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To: Councillor Kevin Stewart, Convener; Councillor Yuill, Vice Convener; and Councillors Cassie, Cormack, Crockett, Dean, Dunbar, Farquharson, Fletcher, Graham, Kiddie, Laing, Leslie, McCaig and John West.

Town House,
ABERDEEN 20 September, 2010

FINANCE AND RESOURCES COMMITTEE

Members of the **FINANCE AND RESOURCES COMMITTEE** are requested to meet in Committee Room 2 - Town House on **TUESDAY, 28 SEPTEMBER 2010 at 2pm**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

1 DETERMINATION OF EXEMPT ITEMS OF BUSINESS

2 REQUEST FOR DEPUTATION

A request for deputation has been received from Mr Steve Robb (Convener of Unite) and Mr Mike Middleton (Convener of GMB) in relation to item 12.9 of the agenda (Staff Houses).

3 MINUTES, COMMITTEE BUSINESS STATEMENT AND MOTIONS LIST

- 3.1 Minute of Previous Meeting of 17 June, 2010 - for approval (Pages 1 - 54)
- 3.2 Minute of Meeting of the Lord Provost Sub Committee of 29 April - for noting (Pages 55 - 60)

3.3 Committee Business Statement (Pages 61 - 78)

3.4 Motions List (Pages 79 - 80)

4 **MOTIONS**

4.1 Motion by Councillor McCaig - referred from Council meeting of 30 June, 2010

“Council recognises the benefits that can be gained from small scale investment in local areas and agrees to investigate the establishment of a city wide ‘community fund’ from which community groups, including community councils, can bid for money from to fund specific projects in their local area. Requests that officers report back on potential funding levels and streams with consideration given to this proposal as an alternative to ward budgets.”

5 **REFERRALS**

5.1 Request for Delegated Powers and Use of Work Notices - referred by the Housing and Environment Committee of 24 August, 2010 (Pages 81 - 88)

5.2 Furnishings Service Charge - referred by the Housing and Environment Committee of 24 August, 2010 (Pages 89 - 96)

5.3 HMO Licence Application Fees - referred by the Housing and Environment Committee of 24 August, 2010 (Pages 97 - 110)

5.4 Waste Management Services Contract Progress Report - referred by the Housing and Environment Committee of 24 August, 2010 (Pages 111 - 128)

5.5 Resourcing a High Quality Planning System - referred by the Enterprise, Planning and Infrastructure Committee of 7 September, 2010 (Pages 129 - 140)

Members: Please note the recommendation as contained within the report was approved by the Enterprise, Planning and Infrastructure Committee.

6 PERFORMANCE MANAGEMENT AND CORPORATE GOVERNANCE SERVICE ISSUES

- 6.1 Corporate Governance Performance Report (Pages 141 - 154)
- 6.2 2010/11 Financial Monitoring - Corporate Governance Service (Pages 155 - 158)

7 FINANCE

- 7.1 Revenue Budget 2010/11 Monitoring (Pages 159 - 164)
- 7.2 Unrecoverable Income (Pages 165 - 174)
Members: Please note that an additional appendix containing exempt information can be located at item 11.1 of this agenda.
- 7.3 2010/11 Common Good Budget - Monitoring Report Update (Pages 175 - 182)
- 7.4 2010/11 Common Good Budget - Request by Scottish Opera for Support (Pages 183 - 190)
- 7.5 Admitted Bodies within the Aberdeen City Council Pension Fund with links to Aberdeen City Council (Pages 191 - 196)
Members: Please note that an appendix containing exempt information can be located at item 11.2 of this agenda.
- 7.6 Review of General Service Capital Programme 2010/11 (Pages 197 - 202)
- 7.7 Tax Increment Financing for the City Garden Project (Pages 203 - 214)
- 7.8 Proposed Fee Structure - Landlords Consents etc. (Pages 215 - 220)
- 7.9 Youth Activities Small Grants Fund 2010/11- Applications for Round 2 Funding (Pages 221 - 224)

8 HUMAN RESOURCES

- 8.1 Conference Invitation - Society of Personnel Directors (Pages 225 - 228)

9 PROPERTY

- 9.1 Access from the North Proposals (Third Don Crossing), Compulsory Purchase Order (Pages 229 - 248)

Members: Please note that appendix A will be circulated prior to the meeting.

- 9.2 Property Asset Management Plan Update 2010 (Pages 249 - 308)

10 GENERAL

- 10.1 Legal Services Contract Arrangements (Pages 309 - 310)

- 10.2 Property Services - Contract Extension and Retender (Pages 311 - 314)

- 10.3 Supply and Delivery of Vehicles and Items of Plant - Permission to Procure and Award (Pages 315 - 318)

- 10.4 Roads and Quarry Materials Testing Services - Permission to Procure and Award (Pages 319 - 320)

- 10.5 Cash in Transit Services - Award of Contract (Pages 321 - 324)

- 10.6 Estates Management Contracts (Pages 325 - 328)

- 10.7 North Territory Hub Programme (Pages 329 - 338)

ITEMS WHICH THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

11 FINANCE

- 11.1 Unrecoverable Income - Appendix (Pages 339 - 340)

Members: Please note that this appendix relates to item 7.2 of the agenda.

- 11.2 Admitted Bodies within the Aberdeen City Council Pension Fund with links to Aberdeen City Council - Appendix (Pages 341 - 344)

Members: Please note that this appendix relates to item 7.5 of the agenda.

- 11.3 ABES Loans - Monitoring Report (Pages 345 - 350)

- 11.4 Trading Services Monitoring 2009/10 (Pages 351 - 364)
- 11.5 Customer First Programme - Capital Spend (Pages 365 - 368)
- 11.6 Transition Extreme - Restructuring of Bank Guarantees (Pages 369 - 376)
- 11.7 AECC Expansion Project for Offshore Europe 2011 (Pages 377 - 382)

12 PROPERTY

- 12.1 Townscape Heritage Initiative - verbal update by Director of Enterprise, Planning and Infrastructure
- 12.2 Corporate Asset Management System - progress report (Pages 383 - 390)
- 12.3 Retail Rocks (Pages 391 - 400)
- 12.4 Hayfield Riding Centre (Pages 401 - 406)
- 12.5 Westside of Carnie (Pages 407 - 416)
- 12.6 Rowan Road/Rosehill Drive (Pages 417 - 422)
- 12.7 Proposed Sales - St Peters Nursery and former Public Toilets (Pages 423 - 430)
- 12.8 Bobby Calder Park and Lochinch Farm (Pages 431 - 446)
- 12.9 Staff Houses (Pages 447 - 456)
- 12.10 Land at Pitmedden Road, Dyce (Pages 457 - 468)
- 12.11 Summerhill - Sale and Relocation of Services (Pages 469 - 474)
- 12.12 Pinewood/Hazledene (Pages 475 - 498)

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FINANCE AND RESOURCES COMMITTEE

ABERDEEN, 17 June, 2010 - minute of meeting of the FINANCE AND RESOURCES COMMITTEE. Present:- Councillor Kevin Stewart, Convener; Councillor Fletcher, Vice Convener; and Councillors Cassie, Cormack, Corall (substitute for Councillor Fletcher for articles 6 and 7), Cormie (substitute for Councillor John West for articles 6 and 7; and for Councillor McCaig from article 34), Crockett, Dunbar, Farquharson, Graham, Greig (substitute for Councillor Cormack for article 6), Jaffrey (substitute for Councillor Dunbar for article 6), Kiddie (until article 36), Leslie (until article 36), McCaig (until article 34), Noble (substitute for Councillor McCaig for article 6; and for Councillor Kiddie from article 36), John Stewart (substitute for Councillor Dean until article 33), John West, Young (substitute for Councillor Crockett for articles 8 - 15) and Yuill.

Also in attendance:- Councillors Allan and Donnelly for article 34.

DETERMINATION OF EXEMPT ITEMS OF BUSINESS, ORDER OF AGENDA AND REQUESTS FOR DEPUTATION

1. The Convener (1) proposed that the Committee consider those reports identified on the agenda as being for determination in private, with the press and public excluded; (2) advised that four requests for deputation had been received in accordance with Standing Order 10; and (3) further proposed that should these requests be accepted by the Committee, that item 7.4 of the agenda (Employment Costs) be considered immediately after item 2.5 of the agenda (Motions List), followed by items 8.1 (Transfer of Sports Service to Sport Aberdeen) and 5.7 (Beach Leisure Centre – Heating and Ventilation Works), which would be considered as one item immediately thereafter.

The Committee resolved:-

- (i) in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from article 34 of this minute onwards (item 10.1 of the agenda) so as to avoid disclosure of information of the class described in the following paragraphs of Schedule 7(A) to the Act:- article 34 (paragraph 8), article 35 (paragraphs 6 and 9), article 36 (paragraphs 8 and 12), article 37 (paragraphs 8 and 11), article 38 (paragraph 6), article 39 (paragraphs 8, 9 and 10), article 40 (paragraph 12), article 41 (paragraph 6), article 42 (paragraph 9), article 43 (paragraphs 6 and 9), article 44 (paragraphs 6 and 9), article 45 (paragraphs 6 and 9), article 46 (paragraphs 6 and 9), article 47 (paragraphs 6 and 9), article 48 (paragraphs 6 and 9), article 49 (paragraphs 6 and 9), article 50 (paragraphs 2, 6 and 9), article 51 (paragraph 9), and article 52 (paragraphs 6 and 9);

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- (ii) to agree to hear depositions from (1) Unite the Union, (2) Unison, and (3) GMB in relation to item 7.4 of the agenda (Employment Costs); and Northfield Community Council in relation to item 8.1 of the agenda (Transfer of Sports Service to Sport Aberdeen); and
- (iii) to concur with the proposals of the Convener in respect of the order of agenda.

MINUTE OF PREVIOUS MEETING

2. The Committee had before it the minute of its previous meeting of 11 May, 2010.

The Committee resolved:-

to approve the minute as a correct record.

MINUTE OF MEETING OF THE JOINT CONSULTATIVE COMMITTEE

3. The Committee had before it the minute of meeting of the Joint Consultative Committee of 25 March, 2010.

The Committee resolved:-

to note the minute.

MINUTE OF MEETING OF THE CORPORATE HEALTH AND SAFETY COMMITTEE

4. The Committee had before it the minute of meeting of the Corporate Health and Safety Committee of 26 February, 2010.

The Committee resolved:-

to note the minute.

DECLARATION OF INTEREST

Councillor Yuill declared a pecuniary interest in relation to item 22 of the Business List (Pinewood/Hazledene) and withdrew from the meeting prior to any discussion taking place on this matter.

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COMMITTEE BUSINESS STATEMENT

5. The Committee had before it a statement of pending and outstanding Committee business, which had been prepared by the Director of Corporate Governance.

The Committee resolved:-

- (i) to delete items 4 (Charitable Trusts), 5 (Culter Grounds Depot), 10 (Financial Strategy - Employment Costs), 12 (Kirkton Avenue), 13 (Queen's Links), 15 (CAB) (resolution B only), 17 (Tendering for ACC Services), 18 (Retail Rocks), 21 (Westburn Park), 24 (General Fund – Employment Costs), 28 (Third Tier Ill Health Gratuity), 33 (Frederick Street), and 34 (Financial and Performance Monitoring and Reporting to Committee) from the list; and
- (ii) in relation to item 16 of the list (Altens Community Centre), to request that the Director of Education, Culture and Sport ascertain as to whether a response to the officer's letter had been received to date, and advise members of the Committee in this regard.

MOTIONS LIST

6. The Committee had before it the outstanding motions list as prepared by the Director of Corporate Governance.

The Committee resolved:-

to note the updates as contained within the list.

DECLARATIONS OF INTEREST

Prior to the consideration of the following article, certain members of the Committee declared non financial interests in the subject matter of the report. As a result of the interests declared, a number of members left the meeting, taking no part in the Committee's deliberations on the matter and were replaced by substitutes. The declarations were received from the Vice Convener (as a member of the Appeals Committee), who was replaced by Councillor Corall; Councillor Cormack (as Convener of the Appeals Committee) who was replaced by Councillor Greig; Councillor Dunbar (as a member of the Appeals Committee, who was replaced by Councillor Jaffrey; Councillor McCaig (as a member of the Appeals Committee), who was replaced by

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Councillor Noble; and Councillor John West (as a member of the Appeals Committee), who was replaced by Councillor Cormie.

A number of members declared interests and chose not to withdraw from the meeting, namely Councillor Farquharson (as a member of the Appeals Committee); Councillor Laing (as a member of the Appeals Committee); Councillor Crockett (as a member of the Appeals Committee and Unite (who formed part of the deputation before the Committee)); Councillor Graham (as a member of Unite (who formed part of the deputation before the Committee)); Councillor Kiddie (as a retired member of Unison (who formed part of the deputation before the Committee)); the Convener (as a member of Unison (who formed part of the deputation before the Committee); and Councillor Yuill (as a member of Unison (who formed part of the deputation before the Committee)).

Following the declarations of interests from members and also from certain individual staff members who withdrew from the meeting in terms of Standing Order 25, the Convener requested that appropriate officers carry out a review of the rules and regulations surrounding the declaration of interests when dealing with Council specific matters such as the employment costs report, as these may become more prevalent given the present economic climate, and to report thereon to a future meeting of the Committee.

EMPLOYMENT COSTS (CG/10/128)

7. Reference was made to the decision of the Council (article 2 of the minute of meeting of 11 February, 2010 refers) that in relation to the General Fund Revenue Budget, 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. It was further resolved 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. The Committee now had before it a report prepared by the Director of Corporate Governance on the subject. The earlier decision taken at the meeting to hear a deputation comprising representatives from Unison, GMB and TGWU/Unite unions was also pertinent to this matter (article 1 of this minute refers).

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The Convener having invited the deputation to address the Committee, the members heard Karen Maxfield (Secretary of the local Unison branch), Mike Middleton (GMB Convener), and Tommy Campbell (Regional Organiser for Unite), who each spoke, and between them highlighted the moral and legal issues arising from the proposal before the Committee, that the Council defer payment of the pay scale increments due to staff with effect from 1 April, 2010. The suggestion was clearly made that such action may be discriminatory given the high proportion of female staff affected. The deputation emphasised the inevitability of industrial appeals in response to the action, all of which would involve costs for the Council and questioned the robustness of the legal advice upon which the proposal was based. The resultant effect on staff morale and industrial relations generally was also raised within the report as was the likely impact on the Council's reputation and the simple unfairness of the proposal for hardworking staff who signed their new contracts in good faith only one year ago. The deputation concluded their address to the Committee with a reference to the fact that direct industrial action could not be ruled out should the proposal to defer the payments be supported.

The deputation having withdrawn, the Committee proceeded to consider the report before it which focused on the need identified during the budget process to find £4.5m of savings from employment costs for the 2010/11 financial year; referred to the fact that a deferral of the pay scale increments normally paid on 1 April, would achieve the saving in full; and made the point that although a great deal of progress had been made over the past two years in steering the Council to a sound financial position, financial pressures over which the Council had no control were signalling a difficult period ahead. The report went on to highlight the likely extent of reductions in grant funding for Councils over the coming four years, the total indicative impact of that on the Council and the need to view the employment costs issue in the wider financial context. The legal interpretation of the increment clause within the employment contract was addressed within the report which also confirmed that it had not been possible to secure collective agreement with the Trades Unions following consultation and that the Unions remained opposed to the proposal.

A risk assessment of proceeding with the increment deferral unilaterally was provided and highlighted within that were officers' views on the type of challenges which the Council could expect and the possible implications should these challenges be successful.

The fact that the proposal being considered involved a deferral of the payments for 2010/11 only was recognised and the report sought to deal with the need to consider the options for 1 April, 2011. The report in this respect referred to the request made during the budget process 2010, for officers to look at new ways of

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working; giving employees flexibility on working hours wherever possible; and assessing pay awards; in addition to the increment issue. Examples of some of these were contained within the report which also commented on the consultation process carried out with Trades Unions and staff generally. The responses on behalf of the Council to the two key questions raised by the Trades Unions, were provided as part of the report. The contrary view of the Trades Unions was also outlined. The response from staff to the consultation exercise having been detailed within the report, it was confirmed that the numerous suggestions received had been circulated to Directors for consideration and reporting back.

The report recommended:-

- (a) that the Committee agrees that given the abnormal financial pressures facing the Council, the increment that was due to be paid from 1 April, 2010 to relevant staff employed under the SJC for Local Government Employees, is deferred until 1 April 2011; and
- (b) that officers enter into further discussions with Trades Unions with a view to reviewing employment costs, including conditions of service, for all employment groups.

The Convener moved, seconded by Councillor Yuill:-
that the report recommendations be approved.

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

- (1) that the Committee recognises that Aberdeen City Council has a loyal and dedicated workforce and agrees to honour its contractual agreement with employees to pay the salary increment as it has done in each preceding year, with costs to be met from reserves; and
- (2) that officers enter into further discussions with Trades Unions with a view to reviewing employment costs, including conditions of service for all employment groups.

At this point Councillor Farquharson attempted to move a further amendment to the effect that recommendation (a) within the report be not approved and that recommendation (b) be amended to read:-

that officers enter into further discussions with Trades Unions with a view to reviewing employment costs and levels, including conditions of service for all employment groups.

The further amendment by Councillor Farquharson did not attract a seconder, however, and therefore fell.

On a division, there voted:- for the motion (10) – the Convener; and Councillors Corall, Cormie, Greig, Kiddie, Jaffrey, Leslie, Noble, John Stewart and Yuill; for the

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amendment (4) – Councillors Cassie, Crockett, Graham and Laing; declined to vote (1) – Councillor Farquharson.

The Committee resolved:-

- (i) to adopt the terms of the successful motion; and
- (ii) to concur with the Convener's request to instruct appropriate officers to carry out a review of the rules and regulations surrounding the declaration of interests when dealing with Council specific matters such as the employment costs report, as these may become more prevalent given the present economic climate, and to report thereon to a future meeting of the Committee.

Councillor Graham intimated in accordance with Standing Order 36(3), that he wished the report on employment costs dealt with in the preceding article to be referred to Council for decision. Councillor Graham was supported by Councillors Cassie, Crockett, Farquharson and Laing in this respect.

DECLARATIONS OF INTEREST

The Vice Convener and Councillor John West declared an interest in the subject matter of the following article by virtue of their position as Council representatives on Sport Aberdeen. Both Councillors withdrew from the meeting and Councillor Corall substituted for the Vice Convener, and Councillor Cormie substituted for Councillor John West.

During the general debate that ensued in relation to the following article, Councillor Graham intimated an interest as a member of the Fairer Scotland Fund Board, but did not leave the meeting. Councillors Crockett and Kiddie also declared interests as members of the Council's Pension Panel but again did not consider it necessary to withdraw from the meeting.

BEACH LEISURE CENTRE – HEATING AND VENTILATION WORKS – (ECS/10/058) AND SPORT ABERDEEN – TRANSFER OF SPORTS SERVICES (ECS/10/059)

8. With reference to article 1 of this minute, and article 13 of the minute of meeting of Council of 19 August, 2009, the Committee had under consideration (1)

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a report by the Director of Education, Culture and Sport on the condition of the heating and ventilation plant at the Beach Leisure Centre which was badly in need of urgent attention following recent frequent breakdowns; and (2) a separate report by the same Director containing updated information on the current negotiations between the Council and the Board of Sport Aberdeen, the arm's length charitable organisation to which certain Council owned sports services were to be transferred for a period of ten years.

As regards the heating and ventilation equipment at the Beach Leisure Centre, the report referred to the condition survey carried out by consultant engineers on the Council's behalf in March, 2009; reminded members of the outcome thereof, ie. that the general condition of the plant was found to be very poor and that, because of access difficulties and issues of scale, the particular components affected would be very difficult to replace or refurbish; and set out the options available to the Council in order to address the matter and which would involve the closure of the facility for a time and a corresponding reduction in income. As part of the report content, the concerns expressed by the Board of Sport Aberdeen as regards taking over responsibility for the Beach Leisure facility in its current condition, were highlighted.

The report on the heating and ventilation plant at the Beach Leisure Centre recommended:-

that the Committee:

- (a) note the situation in relation to the heating and ventilation equipment; and
- (b) approve urgent funding for the necessary works involved from the Capital Plan, when contingencies allowed.

The report in respect of the transfer of Sports Services from the Council to Sport Aberdeen advised that detailed discussions had taken place through the Sports Trust Project Board/Working Group over the past eighteen months, to oversee the transfer process; indicated that as part of those discussions, a number of changes to the specification for the services to be provided, had been proposed; outlined what the changes were; and confirmed that the facilities and services that would now transfer were listed within appendix 2 to the report. The report went on to advise that there were a number of details and issues still to be resolved through further discussion and negotiation prior to the proposed transfer date of 1 July, 2010, but that given the scope of the key principles agreed by the Committee at its meeting on 17 September, 2009, the issues raised were not so significant that they needed to be referred to members. The report concluded with a statement that officers believed that Sport Aberdeen's Corporate Plan demonstrated that the company understood the key elements of operating the Council's Sport Services and had in place workable financial arrangements that would enable the services to be operated and developed in an efficient manner which will help to achieve the

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Council's strategic and financial objectives.

The report on the transfer of sports services to Sport Aberdeen recommended:-

- (a) that the Committee agrees to transfer the Council's sports service to Sport Aberdeen for a ten year period in line with a Transfer Agreement, a Funding and Service Provision Agreement and ancillary documents, on 1 July, 2010 or as soon as possible thereafter;
- (b) that appropriate officers be authorised to continue negotiations with Sport Aberdeen and its advisers over the specific terms of the Transfer Agreement, the Funding and Service Provision Agreement and ancillary documents, between the Council and Sport Aberdeen;
- (c) that the Committee endorses Sport Aberdeen's Corporate Plan for the remainder of 2010/11;
- (d) that the Committee agrees that the Council will pay Sport Aberdeen £5m to operate the Council's Sports Services for 2010/11 (based on a total annual cost of £6.3m);
- (e) that the Committee confirms that it will act as guarantor for Sport Aberdeen in relation to the pension fund and in the event that Sport Aberdeen should cease to exist, will guarantee up to £295,000 as required to meet these liabilities; and
- (f) that the Committee agrees that the Council will meet any costs arising from outstanding contractual or employment issues lodged prior to the date of transfer.

At this point in the meeting and in accordance with the earlier decision on deputations (article 1 of this minute refers), the Committee welcomed a deputation from the Northfield Community Council who wished to address the members regarding Northfield Swimming Pool and the difficulties being experienced by ordinary members of the public who are not members of a swimming or other club, in gaining access to the pool at times when public sessions might be anticipated, for example, on Saturday or Sunday afternoons.

The Committee heard from Mr Keith Paterson and Mr Kevin Wallace, after which members were invited to ask questions firstly of the deputation and secondly of Council officers.

The Director of Education, Culture and Sport alluded to the fact that a number of Directors of Sport Aberdeen had recently resigned, and advised that the posts were currently being advertised, and that she hoped the new Directors would be in place in a matter of weeks. When questioned by members, Mrs Bruton advised that the Board was competent in terms of its constitution in its current form (ie there being currently only four Directors, with three of these being Councillors).

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With reference to page 315 of the report, the Committee queried whether members of the public would continue to have access to the cricket pitch at Duthie Park. The Director undertook to have this assurance written into the Council's Service Level Agreement with Sport Aberdeen.

The Convener moved, seconded by Councillor Yuill:-

- (i) that the content of the report on the Beach Leisure Centre be noted;
- (ii) that the Council agrees in principle to meet the cost of replacing the heating and ventilation equipment at the Beach Leisure Centre to give the Board of Sport of Aberdeen the comfort it requires, and remits to the Education, Culture and Sport Committee to consider reviewing its capital programme to meet the expenditure involved (estimated to be up to £1.5m);
- (iii) that the recommendations contained within the report on the transfer of Sports Services from the Council to Sport Aberdeen be approved;
- (iv) that Tullos Swimming Pool be removed from the list of properties to be transferred to Sport Aberdeen, as a report on this matter would be considered at a later point in the meeting (article 34 of this minute refers); and
- (v) that Sport Aberdeen be requested to enter into consultation with the local community and local members with a view to the provision of public swimming sessions at Northfield Swimming Pool at times when the community are most likely to want to use the pool.

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

- (i) that the Committee does not agree to transfer the Council's sport services to Sport Aberdeen until the appointment of a range of suitable, acceptable and representative independent Directors, meeting the requirements of best practice in government; and for clarity, no decision on changes on provision will be made until a further report is presented to Council; and
- (ii) that appropriate officers be instructed to identify funding from the Capital Programme to meet any costs incurred by the Council arising from the delayed transfer.

On a division, there voted :- for the motion (10) – the Convener; and Councillors Corall, Cormack, Cormie, Dunbar, Kiddie, Leslie, McCaig, John Stewart and Yuill; for the amendment (5) – Councillors Cassie, Crockett, Farquharson, Graham and Laing.

The Committee resolved :-

- (i) that the successful motion be adopted; and
- (ii) to note that the Director of Education, Culture and Sport undertook to ensure that written into the Service Level Agreement with Sport Aberdeen, would be

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an assurance that members of the public would continue to have access to the cricket pitch at Duthie Park.

ABERDEEN ART GALLERY REDEVELOPMENT (ECS/10/054)

9. The Committee had under consideration, upon a remit from the Education, Culture and Sport Committee (article 14 of the minute of meeting of 27 May, 2010 refers), a request to fund the cost of the Conservation Statement (estimated to be £19,644 plus VAT), required as part of a Stage One Application to the Heritage Lottery Fund, in relation to the proposed redevelopment of Aberdeen Art Gallery. The report by the Service Director which had been considered by the Education, Culture and Sport Committee, together with the minuted article in respect thereof, had also been circulated.

The Committee resolved:-

to agree the request and to authorise appropriate officers accordingly.

PARKING ENFORCEMENT (EPI/10/164)

10. The Committee had under consideration, upon a remit from the Enterprise, Planning and Infrastructure Committee (article 31 of the minute of meeting of 31 May, 2010 refers), the resolution of that Committee to authorise in principle the setting of an £80 penalty charge for illegal parking in anticipation that the Scottish Government will implement proposals (currently the subject of consultation) to increase the penalty charge from £60 to £80, in an effort to secure a high level of compliance with parking regulations and the self financing of the parking enforcement system.

The Convener, seconded by Councillor McCaig, moved:-

that the Committee endorses the decision of the Enterprise, Planning and Infrastructure Committee in this matter.

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

that the Committee does not approve the request of the Enterprise, Planning and Infrastructure Committee to ratify their decision to set an £80 penalty charge for illegal parking until such a time as collection rates improved.

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On a division, there voted:- for the motion (11) – the Convener, the Vice Convener; and Councillors Cormack, Dunbar, Farquharson, Kiddie, Leslie, McCaig, John Stewart, John West and Yuill; for the amendment (4) – Councillors Cassie, Graham, Laing and Young.

The Committee resolved:-

to adopt the terms of the successful motion.

EXCHEQUER HOUSE

11. The Committee had under consideration, upon a remit from the Marischal College Advisory and Monitoring Working Group (article 2 of the minute of meeting of 26 May, 2010 refers), the suggestion that whilst the lease of Exchequer House by the Council was operational, the property be maintained as a utilised asset for frontline operational needs; and further that Spring Garden be retained as a Council asset in the medium to long term.

The Committee were advised that the discussion by the Working Group was in the context of “Offset Property Matters” which provided members with an overview of current issues as they relate to the various sites represented as affected by the Marischal College Initiative.

The Convener, seconded by the Vice Convener, moved:-

that the Committee express their agreement with the views of the Marischal College Advisory and Monitoring Working Group in this matter; and therefore agree to (1) maintain Exchequer House as a utilised asset for frontline operational needs; and (2) retain Spring Garden as a Council asset in the medium to long term.

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

that no action be taken on this matter until the report, as presented to the Marischal College Advisory and Monitoring Working Group, is brought before this Committee for consideration.

On a division, there voted:- for the motion (11) – the Convener, the Vice Convener; and Councillors Cormack, Dunbar, Farquharson, Kiddie, Leslie, McCaig, John Stewart, John West and Yuill; for the amendment (4) – Councillors Cassie, Graham, Laing and Young.

The Committee resolved:-

to adopt the terms of the successful motion.

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CORPORATE GOVERNANCE PERFORMANCE REPORT

12. With reference to article 7 of the minute of its meeting of 11 March, 2010 the Committee had before it a report by the Director of Corporate Governance which presented key performance and management information for the Corporate Governance Service.

The report detailed the Director's overview of progress since the aforementioned meeting, which focused on the key operational and performance issues in each section within the Service; and provided a performance indicator balanced scorecard, which utilised a traffic light mechanism to indicate the status relating to each indicator, which in turn was supported by appendices with 'drill down' information for each indicator within the scorecard.

The Committee resolved:-

- (i) to instruct the Director of Corporate Governance to advise Committee members of the number of tenants who are in rent arrears; and
- (ii) to note the information contained within the report.

CORPORATE GOVERNANCE BUSINESS PLAN AND MANAGEMENT STRUCTURE (CG/10/119)

13. The Committee had before it a report by the Director of Corporate Governance which presented the Business Plan for the Corporate Governance Service for 2010/11 – 2012/13 and outlined the management structure in this regard.

The report detailed a number of proposed changes to the structures and establishment of the sections within Corporate Governance, namely (1) Human Resources and Organisational Development; (2) Finance (including Revenues and Benefits); (3) Legal and Democratic Services; (4) Customer Service and Performance; and (5) Central Procurement Unit. To this end, the report proposed that a total of 13 new posts would be required in this structure as follows:

- Corporate Financier
- Service Accountant
- Revenue and Benefits Manager
- Senior Programme Manager
- Community Planning and Corporate Performance Manager
- Supply Chain Manager
- Legal Manager (Policy, Property, Procurement Projects)

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- Legal Manager (Employment, Education, Litigation, Licensing)
- Business Manager
- HR Manager (Planning and Development)
- HR Manager (Client and Corporate Support)
- HR Shared Service Manager
- Corporate Performance Manager

and that the funding for these posts would be delivered within the Directorate's approved budget for 2010/11, and through the disestablishment of a number of posts, namely:

- Personnel Manager
- Corporate Support Manager
- Organisational Development Manager
- Employee Development Manager
- Change Manager x 2
- Business Transformation Team Manager
- Chief Administrative Officer
- Business Transformation Project Leaders x 2
- Customer Relations Management Solutions Analyst
- Information and Research Team Leader
- Projects Manager Post
- Administration Assistant
- Distribution Services Assistant
- Legal Managers x 4

The report advised that there would be a redundancy situation for a number of post holders but until a job matching and advertising process was complete, it would not be possible to identify the number of staff who would be affected in this regard. The report continued that if staff concerned chose not to apply for new posts, or were unsuccessful, the Council would try to mitigate redundancies through redeployment in the first instance.

Appended to the report was the proposed structure for the Services within Corporate Governance. The Business Plan for the Service had been made available online and in the Members' Library.

The Committee resolved:-

- (i) to approve the Corporate Governance Service Business Plan 2010/11-2012/13;
- (ii) to agree to the establishment of 13 new manager posts (as detailed above) reporting to Heads of Service;
- (iii) to agree the disestablishment of 19 posts (as detailed above) to fund the new posts; and

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- (iv) to delegated authority to the Director of Corporate Governance, in consultation with the Convener of this Committee, to implement further restructuring across the Directorate, in accordance with Council policies and procedures for Union and staff consultation.

OFFICE OF CHIEF EXECUTIVE STAFFING STRUCTURE (OCE/10/012)

14. The Committee had before it a report by the Chief Executive which presented the proposed third tier structure for the Office of Chief Executive.

The report advised that the Office of Chief Executive was divided into four sections, namely (1) civic administration (including the Lord Provost's office and the work of the Lord Lieutenancy); (2) elections unit; (3) internal and external communications; and (4) business management supporting the Chief Executive. The Office of Chief Executive currently comprised 25 posts including a Team Manager (Civic Administration) and Communications Manager, both at third tier level. The report proposed that the post of Personal Assistant to the Chief Executive be disestablished, and a post of Business Manager be established to work closely with the Chief Executive and Head of Service to provide business management function and activities for the Office. The report outlined the key tasks that would be associated with the post, and continued that officers in Human Resources and Organisational Development were finalising the job evaluation assessment for the post, the costs for which would be met from within the Office of Chief Executive budget allocation, and from the disestablishment of the Personal Assistant post.

The Committee resolved:-

- (i) to approve the disestablishment of the post of Personal Assistant to the Chief Executive;
- (ii) to approve the establishment of the post of Business Manager;
- (iii) to delegate authority to the Chief Executive in consultation with the Convener, to implement further structural changes below third tier level within the Office of Chief Executive in accordance with Council policies and procedures relating to staff and trades unions consultation.

ACCORD UPDATE REPORT (CG/10/096)

15. With referenced to article 10 of the minute of its meeting of 28 January, 2010, the Committee had before it a report by the Director of Corporate Governance which provided an update on the Accord Scheme.

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The report advised that the Integrated Transport Smartcard Organisation (ITSO) Board (the organisation that provided the secure electronic smartcard environment, within which the Scotland wide bus scheme operated) had expressed their concern over the security of the MiFare smartcard (which was used by all other Scottish local authorities), and the transaction time of the JCOP (Java Card Open Platform) card (currently used by this Council). Both cards were to lose their ITSO certification and a new card type would be required for use by all Scottish local authorities. The planned date for this migration to take place was 31 December, 2010, but officers were pursuing with the ITSO Board, the possibility of this date being moved to 31 December, 2011, which was the date for the MiFare migration. In the case that this amended date for migration be not approved by the ITSO Board, officers suggested as a contingency, the possibility of retaining the existing card beyond 31 December, 2011 through the installation of a new ITSO applet, which would enable the card to meet the required transaction time. A card migration plan would be developed once a decision had been made by the National Entitlement Card Programme Office as to the type of card that would replace MiFare, as this may be the best option for the Council, if it proved to be compatible with the existing applications, services and entitlements held on the card.

In relation to progress made on sQuid (an electronic cash purse), the report advised that the contract had recently been signed and work had commenced on an implementation plan for Aberdeen.

The report continued that the Accord cards for use by secondary school pupils would be ready for the orientation days, to be held in May and June, 2010, with 1,510 applications for a card having been made. The cards would also now have the capacity to add a catering allowance for pupils who were entitled to free school meals.

The report further advised that the card also enabled pupils at Bucksburn Academy to enter the school via the library, through an electronic reader on the door.

Officers in the Accord team had also been pursuing the possibility of allowing users to credit the card via the internet. This would be reported to the Project Steering Group and progressed if approved at this stage.

The report outlined performance information for the period 1 November, 2009 – 31 April, 2010, including (1) the number of new Accord cards produced; (2) the number of replacement Accord cards produced; (3) the number of phone calls and emails dealt with by the Accord team; (4) the number of technical and maintenance calls dealt with.

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With reference to the time and attendance recording of staff at the Crown House through the Accord card (article 8 of the minute of meeting of this Committee of 12 November, 2009 refers), the report updated that this system had been live for ten weeks and was working well. The report further provided an update in respect of the utilisation of the card at the AECC, Frederick Street and Marischal College.

The report concluded to highlighted (a) that the card now offered a discount to young Accord card holders (40% for 12-18 year olds and 20% for 18-26 year olds) for Foyer Music (a facility to allow young people to become involved in music and related activities); (b) that officers were now investigating the possibility of replacing the ACE membership card and Golf Pass and incorporating these into the Accord card as well; and (c) that officers were promoting the card to local licensees as a proof of age card, in accordance with recent legislative changes.

The Committee resolved:-

to approve the progress and developments being made in the advancement of the Accord Scheme.

VARIATION TO CONTRACT – TEMPORARY LABOUR AND PERMISSION TO TENDER THE PROVISION OF TRADES AGENCY WORKERS (CG/10/099)

16. The Committee had before it a report by the Director of Corporate Governance which advised that the Council's contract (in collaboration with Aberdeenshire Council) with Manpower UK Limited for the provision of administration, ICT, technical, care, professional, and trades agency workers was due to expire on 31 August, 2010.

The report continued that a national tender for the provision of temporary and interim staff was currently being progressed by Procurement Scotland (Scottish Government National Contracts), which would result in eight national framework agreements across a range of staff categories. Trades workers would fall outwith the range of these agreements therefore required to be procured under a separate tender exercise. The report concluded that subject to the outcome of the national tender demonstrating best value, the Head of Procurement would recommend migration to the national framework agreements when the current contract expires.

The Committee resolved:-

- (i) to approve a six month extension of the contract with Manpower UK Limited for the provision of administration, ICT, technical, care, professional, and trades agency workers, and in accordance with Standing Order 1(6)(i), to sanction that such extension shall be exempt from Part A of the Standing

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- Order;
- (ii) to approve the adoption of the Scottish Government's national contract for temporary labour from 1 March, 2011;
 - (iii) to instruct the Central Procurement Unit to conduct a competitive tendering exercise in line with Council Standing Orders, Financial Regulations and EU Legislation for the provision of trades agency workers; and
 - (iv) to instruct that the Head of Procurement and Head of Human Resources and Organisational Development, in consultation with the Head of Finance and Head of Legal and Democratic Services, following the tender exercise, appoint a supplier to provide trades agency workers.

TREASURY MANAGEMENT POLICY AND STRATEGY (CG/10/105)

17. With reference to article 17 of the minute of meeting of the former Resources Management Committee of 5 May, 2009, whereby members approved the Treasury Management Policy for the Council; article 11 of the minute of meeting of the former Resources Management Committee of 16 June, 2009; and article 13 of the minute of its meeting of 10 December, 2009, the Committee had before it a report by the Head of Finance which outlined the Treasury Management Policy and Strategy for 2010/11 – 2012/13.

The report explained that Councils were required to have regard to the Prudential Code when carrying out their duties, in accordance with part 7 of the Local Government Scotland Act 2003, that treasury management should be carried out in accordance with good professional practice, and that the Council must comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Treasury Management in the Public Services. The proposed Treasury Management Policy statement was appended to the report.

The report reminded members that the new investment regulations, prepared by the Scottish Treasury Management Forum Executive and CIPFA, granted authorities additional investment powers. These regulations had now been finalised and approved by the Scottish Government, and that in accordance with them, the proposed Borrowing and Investment Strategy for 2010/11 – 2012/13 was also appended to the report. This appendix also listed permitted investment instruments identified for use in the financial years 2010/11 – 2012/13. The Council's Counterparty list was detailed at appendix 3 to the report.

The report further advised that in complying with the Prudential Code, the Council had to set a number of Prudential Indicators, which included a number of Treasury Management indicators for external debt. The report explained that the Prudential

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Code stated that it would probably not be significant if the operational boundary was breached temporarily on occasions due to variations in cash flow, however, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate. The report stated that the Council had in place an early warning system to highlight when an indicator was likely to be breached, and no indicators had been breached during financial year 2009/10. The Head of Finance added that if a breach were to occur, this would be reported to this Committee with an explanation.

The report concluded that HM Treasury had a reserve power to limit local authority borrowing for national economic reasons; legislation specified that any such national limit would be used to protect the country's economic interest if local borrowing under the Prudential Code were to be unaffordable nationally. In principle, a national limit could be set at any point during any financial year and any such national limit would be implemented based on local authorities' outstanding borrowing with all future borrowing being reduced proportionately. Officers advised that there were no known plans for the introduction of a national limit at this time.

