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ADDITIONAL CIRCULATION



To: Councillor Young, Convener; Councillor Thomson, Vice Convener; and Councillors Allan, Cameron, Dickson, Donnelly, Jackie Dunbar, Len Ironside CBE, Laing, McCaig, Milne, Noble, Reynolds, Jennifer Stewart, Taylor, Townson and Yuill.

Town House,
ABERDEEN 2 December, 2014

FINANCE, POLICY AND RESOURCES COMMITTEE

The undernoted items are circulated in connection with the meeting of the **FINANCE, POLICY AND RESOURCES COMMITTEE** to be held here in the Town House on **THURSDAY, 4 DECEMBER 2014 at 2.00 pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

FINANCE

- 7.8 Small Financial Assistance Grants 2014/15 - REPLACEMENT REPORT
(Pages 1 - 6)

APPROVAL TO PROCURE

- 10.2 Provision of Indirect Tax Services - Exemption from Council's Standing Orders on Contracts and Procurement (Pages 7 - 10)
- 10.3 Tender for Agency Service Framework Agreement (Pages 11 - 14)

ITEMS WHICH THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

APPROVAL TO PROCURE

16.4 Museum Collections Centre (Pages 15 - 22)

Should you require any further information about this agenda, please contact Mark Masson, tel. (52)2989 or email mmasson@aberdeencity.gov.uk

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	4 December 2014
ACTING DIRECTOR	Ewan Sutherland
TITLE OF REPORT	Small Financial Assistance Grants 2014/15
REPORT NUMBER	CG/14/162
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to present applications for financial assistance which have recently been received allowing Elected Members to make a decision on providing funding from the financial assistance budget and to provide information on an event for which funding was previously awarded.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- i) consider the applications received and agree to award grant funding based on the following recommendations:-
 - Torry Development Trust – a maximum of £1,500; and
 - Gerrard Street Baptist Church – a maximum of £500.

3. FINANCIAL IMPLICATIONS

The awarding and approval of grants and financial assistance is a significant element of council business and as such millions of pounds are paid to external organisations each year. Appropriate and suitable means of approval following the principles of 'Following the Public Pound' require to be maintained in order to ensure Best Value.

There is a sum of £45,000 included in the 2014/15 Council's Revenue Budget for small financial assistance grants.

If the above recommendations were approved the amount remaining would be £33,280.

There are no implications for approved PBB options arising from this report.

4. OTHER IMPLICATIONS

The award of grants and financial assistance provide benefits to the City of Aberdeen and its citizens.

5. BACKGROUND/MAIN ISSUES

- 5.1 At the meeting of 6 May 2014 the Committee approved a revised set of assessment criteria for the awarding of small financial assistance grants.

These were as follows:

Small Financial Assistance Grants – Assessment Criteria	
a)	Applications must be for a clear and specific purpose and include relevant background and financial information.
b)	Applications must <u>not</u> be for a purpose already being funded from another Council budget.
c)	Applications which fall within the assessment criteria of another established Council funding budget will be referred to that process.
d)	Applications must <u>not</u> be for a purpose which secured funding from this budget in the previous 12 months.
e)	Applications will only be considered whilst budget remains available.
f)	The award of funding will be limited to a maximum of £2,500.

Small Financial Assistance Grants – Conditions of Award	
a)	Following the committee, the applicant will be informed in writing of the committee decision including the amount awarded, the means of payment and the purpose for which the award was made.
b)	In exceptional circumstances where an award of funding in excess of £2,500 is approved, it will be on the basis that the arrangements in relation to the Local Code of Guidance on Funding External Organisations and Following the Public Pound will require to be put in place.

5.2 Applications:-

5.2.1 Torry Development Trust – Further information at Appendix A

An application has been received from the Torry Development Trust for advice and comments on any funding awards from the council or elsewhere to assist with start up and project development costs.

Two projects are specified – six Christmas lights on Victoria Road at a cost of £250 each (£1,500 in total) and printing of a heritage book written and produced by the Torry Heritage Group at an estimated cost of £2,200.

In line with the assessment criteria above, alternative potential funding sources have been identified under which the heritage book project

could be considered and therefore it is recommended that the Trust make an application in the first instance to these sources.

It is considered appropriate for the Christmas lights project to be considered under the small financial assistance grants assessment criteria and as it meets the criteria it is recommended that a maximum of £1,500 of funding be awarded.

5.2.2 Gerrard Street Baptist Church – Further information at Appendix B

An application has been received from Gerrard Street Baptist Church to cover Christmas tree lights and installation at a cost of £1,554. They have already been advised by the Community Council that they can apply for a grant of up to £500 towards this cost.

