



**ABERDEEN**  
**CITY COUNCIL**

**FINANCIAL POSITION  
FOR THE YEAR 2017/18**

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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 year to 31 March 2018.

It also provides an insight into 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 led to the 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 fourth and final quarterly financial performance report for 2017/18, representing the final 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.

Having reached the end of the financial year and in the context of the new quarterly reporting regime introduced and 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 undertook a hard close of the results to Quarter 3 during January and February 2018 and thereafter will carry out a roll-forward review to the 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 Financial Position

#### • General Fund Revenue

An underspend of £4.483m against budget for the year is demonstrated in the table on page 4, with this amount recommended to be earmarked for use in future years, as required by statute or having arisen from unspent/received in advance grant funding. This has been achieved in the context of a number of identified cost and/or demand pressures on services. Further information on these is contained on pages 4-6.

#### • Housing Revenue Account

In line with the previously agreed reserves policy, a surplus position has been achieved for the Housing Revenue Account as demonstrated on page 6.

#### • General Fund Capital

The final position on the General Fund capital programme is provided on pages 7, including key project indicators as well as financial details. The final spend for 2017/18 reflects valuations for projects which were on site at 31 March 2018. Differences between actual spend and forecast outturn will result in a realignment of budgets in Quarter 1, 2018/19.

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

• **Housing Capital**

The final position on the Housing capital programme is provided on page 11, including key project indicators as well as financial details.

The capital programme is funded predominantly through contributions from the Housing Revenue Account and borrowing.

• **Reserves**

Having reached the end of the financial year and as in previous years, a review the overall position for both revenue and capital, in the context of the Council's Balance Sheet and Reserves has been undertaken and action taken to ensure the Council is suitably prepared for future revenue and capital investment purposes.

This review has taken 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 which can also be viewed as the Council de-risking its financial position by building up a reserve to cover future bond payment liabilities. It should be noted that following a review of the bond accounting entries undertaken in 2016/17, changes were made which resulted in a £4.3m adjustment to the General Fund balance as at 31 March 2017, with this being utilised in towards the creation of the provision for future bond payment liabilities.

The review also considered the option, as available through statutory guidance from the Scottish Government, subject to certain conditions, to use capital receipts to fund the costs of VS/ER and concluded this to be a suitable option at this time. To facilitate this, capital receipts previously held in the Capital Fund have been utilised to fund the costs incurred in 2017/18 and to create a provision for 2018/19 costs. The previously identified earmarked reserve for this purpose has been utilised to de-risk the Council through the creation of the provision for future bond payment liabilities.

In certain circumstances, funds are required to be earmarked for use in future years. This can be to fulfil statutory obligations or where funding has been received but not yet been spent. The most significant of these are income from second/long term empty homes, bus lane enforcement, pupil equity funding and general revenue grant received in advance.

These transactions are reflected below and in the Reserves section on page 13 and it is requested that committee approve the sums shown as transfers in to earmarked reserves. It should be noted that a number of previously earmarked amounts are no longer required and are reflected as transfers out such that the net additional amount to be earmarked is £4.483m.

| <b>31 March 2017 Usable Reserves</b> |                              | <b>31 March 2018</b> |  |
|--------------------------------------|------------------------------|----------------------|--|
| <b>£'000</b>                         |                              | <b>£'000</b>         |  |
| <b>(54,811)</b>                      | General Fund                 | <b>(40,603)</b>      |  |
| <b>(11,308)</b>                      | Housing Revenue Account      | <b>(11,808)</b>      |  |
| <b>(25,606)</b>                      | Statutory and Other Reserves | <b>(9,658)</b>       |  |
| <b>(2,737)</b>                       | Bond Accounting Reserve      | <b>(16,609)</b>      |  |
| <b>(94,462)</b>                      | <b>Total Usable Reserves</b> | <b>(78,678)</b>      |  |

• **Common Good**

The year end position is provided on page 12, reflecting that cash balances have increased during the year and are well above the previously agreed minimum requirement.

