



**PROJECTED FINANCIAL POSITION
FOR THE YEAR 2018/19**

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GENERAL FUND AND HRA REVENUE

Under the new reporting structure both General Fund and Housing Revenue Account income and expenditure are included within the Functions budgets below. The split of the overall budget, outturn and surplus figure between the two funds is also shown below.

As at 30 June 2018	Budget 2018/2019	Outturn 2018/2019 Quarter 1	Variance from Budget		Notes
	£'000	£'000	£'000	%	
Operations	228,575	228,605	30	0.0	1
Integration Joint Board	84,995	84,995	0	0.0	2
Customer	35,480	35,476	(4)	(0.0)	3
Commissioning	23,282	23,239	(42)	(0.2)	4
Strategic Place Planning	7,154	7,154	0	0.0	5
City Growth	8,186	8,186	0	0.0	6
Resources	6,650	6,646	(4)	(0.1)	7
Housing Benefits	2,153	2,153	0	0.0	8
Governance	3,018	3,018	0	0.0	9
Total Functions Budget	399,493	399,473	(20)	(0.0)	
Contingencies	(3,804)	(3,804)	0	0.0	10
Council Expenses	2,868	2,894	25	0.9	11
Joint Boards	1,677	1,677	0	0.0	12
Miscellaneous Services	38,227	38,147	(81)	(0.2)	13
Total Corporate Budgets	38,968	38,913	(55)	8.7	
Non Domestic Rates	(227,801)	(227,801)	0	0.0	14
General Revenue Grant	(94,787)	(94,787)	0	0.0	15
Government Support	(322,588)	(322,588)	0	0.0	
Council Tax	(116,373)	(116,373)	0	0.0	16
Local Taxation	(116,373)	(116,373)	0	0.0	
Deficit/(Surplus)	(500)	(575)	(75)	(5.7)	

Split -

General Fund	(0)	(75)	(75)	0.0	
Housing Revenue Account	(500)	(500)	0	(0.0)	17
Deficit/(Surplus)	(500)	(575)	(75)	(5.7)	

Notes

It should be noted that the full year budgets reflected above differ from those set by Council in March 2018 for a number of reasons. This is normal practice during the year as virements are identified. The main changes at present relate to the allocation of third party spend savings which were held within Commissioning at the time the budget was set across other Functions.

There are pressure areas across the organisation as detailed in the notes below. There is a commitment from Senior Management to pursue options to mitigate against these pressures and work with the Chief Officer – Finance to ensure the agreed budget position is adhered to.

1. The main areas of pressure within Operations are:

- Foster care costs 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. The number of children with disabilities requiring assistance creates a cost pressure for direct payments;
- 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;
- The costs of agency social workers have risen, work is to be undertaken to align the posts with vacant positions;
- Shortfall in income from Commercial Waste due to a decline of trade customers; and
- Income from additional repairs, maintenance and capital work is unlikely to be achieved in Building Services as there continues to be a shortage of resources such as staff in trades and team leaders.

2. The main areas of pressure within Integrated 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 transitioning with increased medical needs; 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.

3. The main areas of pressure within Customer are:

- Increasing use of telephone apps to pay for parking means higher commission costs to be met by the Council; and
- Costs of the SWAN network to schools which will provide increased connectivity to schools within the City.

4. The main areas of pressure within Commissioning are:

- Lower than budgeted income in relation to the waste disposal contract; and
- The impact on recharges to Aberdeenshire and Highland arising from staffing underspends.

5. The main areas of pressure within Strategic Place Planning are:

- Income in respect of roads projects and roads development will be dependant on progression of the capital programmes; and
- The general economic condition in Aberdeen may impact further on the income from Planning Application Fees and Building Standards.

6. The main areas of pressure within City Growth are:

- Staffing costs of Developing Young Workforce as grant support has not continued in 2018/19.

7. The main areas of pressure within Resources are:

- The commercial models of the Hydrogen fuelling stations are proving challenging, due to the lack of customer take up for new fuel. The team are working to identify additional business opportunities.

8. Housing Benefits is demand led which can lead to cost pressures, although we would expect this to be largely offset by additional income from the DWP.

9. The main areas of pressure within Governance are:

- The level of inter-fund charging for legal support is unlikely to match budget.

10. The savings forecast from staff vacancies are contained within the Contingencies budget and are considered likely to be achieved at this stage.

11. Council Expenses includes a budget relating to movements in the Council's provision for bad debt. The methodology used to assess the level of provision required is being reviewed which may impact on this budget.
12. The Joint Boards budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board.
13. Capital Financing Costs is the most significant budget within Miscellaneous Services, with this including the impact of accounting requirements in relation to the Council's Bond Issuance.
14. 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. The national transitional relief scheme, slightly modified will continue into 2018/19 with fresh applications required from ratepayers wishing relief under this scheme. The local relief scheme has not been extended into 2018/19.
15. 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.
16. Council Tax income is forecast to be on budget at Quarter 1.
17. There are a number of small variances within the HRA budget, which will be managed during the year.

