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To: Councillor Lumsden, Convener; Councillor Grant, Vice Convener; and Councillors Boulton, Donnelly, Flynn, Laing, Catriona Mackenzie, Nicoll and Yuill.

Town House,
ABERDEEN 24 July 2019

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, 31 JULY 2019 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

CITY GROWTH AND PLACE

- 2.1 Lending Artwork to Overseas Museums and Galleries - PLA/19/310
(Pages 3 - 8)

BUDGETS

- 3.1 Council Financial Performance - Quarter 1, 2019/20 - RES/19/309 (Pages 9 - 56)

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[Equality and Human Rights Impact Assessments](#)

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources Special Committee
DATE	31 July 2019
EXEMPT	No
CONFIDENTIAL	No
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Christine Rew
TERMS OF REFERENCE	General delegation 4

1. PURPOSE OF REPORT

- 1.1 To seek approval for officers to accompany a work of art on loan to and from the More Museum in the Netherlands.

2. RECOMMENDATION(S)

- 2.1 that the Committee: -
- (a) Approves the international travel by an officer (to be identified by the Chief Officer - City Growth) to accompany the painting 'Two Schoolgirls' to and from the More Museum in the Netherlands; and
 - (b) Delegate authority to the Chief Officer - City Growth, following consultation with the Chief Officer - Customer, to authorise international travel of officers to accompany works of art to and from overseas venues – where such works of art are being loaned to such venues and where all costs are covered by the borrower.

3. BACKGROUND

- 3.1 The More Museum, the largest museum of Modern Realism in the Netherlands, has submitted a request to borrow a painting called the 'Two Schoolgirls' by Aberdeen artist James Cowie. They wish to include this artwork in a major exhibition called the '*British Realist Painting*'. The artwork will be exhibited from 14 September 2019 to 5 January 2020.
- 3.2 The 'Two Schoolgirls' artwork is not scheduled to be on display at the Aberdeen Art Gallery. Participation in the exhibition will allow it to be accessed by a new

audience and wide range of people. The exhibition is supported by the Scottish National Gallery of Modern Art who are publishing a catalogue containing this to coincide with the exhibition. The More Museum receives over 300,000 visitors a year. This publicity will provide an opportunity for further research into the artwork and will raise awareness of Aberdeen City Council's art collections.

3.3 This report seeks to obtain approval to send an officer to accompany the artwork to and from the More Museum. The officer will oversee the transportation, handling, installation and deinstallation of the artwork. The officer will be required to take two separate trips to the Netherlands. The initial trip will be to ensure the safe installation of the artwork. The second to ensure the safe deinstallation and return of the artwork to Aberdeen.

3.4 Special Meeting Approval

3.4.1 The More Museum loan request was received after the Loans of Works of Art to Overseas Venues report [RES/18/039], which was approved on 19 June 2018 by the City Growth and Resources Committee. The opportunity was inadvertently omitted from the Trade and European Partnerships Travel Plan 2019/20 report [PLA/19/230] approved by the City Growth and Resources Committee on 25 April 2019.

3.4.2 This report has been brought to the Special City Growth and Resources (For Accounts) Committee because the travel takes place before the next ordinary meeting in September 2019.

3.4.3 New loan requests are received throughout the year. The Committee is asked to consider delegating authority to approve officer travel overseas for the purpose of accompanying works on loan when all costs are covered by the borrower. This delegation will allow flexibility on timing and allow the Council to respond efficiently and positively to loan requests.

3.5 Loan Details

3.5.1 Lending to partner and international galleries and museums raises the profile of Aberdeen and its collections. The presence of loans from the city's collections contributes to the international promotion of Aberdeen and its attractiveness as a cultural tourism destination. International loans of works of art enable us to showcase the quality of the collection to a new segment of potential visitors, broadening access to the collection and reaching new audiences. Items which might otherwise be in storage are available to the public.

3.5.2 Loans provide an opportunity for fresh research by leading experts in their field, often resulting in the city's works of art featuring in exhibition catalogues. In agreeing to key loans, the city places its collections beside other major institutions in Europe and further afield. Consistently lending fosters partnerships with other Museums and Galleries and in turn strengthens the opportunities for reciprocity for future loans.

3.5.3 Aberdeen City Council has officers who are trained to accompany works of art on loan. Officers are assigned to accompany valuable works of art when they are lent to UK and international art galleries and museums. Officers travel with the item to ensure that it is handled safely throughout, to oversee packing/unpacking, undertake a full condition check and to oversee the installation/deinstallation. This ensures that the Council's assets are handled appropriately.

3.5.4 The significance, high value and fragility of the artworks managed for the Council mean that works travelling internationally need to be accompanied by qualified, trained and experienced in-house officers. They are assigned according to an officer's experience and knowledge and the value and nature of the works on loan. For continuity the officer travelling on the outward journey often acts as courier on the return journey. This conforms with the service's Accreditation status and complies with the UK Registrars Group international loan guidance.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising from the recommendations of this report as all loan costs, including travel and subsistence are covered by the borrowing institution. Travel arrangements are made direct by art handling shipping agents appointed by the borrower. With wi-fi and mobile technology, couriers may continue working remotely as appropriate whilst travelling.

4.2 Delegation of travel authorisation to the Chief Officer - City Growth will quicken the travel approval process and allow the service to respond efficiently to the travel arrangements made by the borrowing institution's appointed art handling agents.

5. LEGAL IMPLICATIONS

5.1 The service complies with the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property which was ratified by the UK with effect from 1/11/2002.

5.2 Current guidance from the UK Government (DCMS), Scottish Government and Museums Galleries Scotland regarding travel to restricted countries is also implemented.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation

Financial	Travel costs Cost of repairing damage or loss during transit	L M	Travel and subsistence costs are borne by the borrowing institutions. Confirmation of Insurance against damage and loss required from Borrower before artwork is permitted to travel; officer oversees packing and handling to reduce risk of damage during transit.
Legal	Seizure of Works of Art by host country or terrorist attack	L	The risk is assessed on a case by case basis. UK Government (DCMS), Scottish Government and Museums Galleries Scotland advice regarding travel and loans to countries with a high security risk rating is implemented.
Employee	Personal injury due to mis-handling of works of art	L	Officers are trained in courier and manual handling processes, including gaining experience in the UK prior to going overseas; trained art handlers employed by borrowing institutions. Officers are insured by the Art Handling agents whilst accompanying works of art overseas. Risk assessment completed by service.
Customer	International priorities and increased visitor exposure to the Collections not met	L	Lend works of art to international venues.
Environment	Travel results in Co2 emissions	L	Shared transport arranged where appropriate.
Technology	N/A	N/A	N/A

Reputational	Council's reputation of caring appropriately for its assets adversely impacted if works of art are damaged whilst travelling unaccompanied	M	Trained officers travel with works of art to oversee transit and installation.
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7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	<p>Delivers on Regional Economic Strategy and LOIP primary driver of Internationalism.</p> <p>Works of art on loan to overseas venues strengthens the city's international links, raises the profile of the city and its art collections and drives tourists to visit as a cultural tourism destination.</p> <p>Delivers on tourism priority for the city.</p>
Prosperous People	<p>Sense of pride for our people as works of art are loaned to prestigious international venues. Borrowers promote and publicise the exhibitions extensively.</p>
Prosperous Place	<p>Enhances Aberdeen and the wider city region's inward investment and internationalisation offer by presenting the strength of the city's collections and cultural offer to overseas visitors.</p> <p>Our international place; supports international trade priorities, international exposure to tourism markets etc.</p>

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	None
Organisational Design	None
Governance	None
Workforce	None

Process Design	None
Technology	None
Partnerships and Alliances	Participation in external international partnerships results in new opportunities for joint working and international collaboration