**Conclusion**

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

**General Fund Revenue**

|                                       | <b>Budget<br/>2017/18</b> | <b>Actual<br/>2017/18</b> | <b>Variance</b> | <b>Notes</b> |
|---------------------------------------|---------------------------|---------------------------|-----------------|--------------|
| <b>As at 31st March 2018</b>          | <b>£ 000s</b>             | <b>£ 000s</b>             | <b>£ 000s</b>   |              |
| Education And Children's Services     | 213,014                   | 213,939                   | 925             | 1            |
| Communities Housing & Infrastructure  | 80,678                    | 82,772                    | 2,094           | 2            |
| Integration Joint Board               | 83,308                    | 83,308                    | 0               | 3            |
| Corporate Governance                  | 24,962                    | 24,655                    | (307)           | 4            |
| Housing Benefits                      | 2,153                     | 1,605                     | (548)           | 5            |
| Office Of Chief Executive             | 3,119                     | 2,979                     | (140)           | 6            |
| <b>Total Service Budget</b>           | <b>407,233</b>            | <b>409,258</b>            | <b>2,024</b>    |              |
| Contingencies                         | (1,675)                   | 2,756                     | 4,431           | 7            |
| Council Expenses                      | 2,860                     | 2,853                     | (8)             | 8            |
| Joint Boards                          | 1,645                     | 1,494                     | (151)           | 9            |
| Miscellaneous Services                | 36,269                    | 24,412                    | (11,858)        | 10           |
| Trading Services                      | (10,409)                  | (9,222)                   | 1,186           | 11           |
| <b>Total Corporate Budgets</b>        | <b>28,692</b>             | <b>22,292</b>             | <b>(6,399)</b>  |              |
| <b>Total Expenditure</b>              | <b>435,925</b>            | <b>431,550</b>            | <b>(4,375)</b>  |              |
| Non Domestic Rates                    | (205,547)                 | (205,547)                 | 0               | 12           |
| General Revenue Grant                 | (118,802)                 | (120,013)                 | (1,211)         | 13           |
| <b>Government Support</b>             | <b>(324,349)</b>          | <b>(325,560)</b>          | <b>(1,211)</b>  |              |
| Council Tax                           | (111,576)                 | (110,473)                 | 1,103           | 13           |
| <b>Local Taxation</b>                 | <b>(111,576)</b>          | <b>(110,473)</b>          | <b>1,103</b>    |              |
| <b>Total Income</b>                   | <b>(435,925)</b>          | <b>(436,033)</b>          | <b>(108)</b>    |              |
| <b>General Fund Deficit/(Surplus)</b> | <b>0</b>                  | <b>(4,483)</b>            | <b>(4,483)</b>  |              |

**Notes**

It should be noted that the full year budgets reflected above differ from those set by Council in February 2017 for a number of reasons. This is normal practice during the year as virements are identified or additional funding provided. The main changes in services relate to the allocation of procurement, staff vacancy and savings arising from changes to the staffing establishment as a result of VS/ER which were held within contingencies at the time the budget was set.

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.

A number of areas of pressure were highlighted throughout the year which have impacted on the final position for the service as follows:

- Foster care costs (£2m) have risen due to the inability to recruit within the city, a national problem, with a high number of placements now being provided by external agencies that charge higher fees as part of a national contract;
- Out of Authority Placements (£1.9m) due to the continued pressure of cost increases per package, Sheriff Court, Children's Hearing and Education Tribunal placement decisions. This reflects a share of charges from independent schools and social work settings outwith Aberdeen City Council's own establishments; and
- Self Directed Support packages (£0.5m) due to rising numbers for children with complex support needs;

Cost pressures were mitigated as far as possible by underspends and cost reductions in other areas of the service.

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.

A number of areas of pressure were highlighted throughout the year which have impacted on the final position for the service as follows:

- Construction Consultancy/Design Team (£1.7m) is subject to the risk of delays in the capital programme or decisions not to undertake work, with a shortfall in income as a result of the decision not to progress the design of new schools in 2017/18, additional costs from Henry Rae for which there was no income and delays in progressing housing projects involving owners;
- Roads and Transport (£1.4m) resulting from additional spend on winter maintenance and potholes formed as a result of icy conditions and reduced rechargeable capital works being undertaken, in part due to adverse weather conditions late in the year; and
- Directorate Support additional staffing costs (£0.5m).

Cost pressures were mitigated as far as possible by underspends and cost reductions in other areas of the service.

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.

A number of areas of pressure were highlighted throughout the year which have impacted on the final position for the service as follows:

- Commissioned care packages (£560k) transitioning from Children's services due to an increase in both number and cost of packages and more clients transitioning with increased medical needs;
- Additional costs of running Kingsmead Nursing home (£750k); and
- Increased demand for commissioned services across complex client groups resulting in additional staffing for care packages brought in-house and for nursing packages out of the area (£300k).

Cost pressures were mitigated by underspends and cost reductions in other areas of the service as well as the use of the transformation/change fund.

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.

There were no material areas of pressure within this service.

5. Housing Benefits is demand led with costs offset by income. A positive final position has been achieved due to recovery of homelessness costs from Housing and additional income received for DWP income relating to 2016/17.

6. 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.

There were no material areas of pressure within this service.

7. Contingencies have been adjusted during the year from that set at Council in February largely due to the allocation of procurement and staff vacancy savings. The material variances in Contingencies have arisen from unallocated procurement savings, a shortfall in the staff vacancy saving and the deferral of the business support review, offset by higher than anticipated savings from Voluntary Severance/Early Retirement and the relatively low level of take up of the Non Domestic Rates Local Relief Scheme.

8. Council Expenses includes the cost of councillors, audit costs and provision for debts.

There were no material areas of pressure within this service

9. Joint Boards represents the amount requisitioned by Grampian Valuation Joint Board which is known during the year and is therefore showing no significant variance.

10. Miscellaneous Services includes capital financing costs and bond accounting entries which ensures compliance with accounting standards whilst also de-risking the Council's financial position by creating a provision for future repayment liabilities in advance of these falling due.

11. Trading Services encompasses Buidling Services, Property Letting and Car Parking.

Areas of pressure were highlighted throughout the year which have impacted on the final position for the Trading Services as follows:

- Building Services payments to outside contractors (£3.6m) which partially offset by savings from staff vacancies and a reduction in agency costs (£1.8m).

