

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Urgent Business Committee
<b>DATE</b>	6 May 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Council Financial Performance – Quarter 4, 2019/20
<b>REPORT NUMBER</b>	RES/20/079
<b>DIRECTOR</b>	Steven Whyte
<b>CHIEF OFFICER</b>	Jonathan Belford
<b>REPORT AUTHOR</b>	Lesley Fullerton
<b>TERMS OF REFERENCE</b>	UBC 1

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### 1. PURPOSE OF REPORT

- 1.1 To provide the full year actual financial position of the Council against budget for the financial year 2019/20, including:
- General Fund and Housing Revenue Account (HRA) revenue and capital accounts; and
  - Common Good Revenue Account and Balance Sheet.

### 2. RECOMMENDATION(S)

It is recommended that the Committee: -

- 2.1 Note the unaudited final outturn position for financial year 2019/20 as detailed in Appendix 1.
- 2.2 Note that the General Fund has recorded a surplus of £0.8m for the 2019/20, which has been added to the uncommitted working balance.
- 2.3 Note that the Housing Revenue Account and Common Good surpluses for the year increase their working balances.
- 2.4 Approve the various transfers for 2019/20, between Council Reserves and Earmarked sums for the General Fund, Housing Revenue Account, Common Good and Statutory Funds as at 31 March 2020, as detailed in Appendix 1.
- 2.5 Approve the reprofiling of the 2020/21 – 2024/25 capital programmes to take account of the year end position and that the outcome of this is incorporated into the 2020/21 Quarter 1 reporting.

- 2.6 Note that the unaudited Annual Accounts for 2019/20 will be presented to this committee also on 6<sup>th</sup> May 2020, along with the Annual Governance Statement and Remuneration Report.

### 3. BACKGROUND

- 3.1 This report focuses on the final financial position for the year to 31 March 2020 for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.2 The actual position for the year is presented in Appendix 1.

### 4. FINANCIAL IMPLICATIONS

- 4.1 The full year financial position is provided in Appendix 1 to this report and the revenue positions are summarised below:

<b>Revenue</b>	<b>2019/20 Budget £'000</b>	<b>2019/20 Actual (Surplus) / Deficit £'000</b>	<b>Variance (Under) / Over Budget £'000</b>
General Fund	(900)	(1,662)	(762)
HRA	(500)	(500)	0
Common Good	2,412	2,209	(203)

- 4.2 Appendix 1 also includes a Management Commentary providing information on the 2019/20 financial position, including details of the movement between Reserves.
- 4.3 The capital position can be summarised as follows:

<b>Capital</b>	<b>2019/20 Budget £'000</b>	<b>2019/20 Actual Expenditure £'000</b>	<b>Variance (Under) / Over Budget £'000</b>
General Fund	258,585	157,711	(100,874)
HRA	46,760	51,931	5,171

- 4.4 The underspending on Capital is in relation to a wide range of projects, which have been reported on during the course of the year. These figures remain unaudited and following the audit of the Annual Accounts the 2020/21 capital budgets, as appropriate, will be updated to take account of the continuing nature of capital investment projects, and be reprofiled to enable projects to be completed.
- 4.5 The usable reserves have moved as follows:

<b>Usable Reserves</b>	<b>Balance at 31 March 2019 £'000</b>	<b>Balance at 31 March 2020 £'000</b>	<b>Movement £'000</b>
General Fund	(35,054)	(35,390)	(336)
HRA	(12,308)	(12,808)	(500)
Statutory & Other	(10,825)	(11,377)	(552)
<b>Total</b>	<b>(58,187)</b>	<b>(59,575)</b>	<b>(1,388)</b>

- 4.6 All of the usable reserve's balances have increased during the year, and Appendix 1 also shows the change there has been in the use of earmarked sums during the year. The value of these changes due to the nature of the earmarked sum as they are set aside for funding specific projects, and this can influence when the funds are used. Larger earmarked sums include the Second and Long-term Empty Properties and Transformation funds. The uncommitted balance that remains on the General Fund has increased due to the financial performance for the year. This ensures that the sums held are in line with the Council approved Reserves Policy (March 2020).
- 4.7 The increase in the HRA is as a result of the operational surplus achieved. The Statutory and Other Usable Reserves include the Capital Fund and Insurance Funds and transfers have included capital receipts and contributions from revenue.
- 4.8 At the year end the Council retains a significant value in usable reserves to use and provide the basis for financial resilience required into 2020/21. This should be seen in light of the impact described in the Financial Resilience report, also on the agenda for this Committee.

## 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

	<b>Risk.</b>	<b>Low (L), Medium (M), High (H)</b>	<b>Mitigation</b>
<b>Financial</b>	The risk following the year end are audit adjustments that arise through the process.	M	The year end and Annual Accounts have been prepared in the line with accounting practice and standards and year end reviews have been carried out to ensure that the final position presented is comprehensive.

<b>Legal</b>	There is a risk that the year end and Annual Accounts don't comply with statutory guidance and legislation.	L	The year end and Annual Accounts have been prepared in the line legislation and statutory guidance.
<b>Employee</b>	None identified		
<b>Customer</b>	None identified		
<b>Environment</b>	None identified		
<b>Technology</b>	None identified		
<b>Reputational</b>	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 has provided an ongoing description of the position the Council is in and the situations it faces.

## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	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.
<b>Prosperous People</b>	Robust and effective management of the Council's finances provide the basis for achieving our outcomes and allocating resources to those that need it most.
<b>Prosperous Place</b>	Investment, through our capital programme, will enhance the place by creating a better and more vibrant city in which to live.

## 8. IMPACT ASSESSMENTS

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

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES

Appendix 1 – Financial Position for the Year 2019/20

## 11. REPORT AUTHOR CONTACT DETAILS

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