

# Public Document Pack



To: Councillor Lumsden, Convener; Councillor Graham, Vice Convener; and Councillors Boulton, Councillor Donnelly, the Depute Provost, Jackie Dunbar, Flynn, Laing, Nicoll and Yuill.

Town House,  
ABERDEEN 24 July 2018

## **CITY GROWTH AND RESOURCES COMMITTEE**

The Members of the **CITY GROWTH AND RESOURCES COMMITTEE** are requested to meet in **Committee Room 2 - Town House** on **WEDNESDAY, 1 AUGUST 2018 at 2.00 pm.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

### **B U S I N E S S**

#### **DECLARATIONS OF INTEREST**

- 1.1 Declarations of Interest (Pages 3 - 4)

#### **GENERAL BUSINESS**

- 2.1 Council Financial Performance - Quarter 1, 2018/19 - RES/18/056 (Pages 5 - 42)

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# Agenda Item 1.1

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether reports for meetings raise any issue of declaration of interest. Your declaration of interest must be made under the standing item on the agenda, however if you do identify the need for a declaration of interest only when a particular matter is being discussed then you must declare the interest as soon as you realise it is necessary. The following wording may be helpful for you in making your declaration.

I declare an interest in item (x) for the following reasons .....

*For example, I know the applicant / I am a member of the Board of X / I am employed by...*  
and I will therefore withdraw from the meeting room during any discussion and voting on that item.

**OR**

I have considered whether I require to declare an interest in item (x) for the following reasons ..... however, having applied the objective test, I consider that my interest is so remote / insignificant that it does not require me to remove myself from consideration of the item.

**OR**

I declare an interest in item (x) for the following reasons ..... however I consider that a specific exclusion applies as my interest is as a member of xxxx, which is

- (a) a devolved public body as defined in Schedule 3 to the Act;
- (b) a public body established by enactment or in pursuance of statutory powers or by the authority of statute or a statutory scheme;
- (c) a body with whom there is in force an agreement which has been made in pursuance of Section 19 of the Enterprise and New Towns (Scotland) Act 1990 by Scottish Enterprise or Highlands and Islands Enterprise for the discharge by that body of any of the functions of Scottish Enterprise or, as the case may be, Highlands and Islands Enterprise; or
- (d) a body being a company:-
  - i. established wholly or mainly for the purpose of providing services to the Councillor's local authority; and
  - ii. which has entered into a contractual arrangement with that local authority for the supply of goods and/or services to that local authority.

**OR**

I declare an interest in item (x) for the following reasons.....and although the body is covered by a specific exclusion, the matter before the Committee is one that is quasi-judicial / regulatory in nature where the body I am a member of:

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval
- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority.... and I will therefore withdraw from the meeting room during any discussion and voting on that item.

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## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth and Resources
<b>DATE</b>	1 August 2018
<b>REPORT TITLE</b>	Council Financial Performance – Quarter 1, 2018/19
<b>REPORT NUMBER</b>	RES/18/056
<b>DIRECTOR</b>	Steven Whyte
<b>CHIEF OFFICER</b>	Sandra Buthlay
<b>REPORT AUTHOR</b>	Lesley Fullerton
<b>TERMS OF REFERENCE</b>	1.3

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### 1. PURPOSE OF REPORT

- 1.1 To provide the financial position of the Council, as at Quarter 1 (April – June 2018) and the full year forecast position for the financial year 2018/19, including:
- General Fund and Housing Revenue Account (HRA) revenue and capital accounts and the associated Balance Sheet; and
  - Common Good Revenue Account and Balance Sheet.

### 2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee note the following:-
- a) General Fund and HRA financial performance as detailed in Appendix 1;
  - b) Common Good financial performance as detailed in Appendix 3;
  - c) General Fund forecast revenue position as detailed in Appendix 2;
  - d) HRA forecast revenue position as detailed in Appendix 2;
  - e) General Fund updated five-year capital position as detailed in Appendix 2;
  - f) HRA forecast capital position as detailed in Appendix 2;
  - g) Common Good forecast revenue position as detailed in Appendix 1; and
  - h) Group Entities forecast revenue position as detailed in Appendix 4; and
- 2.2 It is recommended that the Committee agree the following, further details of which are provided in Appendix 2:

#### General Fund Revenue

- a) Instruct the Chief Officer - Finance to work with the organisation, using their influence as appropriate, to ensure the budget position agreed by the Council is adhered to.

### **3. BACKGROUND**

- 3.1 This is the first quarterly financial report for 2018/19.
- 3.2 This report focuses on both the financial performance for the quarter April to June 2018 and the projected financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.3 The performance for the first quarter is a positive one with expenditure and income largely in line with budget for this stage of the year. Notwithstanding this there are cost and demand pressure areas which require to be managed. Further information on this is contained within Appendices 1 and 2 to this report. The Senior Management Team is committed to taking action to mitigate against their pressures to ensure a balanced position is achieved.
- 3.4 The financial statements contained within Appendix 1 reflect the income and expenditure for the quarter and reflect some of the statutory accounting adjustments required to ensure compliance with International Financial Reporting Standards (IFRS). These are detailed within the Appendix.
- 3.5 The Balance Sheet figures at 30 June 2018 reflect the actual position at the balance sheet date where appropriate, the resultant figure including statutory adjustments where these have been made, or where they haven't, the figure at 31 March 2018 has been used. Reserves have been updated to reflect the impact of the performance to date.
- 3.6 The forecast outturn position for the year reflected in Appendix 2 shows that the Housing Revenue Account is line with budget whilst General Fund revenue has a small underspend at this time.
- 3.7 The General Fund capital programme has been re-profiled since the budget was set in March 2018 to take account of amounts budgeted but not spent in 2017/18. This has no impact on overall project costs. Subsequent approvals by committee and fully funded projects have also been added to the programme as detailed in Appendix 2.
- 3.8 The Housing capital programme is currently projected to be maintained within the funded level which assumes a level of underspend will occur across projects.
- 3.9 Common Good, as detailed in Appendix 2 is reflecting a small underspend against budget.
- 3.10 The Group Entities forecast in Appendix 4 is not available at the time of producing this report.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The financial performance of the Council's main accounts, General Fund, Housing Revenue Account and Common Good for the first quarter, April – June