The Committee resolved:-

- (i) to approve the Council's Treasury Management Policy Statement for 2010/11 to 2012/13;
- (ii) to approve the Council's Borrowing and Investment Strategy for 2010/11 to 2012/13; and
- (iii) to approve the revised Counterparty list as detailed at appendix 3 to the report.

ABERDEEN CITY COUNCIL CHARITABLE TRUSTS (CG/10/125)

18. Reference was made to article 21 of the minute of meeting of this Committee of 17 September, 2009, whereby officers were instructed to write to the Scottish Government to ascertain whether it would be possible for the Council to amalgamate all charitable trusts with assets of £20,000 or less, in order to create a worthwhile fund for the citizens of Aberdeen, and to report back thereafter. Further to this meeting, officers had advised that the appropriate body to contact on this issue would be the Office of the Scottish Charity Regulator (OSCR), rather than the Scottish Government. The Committee had before it on this day the report as requested at the aforementioned meeting.

The report advised that officers had written to the OSCR as instructed, and had received a response that indicated that the proposal was acceptable in principle, and that a new trust should be set up in the first instance, to which the assets of the

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other charitable trusts could then be transferred. It was therefore proposed that a trust be established for the benefit of the citizens of Aberdeen, with the specific charitable purposes matching those of the existing charitable trusts which were to be transferred into it; and for members of this Committee to be the trustees. It was explained that once this new trust was established, it would be necessary to write to the OSCR to disestablish each of the existing charitable trusts with assets below £20,000 and to transfer the said assets to the new trust.

The OSCR had requested that this work be undertaken in batches to take account of their staff's workload, so it was unlikely that this exercise would be completed by March, 2011.

The report continued that returns for the charitable trusts would require to be presented to the OSCR for the year to 31 March 2010, and as the amalgamation process would only commence further to this report being approved, these would be in a similar form to those presented last year. It was intended that individual trustee reports would be presented for those charitable trusts where amalgamation was not being considered and a single trustee report would be provided to cover charitable trusts due to be amalgamated. In addition, and to ensure compliance with the OSCR requirements, it was proposed that the status of all of the charitable trusts be reviewed as part of this process. If thought appropriate, proposals would be submitted to committee for approval to remove them from the charity register, or to transfer their assets to another more relevant external charitable body.

Appended to the report were details of the assets, which were subject to audit, of all the charitable trusts under review showing the value of their asset as at 31 March, 2010.

The Committee resolved:-

- (i) to note the actions taken by officers to date;
- (ii) to approve the outline proposals for a new charitable trust to be established, with the members of this Committee as trustees;
- (iii) to approve the transfer of charitable trusts with assets of less than £20,000 into the new trust;
- (iv) to note the likely timescales for completion of the work; and
- (v) to approve the outline of actions proposed by officers within the report to take matters forward.

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ANNUAL HOUSING AND COUNCIL TAX BENEFIT REPORT (CG/10/117)

19. The Committee had before it a report by the Director of Corporate Governance which detailed the performance of Housing and Council Tax Benefit during 2009/10, by way of an annual report.

The annual report, which was appended to the report, also set out the key priorities for 2010/11.

The Committee resolved:-

to instruct that an annual report be submitted to this Committee in June each year, which should detail the previous financial year's Housing and Council Tax Benefit Service.

FINANCIAL REGULATIONS – UPDATE (CG/10/127)

20. The Committee had before it a report by the Director of Corporate Governance which presented an updated version of the Financial Regulations in accordance with Standing Order – Finance 9(3).

The Regulations had been updated to reflect Service, committee and management structure changes to the organisation and were appended to the report.

The Committee resolved:-

to approve the updated Financial Regulations.

APPLICATIONS FOR FINANCIAL ASSISTANCE 2010/11 (CG/10/120)

21. With reference to article 22 of the minute of its previous meeting, the Committee had before it a report by the Head of Finance which presented an application for financial assistance from Dancesport Scotland for the Northern Trophy Day at the Beach Ballroom on 3 October, 2010.

The report advised that the request could be met from the uncommitted budget remaining.

The Committee resolved:-

to award £800 to Dancesport Scotland.

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APPLICATION FOR YOUTH ACTIVITIES SMALL GRANTS FUND 2010/11 – ROUND 1 (ESC/10/057)

22. With reference to article 25 of the minute of its meeting of 10 December, 2010, the Committee had before it a report by the Director of Education, Culture and Sport which presented the recommendations of the Youth Activities Grant Funding Group for the first round of funding for the financial year 2010/11, which had a closing date of 30 April, 2010.

The report advised that twenty four new applications had been received this round, and twenty one recommendations for funding had been made by the Youth Activities Grant Funding Group. The report continued that the total sum recommended for approval was £24,696, and that if the recommendations outlined were approved there would be an uncommitted budget of £25,304 remaining.

Appended to the report were details of the applications received and the recommendations made by the Youth Activities Grant Funding Group.

The Committee resolved:-

- (i) to ratify the recommendations of the Youth Activities Grant Funding Group and to therefore approve funding to the following organisations:

Group Name	Summary of Application	Decision
Don Swimming Club	To fund bus and pool hire to attend a swimming competition in Inverness.	to award £1,227
Young LGBT Group	To allow young LGBT people to plan and organise their own events and activities.	to award £739
Transition Group – Middlefield Youth Flat	To fund the cost of a trip to Edinburgh for 8 young people.	to award £1,175
Noble Brothers' Productions	To purchase a sound microphone and adaptor.	to award £1,360
East End Girls FC	To fund the cost of good indoor training facilities, based in a central location with high quality coaches.	to award £1,500
SHMU FM Youth Radio Project	To fund team building activities over summer recess	to award £825

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Group Name	Summary of Application	Decision
	at Aberdeen Sports Village.	
Girls Only SHMU	To purchase equipment to enable better quality productions to be produced.	to award £1,490
SHMU Train – Torry Academy	To purchase media technology equipment.	to award £1,500
21 st Aberdeen (Cults) Scouts	To part fund a return trip to Gornalton.	to award £350
Craiglea Children's Centre	To purchase fishing equipment.	to award £1,500
Stoneywood/Dyce Cricket Club	To purchase a mobile cricket net cage for practice sessions.	to award £1,480
Dee Boys' Club	To fund the cost of a new fence around football pitches.	to award £1,500
Powis Gateway Community Centre	To fund the cost of setting up a youth computer facility at Powis Gateway Community Centre.	to award £1,380
St Machar Academy 2010/11 Citizenship Group	To fund the cost of this group taking part in the Youth Achievements Awards.	to award £1,270
Trinity Court Tenant Group	To fund the cost of the Tenant Group to take part in activities and workshops.	to award £1,500
Sensory Support Service Peer Support Group	To enable young people with hearing loss and visual impairment to take part in activities with others who face similar challenges.	to award £1,500
Bucksburn Academy's Environmental Group	To fund the cost of a safe route/path to school and to build a wildlife area.	to award £1,500
St Machar Academy's Environmental Studies Class	To fund the cost of improvements to the school grounds in relation to the quality of the environment.	to award £1,400
Aberdeen Scout Network	To fund the cost of a trip to Kenya for 5 days to volunteer at an orphanage.	to award £1,500

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and

- (ii) to instruct the Director of Education, Culture and Sport to arrange for the funds to be distributed accordingly.

**OLDMACHAR HEATING, VENTILATION AND AIR CONDITIONING
REFURBISHMENT (EPI/10/166)**

23. Reference was made to article 2 of the minute of meeting of the Council meeting of 11 February 2010 (appendix 3, page 2283 refers), whereby the capital budget was approved, which incorporated funding for replacement heating, ventilation and air conditioning (HVAC) systems at Oldmachar Academy. The Committee now had before it a report by the Director of Enterprise, Planning and Infrastructure, which brought to the attention of members the financial requirements in relation to the necessary work associated with the upgrading and refurbishment of the HVAC systems at the school.

By way of background the report advised that the original HVAC system had been introduced when the school had been constructed. There had been a number of complaints made by staff and pupils, and an independent survey had indicated that there were major problems with the temperature control and circulation of air throughout the school.

Further to the aforementioned meeting of Council, the specification had been tendered, however, due to the limited time available to complete the works during the school holidays, the prices received had been unaffordable, and further contained a high risk that the works could overrun. Officers reviewed the scope of works, and proposed that the project be split into two phases, whereby the second phase would entail works of lesser priority than the initial phase.

The report explained that due to the fact that the scheme was allowing more effective and efficient controls of heating, it would be eligible for funding from the Central Energy Efficiency Fund. This was a spend to save initiative where monies saved in terms of energy efficiency were invested back into the fund, which in turn allowed more schemes to be funded. A project was considered eligible if it could repay any grant within five years, and it was considered by officers that efficiencies of £21,000 per annum could be achieved through this scheme, with modifications to existing systems being undertaken.

The report concluded that based on the original tender and the revised costs for phase one of the HVAC project, it was estimated that phase two would cost £350,000, and proposed that this be evaluated as part of the development of the

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future non housing capital programme of works and the Corporate Asset Management Plan.

The Convener congratulated officers for their lateral thinking which had enabled this project to proceed.

The Committee resolved:-

- (i) to acknowledge the funding arrangements put in place to deliver the first phase of the replacement heating, ventilation and air conditioning system within Oldmachar Academy, for which the contract had been awarded to allow works to be undertaken during the course of the school summer holidays; and
- (ii) to agree to consider the funding required to complete the second (and final) phase, as part of the non housing capital programme review for 2011/12, and future years as part of the Council's asset management plan.

MATTER OF URGENCY

The Convener intimated that he had directed in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973 that the following report be considered as a matter of urgency in order to ensure that the Council's statutory duties were met in relation to Kinship Carers.

KINSHIP CARE SERVICE – BUSINESS CASE

24. Reference was made to article 10 of the minute of meeting of the Social Care and Wellbeing Committee of 3 June, 2010, whereby officers had been instructed to submit a business case to this Committee in relation to posts that were to be created as part of the Kinship Team. The Committee had before it on this day the said business case.

The business case advised that 5.5 full time equivalent posts would be required (two Social Workers, two Family Resources Workers, and 1.5 Administrative Assistant), and that the posts would undertake a statutory function in the assessment, approval, and support provided to Kinship Carers.

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The report recommended:-

that the Committee approves the establishment of 5.5 full time equivalent posts as follows:- 2 x Social Worker; 2 x Family Resources Worker; and 1.5 x Administrative Assistant.

The Committee resolved:-

- (i) to approve the posts outlined above on a one year fixed term basis;
- (ii) to instruct that officers report back, reviewing the situation when required; and
- (iii) to instruct officers to write to the Scottish Government and conduct talks with CoSLA about reducing the bureaucracy associated with the Kinship Carers scheme.

POLICIES UPDATE REPORT (CG/10/123)

25. The Committee had before it a report by the Director of Corporate Governance which presented revisions and updates on four Council policies and procedures.

The report outlined the amendments that had been made to the policies, namely (1) Maximising Attendance; (2) Managing Work Performance; (3) Managing Substance Misuse; and (4) Managing Redundancy, and appended full, updated versions in each case.

The main features and amendments to the policies and procedures were outlined as follows:

- Managing Attendance Policy - (1) trigger levels would now be three occasions, with a total of 10 days lost to sickness absence over twelve months and five occasions with a total of 15 days lost to sickness absence over 24 months; (2) managers had a clear responsibility to apply the policy and manage the attendance of their staff, and where this did not happen they would be subject to performance management measures; (3) provision was included within the policy to state that in a circumstance where following a review period where an employee came out of formal procedure then had further sickness, they would go back to the stage at which they left the procedure; (4) when an employee hit the trigger, the formal process would be automatically activated; (5) a process named Employee AIDE (absence involving domestic emergencies) was to be introduced to recognise that an employee may find themselves in a situation where they need to take time away from work to deal with non work emergencies, and to avoid this being reported/recorded as sickness, managers would be allowed to approve

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appropriate time off or allow for time off to be worked back; (6) a process to deal with non attendance due to short term sickness absence, without an underlying medical cause, under a 'conduct or some other substantial reason' route was introduced; (7) the process to deal with non attendance due to short term sickness absence, with an underlying medical cause, under a 'capability' route was included; (8) a supportive and understanding approach to employees who suffer from an underlying medical cause was encouraged; (9) it was made clear that the outcome of the first two stages of the short term processes could be a caution to improve attendance and review period, and the third and final stage (the Capability Hearing) could result in the dismissal of the employee; and (10) the process to deal with non attendance due to long term sickness absence was made explicit.

- Managing Work Performance – (1) the process had been adjusted with the right to appeal against the action plan being removed; and (2) the previous provision to search for redeployment had been removed, and it was made explicit that unless there was a medical reasons behind the under performance, that improvement within the role would be required.
- Managing Substance Misuse – (1) the policy provided a structure for a supportive and constructive approach to managing substance misuse in line with the Council's legal obligations under the Health and Safety at Work Act 1974 and Misuse of Drugs Act 1971; (2) employees must attend work free of the affects of alcohol and/or substances; (3) the substances that were covered by the policy and procedure were defined, including alcohol; (4) it was made clear that employees must notify their manager if they were taking prescribed medication which may impair their ability to undertake their duties safely and effectively; (5) an explanation was provided with regard to the responsibilities of managers and employees in the management of alcohol or substance; (6) the possible referral routes were outlined and it was explained when it was appropriate to follow each route, depending upon how the substance misuse issue had been discovered; (7) the supporting provisions that were available and when these should be put in place were detailed; (8) clarification was provided on how and when management of substance misuse may integrate with the implementation of the Managing Discipline, Managing Work Performance or Managing Attendance Policies; (9) the circumstances when testing for alcohol or substances may occur were fully explained; and (10) information was provided on sources of support, sensible drinking limits and recognising alcohol and/or substance misuse.
- Managing Redundancy – (1) the selection criteria were amended to be as objective as is possible, in line with the legal requirements; (2) the process had been amended to apply the competencies identified in the person specification; and (3) details of the simplified consultation process were provided.

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The Committee resolved:-

- (i) to approve the revisions and updates to the four policies, as appended to the report (Maximising Attendance – appendix 1; Managing Work Performance – appendix 2; Managing Substance Misuse – appendix 3; and Managing Redundancy – appendix 4); and
- (ii) to delegate authority to the Director of Corporate Governance to approve minor amendments to the wording of the Maximising Attendance and the Managing Substance Misuse policies, following ongoing consultation with Trades Unions representing teachers to ensure that these policies are consistent.

THIRD TIER ILL HEALTH GRATUITY (CG/10/124)

26. Reference was made to article 25 of the minute of its meeting of 11 March, 2010 whereby officers were instructed to report back in much more detail in order for a final decision to be taken with regard to the application or otherwise of the Third Tier Ill Health Gratuity. The Committee had before it on this day the said report which advised that there had been four ill health capability dismissals in 2008, six in 2009, and three to date, in 2010.

The report continued that officers believed it was likely that these numbers would increase in the future with the Council having to improve its performance around managing attendance. The report estimated that if there were six cases per annum, with each employee earning £27,000 and having 30 years continuous service, the annual cost to the Council would be over £90,000; and reiterated that the cost would vary each year, dependant on the number of employees eligible and their length of service.

The report proposed that criteria be applied in relation to this Gratuity to employees who are not able to meet their contractual commitment to attend work due to long term ill health as follows: (1) the employee must be a member of the Local Government Pension Scheme with a minimum of two years' membership in the scheme; (2) the Council's Occupational Health Provider must determine that the employee's medical condition does not qualify for a Tier 1 or Tier 2 Ill Health retirement recommendation; and (3) the reason for the capability dismissal was due to a continued period of long term sickness absence immediately prior to the decision to dismiss due to an underlying medical condition (the payment would not be appropriate where an employee had short term persistent sickness, even where there was an underlying medical cause).

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The Committee resolved:-

- (i) to apply its discretion provided in the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Amendment Regulations 2009, to make Third Tier III Health Gratuity in accordance with the criteria outlined within the report;
- (ii) that the Third Tier III Health Gratuity should be one week's pay for each year of continuous service up to a maximum of 30 weeks;
- (iii) that any associated costs were required to be contained within the Service budgets; and
- (iv) to instruct that each time a Gratuity is made, that a report be submitted to this Committee detailing the case.

PAY PROTECTION ARRANGEMENTS – REVIEW (CG/10/129)

27. The Committee had before it a report by the Director of Corporate Governance which proposed a revised policy on the application of pay protection for employees who may be matched to a lower paid position during the restructuring of Services.

The report explained that there was already a national agreement in place with regard to employees adversely affected through the Equal Pay and Modernisation process, but that with Directors currently seeking approval from their Service Committees for authority to make changes to the staffing establishment below senior management level, there was a requirement to clarify the position for employees who may be affected during this process.

The Committee resolved:-

- (i) to approve the revision of the current pay protection arrangements so that (1) the existing Equal Pay and Modernisation arrangements remain unaltered; (2) the authority to agree the ongoing provisions of pay protection be delegated to the Chief Executive and the Director of Corporate Governance in consultation with the Convener of this Committee; and (3) all employees who are job matched into lower paid positions resulting from the recently approved restructuring, will be subject to the protection arrangements as detailed at (2) above; and
- (ii) to instruct that officers report back with an update on this policy in due course.

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VICTORIA HOUSE, WEST NORTH STREET – FUTURE USE (EPI/10/169)

28. Reference was made to article 26 of the minute of meeting of the Finance and Resources Committee of 28 January, 2010, at which time there was under consideration a report by the Director of Enterprise, Planning and Infrastructure which advised of the current status of a number of surplus Council owned properties, one of which was the former social work hostel premises at Victoria House, West North Street, Aberdeen in respect of which an interest had been expressed by a Council Service that the property be identified for use as a Housing Access Centre. The Committee now had before it a further report from the said Director containing an update on the situation and a recommendation that the property be transferred from the General Services Account (GSA) to the Housing Revenue Account (HRA).

The report before members made reference to the approval by the Housing and Environment Committee at its meeting of 16 February, 2010 (article 23 refers), of the recommendations contained within the Homelessness Accommodation Feasibility Study undertaken on the Council's behalf by external consultants, which were to develop the preferred long term option and provide a purpose built Housing Access Centre on the site of Victoria House. The report also referred to the value assessed by the Council's external property contractors at which the subjects could transfer between the GSA and HRA, following which the buildings on the site, now derelict, would be demolished to make way for the proposed Centre which would comprise twenty flats, ten temporary accommodation units for the homeless plus office accommodation for thirty staff members within the Housing and Community Safety Section of the Service. It was confirmed that a further report on the matter was to be submitted to the meeting of the Housing and Environment Committee to be held on 24 August, 2010.

The Committee resolved:-

that the Head of Finance be instructed to conclude the transfer of the property, Victoria House, West North Street, Aberdeen, from the General Services Account to the Housing Revenue Account, including the obtaining of Scottish Minister approval, if necessary, and subject to the approval of the Housing and Environment Committee at its meeting on 24 August, 2010.

WOOLHILLOCK CROFT, CARNIE, SKENE (EPI/10/173)

29. The Committee had under consideration a report by the Director of Enterprise, Planning and Infrastructure relative to the Council owned property and land at Woolhillock Croft, Carnie, Skene, following the death of the Council tenant

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and receipt from the tenant's executors of notice that the lease be brought to an end.

The report before members (1) contained a description of the property in question and its location within the administrative area of Aberdeen City Council; (2) advised that the Croft was part of the Lands of Skene which extended to some 260 hectares to the south and west of Westhill, land held by the Council on Common Good/Trust Funds Accounts; (3) highlighted certain unusual features of the lease which officers felt justified a more considered analysis of the options available to the Council as a way forward; (4) advised also of the valuation assessments provided for the site by the Council's external property contractors, taking into account certain assumptions; (5) outlined the planning policy considerations arising within the current development plan and the potential situation should changes occur in the future; (6) set out a number of options based on the advice received; and (7) concluded that the best option at this time was to lease the property on a five year Short Limited Duration Tenancy, thereby leaving the way open for the Council to reconsider its options should the planning designation of the site be changed.

The report recommended:-

- (a) that the Committee instructs the Head of Asset Management and Operations to advertise and then lease, Woolhillock Croft on a five year Short Limited Duration Tenancy; and
- (b) that the Head of Legal and Democratic Services be instructed to formally conclude the lease entered into on terms and conditions as necessary to protect the Council's interests.

The Committee were advised at this point that the Guildry and Mortifications Funds Board at its meeting on 14 June, 2010 (article 2 refers), agreed with this option as recommended by officers.

The Committee resolved:-

to approve the recommendations.

**QUALITY AND PRICE CRITERIA IN THE EVALUATION OF TENDERS
(CG/10/115)**

30. Reference was made to article 40 of the minute of meeting of this Committee of 11 March, 2010 whereby officers were instructed to prepare a report on the introduction of a quality/price basis for assessment and award of competitive tenders. The Committee had before it on this day the report requested by members.

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The report advised that for legal requirements, tenders must be undertaken in two stages, namely selection and award. With regard to the selection process, under the Public Contracts (Scotland) Regulations 2006 (the 2006 Regulations), contracting authorities may require bidders to satisfy minimum levels of economic and financial standing, and/or technical ability. Contracting authorities should also check that no bidders meet the mandatory or discretionary rejection factors stated within the 2006 Regulations. Any selection process would be undertaken by means of the pre qualification questionnaire where the restricted procedure would be used, and within the invitation to tender when the open procedure would be used. The selection stage focused on the supplier's characteristics and suitability in principle to satisfy the contracting authority's requirement. Contracting authorities must use the selection phase to identify the bidders who will go on to have their tenders evaluated at the award stage.

The invitation to tender (ITT) is the award stage, and at this point all remaining bidders will have satisfied the selection criteria and will have been assessed as being qualified to perform the contract. The award stage must focus on the tenders rather than the tenderers. There would be two grounds for awarding a public contract under the 2006 Regulations, namely (1) the lowest price, where the lowest priced tender wins and no other element of the tender may be taken into account; or (2) the most economically advantageous tender (MEAT), where other criteria, or criteria in addition to price, like quality, technical merit and running costs could be taken into account.

Where MEAT is chosen, award criteria must be linked to the subject matter of the contract and would include:

- quality
- price
- technical merit
- aesthetic and functional characteristics
- environmental characteristics
- running costs
- cost effectiveness
- after sales service
- technical assistance
- delivery date and delivery period
- period of completion.

The report proposed that the Council should use MEAT for the majority of procurements as there were very few purchases where the Council would not wish to evaluate a quality element. The report did suggest however, that when

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purchasing simple commodities (off the shelf), lowest price evaluation may be appropriate. Evaluation on the basis of price alone may also be appropriate in the procurement of specific works contracts where the bill of quantities or schedule of rates was so prescriptive and detailed as to the quality standard, that lowest price could be applied.

The report highlighted that when setting questions for tender evaluation it was important to ensure that there were no questions asked that related to the selection stage. This was because the use of selection criteria such as experience at award stage may perpetuate the advantage of an incumbent or previously used supplier, to the detriment of other qualified tenderers. The report explained that evaluation criteria must treat all bidders equally and should be evaluated in a transparent manner; and criteria must be proportionate and relate to the subject matter of the contract. The report continued that contracting authorities must publish their evaluation criteria and scoring methodology in the ITT and the contract notice inviting expressions of interest; ensure that they follow the methodology set out in the ITT as this could not be deviated from at any point without exposing the contracting authority to the risk of legal challenge; and include any sub criteria within the ITT.

The report explained that tenderers now had enhanced powers to challenge the decisions of contracting authorities, and their success or otherwise in the challenge would be dependant on how robust the Council had been in ensuring all evaluation and award criteria was fair, transparent and proportionate to the need in question.

The Committee resolved:-

- (i) to note the content of the report;
- (ii) to instruct all Services to evaluate tenders on the basis of the most economically advantageous tender (MEAT), using a price/quality matrix, unless there is an approved justification sanctioned by the Head of Procurement and the relevant Head of Service for evaluating solely on the basis of lowest price.

FRAMEWORK AGREEMENTS (CG/10/114)

31. The Committee had before it a report by the Director of Corporate Governance which requested that Services be provided with the opportunity to procure Business Support Services from identified pre tendered framework agreements.

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The report explained that the Public Contracts (Scotland) Regulations 2006, Regulation 2(1) defined a framework agreement as 'an agreement or other arrangement between one or more contracting authorities, and one or more economic operators, which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies'. The report continued that it would be important for Services to consider whether a framework agreement was the right approach for the particular goods, services or works to be purchased, which would require a value for money judgement for the Council, taking account of the type of purchases involved, the ability of the providers on a framework to deliver the requirement, and the ability to specify such purchases with sufficient precision.

The report advised that the Office of Government Commerce (Buying Solutions) had established a full suite of business support services covering a broad spectrum of needs, which were tendered on behalf of all UK public bodies in line with EU Procurement Regulations. The Scottish Government (Procurement Scotland) had also undertaken further similar exercises, for all Scottish public bodies for those areas they had identified that had not been adequately covered by Buying Solutions. Also listed within the identified frameworks, were arrangements through the Improvement Service which had gone through the same tendering process as above.

The report highlighted that this way of working would provide all users with access to a database of identified contracts that had maximised the combined leverage of potential participants in order to provide the most competitive pricing structures available. The use of the frameworks also limited the time and resources spent by internal tendering.

Where the Council's requirements were more specific than those detailed under the framework, 'mini competition' exercises would require to be undertaken between all the providers on the framework agreement to identify the most competitive offering for the Council's requirements, and to ensure that the providers would be in a position to mobilise resources to meet those requirements.

The report concluded that additional requirements that Directors identified to the report author as being required to support delivery of their Services, covered a number of common themes, and in order to address these requirements, access to all Buying Solutions, Procurement Scotland and Improvement Service Frameworks would be available, providing the protocol outlined was followed. In each instance a fast track 'mini competition' between the approved providers on each framework list could be facilitated, where necessary, once the specification and scope of need was ascertained.

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The report recommended:-

that the Committee:-

- (a) approve the action taken by the Head of Procurement to ensure that use of the identified national framework agreements are in full compliance with EU Regulations, Council Standing Orders and Financial Regulations;
- (b) agree the suspension of Standing Orders 75 and 76 to the extent necessary to permit the delegation of powers, to allow the use of the Office of Government Commerce (Buying Solutions), Scottish Government (Procurement Scotland) and the Improvement Service framework agreements, to Service Directors in consultation with the Head of Procurement and Head of Legal and Democratic Services; and
- (c) to instruct that the Head of Procurement administer the central database of approved framework agreements.

The Committee requested clarification in relation to the use of the Standing Orders as detailed above, and the Legal Manager (Policy and Advice) advised that Standing Orders 75 and 76 were no longer in use further to a recent review of the Procurement Standing Orders.

The Committee resolved:-

- (i) to approve recommendations (a) and (c) as detailed above;
- (ii) to agree that the relevant Standing Orders be suspended (if required) to the extent necessary to permit the delegation of powers to allow the use of the Office of Government Commerce (Buying Solutions), Scottish Government (Procurement Scotland) and the Improvement Service framework agreements, to Service Directors in consultation with the Head of Procurement and Head of Legal and Democratic Services, and in consultation with the Convener of this Committee; and
- (iii) to request, in relation to the Procurement Standing Orders that were being reported to the Council meeting of 30 June, 2010, that the Legal Manager (Policy and Advice) makes explicit the use of the suspension of Standing Orders to utilise the use of framework contracts.

REQUEST FOR AUTHORITY TO PROCURE OCCUPATIONAL THERAPY EQUIPMENT (CG/10/106)

32. The Committee had before it a report by the Director of Corporate Governance which requested authority for officers to conduct tender exercises for the provision of general Occupational Therapy (OT) equipment.

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The report outlined the legislation that required the Council to provide and maintain OT equipment; detailed the range of OT equipment that the Council required; and concluded that it was the intention of officers to pursue collaborative tender exercises with public sector partners in order to maximise buying power and improve value for money.

The Committee resolved:-

to instruct the Central Procurement Unit to conduct competitive tendering exercises in line with the Council's Standing Orders, Financial Regulations and European Union legislation, for the provision of Occupational Therapy equipment.

REVIEW OF CASH HANDLING ARRANGEMENTS (CG/10/103)

33. The Committee had before it a report by the Director of Corporate Governance which outlined the review of the Council's cash handling arrangements that was currently being undertaken.

The report proposed that due to cash handling being expensive, that the Council no longer provided a city centre cash office, but outlined that customers could still make cash payments at Customer Access Points in Mastrick, Kincorth and Woodside, at Paypoint outlets and Post Offices within the city, and at Aberdeenshire Council outlets. The Council was encouraging customers to pay by Direct Debit, electronic payment (through the website or telephone) or payment card.

The report further proposed that the cash payment service located at the Podium, be not transferred to Marischal College; but confirmed that there would be some cash payment facilities available at Marischal College, including those currently located at The Point.

The Committee resolved:-

- (i) to agree that the cash offices at Bucksburn and Peterculter cease to operate as such with effect from 1 April, 2011 to meet the proposed aim of rationalising the Registrar function within Aberdeen;
- (ii) to agree that no 'physical cash' in relation to rent or Council Tax payments will be accepted at Marischal College; and to note that this would also extend to smaller volumes such as business rates and sundry debts;
- (iii) to instruct that the Head of Finance, the Head of Housing and Community Safety and the Head of Customer Service and Performance examine the options as to whether, in terms of best value, the cash office at Tillydrone should remain open, given the development of the Customer Access Point at

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Woodside.

- (iv) to instruct that a report be submitted at the meeting of 28 September, 2010, outlining progress and confirming the savings to be achieved as a result of this proposed reconfiguration.

INFOSMART FINANCE – CREDITORS PROCESSING (CG/10/104)

34. With reference to article 11 of the minute of its meeting of 28 January, 2010, the Committee had before it a report by the Director of Corporate Governance which updated members on the progress on the creation of a centralised Finance Processing Team (FPT).

The report advised that work had been finalised in relation to the matching pool for the FPT, and it was now clear that due to variances in the information originally provided in 2009, and the recent exercise undertaken for the matching pool, that the number of full time equivalent posts could be reduced from the preliminary figure of twenty five, to sixteen. Staff had now been advised if they had been allocated a job within the FPT, and the team would take up their posts on 1 July, 2010.

The report continued that the rollout of Infosmart across Services would be carried out in a staggered four week rolling plan as follows: Education, Culture and Sport Service – to be completed 23 June; Housing and Environment Service – to be completed 9 July; Office of Chief Executive – to be completed 16 July; Corporate Governance Service – to be completed 23 July; Social Care and Wellbeing Service – to be completed 16 August; and Enterprise, Planning and Infrastructure Service – to be completed 23 August.

The Committee resolved:-

to note the content of the report.

In accordance with the decision taken under article 1 of this minute, the following items were considered with the press and public excluded.

In terms of Standing Order 32(1), the Convener invited Councillors Allan and Donnelly to join the meeting for the following item of business only, in their capacity as local members.

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TULLOS SWIMMING POOL – INTERNAL WORKS (ECS/10/048)

35. The Committee had under consideration, upon a remit from the Education, Culture and Sport Committee, (article 16 of the minute of meeting of 27 May, 2010 refers), a request from that Committee to consider urgent funding from the Capital Plan to carry out works to the interior of the Tullos Swimming Pool building in order that it could be brought back to the standard required for use by the general public.

The report which had been considered by the Education, Culture and Sport Committee, had again been circulated to the members of this Committee who also had a copy of the minuted article containing the terms of that Committee's resolution which was to note the progress with work to make Tullos Swimming Pool safe and water tight and the likely costs and implications of the water damage to the building interior. Also circulated to the Committee was a letter to the Convener from Torry Community Council which expressed its dissatisfaction at how the project to repair the Swimming Pool had been handled; brought to the attention of the Committee the lack of swimming pool provision in the south of the city; and highlighted that Tullos Swimming Pool was one of very few shallow pools in the city.

Members expressed their concern that not enough detail was included within the report, and questioned why the repairs had not been carried out at a much earlier date. Councillor Allan presented to the Convener, a petition signed by over 100 people intimating their concern at the threat of closure of Tullos Swimming Pool.

At this point the Convener alluded to the fact that the Service Committee was requesting capital funding in order for the repairs to be undertaken, and expressed his concern in this regard, intimating that Service Committees should be taking ownership of their Non Housing Capital Programmes, and reprioritising their budgets to take account of urgent matters such as this case. He emphasised that there was no leeway in the Capital Plan of Council.

The Committee resolved:-

- (i) that the matter be referred back to the Education, Culture and Sport Committee in order that members may consider the matter as part of a review of the Non Housing Capital Programme for that Service; and
- (ii) to request the Audit and Risk Committee to investigate the matter of the internal works on Tullos Swimming Pool, particularly the costs, delays and inadequate reasoning provided to members in this regard.

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INTEGRATED DRUG SERVICE, TIMMER MARKET SITE – CAPITAL CONTRIBUTION (SCW/10/073)

36. The Committee had under consideration, upon a remit from the Social Care and Wellbeing Committee (article 15 of the minute of meeting of 3 June, 2010 refers), the report to that Committee by the Director of Social Care and Wellbeing relating to the building and future joint operation with National Health Service Grampian of an Integrated Drug Treatment and Rehabilitation Centre on the Timmer Market site in the Castlegate (former Justice Street car park). The resolution of the Social Care and Wellbeing Committee was to approve the report recommendations which included an instruction that the report be referred to this Committee for consideration of the legal implications in drawing up a formal agreement between the Council and NHS Grampian. Also before the Committee was the minuted article of the Social Care and Wellbeing Committee meeting.

The Committee resolved:-

that authority be delegated to the Director of Corporate Governance, the Director of Social Care and Wellbeing and the Head of Legal and Democratic Services, in consultation with the Convener of this Committee and the Convener of the Social Care and Wellbeing Committee, to resolve this impasse and bring the matter to a satisfactory conclusion.

GLASHIEBURN FLOOD PREVENTION SCHEME (EPI/10/156)

37. The Committee had under consideration, upon a remit from the Enterprise, Planning and Infrastructure Committee (article 27 of the minute of meeting of 31 May, 2010 refers), a request from that Committee to consider additional capital funding necessary to progress the works required to complete the Glashieburn Flood Prevention Scheme. An updated version of the report by the Director of Enterprise, Planning and Infrastructure which was before the meeting on 31 May, 2010, was circulated, as was the minuted article from the said meeting which contained a request that officers submit an updated report to this Committee detailing all negotiations and agreements made to date.

The Committee resolved:-

that the matter be referred back to the Enterprise, Planning and Infrastructure Committee in order that members may consider the matter as part of a review of the Non Housing Capital Programme for that Service.

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**MANAGED DATA CENTRE AND VIRTUAL DESKTOP ENVIRONMENT
(CG/10/122)**

38. Reference was made to article 30 of the minute of its meeting of 28 January, 2010, whereby members agreed to proceed to a formal tender for a Managed Data Centre and further to tender for the delivery of a Virtual Desktop Environment. The report before members on this day provided an update on the latest position.

The report advised that an initial pre qualification questionnaire had been issued to the market through the Official Journal of the European Union, following which, the Council had identified six companies of those who had responded, who were found to be capable of satisfying the project requirements, and had issued an Invitation to Tender (ITT) document to these companies. The report continued that responses to the ITT were to be submitted to the Council by 15 June, 2010 and a five person evaluation team had been established to carry out an evaluation of the responses. It was hoped that the scoring for all submissions could be completed by early July, 2010.

The report explained that the Council had provided the tenderers with significant details of its ICT estate, but that a further due diligence process would require to be undertaken by the preferred tenderer (prior to the contract being awarded) to validate the Council's ICT estate and confirm the scope of work. The preferred tenderer would install monitoring software on existing Council servers for a period of time to produce detailed statistics on hardware functions, capacity and storage. The report highlighted that this approach would mitigate the risk of unforeseen future cost to the Council, and further limit the risk of procurement challenge from companies who were unsuccessful during the tender process. It was further explained that it was not feasible to ask all tenderers to undertake this type of due diligence process, as this was operationally unrealistic and brought about risk in terms of data corruption and unnecessary disruption to the operational performance of hardware and systems. The report concluded that if the preferred tenderer's due diligence process was not recorded as successful, the Council would approach the next tenderer in line, until a tenderer's due diligence was recorded as successful.

The Committee resolved:-

- (i) to note the progress of the procurement process initiated following authorisation granted at its meeting of 28 January, 2010; and
- (ii) to grant delegated authority to the Director of Corporate Governance, the Head of Legal and Democratic Services, the Head of Finance, and the Head of Procurement, in consultation with the Convener of this Committee, to award a contract, within the approved budget, to the preferred tenderer for the provision of a Managed Data Centre and the implementation of the

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Virtual Desktop Environment, following an evaluation of tenders, and subject to a successful due diligence exercise being undertaken.

TOWN CENTRE REGENERATION FUND – WIFI CCTV EXPANSION TO MASTRICK, ROSEMOUNT, CULTS AND PETERCULTER (H&E/10/063)

39. Reference was made to article 20 of the minute of meeting of the Enterprise, Planning and Infrastructure Committee of 23 February, 2010, when that Committee had agreed (1) to approve the works detailed within the report be carried out; (2) to approve costs being aligned to existing budgets where similar works had been authorised, on condition that these would be reimbursed by the Town Centre Regeneration Fund (TCRF) funding; (3) to approve the formalisation of a project team to monitor and coordinate the works associated with the grant; and (4) to request that the Director of Corporate Governance write to Scottish Ministers confirming that the funds would be utilised in this way, as required by the funding rules. The Committee had before it on this day, a report by the Director of Housing and Environment which provided an update on the CCTV Wireless Mesh Network project.

The report explained that the planned extension to Rosemount, Mastrick, Cults and Peterculter was based on replicating and expanding the CCTV system currently in place in Torry, which transmitted signals to Grampian Police CCTV control room; provided an update on the current situation; and outlined the works that were still outstanding.

The Committee resolved:-

- (i) to approve the suspension of Standing Order 1(6)(ii) – General Contracts for Works, Goods and Services; and
- (ii) to provide delegated authority to officers to negotiate a works contract with Aberdeen Technical to install and commission the CCTV element of the Town Centre Regeneration Project.

DECLARATIONS OF INTEREST

Councillors Crockett and John West declared interests in the subject matter of the following article by virtue of their positions on the Citizens' Advice Bureau Board of Directors. Both Councillors withdrew from the meeting during consideration of the matter.

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CITIZENS' ADVICE BUREAU – DEBT ADVICE SERVICES

40. With reference to article 34 of the minute of its previous meeting, the Committee had before it a report by the Director of Housing and Environment which proposed an option for the procurement of the debt advice services currently provided on behalf of the Council by the Aberdeen Citizens' Advice Bureau (CAB).

The report provided a synopsis of the advice received by officers in Legal Services on the procurement options; and presented to members, a proposed course of action.