GENERAL FUND CAPITAL PROGRAMME

The programme has been updated since that set by Council in March 2018 to reflect projects' final financial positions in 2017/18 and announcements of new projects awarded to the Council with full funding.

The re-profiling from 2017/18 to future years does not alter the total cost of any project, it simply updates the profile across the project life.

Decisions taken at City Growth and Resources Committee in June 2018 in relation to the programme have also been incorporated.

The key updates are:

Reconciliation - Original Approved Budget (March 2018) to Current Budget	Budget	Budget	Budget	Budget	Budget	Total
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	£'000
Original Budget (as set by Council March 2018)	269,224	158,400	93,260	46,537	21,471	588,892
Project budget re-profiles from 2017/18 into future years	25,392	0	0	0	0	25,392
New / Additional Fully Funded Amounts						
Early Learning & Childcare (Capital Funding from Scottish Government announced 1 May 2018)	7,400	8,600	7,040	0	0	23,040
Digital Projects (Projects and Funding approved at Aberdeen City Region Deal Joint Committee 4 May 2018)	345	135	135	90	45	750
Totals	302,361	167,135	100,435	46,627	21,516	638,074

General Fund Capital Programme		Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
NHCP No.	AECC Programme Board	£'000	£'000	£'000	£'000	£'000	£'000
821	New Aberdeen Exhibition & Conference Centre	124,734	44,786	0	0	0	169,520
821	New Aberdeen Exhibition & Conference Centre : Anaerobic Digestion Plant	21,215	4,000	0	0	0	25,215
		145,949	48,786	0	0	0	194,735
Asset Management Programme Board		£'000	£'000	£'000	£'000	£'000	£'000
294	Corporate Property Condition & Suitability	10,354	8,985	8,000	8,000	8,000	43,339
551	Cycling Walking Safer Streets	313	0	0	0	0	313
776	Orchard Brae	715	0	0	0	0	715
784	Fleet Replacement Programme (including Zero Waste Strategy Fleet)	5,695	4,100	4,272	4,300	4,500	22,867
789	Planned Renewal & Replacement of Roads Infrastructure	6,409	5,211	4,968	4,968	4,968	26,524
789E	Street Lighting	235	1,000	1,000	1,000	1,000	4,235
808A	New Academy to the South - ICT Infrastructure	1,000	0	0	0	0	1,000
808B	New Academy to the South - Infrastructure Improvements	1,204	0	0	0	0	1,204
809	New Milltimber Primary	500	11,000	1,500	0	0	13,000
811	Social Care Facilities - Len Ironside Centre	88	0	0	0	0	88
812	Kingsfield Childrens Home	1,500	50	0	0	0	1,550
820	Investment in Tenanted Non-Residential Property Portfolio	530	2,340	0	0	0	2,870
828	Greenbrae Primary Extension and Internal Works	514	0	0	0	0	514
831	Stoneywood Primary	2,454	0	0	0	0	2,454
832	Dyce 3G Pitch	0	0	0	0	0	0
834	Refurbish Throughcare Facility - 311 Clifton Road	30	0	0	0	0	30
835	Street Lighting LED Lanterns (PACE 5 Year programme)	2,338	1,500	1,500	1,500	700	7,538
836	Flood Prevention Measures: Flood Guards Grant Scheme	105	100	100	100	81	486
838	Flood Prevention Measures: Millside & Paddock Peterculter	0	2,000	1,000	0	0	3,000
840	Tillydrone Primary School	9,453	7,500	0	0	0	16,953
841	Torry Primary School and Hub	9,974	9,000	1,000	0	0	19,974
851	Northfield / Cumming Park Early Learning and Childcare Provision	493	0	0	0	0	493
855	Early Learning & Childcare	7,400	8,600	7,040	0	0	23,040
856	Acquisition of Kingsmead Nursing Home	tbc	0	0	0	0	0
858	Crematorium Refurbishment	1,115	15	0	0	0	1,130
861	Additional Investment in Roads	500	2,500	3,000	4,000	0	10,000
		62,919	63,901	33,380	23,868	19,249	203,317
City Centre Programme Board		£'000	£'000	£'000	£'000	£'000	£'000
799B	Art Gallery Redevelopment - Main Contract (HLF)	3,221	0	0	0	0	3,221
824	City Centre Regeneration	19,589	7,824	0	0	0	27,413
857	Central Library Roof & Parapets	337	0	0	0	0	337
		23,147	7,824	0	0	0	30,971
Energy Programme Board		£'000	£'000	£'000	£'000	£'000	£'000
794	Hydrogen Buses	5	0	0	0	0	5
810C	Energy from Waste (EfW) Procurement and Land Acq.	3,577	1,382	0	0	0	4,959
810E	Investment in Waste Collection	107	0	0	0	0	107
810G	Co-mingled MRF & Depot	737	0	0	0	0	737
810J	Bridge of Don Household Waste Recycling Centre (HWRC)	50	50	1,300	0	0	1,400
810K	Energy from Waste (EfW) Construction & Torry Heat Network	889	22,000	49,000	13,087	0	84,976
848	JIVE (Hydrogen Buses Phase 2)	3,053	4,147	0	0	0	7,200
		8,418	27,579	50,300	13,087	0	99,384
Housing & Communities Programme Board		£'000	£'000	£'000	£'000	£'000	£'000
779	Private Sector Housing Grant (PSHG)	922	700	700	700	700	3,722
819	Tillydrone Community Hub	4,661	134	0	0	0	4,795
827	SIP New Build Housing Programme	702	200	0	0	0	902
829	Middlefield Project Relocation (Henry Rae CC)	4	0	0	0	0	4
843	Station House Media Unit Extension	573	0	0	0	0	573
849	Cruyff Court	250	0	0	0	0	250
850	Community Growing Spaces	116	0	0	0	0	116
		7,228	1,034	700	700	700	10,362

		Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
		£'000	£'000	£'000	£'000	£'000	£'000
NHCP No.	Transportation Programme Board						
587	Access from the North / 3rd Don Crossing	1,492	0	0	0	0	1,492
627	Aberdeen Western Peripheral Route	19,961	2,405	825	2,605	227	26,023
765	Nestrans Capital Works	0	0	0	0	0	0
765G	Nestrans Capital Grant	2,807	1,500	1,295	1,295	1,295	8,192
791	Strategic Land Acquisition	1,748	2,775	0	0	0	4,523
806A	CATI - South College Street	275	2,300	2,300	492	0	5,367
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	393	3,096	10,300	4,490	0	18,279
807	A96 Park & Choose / Dyce Drive Link Road	1,120	0	0	0	0	1,120
844	Sustrans Active Travel Infrastructure Fund	424	0	0	0	0	424
		28,220	12,076	14,720	8,882	1,522	65,420
		Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
		£'000	£'000	£'000	£'000	£'000	£'000
NHCP No.	Strategic Asset & Capital Plan Board						
795	Accelerate Aberdeen (City Broadband)	360	0	0	0	0	360
805	Technology Investment Requirements & Digital Strategy	2,101	0	0	0	0	2,101
825	City Deal	44	0	0	0	0	44
845	City Deal: Strategic Transport Appraisal	668	50	200	0	0	918
846	City Deal: Aberdeen Harbour Expansion Project	2,000	2,000	0	0	0	4,000
847	City Deal: Digital Infrastructure	1,750	1,750	0	0	0	3,500
852	City Deal: City Duct Network	2,000	2,000	1,000	0	0	5,000
854	City Deal: Transportation Links to Bay of Nigg	69	0	0	0	0	69
859	ICT: Human Capital Management System	800	0	0	0	0	800
860	City Deal: Expand Fibre Network	936	0	0	0	0	936
862	City Deal: Digital Lead	45	135	135	90	45	450
863	City Deal: Regional Data Exchange	150	0	0	0	0	150
864	City Deal: Sensor Network	150	0	0	0	0	150
999	Construction Inflation Allowance for existing projects	15,407	0	0	0	0	15,407
		26,480	5,935	1,335	90	45	33,885
	Totals	302,361	167,135	100,435	46,627	21,516	638,074

Financial re-profiling will continue as officers report updated business cases to Capital Programme Committee on key projects.

HOUSING CAPITAL PROGRAMME

	Approved	Expenditure	Forecast
Housing Programmes Quarter 1	Budget	to date	Expenditure
	£'000	£'000	£'000
Compliant with the tolerable standard	1,458	277	1,458
Free from Serious Disrepair	12,708	1,948	12,708
Energy Efficient	9,234	2,136	9,234
Modern Facilities & Services	1,945	525	1,945
Healthy, Safe & Secure	4,713	630	4,713
Non Scottish Housing Quality Standards	17,190	2,402	17,190
Gross Programme	47,248	7,918	47,248
Slippage	5,197	0	5,197
Net Programme	42,051	7,918	42,051

The budget set in March 2018 assumes that a level of slippage will occur across projects. Forecast expenditure, currently in line with budget, is based on spend to date on current contracts and previous years spend. It should be noted that there will be a number of virements for approval next quarter.

COMMON GOOD

As at June 2018	Full Year Budget 2018/19	Forecast Outturn 2018/19	Variance from Budget	Notes
	£'000	£'000	£'000	
Recurring Expenditure	2,885	2,848	(37)	1
Recurring Income	(3,455)	(3,455)	0	
Budget After Recurring Items	(570)	(607)	(37)	
Non Recurring Expenditure	377	382	5	2
Non Recurring Income	0	0	0	
Net Income	(193)	(225)	(32)	
Amounts required for increase in cash balances in line with inflation	(168)	(168)		
Revised Net income	(25)	(57)		
Cash Balances as at 1 April 2018 (unaudited)	(28,289)	(28,289)		
Estimated Cash Balances as at 31 March 2018	(28,482)	(28,514)		
Minimum cash balance requirement per budget report (Council February 2015)	(21,004)	(21,004)		

Notes

1. The reduction to the forecast in Recurring Expenditure reflects the saving from removal of a staff post, £37,000
2. Additional budget approved in year to date:
 - CPR training for secondary schools in the City - £5,000 approved at City Growth and Resources Committee on 19 June 2018