

## COUNCIL

ABERDEEN: Thursday, 11 February 2010. Minute of Meeting of ABERDEEN CITY COUNCIL. Present:- Lord Provost Peter Stephen; Depute Provost Jacqueline Dunbar; and Councillors Adam, Allan, Boulton, Cassie, Clark, Collie, Cooney, Corall, Cormack, Cormie, Crockett, Dean, Donnelly, Farquharson, Fletcher, Graham, Greig, Hunter, Ironside, Jaffrey, Kiddie, Laing, Leslie, Malone, May, McCaig, McDonald, Milne, Noble, Penny, Reynolds, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West, Wisely, Young and Yuill.

### 1 ORDER OF AGENDA

The Lord Provost proposed that the two items of business on the agenda marked Not for Publication be considered with the press and public excluded, as they contained exempt information as described in the Local Government (Scotland) Act 1973. These items were:- (1) Proposals for Mental Health Day Service Redesign to Achieve Budget Savings - Report by Director of Social Care and Wellbeing; and (2) Common Good Budget 2010/11 to 2012/13 - Appendix 11 to the report by the City Chamberlain.

Councillor Young moved as a procedural motion, seconded by Councillor Cooney:-  
That the items referred to be considered in public.

For the procedural motion (13) - Councillors Adam, Allan, Cassie, Collie, Cooney, Crockett, Donnelly, Farquharson, Graham, Hunter, Ironside, Laing and Young.

Against the procedural motion (24) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Clark, Corall, Cormie, Dean, Fletcher, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Noble, Penny, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West and Kirsty West.

Declined to vote (2) - Councillors Milne and Wisely.

Absent from the division (4) - Councillors Boulton, Cormack, Reynolds and Yuill.

#### **The Council resolved:-**

to reject the procedural motion and thereby consider the items, where applicable, with the press and public excluded.

**Councillor John Stewart stated that the items listed below would be dealt with together for the purpose of his budget speech:-**

- **Financial Strategy - Revenue Budget 2010/11 Update**
- **Update Report on Social Care and Wellbeing Annual Grant Making Programme**
- **Non Housing Capital Programme 2010/11 to 2013/14 and the Prudential Indicators**

- **Proposals for Mental Health Day Service Redesign to Achieve Budget Savings**

## **DECLARATION OF INTEREST**

**Councillor Fletcher declared a pecuniary interest in the following item of business by virtue of his position as Vice President of COSLA and withdrew from the meeting during the course of its consideration by the Council.**

## **2 GENERAL FUND - DRAFT REVENUE AND CAPITAL BUDGET 2009/10 - CG/10/035 AND CG/10/036**

The Council had before it (1) a report by the City Chamberlain which presented a draft General Fund Revenue Budget for 2010/11; and (2) a further report by the City Chamberlain which proposed a Non Housing Capital Programme for 2010/11 and a provisional programme for 2011/12 to 2013/14.

The Council also had before it reports by the Director of Social Care and Wellbeing pertaining to (a) grants to the voluntary sector from the Social Care and Wellbeing budget and the impact of making savings across that budget; and (b) the proposal to tender for a single, mental health day support service which had the capacity to cater for existing service users of two providers with the purpose of achieving required budget savings.

The report on the General Fund Revenue Budget had attached as appendices (1) the range of options, under each Directorate, which were reported to Council on 16<sup>th</sup> December 2009 (Article 13 of the minute refers), of which £23.070million had been approved for setting a balanced budget this day; (2) the latest forecast of net General Fund income and expenditure for 2009/10; (3) a list of savings and other efficiencies options which had been identified; (4) a list of items which had been deferred for a further report totalling £1.148million; (5) a table which provided a breakdown of items requiring the use of contingencies in 2010/11, which amounted to £2.830million of the £3.467million which had been set aside; and (6) a list of additional growth items faced by services totalling £7.940million.

The report advised of the updated current position, as per Appendix 2 to the report, highlighting that total projected expenditure less total funding was £10.662million. Further savings proposals, as contained within Appendix 3 to the report, totalled £2.916million which, when taken, reduced the shortfall in the budget to £7.746million.

Appendix 2 to the report also showed how the previously reported 2010/11 position had moved since reported to Council on 16<sup>th</sup> December 2009. This outlined that at present there was a gross spend of £465.223million for 2010/11 if all of the 2009/10 budgetary pressures (£9.297million) and growth items for 2010/11 (£8.140million) were accepted. This updated position reflected the previously identified 2009/10 cost risks relating to sports income, children's out of city placement/specialist care and the increasing demand for adult services.

The current projected spend for 2010/11 also included:-

- A revised corporate budget provision/contingency of £3.467million
- A sum of £1.897million for a revenue investment fund
- A total of £36.963million for Joint Boards requisitions

- A sum of £2.375million for the former ring fenced Fairer Scotland Fund

The report touched upon the additional growth items as set out in Appendix 4 to the report and highlighted that there was no pay award built into the base budget other than for teachers, whereby a negotiated settlement had previously been agreed for 2010/11. The budget did reflect, however, a freeze on the level of remuneration for elected members in 2010/11.

In regard to funding, the report stated that the total funding available to the Council would be £454.561million, assuming Council Tax levels were frozen and the Council received additional funding of £0.650million for adult support and protection which was expected to be notified separately. Contained within the settlement figure was the Council's share of the whole of Scotland reduction in funding of £131million, this equated to £4.737million for Aberdeen or 3.6% of the whole of Scotland total. The report emphasised that Aberdeen City Council continued to be one of the lowest funded Councils in Scotland on a per head of population basis. The Scottish average was currently £2,049 per head compared to Aberdeen City Council receiving £1,724 per head (excluding the Council Tax freeze grant).

Referring to 2011/12 and future years, the report proposed that more of a zero-based approach be undertaken, rather than a predominantly incremental based approach, which would include stakeholder consultation and links to the development of the Council's Interim Business Plan and Service Business Plans. The three year settlement for the period 2011/12 to 2013/14 was as yet unknown but predictions suggested that there could be reductions of around 12%, or 4% per annum, which would equate to around £14million per annum based on the 2010/11 grant settlement.

**The General Fund Revenue report recommended:-**

that the Council -

- (a) consider the content of the report;
- (b) make recommendations in regard to a final package of savings and efficiency options from those outlined to achieve a balanced budget taking account of 2009/10 budget pressures, 2010/11 growth items and feedback from consultation;
- (c) approve the commencement of a zero based budgeting approach to achieve a balanced budget for 2011/12 and future years, which included stakeholder consultation and links to the development of the Council's Interim Business Plan and Service Business Plans; and
- (d) instruct the Head of Human Resources and Organisational Development and the Head of Legal and Democratic Services to report to the Finance and Resources Committee in due course on the outcome of a review of employment costs.

The draft Non Housing Capital Programme report explained that in order to maintain its capital programme at affordable levels, it was essential that the Council adopted a clear asset management strategy. The aims of such a strategy should be to utilise the Council's asset base in the most efficient and effective way thus ensuring that capital investment was focused on making the best use of that asset base. In conjunction with this, it was important that the use of assets was critically assessed in order to identify where assets could be rationalised and disposed of as appropriate, in order to provide funding which could then be invested in the remaining assets.

The report appended (1) a definition of the different criteria used by services to distinguish between high, medium and low priority projects - each project had also been assessed to determine whether it was legally committed, partially committed or not legally committed; (2) a summary of the programme under consideration and the funding available should the programme, including those new bids ranked as high and

medium, be approved - this showed a programme for 2010/11 totalling £96.518million before slippage; (3) details of individual projects within each service including the priority and legal commitment status given to each project by the service - this included those low priority projects which it was recommended should not be approved; (4) details of all new bid projects to be considered; (5) details of projects being funded from the Capital Fund; and (6) the Prudential Indicators the Council needed to approve in order to allow delivery of the approved programme.

The report explained that based on the programme within Appendix 2 to the report, the estimated total increase in capital financing costs from 2009/10 to 2013/14 was £18.386million. This effectively represented the cost the Council would have to meet in order to fund a programme at this level, which was not sustainable going forward and it was therefore essential for the programme to be reduced to an affordable level such that it could be funded solely by supported borrowing, capital receipts and grants and contributions.

The report concluded that the Council was currently in the position of undertaking a number of critical corporate, strategic and city-wide projects that would require a high level of capital investment over the next few years. This included the 50m Pool and Corporate Office Accommodation as well as various other major roads projects. It was however important that the overall programme reduced in later years to an affordable long term programme. The report added that once the programme was approved, regular monitoring would be undertaken and reported in detail to each service committee and in summary to the Finance and Resources Committee.