The Committee resolved:-

- (i) to instruct the Director of Housing and Environment, in conjunction with the Director of Corporate Governance, to issue a notice of termination to Aberdeen Citizens' Advice Bureau for debt advice services, with the termination date being 31 March, 2011;
- (ii) to instruct the Director of Housing and Environment, in conjunction with the Director of Corporate Governance, to issue a tender for the provision of services currently provided by Aberdeen Citizens' Advice Bureau, namely (a) debt counselling services; and (b) heritable court advice and representation, as two separate lots, the contract for which should commence on 1 April, 2011; and
- (iii) to instruct the Director of Housing and Environment, in conjunction with the Director of Corporate Governance, to prepare a robust service level agreement as part of the procurement process which would allow for a direct comparison of the inhouse debt advice service against that provided by the external provider to help inform any future decisions about how these services are best delivered in future.

ST NICHOLAS SITE – LEAKED REPORT – UPDATE

41. With reference to article 48 of the minute of its previous meeting, the Committee heard from the Legal Manager (Policy and Advice), who provided an update on progress made in relation to the ongoing investigation on the leaking of the report on St Nicholas House Site (article 35 of the minute of meeting of this Committee of 12 November, 2009 refers). Ms Donnelly advised that the Standards Commission had been contacted, as instructed at the previous meeting, and the Commission had advised that, whilst those Councillors who declined to be interviewed could be referred on the grounds of disrespect by members towards the Monitoring Officer, the Commission would encourage local authorities to deal with matters such as this in consultation with the Group Leaders.

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The Committee resolved:-

to refer this matter to the Leadership Board for consideration, and that if there was no resolution, to refer the members in question to the Standards Commission.

TOWNSCAPE HERITAGE INITIATIVE – VERBAL UPDATE

42. Reference was made to article 38 of the minute of its previous meeting of 11 May 2010, and the detailed update provided by the Director of Enterprise, Planning and Infrastructure on the progress of the works being carried out to The Green area of the city centre under the Townscape Heritage Initiative and also on the concerns about access and disruption raised by local businesses affected by the works. The resolution of the Committee at the said meeting was (1) that the Convener and the Leader of the Council meet with the contractors at a very early date to discuss the situation and to progress matters to a more satisfactory level; and (2) that the Director of Enterprise, Planning and Infrastructure be instructed to prepare a report on the project management of the contract for works at The Green, to be considered by the Enterprise, Planning and Infrastructure Committee and, if necessary, in that Committee's view, also by the Audit and Risk Committee. The Committee at this point heard the Head of Planning and Sustainable Development who advised that the works would be substantially completed by the end of July, 2010, and that businesses in the area were on the whole content with this, as the area would be accessible to pedestrians. Ms Bochel further advised that there was a water leak on Carmelite Street and that Scottish Water had a legal right to undertake remedial work at their discretion, although they were required to reinstate the footways to their present standard.

The Committee resolved:-

- (i) to request that officers write to Scottish Water expressing concern about the leak at Carmelite Street, in particular with regard to the timing of repair works;
- (ii) to instruct that officers ensure that the footways on Carmelite Street affected by the remedial works are reinstated to their present standard by Scottish Water; and
- (ii) to note the update as provided by the Head of Planning and Sustainable Development.

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CORPORATE ASSET MANAGEMENT PLAN (CG/10/107)

43. Reference was made to article 39 of the minute of meeting of the Committee's previous meeting, at which time there was under consideration the latest report relating to the upgrading of the Council's Corporate Asset Management System by replacing the current stand alone system with a corporate solution. The Committee now had before it a further report on the matter by the Director of Corporate Governance.

The report before members provided some background information related to the project which had as its main aim the replacement of stand alone systems with a corporate solution. As regards the Non Housing Property Module, the report provided an indication of the progress made as at 7 May, 2010, as a result of which it was stated that work on the link to e-financials was due to be completed by the end of June, 2010. The current situation as regards staff training in the new system was outlined within the report which also identified the next steps as follows: (1) the Non Housing Property Module link to e-financials to allow invoicing and rents to be processed, was scheduled for completion in June, 2010; (2) work would commence on the Trees Module to enable the Council to record details on all the trees within the city, which would support and link to the 'A Tree for Every Citizen' planting programme; and (3) mobile device replacement was currently being investigated by the Worksmart Project to ensure that any devices purchased will be fit for purpose and deliver Best Value.

The Committee resolved:-

- (i) to note the progress made to date in replacing the existing stand alone systems with the Corporate Asset Management System (CAMS); and
- (ii) to instruct the Director of Corporate Governance to report back to this Committee on 28 September, 2010, regarding further progress.

**CULTER GROUNDS DEPOT SITE AND RUTHRIESTON DEPOT SITE
(EPI/10/168)**

44. Reference was made to (1) article 29 of the minute of meeting of this Committee of 17 September, 2009, and (2) article 26 of the minute of meeting of this Committee of 28 January, 2010, at which times instructions were given to appropriate officers to advertise for sale on the open market, the Council depot sites at Culter and Ruthrieston, both of which had been declared surplus to Council requirements and neither of which were required or considered suitable for use by another Council Service. The Committee now had before it a report by the

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Director of Enterprise, Planning and Infrastructure which advised of the outcome of the marketing exercise in each case.

The report contained brief descriptions of each site and outlined the process that was gone through by the Council in reaching the stage where the sites were declared surplus. The outcome of the marketing exercise in respect of each property was provided within the report, which also contained an assessment of the offers received by the Council's external property contractors.

The Committee resolved:-

- (i) to instruct that the highest offers received for the former Culter Grounds Depot and the Ruthrieston Environment Site (being those submitted by Messrs. Gray and Gray on behalf of Peterhead Land Company Limited (Culter) and Messrs. Paull and Williamsons on behalf of Relsha Limited (Ruthrieston)), be accepted;
- (ii) to instruct that the Head of Legal and Democratic Services conclude missives for the sale of these properties, incorporating various qualifications as are necessary to protect the Council's interests; and
- (iii) should the highest offer accepted for the former Ruthrieston Environment Depot not achieve the necessary planning permission required, to authorise the Head of Asset Management and Operations, firstly, to enter into negotiations on any proposed amendment to the sale price and, secondly, if required, to readvertise the property on the open market subject to reporting further thereon to this Committee, on the actions taken.

DECLARATION OF INTEREST

The Vice Convener declared an interest in the following article by virtue of his position as Director of Castlegate Arts, and advised that this was not a Council appointed position. The Vice Convener did not feel it was necessary to withdraw from the meeting during consideration of the article.

31/33 KING STREET - CASTLEGATE ARTS (EPI/10/172)

45. The Committee had under consideration a report by the Director of Enterprise, Planning and Infrastructure which advised of an approach by the Council's tenants, Castlegate Arts Limited, of the Aberdeen Arts Centre building at

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31/33 King Street, Aberdeen, seeking the Council's approval as Landlords to a variation of the existing lease terms and conditions.

The report made reference to the basic terms and conditions of lease between the Council and Castlegate Arts Limited relative to the Aberdeen Arts Centre, entered into in January, 2000; referred also to the reason for the request by the tenants, which was contained in a letter dated 1 March, 2010 appended to the report; and contained an assessment by the Head of Asset Management and Operations, of the detail of the changes being sought.

The Committee resolved:-

- (i) to approve the extension of the existing lease with Castlegate Arts Limited for a further twenty years beyond its current termination date (to 24 January, 2045), on terms and conditions otherwise identical to those contained in the existing lease; and
- (ii) to reject the proposal put forward by Castlegate Arts as regards the removal of the tenants repairing liability (building fabric and condition) from the lease.

**101 GEORGE STREET, ABERDEEN – EXTENSION OF SUB LEASE
(EPI/10/178)**

46. Reference was made to article 59 of the minute of meeting of the former Resources Management Committee of 10 March, 2009, at which time it was agreed to sub lease 101 George Street, Aberdeen, to the Board of the Third World Centre (Fairtrade Goods), who had been required because of ongoing refurbishment works to vacate their then premises within St. Nicholas Kirk (St. Mary's Chapel). The Committee now had before it a report by the Director of Enterprise, Planning and Infrastructure which advised with regard to the receipt of a request from the Third World Centre, that their sub lease of the premises at 101 George Street, Aberdeen, be extended for a further two years on the same terms and conditions.

The report before members (1) advised with regard to the current terms and conditions under which the Third World Centre lease the premises at 101 George Street from the Council, who themselves are tenants of the property under a Head Lease; (2) made reference to the request received for an extension, a copy of the letter from the Chair of the Third World Centre being attached to the report; (3) outlined the financial and other implications for the Council of acceding to the request; and (4) concluded with an assessment by the Head of Asset Management and Operations of the wider situation as regards alternative premises for the Third World Centre.

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The Committee resolved:-

- (i) to reject the Third World Centre's request to be granted a further two year sub lease of the property at 101 George Street, on identical terms and conditions to their existing sub lease;
- (ii) to instruct the Head of Asset Management and Operations to advertise the Council's interest in the shop for sub lease, for the period after 31 March, 2011; and
- (iii) to instruct the Head of Legal and Democratic Services to formally conclude such a sub lease, on terms and conditions as are necessary to protect the Council's interests.

KIRKTON AVENUE, DYCE (0.74 ACRE SITE) – FUTURE USE (EPI/10/177)

47. Reference was made to article 39 of the minute of its meeting of 10 December, 2009, at which time there was under consideration a report by the Director of Enterprise, Planning and Infrastructure which advised of the receipt of a request to buy an area of Council owned ground extending to some 0.74 of an acre at Kirkton Avenue, Pitmedden Road Industrial Estate, Dyce. The resolution of the Committee at the time was to instruct the then Head of Resources Development and Delivery to enter into negotiations with the prospective purchasers and to report further in due course. The Committee now had before it the further report requested.

The report before members advised of the outcome of the provisional negotiations and outlined the basis upon which the prospective purchase price was arrived at; advised also of the opposition expressed by local roads officials to the creation of any access to the site from Dyce Drive, for road safety reasons; and confirmed that the view of the Head of Planning and Sustainable Development was that any change of use from amenity land to industrial use would require to be the subject of a grant of planning permission.

The Committee resolved:-

- (i) to approve the proposed sale on the basis outlined within the report; and
- (ii) to instruct the Head of Asset Management and Operations together with the Head of Legal and Democratic Services to formally conclude the sale.

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UNIT 5, TILLYDRONE SHOPPING CENTRE (EPI/10/176)

48. The Committee had under consideration a report by the Director of Enterprise, Planning and Infrastructure relative to a request received from the Tillydrone Community Council, who currently occupied space at the Portal Centre from which they run two projects, that they be permitted to lease Unit 5 at the Tillydrone Shopping Centre at a nominal rent in order that these projects may continue should the Portal Centre close down.

The report (1) provided an overview of the situation at the shopping centre where three units, including Unit 5, have been vacant for some time; (2) alluded to the concern on the part of Tillydrone Community Council that the Portal Centre was unlikely to remain open and available to it much longer; (3) advised with regard to the funding arrangements surrounding Community Councils and their inability in the present case to pay a commercial rent for the premises sought; (4) highlighted the financial advantage for the Council of letting the vacant unit, even at a nominal rent; (5) made reference to changes introduced with effect from 1 June, 2010, under the Disposal of Land by Local Authorities (Scotland) Regulations 2010, which substantially altered the need to obtain consent from the First Minister in cases where property is disposed of for less than the best possible consideration and the implications of those changes in relation to the situation under consideration; and (6) concluded that a lease as proposed in terms of the report would no longer require Scottish Government consent.

The Committee resolved:-

- (i) to approve the request by Tillydrone Community Council to lease Unit 5 at Tillydrone Shopping Centre for an initial period of one year at a rent of £1 per annum; and
- (ii) to instruct the Head of Asset Management and Operations and the Head of Legal and Democratic Services to conclude a lease with the Community Council.

QUEEN'S LINKS OUTDOOR SPORTS CENTRE (EPI/10/179)

49. Reference was made to article 41 of the minute of the Committee meeting of 10 December, 2009, at which time there was under consideration a report by the Director of Enterprise, Planning and Infrastructure regarding the interest expressed by Transition Extreme Sports Limited as tenants of the immediately adjacent area of ground at Queen's Links, in leasing the site of the former Queen's Links Outdoor Sports Centre which the Council had now declared surplus to requirements. The resolution of the Committee at that time, having considered Transition Extreme

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Sport's (TES) proposals for the site, was to agree the granting of a new long term lease of the former outdoor sports centre site to TES, on similar terms and conditions to those currently in place for the adjacent site at Queen's Links but subject to the receipt of confirmation that appropriate loan funding from Social Investment Scotland had been received by 31 March, 2010 and also that the financial stability of TES had been evidenced to the Council's satisfaction. In the event that the conditions imposed were not purified by the due date, appropriate Council officers were instructed to advertise the outdoor centre site as being available for lease for any use capable of achieving planning permission. The Committee had now before it a further report on the matter by the Director of Enterprise, Planning and Infrastructure.

The report (1) made reference to the decision taken by the Committee at its meeting of 10 December, 2009, and advised that TES had been unable to purify either of the conditions imposed although it had provided an explanation as to why the timeframe of 31 March, 2010 had not been met; (2) outlined the current situation as regards engagement with Scottish Enterprise, the carrying out of an activity feasibility study and meetings with planning and building consultants to commence discussion on the physical site preparation and planning; (3) gave an indication of the progress made as regards an application to Social Investment Scotland (SIS) for grant funding support; and (4) referred to the existing relationship between TES and SIS who already regard TES as an award winning social enterprise and youth charity. On the matter of satisfying the Council of its financial stability, the report confirmed that TES had provided the Council with audited accounts for the year ending March, 2009 and cash projections for 2010 and 2011, together with other financial data which were currently being assessed by the Head of Finance. By way of additional information relating to the future use of the former outdoor centre at the Queen's Links, the report made reference to a second unsolicited approach received which involved a use similar to the proposals being put forward by TES and in respect of which the Council may wish to pursue in the event that TES are unable to raise the finance that they require to take their plans forward.

The Committee resolved:-

- (i) to grant Transition Extreme Sports Limited an extension to its previous deadline of 31 March, 2010, until 30 September, 2010, to confirm receipt of appropriate loan funding from Social Investment Scotland and to evidence its financial stability to the Council;
- (ii) that in the event that the appropriate confirmation and evidence is produced by the new deadline, to instruct the Head of Legal and Democratic Services to formally conclude a lease on similar terms and conditions to those pertaining to its ground lease of the adjacent site (rent at £1 per annum etc) until 29 March, 2047 and subject to such other terms and conditions as are

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- felt necessary to protect the Council's interests;
- (iii) that in the event that Transition Extreme Sports Limited cannot either obtain appropriate loan funding or evidence its financial stability by 30 September, 2010, to authorise the Head of Asset Management and Operations, if appropriate, to advertise the Queen's Links Outdoor Centre for lease on the open market for any use capable of achieving planning permission; and
 - (iv) that in the event that the provisions referred to at (iii) above come to pass, it be remitted to appropriate officers to report back to a future meeting of the Committee on the responses received to the advertising process.

8 LINKSFIELD PLACE, ABERDEEN (EPI/10/174)

50. The Committee had under consideration a report by the Director of Enterprise, Planning and Infrastructure regarding the Council owned building at 8 Linksfield Place, Aberdeen, which was held on the Social Work Account and currently in use, without the benefit of a formal lease, for a social service purpose.

The report contained a description of the property and a plan showing its extent and location; advised with regard to the current use which although in place for a number of years was not supported by a formal lease agreement; provided an outline of the extent to which the property is utilised by the voluntary organisation in question; and indicated the basis of the lease agreement being proposed. The current cost to the Social Care and Wellbeing budget, which would pertain notwithstanding the introduction of a formal lease, was also highlighted within the report.

The Committee resolved:-

- (i) to approve in principle the lease of 8 Linksfield Place, Aberdeen to Alcoholics Anonymous on the basis of the provisionally agreed terms and conditions outlined; and
- (ii) to instruct the Head of Legal and Democratic Services to formally conclude the lease as agreed and otherwise on terms and conditions required to protect the Council's interests.

STAFF (TIED) HOUSES (EPI/10/175)

51. Reference was made to the minute of meeting of the Audit and Risk Committee of 8 September, 2009 (article 5 refers) whereby members instructed that each Director report back to their Service Committees detailing how many tied

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houses were still in existence, where they were located, and further providing a justification for the houses remaining as tied. It was further instructed that this Committee take a corporate overview of the reports to the Service Committees in this regard. The relevant extracts having been considered at all Service Committees, the Committee had before it on this day the report requested back at the aforementioned meeting of the Audit and Risk Committee.

The report explained that the Head of Asset Management and Operations had responsibility for the ownership and management of 51 staff houses, of which three had been identified by the Service Committees as being required to remain as tied properties, and presented a number of options in respect of the future management of the tied houses.

The Committee resolved:-

- (i) to instruct that any houses currently vacant, and any other houses that become vacant in the future and which are identified as not being required for future use as staff houses, are withdrawn from the staff houses stock and declared surplus to requirements, and to authorise the Head of Asset Management and Operations, in relation to such houses, to follow the adopted procedure for dealing with surplus vacant properties, by circulating their availability to all Council Services and Partners; if no interest is expressed, he would then submit reports to future meetings of this Committee to consider their disposal on the open market; if any houses which adjoin or are adjacent to other Council properties earmarked for closure become vacant, then, pragmatically, consideration should be given to departing from the above procedure so that such a vacant house could be combined with the earmarked vacant property for a joint disposal;
- (ii) to instruct the Head of Asset Management and Operations to consult the tenants of the staff houses on various appropriate issues that may affect their future occupancy, including the proposal to remove the rental discounts currently applying and to increase the rents payable by them to the levels of the prevailing Housing Revenue Account rents, as detailed within the report, and to report back to this Committee on 28 September, 2010 with the outcome of that consultation;
- (iii) to instruct, in terms of any houses affected by the 3Rs Project or the closure of adjoining Council properties, where it is agreed that there is no future requirement for a house to be included with the adjoining property for joint disposal, that the Head of Asset Management and Operations consults the tenants of each house adjoining such a property without commitment, on whether (a) they would wish to purchase the house at a market value, or at the appropriate reduced value (should the Right to Buy apply in that case), or (b) would wish the house, and, therefore, their tenancy, to possibly transfer to the Housing Revenue Account, subject to the matter being

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- referred to the Housing and Environment Committee at the appropriate time for its consideration; and to report back to this Committee with the outcome of that consultation;
- (iv) to authorise the Head of Asset Management and Operations, in terms of those houses currently occupied by retired non janitor staff, and where the tenant has transferred to the 3Rs operating company, together with any other such situations arising in the future, to take or instruct all necessary legal action in order to secure vacant possession of the houses in question, with the adopted procedure for dealing with surplus vacant properties thereafter being followed in relation to such houses;
 - (v) to instruct the Head of Asset Management and Operations to submit a report to a future meeting of the Housing and Environment Committee regarding the feasibility of appropriate staff houses being transferred to the Housing Revenue Account in the future;
 - (vi) to instruct that the Head of Asset Management and Operations, in consultation with the Head of Legal and Democratic Services, review the staff house leases with a view to ensuring they comply with relevant statutory provisions; and
 - (vii) to refer this report to the meeting of the Audit and Risk Committee of 21 September, 2010 for its information.

RETAIL ROCKS (EPI/10/132)

52. With reference to article 24 of the minute of its meeting of 28 January, 2010, the Committee had before it a report by the Director of Enterprise, Planning and Infrastructure which updated members on the progress of the implementation of the Retail Rocks initiative.

The report advised on progress as follows (1) the installation of new CCTV was 85% complete; (2) the installation of new street lighting was 90% complete; (3) the Enterprise, Planning and Infrastructure Committee of 31 May, 2010 had approved the completion of a parking and traffic survey for revisions to the parking regime for the Torry central area (article 18 of the minute refers); (4) the assembly of project and franchise documentation was in the process of being finalised; and (5) Ryden (the Council's agent) had agreed acceptable purchase prices, based on fair market value, for all but one of the properties targeted for acquisition.

The report continued to provide an update on the progress with regards setting up an arm's length organisation, Retail Rocks Aberdeen Limited; requested that members agree the composition of the proposed new Board, providing two options in this regard; and advised of prospective Directors' statutory responsibilities.

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The report provided a breakdown of acquisition and technical costs in relation to the structural refurbishment of the two tenements owned by the Council at 24 and 30 Menzies Road; and concluded by detailing the timescales associated with the project. Appended to the report was a chart identifying stakeholders in the Retail Rocks project, how they related to each other, and the project documentation required.

The Committee resolved:-

- (i) to note the progress to date on key aspects of the project including (1) property identification and development of costs for refurbishment; (2) promotion of multi sector partnership working; (3) development of the competition framework within a franchise agreement; and (4) support for the wider business community in Torry Town Centre including CCTV, street lighting and revised parking and traffic management;
- (ii) to agree to the incorporation of Retail Rocks Aberdeen Limited, and to instruct that the overall composition of the Board be five Directors including two administration Councillors (namely Councillors Corall and Fletcher) and one opposition Councillor (to be agreed outwith this meeting), and to authorise the Head of Legal and Democratic Services to sign all appropriate documentation;
- (iii) to note that Retail Rocks Aberdeen Limited would be a wholly owned, limited guarantee company, established at arm's length to the Council;
- (iv) to note that an additional £50,000 budget provision would be made available from within the current total Enterprise, Planning and Infrastructure budget for 2010/2011 for the completion of the Retail Rocks project to cover (a) additional unforeseen costs associated with the property acquisition, (b) refurbishment and associated legal costs, (c) the creation of a new arm's length company, Retail Rocks Aberdeen Limited, and (d) community engagement linked to the formal announcement of the competition at the Torry Gala to be held on 19 June, 2010;
- (v) to approve the estimated costs for construction works as prepared by technical officers in the Housing and Environment Service, and to seek open competitive tenders in line with financial regulations;
- (vi) to note the revised project timescales, and to authorise officers to negotiate revisions to the programme dates as identified in the original Town Centre Regeneration Fund award with the Scottish Government; and
- (vii) to instruct that a progress report be submitted on this project at the meeting of this Committee on 28 September, 2010.

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DECLARATIONS OF INTEREST

Councillor Dunbar declared a potential pecuniary interest in the subject matter of the following article, and withdrew from the meeting prior to consideration of the matter.

The Convener declared an interest in the same article by virtue of his position as a member of the Grampian Joint Police Board. The Convener advised that he had at no stage discussed this matter at a meeting of the Grampian Joint Police Board, and therefore would remain in the meeting. Councillor John West declared an interest by virtue of his position as substitute member of the Grampian Joint Police Board and also confirmed he had not taken part in any discussion of this matter at any meeting of the Board, and therefore would also remain in the meeting.

SUMMERHILL – MARKETING EXERCISE (EPI/10/167)

53. Reference was made to article 49 of the minute of meeting of this Committee of 17 September, 2009 whereby it was agreed to appoint Graham and Sibbald as external property advisers in relation to the sale and marketing of the Summerhill Education Centre. The report before members on this day advised that the site had been placed on the market in early 2010, with a closing date for offers of 27 April, 2010. Eight offers had been received, and details of these offers were circulated to members at the meeting, along with the financial implications of each offer and recommendations as to the proposed way forward.

The Committee resolved:-

- (i) to accept the highest scoring offer for the site, identified as offerer A in appendix 1 (as circulated at the meeting), as the preferred bidder;
- (ii) to instruct officers to conclude missives for the sale of the property, incorporating all qualifications as necessary to protect the Council's interests; and
- (iii) to instruct the Head of Asset Management and Operations to report further to this Committee on the actions taken by officers, including the complete financial settlement from the disposal of the property and the costs associated with relocating all the existing uses.

- COUNCILLOR KEVIN STEWART, Convener.

Agenda Item 3.2

LORD PROVOST SUB-COMMITTEE

ABERDEEN, 29th April 2010 – Minute of Meeting of the LORD PROVOST SUB-COMMITTEE. Present:- Lord Provost Peter Stephen, Chairperson; Depute Provost Dunbar; and Councillors Cooney, Donnelly (substituting for Councillor Wisely) and Malone.

Also in attendance:- Beverley Graham, Office of Chief Executive; Catriona Gilmour, Accountant, Corporate Governance; Bill Farquhar, Events Team, Enterprise, Planning and Infrastructure; Ciaran Monaghan, Office of Chief Executive; and Vikki Cuthbert and Lynsey Davidson, Corporate Governance.

APOLOGIES

1. Apologies were intimated on behalf of John Johnstone, Paula Fullerton and Alasdair Ross.

MINUTE OF PREVIOUS MEETING

2. The Sub-Committee had before it the minute of its previous meeting of 4th February, 2010.

The Sub-Committee resolved:-

to approve the minute as a correct record.

MATTERS ARISING

3. (A) Lord Provost Robes

With reference to item 3, the Lord Provost advised that funding allocated from the civic hospitality budget in 2009/10 to the European Curling Championships had recently been returned to the Council and, in addition, a sum of £1500 had been gifted by the organisation to fund the replacement of the Lord Provost robes. It was also noted that, should any money be left over from this amount, it was to be allocated to the Lord Provost Charitable Trust.

The Sub Committee noted its sincere appreciation for this gesture.

(B) Replacement Boarding and Foam in Furniture

With reference to item 3, the clerk provided an update, and intimated that the seating in the Lord Provost's office had been assessed by the Facilities Management Team and costings as well as a contractor were being looked at for the restorative work.

BATTLE OF HARLAW WORKING GROUP MINUTE

4. The Sub Committee had before it for information, the minute of the meeting of the Battle of Harlaw Working Group on 15 March, 2010, for information.

The Lord Provost provided an update on the current work being undertaken by the Working Group and advised that any further progress would be reported to the Sub Committee in due course.

The Sub-Committee resolved:-

to note the minute

NOTICE OF MOTION BY COUNCILLOR DONNELLY, REFERRED BY FINANCE AND RESOURCES COMMITTEE OF 11 MARCH 2010

5. With reference to article 14 of the minute of the Finance and Resources Committee of 11 March, 2010, the Sub-Committee had before it a motion in the following terms by Councillor Donnelly:-

"This Council welcomes the Government's move to honour and celebrate The Queen's Diamond Jubilee in 2012 with a public holiday and weekend event, and calls on this Council to follow suit with a celebration in Aberdeen in recognition of The Queen's service to the people of the United Kingdom and Commonwealth and her 60 year leadership role within the international community of the free world".

Councillor Donnelly spoke in support of his motion.

The Sub-Committee had before it a background report, which provided a summary on the current situation, both nationally and locally in regards to celebrating the Queens Diamond jubilee in 2012.

The report advised that a statement had been made in the House of Lords in January, announcing the Government's proposals and initial plans to mark the Queen's Diamond Jubilee and in March, the First Minister confirmed that an additional Jubilee bank holiday be held on Tuesday 5 June and that the Scottish Government was currently working with the UK Government on plans for a series of events across Scotland.

The report also identified various other methods of celebration and noted that (1) the Government announced there would be a Jubilee medal struck, although it was too early to say who would receive it; (2) that competitions were to be run which would allow towns to become cities and for the Mayors or Provosts of existing cities to bid to become Lord Mayors or Lord Provosts and (3) that a decision had been taken to confer Royal Borough status on Greenwich.

Ciaran Monaghan outlined that when the Queen visited Aberdeen as part of the Golden Jubilee celebrations, it was as part of the national programme of activity and noted that confirmation was still to be received on the national programme for the Diamond Jubilee. As a result, Ciaran advised that it would be more worthwhile to report back to the Sub-Committee with ideas and suggestions for the commemoration once a national programme had been decided.

During discussion on the report, the following suggestions for local celebrations were made:-

- Inviting those born on the day of the Queen's accession to the throne for tea with the Lord Provost in the Town House

- Involving city schools in the design of a birthday card for the Queen
- Installing a piper at the entrance to the Town House on the day of the Queens Diamond Jubilee in 2012; and
- Holding a service of thanksgiving for the Queens life

The report recommended:-

that the Sub-Committee note the information provided and request that officers provide further reports on proposed activities and events for Aberdeen once the details of the Government's proposed arrangements for the Diamond Jubilee celebrations are known.

The Sub Committee resolved:-

to approve the recommendation.

CIVIC HOSPITALITY

6. (A) Financial Report

The Sub Committee had before it for information, the financial information for the Civic Hospitality budget for 2010/11 and 2011/12 and the Lord Provost Gift Fund Common good budget for 2010/11.

The Sub-Committee resolved:-

to note the information provided.

DECLARATION OF INTERESTS

Depute Provost Dunbar declared an interest in the following article (1) by virtue of Smithfield School being in her ward and (2) by virtue of her appointment to the Board of Grampian Police .

Lord Provost declared an interest in the following article due to being a patron of Aberdeen International Youth Festival.

Councillor Cooney declared an interest by virtue of his membership on the Board of Aberdeen International Youth Festival.

Councillor Donnelly declared a non-pecuniary interest as a Board Member of Aberdeen Citizens Advice Bureau. None of the members felt it necessary to leave the room during consideration of the item.

(B) Civic Hospitality Requests 2010/11

The Sub-Committee had before it various applications for the provision of civic hospitality for the financial year 2010/11.

The Sub Committee resolved:-

to approve the civic hospitality as follows:-

Occasion	Date of Event	Venue	Hospitality to be granted
Presentation to Boy's Brigade Queens's Men 2010	12 May 2010	Town and County Hall	Tea, Coffee, Juice and Sandwiches for 80
Grampian Pre Retirement Council AGM	1 June 2010	Committee Room 5	Tea, Coffee, Sandwiches and Biscuits for 30
UK/Norway Cross-Border Business Mentoring Scheme	1 June 2010	Maritime Museum	Wine/Juice and Fork Buffet and 50
Aberdeen Endowments Trust Centenary	3 June 2010	St Nicholas Room	Wine/Juice and Finger Buffet for 60
Smithfield School 60 th Anniversary	10 June 2010	Town and County Hall	Wine/Juice and Finger Buffet for 75
Grampian Police Long Service and Good Conduct Awards	14 June 2010	Beach Ballroom	Venue Costs only
Aberdeen Highland Games 50 th Anniversary	20 June 2010	Hazlehead Park	Wine/Juice and Finger Buffet for 150
Baltimore/Maryland Summer School	6 July 2010	St Nicholas Room	Tea, Coffee and Biscuits and Tour for 50
Aberdeen International Football Festival Launch	19 July 2010	Town and County Hall	Wine/Juice and Finger Buffet for 100
City of Aberdeen Bowling Tournament	24 July 2010	Westburn Park Lounge	High Tea for 100
Aberdeen International Youth Festival Opening	29 July 2010	Town and County Hall	Afternoon Tea for 100
Aberdeen International Youth Festival Farewell Party	6 August 2010	Beach Ballroom	Wine/Beer and Finger Buffet for 150, Free Soft Drinks for 400 (x3) and Wine/Beer/Beer Vouchers for 100 (x3)
Heads of University Centres for Biomedical Science	9 September 2010	Town and County Hall	Wine/Juice on arrival for 100
Robert Burns World Federation International	10 September 2010	Bruce Room	Tea, Coffee, Scones and Pancakes for 30

Conference			
Aberdeen Citizens Advice Bureau	13 September 2010	Town and County Hall	Tea, Coffee and Biscuits for 60
Conference of Peripheral Maritime Regions	30 September 2010	Beach Ballroom	Wine Reception and 3 Course Dinner for 500
Cornerstone Altonrea 25 th Anniversary	6 October 2010	Town and County Hall	Afternoon Tea for 70
VSA Annual General Meeting	13 October 2010	Town and County Hall	Tea, Coffee and Biscuits for 50
Aberdeen Civic Society Awards Ceremony	20 October 2010	Town and County Hall	Glass of Wine on Arrival, Tea/Coffee and Biscuits for 100
Aberdeen Funolympics	24 October 2010	Beach Ballroom	Soft Drinks, Finger Buffet and Disco for 110
Instant Neighbour 25 th Anniversary	3 December 2010	Town and County Hall	Sparkling wine and Juice on Arrival for 120

(C) Civic Hospitality Requests 2011/12

The Sub-Committee had before it one application for the provision of civic hospitality for the financial year 2011/12.

The Sub Committee resolved:-

to approve the civic hospitality as follows:-

Occasion	Date of Event	Venue	Hospitality to be granted
Aberdeen Grammar School Former Pupils Hockey Club Centenart	24 June 2011	Town and County Hall	Wine, Juice and Finger Buffet for 150

(D) Use of Delegated Powers

The Sub-Committee had before it for information, three applications for civic hospitality which had been agreed under delegated powers.

Occasion	Date of Event	Venue	Hospitality granted
Squarefest 2010 Dance Festival	29 April 2010	Beach Ballroom	Drink on Arrival for 310

Cultural Strategy Launch Conference	29 April 2010	Town and County Hall	Wine Reception and Canapés for 50
Aberdeen Artists Society	30 April 2010	Aberdeen Art Gallery	Drink on Arrival for 200

The Sub-Committee resolved:-
to note the information provided.

AOCB

7. The Lord Provost declared the meeting open for any other competent business, whereupon Councillor Donnelly brought to the attention of the Sub Committee that at the last meeting of the Enterprise, Planning and Infrastructure Committee of 20 April, 2010, it was agreed that a grant of £3,125 be awarded to bring the Mayor of Gomel, his spouse and an interpreter to Aberdeen to mark the 20th anniversary of the twin city partnership between Aberdeen and Gomel and that an application for civic hospitality may be forthcoming in due course.

The Sub Committee resolved:-
to note the information provided.

DATE OF NEXT MEETING

8. The Sub-Committee noted that the next meeting was scheduled for Thursday 8th July, 2010.

The Sub-Committee resolved:-
to approve the date.

