



**FINANCIAL POSITION
FOR THE YEAR 2020/21**

Contents

Management Commentary	2
General Fund Revenue	7
Housing Revenue Account	12
General Fund Capital Programme	13
Housing Capital Programme	14
Common Good	15
Reserves	16

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 2021.

It also provides an insight into the challenges we face and how we will address these challenges to provide assurance in relation to our financial stability, 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 2020 the Council set balanced budgets for financial year 2020/21. This took account of obligations and duties placed upon it by legislation and national priorities alongside local political priorities, and was the third budget designed around the Target Operating Model (TOM). 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.

After the budget was approved there continued to be changes to the financial environment. Namely, the impact of Covid-19 has significantly impacted the finances of 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.

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.

The Housing Revenue Account budgets were set based on a 4% rent rise for 2020/21 and ongoing pressure from lengthy housing waiting lists, which underpinned a commitment to build 2,000 new council homes.

The Common Good budget was set using the investment returns from the land, property and cash held. A distribution of approximately £3.5m for the year covered a range of Council run and externally organised projects and activities.

Financial Performance Reporting and Annual Accounts

This is the final quarterly financial performance report for 2020/21 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, which will be considered by the Audit Risk and Scrutiny Committee on 12 May 2021. This has continued to be a challenging task, especially given the impact of the Covid-19 pandemic on the funding from the Scottish Government with a multitude of announcements late in the financial year. To achieve this there has been a focus on ensuring that robust procedures and deadlines were in place and communicated early to staff. The process commenced with the issue of year end instructions in mid November 2020 and officers are working with the auditors to present reports and audited Annual Accounts by the end of June 2021.

Covid 19

The pandemic has had a material impact on the financial performance of the Council in 2020/21. The Council reviewed and updated the budgets in June to ensure that known risk areas were recognised and identified further savings and the use of flexibilities provided by the Scottish Government. These decisions were taken by the Urgent Business Committee on 30 June 2020.

During 2020/21 the Scottish Government have provided a range of grants that have provided specific or general financial support to the Council. Areas of specific focus have included income loss, additional teaching staff and opening schools safely, community support through hardship funding and free school meals support. In total over £44m of Covid-19 related funding has been distributed to the Council during 2020/21.

In addition, schemes to support businesses and individuals were implemented under Scottish Government guidance and instruction. These are not reflected in the income and expenditure of the Council as they are of an agency nature. Council resources have been directed to enable the accurate and diligent administration of these support funds, including taking account of eligibility and putting in place appeals processes and counter fraud measures. Funding was received to support the administration of some of the schemes. The value of funding administered on behalf of the Scottish Government in 2020/21 totalled £51m.

2020/21 Financial Position

• General Fund Revenue

The Council has achieved a small surplus for 2020/21 (£0.415m) against budget, this is shown in the table presented on page 4. This in line with the expectation I had when I presented the 2021/22 budget to Council on 10 March 2021, where I was confident that the overall budget would be balanced by the year end, taking into account all of the data that was, by then,

available. Approvals given to use fiscal flexibilities have not been used and I continue to keep up to date with the statutory guidance that is available to consider the options at a later date. Explanations are provided below for the key variances from budget.

The financial position 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 16-17.

- **Housing Revenue Account**

The impact of reduced capital financing along with repairs and maintenance, management and administration costs within the HRA resulted in a significant saving in 2020/21, and has facilitated a reduction debt on the HRA through contributions to capital from revenue. Following that transaction, a surplus remains and after earmarking a proportion to support repair and maintenance costs that are yet to be completed, the balance of the surplus is added to the Housing Revenue Account working balances, amounting to £0.5m. 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 13, with the final spend for 2020/21 reflecting interim valuations for projects that were on site at 31 March 2021. An underspend has been forecast throughout the year due mainly to the restrictions placed on construction as a result of the Covid-19 pandemic. Differences between actual spend and forecast outturn will result in a realignment of budgets in Quarter 1, 2021/22.

The capital programme has been 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 14, including key project indicators and financial details. The capital programme is funded predominantly through contributions from the Housing Revenue Account and borrowing, however has seen a substantial increase in grant funding to support the new homes programme.

- **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 Policy 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 2021/22.

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 the Loans Fund, Voluntary Severance / Early Retirement costs and transactions required across the Group.