**The draft Non Housing Capital Programme report recommended:-**  
that the Council -

- (a) consider and approve the revised Non Housing Capital Programme for 2010/11 as indicated in Appendix 2 to the report, which excluded projects identified as low priority;
- (b) consider the new bids as per Appendix 4 to the report, identifying any to be excluded from the programme subject to the comments by the City Chamberlain;
- (c) approve the continuation into 2010/11 of projects funded by the Capital Fund as per Appendix 5 to the report with the condition that projects must be completed during 2010/11 and no further carry forward of the funding would be available;
- (d) instruct Directors, in conjunction with the Head of Finance, to develop a ten year programme covering financial years 2011/12 to 2021/22 taking account of the approved Corporate Property Asset Management Plan, the Capital Prioritisation Process and the development of the Council's Interim Business Plan and individual Service Plans;
- (e) agree that the Head of Resources Development and Delivery/Head of Asset Management and Operations, in conjunction with Directors, undertake a critical assessment of the use of assets in order to identify where they could be rationalised and disposed of, as appropriate, in order to provide funding which could then be invested in the remaining assets; and
- (f) approve the Prudential Indicators as per Appendix 6 to the report, or as amended to take account of any programme changes agreed.

The report on the Social Care and Wellbeing annual grant making programme contained the table below, which showed the organisations in receipt of a grant and the recommendations in respect of those monies for 2010/11:-

<b>Organisation</b>	<b>Funding Allocation</b>	<b>Recommendation</b>	<b>Anticipated Consequence</b>
Aberdeen Action on Disability	£20k	Cease	The organisation will not continue in current form. Potential to join with the Disability organisations.
Aberdeen Council of Voluntary Organisations	£22,837	Allocate fund through corporate governance	ACVO provides support to 3 <sup>rd</sup> sector organisations across the spectrum of service provision. Potential to develop Council wide SLA.
Age Concern Advisory Service	£3k	Cease	Local organisation service may cease - potential to be picked up by carers services, NHSG etc.
Age Concern Scotland	£20k	Cease	National organisation which can reallocate funds.
Befriend A Child	£40k	Allocate fund to mainstream funds and develop a service level agreement	This is a critical service to support children and young people and will be commissioned on an ongoing basis.
Counselling and Family Mediation	£20k	Allocate to mainstream funds and develop on Service Level Agreement	This organisation provides, amongst other things, a service to the Courts, e.g. in residence/ custody disputes. Local MSP and Sheriffs are keen to retain the service.
James Tyrell Centre	£40k	Allocate fund to mainstream funds and develop a service level agreement	Essential part of day care services for older people.
Quarriers	£5k	Cease	National organisation which can reallocate funds.
Samaritans	£10k	Allocate to mainstream funds and develop a	Critical support for people with mental health problems in

Organisation	Funding Allocation	Recommendation	Anticipated Consequence
		service level agreement	Aberdeen.
Scottish Motor Neurone Disease	£1,196	Cease	National organisation which can reallocate funds.
Shop Mobility Aberdeen	£22k	Cease	Now seeking funding from a range of other sources.
Victim Support Scotland - Aberdeen Service	£15k	Cease	National organisation who can reallocate funds.
Newhills Parish Church	£5k	Cease	Church organisation which has the potential to seek other funding services.
Who Cares? Scotland	£15k	Allocate to mainstream funds and develop a service level agreement	This service supports and advocates for children and young people who are looked after or looked after and accommodated.
WEA Reachout Project	£13,626.57	Cease	Services now integrated in learning disability day opportunities.
FARE (Food Action Reaching Elderly) DC	£4,500	Cease	Organisation has option to seek other funding sources.
Alten's Over 50's Project	£3k	Cease	Organisation has option to seek other funding sources.
Inchgarth Community Centre	£5,400	Allocate to mainstream funds and develop a service level agreement	This project is part of learning day opportunities.
Grampian Employment Opportunities	£4,500	Cease	Organisation has opportunities to seek other funding sources.
Cornerstone Aberdeen Employment Service	£9k	Cease	National organisation which can reallocated funds.

Organisation	Funding Allocation	Recommendation	Anticipated Consequence
Bread Maker	£21,300k	Allocate to mainstream funds and develop a service level agreement	Allow purchase of services on a spot purchase basis.

TOTAL GRANT SAVED £115,822.57

TOTAL GRANT ALLOCATED TO MAINSTREAM BUDGETS £174,537.00

**The report on the Social Care and Wellbeing annual grant making programme recommended:-**

that the Council -

- (a) consider the grant awards and the recommendations of officers in regard to each organisation;
- (b) approve the mainstreaming of the amounts recommended and the subsequent savings from the grant fund; and
- (c) approve the discontinuation of the annual grant making programme from this year.

The report presenting proposals for Mental Health Day Services redesign advised that it had been requested by the Council at its meeting of 16<sup>th</sup> December 2009 (Article 13 of the minute refers). The report expanded upon the proposal to tender for a single, mental health day support service which had the capacity to cater for existing service users at both Pillar Aberdeen and Mental Health Aberdeen's Alford Centre, with the purpose of achieving required budget savings. The report also detailed the requirements of a single service.

**The report presenting proposals for Mental Health Day Services redesign recommended:-**

that the Council -

- (a) agree to the commissioning of a single mental health day support service;
- (b) agree to a contract being awarded following the tender process; and
- (c) agree that achievement of the saving of £150,000 would be made through a combination of part-year budget reduction to the current service providers and the commissioning of a new service.

Councillor John Stewart addressed the meeting in the manner reproduced in Appendix A to this minute and moved, seconded by Councillor Corall:-

That the Council agree:-

In relation to the General Fund Revenue Budget:

- (a) the additional measures set out on the schedule tabled, and within the reports by the Director of Social Care and Wellbeing, to ensure that a balanced budget was set for 2010/11;
- (b) that there be no increase in Council Tax for 2010/11;
- (c) that the Head of Human Resources and Organisational Development, in conjunction with the Head of Legal and Democratic Services, review the Council's employment costs looking at reducing agency costs, new ways of working, giving employees flexibility on working hours wherever possible, assessing pay awards and pay scale increments;

- (d) that the review of such costs be undertaken in conjunction with widespread consultation with the Council's employees and the Trades Unions and that their views inform the recommendations to be brought back to the relevant committee;

In relation to future Financial Planning:

- (e) that the Chief Executive and her Directors make all necessary arrangements, including the commencement of a priority based budgeting approach to achieve a balanced budget for 2011/12 and future years, which would include stakeholder consultation, to bring forward a costed five-year business plan for the Council for the period 2011-2016;
- (f) that this plan be brought to the Council in time for it to inform the decisions to be taken on the budget proposals for 2011/12 which would be considered in December 2010;

In relation to the process of setting the budget:

- (g) that the Council acknowledge the hard work of officers and elected members that had gone into producing the budget proposals already agreed by the Council late last year and those before us today; and
- (h) that thanks go to those partners and stakeholders who took part in the budget engagement meetings conducted as part of this process.

In relation to the Non Housing Capital Programme and Prudential Indicators 2010/11 to 2013/14, that the Council:-

- (1) approve the Non-Housing Capital Programme for 2010/11 as reflected in paper 5 of Appendix A to this minute;
- (2) approve the continuation into 2010/11 of projects funded by the Capital Fund as circulated herewith;
- (3) instruct Directors, in conjunction with the Head of Finance, to develop a ten year programme taking account of the approved Corporate Property Asset Management Plan, the Capital Prioritisation Process and the development of the Council's Interim Business Plan and individual Service Plans;
- (4) instruct the Head of Asset Management and Operations, in conjunction with Directors, to undertake a critical assessment of the use of assets in order to identify where they can be rationalised and disposed of, as appropriate, in order to provide funding which could then be invested in the remaining assets; and
- (5) approve the Prudential Indicators as per Appendix 6 of the report.

In relation to the report on the Social Care and Wellbeing annual grant making programme, that the Council approve the mainstreaming of the amounts recommended, and the subsequent savings from the grant fund, with Service Level Agreements to be developed for those organisations, and that a report be submitted to the Social Care and Wellbeing Committee.

Councillor Crockett moved as an amendment, seconded by Councillor Graham:-

That this Council (a) defers its final budgetary decision pending the outcome of urgent talks with the Edinburgh Government's Finance and Sustainable Growth Secretary ensuring that the Council can produce a budget on or before 11<sup>th</sup> March 2010; and (b) agrees that Aberdeen City Council withdraws from COSLA at such a time as it was permitted to do so within the terms of the COSLA constitution.



On a division, there voted:-

For the motion (32) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Boulton, Cassie, Clark, Corall, Cormack, Cormie, Dean, Donnelly, Farquharson, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Milne, Noble, Penny, Reynolds, Robertson, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West, Wisely and Yuill.

For the amendment (10) - Councillors Adam, Allan, Collie, Cooney, Crockett, Graham, Hunter, Ironside, Laing and Young.

Absent from the division (1) - Councillor Fletcher.

**The Council resolved:-**  
to adopt the motion.

**Attention having been directed to the removal by the Standards Commission of any disability imposed by the Councillor's Code of Conduct on any members of the Council who had declared an interest under section 4 of the Code by virtue of being tenants of municipal houses so as to enable them to consider, discuss and vote on the matter of rent of municipal houses, the Acting Head of Democratic Services intimated that Councillor Collie had declared an interest but would not be required to leave the meeting.**

### **3 DRAFT HOUSING REVENUE ACCOUNT (HRA) AND HOUSING CAPITAL BUDGET 2010/11 TO 2012/13 - CG/10/037**

The Council had before it a joint report by the Director of Housing and Environment and the City Chamberlain which provided members with information to allow the setting of the rent level for the financial year 2010/11 as well as provisional rent levels for the financial years 2011/12 and 2012/13, explaining that this would allow a capital programme for 2010/11 to be set as well as a provisional programme for 2011/12 to 2012/13.

