

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	1 August 2018
REPORT TITLE	Council Financial Performance – Quarter 1, 2018/19
REPORT NUMBER	RES/18/056
DIRECTOR	Steven Whyte
CHIEF OFFICER	Sandra Buthlay
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	1.3

1. PURPOSE OF REPORT

- 1.1 To provide the financial position of the Council, as at Quarter 1 (April – June 2018) and the full year forecast position for the financial year 2018/19, including:
- General Fund and Housing Revenue Account (HRA) revenue and capital accounts and the associated Balance Sheet; and
 - Common Good Revenue Account and Balance Sheet.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee note the following:-
- a) General Fund and HRA financial performance as detailed in Appendix 1;
 - b) Common Good financial performance as detailed in Appendix 3;
 - c) General Fund forecast revenue position as detailed in Appendix 2;
 - d) HRA forecast revenue position as detailed in Appendix 2;
 - e) General Fund updated five-year capital position as detailed in Appendix 2;
 - f) HRA forecast capital position as detailed in Appendix 2;
 - g) Common Good forecast revenue position as detailed in Appendix 1; and
 - h) Group Entities forecast revenue position as detailed in Appendix 4; and
- 2.2 It is recommended that the Committee agree the following, further details of which are provided in Appendix 2:

General Fund Revenue

- a) Instruct the Chief Officer - Finance to work with the organisation, using their influence as appropriate, to ensure the budget position agreed by the Council is adhered to.

3. BACKGROUND

- 3.1 This is the first quarterly financial report for 2018/19.
- 3.2 This report focuses on both the financial performance for the quarter April to June 2018 and the projected financial position for the full year for the Council's General Fund, Housing Revenue Account and Common Good.
- 3.3 The performance for the first quarter is a positive one with expenditure and income largely in line with budget for this stage of the year. Notwithstanding this there are cost and demand pressure areas which require to be managed. Further information on this is contained within Appendices 1 and 2 to this report. The Senior Management Team is committed to taking action to mitigate against their pressures to ensure a balanced position is achieved.
- 3.4 The financial statements contained within Appendix 1 reflect the income and expenditure for the quarter and reflect some of the statutory accounting adjustments required to ensure compliance with International Financial Reporting Standards (IFRS). These are detailed within the Appendix.
- 3.5 The Balance Sheet figures at 30 June 2018 reflect the actual position at the balance sheet date where appropriate, the resultant figure including statutory adjustments where these have been made, or where they haven't, the figure at 31 March 2018 has been used. Reserves have been updated to reflect the impact of the performance to date.
- 3.6 The forecast outturn position for the year reflected in Appendix 2 shows that the Housing Revenue Account is line with budget whilst General Fund revenue has a small underspend at this time.
- 3.7 The General Fund capital programme has been re-profiled since the budget was set in March 2018 to take account of amounts budgeted but not spent in 2017/18. This has no impact on overall project costs. Subsequent approvals by committee and fully funded projects have also been added to the programme as detailed in Appendix 2.
- 3.8 The Housing capital programme is currently projected to be maintained within the funded level which assumes a level of underspend will occur across projects.
- 3.9 Common Good, as detailed in Appendix 2 is reflecting a small underspend against budget.
- 3.10 The Group Entities forecast in Appendix 4 is not available at the time of producing this report.

4. FINANCIAL IMPLICATIONS

- 4.1 The financial performance of the Council's main accounts, General Fund, Housing Revenue Account and Common Good for the first quarter, April – June

2018, of the financial year 2018/19 is reflected in Appendices 1,2 and 3 to this report.

- 4.2 The forecast full year financial position for these same accounts, both revenue and capital are provided in Appendix 2 to this report.
- 4.3 Appendix 1 also includes a Management Commentary providing:
- Further information on the Performance in Quarter 1; and
 - Further information on the 2017/18 Projected Financial Position, including details of the items for which there are specific recommendations above.
- 4.4 Following a positive financial performance in 2017/18, the Council starts the financial year 2018/19 with a strong financial platform from which to operate. It is recognised that this will be another financially challenging year and that strong fiscal management coupled with financial restraint will be required to ensure that a balanced position against budget is achieved which in turn will continue to provide a strong balance sheet for future financial years.
- 4.5 Services continue to manage increased demand, and this requires continuous close fiscal management.
- 4.6 The current forecast position against budget is an underspend of £75k.

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	The main financial risk the Council is managing is the increased demand on services.	L	Reviewing all areas of expenditure with a view to only incurring essential expenditure.
	In relation to capital projects there is a risk that following the procurement process, tendered costs will vary from that assumed at the time of project approval.	M	Quantification and review of indicative project costs by suitably qualified staff or external body where appropriate.
Legal	None identified		

Employee	None identified		
Customer	None identified		
Environment	None identified		
Technology	None identified		
Reputational	None identified		

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	Investment in the city will have a positive impact on the economy.
Prosperous People	Robust management of the Council's finances will ensure that services can continue to be provided.
Prosperous Place	Investment will enhance the place by creating a better and more vibrant city in which to live.

This report does not impact on the design principles of the Target Operating Model.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None.

10. APPENDICES

Appendix 1 – Financial Statement for the quarter 1 April to 30 June 2018

Appendix 2 – Projected Financial Position for the year 2018/19

Appendix 3 – Common Good Financial Statement for the quarter 1 April to 30 June 2018

Appendix 4 – Group Entities Projected Financial Position for the year 2018/19

11. REPORT AUTHOR CONTACT DETAILS

Lesley Fullerton
Finance Operations Manager
lfullerton@aberdeencity.gov.uk
01224 346402