2018, of the financial year 2018/19 is reflected in Appendices 1,2 and 3 to this report.

- 4.2 The forecast full year financial position for these same accounts, both revenue and capital are provided in Appendix 2 to this report.
- 4.3 Appendix 1 also includes a Management Commentary providing:
- Further information on the Performance in Quarter 1; and
  - Further information on the 2017/18 Projected Financial Position, including details of the items for which there are specific recommendations above.
- 4.4 Following a positive financial performance in 2017/18, the Council starts the financial year 2018/19 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.5 Services continue to manage increased demand, and this requires continuous close fiscal management.
- 4.6 The current forecast position against budget is an underspend of £75k.

## 5. LEGAL IMPLICATIONS

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

## 6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	The main financial risk the Council is managing is the increased demand on services.	L	Reviewing all areas of expenditure with a view to only incurring essential expenditure.
	In relation to capital projects there is a risk that following the procurement process, tendered costs will vary from that assumed at the time of project approval.	M	Quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.
<b>Legal</b>	None identified		

<b>Employee</b>	None identified		
<b>Customer</b>	None identified		
<b>Environment</b>	None identified		
<b>Technology</b>	None identified		
<b>Reputational</b>	None identified		

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	Investment in the city will have a positive impact on the economy.
<b>Prosperous People</b>	Robust management of the Council's finances will ensure that services can continue to be provided.
<b>Prosperous Place</b>	Investment will enhance the place by creating a better and more vibrant city in which to live.

This report does not impact on the design principles of the Target Operating Model.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Not required
<b>Privacy Impact Assessment</b>	Not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Not applicable

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES

Appendix 1 – Financial Statement for the quarter 1 April to 30 June 2018

Appendix 2 – Projected Financial Position for the year 2018/19

Appendix 3 – Common Good Financial Statement for the quarter 1 April to 30 June 2018

Appendix 4 – Group Entities Projected Financial Position for the year 2018/19



## 11. REPORT AUTHOR CONTACT DETAILS

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**FINANCIAL STATEMENT  
FOR THE QUARTER  
1 APRIL 2018 TO 30 JUNE 2018**

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## Management Commentary

The purpose of the management commentary is to inform readers, helping them to assess how the Council is performing and understand our financial performance for the quarter to 30 June 2018.

It also provides an insight into the expected financial performance for the remainder of the financial year 2018/19, the challenges we face and how we will address these challenges to provide stability, financially, thus allowing our citizens to have confidence that we can continue to provide the diverse portfolio of services on which they rely.

## Background

During 2016/17, Aberdeen City Council became the first local authority in Scotland to be awarded a credit rating and subsequently secure funding towards its capital investment programme, by issuing bonds of £370 million on the London Stock Exchange (LSE).

The credit rating must be maintained over the term of the bonds with the credit rating agency conducting a review at least once every twelve months. The first annual review of the Council's credit rating was undertaken during October 2017, with positive affirmation of the rating issued during November 2017 and reported to the Finance, Policy and Resources Committee on 1 December 2017.

As a result of the Local Outcome Improvement Plan 2016-2026 (LOIP) the Council undertook to transform its business structure. On 1 April 2018 the Council moved to its new structure, known as the Target Operating Model (TOM). This represents a complete change in how the Council manages and deliver its services to the people and place of Aberdeen. The structure has moved from 5 Directorates to 6 Functions – Operations, Customer, Commissioning, Place, Resources and Governance, which will be reported quarterly along with the Integrated Joint Board. Further details of the responsibilities of each function can be found on pages 2 and 3.

## Our Financial Performance

### • Performance in Quarter 1

In March 2018, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2018/19. Performance for the year is measured against these budgets with the projected full year position considered in a later section of this report. This section focuses on the actual financial results for the period 1 April to 30 June 2018, presented in the format of our Annual Accounts on pages 5 to 10.

The Expenditure and Funding Analysis provides details of the net expenditure or income position for each service based on actual transactions for the period and the statutory accounting adjustments processed to date.

1. Operations brings together the leadership of the Council's 'in house' delivery functions. It is specifically aimed at the removal of service specific delivery silos and behaviours and charged with joining up our delivery, adapting to meet demand and continuous operational improvement.

At 23% against the full year budget, the services net expenditure for the year to date is under budget. However, the Service is currently managing a number of cost pressures, including commissioning of fostering, out of authority placements for children and self directed support which may affect performance in future quarters. These are areas where decision making and control doesn't sit solely within the Service. Other pressures include costs of kinship carers and agency social worker costs.

2. Integration Joint Board (IJB) / Adult Social Care is responsible for the provision of health and social care services to adults, with the expenditure incurred being on services which the IJB has directed the Council to deliver on its behalf such as the provision of care to the elderly and support to adults with support needs.

