



ABERDEEN
CITY COUNCIL

PROJECTED FINANCIAL POSITION
FOR THE YEAR 2017/18

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE - GENERAL FUND REVENUE

As at Period 6 2017/18	Year To Date			Forecast to Year End			
	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	3,749	3,824	75	6,169	6,140	(28)	(0)
Legal & Democratic Services	712	845	133	1,494	1,482	(12)	(29)
HR, Organisational Development & Customer Services	3,541	3,310	(232)	6,848	6,319	(530)	(249)
Commercial & Procurement Services	2,023	3,254	1,230	4,055	4,224	168	23
IT & Transformation	4,651	5,674	1,023	9,122	9,447	325	193
Housing Benefits	1,076	(879)	(1,956)	2,153	2,153	0	0
Total	15,753	16,027	274	29,841	29,764	(77)	(62)

As at Period 6 2017/18	Year to Date			Forecast to Year End			
	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	15,486	15,246	(240)	30,363	29,827	(536)	(618)
Property	334	577	244	647	642	(6)	(1)
Administration	1,117	1,087	(30)	2,447	2,217	(230)	(53)
Transport	286	716	430	572	774	202	23
Supplies and Services	3,008	2,937	(71)	6,100	5,909	(190)	(188)
Transfer Payments	25,681	27,363	1,682	51,362	51,362	(0)	(0)
Gross Expenditure	45,912	47,927	2,015	91,491	90,731	(761)	(838)
Government Grants	(24,953)	(28,591)	(3,638)	(49,905)	(49,891)	14	14
Grant/Reimbursement/Contribution	(1,889)	(910)	979	(3,778)	(3,455)	323	1
Customer & Client Receipts	(14)	(7)	8	(29)	(29)	0	20
Interest	(623)	(705)	(81)	(1,247)	(1,279)	(32)	(32)
Recharges to Other Heads	(2,215)	(997)	1,219	(5,763)	(5,497)	266	599
Other Income	(464)	(690)	(226)	(928)	(816)	113	174
Total Income	(30,159)	(31,900)	(1,741)	(61,650)	(60,966)	684	776
Net Expenditure	15,753	16,027	274	29,841	29,764	(77)	(62)

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 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, 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.
 - Recharges to the HRA (Housing Revenue Account) are forecast to be above budget reflecting increasing accounting support.

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 quarters 1 and 2 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 Highland Council are forecast to be above budget reflecting recharges from the Regional Contact Centre for an out of hours service agreed after the setting of the current year's budget. There are also recharges to Police Scotland for the interim payroll service provided pending Police Scotland launching their own in house payroll system.
 - Recharges to Trading and Finance – Revenues are forecast to be above budget reflecting rechargeable activity to date and prior year actuals.
 - The Employee Benefits Scheme is anticipated to generate significant unbudgeted income during the year. 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 income budgeted 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 under budget as a result of vacancies in posts that work on capital projects. However, this will be offset by forecast reductions in recharge income from the capital programme.
 - Telecoms costs are a pressure area largely around the costs related to Bon Accord Care.
 - 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.
 - Sponsorship for the free WiFi service is a pressure area given the current economic climate.
 - 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 increases in the level of recharges to Trading and Finance - Revenues.

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

As at Period 6 2017/18 Programme Board		Figures for Total Project		
		Approved Budget	Expenditure to Date	Forecast Expenditure
Corporate Governance		£'000	£'000	£'000
Strategic	Data Centre Transition & Infrastructure Transformation	3,000	2,875	2,875
Strategic	Technology Investment Requirements & Digital Strategy	4,716	1,402	4,716
		7,716	4,277	7,591

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. Formal project close will now be undertaken and Finance and ICT will work together to determine the final financial position as soon as possible.