



POLICY AND RESOURCES COMMITTEE – 18 APRIL 2013

REVENUE BUDGET MONITORING AS AT 31 JANUARY 2013

1. Recommendations

1.1 It is recommended that the Committee:

1. Notes the revenue budget monitoring to 31 January 2013;
2. Approves the budget virements as set out in Appendix 6; and
3. Approves the establishment of the earmarked reserves and transfers to those reserves as set out in Appendix 7.

2. Discussion

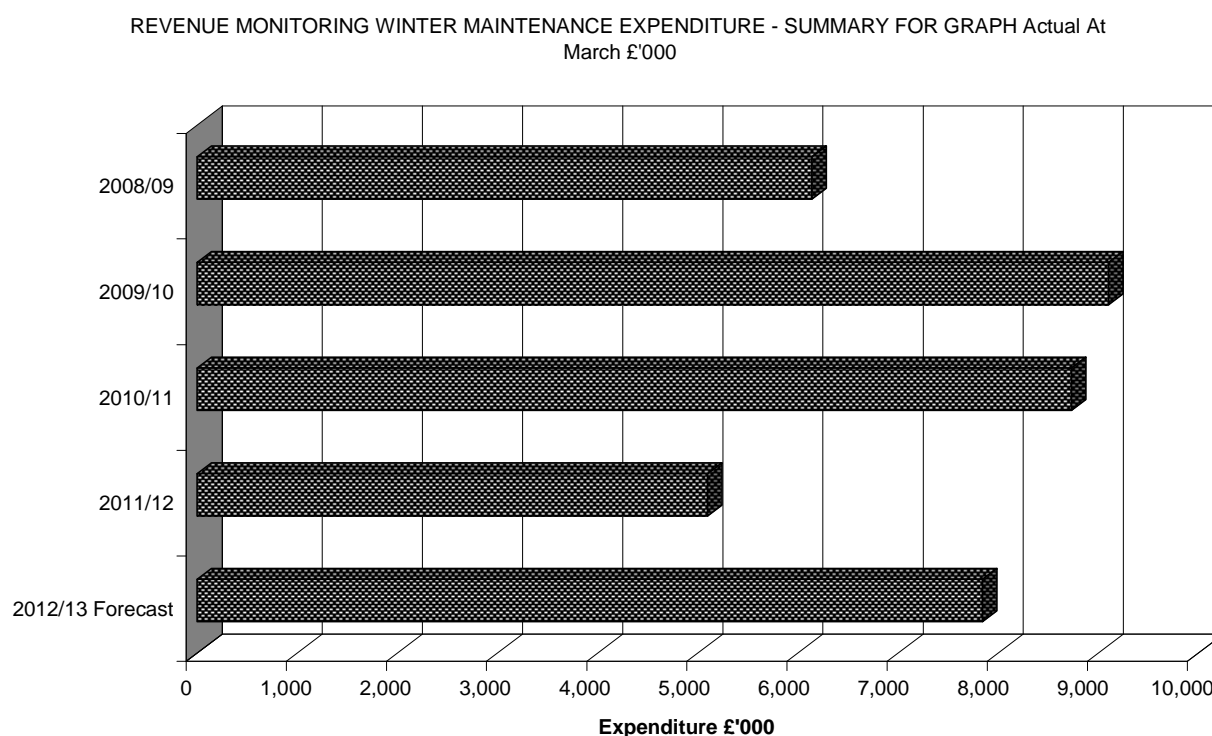
- 2.1 The Council's budget for monitoring purposes in 2012/13 is £537 million. As at 31 January 2013, the forecast to the end of the financial year is expected to be within budget by £5,099,000 (0.95%) (reconciliation in **Appendix 1**). The amount that the Council is expected to be within budget has decreased from £7,063,000 since the previous revenue monitoring report.
- 2.2 The financial position is shown in more detail in **Appendices 1 – 4** and full details are available to Councillors on the Ward Pages.
- 2.3 This will be the final monitoring report before the year end position is known. The year end has now passed and Finance staff are working on finalising the figures, which will be reported to the Council meeting on 27 June 2013. At that point it will become clear whether the more risk based approach that has been adopted in the revenue budget monitoring has been successful.
- 2.4 Forecasting is not an exact science, and this approach continues to result in positive and negative movements in the forecast position, as can be seen from **Appendix 3** and the table below.

	£'000
Education, Learning and Leisure	961
Housing and Social Work	210
Joint Budgets Virement	720
Infrastructure Services	315
Other Services	(242)
Total Movements	<u>1,964</u>

- 2.5 The constructive challenge to all budget holders is to maintain the consistent approach adopted last year. The approach encourages budget holders to manage resources from a service delivery aspect thus reducing the focus on purely the financial year.

- 2.6 Budget holders have been reminded about the various financial and procedural tools available: end year flexibility, reserve strategy, Invest to Save Fund, multi year budgets, virements and the financial regulations. The virements in **Appendix 6** to this report include some virements which utilise the Invest to Save Fund and other earmarked reserves. There is also another report on the agenda today that requests budgets to be carried forward under the scheme of end year flexibility.
- 2.7 Services are aware that there are a number of risks facing the Council, and that these risks are subject to ongoing review. These risks were reported to the Council in February 2012 as part of the budget setting process for 2012/13 and are detailed in **Appendix 5** of this report. These have been updated to take account of actual events that have happened during 2012/13. The Council has benefited from this strategy this year in that it has allowed funding to be set aside for Digital Connectivity and Vehicle Replacement.
- 2.8 As the 2012/13 budget was set in February 2012 i.e. before the year end position for 2011/12 was fully known and as similar economic and local circumstances continued during 2012/13, some budget lines have continued to have forecasts that are within budget. Therefore a similar financial result to last year has emerged this year.
- 2.9 Strategic Management Team has recognised this in its approach to the 2012/13 revenue monitoring and in the approach to the new five year budget. A set of 'at risk' budgets were identified and these budgets were scrutinised and reset to reflect current circumstances and service delivery requirements. The results of this exercise were considered when the Council set the budget at its meeting on 14 February 2013. This should lead to the Council's actual expenditure being closer to budget in future financial years.
- 2.10 However, significant variances from budgets have still been identified. The majority of these are forecast to be within budget, and have been reported to Committee before, with two forecast to be over budget. These are shown in **Appendix 1**.
- 2.11 Full details of the variances from budgets are given in **Appendix 5**, along with the actions being taken by officers to address the variances. Details of virements to be approved are shown in **Appendix 6**.
- 2.12 Councillors will be aware of the Bellwin Scheme which exists to give special financial assistance to Councils that have been affected by large scale emergencies, particularly severe weather such as flooding or storm damage. Each Council has a threshold expenditure above which claims can be made. Eligible expenditure relating to the storms has not reached the threshold, and the Council will not receive funding through this scheme.
- 2.13 The adverse weather conditions over the winter months have increased the forecast expenditure on Winter Maintenance and Other Emergencies. The January forecast indicates that expenditure will be £2,300,000 higher than budget. The figures in the appendices to this report show expenditure as being equal to budget on the assumption that the overspend will be met from the £3,000,000 balance in the Winter Maintenance and Other Emergencies Fund. However, this would deplete the Fund and consideration may need to be given to topping up the Fund during 2013/14. A recommendation on any

transfer from the Fund will be made to the Council meeting on 27 June 2013. The chart below compares expenditure on Winter Maintenance and Other Emergencies over the last five years, and shows the effect that variations in weather conditions can have on expenditure.



2.14 The Business Rates Incentivisation Scheme (BRIS) was introduced in April 2012 with the aim of providing incentives to Councils to grow their potential Business Rates tax base. Business Rates targets have been set for all Scotland and for all Councils. Councils who exceed their agreed local target will retain 50% of the additional Business Rates income generated by the Council during the year regardless of whether the all Scotland national target has been met.

2.15 The targets set for 2012/13 are provisional, and the Scottish Government has indicated that the targets may be revised. Recent correspondence indicates that there has been a delay in settling appeals which has increased artificially the income Councils are collecting. Any additional income that the Council is allowed to retain will be reflected in the final figures for the year. In the meantime, no adjustment has been made to the forecast in respect of this scheme.

