

## ABERDEEN CITY COUNCIL

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COMMITTEE	Finance, Policy & Resources
DATE	1 December 2017
REPORT TITLE	Corporate Governance Financial Performance – Quarter 2, 2017/18
REPORT NUMBER	CG/17/133
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	James Hashmi

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### **1. PURPOSE OF REPORT:-**

- 1.1 To provide the full year forecast position of Corporate Governance for the financial year 2017/18, for both revenue and capital accounts.

### **2. RECOMMENDATION(S)**

- 2.1 It is recommended that Committee note the following:-

a) Corporate Governance forecast revenue and capital position as detailed in Appendix 1.

### **3. BACKGROUND/MAIN ISSUES**

- 3.1 This is the second quarterly financial report for 2017/18, representing the next stage of a stepped change in the way the Council reports its financial position.
- 3.2 This report focuses on the projected financial position for the full year for the Corporate Governance Service.
- 3.3 Quarterly reporting will evolve throughout the year to incorporate further changes such that the ultimate aim of a faster year end closedown and the production of the unaudited annual accounts by the end of April 2018 can be achieved. This means the Council would have produced its annual accounts two months earlier than the statutory deadline.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 The forecast full year financial position of the Corporate Governance revenue and capital accounts for the financial year 2017/18 is reflected in Appendix 1 to this report.

- 4.2 Following a positive financial performance in 2016/17, Corporate Governance starts the financial year 2017/18 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.3 Services continue to manage increased demand within the current service delivery model and structure within which the Council operates and this requires continued close fiscal management. Indeed services, including Corporate Governance, are examining all areas of spend with a view to avoiding expenditure except where absolutely necessary.

## **5. LEGAL IMPLICATIONS**

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

## **6. MANAGEMENT OF RISK**

### **Financial**

- 6.1 Every organisation has to manage the financial risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Elected Members. This report is part of that framework and has been produced to provide an overview of the current operating position and so financial risk related to this report is considered to be low.
- 6.2 The main financial risk that the Council is managing is the increased demand on services. This is being mitigated through reviewing all areas of expenditure with a view to only incurring expenditure that is absolutely essential.
- 6.3 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. This risk is mitigated through quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.

### **Other**

- 6.4 Consideration has also been given to Employee, Customer / Citizen, Environmental, Technological and Legal risks, and no risks were identified.

### **Reputational**

- 6.5 The reputational risks to the Council are minimised by the regular review of financial information by services, CMT and Elected members throughout the Financial Year.

## **7. IMPACT SECTION**

### **Economy**

7.1 Investment in the city will have a positive impact on the economy.

### **People**

7.2 Robust management of the council's finances will ensure that council services can continue to be provided.

### **Place**

7.3 Investment will enhance the place by creating a better and more vibrant city in which to live.

### **Technology**

7.4 There are no direct implications on technology arising from the recommendations of this report

## **8. BACKGROUND PAPERS**

None

## **9. APPENDICES**

Appendix 1 – Projected Financial Position – Revenue & Capital

## **10. REPORT AUTHOR DETAILS**

James Hashmi  
Reporting & Monitoring Manager  
[JHashmi@aberdeencity.gov.uk](mailto:JHashmi@aberdeencity.gov.uk)  
01224 346400

### **HEAD OF SERVICE DETAILS**

Steven Whyte  
Head of Finance  
[swhyte@aberdeencity.gov.uk](mailto:swhyte@aberdeencity.gov.uk)  
01224 523566