12. Non Domestic Rates is set by the Scottish Government as part of its overall funding support package rather than the amount billed and receivable by the Council.

Following the revaluation of rateable values, two relief schemes were put in place for the year – a national transitional relief scheme, the costs of which are met by the Scottish Government and a localised relief scheme, the costs of which are met by the Council as referred to at point 7 above.

13. General Revenue Grant is set by the Scottish Government as part of its overall funding support package. Redeterminations to the 2017/18 grant were issued in March 2018, which resulted in an increase of £3.617m for 2017/18. In addition, £1.211m of funding was paid in advance in 2017/18 for the financial year 2018/19. Whilst this is reflected in the figures above, it requires to be earmarked for use in 2018/19. In addition, unspent Pupil Equity Funding (£1.6m) available for use by schools over the academic rather than financial year is required to be earmarked.

14. Council Tax income is received from households in the City and is affected by property numbers, types of properties and eligibility to discounts and reliefs. Actual income for the year is £1.1m lower than budget, largely reflecting a higher level of discounts and reliefs applicable to households. Income received through charges for Second Homes/Long Term Empty properties (£1.5m) is required earmarked for the provision of affordable housing.

### Housing Revenue Account

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. In line with the previously agreed policy to increase reserves, a surplus of £0.5m is reflected below.

| <b>As at 31st March 2018</b>   | <b>Budget<br/>2017/18<br/>£ 000s</b> | <b>Actual<br/>2017/18<br/>£ 000s</b> | <b>Variance<br/>£ 000s</b> |
|--------------------------------|--------------------------------------|--------------------------------------|----------------------------|
| Net Expenditure                | (500)                                | (500)                                | 0                          |
| <b>Housing Revenue Account</b> | <b>(500)</b>                         | <b>(500)</b>                         | <b>0</b>                   |

**General Fund Capital Programme**

| As at Period 12 2017/18   |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|---|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| AECC Programme Board  |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| New AECC  | →      | G        | G      | G    | A        | 130,110                   | 122,922                        | 117,854            |
| New AECC: Anaerobic Digestion Plant                               | →      | G        | G      | A    | A        | 4,000                     | 0                              | 55                 |
|   |        |          |        |      |          | <b>134,110</b>            | <b>122,922</b>                 | <b>117,910</b>     |
| As at Period 12 2017/18   |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
| Asset Management Programme Board                                  |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| New Brimmond School   | →      | G        | G      | G    | G        | 0                         | (43)                           | (43)               |
| Orchard Brae (New ASN School - previously Raeden Centre project)  | →      | G        | G      | G    | G        | 3,367                     | 3,444                          | 2,729              |
| New Academy to the South - ICT Infrastructure                     | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
| New Academy to the South - Infrastructure Improvements            | →      | G        | G      | G    | G        | 0                         | 270                            | 296                |
| New Milltimber Primary  | →      | A        | A      | G    | A        | 0                         | 0                              | 0                  |
| Social Care Facilities: Len Ironside Centre                       | →      | G        | G      | G    | G        | 287                       | 185                            | 199                |
| Kingsfield Childrens Home   | →      | A        | G      | G    | A        | 1,550                     | 420                            | 0                  |
| TNRP - Investment in Advance Factory Units                        | →      | A        | G      | G    | A        | 1,289                     | 30                             | 0                  |
| Greenbrae Primary Extension and Internal Works                    | →      | G        | A      | G    | G        | 495                       | 495                            | (19)               |
| Stoneywood Primary  | →      | R        | A      | R    | G        | 11,933                    | 10,461                         | 9,478              |
| Dyce 3G Pitch   | →      | G        | G      | G    | G        | 31                        | 10                             | 10                 |
| Refurbish Throughcare Facility - 311 Clifton Road                 | →      | G        | G      | G    | G        | 42                        | 42                             | 12                 |
| Street Lighting LED Lantems (PACE programme)                      | →      | G        | G      | G    | G        | 1,659                     | 1,500                          | 827                |
| Flood Prevention Measures: Flood Guards Grant Scheme              | →      | G        | G      | G    | G        | 191                       | 10                             | 5                  |
| Flood Prevention Measures: Riverside Drive at Bridge of Dee Court | →      | G        | G      | G    | G        | 500                       | 300                            | (0)                |
| Flood Prevention Measures: Millside & Paddock Peterculter         | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
| Tillydrone Primary School   | ↘      | A        | A      | G    | A        | 2,871                     | 150                            | 13                 |
| Torry Primary School and Hub                                      | ↘      | A        | A      | G    | A        | 2,983                     | 150                            | 9                  |
| Northfield / Cummings Park Early Learning & Childcare Provision   | ↘      | A        | A      | R    | A        | 500                       | 0                              | 7                  |
| Kingsmead Nursing Home Acquisition                                | ↗      | G        | G      | G    | G        | tbc                       | tbc                            | 0                  |
| Crematorium Refurbishment   | →      | A        | A      | G    | G        | 111                       | 111                            | 0                  |
|   |        |          |        |      |          | <b>27,809</b>             | <b>17,535</b>                  | <b>13,523</b>      |