2.16 The Monitoring Officer has been consulted and is in agreement with the report.

3. Equalities, Financial and Staffing Implications

3.1 An Equalities Impact Assessment is not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the reprofiling of some expenditure.

3.2 The figure of £5,099,000 is a reduction on the figure of £7,063,000 as at December 2012. The transfers to earmarked reserves of £2,198,000 can be

met from this amount. Services have submitted their requests to carry forward elements of the remaining balance under the scheme of end year flexibility, and there has also been a request for funding for the Bervie Braes. These form the basis of separate reports on today's agenda.

3.3 There are no staffing implications arising from this report.

Alan Wood
Head of Finance

Report prepared by Ross Brennan, Chief Accountant

1 April 2013

Revenue Budgets\Consolidation\2012-13\9 Jan-13\1) Monitoring Working Files\Revenue Budget Monitoring January 2013.doc

Appendix 1

Reconciliation of Forecast Financial Position

	£'000	£'000
Total Forecast at January 2013		(25,742)
Less: Digital Connectivity Provision	<u>12,000</u>	12,000
Virements from September P&R Committee:		
Capital Financing to Capital Fund	2,523	
Preventative Spend to Invest to Save Fund	<u>3,000</u>	
		5,523
Virement from November P&R Committee:		
Capital Financing to Capital Fund	<u>570</u>	570
Virement from January P&R Committee:		
Preventative Spend to Invest to Save Fund	<u>1,050</u>	1,050
Virement from February P&R Committee:		
Internal Transport and VMS to Vehicle Replacement Fund	<u>1,500</u>	<u>1,500</u>
Reported Forecast at January		<u>(5,099)</u>

Significant Variances from Budget

The significant areas forecast to be within budget are:

- Income from the Revenue Support Grant is forecast to be £2,416,000 (December £2,241,000) higher than budget. Based on redeterminations from the Scottish Government. In all cases the spending on these schemes can be contained within existing budgets.
- Older People - Residential Care is forecast to be within budget by £1,793,000 (December £1,599,000). This is due partly to one off savings as a result of delays in the opening of a new care home, where additional staffing have been budgeted to service an increased number of beds, delays in filling posts and an increase in forecast income from clients.
- Joint Budgets is forecast to be within budget by £1,600,000 (December £2,320,000). This is due mainly to the removal of a number of significantly costly placement packages for young people from the Out of Authority Placement list, together with some more general changes in costs. The movement since December is due to the budget for the establishment of two pathfinder projects in Stonehaven and Fraserburgh to build community capacity and provide early intervention models being returned to the Invest to Save Fund until the expenditure takes place.
- Permanent Teachers is forecast to be within budget by £1,361,000 (December £1,563,000). The forecast is based on the new school year and is attributable to a combination of vacancies, a reduction in the average cost of Unpromoted Teachers compared with the figure used in the 2012/13 budget and a reduction in the number of pupils in Secondary Education.

- Older People - Home Care is forecast to be within budget by £1,154,000 (December £1,269,000) due to delays and difficulties in recruiting to posts. The delays in recruitment have also led to a savings on Training Costs and Transport Costs.
- Economic Development is forecast to be within budget by £1,108,000 (December £757,000). There are delays in regeneration projects, delays in receiving claims from bodies that have been awarded funding through the Support for Aberdeenshire Businesses scheme, funding for the First Employee Grant scheme which will be required in 2013/14, and additional income received in respect of Working for Families.
- Council Tax income is forecast to be higher than budget by £1,043,000 (December £1,100,000) due to an increase in the number of properties above that budgeted and an improved collection rate.
- Waste Disposal is forecast to be within budget by £951,000 (December £745,000). This is due to reduced forecasts for Contract Costs and Landfill Tax, the continued delay to the Portlethen Household Waste Recycling Centre savings on staff costs and fuel costs and a reduction in the cost for disposal of green waste.

The significant areas forecast to be over budget are:

- Infrastructure Projects is forecast to be over budget by £12,000,000 (December £12,000,000). This represents the amount to be transferred to an earmarked reserve at the year end.
- Physical Disabilities - Community Occupational Therapy is forecast to be over budget by £646,000 (December £579,000). This is due to the cost of Aids and Adaptations, and reflects the continuing growing needs of clients who are remaining in their own homes for longer.

SUMMARY OF REVENUE MONITORING 2012/13 TO 31/1/2013 BY SERVICE

Appendix 2

	Base Budget 2012/13 £000	Forecast 2012/13 £000	Forecast		Net Variance £000	NOTES
			Worse Than Budget £000	Better Than Budget £000		
EDUCATION, LEARNING & LEISURE	252,216	248,658	0	-3,558	-3,558	A
HOUSING AND SOCIAL WORK	121,903	118,564	0	-3,339	-3,339	B
JOINT BUDGETS	9,159	7,559	0	-1,600	-1,600	C
INFRASTRUCTURE SERVICES	70,807	67,694	0	-3,113	-3,113	D
CENTRAL SERVICES						
Chief Executive	4,280	4,191	0	-89	-89	E
Corporate Services	28,799	28,213	0	-586	-586	F
Joint Board Requisitions	26,564	26,082	0	-482	-482	G
Councillors' Remuneration and Expenses	2,317	2,315	0	-2	-2	
Charges to HRA/Capital/Other Services	-3,122	-3,304	0	-182	-182	H
TOTAL CENTRAL SERVICES	58,838	57,497	0	-1,341	-1,341	
SUB TOTAL	512,923	499,972	0	-12,951	-12,951	
TRADING ACCOUNTS	-2,785	-3,279	0	-494	-494	I
CAPITAL FINANCING CHARGES AND IORB	24,672	24,356	0	-316	-316	J
BUSINESS RATES DISCRETIONARY RELIEF	170	170	0	0	0	
CAPITAL FROM CURRENT REVENUE (CFCR)	-1,083	-1,083	0	0	0	
TRANSFERS TO/(FROM) EARMARKED RESERVES	-3,443	-3,443	0	0	0	
TRANSFERS TO/(FROM) STATUTORY FUNDS	6,150	6,150	0	0	0	
OTHER EXPENDITURE/(INCOME)	-88	-180	0	-92	-92	K
CARBON REDUCTION COMMITMENT	600	550	0	-50	-50	
CROSS SERVICE SAVINGS	-11	-11	0	0	0	
PREVENTATIVE SPEND	0	0	0	0	0	
INFRASTRUCTURE PROJECTS	0	12,000	12,000	0	12,000	L
FRONT LINE SERVICES TO CONTACT CENTRE	-263	0	263	0	263	M
GROSS EXPENDITURE	536,842	535,202	12,263	-13,903	-1,640	
REVENUE SUPPORT GRANT	-340,009	-342,425	0	-2,416	-2,416	N
BUSINESS RATES	-73,370	-73,370	0	0	0	
COUNCIL TAX	-118,327	-119,370	0	-1,043	-1,043	O
TOTAL INCOME	-531,706	-535,165	0	-3,459	-3,459	
REPLENISHMENT/(USE) OF WORKING BALANCE	-5,136	-37	5,099	0	5,099	
(SURPLUS)/DEFICIT	0	-5,099				



