



**FINANCIAL POSITION
FOR THE YEAR 2018/19**

Contents

Management Commentary	2
General Fund Revenue	5
Housing Revenue Account	8
General Fund Capital Programme	9
Housing Capital Programme	10
Common Good	10
Reserves	11

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 2019.

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

The Council maintains a General Fund, for day to day Council operations, and also a Housing Revenue Account, for administering the Council housing stock. These statutory funds both feature revenue and capital expenditure and income, and accounting practice, statutory guidance and the legislation all play a part in determining the financial performance reporting,

The Council is also responsible for the Common Good.

In March 2018 the Council set balanced budgets for financial year 2018/19. This took account of obligations and duties placed upon it by legislation and national priorities alongside local political priorities, and was the first budget designed around the Target Operating Model (TOM) changes that the Council had agreed to implement. The financial conditions in which the budget was set remained challenging as continued resource constraint, settlement conditions and funding targeted on specific projects / priorities meant that less money was available to fund the core Council operations that it had in place. Savings and efficiencies were a familiar and ever-present requirement in setting the budget and pressures did not reduce during the year requiring the strong financial management the Council has demonstrated.

Demand and the need to meet statutory obligations were also driving costs up, alongside the rising cost of the workforce stimulated by the lifting of the Public Sector Pay Cap that was announced by the Cabinet Secretary for Finance and the Constitution in December 2017. Pay costs would remain a significant challenge for the year and leave the Council having to estimate the effect of pay awards not yet finalised at the year end, highlighted throughout the year as a significant risk.

A multi-billion pound Balance Sheet supported continued capital investment in the city and the strength of the balance sheet is an area of focus for the Council, not least to support its regulatory requirements of maintaining its credit rating, following the issue of bonds on the London Stock Exchange (LSE) in 2016.

Decisions prior to the budgets being set signalled the way forward, to reduce the cost of the organisation and to shrink the scale of the workforce, through the use of the Voluntary Severance / Early Retirement policies and turnover / vacancy management and this continued to be funded mainly from capital receipts.

The Housing Revenue Account budgets were set in light of inflation based rent rises for 2018/19 and ongoing pressure from lengthy housing waiting lists, which underpinned a commitment to build 2,000 new council houses.

The Common Good budget was set using the investment returns from the land, property and cash held. A distribution of approximately £3m for the year covered a range of Council run and externally organised projects and activities.

Financial Performance Reporting and Annual Accounts

This is the fourth and final quarterly financial performance report for 2018/19 which meets the requirements of the Council and of the LSE, and provides financial transparency for citizens of the City and beyond.

Having reached the end of the financial year the Council has delivered on its early reporting commitment for each quarter and has again worked to a faster closedown, and early production of the Council's Annual Accounts. Lessons learnt from the first early close (for Annual Accounts 2017/18) have been implemented in developing the robust procedures and deadlines that are needed to ensure the unaudited Annual Accounts can be produced by the end of April 2019 and the audited Annual Accounts by the end of June 2019.

To this end, the year end instructions were issued mid November 2018 through e-mail to all budget holders and thereafter with regular alerts on The Zone, and key processes such as the Asset Valuations, were signed off earlier to make sure there were no delays. The unaudited Annual Accounts will be produced a week earlier than for 2017/18 in order to meet the Audit Committee meeting date of 30 April 2019.

2018/19 Financial Position

• General Fund Revenue

Against budget the Council has overspent by £2.737m and this is shown in the table presented on page 4 and is in line with the forecasts provided to the Committee based on quarter 3 expenditure levels. Explanations are also provided for the key variances from budget. Changes to accounting standards means that the effect of changes in the value of Aberdeen Sports Village is also applied against the General Fund Income and Expenditure.

This overspend takes into account the need for the Council to earmark certain sums that are recommended to be earmarked for use in future years, as required by statute or having arisen from unspent/received in advance grant funding. Further information on reserves and earmarked sums is included in pages 11-12.