| As at Period 12 2017/18  |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|--|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Asset Management Programme Board Rolling Programmes                    |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|  | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Corp Property Condition & Suitability Programme                        | →      | A        | G      | A    | A        | 9,897                     | 7,481                          | 5,622              |
| Cycling Walking Safer Streets Grant                                    | →      | G        | G      | G    | G        | 316                       | 316                            | 319                |
| Fleet Replacement Programme (including Zero Waste Strategy Fleet)      | →      | G        | G      | G    | G        | 3,534                     | 2,979                          | 1,281              |
| Planned Renewal & Replacement of Road Infrastructure                   | →      | A        | G      | A    | A        | 5,601                     | 5,115                          | 4,187              |
| Planned Renewal & Replacement of Road Infrastructure (Street Lighting) | →      | A        | G      | A    | A        | 473                       | 473                            | 738                |
|  |        |          |        |      |          | <b>19,821</b>             | <b>16,364</b>                  | <b>12,146</b>      |

  

| As at Period 12 2017/18                              |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|--|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| City Centre Programme Board                          |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|  | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Art Gallery Redevelopment - Aberdeen Treasure Hub    | →      | G        | G      | G    | G        | 3                         | 0                              | 0                  |
| Art Gallery Redevelopment - Main Contract (HLF)      | →      | R        | R      | R    | G        | 10,983                    | 8,983                          | 8,270              |
| Music Hall   | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
| City Centre Masterplan                               | →      | A        | G      | G    | G        | 8,269                     | 2,138                          | 1,694              |
| Provost Skene House Refurbishment                    | ↗      | G        | G      | G    | G        | 1,413                     | 350                            | 299                |
| Broad Street   | →      | A        | A      | A    | G        | 2,343                     | 2,143                          | 1,924              |
| Union Street - Conservation Area Regeneration Scheme | →      | G        | G      | G    | G        | 338                       | 338                            | 29                 |
| Central Library Roof & Parapets                      | →      | G        | G      | G    | G        | 820                       | 820                            | 513                |
|  |        |          |        |      |          | <b>24,168</b>             | <b>14,772</b>                  | <b>12,729</b>      |

  

| As at Period 12 2017/18                                       |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|---|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Energy Programme Board  |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Hydrogen Buses  | →      | G        | G      | G    | G        | 5                         | 0                              | 0                  |
| Waste: Energy from Waste (EFW) Procurement & Land Acquisition | →      | A        | G      | G    | A        | 5,200                     | 3,944                          | 956                |
| Waste: Investment in Waste Collection                         | ↗      | A        | G      | G    | A        | 1,603                     | 1,603                          | 1,496              |
| Waste: Refused Derived Fuel Plant                             | →      | G        | G      | G    | G        | 480                       | 474                            | 474                |
| Waste: Co-Mingled MRF & Depot                                 | →      | G        | G      | G    | G        | 956                       | 716                            | 219                |
| Waste: Bridge of Don HWRC                                     | →      | G        | A      | G    | A        | 0                         | 0                              | 0                  |
| Energy from Waste (EFW) Construction & Torry Heat Network     | →      | A        | G      | G    | G        | 436                       | 456                            | 24                 |
| Aberdeen City Hydrogen Energy Storage (ACHES)                 | →      | G        | G      | G    | G        | 0                         | (52)                           | (52)               |
| JIVE (Hydrogen Buses Phase 2)                                 | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
|   |        |          |        |      |          | <b>8,680</b>              | <b>7,141</b>                   | <b>3,118</b>       |

| As at Period 12 2017/18   |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|---|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Housing and Communities Programme Board                               |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Tillydrone Community Hub  | →      | A        | G      | A    | G        | 4,773                     | 512                            | 478                |
| SIP New Build Housing Programme                                       | →      | A        | G      | G    | A        | 541                       | 541                            | 539                |
| Middlefield Project Relocation / Henry Rae Community Centre Extension | →      | G        | G      | G    | G        | 28                        | (95)                           | (99)               |
| Station House Media Unit Extension                                    | ↘      | R        | G      | A    | A        | 1,064                     | 650                            | 521                |
| New Cruyff Court  | →      | G        | G      | G    | G        | 25                        | 0                              | 0                  |
| Community Growing Spaces  | →      | G        | G      | G    | G        | 145                       | 80                             | 29                 |
|   |        |          |        |      |          | <b>6,576</b>              | <b>1,688</b>                   | <b>1,469</b>       |

  

| As at Period 12 2017/18                                    |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|--|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Housing and Communities Programme Board Rolling Programmes |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|  | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Private Sector Housing Grant                               | →      | G        | G      | G    | G        | 700                       | 700                            | 0                  |
|  |        |          |        |      |          | <b>700</b>                | <b>700</b>                     | <b>0</b>           |

  

| As at Period 12 2017/18                             |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|---|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Transportation Programme Board                      |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Access From the North / 3rd Don Crossing            | →      | A        | R      | A    | A        | 2,478                     | 1,146                          | 1,097              |
| Western Peripheral Route                            | →      | G        | G      | G    | G        | 15,858                    | 4,132                          | 4,212              |
| Strategic Land Acquisition                          | →      | G        | G      | G    | G        | 848                       | 1,922                          | 1,225              |
| CATI: South College Street                          | →      | G        | G      | G    | A        | 382                       | 50                             | 25                 |
| CATI - Berryden Corridor (Combined Stages 1, 2 & 3) | →      | A        | A      | A    | R        | 4,101                     | 685                            | 612                |
| A96 Park & Choose / Dyce Drive Link Road            | ↗      | A        | G      | G    | A        | 1,815                     | 1,775                          | 695                |
| Sustrans Active Travel Infrastructure Fund          | →      | G        | G      | G    | A        | 1,194                     | 793                            | 853                |
|   |        |          |        |      |          | <b>26,676</b>             | <b>10,503</b>                  | <b>8,717</b>       |