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 at the end of 2020/21 are Covid-19 grant income, second/long term empty homes and de-risk the Council. The Council is free to earmark General Fund reserves for purposes that it determines, a significant example is the commitment to the Transformation Fund. An additional earmarked General Fund reserve has been created this year for Covid-19 grants, this reflects the grant funding received from the Scottish Government which has yet to be spent in such areas as Education for teaching staff, safe reopening of schools and flexible funding to support the Council generally. A sum of £6.5m was approved as part of the 2021/22 General Fund budget setting, and this is included within this earmarked sum.

The review of reserves is reflected in the table below that summarise the Council's Usable Reserves at the start and end of 2020/21, and is also shown in more detail in the Reserves section on page 11.

The General Fund Budget for 2020/21 made a commitment to contribute £0.119m to the budget. In addition, as at 31 March 2021 a contribution of £0.96m from the surplus has been added to the uncommitted balance in order to increase the value to the recommended level in accordance with the Council approved Reserves Policy 2020.

Subject to any findings and/or adjustments arising from the audit of the Annual Accounts it is requested that committee approve the sums shown on pages 16 and 17 as transfers to and from earmarked reserves.

31 March 2020 £'000	Usable Reserves	31 March 2021 £'000
(35,294)	General Fund	(71,608)
(12,808)	Housing Revenue Account	(14,715)
(11,859)	Statutory and Other Reserves	(13,082)
(59,961)	Total Usable Reserves	(99,405)

• Common Good

The year end position shows an overspend of £273k, which was part of the approval given by the Urgent Business Committee on 30 June 2020, and details are provided on page 15. This over spend will be funded by the cash balances held by the Common Good at the end of the year, a net capital receipt means that overall, the Common Good has increased cash balances at 31 March 2021. Taking account of the 2021/22 budget decisions the resulting position shows that the cash balances of the Common Good remain ahead of the previously agreed minimum requirement.

Conclusion

This has been a financially challenging year with cost pressures and loss of income arising from the Covid-19 pandemic throughout the services of the Council. The Council have responded to

the challenges through revising the budget at the Urgent Business Committee on 30 June 2020, keeping spending to a minimum and with additional financial support being provided by the Scottish Government. Capital investment expenditure was substantially lower than anticipated in both the General Fund and Housing Programmes due to the closing of constructions sites during the 1st wave of the pandemic and the constraints on non essential works in tenants houses. Since the summer, construction activity has progressed on a wide range of capital projects, and the new-build housing programme had the first handovers occurring at the Wellheads site.

Throughout, the overall financial performance of the Council reflects strong financial management and timely and transparent reporting of the quarterly position and full year position.

General Fund Revenue

As at 31 March 2021	Budget 2020/21	Actuals 2020/21	Variance (Actual - Budget)	Notes
	£000s	£000s	£000s	
Operations	265,775	258,408	(7,367)	1
Customer	38,155	36,873	(1,282)	2
Commissioning	20,541	22,082	1,541	3
Resources	5,071	5,216	145	4
Integrated Joint Board	92,468	92,468	(0)	5
Total Functions Budget	422,010	415,048	(6,963)	
Joint Boards	1,831	1,786	(45)	6
Miscellaneous Services	77,358	39,645	(37,712)	7
Contingencies	4,263	178	(4,085)	8
Council Expenses	3,122	5,299	2,177	9
Total Corporate Budgets	86,573	46,908	(39,665)	
Non Domestic Rates	(164,415)	(164,025)	390	10
General Revenue Grant	(171,346)	(171,201)	145	11
General Revenue Grant - COVID	(44,937)	(44,937)	0	12
Government Support	(380,698)	(380,163)	535	
Council Tax	(127,766)	(123,401)	4,365	13
Local Taxation	(127,766)	(123,401)	4,365	
Contribution from Reserves	(119)	(319)	(200)	14
Contribution from Reserves	(119)	(319)	(200)	
Deficit/Surplus before adjustments	0	(41,927)	(41,927)	15
Group Entity - Accounting Standards Adjustment	0	746	746	16
Adjusted Deficit/Surplus	0	(41,181)	(41,181)	17
Contribution to Uncommitted Reserve	0	96	96	18
Contribution to Earmarked Reserves	0	40,670	40,670	19
Deficit/(Surplus) after movement in Earmarked & Uncommitted Reserves	0	(415)	(415)	20

Notes

It should be noted that the full year budgets reflected above differ from those set by Council in March 2020 for a number of reasons. The impact of Covid-19 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.

