



ABERDEEN
CITY COUNCIL

**FINANCIAL STATEMENT
FOR THE QUARTER
1 OCTOBER 2017 TO 31 DECEMBER 2017**

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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 31 December 2017.

It also provides an insight into the expected financial performance for the remainder of the financial year 2017/18, 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

During 2016/17, Aberdeen City Council became the first local authority in Scotland to be awarded a credit rating and subsequently secure funding towards its capital investment programme, by issuing bonds of £370 million on the London Stock Exchange (LSE).

The credit rating must be maintained over the term of the bonds with the credit rating agency conducting a review at least once every twelve months. The first annual review of the Council's credit rating was undertaken during October 2017, with positive affirmation of the rating issued during November 2017 and reported to the Finance, Policy and Resources Committee on 1 December 2017.

The credit rating and LSE listing has brought a number of reporting and governance requirements on the Council which in turn has led to a move from monthly to quarterly financial reporting and a change in the focus and format of the reporting to provide a holistic view of the Council's financial position as would be expected by investors in an LSE listed organisation.

This is the third quarterly financial performance report for 2017/18, representing the next step in changing the way the Council reports, which not only meet the new requirements but also increases financial transparency for citizens of the City and beyond.

Our Financial Performance

• Performance in Quarter 3

In February 2017, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2017/18. Performance for the year is measured against these budgets with the projected full year position considered in a later section of this report. This section focuses on the actual financial results for the period 1 April to 31 December 2017, presented in the format of our Annual Accounts on pages 6 to 13.

The Expenditure and Funding Analysis 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. Education and Children's Services is the largest service provider within Aberdeen City Council with responsibility for delivering key statutory and frontline services to children and young people, adults, families and communities of Aberdeen. This includes the delivery of early years, primary, secondary and special education, children's social work services and cultural services for all ages through the provision of libraries and museums.

At 76% against the full year budget, the services net expenditure for the year to date is in line with expectations. However, the Service is currently managing a number of cost pressures, including commissioning of fostering, out of authority placements for children and self directed support which may affect performance in future quarters. These are areas where decision making and control doesn't sit solely within the Service. A further pressure is the closure of the Art Gallery and Provost Skene House meaning a reduction in income received.

2. Communities, Housing and Infrastructure is responsible for a broad range of services to those who live, work, visit and invest in the City of Aberdeen, each day providing thousands of transactions such as school meals; waste collections; repairs to housing, roads, street lighting and other infrastructure; planning and building control applications; housing and homelessness applications and many more, maintaining standards within our streets and public open spaces, managing the Council's assets and providing facilities management to all of the Council's public buildings, schools and operational properties, providing protective services such as Environmental Health, Food Safety, Commercial Health and Safety, Public Analyst, Trading Standards and Community Safety and playing a major role in shaping the future of the City of Aberdeen via Planning and Sustainable Development and Economic Development services.

At 75% against the full year budget, the services net expenditure for the year to date is in line with expectations. However, the Service is currently managing pressures mainly in relation to potential income loss from the recharge of in house consultancy/design teams for work undertaken, housing support repairs, transport costs and directorate staffing costs.

3. Integration Joint Board (IJB) / Adult Social Care is responsible for the provision of health and social care services to adults, with the expenditure incurred being on services which the IJB has directed the Council to deliver on its behalf such as the provision of care to the elderly and support to adults with support needs.

At 75% against the full year budget, net expenditure on these services 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 are pressures in relation to commissioned services, Kingsmead Nursing Home and services for those transitioning from children's services with support needs.

4. Corporate Governance is responsible for a number of front line services such as housing benefits, council tax and non domestic rates billing and collection and customer services. In addition it supports the Council through the provision of Finance, HR, Legal and IT services.

At 76% against the full year budget, the services net expenditure for the year to date is in line with expectations and like other services must manage any cost pressures which arise during the year.

5. Office of the Chief Executive is a relatively small service which includes the head of paid service (Chief Executive) as well as the provision of communications and promotions services for the Council.

At 85% against the full year budget, the services net expenditure for the year to date is currently ahead of expectations due to election expenditure earlier in the year. There are no major cost pressures facing the service at this time.