-LORD PROVOST STEPHEN - Chairperson

FINANCE AND RESOURCES COMMITTEE

COMMITTEE BUSINESS

SEPTEMBER, 2010

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
1.	Resources Management Committee 29/03/07 article 44 Area Committee Central 19/11/08 article 18	<u>105-107 Urquhart Road</u> At its meeting of 19/11/08, the Committee resolved:- to request that a Planning Brief be developed for this property, and instruct the Head of Resources, Development and Delivery to report back thereafter.	The Draft Planning Brief will be considered by the Development Management Sub Committee on 17 June, 2010. A report will therefore be submitted to the next meeting of this Committee. An update is provided in the information bulletin.	Head of Asset Management and Operations		28/09/10
2.	Area Committee Central 23/09/08 article 14; and 01/04/09 article 12	<u>Frederick Street Development Site</u> At its meeting of 1/4/09, the Committee resolved:- to recommend to the Resources Management Committee that in light of the information conveyed to the Committee in relation to the timescales of NHS Grampian, including that capital receipt may not be realised until 2011/12, for officers to continue discussions with NHS Grampian.	Update: At the present time officers are continuing to discuss the detail of NHS Grampian's proposals including the proposed multi-storey car park. A relocation plan for services is also being developed.	Head of Asset Management and Operations	07/01/09	02/12/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
3.	Resources Management Committee 07/02/07 article 27; Finance and Resources Committee 17/06/10 article 53	<p><u>Summerhill Education Centre</u></p> <p>At its meeting of 17/06/10, the Committee resolved: to instruct the Head of Asset Management and Operations to report further to this Committee on the actions taken by officers, including the complete financial settlement from the disposal of the property and the costs associated with relocating all the existing uses.</p>	<p>A report is on the agenda at item 12.11.</p> <p>Recommended for removal.</p>	Head of Asset Management and Operations		
4.	Finance and Resources Committee 12/11/09 article 33	<p><u>Great Southern Road/Holburn Street (Disused Public Toilet and Advertising Site)</u></p> <p>The Committee resolved:- that the Head of Resources Development and Delivery be authorised to consider other options for the disposal of the site including, if appropriate, further negotiation with the current neighbour with a report back to the Committee at an appropriate time.</p>	<p>Update: Further investigation of all issues is ongoing, and will be reported to next committee.</p>	Head of Asset Management and Operations	28/09/10	002/12/10
5.	Finance and Resources Committee 12/11/09 article 35, 11/03/10 article 34, 11/05/10 article 48, 17/06/10 article 41	<p><u>St Nicholas House Site</u></p> <p>At its meeting of 17/06/10 the Committee resolved: to refer this matter to the Leadership Board for consideration, and that if there was no resolution, to refer the members in question to the</p>	<p>Update: This matter was discussed at the Leadership Board meetings of 23 June and 11 August. The Group Leader of the councillors concerned has confirmed that in their view as they had nothing to report to the Monitoring Officer there was no requirement for</p>	<p>Head of Legal and Democratic Services</p> <p>Head of Office of Chief Executive</p>	17/06/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		Standards Commission.	them to attend an interview with her.			
6.	Finance and Resources Committee 12/11/09 article 40	<p><u>Non Housing Capital Project – Evaluation of Contractors’ Performance</u></p> <p>The Committee resolved:- to instruct the Head of Resources Development and Delivery to report back in two cycles; and in one year on the level of performance of these two contractors on Non Housing projects.</p>	Since the report, one of the contractors has been unsuccessful in all of the tenders that they have submitted. The second contractor referred to in the aforementioned report has carried out one minor project in the intervening period. This project was of such a minor nature that it would be unreasonable to use it as an indicator as to whether they had fully addressed the previously highlighted shortcomings in their performance. As a result, the performance of both of these contractors will continue to be monitored as and when they are successful in the tender process.	Head of Asset Management and Operations	02/12/10	
7.	Finance and Resources Committee 12/11/09 article 42	<p><u>Ground at Loirston Loch</u></p> <p>The Committee resolved:- that the Head of Resources, Development and Delivery and other appropriate officials (including the City Solicitor and City Chamberlain), be authorised to enter into discussions with Hermiston Securities concerning the creation of an appropriate development agreement for the long term development of the Loirston Loch</p>	<p>A report is on the agenda.</p> <p>Recommended for removal.</p>	Head of Asset Management and Operations	06/05/10	28/09/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		area and that this matter be reported back to a future Committee meeting.				
8.	Finance and Resources Committee 10/12/09 article 30	<u>Physiotherapy Pilot</u> The Committee resolved:- to approve the continuation of the project and to request that the pilot be assessed for impact, including a cost benefit analysis; and a report submitted to this Committee once this evaluation has been completed.	Update: The Physiotherapy pilot is complete but the Head of Human Resources has asked the Occupational Health Provider, SERCO, to expand on the evaluation report in order that meaningful decisions can be taken in relation to future practice.	Head of Human Resources and Organisational Development	11/03/10	02/12/10
9.	Finance and Resources Committee 10/12/09 article 42	<u>8 Alford Place</u> The Committee resolved:- to instruct the Head of Resources Development and Delivery to advertise the property at 8 Alford Place for sub-lease from 1 April, 2010 until the termination date under the Council's head lease, and report further.	Update: Ryden advise that property market for offices is currently flat with no interest currently expressed in leasing this property. If necessary a Bulletin Report will be prepared for next appropriate meeting.	Head of Asset Management and Operations	06/05/10	28/09/10
10	Finance and Resources Committee 28/01/10 article 2 & 11/03/10 article 31 & 11/05/10 article 34	<u>CAB – Debt Advice Service</u> (A) At its meeting of 11/03/10 the Committee resolved:- to request a report back at each meeting of this Committee on all matters detailed within the report and in particular until a Service Level Agreement is in place between the Council and the CAB.	Update: Debt advice services were handed over to Social Care and Wellbeing Service in July in preparation for the merger with the Welfare Rights Team. Social Care and Wellbeing will initiate the procurement process for debt advice services currently provided by Aberdeen Citizens Advice Bureau.	Director of Social Care and Wellbeing	resolution (A) every cycle	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
1	Finance and Resources Committee 28/01/10 article 13	<p><u>Altens Community Centre and Dyce (Carnegie Hall) Community Centre – Remedial Works</u></p> <p>The Committee resolved:- that appropriate officers be requested to undertake consultation with the community groups concerned in order to ascertain whether the funding identified is actually required and to report back to the Committee thereon in due course.</p>	<p>An officer has consulted with the management committee of Altens Community Centre who wish to advise that they consider it is the responsibility of the Council as landlord to affect repairs to the fabric of the building. Any funds which they have are ringfenced for wages and funding centre activities. Dyce Development & Amenities Committee, who manage Dyce (Carnegie Hall), have been advised in writing of the committee decision. They have been asked to confirm in writing whether or not they are, as stated at committee, in a position to pay for remedial repairs. To date, no reply has been received.</p> <p>At its meeting of 17/06/10, the Finance and Resources Committee resolved: to request that the Director of Education, Culture and Sport ascertain as to whether a response to the officer's letter had been received to date, and advise members of the Committee in this regard.</p>	Director of Education, Culture and Sport	17/06/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
12	Finance and Resources Committee 28/01/10 article 25	<p><u>Capital Planning</u></p> <p>The Committee resolved:- to approve the amended Capital Prioritisation Process and instruct the Director of Enterprise, Planning and Infrastructure to commence its implementation for 2011/12, and to instruct that regular reports be submitted back to this Committee.</p>	A report is on the agenda at item 7.6.	Head of Asset Management and Operations	28/09/10	
13	Finance and Resources Committee 28/01/10 article 26	<p><u>Status of Surplus Education and Other Properties</u></p> <p>The Committee resolved:- (ii) to authorise the Head of Resources Development and Delivery to market the former St. Peter's Nursery, the former public toilets in High Street, Old Aberdeen and the former depot at Ruthrieston Road, and to submit a further report to the appropriate meeting of this Committee in due course detailing the results of the marketing; and (iii) to authorise the Head of Resources Development and Delivery to enter into negotiations with the landlord of the site of the former Woodlands Special School, with a view to agreeing an appropriate exit strategy for the Council and to</p>	An update is included in the information bulletin.	Head of Asset Management and Operations	17/06/10	28/09/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		report back to this in due course on the outcome.				
14	Finance and Resources Committee 28/01/10 article 40	<u>Pinewood/Hazledene</u> The Committee resolved:- that the Head of Resources Development and Delivery in conjunction with the Council's external advisors, be instructed to review the future options and risks for the Council in dealing with this matter, in light of the information now available and to report back to Committee in May, 2010.	A report is on the agenda at item 12.12. Recommended for removal.	Head of Asset Management and Operations	06/05/10	28/09/10
15	Education, Culture and Sport Committee 18/02/10 article 25	<u>Essential Car User Scheme</u> The Committee resolved:- to request that the Finance and Resources Committee look into the issue of Essential Car Users Schemes for all staff and, in particular, the issue of lump sum payments.	This issue was reported to the Corporate Management Team on 13 May, 2010. It was decided that the Chief Executive and Director of Corporate Governance would take the matter forward in conjunction with colleagues in HR. The position will then be reported to Committee. Update: Savings in relation to essential car user allowances are part of a basket of measures currently being consulted on in relation to the incremental progression issue. As this is currently being consulted on, it was considered imprudent to report specifically	Head of Human Resources and Organisational Development	17/06/10	02/12/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
			<p>on this matter at this juncture.</p> <p>It can be confirmed, however, that the allowance has been withdrawn from all Chief Officer posts.</p>			
16	Finance and Resources Committee 11/03/10 article 11	<p><u>Common Good Budget</u></p> <p>The Committee resolved:-</p> <p>(vi) to seek a review of Council funding for all trusts in order to assess Best Value; and</p> <p>(vii) to request a report back in the near future, on the pension liabilities of the CAB and other organisations.</p>	<p>In relation to resolution (vi), a report will be submitted next cycle.</p> <p>In relation to resolution (vii), a report is on the agenda at item 7.5. This item is recommended for removal.</p>	Head of Finance	28/09/10	02/12/10
17	Finance and Resources Committee 11/03/10 article 12	<p><u>Former Carden School – Dyce</u></p> <p>The Committee resolved:-</p> <p>(i) that the availability of the property be circulated to Service Departments and the North East Property Group;</p> <p>(ii) that failing the identification of any future public sector use, officers be authorised to undertake all other necessary investigations, including the negotiation of boundaries, with the Education, Culture and Sports Service with a view to exposing the site to the market; and</p> <p>(iii) that officers report back to a</p>	Property included in surplus property bulletin.	Head of Asset Management and Operations	28/09/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		future meeting of the Committee on the outcome of the foregoing resolutions.				
18	Finance and Resources Committee 11/03/10 article 20	<u>Applications for Financial Assistance 2009/10</u> The Committee resolved:- to instruct officers to bring forward a report detailing ways in which the grant application system can be streamlined especially with regard to reporting to Committee.	A report will be submitted next cycle.	Head of Finance	28/09/10	
19	Finance and Resources Committee 11/03/10 article 26	<u>Corporate Asset Management System – Progress</u> The Committee resolved:- that the Director of Corporate Governance be requested to report back on progress at every cycle, and for the reports to be presented in a format that is easily read and understood.	A report is on the agenda at item 12.2.	Director of Corporate Governance	Every cycle	
20	Finance and Resources Committee 11/03/10 article 28	<u>Grove Lodge</u> The Committee resolved:- that a further report be prepared in due course advising the Committee of the outcome of the marketing exercise.	Property included in surplus property bulletin.	Head of Asset Management and Operations	28/09/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
21	Finance and Resources Committee 11/03/10 article 33	<p><u>Townscape Heritage Initiative</u></p> <p>The Committee resolved:- to request that a verbal update be provided at every meeting of this Committee on the contractual and legal issues associated with this project.</p>	A verbal update will be provided at item 12.1 of the agenda.	Head of Planning and Sustainable Development	Every cycle	
22	Finance and Resources Committee 11/03/10 article 38	<p><u>Landfill Tax Credit Funding 2010-2013</u></p> <p>The Committee resolved:- to approve recommendations (a), (b), (c) and Option C in relation to recommendation (d) (to reject the application from Aberdeen Greenspace for funding in 2010/11 and instruct officers to seek funding opportunities for projects in Aberdeen with other Environmental Bodies for 50% of the available Landfill Tax Credits and present a further report with revised recommendations to a future meeting of this Committee); and to request that this report also contain details of the implications for Aberdeen Greenspace.</p>	<p>Update:</p> <p>Landfill tax credit funding for 2010 is now being led by the Enterprise, Planning and Infrastructure Service. On arrival of the handover documents, an officer will be assigned to undertake the required investigations and prepare a report to committee by years end.</p>	Head of Environmental Services	28/09/10	02/12/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
23	Finance and Resources Committee 11/05/10 article 28	<p><u>Creation of a Human Resources Service Centre</u></p> <p>The Committee resolved: to instruct that the structural implications are reported to Committee as soon as is practicable, including details of the transfer of staffing posts from all five services.</p>	<p>Update: It is planned to open the HR Service Centre in October. It was considered preferable to report on progress following the opening of the centre.</p>	Head of HR and Organisational Development	28/09/10	02/12/10
24	Finance and Resources Committee 11/05/10 article 30	<p><u>Leaside Hall – Future Use</u></p> <p>The Committee resolved: that the Head of Asset Management and Operations be authorised to arrange for the combined site to be advertised for sale on the open market and to submit a further report to the appropriate meeting of this Committee in due course, detailing the outcome of the marketing exercise and including the appropriate financial and legal advice.</p>		Head of Asset Management and Operations	02/12/10	
25	Finance and Resources Committee 11/05/10 article 42	<p><u>Station House Media Unit</u></p> <p>The Committee resolved: that appropriate officers be instructed to report again to the Committee on the future management, maintenance and operation of the adjacent car parking area which is not to be included within the subjects leased.</p>		Head of Asset Management and Operations	02/12/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
26	Finance and Resources Committee 11/05/10 article 45	<p><u>Granitehill Site</u></p> <p>The Committee resolved: to instruct the Head of Asset Management and Operations to (i) progress preliminary design and costing of the redevelopment of the site at Granitehill for Council purpose in anticipation of submitting a bid to the Non Housing Capital Plan appraisal process for 2011/12, and (ii) maintain a watching brief on market conditions and report back as and when exposure of the site to the market might yield a favourable outcome.</p>		Head of Asset Management and Operations	02/12/10	
27	Finance and Resources Committee 17/06/10 article 19	<p><u>Annual Housing and Council Tax Benefit Report</u></p> <p>The Committee resolved: to instruct that an annual report be submitted to this Committee in June each year, which should detail the previous financial year's Housing and Council Tax Benefit Service.</p>		Head of Finance	16/06/11	
28	Finance and Resources Committee 17/06/10 article 24	<p><u>Kinship Care Service – Business Case</u></p> <p>The Committee resolved:</p> <p>(i) to approve the posts as outlined above on a one year fixed term basis;</p> <p>(ii) to instruct that officers report</p>		Head of Children's Services	16/06/11	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		back, reviewing the situation when required.				
29	Finance and Resources Committee 17/06/10 article 27	<u>Pay Protection Arrangements – Review</u> The Committee resolved: to instruct that officers report back with an update on this policy in due course.		Head of HR and Organisational Development	01/02/11	
30	Finance and Resources Committee 17/06/10 article 33	<u>Review of Cash Handling Arrangements</u> The Committee resolved: to instruct that a report be submitted at the meeting of 28 September, 2010, outlining progress and confirming the savings to be achieved as a result of this proposed reconfiguration.	A report will be submitted next cycle.	Head of Finance/ Head of Customer Service and Performance	28/09/10	02/12/10
31	Finance and Resources Committee 17/06/10 article 49	<u>Queen's Links Outdoor Centre</u> The Committee resolved: that in the event that the provisions referred to at (c) above come to pass (ie if Transition Extreme Sports Limited cannot either obtain appropriate loan funding or evidence its financial stability by 30 September, 2010, then the Head of Asset Management and Operations be authorised, if appropriate, to advertise the Queen's Links Outdoor Centre for lease on the open market	Update: Transitions are in active discussion with their Funder and a decision on the award is expected in mid September 2010. If positive, Transition's Board meeting, on 20 September should be able to commit to the lease.	Head of Asset Management and Operations		02/12/10

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		for any use capable of achieving planning permission), it be remitted to appropriate officers to report back to a future meeting of the Committee on the responses received to the advertising process.				
32	Finance and Resources Committee 17/06/10 article 51	<p><u>Staff/ Tied Houses</u></p> <p>The Committee resolved:</p> <p>(ii) to instruct that the Head of Asset Management and Operations consults the tenants of the staff houses on various appropriate issues that may affect their future occupancy, including the proposal to remove the rental discounts currently applying and to increase the rents payable by them to the levels of the prevailing Housing Revenue Account rents, as detailed within the report, and to report back to this Committee on 14 September, 2010 with the outcome of that consultation;</p> <p>(iii) to instruct, in terms of any houses affected by the 3Rs Project or the closure of adjoining Council properties, where it is agreed that there is</p>	<p>A report is on the agenda at item 12.9.</p> <p>Recommended for removal.</p>	Head of Asset Management and Operations	28/09/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
		<p>no future requirement for a house to be included with the adjoining property for joint disposal, the Head of Asset Management and Operations consults the tenants of each house adjoining such a property without commitment, on whether (a) they would wish to purchase the house at a Market Value, or at the appropriate reduced value (should the Right to Buy apply in that case), or (b) would wish the house, and, therefore, their tenancy, to possibly transfer to the Housing Revenue Account, subject to the matter being referred to the Housing and Environment Committee at the appropriate time for its consideration; and to report back to this Committee with the outcome of that consultation;</p>				
31	Finance and Resources Committee 17/06/10 article 52	<p><u>Retail Rocks</u></p> <p>The Committee resolved: to instruct that a progress report be submitted on this project at the meeting of this Committee on 28 September, 2010.</p>	<p>A report is on the agenda at item 12.3.</p> <p>Recommended for removal.</p>	Project Director - Economic and Business Development	28/09/10	

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
34	Finance and Resources Committee 17/06/10 article 7	<p><u>Employment Costs</u></p> <p>The Committee resolved: to concur with the Convener's request to instruct appropriate officers to carry out a review of the rules and regulations surrounding the declaration of interests when dealing with Council specific matters such as the employment costs report, as these may become more prevalent given the present economic climate, and to report thereon to a future meeting of the Committee.</p>	<p>A verbal update will be provided at the meeting.</p>	Head of Legal and Democratic Services		
35	Council 18/08/10 article tbc	<p><u>Future Funding and Development of AECC</u></p> <p>The Committee resolved: to instruct that reports be submitted to the Enterprise, Planning and Infrastructure and/or Finance and Resources Committees each cycle.</p>	<p>Update:</p> <p>Discussions are currently ongoing between Senior Officers in Corporate Governance and EP&I and the Board of AECC in respect of the financial restructuring and Board membership changes to asked for as part of the Council's decision to provide AECC with an additional £568,000 grant, from unallocated reserves, during this financial year.</p> <p>In accordance with Council's decision to support the creation of additional expansion space and car parking provision at AECC, to enable expansion of the Offshore Europe event, discussions are currently being held with AECC Executives and Reed Exhibitions</p>	Director of Enterprise, Planning and Infrastructure/ Head of Finance		

<u>No.</u>	<u>Minute Reference</u>	<u>Committee Decision</u>	<u>Update</u>	<u>Lead Officer(s)</u>	<u>Report Due</u>	<u>Report Expected (if known)</u>
			Ltd to agree a plan for delivering these facilities by 1 June 2011. A paper will be submitted to Finance and resources committee on 2 December outlining the financial implications of this project and requesting appropriate Committee approval for the capital spend needed to deliver this project.			

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FINANCE AND RESOURCES COMMITTEE

MOTIONS LIST

SEPTEMBER, 2010

<u>No.</u>	<u>Motion</u>	<u>Date of Council Meeting</u>	<u>Committee Motion referred to / date/ decision of Committee</u>	<u>Action taken / Proposed Future Action</u>	<u>Responsible Head(s) of Service</u>	<u>Due Date</u>	<u>Is authority sought to remove motion from list?</u>
1.	<u>Motion by Councillor Jennifer Stewart</u> "That this Council consults with occupiers in the terraced dwellings in Hazlehead Road, Hazlehead Gardens, Hazlehead Terrace, Hazlehead Crescent, Hazlehead Place and Provost Graham Avenue to find out if they can acquire or lease appropriate proportions of the adjacent Council-owned land as individual defensible garden areas and that officers then report back on their findings."	09/04/08	At its meeting of 11 March, 2010, the Committee resolved to agree to an initial survey being conducted by the Housing and Environmental Service with the local residents by means of an explanatory letter and questionnaire in order to gauge the level of interest in the scheme and that a further report be submitted to the this Committee in due course containing the results of the survey and any other detail on the financing of such a scheme.		Head of Asset Management	28/09/10	No
2.	<u>Motion by Councillor Donnelly</u> "This Council welcomes the Government's move to honour and celebrate The Queen's Diamond Jubilee in 2012 with a public holiday and	10/02/10	The Committee resolved to request that a report on this motion be submitted to the Lord Provost Sub Committee, and for a further report detailing any financial implications to be brought back to this	Update: At its meeting of 29 April, 2010, the Lord Provost Sub Committee resolved to request that officers provide further reports on proposed activities and events for Aberdeen once the details	Head of the Office of the Chief Executive	28/09/10	No

<u>No.</u>	<u>Motion</u>	<u>Date of Council Meeting</u>	<u>Committee Motion referred to / date/ decision of Committee</u>	<u>Action taken / Proposed Future Action</u>	<u>Responsible Head(s) of Service</u>	<u>Due Date</u>	<u>Is authority sought to remove motion from list?</u>
	weekend event, and calls on this Council to follow suit with a celebration in Aberdeen in recognition of The Queen's service to the people of the United Kingdom and Commonwealth and her 60 year leadership role within the international community of the free world".		Committee or the relevant Service Committee thereafter.	of the Government's proposed arrangements for the Diamond Jubilee celebrations are known.			

DRAFT

HOUSING AND ENVIRONMENT COMMITTEE

24 August, 2010

REQUEST FOR DELAGATED POWERS AND THE USE OF WORK NOTICES – H&E/10/093

1. The Committee had before it a report by the Director of Housing and Environment which requested that a number of delegated powers be granted to officers.

The report provided background information on Maintenance Orders, Maintenance Accounts, Work Notices, and Rent Penalty Notices, and detailed how the proposed powers would be exercised.

The report recommended:-

that the Committee:-

- (a) note the content of the report;
- (b) delegates power to the Director of Housing and Environment to authorise the Private Sector Housing Officer (Scheme of Assistance), the Private Sector Housing Manager, and other officers as appropriate, to sign Work Notices and Maintenance Orders under the provisions of the Housing (Scotland) Act 2006, and for this delegation to be added to the Scheme of Delegation documents;
- (c) to approve the utilisation of £50,000 for the implementation of Work Notices from the monies in the 2010/11 Private Sector Housing Grant budget originally allocated for Serious Disrepair Notice enforcement works;

- (d) to approve that the £50,000 allocation in the 2010/11 Private Sector Housing Grant budget for serving and enforcement of Maintenance Orders, can also be utilised for Maintenance Accounts; and
- (e) to delegate power to the Director of Housing and Environment to authorise the Senior Private Sector Housing Officer (Rented Sector), the Private Sector Housing Manager, and other officers as appropriate, to sign Rent Penalty Notices under the provisions of the Anti Social Behaviour etc (Scotland) Act 2004, and for this delegation to be added to the Scheme of Delegation documents.

At this juncture, was noted that the Private Sector Housing Grant budget had been approved at the meeting of the Finance and Resources Committee of 28 January, 2010 (article 16 of the minute if meeting of the Finance and Resources Committee refers), and therefore that resolutions (c) and (d) would have to be referred to that Committee for ratification.

The Committee resolved:-

- (i) to approve recommendations (c) and (d) subject to the approval of the Finance and Resources Committee; and
- (ii) to approve recommendations (a), (b) and (e) as contained within the report.

COMMITTEE - Housing & Environment

DATE – 24 August 2010

DIRECTOR - Pete Leonard

TITLE OF REPORT – Request for delegated powers and use of Work Notices

REPORT NUMBER: H&E/10/093

1. PURPOSE OF REPORT

The purpose of this report is to request that delegated powers be given to the Senior Private Sector Housing Officer (Scheme of Assistance) and the Private Sector Housing Manager to sign Work Notices and Maintenance Orders under the provisions of the Housing (Scotland) Act 2006, and approve the use of Work Notices and funding to contribute to Maintenance Accounts. The report also requests that delegated powers be given to the Senior Private Sector Housing Officer (Rented Sector) and the Private Sector Housing Manager to sign Rent Penalty Notices under the provisions of the Antisocial Behaviour etc. (Scotland) Act 2004.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- (i) notes the content of the report, and
- (ii) delegates to the Director of Housing and Environment, the ongoing power to authorize the Senior Private Sector Housing Officer (Scheme of Assistance), the Private Sector Housing Manager, and other Officers as appropriate, to sign Work Notices and Maintenance Orders under the provisions of the Housing (Scotland) Act 2006, and for this to be added to the Scheme of delegation documents.
- (iii) approves the utilisation of £50,000 for the implementation of Work Notices, from the monies in the 2010/11 PSHG budget allocated for Serious Disrepair Notice enforcement works.
- (iv) agrees that the £50,000 allocated in the 2010/11 PSHG budget allocated to the serving & enforcement of Maintenance Orders, can also be utilised for Maintenance Accounts.

- (v) delegates to the Director of Housing and Environment, the ongoing power to authorize the Senior Private Sector Housing Officer (Rented Sector), the Private Sector Housing Manager, and other Officers as appropriate, to sign Rent Penalty Notices under the provisions of the Antisocial Behaviour etc. (Scotland) Act 2004, and for this to be added to the Scheme of Delegation documents.

3. FINANCIAL IMPLICATIONS

The Finance & Resources Committee, at their meeting on 28 January 2010, resolved to approve a budget of £50,000 for the serving & enforcement of Maintenance Orders during the financial year 2010/11. Budgets already exist for enforcement activity in respect of Notices of Serious Disrepair, and it is proposed to utilize £50,000 from this item in the PSHG budget for the implementation of Work Notices.

4. SERVICE & COMMUNITY IMPACT

This report supports the following National Outcome from the Aberdeen City Community Plan & Single Outcome Agreement 2008-2011, namely:

12. We value and enjoy our built and natural environment, and protect it and enhance it for future generations.

5. OTHER IMPLICATIONS

None identified.

6. REPORT

6.1 The previous Private Sector Housing enforcement legislation was repealed at midnight on 31st March 2010, and was replaced by the Scheme of Assistance regime under the Housing (Scotland) 2006 Act legislation.

6.2 Owners remain responsible for maintaining their properties, but where this is not happening, the Housing (Scotland) Act 2006 gives local authorities new powers to require owners to maintain their properties to a reasonable standard.

6.3 Maintenance Orders

6.3.1 Local authorities may serve a Maintenance Order where an owner(s) has not maintained, or is unlikely to maintain, their house to a reasonable standard. A Maintenance Order requires the owner(s) to submit a maintenance plan to the local authority. The plan requires owner(s) to demonstrate how they will secure the maintenance of the property for up to five years. The owner(s) is responsible for implementing the maintenance plan but the Local authority may undertake to carry out the works detailed in the maintenance plan in default of the Maintenance Order and recover costs where the owner(s) has failed to deliver on the required action. In this regard, it may be necessary for the Local authority to serve a Repayment Charge against

the property.

- 6.3.2** The Local authority is responsible for registering the Maintenance Order and maintenance plan in the appropriate Land Register. The cost of registering such a document is currently £30, and there is no provision in the Act for the Local authority to charge the owner for this cost unless enforcement powers are used.
- 6.3.3** Owners who have been served with Maintenance Orders have a statutory 21-day period after the date of service, to appeal the decision to the Sheriff.

6.4 Maintenance Accounts

- 6.4.1** Maintenance Accounts may be set up by part-owners of flatted properties for the purpose of paying repair & maintenance costs. Local authorities can pay monies into Maintenance Accounts to cover missing shares of costs in the circumstances where a part-owner is either unable to pay their share or it is unreasonable to expect them to pay the share, or where the part-owner cannot be identified. Local authorities must also be satisfied that the proposed maintenance is reasonable, before paying missing shares of cost.
- 6.4.2** Where the Local authority has paid monies into a Maintenance Account, it can seek to recover its costs by way of the serving of a Repayment Charge against the property in question.

6.5 Work Notices

- 6.5.1** Under the Housing (Scotland) Act 1987, Local authorities could serve Serious Disrepair Notices and Improvement Orders. The Housing (Scotland) Act 2006 replaces these with a single Work Notice. Local authorities can serve a Work Notice on the owner of a house to bring the house up to a reasonable state of repair. The Work Notice will specify what remedial work the owner requires to undertake to bring the house up to a reasonable state of repair and meet the tolerable standard. Where an owner fails to carry out the work, the Local authority may undertake to have the work carried out and recover the costs, including administration costs, from the owner by way of a Repayment Charge. When serving a Work Notice, the Council no longer has a statutory obligation to provide grant assistance, unlike a Serious Disrepair Notice.
- 6.5.2** The Local authority must include Work Notices in the Building Standards Register. This is a public Register which mostly details Building Warrant decisions.
- 6.5.3** Owners who have been served with Work Notices have a statutory 21-day period after the date of service, to appeal the decision to the Sheriff.

6.6 Practical implementation of Maintenance Orders, Maintenance Accounts & Work Notices

- 6.6.1** It is proposed to serve Maintenance Orders on part-owners of tenement properties, where the Council has already identified that effective maintenance is not occurring. Maintenance Orders may also be used, to a lesser extent, in respect of houses where the condition of the house is having a negative effect on the neighbourhood.
- 6.6.2** It is proposed to serve Work Notices on part-owners of tenement properties where the majority of the part-owners within the tenement have agreed to carry out essential communal repairs but have failed to gain the co-operation of the minority of the part-owners OR where a part-owner of a tenement property is unable to finance his/her share of repair costs.
- 6.6.3** It is also proposed to serve a Work Notice on individual owners who refuse to co-operate with their co-owners in any tenemental properties contained within the Green Townscape Heritage Initiative, (Green THI) so that the owners can capitalise on the unique opportunity of grant funding that has been made available through; Heritage Lottery, Aberdeen City Council, Heritage Scotland and Scottish Enterprise.
- 6.6.4** In order for the above proposals to be taken forward, officers require delegated powers to serve Work Notices and Maintenance Orders.
- 6.6.5** If officers are to make effective use of Work Notices and Maintenance Orders, they will require to use the enforcement powers contained within the 2006 Act. The proposal is to utilise some of the monies from the underspend in the 2008/09 & 2009/10 PSHG budget programme which has been reserved by the Resources Management committee on 16th June 2009 for enforcement of Serious Disrepair Notices.
- 6.6.6** It is proposed that £50,000 will be utilised to cover payments where an owner has defaulted. These debts will be secured against the property by use of a Repayment Charge which can take up to 30 annual instalments to recover, although an owner may choose to settle the debt in full at any time during that period. Dependant on particular owners' circumstances, the Council may also choose to pursue recovery of the debt more quickly through normal debt recovery procedures. This is new legislation and as yet untested, the first cases will therefore be used to inform officers of the success or failure of these powers and to fine-tune operating procedures.
- 6.6.7** It is proposed that the £50,000 sum in the 2010/11 PSHG budget allocated to the serving & enforcement of Maintenance Orders, can also be utilised for paying monies into Maintenance Accounts to cover 'missing' shares of costs. Costs can be recovered by the Local authority by way of the serving of a Repayment Charge against the property in question.

6.7 Rent Penalty Notices

6.7.1 Part 8 of the Antisocial Behaviour etc. (Scotland) Act 2004 concerns the registration of private Landlords, and allows Local Authorities to serve Rent Penalty Notices on Landlords who have failed to register. The effect of the Rent Penalty Notice is that no rent or other charges are payable by the tenant to the Landlord until the Rent Penalty Notice is revoked or overturned on appeal. A Landlord may appeal to the Sheriff Court against a Rent Penalty Notice, or against the refusal by a Local Authority to revoke a Rent Penalty Notice.

6.8 Practical Implementation of Rent Penalty Notices

6.8.1 Where it is confirmed that a Landlord is letting a property, and the Landlord is unregistered, a 1st letter will be sent to the Landlord advising of the legal requirement to register and the sanctions which the Council can impose for failure to register. The letter will set a 4-week deadline within which time the Landlord should either submit a paper application to the Council or register on-line.

Where no registration has occurred by the end of the 4-week period, a 2nd letter will be sent to the Landlord warning that registration must occur within the following 2 weeks, failing which a late application fee will be imposed (The Act allows this). The letter will also reiterate the sanctions available to the Council.

Where no registration has occurred by the end of the 2-week period, a 3rd & final letter will be sent to the Landlord advising that a late application fee must be paid upon registration. The letter will also state that if registration has not occurred with the following 1-week, the Council will serve a Rent Penalty Notice.

Prior to serving a Rent Penalty Notice, evidence will be gathered to confirm 1) proof by way of a Title Deed that the Landlord owns the property in question, and 2) that a Landlord/Tenant relationship exists. This will involve interviewing the tenant and obtaining the Tenancy Agreement where one exists.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

The Scottish Government publication 'Implementing the Housing (Scotland) Act 2006: Advisory Guidance for Local Authorities'.
Resources Management Committee; 16th June 2009, Serious Disrepair Notice - Programme

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HOUSING AND ENVIRONMENT COMMITTEE

24 August, 2010

INTRODUCTION OF FURNISHINGS SERVICE CHARGE – H&E/10/133

1. Reference was made to article 13 of the minute of its previous meeting, whereby officers had been instructed to report back detailing costed options in relation to the introduction of a furnishings service charge. The Committee had before it on this day, the report as requested at the aforementioned meeting.

The report presented one option, which proposed the introduction of a furnishings service charge of £300 for a single person or couple, that would provide a bed, bedding and a cooker; and £700 for a family, that would provide a cooker, fridge, beds and bedding.

On noting that any electrical goods purchased for this purpose required to be checked on an annual basis, members queried as to whether officers could follow the same procedures that had previously been agreed in relation to gas safety checks (article 24 of the minute of meeting of 13 April, 2010 refers).

The Committee resolved:-

- (i) to agree to the introduction of a service charge for the provision of furnishings to new tenants, subject to the approval of the Finance and Resources Committee;**
- (ii) to instruct that, subject to the approval of the Finance and Resources Committee, the service charge be set on a 48 week per annum basis as follows:**
 - single person or couple to pay £6 per week**
 - families to pay £10 per week;**

- (iii) to instruct that the Director of Housing and Environment report back when the service charge has been in effect for six months to provide a review of its implementation;
- (iv) to note that if a new member of staff was required, that a business case would be submitted at the appropriate time;
- (v) to request that officers share the contact details of the 'Somebody Cares' charity with appropriate tenants and all elected members; and
- (vi) to instruct that officers ascertain if it would be possible to follow the same procedures for the electrical tests, that are followed for the gas checks in Council properties (article 24 of the minute of meeting of this Committee of 13 April, 2010 refers).

ABERDEEN CITY COUNCIL

COMMITTEE: Housing and Environment
DATE: 24 August 2010
DIRECTOR: Pete Leonard
TITLE OF REPORT: Introduction of Furnishings Service Charge
REPORT NUMBER: H&E/10/133

1. PURPOSE OF REPORT

1.1 This report provides information on possible options to introduce a service charge for the provision of furniture to new tenants following the Committee decision on 25th May 2010 to agree in principle to the introduction of such a service charge.

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:

1. Agree to the introduction of a service charge for the provision of furnishings to new tenants.
2. Agree that the service charge be set on a 48 week per annum basis at
Single person / couple = £6 – per week
Family = £10 – per week
3. Agree that recommendation (2) be referred to the next meeting of the Finance & Resources Committee for ratification.
4. Instruct the Director of Housing & Environment to report back to Committee after the service charge has been in operation for 6 months with a review of its implementation.

3. FINANCIAL IMPLICATIONS

- 3.1 Furnishings have previously been provided for new tenants through two different funding streams. The Homeless Strategy Budget provided funding for new tenants who were housed following a homeless presentation. The HRA provided funding for new tenants who were identified as having a need for assistance by their Housing Assistant.
- 3.2 The assistance with furnishing for new tenants has been very successful in assisting tenants move into and sustain a tenancy. To date this has seen furnishings provided with no financial return to the Council to offset the costs of furnishing provision. The annual expenditure of circa £450,000 is seen as unsustainable in the future.
- 3.3 The sustainability of furnishing provision could be addressed by the introduction of a service charge. Previously furnishings were provided but not maintained or serviced. In introducing a service charge furnishings will need to be maintained. This will lead to significant costs being incurred in maintaining the furnishings and administering the furnishing service, however these costs would be fully recovered through the service charge.
- 3.4 However the introduction of a service charge would lead to a reduction in the overall spend for both General Services Housing and the HRA, with the aim of ultimately reducing the costs of the furnishing service to zero. Initially furnishings will need to be purchased with the service charge income building up slowly as new tenants receive the service. The provision of furnishings will require a continuing budget commitment but one which will reduce over time.
- 3.5 The furnishing service charge will normally be eligible for Housing Benefit. Discussions have taken place with Housing Benefit Officers to ensure that any charge agreed fits with Housing Benefit Regulations. Any tenant not in receipt of benefit will need to pay the full service charge if they decide to receive furnishings. It is therefore important that the service charges agreed deliver a cost effective solution for all tenants.
- 3.6 The HRA expenditure on furnishings in 2008/9 was £120,000 and the Homeless Strategy expenditure was £328,000.
- 3.7 Without the introduction of a service charge the continued future provision of furnishing for tenants is not financially sustainable.
- 3.8 As the service charge option is new, best estimates have been used. It will therefore be essential to closely monitor income and expenditure and review the levels of charge to ensure they cover costs and offer good value to tenants.

4. SERVICE & COMMUNITY IMPACT

- 4.1 The delivery of the furnishing service aims to provide our citizens with an option on how they can ensure the basic furnishing requirements for their home are met. This would support the following challenge in the community plan:

Homes Challenge – improving the quality of housing and environment for individuals and the community and eradicating homelessness by 2011.

5. OTHER IMPLICATIONS

- 5.1 The continued provision of furnishings will make a significant contribution towards ensuring homeless households are able to move into permanent housing. This is not only important to ensure homeless households are able to maintain their tenancy but it will also have a positive impact in minimising the period during which properties are empty awaiting relet.
- 5.2 ‘Achieving our Potential: Tackling Poverty and Income Inequality in Aberdeen City’ is the Council’s anti-poverty strategy. The strategy currently has reference to the Council’s previous Furnished Tenancy Grant Scheme. The continuation of a furnishings scheme and its development into a long term service will be an important contribution to the anti-poverty strategy.

6. REPORT

- 6.1 Aberdeen City Council previously provided basic furnishings which included beds, floor coverings, white goods etc for statutory homeless applicants who were entering into permanent Council accommodation.
- 6.2 Funding for this scheme was from General Services Housing budget for Homeless Strategy. Aberdeen City Council originally started providing the furnishings in November 2005. At this time it was funded by the Scottish Governments Furnished Tenancy Grant and their guidance suggested that service charges should be avoided. This grant now forms part of the overall Council’s settlement.
- 6.3 The number of tenants assisted each year

2006 = 395;
2007 = 320;
2008 = 484.

The recent rise in the number assisted reflects the policy changes which have been introduced to achieve the targets for the removal of priority need by 2012.

- 6.4 As the take up rate for the furnished tenancy grant has increased and with the budget constraints of the Council the value of the grant has decreased. Applicants have received furnishings with a value of up to £300 for a single person and £700 for a family.
- 6.6 Furnishings at £300 for a single person normally provided a bed, bedding, cooker and 2 pairs of curtains / blinds. The £700 for a family normally provided for a cooker, fridge, washing machine, beds and bedding.
- 6.7 The provision of furniture helps sustain tenancies. Previous assessment showed 92% of tenants still in their tenancy after 1 year where furnishings have been provided. This is seen as very positive success rate and it is believed that the furnishings have been a major contributory factor.
- 6.8 Discussions have been held with Housing Benefit Officers to ensure that any furnishing service charge can be fully eligible for Housing Benefit. The key issue is that the furnishings must always remain in the ownership of Aberdeen City Council, and there should be no intention to pass ownership of the furnishings to the tenant. If a tenant ends their tenancy or decides that they no longer want to have the furnishings and pay the service charge the Council has to remove all the furnishings.
- 6.9 As the Council owns the goods and is charging for them we must ensure that the goods are maintained and replaced when necessary. Any electrical goods supplied will be subject to an annual portable appliance test. It is appropriate to provide the goods for a period of 5 years, at the end of which the future use of the goods would be reviewed with the tenant.
- 6.10 The introduction of this service charge will provide an income to the Council to offset the cost of the provision of furnishings. This will allow the furnishing service to continue and will potentially result in an increased number of households being assisted. In the future it may also be possible to give households greater choice when selecting the goods that they need.
- 6.11 A number of Scottish local authorities already charge a service charge for furnishings, these include Edinburgh City Council and North Ayrshire Council. The RSLs operating in Aberdeen have a similar scheme which they are hoping to relaunch to new tenants in the near future.
- 6.12 In investigating the introduction of a service charge officers have reviewed the various options which exist in delivering a furnishing service. Assumptions have been required to be made as we do not have information on a number of issues e.g. likely levels of bad debt. The development of the service charge has included costs for storage of furnishings. Where a tenant requires furnishings to be removed we will organise this and where the goods can be reused they will be. Short term storage may be required

until an alternative use can be found for the goods, the intention would be to recycle to Council projects or work with appropriate charities to ensure goods are quickly reused wherever possible

- 6.13 If the recommendation is agreed then a number of key tasks need to be actioned to prepare for the introduction of a service charge.
- 6.14 Administration – an additional staff member will be required to manage the ordering and payment for furnishings; organising replacement furnishings, the removal of furnishings at the end of the tenancy or when tenant ends the furnishing agreement, organising storage of goods suitable for re use, organising annual electrical checks, ensuring debt recovery where non payment of service charge, liaison with Housing Benefit etc.
- 6.15 Tenancy Agreement/contract – ensure tenancy agreement and furnishings contract is developed to ensure responsibilities of Council and the tenant are clear for the use, maintenance and replacement of furnishings.
- 6.16 Two different packages are proposed at this stage. Furnishings at £300 for a single person / couple providing a bed, bedding and a cooker. For a family £700 would provide for a cooker, fridge, beds and bedding.
- 6.17 Electrical goods are required to be checked on an annual basis. This means that an electrician will need to visit every property with electrical goods on an annual basis. This will incur costs and potential access issues may require multiple visits. Basic cooking provision is seen as an important contribution that the furnishing service can provide.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None

Furnishings Service Charge

Single person / couple package

Cooker, double bed, bedding and curtains.

Family package

Cooker, fridge, washing machine double bed, single bed, bedding, living room carpet.

Costs of delivering the service will include a member of staff to administer the service, removal of furnishings no longer required, minimal storage costs until goods can be recycled, annual electrical testing, disposal of goods which can not be reused and an allowance for bad debt.

As these costs are new, best estimates have been used. It will therefore be essential to closely monitor income and expenditure and review the levels of charge to ensure they cover costs and offer good value to tenants.

All the of costs incurred will be covered by the scheme. Housing Benefit should be available to cover the costs of the service charge for those eligible for Housing Benefit.

The costs of purchasing goods are spread over a 5 year period.

	5 year
Single person / couple	£6.00
Family	£10.00

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HOUSING AND ENVIRONMENT COMMITTEE

24 August, 2010

HOUSE IN MULTIPLE OCCUPATION (HMO) LICENCE APPLICATION FEES

1. Reference was made to article 7 of the minute of meeting of the Licensing Committee of 2 June, 2010, whereby members had instructed that a report they had before them for consideration 'Houses in Multiple Occupation (HMO) Licence Application Fees' be referred to this Committee, and also that this Committee considers (a) the employment of an enforcement officer; (b) the level of application fees; and (c) the banding of application fees. The Committee had before it on this day, the report as submitted to the Licensing Committee, the relevant minute extract in this regard, and further information on (1) the role of HMOs; (2) the purpose of obtaining an HMO licence; (3) fees and banding; (4) renewal fees; (5) potential income based on 2009/10 applications; (6) the financial implications of the options available to the Committee; and (7) legal issues associated with the issue in hand.

By way of background the report advised that the financial year 2009/10 saw a marked increase in the fees, from £475 to £1000, as well as rebanding. 87% of HMO applications received were for properties with three to five occupants, and the rebanding in 2009/10 affected all of these properties, more than doubling their previous fee.