• Housing Revenue Account

The impact of reviewing capital financing costs across the Council results in a significant saving in 2018/19. This has created a substantial surplus and in line with the previously agreed reserves policy, the surplus is added to the Housing Revenue Account working balances, to be used in progressing future capital investment. The increased working balances are used to secure several sites that will be used for the Council Housing construction programme. A summary of the HRA is shown on page 8.

• General Fund Capital

The final position on the General Fund capital programme is provided on page 9, with the final spend for 2018/19 reflecting interim valuations for projects that were on site at 31 March 2019. An underspend against the revised budget of £303m has been delivered and is in line with explanations provided in detail throughout the year. Differences between actual spend and forecast outturn will result in a realignment of budgets in Quarter 1, 2019/20.

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

• Housing Capital

The final position on the Housing capital programme is provided on page 10, 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 has included taking account of the decisions that were made by the Council at the budget setting meeting for financial year 2019/20.

This review has taken cognisance of the impact of adjustments required to ensure compliance with accounting standards, applying new standards and including making judgements and estimates to ensure that the Annual Accounts represent a true and fair view of the Council finances.

Year end adjustments consider the implications of certain conditions such as the statutory provisions of the Capital Fund, HRA, statutory guidance in relation to Loans Fund and Voluntary Severance / Early Retirement costs.

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 and pupil equity funding. The Council is free to earmark General Fund reserves for purposes that it determines, a significant example is the commitment to the Transformation Fund.

The review of reserves is reflected in the table below that summarise the Council's Usable Reserves at the start and end of 2018/19, and is also shown in more detail in the Reserves section on page 11.

Subject to any findings and/or adjustments arising from the audit of the Annual Accounts it is requested that committee approve the sums shown as transfers to and from 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 as reduced by £4.597m.

31 March 2018 £'000	Usable Reserves	31 March 2019 £'000
(40,697)	General Fund	(34,830)
(11,808)	Housing Revenue Account	(12,308)
(13,460)	Statutory and Other Reserves	(10,825)
(65,965)	Total Usable Reserves	(57,963)

- **Common Good**

The year end position shows an underspend of £294k, after taking account of income to be set aside to protect the cash investments and is provided in more detail on page 10. This benefits the total cash balances held by the Common Good at the end of the year. Taking account of the 2019/20 budget decisions the resulting position shows that the cash balances of the Common Good remain ahead of the previously agreed minimum requirement.

Conclusion

This is the final quarterly financial performance report being presented to the Committee for consideration for the financial year 2018/19. A challenging year where cost pressures and considerable uncertainty has remained until the very end of the year with pay settlement for teachers not yet agreed, has resulted in a position that is in line with quarter 3 forecasting.

The overall financial performance of the Council reflects strong financial management and timely and transparent reporting of the quarterly position and full year position. This continues to be in a format that mirrors the Annual Accounts, and supports the early close procedures and timely notification of the LSE.

General Fund Revenue

As at 31 March 2019	Budget 2018/2019	Actual 2018/2019	Variance	Notes
	£'000	£'000	£'000	
Operations	216,601	224,995	8,394	1
Customer	33,781	33,446	(336)	2
Housing Benefits	2,153	1,592	(561)	3
Commissioning	28,198	28,764	566	4
Resources	5,184	1,765	(3,419)	5
City Growth	7,485	7,070	(415)	6
Strategic Place Planning	6,336	6,598	263	7
Governance	2,538	2,423	(115)	8
Integration Joint Board	84,995	84,995	(0)	9
Total Functions Budget	387,271	391,648	4,377	
Contingencies	7,784	2,905	(4,879)	10
Council Expenses	2,853	2,131	(722)	11
Joint Boards	1,677	1,677	(0)	12
Miscellaneous Services	38,618	39,422	805	13
Total Corporate Budgets	50,932	46,135	(4,796)	
Non Domestic Rates	(227,801)	(227,801)	0	14
General Revenue Grant	(94,028)	(94,028)	0	15
Government Support	(321,829)	(321,829)	0	
Council Tax	(116,373)	(116,516)	(143)	16
Local Taxation	(116,373)	(116,516)	(143)	
General Fund Deficit/(Surplus)	0	(562)	(562)	17
Transfers to Earmarked Reserves to be approved		3,299		18
General Fund Deficit/(Surplus) after year end transfers		2,737		19
Group Entity - Accounting Standards adjustment		437		20
General Fund Deficit/(Surplus) after Group adjustments		3,174		21

Notes

It should be noted that the full year budgets reflected above differ from those set by Council in March 2018 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. A national pay bargain was agreed for non-teaching staff which also resulted in budget held in contingencies being vired to the relevant function budgets.

