



**FINANCIAL STATEMENT
FOR THE PERIOD ENDING
30 SEPTEMBER 2020**

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Management Commentary

The purpose of the Management Commentary is to inform readers, helping them to assess how the Council is performing and understand our financial performance for the quarter to 30 September 2020.

It also provides an insight into the expected financial performance for the remainder of the financial year 2020/21, 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 must comply with a wide range of legislation and regulation in the course of its work. Since 2016/17 the issue of bonds on the London Stock Exchange (LSE) has placed an increased level of regulation around council finances in particular. Maintaining a credit rating, annually assessed and compliance with the reporting and disclosure requirements of the LSE means an extra level of scrutiny is placed on the Council.

Moody's (the credit rating agency) published their latest credit rating assessment of the Council in December 2019, maintaining a rating of 'Aa3', and reflecting the UK Outlook as 'negative', a change from the previous year but in line with the UK Sovereign rating. The annual reassessment is scheduled to be carried out in Quarter 3.

The Council has received an unqualified audit opinion for 2019/20 from KPMG, independent external auditor and the outturn position achieved as at 31 March 2020 was in line with forecasts. This placed the Council in a strong place to move into 2020/21 and tackle the financial pressures that it faces.

As at 1 April 2020 the Council held Usable Reserves of £59.9 million and had a Net Asset Value of £1.2 billion.

The Council set its 2020/21 budgets on 3 March 2020, approving for the General Fund a range of budget savings options and increasing Council Tax rates by 4% to set a balanced budget for the year.

The General Fund budget took account of a range of pay and price inflation pressures, in particular the pay award of 3% that had been agreed as the final part of a three-year deal. A net increase in the cost of debt reflected the significant investment there has been in recent years in city infrastructure. There were conditions attached to the Scottish Government financial settlement in relation to funding for Community Health and Social Care and to support maintaining teacher numbers across Scotland. Demand and emerging pressures from out of authority placements and fostering and kinship care were also incorporated.

Since the budget was approved there have continued to be changes to the financial environment. The impact of Covid-19 has significantly impacted on the outlook for the Council and the United Kingdom as a whole. An immediate loss of income due to lockdown conditions resulted in increased financial pressures on the Council's budget which increased the funding gap from the value anticipated in the 2020/21 budget. This resulted in a revised budget being presented to Urgent Business Committee on 30 June 2020 and rebalancing options agreed.

The Housing Revenue Account budget was based on a 4% increase in rents from 29 April 2020, which was in line with the Council rent policy. The Council has now implemented a fixed term rent policy which applies from April 2020.

Our Financial Performance : General Fund

• Performance in Quarter 2

On 3 March 2020 the Council implemented a new operational structure in its financial systems for reporting purposes, the format of the financial statements in Appendices 1 and 2 reflect this new structure.

In March 2020, the Council set its General Fund and Housing Revenue Account (HRA) revenue and capital budgets for the financial year 2020/21, these were subsequently revised, and the revised budgets presented to Urgent Business Committee on 30 June 2020. Performance for the year is measured against these budgets with the projected full year position considered in Appendix 2 of this report. This section focuses on the actual financial results for the period from 1 April to 30 September 2020, presented in the format of our Annual Accounts on pages 7 to 14.

The Expenditure and Funding Analysis, below, provides details of the net expenditure or income position for each service based on actual transactions for the period and the statutory accounting adjustments processed to date.

1. Operations

At 40.82% against the full year budget, the services net expenditure for the year to date is below budget. This is mainly due to the schools being closed due to Covid-19 therefore it is expected that higher spend will occur in Education in the second half of the year, particularly as the cost of safe work practices are implemented. The Devolved Schools Management scheme was approved in August and provides schools with additional flexibility in the use of resources allocated.

2. Customer

At 61.28% against the full year budget, the function's net expenditure for the year to date is ahead of budget. This is due to the timing of contracts, particularly for ICT services, which are paid at certain points in the year and will reflect the full year cost.

3. Commissioning

At 66.54% against the full year budget, the function's net expenditure for the year is ahead of budget. This relates to the costs of the hydrogen bus project and development costs which means that expenditure to date is greater than the net budget available, this will be addressed in course of the second half of the year with income receivable to cover the costs.