The report advised (a) that the current estimated out-turn for the HRA for 2009/10 showed a balanced budget with increased capital from current revenue; (b) that the draft budget for 2010/11, 2011/12 and 2012/13 (as attached at Appendix 1 to the report) showed gross expenditure of £70.095million which included a contribution to capital expenditure referred to as Capital Financed from Current Revenue (CFCR) of £12.753million and income of £70.095million which reflected and included a proposed rent increase of 2.3% based on feedback from the annual tenants consultation; (c) that the budget included the capital financing charges to fund a programme of £54.847million (the details of the potential projects to be included in this programme were contained within Appendix 1 to the report); (d) that the budget detailed in Appendix 1 to the report also required the miscellaneous rents and service charges to be set, and the report gave indicative increases that the Council may wish to consider, along with what these meant as a percentage (the Council would have to decide on any possible increment to these charges in line with its rent setting strategy); (e) that working balances as at 31<sup>st</sup> March 2010 were estimated at £5.135million, and it was considered that working balances should be set at 5% of final gross expenditure; (f) of the minimum working balances over the next three financial years subject to final

budget approvals; (g) that in setting a capital programme, the level of capital investment was determined at a local authority level and the base programme, subject to the rent setting process, was £54.847million as set out in Appendix 1 to the report; (h) in terms of an outline budget for 2011/12 and 2012/13, also set out within Appendix 1 to the report, which included an assumed rent increase of 1.5% in 2011/12 and 1.3% in 2012/13; (i) in terms of the average rents of all other local authorities in 2009/10, noting that if the Council was to approve the rental increase of 2.3% and all other local authorities were to maintain their rent at 2009/10 levels, the Council's average rent would not be the highest in Scotland; and (j) that included within Appendix 1 to the report was a list of controllable costs and a schedule of savings that could, and should, be made to reduce controllable costs - these savings had not been built into the base budget for 2010/11 onwards and were part of the continuing drive to ensure that rental income was used effectively, costs were reduced and efficiency increased whilst at the same time improving the service.

**The report recommended:-**

that the Council -

- (a) consider and determine any adjustments it may wish to make to the draft 2010/11 Housing Revenue Account and thereby -
- (b) determine the average weekly unrebated rents for municipal houses to take effect from Monday 5<sup>th</sup> April 2010 taking into consideration the Scottish Housing Quality Standard (SHQS) Delivery Plan, the Council House New Build Programme, the outcomes of the 2002 Tenants Referendum and the annual rent consultation;
- (c) determine the level of revenue contribution to the Housing Capital Budget for 2010/11 as well as a provisional contribution for the financial years 2011/12 and 2012/13;
- (d) determine the level of working balances that should be retained to meet future contingencies;
- (e) determine the level of miscellaneous rents and service charges, including heat with rent;
- (f) agree to other adjustments the Council may wish to make to the draft Housing Revenue Account for the financial years 2010/11 to 2012/13;
- (g) set a capital programme for the financial year 2010/11 based on the rent strategy adopted as well as an indicative level of programme for the financial years 2011/12 and 2012/13; and
- (h) approve the Housing Revenue Account savings proposals for 2010/11 as summarised on page 40 within Appendix 1 to the report.

Councillor Malone addressed the meeting in the manner reproduced in Appendix B to this minute and moved, seconded by Councillor McDonald:-

- (a) that the Council agree to raise rents by 2.3% for 2010/11 and thereafter set rents in 2011/12 and 2012/13 based on the inflation rate (Retail Prices Index) as at November 2009 - plus 1%;
- (b) that the level of revenue contribution to the Housing Capital Budget for 2010/11 would be £12.753million and indicative levels of £10.4million for 2011/12 and £8.6million for 2012/13;
- (c) that the level of capital investments in 2010/11 be £63.043million and indicative levels of £57million for 2011/12 and £45million for 2012/13 prior to slippage;
- (d) that working balances be maintained at 5% of gross expenditure with minimum balances of £5.135million in 2010/11;
- (e) that the miscellaneous rents and other service charges as detailed in the report be approved; and
- (f) to otherwise approve the remaining recommendations contained within the report.

Councillor Malone thanked all of the staff who had helped her prepare the budget.

Councillor Hunter moved as an amendment, seconded by Councillor Cooney:-

That the Council restrict the increase on Council house rents to the September 2009 Retail Prices Index rate of inflation, 1.3%.

On a division, there voted:-

For the motion (31) - Lord Provost Peter Stephen; Depute Provost Dunbar; and Councillors Boulton, Clark, Corall, Cormack, Cormie, Dean, Donnelly, Farquharson, Fletcher, Greig, Jaffrey, Kiddie, Leslie, McCaig, McDonald, Malone, May, Milne, Noble, Penny, Reynolds, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart, John West, Kirsty West, Wisely and Yuill.

For the amendment (10) - Councillors Adam, Allan, Cassie, Collie, Cooney, Crockett, Hunter, Ironside, Laing and Young.

Absent from the division (2) - Councillors Graham and Robertson.

**The Council resolved:-**  
to adopt the motion.

#### **4 POINTS OF ORDER**

The Lord Provost referred to the recent trend of proceedings during Council meetings continually being interrupted by Points of Order from members on both sides of the Chamber, and advised that he had asked the Acting Head of Democratic Services to look into the matter with a view to addressing it.

#### **5 COMMON GOOD BUDGET - 2010/11 TO 2012/13**

The Council had before it a report by the City Chamberlain which presented the draft Common Good Budget for 2010/11, along with indicative budgets for 2011/12 and 2012/13.

**The report recommended:-**  
that the Council -

- (a) consider the detailed Common Good Budget for 2010/11, as appended to the report, and the forecast cash balances position; and
- (b) approve a Common Good Budget, taking into consideration:-
  - (1) any proposals to amend the draft budget
  - (2) any decisions arising out of consideration of items referred to the budget process
  - (3) the Council's approval of the General Fund budget
  - (4) the impact of the above on cash balances

**The Council resolved:-**

to refer the report, and appendices, simpliciter to the Finance and Resources Committee.

- **PETER STEPHEN, Lord Provost.**

## **BUDGET SPEECH 2010/2011**

### **Introduction**

Lord Provost, members of Aberdeen City Council. As Leader of the Council it is my responsibility to propose the General Fund Revenue and Non Housing Capital budgets along with the Council Tax for the coming financial year.

As I do so, I wish to put on record my appreciation of the hard work by elected members and officers which has gone in to producing the budget proposals already agreed by Council late last year and those before us today. I also wish to thank those partners and stakeholders who took part in the budget engagement meetings led by the Chief Executive in the weeks running up to the Council meeting in December.

The revenue budget I propose today Lord Provost will allow the Council to spend £456 million providing services to the citizens of Aberdeen.

### **Financial Context**

Lord Provost, every member of the Council is well aware of the unprecedented global financial situation we currently face and the impact it is likely to have for some years to come. I am proud to lead the Council in one of only a handful of cities in the UK well-placed both to ride out the difficult times ahead and indeed to play a major role in bringing the country out of recession.

We must recognise however, that this puts an extra burden of responsibility on the Council to ensure that we do everything we can to enhance and augment the economic sustainability of the City and indeed the wider North East while at the same time dealing with the impacts of the recession closer to home.

### **Grant Settlement**

One of the less fortunate consequences for the Council of the vibrancy of the City's economy is a view that seems to prevail with some that given the relative wealth of Aberdeen, the City's public sector including the Council does not require similar levels of investment to those provided elsewhere in Scotland. This is a fallacy Lord Provost. A fallacy that short changes the people we serve.

The situation has been further compounded recently by the Cabinet Secretary for Finance and Sustainable Growth accepting the COSLA position that the local government funding distribution formula is "fit for purpose" and contains "no genuine anomalies". The Cabinet Secretary has been left in no doubt that the perspective from Aberdeen is somewhat different and I am grateful that my Leadership Board colleagues will be joining me in making the case for the Council and the people of Aberdeen face to face with Mr Swinney when we meet him.

### **2009/2010**

Lord Provost, against a background of international financial instability and given an unfair level of grant funding from central government the key responsibility for the Council is to identify the best way to provide the services that the people of Aberdeen need and deserve while ensuring a firm financial footing is established and maintained for the Council itself.

Massive strides have been made in this direction by the Council during the current financial year and it was hugely gratifying to have this work endorsed during last summer by the Accounts Commission which commended the Council on its progress

across a range of activity and welcomed both the start made in improving our budget setting and the establishment of new management structures at both committee and officer level.

In addition to the work that has gone in to stabilising the Council's finances and which continues to be at the forefront of our activity I think it is important to pause and recognise the considerable number of successful developments the Council has delivered or supported during the current financial year including the four new 3Rs schools opened to date, the opening of Aberdeen Sports Village and the reopening of the Linx Ice Arena for the European Curling Championships.

