this separate report will be reflected in the Council Financial Performance – Quarter 3, 2017/18 report
- Part 1 claims under the Land Compensation Claim Act 1973, and Noise Insulation (Scotland) regulations (1975) are now being received, assessed and processed for the 3rd Don Crossing project in compliance with the processes for the creation of new roads infrastructure. Information is also being gathered for the project review and consideration of any potential legal action by the Council.

Projects to be re-scoped:

- A new project manager has been appointed under delegated powers approved at full Council in August for the Provost Skene House project. The project is currently being re-scoped to ensure it delivers outcomes in line with the City Centre Masterplan and integrated cultural ambitions of the Council.

HOUSING CAPITAL PROGRAMME

Communities Housing & Infrastructure Housing Programmes Quarter 2	Approved	Expenditure	Forecast	Budget	
	Budget	to date	Expenditure	Pr	Cu
	£'000	£'000	£'000		
Compliant with the tolerable standard	95	221	217	G	G
Free from Serious Disrepair	20,612	5,991	13,953	G	G
Energy Efficient	7,687	3,832	7,102	G	G
Modern Facilities & Services	3,140	1,020	1,854	G	G
Healthy, Safe & Secure	3,648	1,592	3,882	G	G
Non Scottish Housing Quality Standards	26,738	6,739	21,431	G	G
	62,154	19,640	48,439		

The approved budget shown above reflects the gross capital programme. 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. Forecast expenditure is currently £48.439m, a variance of £6.879m against the funded programme, with the main variance being Free from Serious Disrepair as a result of delays in the over cladding and fabric repairs due to owner consultation on various properties. The current forecast is based on spend to date on current contracts and previous years spend. It should be noted that there is a number of virement requiring approval which will be going to the next capital board.

COMMON GOOD

As at September 2017	Full Year Budget 2017/18	Forecast Outturn 2017/18	Variance from Budget	Quarter 1 Variance from Budget	Variance Quarter 1 to Quarter 2	Notes
	£'000	£'000	£'000	£'000	£'000	
Recurring Expenditure	2,783	2,648	(135)	2,741	(93)	1 & 2
Recurring Income	(3,428)	(3,428)	0	(3,428)	(0)	
Budget After Recurring Items	(645)	(780)	(135)	(687)	(93)	
Non Recurring Expenditure	421	497	76	421	76	3
Non Recurring Income	0	0	0	0	0	
Net Income	(224)	(283)	(59)	(266)	(17)	
Amounts required for increase in cash balances in line with inflation	(168)	(168)				
Revised Net income	(56)	(115)				
Cash Balances as at 1 April 2017	(22,001)	(22,001)				
Estimated Cash Balances as at 31 March 2018	(22,225)	(22,284)				
Minimum cash balance requirement per budget report (Council February 2015)	(18,808)	(18,808)				

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.
2. Civic Support now expect to make savings in staff costs due to a member of staff taking VS/ER
3. Expenditure for Freedom of the City and Celebrate Aberdeen, approved by Council 23 August 2017
4. Further Applications for expenditure pending:
 - Aberdeen Street Pastors - £4,875 for operating costs of the Safe Space Vehicle and training and uniforms for new volunteers;
 - Friends of Victoria & Westburn Park - £7,000 to be used for the costs of a scoping study to determine what repairs and renovation need to be done to the Victoria Park fountain; and
 - An external deep clean of the Music Hall building following renovation - £75,000 (excl VAT).