



ABERDEEN
CITY COUNCIL

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

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GENERAL FUND REVENUE

As at 31 December 2017	Budget 2017/2018	Outturn 2017/2018 Quarter 3	Variance from Budget		Forecast as at Quarter 2	Variance Quarter 2 to Quarter 3	Notes
	£'000	£'000	£'000	%	£'000	£'000	
Education And Children's Services	223,587	225,302	1,715	0.8	223,250	1,009	1
Communities Housing & Infrastructure	87,087	88,661	1,574	1.8	87,581	1,158	2
Integration Joint Board	83,308	83,308	0	0.0	83,308	0	3
Corporate Governance	27,644	27,216	(428)	(1.5)	27,612	(351)	4
Housing Benefits	2,153	2,153	0	0.0	2,153	0	5
Office Of Chief Executive	3,354	3,185	(170)	(5.1)	3,305	(121)	6
Total Service Budget	427,133	429,825	2,692	0.6	427,535	2,290	
Contingencies	(21,406)	(21,406)	0	0.0	(20,654)	0	7
Council Expenses	2,860	2,527	(334)	(11.7)	2,625	(98)	8
Joint Boards	1,645	1,494	(151)	(9.2)	1,645	(151)	9
Miscellaneous Services	36,269	33,062	(3,207)	(8.8)	36,517	(3,496)	10
Trading Services	(10,404)	(9,292)	1,112	(10.7)	(10,334)	1,066	11
Total Corporate Budgets	8,965	6,385	(2,580)	(28.8)	9,350	(2,965)	
Non Domestic Rates	(205,547)	(205,547)	0	0.0	(205,547)	0	12
General Revenue Grant	(118,975)	(118,975)	0	0.0	(118,601)	(374)	13
Government Support	(324,522)	(324,522)	0	0.0	(324,148)	(374)	
Council Tax	(111,576)	(111,329)	247	(0.2)	(111,763)	434	14
Local Taxation	(111,576)	(111,329)	247	(0.2)	(111,763)	434	
General/Fund Deficit/(Surplus)	0	359	359		975	(616)	
Housing Revenue Account	(500)	(572)	(72)	14.5	(572)	(0)	

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 cost of the annual pupil roll change was £0.6m with minimum budget provision held for this. The annual entitlement for schools was finally confirmed in January 2018.

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. In particular, the service been in receipt of monies (£1m) targeted at providing 600 hours and 1,140 hours expansion. It has been assumed that these monies will not be carried forward forward and that any reports on their use required by the Scottish Government can identify appropriate expenditure within the service.

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 (£1.2m);
- Housing Support due to the increased costs of property repairs and arrears in Private Sector Leased accommodation (£0.7m);
- Transport as a result of under recovery of income from transport projects to Capital (0.5m)
- 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 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.

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.

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). The figures reported take account of proposed accounting entries required to ensure compliance with accounting standards.

11. The main area of pressure within Trading Services relates to the supplies & services within Building Services for payments to outside contractors (£2.4m), and transport costs for hire of vehicles (£403k).

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 426 applications to the national scheme, with a value of £3.7m which will be met by the Scottish Government. There have been 628 applications to the local scheme, with a value of £1.7m which will have to be met by the Council and thus an underspend of £2.5m 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. Council Tax income is now forecast to be £250k lower than budget, based on Period 9 figures.