In addition there was also the normal practice during the year as virements are identified or additional funding is provided. The main changes in services relate to the allocation of procurement, staff vacancies and savings arising from changes to the staffing establishment as a result of voluntary severance/early retirement which were held within contingencies at the time the budget was set.

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 operational services such as waste collection, facilities management, fleet, building services, public transport unit, 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:

- During the last two quarters of 2020/21 there was an increase in the teaching staff costs due to successful recruitment. This success had the impact of reducing the anticipated savings the Council had corporately assumed and meant that increased spending overall was incurred. Under the approved Devolved School Management scheme uncommitted staff budgets can result in alternative spending on education delivery, such as technology and commissioned services. The commitments made to alternative delivery models but not received by year end have been carried forward to 2021/22. Taking the corporate and operational sums together there was increased spending of £3.1m in 2020/21
- Reduced spend (£602k) on electricity due to the school closures during 2020/21.
- Increased spend on Out of Authority Placements due to Covid-19 restrictions not enabling children to return to the City (£2.6m), however this has been offset by the flexibilities of the ELC Expansion grant,
- There was a delay in capital works restarting in Roads after Covid-19 restrictions which impacted on income (£993k) and increased costs from winter maintenance (£315k),
- A reduction in income from, for example, Car Parking due to Covid-19 restrictions (£345k), cleaning of voids (£423k) and crematorium fees (£264k),
- Early Years expansion flexibilities have been used from the 2019/20 carry forward to support the purchase of PPE in schools (£853k), hubs for the vulnerable children (£1.8m), out of authority placements over spend (£2.5m) the remaining grant funding has been carried forward to 2020/21 to fund items such as furniture, contribution towards capital and staffing.
- Within earmarked reserves Education has carried forward a number of COVID grants from the Scottish Government as many of these were intended to be used in 2021/22.

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 and community safety to support the development of sustainable communities and enable individuals to manage their own lives. The revenues and benefits teams handling key income streams for the Council, such as Council Tax and Non-Domestic Rates and process almost £50m of housing benefit payments. 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.

- Contract spending on IT Systems and Technology was an area of demand during the year and the council invested £616k in this area,
- Offset by savings which include staffing within community wardens £786k, libraries £383k and housing access and support £525k.

3. Commissioning is responsible for both commissioning and procuring the best service/partner to deliver the agreed outcomes. Data and Insight 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. During 2020/21 City Growth, Strategic Place Planning and Governance moved to sit under the remit of Commissioning. 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. Strategic Place Planning focus is to enable, facilitate and deliver Strategic Place Planning which includes all of the transport, environment, housing, building, planning (which includes community planning) and digital initiatives that will help to deliver major infrastructure projects. Governance includes Legal Services, Democratic Services, Audit, Policy, Emergency Planning and Corporate Health & Safety. Commercial and Procurement drives the shared service with Aberdeenshire and the Highland Councils, and this function is also responsible for managing and monitoring the service-level agreements with the Council's Arm's Length External Organisations (ALEOs).

- Lower than expected demand from service provision leading to decreased income from recharges in Commercial and Procurement (£178k),
- Under recovery of the income from catering services provided by museums and galleries (£596k) and the beach ballroom (£603k), also events (£416k) from reduced trading resulting from the Covid-19 restrictions, offset in part by reduced costs in these areas,
- There was a under recovery of recharges within Governance for legal support as a result of the in-year activity levels,
- Included in the variance is an additional contribution to the Insurance Fund (£0.5m), to take account of changing liabilities and year end review of value held to meet past insurance events.

4. 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.

- Commercial property trading account income targets have been closely monitored and based on collection information it is likely the Council will be affected by higher bad debt provisions in future years.
- The overall underspend of £0.145m, includes savings being achieved in the management of properties and in energy management activities.

5. 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.

In 2020/21 there was an underspend of £1.012m the Council's IJB this is being used to increase the transformation fund within the IJB.

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

7. Miscellaneous Services includes capital financing costs, the cost of repaying the borrowing required 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 the annual changes in the level of external borrowing. The actual charges for 2020/21 take account of the approved treasury and investment policy that delivers a prudent approach to capital financing, and the interest rate applicable to the debt. The significantly reduced capital expenditure in 2020/21 assisted to reduce costs in 2020/21.

The Council utilised the scottish government statutory guidance that allows use of capital receipts to fund qualifying expenditure on a transformation project. Capital receipts to the value of £1.2m were used towards severance costs and a further £0.5m (in line with the revised budget approved by the Urgent Business Committee) towards transformation costs, which included our digital transformation programme.

