
COMMITTEE	Communities, Housing & Infrastructure
DATE	16 January 2018
REPORT TITLE	CH&I Financial Performance – Quarter2, 2017/18
REPORT NUMBER	CHI/17/289
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1. PURPOSE OF REPORT:-

To provide the full year forecast position of Communities, Housing & Infrastructure for the financial year 2017/18, including:

General Fund, Trading Services and Housing Revenue Account (HRA) revenue and capital accounts

2. RECOMMENDATION(S)

2.1 It is recommended that Committee:-

- a) Note the General Fund forecast revenue position as detailed in Appendix 1;
- b) Note the HRA forecast revenue position as detailed in Appendix 2;
- c) Note the Trading forecast revenue position as detailed in Appendix 3;
- d) Note the General Fund and HRA capital position as detailed in Appendix 4;
and
- e) Agree the list of Housing Capital Virements details which are provided in Appendix 4.

3. BACKGROUND/MAIN ISSUES

- 3.1 This is the second quarterly financial report for 2017/18, representing the next stage of a stepped change in the way the Council reports its financial position.
- 3.2 This report focuses the projected financial position for the full year for Communities, Housing & Infrastructure's General Fund, Trading Services and Housing Revenue Account.
- 3.3 Quarterly reporting will evolve throughout the year to incorporate further changes such that the ultimate aim of a faster year end closedown and the production of the unaudited annual accounts by the end of April 2018 can be

achieved. This means the Council would have produced its annual accounts two months earlier than the statutory deadline.

4. FINANCIAL IMPLICATIONS

- 4.1 The forecast full year financial position of the Communities, Housing & Infrastructure's accounts, General Fund, Trading and Housing Revenue Account of the financial year 2017/18 is reflected in Appendices 1 to 3 to this report. With Capital position both Housing and Non Housing at Appendix 4.
- 4.2 Following a positive financial performance in 2016/17, CH & I started the financial year 2017/18 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.3 Services continue to manage increased demand within the current service delivery model and structure within which the Council operates and this requires continuous close fiscal management. Indeed services are examining all areas of spend with a view to avoiding expenditure except where absolutely necessary.
- 4.4 A small overspend of £0.4m against budget is currently forecast for CH&I (General Fund), 0.5% of the net service budget. This is in the context of a number of identified cost and/or demand pressures on services which require to be addressed during the remainder of the year and a number of mitigating underspends and efficiencies that have been built into the forecasts. A short life working group has reviewed spend across a range of council wide areas including procurement, workforce, technology and service specific areas where there has been historic or current budget pressures, taking into consideration trends and benchmarking data where possible to inform options going forward. The current position indicates that whilst there are challenges ahead, a number of further efficiencies are available to address these, which coupled with general restraint on spend means that a balanced position can be achieved.

5. LEGAL IMPLICATIONS

- 5.1 While there are no direct legal implications arising from the recommendations of this report, there are additional reporting requirements due to the London Stock Exchange listing and issue of bonds.

6. MANAGEMENT OF RISK

Financial

- 6.1 Every organisation has to manage the financial risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Elected

Members. This report is part of that framework and has been produced to provide an overview of the current operating position and so financial risk related to this report is considered to be low.

6.2 The main financial risk that the Council is managing is the increased demand on services. This is being mitigated through reviewing all areas of expenditure with a view to only incurring expenditure that is absolutely necessary.

6.3 In relation to capital projects there is a risk that following the procurement process, tendered costs will vary from that assumed at the time of project approval. This risk is mitigated through quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.

Employee

6.4 No significant risk expected.

Customer/citizen

6.5 No significant risk expected.

Environmental

6.6 No significant risk expected.

Technological

6.7 No significant risk expected.

Legal

6.8 No significant risk expected.

Reputational

6.9 The reputational risks to the Council are minimised by the regular review of financial information by services, CMT and Elected members throughout the Financial Year.

7. IMPACT SECTION

Economy

7.1 Investment in the city will have a positive impact on the economy.

People

7.4 Robust management of the council's finances will ensure that council services can continue to be provided.

Place

- 7.5 Investment will enhance the place by creating a better and more vibrant city in which to live.

Technology

- 7.6 There are no direct implications on technology arising from the recommendations of this report

8. BACKGROUND PAPERS

None

9. APPENDICES

Appendix 1 – Projected Financial Position – General Fund
Appendix 2 – Projected Financial Position – Housing Revenue Account
Appendix 3 – Projected Financial Position – Trading Services
Appendix 4 – Capital Position

10. REPORT AUTHOR DETAILS

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