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

Not applicable

10. APPENDICES

None

11. REPORT AUTHOR CONTACT DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	31 July 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Council Financial Performance – Quarter 1, 2019/20
REPORT NUMBER	RES/19/309
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	1.2

1. PURPOSE OF REPORT

- 1.1 To provide the financial position of the Council as at Quarter 1 (30 June 2019) and the full year forecast position for the financial year 2019/20, including:
- General Fund and Housing Revenue Account (HRA) revenue and capital accounts; and associated Balance Sheet; and
 - Common Good Revenue Account and Balance Sheet.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:-
- (a) Note the positive cash position that has been achieved for the General Fund and HRA to the end of Quarter 1 as detailed in Appendix 1;
 - (b) Note the Common Good financial performance to the end of Quarter 1 as detailed in Appendix 3;
 - (c) Note that the revenue budgets for the General Fund, HRA and Common Good are on target to achieve a balanced position for 2019/20 as detailed in Appendix 2;
 - (d) Note that the capital expenditure for the General Fund will result in a lower level of borrowing at the end of financial year 2019/20 than had been budgeted; and for the Housing Capital programme the initial estimate is that the budgeted funding requirements will be achieved, as detailed in Appendix 2;
 - (e) Approve the incentive scheme for new foster carers as detailed in sections 3.11 and 3.12 of this report;
 - (f) Approve the release of the Earmarked Reserves to support the uncommitted General Fund balance and Common Good cash balance respectively, as detailed in section 3.13 of this report; and

- (g) Approve the virements for Housing Capital budgets as detailed in Appendix 2.

3. BACKGROUND

- 3.1 This report focuses on both the financial performance for the year to 30 June 2019 and the forecast financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.2 The information contained in this report is based upon having received the unqualified audit opinion from the Council's external auditor, KPMG, and this provides assurance that the Council can rely on the balance sheet to start the year.
- 3.3 The performance for the year to date has so far been a positive one with net expenditure largely in line with budget for this stage of the year and core funding ahead of budget targets for the first quarter.
- 3.4 The forecast to the end of the year, where a balanced position is expected, the General Fund revenue forecast takes account of several key assumptions, including:
- a lowering of staff costs through continued control of staffing vacancies and turnover, and using where appropriate the voluntary schemes the Council has in place;
 - no change in demand for out of authority placements for children;
 - achievement of income targets from a range of new and increased fees and charges that will only be realised across the whole of the year; and
 - a continuing strong emphasis on managing costs.
- 3.5 The Council retains a contingency budget to address unexpected and unplanned expenditure which could arise as a result of the identified contingent liabilities coming to fruition or from risks included on the corporate and operational risks registers. The CMT and senior management teams routinely review the risk registers and the Chief Financial Officer tracks the contingent liabilities.
- 3.6 For the General Fund Capital programme it is a significant year, when major projects are due to be completed and will become operational. The financial impact of the Capital Programme on the revenue budget has been fully incorporated into the budgets, but it is too early in the year to be certain of the financial benefit that will be generated by The Event Complex Aberdeen (TECA). It will be later this year before benefits are known and evidence is available, so at this early stage in the year a prudent approach has been taken to those benefits for 2019/20.
- 3.7 Now that the annual accounts for 2018/19 have been closed, this leads to the profile for the Capital Programme to be reviewed and adjusted. At this stage, we are anticipating that the Capital Programme will be lower than budget primarily due to the timing of expenditure, which will reduce the requirement for

borrowing during the financial year. Project progress is monitored through the Capital Programme Committee.

- 3.8 The Housing Revenue Account is forecasting to be on budget and the associated Housing Capital Programme has incorporated the first of the new build housing projects, at Wellheads, Dyce. Work at Summerhill will be adjusted in quarter two and further changes will be incorporated into the Programme during the year. These additional homes are generating a new income stream to fund the investment and satisfy a demand for housing.
- 3.9 The Common Good budget is also on track to deliver to budget. The decision taken by Council in August 2017, to provide funding from the Common Good to support the redevelopment of the Aberdeen Science Centre is also expected to be drawn down during this financial year. The Council expects cash balances to be in line with expectations as at 31 March 2020.

3.10 Summary of Appendices

1. The financial statements reflect the income and expenditure of the General Fund and Housing accounts for the period to 30 June 2019 and, where the impact of statutory accounting adjustments can be calculated, these have been reflected in the financial statements as required by International Financial Reporting Standards (IFRS). The position at 30 June 2019 is positive as expenditure is broadly in line with budget and income is ahead of budget, due to the profile of income from Scottish Government and positive Council Tax collection levels – in the first quarter 30% of the total Council Tax has been collected.

The Balance Sheet figures at 30 June 2019 shows the positive impact of the Council's cash position and an overall increase in net worth of the Council to £1.4 billion. The figures shown include statutory adjustments where these have been made, and where this is not possible the figure as at 31 March 2019 has been used.

2. This provides an overview of the forecast outturns for revenue and capital across the General Fund, Housing Revenue Account and Common Good. These financial statements provide a comprehensive summary of where the Council expects to be at the end of the financial year. These initial forecasts indicate that all revenue accounts are expected to be on budget, with the General Fund continuing to experience cost pressures while managing these across the whole portfolio of services. Capital investment is forecast to be in excess of £200 million for the year, which will be funded by a mixture of Scottish Government Capital Grants, contributions from other partners and borrowing, as well as a substantial contribution from revenue to support the Housing Capital programme.
3. This presents the Common Good position as at 30 June 2019 and provides an overview that shows net expenditure in line with budget for the period.

4. This provides information on the Group Entities. The forecast for the year indicates that there are no material areas of concern in relation to these entities for 2019/20.

3.11 As can be seen by the description in Appendix 2 the Council continues to face significant cost pressures in relation to looking after children. The adopted strategy is to shift demand to resources that enable children to remain within their family and community, using resources which provide best value for the Council. This means increasing the use of and support to kinship carers and to grow the Council's foster carers, rather than paying the higher cost of private foster care agencies. As part of a wider recruitment drive to stimulate this shift research indicates that incentivising existing foster carers to introduce new foster carers to the Council could yield around 10 new carers annually. Approval is therefore being sought from this committee to introduce a pilot scheme for Council foster carers that offers an incentive of £150 per successful introduction.

3.12 It is therefore recommended that an incentive scheme for Council foster carers, to successfully introduce new foster carers, is approved as follows: For the period until 31 March 2022, £150 is paid to foster carer(s) per successful introduction of new foster carers, and that this will be paid following the completion of the registration process. It will be funded by avoiding paying private foster carer agency fees.

3.13 During the quarter the Council has been advised that two previous decisions can be revised:

- In June 2016 the Finance, Policy & Resources Committee agreed to set aside £20,000 for the purchase of a youth bus for the Torry Community Centre. Due to operational issues this is not now practical. The sum is earmarked against the Council's General Fund Reserve and it is recommended that this sum is now released into the uncommitted General Fund balance, strengthening the balance sheet position.
- In December 2017 the Finance, Policy & Resources Committee agreed to allocate £75,000 from the Common Good for the external cleaning of the Music Hall. Aberdeen Performing Arts has advised that they are able to carry out external cleaning within a budget of £40,000, therefore they are able to release £35,000 of this allocation. The sum is earmarked against the Common Good and it is recommended that this sum is retained as an uncommitted cash balance in the Common Good.

4. FINANCIAL IMPLICATIONS

4.1 The full year financial position is provided in Appendix 2 to this report and the revenue positions are summarised below:

Revenue	2019/20 Budget £'000	2019/20 Forecast (Surplus) Deficit exc. Group	/	Variance (Under) / Over Budget £'000

		£'000	
General Fund	0	0	0
HRA	(500)	(500)	0
Common Good	2,043	2,043	0

4.2 The capital position can be summarised as follows:

Capital	2019/20 Budget £'000	2019/20 Forecast Expenditure £'000	Variance (Under) / Over Budget £'000
General Fund	215,749	161,447	(54,302)
HRA	51,158	51,158	0

4.3 The 2019/20 capital budgets have been updated to reflect the projects final financial positions in 2018/19 and reprofiled across the remainder of the project's life. Details of key variances can be found in Appendix 2.