  

| As at Period 12 2017/18                           |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|---|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Transportation Programme Board Rolling Programmes |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|   | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Nestrans - Capital Works                          | →      | A        | A      | G    | G        | 0                         | 0                              | 962                |
| Nestrans - Capital Grant                          | →      | G        | G      | G    | G        | 2,111                     | 1,000                          | 0                  |
|   |        |          |        |      |          | <b>2,111</b>              | <b>1,000</b>                   | <b>962</b>         |

| As at Period 12 2017/18                                |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|--|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Strategic Asset & Capital Plan Board                   |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|  | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Data Centre Transition & Infrastructure Transformation | →      | G        | G      | G    | G        | 218                       | 102                            | 93                 |
| City Broadband (Accelerate Aberdeen)                   | ↘      | A        | G      | G    | A        | 360                       | 360                            | 0                  |
| Technology Investment Requirements & Digital Strategy  | →      | A        | G      | G    | G        | 1,184                     | 927                            | 883                |
| City Deal  | →      | G        | G      | G    | G        | 44                        | 10                             | 0                  |
| City Deal: Strategic Transport Appraisal               | →      | G        | G      | G    | G        | 585                       | 82                             | 82                 |
| City Deal: Aberdeen Harbour Expansion Project          | →      | G        | G      | G    | G        | 1,500                     | 1,500                          | 1,500              |
| City Deal: Digital Infrastructure                      | ↘      | G        | G      | G    | A        | 1,750                     | 0                              | 0                  |
| City Deal: City Duct Network                           | →      | A        | G      | G    | A        | 2,000                     | 0                              | 0                  |
| City Deal: Transportation Links to Bay of Nigg         | →      | G        | G      | G    | G        | 100                       | 100                            | 31                 |
| Human Capital Management                               | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
| City Deal: Expand Fibre Network                        | ↘      | G        | A      | G    | A        | 2,000                     | 2,000                          | 1,064              |
| Construction Inflation (unassigned)                    | →      | G        | G      | G    | G        | 957                       | 0                              | 0                  |
|  |        |          |        |      |          | <b>10,698</b>             | <b>5,081</b>                   | <b>3,654</b>       |

  

| As at Period 12 2017/18              |        |          |        |      |          | Gross Figures for 2017/18 |                                |                    |
|--------------------------------------|--------|----------|--------|------|----------|---------------------------|--------------------------------|--------------------|
| Strategic Asset & Capital Plan Board |        |          |        |      |          | Approved Budget           | Forecast Expenditure Quarter 3 | Actual Expenditure |
|                                      | Status | Timeline | Budget | Risk | Resource | £'000                     | £'000                          | £'000              |
| Developers Contributions             | →      | A        | A      | A    | A        | 0                         | 0                              | 1,741              |
| Cost of Property Sales               | →      | G        | G      | G    | G        | 0                         | 0                              | 0                  |
|                                      |        |          |        |      |          | <b>0</b>                  | <b>0</b>                       | <b>1,741</b>       |

Significant progress has been achieved on projects throughout the General Fund Capital Programme during 2017/18 including:

- Construction works are well underway on the new Aberdeen Exhibition and Conference Centre, with the frameworks of all the main buildings now in place;
- The City Centre Masterplan has continued the investment in Aberdeen, including progress on the Art Gallery refurbishment, plans for the re-design of Union terrace Gardens, and the urban realm of Broad Street to complement the recently completed Marischal Square development;
- The Council's Local Transport Strategy has been supported by continuation of works towards the opening of the Aberdeen Western Peripheral Route and associated works along the Berryden Corridor, new A96 Park & Choose and Dyce Drive link road;
- Transport connectivity has been supported by investment in the City region Deal project for Aberdeen Harbour Expansion at Bay of Nigg, and associated roads infrastructure, as well as digital connectivity with the expansion of the City's fibre network;
- The Investment in Waste Infrastructure has seen the formal opening of the new Materials Recycling and Refuse Derived Fuel Plant at Altens East, in conjunction with the new Waste Collection depot;
- Within the school estate, the Council successfully opened the new Orchard Brae School for Complex Needs, and construction of the new Stoneywood Primary has progressed towards a targeted opening date for pupils of August 2018; and
- Investment in our local communities is continuing with the refurbishment of the Station House Media Unit and construction commencing on the new Tillydrone Community Hub.

- Amongst the Council's rolling asset investment programmes, street lighting improvements continued with further corroded column replacements and the second year of installing new energy efficient LED lanterns.