SUMMARY OF REVENUE MONITORING 2012/13 TO 31/1/2013 BY FUNCTION (E.G. EDUCATION, PRIMARY)*

	Base Budget 2012/13 £000	Forecast 2012/13 £000	Forecast Worse Than Budget £000	Better Than Budget £000	Net Variance £000
EDUCATION, LEARNING & LEISURE					
Administration and Management (Pages 7 - 8)	7,876	7,716	0	-160	-160
<u>Education & Learning</u>					
- Nursery Education (Pages 9 - 10)	14,518	13,978	0	-540	-540
- Primary Education (Pages 11 - 12)	91,619	90,606	0	-1,013	-1,013
- Secondary Education (Pages 13 - 14)	93,053	92,361	0	-692	-692
- Special Education (Pages 15 - 16)	26,355	25,341	0	-1,014	-1,014
- Community Learning & Development (Pages 17 - 18)	5,047	4,937	0	-110	-110
	230,592	227,223	0	-3,369	-3,369
<u>Leisure</u>					
- Arts Development (Page 19)	532	540	8	0	8
- Visitor Attractions (Page 20)	589	582	0	-7	-7
- Grant Aid (Page 21)	245	245	0	0	0
- Libraries (Page 22)	5,204	5,191	0	-13	-13
- Museums (Page 23)	707	646	0	-61	-61
- Sports Development (Page 24)	0	0	0	0	0
- Active Aberdeenshire (New Page)	311	355	44	0	44
- Sports & Leisure Management - Client (Page 25)	6,160	6,160	0	0	0
	13,748	13,719	52	-81	-29
EDUCATION, LEARNING & LEISURE TOTAL	252,216	248,658	52	-3,610	-3,558
HOUSING AND SOCIAL WORK					
<u>Social Work</u>					
General Fieldwork (Pages 26 - 27)	1,870	1,747	0	-123	-123
Business Services (Page 28)	5,599	5,383	0	-216	-216
Out of Hours Service (Page 29)	332	315	0	-17	-17
Criminal Justice Services					
- Core Services (Excl Community Service) (Page 30)	1	1	0	0	0
- Community Service Orders (Page 31)	0	0	0	0	0
- Non Core Services (Page 32)	0	0	0	0	0
- Prison Social Work (Page 33)	0	21	21	0	21
Community Justice Authority (Page 34)	0	0	0	0	0
Adult Services					
- Community Care (Page 35)	20,250	20,336	86	0	86
- Day Care (Page 36)	5,234	5,422	188	0	188
- Residential Care (Page 37)	1,866	1,609	0	-257	-257
- Employment Development (Page 38)	564	405	0	-159	-159
- Mental Health (Page 39)	3,436	3,414	0	-22	-22
- Substance Misuse (Page 40)	1,419	1,431	12	0	12
Children's Services:					
- Community Care (Page 41)	8,394	8,132	0	-262	-262
- Family Placement (Page 42)	6,015	6,364	349	0	349
- Day Nurseries and Family Centres (Page 43)	732	687	0	-45	-45
- Youth Services (Page 44)	897	860	0	-37	-37
- Residential Care (Page 45)	1,881	1,749	0	-132	-132
Physical Disabilities					
- Community Occupational Therapy (Page 46)	2,081	2,727	646	0	646
- Joint Occupational Therapy Store (Page 47)	380	327	0	-53	-53
- Commissioning Team (Page 48)	1,688	1,656	0	-32	-32
- Adult Support Network (Page 49)	252	195	0	-57	-57
- Sensory Impairment (Page 50)	490	467	0	-23	-23
Older People:					
- Care Management (Page 51)	26,315	26,746	431	0	431
- Change Fund (New Page)	455	457	2	0	2
- Day Care (Page 52)	1,123	956	0	-167	-167
- Home Care (Page 53)	12,716	11,562	0	-1,154	-1,154
- Residential Care (Page 54)	8,380	6,587	0	-1,793	-1,793
- Very Sheltered Housing (Page 55)	4,587	4,109	0	-478	-478
	116,957	113,665	1,735	-5,027	-3,292
Housing					
- Affordable Housing (Page 56)	846	846	0	0	0
- Homeless Persons (Page 57)	3,322	3,275	0	-47	-47
- Improvement & Repair Grants (Page 58)	776	776	0	0	0
- Housing Loans (Page 59)	-6	-3	3	0	3
- Travelling People (Page 60)	8	5	0	-3	-3
	4,946	4,899	3	-50	-47
HOUSING AND SOCIAL WORK TOTAL	121,903	118,564	1,738	-5,077	-3,339

*Page references in this Appendix relate to the Approved Revenue Budget 2012 - 2017 as published on Arcadia.

SUMMARY OF REVENUE MONITORING 2012/13 TO 31/1/2013 BY FUNCTION (E.G. EDUCATION, PRIMARY)*

	Base Budget 2012/13 £000	Forecast 2012/13 £000	Forecast		Net Variance £000
			Worse Than Budget £000	Better Than Budget £000	
JOINT BUDGETS					
Out of Authority Placements (Page 61)	9,159	7,559	0	-1,600	-1,600
JOINT BUDGETS TOTAL	9,159	7,559	0	-1,600	-1,600
INFRASTRUCTURE SERVICES					
<u>Environmental Services</u>					
- ES Administration (Page 62)	0	0	0	0	0
- EH Grants (Page 63)	0	0	0	0	0
- Consumer Protection (Page 64)	901	873	0	-28	-28
- Animal Welfare (Page 65)	265	300	35	0	35
- Public Analyst (Page 66)	297	297	0	0	0
- Environmental Health (Page 67)	1,822	1,870	48	0	48
- Waste Management (Page 68)	0	0	0	0	0
- Refuse Collection (Page 69)	4,035	4,262	227	0	227
- Waste Disposal (Page 70)	16,720	15,769	0	-951	-951
- Street Cleansing (Page 71)	2,531	2,442	0	-89	-89
	26,571	25,813	310	-1,068	-758
<u>Planning</u>					
- Planning Administration (Page 72)	-47	0	47	0	47
- Building Standards (Page 73)	-271	-282	0	-11	-11
- Development Management (Page 74)	1,346	1,148	0	-198	-198
- Sustainability, Information & Research (Page 75)	665	555	0	-110	-110
- Policy & Environment (Page 76)	1,408	1,413	5	0	5
- Ranger Service (Page 77)	350	398	48	0	48
	3,451	3,232	100	-319	-219
<u>Facilities</u>					
- Woodhill House Administration (Page 78)	1,590	1,575	0	-15	-15
- Office Accommodation (Page 79)	2,527	2,502	0	-25	-25
- Woodhill House Catering (Page 80)	33	29	0	-4	-4
- Gordon House Catering (Page 81)	15	-7	0	-22	-22
- Public Conveniences (Page 82)	988	988	0	0	0
	5,153	5,087	0	-66	-66
<u>Transportation & Roads</u>					
- Roads Client Administration and Management (Page 83)	-911	-911	0	0	0
- Car Parks (Page 84)	-160	-226	0	-66	-66
- Flood Management (Page 85)	965	770	0	-195	-195
- Harbours (Page 86)	523	523	0	0	0
- Road Maintenance - Expenditure (Page 87)	18,363	18,363	0	0	0
- Road Maintenance - Income (Page 87)	-6	-7	0	-1	-1
- Road Maintenance Fund Interest (Page 87)	-19	-5	14	0	14
- Winter Maintenance & Other Emergencies - Expenditure (Page 88)	5,566	5,566	0	0	0
- Winter Maintenance Fund Interest (Page 88)	0	0	0	0	0
- Coastal Protection Fund Interest (Page 88)	0	0	0	0	0
- Other Recoverable Works (Page 89)	0	0	0	0	0
- Trunk Roads (Page 90)	0	-4	0	-4	-4
- Internal Transport (Page 91)	-4,319	-4,469	0	-150	-150
- Quarries (Page 92)	-165	-543	0	-378	-378
- Transportation (Page 93)	6,813	6,798	0	-15	-15
	26,650	25,855	14	-809	-795
<u>Property</u>					
- Estates (Page 94)	-2,436	-2,546	0	-110	-110
- Construction Services (Page 95)	-1,070	-1,070	0	0	0
- Corporate Projects (Page 96)	362	308	0	-54	-54
- Building Repairs & Maintenance Account (Page 97)	0	0	0	0	0
	-3,144	-3,308	0	-164	-164
<u>Economic Development</u> (Page 98)	5,433	4,325	0	-1,108	-1,108
<u>Landscape Services</u>					
- Landscape Services Administration (Page 99)	-29	-29	0	0	0
- Burial Grounds (Page 100)	942	989	47	0	47
- Caravan Parks (Page 101)	38	43	5	0	5
- Parks (Page 102)	5,726	5,686	0	-40	-40
- Grant to Tourist Board (Page 103)	0	0	0	0	0
- Fishings (Page 104)	24	14	0	-10	-10
- Funds (Page 105)	-8	-13	0	-5	-5
	6,693	6,690	52	-55	-3
TOTAL INFRASTRUCTURE SERVICES	70,807	67,694	476	-3,589	-3,113