4.4 Appendix 1 includes a Management Commentary providing information on the 2019/20 financial position, including details of the movement between Reserves.

4.5 The usable reserves have moved as follows:

Usable Reserves	Balance at 31 March 2019 £'000	Balance at 30 June 2019 £'000	Movement £'000
General Fund	(35,054)	(91,297)	(56,243)
HRA	(12,308)	(12,308)	0
Statutory & Other	(11,307)	(11,893)	(586)
Total	(58,669)	(115,500)	(56,830)

4.6 The increase in the General Fund is due to the positive cash position that the Council is in at the end of the first quarter. The income received is greater than expenditure incurred and is due to the timing of Scottish Government Grant and total collection of Council Tax. The surplus at 30 June 2019 is recorded as an increase in Usable Reserves and will be used to fund budgeted expenditure later in the year.

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, for example the requirement to notify them ahead of publication of the report.

6. MANAGEMENT OF RISK

	Risk.	Low (L), Medium (M), High (H)	Mitigation
Financial	The main financial risk the Council is managing is the increased demand on services.	M	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 projects costs by suitable qualified staff or external body, where appropriate
Legal	Where actions that impact on the statutory duties of the Council are chosen then there is a risk that the Council will not meet its statutory obligations.	L	Prior to action being taken there would require to be an assessment of the legal implications.
	The potential for identified contingent liabilities to escalate during the year may lead to additional costs that have to be met.	M	Regular review of contingent liabilities by the CFO in conjunction with legal colleagues aims to identify changes and emerging issues.
Employee	There is a risk that changes to budgeted expenditure levels and fiscal restraint will impact on the number of employees working in the Council.	M	Impact assessments can be carried out to identify impact of fewer staff and active management of tasks, including prioritisation and a focus on productivity
Customer	There is a risk that changes to budgeted expenditure levels and fiscal restraint will impact on the customer experience.	M	Prioritisation, a focus on productivity and active management of services using the TOM principles to minimise effects.
Environment	None identified		
Technology	There is a risk that efficiency benefits will not be achieved through digital solutions.	L	The Council has modelled and used industry standards to understand the potential

			for efficiency gains in the organisation. Effective implementation and adoption at a programme and activity level will mitigate the risks.
Reputational	There is a risk that through the reduction of expenditure the Council may be criticised that spending isn't in line with public expectation of service delivery.	M	The Council has continued to address priority spending areas, and to protect people. It is equally accountable for the use of public funds and to ensure that they are managed robustly. There are a wide range of unknown external factors that require to be balanced to deal with the current operating environment. Regular reporting during the year provides an ongoing description of the position the Council is in and the situations it faces.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The Council continues to invest in front-line services across its statutory responsibilities as well as capital infrastructure. Investment in the city will have a positive impact on the economy.
Prosperous People	Robust and effective management of the Council's finances will ensure that services can continue to be provided.
Prosperous Place	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

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

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9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix 1 – Financial Statement for the period ending 30 June 2019

Appendix 2 – Forecast Financial Position for the year 2019/20

Appendix 3 – Common Good Financial Statement for the period ending 30 June 2019

Appendix 4 – Group Entities Forecast Financial Position for the year 2019/20

11. REPORT AUTHOR CONTACT DETAILS

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**FINANCIAL STATEMENT
FOR THE QUARTER
1 APRIL 2019 TO 30 JUNE 2019**

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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 2019.

It also provides an insight into the expected financial performance for the remainder of the financial year 2019/20, 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

The Council must comply with a wide range of legislation and regulation in the course of its work. Since 2016/17 the issue of bonds on the London Stock Exchange (LSE) has placed an increased level of regulation around council finances in particular. Maintaining a credit rating, annually assessed and compliance with the reporting and disclosure requirements of the LSE means an extra level of scrutiny is placed on the Council.

In 2018/19 the credit rating reassessment by Moody's opinion was an affirmation of the status quo, a rating of Aa3 with a Stable Outlook.

The Council has received an unqualified audit opinion for 2018/19 from KPMG, independent external auditor and the outturn position achieved as at 31 March 2019 was in line with forecasts. This has placed the Council in a strong place to move into 2019/20 and tackle the financial pressures that it faces.

As at 1 April 2019 the Council held Usable Reserves of £59 million and had a Net Asset Value of £1.3 billion.

The Council set its 2019/20 budgets on 5 March 2019, approving for the General Fund a range of budget savings options and increasing Council Tax rates by 4.5% to set a balanced budget for the year.

The General Fund budget took account of a range of pay and price inflation pressures, in particular an increased pay award for both 2018/19 and 2019/20 than had been forecast previously. A net increase in the cost of debt reflected the significant investment there has been in recent years in city infrastructure was calculated. There were conditions attached to the Scottish Government financial settlement in relation to funding for Community Health and Social Care and to support maintaining teacher numbers across Scotland. Demand and emerging pressures from out of authority placements and fostering and kinship care were also incorporated.

Since the budget was approved there have continued to be changes to the financial environment. The teachers pay award (backdated to April 2018) was agreed on a three year deal with an additional 4% increase applicable from April 2019. Additional funding has been confirmed by the Scottish Government to fund this in 2019/20 and then again in 2020/21. Teachers' employers pension contributions were due to rise by over 20% in April 2019

however this has been revised and will be implemented from September 2019, the additional cost is only partially funded by additional grant from UK and Scottish Government.

The Housing Revenue Account budget was based on a 4.3% increase in rents from 29 April 2019, which was in line with the Council rent policy. During 2019/20 the Council will consult on a fixed term rent policy to be effective from April 2020.

Our Financial Performance : General Fund

• Performance in Quarter 1

In March 2019, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2019/20. Performance for the year is measured against these budgets with the projected full year position considered in Appendix 2 of this report. This section focuses on the actual financial results for the period 1 April to 30 June 2019, presented in the format of our Annual Accounts on pages 5 to 13.

The Expenditure and Funding Analysis, below, 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

At 23.0% against the full year budget, the services net expenditure for the year to date is in broadly in line with budget. Underlying service data shows that the Council should expect expenditure to be higher in the commissioning of foster care during the year than budget, for the period to the end of Q1 expenditure levels remain in line with budget as payments are paid in arrears. Income levels are lower than expected at as the end of June and reflect invoices being raised in arrears for internal and external customers.

2. Customer

At 26.8% against the full year budget, the function's net expenditure for the year to date is slightly ahead of budget. This is due to a proportion of expenditure being paid out in grants, which are typically paid in advance and the timing of when contracts, particularly for ICT services, are paid at certain points in the year and will reflect the full year cost. The function is responsible for the collection of core funding from Council Tax and Non-Domestic Rate payers and there has been a positive start of the year, with income levels ahead of budget for the time of year.

3. Commissioning

At 35% against the full year budget, the function's net expenditure for the year is ahead of budget due to a significant proportion of expenditure being paid in advance to the Arm's Length External Organisations (ALEOs), including Sport Aberdeen, Aberdeen Sports Village and Aberdeen Performing Arts. The function is continuing to work with services to distribute the remaining procurement savings, currently held by the Commissioning function, which means that expenditure to date is greater than the net budget available. Income has yet to be received in relation to charges.

4. Resources

The function has a budget where a significant proportion is recharged to other accounts of the Council and to external customers. The recharges are directly related to the progress of specific projects in the capital programme and in the normal course of the year recharging tends to be done later in the year. Income as a whole therefore is less than budget at this point in the year however forecasts for the year provide a more positive outcome. The effect of these timing issues means that net expenditure for the year is higher than a quarter of the way through the year would suggest, at 30.3%

5. Place

City Growth.