It is considered appropriate for this project to be considered under the small financial assistance grants assessment criteria. As it meets the criteria, it is recommended that a maximum of £500 of funding be awarded to match the grant that could be applied for from the Community Council.

6. IMPACT

The Council will, within financial constraints, seek to support individuals, groups and organisations within the City. All applicants will be given equal consideration within the criteria for the award of grants and donations from Council budgets.

This report is likely to be of interest to the public as it demonstrates the use of public funds.

7. MANAGEMENT OF RISK

There is a risk that funding provided will not be used for the purpose for which it was awarded.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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(Received by e-mail from David Fryer, Director, Torry Development Trust on 11th November 2014)

As you recall, the TDT is a legally constituted development trust set up in June this year to promote projects and partnerships to secure community benefits for Torry. I would welcome your advice and comments on any funding awards that you are aware of at the City Council, or elsewhere to assist with start up and project development costs.

We are two immediate projects in hand. The first is to secure Christmas lighting in Victoria Road (working budget is £250.00 per light and a target of six is being actively pursued) and the second is for a heritage book written and produced by the Torry Heritage Group, for which funding to cover printing costs is in the order of £2200.00.

I look forward to your reply

(Received by e-mail from Alison Spearman, Community Worker, Gerrard Street Baptist Church on 27th November 2014)

Recently the Church in Gerrard Street has been planning and undertaking some events to brighten up the area round Greig Court and Hutcheon Court in Gerrard Street. As a church we would love this area to become one of the best places to live in Aberdeen.

Recently with support from the Council we were able to plant up some troughs at the front of the flats looking on to Gerrard Street and removed graffiti and painted some of the benches. In addition we planted a raised bed area next to the Catherine Street Community Centre.

For Christmas we have been working with the Council to get a Christmas tree to brighten up Gerrard Street. The Council have helped us source a large 25 foot tree which will be installed beside the recycle area on Gerrard Street next week. Originally we thought the Council were going to be able to provide us with lights and help with installing them but unfortunately this has fallen through. I have contacted an external supplier recommended by the Council who have quoted us £1554 for the cost of the lights and the installation, removal and necessary electrical connections. As you can imagine at such short notice this is a challenging amount to raise. We have been advised by the Community Council that we can apply for a grant of up to £500 for lights but this obviously still leaves quite a significant shortfall.

Any support or advice you might be able to give us would be much appreciated. I have attached for your information a copy of our Christmas leaflet which refers to the Christmas Fair and BBQ that we have been planning to coincide with the Christmas Tree light switch on and BBQ.

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy & Resources
DATE	4 December 2014
ACTING DIRECTOR	Ewan Sutherland
TITLE OF REPORT	Provision of services relating to Indirect Tax claims
REPORT NUMBER	CG/14/168
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to notify the committee of an exemption from Standing Orders (in terms of Standing Order 1(6)(b)) approved by officers in order to engage PricewaterhouseCoopers LLP (PwC) with a view to securing a refund of overpaid VAT from HMRC on a no-win no-fee basis.
- 1.2 Standing Order 1(6)(b) states that this decision must be reported to Committee as soon as practicable thereafter.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Notes the exemption from the Standing Orders relating to Contracts and Procurement of the contract with PricewaterhouseCoopers LLP for provision of services relating to Indirect Tax claims, all in terms of Standing Order 1(6)(b).

3. FINANCIAL IMPLICATIONS

- 3.1 This is a no-win no-fee arrangement. If the claims are successful, then the Council will receive a cash benefit and fees will be met from this sum. Not to have proceeded with the claim would have denied the Council the opportunity of VAT being reclaimed.

4. OTHER IMPLICATIONS

- 4.1 Entering into a contractual arrangement without a tendering process having been undertaken would amount to direct award of a contract, and so there is a risk of legal challenge by aggrieved competitor(s). The consequences for the Council could include the shortening or

setting aside of the contractual arrangement, awards of damages, financial penalties and reputational damage.

- 4.2 The Council was unable to tender for this work to be done as the approach was made by PwC on the basis of precluding the Council from tendering the specific reviews - which is normal industry practice. That is, the approach with the details was made on the basis that the Council could not use this information to then tender for the work.