HOUSING REVENUE ACCOUNT

As at 31 December 2017	Full Year Budget 2017/2018	Forecast Outturn 2017/2018 Quarter 3	Variance from Budget		Quarter 2 Variance from Budget	Variance Quarter 2 to Quarter	Notes
			£'000	%			
Housing Revenue Account	(500)	(500)	0	0	(72)	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 9 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	86,070	122,922
New AECC: Anaerobic Digestion Plant	→	G	G	A	A	4,000	0	0
						134,110	86,070	122,922
As at Period 9 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	(43)	(43)
Orchard Brae (New ASN School - previously Raeden Centre project)	→	G	G	G	G	3,367	2,914	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	69	270
New Milltimber Primary	→	A	A	G	A	0	0	0
Social Care Facilities: Len Ironside Centre	→	G	G	G	G	287	126	185
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	↗	G	A	G	G	495	(107)	495
Stoneywood Primary	→	R	A	R	G	11,933	6,620	10,461
Dyce 3G Pitch	→	G	G	G	G	31	0	10
Refurbish Throughcare Facility - 311 Clifton Road	→	G	G	G	G	42	12	42
Street Lighting LED Lanterns (PACE programme)	→	G	G	G	G	1,659	145	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	157	300
Flood Prevention Measures: Millside & Paddock Peterculter	→	G	G	G	G	0	0	0
Tillydrone Primary School	→	A	A	G	G	2,871	12	150
Torry Primary School and Hub	→	A	A	G	G	2,983	9	150
Northfield / Cummings Park Early Learning & Childcare Provision	→	A	A	G	A	500	0	0
Kingsmead Nursing Home Acquisition	↘	A	A	G	G	tbc	0	tbc
						27,698	9,915	17,424

As at Period 9 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	10,008	3,965	7,592
Cycling Walking Safer Streets Grant	→	G	G	G	G	316	547	316
Fleet Replacement Programme (including Zero Waste Strategy Fleet)	→	G	G	G	G	3,534	108	2,979
Planned Renewal & Replacement of Road Infrastructure	→	G	A	A	A	5,601	3,512	5,115
Planned Renewal & Replacement of Road Infrastructure (Street Lighting)	→	G	A	A	A	473	445	473
						19,932	8,576	16,475

As at Period 9 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	7,284	8,983
Music Hall	→	G	G	G	G	0	770	0
City Centre Masterplan	→	A	G	G	G	8,269	1,458	2,138
Provost Skene House Refurbishment	→	R	R	R	G	1,413	138	350
Broad Street	→	A	A	A	G	2,343	1,442	2,143
Union Street - Conservation Area Regeneration Scheme	→	G	G	G	G	338	7	338
Central Library Roof & Parapets	→	G	G	G	G	820	41	820
						24,168	11,141	14,772

As at Period 9 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	A	5,200	554	3,944
Waste: Investment in Waste Collection	→	G	G	G	R	1,603	905	1,603
Waste: Refused Derived Fuel Plant	↗	G	G	G	G	480	474	474
Waste: Co-Mingled MRF & Depot	↗	G	A	G	G	956	255	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	16	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	2,151	7,141

As at Period 9 2017/18						Gross Figures for 2017/18		
Housing and Communities Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Tillydrone Community Hub	↘	A	G	A	G	4,773	120	512
SIP New Build Housing Programme	→	A	G	G	A	541	357	541
Middlefield Project Relocation / Henry Rae Community Centre Extension	→	G	G	G	G	28	(148)	(95)
Station House Media Unit Extension	↘	A	G	G	G	1,064	240	650
New Cruyff Court	→	G	G	G	G	25	0	0
Community Growing Spaces	→	G	G	G	G	145	5	80
						6,576	574	1,688

As at Period 9 2017/18						Gross Figures for 2017/18		
Housing and Communities Programme Board Rolling Programmes						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Private Sector Housing Grant	→	G	G	G	G	700	0	700
						700	0	700

As at Period 9 2017/18						Gross Figures for 2017/18		
Transportation Programme Board						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Access From the North / 3rd Don Crossing	→	A	R	A	A	2,478	1,066	1,146
Western Peripheral Route	→	G	G	G	G	15,858	3,067	4,132
Strategic Land Acquisition	→	G	G	G	G	848	1,014	1,922
CATI: South College Street	→	G	G	G	A	382	23	50
CATI - Beryden Corridor (Combined Stages 1, 2 & 3)	↗	A	A	A	R	4,101	397	685
A96 Park & Choose / Dyce Drive Link Road	→	A	A	G	A	1,815	805	1,775
Sustrans Active Travel Infrastructure Fund	→	G	G	G	A	1,194	747	793
						26,676	7,119	10,503