The net expenditure for the year is in line with budget, with payment for events being spread unevenly across the year, income from European projects, including the hydrogen bus projects claim income in arrears and there is a substantial timelag between income being received and expenditure being incurred. The Q1 position reflects expenditure but limited income to offset these costs, which will be adjusted later in the year.

Strategic Place Planning

At 25.1% against full year budget, the net expenditure is in line with expectations for this time of year. Pressure exists in relation to additional spend for the period from the transport planning unit, however income in building standards is ahead of the budgeted position and staff costs due to vacancies are lower than had been budgeted.

6. Governance

At 31.8% against the full year budget, the services net expenditure for the year is high because of fees and recharges for legal services still to be recorded later in the year. Higher expenditure levels reflect costs of the European elections in May are offset by income that has been received in relation to these costs..

7. Integration Joint Board (IJB) / Adult Social Care.

At 24.6% 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 were pressures evident in the first quarter in relation to commissioned services, out of area placements, and for transitioning from children's services with support needs.

8. Corporate includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt. Expenditure is generally in line with budget where expenditure is being incurred, but contingency budgets are held for the purpose of being used if needed and and capital debt repayments are lower than had been budgeted following the implementation of the new accounting policy.

10. 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 (NDR) is slightly below budget at 20% - normally due to NDR bills being payable by 30 September, income from council tax is 37% of full year budget and well placed for strong collection levels this year, and income from Scottish Government is above budget, which is due to the profiling of Grant and NDR across the year – all of the General Revenue Grant has been paid to the Council in Q1 and day to day cashflow for the Council is now supported by the receipt of NDR, Council Tax and other service income. Redetermination adjustments to the General Revenue Grant will be made in the final two weeks of March 2020.

The Council receives a substantial income from the commercial tenanted non-residential property (TNRP) portfolio. The income to the TNRP portfolio is invoiced regularly but it is not in even quarters as timing depends on each individual leases. Similarly car parking income is dependent on customer usage, the Q1 results recording income as it is received.

Our Financial Performance : Housing Revenue Account

• Performance in Quarter 1

9. 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. Rental income remains a regular source of funding and the account remains ahead of budget at Q1 because of billing of repair and maintenance in arrears and also lower than budgeted capital financing costs following the implementation of the new accounting policy, approved earlier this year.

Our Financial Performance : Full Year Forecasts

A comprehensive forecast of revenue and capital budget performance for the General Fund, Housing Revenue Account and the Common Good are provided in Appendix 2 to this report.

Conclusion

This is the first quarterly financial performance report being presented to the Committee for consideration of the financial year 2019/20. This report aims to meet the reporting requirements for the London Stock Exchange as well as enhancing financial transparency by providing information in a manner consistent with the Council's Annual Accounts.

At the end of Quarter 1, of the £41.2 million of savings options that were approved in the budget the full value of savings has not yet been achieved, with the actual outcome of changes only becoming evident during the course of the whole year. I have assessed that approximately 70% of the savings have been achieved by the end of the Quarter. There are areas where cost pressure means that alternatives are having to be found to balance the budget and in general this has the impact of seeking to reduce staff costs or expenditure in

other areas. One area where the Council has been able to provide certainty has been through reducing the cost of capital financing costs and this will help to offset spend levels in integrated childrens services without immediately having a detriment on other service areas.

Based on the information available the level of savings that were approved as part of the budget are generally progressing well, with the staff costs having reduced and vacancy savings confirmed that indicate 80% of the target has been achieved. It is assumed that ongoing vacancy management and turnover will further reduce the costs to meet the targets during the course of the remainder of the year.

I have assurance in the figures based on a range of actions that are being taken to mitigate the risks to the Council, including finance staff working with and advising all functions of the Council, core expenditure Control Boards, regular finance focused senior management review meetings, CMT stewardship and effective risk management arrangements and the input of the Programme Management Office to support governance arrangements for implementing change.

From a risk management perspective, at the end of the quarter the Council has assessed that it was not necessary for any specific costs to be accounted for in relation to the impact of the UK exit from the EU. Costs that have been incurred are the opportunity costs of staff time on risk management and organisational planning undertaken during the period.

From a revenue perspective, during the first quarter, a great deal of work has been carried out by staff throughout the Council to ensure that expenditure and income is being brought in line with budget over the course of the year. It was essential that progress was made in the first three months to achieve much of the savings early and to avoid disproportionate savings targets being imposed later in the year when there are fewer choices that can be made. It is important to note that the savings do need to continue to be achieved across the full year and the impact will continue to be kept under close scrutiny to ensure that action is taken where necessary and to report back to the Committee on any recommendations that are needed to ensure the Council delivers best value and meets its statutory financial obligations this year.

In relation to the capital programme a wide range of projects have progressed towards completion and expenditure has substantially been on projects already in construction. Preparatory work and contract finalisation will result in progress on other projects.

Cashflow for the quarter has been strong, with a large increase in the availability of cash and cash equivalents as at the end of the quarter. This underpinned the strengthening of the balance sheet as at 30 June 2019, and this positive position will be used during the remainder of the year to fund expenditure, as forecast in Appendix 2.

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	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000		£'000	£'000	£'000
Balance at 31 March 2019 brought forward	(35,054)	(12,308)	(10,825)	(482)	(58,669)	(1,230,242)	(1,288,911)
Movement in Reserves during 2019/20							
Total Comprehensive Income & Expenditure	(70,131)	(16,344)	0	0	(86,476)	7,520	(78,956)
Adjustments between accounting basis & funding basis under regulations	13,814	8,312	0	0	22,126	(22,126)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(56,317)	(8,032)	0		(64,350)	(14,607)	(78,956)
Transfers to/from Earmarked Reserves	74	8,032	(586)	0	7,520	(7,520)	(0)
(Increase)/Decrease in Year	(56,243)	0	(586)	0	(56,830)	(22,126)	(78,956)
Balance at 30 June 2019	(91,297)	(12,308)	(11,411)	(482)	(115,500)	(1,252,368)	(1,367,867)

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, 2019/20				
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	63,183	(13,175)	50,008	1
Customer	9,376	0	9,376	2
Commissioning	2,264	0	2,264	3
Resources	2,887	0	2,887	4
Place	4,211	0	4,211	5
Governance	1,018	0	1,018	6
Integration Joint Board	21,816	0	21,816	7
Corporate	(3,218)	(0)	(3,218)	8
Net Cost of General Fund Services	101,536	(13,175)	88,362	
Housing Revenue Account	(8,032)	(8,675)	(16,707)	9
Net Cost of Services	93,505	(21,849)	71,655	
Other Income and Expenditure	(157,854)	(277)	(158,131)	10
(Surplus) or Deficit on Provision of Services	(64,349)	(22,126)	(86,475)	
Opening General Fund and HRA Balance at 31 March 2019	(47,362)			
(Surplus) or Deficit on General Fund and HRA Balance in Year	(64,349)			
To/From Other Statutory Reserves	8,106			
Closing General Fund and HRA Balance at 30 June 2019	(103,606)			

Notes

1. See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £13.175m accounting adjustment relates to the removal of Annual Service Payments for the 3R's schools and Lochside Academy which for accounting purposes are required to be split into its component parts, payment for services; repayment of capital; and financing costs.
2. 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.
3. 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.

