



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	31.12.19	(1,208)	-	Break even position forecast
Trust Funds	-	-	-	Information available at 31.03.20
Sport Aberdeen Limited	31.12.19	377	0	Break even position forecast
Bon Accord Care Limited and Bon Accord Support Services Ltd	31.12.19	45	0	Break even position forecast
Joint Ventures				
Aberdeen Sports Village Limited	31.10.19	9	0	Forecast not yet available
Aberdeen City Integration Joint Board	31.12.19	0	0	Break even position forecast
Associates				
Grampian Valuation Joint Board	31.12.19	0	96	

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 limited company limited by guarantee. The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with key priorities. Although Aberdeen City Council does not own the entity it is considered that control representing power to govern exists through agreements in place and that Sport Aberdeen Limited operates as a structured entity of the Council. The results for the period ended 31st December 2019 show a surplus of £377K. This is mainly due to the seasonal nature of Sport Aberdeen's business model where activities are higher in the warmer months of the year. Sport Aberdeen have advised that they expect a modest surplus at year end but are anticipating trading losses in the final three months. This is expected to reduce surplus as at December 2019.

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 £45k for the period ended 31st December 2019, compared to a budgeted surplus of £19k. This represents a positive variance of £26k from budget. 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 first quarter, the period ended 31st October 2019. This shows that ASV Ltd reported a surplus of £19k as at 31st October 2019, against a budgeted deficit of £42k for this period, a favourable variance of £62k. The share of the surplus being attributed to the Council is £9.5k.

Aberdeen City Integration Joint Board (IJB)

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

As at 31 December 2019, the IJB is showing a deficit of £2.5m. This is mainly due to budget pressures of the additional cost of locums, and increases in prescribing spend, currently faced by the IJB due to the demand led nature of the services provided. This overspend is expected to reduce significantly by the end of the financial year to reach a break even position, on the assumption that any anticipated overspends will be funded from reserves.

The IJB currently holds a risk fund of £2.5m which will be used to cover any overspend position. There is the risk that the forecast overspend may be higher for 19/20 and the risk fund will not be sufficient. Additional funding may then be required from the Council and the NHS.

Further analysis of the IJB variance can be seen in Appendix 1

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 £215k as at 31st December 2019 compared to a budgeted surplus of £60k at this stage of the year, representing a better than expected variance of £156k.

The main reasons for the underspend as at Q3 is due to savings made in employee costs as a result of vacancies not being filled up in time and £22k more received in government grants than budget. In addition to this further savings have been realised in postage and stationary costs, canvases expenses various minor up and down movements. It is expected that this trend in underspend is likely to continue for the remainder of the financial year with the expectation of a forecast underspend of £245k for the financial year 2019/20. The portion of this forecast underspend attributable to ACC is £96k.