At 25% against the full year budget, net expenditure on this function for the year to date is in line with expectations. However, with demand led services there are invariably cost pressures which require to be managed and in particular there are pressures in relation to commissioned services, day care and supported accommodation and for transitioning from children's services with support needs.

3. Customer is responsible for managing all internal and external customer contact. It brings together housing, libraries, community learning, community safety and locality planning to support the development of sustainable communities and enable individuals to manage their own lives. There will be a focus on creating digital services with customers that are easy to use and improve access to services. It will be responsible for providing external communications, advice and support to ensure effective communications with external audiences, and to promote the reputation of the Council.

At 21% against the full year budget, the function's net expenditure for the year to date is slightly below expectations. However, the Service is currently managing pressures mainly in relation to parking charges and the new IT network for schools.

4. Commissioning is responsible for both commissioning and procuring the best service/partner to deliver the agreed outcomes of the new structure. Business Intelligence and Performance Management both sit within Commissioning. They will be responsible for identifying social, economic and digital trends of the city in the future and how the Council can meet these needs. This function will also be responsible for managing and monitoring the service -level agreements with the Council's Arm's Length External Organisations (ALEOs).

At 29% against the full year budget, the services net expenditure for the year is slightly higher than expected. The Service is currently managing pressures mainly in relation to waste disposal.

5. Strategic Place Planning's focus is to enable, facilitate and deliver Strategic Place Planning which includes all of the transport, environment, housing, building, planning and digital initiatives that will help to deliver major infrastructure projects.

At 22% against full year budget, the services net expenditure is slightly lower than expected. The service is currently managing pressures mainly in relation to roads projects and roads development income loss, and lower income from planning and building standards due to current economic conditions in the city.

6. City Growth will represent the Council and the City of Aberdeen on local, regional, national and international stages with key responsibilities for outward trade, a diverse employability and skills base, and a focus on tourism, culture and the development of a city events programme.

At 18% against the full year budget, the services net expenditure for the year is lower than expected. The service is managing pressures in relation to costs previously funded through a grant which has now ceased.

7. Resources is responsible for the selection, retention and development of the Council's staff and the financial planning, monitoring and reporting of the Council. They manage the development of design and delivery of all strands of capital including the city centre masterplan, the city region investments, the schools estates strategy, roads infrastructure and housing. The Corporate Landlord aspect is responsible for the commercial and non-commercial land and property assets, facilities management and council housing stock management.

At this stage the service's net expenditure for the year is below budget due to the effect of a number of accruals being reversed, where expenditure has not yet been incurred.

7. Housing Benefits – whilst the Housing Benefits service sits within Resources it is reported separately to comply with accounting standards.

8. Governance includes Legal Services, Democratic Services, Audit, Policy, Emergency Planning and Corporate Health & Safety.

At 25% against the full year budget, the services net expenditure for the year is in line with expectations. The services main cost pressure is in relation to the level of inter-fund recharges that can be made.

9. Corporate includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt.

Against the full year budget, net expenditure for the year to date slightly ahead of expectations. There are no major variances expected against budget for these areas. Accounting entries to ensure compliance with accounting standards are generally reported against this heading.

10. Housing Revenue Account is responsible for the provision of council housing to over 20,000 households with the most significant areas of expenditure being on repairs and maintenance and the servicing of debt incurred to fund capital investment in the housing stock. This is a ring fenced account such that its costs must be met by rental income which at this stage in the year exceeds expenditure incurred. This is as expected due to the ongoing receipt of rental income each month whilst costs are incurred at a slower pace.

11. Other Income and Expenditure includes interest payable and receivable, income and expenditure from trading operations (car parking, investment property and building services) and income received through council tax, non domestic rates and government grants.

At this stage non domestic rates and government grants are on budget, whilst income from council tax is 29% of full year budget, and net income from trading services is 31% of full year budget.

The Comprehensive Income and Expenditure Statement incorporates the statutory accounting adjustments to provide the cost of providing services in accordance with International Financial Reporting Standards (IFRS) details of which are provided below.

The Balance Sheet is presented on an IFRS basis and shows the value of assets and liabilities recognised by the Council which are matched by reserves held. Notes on the amounts contained within the Balance Sheet are provided below.

### 2018/19 Projected Financial Position

#### • General Fund Revenue

Appendix 2 shows that a small underspend position of £0.075m against budget is currently forecast for the year, equating to less than 1% of the total net expenditure budgets. This is in the context of a number of identified cost and/or demand pressures as detailed within Appendix 2. The Senior Management Team is committed to taking action to mitigate against the pressure areas.

#### • Housing Revenue Account

Appendix 2 shows that a balanced position against budget is forecast for the year with no major variances identified.

#### • General Fund Capital

Appendix 2 provides the updated five year capital programme. This varies from that agreed by Council in March 2018 for a number of reasons:

- re-profiling of expenditure having taken account of actual expenditure incurred to 31 March 2018;
- inclusion of the Early Learning & Childcare (ELC) initiative which is funded by the Scottish Government; and
- inclusion of further Digital projects as approved and fully funded by the City Region Deal;

The capital programme is funded through a number of project specific grants and contributions, general government grant, capital receipts and borrowing.

#### • Housing Capital

Appendix 2 shows that the forecast outturn is on budget with work ongoing to ensure that expenditure remains within the funded programme as set by Council in March 2018.