The report suggested that the fee increase for 2010/11 (from £1,000 to £1,200 for properties with three to five occupants) should be reconsidered, as a large surplus had been created last financial year of £204,920, and it was projected that a large surplus would also be created this year, and officers did not feel this could be justified. The report also highlighted the possibility of the Council implementing a reduced fee for renewal licences, as had been the case until

financial year 2006/07, in order to encourage landlords to maintain their properties as HMOs.

The report proposed three options as follows for rebanding the HMO properties and setting new fee scales against each, with the potential income being based on 2009/10 applications (with the assumption that this would continue throughout 2010/11 and 2011/12):

	Option 1		Option 2		Option 3	
Number of tenants	New application	Renewal	New application	Renewal	New application	Renewal
3 – 5	£900	£700	£800	£600	£900	£450
6 – 10	£1,200	£900	£1,100	£825	£1,200	£600
11 – 20	£1,500	£1,200	£1,400	£1,050	£1,500	£750
20 plus	£1,800	£1,400	£1,700	£1,275	£1,800	£900
Income by application type	£86,880	£142,049	£77,090	£122,550	£86,280	£88,208
Total annual income	£228,929		£199,640		£174,488	

With the three requests for deputation having been agreed at an earlier point in the meeting (article 3 of this minute refers), the Convener invited first Mr O’Kane to address the Committee, followed by Mr and Mrs Forster, and finally, Mr Parker and Mr Kilpatrick.

Mr O’Kane, who was speaking on behalf of a number of private landlords throughout the city, advised that he had contacted all Scottish local authorities on this issue. Around twenty five Councils had responded and all of those had confirmed to him that, unlike Aberdeen City Council, they did not transfer any surplus made through HMO licence fees to their General Funds. Mr O’Kane

suggested that fees should reflect the costs only and requested that the Committee approve option three as detailed within the report.

Mr and Mrs Forster, who were speaking on behalf of the Scottish Association of Landlords (SAL), advised the Committee as to the purpose and set up of SAL, and suggested that if HMO licence fee application prices were not reduced, that more landlords would chose to rent their properties to two tenants, rather than three (as HMO licences were not required for properties where there were only two tenants). Mrs Forster requested that the Council consider introducing signed declarations of compliance, and also supported option three as detailed within the report.

Mr Parker (who was speaking on behalf of Aberdeen University Students' Association) and Mr Kilpatrick (who was speaking on behalf of Aberdeen College Students' Association) also suggested that the rising fees gave landlords no incentive to rent to three students, when they could raise their rents and rent to two students, or rent to a family and not require an HMO licence. They intimated their concern that students may, in some cases, end up renting from unscrupulous landlords who may not ensure that their properties were kept to a high standard. They suggested that HMO licence numbers should have to be displayed alongside any advertisement made by a landlord for a property with three bedrooms or more, and requested that the Committee (1) set the application licence fees on an annual basis; (2) do not transfer surplus to the General Fund as had been previous practice, but ring fence to an HMO budget; and (3) that smaller properties be required to pay lesser fees than larger properties. With regards to the options outlined in the report, Mr Parker and Mr Kilpatrick also indicated that option three would be their preferred option.

The Committee asked a number of questions of all three deputations, and of officers. In particular officers confirmed that the Council was currently not charged by Grampian Police, Grampian Fire and Rescue Service or the Anti

Social Behaviour Investigations Team for any work they undertake in relation to the licence applications, but further that there was no guarantee that this work would not be charged for in the future.

The report recommended:-

that the Committee:-

- (a) approve the introduction of a revised fee structure, to include a separate initial application and renewal fee; and amend the bed spaces bandings;
- (b) set House in Multiple Occupation (HMO) licence application fees as follows, as per option one as detailed within the report:

Number of tenants	New application	Renewal
3 – 5	£900	£700
6 – 10	£1,200	£900
11 – 20	£1,500	£1,200
20 plus	£1,800	£1,400

- (c) refer recommendations (a) and (b) above to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with an implementation date of 1 October, 2010;
- (d) instruct that the appropriate Committee(s) consider the setting of HMO licence fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function; and
- (e) instruct the Director of Housing and Environment to report to the next meeting of this Committee of 26 October, 2010, with a business case requesting the employment of appropriate enforcement and administrative officers in relation to HMO licensing.

The Convener, seconded by the Vice Convener, moved:-

that the Committee:-

- (1) **approve the introduction of a revised fee structure to include a separate initial application and renewal fee;**
- (2) **instructs that HMO licence fees and bands be set as follows:**

Number of tenants	New Application	Renewal
3 – 5	£900	£700
6 – 10	£1,200	£900
11 – 20	£1,500	£1,200
21 – 50	£1,800	£1,400
51 plus	£2,100	£1,600

- (3) **refers recommendations (1) and (2) to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with implementation from 1 October, 2010;**
- (4) instructs that the appropriate Committee(s) considers the setting of HMO licence application fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function;
- (5) instructs the Director of Housing and Environment to report to the next meeting of this Committee with a business case requesting the employment of appropriate enforcement and administrative officers in relation to the HMO licensing;
- (6) instructs the Director of Housing and Environment to write to the Scottish Government to request a change in legislation to the effect that any landlord advertising a House of Multiple Occupancy for

rent, would be required to include in the advert, their HMO registration number; and

- (7) instructs officers to report back on the possibility of introducing signed declarations of compliance in future years.

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

- (1) approves the introduction of a revised fee structure to include a separate initial application and renewal fee;
- (2) instruct that HMO licence fees and bands be set as per option three as detailed within the report, as follows:

Number of tenants	New Application	Renewal
3 – 5	£900	£450
6 – 10	£1,200	£600
11 – 20	£1,500	£750
21 – 50	£1,800	£900

- (3) refers recommendations (1) and (2) to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with implementation from 1 October, 2010;
- (4) instructs that the appropriate Committee(s) considers the setting of HMO licence application fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function;
- (5) instructs the Director of Housing and Environment to report to the next meeting of this Committee with a business case requesting the employment of appropriate enforcement and administrative officers in relation to the HMO licensing;

- (6) instructs the Director of Housing and Environment to write to the Scottish Government to request a change in legislation to the effect that any landlord advertising a House of Multiple Occupancy for rent, would be required to include in the advert, their HMO registration number; and
- (7) instructs officers to report back on the possibility of introducing signed declarations of compliance in future years.

On a division, there voted:- for the motion (9) – the Convener; the Vice Convener; and Councillors Cormack, Cormie, Dunbar, McCaig, Noble, Robertson and Yuill; for the amendment (4) – Councillors Collie, Cooney, Crockett and Hunter.

The Committee resolved:-

to adopt the successful motion.

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REPORT

<u>Name of Committee:</u>	Housing and Environment
<u>Date of Meeting:</u>	24 th August 2010
<u>Title of Report:</u>	HMO Licence Fees
<u>Lead Officer:</u>	Donald Urquhart, Head of Service, Housing and Community Safety
<u>Author of Report:</u>	Andy Pitblado, Private Sector Housing Strategy Officer

Summary of Purpose of Report

The purpose of this report is to provide elected members with additional information to assist the discussion of the report and minute forwarded by the Licensing Committee on 2nd June 2010.

The report to the Licensing Committee was provided following a challenge from a landlord present at a previous Licensing Committee meeting in relation to the increases in the licensing fee over the period to 2009/10.

The Licensing Committee report showed that the council made an operating surplus of £204,920 in 2009/10. The setting of a licence fee for (HMOs) is prescribed under the Civic Government (Scotland) Act 1982, which governs all Licenses issued by local authorities.

The Licensing Committee resolved:

- (i) to remit the report to the Housing and Environment Committee for its consideration; and
- (ii) to recommend that the Housing and Environment Committee consider in particular
 - (a) the employment of an enforcement officer;
 - (b) the level of application fees; and
 - (c) the banding of application fees.

Role of HMO's

It is not possible for Aberdeen City Council to know how many unlicensed HMOs actually operate within the City. As at 22 July 2010, a total of 791 HMO Licences were in force. It is assumed that this is only about half of the number that exist.

HMO Licensing became mandatory in 2000 for 5 or more people and on 30th September 2003 for 3 or more.

Recent discussion with student representatives regarding affordable student accommodation has focused on HMOs because HMOs play an integral part in providing affordable accommodation for students. All student halls of residence are registered HMOs, but this only covers freshers at Aberdeen University with students having to find their own accommodation in years 2 and onwards.

The students believe that there has been a reduction in the number of HMOs with landlords leaving the sector due to the cost of a licence and the upgrading works required. In many cases the landlord prefers to seek only 2 occupants or a family for the same rental income without the outlay incurred in complying with HMO requirements. This means that 2 students sharing have to split the rent, electric and gas bills etc as opposed to between 3 occupants in a HMO. This leads to an affordability issue in addition to the already high rent in Aberdeen. Available information identifies Aberdeen private rented sector as the most expensive in Scotland. HMOs are also known to serve an important housing role for the migrant workforce.

Compliance for purpose of obtaining a HMO Licence

In order to comply with licensing the landlord must be a "fit and proper person" as should any agent acting on behalf of the landlord. There is a statutory requirement that the Chief Constable is asked to comment on all applications for a licence which in effect means that the Police notify the Council of any relevant criminal convictions. Adverse comments mean automatic referral to the licensing committee. Landlords must also not have contravened housing legislation and should adhere to good management, e.g. lease agreements and management of the lease, attention to repair and maintenance of the property, adherence to occupancy limits, and most importantly how the landlord deals with antisocial behaviour within their tenancies.

Landlords also have to ensure that the property complies with specific safety standards such as an annual gas safety certificate, electrical compliance certificates for installation and equipment, hard wired smoke detectors and self closing fire doors.

Fees and Banding

Item 6.1.2 in the report to Licensing Committee showed the cost of fees and banding of properties from 2006 to present. It will be noted that 2009/10 saw a marked increase in fee from £475 to £1,000 as well as a re-banding. Statistics show that 87% of all HMO applications are properties with 3 to 5 occupants and that a further 9% are for 6 to 10 occupants. The effect of the 2009/10 re-banding affected almost all HMOs within the city by classing them as one band and more than doubled their fee.

Initial Fee & Groupings

The fee for 2011/12 is set at £1,500 for the entry level of up to 10 persons with no further fees set at present for the bands above 10.

Given the surplus revenue for the last financial year and that predicted for this financial year the recommendation is that this fee increase should not proceed as officers can find no justification for it.

Renewal fees

Glasgow, Edinburgh, Dundee and Aberdeenshire all have a reduced renewal fee with discounts varying from 11% to 50% on the initial fee. Aberdeen operated a renewal fee at 50% of the initial fee up until 2006/07.

The work involved in dealing with a renewal application is to a large extent the same as that for a first application. However to encourage landlords to maintain their property as an HMO and renew their application the reintroduction of a lower renewal fee is proposed. In doing so it is important that this be set at a level which would still provide adequate income to run the HMO service.

If committee decide to make any change to fees or banding there needs to be an agreed implementation date. For the purpose of the exercise below an assumption was made that no refunds would be considered for those who have already applied for a licence.

Potential income based on 2009 - 10 applications

	Option 1		Option 2		Option 3	
Grouping	New app	Renewal	New app	Renewal	New app	Renewal
3 – 5	900	700	800	600	900	450
6 – 10	1,200	900	1,100	825	1,200	600
11 – 20	1,500	1,200	1,400	1,050	1,500	750
20 -	1,800	1,400	1,700	1,275	1,800	900
Income by application type	£86,880	£142,049	£77,090	£122,550	£86,280	£88,208
Total annual income	£228,929		£199,640		£174,488	

The table above shows options for re-banding the HMO properties and setting new fee scales against each. The calculation for income is based on the number of applications during 2009/10 and makes the assumption that this will continue throughout 2010/11 and 2011/12. There has been no allowance made for any income that may or may not come from enforcement work as this is an unknown quantity. This is partly due to the fact that we do not know how a landlord who is operating illegally will respond as one option is for them is to stop operating an HMO and move out of the HMO sector altogether.

If the fee scales and banding remain unchanged then it is anticipated that £350,000 will be received in fees this financial year.

Financial Issues

The legal issues section below highlights the basis for ensuring that fees receivable for HMO licenses meets the expenses of the authority in exercising their HMO function.

If as a result of the consideration of the issues by Committee a reduction in the initial application and renewal fees is agreed then the income received will be reduced in future years. This will result in a cost pressure of approximately £120,000 in a full year from the (non HRA) housing revenue fund which will require to be off-set by the Director of Housing & Environment elsewhere. Close monitoring of the income and expenditure will be essential to ensure that income continues to cover costs particularly if additional officers are employed. In employing additional officers, additional licence applications should be generated which will off set this additional cost.

Legal Issues

The Civic Government (Scotland) Act 1982 governs all licences issued by the local authority. It narrates that: -

"...the licensing authority shall seek to ensure that from time to time the total amount of fees receivable by the authority is sufficient to meet the expenses of the authority in exercising their functions...".

This is again reinforced by the Civic Government (Scotland) Act 1982 as amended by Order 2003 – Licensing of Houses in Multiple Occupation, which states: -

"Fees for houses in multiple occupation licences 15. - (1) A licensing authority shall charge such fees in respect of houses in multiple occupation licences and applications for such licences as may be resolved by them from time to time and shall seek to ensure that the total amount of fees received in respect of such licences and applications is, taken together with any money to which sub-paragraph (2) applies, sufficient to meet the expenses incurred by them in carrying out the functions exercisable by them by virtue of the Civic Government (Scotland) Act 1982 (Licensing of Houses in Multiple Occupation) Order 2000. (2) The money to which this sub-paragraph applies is any money paid by grant to the licensing authority by the Scottish Ministers for the purpose of enabling the authority to carry out the functions exercisable by them by virtue of that Order."

The legal advice provided to the Licensing Committee stated that under the terms of the Civic Government (Scotland) Act 1982, the Licensing Authority shall seek to ensure that fees receivable by them are sufficient to meet the expenses of the Local Authority in carrying out their functions under the Act it would be reasonable to have a modest surplus for contingencies, and that what was 'reasonable' in the circumstances was at the discretion of the Local Authority.

The Housing (Scotland) Act 2006 re-enacts the legislation for HMO's and gives additional powers to Council's. The HMO sections come into force on 31st August 2011. This will provide additional powers which may involve additional work.

Recommendations

It is recommended that Committee agrees

1. to introduce a revised fee structure to include a separate initial application and renewal fee and amend the bed spaces bandings;
2. that HMO licence fees be set at

Bed spaces	New application £	Renewal £
3 – 5	900	700
6 – 10	1,200	900
11 – 20	1,500	1,200
20 -	1,800	1,400

3. that recommendations (1) and (2) be referred to the next meeting of the Finance & Resources Committee for ratification with implementation from 1st October 2010;
4. To instruct that the appropriate Committee(s) considers when the setting of HMO licence fees on an annual basis;; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the council in exercising their HMO Licensing function;
5. The Director of Housing & Environment report to the next Housing & Environment Committee with a Business Case requesting the employment of appropriate enforcement and administrative officers in relation to HMO licensing.

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HOUSING AND ENVIRONMENT COMMITTEE

24 August, 2010

**WASTE MANAGEMENT SERVICES CONTRACT PROGRESS REPORT –
H&E/10/122**

1. With reference to article 4 of the minute of meeting of the Urgent Business Committee of 6 August, 2010, the Committee had before it a report by the Director of Housing and Environment, which provided an update on the waste management services contract (WMSC) and provided an outline specification for the development of an alternative solution to the contract.

By way of background, the report advised that the WMSC had been signed in July, 2000 with service commencing in September, 2000. The contract duration was for 25 years (with 15 years still to run) and the main purpose of the contract was the construction of a combined materials recycling facility and energy from waste plant at the Altens Environmental Park. The report explained that planning permission for this facility had been refused in 2004, so an alternative solution had been sought, which would complement the Council's Waste Strategy and Transformation Strategy for Waste Management Services.

The Waste Management Services contractor, SITA UK Limited, had continued to provide baseline services as envisaged under the WMSC, and had in addition, addressed emerging needs required in response to the developing policies of the Scottish Government and the Council. The report detailed the five various baseline services, namely (1) to operate transfer facilities at Sclattie; (2) to provide transfer facilities in the south of the city; (3) to operate the four recycling centres in the city; (4) to provide landfill disposal facilities at Hill of Tramaud; and

(5) to manage the restoration and formal closure of the Ness Farm and Tullos Hill Landfill Site; and provided a synopsis of the new services developed in association with SITA UK Limited since the commencement of the WMSC.

The report advised that the Council's landfill site at Hill of Tramaud was likely to close in December, 2010, and that this situation had been catered for within the initial WMSC, but the development of an additional recycling facility and kitchen and garden waste facilities at Sclattie meant there was insufficient room for general refuse. It had been proposed, at the aforementioned meeting of the Urgent Business Committee, that a new building and ancillary works be constructed at Sclattie to enable the site to be used for transfer of all types of wastes. This would require an additional contract variation of approximately £450,000. The Director of Housing and Environment had been instructed at the meeting of the Urgent Business Committee of 6 August, 2010, to sign a contract variation with SITA UK Limited, to allow immediate start of works at Sclattie to ensure continuation of waste collection services.

The report advised that in addition to the works at Sclattie, it was proposed to undertake a limited renovation of the East Tullos Transfer Station to permit safe transfer operations to resume, and it was anticipated that it would cost approximately £700,000 to bring the facility back into use. The report suggested that the £1,244,000 of capital and revenue funding that had been allocated to the Council from the zero waste fund be utilised to finance these developments.

The report outlined the alternative solution, and advised that with the exception of the residual treatment requirement, all elements were assessed to be able to be delivered at best value when considering the capital repayment required for each facility. Capital expenditure would be required for the materials recycling facility and the organic treatment facility, with both facilities having an operating life of around ten years. This would result in capital depreciation being economically achieved before the end of the WMSC. The report continued that this was

unlikely to be the case for the residual treatment facility, where the scale of the investment was likely to be over £20,000,000 (and possibly as high as £50,000,000, dependant on the technology chosen). These facilities would have an operating life of around twenty years, with depreciation spread across this period. With the WMSC having fifteen years to run, and the timescales involved in getting the facility operational, it was likely that the facility would be commissioned with ten years or less of the WMSC remaining. The report therefore proposed that the residual treatment element of waste management be not included in the alternative solution, but instead, that an options appraisal be undertaken to consider the most appropriate method of delivering a residual treatment solution.

The report continued that in order to ensure that an appropriate and best value alternative solution could be achieved (1) the Council would have to provide the scope and specification for the alternative solution; (2) SITA UK Limited would have to develop a business model based on a contract waste data flow model; (3) the Council would have to validate the waste data flow model and instruct SITA UK Limited to develop and submit a full business model and proposal document; (4) the Council would have to review the business model and proposal document and undertake best value analysis which would require each element of the proposal to be scrutinised and, where necessary, benchmarked; (5) a period of discussion and refinement of proposals and costs would be required to ensure that the proposal met the requirements of the Council, and at an appropriate cost; (6) a continual review of contract documentation would have to be undertaken to ensure that contract terms and conditions were appropriate for the services to be provided; (7) officers would have to prepare a full alternative solution assessment report for consideration by this Committee; and (8) subject to Committee approval, a formal contract variation would be signed by the parties.

The report concluded that the current resources allocated to the WMSC were not adequate to undertake and complete all of the above tasks, and that specialist legal, technical, financial and business analysis support would be required.

The report recommended:-

that the Committee:-

- (a) notes the progress made to date on updating the waste management services contract;
- (b) **recommends that the Finance and Resources Committee approve the allocation of zero waste fund monies to development works at Sclattie and East Tullos Transfer Stations to allow continuance of efficient recycling and waste disposal services;**
- (c) approves the continuation of the development of an alternative solution based upon the following infrastructure and service development:
 - Development of a materials recycling facility at the 'four fields' site in Altens to handle commingled recyclables collected by the Council.
 - Development of two new recycling centres, one at the former Grove Nursery Site in Hazlehead and the other in the Bridge of Don area, this latter to replace the Scotstown Road site.
 - Operational improvements to the remaining three recycling centres (Sclattie, Pitmedden Road and Greenbank Crescent) to achieve substantial increase in recycling and landfill diversion.
 - The provision of organic waste treatment services to be defined following an options appraisal relating to the collection methods for kitchen and garden wastes.
 - The provision of refuse transfer services at two sites in the city until the development of a residual treatment facility; and
 - The provision of landfill disposal services.

- (d) instructs the Head of Finance, with the assistance of colleagues in Housing and Environment, to identify suitable financial and business analysis support for the development of an alternative solution;
- (e) approves the decision not to include residual treatment services in the alternative solution; and
- (f) instructs officers to undertake an options appraisal to determine the best method of procuring residual treatment services that conform to the requirements of the Aberdeen City Waste Strategy and to report back to this Committee on 12 January, 2011.

The Committee resolved:-

- (i) to welcome the initiative of officers in arranging to meet with members of the community in relation to the Grove Nursery site, and to instruct that a bulletin report be submitted at the next meeting, detailing the outcomes of these discussions;
- (ii) to amend recommendation (d) to read as follows: to instruct the Director of Housing and Environment to liaise with the Head of Finance to identify suitable financial and business analysis support for the development of an alternative solution, in consultation with the Convener and Vice Convener of this Committee; and
- (iii) to otherwise approve the recommendations as contained within the report.

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COMMITTEE: Housing and Environment

DATE: 24 August 2010

DIRECTOR: Pete Leonard

TITLE OF REPORT: Waste Management Services Contract Progress Report

REPORT NUMBER: H&E/10/122

1. PURPOSE OF REPORT

This report provides an update on the Waste Management Services Contract and provides an outline specification for the development of an Alternative Solution to the Contract.

2. RECOMMENDATIONS

1. That Committee notes the progress made to date on updating the Waste Management Services Contract.
2. That Committee recommends that Finance and Resources Committee approve the allocation of Zero Waste Fund monies to development works at Sclattie and East Tullos Transfer Stations to allow continuance of efficient recycling and waste disposal services.
3. That Committee approves the continuation of the development of an Alternative Solution based upon the following infrastructure and service development:
 - Development of a Materials Recycling Facility at the 'Four Fields' site in Altens to handle commingled recyclables collected by Aberdeen City Council.
 - Development of two new Recycling Centres, one at the former Grove Nursery Site in Hazlehead and the other in the Bridge of Don area, this latter to replace the Scotstown Road site.
 - Operational Improvements to the remaining three Recycling Centres (Sclattie, Pitmedden Road and Greenbank Crescent) to achieve substantial increase in recycling and landfill diversion.
 - The provision of organic waste treatment services to be defined following an options appraisal relating to the collection methods for kitchen and garden wastes.
 - The provision of refuse transfer services at two sites in the city until the development of a residual treatment facility.
 - The provision of landfill disposal services.
4. Committee instructs the Head of Finance, with the assistance of colleagues in Housing and Environment, to identify suitable financial and business analysis support for the development of an Alternative Solution.
5. That Committee approves the decision not to include residual treatment services in the Alternative Solution.

6. That Committee instructs officers to undertake an options appraisal to determine the best method of procuring residual treatment services that conform to the requirements of the Aberdeen City Waste Strategy and to report to Committee on 6 January 2011.

3. FINANCIAL IMPLICATIONS

Continuation of current waste management practices will result in significant increased costs to the Council in coming years. The continued reliance on landfill for waste disposal will increase costs by approximately £1.7 million in 2011/12 and an additional £720,000 per annum thereafter until 2014/15.

The continued reliance on landfill, combined with expensive and limiting kerbside collection of recycling wastes does not demonstrate best value for the Council. In order to expand recycling services it is necessary to develop sorting infrastructure that allows efficient collections across all of the city and prepares recycling wastes for sale as high-value products. Without city-wide recycling collections, the Council will not achieve its own and national targets.

The development of infrastructure required for the continuation of the Waste Management Services Contract can be financed in two ways. Firstly, the WMSC provides for the contractor to develop facilities at its own cost and for the capital cost of developments to be incorporated in to the Rates for the services (currently on the basis of a tonnage based gate fee that depreciates assets across the remaining life of the WMSC). The second option is for the Council to instruct the Contractor to develop the facilities and then make payment for the facilities in full upon commissioning. This requires the Council to allocate Capital Expenditure for these facilities.

The estimated costs, based on early discussion with the Contractor for infrastructure to be developed through the WMSC Alternative Solution are shown in Table 1.

Table 1. Aberdeen City Council Capital Infrastructure for Waste Strategy

Facility	Estimated capital cost (£)
Materials Recycling Facility	4-7 million
Organic Waste Treatment	2-4 million
2 New Recycling Centres	1-2 million

It should be noted that Residual Treatment infrastructure, which may be an Energy from Waste facility, is estimated to require a significantly higher capital commitment of £20-60 million; it is proposed to exclude this infrastructure from the Alternative Solution and address this following an options appraisal.

4. SERVICE & COMMUNITY IMPACT

The proposed Alternative Solution to the WMSC is based upon the recycling and organic treatment elements of the recently approved Aberdeen City Waste Strategy, which in turn is informed by the Vibrant, Dynamic and Forward-Looking policy document. Included in VDFL is a target of 40%

recycling and a commitment to expand recycling services to all households in the city. An EHRIA was undertaken in the development of the Aberdeen City Waste Strategy.

5. OTHER IMPLICATIONS

Legal. Significant legal support is required to ensure that appropriate and secure alterations are made to the WMSC. This specialist support is provided by the Council's external legal advisors.

Personnel. The proposed WMSC variation is required to support waste collection service changes that will expand the extent of collections but also reduce the number of personnel required to collect recycling materials from existing households. By contrast, the development of organic treatment capacity will enable the introduction of food waste collections in multi-occupancy areas; this is likely to require additional collection manpower. The net effect of personnel changes on the collection service will be assessed and addressed at an early stage.

Health and Safety. The infrastructure to be delivered through the Alternative Solution will result in the cessation of the kerbside sort recycling service which requires significant amounts of lifting from ground level of potentially heavy items. Accordingly, a significant manual handling risk is reduced by the proposed service.

6. REPORT

6.1 Background

The WMSC was signed in July 2000 with service commencing in September 2000. The contract duration is 25 (i.e. 15 years extant) with the main purpose of the contract being the construction of a combined Materials Recycling Facility (MRF) and Energy from Waste (EfW) Plant at a site in Altens (the Altens Environmental Park).

Planning permission for this facility was refused in 2004; the contractual consequence of this refusal was to require the two parties in the Contract to agree an Alternative Solution. The Council has since developed a new Aberdeen City Waste Strategy (adopted in April 2010). This, combined with the Council's Transformation Strategy for Waste Management Services (adopted in February 2008), now provides a clear framework for the development of an Alternative Solution.

6.2 Progress to Date

Notwithstanding the failure to secure planning permission for the Altens Environmental Park, the Waste Management Services Contractor, NEM/SITA (now known, and referred to in this report, as SITA UK Limited) has continued to provide 'baseline' services as envisaged under the WMSC and has in addition addressed emerging needs required in response to the developing policies of the Scottish Government and the Council.

The baseline services are:

- Operate Transfer Facilities at Sclattie, Bankhead
- Provide Transfer Facilities in the south of the city; this was provided at the East Tullos Transfer Station until 2006 when the site was shut for Health and Safety reasons (un-sound) building structure). Subsequently, SITA UK Limited has engaged Shanks Waste Solutions to provide a transfer station also in East Tullos.
- Operate the four Recycling Centres in the city (including a new site at Greenbank Crescent, East Tullos, opened under the terms of the WMSC in 2003)
- Provide landfill disposal facilities at Hill of Tramaud
- Manage the restoration and formal closure of the Ness Farm and Tullos Hill Landfill Site

The new services developed in association with SITA UK Limited since the commencement of the WMSC are:

- Develop a facility at Sclattie for accepting, sorting and preparing for dispatch recycling materials arising from the Council's kerbside collection.
- Develop a facility for accepting and transferring food and garden waste at Sclattie and, via a contract with a third party, to provide In-vessel Composting facilities for this waste.

- Modify the operation of the Recycling Centres to allow the separation for recycling of Waste Electrical and Electronic Equipment and provide for storage of refrigerators at Sclattie and arrange for their subsequent recycling.
- Develop a landfill gas to electricity facility at Hill of Tramaud landfill with the Council gaining a share of revenue from electricity sales.

6.3 Current Developments

In parallel with the development of the Alternative Solution, a forthcoming change in circumstances within the Contract requires immediate action. The Council's landfill site at Hill of Tramaud, operated by SITA UK Limited, is likely to close in December 2010. This situation was catered for within the initial WMSC whereby should the site be full before the Altens Environmental Park was opened, SITA UK Limited would reopen the Sclattie Transfer Station. Waste from Sclattie and the East Tullos facility is taken to the Stoneyhill Landfill Site near Peterhead. The contractor would receive a higher gate fee to cover the additional costs this would incur.

The development of additional recycling and kitchen and garden waste facilities at Sclattie means that there is now insufficient room for general refuse transfer at Sclattie. The proposed solution is to construct a new building and ancillary works at Sclattie to enable the site to be used for transfer of all types of wastes. A proposal has been made by SITA UK Limited in relation to this project and this will require an additional contract variation and the expenditure of approximately £450,000. The Urgent Business Committee of 6 August 2010 instructed the Director for Housing and Environment to sign a Contract variation with SITA UK Limited to allow immediate start of works at Sclattie to ensure continuation of waste collection services.

In addition to the works at Sclattie, SITA UK Limited has assessed options and developed proposals for the continued transfer of waste from the south of the city. SITA UK Limited's proposal is to undertake a limited renovation of the East Tullos Transfer Station to permit safe transfer operations to resume (the site has been closed on safety ground since 2006). The redevelopment would allow the site to be operated for a further 5-7 years until new residual waste treatment facilities are developed in the city. Costed proposals are awaited from SITA UK Limited, however, it is anticipated that a further approximately £700,000 is required to bring the facility back into use.

6.4 Funding for Current Developments

In 2007 the Scottish Government introduced the Zero Waste Fund to enable delivery of more sustainable waste management practices in Scotland. The final year of support from the fund is 2010/11 and the Council has been allocated £1,244,000 in capital and revenue funding for this financial year. It is proposed that this non-repeating additional funding is used to finance these important developments that will allow the Council to continue and enhance its recycling services in the future.

6.5 Alternative Solution Requirements

The scope for an Alternative Solution to the WMSC has been derived following the adoption of the Aberdeen City Waste Strategy and the Transformation Strategy for Waste Management Services. These strategies establish the need to:

- Achieve high levels of recycling and composting in the city.
- Generate value from all waste handled by the Council.
- By applying the proximity principle, develop waste treatment infrastructure in Aberdeen wherever possible.
- Adopt the most cost-effective waste management system that meets the needs of the city.

These principles have been applied to the wastes collected by the Council and, as outlined in the Transformation Strategy, the following waste collection and disposal model has been developed:

6.6 Waste Collection:

- Introduce Food Waste Collections for all 57,000 households in Aberdeen currently without a collection.
- Review the existing combined kitchen and garden waste collection to consider separation of these two streams and identify the most cost-effective collection and treatment solution (see Waste Disposal below).
- Introduce commingled on-street and communal recycling collections (to include glass, rigid plastics and tetrapak if technically and commercially possible) to all parts of the city not served with a kerbside collection.
- Convert existing kerbside sort recycling collection scheme to commingled collections (to include glass, rigid plastics and tetrapak if technically and commercially possible)
- Review the need for Recycling Points following introduction of services outlined above).

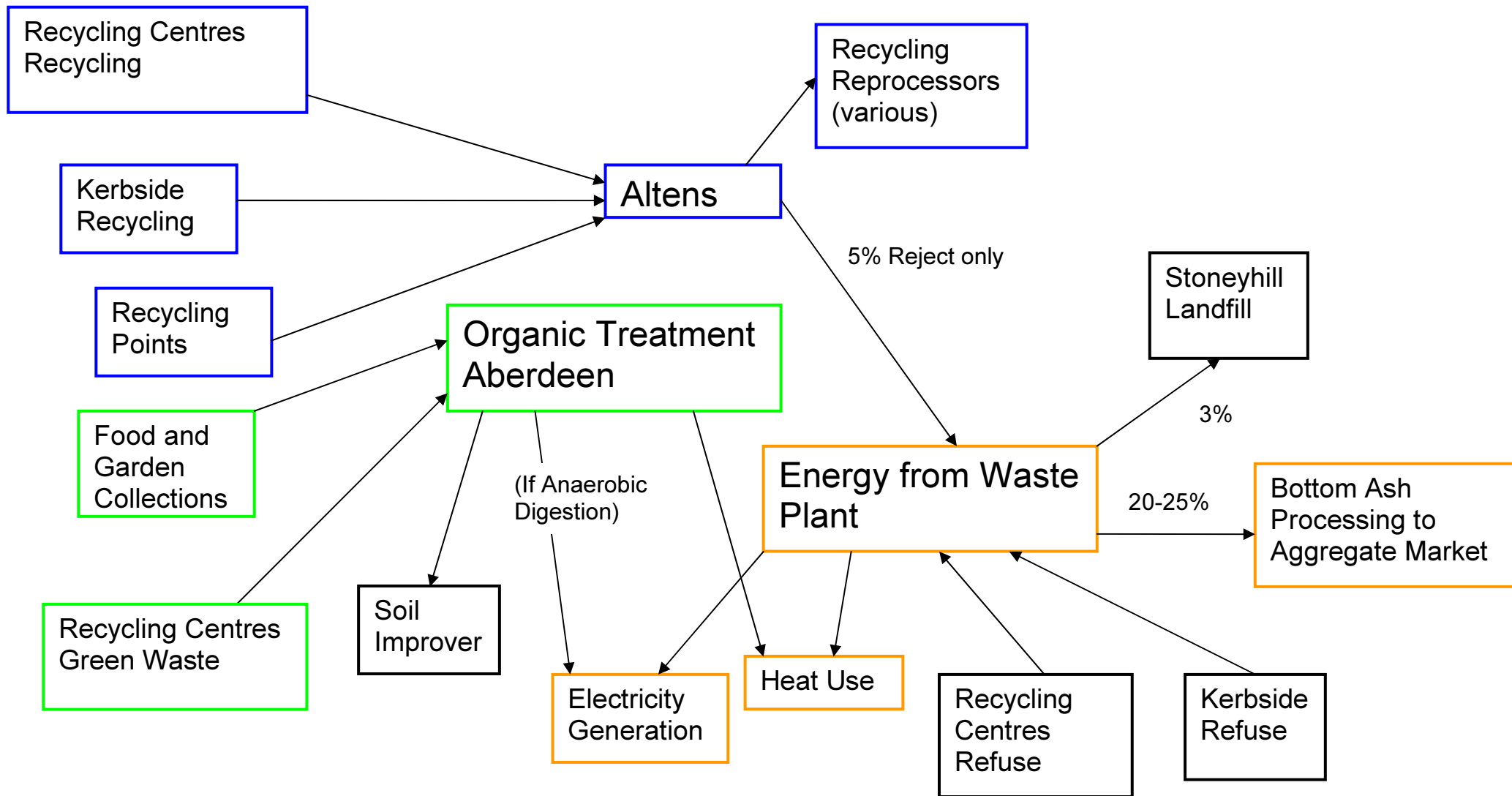
6.7 Waste Disposal;

- Develop a Materials Recycling Facility at the 'Four Fields' site in Altens to handle commingled recyclables collected by Aberdeen City Council.
- Develop two new Recycling Centres, one at the former Grove Nursery Site in Hazlehead and the other in the Bridge of Don area, this latter to replace the Scotstown Road site.
- Introduce operational improvements to the remaining three Recycling Centres (Sclattie, Pitmedden Road and Greenbank Crescent) to achieve substantial increases in recycling.
- Provision organic waste treatment services to be defined following an options appraisal relating to the collection methods for kitchen and garden wastes. Options available include In-vessel composting/open windrow composting/anaerobic digestion or a combination of these in/near Aberdeen.
- Provision of refuse transfer services at Sclattie and East Tullos until the development of a residual treatment facility.
- The provision of landfill disposal services.

- Develop a residual treatment facility in/near Aberdeen that recovers value from waste through further processing for recycling, generation of heat and power from waste or a combination of the two.

A schematic of the Waste Disposal system is shown in Figure 1.

Figure 1. Schematic of Alternative Solution Waste Flows



6.8 Waste Management Services Contract – Alternative Solution

All of the Waste Disposal activities identified above are within the scope of the current WMSC. With the exception of the residual treatment requirement, all elements are assessed to be able to be delivered at best value when considering the capital repayment required for each facility. The major capital expenditure required will be for the MRF and the organic treatment facility (when this is determined). Both facilities will have an anticipated operating life of approximately 10 years before major refurbishment is required therefore capital depreciation can be economically achieved before the end of the WMSC.

It is unlikely that this is to be the case for the residual treatment facility. The scale of capital investment is likely to be in excess of £20 million and quite possibly in excess of £50 million depending on the technology chosen. Facilities of this nature will be designed with an operating life of up to 20 years with depreciation spread across this period. The WMSC has a maximum of 15 years to run; given time required for design, obtaining permissions and construction this is likely to result in a facility being commissioned with 10 or less years of the WMSC left to run. Capital repayment on a facility with a design life of 20 years over 10 or fewer years cannot be demonstrated to be best value over the term of the WMSC.

SITA UK Limited has submitted outline proposals to provide a residual treatment facility however, it is the view of the Council's technical consultants, supported by officers that the options proposed either do not address the requirements of the Aberdeen City Waste Strategy, are not contractually compliant or do not unequivocally demonstrate that the proposed solutions are best value. As a consequence, it is proposed that the residual treatment element of waste management is not included in the Alternative Solution at this stage. Furthermore, it is proposed that the Council undertakes an options appraisal to consider the most appropriate method of delivering a residual treatment solution with the results reported to Committee on 6 January 2011. Subject to appropriate Committee approvals, a procurement exercise will be commenced in early 2011.

The remaining elements of waste recycling, treatment and disposal are to be incorporated into negotiation with SITA of an Alternative Solution to the WMSC.

6.9 Support to Alternative Solution

Work to date with SITA UK Limited in scoping and developing the proposed terms of the Alternative Solution has been undertaken by officers within Housing and Environment. From this stage forward the nature and skills required to reach agreed Alternative Solution change. The following series of tasks are required to be completed to ensure an appropriate and best value Alternative Solution is achieved:

- Aberdeen City Council to provide the scope and specification for the Alternative Solution (90% complete)

- SITA UK Limited to develop a Business Model based on a Contract Waste Data Flow model (initial iteration submitted for model validation)
- Aberdeen City Council to validate Waste Data Flow Model and instruct SITA UK Limited to develop and submit full a Business Model and Proposal document
- Aberdeen City Council to review Business Model and Proposal document and undertake best value analysis. Best value analysis will require each element of the proposal to be scrutinised and, where necessary, benchmarked. The business model supplied by SITA will be required to demonstrate unit costs for all activities and infrastructure to a level of detail that provides transparency. The Proposal documents will also be required to identify what measures SITA has undertaken to achieve best value and mitigation of costs to the Council.
- A period of discussion and refinement of proposals and costs to ensure that the Proposal meets the needs of the Council at appropriate cost.
- Throughout this process work in parallel will continue to review and amend the Contract documentation to ensure that Contract Terms and Conditions are appropriate for the services to be provided.
- Officers to prepare a full Alternative Solution assessment report for consideration by Committee.
- Subject to Committee approval, a formal Contract Variation to be signed by the parties.