1. Operations is the largest function 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, special education and children's social work services. This function is also responsible for operative services such as waste collection, facilities management, fleet, building services, roads and infrastructure.

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 (£2.8m) have risen due to the inability to recruit foster carers to the Council scheme, 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 (£2.1m) 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;
- The number of children with disabilities having assessed needs continues to create pressure on self directed support payments (£460k); and the cost of kinship carers (£630k) creates an ongoing pressure;
- Shortfall in Building Services Income (£3m) from carrying out anticipated repairs, maintenance and capital work, not achieved as there continues to be a shortage of resources such as staff in trades and team leaders.

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

2. Customer is responsible for managing all internal and external customer contact. It brings together housing, libraries, community learning, community safety and locality planning to support the development of sustainable communities and enable individuals to manage their own lives. There is a focus on creating digital services for customers that are easy to use and improving access to services. It is responsible for providing external communications, advice and support to ensure effective communications with external audiences, and to promote the reputation of the Council.

A number of areas of pressure were highlighted throughout the year and while some of these have not been fully addressed the control of expenditure and the identification of expenditure that was to be funded from the General Fund Capital Programme and the Transformation Fund. This along with the active cost control measures introduced enabled the year end position to be under budget.

3. Housing Benefits is demand led with costs offset by income. Whilst the Housing Benefits service sits within Customer it is reported separately to comply with accounting standards.
4. Commissioning is responsible for both commissioning and procuring the best service/partner to deliver the agreed outcomes of the new structure. Business Intelligence and Performance Management also sits within Commissioning. They are responsible for identifying social, economic and digital trends of the city in the future and how the Council meets these needs. This function is also be responsible for managing and monitoring the service-level agreements with the Council's Arm's Length External Organisations (ALEOs).

Overall the Function was on budget, with a number of variances that included a shortfall in income from advertising, offset by a reduction in the costs of the waste disposal contract costs. A year end review to make additional contribution to the Insurance Fund (£570k) was processed through the Commissioning Function, as it manages the Council insurance, and this has meant that the function is shown as reporting an overspend. The contribution relates to corporate claims and risks of claim and was not included as part of the Function reporting during the year. Year end review assumptions had been incorporated into the Corporate budget forecasting.

5. Resources is responsible for the selection, retention and development of the Council's staff and the financial planning, monitoring and reporting of the Council. They manage the development of design and delivery of all strands of capital including the city centre masterplan, city region deal investments, the schools estates strategy, roads infrastructure and housing. The Corporate Landlord aspect is responsible for the commercial and non-commercial land and property assets, facilities management and council housing stock management.

The actual position is significantly under budget, with the main variance due to fee income being higher than budget as a result of capital project work undertaken during the year, specifically in relation to the schools and housing programmes.

6. City Growth represents the Council and the City of Aberdeen on local, regional, national and international stages with key responsibilities for outward trade, a diverse employability and skills base, and a focus on tourism, culture and the development of a city events programme.

An underspend against budget was as a result of specific projects not proceeding, namely SPECTRA, UNESCO Creative Cities bid and the cultural commissioning programme. This was offset in part by a shortfall in income from Galleries and Museums and Beach Ballroom.

7. Strategic Place Planning focus is to enable, facilitate and deliver Strategic Place Planning which includes all of the transport, environment, housing, building, planning and digital initiatives that will help to deliver major infrastructure projects.

An overspend against budget was reported throughout the year in relation to income from a range of service areas including building standard, development management and roads development.