Aberdeen Beach won a Keep Scotland Beautiful Award this year, six awards in the Beautiful Scotland in Bloom were taken by Aberdeen including the Gold Medal and the City Award and at the same time we have launched one of Scotland's first and largest food waste collection services. We launched the Green THI scheme in August to upgrade the historic heart of Aberdeen, we played an active role in the successful opening of Union Square and our City Wardens are now a familiar sight on our streets. I would also like particularly to highlight our success in continuing to recruit new foster carers and adopters for our most vulnerable children.

However, I fully recognise that stabilising the Council's finances has meant that difficult decisions have had to be taken on when, how, to whom, by whom and to what level services are delivered but it is our responsibility to ensure that in managing the difficult financial circumstances that face us we take the decisions that best provide for the long-term interests of the citizens of Aberdeen. At the same time, the Council continues to deliver every day of every week services vital to the lives of those who live and work in the City.

### **2010/2011 – General Fund**

The budget I propose today continues this work. Lord Provost, we wish to achieve the very best services for the people of Aberdeen but we must live within our means. We have to spend the money entrusted to us wisely, we must be creative in maximising the value we gain from that spending and we must be honest with our residents about what we can and cannot do. It is this thinking that underpins the budget proposals agreed by Council in December and the further decisions to be taken today.

The revenue budget set out today allows spending of £456 million during 2010/2011 including £183 million on Education, Culture and Sport, £120 million on Social Care and Wellbeing, £56 million on Housing and Environment and £27 million on Enterprise, Planning and Infrastructure. In addition £25 million will be spent on Corporate Governance, £770,000 on the Office of Chief Executive and £37 million will be allocated to the Joint Boards including Police and Fire.

These are substantial sums in anyone's terms and it is the responsibility of our Committees supported by our senior management team to ensure that this public funding is used efficiently, effectively and in a targeted fashion to secure the very best outcomes we can for the people we serve.

At the same time, I am also pleased to highlight the fact that the Council's working balances are moving back towards a prudent 3.5% of net spend.

However, 2010/2011 sees a further tightening of the public purse-strings and given the financial settlement the Council is likely to receive in future years I believe we must re-examine our major area of expenditure – staff costs. With this in mind I request that the Head of Human Resources and Organisational Development, in conjunction with the Head of Legal and Democratic Services, review our employment costs looking at new

ways of working, giving employees flexibility on working hours wherever possible, assessing pay awards and examining the potential for freezing pay scale increments.

It is critical that all these reviews are progressed in conjunction with wide spread consultation with our employees and the Trades Unions which represent them to ensure that their views inform the recommendations brought back to Committee. These recommendations must set out sustainable expenditure reductions to be implemented during 2010/2011.

However, I am also pleased to announce today that funding will be allocated in the revenue budget for 2010/2011 to introduce a minimum wage of £6.72 per hour for Council staff.

### **2010/2011 – Non-Housing Capital**

The proposed Non-Housing capital programme for the coming year provides for the delivery of a number of major projects including the proposed 50m pool, new corporate office accommodation, the new biomass heating system for the Duthie Park Winter Gardens and major improvements to the City's roads infrastructure.

### **Priorities**

Lord Provost, I believe it is important on budget day not to lose sight of the fact that the budget is a means to an end, not an end in itself. While in no way underestimating the difficulties in achieving it, establishing a balanced budget and living within it should be a given. The crucial issue for us is that the financial resources which we are discussing today must be deployed to support our efforts to deliver on the major priorities which face the City. In focussing on achieving this, at the Council meeting in December last year we agreed an Interim Business Plan which brings together our commitments as set out in the Council's policy statement *Vibrant, Dynamic and Forward Looking* and the City's Single Outcome Agreement with the Scottish Government.

I believe that we need to press forward and re-double our efforts in five key areas of activity:-

- the services we provide and secure for the most vulnerable members of our community
- the opportunities we provide for all our school children to attain and achieve to the very best of their potential
- the arrangements we make to encourage an increase in recycling as a means to address the challenge of the City's waste
- the framework we establish to encourage the building of new affordable housing within the City

and

- the support we put in place to ensure the sustainable economic future of the City

At the same time we must continue to ensure that our internal support services are modernised to underpin efficiently and effectively the Council's delivery of outcomes for the people of Aberdeen.

### **2011/2016**

Lord Provost, I have spoken already about the impacts we, like all other public sector bodies, face as a result of the measures taken in response to the global economic

downturn. I have spoken too about the impact on the Council of the unfair local government funding formula. These provide the financial context within which we must operate now and into the foreseeable future.

I commend to the Council the work that has taken place to date in delivering on the 2009/2010 budget and in establishing the 2010/2011 budget proposals in order to continue to move the Council's finances onto a more firm and sustainable footing for the longer term. But we are all aware that in the coming years we are likely to have to manage further reductions in the funding made available to us with which to deliver the services required within the City.

For this reason, I wish to see the 2011/2012 budget process begin today and I request that the Chief Executive and her Directors make all the necessary arrangements to bring forward a costed five-year business plan for the Council for the period 2011/2016. This plan should be brought to the Council in time for it to inform the decisions to be taken on the budget proposals for 2011/2012 which will be considered at our meeting in December 2010.

I wish to see the business plan developed through open public engagement with citizens, service users, stakeholders and partners which honestly prioritises the services to be delivered by the Council in the coming years and clearly sets out those areas of activity which can no longer be funded. I believe that we need to find more and better ways to debate openly with those we serve the constraints we face and the need there is to focus squarely on delivering the services that matter most to the citizens of Aberdeen. We need to listen and then act. We will seek to work closely with our public, private and voluntary sector partners in developing and examining options for service delivery.

This service prioritisation will be further developed by taking a priority based approach using zero based budgeting principles.

### **Today**

Returning to today Lord Provost and the 2010/2011 budget. As members know, the Council agreed at its meeting on 16 December 2009 savings totalling just over £23 million on the General Fund revenue budget. I now recommend that the Council agrees the additional measures set out on the schedule that has been tabled (**papers 1 and 2**). These ensure that we today set a balanced budget providing for £456 million to be spent on services in the coming year.

I further recommend that there will be no increase in the Council Tax for 2010/2011 and that the Council agrees the proposals as tabled here today (**paper 3**).

On the Non-Housing capital budget I move the recommendations contained within the tabled paper before us along with the detailed proposals set out in the schedule tabled today (**paper 4 and 5**).

### **Conclusion**

Lord Provost, there can be no disguising the difficult financial background against which the Council must deliver the services our citizens have a right to expect from us. Public sector finance is under intense pressure and our own situation is further exacerbated by the many clear anomalies of a funding distribution formula which is far from fit for purpose.

This is a challenging financial situation which must and will be managed for the long term benefit of the people of Aberdeen. I commend to members the work undertaken in the current year, the proposals formulated for the next financial year and the request I

have made for the development of a costed business plan for the five years beyond 2010/2011.

For some years now the clear priority for the Council has been to re-establish and maintain the firm financial foundations from which to deliver on its obligations to the people we serve. The budget before the Council today builds on and continues the progress we are making. We can not be complacent; much remains to be done. We will not shirk our responsibilities and we commit ourselves to driving forward the improvements the citizens of Aberdeen have a right to expect of us.

I so move.



## GENERAL FUND REVENUE BUDGET 2010/11

It is recommended that the Council agrees:-

In relation to the General Fund Revenue Budget:

- a) the additional measures set out on the schedule that has been tabled, to ensure that a balanced revenue budget is set for 2010/11;
- b) that there will be no increase in the Council Tax for 2010/11;
- c) the Head of Human Resources and Organisational Development, in conjunction with the Head of Legal and Democratic Services, review our employment costs looking at reducing agency costs, new ways of working, giving employees flexibility on working hours wherever possible, assessing pay awards and pay scale increments;
- d) the review of such costs is undertaken in conjunction with wide spread consultation with our employees and the Trades Unions and that their views inform the recommendations to be brought back to the relevant committee;

In relation to future Financial Planning:

- e) the Chief Executive and her Directors make all the necessary arrangements, including the commencement of a priority based budgeting approach to achieve a balanced budget for 2011/12 and future years, which includes stakeholder consultation, to bring forward a costed five-year business plan for the Council for the period 2011 -2016;
- f) this plan should be brought to the Council in time for it to inform the decisions to be taken on the budget proposals for 2011/12 which will be considered in December 2010;

In relation to the process of setting the budget:

- g) that the Council acknowledge the hard work of officers and elected members that has gone into producing the budget proposals already agreed by Council late last year and those before us today; and
- h) that thanks go to those partners and stakeholders who took part in the budget engagement meetings conducted as part of this process.