SUMMARY OF REVENUE MONITORING 2012/13 TO 31/1/2013 BY FUNCTION (E.G. EDUCATION, PRIMARY)*

	Base Budget 2012/13 £000	Forecast 2012/13 £000	Forecast Worse Than Budget £000	Better Than Budget £000	Net Variance £000
CENTRAL SERVICES					
<u>Chief Executive</u>					
- Area Managers (Page 106)	1,979	2,006	27	0	27
- Chief Executive (Page 107)	1,908	1,792	0	-116	-116
- Community Councils (Page 108)	0	0	0	0	0
-Worksmart (Page 109)	393	393	0	0	0
	4,280	4,191	27	-116	-89
<u>Corporate Services</u>					
- Corporate Services Directorate (Page 110)	909	903	0	-6	-6
- Finance (Page 111)	2,869	2,692	0	-177	-177
- Revenues (Page 112)	1,898	1,868	0	-30	-30
- Integrated Benefits (Page 113)	1,908	1,878	0	-30	-30
- Internal Audit (Page 114)	398	384	0	-14	-14
- Human Resources & Organisational Development (Page 115)	5,667	5,447	0	-220	-220
- Information Communications Technology (Page 116)	10,229	9,789	0	-440	-440
- Legal & Governance (Page 117)	2,778	2,714	0	-64	-64
- Communications (Page 118)	500	480	0	-20	-20
- Graphic Design (Page 119)	181	217	36	0	36
- Corporate Improvement & Performance (Page 120)	794	765	0	-29	-29
- Printing Services (Page 121)	-489	4	493	0	493
- Xerox (Page 122)	0	0	0	0	0
- Procurement Unit (Page 123)	498	466	0	-32	-32
- Miscellaneous Services (Page 124)	-215	-288	0	-73	-73
- Customer Services (Page 125)	874	894	20	0	20
	28,799	28,213	549	-1,135	-586
<u>Joint Board Requisitions</u> (Page 126)	26,564	26,082	0	-482	-482
<u>Councillors' Remuneration and Expenses</u> (Page 127)	2,317	2,315	0	-2	-2
Charges to HRA/Capital/Other Services	-3,122	-3,304	0	-182	-182
CENTRAL SERVICES TOTAL	58,838	57,497	576	-1,917	-1,341
TRADING ACCOUNTS					
Roads Operations (Page 138)	-625	-926	0	-301	-301
Building Cleaning (Page 132)	-414	-518	0	-104	-104
School Catering (Page 133 - 134)	-495	-421	74	0	74
Vehicle Maintenance Services (Page 137)	-594	-672	0	-78	-78
Grounds Maintenance (Page 136)	-403	-419	0	-16	-16
Leisure Management (Page 128)	-229	-298	0	-69	-69
School Crossing Patrols (Page 135)	-25	-25	0	0	0
TRADING ACCOUNTS	-2,785	-3,279	74	-568	-494
CAPITAL FINANCING CHARGES AND IORB	24,672	24,356	0	-316	-316
BUSINESS RATES DISCRETIONARY RELIEF	170	170	0	0	0
CAPITAL FROM CURRENT REVENUE (CFCR)	-1,083	-1,083	0	0	0
TRANSFERS TO/(FROM) EARMARKED RESERVES	-3,443	-3,443	0	0	0
TRANSFERS TO/(FROM) STATUTORY FUNDS	6,150	6,150	0	0	0
OTHER EXPENDITURE/(INCOME)	-88	-180	0	-92	-92
CARBON REDUCTION COMMITMENT	600	550	0	-50	-50
CROSS SERVICE SAVINGS	-11	-11	0	0	0
PREVENTATIVE SPEND	0	0	0	0	0
INFRASTRUCTURE PROJECTS (BROADBAND, ETC)	0	12,000	12,000	0	12,000
FRONT LINE SERVICES TO CONTACT CENTRE	-263	0	263	0	263
TOTAL ALL SERVICES	536,842	535,202	15,179	-16,819	-1,640

TRADING ACCOUNTS

SUMMARY

STATUTORY

ROADS OPERATIONS

SUB-TOTAL - STATUTORY

INTERNAL MANAGEMENT

BUILDING CLEANING

CATERING

VEHICLE MAINTENANCE SERVICES

GROUNDS MAINTENANCE

LEISURE MANAGEMENT

SUB-TOTAL - INTERNAL MANAGEMENT

QUASI-TRADING

SCHOOL CROSSING PATROLS

SUB-TOTAL - OTHERS

TOTAL

	BUDGET (SURPLUS) /DEFICIT 2012/13 £'000	FORECAST (SURPLUS) /DEFICIT AT 31/1/13 £'000	ACTUAL (SURPLUS) /DEFICIT 2010-12 £'000	FORECAST 3-YEAR (SURPLUS) /DEFICIT £'000
	-625	-926	-2,792	-3,718
	-625	-926	-2,792	-3,718
	-414	-518		
	-495	-421		
	-594	-672		
	-403	-419		
	-229	-298		
	-2,135	-2,328		
	-25	-25		
	-25	-25		
	-2,785	-3,279		

This Appendix measures the performance of Trading Operations against statutory targets. The totals for the Statutory Trading Accounts and the Trading Accounts for Internal Management Purposes may differ from the figures used in Appendices 1 and 2.

Depreciation and IAS 19 (formerly FRS 17) Pension Costs require to be included in the Statutory Trading Accounts expenditure when determining whether these Trading Operations have achieved their statutory target to break even over three years.

A number of accounts are being treated as trading accounts for internal management purposes, but these do not have a statutory requirement to break even. However, the figures for these accounts in this Appendix may also include depreciation and IAS19 Pension Costs to determine whether these Operations would have achieved break even had they been treated as Statutory Trading Accounts.

The notional charges are removed when consolidating the revenue monitoring to neutralise the effect on the Council Tax. Significant surpluses/deficits on statutory trading accounts are reallocated to client services at the year end, to reflect the true cost of providing those services.

Appendix 5 - Variance Analysis

In setting the revenue budget for 2012/13, the Council approved £23,000,000 of savings covering the categories of base budget reviews, income generation, efficiencies and service reductions. A number of financial risks were identified in setting the budget, which are significantly greater than previous years. These were:

- the scale of this task in delivering the savings in addition to the day to day running of Council business is a challenging one. However the Strategic Management Team (SMT) has established a governance structure which is designed to ensure that the achievement of necessary savings is coordinated by SMT and reported to the appropriate Policy Committees. This proved successful in 2011/12, and the existing governance structure has continued in 2012/13 which has proved successful again.
- pay restraint is essential if further cuts in Services are to be minimised. The estimations made in relation to the budget were officers' estimations and were in no way intended to influence pay negotiations. The continuing pay freeze reflected in the budgets carried a risk that if an award was given, further savings would be required. The Council has since agreed to implement the living wage of £7.20 per hour, backdated to April 2012, and the costs of this have been contained within the existing budget.
- all service budgets were reviewed to identify the potential for turnover savings and for non filling of vacant posts. This review together with the savings identified previously has led to a managed reduction in workforce. A pay award has not been provided for in 2012/13.
- £3 million of additional funds were transferred to the Winter Maintenance and Other Emergencies Fund in June 2011 from the 2010/11 underspend. The Winter Maintenance and Other Emergencies budget contains provision for an average winter. No additional budget provision has been made but should the need arise this will be considered during the financial year, as has happened in previous years.
- an increase in property numbers of 1,000 is assumed annually when setting the Council Tax base. This level of increase reflects the current level of property additions, but is dependent on the strength of the local economy. Uncertainty continues over the future of Council Tax and the Scottish Government have indicated a desire to maintain a freeze for the life of the parliament.
- the demographics of Aberdeenshire are changing, in particular the increasing age profile of its population, changes due to learning disability clients and child placements together with an increase in overall population numbers. This brings increasing demands for services without matching increases in grant.
- the Capital Financing Charges and Interest on Revenue Balances budget has been prepared to reflect the Council's agreed Capital Plan. Assumptions have been made about the level of cash balances, interest rates for borrowing and investing and when the Council will actually need resources to fund the Capital Plan. Significant risk exists around these assumptions as the uncertainty in the financial markets, particularly with interest rates means that adverse movements will impact on the overall loans fund budget. Treasury advisers are available to provide an informed external view when required. However, savings of £3,409,000 have been achieved this year, of which £3,093,000 has been transferred to the Capital Fund.
- the budget includes some pressures due to the economic downturn. The full impact of the downturn on services is difficult to quantify but has been considered when preparing draft budgets. The impact of the number of Aberdeenshire residents utilising council facilities; the cost of administering council tax, housing benefits, council tax collection rates and benefits will continue to be monitored closely during the financial year.