6. Corporate and Miscellaneous includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt.

Against the full year budget, net expenditure for the year to date is well ahead of expectations due to full year repayment of capital debt having been charged. Whilst there are no major variances expected against budget for these areas, year end accounting entries to ensure compliance with accounting standards are generally reported against this heading.

7. 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. This is as expected due to the ongoing receipt of rental income each month whilst costs are incurred at a slower pace.

8. 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 net income from trading services is below the full year budget whilst income from council tax, non domestic rates and government grants is ahead of budget largely due to the phasing of income from council tax.

The Comprehensive Income and Expenditure Statement incorporates the statutory accounting adjustments to provide the cost of providing services in accordance with International Financial Reporting Standards (IFRS) details of which are provided below.

The Balance Sheet is presented on an IFRS basis and shows the value of assets and liabilities recognised by the Council which are matched by reserves held. Notes on the amounts contained within the Balance Sheet are provided below.

As we move into the final quarter of the financial year and in the context of the new quarterly reporting regime introduced and the faster closedown and production of the Council's Annual Accounts, it is important that robust procedures and timelines are in place to ensure we can produce the unaudited Annual Accounts by the end of April 2018 and the audited Annual Accounts by the end of June 2018.

To this end, the year end instructions were issued mid November 2017 through e-mail to all budget holders and thereafter with regular alerts on the zone.

To further facilitate the early production of our audited annual accounts, the external auditors are undertaking a hard close of the Quarter 3 results during January and February 2018 and thereafter will carry out a roll-forward review to year end during April and May 2018. This is three months in advance of previous years and represents a transformational change in our way of working in producing the annual accounts.

2017/18 Projected Financial Position

- **General Fund Revenue**

Appendix 2 shows that a small overspend position of £0.36m against budget is currently forecast for the year, equating to 0.1% of the total net expenditure budgets. This is in the context of a number of identified cost and/or demand pressures on services which have required to be addressed during the year. A short life working group carried out a strategic review of spend across a range of council wide areas including procurement, workforce, technology and service specific areas where there has been historic or current budget pressures, taking into consideration trends and benchmarking data where possible to inform options going forward. Options agreed by services are included in the reported forecast out-turn position. Controls and process improvements have been introduced during 2017/18 including No PO, No Pay and additional controls on Establishment spending which, with normal year end processes will aid in ensuring only essential expenditure is incurred for the remainder of the year. Further information on the pressure areas is contained within Appendix 2.

As we move towards year end and with a higher degree of certainty of the financial position for the year, as in previous years the Head of Finance will review the overall position for both revenue and capital, in the context of the Council's Balance Sheet and Reserves and take action to ensure the Council is suitably prepared for future revenue and capital investment purposes. This review will take cognisance of the impact of adjustments required to ensure compliance with accounting standards which may require the use of reserves in the short term.

- **Housing Revenue Account**

Appendix 2 shows that a balanced position against budget is forecast for the year with no major variances identified.

General Fund Capital

Appendix 2 provides an update on the capital programme for financial year 2017/18. This now includes key project indicators as well as financial details. Project managers have continued to refine projects' financial profiles throughout Quarter 3 which has resulted in a net decrease of £23.215 million in the forecast outturns for 2017/18 primarily as a result of updated cost profiles for the new AECC provided by the contractor. There is no impact on overall project costs across the approved 5 year capital programme as a result of this re-profiling, nor does this reflect any time delays.

The Audit, Risk & Scrutiny Committee on 27 June 2017 considered a report "Review of the Capital Programme Governance" which highlighted a number of changes and actions required to enhance governance which requires suitable resources to be in place including a requirement for specific project management expertise and similar resources to supplement internal resources. Training for programme sponsors, programme managers and project managers is now substantially complete.

The capital programme is funded through a number of project specific grants and contributions, general government grant, capital receipts and borrowing.

• **Housing Capital**

Appendix 2 shows that the forecast outturn is below budget due to delays in in the over cladding and fabric repairs due to owner consultation on various properties. Work is ongoing to ensure that expenditure remains within the funded programme as set by Council in February 2017.