**ABERDEEN CITY COUNCIL ADMINISTRATION BUDGET PROPOSALS 2010/11**

	<b>£'000</b>	<b>£'000</b>
Net Spend Approved by Council 10 December 2009	447,786	
2009/10 Budgetary Pressures (Per Appendix 2)	9,297	
Joint Boards Requisition	200	
	<hr/>	457,283
<b>2010/11 Growth Items - Appendix 4</b>		
<u>Environment, Planning and Infrastructure</u>		
- International Direct Marketing	60	
- Energy Management	5	
- Affordable Housing Research	10	
	<hr/>	75
<u>Education, Culture and Sports</u>		
- Free school breakfasts in areas of deprivation	177	
- Kaimhill Decant Provision	255	
- Secondary Management Structures	435	
- Primary 1 to 3 class sizes in areas of deprivation	246	
- Management Information System for schools	125	
- ICT Investment in Schools	60	
	<hr/>	1,298
<u>Social Care and Wellbeing Growth</u>		
- Elmwood Resettlement	250	
- Impact of Demographic Changes	500	
- Intensive Community Support	730	
- Post Adoption Support	50	
- Kinship Care Payments	300	
	<hr/>	1,830
<b>Additional Items - Costs/(Savings)</b>		
- Winter Maintenance	15	
- Special Waste Collections	22	
- Transport Marshals	20	
- Schools Teaching - Appendix 1 (L01)	200	
- Contribution to Reserves/Contingency	3,571	
- Introduction of £6.72 minimum wage	137	
- Voluntary Severance/Early Retirement	(2,500)	
- Review of Employment Costs	(4,500)	
	<hr/>	(3,035)
Revised Net Spend		457,451

**Additional Efficiencies - Appendix 3**

- Water Savings	(171)
- Joint Public Sector Group	(20)
- 50% Reduction in Investment Fund	(900)
- NESTRAN Funding	(16)
- Democratic Services Structure	(13)
- Pets' Corner Income Generation	(34)
- Merge Welfare Rights/Debt Counselling	(82)
- Infosmart Creditors Processing	(183)
	<hr/>

Proposed Net Spend 2010/11	(1,419)
	<u>456,032</u>
<b>FUNDING</b>	
Available Funding (Per Appendix 2)	(454,561)
General Funding Grant Adjustments	(34)
<b>Additional Efficiencies - Appendix 3</b>	
- Trading Services Revised Surplus	(320)
- Private Sector Housing Grants	(1,117)
	<u>(456,032)</u>
<b>Proposed Budget Deficit/(Surplus)</b>	<u><u>0</u></u>

**ADMINISTRATION PROPOSALS****ABERDEEN CITY COUNCIL****BREAKDOWN OF PROPOSED COUNCIL TAX  
CHARGES - 2010/11**

<b>Band</b>	<b>Council Tax £</b>	<b>Water (Combined Water &amp; Waste) £</b>	<b>Total £</b>
A	820.26	262.38	1,082.64
B	956.97	306.11	1,263.08
C	1,093.68	349.84	1,443.52
D	1,230.39	393.57	1,623.96
E	1,503.81	481.03	1,984.84
F	1,777.23	568.49	2,345.72
G	2,050.65	655.95	2,706.60
H	2,460.78	787.14	3,247.92

**Notes****No increase in Council Tax****No overall increase in Water Charges**

## **The Non Housing Capital Programme and Prudential Indicators 2010/11 - 2013/14**

It is recommended that Council:

1. Approves the Non Housing Capital Programme for 2010/11 as circulated herewith; and
2. Approves the continuation into 2010/11 of projects funded by the Capital Fund as circulated herewith; and
3. Instruct Directors in conjunction with the Head of Finance to develop a 10 year programme taking account of the approved Corporate Property Asset Management Plan, the Capital Prioritisation Process and the development of the Council's Interim Business Plan and Individual Service Plans; and
4. Instructs the Head of Asset Management and Operations, in conjunction with Directors, to undertake a critical assessment of the use of assets in order to identify where they can be rationalised and disposed of, as appropriate, in order to provide funding which can then be invested in the remaining assets; and
5. Approves the Prudential Indicators as per Appendix 6 of the Non Housing Capital Programme 2010/11 – 2013/14 and the Prudential Indicators report.

## COUNCIL

## Appendix 3 (Page 1 of 8)

## Non Housing Capital Programme Summary

	Total Project Cost £'000	Prior Years Spend £'000	Projected Outturn 2009/2010 £'000	Estimated Budget 2010/2011 £'000	Estimated Budget 2011/2012 £'000	Estimated Budget 2012/2013 £'000	Estimated Budget 2013/2014 £'000
<b>Expenditure</b>							
<b>Corporate Governance</b>	<b>27,860</b>	<b>3,031</b>	<b>4,741</b>	<b>12,720</b>	<b>4,204</b>	<b>3,164</b>	<b>0</b>
Legally Committed	2,106	1,386	608	112	0	0	0
Partially Legally Committed	13,514	751	3,883	8,098	3,404	3,164	0
Not Legally Committed	12,240	894	250	4,510	800	0	0
<b>Education, Culture and Sport</b>	<b>118,323</b>	<b>40,550</b>	<b>19,186</b>	<b>13,524</b>	<b>24,196</b>	<b>20,868</b>	<b>0</b>
Legally Committed	56,667	38,638	14,566	3,403	30	30	0
Partially Legally Committed	44,656	1,912	4,349	8,738	15,075	14,583	0
Not Legally Committed	17,000	0	271	1,383	9,091	6,255	0
<b>Enterprise, Planning and Infrastructure</b>	<b>198,204</b>	<b>27,098</b>	<b>29,873</b>	<b>56,234</b>	<b>28,975</b>	<b>26,258</b>	<b>29,766</b>
Legally Committed	77,053	18,233	13,730	35,293	8,470	1,327	0
Partially Legally Committed	88,714	1,463	8,667	12,441	16,796	21,731	27,616
Not Legally Committed	3,350	7,402	7,476	8,500	3,709	3,200	2,150
<b>Housing and Environment</b>	<b>38,764</b>	<b>1,271</b>	<b>12,295</b>	<b>12,174</b>	<b>9,352</b>	<b>3,226</b>	<b>446</b>
Legally Committed	35,414	1,127	12,077	11,776	8,249	2,185	0
Partially Legally Committed	0	0	0	0	0	0	0
Not Legally Committed	3,350	144	281	398	1,103	1,041	446
<b>Social Care and Wellbeing</b>	<b>11,528</b>	<b>8,460</b>	<b>760</b>	<b>2,108</b>	<b>200</b>	<b>0</b>	<b>0</b>
Legally Committed	9,403	8,460	725	218	0	0	0
Partially Legally Committed	0	0	0	0	0	0	0
Not Legally Committed	2,125	0	35	1,890	200	0	0
<b>Total – All Services</b>	<b>394,679</b>	<b>80,410</b>	<b>66,855</b>	<b>96,760</b>	<b>66,927</b>	<b>53,515</b>	<b>30,212</b>

23  
**COUNCIL**  
11 February 2010

APPENDIX 3 (Page 2 of 8)

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
ID	Project Description	Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
		(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Corporate Governance</b>										
<b>Corporate Accommodation</b>										
334	Mobile Working	Part	H6	1,370		400	970	0	0	0
657A	Customer First Programme - CRM System	Part	H6	1,394		94	450	450	400	0
657B	Customer First Programme - Frederick Street	Part	H6	2,670		200	2,400	70	0	0
630	Data Centre Move	No	H1	5,749	814	200	4,335	400	0	0
				<b>11,183</b>	<b>814</b>	<b>894</b>	<b>8,155</b>	<b>920</b>	<b>400</b>	<b>0</b>
<b>Corporate ICT</b>										
346	IT Hardware & Software Development	Legal	M1	207		207	0	0	0	0
666	Corporate Asset Management System	Legal	H8	1,296	923	261	112	0	0	0
277	IT Infrastructure Improvements Repairs/Renewals	Part	H7	4,617		732	1,776	1,023	1,086	0
565	ICT Disaster Recovery Funding	Part	H1	460		160	100	100	100	0
708	E Government Stage 4 Implementation	Part	H3	475	40	111	150	100	74	0
709	Integrated Document Management	Part	H8	2,210	530	656	824	200	0	0
714	Identity Management	Part	H8	231	181	50	0	0	0	0
711	Electronic Corporate Performance Management System	No	H1	180	80	45	55	0	0	0
				<b>9,676</b>	<b>1,754</b>	<b>2,222</b>	<b>3,017</b>	<b>1,423</b>	<b>1,260</b>	<b>0</b>
<b>Other ICT</b>										
690	Consol Upgrade/Replacement	Legal	H8	603	463	140	0	0	0	0
746	Application Processing System	Part	H1	87		47	20	10	10	0
771	HR/Payroll	No	H1	525	0	5	120	400	0	0
				<b>1,215</b>	<b>463</b>	<b>192</b>	<b>140</b>	<b>410</b>	<b>10</b>	<b>0</b>
<b>Miscellaneous</b>										
769	Police - Capital Grant	Part	H6	5,786	0	1,433	1,408	1,451	1,494	0
				<b>5,786</b>	<b>0</b>	<b>1,433</b>	<b>1,408</b>	<b>1,451</b>	<b>1,494</b>	<b>0</b>
<b>Total - Corporate Governance</b>				<b>27,860</b>	<b>3,031</b>	<b>4,741</b>	<b>12,720</b>	<b>4,204</b>	<b>3,164</b>	<b>0</b>

24  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 3 of 8)