4. Resources

The function has a budget where a significant proportion of costs are recharged to other accounts of the Council and to external customers. The recharges are directly related to the progress of specific projects in the capital programme and in the normal course of the year recharging tends to be done later in the year.

5. Integration Joint Board (IJB) / Adult Social Care.

At 52.43% against the full year budget, net expenditure on this function is slightly below budget. However, with demand led services there are invariably cost pressures which require to be managed and in particular there are pressures evident in relation to Covid-19, client contributions, commissioned services, out of area placements, and for young people transitioning from children's services with support needs.

6. Corporate

Includes the cost of councillors, contingencies, funding to Grampian Valuation Joint Board and the repayment of capital debt. Expenditure is generally in line with budget where expenditure is being incurred, but contingency budgets are held for the purpose of being used if needed and capital debt repayments are lower than had been budgeted following the implementation of the new accounting policy.

7. Other Income and Expenditure

Includes interest payable and receivable, income and expenditure from trading operations (car parking, investment property and building services) and income received through council tax, non-domestic rates and government grants.

At this stage income from Non-Domestic Rates (NDR) is significantly less than budget at 33%. This is mainly due to the impact of COVID-19 where the Council experienced significant delays in processing the annual billing for 2020/21. This position is expected to improve in the coming months as businesses continue to make payments.

Income from Council tax is on budget for the time of year although collection levels are 1-2% below the level experienced last year. There has been an increase in the value of Council Tax Reduction income the Council will receive, which is indicative of the increased numbers of applications and awards being made. Collection processes were restarted following the Urgent Business Committee.

Income from Scottish Government is above budget, which is due to the profiling of Grant and NDR across the year. The Scottish Government front loaded General Revenue Grant payments and following the completion of the NDR billing for 2020/21 adjustments have been made to the payment profile. Further adjustments will be made following the submission of the mid-year NDR estimates and redetermination adjustments to the General Revenue Grant will be made in the final two weeks of March 2021.

The Council receives a substantial income from the commercial tenanted non-residential property (TNRP) portfolio. The income to the TNRP portfolio is invoiced regularly but it is not in even quarters as timing depends on each individual leases.

Our Financial Performance: Housing Revenue Account

• Performance in Quarter 2

8. Housing Revenue Account (HRA) is responsible for the provision of council housing to over 20,000 households with the most significant areas of expenditure being on repairs and maintenance and the servicing of debt incurred to fund capital investment in the housing stock. This is a ring-fenced account such that its costs must be met by rental income which at this stage in the year exceeds expenditure incurred. Rental income remains a regular source of funding. The HRA is ahead of budget at Quarter 2 because of billing of repair and maintenance in arrears and due to the change in types of work undertaken by Building Services as a result of COVID restrictions and this will be reviewed at year end following the guidance issued by Audit Scotland.

Our Financial Performance: Full Year Forecasts

A comprehensive forecast of revenue and capital budget performance for the General Fund, Housing Revenue Account and the Common Good is provided in Appendix 2 to this report.

Conclusion

This is the first quarterly financial performance report being presented to the City Growth & Resources committee for consideration of the financial year 2020/21. This follows early consideration of the financial position by the Urgent Business Committee on 30 June 2020. In setting the original 2020/21 budget, £37.9m of savings options were approved by the Council.

However, the COVID-19 pandemic has led to increased pressures on the Council budget. A considerable amount of work has been undertaken during the first half of the year to take account of all the Covid-19 implications identified. This included rebalancing the budget for 2020/21 based on what was known in the first quarter of the year. The Urgent Business Committee approved a number of measures that will improve the financial position over the course of the year.

The impact of the Coronavirus pandemic has been unprecedented in nature and the changing environment as restrictions ease and are reapplied will continue to make the full year position uncertain.

The second lockdown for Aberdeen City on 5 August 2020 had an impact on the Council in areas such as car parking income, where it fell again having begun to increase since the opening of shops in July 2020; and on the demand for environmental health services, which meant that agreements with Aberdeenshire had to be quickly established to add capacity to the system. There is much we still have to learn from the first half of the year, but the Council has done all it can to this point to prepare its financial position and to manage the impact.

It is clear that as restrictions and guidance change the Council is experiencing emerging demands to deliver support in the areas such as additional grants schemes and for track and trace response that are placing additional pressure on the staff and financial resources that the Council has.

During the remainder of the year the Council will continue to review and assess the changes that the pandemic has brought about and will re-evaluate the position to ensure that expenditure and income is being monitored and managed as required.