8. Governance includes Legal Services, Democracy, Project Management Office and Assurance.

Minor variances across the various service areas resulted in an overall underspend against budget. Cost pressures exist in relation to income and the impact of expenditure controls assisted in the delivery of the overall budget position.

9. 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.

The Integrated Joint Board is funded by the Council and the NHS and the cost of services delivered by the Council is significantly more than the Council contributes, resulting from the funding being allocated through the NHS financial settlement in prior years for Social Care services and demands. This means that there is funding allocated by the IJB to the Council that has come from the NHS contribution to the IJB.

The cost pressures around demand and need, particularly in relation to supporting complex needs and accommodation for those with learning disabilities and needs led home care and accommodation for mental health and also substance misuse client, were managed by the IJB during the year and are met by IJB funds. From the Council perspective the IJB has delivered on budget and does not require any additional funding from the Council to fund its functions.

10. Contingencies hold budgets that enable the Council to plan and address known/expected costs in-year without relying on the Usable Reserves held by the Council. The value of contingencies has changed frequently as adjustments and decisions have been made throughout the year. This includes the allocation of corporate savings, the distribution of pay award budget for non-teaching staff, the pay award having been agreed in March 2019.

The actual value set against contingencies at the year end is mainly the provision that has been set aside to pay for the teachers pay award, which is pending as at the year end. Once the outcome of negotiations is known then the money will be released from the Balance Sheet in order to fund the back dated element.

The value of contingencies not needed in the year – such as to cover additional winter maintenance costs, provides a positive variance for the overall Council position.

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

The main variance which has produced an underspend is the review of the aged debt in the Council and the detailed analysis that has been undertaken at year end has identified that a reduction in the value of doubtful debt can be applied.

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

13. Miscellaneous Services includes capital financing costs, the cost of repaying the borrowing received in the past for General Fund Capital Programme investment.

Capital Financing Costs is the most significant budget within Miscellaneous Services, and includes the impact of accounting requirements in relation to the Council's Bond Issue, and an overall increased level of external borrowing. The actual

charges for 2018/19 take account of the beneficial impact that arises from implementing treasury management advice on capital financing costs that is recommended for approval in this report, described in detail in Appendix 2.

Reviewing the useful lives of Council assets, and the interest rate applicable to the debt is a prudent approach to accounting for capital financing costs and results in costs that are ahead of budget.

14. Non-Domestic Rates this is the value guaranteed by the Scottish Government rather than the value collected by the Council, as this is in line with the accounting practice. There is therefore no variance for the year.
15. General Revenue Grant in line with the Scottish Government Finance Circular which has been redetermined at the year end and funding paid in relation to announcements during the year.
16. Council Tax this takes account of the total value of council tax for the year, along with any adjustments for prior years that has to be accounted for. The total value is higher than had been budgeted however a sum has to be set aside for the purpose of funding affordable housing projects and this is set aside as an earmarked sum in the General Fund. Levels of collection and doubtful debt are reviewed on a regular basis.
17. General Fund Deficit/(Surplus) is this value of all expenditure and income incurred during the year that compares to budget. This is before the transfer of funds to the General Fund Earmarked Reserves, taken account of in this report as it is an underlying assumption when forecasting the year end.
18. Transfers to Earmarked Reserves is the value (£3.3m) that is to be approved and set aside for statutory and policy reasons, further information is included about which Earmarked Reserves are affected on page x. The value is a cost against budget.
19. General Fund Deficit/(Surplus) after year end transfers shows the overall expenditure and income comparison to budget for the year and is in line with the quarter 3 reporting position, an overspend of £2.7m. This will reduce the Uncommitted General Fund Reserves by the same value.
20. Group Entity – Accounting Standards Adjustment this is a value, that due to the introduction of International Financial Reporting Standard 9 in 2018/19. The reduction in value of the Council's investment in the Aberdeen Sports Village, calculated as part of the group accounts reporting has to be charged to the Council's Income and Expenditure Account. Similarly if, in future, the value of the investment rises this will be an additional sum received through the Income and Expenditure Account. Regular monitoring of this impact will be incorporated into the Council reporting procedures.
21. General Fund Deficit/(Surplus) after Group Adjustments this is the overall impact on the General Fund, after taking account of the reporting from the Group Entities as part of the year end close.