4. 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.
5. 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.
6. 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.
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 Housing Revenue Account. The £8.675m accounting adjustment relates to CFCR.
10. See page 4 for information relating to Net Expenditure chargeable to the General Fund.
The £0.277m adjustment comprises the following three elements, which realign costs from other parts of the budget:
 - £8.944m is the element of the 3R's and Lochside Annual Service Payments which is reallocated as per note 1 above to bring together financing costs which flow into the Financing and Investment Income and Expenditure line in the CIES below.
 - (£0.396)m that is the allocation of the Marischal Square finance lease payment.
 - (£8.825)m that 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, 2019/20			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Operations	62,636	(12,628)	50,008	
Customer	28,119	(18,743)	9,376	
Commissioning	3,396	(1,132)	2,264	
Resources	14,586	(11,699)	2,887	
Place	5,572	(1,360)	4,211	
Governance	1,592	(574)	1,018	
Integration Joint Board	34,914	(13,098)	21,816	
Corporate	(3,014)	(204)	(3,218)	
Cost of General Fund Services	147,801	(59,439)	88,362	
Housing Revenue Account	7,823	(24,529)	(16,707)	
Cost of Services	155,624	(83,969)	71,655	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	19,547	(4,331)	15,216	2
Taxation and Non Specific Grant Income	0	(173,346)	(173,346)	3
(Surplus) or Deficit on Provision of Services	175,171	(261,646)	(86,475)	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	4
Impairment losses on non current assets charged to the Revaluation Reserve			0	4
(Surplus)/deficit on revaluation of available for sale financial assets			0	4
Actuarial (gains)/losses on pension losses/liabilities			0	4
Other (gains)/losses			7,520	4
Other Comprehensive Income and Expenditure			7,520	
Total Comprehensive Income and Expenditure			(78,955)	

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. Income in relation to Council Tax, Non-Domestic Rates collection and Scottish Government General Revenue and Capital Grant.
4. 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 2019 £'000		30 June 2019 £'000	Note
2,438,882	Property, Plant & Equipment	2,490,549	1
197,691	Heritage Assets	197,691	1
145,832	Investment Property	145,832	1
17,638	Long Term Investments	17,638	2
7,592	Long Term Debtors	8,349	3
2,807,636	Long Term Assets	2,860,059	
70,520	Cash and Cash Equivalents	178,720	4
45,213	Short Term Investments	39,496	5
92,158	Short Term Debtors	81,530	6
1,832	Inventories	15,992	7
5,693	Assets Held for Sale	5,693	8
215,417	Current Assets	321,431	
(197,228)	Short Term Borrowing	(240,838)	9
(80,860)	Short Term Creditors	(82,333)	10
(5,259)	Short Term Provisions	(4,773)	11
(4,230)	PPP Short Term Liabilities	(3,057)	12
(5,607)	Accumulated Absences Account	(5,607)	13
(2,989)	Grants Receipts in Advance - Revenue	(501)	14
(13,091)	Grants Receipts in Advance - Capital	(17,183)	14
(309,264)	Current Liabilities	(354,293)	
(895,954)	Long Term Borrowing	(933,891)	15
(58,029)	Finance Lease	(57,602)	16
(13)	Long Term Creditors	(13)	17
(551)	Long Term Provisions	(551)	11
(138,223)	PPP Long Term Liabilities	(135,165)	12
(332,108)	Pension Liabilities	(332,108)	18
(1,424,877)	Long Term Liabilities	(1,459,330)	
1,288,911	Net Assets	1,367,867	
	Usable Reserves:		
(35,054)	General Fund Balance	(91,297)	19
(12,308)	Housing Revenue Account	(12,308)	19
(10,825)	Statutory and Other Reserves	(11,411)	19
(1,230,724)	Unusable Reserves	(1,252,850)	20
(1,288,911)	Total Reserves	(1,367,867)	

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 £51.667m has been applied to Property, Plant & Equipment (this includes £46.257m of general fund expenditure and £5.410m 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 include short term investments of £170.254m (because they can be called up at short notice i.e. 0 to 30 days) and developers contributions of £13.778m. 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 account 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 and long term liabilities has been adjusted to reflect the outstanding position at March 2020.
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 2020.

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 transactions for the period. Usable Reserves includes uncommitted reserves and earmarked reserves.
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 2019 and recognised them within the 2018/19 Annual Accounts:

Guarantees

Aberdeen Science Centre (formerly Satrosphere)

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £127,654 in support of an overdraft facility and card guarantee facility until 31 March 2021.

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.

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 Revolving Credit Facility for £1.4 million for Sport Aberdeen.

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.

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.

Integration Joint Board (IJB)

The IJB is responsible for the strategic planning of the functions delegated to it by Aberdeen City Council and NHS Grampian. The Aberdeen City IJB Integration Scheme provides the framework in which the IJB operates including information on funding and what should happen if the IJB is projecting to overspend its budget at the year-end. Whilst steps will be taken to

address this, ultimately the parties to the arrangement may be potentially liable should the IJB overspend.

Contractual

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.

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.

Our Generation – Solar Panels

A contractual dispute exists in relation to this contract which may give rise to a future financial liability. On 23 July 2019 the Council successfully defended an appeal by Our Generation to the Court of Session on the findings of the original judgement. A possible appeal to the Supreme Court could arise but this is in the hands of Our Generation

Legal

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. Whilst several claims have been received, they have yet to be assessed, therefore any value is unknown and unquantifiable at this time.

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.

Public Sector Pension Reform – McLeod Judgement

As a result of the McLeod judgement ruling in England and Wales in June 2019, regarding transitional provisions in public sector pension schemes being unlawfully age discriminatory, it is considered that this is likely to have implications for the Scottish Local Government Pension Scheme (LGPS). The government is seeking permission to appeal the judgement.

The Government Actuaries Department (GAD) were commissioned to identify the potential impact of the McLeod/Sargeant ruling, and have prepared an assessment of the potential financial impact on the England and Wales LGPS scheme. GAD have quoted that the impact on scheme liabilities of active members is in the region of 2.89%. This would have an impact of £18.8m increase on the Council's current gross pension liabilities.

This value has not been accrued due to the uncertainty on the outcome of the government appeal against the judgement, the remedy to be agreed, and the extent to which the judgement impacts on the LGPS in Scotland.

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.

	Quarter 1 2019/20
	£'000
Net Surplus or (Deficit) on the provision of services	86,475
Adjust net surplus or deficit on the provision of services for non cash movements	1,791
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(8,825)
Net cash flows from Operating Activities	79,441
Net cash flows from Investing Activities	(48,559)
Net cash flows from Financing Activities	77,317
Net increase or decrease in cash and cash equivalents	108,200
Cash and cash equivalents at the beginning of the reporting period	70,520
Cash and cash equivalents at the end of the reporting period	178,720
Cash held by the Authority	39
Bank current accounts	178,681
	178,720



**PROJECTED FINANCIAL POSITION
FOR THE YEAR 2019/20**

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MANAGEMENT COMMENTARY

This is the first reporting point in the year for the Council's finances, following approval of the budgets in March 2019. Appendix 1 has dealt with the positive position the Council is in at the end of the first quarter, the forecast for the year is build on the information that was available at that time. Core income is ahead of budget at the end of the quarter and it should be noted that this income will be used during the remainder of the year to fund forecast expenditure.

The full year budgets reflected in the table below differ from those set by Council in March 2019 for a number of reasons. This is normal practice during the year as virements are identified and budget responsibilities change.

In common with recent years there are pressures on the organisation that emerge during the year and to which the Council has to respond. The financial position is kept under regular review in relation to progress and forecasting and the conclusions included in Appendix 1 describe the overarching controls that the Council has in place to manage the financial position. There is a commitment from Senior Management to pursue options to mitigate these cost pressures and to work with the Chief Officer – Finance to ensure the overall agreed budget is adhered to.