Movement in Reserves Statement

This statement shows the movement on the different reserves held by the Council analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other reserves.

	General Fund	Housing Revenue Account	Statutory and Other Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000		£'000	£'000	£'000
Balance at 31 March 2020 brought forward	(35,294)	(12,808)	(11,377)	(482)	(59,962)	(1,156,004)	(1,215,966)
Movement in Reserves during 2020/21							
Total Comprehensive Income & Expenditure	(163,208)	(28,456)	0	0	(191,664)	25,659	(166,005)
Adjustments between accounting basis & funding basis under regulations	40,691	9,852	0	0	50,543	(50,543)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(122,517)	(18,604)	0		(141,121)	(24,884)	(166,005)
Transfers to/from Earmarked Reserves	(9,844)	18,604	(2,280)	0	6,480	(6,480)	(0)
(Increase)/Decrease in Year	(132,361)	0	(2,280)	0	(134,641)	(31,364)	(166,005)
Balance at 30 September 2020	(167,655)	(12,808)	(13,658)	(482)	(194,603)	(1,187,368)	(1,381,971)

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the net expenditure or income is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Services	Quarter 2 2020/21			Notes
	Net Expenditure chargeable to General Fund & Housing Revenue Account	Adjustments between funding & Accounting basis	Net Expenditure in the CIES	
	£'000	£'000	£'000	
Operations	112,076	(11,294)	100,782	1
Customer	22,071	0	22,071	2
Commissioning	14,756	0	14,756	3
Resources	(7,117)	0	(7,117)	4
Integration Joint Board	44,856	0	44,856	5
Corporate	(4,002)	(18,837)	(22,840)	6
Net Cost of General Fund Services	182,639	(30,132)	152,507	
Housing Revenue Account	(18,604)	(9,852)	(28,456)	7
Net Cost of Services	164,035	(39,984)	124,051	
Other Income and Expenditure	(305,156)	(10,559)	(315,715)	8
(Surplus) or Deficit on Provision of Services	(141,121)	(50,543)	(191,664)	
Opening General Fund and HRA Balance at 31 March 2020	(48,102)			
(Surplus) or Deficit on General Fund and HRA Balance in Year	(141,121)			
To/From Other Statutory Reserves	8,760			
Closing General Fund and HRA Balance at 30 September 2020	(180,463)			

Notes

- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £11.294 m accounting adjustment relates to the removal of Annual Service Payments for the 3R's schools and Lochside Academy which for accounting purposes are required to be split into its component parts, payment for services; repayment of capital; and financing costs.
- See page 3 for information relating to Net Expenditure chargeable to the General Fund. There are no accounting adjustments relating to this service in this quarter.
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- See page 3 for information relating to Net Expenditure chargeable to the General Fund. The £18.837m accounting adjustment relates to contributions to Capital from Current Revenue (CFCR).
- See page 3 for information relating to Net Expenditure chargeable to the Housing Revenue Account. The £9.852m accounting adjustment relates to CFCR.

8. See page 4 for information relating to Net Expenditure chargeable to the General Fund. The £2.276m adjustment comprises the following three elements, which realign costs from other parts of the budget:

£13.39m is the element of the 3R's and Lochside Annual Service Payments which is reallocated as per note 1 above to bring together financing costs which flow into the Financing and Investment Income and Expenditure line in the CIES below.

(£5.00)m that is the allocation of the Marischal Square finance lease payment.

(£18.949)m that is the allocation of capital grant income which flows into the Taxation and Non Specific Grant Income line in the CIES below

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS).

Services	Quarter 2, 2020/21			Notes
	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	
Operations	147,887	(47,105)	100,782	
Customer	50,348	(28,277)	22,071	
Commissioning	16,702	(1,946)	14,756	
Resources	30,024	(37,142)	(7,117)	
Integration Joint Board	71,907	(27,051)	44,856	
Corporate	9,951	(32,791)	(22,840)	
Cost of General Fund Services	326,819	(174,312)	152,507	
Housing Revenue Account	22,593	(51,049)	(28,456)	
Cost of Services	349,412	(225,361)	124,051	
Other Operating Expenditure			0	1
Financing and Investment Income and Expenditure	29,548	(12,585)	16,963	2
Taxation and Non Specific Grant Income	0	(332,678)	(332,678)	3
(Surplus) or Deficit on Provision of Services	378,960	(570,624)	(191,664)	
(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			0	4
Impairment losses on non current assets charged to the Revaluation Reserve			0	4
(Surplus)/deficit on revaluation of available for sale financial assets			0	4
Actuarial (gains)/losses on pension losses/liabilities			0	4
Other (gains)/losses			25,659	4
Other Comprehensive Income and Expenditure			25,659	
Total Comprehensive Income and Expenditure			(166,004)	