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.

Housing Revenue Account As at 31 March 2019	Budget 2018/19 £'000	Actual 2018/19 £'000	Variance £'000
Net Expenditure	(500)	(7,775)	(7,275)

The underspend shown in the table above is mainly because of the review of capital financing costs that has been undertaken and reflects a longer useful life for the assets. The financial benefit that the HRA has gained enables a much greater contribution of the HRA Reserve for the year and this in turn secures the sites needed for the future capital investment in the Council housing stock. The sites acquired by the HRA are from the General Fund as approved by the Council and the benefit of paying for them with monies raised in the year is that it will help to minimise future capital financing costs.

General Fund Capital Programme

As at Period 12 2018/19	Gross Figures for 2018/19		
	Approved Budget £'000	Expenditure to Date £'000	Variance £'000
AECC Programme Board	145,949	137,582	(8,367)
Asset Management Programme Board	40,560	8,390	(32,170)
Asset Management Programme Board Rolling Programmes	23,006	13,851	(9,155)
City Centre Programme Board	24,164	4,763	(19,401)
Energy Programme Board	8,418	4,122	(4,296)
Housing and Communities Programme Board	6,436	1,407	(5,029)
Housing and Communities Programme Board Rolling Programmes	922	0	(922)
Transportation Programme Board	25,413	6,368	(19,045)
Transportation Programme Board Rolling Programmes	2,807	727	(2,080)
Strategic Asset & Capital Plan Board	25,333	3,919	(21,414)
Developer Obligation Projects & Asset Disposals	0	1,746	1,746
Total Expenditure	303,008	182,874	(120,134)
Capital Funding:			
Income for Specific Projects	(41,086)	(14,525)	26,561
Developers Contributions	0	(1,597)	(1,597)
Capital Grant	(23,677)	(23,677)	0
Other Income, e.g. borrowing	(238,245)	(143,075)	95,170
Total Income	(303,008)	(182,874)	120,134

Significant progress has been achieved on projects throughout the General Fund Capital programme during 2018/19 including:

- Construction works are well advanced on The Event Complex Aberdeen (TECA), and the Energy Centre has been handed across to the Council as the first piece of complete infrastructure.
- The City Centre Masterplan continues to invest in Aberdeen; the Art Gallery refurbishment project achieved practical completion in early spring and has moved into the fit out phase; both Marischal Square and Broad Street are now operational; the revitalised Music Hall re-opened after refurbishment just before Christmas 2018.
- The Council's Local Transport Strategy achieved a major milestone in early 2019 with the opening of the final section of the Aberdeen Western Peripheral Route.
- Transport Connectivity continues to be supported by investment in the City Region Deal for the Aberdeen Harbour Extension project at Bay of Nigg and the associated roads infrastructure.
- Digital Connectivity has also been enhanced through the City Region Deal by continued investment and expansion of the City's fibre network, alongside investment in Intelligent Street Lighting to compliment the investment in Street Lighting LED lanterns and replacement of corroded columns.
- The Council's Waste Strategy achieved a major milestone in March 2019 when Council approved the award of contract to the preferred bidder for the joint Energy from Waste facility, a project being carried out in collaboration with Aberdeenshire and Moray Councils.
- The new Lochside Academy and Stoneywood Primary both opened to pupils in summer 2019.
- The Council confirmed its commitment to its new school programme in March 2019, and appointments have been made to progress the £100 million investment on 4 new schools.
- Construction is complete on new and refurbished community facilities at Tillydrone Hub and Station House Media Unit.