NON HOUSING CAPITAL PROGRAMME DETAILED		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
Project		Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Education, Culture and Sport</b>										
<b>Schools Estate</b>										
371	School Development Plans	Legal	H7	300		300	0	0	0	0
611	Hanover Street Primary School Refurbishment	Legal	H7	7,946	7,742	204	0	0	0	0
651	Aberdeen Grammar School - Games Hall Replacement	Legal	H7	2,357	2,299	58	0	0	0	0
674	Walker Road Primary School - Refurbishment	Legal	H7	4,765	4,364	401	0	0	0	0
680	3R's Temporary Accommodation	Legal	H7	948	930	18	0	0	0	0
682	Music School Accommodation	Legal	H7	4,041	1,154	2,887	0	0	0	0
742	Outdoor Education Move to Kingswells	Legal	H2	504	54	450	0	0	0	0
754	Bridge of Don Alterations	Legal	H1	260	40	212	8	0	0	0
755	Northfield Academy - Transformation Plan	Legal	H1	155	7	148	0	0	0	0
759	School Estates Strategy	Legal	H7	1,908	1,722	186	0	0	0	0
772	Renovate Sunnybank School	Legal	H7	1,000	0	600	400	0	0	0
773	Bucksburn/Newhills New School - Feasibility	Legal	H7	250	0	60	190	0	0	0
	Kingswells Primary School Extension - Retention	Legal	H7	184	159	25	0	0	0	0
776	Provision for Children with Complex Needs (Initial Allocation)	No	H2	150	0	76	74	0	0	0
New	Bucksburn/Newhills New School - New Build (Gross Cost)	No	H7	10,450		0	0	5,225	5,225	0
New	Provision for Children with Complex Needs (Construction)	No	H2	12,045	0	0	1,088	3,925	7,033	0
New	Oldmachar Academy Heating/Ventilation	No	H4	875	0	0	809	66	0	0
				<b>48,138</b>	<b>18,471</b>	<b>5,625</b>	<b>2,569</b>	<b>9,216</b>	<b>12,258</b>	<b>0</b>
<b>Schools - ICT</b>										
750	Information Communication Technology Connectivity	Legal	H1	700	0	265	435	0	0	0
751	Upgrade to Management Information System	Legal	H1	120	0	120	0	0	0	0
710	Education ICT Rolling Programme	Part	H6	6,105	1,472	1,183	1,150	1,150	1,150	0
744	3R's New Schools ICT Provision	Part	H6	3,150	144	2,506	500	0	0	0
				<b>10,075</b>	<b>1,616</b>	<b>4,074</b>	<b>2,085</b>	<b>1,150</b>	<b>1,150</b>	<b>0</b>



25  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 4 of 8)

NON HOUSING CAPITAL PROGRAMME DETAILED		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
Project		Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Education, Culture and Sport cont'd</b>										
<b>Schools - Other Equipment</b>										
581	Science & Technology Equipment	Legal	H7	9		9	0	0	0	0
774	Adequate Funding for TASSCC Equip & Advisory Service	Legal	H1	120	0	30	30	30	30	0
778	3R's Furniture, Fittings & Equipment and Other Works	Legal	H7	3,000	0	2,907	93	0	0	0
New	3R's Furniture, Fittings & Equipment and Other Works	Legal	H7	881	0	0	881	0	0	0
	<b>Sports</b>			<b>4,010</b>	<b>0</b>	<b>2,946</b>	<b>1,004</b>	<b>30</b>	<b>30</b>	<b>0</b>
556	Rubislaw/Harlaw Playing Fields	Legal	M1	4,195	3,311	492	392	0	0	0
653	Inchgarth Community Facilities	Legal	H7	343	340	3	0	0	0	0
655	Changing Facilities Upgrade - Aulton/Hazlehead	Legal	H7	6,912	4,840	1,191	881	0	0	0
656	Regional Sports Facility - Phase 1	Legal	H7	10,577	10,058	519	0	0	0	0
673	Torry Outdoor Sports Centre	Legal	H7	411	402	9	0	0	0	0
741	Links Ice Arena Refrigeration Plant	Legal	H7	1,477	102	1,334	41	0	0	0
745	Hazlehead Golf Project	Legal	H7	2	0	2	0	0	0	0
753	Community Stadium	Legal	H7	188	98	90	0	0	0	0
717	Regional Sports Facility - 50m Pool	Part	H2	23,000	40	560	6,000	10,000	6,400	0
760	Sports Strategy	Part	H6	356	256	100	0	0	0	0
747	Regional Sports Facility - Phase 2	No	H6	2,500	0	0	0	2,500	0	0
	<b>Culture &amp; Leisure</b>			<b>49,961</b>	<b>19,447</b>	<b>4,300</b>	<b>7,314</b>	<b>12,500</b>	<b>6,400</b>	<b>0</b>
763	Music Hall Ceiling & Roof Space	Legal	H4	395	1	381	13	0	0	0
770	Beach Ballroom Floor Replacement	Legal	H7	314	0	306	8	0	0	0
681	Aberdeen Arts Centre Refurbishment	Part	H6	462	418	39	5	0	0	0
767	Peacock Visual Arts	No	H6	3,000	0	170	500	1,300	1,030	0
				<b>4,171</b>	<b>419</b>	<b>896</b>	<b>526</b>	<b>1,300</b>	<b>1,030</b>	<b>0</b>
706	Woodside Customer Access Point	Legal	H7	1,943	597	1,320	26	0	0	0
727	Rosemount Community Education Centre	No	H7	25	0	25	0	0	0	0
				<b>1,968</b>	<b>597</b>	<b>1,345</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total - Education, Culture and Sport</b>			<b>118,323</b>	<b>40,550</b>	<b>19,186</b>	<b>13,524</b>	<b>24,196</b>	<b>20,868</b>	<b>0</b>

26  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 5 of 8)

NON HOUSING CAPITAL PROGRAMME DETAILED										
Project	Project Description	Legally Committed	Service Priority	Total Project Cost	Prior Years Spend	Projected Outturn	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
ID		(Yes/No/Part)	(High/Med/Low)	£'000	£'000	2009/10	2010/11	2011/12	2012/13	2013/14
										£'000
<b>Enterprise, Planning and Infrastructure</b>										
<b>Corporate Accommodation</b>										
663	Corporate Office Accommodation	Legal	H7	67,928	12,703	10,735	34,693	8,470	1,327	0
				<b>67,928</b>	<b>12,703</b>	<b>10,735</b>	<b>34,693</b>	<b>8,470</b>	<b>1,327</b>	<b>0</b>
<b>Roads/Pavements/Bridges</b>										
217	MTS Assoc Road Improvements - Wellington Rd Phase 5	Legal	H7	5,813	5,423	380	10	0	0	0
551	Cycling, Walking & Safer Streets (CWSS)	Legal	H7	730		365	365	0	0	0
724	Roads Safety ITS Unit Schemes	Legal	H7	167	107	60	0	0	0	0
743	Upgrade of Footpaths at Heathryfold	Legal	H7	5	0	5	0	0	0	0
88	Traffic Calming & Road Safety	Part	H4	760		160	150	150	150	150
587	Access from the North	Part	H6	12,830		200	1,000	3,200	4,930	3,500
647	Newhills Manse T Junction	Part	M1	290	280	5	5	0	0	0
660	Central Aberdeen Transport Infrastructure	Part	H6	6,160		1,030	60	60	155	4,855
703	Traffic Signal Safety Upgrade	Part	H7	2,597	507	490	400	400	400	400
715	MTS - Berryden Road Improvements	Part	H6	8,703	608	360	125	600	1,210	5,800
716	A96 Park & Ride/Dyce Drive Link Road	Part	H6	11,534	14	20	1,500	3,000	4,500	2,500
86	Lighting Improvements	No	H3	1,393		193	300	400	500	0
296	Roads Maintenance Resurfacing	No	H2	3,073		1,090	983	450	550	0
413	Footway Improvements	No	H4	1,632		350	532	250	250	250
470	Road Network - Weak Bridges	No	H6	318		90	78	50	50	50
471	Road Network - Bridge Major Maintenance Programme	No	H6	250		50	50	50	50	50
550	Signage	No	H2	292		92	50	50	50	50
627	Western Peripheral Route	No	H6	14,949	5,600	3,949	4,200	800	200	200
721	Wellington Bridge - Preservation Works Phase 2-4	No	L	1,121	950	10	161	0	0	0
757	Union Street Cable Support System for Banners & Festive Lights	No	H6	40	22	6	12	0	0	0
New	Union Street Cable Support System for Banners & Festive Lights	No	H6	70	0	0	70	0	0	0
				<b>72,727</b>	<b>13,511</b>	<b>8,905</b>	<b>10,051</b>	<b>9,460</b>	<b>12,995</b>	<b>17,805</b>