Notes

1. This line will be used to reflect gains or losses on the disposal of assets which take place during the year.
2. This largely reflects trading income and interest payable and receivable.
3. Income in relation to Council Tax, Non-Domestic Rates collection and Scottish Government General Revenue and Capital Grant.
4. These lines are predominantly used for statutory accounting adjustments.

Balance Sheet

*The Balance Sheet shows the value of the assets and liabilities recognised by the Council.
The net assets of the Council are matched by the reserves held by the Council.*

31 March 2020 £'000		30 September 2020 £'000	Note
2,405,949	Property, Plant & Equipment	2,446,361	1
197,819	Heritage Assets	197,819	1
210,745	Investment Property	210,745	1
0	Loans Fund	(11,953)	1
17,090	Long Term Investments	17,090	2
7,540	Long Term Debtors	7,523	3
2,839,143	Long Term Assets	2,867,586	
101,542	Cash and Cash Equivalents	128,975	4
50,454	Short Term Investments	52,694	5
96,981	Short Term Debtors	87,280	6
2,017	Inventories	3,479	7
0	Assets Held for Sale	0	8
250,994	Current Assets	272,427	
(208,162)	Short Term Borrowing	(154,916)	9
(99,261)	Short Term Creditors	900,531	10
(2,253)	Short Term Provisions	(2,170)	11
(3,020)	PPP Short Term Liabilities	(3,674)	12
(6,129)	Accumulated Absences Account	(6,129)	13
(712)	Grants Receipts in Advance - Revenue	1,566	14
(25,104)	Grants Receipts in Advance - Capital	(37,117)	14
(344,641)	Current Liabilities	698,091	
(1,026,809)	Long Term Borrowing	(1,957,004)	15
(57,602)	Finance Lease	(57,141)	16
0	Long Term Creditors	0	17
(613)	Long Term Provisions	(613)	11
(135,202)	PPP Long Term Liabilities	(132,072)	12
(309,303)	Pension Liabilities	(309,303)	18
(1,529,530)	Long Term Liabilities	(2,456,133)	
1,215,966	Net Assets	1,381,971	
	Usable Reserves:		
(35,294)	General Fund Balance	(167,655)	19
(12,808)	Housing Revenue Account	(12,808)	19
(11,377)	Statutory and Other Reserves	(13,658)	19
(1,156,486)	Unusable Reserves	(1,187,850)	20
(1,215,966)	Total Reserves	(1,381,971)	

Balance Sheet Notes

1. Depreciation is calculated annually and therefore no depreciation has been applied in Quarter 2. Capital expenditure to the end of Quarter 2 totalling £40.412m has been applied to Property, Plant & Equipment (this includes £23.110m of general fund expenditure and £17.302m of HRA expenditure). Disposals, revaluations and transfers have not been accounted for in Quarter 2.
2. Long Term Investments comprises the council's interest in Aberdeen Sports Village.
3. Long term debtors reflects the movement based on transactions for the period.
4. Cash and cash equivalents include short term investments of £1111.504m (because they can be called up at short notice i.e. 0 to 30 days) and developer's contributions of £24.817m. See the cash flow statement for an analysis of how this is used.
5. Short term investments have been adjusted as described in Note 4.
6. Short term debtors reflects the movement based on transactions for the period.
7. Inventories are adjusted at year end for inter-related account balances.
8. As at Q1, there are no assets held for sale. This will be reviewed in Q4
9. Short term borrowing reflects the current position based on transactions for the period.
10. Short term creditors reflects the current position based on transactions for the period.
11. Short term provisions reflects the current position with an adjustment to split this total into long and short term provisions based on year-end figures. This split will be updated in future quarters.
12. PPP short and long term liabilities has been adjusted to reflect the projected position at March 2021.
13. The accumulated absences account is reviewed annually and will therefore be updated in Quarter 4.
14. The grants received in advance totals reflect the position at the end of Quarter 2.
15. Long term borrowing reflects the current position based on transactions for the period.
16. Finance Lease reflects the closing position as at March 2021.
17. Long term creditors reflect the current position based on transactions for the period.
18. Pension liabilities are only reviewed annually and will therefore be updated in Quarter 4.
19. Usable Reserves reflects the current position based on transactions for the period. Usable Reserves includes uncommitted reserves and earmarked reserves, and due to the positive cashflow have increased to a level that is higher than forecast for the end of

the year, the cashflow being used to fund expenditure that will be incurred in the second half of the year.