The table above provides a summary of the forecast for the capital programme in 2018/19 and shows a significant level of slippage on the overall expenditure that had been anticipated this is primarily due to reprofiling of the programme to provide assurance to Council on the cost implications of progressing with four proposed new primary schools, the procurement process for the Union Terrace Gardens project and previously reported issues with regard to settling land claims in relation to the AWPR. The impact on the funding of the Capital programme is that there will be lower borrowing requirement in 2018/19 than anticipated. This does not mean that the cost is avoided, with the projects remaining in the programme at this time and funding to deliver them still being required in the future. Another significant point to note is that Income for Specific Projects (specific grant income) will be lower than anticipated too, with the main difference there being in relation to the work that has yet to be undertaken on the Early Learning and Childcare Expansion programme. This will be carried into 2019/20.

Ongoing scrutiny and monitoring of the various Capital projects is in the revised Terms of Reference for the Capital Programme Committee and more detailed reporting will be included on its agenda.

Housing Capital Programme

Housing Programmes Quarter 4 As at 31 March 2019	Approved Budget £'000	Actual Expenditure £'000	Variance £'000
Compliant with the tolerable standard	1,478	991	(487)
Free from Serious Disrepair	13,221	8,459	(4,762)
Energy Efficient	10,074	11,209	1,135
Modern Facilities & Services	2,032	1,489	(543)
Healthy, Safe & Secure	4,963	2,987	(1,976)
Non Scottish Housing Quality Standards	15,480	13,977	(1,503)
Total	47,248	39,112	(8,136)

The Housing Capital Programme is a significant undertaking and expenditure of almost £40m underpins a continued investment in the Council housing that ensures that the assets are being brought up to Scottish Housing Quality Standards. The programme is enhanced further as the work to commence the new Council house build programme moves into construction.

Capacity to carry out all of the work is a factor in not achieving the full expenditure levels that had been budgeted with work on window replacement and structural repairs slipping during the year. Three Multi Storey blocks were due to be linked to the Combined Head & Power network, however there have been issues regarding the infrastructure, therefore this work will now be undertaken in 2019/20 with, potentially, individual boilers being an alternative. There has been reduced spend on rewiring as a result of refusal from tenants and no access to properties. There was lower expenditure than intended on Non-Scottish Housing Quality Standards projects on such as CCTV on Multi Storeys and regeneration, and as the fees for projects sit within this area this has resulted in an underspend in this area also due to the level of slippage.

Common Good

Common Good As at Period 12 2018/19	Year To Date		
	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000
Recurring Expenditure	2,885	2,482	(403)
Recurring Income	(3,455)	(3,775)	(320)
Budget After Recurring Items	(570)	(1,293)	(723)
Non Recurring Expenditure	377	493	116
Non Recurring Income	0	0	0
Net Income	(193)	(800)	(607)
Amounts required for increase in cash balances in line with inflation	(168)	(506)	
Revised Net income	(25)	(294)	
Cash Balances as at 1 April 2018	(28,289)	(28,289)	
Unaudited Cash Balances as at 31 March 2019	(28,482)	(29,089)	

The Common Good Fund is showing a £800k favourable variance at 31 March 2019. The main variances relating to this underspend were as a result of an increase in property income due to rent reviews (£223k) and investment income (£105k). In addition there was savings in relation to the costs that the Common Good had budgeted to spend, such as a reduction in staff costs for projects such as Twinning activities, and reduction in grants paid for the purchase of Christmas illuminations and festivals, civic receptions and civic support (£220k). Expenditure on a range of one-off projects and activities approved will either be carried forward as an earmarked reserve to enable works to continue in the next year or was an additional cost for the Common Good in the year.