8. 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 not needed in the year – after covering costs such as additional winter maintenance costs, provided a positive variance for the overall Council position.

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

The main variance which has produced an overspend is the review of the provision for bad debt in the Council and the detailed analysis that has been undertaken at year end including consideration of the impact of Covid-19 pandemic on debt recovery. With a significant increase in bad debt provision at the year end.

10. Non-Domestic Rates this is the value guaranteed by the Scottish Government rather than the value collected by the Council, as this in line with the accounting practice. The cost to the council being the value of discretionary relief that is shared between the Scottish Government and the Council.

11. 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. This is slightly lower than budget due to actual distribution of the Teachers Induction funding being different from the estimated value in the budget.

12. General Revenue Grant – COVID this reflects and is 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 specifically for Covid response and impact on the Council.

13. 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 lower than had been budgeted and reflects the impact of the collection rates for Aberdeen in 2020/21. The changing circumstances of the citizens of Aberdeen is clear from this and higher outstanding debt at year end and increased value of claims for Council Tax Reduction Scheme funding have all been factors. This figure also takes into account a sum that 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.

14. Contribution from reserves this represents the sum of funding received from reserves to reflect a balanced budget and approved at the Urgent Business Committee on 30 June 2020. The actual is the consequence of earmarked sums being used to support expenditure in the general fund budget, in line with the purpose the funds were set aside for.

15. General Fund Deficit/(Surplus) before adjustments is the value of all expenditure and income incurred during the year that compares to budget. This is before the group entity adjustment required per accounting standards, and 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.

16. Group Entity – Accounting Standards adjustment this reflects the change in value of the group entity, measured annually and chargeable to the General Fund.

17. Adjusted deficit/surplus this is the general fund surplus adjusted for item 16.
18. Contributions to Uncommitted Reserve this ensures the minimum balance of £12m will be held in uncommitted reserves in line with the Council's Reserves Policy.
19. Contributions to Earmarked Reserves is the value 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 16.
20. Deficit/(Surplus) after movement in Earmarked and Uncommitted Reserves shows the overall position for the General Fund for the year, against a balanced budget, an underspend of £0.415m.

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.

Housing Revenue Account As at 31 March 2021	Budget 2020/21 £'000	Actual 2020/21 £'000	Variance £'000
Expenditure from I&E	(500)	(1,507)	1,007
Internal Land Transfer		(400)	
Contribution to earmarked reserve		1,407	
Net Expenditure		(500)	

There were significant underspends within the HRA principally repairs and maintenance of £2.2m which reflected that this expenditure is demand led and has been impacted by Covid-19 restrictions. Management and Administration underspend of £1.5m as result of the delay in restructuring and capital financing charges of £3.5m. These under spends meant that an increased level of contribution was made from revenue to pay for capital (CFCR), which amounts to £8m and reduces the level of borrowing by the HRA.

General Fund Capital Programme

As at Period 12 2020/21	Gross Figures for 2020/21		
	Revised Budget	Actual for Year	Actual v Budget variance
	£'000	£'000	£'000
AECC Programme Board	14,746	4,178	(10,568)
Asset Management Programme Board	61,156	25,636	(35,520)
Asset Management Programme Board Rolling Programmes	34,578	11,436	(23,142)
City Centre Programme Board	18,850	11,588	(7,262)
Energy Programme Board	26,591	22,482	(4,109)
Housing and Communities Programme Board	2,124	(6,475)	(8,599)
Housing and Communities Programme Board Rolling Programmes	400	387	(13)
Transportation Programme Board	24,452	6,016	(18,436)
Transportation Programme Board Rolling Programmes	3,993	666	(3,327)
Strategic Asset & Capital Plan Board	6,501	1,882	(4,619)
Strategic Asset & Capital Plan Board Rolling Programmes	2,368	665	(1,703)
Developer Obligation Projects & Asset Disposals	0	455	455
Total Expenditure	195,759	78,915	(116,844)
Capital Funding:			
Income for Specific Projects	(50,509)	(25,723)	24,786
Developer Contributions	0	(455)	(455)
Capital Grant	(18,654)	(18,493)	161
Other Income e.g. Borrowing	(126,596)	(34,244)	92,352
Total Income	(195,759)	(78,915)	116,844

The impact of Covid-19 Pandemic is reflected in the total £78 million investment recorded for the Capital Programme for the year, much lower than originally expected. This is primarily the result of the closure of construction sites during the first quarter of 2020/21 in compliance with government guidance.