20. Unusable reserves have been adjusted for statutory accounting adjustments as detailed above.

Cash Flow

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Quarter 2 2020/21
	£'000
Net Surplus or (Deficit) on the provision of services	191,664
Adjust net surplus or deficit on the provision of services for non cash movements	(999,987)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,949)
Net cash flows from Operating Activities	(827,272)
Net cash flows from Investing Activities	(19,223)
Net cash flows from Financing Activities	873,929
Net increase or decrease in cash and cash equivalents	27,433
Cash and cash equivalents at the beginning of the reporting period	101,542
Cash and cash equivalents at the end of the reporting period	128,975
Cash held by the Authority	39
Bank current accounts	128,936
	128,975

Contingent Liabilities

In addition to amounts recognised on the Balance Sheet, the Council is aware of the following contingent liabilities at 30 September 2020:

Guarantees

Aberdeen Science Centre (formerly Satrosphere)

The Council has agreed to provide a guarantee to the Bank of Scotland for the sum of £127,654 in support of an overdraft facility and card guarantee facility until 31 March 2021.

Transition Extreme Sports Ltd

The Council has agreed to provide a guarantee to the Bank of Scotland in respect of a maximum overdraft facility of £250,000, as approved at City Growth and Resources Committee on 5 December 2019. Exercising the delegated authority provided by the Committee, the Chief Officer put in place a guarantee that ends on 31 March 2021.

Sport Aberdeen

The Council agreed to provide a bank guarantee to Sport Aberdeen to a maximum of £5 million over a 5-year period for investment in Council leisure facilities, as approved at the 7 June 2016 Finance, Policy and Resources Committee. A guarantee for a revolving credit facility for £1.4m is also in place

External Organisations - Guarantor in relation to North East Scotland Pension Fund (NESPF)

As the administering authority, the Council may admit a body to the Pension Fund as an 'admitted body' provided (i) the organisation can confirm they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest; and (ii) the Scheme employer is prepared to act as guarantor in the event the admitted body should cease to exist. If this situation was to occur and staff made redundant the staff over 50 years old would become entitled to immediate payment of their pension benefits. The Council has agreed a number of such guarantees to organisations that include Aberdeen Sports Village, Sport Aberdeen, Aberdeen Performing Arts, Aberdeen International Youth Festival, Aberdeen Heat and Power, Bon Accord Support Services and Bon Accord Care Ltd. The potential values guaranteed are subject to a range of actuarial assumptions.

SEEMIS Group LLP

The Council has agreed to fund any additional pension liability payments arising from its membership of the SEEMIS organisation (the provider of our schools' Management Information System). To date there has been no call on the guarantee.

Integration Joint Board (IJB)

The IJB is responsible for the strategic planning of the functions delegated to it by Aberdeen City Council and NHS Grampian. The Aberdeen City IJB Integration Scheme provides the framework in which the IJB operates including information on funding and what should happen if the IJB is projecting to overspend its budget at the year-end. Whilst steps will be taken to address this (through a Recovery Plan), ultimately the parties to the arrangement may be potentially liable should the IJB overspend.

Contractual

Waste Disposal

The Council has a long-term contract with an external contractor for the disposal of all relevant waste arising in the City and the operation and maintenance of waste transfer stations, recycling facilities and landfill sites. The contract commenced in September 2000 and is due to run for 25 years.

The Council is lead partner in a three-authority project with Aberdeenshire and Moray Councils to procure an energy from waste facility which will deal with all residual waste from the three authorities. The contract commenced on 8 August 2019 with the facility expected to come online in summer 2022 and will run for 20 years.

