

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Finance and Resources Committee
<b>DATE</b>	8 May 2024
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Council Financial Performance – Quarter 4, 2023/24
<b>REPORT NUMBER</b>	CORS/24/138
<b>DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Jonathan Belford
<b>REPORT AUTHOR</b>	Lesley Fullerton
<b>TERMS OF REFERENCE</b>	1.1

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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 2023/24, including:

- General Fund and Housing Revenue Account (HRA) revenue and capital accounts; and
- Common Good Revenue Account and Balance Sheet.

### 2. RECOMMENDATIONS

That the Committee :-

- 2.1 Note the unaudited final outturn position for financial year 2023/24 as detailed in Appendix 1;
- 2.2 Note that the General Fund has recorded a balanced operational position for the year 2023/24. The uncommitted General Fund reserve remains in line with the approved Reserves Policy;
- 2.3 Note that the Housing Revenue Account has recorded a deficit of £1.525m for the year, and this will have to be funded from the uncommitted HRA reserve;
- 2.4 Note that the Common Good has recorded an operating surplus of £1.814m for the year, which is better than the approved use of cash reserves. After investment valuation changes and capital receipts are included, cash balances increased by £1.614m and remain in line with recommended levels;
- 2.5 Approve the various transfers for 2023/24, between Council Reserves and Earmarked sums for the General Fund, Housing Revenue Account, Common Good and Statutory Funds as of 31 March 2024, as detailed in Appendix 1;
- 2.6 Approve the reprofiling of the 2024/25 – 2027/28 capital programmes to take account of the year end position and that the outcome of this is incorporated into the 2024/25 Quarter 1 reporting; and

- 2.7 Note that the unaudited Annual Accounts for 2023/24 will be presented to Audit, Risk and Scrutiny Committee on 9 May 2024, including the Annual Governance Statement and Remuneration Report for the year.

### 3. CURRENT SITUATION

- 3.1 This report focuses on the final financial position for the year to 31 March 2024 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>2023/24 Budget £'000</b>	<b>2023/24 Actual £'000</b>	<b>Variance (Under) / Over Budget £'000</b>
General Fund	576,205	576,205	0
HRA	(500)	1,525	2,025
Common Good	0	(1,614)	(1,614)

- 4.2 Appendix 1 also includes a Management Commentary providing information on the 2023/24 financial position, including details of the movement between Reserves.
- 4.3 The capital position can be summarised as follows:

<b>Capital</b>	<b>2023/24 Budget £'000</b>	<b>2023/24 Actual Expenditure £'000</b>	<b>Variance (Under) / Over Budget £'000</b>
General Fund	241,813	110,443	(131,370)
HRA	159,015	124,288	(34,727)

- 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 are subject to that process being completed. 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 As a number of key projects move forward at the start of 2024/25, it is expected that the profile (across individual projects) will require to be revised by viring

approved budget from one project to another. This is because the values against the individual projects had initially been estimated.

4.6 The usable reserves have moved as follows:

<b>Council Usable Reserves</b>	<b>Balance at 31 March 2023 £'000</b>	<b>Balance at 31 March 2024 £'000</b>	<b>Movement £'000</b>
General Fund	(85,928)	(91,279)	(5,351)
HRA	(15,715)	(14,190)	1,525
Statutory & Other	(29,635)	(39,517)	(9,882)

4.7 The General Fund balance and Statutory & Other Reserves have increased during the year, and the HRA has decreased. Appendix 1 also shows the change in the value of earmarked sums during the year. The value of these change 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 Joint Venture Revaluation Surplus, Covid Grant funding - to be used for a range of purposes, Ukraine refugee funding, there is also money from the Council Tax account to support the development of affordable housing, and the Service Concession Reserve. The uncommitted balance that remains on the General Fund is £12m and is in line with the Council approved Reserves Policy (March 2024).

4.8 The decrease in the HRA is as a result of the operational deficit for 2023/24. The Statutory and Other Usable Reserves include the Capital Fund, Insurance Funds and Capital Receipts Unapplied Account. Transfers have included capital receipts and contributions from revenue.

4.9 At the year end the Council has retained a significant value in usable reserves, and managed the overall budget through a difficult and volatile year. The strength of the reserves position provides the basis for financial resilience required into 2024/25, where funding was approved to support the General Fund budget. The first quarter report and initial forecast for the year will be considered at the Finance and Resources Committee on 7 August 2024.

4.10 The Common Good Cash Balances are as shown in the table below. The cash position has increased from the start of the year due to the surplus in operating activities that has been partially offset by the investment valuation decrease.

<b>Cash Balances</b>	<b>Balance at 31 March 2023 £'000</b>	<b>Balance at 31 March 2024 £'000</b>	<b>Movement £'000</b>
Common Good	(37,384)	(38,998)	(1,614)

## 5. LEGAL IMPLICATIONS

5.1 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, that have to be taken into account when preparing this report.

## 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

## 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	There is a risk that if the financial resilience of the Council is not maintained that strategic priorities and outcomes have to be compromised in the future.	There is a comprehensive approach to financial management of the council budgets, quarterly reporting, Medium Term Financial Strategy in place to support future planning.	M	Yes
<b>Compliance</b>	There is the risk that the accounts do not comply with legal and accounting legislation.	A year end accounts process is in place to ensure compliance. Annual external audits are undertaken to review the financial transactions and controls. Ongoing internal audits also review specific financial and service data.	L	Yes
<b>Operational</b>	There is the risk that there may be an IT system failure.	Daily backups taken and held offsite for security purposes. Constant review and update of security systems by Digital and Technology.	L	Yes
<b>Financial</b>	There is the risk that the external audit process	The year end and Annual Accounts have been prepared in the line with accounting	M	Yes

	identifies adjustments that have an impact on the usable reserves.	practice and standards and year end reviews have been carried out to ensure that the final position presented is comprehensive.		
<b>Reputational</b>	There is a risk that through the reduction of expenditure the Council may be criticised that spending is not in line with public expectation of service delivery.	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.	M	Yes
<b>Environment / Climate</b>	None identified			n/a

## 8. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN</a></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	Financial planning, budget setting and resource allocation are all enablers for the delivery of the outcomes and regular performance reviews ensure that the Council's stewardship and financial management are robust.
<b>Regional and City Strategies</b>	The information within this report supports the Strategic Development Plan and Regional Transport Strategy by enabling financial planning, resource allocation and investment.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	No assessment required. I confirm this has been discussed and agreed with Jonathan Belford, Chief Officer Finance on 1 May 2024.
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not required

## 10. BACKGROUND PAPERS

None

## 11. APPENDICES

11.1 Appendix 1 – Financial Position for the Year 2023/24

## 12. REPORT AUTHOR CONTACT DETAILS

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