Despite the challenges faced this year, progress was made on a range of projects, including several that support the Council's Net Zero Vision:

- Construction progressed on the joint Ness Energy from Waste facility, a project being carried out in collaboration with Aberdeenshire and Moray Councils, to avoid waste being sent to landfill in future and use those resources for the production of electricity and heat.
- The final piece of infrastructure at The Event Complex Aberdeen (TECA), the Anaerobic Digestion Gas to Grid (AD plant), approached completion.
- Digital Connectivity has also been enhanced through the City Region Deal by continued investment and expansion of the City's fibre network, alongside accelerated investment in Intelligent Street Lighting under the Town Centre Fund to compliment the investment in Street Lighting LED lanterns.
- The Council's Local Transport Strategy advanced design works for the South College Street and Berryden corridors, for improved connections to the City Centre, and began preparations for the introduction of a City Centre Low Emissions Zone (LEZ).

- The City Centre Masterplan continues to invest in Aberdeen; contractors continued the regeneration of Union Terrace Gardens and the refurbishment of Provost Skene House; land assembly and enabling works advanced for the redevelopment of Queen Street.
- The Council continued its commitment to its New Schools and Early Learning programmes. Design works progressed on the £100 million investment in four new educational campuses, with construction commencing at the Milltimber site. The programme for the expansion of Early Learning and Childcare was also supported with significant progress made at several sites across the city.

The impact on the funding of the Capital programme is that there was a lower borrowing requirement in 2020/21 than originally expected.

Ongoing scrutiny and monitoring of the various Capital projects are in the Terms of Reference for the Capital Programme Committee with regular detailed reporting included on its agenda.

Housing Capital Programme

As at 31 March 2021	Approved Budget £'000	Actual Expenditure £'000	Variance £'000
Compliant with the tolerable standard	1,435	986	(449)
Free from Serious Disrepair	10,479	3,377	(7,102)
Energy Efficient	10,863	5,403	(5,460)
Modern Facilities & Services	2,385	461	(1,924)
Healthy Safe & Secure	5,004	3,334	(1,670)
<i>Non Scottish Housing Quality Standards</i>			
Community Plan & Local Outcome Improvement Plan	4,295	1,547	(2,748)
Service Expenditure	4,011	412	(3,599)
2,000 New Homes Programme	31,358	41,586	10,228
	69,830	57,106	(12,724)
less 11% slippage	(7,681)		
Net HRA Capital Programme	62,149	57,106	(5,043)

Capital Funding			
Borrowing	(22,991)	0	(22,991)
Second homes/Council Tax Funding	(9,306)	0	(9,306)
Grant Funding	(5,500)	(44,244)	(38,744)
Capital Funded from Current Revenue	(24,352)	(33,389)	(9,037)
Total HRA Capital Funding	(62,149)	(77,633)	(15,484)

As detailed above in the General Fund Capital programme the Housing Capital programme experienced similar issues with the response to the COVID-19 pandemic. Sites for the New Homes Programme were closed for 3 months during the first lockdown and there were constraints around undertaking non essential work in tenant's houses.

The rolling programme has experienced significant delays due to COVID-19 with Building Services responding only to emergency works and voids with only a brief respite to this arrangement. Work on windows, kitchens and bathrooms was stopped in 2020/21 and the programme has been rolled forward into 2021/22.

The 2,000 new homes programme is progressing well with the first homes at the Wellheads site being handed over to the Council in 2020/21. The programme in 2020/21 has included developer led projects such as the Wellheads site in Dyce and Auchmill, Council led projects such as Summerhill, and buying former Council Homes.

Grant funding was received from the Scottish Government for Summerhill, Wellheads & Auchmill sites, some of this income related to spend from previous years resulting in a position where the Housing Capital Programme received more income than spend in 2020/21. This has resulted in no borrowing being undertaken and the balance will be used to write off previous debt.

Common Good

As at 31 March 2021	Full Year Budget 2020/21 £'000	Actual Expenditure £'000	Variance from Budget £'000
Recurring Expenditure	2,879	2,550	(328)
Recurring Income	(3,678)	(3,315)	363
Budget After Recurring Items	(799)	(764)	35
Non Recurring Expenditure	360	1,037	677
Non Recurring Income	0	0	0
Net Expenditure	(439)	273	712
Cash Balances as at 1 April 2020	(30,299)	(30,299)	0
Net Expenditure from Income & Expenditure	(439)	273	712
Net Capital Receipt	0	(4,394)	(4,394)
Cash Balances as at 31 March 2021	(30,738)	(34,420)	(3,682)

The Common Good Fund is showing a £712k adverse variance at 31 March 2021 offset by capital receipts of £4.394m.