• **Reserves**

As we move towards year end and with a higher degree of certainty of the financial position for the year, as in previous years the Head of Finance has and will continue to review the overall position for both revenue and capital, in the context of the Council's Balance Sheet and Reserves and take action to ensure the Council is suitably prepared for future revenue and capital investment purposes.

This review must take cognisance of the impact of adjustments required to ensure compliance with accounting standards, particularly in relation to the Council's bond issuance which must be accounted for using an Effective Interest Rate (EIR) method rather than purely the cash transactions during the year. As the bonds are indexed linked and have a three year repayment holiday, the use of the EIR method recognises the impact of indexation on future amounts payable, including principal repayments and in effect accounts for these in advance of the actual cash transactions. Whilst for the purposes of complying with accounting standards this is a charge to revenue, it can be viewed as the Council building up a reserve to cover future bond payment liabilities as shown below:

31 March 2017		31 March 2018
£000's		£000's
	Usable Reserves:	
(50,476)	General Fund Balance	(40,006)
(11,308)	Housing Revenue Account	(11,808)
(25,606)	Statutory and Other Reserves	(16,583)
(5,416)	Bond Accounting Reserve	(19,179)
(92,806)	Total Usable Reserves	(87,577)

The above table also reflects the anticipated balances on other usable reserves at 31 March 2018 as follows:

- General Fund Balance – takes account of the previously agreed use of earmarked reserves and the commitment to retain uncommitted reserves of £11.291m. An earmarked reserve had been approved in relation to the costs of VS/ER. However, there is statutory guidance from the Scottish Government which provides an option, subject to certain conditions, to fund such costs using capital receipts. For the purposes of the above it has been assumed we will utilise this option using capital receipts currently held within the Capital Fund. However, as this is a departure from the previously agreed use of reserves, it is recommended that Committee agree the investigation of and use of this option should the Head of Finance consider it appropriate having taken account of the Council's overall financial position. This scheme expires on 1 April 2018 and it is therefore recommended that Committee agree that the Head of Finance explore the possibility of the scheme being extended by the Scottish Government.
- Housing Revenue Account – takes account of the previously agreed commitment to increase the balance by £0.5m.
- Statutory and Other Reserves – takes account of funds received and utilised during the year including the use of capital receipts to fund VS/ER costs as detailed above and accounting entries to ensure compliance with accounting standards.

• **Common Good**

Appendix 2 provides the budget and current forecast outturn. Funding requests that have been approved to date are as follows:

- Freedom of the City for Denis Law - £56,000 for the costs of weekend celebrations
- Celebrate Aberdeen – a grant of £20,000 was made towards the costs of parades and performances
- Aberdeen Street Pastors – a contribution of £4,875 was approved for operating the Safe Space Vehicle, training and uniforms for volunteers;
- Friends of Victoria & Westburn Park – a contribution of £7,000 was approved to fund a study on works required to the Victoria Park fountain;

- Music Hall – a contribution of £75,000 was approved to fund an external deep clean of the Music Hall.

Conclusion

This is the third quarterly financial performance report being presented to Elected Members for consideration of the financial year 2017/18. This report aims to meet the new reporting requirements from this as well as enhancing financial transparency by providing more information and by providing it in a manner consistent with the Council's Annual Accounts.

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	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2017 brought forward	(50,476)	(11,308)	(25,606)	(87,391)	(1,405,585)	(1,492,976)
Movement in Reserves during 2017/18						
Total Comprehensive Income & Expenditure	(8,600)	(17,748)	0	(26,348)	205	(26,143)
Adjustments between accounting basis & funding basis under regulations	(47,739)	8,968	0	(38,771)	38,771	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(56,339)	(8,780)	0	(65,119)	38,976	(26,143)
Transfers to/from Earmarked Reserves	(5,141)	8,780	(13,522)	(9,884)	9,884	(0)
(Increase)/Decrease in Year	(61,481)	0	(13,522)	(75,003)	48,860	(26,143)
Balance at 31 December 2017	(111,957)	(11,308)	(39,129)	(162,394)	(1,356,725)	(1,519,119)

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.