5. BACKGROUND / MAIN ISSUES

- 5.1 Aberdeen City Council previously employed PwC in 2008 to act on its behalf to reclaim VAT from HMRC, which the Council had previously overpaid in a number of different areas, following the Fleming case. Whilst PwC was successful in some areas in securing a refund of VAT to the Council, a number of claims have remained unresolved since.
- 5.2 There has been a recent decision by the First Tier VAT Tribunal in the Vodafone case that held that the relevant local authority (in that case) could change the subject matter of its original disputed claims and substitute other claims where an overpayment of VAT may have been made.
- 5.3 There was an opportunity for Aberdeen City Council to potentially secure a refund of overpaid VAT providing it protected its position by lodging an appeal with HMRC by 14 November 2014.
- 5.4 In view of the urgency of complying with this appeal deadline, a request for an exemption from the Council's Standing Orders was made under Standing Order 1(6)(b) and duly approved by the Chief Executive, Head of Finance, Head of Legal & Democratic Services and the Head of Procurement.

6. IMPACT

Any repayment of overpaid tax would assist the Council's financial position in these challenging economic times.

7. MANAGEMENT OF RISK

- 7.1 Under the terms of the contract, PwC have been employed on a no-win no-fee basis, and only if successful would PwC be entitled to a fee based on the value of any recovery that the Council may receive.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	04 December 2014
DIRECTOR	Pete Leonard
TITLE OF REPORT	Tender for an Agency Service Framework Agreement
REPORT NUMBER	CHI/14/073
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is seek approval from committee to enter into a tendering process in collaboration with seven other Local Authorities to procure a framework agreement to source agency staff for trades operating within the Council's Building Services division.

2. RECOMMENDATION(S)

It is recommended that the Committee

- a) Approves that Building services enter into the proposed collaboration arrangements for re-tendering the building trades agency staff framework.
- b) Approves the extension of the Current Framework by two Months to facilitate in the transition of the new building trades agency staff framework.

3. FINANCIAL IMPLICATIONS

The precise financial impact is uncertain as this will be determined by the results of the tendering exercise. However, we expect that market pressure, economies of scale from collaborative procurement and more focused reward mechanisms will ensure that the cost of procuring agency staff is, at worst, comparable to current costs. The budgets for agency staffing are already contained within Building Services overall budgets.

4. OTHER IMPLICATIONS

Failure to proceed with the recommendations would severely constrain the ability of Building Services to undertake parts of its core service delivery as well as reducing the surplus to be returned to the Council.

The demand for Building Services' directly employed resource exceeds capacity. Our ability to recruit new direct labour is severely restricted by market conditions, particularly for the skilled trades such as electricians, gas fitters and joiners.

The collaboration has been promoted and supported by the Council's Central Procurement Services (CPS).

5. BACKGROUND/MAIN ISSUES

Building Services requires a number of agency staff to cover work which is of a short term nature and therefore cannot be converted into established posts or where the Service has found it difficult to recruit full-time staff.

In 2014/15 the budgeted figure for agency staff is approximately £3.5 million.

Our current agency staff framework agreement expires on 28 February 2015, so in order to ensure that the Council achieves the best value for money and that agency staff have all of the necessary qualifications, experience and competencies, it is intended to tender for a new framework agreement in collaboration with seven other Scottish Councils.

Building Services would be unable to provide large elements of the capital programme work it undertakes, or to carry out project work for the Council and other public sector bodies, without the ability to take on agency labour.

This would mean a large reduction in Building Services' turnover and would have a significant impact on the organisation's profitability and ability to return a dividend to both the General Fund and HRA.

The voids service, and to a lesser extent the responsive repairs service, also use agency labour to cover staff shortages and recruitment problems. If these services were unable to use agency labour would have a severely detrimental impact on statutory performance targets, particularly in relation to void re-let times. This in turn could increase the level of rent loss suffered by the Council, and of course has a tangible impact upon the service standard experienced by our customers.

By entering into a collaborated approach towards procurement of agency staff, Building Services is also able to ensure best value in an increasingly competitive market which is affecting the current resourcing and retention of tradesmen required to complete works.

6. IMPACT

The Single Outcome Agreement refers to a need to enhance the quality of housing and environment for individuals and the community.

Furthermore within “Aberdeen – the Smarter City”, the Council’s policy document for 2012-2017, the following policy targets are set out:

Smarter Living (Quality of Life):

We will provide quality services to our council tenants to enable them to have a dry, warm home in a safe and enjoyable environment.

The recommendation meets the National Outcome Measure 15

- Our public services are high quality, continually improving, efficient and responsive to local people’s needs

7. MANAGEMENT OF RISK

A risk management plan has been introduced and will be reviewed as matter of course during the project process. Risks relating to the supply of this service have been identified within the plan and will be addressed through risk management techniques.

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

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Exempt information as described in paragraph(s) 8, 9 of Schedule 7A of the Local Government (Scotland) Act 1973.

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