Landfill Allowance Scheme (LAS)

The Scottish Government had previously introduced a scheme under which Local Authorities were to be penalised for exceeding landfill tonnage targets. The Landfill Allowance Scheme in Scotland is currently suspended, and it is expected that the Waste (Scotland) Regulations 2012 will take over the requirement for the control of landfilling biodegradable municipal waste. However, until such a repeal is formalised there remains a potential liability on the Council.

Section 75 agreements

Section 75 agreements (developer obligations) are frequently sought by the Council in relation to the award of planning permission. The Supreme Court's judgement in relation to the Strategic Transport Fund (STF), which was funded through developer obligations, has significant implications for the Council, as there are several large scale projects in development which had expected to rely on STF funding. Delivery of these projects is now at risk unless an alternative funding solution can be identified.

Our Generation – Solar Panels

A contractual dispute exists in relation to this contract which may give rise to a future financial liability. On 23 July 2019 the Council successfully defended an appeal by Our Generation to the Court of Session on the findings of the original judgement. The matter remains outstanding and is subject to further legal proceedings.

Aberdeen Art Gallery

A contractual dispute exists in relation to who bears the cost of the delays in respect of the refurbishment of the Art Gallery. A Court of Session action was raised against the Council by McLaughlin & Harvey, the main contractor, following adjudication in favour of the Council.

A new adjudication was raised by the main contractor for a specified time period within the works period. The adjudication decision led to an extended time award for the main contractor. Notwithstanding this, and prior to the adjudication decision the Council raised a new Court of Session action to determine the cost of delays encompassing the whole contract period. Part of this court action will reconsider the recent adjudication decision. This may give rise to a future financial liability.

Scottish Child Abuse Enquiry

The Scottish Parliament is considering the introduction of a redress scheme (by April 2021) in relation to claims from survivors of abuse in Scotland. This is currently at the review stage and financial contributions may be requested from Local Authorities in relation to this, as it may be an alternative route for survivors to submitting claims to the Council. Further discussions will take place over the coming year to assess any proposed level of contribution from Aberdeenshire Council. In the meantime, it is still possible that the Council will receive civil claims relating to periods of time in care which has the potential for significant costs to be incurred.

Multi Storey Blocks

In response to the Grenfell Tower incident, Building Regulation Fire Safety has been reviewed by the Scottish Government, and an updated Technical Handbook published. The provision of automatic fire suppression systems has been deferred until 2021 to align with a government commitment to introduce this within new build social housing. Retrofitting suppression in existing dwellings is not a requirement. The cost impact of these changes for new dwellings is not quantified at this time.

Pension Fund costs – McCloud Judgement

The decisions of the Court of Appeal in the Sargeant/McCloud cases (now generally known as McCloud for Local Government Pension Schemes) have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. Going forward remedies relating to the McCloud judgement will need to be made in relation to all public sector pension schemes including the LGPS.

As the exact timing and costs to the Council are unknown at this time estimates have been built into the 2018/19 and 2019/20 pension service costs. There remains the possibility that these costs may be higher.

COVID-19 Impact

Statute and government guidance restricting the movement of people and effectively locking down the country in March 2020 now leaves the Council in a position of increased uncertainty on a number of fronts. Facilities closing and construction sites being shut down for a period of time increases the likelihood of the Council and contractors referring to contractual documents and for disputes to arise. Although Scotland moved to Phase 3 of the Scottish Government Routemap, coming out of lockdown on 10 July 2020, a level of uncertainty continues, and no value can be estimated at this time.

Coronavirus Related Funding Update

What this means for Aberdeen City Council as at 6 October 2020

Ref No	Title	Description	Implemented?	2020 All Scotland Funding Pot	Funding for ACC	Spend to Date
1	Business Grants & Expansion	This grant is routed through Local Government (LG) but is not additional funding for LG.	Yes, scheme now closed.	£1.2bn	Est. £35m Rec'd Initial allocation £26.9m; plus further drawdown of £2.3m. Total £29.2m	£27.948m
2	Business Grants – Phase 3 Non-NDR ratepaying tenants/occupiers	Routed through LG but no additional funding.	Yes, scheme now closed.	£1.120m	See above	£0.910m
3	Business Relief Scheme		Yes, legislation received, billing completed, and reliefs applied, subject to ongoing queries being addressed.	£1.0bn	General Revenue Grant increased by £86m – paid through year	N/A
4	Newly/Self-employed and SME'S	Routed through LG but not additional as above.	Announced 15/4/2020, guidance, received, implementation complete.	£34m has been allocated, 60% was distributed (£20.4m)	Rec'd £1.125m; Returned unspent money of £0.759m	£0.366m
5	Hardship Fund		Assessing costs to be applied	£50m	Allocated £1.758m Rec'd £1m	
6	Scottish Welfare Fund		Yes, in progress.	£45m + £23m top up	Top up of £0.6m allocated	
7	FSM/Vulnerable Persons Meals Fund	Distribution basis of funding to be agreed with Cosla	Yes	£27.6m	Approx £0.700m To be confirmed	
8	Council Tax Reduction	Additional Funding released to	Yes, in progress	£25.0m	£0.63m	£0.83m