#### • Common Good

Appendix 2 provides the budget and current forecast outturn. Funding requests that have been approved to date are as follows:

- CPR Training for schools - £5,000 for the costs of training all secondary school pupils in cardiopulmonary resuscitation in association with the British Heart Foundation

### Conclusion

This is the first quarterly financial performance report being presented to Elected Members for consideration of the financial year 2018/19. This report aims to meet the reporting requirements for the London Stock Exchange as well as enhancing financial transparency by providing more information and by providing it in a manner consistent with the Council's Annual Accounts.

### Movement in Reserves Statement

*This statement shows the movement on the different reserves held by the Council analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other reserves.*

	General Fund	Housing Revenue Account	Statutory and Other Reserves	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2018 brought forward</b>	<b>(40,697)</b>	<b>(11,808)</b>	<b>(13,460)</b>	<b>(65,965)</b>	<b>(1,317,924)</b>	<b>(1,383,889)</b>
<b>Movement in Reserves during 2018/19</b>						
Total Comprehensive Income & Expenditure	(28,479)	(13,480)	0	<b>(41,960)</b>	4,726	<b>(37,234)</b>
Adjustments between accounting basis & funding basis under regulations	(13,748)	10,219	0	<b>(3,529)</b>	3,529	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(42,228)</b>	<b>(3,261)</b>	<b>0</b>	<b>(45,488)</b>	<b>8,255</b>	<b>(37,234)</b>
Transfers to/from Earmarked Reserves	26,040	3,261	(279)	<b>29,022</b>	(29,022)	<b>(0)</b>
<b>(Increase)/Decrease in Year</b>	<b>(16,188)</b>	<b>0</b>	<b>(279)</b>	<b>(16,467)</b>	<b>(20,767)</b>	<b>(37,234)</b>
<b>Balance at 30 June 2018</b>	<b>(56,885)</b>	<b>(11,808)</b>	<b>(13,739)</b>	<b>(82,432)</b>	<b>(1,338,691)</b>	<b>(1,421,123)</b>



## Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the net expenditure or income is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Quarter 1, 2018/19				
Services	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES £'000	Notes
	£'000	£'000	£'000	
Operations	55,924	(10,195)	45,730	1
Integration Joint Board	21,241	0	21,241	2
Customer	9,710	0	9,710	3
Commissioning	6,694	0	6,694	4
Place	2,972	0	2,972	5
Resources	928	0	928	6
Housing Benefits	268	0	268	7
Governance	764	0	764	8
Corporate	1,167	1	1,168	9
<b>Net Cost of General Fund Services</b>	<b>99,669</b>	<b>(10,194)</b>	<b>89,475</b>	
Housing Revenue Account	(2,653)	(10,708)	(13,361)	10
<b>Net Cost of Services</b>	<b>97,016</b>	<b>(20,902)</b>	<b>76,114</b>	
Other Income and Expenditure	(118,208)	135	(118,073)	11
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(21,192)</b>	<b>(20,767)</b>	<b>(41,960)</b>	
Opening General Fund and HRA Balance at 31 March 2018	(52,505)			
(Surplus)/deficit on General Fund and HRA Balance in Year	(21,192)			
To/From Other Statutory Reserves	5,004			
<b>Closing General Fund and HRA Balance at 30 June 2018</b>	<b>(68,693)</b>			

### Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £10.195m accounting adjustment relates to the removal of unitary charge costs for the 3R's schools which for accounting purposes is required to be split into its component parts, payment for services; repayment of capital; and financing costs.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
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7. See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
8. See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
9. See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £1k accounting adjustment relates to CFCR.
10. See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £10.708m accounting adjustment relates to CFCR.
11. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The £0.135m adjustment comprises the following two elements:
  - £6.973m is the element of reallocation of the 3R's unitary charge as per note 1 above which relates to financing costs which flows into the Financing and Investment Income and Expenditure line in the CIES below; less
  - £6.838m is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below.

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS).

Services	Quarter 1, 2018/19			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Operations	58,167	(12,437)	45,730	
Integration Joint Board	34,339	(13,098)	21,241	
Customer	14,662	(4,952)	9,710	
Commissioning	7,278	(584)	6,694	
Place	4,713	(1,741)	2,972	
Resources	6,489	(5,561)	928	
Housing Benefits	14,314	(14,046)	268	
Governance	1,153	(389)	764	
Corporate	1,782	(614)	1,168	
<b>Cost of General Fund Services</b>	<b>142,897</b>	<b>(53,422)</b>	<b>89,475</b>	
Housing Revenue Account	8,608	(21,969)	(13,361)	
<b>Cost of Services</b>	<b>151,505</b>	<b>(75,391)</b>	<b>76,114</b>	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	18,813	(15,530)	3,283	2
Taxation and Non Specific Grant Income	0	(121,356)	(121,356)	
<b>(Surplus) or Deficit on Provision of Services</b>	<b>170,318</b>	<b>(212,277)</b>	<b>(41,959)</b>	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	3
Impairment losses on non current assets charged to the Revaluation Reserve			0	3
(Surplus)/deficit on revaluation of available for sale financial assets			0	3
Actuarial (gains)/losses on pension losses/liabilities			0	3
Other (gains)/losses			6,548	3
<b>Other Comprehensive Income and Expenditure</b>			<b>6,548</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>(35,411)</b>	

### Notes

1. This line will be used to reflect gains or losses on the disposal of assets which take place during the year.
2. This largely reflects trading income and interest payable and receivable.
3. These lines are predominantly used for statutory accounting adjustments.

## Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council.

31 March 2018 £'000		30 June 2018 £'000	Note
2,311,324	Property, Plant & Equipment	2,367,825	1
197,370	Heritage Assets	197,370	1
148,592	Investment Property	148,592	1
18,075	Long Term Investments	18,075	2
8,222	Long Term Debtors	7,440	3
<b>2,683,583</b>	<b>Long Term Assets</b>	<b>2,739,303</b>	
56,202	Cash and Cash Equivalents	52,016	4
98,705	Short Term Investments	91,749	5
77,292	Short Term Debtors	86,398	6
1,174	Inventories	10,525	7
6,198	Assets Held for Sale	6,198	8
<b>239,571</b>	<b>Current Assets</b>	<b>246,886</b>	
(79,435)	Short Term Borrowing	(71,368)	9
(78,245)	Short Term Creditors	(111,432)	10
(5,758)	Short Term Provisions	(5,624)	11
(3,222)	PPP Short Term Liabilities	(2,997)	12
(5,607)	Accumulated Absences Account	(5,607)	13
(579)	Grants Receipts in Advance - Revenue	(444)	14
(7,855)	Grants Receipts in Advance - Capital	(7,143)	14
<b>(180,700)</b>	<b>Current Liabilities</b>	<b>(204,616)</b>	
(890,982)	Long Term Borrowing	(895,865)	15
(58,793)	Finance Lease	(58,793)	16
(108)	Long Term Creditors	(108)	17
(679)	Long Term Provisions	(679)	11
(97,751)	PPP Long Term Liabilities	(94,754)	12
(310,251)	Pension Liabilities	(310,251)	18
<b>(1,358,564)</b>	<b>Long Term Liabilities</b>	<b>(1,360,450)</b>	
<b>1,383,889</b>	<b>Net Assets</b>	<b>1,421,123</b>	
	Usable Reserves:		
(40,697)	General Fund Balance	(56,885)	19
(11,808)	Housing Revenue Account	(11,808)	19
(13,460)	Statutory and Other Reserves	(13,739)	19
(1,317,924)	Unusable Reserves	(1,338,691)	20
<b>(1,383,889)</b>	<b>Total Reserves</b>	<b>(1,421,123)</b>	

## Balance Sheet Notes

1. Depreciation is calculated annually and therefore no depreciation has been applied in Quarter 1. Capital expenditure to the end of Quarter 1 totaling £56.502m has been applied to Property, Plant & Equipment (this includes £48.003m of general fund expenditure and £8.499m of HRA expenditure). Disposals, revaluations and transfers have not been accounted for in Quarter 1.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Village. These will be revalued and updated in Quarter 4.
3. Long term debtors reflects the movement based on transactions for the period.
4. Cash and cash equivalents have been adjusted for short term investments of £43.604m (those investments classed as cash equivalents because they can be called up at short notice i.e. 0 to 30 days) and developers contributions of £17.586m. See the cash flow statement for an analysis of how this is used.
5. Short term investments have been adjusted as described in note 4.
6. Short term debtors reflects the movement based on transactions for the period.
7. Inventories are adjusted at year end for inter-related balances. This adjustment has not been made in Quarter 1 but will be included in future quarters.
8. Assets held for sale will be reviewed in Quarter 4.
9. Short term borrowing reflects the current position based on transactions for the period.
10. Short term creditors reflects the current position based on transactions for the period.
11. Short term provisions reflects the current position with an adjustment to split this total into long and short term provisions based on year end figures. This split will be updated in future quarters.
12. PPP short term liabilities has been adjusted to reflect the outstanding position at March 2019.
13. The accumulated absences account is reviewed annually and will therefore be updated in Quarter 4.
14. The grants received in advance totals reflect the position at the end of Quarter 1.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Finance Lease reflects the closing position as at March 2018 and will be updated in Quarter 4.
17. Long term creditors reflects the current position based on transactions for the period.
18. Pension liabilities are reviewed annually and will therefore be updated in Quarter 4.
19. Usable reserves reflects the current position based on the transactions for the period.
20. Unusable reserves have been adjusted for statutory accounting adjustments as detailed above.

## **Contingent Liabilities**

In addition to amounts recognised on the Balance Sheet, the Council was aware of the following contingent liabilities at 31 March 2018 and formally recognised within the 2017/18 Annual Accounts:

### **Aberdeen Science Centre (formerly Satrosphere)**

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £127,653 in support of an overdraft facility and card transactions until 31 March 2019.

### **Transition Extreme Sports Ltd**

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a maximum overdraft facility of £250,000 until 2019.

### **Waste Disposal**

The Council has a long term contract with an external contractor for the disposal of all relevant waste arising in the City and the operation and maintenance of waste transfer stations, recycling facilities and landfill sites. The contract commenced in September 2000 and is due to run for 25 years.

The Council is currently part of a three-authority project in partnership with Aberdeenshire and Moray Councils to procure an energy from waste facility which will deal with all residual waste from the three authorities. The contract is expected to commence in 2019 with the facility coming on line late 2021, and will run for 20 years.

### **Landfill Allowance Scheme (LAS)**

The Scottish Government had previously introduced a scheme under which Local Authorities were to be penalised for exceeding landfill tonnage targets. The Landfill Allowance Scheme in Scotland is currently suspended and it is expected that the Waste (Scotland) Regulations 2012 will take over the requirement for the control of landfilling biodegradable municipal waste. However, until such a repeal is formalised there remains a potential liability on the Council.