The current resource allocated to WMSC management is limited and inadequate for the tasks outlined. The Alternative Solution process is managed by the Strategist - Waste Management but the following specialist skills are required to ensure a robust and best value solution is achieved for the Council:

- **Legal Support.** There is an existing arrangement that legal support to the WMSC is provided by the Council's external legal advisors, Brodies LLP; it is proposed this support continues and includes the Alternative Solution.
- **Technical Support.** The work required to validate and assess the value of the solutions proposed by the Contractor is extensive and will include benchmarking both of the technical solutions proposed but also the proposed cost of those solutions. The Council has a framework provider for Waste Services including contract management purposes, the Halcrow Group. It is proposed that Halcrow is engaged to support the delivery of the Alternative Solution and costs to be allocated to the Waste Disposal Budget.
- **Financial and Business Analysis Support.** The Waste Data Flow and Business Model that form the basis of the Alternative Solution are very complex but are fundamental to the successful future management of the WMSC; an integrated and flexible model will ensure that as inevitable changes are made to the WMSC in the future, these changes can be incorporated into the Business Model and their financial impact assessed easily. Furthermore, scrutiny of the financial proposals is required to ensure best value and to ensure they are in

accordance with the financial expectations of the existing WMSC. No resource is in place for this essential element of the work. It is recommended that the Head of Finance, with the assistance of colleagues in Housing and Environment identifies suitable support for this function in early course.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

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ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	7 September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Resourcing a High Quality Planning System
REPORT NUMBER	EPI/10/205

1. PURPOSE OF REPORT

- 1.1 The Scottish Government has recently published a consultation document - Resourcing a High Quality Planning System. The consultation looks at how planning can be resourced more effectively in the context of public sector constraints and slower rates of development. It explores alternative delivery options and proposes fee structures that are more proportionate in the longer term. This report sets out a proposed response to the consultation paper.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Agrees the response contained in this report and refer it to the Finance and Resources Committee for approval for submission, along with any further comments made by this committee and following the Heads of Planning Scotland workshop, to the Scottish Government.

3. FINANCIAL IMPLICATIONS

- 3.1 The report relates to the future resourcing of the planning service. The consultation paper states that the overall resourcing of the planning service is the responsibility of local authorities. Whilst the consultation focuses mainly on planning application fees, it also states that authorities require to look at the resourcing of the whole planning service in the context of budgets and the role its planning service should play in supporting economic recovery, delivering quality developments as part of longer term sustainable growth. While the modernised planning system has taken some duties away from some planning authorities, this has been outweighed by the introduction of additional duties with no additional allocation of resources. The consultation includes seeking views on options for amending the planning application fee structure and whilst it is anticipated that this will result in an increase in fee levels, it is not yet clear exactly what the implications will be. As a result of the economic downturn there has been a large reduction in the income generated through planning application fees. The reduction in fee income has been proportionally significantly greater than the reduction in the number of applications received. Therefore ways of increasing

income would be something which should be encouraged. It should be noted that these issues are also being looked at by the Service through the current Priority Based Budgeting exercise.

4. SERVICE & COMMUNITY IMPACT

4.1 The Scottish Government has stated that an effective planning service is fundamental to achieving its central purpose of sustainable economic growth. As such the proposals in this report relate to a number of Single Outcome Agreement Outcomes:

1- We live in a Scotland that is the most attractive place for doing business in Europe;

2- We realise our full economic potential with more and better employment opportunities for our people;

10- We live in well-designed, sustainable places where we are able to access the amenities and services we need;

12- We value and enjoy our built and natural environment and protect it and enhance it for future generations;

13- We take pride in a strong, fair and inclusive national identity; and

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

5. OTHER IMPLICATIONS

5.1 There are no property, legal and equipment implications arising from this report.

6. REPORT

Introduction

6.1 The Scottish Government recognises the importance of planning as a key driver to building economic success and to achieving its central purpose of increasing sustainable economic growth. Over the past two years the planning system in Scotland has undergone significant change with the implementation of the new Planning Act and the introduction of e-planning. The Scottish Government is working with CoSLA, local authorities, key agencies and the development industry to ensure there is a modern, future-facing planning system which is properly resourced to deliver quality outcomes. As part of that process the Scottish Government has recently published a consultation paper - Resourcing a High Quality Planning System and is looking for views on how the planning system should be best resourced to deliver a quality service that supports the delivery of sustainable economic growth.

6.2 The consultation paper stresses the Government's commitment to ensuring that issues relating to resources and quality are linked and emphasises the expectation that planning authorities will continue to improve beyond their existing performance level (although it does not specify what this means).

Policy and legislative background

- 6.3 Planning application fees are set by Scottish Ministers and approved by the Scottish Parliament. Fees were raised by 10% in April 2010 for the first time since April 2007. Scottish Ministers have said that they may consider a further increase in fees if planning authorities can continue to demonstrate convincing and sustained improvements in performance. The fee maxima is considerably higher in England and Wales than in Scotland. In addition, some applications are exempt from fees or are charged at a reduced rate.

Consultation questions

- 6.4 The consultation document is presented in three sections relating to effective use of resources, reviewing performance and a review of the fee structure with a number of specific questions asked in relation to each of these. The following sections of this report provide a brief summary of the consultation issues and a proposed response to the questions raised. It should be noted that the Heads of Planning Scotland have organised a meeting to help planning authorities formulate their responses to the consultation. This meeting does not take place until after the EP&I Committee date so it is proposed that any amendments to our responses are reported to the Finance and Resources Committee along with this report.

Effective Use of Resources

This section explores how to make the most effective use of resources with the aim of improving the quality of service offered and considers issues relating to proportionality, quality and new ways of working. It includes issues such as simplifying requests for information to support a planning application, improving the quality of applications, charging for pre-application discussions, the use of processing agreements, the potential of shared services, joint commissioning and accreditation, out sourcing and the use of peer review and sharing best practice.

Q1. What measures could be implemented that would improve the quality of application and supporting information?

An element missing from this section in terms of the quality of applications is that developers should submit applications that comply with the development plan. Developers should be made aware that this would be the most effective means of facilitating faster decisions and high quality outcomes. There should be more scope for planning authorities to refuse to register applications that do not contain full information. This may require a review of the Development Management Regulations. Consideration could be given to providing an incentive for planning authorities to enter into processing agreements (there had previously been a suggestion of an enhanced fee). An accreditation scheme for agents, similar to that which exists for engineers in building standards or contractors for works in the public highway could be considered.

Q2. Would you be in favour of the introduction of a charge for pre-application discussions? In considering your response, should this be a one-off payment or should it be discounted against the subsequent submission of a planning application?

It is not clear if this relates to national and major applications or local applications or both. However, the principle of charging for pre-application discussions should be welcomed on the understanding that this could be discounted against the fee for a subsequent planning application. It should be recognised that there are different procedures for different types of application and that the fees *could* be set accordingly. There are potential consequences of introducing a charge for voluntary/discretionary pre-application discussions where a charge may discourage engagement and result in poorer quality applications. A further issue is that it is presently unclear whether the introduction of pre-application charges would be legally competent under the current legislation. This is, however, an option currently being considered by the Council.

There may also be scope for charging for pre application work in relation to delivering supplementary guidance in the form of masterplans or development frameworks. These would have to be subject of an agreement on programme and resources. The parties that enter into this arrangement would need a substantial incentive that this provides benefits in the determination of a subsequent planning application, for instance, in speed of decision making. This is being considered as part of our Priority Based Budgeting exercise.

Q3. Are you supportive of the ways of working identified above? If so, is there a particular approach that you consider could make a difference to the performance of the planning system? If yes, which one and why?

Aberdeen City Council has already established shared services with Aberdeenshire Council for planning gain, Strategic Environmental Assessment and the Design Review Panel. The Council already benchmarks and shares best practise with other authorities, which has been a very useful exercise for a number of years. Other options, including outsourcing and shared services are currently being considered as part of the Council's Priority Based Budgeting exercise. These options are not, however, without risks. For example, for a potential shared service it may not be possible to agree the principle and details, there could be blurred lines of accountability and governance and the costs of restructuring could be greater than any cost savings. Outsourcing of the planning service could result in the loss of local knowledge, create potential conflicts of interest and diminish public perception of the democratic process. The costs of the outsourcing process also mean that it is unlikely to achieve efficiencies in the short term, if ever.

Performance

This section stresses the importance of regular monitoring and assessment of the quality of service being provided by planning authorities. It recognises that the success of the planning service should not be judged only on the speed of decisions but that there are also qualitative aspects of the process. It states that the Scottish Government will work with authorities to promote a framework of self assessment which reflects the new relationship with local government, the new approach to audit and inspection and a culture of

continuous improvement. It also raises the potential of the reintroduction of planning audits.

Q4. What do you consider constitutes a high performing planning system? In considering your response, please reflect on the roles and responsibilities of the various parties in the planning system including developers, planning authorities, key agencies as well as other stakeholders.

Are you aware of any existing appropriate frameworks currently being used that could be used? If not, are there any themes or indicators that could be considered as part of a framework to monitor the planning system? In considering your response we would also welcome views on the introduction of such a framework as well as who is best placed to carry out this assessment.

Whilst the aspiration to improve performance is supported in principle, there is no indication in the document as to what “a measurable step change in quality of service” or “convincing and sustained improvements in performance” would look like. There will be different actions required in different authorities and reflected in their Service Improvement Plans depending on what that change is - again it is the speed versus quality issue; faster does not necessarily mean good quality sustainable places. A high performing planning system should be recognised by the public as such and should be open and responsive, whilst making quick decisions that lead to quality development on the ground.

Any new assessment framework should be integrated and consistent with those already in use by Councils. Aberdeen City Council has adopted the “How Good is Your Council” framework.

It should also be recognised that the quality of the planning service is not dependent solely on the planning authority but rather it requires quality and timely input from other stakeholders, including key agencies, developers, community groups and other Council services. It is, therefore, important that any assessment framework incorporates a mechanism for assessing their performance too.

The benefit of relying only on the current Statutory Performance Indicators, which measure only the speed of decision making and not the quality of those decisions or of the outcomes, and measuring performance between authorities with very different issues, development pressures, budget and priorities is questionable. Consideration should be given to using a balanced score card approach to judge performance against the five perspectives of public interest, private customer, internal business, continuous improvement and finance and the targets set by individual planning authorities appropriate to their own circumstances. This would demonstrate, for example, the high levels of customer satisfaction with the Council’s planning service, as demonstrated through our customer satisfaction survey.

Review of Fee Structure

It is widely recognised that there is a need for a change in the fee structure for planning applications and this section of the consultation document focuses on options for reviewing the existing fee structure. The consultation has been developed using the principles that fees should cover costs and be relevant, appropriate, fair, evidence based and aid service improvements. It presents five options:

Option 1: Value based approach - where the fee is linked to the value of the development.

Option 2: Time based charging model - where the fee is linked directly to the time spent processing each planning application.

Option 3: Allowing planning authorities to set their own fees - this would require a change in the primary legislation, or for fees for each authority to be included within the regulations.

Option 4: Linking fees to hierarchy of developments.

Option 5: Maintain but adjust the current model - with adjustments made to reflect the hierarchy and specific sectoral developments.

Fees should at least cover costs, although it is accepted that they should not *necessarily* be used to aid service improvements, although it is difficult to identify the true cost of providing a planning service because of the way the service integrates with the wider organisation and outside bodies. It would be easier to cover the cost of case officer and administration costs

It is important to acknowledge some of the downsides relating to the options presented as well as the potential benefits. The fact that the RICS data is often an area for dispute in building standards suggests that this approach is not always simple and transparent. There is also a question as to whether something based on value encourages developers to try and cut costs (and thereby quality).

There is a risk that a fee based on time charging may lead to pressure to cut corners to minimise time and cost. The amount of time spent processing an application does not necessarily relate to the type or complexity of the application. For instance there may be a well organised campaign of opposition or one particular persistent objector so this approach may be seen as unfair to applicants. A time based charging system appears to be fraught with difficulty, for example would charging be based on a single rate or would it relate to the seniority of the staff involved process an application?

Q5. Do you think the Scottish Government should amend the current fee structure?

Which is your preferred option (1, 2, 3, 4 or 5)? (Please give any comments on why these are you preferred/least favoured options)

Which is your least preferred option (1, 2, 3, 4 or 5)?

What alternative approaches do you feel the Scottish Government should consider, if any? In considering your response please give any comments on why the option you identified above are you preferred/least favoured.

Option five would be the most attractive in terms of understanding and applying in practice. A time based approach should not be supported as the time spent on an application can often be outwith the applicant's control, for example if a lot of objections are raised. Trying to get extra money at a later date from applicants for the current requirement for publicity for applications has raised a number of practical difficulties and staged payments is considered to be undesirable.

This section of the document also considers issues relating to a potential fee structure, the use of incentives to improve performance, staged/phased payments, the application of a one off single fee and regional variations in the number and type of applications. It also looks at a range of other changes which could be made to the existing fee structure, including new charges for specific elements of the service and particular types of applications.

There is an argument that enhanced fees should be required for retrospective planning permission. In practice, this might impact more severely on smaller, domestic type of work and it is unlikely to produce significant additional income, but it may provide a disincentive to undertake unauthorised works. Consideration should also be given to charging the developer for any enforcement action that planning authorities are required to take against unauthorised development. This should cover the costs incurred by the authority.

The application fee should cover the cost of neighbour notification, responsibility for which has transferred from the developer to the planning authority with no additional resources allocated to Councils, despite the significant additional burden it places on them.

Fee Maximum

Q6. Do you consider that the maximum fee level should be raised? If so, what would you consider to be an appropriate maximum level and should this higher fee be dependent on a defined service and timescales being delivered by the planning authority?

Yes. This should be informed by the English system and by the hierarchy of developments. The possibility of larger/enhanced fees for applications that are significant departures from the development plan should also be examined.

Allocation of the fee

Q7. Do you consider that other consultees should charge the relevant planning authority for their input on planning applications?

It is not clear how this would be implemented. There is also an issue about how planning authorities could resource the potential gap being left by agencies stepping back from the system. Fee calculation and method of payment could be potentially so complicated that this option should not be pursued. Consultees also benefit from the planning service as it is a source of information to help them in their service delivery and can minimise problems which might arise in the future.

Incentives

Q8. Do you consider the use of rebates, discounts or other incentives a useful tool in delivering a more efficient service? If so what would be an effective discount, rebate or other incentive?

No. Delays to planning applications are not always caused by planning authorities or services that in the control of the planning service, for example where there are significant numbers of objections, or where a developer does not respond timeously to requests for further information. Incentives could have the opposite effect and lead to more refusals. Sometimes applicants do not want a quick decision for contractual reasons.

Staged / phased payments

Q9. Do you think the introduction of staged payments would encourage more efficient service and be helpful to developers? If so, are there any particular stages within the process that should trigger a payment?

No. There are potential difficulties of recovering payments if they are staged. An example would be the difficulties encountered even with something as simple as Neighbour Notification Adverts where it is difficult to get payments especially if it looks like an application is going for refusal.

One off single fee

Q10. Do you consider there should be a single fee?

Yes. This would have significant benefits – applicants would know the size of the fee at the outset and the payment system would be much easier to administer.

Regional variances

Q11. Should the charging scheme take into account the regional variations in types of applications and the varying nature of local authorities? If so, what factors should be considered?

No. There should be a single national fee. It should perhaps be recognised that some authorities have different burdens, for example, neighbour notification has placed a greater burden on compact urban authorities such as Aberdeen.

Change of use

Q12. Do you consider it appropriate to amend the fees for changes of use? If so, how should this be calculated?

Yes. Consideration should be given relating it to the site area or amount of floorspace involved.

Environmental Impact Assessments

Q13. Do you consider that submission of an EIA should warrant an additional fee? If so what might an appropriate charge be?

Yes. Processing an EIA application involves a great deal of work. The fee should be set at the same level as the related planning application.

Fees for application for planning permission in principle

Q14. Do you agree that applications for planning permission in principle should continue to be charged at half the standard fee?

No. There is little justification for this. Applications for planning permission in principle can create as much work as full applications. The full fee should be paid.

Hazardous Substances Consent

Q15. Do you agree that the fees for Hazardous Substances Consent should be increased inline with inflation?

Yes. This has very little impact in Aberdeen.

Discharge of Conditions

Q16. Do you think there should be a fee payable for discharge of conditions? If so, should this be refundable where a decision has not been made within a set period of time?

No. This could discourage compliance with conditions and could lead to more enforcement work for which additional resources would be required. This could be factored into the initial application fee structure.

Planning agreements

Q17. Do you think there should be a fee payable on the conclusion of a planning agreement? If so, how should this be calculated?

Most authorities charge for the legal and administrative costs of preparing planning agreements. When the money is handed over is not really an incentive. It is also important to recognise that some of the delay in completing planning agreements can lie with the developer. Continuation of the present procedures would appear to be a reasonable approach.

Tailored services

Q18. Do you consider that the fee regime should include the ability to offer a tailored service for certain developments?

No. The design and structure of service to be provided should be left to the planning authority

Windfarms

Q19. Do you consider that fees for windfarms should be altered to reflect the nature of this industry? If so, do you agree with developing a scheme similar to that in operation in England, or are there alternative options?

Aberdeen City does not have any experience of dealing with planning applications for wind farms. Other authorities with more experience would be better placed to answer this question.

Mineral and Landfill Sites

Q20. Should the Scottish Government take forward previous proposals to introduce a set fee payable by the operator for each visit subject to a maximum number of visits per annum or do you consider that monitoring costs should be borne by the planning authorities?

As for question 19.

Aquaculture/ Fish Farming

Q21. Do you consider that a single level fee based only on the equipment above the surface, including feed barges and any associated equipment, is appropriate? If so, how should this be calculated?

As for question 19.

Q22. Do consider that a fee charged for the testing of areas for potential shellfish farms is appropriate?

As for question 19.

Agricultural Buildings

Q23. Where an application for an agricultural development under 465 m² is not subject to permitted development should a fee be required to be paid based on the development size? Should this be a full fee or part fee?

It is considered that there is no justification for reduced fees for agricultural buildings.

Q24. Should fees be reduced for agricultural developments above a certain size?

No.

Any other comments

Q25. We welcome any other views and comments that you might have on Resourcing a High Quality Planning System that have not already been covered within this consultation.

The emphasis on resourcing a planning system which supports economic growth is the correct way to go. At the same time it is important that response is not just about how planning can be resourced more effectively in the context of public sector constraints and slower rates of development, it should be about creating a sustainable model that works both in times of constraint and in healthier economic times. If the focus is on economic recovery there is, by implication, an expectation that developments could be approved to address a short term problem which we may then live to regret in the longer term. The emphasis must still be on quality development. It is important to recognise that what we are trying to resource is a system which achieves better outcomes, not just faster decision making, and that all sectors have to play their part in that in terms of the culture change.

The consultation document states that “An element of planning reform is to streamline the planning process and to reduce the number of planning applications being submitted in order to enable planning authorities to concentrate on more significant applications”. It is important to recognise in considering the resourcing of the planning system that this has not been implemented, the anticipated efficiencies not realised and the resources not freed up as expected. It is also becoming evident that the anticipated reduction in application numbers is unlikely to be achieved without radical changes to permitted development, some of which may be controversial.

This must all be achieved at a time of increasing constraints in the public sector when Councils are required to make very difficult decisions about their service priorities. In the case of Aberdeen City Council many of these options will be considered through the Priority Based Budgeting exercise currently being undertaken which may provide an example of best practice for other Councils.


The system must be responsive to changes in the economic position so that fluctuations in demand can be accommodated without either incurring excessive cost or imposing undue delays.

It is important that whatever charging regime is introduced it does not prejudice good will and public support for the planning system and as such is seen to be both fair and reasonable. The danger of losing goodwill might result in making it more difficult to deliver desirable outcomes.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Resourcing a High Quality Planning System - a Consultation Paper, Scottish Government, July 2010 available from
<http://www.scotland.gov.uk/Publications/2010/07/07154028/0>

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources Committee
DATE	28 th September 2010
CORPORATE DIRECTOR	Stewart Carruth
TITLE OF REPORT	Corporate Governance Service – Performance Reporting
REPORT NUMBER	CG/10/173

1. PURPOSE OF REPORT

This is a report on the progress and performance of the Corporate Governance Service in implementing the approved Service Business Plan 2010/13.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- i. Note the reported progress and performance; and
- ii. Instruct such action as is considered appropriate.

3. FINANCIAL IMPLICATIONS

There are no direct implications arising from this report.

4. SERVICE & COMMUNITY IMPACT

The Corporate Governance Service's success in delivering its approved Service Business Plan will have considerable impact on the Council's services and the wider community.

5. OTHER IMPLICATIONS

None.

6. REPORT

6.1 Background

6.1.1 The Committee, at its meeting on 17th June 2010, approved the Service Business Plan 2010/13 for the Corporate Governance Service. The Service Business Plan includes a number of actions with corresponding performance indicators which will measure the impact of the actions.

6.1.2 The Corporate Policy & Performance Committee, at its meeting on 29th April 2010, agreed that Service Committees should receive and consider quarterly performance reports from the corresponding Service. The reports to include:

progress with actions set out in the relevant Service Business Plan;
all Statutory Performance Indicators which fall within the committee's remit;
other Key Performance Indicators which the Service and / or the Committee deem necessary to manage performance;
specifically, data showing actual and projected expenditure on revenue and capital budgets, as well as delivery of agreed savings; and
the relevant Service Risk Register.

6.1.3 This report presents the first quarterly performance pack for the Corporate Governance Service.

6.2 Ongoing Development of Performance Data and Reporting

6.2.1 Members will appreciate that the 3 year Corporate Governance Service Business Plan represents significant change. The Service is committed to implementing and monitoring this change through improved use of actionable data. Work is ongoing to put in place processes which capture the "necessary" data as opposed to the "readily available". As a result a number of our agreed performance indicators remain in development. These will quickly become populated as systems are put in place to capture the data.

6.2.2 As set out within the Service Business Plan, the Corporate Governance Service intends to move its performance reporting towards a fully "Balanced Scorecard" over the coming months. A significant element of this "Balanced Scorecard" requires both self-evaluation and external qualitative feedback to be given by the service users of Corporate Governance. The following metrics are currently being developed and will become part of the Service's performance reporting when data is available:-

i. Self-evaluation

"How Good is Our Council?" Rating
"How Good is Our Management?" Rating
"How Good are Our Processes?" Rating
"How Good is our Leadership?" Rating
"How Well do we Meet the Needs of Stakeholders?" Rating
"How Good are Our Key Outcomes?" Rating

ii. Customer Feedback

Customer Satisfaction with Corporate Governance Services
 Customer Satisfaction with ICT
 Customer Satisfaction with Finance
 % staff satisfaction with the Council as an employer

iii. Processes

Accumulated increases in productivity

6.3 Exceptional Performance At September 2010

6.3.1 Significant steps have already been taken across the Corporate Governance Service towards implementing the 2010/13 Service Business Plan. Members will appreciate that the Service Business Plan commits the Service to many new actions and performance indicators, therefore progress and trend analysis is at an early stage. There are a small number of exceptional issues which the Service would specifically highlight:

Action Exceptions

1. We will ensure value for money by challenging spend through a Priority Based approach to budgeting and planning.

Exception Reason	Timescale	Progress	Status Note
Of exceptional current significance	31 Mar 2011	70%	The work to produce a corporate business plan that bases its expenditure and future service delivery on achieving the accepted priorities of the council is progressing to the plan established for this work. Currently the work from all Services is being combined to create the corporate plan. This production will then be shared with elected members and taken for wider external engagement during October. Formal presentation of the proposed business plan will be to the Finance & Resources Committee on 2/12/10.

2. We will deliver a positive customer experience through a customer service centre at the new corporate headquarters and an improved combined telephone contact centre.

Exception Reason	Timescale	Progress	Status Note
Of exceptional current significance	31 Mar 2012	25%	<u>Customer Contact Centre</u> Building works are scheduled to be complete by the end of October 2010. Analysis of IT requirements undertaken, tender documentation prepared and issued and tender responses received. Evaluation of responses is ongoing.

Performance Indicator Exceptions

1. Value of efficiencies achieved from Improved Procurement (£000)

Exception Reason	Performance significantly above target	Value	£2,100,000	Target	£1,467,000
Analysis	<p>The reported performance shows a significantly greater level of savings from improved procurement than target. The figures above are for the financial year 2009/10. A further target of £1,178,000 has been set for the current financial year. £818,000 has been delivered to date and the current end of year forecast is £1,200,000.</p>				

2. Average number of days lost through sickness absence - Corporate Governance

Exception Reason	Performance below target	Current Value	12.9	Target	10
Benchmarking	<p>The PI is compared with all other Scottish local authorities. 2009/10 comparative data is not yet available. 2008/09 data shows a Scottish average of 12.5 days. The Corporate Governance Service, therefore, is broadly similar to the national average.</p>				
Analysis	<p>Action has been taken to amend the policy, management arrangements and monitoring of absence. The number of days and incidences of absence at which point formal action is required has been reduced. In addition, officers are improving the timeliness and detail of the information available to managers to monitor absence. The Corporate Management Team has recently reviewed a detailed breakdown of absence and actions are being directed on the basis of this information.</p>				

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None

Combined Actions and PIs

Report Type: Actions Report
 Report Author: Martin Murchie
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1. We make best use of the financial resources available to us, delivering improvement in our service priorities in the most cost effective manner

Action	Timescale	Status	Progress
We will ensure value for money by challenging spend through a Priority Based approach to budgeting and planning.	31 Mar 2011		<input type="text" value="70%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Council-wide efficiencies as a percentage of revenue budget	2%		
Corporate Governance Service efficiencies as a percentage of revenue budget			
PI in development			

Action	Timescale	Status	Progress
We will market test and benchmark our services against best in class across a range of sectors.	31 Mar 2012		<input type="text" value="10%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Cost of overall accountancy function per £1,000 of net expenditure			
Cost of overall human resources function per £1,000 of net expenditure	£6.48		
Total Cost of Ownership per ICT workstation	£1,039.00		
Internal Audit cost per £1m expenditure	£861.00		

Gross administration cost per benefit case	£36.00	£41.47			
Cost of collecting council tax per dwelling	£12.75	£12.98			
The percentage of Council Tax collected during the year, net of reliefs and rebates (SPI)	39.29%	51%			

Action	Timescale	Status	Progress
We will ensure Best Value in projects through a programme management framework.	31 Mar 2011		
Performance Measures	Target	Value	Short Trend
No of projects delivered where anticipated business benefits have been achieved as a % of those delivered within the time period	100%	80%	
No of projects delivered within agreed budget as a % of those delivered within the time period	100%	90%	
No of projects delivered within agreed timescale as a % of those delivered within the time period	100%	90%	

Action	Timescale	Status	Progress
We will review business processes to support delivery to the Council's customers.	31 Mar 2011		
Performance Measures	Target	Value	Short Trend
% of council spend that is "support services"			
The percentage of residents very or quite satisfied with the council	48%		

Action	Timescale	Status	Progress
We will work with our partners to identify and deliver efficiencies from effective procurement.	31 Mar 2011		
Performance Measures	Target	Value	Short Trend
Value of efficiencies achieved from Improved Procurement (£000)	£1,467,000	£2,100,000	

Action	Timescale	Status	Progress
We will develop and implement an approach to measuring productivity.	31 Mar 2011		<input type="text" value="5%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
The percentage of all invoices paid within 30 calendar days (SPI)	88.5%		
	64.7%		

Action	Timescale	Status	Progress
We will implement and embed a model of self-evaluation across the Council to improve understanding of our business and to co-ordinate our effort for external inspection.	31 Mar 2011		<input type="text" value="8%"/>

Action	Timescale	Status	Progress
We will modernise the Internal Audit function in partnership with an external provider to provide added value through each audit.	31 Mar 2011		<input type="text" value="50%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Satisfaction with Internal Audit	90%		
Tangible improvements in performance resulting from Audit Recommendations			
Internal Audit cost per £1m expenditure	£861.00		
	£664.00		

Action	Timescale	Status	Progress
We will further develop and improve our risk management policy to better manage risk	31 Mar 2011		<input type="text" value="10%"/>

Action	Timescale	Status	Progress
We will improve our corporate ICT infrastructure to support the business in cost effective ways.	31 Mar 2012		<input type="text" value="2%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Implementation of ICT enabled flexible working - % of Employees who have flexible working facilities as a % of total employees.	20%		
	6.25%		

Major computer application uptime	99.5%	99.72%			
Total Cost of Ownership per ICT workstation	£1,039.00	£1,154.14			

Action	Timescale	Status	Progress
We will implement a Human Resources shared service centre.	31 Mar 2011		<input type="text" value="50%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Customer Satisfaction with HR	100%		
Cost of overall human resources function per £1,000 of net expenditure	£6.48		

Action	Timescale	Status	Progress
We will implement a Finance shared service centre.	31 Mar 2011		<input type="text" value="50%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Cost of overall accountancy function per £1,000 of net expenditure			

Action	Timescale	Status	Progress
We will maintain strong governance and ensure the probity of all actions taken by the Council.	31 Mar 2013		<input type="text" value="0%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Unsuccessful Legal Challenges			
PI in development			

2. We have a flexible, skilled and motivated workforce

Action	Timescale	Status	Progress
We will develop a flexible Corporate Workforce Plan which aligns our workforce with available budget and our priorities.	31 Mar 2012		<input type="text" value="50%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Level of Staff Turnover (Corporate)	<input type="text" value="1.29%"/>		
Level of Vacancies (Corporate)			

Action	Timescale	Status	Progress
We will ensure that effective succession planning is in place.	31 Mar 2013		<input type="text" value="30%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Level of Vacancies (Corporate)			
Number of internal candidates appointed to promoted posts	<input type="text" value="5"/>		

Action	Timescale	Status	Progress
We will review the range of skills on a service by service basis and ensure there are high skilled and motivated employees.	31 Mar 2012		<input type="text" value="5%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Average number of days lost through sickness absence - Corporate (SPI)	<input type="text" value="10"/>		
Average number of days lost through sickness absence - Corporate Governance (SPI)	<input type="text" value="12.9"/>		
Level of Vacancies (Corporate)			
% appraisal development needs met			
% appraisal objectives met			

Level of ICT User Competence - Scored 1 to 7 (SOCITM 10)	5				
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Action	Timescale	Status	Progress
We will undertake an organisational wide review of the business needs of the new departments and allocate support staff with the right skills to each of the departments.	31 Mar 2013		<input type="text" value="15%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Headcount of Agency Staff - Corporate Governance			
Headcount of Agency Staff Council wide	22.4		
	512		

Action	Timescale	Status	Progress
We will develop and implement a flexible Customer Services Model to enable efficient and high quality service delivery, ensuring skilled and motivated employees.	31 Mar 2012		<input type="text" value="22%"/>

Action	Timescale	Status	Progress
We will improve knowledge management and sharing within the Directorate and with our partners.	31 Mar 2011		<input type="text" value="0%"/>

Action	Timescale	Status	Progress
We will conduct a systematic review of structures across the component teams of the Directorate, to ensure the design and number of posts properly reflects the needs and priorities of the directorate and our customers and stakeholders.	31 Mar 2011		<input type="text" value="20%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
% of council spend that is "support services"			
	PI in development		

3. We listen to, and are responsive to, our customers, shaping our services around their needs and focusing our resources where they are most needed

Action	Timescale	Status	Progress
We will systematically engage internal customers, external customers and our partners, embedding their feedback to shape the services we deliver.	31 Mar 2011		<input type="text" value="30%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
% who feel they can influence what happens in their neighbourhood	27%		
			Short Trend

Action	Timescale	Status	Progress
We will develop a channel management strategy, routing customer facing services through the most appropriate customer contact channels to demonstrate enhanced customer service and improved efficiency.	31 Mar 2014		<input type="text" value="0%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
The percentage of residents who are satisfied with the Customer Service provided by the Council	67%		
Total number of enquiries across all centralised customer service channels	2906806		
Total number of online transactions	11066		
% of telephony queries resolved at the first point of contact (calculated using the Customer Contact Centre data)	75%		
% of face-to-face queries resolved at the first point of contact (calculated using the stats gathered by the Customer Service Centre and Customer Access Points)	75%		

Action	Timescale	Status	Progress
We will manage contracts and supplier performance to ensure we maximize value and efficiency in the goods and services we procure and to ensure they meet the needs of our customers and services.	31 Mar 2011		<input type="text" value="25%"/>
Performance Measures	Target	Traffic Light Icon	Long Trend
Procurement - Quality, Price, Time and Service			
PI in development			Short Trend

Action	Timescale	Status	Progress
We will engage with our supplier base to effectively manage relationships so that the Council is perceived as an attractive business partner.	31 Mar 2011		40%
Performance Measures	Target	Traffic Light Icon	Long Trend
Procurement - Supplier Rating of Council as an Attractive Partner			
Procurement - Supplier Response to Tenders			
PI in development	Value	Short Trend	

Action	Timescale	Status	Progress
We will deliver a positive customer experience through a customer service centre at the new corporate headquarters and an improved combined telephone contact centre.	31 Mar 2012		25%
Performance Measures	Target	Traffic Light Icon	Long Trend
The percentage of residents who are satisfied with the Customer Service provided by the Council	67%		
	67%		

Action	Timescale	Status	Progress
We will continue to engage with other Services across the Council regarding Government Priorities and embed feedback to shape the Service and focus resources where needed.	31 Mar 2011		25%

4. We work closely with our partners, including local communities, to deliver a single set of outcomes for all the citizens of Aberdeen

Action	Timescale	Status	Progress
We will actively engage with existing community planning partners and build new relationships, to develop an innovative service planning and delivery model based on the Total Place movement.	31 Mar 2011		
Performance Measures	Target	Traffic Light Icon	Long Trend
Council-wide efficiencies as a percentage of revenue budget	2%		
The percentage of residents very or quite satisfied with the council	48%		
% who feel they can influence what happens in their neighbourhood	27%		
% of adult residents stating their neighbourhood as a 'very good' or 'fairly good' place to live	90%		

Action	Timescale	Status	Progress
We will implement our Single Equalities Scheme, embedding equalities in all the services we deliver.	31 Mar 2013		
Performance Measures	Target	Traffic Light Icon	Long Trend
% of residents agreeing that they are fairly treated in their contact with the Council (+ no replies)	91%		

Action	Timescale	Status	Progress
We will develop an approach to measuring social return on investment and implement on key investment projects.	31 Mar 2011		

Action	Timescale	Status	Progress
We will engage with neighbouring authorities to investigate the possibility of shared legal and democratic services.	31 Mar 2012		

Action	Timescale	Status	Progress
We will network with professionals located in other public and private bodies to share professional research and benchmarking for our organisation.	31 Mar 2011		

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	28 September 2010
DIRECTOR	Stewart Carruth, Director of Corporate Governance
TITLE OF REPORT	2010/11 FINANCIAL MONITORING
REPORT NUMBER:	CG/10/153

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to
- i) Bring to Committee members notice the current year revenue and capital budget performance to date for the Services within Corporate Governance which relate to this Committee; and
 - ii) Advise on any areas of risk and management action.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee:
- i) Note this report and the information on management action and risks that is contained herein; and
 - ii) Note the content of this report in relation to the capital programme; and
 - iii) Instruct that officers continue to review budget performance and report on Service strategies.

3. FINANCIAL IMPLICATIONS

Financial Implications are detailed in section 5 Background/Main Issues

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

- 5.1 This report informs members of the current year revenue budget performance to date, for the Service's budget and provides high level summary for the consideration of Members, to period 4 (end of July 2010). It also outlines whether or not there are any cost pressures that are immediately identifiable from the expenditure incurred to date and actions being undertaken to manage these. The budgeted and out-turn figures have been adjusted to reflect the impact of approved Voluntary Service/Early Retirement agreements and other staff savings.
- 5.2 An overview of the current position with regard to the Capital Budget for Corporate Governance is also provided.

Financial Position and Risks Assessment

- 5.3 The Service report is attached at Appendix A. There are projected net additional costs of £1.2 million (4.9%), across the overall current net budget of £24.5 million.
- 5.4 Core activities of Corporate Governance are currently projecting an over-spend of £60K. In the main this reflects a favourable variance of £300K of expected staffing savings across the Service offset by a prudent assessment of net additional costs in respect of the use of external Legal of a similar amount.
- 5.5 Within the area of the Corporate Debt Income Manager, further staff savings of £300K have been identified. However this is set against projected additional costs relating to housing benefit awards of £1.5 million. This projection is based on a worse case scenario produced by officers after the final figures for 2009/10 indicated additional costs of £0.7 million for that year.
- 5.6 The bulk of the additional costs relate to bed and breakfast and hotel accommodation to the homeless, management of which lies within Housing and Environment. The situation has arisen due to the failure of the Council to secure an HMO license for Aberdon and enable additional capacity to be brought on stream to meet the current level of demand for temporary accommodation. A further factor is that the level of benefit subsidy received to offset costs where non Council facilities are used is less than would be the case if Council facilities were available. The projected shortfall is calculated based on current homelessness expenditure to date with the trend assumed to continue until March 2011.

5.7 Limited additional temporary accommodation has now been made available to address this issue which otherwise would have resulted in even greater expenditure than detailed above. Officers from relevant Services are meeting to explore options and further accommodation has been identified which will become available during the next financial year. Further financial pressures will result should the Council not secure successful re-applications for HMO licenses for its Crown Street and Bon Accord Street hostels.

5.8 The detail of the capital programme remains under review by the Corporate Asset Management Group. Included in this exercise is the treatment of under-spends in last year's capital programme and profiling of expenditure in future years. As a result the usual detailed report on expenditure to date against the programme is not available, however reviews of the capital programme spend against budget will be included in future reports to this Committee.

6. IMPACT

6.1 The issues referred to in this report impact on the overall financial position of the Council.

7. BACKGROUND PAPERS

Financial ledger data extracted for the period ;(not attached)

8. REPORT AUTHOR DETAILS

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**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2010 / 2011**

APPENDIX A

DIRECTORATE : CORPORATE GOVERNANCE

Figures in Brackets represent income or a favourable variance

AS AT	31 July 2010	ANNUAL BUDGET	BUDGET TO DATE			PROJECTION TO YEAR END		
			PLANNED	ACTUAL	VARIANCE	PROJECTED TOTALS	PROJECTED VARIANCE	
ACCOUNTING PERIOD 4		£'000	£'000	£'000	£'000	£'000	£'000	%
Head of Finance - S.95 Officer (Ex CDIM)		3,517	1,570	1,462	(108)	3,417	(100)	(2.8%)
Head of Legal and Democratic Services		2,122	789	652	(137)	2,417	295	0.1
Head of Human Resources and Org Dev		4,140	1,419	1,367	(52)	4,057	(83)	(2.0%)
Head of Procurement		367	170	601	431	356	(11)	(6.4%)
Head of Customer Service and Performance		11,486	4,597	3,819	(778)	11,521	35	(0.9%)
Operational Support Manager		761	270	181	(89)	683	(78)	(10.2%)
TOTAL BUDGET (EXCLUDING CDIM)		22,393	8,815	8,081	(734)	22,451	58	0.0
Corporate Debt Income Manager		2,146	771	807	36	3,294	1,148	54%
TOTAL BUDGET		24,539	9,585	8,888	(697)	25,745	1,206	4.9%

ABERDEEN CITY COUNCIL

COMMITTEE: FINANCE AND RESOURCES
DATE: 28 SEPTEMBER 2010
REPORT BY: HEAD OF FINANCE
TITLE OF REPORT: REVENUE BUDGET 2010/11 MONITORING
REPORT NUMBER: CG/10/178

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to inform Members on the projected outturn and current financial position for the Council for financial year 2010/11 and to advise on areas of risk and management action that have been highlighted by directors.