General Fund

With reference to the table below, key areas of the budget that the Council is managing are as follow:

1. The main areas of pressure within Operations are:
 - Demand for and supply of foster care, the cost being higher than budgeted due to the inability to recruit city foster carers. This is 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. A recommendation on stimulating an increase in the number of City Council foster carers is included in the covering report;
 - Demand for trade waste has declined and market changes have adversely affected the price of recyclates, which is resulting in reduced income from Commercial Waste;
 - While demand for work continues to be high for building services the shortage of resources is impacting on the surplus that Building Services is anticipating to generate.

2. The main areas of pressure within Customer are:
 - The decommissioning of private sector leasing contracts and the associated maintenance of the flats results in higher expenditure this year for financial benefit in future years. The efficiencies that have been achieved in supporting temporary accommodation has led to lower fees being applied and reduced income through housing benefits;
 - Costs of the SWAN network to schools which are providing increased connectivity to schools within the City;
 - The impact of decreased demand for design services is forecast to result in lower income levels this year.

3. The main areas of pressure within Commissioning are:
 - Shared services may not achieve the efficiency saving expected and other ways to achieve this saving are being considered;
 - Ambitious targets were set to secure advertising income over the past two years and demand from new customers is still required to achieve that level of income in the current year.
4. The main areas of pressure within Resources are:
 - Commercial property trading account income targets are being closely monitored to ensure delivery on budget.
5. The main areas of pressure within City Growth are:
 - Income from catering services provided by museums and galleries has been forecast on a prudent basis and this will be revised when all facilities are operational later in the year. .
6. The main areas of pressure within Strategic Place Planning are:
 - The level of demand for education and social work transport in the current year,
 - Low demand from private developers around road development works is resulting in lower than anticipated levels of Income.
7. The main areas of pressure within Governance are:
 - On target to deliver under budget the risk is that charges for legal support do not match budgeted levels.
8. The main areas of pressure within Integrated Joint Board/Adult Social Care are:

There is no risk to demand pressures in the IJB having an impact on the Council in 2019/20 due to the financial modelling and level of resilience at Board level;

 - Increased demand for commissioned services across all client groups;
 - Costs related to children transitioning from Childrens' services to adult disabilities due to an increase in both number and cost of packages and more clients transitioning with increased medical needs;
 - An increase in staffing costs;
 - A rise in need for the number of clients receiving out of area placements,
9. Across the whole of the Council the planned reduction in the number of posts that are affordable is being managed through voluntary and natural processes, i.e. no compulsory redundancy. This means that there is expected to be continued reduction in the total workforce for the remaining 9 months of the year. The corporate saving for a reduced workforce is captured in the "Corporate Budgets". The full value of the staff savings is forecast to be achieved during the course of the year.

Contingencies also holds the in-year contingency for the General Fund and the forecast includes the use of that contingency later in the year. The actual position will depend on future events arising from the risk registers and identified contingent liabilities becoming

more certain. It means the Council is resilient to changes that might happen in the future that have not been able to be quantified financially. An example of a reason for holding a contingency is winter maintenance and prolonged adverse winter weather that increases costs.

10. Council Expenses has no major variances.
11. The Joint Boards budget and outturn is based on the amount requisitioned by Grampian Valuation Joint Board, and is on budget.
12. Miscellaneous Services includes capital financing costs, the cost of repaying the borrowing received in the past for General Fund Capital Programme investment. Capital Financing Costs is the most significant budget within Miscellaneous Services, and includes the impact of accounting for loans fund repayments on a prudent basis, approved by the Audit Risk and Scrutiny Committee in April 2019. A prudent and cautious approach has been taken to forecasting the level of income from the TECA site, and as it opens in Quarter 2 the future reporting (from Q3 onwards) will begin to be able to include actual in-year performance.
13. 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 2019/20 with fresh applications required from ratepayers wishing relief under this scheme.
14. 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. The Council has already anticipated funding for Teachers' additional pay award from April 2019 and teacher's employers pension contribution increase, from September 2019. The forecast for 2019/20 is below budget due to the level of funding to compensate for the pension contribution increase that the Council is going to incur, the budget assumed income of £2.6m and actual distribution from UK and Scottish Government will be £1.9m for Aberdeen City..
15. Council Tax income is forecast be on budget for the year.
16. The approved budget made a contribution to the uncommitted General Fund reserve of £900k, and also used £1,231k of previously earmarked reserves. The net effect was a contribution from reserves to balance the budget of £331k. It is forecast that this contribution from reserves will be required in 2019/20 to balance the outturn position.

Housing Revenue Account

17. There are a number of small variances within the HRA budget, which will be managed during the year.

Balancing the Budget through Controls and Monitoring Structures

Specific actions to ensure a balanced budget include

- effective management of turnover of staff and vacancies and an underlying assumption that the overall cost of staff will continue to reduce during the remainder of the year.
- A detailed review of the out of authority placemnts for children by the Chief Officer – Integrated Children's Services is underway.

- Specific work in relation to the Service Income policy to ensure full cost recovery is achieved from a range of services that the Council delivers, such as support services, housing services, accommodation and building services.
- The voluntary severance / early retirement scheme remains open and applications are considered as they are received.

In order to ensure tight controls are in place over expenditure, management have created the following control boards , through which request's to spend have to be cleared:

The Establishment Control Board covers the staffing Establishment and is co-chaired by the Chief Officers for Organisational Development and Finance with advice provided by the Trade Unions;

The Demand Management Control Board captures the commissioning and procurement intentions as they arise and provides an environment for demand based challenge – this is co-chaired by the Chief Officers for Early Intervention & Community Empowerment and Business Intelligence & Performance Management.

These Control Boards focus on revenue while the Capital Board oversees the progress and emerging aspects of capital planning and delivery, but also connects to the asset elements of the revenue budget and capital financing requirements.

The Transformation Management Group established a Finance sub-group which meets weekly, chaired by the Chief Financial Officer and brings together the emerging and escalated issues from overall financial performance. This sub-group is made up of the Directors, and the Chief Officers for Governance, Organisational Development and Business Intelligence & Performance Management and is the forum to enable an overarching look at Council-wide financial performance, agree on actions and provide assurance.

Balancing the Budget through the monitoring and control of risks.

Risks are reviewed on a regular basis at a strategic level by the corporate management team on a monthly basis and at an operational level by Chief officers and their teams on a daily basis. , As referred to in Appendix 1 the risks around the UK exit from the EU has to date consumed staff time rather than incurring any additional costs. For the purposes of forecasting for the whole year there has been no identified need to make a specific financial provision in the forecast for the likelihood of costs associated with Brexit but this will be kept under review by the corporate management team.

Contingent Liabilities are used to try and capture potential liabilities which could result in costs being incurred. As part of our budget process, we identified a number of contingent liabilities within the budget pack presented to council and the corporate management team continues to monitor the status of these. From a review of the contingent liabilities, listed in Appendix 1, has not established any significant shift in certainly or in the Council's ability to quantify the financial exposure. On that basis there is no adjustment included in the forecasts for the year, they will continue to be reviewed quarterly and any change reported as appropriate.

Conclusion

On the basis of the information available, and set out in this report, the forecast for the overall position of both the General Fund and the Housing Revenue Account is a balanced one, and this is captured in the tables set out below.