Services	Quarter 3, 2017/18			Notes
	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES £'000	
	£'000	£'000	£'000	
Education & Childrens Services	168,628	32,883	201,511	1
Communities, Housing & Infrastructure	64,986	18,039	83,025	2
Integrated Joint Board/Adult Social Care	62,516	702	63,217	3
Corporate Governance	22,492	2,192	24,684	4
Housing Benefits	335	0	335	4
Office of the Chief Executive	2,820	0	2,820	5
Corporate & Miscellaneous	5,108	(1,693)	3,414	6
Net Cost of General Fund Services	326,884	52,122	379,006	
Housing Revenue Account	(8,405)	(161)	(8,566)	7
Net Cost of Services	318,479	51,961	370,439	
Other Income and Expenditure	(372,343)	(24,445)	(396,787)	8
(Surplus) or Deficit on Provision of Services	(53,864)	27,516	(26,348)	
Opening General Fund and HRA Balance at 31 March 2017	(61,785)			
(Surplus)/deficit on General Fund and HRA Balance in Year	(53,864)			
To/From Other Statutory Reserves	(7,617)			
Closing General Fund and HRA Balance at 31 December 2017	(123,265)			

Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £32.9m accounting adjustment is made up of: £9.6m for the removal of unitary charge costs for the 3R's schools which for accounting purposes is required to be split into its component parts, payment for services; repayment of capital; and financing costs; £20.1m relates to depreciation and £22.4m relates to revaluation.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £18m accounting adjustment relates to depreciation and revaluation.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £1m accounting adjustment relates to depreciation and revaluation.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £2.2m accounting adjustment relates to depreciation and revaluation.
- 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.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £1.6m accounting adjustment is the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account.

7. See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £1.7m adjustment is made up of the reversal of contributions from revenue to fund capital expenditure which for accounting purposes is required to be charged to the Council's capital account, depreciation and revaluation.
8. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The £24.4m adjustment comprises two elements:
 - £6.9m is the element of reallocation of the 3R's unitary charge as per note 1 above which relates to financing costs which flows into the Financing and Investment Income and Expenditure line in the CIES below;
 - £35.9m is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below; and
 - £4.6m relates to depreciation and revaluation.

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 3, 2017/18			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Education & Childrens Services	210,453	(8,942)	201,511	
Communities, Housing & Infrastructure	124,163	(41,138)	83,025	
Integrated Joint Board/Social Work	100,544	(37,326)	63,218	
Corporate Governance	32,961	(8,277)	24,684	
Housing Benefits	42,400	(42,066)	334	
Corporate & Miscellaneous	3,791	(377)	3,414	
Office of the Chief Executive	3,972	(1,152)	2,820	
Cost of General Fund Services	518,284	(139,278)	379,006	
Housing Revenue Account	64,589	(73,155)	(8,566)	
Cost of Services	582,873	(212,433)	370,440	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	49,000	(30,736)	18,264	2
Taxation and Non Specific Grant Income	0	(415,052)	(415,052)	
(Surplus) or Deficit on Provision of Services	631,873	(658,221)	(26,348)	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	3
Impairment losses on non current assets charged to the Revaluation Reserve			0	3
(Surplus)/deficit on revaluation of available for sale financial assets			0	3
Actuarial (gains)/losses on pension losses/liabilities			0	3
Other (gains)/losses			205	3
Other Comprehensive Income and Expenditure			205	
Total Comprehensive Income and Expenditure			(26,143)	