27  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 6 of 8)										
NON HOUSING CAPITAL PROGRAMME DETAILED										
Project		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
ID	Project Description	Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
		(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Enterprise, Planning and Infrastructure cont'd</b>										
<b><u>Car Parking</u></b>										
216	Car Parking: Extend Pay & Display	Legal	H7	575		350	225	0	0	0
735	Car Parking: Extend Pay & Display - Zone M Rosemount Area	Legal	H7	135		135	0	0	0	0
739	Replacement Programme for Pay & Display Machines	No	H2	100	0	0	100	0	0	0
New	Golden Square Car Parking - purchase machines, signage & lining	No	H3	43	0	0	43	0	0	0
				<b>853</b>	<b>0</b>	<b>485</b>	<b>368</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Drainage/Flood Prevention</u></b>										
646	Glashieburn Flood Protection	No	H2	362	152	25	165	20	0	0
734	Flood Prevention	No	H2	456	206	50	50	50	50	50
				<b>818</b>	<b>358</b>	<b>75</b>	<b>215</b>	<b>70</b>	<b>50</b>	<b>50</b>
<b><u>Other Infrastructure</u></b>										
768	Energising Aberdeen	Legal	H7	1,700		1,700	0	0	0	0
462	Council Travel Plan	Part	H5	89	54	25	10	0	0	0
765	Nestrans - Capital Grant	Part	H6	7,055		1,411	1,411	1,411	1,411	1,411
563	Vehicle Replacement	No	H2	7,500		1,500	1,500	1,500	1,500	1,500
662	Wifi Infrastructure	No	L	508	472	36	0	0	0	0
758	Upgrade of MOT Station	No	H2	35	0	35	0	0	0	0
New	Biomass Heating – Duthie Park Winter Gardens	No	H3	125	0	0	125	0	0	0
New	Wifi Infrastructure (Communities)	No	L	170	0	0	81	89	0	0
				<b>17,182</b>	<b>526</b>	<b>4,707</b>	<b>3,127</b>	<b>3,000</b>	<b>2,911</b>	<b>2,911</b>
<b><u>Corp Property Replacement/Renewal Programme</u></b>										
294	Corp Property Replacement/Renewal Programme	Part	H2	38,696		4,966	7,780	7,975	8,975	9,000
				<b>38,696</b>	<b>0</b>	<b>4,966</b>	<b>7,780</b>	<b>7,975</b>	<b>8,975</b>	<b>9,000</b>
<b>Total - Enterprise, Planning and Infrastructure</b>				<b>198,204</b>	<b>27,098</b>	<b>29,873</b>	<b>56,234</b>	<b>28,975</b>	<b>28,258</b>	<b>29,766</b>

28  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 7 of 8)										
NON HOUSING CAPITAL PROGRAMME DETAILED										
		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
Project		Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Housing and Environment</u></b>										
<b><u>Waste</u></b>										
233	Waste Disposal Facilities (Mill of Dyce)	Legal	H5	541	6	0	0	150	385	0
497	Ness Landfill Restoration	Legal	H5	19,665		6,448	7,900	5,317	0	0
720	Gully Waste Recycling - Reed Bed at Ness	Legal	H7	514	468	46	0	0	0	0
726	Co-mingled Collection of Garden & Food Waste	Legal	H7	857	115	742	0	0	0	0
766	Hill of Tramaud Landfill - Change of Law Costs	Legal	H7	4,337		2,800	656	881	0	0
762	Multi-Occupancy/Tenemental Paper Recycling	No	H6	262	15	176	71	0	0	0
				<b>26,176</b>	<b>604</b>	<b>10,212</b>	<b>8,627</b>	<b>6,348</b>	<b>385</b>	<b>0</b>
<b><u>Environmental Protection</u></b>										
738	Replacement of Cremators, Aberdeen Crematorium	Legal	H1	3,959	538	1,900	1,420	101	0	0
New	Scientific Services Lab - Equipment Purchase (ICP & HPLC)	No	H1	69	0	0	69	0	0	0
				<b>4,028</b>	<b>538</b>	<b>1,900</b>	<b>1,489</b>	<b>101</b>	<b>0</b>	<b>0</b>
<b><u>Parks</u></b>										
244	Duthie Park & Winter Gardens - Cost Net of Heritage Lottery Funding	No	H1	2,904	129	15	170	1,103	1,041	446
				<b>2,904</b>	<b>129</b>	<b>15</b>	<b>170</b>	<b>1,103</b>	<b>1,041</b>	<b>446</b>
<b><u>Private Housing/Travelling Persons</u></b>										
775	Clinterty Travelling Persons Site (net of grant)	No	M1	95	0	27	68	0	0	0
New	Private Sector Housing Grant	Legal	H5	5,250	0	0	1,750	1,750	1,750	0
				<b>5,345</b>	<b>0</b>	<b>27</b>	<b>1,818</b>	<b>1,750</b>	<b>1,750</b>	<b>0</b>
<b><u>Other</u></b>										
363	Improve City Gateways/Appearance of Routes In	Legal	H7	76		76	0	0	0	0
567	Memorials in City Cemeteries	Legal	H6	215		65	50	50	50	0
New	In-house manufacture of double glazing units - purchase equipment	No	H1	20		0	20	0	0	0
				<b>311</b>	<b>0</b>	<b>141</b>	<b>70</b>	<b>50</b>	<b>50</b>	<b>0</b>
<b>Total - Housing and Environment</b>				<b>38,764</b>	<b>1,271</b>	<b>12,295</b>	<b>12,174</b>	<b>9,352</b>	<b>3,226</b>	<b>446</b>

29  
**COUNCIL**  
 11 February 2010

APPENDIX 3 CONT'D (Page 8 of 8)										
NON HOUSING CAPITAL PROGRAMME DETAILED										
		Legally	Service	Total	Prior	Projected	Estimated	Estimated	Estimated	Estimated
Project		Committed	Priority	Project	Years	Outturn	Budget	Budget	Budget	Budget
ID	Project Description	(Yes/No/Part)	(High/Med/Low)	Cost	Spend	2009/10	2010/11	2011/12	2012/13	2013/14
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Care and Wellbeing</b>										
594	Rosewell House	Legal	H1	8,753	8,460	75	218	0	0	0
691	Integrated Drugs Service	Legal	H1	650	0	650	0	0	0	0
777	New Residential Children's Unit	No	H1	1,700	0	35	1,465	200	0	0
New	Intensive Community Support & Learning Service	No	H3	75	0	0	75	0	0	0
New	Establish Joint Occupational Therapy Store with NHS Grampian	No	H2	350	0	0	350	0	0	0
<b>Total - Social Care and Wellbeing</b>				<b>11,528</b>	<b>8,460</b>	<b>760</b>	<b>2,108</b>	<b>200</b>	<b>0</b>	<b>0</b>
<b>Total Gross Expenditure - All Services</b>				<b>394,679</b>	<b>80,410</b>	<b>66,855</b>	<b>96,760</b>	<b>66,927</b>	<b>53,515</b>	<b>30,212</b>

**Projects Funded from the Capital Fund**

		<b>Revised Budget £'000</b>	<b>Total Spend to Date £'000</b>	<b>Under / (Over) Spend £'000</b>	<b>Funding Required 2010/2011 £'000</b>	<b>Comment</b>
1	ICT Schools	300	300	0	0	Complete
2	ICT Continuous Improvement	395	325	70	70	Various projects ongoing. Proposed to remove surplus funding.
3	Roads Investment	5,000	4,742	258	258	A full programme of works has been outlined and is ongoing.
4	Street Lighting	4,000	4,000	0	0	Complete
5	Repairs and Maintenance – Health & Safety	488	488	0	0	Complete
6	Improvements to Play Parks	450	403	47	47	Various projects ongoing.
7	Improving DDA Access	375	370	5	0	Complete
8	Improvements to Car parks	250	206	44	0	Complete
9	George Street	575	468	107	107	Project has commenced and is ongoing.
10	Improvements to Public Toilets	250	163	87	87	A programme of toilet refurbishments is ongoing.
11	Small Environmental Improvements	100	180	(80)	0	Complete
12	ICT investment	200	176	19	19	Various projects ongoing.
13	CRM investment	451	451	0	0	Complete
14	Investment in Cleaning	250	0	250	250	Held due to requirement for additional vehicle parking facilities.
	<b>Total</b>	<b>13,084</b>	<b>12,272</b>	<b>781</b>	<b>812</b>	

## COUNCIL

### 7 APPENDIX B - BUDGET SPEECH

#### APPENDIX B

#### **BUDGET SPEECH 2010/11: HOUSING CAPITAL PROGRAMME AND HOUSING REVENUE ACCOUNT BUDGET**

Lord Provost and Members of Aberdeen City Council, I am delighted to present the Administration's proposals for the 2010/11 Housing Revenue Account (HRA) and the Housing Capital Programme.

We are proud to state that we have continued to make housing investment a priority for this Administration by achieving and sustaining a sound financial foundation for delivering our housing landlord responsibilities and objectives.

This firm foundation has enabled us to continue to move forward with confidence in developing the Housing Revenue Account and Housing Capital Budget for financial year 2010/11 and the indicative programmes for financial years 2011/12 and 2012/13.

It therefore gives me great pleasure to present the following budget and housing investment programme.

#### **I now propose the following Housing Revenue Account budget**

For the last seven years we have maintained our goal to achieve a sustainable financial plan which will deliver the council's commitment to improve services and improve homes.

We have achieved this by balancing a sustainable rent policy with significant improvements in service performance and the biggest investment in our housing that we have ever seen. This has enabled us to provide tenants with warm modern homes and has created and sustained employment in the construction and manufacturing industry both in Aberdeen and in the rest of Scotland.

We have worked hard with officers to ensure that we deliver better services and better homes to our tenants and service users. We have achieved a huge amount during the last seven years but we believe more still needs to be done. We therefore aim to get better at what we do, and in the process help to mitigate against the affects which the current economic climate has had on our tenants and citizens.