- the level of general inflation was relatively high when the budget was set. The budget was prepared using the anticipated level of inflation, and the inflation rate has decreased during the year.
 - The proposed changes relating to police and fire reform, self directed support and welfare reform are potentially significant, and these will have implications on the Council's finances. It is likely that the Council will receive a share of the any balances remaining from the Fire and Police boards following the closure of their accounts. Some additional funding has been received from the Scottish Government in relation to set up costs for welfare reform in 2012/13. The main impact will be from 2013/14, and additional funding has been announced for that year as well.
- Where a risk has been resolved, or where it is anticipated that there will be additional costs arising as a result of one of these risks materialising, this is reflected above or in the variance analysis in this Appendix.

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget 2012/13	<u>Narrative</u>
A	Education, Learning and Leisure	-3,558	<p>Education, Learning and Leisure is forecast to be within budget by £3,558,000 (December £4,519,000).</p> <p>Permanent Teachers is forecast to be within budget by £1,361,000 (December £1,563,000). The forecast is based on the new school year and is attributable to a combination of vacancies in Special Education although recruitment has been more successful in recent months, a reduction in the average cost of Unpromoted Teachers in Primary and Secondary Education compared with the figure used in the 2012/13 budget and a reduction in the number of pupils in Secondary Education, which reduces the number of teachers required. Despite this, the Census Data that was returned to the Scottish Government in September indicates that teacher numbers have been maintained overall. The movement since December is due to an increased forecast for the use of management relief time in Primary Education.</p> <p>Janitors is forecast to be within budget by £190,000 (December £190,000) as a result of the removal of contractual overtime payments and the introduction of Caretaker posts.</p> <p>Continuing Professional Development - Non-Devoled is forecast to be within budget by £217,000 (December £203,000) due to delays in the implementation of various staffing reviews and the subsequent provision of training. This is a one-off saving.</p> <p>Learning Through Technologies is forecast to be within budget by £28,000 (December £129,000). The December variance was due to Glow Learning and Teaching Officer vacancies and a related decrease in training provided by these officers. Since December, the budget holder has been in discussion with the Head of ICT to ensure that this budget is used by 31 March for the provision of up to date and fit for purpose technology in schools.</p>

Forecast

Over (within) budget

2012/13

Narrative

Note

Service

Payments to Educational Bodies - Other is forecast to be within budget by £47,000 (December £103,000) due mainly to two agreements which have now come to an end and a reduction in the terms of another agreement. As this is a demand led budget, future expenditure depends on the number of pupils requiring placements. The variance has reduced since December as an element of the budget has been transferred to fund an overspend on Psychologists' Staff Costs.

Rents, Rates and Insurances is forecast to be within budget by £118,000 (December £73,000). This is due mainly to a number of rates rebates that have been received. These will have implications for future years.

Heat and Light is forecast to be within budget by £344,000 (December £702,000) due to the actual rate of inflation being lower than the rate assumed when the budget was set. The variance has reduced as part of the budget has been transferred to fund upgrades to premises and computer equipment for Libraries (£208,000), Leisureland trailers (£50,000) and pop up museum cases (£100,000).

Examination Fees are forecast to be within budget by £174,000 (December £174,000) due to a reduction in the number of pupils sitting the exams. In addition the budget allowed for an inflationary increase in the fees by the Scottish Qualifications Authority, but the fees were not increased.

Opportunities for All is forecast to be within budget by £250,000 (December £250,000) as a result of the Development Officer post being vacant since August. This has resulted in some projects not being progressed. The Service is attempting to fill this post.

Forecast

Over (within) budget

2012/13

Narrative

Note

Service

Repairs and Maintenance - Improvements is forecast to be within budget by £300,000 (December £17,000) This relates to the enhancement of Outdoor Learning Environments within some Nursery establishments, the work for which is required to take place during spring and summer. Plans had not been finalised in time to allow this work to go ahead in 2012, and a request will be made to carry the funding forward under the scheme of End Year Flexibility.

Purchase of Equipment - Non-Recurring Expenditure is forecast to be within budget by £160,000 (December equal to budget). This relates to funding to purchase commercial dishwashers for Council pre-school nurseries to meet Health & Safety requirements. The contract will require the approval of Policy and Resources Committee, hence expenditure will not be incurred until 2013/14. A request will be made to carry this funding forward under the scheme of End Year Flexibility.

Catering Contract Charge is forecast to be within budget by £224,000 (December equal to budget) as the uptake in free school meals has been lower than was budgeted.

Hired Transport is forecast to be equal to budget (December £824,000 within budget). The previous forecast was based on the current contract demands, adjusted for any anticipated contract variations and reflects a virement applied to remove procurement savings. Whilst these savings will still be achieved, £385,000 of the savings have been transferred to school budgets to increase Quality Assurance and Moderation and £450,000 has been transferred to fund additional expenditure on halls, booking system upgrades, swimming pools, gyms, the new Fraserburgh facility and work for early years sports provision.

Forecast

Over (within) budget

2012/13

Narrative

Note

Service

Childcare Strategy is forecast to be equal to budget (December £317,000 within budget). The December variance was due largely to a reduction in grant expenditure following the revision of Out of School Care club sustainability grant guidelines and the cessation of Nursery start-up grants. In addition, a one year project to provide childcare based work experience to jobseekers in Aberdeenshire ended in 2011/12. There was also low demand for the salary support scheme for new childminders. This was a one-off saving.

The underlying savings in **Childcare Strategy** have actually increased by £333,000 since December to £650,000. However, this saving has been transferred to other budgets to fund outdoor learning environments which are now anticipated to cost more than originally thought (£100,000), the purchase of resources for partner providers (£240,000), upgrade the Council's pre-school nurseries with commercial dishwashers to meet Health & Safety requirements (£160,000), and upgrades to premises and computer equipment for **Libraries** (£100,000).

Repairs and Maintenance - Additional Allocation is forecast to be over budget by £230,000 (December £230,000) due to increased expenditure on the upgrade of Primary School toilets which was higher than estimated.

Cleaning Contract is forecast to be over budget by £107,000 (December £93,000). A saving of £250,000 was agreed as part of the budget process, and the forecast would suggest that this will only be partially achieved. This forecast is based on current contract charges amended for any variations and additional charges expected based on the previous year. This is subject to ongoing negotiations.

Payments to Other Local Authorities is forecast to be over budget by £110,000 (December £90,000) based on the estimated invoices for actual pupils who are attending special schools or receiving hospital tuition in Aberdeen City in 2012/13.