2. RECOMMENDATION(S)

It is recommended that the Committee:

1. notes the content of the report; and
2. instructs Directors to continue to take cost reduction opportunities during the remainder of the year to achieve a balanced budget position.

3. FINANCIAL IMPLICATIONS

- 3.1 While it is felt that a balanced budget position can be achieved in the current financial year, it is worth noting that should the projected outturn be reflected by the accounts at the end of the year there will be a reduction in the General Fund balance of £0.8 million.
- 3.2 It is important to recognise that the budget has been set on with the intention of increasing the General Fund balance by £3.6 million and therefore this would represent a movement against budget of £4.4 million.
- 3.3 Uncommitted General Fund balances at year end would be £10.5 million and therefore below the recommended balance of £11.2 million that the Council has previously set, which is defined as between 2.5% and 3% of the net revenue budget.

4. SERVICE & COMMUNITY IMPACT

- 4.1. As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.
- 4.2. Opportunities to balance the budget will be identified by each Director and reported as necessary through the relevant service committee.

5. OTHER IMPLICATIONS

- 5.1. Every organisation has to manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by services and corporately by Members. This report is part of that framework and has been produced to provide an overview of the current operating position.

6. REPORT

- 6.1. This is the first opportunity for the Council to consider the overall financial position, with specific reference to the General Fund. During the earlier months of the year the Corporate Management Team has received reports on the financial performance and is aware of the risks that exist.
- 6.2. This report considers the projected outturn for the Council as a whole and this builds upon information and analysis provided to the individual Service Committee reports that have been considered during the current cycle of meetings.
- 6.3. Information within this report provides a high level expenditure projection for the consideration of Members and presents actual financial figures to the end of July 2010 and the projections based thereon.
- 6.4. Appendix A includes a summary of the overall Council projected position.

Financial Position

- 6.5. In overall terms the statement at Appendix A shows the Council is managing risk of £4.4 million in relation to the outturn position varying from budget. This represents less than 1% variance from budget and the Corporate Management Team believes that a balanced budget position can be achieved for this financial year.
- 6.6. Within the Service budgets and projections is an assumption that the savings from 'a reduction in employment costs' of £4.5 million is being achieved, despite the fact the issue remains the subject of negotiation.

- 6.7 The savings that were approved at a corporate level have all been allocated to the service budgets ensuring that there is greater clarity in relation to the availability of financial resources in each service.
- 6.8 The most significant risks and matters arising from the figures that are presented include the following:
- 6.9 Social Care and Wellbeing – An under spend of £1.4 million in relation to under commitment of demand led budgets – offset in part by reduced grant income. Staff costs also remain well within budget. It is recognised that to the demand and needs led nature of this Service pose a risk for cost pressures to arise at any time. Continued scrutiny and control is absolutely essential to maintain this favourable forecast position.
- 6.10 Housing and Environment - £0.7 million of income from the Repairs Fund and Housing Revenue Account are at risk based on the experience of 2009/10, where there were reduced recoveries. This followed a review of the method of recharge and the new operational structures that are now in place. Staff savings in relation to vacancies and corporate savings are not yet being achieved adding further pressure.
- 6.11 Corporate Governance – A projection for the year includes the impact of the non-recovery of Housing Benefit / Council Tax Benefit Subsidy to the value of £1.5 million. This is primarily due to the increased use of hotel accommodation and limited availability of Council housing stock for homelessness clients. Underlying projections for the remainder of the Service are that these will be within budget; however pressures around fees for professional advice in connection with legal costs are evident at this time.
- 6.12 Corporate Budgets – An estimate is included of an additional sum that may be required to cover further capital financing costs in the current year. This is based upon the fact that the funding available for capital expenditure is less than the full capital programme and there are continuing risks that the necessary slippage will not be achieved. The current year capital programme is considered in detail in another report on this agenda.
- 6.13 The figures outlined reflect progress on achieving approved budget savings of approx. £25 million which were incorporated into the budget and also assume a full commitment at this stage against the budgeted contingencies

Management Actions

- 6.14 Directors and Heads of Services are expected to work together and with Finance to find the means by which savings are identified, quantified and reported, working towards a balanced budget position for the year

6.15 There continues to be a robust scrutiny of all vacancies and Directors, as part of the work towards the 5 year business plan have information to reconsider those who'd previously expressed an interest in voluntary severance and early retirement.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Financial ledger data extracted for the period, and service committee reports on financial monitoring;

**ABERDEEN CITY COUNCIL
2010/11**

FINANCIAL MONITORING

As at end of July 2010	Year To Date				Projection to Year End		
Accounting Period 4	Full Year Revised Budget £'000	Revised Budget £'000	Actual Expenditure £'000	Variance Amount £'000	Forecast to be Reported £'000	Variance Full Year £'000	Variance Percent %
Services							
Office of Chief Executive	777	276	423	147	777	0	0.0%
Corporate Governance	25,464	9,586	8,889	(697)	26,670	1,206	4.7%
Enterprise Planning & Infrastructure	27,183	5,667	3,274	(2,393)	27,566	383	1.4%
Housing & Environment	42,886	10,753	3,899	(6,854)	44,276	1,390	3.2%
Education Culture & Sport	183,566	59,214	50,771	(8,443)	184,163	597	0.3%
Social Care & Wellbeing	123,793	42,457	34,595	(7,862)	121,893	(1,900)	(1.5)%
Total Service Budgets	403,669	127,953	101,851	(26,102)	405,345	1,676	0.4%
Total Corporate Budgets	42,037	14,952	14,797	(155)	44,494	2,457	5.8%
Total Net Expenditure	445,706	142,905	116,648	(26,257)	449,839	4,133	0.9%
Funding:							
<u>Government Support-</u>							
General Revenue Grant & Non-Domestic Rates	(343,070)	(85,767)	(47,424)	38,343	(343,070)	0	0.0%
<u>Local Taxation-</u>							
Council Tax & Community Charge Arrears	(106,207)	(42,483)	(51,327)	(8,844)	(105,952)	255	0.2%
Total Funding	(449,277)	(128,250)	(98,751)	29,499	(449,022)	255	0.1%
Net Impact on General Fund	(3,571)	14,655	17,897	3,242	817	4,388	

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ABERDEEN CITY COUNCIL

COMMITTEE Finance and Resources

DATE 28 September 2010

DIRECTOR Stewart Carruth

TITLE OF REPORT Unrecoverable Income

REPORT NUMBER CG/10/148

1. PURPOSE OF REPORT

To seek Committee approval on Business Rates debts recommended as unrecoverable during 2009/10 and in excess of £25,000, as required in terms of Financial Regulations 11.3.7.

To advise numbers and values, up to £10,000, of Council Tax, Business Rates, Community Charge, Housing Benefit Overpayments and Rent Arrears deemed to be unrecoverable during 2009/10 after all approved recovery procedures have been followed, as required in terms of Financial Regulations 11.3.6 and 11.3.9.

2. RECOMMENDATION(S)

The Committee is asked to :

- note the value of Council Tax, Business Rates, Community Charge, Housing Benefit Overpayments and Rent Arrears deemed by the Director of Corporate Governance as unrecoverable and shown in Appendices I to V.
- approve that the > £25,000 amounts for Business Rates shown in Appendix VI are also deemed as unrecoverable and be written off.

3. FINANCIAL IMPLICATIONS

The sums deemed as unrecoverable are fully provided for in terms of bad debt provision. With regard to Business Rates, these sums are met by the Rating Pool and have no impact on the Council's finances.

The total value in Appendices I to V is 8,762 cases with a value of £2,864,335 compared to 9,775 and £3,299,306 in 2008/09.

4. OTHER IMPLICATIONS

None

5. BACKGROUND / MAIN ISSUES

In accordance with the Council's Financial Regulations, it is policy to report annually on the levels of Council Tax, Business Rates, Community Charge, Housing Benefit Overpayments and Rent Arrears deemed unrecoverable.

The figures included within this report relate to those debts treated as unrecoverable during the financial year 2009/10. Apart from Sequestrations, debts are not deemed unrecoverable where there is ongoing liability. The sums mostly relate to previous years where all approved procedures have been followed. Full bad debt provision has been made in the accounts.

It must be emphasised that prior to completing the list, full advice, where appropriate, has been received from Legal Services and the Council's Debt Recovery Agents (Sheriff Officers) in determining that debts are indeed unrecoverable.

It should be noted that despite being deemed unrecoverable at this time, should the debtor be subsequently located, the debt will be reinstated and pursued. As an example, Former Tenants Arrears debts with a value of £557,283 were reinstated during 2009/10 after finding new addresses for the debtors.

2009/10 saw a continuation in the amount of people being sequestered and the total of £1,009,183 represents 35% of personal debt deemed unrecoverable (excluding Business Rates) compared to £645,854 and 26% in 2008/09.

To put the level of unrecoverable debt into some sort of context, the annual sums raised in 2009/10 for Council Tax (including water charges) and Business Rates were £134m and £144m respectively. Rent was £37.8m. The sums deemed unrecoverable cover a number of financial years.

A breakdown identifying the reasons and the financial year in which the debt was first raised are shown for each category of debt as follows :

Council Tax :

In total 5,721 debts were deemed unrecoverable with a value of £1,104,630. After allowing for £119,281 in recoveries and reinstatements, the net amount is £985,349. A breakdown over the years and reasons are shown in Appendix I.

No individual accounts exceeded the £10,000 limit, which requires specific Committee approval.

Community Charge:

In total 125 debts were deemed unrecoverable with a value of £29,035. A breakdown over the years and reasons are shown in Appendix II.

Housing Benefit Overpayments:

In total 1,094 debts were deemed unrecoverable with a value of £285, 441. A breakdown of the reasons are shown in Appendix III.

Rent Arrears :

In total 1,584 debts were deemed unrecoverable with a value of £1,463,920 relating mostly to Former Tenants Arrears. After allowing for £557,283 in recoveries, the net amount is £906,637.

Business Rates :

In total 238 debts were deemed unrecoverable with a value of £850,611. After allowing for £192,737 in recoveries, the net amount is £657,873. A breakdown over the years and reasons are shown in Appendix V.

Appendix VI shows 3 debts with values above £25,000 and reasons are shown. The Committee is asked to deem the value of £151,484 as unrecoverable (totals also included in Appendix V).

6. IMPACT

Managing uncollectable debt in accordance with the Council's Financial Regulations promotes good practice in the administration of local taxes and other sources of income. The non-collection of the amounts owed will not affect services because full account has been taken in budgets.

The public need to be aware that debts are pursued vigorously but there is no option but to class debts as unrecoverable when businesses fail and when individuals are sequestered (made bankrupt). This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

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COUNCIL TAX WRITE-OFFS 2009/10

Appendix I

<u>Reason</u>	<u>Cases</u>	<u>Prior Years</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>Total</u>
Unable to Trace	537	27,199.72	13,844.88	14,985.14	21,317.25	29,053.61	37,559.60	27,971.60	12,868.20	9,760.02	1,966.50	196,526.52
Deceased	746	45,738.52	8,730.92	9,689.85	8,597.83	10,824.79	7,913.97	12,012.16	13,846.91	13,465.50	1,112.13	131,932.58
Sequestration	2,362	88,888.87	39,055.65	51,167.01	60,520.57	73,874.15	83,305.47	83,573.27	114,992.96	125,081.10	39,613.06	760,072.11
Abroad	10						316.09	904.41	931.14	937.01	214.27	3,302.92
Unrecoverable - no assets	116	3,211.06		100.00	355.24	277.85				813.48	151.82	4,909.45
Uneconomical	1,950	1,323.55	591.46	292.71	385.26	569.72	905.02	390.58	988.18	1,874.69	564.86	7,886.03
	5,721	166,361.72	62,222.91	76,234.71	91,176.15	114,600.12	130,000.15	124,852.02	143,627.39	151,931.80	43,622.64	1,104,629.61
Less address found and previous write-off reversed		-18,171.65	-3,442.39	-3,413.96	-4,802.21	-4,976.64	-3,967.17	-5,526.44	-2,175.41	-10,226.45	-4,320.93	-61,023.25
Less previously written off now recovered		-5,243.20	-3,531.77	-2,179.88	-1,220.40	-1,053.25	-3,177.73	-3,307.31	-5,828.45	-11,365.76	-21,349.69	-58,257.44
	5,721	142,946.87	55,248.75	70,640.87	85,153.54	108,570.23	122,855.25	116,018.27	135,623.53	130,339.59	17,952.02	985,348.92

COMMUNITY CHARGE WRITE-OFFS 2009/10

Appendix II

<u>Reason</u>	<u>Cases</u>	<u>Total</u>
Unable to Trace	36	8,415.29
Deceased	19	6,683.35
Sequestration	38	13,376.02
Uneconomical	32	560.12
	<u>125</u>	<u>29,034.78</u>

HOUSING BENEFIT OVERPAYMENT WRITE-OFFS 2009/10

Appendix III

<u>Reason</u>	<u>Cases</u>	<u>Total</u>
Deceased	92	52,888.76
Sequestration	165	87,854.19
Unable to trace	53	14,046.83
Uneconomical	282	11,932.40
Unrecoverable - no assets	502	118,718.73
	<u>1,094</u>	<u>285,440.91</u>

RENT ARREARS WRITE-OFFS 2009/10

Appendix IV

<u>Reason</u>	<u>Cases</u>	<u>Total</u>
Deceased	58	25,624.95
Sequestration	147	147,880.46
Unable to trace	393	517,043.66
Abroad	3	2,514.19
Uneconomical	60	3,577.34
Unrecoverable - no assets	923	767,279.69
	<u>1,584</u>	<u>1,463,920.29</u>
<u>Less</u> address found and previous write-off reversed		-557,282.84
	<u><u>1,584</u></u>	<u><u>906,637.45</u></u>

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ABERDEEN CITY COUNCIL

COMMITTEE:	Finance and Resources
DATE:	28 th September 2010
REPORT BY:	Head of Finance
TITLE OF REPORT:	2010/2011 Common Good Budget – Monitoring Report Update
REPORT NUMBER:	CG/10/154

1. PURPOSE OF REPORT

The purpose of this report is to

- a) Inform the committee of the income and expenditure status of the Common Good for the four months to 31 July 2010 along with the estimated out-turn for the year
- b) Provide an indication on the forecast status of the cash balances.

2. RECOMMENDATION(S)

It is recommended that the Committee

- a) Notes the income and expenditure position as at 31 July 2010 and the estimated out-turn for the year; and
- b) Notes the estimated cash balances as at 31 March 2011 of £5.3 million based on projected current forecasts.

3. FINANCIAL IMPLICATIONS

The financial implications are detailed in the report at section 6.

4. SERVICE & COMMUNITY IMPACT

The management of the Common Good contributes towards the most efficient and effective use of the Council's funds.

It is essential that the value of the Common Good is preserved in such a way that it continues to be able to support the wide range of artistic and other ventures it presently does, in the long term.

5. OTHER IMPLICATIONS

None.

6. REPORT

Spend to Date (as at 31 July 2010) and Updated Estimated Out-turn

- 6.1 There has been no change to the estimated out-turn, it remains the same as the budgeted net deficit of £450k. The approved budget for the Common Good for 2010/11 is given at Appendix 1.
- 6.2 Further supporting details can be found at Appendices 2, 3 and 4 in relation to Analysis of Other Expenses Income and Expenditure (Appendix 2), Donations, Grants, Contributions, etc (Appendix 3) and Other Projects (Appendix 4).

Cash Balances


- 6.3 The projected cash balances as at 31 March 2011 is £5.3 million as follows: -

	£M
Cash balance as per unaudited accounts 1 April 2010	6.1
Less:	
Commitment for Greenfern Development Site	0.3
Cash balance available for use	<u>5.8</u>
Less:	
Estimated Out-turn	0.5
Projected Cash Balance as at 31 March 2011	<u>5.3</u>

- 6.5 The Council has previously agreed an underlying principle that the cash balance should be no less than £4.8 million, after adjusting for the Greenfern Development Site, as at 31 March 2011. This utilises the Consumer Price Index (CPI) as a basis for calculating indicative cash balances to ensure that the value of the Fund is not eroded over time.
- 6.6 As trustee of the Common Good, the Council has a duty to ensure that cash balances are maintained at levels to generate sufficient annual income to fund the expenditure from the Common Good.

7. AUTHORISED SIGNATURE


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8. REPORT AUTHOR DETAILS

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9. BACKGROUND PAPERS

None.

RECURRING EXPENDITURE

	BUDGET 2010/11 £s	ACTUAL TO 31st JULY 2010/11 £s	ESTIMATED OUT-TURN 2010/11 £s	
1 General Properties/Estates	25,800	198	25,800	Appendix 2
2 Other Expenses	29,528	(1,231)	29,528	Appendix 2
3 Central Support Services	141,834	-	141,834	Note 1
4 Donations, Grants, Contributions	678,025	224,395	678,025	Note 2/Appendix 3
<u>Civic Hospitality</u>				
5 Civic Administration Unit	293,615	63,175	293,615	
6 Receptions, etc	165,000	2,825	165,000	
7 Entertainment for Elderly/Disabled Citizens	195,000	-	195,000	Note 1
8 Older Persons Development Officer	17,410	-	17,410	Note 1
9 Hospitality for Children and Community Centres	4,000	-	4,000	Note 1
10 Misc. Civic Hospitality Expenditure	23,000	1,084	23,000	Appendix 2
11 Sub-Total Civic Hospitality	698,025	67,084	698,025	
12 Upkeep of Civic Car	51,292	8,846	51,292	Appendix 2
13 Funding - Twinning Activities	137,352	-	137,352	Note 1
14 Archivist Unit	181,476	49,132	181,476	
15 Christmas Illuminations and Festivals	213,000	-	213,000	Note 1
16 Contributions to Trusts & Festivals	325,000	-	325,000	Note 1
17 Other Projects	85,876	-	85,876	Note 1/Appendix 4
18 Other Recurring Expenditure	40,250	4,309	40,250	Appendix 2
19 Sub-Total Recurring Expenditure	2,607,458	352,731	2,607,458	

RECURRING INCOME

	BUDGET 2010/11 £s	ACTUAL TO 31st JULY 2010/11 £s	ESTIMATED OUT-TURN 2010/11 £s	
20 Income from Properties and Estates	(2,246,691)	(1,109,664)	(2,246,691)	
21 Interest on Invested Funds	(54,000)	(1,884)	(54,000)	
22 Miscellaneous Income	(60,150)	(55)	(60,150)	Note 1, Appendix 2
23 Total Recurring Income	(2,360,841)	(1,111,603)	(2,360,841)	
24 Budgeted (surplus)/deficit on recurring items	246,617	(758,872)	246,617	

NON-RECURRING ITEMS

	BUDGET 2010/11 £s	ACTUAL TO 31st JULY 2010/11 £s	ESTIMATED OUT-TURN 2010/11 £s
<u>Non Recurring Expenditure Items</u>			
25 Gordon Highlanders Statue	125,000	-	125,000
26 Charity Shop Refurbishment	15,000	-	15,000
27 Battle of Harlaw	10,000	-	10,000
28 CLAN	55,000	55,000	55,000
29 Sub-Total Non-Recurring Items	205,000	55,000	205,000
30 Budget Deficit after Non-Recurring Items	451,617	(703,872)	451,617
31 Cash Balances as at 1 April	(5,750,722)		(5,750,722)
32 Estimated Cash Balances as at 31 March	(5,299,105)		(5,299,105)
33 Indicative Cash Balance	(5,271,382)		(5,271,382) Note 3
34 Adjustment for Greenfern Development Site	470,873		470,873
35 Revised Cash Balance to maintain value using CPI	(4,800,509)		(4,800,509)

EXPLANATORY NOTES

Note 1

Although there is no "spend to date", the expenditure for these items is committed and will be met by a transfer to services to meet expenditure they have incurred. This is done as part of the preparation of the final accounts. It is expected that final expenditure for these items will be close to budget and estimated outturn.

Note 2

The timing of payments under this heading varies from organisation to organisation. Some receive the full sum at the start of the year, some are paid in stages over the year, and other expenditure is only met at the year end. The actual spend to date is shown in Appendix 3.

Note 3

Indicative cash balance using CPI

Reconciliation of Revised Budget to Budget Approved 11 March 2010

<u>Decision</u>	<u>Committee</u>	<u>£000s</u>
Approval of Budget	RMC 11.03.10	396,617
CLAN	RMC 11.05.10	55,000
Revised Budget		<u>451,617</u>

RMC - Resources Management Committee

				Appendix 2
ANALYSIS OF OTHER EXPENSES				
INCOME & EXPENDITURE HEADINGS				
	BUDGET	ACTUAL TO	ESTIMATED	
	2010/11	31st JULY	OUT-TURN	
	2010/11	2010/11	2010/11	
	£s	£s	£s	
<u>General Properties/Estates</u>				
Rates and Insurance	1,800	-	1,800	
Repairs and Maintenance	24,000	198	24,000	
Sub-Total General Properties/Estates	25,800	198	25,800	
<u>Miscellaneous expenditure</u>				
St. Nicholas Carillon	5,928	-	5,928	Note 1
Printing, Advertising and Sundry /outlays, etc.	6,600	269	6,600	
Official Catering	17,000	(1,500)	17,000	
Sub Total Miscellaneous expenditure	29,528	-1,231	29,528	
<u>Civic Hospitality</u>				
Promotional Civic Hospitality	8,000	72	8,000	
Hospitality to Visitors/Groups to the Town House	15,000	1,012	15,000	
Total Misc. Civic Hosp.	23,000	1,084	23,000	
<u>Other recurring Expenditure</u>				
Lord Provost's Gift Fund	18,000	3,576	18,000	
Lord Provost - Lord Lieutenancy and other duties	6,750	427	6,750	
Display of Flags and Regimental Colours and Armistice Day Expenses	5,500	306	5,500	
Picture Loan Scheme	10,000	-	10,000	Note 1
Total Other recurring Expenditure	40,250	4,309	40,250	
<u>Misc. Income</u>				
Lands of Skene/Torry - Share of Surplus	(60,000)	-	(60,000)	Note 1
Burgesses of Guild and Trade	(150)	(55)	(150)	
Total Misc. Income	(60,150)	(55)	(60,150)	
Note 1 - Although there is no "spend to date", the expenditure for these items is committed and will be met by a transfer to services to meet expenditure they have incurred. This is done as part of the preparation of the final accounts. It is expected that final expenditure for these items will be close to budget and estimated outturn.				

4. DONATIONS, GRANTS, CONTRIBUTIONS, ETC.

	BUDGET 2010/11 £s	ACTUAL TO 31st JULY 2010/11 £s	ESTIMATED OUT-TURN 2010/11 £s
Aberdeen Citizen's Advice Bureau	263,025	131,513	263,025
Techfest	36,500	18,250	36,500
Satrosphere	35,000	8,750	35,000
Bulawayo Trust	50,000	21,000	50,000
Gomel Trust	7,800	7,800	7,800
Mary Garden Prize	1,500	1,500	1,500
Presentations Prizes Etc.	1,000	-	1,000
Quincentenary Prizes Etc.	3,200	3,082	3,200
Stage 1 Agreement -			
Aberdeen Performing Arts Contribution	75,000	-	75,000
Aberdeen Safer Community Trust	57,000	28,500	57,000
Youth Activities small grant funding	50,000	-	50,000
Castlegate Arts Rent Grant	8,000	4,000	8,000
Events Funding	50,000	-	50,000
Lemon Tree Rent	40,000	-	40,000
Sub Total	<u>678,025</u>	<u>224,395</u>	<u>678,025</u>

Note 1

Note 1

Note 1 - Although there is no "spend to date", the expenditure for these items is committed and will be met by a transfer to services to meet expenditure they have incurred. This is done as part of the preparation of the final accounts. It is expected that final expenditure for these items will be close to budget and estimated outturn.

COMMON GOOD BUDGET 2010/2011
16. OTHER PROJECTS

Appendix 4

PROJECT	BUDGET 2010/11 £s	ACTUAL TO 31st JULY 2010/11 £s	ESTIMATED OUT-TURN 2010/11 £s
Home Safety Check Scheme	71,376	-	71,376 Note 1
Charity Shop	13,000	-	13,000 Note 1
Community Safety Initiatives	1,500	-	1,500
	<u>85,876</u>	<u>-</u>	<u>85,876</u>

Note 1 - Expenditure is settled as part of year end procedures and expected to be in line with budgeted figures

ABERDEEN CITY COUNCIL

COMMITTEE:	Finance and Resources Committee
DATE:	28 th September 2010
REPORT BY:	Head of Finance
TITLE OF REPORT:	2010/2011 Common Good Budget – Request by Scottish Opera for support
REPORT NUMBER:	CG/10/155

1. PURPOSE OF REPORT

This report provides details of a request by Scottish Opera for support from the Common Good towards the costs of a project entitled “One Day in Aberdeen: a 12 hour photo marathon”.

2. RECOMMENDATION(S)

It is recommended that the Committee

- a) Consider whether or not to approve this funding request of £6,000 by Scottish Opera.

3. FINANCIAL IMPLICATIONS

The financial implications are detailed in the report at section 6.

4. SERVICE & COMMUNITY IMPACT

If the funding for Scottish Opera was to be agreed then it would promote local culture and community participation for the citizens of Aberdeen.

5. OTHER IMPLICATIONS

None.

6. REPORT

Background

- 6.1 A request has been received (Appendix A) from Scottish Opera to help fund a project entitled "One Day in Aberdeen: a 12 hour photo marathon". The project aims to create a snap shot of Aberdeen across one day in May 2011 by asking the people and visitors to Aberdeen to take a photograph of something they see and upload it to a website. These images will then be projected onto the outside walls of His Majesty's Theatre before some performances in June 2011.
- 6.2 The photographs will also be uploaded onto public websites and a CD of the photography collection will be created to be circulated amongst the leading partners (who have yet to be confirmed) to be used as a promotional tool.
- 6.3 The project will cost £17,500 and is entirely funding dependant. Scottish Opera is seeking support of £6,000 from the Common Good in order to attract other funders. Scottish Opera would be happy to agree that if Common Good support were given then no application for a cultural grant would be made.
- 6.4 If funding for the project is approved then it would not be released until Scottish Opera provided assurance that sufficient monies have been raised, from other sources, for the remaining £11,500.
- 6.5 Scottish Opera have also applied to Aberdeen Endowment Trust and David Gordon Memorial Trust for funding of £500 each. The outcome of these applications is not known at present.

Criteria for Common Good Support

- 6.6 The purposes to which the funds held in the Common Good can be applied have to be taken into consideration.

6.7 A report on the origin, history and purposes to which the Common Good may be used was prepared in January 1976, by the then Town Clerk of the City of Aberdeen District Council. The report outlined the following purposes as meeting the required criteria: -

- Upholding the dignity of the City.
- The prudent management, upkeep and improvement of Council Property which forms part of the Common Good.
- Safeguarding the corporate rights of the community and defending its interests.
- Granting of donations to public institutions or charities, providing it is in the interests of the general public of the City.
- Any other purpose, which is in the bona fide and reasonable judgement of the Council, is for the good of the community as a whole or which the inhabitants at large may share.

It was also outlined that the prime role of the Council in managing the Common Good Fund is to ensure that the Common Good is prudently conserved.

6.8 In addition, recent practice has excluded any activity from receiving assistance from the Common Good for which Aberdeen City Council or other public body has a statutory duty to support.

6.9 It has been assessed in consultation with officers within Legal and Democratic Services, that this application meets with the criteria to be eligible for assistance from the Common Good.

6.10 The most recent similar application for funding from the Common Good was for the Archie Foundation to support a new Sick Children's Hospital. In that instance £60,000 was approved over two years as part of the budget setting process on 15 February 2001.

Common Good Cash Reserves and Balances

6.11 The Common Good cash reserve is projected to be £5.3 Million as at 31 March 2011.


6.12 The Council agreed that the cash balances of the Common Good should be no less than £4.8 million. This is after adjusting for the Greenfern Development Site and has taken account of movements in the Consumer Price Index (CPI) so that its value is preserved

6.13 Projected cash balances for future years along with indicative balances required to maintain the value are as follows.


Year	2011	2012	2013
	£M	£M	£M
Projected Cash Balance as at 31 March.	(5.3)	(5.1)	(5.1)
Indicative Cash Balance as at 31 March.	(4.8)	(5.0)	(5.0)

6.14 The figures outlined above reflect projected cash balances in excess of indicative levels at least until 31 March 2013 even if assistance to Scottish Opera is granted.

7 AUTHORISED SIGNATURE

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8 REPORT AUTHOR DETAILS

Author Catriona Gilmour - Accountant
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9 BACKGROUND PAPERS

There were no background papers used in the writing of this report.

10 1144



City Chamberlain
Aberdeen Common Good Fund
Corporate Governance
Aberdeen City Council
Town House
Broad Street
Aberdeen, AB10 1AH



16 July 2010

Dear City Chamberlain,

On behalf of Scottish Opera and Visible Fictions, I am hoping to ignite your interest and secure support from the Aberdeen Common Good Fund for **One Day in Aberdeen: a 12hour photo marathon.**

This project aims to create a snap shot of Aberdeen, across one day in May 2011. Scottish Opera and Visible Fictions will encourage hundreds of people in Aberdeen to document **One Day in Aberdeen** using both photography and text

The project will be managed as viral campaign, creating a big buzz around the city and will be supported by drama workshops in schools and communities

In Summary

- Hundreds of people involved in a large community project
- A viral campaign to engage the population of Aberdeen and visitors to the City
- A high profile PR and press interest through partnerships and media sponsors
- Supporting drama workshops in schools and with community groups
- Exhibitions across the city and the web detailing **One Day in Aberdeen**

Visible Fictions and Scottish Opera, both registered charities, are working together to turn an adaptation of a Philip Pullman book, *Clockwork*, to the Lemon Tree, Aberdeen in Spring/Summer 2011. This project will use the themes of *Clockwork* to explore how everyone living in one space is connected and can share stories.

From 6am to 8pm on an allocated day in May 2011, these diverse groups will take part in a photography project. Throughout the day the population of, and visitors to, Aberdeen will be invited to take a photograph of something that they see and then upload it to a website. Over the course of the day, the stories each person is experiencing should build to an exhibition of hundreds upon hundreds of images of the City

Stones are just as hard as clocks to put together, and they can go wrong just as easily.

Clockwork, Philip Pullman

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- We want to talk to the shopping centre which is next to the train station to explore idea of a poster campaign to display images
- We will explore the benefits and potential of working with Aberdeen Evening Express
- Gray's School of Art will provide students to offer mentoring to groups
- We have booked the Lemon Tree gallery space for the exhibition
- Photography clubs and groups will be targeted

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	28 September 2010
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Admitted bodies within the Aberdeen City Council Pension Fund with links to Aberdeen City Council
REPORT NUMBER:	CG/10/181

1. PURPOSE OF REPORT

To provide elected members with details of those organisations that have admitted body status within the Pension Fund and have links to Aberdeen Council in terms of grants or service contracts.

2. RECOMMENDATION(S)

It is recommended that the Committee note this report

3. FINANCIAL IMPLICATIONS

Confirmation of the guarantee commitments to the Pension Fund by the City Council for several of the admitted bodies is detailed in the report.

4. OTHER IMPLICATIONS

Other implications may include the impact that funding these deficits by the individual bodies could have on the services delivered by them, which could have a knock on effect to the Council. It has the potential to affect the way that services are delivered and will also impact upon the individuals employed in those bodies.

5. BACKGROUND/MAIN ISSUES

5.1 Introduction

The Convener of the Finance and Resources Committee instructed officers to bring forward a report to a future meeting of the Committee detailing those organisations which are defined as admitted bodies in the Aberdeen City Council Pension Fund, and have financial links to the City Council.

6.2 Local Government Pension Scheme Regulations (LGPS)

6.2.1 Aberdeen City Council is the administering authority for the Aberdeen City Council Pension Fund. The Scheme was established under the Superannuation Fund Act 1972, it is a statutory scheme and is contracted out of the Second State Pension. The scheme is open to all employees of the scheduled bodies, except for those whose employment entitles them to belong to another statutory pension scheme (e.g. Police, Fire and Teachers). Employees of admitted bodies can join the scheme subject to their individual admission criteria which are out with the control of Aberdeen City Council.

There are 14 scheduled bodies, including: Aberdeen City Council, Aberdeenshire Council, The Moray Council, Grampian Police and Fire non uniform staff, Aberdeen College and several other organisations.

The Local Government Pension Scheme (LGPS) regulations further allows an administering authority (Aberdeen City Council) to admit into the Pension Funds bodies as 'admitted bodies' which either can be defined as community of interest body or transferee body:

6.2.2 A **Community of Interest Body** is defined as an organisation which is:

- (a) a body, which provides a public service in the United Kingdom otherwise than for the purposes of gain and which either–
 - (i) has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise); or
 - (ii) is approved by the Scottish Ministers for the purposes of admission to the Scheme;
- (b) a body to the funds of which a Scheme employer contributes;
- (c) a body representative of–
 - (i) local authorities;
 - (ii) local authorities and officers of local authorities;
 - (iii) officers of local authorities where it is formed for the purpose of consultation on the common interests of local authorities and the discussion of matters relating to local government; or
 - (iv) Scheme employers;
- (d) A voluntary organisation engaged in the provision of services under–
 - (i) Part III of the National Health Service (Scotland) Act 1978(a);
 - (ii) Part III of the National Assistance Act 1948(b);
 - (iii) The Disability Discrimination Act 1995(c);
 - (iv) The Mental Health (Scotland) Act 1984(d) or the Mental Health (Care and Treatment) (Scotland) Act 2003(e); or
 - (v) Section 14 of the Social Work (Scotland) Act 1968 (which places a duty on local authorities to provide domiciliary services and laundry facilities to certain households)(f).

5.2.3 A **Transition Body** is defined as an organisation which provides:

(a) a service or assets in connection with the exercise of a function of a Scheme employer as a result of–

(i) the transfer of the service or assets by means of a contract or other arrangement; or

(ii) guidance provided under section 2 of the Local Government in Scotland Act 2003(a) (requiring a local authority to have regard to guidance provided by the Scottish Ministers on performance of its duties) or a statement of findings under section 3 of that Act (which allows Audit Scotland to take certain actions following a report on a local authority by the Controller of Audit); or (b) a public service and which is approved by the Scottish Ministers for the purposes of admission to the Scheme.

5.3 **Guarantee and Bonds**

5.3.1 Recent changes to the LPGS require that surety is put in place when a body is admitted to the Fund.

In the instance of a community of interest body the regulations require a guarantee from a Scheme employer (i.e. Aberdeen City Council), by which the guarantor agrees to meet the liabilities (calculated at the time of transfer) of the admission body, should that body cease to exist.

In the instance of a Transferee body the regulations require that, “where the level of risk identified by the assessment (prepared by the Scheme Actuary) is such as to require it, the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified.”

5.4 **Admitted Bodies**

5.4.1 The Pension Fund currently has a total of 46 Community of Interest or Transferee Bodies within the Fund of which 33 have been identified as having links to Aberdeen City Council.

Appendix A breaks down those organisations with financial links to the City Council into either Community of Interest Bodies or Transferee Bodies.

The major of bodies shown in Appendix A are not covered by either a guarantor or an indemnity body as they were admitted to the Fund prior to the recent regulatory changes.

Those bodies which are covered either by a guarantor or a bond are highlighted separately at Appendix A,

The City Council acts a guarantor for the following bodies:

- Aberdeen Performing Arts
- Aberdeen Heat and Power
- Station House Media Unit
- Regional Sports Village (split 50% with the University)
- Sport Aberdeen

- 5.4.2 Several of the organisations detailed at Appendix A met with the Scheme Actuary and the Convener of the Pensions Panel, Councillor Fletcher in June of this year and then separately with the Scottish Executive to raise their concerns regarding the costs of the LGPS and the resultant on-going costs in tendering for Local Government contracts.

For the year 2010/11 employers contributions to the Aberdeen Fund are 19.2% of Pensionable Payroll in comparison to 6% to the average defined contribution scheme.

5.5 Scheme Deficit Position and 2011 Actuarial Valuation

- 5.5.1 As at 31 March 2008 the Pension Fund Actuary estimated that the Fund was 83% funded with an overall Scheme deficit of £372.3 million. This valuation is based upon a number of actuarial assumptions. Each admitted body within the Fund carries a portion of the deficit dependant on their employee profile and history.

Details of the deficit are specific to each employer and are not publicly available to other employers within the Fund. However as at 31 March 2008, the total deficit figure in respect of those admitted bodies with ties to Aberdeen City Council was £24 million.

- 5.5.2 Discussions are currently taking place with the Pension Fund scheme actuary with regard to the possible grouping of employers ahead of the 2011 actuarial valuation. Calculation of their employer contribution rate may dependant on their covenant, i.e the length or strength of the contract with a scheme employer. For example, in the event that an employer may not have security of contract with Aberdeen City Council this may result in a higher employer contribution rate to protect the Pension Fund from any potential loss in the event that the employer ceases to exist.

6. IMPACT

Corporate – There are links to the 5 year costed business plan in relation to the potential for cost increases relating to the funding required to continue the delivery of services with employers having to contribute additional funding, as determined by the Fund actuaries every three years. In delivery of services it is important to recognise the partnership working and involvement with other organisations in finding and securing the most effective service delivery model for the Council

7. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

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01224 814940

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Gordon McIntosh and Stewart Carruth
TITLE OF REPORT	Review of General Service Capital Programme 2010/11
REPORT NUMBER	EPI/10/255

1. PURPOSE OF REPORT

The report advises of a review of this year's Capital Programme. It identifies that the revised total programme is now £108.5m, whilst the Head of Finance has confirmed that the Council has made revenue provision for capital expenditure of £69m. The report details possible courses of action to remedy the position. It outlines the consequences for future financial years.

2. RECOMMENDATIONS

The Committee is asked to agree that:-

- 1) confirm the Capital Programme 2010/11 at £69m, and instruct the relevant officer to proactively manage spending to be within this spending limit through the Scrutiny Process detailed in the report; furthermore
- 2) the Corporate Asset Group is instructed to review the Capital Programme for 2011/12 onwards, ensuring that it links into the Priority Based Budget exercise, reporting to the next Committee meeting.

3. FINANCIAL IMPLICATIONS

The report details the current position with this year's Capital Programme, setting out steps to ensure that the programme is delivered within sustainable limits.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

Capital Programme 2010/11

The CMT instructed the Corporate Asset Group (CAG) to review this year's Capital Programme. This was on the basis that the approved programme by Council in February 2010 of £95m was unsustainable in revenue terms, with the Head of Finance advising that a programme of £69m was the amount provided for in terms of revenue expenditure.