General Fund Financial Reporting Summary 2019/2020 - Quarter 1

As at 30 June 2019	Budget 2019/2020	Outturn 2019/2020 Quarter 1	Variance from Budget		Notes
	£'000	£'000	£'000	%	
Operations	260,701	263,992	3,291	1.3	1
Customer	38,048	39,008	960	2.5	2
Commissioning	6,457	6,853	396	6.1	3
Resources	580	1,163	583	100.5	4
City Growth	9,372	9,790	418	4.5	5
Strategic Place Planning	7,630	8,071	440	5.8	6
Governance	3,204	3,132	(72)	(2.2)	7
Integration Joint Board	88,813	88,813	0	0.0	8
Total Functions Budget	414,805	420,822	6,017	1.5	
Contingencies	(15,447)	(18,496)	(3,049)	19.7	9
Council Expenses	2,861	2,824	(37)	(1.3)	10
Joint Boards	1,686	1,686	0	0.0	11
Miscellaneous Services	47,618	44,481	(3,136)	(6.6)	12
Total Corporate Budgets	36,718	30,495	(6,223)	(16.9)	
Non Domestic Rates	(258,560)	(258,560)	0	0.0	13
General Revenue Grant	(70,116)	(69,910)	206	(0.3)	14
Government Support	(328,676)	(328,470)	206	(0.1)	
Council Tax	(122,516)	(122,516)	0	0.0	15
Local Taxation	(122,516)	(122,516)	0	0.0	
Contribution from Reserves	(331)	(331)	0	0.0	16
Contribution from Reserves	(331)	(331)	0	0.0	
Deficit/(Surplus)	(0)	(0)	(0)	0.0	

Housing Revenue Account Summary 2019/2020 - Quarter 1

Deficit/(Surplus)	(500)	(500)	0	(0)	17
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General Fund Capital Programme

The programme has been updated since that set by Council in March 2019 to reflect projects' final financial positions in 2018/19 and announcements of new projects awarded to the Council with full funding.

The re-profiling from 2018/19 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 2019 in relation to the programme have also been incorporated.

As at Period 3 2019/20	Gross Figures for 2019/20					
	Original Approved Budget £'000	Adjustments & Carry Forwards £'000	Revised Budget £'000	Expenditure to Date £'000	Forecast Outturn £'000	Variance from Revised Budget £'000
AECC Programme Board	60,905	(6,461)	54,444	33,401	54,444	0
Asset Management Programme Board	25,993	5,235	31,228	2,964	16,124	(15,104)
Asset Management Programme Board Rolling Programmes	24,848	2,873	27,721	3,349	18,801	(8,920)
City Centre Programme Board	18,335	6,008	24,343	1,046	7,824	(16,519)
Energy Programme Board	27,584	4,233	31,817	294	31,791	(26)
Housing and Communities Programme Board	1,496	1,696	3,192	510	2,592	(600)
Housing and Communities Programme Board Rolling Programmes	872	134	1,006	199	1,006	0
Transportation Programme Board	21,557	2,792	24,349	3,322	12,865	(11,484)
Transportation Programme Board Rolling Programmes	1,500	1,807	3,307	0	1,500	(1,807)
Strategic Asset & Capital Plan Board	(179)	14,521	14,342	624	13,938	(404)
Developer Obligation Projects & Asset Disposals	200	(200)	0	547	562	562
Total Expenditure	183,111	32,638	215,749	46,257	161,447	(54,302)
Capital Funding:						
Income for Specific Projects	(25,753)	(9,083)	(34,836)	(1,693)	(25,599)	9,237
Developer Contributions	0	0	0	(547)	(562)	(562)
Capital Grant	(27,671)	0	(27,671)	(6,588)	(27,671)	0
Other Income e.g. Borrowing	(129,687)	(23,555)	(153,242)	(37,429)	(107,615)	45,627
Total Income	(183,111)	(32,638)	(215,749)	(46,257)	(161,447)	54,302

Updates required since the programme set by Council in March 2019 are quoted in the Adjustments and Carry Forwards column, and include:

- Updates of £28.143 million in 2019/20 to reflect projects' actual financial position at the end of 2018/19. This re-profiling between financial years does not alter the total cost of any project, it simply updates the profile across the project life. Additional financial re-profiling across the approved 5 Year programme to take account of changes in external funding profiles will be reviewed by officers and presented as part of the Quarter 2 report.
- The announcement of the £1.351 million Scottish Government Grant for the Town Centre Fund, as reported to this committee in June.
- Confirmation of the £3.144m purchase price now paid for the acquisition of the Kingsmead Nursing Home and the associated financing arrangements, as approved by Council in June 2017.

Project updates are provided in detail at the Capital Programme Committee, the latest high level summary is included below on the key investments:

- AECC Programme Board: Construction works are substantially complete on The Event Complex Aberdeen (TECA) and handovers of completed pieces of infrastructure to the

Council and then formally to our appointed operators have continued ahead of opening for Offshore Europe. The appointed operators for TECA and the hotels are undertaking the necessary fit-out work and training / pre opening activities with their staff.

- Asset Management Programme; design works have continued on the new Schools programme, and the advancement of the Early Learning and Childcare (ELC) programme,.
- City Centre Masterplan Programme Board: Procurement processes have continued for key projects, including Union Terrace Gardens and Provost Skene House, with further works proceeding on the Broad Street and Schoolhill public realm projects, and the kit out phase of Aberdeen Art Gallery.
- Energy Programme Board: the preferred bidder stage of the joint Energy from Waste facility, in collaboration with Aberdeenshire and Moray Councils, is now expected to conclude in Quarter 2. The JIVE project for the next phase of hydrogen buses is now expected to have an expanded scope with additional buses funded by through the existing EU agreements.
- Housing and Communities Programme Board: The new and refurbished community facilities at Tillydrone Hub and Station House Media Unit have moved into operational phases with their management teams.
- Transportation Programme Board: Is being reviewed by officers in support of the North East Scotland Roads Hierarchy report approved by this committee in June, to identify project prioritisation, and ensure alignment with continued works for the Aberdeen City Region Deal, the opening of the Aberdeen Western Peripheral Route and future opening of the Aberdeen Harbour Extension at Bay of Nigg. Officers are also in discussion with the Scottish Government for Low Emissions Zone funding, which will be reported in due course.

Conclusion

Expenditure on key projects that are in the delivery phase and those due to be completed is continuing, with the forecasts for the year taking account of spending patterns in the first quarter. As contracts are let and projects progress during the year there will be increased certainty about the financial position of the capital programme. The level of expenditure will determine the overall level of borrowing required.

In general, the financial profiling of the programmes noted above is due to previously reported issues on specific projects and will provide assurance to the Council that borrowing levels are being robustly forecast based on information available at present. On-going scrutiny and monitoring of specific projects will be made by the Capital Programme Committee.

Housing Capital Programme

Housing Capital Programmes As at 30 June 2019	Approved Budget	Expenditure to date	Forecast Expenditure
	£'000	£'000	£'000
Compliant with the tolerable standard	2,527	78	2,527
Free from Serious Disrepair	9,502	1,273	9,502
Energy Efficient	8,733	1,942	8,733
Modern Facilities & Services	2,589	171	2,589
Healthy, Safe and Secure	6,609	556	6,609
<i>Non Scottish Housing Quality Standards:</i>			
Community Plan and Local Outcome Improvement Plan	5,800	803	5,800
Service Expenditure	4,226	585	4,226
2,000 New Homes Programme	11,172	0	11,172
	51,158	4,020	51,158
less 11% slippage	(4,398)		(4,398)
Net Programme	46,760	4,020	46,760

Capital Funding			
Borrowing	(20,586)	0	(20,586)
Capital Funded from Current Revenue	(26,174)	(4,020)	(26,174)
Total	(46,760)	(4,020)	(46,760)

The housing capital expenditure budget of £51.158M set in March 2019 assumes that a level of slippage will occur across projects and allows for changes that happen when timescales have to be altered, contractors are not available or delayed, planning or legal issues might arise. Forecast expenditure, currently in line with the funded budget, is based on spend to date on current contracts. Main level of underspend is within Free from Serious Disrepair and relates to reduced spend on structural repairs on the Multi Storeys which has been delayed due to lack of agreement from owners.

The inclusion of the 2,000 new homes programme begins to capture the costs associated with the different methods of delivering the 2,000 homes, which will include developer led projects such as the Wellheads site in Dyce and the Council led projects such as Summerhill. As sites are signed off these will be added to the programme during the year and incorporated into the 5 year capital programme.