<u>Note</u>	<u>Service</u>	<u>Narrative</u>
B	Housing and Social Work	<p data-bbox="292 1263 323 1368">Forecast</p> <p data-bbox="331 1196 355 1435">Over (within) budget</p> <p data-bbox="363 1263 387 1368"><u>2012/13</u></p> <p data-bbox="395 1263 419 1368">-3,339</p> <p data-bbox="395 344 419 1196">Housing and Social Work is forecast to be within budget by £3,339,000 (December £3,549,000).</p> <p data-bbox="459 230 691 1196">General Fieldwork is forecast to be within budget by £123,000 (December £42,000). This is due to a number of reasons including vacant posts, the dissolution of the Grampian Data Sharing Partnership for which a budget for a contribution had been provided. The movement since December is due to a combination of factors including a reduction in actual payments to NHS Grampian for delayed discharge and vacant posts within the Practice Placement Team pending a review of the Workforce Development Team.</p> <p data-bbox="699 230 818 1196">Business Services is forecast to be within budget by £216,000 (December £217,000) due to delays in recruiting staff for the Carefirst and Recordsmart projects. A request will be made to carry this funding forward under the scheme of end year flexibility.</p> <p data-bbox="826 230 890 1196">Adult Services - Residential Care is forecast to be within budget by £257,000 (December £265,000) due mainly to vacant posts.</p> <p data-bbox="898 230 1050 1196">Adult Services - Employment Development is forecast to be within budget by £159,000 (December £151,000). This service was reviewed during 2011/12 and has resulted in a reduction in staff costs of £90,000. This is an early achievement of savings planned originally for 2013/14. There has also been a reduction in the number of clients who are in supported employment.</p> <p data-bbox="1058 230 1153 1196">Children's Services - Community Care is forecast to be within budget by £262,000 (December £212,000) due mainly to vacant posts. This is a one-off variance. The forecast for Staff Costs has reduced further since December.</p> <p data-bbox="1161 230 1249 1196">Children's Services - Residential Care is forecast to be within budget by £132,000 (December £137,000) due mainly to vacant posts. This is a one-off variance.</p> <p data-bbox="1257 230 1353 1196">Older People - Day Care is forecast to be within budget by £167,000 (December £168,000) due mainly to vacant posts and a reduction in the forecast for Internal Transport Charges.</p>

Forecast

Over (within) budget

2012/13

Narrative

Note

Service

Older People - Home Care is forecast to be within budget by £1,154,000 (December £1,269,000) due to delays and difficulties in recruiting to posts. A recruitment campaign that is ongoing throughout Aberdeenshire has resulted in the filling of some vacant posts, and this has increased the forecast since December. The delays in recruitment have also led to a saving on Transport Costs and training costs.

Older People - Residential Care is forecast to be within budget by £1,793,000 (December £1,599,000). The forecast is due partly to one off savings of around £1,000,000 as a result of delays in the opening of a new care home, where additional staffing have been budgeted to service an increased number of beds. Delays in filling posts in the other care homes continue, and the Service is endeavouring to address this with targeted recruitment days. In addition, income from clients is forecast to increase. Part of the savings on the staffing budgets have been used to renew some flooring and equipment in some of the care homes where the condition merits this. A further increase in income from clients has been identified since December.

Older People - Very Sheltered Housing is forecast to be within budget by £478,000 (December £510,000) due to the level of vacancies within this service and a reduction in the forecasts for Provisions and Payments to Agencies. Some vacancies have been filled, and this has increased the forecast expenditure since December.

Homeless Persons is forecast to be within budget by £47,000 (December £166,000) The previous forecast was due mainly to a delay in the implementation of the Homelessness Prevention Team. As this project is being funded from the Invest to Save Fund, the excess budget has been returned to that Fund until it is required. There has also been a reduction in the use of Bed and Breakfast units as a result of an increase in the use of temporary accommodation units, which has generated a small saving.

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget <u>2012/13</u>	<u>Narrative</u>
			<p>Adult Services - Day Care is forecast to be over budget by £188,000 (December £160,000) due to a review of funding to a service provider which has resulted in a transitional budget pressure arising.</p> <p>Children's Services - Family Placement is forecast to be over budget by £349,000 (December £184,000) due to an increase in the in house recruitment of foster carers and an increased use of this type of provision. This has increased further since December.</p> <p>Physical Disabilities - Community Occupational Therapy is forecast to be over budget by £646,000 (December £579,000). The Aids and Adaptations budget is now overspent, and this reflects the continuing growing needs of clients who are remaining in their own homes for longer. Discussions will take place with the Service on whether this level of spend is expected to be recurring. The forecast for Aids and Adaptations has increased further since December.</p>
C	Joint Budgets	-1,600	<p>Older People - Care Management is forecast to be over budget by £431,000 (December £378,000) due to a forecast increase in expenditure on Care at Home based on the packages recorded on the Carefirst system. The forecast for Staff Costs has increased since December.</p> <p>Joint Budgets is forecast to be within budget by £1,600,000 (December £2,320,000). This is due mainly to the removal of a number of significantly costly placement packages for young people from the Out of Authority Placement list, together with some more general changes in costs due to more creative working practises. Four children now having reached the age to be classed as adults being funded from the budget for Adult Services - Community Care. Part of this saving can now be classed as permanent and has no effect on the service delivery.</p>

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget <u>2012/13</u>	<u>Narrative</u>
D	Infrastructure Services	-3,113	<p>In addition, funding of £900,000 was awarded at the beginning of 2012/13 to establish two pathfinder projects in Stonehaven and Fraserburgh to build community capacity and provide early intervention models. Most of the expenditure will now take place in 2013/14. As this project is funded from the Invest to Save Fund, the excess budget is being returned to the Fund until the expenditure takes place.</p> <p>Infrastructure Services is forecast to be within budget by £3,113,000 (December £3,428,000).</p> <p>Waste Disposal is forecast to be within budget by £951,000 (December £745,000). Contract Costs are now expected to be based on approximately 90,000 tonnes of residual waste compared with a budget based on 104,000. This also means that the forecast expenditure on Landfill Tax will be lower than budget. The continued delay to the Portlethen Household Waste Recycling Centre means that the provision staff costs for the site will not be required in 2012/13. Delays in recruiting into new Kerbside Collection posts have also resulted in savings on staff costs, but this has been offset partially by the need to recruit agency staff to cover these vacancies. Since December, the forecast for fuel costs has been reduced as fewer journeys are being made following a change of haulage contractor and a reduction in the cost of disposal of green waste.</p> <p>Development Management is forecast to be within budget by £198,000 (December £84,000). This is an accumulation of a number of savings across the service including a reduction in Statutory Advertising, Other Administration Costs, Public Inquiries, SUD Charges, Local Review Body and an increase in the forecast for Planning Application Fees.</p>

Forecast

Over (within) budget

2012/13

Narrative

Note

Service

Sustainability, Information and Research is forecast to be within budget by £110,000 (December £110,000) due to a combination of reasons including staff vacancies, a reduction in the required funding of the Strategic Development Planning Authority and a reduced forecast for expenditure on Other Supplies and Services.

Flood Management is forecast to underspend by £195,000 (December £125,000). The budget includes £213,000 brought forward from 2011/12, which was extra funding provided by the Scottish Government for additional work that would be required in relation to the Flood Risk Management (Scotland) Act 2009, that the service still needed to complete. However the development of the new Act continues to be slow and difficulties have been experienced in recruiting additional and replacement staff to progress projects. Managers have investigated the feasibility of completing additional works to offset the anticipated underspend and plans to undertake some extra drainage works identified in roads maintenance programmes to alleviate flooding problems, and these are being progressed. This is taken into account in the forecast. The forecast has reduced since December as staff have been diverted from the planned programme of works to deal with storm and flood damage works, which are funded from the Winter & Other Emergencies budget.