Ref No	Title	Description	Implemented?	2020 All Scotland Funding Pot	Funding for ACC	Spend to Date
		offset increased costs.				
9	Food Fund		Yes, in progress	£70m, only £30m distributed	Allocated £0.802m	£0.876m
10	Local Government	Consequential for use flexibly	Not Applicable	£155m	£5.448m	n/a
11	Additional Registrar Funding	To offset additional costs arising from Covid	Yes	£0.6m	£0.025m	£0.007m
12	Community Justice Co-ordinators	Awaiting Cosla distribution agreement.	No	£0.4m		
13	Digital Inclusion Specific Grant	to assist with digital inclusion for children and young people	Yes	The total funding is confirmed as £25m, split between c.£20m for devices and c.£5m for connectivity solutions.	Capital grant funding will be made available to purchase the devices. £0.500m	£0.500m committed
14	Additional DHP Monies	Proposed distribution as per SDG Paper 14/2020		£5m	£0.196m To be confirmed	In process
15	Additional Teachers and Support Staff (School Year funding – crosses two financial years)	Proposed distribution as per SDG paper 17-2020	As per SDG Distribution formula	£50m.(part of Scottish Govt general announcement in June of £100m over two years)	£1.029m 2020/21 and £0.514m 2021/22	In process
16	Funding to support the reopening of schools announced 23-7-20 (Logistics Funding)	Distribution based on GAE and Rurality (90/10 split)	In progress, costs ongoing.	£20m	£0.605m	In process
17	Funding to support the	Ring fenced Funding	Details awaited, but based on	£30m	Bid process to	

Ref No	Title	Description	Implemented?	2020 All Scotland Funding Pot	Funding for ACC	Spend to Date
	reopening of schools announced 30-07-20		'evidence of need'		be put in place	
18	Tranche 2 teaching monies	Assume same distribution as first tranche of teaching money (3%)	Announced by Scottish Govt 30/7/20	£30m	£0.926 over two school years.	In process
19	Bus Priority Rapid Redevelopment Fund	Subject to a bid process through Transport Scotland.	General principles agreed through COSLA July 2020 SDG Paper 19-2020	£10m	TBC	No bid submitted
20	No One Left Behind	Ring fenced for Employability Support	Distribution formula principles agreed through COSLA June 2020	£2.35m	£0.070m TBC	
21	Transitional Support Fund for Childcare providers	Grant scheme for non- LA ELC Settings administered by LA's	Being Set Up – info being received from Scottish Govt	£10.8m	£0.507m	£0.211m
22	School Transport – Capital Grant	Distribution of Covid Mitigation Funding for School Transport	Waiting for distribution confirmation from Cosla	£1.5m	£0.038m	
23	Additional Capital for Placed Based Regeneration	Proposed £12m Regeneration Capital Grant Fund (Bid Process) and £18m Town Centre Fund - LA Allocation		£30M	£0.480m	Report to CGR Cttee 28 October 2020
24	Rapid Rehousing Transition Plan			£8m	£0.358m	
25	Business Grants for local Covid Outbreak	Awaiting details		£1m	£1m	£0.336m

Ref No	Title	Description	Implemented?	2020 All Scotland Funding Pot	Funding for ACC	Spend to Date
26	Local Government	Consequential for use flexibly	Not Applicable	£49m	£1.722m	
27	Local Government	Income Loss Scheme	Guidance and criteria being prepared by Cosla/Directors of Finance; Cabinet Secretary approval in principal.	c.£90m	Not yet know; quality assurance checks being carried out on data submitted.	£23.96m income loss figures submitted to Cosla