Notes on projects with Red indicators:

Projects where officers are responding to delivery challenges:

- The contractor for Stoneywood Primary has formally submitted an extension of time claim, which is currently in dispute by the project manager. The new school is still expected to open to pupils from August 2018.
- The Council approved the progression of the Compulsory Purchase Order for the Berryden Corridor at its Urgent Business Committee on 21 December 2017. The project team are progressing the necessary arrangements including a reassessment of resourcing negotiations for some voluntary property acquisitions.
- Confirmation of window designs and the car park for the Station House Media Unit extension may result in a delay of planned handover. Both issues are being accommodated within the projects existing contingency budget.

Projects under officer assessment for potential contractual dispute:

- An extension of time claim has been received from the contractor for the Art Gallery refurbishment, and officers are considering the validity of the claim. Additional project management resources have been appointed to support the final project stages and evaluate the impact of contractor claims on final valuation.
- Part 1 claims under the Land Compensation Claim Act 1973, and Noise Insulation (Scotland) regulations (1975) continue to be received, assessed and processed for the 3<sup>rd</sup> Don Crossing project in compliance with the processes for the creation of new roads infrastructure. Information is also being gathered for the project review and consideration of any potential legal action by the Council.

Projects to be re-scoped:

- The Early Learning and Childcare programme to expand nursery provision across the city continues to be developed. Progressing with a prioritised list of projects, which includes the Northfield / Cummings Park project, is dependent on the Council receiving confirmation of its share of the £150 million Scottish Government funding pool for 2018/19, to bolster the £1.035 million grant which was provided in 2017/18.

**Housing Capital Programme**

| As at Period 12 2017/18<br>Housing Capital | Approved<br>Budget<br>£'000 | Forecast<br>Expenditure Q3<br>£'000 | Actual<br>to date<br>£'000 | Pr | Cu |
|--|-----------------------------|-------------------------------------|----------------------------|----|----|
| Compliant with the tolerable standard      | 385                         | 217                                 | 465                        | G  | G  |
| Free from Serious Disrepair                | 19,279                      | 13,953                              | 12,417                     | G  | G  |
| Energy Efficient                           | 8,405                       | 7,102                               | 9,442                      | G  | G  |
| Modern Facilities & Services               | 4,202                       | 1,854                               | 1,517                      | G  | G  |
| Healthy, Safe & Secure                     | 4,284                       | 3,882                               | 3,375                      | G  | G  |
| Non Scottish Housing Quality Standards     | 22,930                      | 21,431                              | 15,844                     | G  | G  |
|  | <b>62,152</b>               | <b>48,439</b>                       | <b>43,521</b>              |    |    |

The approved budget shown above reflects the gross capital programme, whilst the budget set in February 2017 assumed that a level of slippage would occur across projects such that forecast expenditure is always lower than the gross budget.

A programme of improvements has been undertaken during 2017/18, including new kitchens and bathrooms to meet Scottish Housing Quality Standards, new windows and central heating to improve overall energy efficiency, and rewiring of properties. In addition, equipment and adaptations have been provided to ensure tenants can continue to live in their homes, and footpaths and carriageways have been improved to bring them up to the adoptable standard.

Progress on the planned new housing has been made with 31 new builds having been completed in 2017/18.

**Common Good**

| <b>Common Good as at March 2018</b>   | <b>Full Year<br/>Budget<br/>2017/18</b> | <b>Actual</b>   | <b>Variance<br/>from<br/>Budget</b> |
|---|---|-----------------|-------------------------------------|
|   | <b>£'000</b>                            | <b>£'000</b>    | <b>£'000</b>                        |
| Recurring Expenditure   | 2,783                                   | 2,224           | (559)                               |
| Recurring Income  | (3,428)                                 | (3,561)         | (133)                               |
| <b>Budget After Recurring Items</b>   | <b>(645)</b>                            | <b>(1,337)</b>  | <b>(692)</b>                        |
| Non Recurring Expenditure   | 421                                     | 458             | 37                                  |
| Non Recurring Income  |   | 0               | 0                                   |
| <b>Total</b>  | <b>(224)</b>                            | <b>(879)</b>    | <b>(654)</b>                        |
| <b>Amounts required for increase in cash balances in line with inflation</b>      | <b>(168)</b>                            | <b>(168)</b>    |                                     |
| <b>Revised Net income</b>   | <b>(56)</b>                             | <b>(711)</b>    |                                     |
| <b>Cash Balances as at 1 April 2017</b>   | <b>(22,001)</b>                         | <b>(22,001)</b> |                                     |
| <b>Estimated Cash Balances as at 31 March 2018</b>                                | <b>(22,225)</b>                         | <b>(22,880)</b> |                                     |
| <b>Minimum cash balance requirement per budget report (Council February 2017)</b> | <b>(18,808)</b>                         | <b>(18,808)</b> |                                     |

The Common Good Fund is showing a £654k favourable variance at 31 March 2018. The main variances relating to this underspend were as a result of an increase in property income due to rent reviews (£140k), vacant posts and reduction in grants (£200k) paid in Civic Support and Twinning Activities, the purchase of Christmas illuminations meant lower rental costs by £80k, lower contributions to Trusts in Quarter 3 and 4 (£60k), and a lower spend on property repairs and maintenance (£60k)