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 interest payable and receivable.
3. These lines are predominantly used for statutory 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 2017		31 December	
£'000		2017	Note
£'000		£'000	
2,238,305	Property, Plant & Equipment	2,287,262	1
172,756	Heritage Assets	172,756	1
85,335	Investment Property	81,754	1
18,656	Long Term Investments	18,656	2
7,311	Long Term Debtors	7,465	3
2,522,363	Long Term Assets	2,567,893	
181,145	Cash and Cash Equivalents	135,942	4
141,227	Short Term Investments	91,862	5
78,679	Short Term Debtors	78,690	6
1,645	Inventories	8,617	7
5,382	Assets Held for Sale	5,382	8
408,078	Current Assets	320,493	
(81,351)	Short Term Borrowing	(34,386)	9
(90,364)	Short Term Creditors	(67,683)	10
(4,233)	Short Term Provisions	(3,664)	11
(2,611)	PPP Short Term Liabilities	(3,222)	12
(5,515)	Accumulated Absences Account	(5,515)	13
(473)	Grants Receipts in Advance - Revenue	(201)	14
(518)	Grants Receipts in Advance - Capital	(5,383)	14
(185,065)	Current Liabilities	(120,054)	
(900,874)	Long Term Borrowing	(901,588)	15
(108)	Long Term Creditors	(108)	16
(679)	Long Term Provisions	0	11
(100,973)	PPP Long Term Liabilities	(97,751)	12
(249,767)	Pension Liabilities	(249,767)	17
(1,252,401)	Long Term Liabilities	(1,249,214)	
1,492,975	Net Assets	1,519,118	
	Usable Reserves:		
(50,476)	General Fund Balance	(111,955)	18
(11,308)	Housing Revenue Account	(11,308)	18
(25,606)	Statutory and Other Reserves	(39,129)	18
(1,405,585)	Unusable Reserves	(1,356,726)	19
(1,492,975)	Total Reserves	(1,519,118)	

Balance Sheet Notes

1. Depreciation of £70.655m has been applied in Quarter 3 and relates to the whole financial year. Capital expenditure to the end of Quarter 3 totaling £163.811m has been applied to Property, Plant & Equipment (this includes £129.779m of general fund expenditure and £34.032m of HRA expenditure). Investment Properties and Operational assets have been revalued in Quarter 3. Disposals and transfers have not been accounted for in Quarter 3.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Villiage and the Integration Joint Board. 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 have been adjusted for short term investments of £123.289m (those investments classed as cash equivalents because they can be called up at short notice i.e. 0 to 30 days) and developers contributions of £16.785m. 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 balances. This adjustment has not been made in Quarter 3 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 no adjustment to split this total into long and short term provisions. This split will be reflected in future quarters.
12. PPP short term liabilities has been adjusted to reflect the outstanding position at March 2018.
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 3.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Long term creditors reflects the current position based on transactions for the period.
17. Pension liabilities are reviewed annually and will therefore be updated in Quarter 4.
18. Usable reserves reflects the current position based on the transactions for the period.
19. Unusable reserves have been 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 2017 and formally recognised within the 2016/17 Annual Accounts:

- **Aberdeen Science Centre (formerly Satrosphere)**

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £128,923 in support of an overdraft facility and card transactions until 31 March 2018.

○ **Transition Extreme Sports Ltd**

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a loan of £37,139 and a maximum overdraft facility of £250,000 as well as a guarantee of £237,215 to Social Investment Scotland in respect of an 11 year loan which is due to be repaid by June 2025.

○ **Landfill Sites**

The Council is responsible under environmental legislation for the ongoing monitoring, maintenance and ultimately capping and re-instatement of 3 closed landfill sites. The costs associated with two of these sites, Ness and Hill of Tramaud, have been accounted for through a mix of revenue and capital funding.

The third site at Mill of Dyce was previously operated by the Council under a lease. The Council purchased the site in 2012/13, and following an assessment of the environmental monitoring and reinstatement requirements works were carried out in 2014. The works are now complete with no further activity planned for the site.

○ **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.

○ **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 penalties have never been imposed and it is expected that the regulations will be repealed in due course. However, until such a repeal is formalised there remains a potential liability on the Council.

○ **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.

○ **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 RCF facility for £1.4 million for Sport Aberdeen.

○ **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.

○ **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.

A review of Contingent Liabilities is currently underway. An update will be included within the budget setting report to Council prior to inclusion within the Council's unaudited annual accounts.

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 3 2017/18 £'000
Net Surplus or (Deficit) on the provision of services	26,349
Adjust net surplus or deficit on the provision of services for non cash movements	91,754
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(35,974)
Net cash flows from Operating Activities	82,129
Net cash flows from Investing Activities	(78,471)
Net cash flows from Financing Activities	(48,861)
Net increase or decrease in cash and cash equivalents	(45,203)
Cash and cash equivalents at the beginning of the reporting period	181,145
Cash and cash equivalents at the end of the reporting period	135,942
Cash held by the Authority	47
Bank current accounts	135,895
	135,942