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget 2012/13	<u>Narrative</u>
			<p>Internal Transport is forecast to be within budget by £150,000 (December £1,313,000). The previous forecast was due mainly to a reduction in the forecast for leasing costs due to the purchase of vehicles in preference to leasing and a reduction in the forecast for the purchase of small plant and equipment due to tender and procurement delays. These budgets also underspent in 2011/12. At its meeting on 10 January 2012, Policy Resources Committee agreed to transfer £1,300,000 from the Internal Transport budget to the Vehicle Replacement Fund to help fund the revised Waste Collection scheme. Since December there have been reductions in the forecasts for the purchase of small plant and equipment, servicing and repairs and the purchase of tyres.</p> <p>Quarries is forecast to be within budget by £378,000 (December £195,000) due mainly to an increased workload from Roads and Related Services, although it is offset partly by an increase in costs. Since December, the forecast for income from Roads and Related Parties has increased further, and there has been a reduction in the forecast for Servicing and Repairs.</p> <p>Estates is forecast to be within budget by £110,000 (December £33,000) due mainly to vacant posts, a reduction in Heat and Light costs and increased forecast for income from Industrial and Commercial Premises.</p> <p>Economic Development is forecast to be within budget by £1,108,000 (December £757,000). Regeneration Funding accounts for £742,000 of this forecast underspend, an increase of £80,000 since December. Expenditure to date continues to be very low as there has been a delay in agreeing the strategy. The Service is putting plans in place to ensure that this funding will be utilised by 31 March 2014. A request will be made to carry forward any unspent budget to 2013/14. The forecast for Business Support (including Support for Aberdeenshire Businesses) is also within budget as although all budgets will have been committed, all claims will not be paid out by the end of financial year due to the rules relating to the payment of claims.</p>

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget <u>2012/13</u>	<u>Narrative</u>
			<p>The Macduff Town Centre Improvement Zone is forecast to be within budget because of delays due to the grantee being unable to come to arrangements with the specialist contractor on when the works will be done. This budget is ring fenced, and any funds not utilised must be returned to the Scottish Government at their request. Since December, Business Gateway is forecast to underspend by £150,000. This relates to the First Employee Grant Scheme, and a request will be made to carry this forward under the scheme of End Year Flexibility. In addition, there is additional income from a European Grant Claim for Working for Families, for which no provision was made in the budget.</p>
E	Chief Executive	-89	<p>Animal Welfare is forecast to be over budget by £35,000 (December £135,000). The previous forecast was due to a significant Animal Health issue that had not been anticipated when the budget was set. The problem has now been contained, and the additional expenditure will not be required.</p> <p>Refuse Collection is forecast to be over budget by £227,000 (December £106,000) due mainly to increased overtime costs and an increased requirement for Agency Staff. Since December, there has been an increase in the requirement for waste collection vehicles and an increase in the forecast for the purchase of domestic wheeled bins.</p>
F	Corporate Services	-586	<p>Chief Executive's Service is forecast to be within budget by £89,000 (December £2,000)</p> <p>Chief Executive is forecast to be within budget by £116,000 (December £34,000) due mainly to additional income in respect of Community Safety Partnership funding, Community Planning, fairer Scotland Fund and Activity Agreements. An accrual which was made in relation to Work For You is also greater than was required.</p> <p>Corporate Services is forecast to be within budget by £586,000 (December £567,000).</p>

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget <u>2012/13</u>	<u>Narrative</u>
			<p>Finance is forecast to be within budget by £177,000 (December £172,000) due mainly to vacant posts and a reduction in the Audit Fee.</p> <p>Human Resources and Organisational Development is forecast to be within budget by £220,000 (December £192,000) also due to vacant posts.</p> <p>Information Communications Technology is forecast to be within budget by £440,000 (December £419,000) also due mainly to vacant posts as a result of a service review. This has had an effect on the ability of the service to progress new projects, and, as a result, the forecast expenditure on e-government and IT Development Strategy are forecast to be within budget. The forecast for lease income is also greater than budget.</p> <p>There are also vacant posts in Revenues, Legal and Governance and Miscellaneous Services.</p> <p>Printing is forecast to be over budget by £493,000 (December £431,000). This is due mainly to the fact that economic conditions have affected external orders, and the forecast for income from this source has reduced since December, and internal services are actively reducing their use of printed materials. Charges to customers were reduced to ensure the service remained competitive with the external market and that the service did not make excessive profit. This is offset partly by vacant posts.</p>
G	Joint Board Requisitions	-482	<p>Joint Board Requisitions is forecast to be within budget by £482,000 (December £85,000) due to surpluses relating to 2011/12 that have been returned from Grampian Joint Fire and Rescue Board and Grampian Valuation Joint Board.</p>
H	Charges to HRA/Capital/Other Services	-182	<p>Income from Charges to HRA/Capital/Other Services is forecast to be greater than budget by £182,000 (December equal to budget), based on the calculation of the recharges to these services.</p>

<u>Note</u>	<u>Service</u>	<u>Narrative</u>
I	Trading Accounts	
	Forecast Over (within) budget <u>2012/13</u> -494	
		<p>The performance of the trading accounts is set out in Appendix 4 and this is divided into three sections. Following a decision by Policy and Resources Committee on 10 November 2011, Housing Repairs is no longer treated as a statutory trading account. This means that the Council now operates only one statutory trading account - Roads Operations. The first section reports on the statutory trading account, including its cumulative performance over 2010/11, 2011/12 and 2012/13. The second section reports on the performance of those services for which it has been agreed that trading accounts are maintained for management purposes only. The third section deals with the remaining quasi-trading service, for which a trading account is not maintained.</p> <p>Roads Operations is forecast to achieve their statutory break-even target for the period 2010-13.</p> <p>The figures shown in Appendix 4 include costs such as depreciation and IAS 19 pension costs which require to be included for comparison with statutory targets. To enable meaningful comparisons with the budgets, the figures used in this note exclude these figures i.e. they are based on the figures for the trading accounts shown in Appendix 3. The net effect on the working balance is a forecast that is within budget by £494,000 (December £691,000).</p> <p>The forecast for School Crossing Patrols is in line with its budgeted surplus. Grounds Maintenance is forecast to be slightly above its budgeted surplus.</p>

Forecast
Over (within) budget
2012/13

Note

Narrative

Roads Operations is forecast to be above its budgeted surplus by £301,000 (December £175,000). There are currently 24 vacant posts in this service, and efforts to recruit have only been successful in part. Despite this the service has sufficient staff to carry out the work programme. Both income and expenditure as a whole are forecast to be greater than budget. Forecast income has increased since December, particularly in relation to Winter Maintenance. Whilst additional costs are incurred, this is more than offset by the addition income.

Building Cleaning is forecast to be above its budgeted surplus by £104,000 (December £169,000) due mainly to vacant posts. This is being covered by existing staff working additional overtime, and this has reduced the forecast surplus since December.

Vehicle Maintenance Services is forecast to be above its budgeted surplus by £78,000 (December £214,000) due mainly to vacant posts which the service is attempting to fill. At its meeting on 10 January 2012, Policy Resources Committee agreed to transfer £200,000 from the Vehicle Maintenance budget to the Vehicle Replacement Fund to help fund the revised Waste Collection scheme, and this accounts for the reduction in the forecast above its budgeted surplus.

Leisure Management is forecast to be above its budgeted surplus by £69,000 (December £97,000) due mainly to increased income through the Active Aberdeenshire scheme and increased charges for swimming lessons and admissions beyond inflation.

School Catering is forecast to be below its budgeted surplus by £74,000 (December equal to budget). This is due to the uptake of free school meals being below budget.

Note	Service	Forecast Over (within) budget 2012/13	Narrative
J	Capital Financing Charges and Interest on Revenue Balances	-316	Capital Financing Charges and Interest on Revenue Balances is forecast to be within budget by £316,000 (December £179,000). The Council has now borrowed £20,000,000. This is less than was assumed when the budget was set, and at a favourable interest rate.
K	Other Expenditure/(Income)	-92	Other Expenditure/(Income) is forecast to be within budget by £92,000 (December £669,000). This represents a further £92,000 in respect of the liquidation of the Bank of Credit and Commerce International (BCCI) for which there is no budget. The December forecast also included a saving of £577,000 in relation to an advance payment of £20,963,000 to the North East Scotland Pension Fund, which has reduced the Employer's Contribution rate payable by the Council for three years. This payment was discounted and was expected to generate savings over the three years which were not included in the budget. Recent information shows that the Council's overall superannuation payments are lower than the assumptions made by the actuary when the advance payment was proposed, which means that the savings may not be achieved this year. Discussions are continuing with the actuary and the external auditor as to whether the advance payment can be applied to contributions into a fourth year which would mean that the saving could be achieved. In the meantime, the saving has been removed from the forecast.
L	Infrastructure Projects	12,000	Infrastructure Projects is forecast to be over budget by £12,000,000 (December £12,000,000). This represents the amount to be transferred to an earmarked reserve at the year end as agreed by Policy and Resources Committee at its meetings on 20 September 2012 and 10 January 2013.