### **External Organisations - Guarantor in relation to North East Scotland Pension Fund (NESPF)**

As the administering authority, the Council may admit a body to the Pension Fund as an 'admitted body' provided (i) the organisation can confirm they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest; and (ii) the Scheme employer is prepared to act as guarantor in the event the admitted body should cease to exist. If this situation was to occur and staff made redundant the staff over 50 years old would become entitled to immediate payment of their pension benefits. The Council has agreed a number of such guarantees to organisations that include Aberdeen Sports Village, Sport Aberdeen, Aberdeen Performing Arts, Aberdeen International Youth Festival, Aberdeen Heat and Power, Bon Accord Support Services and Bon Accord Care Ltd. The potential values guaranteed are subject to a range of actuarial assumptions.

### **Sport Aberdeen**

The Council agreed to provide a bank guarantee to Sport Aberdeen to a maximum of £5 million over a 5 year period for investment in Council leisure facilities, as approved at the 7 June 2016 Finance, Policy and Resources Committee. There is currently a guarantee being drawn up for an RCF facility for £1.4 million for Sport Aberdeen.

### **SEEMIS Group LLP**

The Council has agreed to fund any additional pension liability payments arising from its membership of the SEEMIS organisation (the provider of our schools' Management Information System). To date there has been no call on the guarantee.

### **Scottish Child Abuse Enquiry**

The Scottish Child Abuse Enquiry is a national enquiry which was set up on 1 October 2015. The Council recognises a potential liability in respect of claims from this enquiry, but is not aware of any specific claims at this time.

### **Section 75 agreements**

Section 75 agreements (developer obligations) are frequently sought by the Council in relation to the award of planning permission. The Supreme Court's recent judgement in relation to the Strategic Transport Fund (STF), which was funded through developer obligations, has significant implications for the Council, as there are several large scale projects in development which had expected to rely on STF funding. Delivery of these projects is now at risk unless an alternative funding solution can be identified.

### **Music School Tutors**

The Council and HMRC have on-going discussions regarding the employment status of the music school tutors. This may mean the Council has to pay back-dated tax and national insurance for them, and may also have to pay a penalty.

### **Multi Storey Blocks**

In response to the Grenfell Tower incident, potential changes to fire safety within multi storey blocks may be required. The extent of such changes is unknown at this time.

**Cash Flow Statement**

*The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.*

	<b>Quarter 1 2018/19</b>
	<b>£'000</b>
Net Surplus or (Deficit) on the provision of services	41,959
Adjust net surplus or deficit on the provision of services for non cash movements	15,649
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6,838)
Net cash flows from Operating Activities	50,770
Net cash flows from Investing Activities	(56,618)
Net cash flows from Financing Activities	1,661
Net increase or decrease in cash and cash equivalents	(4,186)
Cash and cash equivalents at the beginning of the reporting period	56,202
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>52,016</b>
Cash held by the Authority	47
Bank current accounts	51,969
	<b>52,016</b>





**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
<b>Total Functions Budget</b>	<b>399,493</b>	<b>399,473</b>	<b>(20)</b>	<b>(0.0)</b>	
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
<b>Total Corporate Budgets</b>	<b>38,968</b>	<b>38,913</b>	<b>(55)</b>	<b>8.7</b>	
Non Domestic Rates	(227,801)	(227,801)	0	0.0	14
General Revenue Grant	(94,787)	(94,787)	0	0.0	15
<b>Government Support</b>	<b>(322,588)</b>	<b>(322,588)</b>	<b>0</b>	<b>0.0</b>	
Council Tax	(116,373)	(116,373)	0	0.0	16
<b>Local Taxation</b>	<b>(116,373)</b>	<b>(116,373)</b>	<b>0</b>	<b>0.0</b>	
<b>Deficit/(Surplus)</b>	<b>(500)</b>	<b>(575)</b>	<b>(75)</b>	<b>(5.7)</b>	

### Split -

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

### 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	2019/20	2020/21	2021/22	2022/23	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Original Budget (as set by Council March 2018)</b>	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
<b>New / Additional Fully Funded Amounts</b>						
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
<b>Totals</b>	<b>302,361</b>	<b>167,135</b>	<b>100,435</b>	<b>46,627</b>	<b>21,516</b>	<b>638,074</b>

<b>General Fund Capital Programme</b>		<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	<b>Budget 2021/22</b>	<b>Budget 2022/23</b>	<b>Total</b>
<b>NHCP No.</b>	<b>AECC Programme Board</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
		<b>145,949</b>	<b>48,786</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>194,735</b>
<b>Asset Management Programme Board</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
		<b>62,919</b>	<b>63,901</b>	<b>33,380</b>	<b>23,868</b>	<b>19,249</b>	<b>203,317</b>
<b>City Centre Programme Board</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
		<b>23,147</b>	<b>7,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,971</b>
<b>Energy Programme Board</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
		<b>8,418</b>	<b>27,579</b>	<b>50,300</b>	<b>13,087</b>	<b>0</b>	<b>99,384</b>
<b>Housing &amp; Communities Programme Board</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
		<b>7,228</b>	<b>1,034</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>10,362</b>

		Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>NHCP No.</b>	<b>Transportation Programme Board</b>						
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
		<b>28,220</b>	<b>12,076</b>	<b>14,720</b>	<b>8,882</b>	<b>1,522</b>	<b>65,420</b>
		Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>NHCP No.</b>	<b>Strategic Asset &amp; Capital Plan Board</b>						
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
		<b>26,480</b>	<b>5,935</b>	<b>1,335</b>	<b>90</b>	<b>45</b>	<b>33,885</b>
	<b>Totals</b>	<b>302,361</b>	<b>167,135</b>	<b>100,435</b>	<b>46,627</b>	<b>21,516</b>	<b>638,074</b>

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	<b>47,248</b>	<b>7,918</b>	<b>47,248</b>
Slippage	5,197	0	5,197
Net Programme	<b>42,051</b>	<b>7,918</b>	<b>42,051</b>

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	
<b>Budget After Recurring Items</b>	<b>(570)</b>	<b>(607)</b>	<b>(37)</b>	
Non Recurring Expenditure	377	382	5	2
Non Recurring Income	0	0	0	
<b>Net Income</b>	<b>(193)</b>	<b>(225)</b>	<b>(32)</b>	
Amounts required for increase in cash balances in line with inflation	(168)	(168)		
<b>Revised Net income</b>	<b>(25)</b>	<b>(57)</b>		
<b>Cash Balances as at 1 April 2018 (unaudited)</b>	<b>(28,289)</b>	<b>(28,289)</b>		
<b>Estimated Cash Balances as at 31 March 2018</b>	<b>(28,482)</b>	<b>(28,514)</b>		
<b>Minimum cash balance requirement per budget report (Council February 2015)</b>	<b>(21,004)</b>	<b>(21,004)</b>		

**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





**COMMON GOOD  
FINANCIAL STATEMENT  
FOR THE QUARTER  
1 APRIL 2018 TO 30 JUNE 2018**

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**Common Good**

The Common Good stands separate from other accounts and funds of the Council, and could be said to originate in the grant of freedom lands by King Robert the Bruce in 1319. The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land and buildings, such as industrial estates and farms, with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

**Movement in Reserves Statement**

	<b>Common Good Fund</b>	<b>Reserves Fund</b>	<b>Total Common Good</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2018</b>	<b>(114,316)</b>	<b>(68)</b>	<b>(114,384)</b>
<b>Movement in Reserves during 2018/19</b>			
(Surplus) or Deficit on provision of services	51	0	51
<b>Total Comprehensive Expenditure and Income</b>	<b>51</b>	<b>0</b>	<b>51</b>
<b>Balance at 30 June 2018</b>	<b>(114,265)</b>	<b>(68)</b>	<b>(114,333)</b>

**Comprehensive Income and Expenditure Statement**

	Quarter 1, 2018/19			Notes
	Gross Expenditure	Gross Income	Net (Income) Expenditure	
	£'000	£'000	£'000	
Administration Costs	16		16	
Donations, Grants, Contributions etc.	103		103	
Civic Hospitality	18		18	
Civic Expenditure			0	
Funding of International Budget	16		16	
Christmas Illuminations & Festivities	36		36	
Civic Administration Unit	31		31	
Other Projects	21		21	
Miscellaneous Expenditure	12		12	
Youth Activity Funding	0		0	
Specific Projects	156		156	
Duthie Park HLF	30		30	
<b>Cost Of Services</b>	<b>439</b>	<b>0</b>	<b>439</b>	1
Other Operating Expenditure			0	2
Financing and Investment Income and Expenditure			(387)	3
<b>(Surplus) or Deficit on Provision of Services</b>			<b>51</b>	
(Surplus) or Deficit on revaluation of investment property				4
<b>Total Comprehensive Income and Expenditure</b>			<b>51</b>	

**Notes**

1. This is project expenditure to June 2018.
2. This reflects any gains or losses on the disposal of assets during the year.
3. This reflects income receivable from investment properties net of associated expenditure.
4. The revaluation of investment property will be undertaken in Quarter 4.

**Balance Sheet**

<b>31 March 2018</b>			<b>30 June 2018</b>	<b>Notes</b>
<b>£'000</b>			<b>£'000</b>	
86,034	Investment Property		86,034	1
<b>86,034</b>	<b>Long Term Assets</b>		<b>86,034</b>	
27,798	Investments in Aberdeen City Council Loans Fund		28,906	2
61	Investment Property Held for Sale		61	3
843	Short Term Debtors		145	4
<b>28,702</b>	<b>Current Assets</b>		<b>29,112</b>	
(352)	Short Term Creditors		(813)	5
<b>(352)</b>	<b>Current Liabilities</b>		<b>(813)</b>	
<b>114,384</b>	<b>Net Assets</b>		<b>114,333</b>	
(114,316)	Common Good Fund		114,265	6
(68)	Reserve Fund		68	6
<b>(114,384)</b>	<b>Total Reserves</b>		<b>114,333</b>	

**Notes**

1. The revaluation of investment property will be undertaken in Quarter 4, at which time this figure will be updated.
2. Reflects current cash balances held following transactions to June 2018.
3. Will be reviewed and updated accordingly in Quarter 4.
4. Based on transactions to June 2018.
5. Based on transactions to June 2018.
6. Reflects the accounting value of the funds, based on transactions to June 2018.

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

Aberdeen City Council holds a financial interest in a number of Subsidiaries, Associates and Joint Ventures. The most significant of these are included in the Council's Group Accounts.

The table below outlines the entities to be consolidated into the Council's Group Accounts, and details the Council's share of "ownership" of each of the entities.