Ongoing inspection of properties is part of the range of activities for managing a property estate. Recent inspection reports show that action is required in a number of multi-storey blocks, to the value of £470,000. Approval is sought from the Committee for this to be funded by a shift in resources from the window replacement budget for this year, based on an reassessment of the works that will be completed from this budget.

Conclusion

The housing capital programme will deliver significant improvements across the housing estate over the course of the year. At present the forecast is that the slippage anticipated in the budget will arise, and greater clarity on this is expected to be available in the quarter 2 report.

Acceptance of new homes projects are being added to the overall capital programme as business cases are signed off and contracts are signed, and as a result the programme will grow during the year.

COMMON GOOD

As at Period 3 2019/20	Forecast to Year End		
	Full Year Revised Budget	Forecast Actual	Variance Amount
	£'000	£'000	£'000
Recurring Expenditure	2,844	2,844	0
Recurring Income	(3,678)	(3,678)	0
Budget After Recurring Items	(834)	(834)	0
Non Recurring Expenditure	3,246	3,246	0
Non Recurring Income	0	0	0
Net Expenditure / (Income)	2,412	2,412	0
Amounts required for increase in cash balances in line with inflation	369	369	
Revised Net Expenditure	2,781	2,781	
Cash Balances as at 1 April 2019 (audited)	(29,729)	(29,729)	
Estimated Cash Balances as at 31 March 2020	(26,948)	(26,948)	
Calculated minimum cash balance requirement at 31 March 2020	(26,044)	(26,044)	

The Common Good, based on spending to the end of Quarter 1, is forecast to operate to budget.

It should be noted that the Council agreed, 23 August 2017, that an allocation of up to £1million capital funding for the proposed redevelopment of Aberdeen Science Centre, to be phased over financial years 2018/19 and 2019/20, with this being subject to the exploration of other funding sources thereby reducing the amount required from the Council, and with delegated authority to the Head of Legal and Democratic Services, in consultation with the Head of Finance to agree the terms associated with the funding.

A funding agreement was put in place in relation to this approval. It is expected that a sum of approximately £900k will be drawn down by the Aberdeen Science Centre during 2019/20. This will have the impact of reducing cash balances to fund the payment.

Conclusion

The Common Good, through delivering on budget and meeting its existing commitments for the year, will retain cash balances in line with cash requirements that have been calculated for as necessary at the end of the year.



**COMMON GOOD
FINANCIAL STATEMENT
FOR THE PERIOD ENDING
30 JUNE 2019**

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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

	Common Good Fund £'000	Reserves Fund £'000	Total Common Good £'000
Balance at 31 March 2019	(120,479)	(68)	(120,547)
Movement in Reserves during 2019/20			
(Surplus) or Deficit on provision of services	711	0	711
Total Comprehensive Expenditure and Income	711	0	711
Balance at 30 June 2019	(119,768)	(68)	(119,836)

Comprehensive Income and Expenditure Statement

	Quarter 1, 2019/20			Notes
	Gross Expenditure £'000	Gross Income £'000	Net (Income) Expenditure £'000	
Administration Costs	0		0	
Donations, Grants, Contributions etc.	85		85	
Civic Hospitality	1		1	
Civic Expenditure			0	
Funding of International Budget	15		15	
Christmas Illuminations & Festivities	25		25	
Civic Administration Unit	28		28	
Other Projects	0		0	
Miscellaneous Expenditure	46		46	
Youth Activity Funding	0		0	
Specific Projects	835		835	
Duthie Park HLF	0		0	
Cost Of Services	1,035	0	1,035	1
Other Operating Expenditure			0	2
Financing and Investment Income and Expenditure			(324)	3
(Surplus) or Deficit on Provision of Services			711	
(Surplus) or Deficit on revaluation of investment property			0	4
Total Comprehensive Income and Expenditure			711	

Notes

1. This is project expenditure to 30 June 2019.
2. This reflects any gains or losses on the disposal of assets during the year. Disposals will be accounted for at year end.
3. This reflects income receivable from investment land and properties net of associated expenditure.
4. The revaluation of investment property will be undertaken in Quarter 4.

Balance Sheet

31 March 2019 £'000		30 June 2019 £'000	Notes
90,818	Investment Property	90,818	1
90,818	Long Term Assets	90,818	
28,744	Investments in Aberdeen City Council Loans Fund	29,062	2
0	Investment Property Held for Sale	0	3
1,366	Short Term Debtors	733	4
30,110	Current Assets	29,794	
(381)	Short Term Creditors	(776)	5
(381)	Current Liabilities	(776)	
120,548	Net Assets	119,837	
120,480	Common Good Fund	119,769	6
68	Reserve Fund	68	6
120,548	Total Reserves	119,837	

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 30 June 2019.
3. Will be reviewed and updated accordingly in Quarter 4.
4. Based on transactions to 30 June 2019.
5. Based on transactions to 30 June 2019.
6. Reflects the accounting value of the funds, based on transactions to 30 June 2019.



**GROUP ENTITIES
PROJECTED FINANCIAL
POSITION FOR THE YEAR 2019/20**

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 2019/20	ACC Control	ACC Commitment to meet accumulated deficits	Annual Turnover
	%	%	£m
Subsidiaries			
Common Good	100	100	4
Trust Funds	100	100	0
Sport Aberdeen Limited	100	100	14
Bon Accord Care Limited	100	100	24
Bon Accord Support Services Limited	100	100	30
Joint Ventures			
Aberdeen Sports Village Limited	50	50	6
Aberdeen City Integration Joint Board	50	50	313
Associates			
Grampian Valuation Joint Board	39	39	5

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

For the Financial Year 2019/20	Reporting Date	Surplus/(deficit) attributable to the Council at Reporting date	Forecast Surplus/(Deficit)	Comment
		£'000	£'000	
Subsidiaries				
Common Good	-	(711)	-	Break even position forecast
Trust Funds	-	-	-	Information available at 31.03.20
Sport Aberdeen Limited	31/05/2019	60	(100)	
Bon Accord Care Limited and Bon Accord Support Services Ltd	30/06/2019	84.4	0	Break even position forecast
Joint Ventures				
Aberdeen Sports Village Limited	28/02/2019	(500)	0	Forecast not yet available
Aberdeen City Integration Joint Board	30/06/2019	0	0	Break even position forecast
Associates				
Grampian Valuation Joint Board	30/06/2019	41	-	Forecast not yet available

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 currently forecasting break even position for 2019/20 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 2020. They are not expected to have a material impact on the Council's financial position for 2019/20.

Sport Aberdeen

Sport Aberdeen Limited is a charity and constitutes a 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 results for the period ended 31st May 2019 show a surplus of £60K. Sport Aberdeen has set its budget on the basis of using £100k of reserves. They are forecasting that a contribution of £100k is still expected to be required at the year end, which is in line with budget.

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 £84k for the period ended 30 June 2019 compared to a budgeted surplus at this stage of the year of £46k, representing a positive variance of £38k. An overall break even position for the financial year 2019/20 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 28th February 2019, which was incorporated into the Council 2018/19 group accounts. ASV has not yet provided the first quarter results and the Chief Officer – Finance is following this up with the company directly.

Aberdeen City Health and Social Care Partnership 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 adult 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 needs led commissioned services across all areas. Steps have been taken by the management team to mitigate the cost pressures identified.

The IJB is currently forecasting a break even position. The volatile nature of demand for health and social care services means there is a risk that remains for the year, the IJB currently holds a risk fund of £2.5m which provides the financial resilience needed in this environment. 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 £41k for the period ended 30th June 2019 compared to a budgeted surplus of £14k at this stage of the year, representing a better than expected variance of £27k.

The share of the surplus attributable to the Council as at June 2019 is £16k. A full year forecast position is not available at this time.

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