The main variances were underspends due to the cancellation of many events across the City, such as the Highland Games, Tour of Britain, Civic Receptions and the annual Fireworks Display because of the Covid pandemic.

Offset by additional costs including the expenditure approved by the Urgent Business Committee on 6 May 2020 and 30 June 2020:

- a. Lord Provosts Charitable Trust donation - £100k
- b. Financial support to the fund activities as part of rebalancing the General Fund budget for 2020/21 - £706k

Additional costs were experienced in the property portfolio held by the Common Good, including non-domestic rates.

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

General Fund Earmarked Reserves	Balance at 31 March 2020 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2021 £'000
Devolved Education M'ment (Comm Centres)	(542)			(542)
Devolved Education M'ment (School Funds)	(124)	(294)	124	(294)
Star Awards Sponsorship	(6)		6	0
Energy Efficiency Fund	(1,254)	(40)	35	(1,259)
Bus Lane Enforcement	(373)		95	(278)
Property Transfer	(102)			(102)
Second/Long Term Empty Homes	(12,736)	(1,973)	49	(14,660)
De-risk the Council	(1,811)	(1,803)		(3,614)
Transformation Fund	(3,455)	(2,000)	2,976	(2,479)
Pupil Equity Fund	(925)		925	0
Community Justice Redesign Post	(12)		12	0
Approved Project Funding	(101)		101	0
Contribution to Environmental Body	(43)			(43)
Repairs & Maintenance Fund	(900)	(285)		(1,185)
Public Analyst - James Hutton Institute	(125)			(125)
Children's Social Work - Mental Health Svs	(63)		37	(26)
Rapid Rehousing Transition Plan	(311)			(311)
Additional Support for Learning	(507)		507	0
Mental Health Day	0	(6)		(6)
Co Op Business Development Fund	0	(75)		(75)
Socio Economic Recovery	0	(67)		(67)
ADM - Education	0	(385)		(385)
Covid Grants	0	(33,742)		(33,742)
Total General Fund	(23,390)	(40,670)	4,867	(59,193)
Total Uncommitted Balance	(11,904)	(511)		(12,415)
Total General Fund	(35,294)	(41,181)	4,867	(71,608)
Recommended Uncommitted Balance	(12,000)			(12,000)

Housing Revenue Account Earmarked Reserves	Balance at 31 March 2020 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £,000	Balance at 31 March 2021 £'000
<i>Projects:</i>				
Housing Repairs	(1,718)	(3,125)	1,718	(3,125)
House Sales - Non right to buy	(308)	0	0	(308)
Total HRA Earmarked Reserves	(2,026)	(3,125)	1,718	(3,433)
Total Uncommitted Balance	(10,782)	(500)	0	(11,282)
Total Housing Revenue Account	(12,808)	(3,625)	1,718	(14,715)
Recommended Uncommitted Balance	(9,084)			(9,438)

Common Good Earmarked Reserves	Balance at 31 March 2020 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2021 £'000
<i>Projects:</i>				
Smithfield Farm - Roof repairs	(18)			(18)
AWPR Drainage Issues for future issues	(35)			(35)
Grove Nursery	(68)			(68)
APA - Music Hall Cleaning	(40)		35	(5)
March Stone Upkeep	(13)		13	0
Culter Playing Fields	(8)			(8)
Cricket Pitch at Stewarts Park	(15)			(15)
Satrosphere Refurbishment	(11)		11	0
CPR Training	(5)		1	(4)
Festival - AIYF final 2 quarters grants	(5)			(5)
Culter Community Council - Lovers Walk	(3)		3	0
Shakkin Bridge Project	(3)			(3)
Culter Community Council - Lovers Walk/Green Space		(11)		(11)
Mental Health		(3)		(3)
Total Common Good Earmarked Reserves	(223)	(14)	64	(174)
Total Uncommitted Balance	(30,075)	(4,171)	0	(34,246)
Total Common Good	(30,299)	(4,185)	64	(34,420)
Recommended Uncommitted Balance	(29,578)			(33,870)