**Reserves**

| General Fund Reserves                                    | Balance at<br>31 March<br>2017<br>£'000 | Transfers In<br>2017/18<br>£'000 | Transfers Out<br>2017/18<br>£'000 | Balance at<br>31 March<br>2018<br>£'000 |
|--|---|----------------------------------|-----------------------------------|---|
| <b>Balance at 31 March 2018</b>                          | <b>(43,520)</b>                         | <b>(5,358)</b>                   | <b>19,565</b>                     | <b>(29,313)</b>                         |
| ICT Projects - New Microphones                           | (14)                                    | 0                                | 14                                | 0                                       |
| Business Plan Service Options                            | (223)                                   | 0                                | 70                                | (153)                                   |
| Employee Benefit Scheme                                  | (77)                                    | 0                                | 77                                | 0                                       |
| ICT Projects   | (23)                                    | 0                                | 23                                | 0                                       |
| Star Awards Sponsorship                                  | (25)                                    | (18)                             | 18                                | (25)                                    |
| Xerox Print Contract                                     | (317)                                   | 0                                | 217                               | (100)                                   |
| Events - Silver City Stories                             | (8)                                     | 0                                | 8                                 | 0                                       |
| Energy Efficiency Fund                                   | (735)                                   | (411)                            | 0                                 | (1,146)                                 |
| Bus Lane Enforcement                                     | (589)                                   | (420)                            | 118                               | (891)                                   |
| Second/Long Term Empty Homes                             | (6,801)                                 | (1,503)                          | 0                                 | (8,304)                                 |
| Mither Kirk - Burial of Remains                          | 0                                       | (38)                             | 0                                 | (38)                                    |
| Building Services IT Upgrade                             | (148)                                   | 0                                | 70                                | (78)                                    |
| Upgrade to the Road at the Torry Battery                 | (193)                                   | 0                                | 60                                | (133)                                   |
| Property Transfer  | (152)                                   | 0                                | 23                                | (129)                                   |
| Westburn Park Cycle Track restoration                    | (29)                                    | 0                                | 29                                | 0                                       |
| City Deal  | (219)                                   | 0                                | 219                               | 0                                       |
| Mens Shed  | (5)                                     | 0                                | 0                                 | (5)                                     |
| DEM Education Community Centres                          | (598)                                   | 0                                | 36                                | (562)                                   |
| Community Planning                                       | (9)                                     | 0                                | 9                                 | 0                                       |
| New Bolier Ferryhill Community Centre                    | (20)                                    | 0                                | 0                                 | (20)                                    |
| New shed at St Clements Court                            | (1)                                     | 0                                | 1                                 | 0                                       |
| Youth bus for Torry Community Centre                     | (20)                                    | 0                                | 0                                 | (20)                                    |
| Skene Street Play Park upgrade                           | (7)                                     | 0                                | 5                                 | (2)                                     |
| Play equipment for Crown Terrace Park                    | (12)                                    | 0                                | 12                                | 0                                       |
| Legal costs-Culter House Estate Culter Community Council | (5)                                     | 0                                | 0                                 | (5)                                     |
| Milltimber Play Group outdoor forest                     | (1)                                     | 0                                | 0                                 | (1)                                     |
| Commercial - Dev Grant                                   | (30)                                    | 0                                | 29                                | (1)                                     |
| Duthie Park Bequest                                      | (18)                                    | 0                                | 18                                | (0)                                     |
| Welfare Rights/NHS Grant                                 | (7)                                     | 0                                | 7                                 | 0                                       |
| Community Justice Redesign Post                          | (20)                                    | 0                                | 8                                 | (12)                                    |
| HMT Roof Works   | (288)                                   | 0                                | 162                               | (126)                                   |
| Developing Young Workforce                               | (66)                                    | 0                                | 66                                | 0                                       |
| Music Hall Redevelopment                                 | (800)                                   | 0                                | 800                               | 0                                       |
| Reclaiming Social Work                                   | (1,430)                                 | 0                                | 1,430                             | 0                                       |
| ICT Projects - Schools ICT Fund                          | (779)                                   | 0                                | 779                               | 0                                       |
| DEM Carry Forward Balances                               | (857)                                   | (136)                            | 0                                 | (993)                                   |
| Pupil Equity Fund  | 0                                       | (1,621)                          | 0                                 | (1,621)                                 |
| 18/19 GRG Redetermination                                | 0                                       | (1,211)                          | 0                                 | (1,211)                                 |
| De-risk the Council                                      | (3,039)                                 |                                  | 534                               | (2,505)                                 |
| Investment Strategy (Digital Strategy)                   | (666)                                   | 0                                | 666                               | 0                                       |
| Investment Strategy                                      | (4,335)                                 | 0                                | 4,335                             | 0                                       |
| VS/ER  | (5,976)                                 | 0                                | 5,976                             | 0                                       |
| Transformation Fund                                      | (14,978)                                |                                  | 3,745                             | (11,233)                                |
| <b>Total Earmarked Reserves</b>                          | <b>(43,520)</b>                         | <b>(5,358)</b>                   | <b>19,565</b>                     | <b>(29,313)</b>                         |
| <b>Total Uncommitted Balance</b>                         | <b>(11,291)</b>                         | <b>0</b>                         | <b>0</b>                          | <b>(11,291)</b>                         |
| <b>Total General Fund</b>                                | <b>(54,811)</b>                         | <b>(5,358)</b>                   | <b>19,565</b>                     | <b>(40,604)</b>                         |