<u>Note</u>	<u>Service</u>	Forecast Over (within) budget 2012/13	<u>Narrative</u>
M	Front Line Services to Contact Centre	263	Savings from Front Line Services to Contact Centre are forecast to be £263,000 (December £263,000) lower than budget. This is as a result of the contact centre working at full capacity and being unable to take on further work until these capacity issues have been addressed. The saving has been delayed until 2013/14.
N	Revenue Support Grant	-2,416	Income from the Revenue Support Grant is forecast to be higher than budget by £2,416,000 (December £2,241,000). Additional unhypothecated funding has been received from the Scottish Government as a result of reallocation of ear marked funds not required in 2012/13 for Teachers' Induction across Scotland. There have also been redeterminations in respect of Scottish Strategy for Autism, Curriculum for Excellence, Looked After Children, Local Government Elections, Family Support, Wind Turbines planning applications, Rural Land Use and the balance of funds earmarked for Teachers' Induction. In all cases the spending on these schemes can be contained within existing budgets, so there is no proposal to increase Service budgets as a result of these redeterminations.
O	Council Tax	-1,043	Council Tax income is forecast to be higher than budget by £1,043,000 (December £1,100,000) due to an increase in the number of properties above that budgeted and an improved collection rate. The forecast has reduced slightly since December due to an increase in the value of discounts.

SUMMARY OF REVENUE MONITORING VIREMENTS

1.	Supply Teachers and Music Instructors	£'000
	Virement from Primary Education from Secondary Education to realign budgets for Permanent Supply and Music Instructors. This virement applies to 2012/13 only.	
	Primary Education	-141
	Secondary Education	141
2.	Voluntary Severance	
	Voluntary Severance and Redundancy Costs to be funded from the Invest to Save Fund. This virement applies to 2012/13 only.	
	Education, Learning and Leisure - Administration and Management	285
	Nursery Education	60
	Secondary Education	50
	General Fieldwork	118
	Transfers to/(from) Earmarked Reserves	-513
3.	Upgrade of Leisure Facilities	
	Virement of part of the savings on the Hired Transport budget which is to be used to fund additional expenditure on halls, booking system upgrades, swimming pools, gyms, the new Fraserburgh facility and work for early years sports provision. This virement applies to 2012/13 only.	
	Primary Education	-450
	Sports and Leisure Management - Client	450
4.	Library Upgrades	
	Virement of savings to Libraries to be used for Library upgrades, Furniture & Equipment, Media Supplies, Computer Equipment and to pay for a small forecast overspend on Staff Costs. This virement applies to 2012/13 only.	
	Nursery Education	-219
	Primary Education	-209
	Secondary Education	-59
	Special Education	-30
	Libraries	517

SUMMARY OF REVENUE MONITORING VIREMENTS

5. Museums and Active Aberdeenshire

Virement of savings on Heat and Light to Active Aberdeenshire to fund Leisureland trailers and Museums to fund pop up museum cases. This virement applies to 2012/13 only.

Primary Education	-150
Museums	100
Active Aberdeenshire	50

6. ICT Software Costs

Transfer budgets to ICT for software costs. These budgets will remain within ICT for future years.

Secondary Education	-3
Sports and Leisure Management - Client	-13
Business Services	-112
Older People - Care Management	-25
Revenues	7
Information Communications Technology	146

7. Employee Relationship Management Project

Transfer funding from the Invest to Save Fund in respect of the Employee Relationship Management Project based on forecast expenditure to the year end, in accordance with the decision of Policy and Resources Committee on 23 February 2012. This virement applies to 2012/13 only.

Human Resources and Organisational Development	103
Transfers to/(from) Earmarked Reserves	-103

8. Homelessness Prevention Team

The Homelessness Prevention Team is funded through the Invest to Save Fund, as approved by Aberdeenshire Council on 9 February 2012. Due to a delay in the appointment of staff, the full funding is not required in 2012/13. This is being returned to the Invest to Save Fund until it is required. This virement relates to 2012/13 only.

Homeless Persons	-128
Transfers to/(from) Earmarked Reserves	128

SUMMARY OF REVENUE MONITORING VIREMENTS

9. Children with Complex Needs

Support for Children with Disabilities and/or Complex Needs is funded through the Invest to Save Fund, as approved by Aberdeenshire Council on 9 February 2012. Most of the work is of a capital nature and given the lead-in times for these projects, most of the work is expected to take place in 2013/14. The funding not required in 2012/13 is being returned to the Invest to Save Fund until it is required. This virement relates to 2012/13 only.

Homeless Persons	-763
Transfers to/(from) Earmarked Reserves	763

10. Earmarked Reserves

Virements from earmarked reserves to various Housing and Social Work budgets were approved at Policy and Resources Committee on 20 September 2012, representing unspent grants received from third parties brought forward from 2011/12. Some of these grants will not be spent until 2013/14, so a request is being made to return this funding to the Earmarked Reserve. This virement applies to 2012/13 only.

General Fieldwork	-300
Children's Services - Residential Care	-62
Physical Disabilities - Community Occupational Therapy	-106
Transfers to/(from) Earmarked Reserves	468

11. Earmarked Reserves

Virement to earmarked reserves in respect of NHS Grampian income received in 2012/13 for the out of hours Aberdeenshire Responders for Care at Home service, which will not be spent until 2013/14. This virement applies to 2012/13 only.

Older People - Home Care	150
Transfers to/(from) Earmarked Reserves	-150

PROPOSALS FOR RING FENCED FUNDS

	£'000	£'000
Investment in Technologies		
The provision of computers and technology in schools to deliver Learning and Teaching requires planned improvements, in order to replace computers and ICT in schools which are over 5 years old and no longer up-to-date or fit for purpose. The Head of Service (Education and Staff Development) and Head of IT have planned a replacement programme which could not be implemented in 2012/13 due to reviews of service delivery, management and the impact on planning. Therefore, this would be supported by an agreed budget for Corporate IT as a priority for the Council. This has been supported by the Corporate IT Steering group the EL&L ICT Strategy group and the EL&L Directorate. Plans to have this spent by August 2013.	700	
Investment identified through the IPWG and Development Management Review to be implemented and result in an improved service, better able to respond customers.		200
The Oracle upgrade was due to commence this year however due to issues with tendering it has been delayed to summer 2013. It is anticipated that the test system will be operational by March 2014, and the live system by July 2014. The final instalment of the payment will not be due until the system is live.		240
Total Investment in Technologies		1,140
Community, Culture & Tourism*		
There has been a history of underspend of the Regeneration Budget mainly due the fact that the allocation of these funds has been carried out annually and usually some way into the new financial year. A new Regeneration Strategy and Action Plan is being taken to Committee with multi year budget forecasts and so it is hoped that this will lead to spend being more in line with forecasts.	742	
This relates to capital grants approved by the Education Grants Sub-Committee in previous financial years. These are paid to organisations as the work takes place on receipt of proof of payment by the organisation. This can sometimes be a considerable time after the grant is awarded.	115	
Total Community, Culture & Tourism		857

* Approval to create this Earmarked Reserve was given at Aberdeenshire Council on 14 February 2013

PROPOSALS FOR RING FENCED FUNDS

	£'000	£'000
Planning		
Additional funding has been received from the Scottish Government with regard to the administration of Wind Turbine planning applications. Expenditure will not be incurred by the financial year end.	65	
Funding has been received from the Scottish Government for a pilot project on Rural Land Use. Aberdeenshire Council is one of only two Councils to receive this funding. The funding was received late in the financial year, and the pilot will not take place until 2013/14.	100	
Total Planning		165
Welfare Reform		
Additional funding has been received from the Scottish Government in relation to preparatory work on Welfare Reform. The majority of the funding will not be required until 2013/14.	36	
Total Welfare Reform		36
Total		2,198