For the Financial Year 2018/19	ACC Control	ACC Commitment to meet accumulated deficits	Annual Turnover
	%	%	£m
<b>Subsidiaries</b>			
Common Good	100	100	4
Trust Funds	100	100	0
Sport Aberdeen Limited	100	100	12
Bon Accord Care Limited	100	100	20
Bon Accord Support Services Limited	100	100	28
<b>Joint Ventures</b>			
Aberdeen Sports Village Limited	50	50	6*
Aberdeen City Integration Joint Board	50	50	305
<b>Associates</b>			
Grampian Valuation Joint Board	39	39	4

- Turnover is for year ended 31/07/18

The Council has agreed to include information only when it has been reported through a group entities governance structure.



For the Financial Year 2018/19	Reporting Date	Surplus/(deficit) attributable to the Council at Reporting date	Forecast Surplus/(Deficit)	Comment
		£'000	£'000	
<b>Subsidiaries</b>				
Common Good	30/06/2018	(51)	32	See Appendices 2 & 3
Trust Funds	-	-	-	Information available at 31.03.19
Sport Aberdeen Limited	-	-	-	not yet available
Bon Accord Care Limited And Bon Accord Support Services Ltd	30/06/2018	391	0	
<b>Joint Ventures</b>				
Aberdeen Sports Village Limited	-	-	-	not yet available
Aberdeen City Integration Joint Board	-	-	-	not yet available
<b>Associates</b>				
Grampian Valuation Joint Board	30/06/2018	46	-	

The notes below summarise the current financial position in respect of each of the group entities.

#### **Subsidiaries**

##### **Common Good**

The Common Good is corporate property and must be applied for the benefit of the community as the Council thinks fit. It is invested in land and buildings, such as industrial estates and farms, with any surplus being placed on cash deposit with other local authorities, building societies and the Council's Loans Fund.

The Common Good is forecasting a £32k underspend for 2018/19 mainly as a result of recurring income and expenditure – see Appendix 2. The financial statement for the quarter is shown in Appendix 3.

##### **Trust Funds**

The Council is responsible for the administration of various trusts created by bequest or evolved through history or by public subscription which are utilised for a variety of benefits such as education and social work, charitable purposes, religious instruction, medical institutions, the upkeep of public works and also the administration of the Guildry. The money earned from the investments of the Trusts is used to provide grants, prizes and dux medals for school children and requisites for clients in Social Work homes.

Financial information for the Trust Funds will be available at year end, 31 March 2019. They are not expected to have a material impact on the Council's financial position for 2018/19.

##### **Sport Aberdeen**

Sport Aberdeen Limited is a charity and constitutes a limited company limited by guarantee. The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with key priorities. Although Aberdeen City Council does not own the entity it is considered that control representing power to govern exists through agreements in place and that Sport Aberdeen Limited operates as a structured entity of the Council.

The first quarter report has not yet gone to their Board for approval and therefore is not available at this time.

##### **Bon Accord Care and Bon Accord Support Services**

Bon Accord Care Limited(BAC) and Bon Accord Support Services Limited(BASS) are private companies limited by shares which are 100% held by Aberdeen City Council. Bon Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

The consolidated position of Bon Accord Care and Bon Accord Support Services shows an overall profit of 391k for the 3 months ending June 2018, compared to a budgeted surplus at this stage of the year of £205k, representing a positive variance of £185k. An overall break even position for the financial year 2018/19 is currently forecast.

## **Joint Ventures**

### **Aberdeen Sports Village Limited (ASV)**

ASV Ltd is a company limited by guarantee and registered as a charity. It is a joint venture company owned equally by the Council and The University of Aberdeen. ASV Ltd was incorporated in 2007 and its objectives are to provide sports and recreational facilities, including elite sports facilities for the use of both students and staff of the University of Aberdeen and the general public, and the advancement of public participation in sport.

The financial year end for ASV Ltd is not aligned to the Council's with its year end being 31 July. The latest available financial information for Aberdeen Sports Village is for the period ended 31/03/2018. This shows that ASV Ltd reported a loss of £788k for the year ended 31 March 2018, the share of the loss being attributed to the Council is £384k.

### **Aberdeen City Integration Joint Board (IJB)**

The IJB was established by order of Scottish Ministers on 6 February 2016, becoming fully operational from 1 April 2016. The IJB is responsible for the strategic planning, resourcing and operational delivery of all integrated health and social care within the Aberdeen City area. This has been delegated by the partners; Aberdeen City Council and NHS Grampian.

The IJB is currently experiencing budget pressures from the Council side of the budget specifically in Home and Residential Care. A detailed review of the Carefirst system is being carried out to ensure all records are current. The executive team is currently working on savings plan to cover any overspend.

On the NHS side, the budget is currently as originally anticipated. Risks of overspends in prescription services has been identified. The NHS has taken steps within the past couple of months to mitigate against this risks by undertaking a series of structural changes .

The IJB currently holds a risk fund of £2.5m which could be used to cover any possible overspend. It is not expected that the IJB will be seeking any additional funds from the Council or the NHS.

## **Associates**

### **Grampian Valuation Joint Board**

The Grampian Valuation Joint Board was created following Local Government Re-organisation on 1 April 1996, under the Local Government (Scotland) Act 1994 and covers the local government areas of Aberdeenshire, Aberdeen City and Moray.

The Board has reported a surplus of £118k for the period ended 30 June 2018 compared to a budget surplus at this stage of the year of £38k, representing a positive variance of £80k. The share of the surplus at June attributable to the Council is 46k. A full year forecast position is not available at this time.