**COUNCIL**

11 February 2010

Despite recent announcements that we are out of a recession, we remain aware and vigilant about the challenges we continue to face both as a social landlord and as a local authority with duties towards tackling homelessness and meeting housing need.

We recognise that tackling Health, Education and Crime remain the big 3 issues for both the City and the nation, in terms of our economic recovery. However, for this Administration, we believe that the fourth fundamental element that affects every aspect of our lives is Housing.

We believe that housing already makes a significant contribution to saving precious cash in the big 3 budgets and is also doing its bit to slow the spiraling national economic deficit in the process – that is why we strongly believe that we need to keep up our high levels of housing investment..

In setting the rent level for the financial year 2010/11 as well as the provisional levels for 2011/12 and 2012/13 - it is important that we continually review the way we deliver our services to ensure we are as efficient and effective in everything we do. Only by maintaining services and the stock at an appropriate standard will we deliver best value for our tenants.

**First of all I shall outline the determination of rent**

As part of our commitment to tenant participation, we annually consult with tenants in relation to the setting of rent levels.

A questionnaire was sent to all tenants last October to gain their views of maintaining the rent policy at inflation plus 1%, which is necessary for the continued programme of investment in our housing stock and for service improvement. The majority of tenants – 78%, or nearly four-fifths of those who responded - agreed with the rent proposal.

The council is required to determine the average weekly un-rebated rents for council houses to take effect from Monday 5 April 2009. This will in turn allow decisions to be taken of the level of housing capital investment.

The Administration therefore proposes to raise rents by 2.3% for 2010/11 and thereafter to set rents in the next two years based on the inflation rate (RPIX) as at November - plus 1%.

This proposal equates to a below inflation rent increase of just £1.40 per week, reflecting a 2.3% increase, taking the average rent to £62.38 per week on a 48 week basis. This assumes rent increase of 1.5% for 2011/12 and 1.3% for 2012/13 based on current projections of the likely level of inflation.

This compares well with other sizeable local authorities. Edinburgh City Council, for instance, set an average rent of £70.94 last year.



**COUNCIL**

11 February 2010

In setting a three-year rent strategy, the council must consider the level of capital investment we need in-order to maintain and improve the overall housing conditions available and to sustain a new build housing programme. We also need to ensure that there is sufficient contribution to support the housing capital programme over the long term, which the Housing Business Plan clearly demonstrates.

In order to increase these levels of revenue funding whilst minimising the rental charges we tasked officers during 2009/10, to scrutinise carefully all of our controllable spending (pg 39 of appendix 3 refers) and they have identified a 5% efficiency savings on last years (Management & Admin) budget totaling £711,000.

Furthermore as a result of improved linkages between revenue and capital expenditure, officers are bringing forward over £1.5 M savings on revenue repairs expenditure this year. I have also asked officers to ensure tenants are receiving value for money from our housing modernisation programme and thus ensure we are continually improving.

These savings are part of the continuing drive to ensure we are using rental income effectively, reducing costs and increasing efficiency whilst at the same time improving services. These savings represent considerable sums of money over the life of our 30 year business plan and ensure that rental income from Tenants is used to deliver services that our Tenants want rather than supporting management and operating arrangements.

The full impact of approved savings on the 30 year business plan will be remodelled and presented to members in the May committee cycle in line with plans to review General Fund medium term plans at this time.

It is anticipated that this report will clearly identify the additional funding available to the HRA over the life of the plan and will present options and recommendations on how this funding could be invested effectively to meet our obligations to achieve the SHQS by 2015, sustain and maintain good wider environment standards and add to the declining stock to meet the growing need for affordable housing.

I am also proposing that the miscellaneous rents and other service charges, as outlined on pages 22 to 24 and page 25 of Appendix 1 to the Council report be approved on the basis that I have tasked officers to review and bring back proposals on how we set Heat with Rent charges in future years. Included within the Housing Revenue Account Budget are indicative outlines for 2011/12 and 2012/13.

Based on this, we are proposing that the budget includes a revenue contribution to the housing capital programme for 2010/11 of £12.753 million and an indicative level of £10.4 million for 2011/12 and £8.6 million for 2012/13.

This combined with additional borrowing means that the level of capital investment I recommend will be £63.043 million for 2010/11 and an indicative level of £57 million for 2011/12 and £45 million for 2012/13 including slippage. In addition we would propose that working balances should be maintained at 5% of gross expenditure with minimum balances of £5.135 million for 2010/11.

**COUNCIL**

11 February 2010

**I will now outline the following developments and service improvements we propose to bring forward in this budget**

Overall there has been a steady performance improvement during 2009/10 which has had a positive impact on the services we deliver to our tenants and is reflected in our relatively healthy financial situation. We want to build on these successful outcomes by bringing forward new initiatives and new services to help all our current and future tenants.

**In 2010/11 we have proposed to set aside funding to deliver:**

- A new modernised housing management service developed around the principle of a mobile working generic Housing Officer whose aim is to make more direct contact with tenants to provide a more proactive customer focused service;
- An improved security service, to all tenants of multi-storey flats and an Improved communal cleaning service;
- Improved business performance and productivity, better management of rent arrears and improved focus on sustaining tenancies;
- A new web based tenant mutual exchange scheme to make it easier for tenants to find other tenants who wish to swap homes;
- A new financial incentive to encourage tenants who are under-occupying high demand homes to down size to more suitable homes – enabling these homes to be let to families who need large accommodation;
- A new direct debit incentive scheme to encourage more tenants than ever to use this facility, and
- A new furniture service for new council tenant homemakers who are on a low income.

**I will now move onto our proposed Housing Capital Budget which will help us deliver:**

Our first aim is to achieve compliance for all our tenants' homes with the Scottish Housing Quality Standard by 2015.

Our second aim, which is to make a significant contribution to the supply of new affordable quality homes through the commencement of the first Council Housing New Build programme in the City within a generation.

### **SHQS Programme**

We continue to make steady progress towards SHQS compliance with 45% of our stock now meeting the standard (as at Jan 2010 – interim target by 1 April 2010 is 48%). Our compliance position is slightly above the Scottish average of 36%. During 2010/11 we will see continued major investment in tenants' homes to make sure that the homes meet tenants' needs and expectations as well as the requirements of the Scottish Housing Quality Standard (SHQS).

During 2010/11 we will also make provision in the budget for the commencement of a five year programme in providing high efficiency – low carbon emission - gas fired Combined Heat and Power and District Heating schemes to over 20 High Rise Buildings across the City. A number of these buildings are located in the most deprived areas of the city and will provide much welcomed affordable warmth to our customers in a time of ever increasing energy prices.

This is in addition to restarting our normal heating replacement work following the protracted delays caused by the legal challenge to the award of the heating framework tender.

2010/11 will therefore see another step change in the average National Home Energy Rating (NHER) of the council housing stock. The current average is 7.18 (as at 2008/09), which is well above the current SHQS energy efficiency minimum of 5.0.

We will also start to plan work on a major programme of over cladding for up to four High Rise buildings in 2010. This will not only protect the structure of these buildings for many years to come but will also introduce much needed insulation into the walls, thereby driving down energy use and fuel costs to the occupiers.

This is an ambitious capital programme that will see a far greater focus on contractor performance and a drive to secure short and longer term programme and procurement efficiencies. This will provide better Value for Money to the Housing Revenue Account as well as increased satisfaction to the end user, our council house tenants.

With this in mind, a 10% efficiency saving has been built into the proposed Housing Investment Budgets for each of the next three years.

### **Housing New Build Programme**

In 2010/11 we will see the Council commence on the construction of Phase 1 and Phase 2 of the first council housing in a generation. These are to be located at the following sites:

36  
**COUNCIL**  
11 February 2010

<b>Location</b>	<b>Houses</b>	<b>Flats</b>	<b>Total</b>
Phase 1			
Byron Park, Northfield	16	12	28
Hayton Road, Tillydrone	18	12	30
Rorie Hall, Cults		27	27
Phase 2			
Marchburn, Northfield	19	16	35

85 units are projected to be completed during 2010/11 with a further 35 to be completed in 2011/12.

The Council was successful in obtaining grant assistance from the Scottish Government for the construction of 85 units in Phase 1 amounting to £25,000 per unit. This will reduce our borrowing requirements by a total of £2.125 Million.

The Council has been awarded £0.875 million by the Scottish Government to help build 35 new council homes in phase 2. The money will be used to build 35 new homes in a family-friendly "Homezone" on the site of the former Marchburn School in Northfield, comprising 19 three-bedroom houses and 16 two-bedroom flats. The Homezone concept ensures that residential streets are designed for people, not traffic, to improve the quality of life.

I therefore look forward to a successful outcome for proposals to come forward for Phase 3 to build a further 50 homes.

Lord Provost and Members, this is a budget, which will continue to raise the standards across the city. It will accelerate our housing service modernisation and our housing investment programme. It will bring about the improvement of our tenants' homes, and it will increase the provision of new affordable housing in Aberdeen and I believe in turn will make a significant contribution to saving precious cash in the big 3 budgets of Health, Education and Crime.