Reserves

Earmarked Reserves	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019
	£'000	£'000	£'000	£'000
DEM Community Centres carried forward	(562)	0	20	(542)
DEM School Funds carried forward	(993)	(98)	829	(262)
Mithar Kirk - Reburial of Remains	(38)	0	13	(25)
Business Plan Service Option	(153)	0	153	0
Star Awards Sponsorship	(25)	0	19	(6)
Xerox Print Contract	(100)	0	87	(13)
Energy Efficiency Fund	(1,146)	0	0	(1,146)
Bus Lane Enforcement	(891)	(185)	288	(788)
Property Transfer	(129)	0	27	(102)
Second/Long Term Empty Homes	(8,304)	(2,160)	0	(10,464)
Mens Shed	(5)	0	5	0
HMT Roof Works	(126)	0	91	(35)
De-risk the Council	(2,505)	0	2,100	(405)
Transformation Fund	(11,232)	0	4,229	(7,003)
Pupil Equity Fund	(1,621)	(1,192)	1,618	(1,195)
18/19 RSG Redetermination	(1,211)	0	0	(1,211)
Commercial- Dev Grant	(1)	0	1	0
Community Justice Redesign Post	(12)	0	0	(12)
Building Services IT Upgrade	(78)	0	78	0
Upgrade to the Road at the Torry Battery	(133)	0	32	(101)
New Boiler Ferryhill Community Centre	(20)	0	6	(14)
Youth bus for Torry Community Centre	(20)	0	0	(20)
Skene Street Play Park upgrade	(2)	0	0	(2)
Legal Costs-Culter House Estate	(5)	0	0	(5)
Milltimber Play Group Outdoor Forest	(1)	0	0	(1)
Contribution to Environmental Body	0	(43)	0	(43)
Developing Young Workforce	0	(90)	0	(90)
2019/20 Approved Budget	0	(1,231)		(1,231)
Total General Fund Earmarked Reserves	(29,313)	(4,999)	9,596	(24,716)
Total Uncommitted Balance	(11,291)	(2,000)	3,177	(10,114)
Total General Fund	(40,604)	(6,999)	12,773	(34,830)

Housing Revenue Account	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019
	£'000	£,000	£,000	£'000
Balance as at 31 March 2018	(11,808)	(2,712)	2,212	(12,308)
<i>Projects:</i>				
Housing Repairs	(1,854)	(2,212)	1,854	(2,212)
House Sales - Non right to buy	(308)			(308)
Internal land transfers	0	(7,275)	7,275	0
Total Earmarked Reserves	(2,162)	(2,212)	1,854	(2,520)
Total Uncommitted Balance	(9,646)	(500)	358	(9,788)
Recommended Uncommitted Balance	(8,593)	0	0	(8,081)

Common Good Reserves	Balance at 31 March 2018 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31 March 2019 £'000
Total Reserves	(27,798)	(57)	(888)	(28,743)
Fernhill Farm Replacement Building	(66)		66	0
Consultancy Costs	(7)		7	0
Property Repairs & Maintenance	(6)		0	(6)
March Stone Upkeep	(13)		0	(13)
Torry Battery Park	(3)		3	0
Cromwell Wall, Marischal Court Repairs	(1)		0	(1)
Grove Nursery	(68)		0	(68)
Culter Playing Fields	(8)		0	(8)
Satrosphere Refurbishment	(11)		0	(11)
Lord Provost Portrait	(10)		0	(10)
Ferryhill Railway Heritage	(1)		0	(1)
Smithfield Farm - Roof repairs	(10)	(8)	0	(18)
Hazlehead Park	(12)		12	0
Aberdeen & NE Family History Society - Broad St Exhibition	(4)		4	0
APA - Replacement Lift	(80)	(0)	80	(1)
APA - Music Hall Cleaning	(75)		0	(75)
Homestart	(3)		3	0
Castlegate Arts	(10)		10	0
Cricket Pitch at Stewarts Park	(15)		0	(15)
Refurbishment of Men's Shed Culter	(10)		10	0
Aberdeen Street Pastors	(5)		0	(5)
Festival - AIYF final 2 quarters grants	(65)		28	(36)
AWPR Drainage Issues for future issues	0	(35)		(35)
CPR Training		(5)		(5)
Ten Feet Tall Theatre		(8)		(8)
DEP		(2)		(2)
Castlegate Arts		(0)		(0)
Total	(481)	(57)	222	(317)
Total Uncommitted Balance	(27,317)	0	(1,110)	(28,426)
Recommended Uncommitted Balance	18,808		5,796	24,604