As at Period 9 2017/18						Gross Figures for 2017/18		
Transportation Programme Board Rolling Programmes						Approved Budget	Expenditure to Date	Forecast Expenditure
	Status	Timeline	Budget	Risk	Resource	£'000	£'000	£'000
Nestrans - Capital Works	→	A	A	G	G	0	661	0
Nestrans - Capital Grant	→	G	G	G	G	2,111	283	1,000
						2,111	945	1,000

As at Period 9 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	↗	A	G	G	G	1,184	753	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	750	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	0
City Deal: Transportation Links to Bay of Nigg	→	G	G	G	G	100	5	100
Construction Inflation (unassigned)	→	G	G	G	G	957	0	0
						8,698	1,683	3,081

As at Period 9 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
Developers Contributions	→	A	A	A	A	0	1,555	0
Cost of Property Sales	→	G	G	G	G	0	48	0
						0	1,603	0

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 Council is currently developing new reporting arrangements for the application of developer obligation funds and this will be added to future iterations of this report.

Notes on projects with Red indicators:

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.
- New senior management resources have been recruited to assist with the operational management of Waste Services. The service is monitoring the the final months of the Waste: Investment in Waste Collection project, and still aiming for completion by the end of March 2018, though this remains challenging.

- The Council approved the progression of the Compulsory Purchase Order for the Berryden Corridor at its Urgent Business Committee on 21 December 2017, and the project team are progressing the necessary arrangements. 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 was deferred until the meeting of this committee (Finance, Policy & Resources, 1 February 2018). Any changes to the project arising from this separate report will be reflected in the Council Financial Performance – Quarter 4, 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. A separate report on this project is also included on the agenda of this committee (Finance, Policy & Resources, 1 February 2018).

HOUSING CAPITAL PROGRAMME

Communities Housing & Infrastructure Housing Programmes Quarter 2	Approved Budget	Expenditure to date	Forecast Expenditure	Pr	Cu
	£'000	£'000	£'000		
Compliant with the tolerable standard	95	281	217	G	G
Free from Serious Disrepair	20,612	10,485	13,953	G	G
Energy Efficient	7,687	6,931	7,102	G	G
Modern Facilities & Services	3,140	1,348	1,854	G	G
Healthy, Safe & Secure	3,648	2,625	3,882	G	G
Non Scottish Housing Quality Standards	26,738	12,359	21,431	G	G
	62,154	34,030	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. Forecast expenditure is currently £48.439m, a variance of £13.7m against budget, 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 were a number of virements which were approved at CHI Committee on 16th January 2018.

COMMON GOOD

As at December 2017	Full Year Budget 2017/18	Forecast Outturn 2017/18	Variance from Budget
	£'000	£'000	£'000
Recurring Expenditure	2,783	2,557	(227)
Recurring Income	(3,428)	(3,428)	0
Budget After Recurring Items	(645)	(872)	(227)
Non Recurring Expenditure	421	584	163
Non Recurring Income	0	0	0
Net Income	(224)	(288)	(64)
Amounts required for increase in cash balances in line with inflation	(168)	(168)	
Revised Net income	(56)	(120)	
Cash Balances as at 1 April 2017	(22,001)	(22,001)	
Estimated Cash Balances as at 31 March 2018	(22,225)	(22,289)	
Minimum cash balance requirement per budget report (Council February 2015)	(18,808)	(18,808)	

Quarter 1 variance from Budget	Variance Quarter 1 to Quarter 2	Variance Quarter 2 to Quarter 3	Notes
£'000	£'000	£'000	1 & 2
(42)	(93)	(91)	
0	0	0	
(42)	(93)	(91)	
(42)	76	87	3
0			
(84)	(17)	(5)	

Notes

1. It is anticipated that the Twinning budget will be underspent due to a staff vacancy and 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. Additional budgets approved in year to date:
 - o Freedom of the City for Denis law - £56,000 for costs of weekend events and celebrations
 - o Aberdeen Street Pastors - £4,875 for operating costs of the Safe Space Vehicle and training and uniforms for new volunteers;
 - o 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
 - o An external deep clean of the Music Hall building following renovation - £75,000 (excl VAT).
 - o Celebrate Aberdeen - £20,000 – a grant provided towards costs of parade and performances