| Housing Revenue Account Reserves                                   | Balance at 31<br>March 2017<br>£'000 | Transfers In<br>2017/18<br>£,000 | Transfers Out<br>2017/18<br>£'000 | Balance at 31<br>March 2018<br>£'000 |
|--|--------------------------------------|----------------------------------|-----------------------------------|--------------------------------------|
| <b>Balance at 31 March 2018</b>                                    | <b>(11,308)</b>                      | <b>(2,354)</b>                   | <b>1,854</b>                      | <b>(11,808)</b>                      |
| <i>Projects:</i>   |                                      |                                  |                                   |                                      |
| Housing Repairs  | (1,326)                              | (1,854)                          | 1,326                             | (1,854)                              |
| House Sales - Non right to buy                                     | (245)                                | (63)                             |                                   | (308)                                |
| <b>Total Earmarked Reserves</b>                                    | <b>(1,571)</b>                       | <b>(1,917)</b>                   | <b>1,326</b>                      | <b>(2,162)</b>                       |
|  |                                      |                                  |                                   |                                      |
| <b>Total Uncommitted Balance</b>                                   | <b>(9,737)</b>                       | <b>(500)</b>                     | <b>528</b>                        | <b>(9,646)</b>                       |
| <b>Recommended Uncommitted Balance</b>                             | <b>(8,599)</b>                       | <b>0</b>                         | <b>6</b>                          | <b>(8,593)</b>                       |
|  |                                      |                                  |                                   |                                      |
| Common Good Reserves   | Balance at 31<br>March 2017<br>£'000 | Transfers In<br>2017/18<br>£,000 | Transfers Out<br>2017/18<br>£,000 | Balance at 31<br>March 2018<br>£'000 |
| <b>Balance at 31 March 2018</b>                                    | <b>(21,706)</b>                      | <b>(284)</b>                     | <b>(5,808)</b>                    | <b>(27,798)</b>                      |
| <b>Earmarked Sums</b>  |                                      |                                  |                                   |                                      |
| <i>Projects:</i>   |                                      |                                  |                                   |                                      |
| Fernhill Farm Replacement Building                                 | (100)                                | 0                                | 34                                | (66)                                 |
| Consultancy Costs  | (11)                                 | 0                                | 4                                 | (7)                                  |
| Property Repairs & Maintenance                                     | (25)                                 | 0                                | 19                                | (6)                                  |
| March Stone Upkeep   | (13)                                 | 0                                | 0                                 | (13)                                 |
| Torry Battery Park   | (3)                                  | 0                                | 0                                 | (3)                                  |
| Cromwell Wall, Marischal Court Repairs                             | (1)                                  | 0                                | 0                                 | (1)                                  |
| Fishing Industry Memorial  | (50)                                 | 0                                | 50                                | 0                                    |
| Grove Nursery  | (68)                                 | 0                                | 0                                 | (68)                                 |
| Culter Playing Fields  | (8)                                  | 0                                | 0                                 | (8)                                  |
| Satrosphere Refurbishment  | (11)                                 | 0                                | 0                                 | (11)                                 |
| Lord Provost Portrait  | (5)                                  | (5)                              | 0                                 | (10)                                 |
| Ferryhill Railway Heritage   | (5)                                  | 0                                | 4                                 | (1)                                  |
| Smithfield Farm - Roof repairs                                     | (10)                                 | 0                                | 0                                 | (10)                                 |
| Hazehead Park  | 0                                    | (12)                             | 0                                 | (12)                                 |
| Aberdeen & North East Family History Society - Broad St Exhibition | 0                                    | (4)                              | 0                                 | (4)                                  |
| APA - Replacement Lift   | 0                                    | (80)                             | 0                                 | (80)                                 |
| APA - Music Hall Cleaning  | 0                                    | (75)                             | 0                                 | (75)                                 |
| Homestart  | 0                                    | (3)                              | 0                                 | (3)                                  |
| Castlegate Arts  | 0                                    | (10)                             | 0                                 | (10)                                 |
| Cricket Pitch at Stewarts Park                                     | 0                                    | (15)                             | 0                                 | (15)                                 |
| Refurbishment of Men's Shed Culter                                 | 0                                    | (10)                             | 0                                 | (10)                                 |
| Aberdeen Street Pastors  | 0                                    | (5)                              | 0                                 | (5)                                  |
| Festival - AIYF final 2 quarters grants                            | 0                                    | (65)                             | 0                                 | (65)                                 |
| <b>Total Earmarked reserves</b>                                    | <b>(310)</b>                         | <b>(284)</b>                     | <b>111</b>                        | <b>(483)</b>                         |
|  |                                      |                                  |                                   |                                      |
| <b>Total Uncommitted Balance</b>                                   | <b>(21,396)</b>                      | <b>0</b>                         | <b>(5,919)</b>                    | <b>(27,315)</b>                      |
| <b>Recommended Uncommitted Balance</b>                             | <b>(13,734)</b>                      |                                  | <b>(5,074)</b>                    | <b>(18,808)</b>                      |