The CAG identified that there was up to an additional £13.5m "in the system", being Carry Forward from last financial year (i.e. the total programme could be £108.5m).

A detailed exercise was undertaken to determine the current level of expenditure this financial year. The view was taken that, in most cases, any Carry Forward had not been spent or legally committed by a Service that logistically it was no longer required. To date £65m would appear to either have been spent or legally committed.

Services were then asked to determine the levels of further expenditure that they desired to expend this financial year (both minimum and maximum) and to review how expenditure could be reprofiled into 2011/12. This determined that Services would wish to spend a minimum of a further £14m this financial year. On the basis of this spend profile approximately £29m would "move" into 2011/12.

CMT has instructed that the General Manager – Asset Management and the Senior Accountant (Capital & Treasury) meet monthly with all appropriate Service representatives to determine the actual and likely level of expenditure for each project to ensure that the Programme is brought back into a sustainable position; this being over and above the Scrutiny already agreed with the implementation of the Capital Planning Process instructed by this Committee on 28 January 2010. Furthermore this will help to quickly determine further slippage or additional expenditure demands.

The Heads of Finance and Asset Management & Operations are of the view that, with this new active supervision of the Capital Programme in place, a programme based upon a spend profile of £79m (i.e. £65m (spent/legally committed) plus £14m) is manageable, with an actual budget of £69m. It is recognised that there are risks associated with this, as there must be assumptions about the level of slippage (particularly in building/engineering projects). Furthermore such a course of action will mean delaying the completion of several major projects, albeit, as yet, there is no proposal to cancel any project.

The Heads of Finance and Asset Management & Operations reported the above to the CMT on 9 September, advising that there were two main options in relation to this year's Capital Programme:-

- 1) Stop all further expenditure that has not been legally committed i.e. cap the programme at £65m; or
- 2) Confirm a Capital Programme at £69m.

CMT advised that its recommendations to today's Committee was that the Capital Programme 2010/11 should be confirmed at £69m, with all appropriate measures put in place to ensure that the Programme remains within the revenue supported funding limits.

The current position with capital expenditure is detailed in the attached Appendix 1.

Capital Programme 2011/12

The Estimated Capital Budget for 2011/12 approved by the Finance and Resources Committee in February 2010 is £66.9m. If the proposals detailed above are accepted as much as £39m would be theoretically moved into the coming financial year. The Head of Finance has indicated that the Council, in Revenue terms, can only sustain a Programme at the original agreed level. Furthermore next year's Programme does not yet include any Projects identified as priorities from the Priority Based Budget exercise.

The CMT on 9 September also instructed the CAG to investigate "reprofiling" next year's Programme. This may mean that many of the projects already identified may not be deliverable, either within the envisaged timescale, or at all. Officers will therefore have to investigate other procurement solutions.

6. BACKGROUND PAPERS

None

7. REPORT AUTHOR DETAILS

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Appendix 1

	(Council Feb 10) Approved Budget 2010/2011	Adjustments & Carry Forward from 2009/2010	Revised Budget 2010/2011	Minimum Required 2010/2011	Actual Spend at Aug 2010 *	(Council Feb 10) Estimated Budget 2011/2012
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Corporate Governance	12,720	850	13,570	8,403	1,546	4,204
Education, Culture and Sport	13,524	3,312	16,836	8,120	1,907	24,196
Enterprise, Planning and Infrastructure	56,234	2,735	58,969	51,116	12,017	28,975
Housing and Environment	12,174	4,817	16,991	11,791	4,476	9,352
Social Care and Wellbeing	2,108	0	2,108	545	0	200
Expenditure	96,760	11,714	108,474	79,975	19,946	66,927
Add: Prior Year Slippage (100%)	1,915	0	0	0	0	29,603
Expenditure	98,675	11,714	108,474	79,975	19,946	96,530
Less: Slippage	(29,603)	0	(39,402)	(10,273)	0	(28,959)
Expenditure	69,072	11,714	69,072	69,072	19,946	67,571
Capital Fund Projects	812	(277)	535	535	0	0
Total Expenditure	69,884	11,437	69,607	69,607	19,946	67,571
Funding						
Supported Borrowing	10,321	0	10,321	10,321	10,321	10,321
Un-supported Borrowing	35,325	0	35,325	35,325	2,803	15,896
General Capital Grant	13,286	42	13,328	13,328	5,553	13,286
Specific Capital Grant	365	0	365	365	0	0
Capital Receipts – Sales	2,775	0	2,775	2,775	958	19,215
Capital Receipts - Contributions	4,000	0	4,000	4,000	311	8,612
Capital Receipts - Sponsorship	3,000	0	3,000	3,000	0	0
Use of Capital Fund	812	(277)	535	535	0	0
Total Income	69,884	(235)	69,607	69,607	19,946	67,571
Projected Over/(Under) Spend	0	0	0	0	0	0

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	28 th September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Tax Increment Financing for the City Garden Project
REPORT NUMBER:	EPI/10/239

1. PURPOSE OF REPORT

To outline the main issues associated with the possible establishment of a Tax Increment Financing scheme to help fund public infrastructure investment in the City Garden project.

2. RECOMMENDATION(S)

- i.) To approve the inclusion of several other important city centre projects, within an expanded TIF business case. These are projects which the Council would wish to progress regardless of whether or not the City Garden project is realised.
- ii.) To note that a subsequent paper may require to be submitted to the next Finance and Resources Committee meeting to seek approval for a Council contribution¹ towards additional consultancy costs - over and above the agreed £100K being provided by Scottish Enterprise - which are directly related to the inclusion of additional projects within an expanded TIF business case.
- iii.) To note the fact that a final TIF Business Case Report will be presented to Council for approval on 27 April 2011.

3. FINANCIAL IMPLICATIONS

¹ The amount of any contribution will not be known until a revised quotation has been received from PWC. It is possible that no additional contribution will be needed. However SE have made it clear that they cannot contribute more than £100K. Therefore any expansion to the scope of work, asked for by Council Officers, will need to be paid for by the Council. Alternatively, a more focussed, less expansive (and probably weaker) report will be produced

The business case for a TIF scheme, currently being prepared by PriceWaterhouseCoopers (PWC) will set out, in some detail, the financial and other risks associated with the project.

The terms of PWC's assignment make it clear that they are required to produce a business case that ensures zero financial risk to the Council.

The business case will therefore be constructed to ensure that there will be no revenue and/or capital implications for the Council, in current and future years, or any financial risk arising from the project. The business case document will identify the exact means by which this will be achieved.

Therefore, although there will be additional consultancy costs relating to the production of an expanded TIF Business Case (as outlined in section 5) this project will have no other financial implications for the Council.

Finally, given the Council's stated position that they will make no financial contribution to the City Garden project, there are likely to be few State Aid implications associated with this project. If there are any State Aid implications, these are most likely to arise in connection with lease arrangements pertaining to any Council controlled land that will be needed for the development. This will therefore be investigated, in some detail, before creating of the Special Purpose Vehicle that will take the project forward into the planning and construction phases.

4. OTHER IMPLICATIONS

In order to determine their support for the City Garden Project, Aberdeen City Council will need to satisfy themselves that the:

- a) business case, in terms of the expected economic benefits and the project financing arrangements are realistic and achievable
- b) Scottish Futures Trust have approved the business case and agreed to recommend approval of a TIF scheme to Scottish Ministers
- c) project can be delivered without any financial input from the Council.

Numerous legal, resource, personnel, property, sustainability, environmental, health and safety and/or policy implications and risks will inevitably need to be dealt with as the project progresses. These will become clearer as the work plan is progressed and will be flagged up to Council at the appropriate time.

5. BACKGROUND/MAIN ISSUES

There has been much debate, mostly in the local press, as to what a TIF scheme and what it is not.

At various stages this debate has suggested that a TIF scheme will;

- Expose the Council to a situation whereby they will inevitably need to put money (either revenue or capital funding) into the construction of the City Garden project and this will therefore inevitably impact on resources available for other capital projects that the Council may wish to initiate.
- Expose the Council to a situation whereby they will need to pay interest and capital on any funds borrowed from the Public Works Loan fund as part of the TIF scheme, which will place an unreasonable burden on the Council at a time of financial constraint.
- Expose the Council to a situation where they will need to contribute to the ongoing operational costs of the City garden development, after it has been built.
- Directly increase business rates in the immediate vicinity of the City Garden Project

It must be stressed that a TIF scheme will not lead to any of the above scenarios, for the following reasons:

Firstly, although the TIF business case needs to demonstrate a justifiable need for public sector funding, this funding will be supplied by additional borrowing from the Public Works Loan Board. This additional borrowing can be afforded because the capital and interest on these borrowings will be repaid from incremental tax revenues generated as a result of increased business activity and property values that will be generated as a result of the investment made in the City Garden project and associated developments in the immediate vicinity. The fact that additional borrowings are being used means that there will be no impact upon the Council's currently available capital budgets. Therefore there will be no impact on other Council projects that are due to be funded from the Council's capital budget.

Secondly, although a certain level of incremental tax revenues must be generated to cover the interest and capital payments on the borrowings, the TIF business case will need to demonstrate that there is absolutely no risk of the Council having to make up any shortfall in the expected level of incremental tax revenues - by confirming that any shortfall will be guaranteed by a third party, for example. Therefore, since the Council will never be required to contribute revenue or capital funds to meet capital and interest payments on the debt, there will be no impact on the amount of revenue funds available for other Council services.

Thirdly, once completed the business plan for the City garden development will need to be approved by the various stakeholders in the project. The Council has made it clear that this business plan cannot include any possibility that the Council will provide capital or revenue funding for the project. An

agreement to this effect will be drafted as part of the arrangements for establishing and funding the special purpose development company that will be established to take the development forward into the planning and construction phases.

Fourthly, TIF schemes do not increase business rates. Potential business rate increases arise from new investment, which leads to more business activity and increased property values in the surrounding area. TIF simply enables the Council to capture the incremental increase in tax revenues and use this to repay debt and interest on borrowings used to finance public infrastructure works that enable new investment. Without a TIF scheme these incremental tax revenues would flow into the Scottish Government for re-distribution (or not, as the case may be) through the normal local government funding formula/mechanism. An explanation of how a TIF scheme works is attached as Appendix 1. This has been prepared by PWC.

As previously stated, PWC have been tasked with producing a TIF Business Case. This business case will describe how the City Garden project, together with a number of other nearby developments, can create a vibrant and dynamic cultural and leisure quarter in and around the Union Terrace/Belmont Street area of the City. The business case will also demonstrate how this can be done without any financial risk to the Council.

The current draft, outline content of the proposed TIF business case report is attached as Appendix 2. This is in the process of being amended to take account of the additional activities associated with expanding the TIF business case. Nevertheless, it gives a good idea of the scope of the work and the issues that will be dealt with as part of the business case.

From this it can also be seen that the rationale behind the business case, and the expected economic impact of the project, will form a substantial element of the business case - which will need to be robust and open to rigorous challenge, from both the Scottish Futures Trust and the various stakeholders with an interest in the project.

It should also be noted that the Council will need to approve the TIF Business Case before they submit it to the Scottish Futures Trust, for subsequent Scottish government approval. Consequently, if the TIF business case fails to clearly mitigate all possible financial risks to the Council, they are under no obligation to approve and submit it to the Scottish Futures Trust. The Council will therefore have the final say in determining whether they wish to apply for a TIF scheme.

With regard to the costs associated with producing the TIF business case, Scottish Enterprise has agreed to meet these, up to a maximum cost of £100,000.

However Committee should be aware that Council Officers have requested a considerable extension to the scope of this study, to encapsulate other possible developments within the immediate area surrounding the City

Garden project. Such an expanded business case would include the following additional projects:

- a) Public realm works associated with the creation of a high quality pedestrian route linking Union Square, the City Garden, Aberdeen Art Gallery, the Bon-Accord Centre and St Nicholas House (in anticipation of its future redevelopment). [Note: This would not necessarily involve the pedestrianisation of any roads]
- b) Demolition, site preparation and enabling infrastructure related to regeneration of Upper Denburn (incl. Denburn Health Centre and Car Park)
- c) Enabling infrastructure and construction costs related to Aberdeen Art Gallery extension
- d) Demolition, site preparation and enabling infrastructure relating to the redevelopment of St Nicholas House.

The request to include these projects in an expanded TIF business case has been made to ensure that the economic impact benefits of these projects are also captured within TIF business case, together with the public infrastructure costs associated with each project.

This will mean that the expanded business case can be readily modified to ensure the proposed TIF scheme might still be used to fund these projects, even if the City Gardens Project does not go ahead (for whatever reason).

If these projects are not included in an expanded TIF business case, at this point in time, and the City Gardens Project does not proceed, an entirely new business case would need to be produced for the other projects. This would greatly increase the time needed to gain approval for any TIF scheme based on these projects alone (i.e. without the City Garden Project). In such a scenario, Aberdeen could miss out on the initial round of TIF schemes, with no guarantee that a second round would be forthcoming.

However, including as many projects as possible in this initial TIF Business Case means that the overall cost of preparing the TIF business case could exceed the £100,000 allocated by Scottish Enterprise.

Whilst appreciating the Council's desire to avoid contributing to any costs associated with the City Garden Project, including the projects mentioned above in the TIF business case is viewed as a reasonable use of Council funds.

Committee are therefore being asked to note that a subsequent paper may be presented to the next Finance and Resources Committee seeking approval for a contribution towards any additional consultancy costs, over and above £100,000 being met by Scottish Enterprise, which are directly related to the

inclusion of additional projects in an expanded TIF business case - at the Council's request.

As yet the final cost of producing an expanded TIF Business Case is not known and it could be that it does not exceed £100K. Once the total cost is known any required Council contribution will be sought on the understanding that, if approved, these additional funds will be met from the current EP&I budget.

6. IMPACT

Corporate

This project is seen as a critical project with regard to the future attractiveness, vitality and connectivity of the City Centre and links to both the **Single Outcome Agreement** and **Community Plan 2008**, which outline a vision for Aberdeen City which wealthier, greener and safer and delivers the following National Outcome's:

- 1 We live in a Scotland that is the most attractive place for doing business in Europe
- 2 We realise our full economic potential with more and better employment opportunities for our people
- 10 We live in well-designed, sustainable places where we are able to access the amenities and services
- 12 We value and enjoy our built and natural environment and enhance it for future generations.
- 13 We take pride in a strong, fair and inclusive national identity
- 15 Our public services are high quality, continually improving, efficient and responsive to local people's needs.

The project also contributes to the City's **Vibrant, Dynamic & Forward Looking: policy document**, since a fully functioning and well utilised City Gardens represents a vital piece of social, cultural and leisure infrastructure that can contribute to the delivery of the Aberdeen City and Shire Economic Future's '**Building on Energy - An Economic Manifesto for Aberdeen City and Shire**'. This in turn supports the strategic vision of Aberdeen City and Shire, which is to be recognised as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages.

Public

This report, like all reports pertaining to the City garden Project will be of interest to the general public, particularly to those people who oppose any type of development in Union Terrace Gardens.

It is also anticipated that the project will have a positive impact in terms of the Equalities and Human Rights Impact Assessment, as a direct result of linkages to the Economic Development theme of **Vibrant Dynamic and Forward Looking** and it's expected impact on the future sustainable development of the Aberdeen City and Shire economy, by making a major contribution to Aberdeen's business and social infrastructure that supports local businesses and provides a venue for major social, leisure and cultural events for all Aberdeen citizens.

7. BACKGROUND PAPERS

None applicable.

8. REPORT AUTHOR DETAILS

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Tax Increment Finance (“TIF”) Basic Facts

What it is

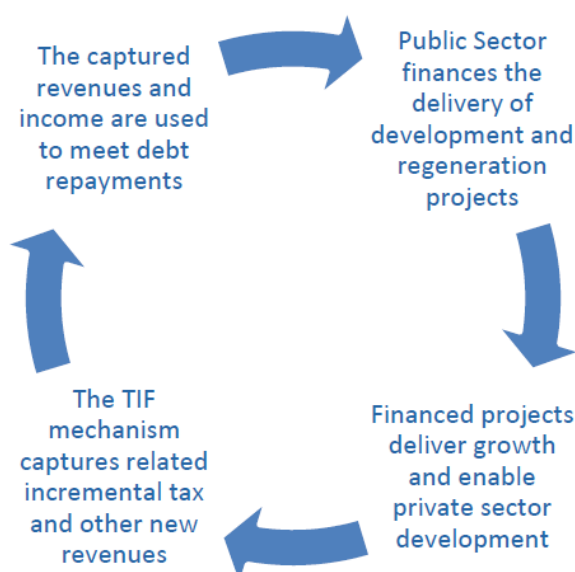
TIF is a way for the public sector to fund infrastructure investment, to drive regeneration and unlock economic growth, by borrowing against the future **additional** tax revenues which the infrastructure investment unlocks. In essence “paying for growth with growth.”

A number of local authorities in Scotland, and across the UK, are currently investigating the potential use of TIF for infrastructure investment and regeneration.

How it Works

1. In general, investment in infrastructure and regeneration is expected to lead to an increase in economic activity, an improved business environment and a resulting increase in property values and business rate revenues;
2. The public sector identifies a ‘red-line area’ within which economic growth is constrained by market failure or a lack of private sector investment;
3. The public sector identifies and prioritises the investment needs of the red-line area in terms of those projects that would most readily kick-start or enable regeneration and economic growth – ‘enabling infrastructure’ e.g. roads, public transport, public realm;
4. An economic impact assessment is undertaken to assess the potential for this enabling infrastructure to unlock net additional private sector investment and economic activity within the red-line area (whilst accounting for factors such as the displacement of existing economic activity from areas outside the red-line area to within it);
5. If sufficient net economic benefit is expected to arise the public sector can invest in the enabling infrastructure;
6. Consequent private sector investment results, bringing increased economic activity, and therefore **additional** ‘**incremental**’ taxation revenues, to the area (and potentially other revenues e.g. transport fares, car park charges);
7. TIF provides the mechanism for the public sector to capture this incremental tax revenue and retain it locally for the purpose of servicing and repaying the initial investment in the enabling infrastructure; and,
8. TIF does not require an increase in the tax rate but instead captures the growth in the tax pool that arises as a result of the initial investment financed through TIF.

Thus there is a ‘virtuous circle’ linking accelerated public sector investment to economic growth and fiscal benefits:



TIF Business Case Report – Draft Contents²

Executive Summary

1. Introduction

- Key sponsor(s)
- The vision, aims and objectives of the TIF

2. Context of the Scheme

- Outline the regeneration vision for the proposed TIF area and how the proposals fit into a wider development plan for the area
- Consider how the TIF delivers / fits with other local, regional and National policy objectives and initiatives
- Identify key stakeholders, land owners and partners and their likely roles and resources in relation to the TIF
- Describe the scope of the TIF proposals e.g. a description of the proposed TIF area (or “Red Line”), infrastructure needs and early priorities, expected overall private sector development unlocked
- Highlight the But-For case – setting out the status / funding sources and prospects for the area / proposals without TIF (the “counterfactual”) and the range of options considered in determining the suitability of TIF for the proposed area – i.e. an options appraisal in terms of considering other forms of delivery / financing for the proposed area. This should also relate to economic analysis undertaken in support of the TIF proposals
- The likely private sector / additional development that would be created by the TIF enabling infrastructure / investment and its certainty, both in terms of construction and revenues.
- Details of the likely revenue sources created by the TIF, along with the rationale for their availability and use

3. Infrastructure Investment Plan and Prioritised Assets

- The overall infrastructure requirements within the TIF area, classified along the lines of enabling (i.e. necessary to initiate development), reactive (i.e. necessary in the longer term) and enhancements ([i.e. quality of life enhancements])
- A high level description of the proposed infrastructure
- Costings (including risk allowances and optimism bias) for infrastructure and details of any supporting advice, work or consideration to date
- Proposed programme (referring to wider development and prioritised programme)

² This is currently in the process of being amended by PWC, to reflect the inclusion of the additional projects highlighted in the paper, which will form the basis of an expanded TIF business case

- Sources of finance and related certainty, particularly if private sector funding
- Any existing / other available sources of funding and finance, both public and private (outwith the TIF) e.g. s75 contributions, existing budgets, efficiencies, etc, with an aim of identifying the funding gap for the infrastructure elements potentially financeable through TIF (both for an overall and prioritised assets basis).
- Proposals around any prioritised assets / infrastructure, if applicable, including basis of selection and related options appraisal, potential revenue outputs and costs
- How the principles of sustainable development have been incorporated into any proposals

4. Economic Analysis

The outturn of the economic analysis should be incorporated into the financial analysis, to understand the revenue generation capability of the TIF area and its ability to meet its obligations going forward (e.g. debt service)

The ex-ante assessment of the economic case should incorporate:

- Assessment of the market failure / failure of equity addressed by the intervention
- An assessment of the counterfactual i.e. what would have happened if the TIF did not occur
- An assessment of the economic impact of the intervention showing minimum, most likely and maximum impact over a 25 year appraisal period
- An evaluation of factors such as potential displacement, deadweight and leakage as a percentage of economic impact at both a local and regional level showing minimum, most likely and maximum cases – noting that as the geographic area increases, the certainty of analysis reduces
- In terms of potential impact at a national level, consideration should be given as to how any TIF proposals will deliver benefits nationally, the likely form these will take and how they fit with the strategic objectives of the Scottish Government

Further guidance in relation to the economic analysis will be attached as a separate Annex.

Economic assessments to be carried out:

- Specifically based upon the circumstances of the TIF scheme (not from historic parallels)
- Utilising interviews with and submissions from key stakeholders, local organisations / bodies affected by the TIF and other relevant parties
- According to recognised best practice methodologies
- By an objective economist with a recognised track-record of economic assessment for public bodies

5. Financial Analysis

Financial analysis of the TIF proposals should be undertaken through modeling the project over a 25 year period. The Financial Model and its outputs should include:

- Uses of funds linked to the TIF infrastructure investment plan
- Forecast tax increment available for financing to include non-domestic rates and other identified incomes, net of the economic assessment of most-likely displacement and leakage
- Sources of funding e.g. s75 contributions, other existing forms of funding (both public and private), prudential borrowing, including deliverable draw-down / repayment assumptions and a funding cost buffer;
- Profiling of costs and revenues
- Key assumptions (e.g. cost and source of any funding, inflation) and ratios (where applicable) utilised in the Financial Model
- Details of the proposed levels of non-domestic rates and other identified incomes utilised by the TIF e.g. % of NDRs, % of transport revenues
- Details of any request for underwriting / guarantee at a Government level, including details of potential exposure for Government, and the basis upon which the position would be remedied going forward
- How, if applicable, would the public sector share in the value creation / outcomes of the private sector development
- Details in relation to the sharing of enhanced outcomes (i.e. greater upside than forecast e.g. increased property values from initial infrastructure investment and overage provisions), proposed mechanisms and who would benefit (i.e. SG, the Local Authority, Developers, etc)
- Sensitivity analysis considering key variables: delay, interest rate movements, inflation rate movements, displacement range, increased construction costs, etc

6. Risk

- Consideration of risk: including risk identification, allocation and management. Such elements may include:
- Key viability risk considerations including:
 - LA vires (including asset ownership issues and access to funding);
 - Procurement approach and strategy;
 - State aid;
- Key delivery risk considerations including:
 - Linking infrastructure to development
 - Incentivising the development partner
 - Project risks e.g.:
 - Cost over runs
 - Delays in starting / finishing construction
 - Lower than anticipated occupancy rates
 - Changes in economic environment

- Details of key agreements / contracts likely to be required, and where applicable / available, an outline of the basis of such documents
- The Business Case should include a description of the opportunities for transferring risk to the private sector (and the likely pricing of that risk)

7. Delivery

- Delivery structure /options
- Proposed governance and management structures and roles of key parties / individuals
- How the overall structure addresses the key risks and issues identified under section 6. Risk
- Procurement and how Value for money will be delivered / assessed
- The delivery section should also consider:
 - How will the TIF be monitored and managed e.g. details of likely KPIs, reporting regime
 - Resourcing at different levels e.g. Local Authority, overall delivery and any, if required, additional vehicles
 - Internal / external resources available, and their suitability, for the delivery / management of the TIF
 - How both the public and private sectors are incentivised, and details of any underlying payment mechanisms, key payment milestones, etc
 - Details of key individuals

8. Next Steps

- Should include discussion of:
- Programme and key milestones
- Critical next steps towards delivery
- The strategy for taking forward the project and responsibility for doing so

9. Conclusion

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Proposed Fee Structure – Landlord’s Consents etc.
REPORT NUMBER:	EPI/10/229

1. PURPOSE OF REPORT

- 1.1 This report advises Members of a proposal to introduce charging for dealing with requests from tenants relating to subjects within the Council’s non-operational property portfolio and for the preparation of condition reports.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:-
- a) approves the introduction of charging for dealing with tenants’ requests and the preparation of schedules as described within the report,
 - b) delegates powers to the Head of Asset Management and Operations to vary the charges periodically as deemed appropriate in line with operating costs etc. and for this to be incorporated into the Scheme of Delegation documents

3. FINANCIAL IMPLICATIONS

- 3.1 If approved the proposed charging could result in an additional income of up to £50,000 pa. There would be negligible risk and no State Aid implications.

4. SERVICE & COMMUNITY IMPACT

4.1 The vast majority of the subjects are non-operational and do not impinge on City Council core functions and the priorities within the SOA.

5. OTHER IMPLICATIONS

5.1 There are no significant implications

6. REPORT

6.1 The City Council's non-operational portfolio comprises a variety of property types, which are held on a variety of lease types. Typically ground leases are for a period of between 60 and 125 years. Building leases are generally for a period between 1 and 25 years. Business Centre leases are generally on a month to month basis.

6.2 During the course of these leases it is not uncommon for tenants to request the consent of the Council as landlord for various things. Such requests would typically be for assignments of the tenant's interest, the sub letting of the tenant's interest, or a part of it, or to make physical alterations to the premises. It is normal for these requests to be dealt with under delegated powers.

6.3 In the past these requests have generally been dealt with free of charge. In the light of the ongoing review of statutory functions within the priority based budgeting exercise the tasks associated with such requests are dealt with by staff who could be deployed on other activities and therefore the workload is additional to current requirements. It is therefore considered appropriate that a charge for completion of such tasks is introduced.

6.4 The Head of Legal and Democratic Services has advised that, regardless of any lack of provision in the leases, it is not unreasonable for the Council to try to recover costs of staff time associated with dealing with tenants' requests. If it transpires that the matter cannot be dealt with under delegated powers it is proposed that there should be an additional fee reflecting the time involved in preparing a Committee Report.

6.5 A table of charges is attached as Appendix 1.

6.6 It is emphasized that in most cases these are a minimum level of charge. In terms of staff time to deal with requests there is an analogy with a taxi meter, what should be a short job may become more complicated and if those complications are the result of action or inaction by the tenant there should be the scope to increase the charge accordingly.

6.7 It is difficult to quantify the numbers of such request and the income which would be generated. At the time of writing there are some 21 ongoing assignments of which 3 are of minor subjects. The cases may take some considerable time to conclude, though landlord's consent is occasionally almost an afterthought and there is pressure to release the request within

a very short period. Charging consent for the currently ongoing cases would yield an income of approximately £4,500. An annual income of between £10,000 and £20,000 might be anticipated from assignments and sub-leases. Charging for landlord's consent to alterations is likely to yield approximately £10,000 per annum.

- 6.8 The section deals with a number of subjects which could not be described commercial. This would include pigeon lofts, garages and sites for garages and small parcels ground adjacent to former railway lines now leased as extensions to gardens of adjacent houses. Rents on these subjects are typically less than £100 per annum. The level of charge described in this report would be disproportionate to the rents for these types of subject and the imposition of such charges would be unreasonable.
- 6.9 Any charges introduced would be in addition to those already charged by the Head of Legal and Democratic Services in respect of the Council's legal expenses for issuing such consents.
- 6.10 The management of leased subjects includes the preparation of schedules of condition and dilapidations. The former would normally be prepared at the commencement of the lease and at intervals during the lease. The latter would be prepared at the end of the lease and details works required of the outgoing tenant. In the past these have been prepared without charge to the tenant. This is not typical of the situation with privately owned leased premises. It is proposed that the charging of tenants for these schedules is also introduced. If this work is undertaken by the Council's external property contractor (currently Ryden) the tenant will be responsible for fully reimbursing this cost. These schedules can be the catalyst for considerable follow up work in terms of liaising with tenants to ensure that works are done satisfactorily.
- 6.11 Leases are currently silent on this issue. An obvious point is that these reports are not the result of requests from tenants. The advice from the Head of Legal Democratic Services is that while leases don't specify that the costs to prepare such reports can be charged, the leases also don't specify that they can't. It's her advice that if the level of charge is reasonable and clearly linked to the cost of staff time in dealing with the work, then tenants are unlikely to complain or challenge the legality of our charging system. On the other hand, if we set charges that are punitively high and bear no relationship to staff time, then there is much more scope for the charging system being legally challenged by tenants. In future, our commercial leases will make it clear that tenants will meet the landlord's reasonable cost in preparing such reports.

7. REPORT AUTHOR DETAILS

- 7.1 Richard Fleming
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8. BACKGROUND PAPERS

8.1 No background papers were used in preparing this report.

PROPOSED PROPERTY SERVICES CHARGES		
ITEM	DEFINITION	MINIMUM CHARGE EX VAT
Tenant request to purchase Landlord's interest	Fee should the matter require to be referred to Committee for consideration after officer refusal.	£250
	Fees reimbursed if sale is concluded, however non refundable otherwise.	
Landlord's consent under lease to :		
Assign	For checking lease compliance, confirmation of covenant offered by prospective assignee and instructing Head of Legal and Democratic Services	£250
Sub lease	For checking lease compliance and granting approval	£150
Alterations to the property	Consideration of works and granting consent	
	Minor works	£150
	Major works	£500
	Retrospective Consent	£250
Schedules of condition	Business Centre subjects (internal only)	£400
	Smaller premises - shops, offices, small industrial	£750
	Larger premises - usually industrial or complicated by unauthorised works	£1400
Schedules of dilapidation	Business Centre subjects (internal only)	£300
	Smaller premises - shops, offices, small industrial	£550
	Larger premises - usually industrial or complicated by unauthorised works	£1100

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28th September 2010
DIRECTOR	Annette Bruton
TITLE OF REPORT	Application for Round 2 Funding -Youth Activities Small Grants Fund 2010/11
REPORT NUMBER:	ECS/10/075

1. PURPOSE OF REPORT

The report sets out the recommendations made by the Youth Activities Grant Funding Group for the second round of funding for the financial year 2010/11, the closing date for which was 22 July 2010.

2. RECOMMENDATION(S)

The committee is asked to:

- a. consider the summary of applications and ratify the Funding Groups recommendations and
- b. Instruct the Head of Service Communities, Culture and Sport to arrange for distribution of the funds.

3. FINANCIAL IMPLICATIONS

The council approved the Youth Activities Grant Budget for £50,000 from the Common Good Fund for the year 2010/11 at Finance and Resource Committee on 11 March 2010.

4. SERVICE & COMMUNITY IMPACT

The report supports priorities of a Vibrant, Dynamic and Forward Looking Aberdeen, and the Council's Partner's commitment to develop integrated services for children and young people. In the policy statement "Vibrant, Dynamic and Forward Looking" the Council sets out its aims to make Aberdeen an even better place to live and work. The Youth Activities Small Grant Funding by promoting the involvement of young people contributes to this aim. It links to the Strengthening Local Democracy Strategy, Getting Involved and Neighbourhood Action Challenges of the Community Plan. It also links to the Community Safety Strategy and the Action Plan for Crime Reduction.

The Youth Activities Small Grants Fund contributes positively to equal opportunities. In particular, clear positive impacts have been identified for the following groups: young people in general; young people with disabilities both in terms of the impact of the activities funded and in terms of involving young disabled people; (there is a requirement under the Disability Equality Duty

to encourage participation by people with disabilities in public life); young Gypsy/Travellers; and Lesbian, Gay and Bisexual young people.

The Youth Activities Small Grant Funding offers young people opportunities to contribute to the life of the city and to their communities. Young people receiving funding are likely to benefit in terms of experience, confidence and skills, and therefore contribute to Single Outcome Agreement 4.

5. OTHER IMPLICATIONS

None.

6. REPORT

- a. Representatives from: The Aberdeen City Youth Council, the Convenor of Resources Management, the Chair of the Aberdeen Children and Young People's Services Strategic Planning Group or their nominated representatives and one other elected member consider the applications on behalf of the Finance and Resources Committee and are known as the Funding Group.
- b. The closing date for this round of funding was 22 July 2010. The Funding Group considered the applications on 03 August 2010.
- c. **12** new applications were received for this round, with **1** deferred from round 1. It is recommended that **11** of those are funded and **2** denied. Appendix 1 holds the detail of applications received and the recommendations made.
- d. The total sum recommended for approval in this round is **£12,058.60**. If the recommendations outlined are approved there will be an uncommitted budget of **£13,245.40** remaining. As is usual, a folder containing the full original copies of all the applications received will be available in the Members' Library. The Funding Group has also requested that a copy of all reports provided by groups, following the spending of their award, is also made available in the Members Library as and when the reports are available.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Appendix 1 – shows the detail of received applications and recommendations being made to committee regarding funding.

Youth Activities Small Grants				Appendix 1
Round 2 - Closing Date 22 July 2010				
Group Name & No.	Summary of Application	Amount Requested	Amount Awarded	Decision & Comment
YAG010/16 Kittybrewster Congregational Church - Youth Film Group	Funding requested to purchase equipment to set up a film club. Deferred from round 1, as the application was lacking in detail about what was actually going to happen at the club.	£1,121.30	£450.00	After receiving additional information the Funding Group have agreed to part fund for the 6 young people within the 12-25 age group.
YAG010/25 Inchgarth Youth Club	Funding requested for cost of karaoke machine, discs and mics, and also to pay for trips to carnival, bowling and girls pampering night.	£1,479.79	£0.00	The Funding Group agreed not to fund as Inchgarth has received funding on a number of occasions and priority must be given to first-time applicants.
YAG010/26 Oldmachar XL Club	Funding requested to purchase gardening equipment e.g. tools, landscaping materials, compost, plants etc. with the aim of converting an area of school into an outdoor classroom/garden.	£1,500.00	£1,500.00	Fully fund
YAG010/27 Fersands & Mountain Community Project Youth Groups 12-18	Funding requested to provide 4 different groups with a monthly activity budget of £30 for 12 months.	£1,440.00	£1,440.00	Fully fund
YAG010/28 Aberdeen City Ladies Football Club	Funding requested to pay towards the costs of transportation, training facilities and coaching certificates for the club.	£1,500.00	£1,500.00	Fully fund
YAG010/29 Aberdeen & District Battalion - The Boy's Brigade	Funding requested for cost of tents, stoves, rucksacks, compasses, maps and karrimats.	£1,316.10	£1,316.10	Fully fund
YAG010/30 VSA - Friends for Life	Funding requested towards the cost of equipment for an area in the community centre to enable the Friends for Life group to run a successful club.	£1,500.00	£1,500.00	Fully fund

Group Name & No.	Summary of Application	Amount Requested	Amount Awarded	Decision & Comment
YAG010/31 Parents for Parents	Funding requested for games equipment, vacuum cleaner, fruit and cooking ingredients.	£1,445.95	£1,000.00	The Funding Group agreed to part fund and advises the group to shop around for better deals on some of the items requested.
YAG010/32 66th Aberdeen Scout Group	Funding requested for the purchase of kayaks, associated safety equipment and a trailer.	£1,500.00	£0.00	This group to re-apply as their application is lacking in detail i.e. costs, benefits etc.
YAG010/33 Child & Family Service	Funding requested to offer young people one to one outings with caseworker.	£300.00	£300.00	Fully fund
YAG010/34 Filipino Community of Aberdeen	Funding requested for venue hire, sports equipment and costumes for Dance Troupe and Basketball Sport.	£1,500.00	£500.00	The Funding Group agreed to part fund for the 10 young people within the 12-25 age range.
YAG010/35 Act Daft - Aberdeen Arts Centre	Funding requested for costumes, set, lights etc. to stage a show.	£1,500.00	£1,500.00	Fully fund
YAG010/36 Fusion Youth Dance Company	Funding requested to deliver dance workshops - candidate costs, studio hire etc.	£1,052.50	£1,052.50	Fully fund. This group to be congratulated on their application.
		Total Amount Requested	Total Amount Recommended	
	Total Amount Requested	£17,155.64	£12,058.60	
	Balance c/f after round 1	£25,304.00		
	Balance:	£13,245.40		

Agenda Item 8.1



Karen Algie
President
Head of Human Resources
Falkirk Council
Municipal Buildings
West Bridge Street
Falkirk
FK1 5RS

12 July 2010

Tel: 01324 506223
Fax: 01324 506061

Dear Colleague

Society of Personnel Directors Scotland
Annual Conference, Old Course Hotel, St. Andrews,
3rd – 5th November 2010

The Society's annual conference will be held at The Old Course Hotel, St. Andrews from 2pm on Wednesday 3rd November until lunchtime on Friday 5th November. The Old Course has proved to be an excellent conference venue over the years for delegates and sponsors alike.

It is well recognised that time is precious at the moment with many challenges facing all of us. In such times it is even more important to share good practice, build partnerships and learn from each other. To help, and in recognition of the current economic climate, I'm pleased to tell you that there will be no increase in the conference fee from last year, i.e. £380 for SPDS members and £400 for non-members. This represents outstanding value for money when compared with other similar events.

The Society's conference planners have worked particularly hard to ensure that the conference programme reflects the challenges faced by public sector HR professionals in their everyday work. I am confident that our event will prove a valuable learning and networking experience for delegates at a very reasonable cost. I hope my letter and the attached booking information has sufficient detail to enable you to arrange your attendance at what promises to be another first class conference for the Society. Please register your attendance at the conference by visiting www.shsceventsbookings.co.uk/spds If you have any questions regarding your online registration please contact mhart@nhs.net or tel 0131 275 7746.

The full conference programme will be sent to you in due course and I look forward to seeing you at St. Andrews in November.

Yours sincerely

Karen Algie
President
Society of Personnel Directors Scotland

SPDS Conference Programme 2010: 200710

“Extraordinary times – extraordinary challenges”

Wednesday 3rd November

Exhibitions open from 1.00 pm with tea and coffee available in the conservatory from 1.30 pm

- | | |
|---------------|--|
| 14.00 – 14.15 | Welcome/ President's address.
Hugh Mackenzie, President – Elect |
| 14.15 – 15.00 | The SOLACE position
Bernadette Malone, Chief Executive of Perth and Kinross Council (President SOLACE Scotland)
<i>Chaired by Hugh Mackenzie, Perth and Kinross Council</i> |
| 15.00 – 16.00 | Title to be confirmed
Rob Whiteman, Chief Executive of IDeA
<i>Chaired by (to be confirmed)</i> |

Exhibition open to delegates until 17.00

Thursday 4th November

- 09.30 – 10.30 **“Wellbeing, engagement and leadership”**
Nita Clark. IPA
Chaired by (to be confirmed)
- 10.30 – 11.00 Morning Coffee and exhibition in the conservatory
- 11.00 – 12.30 **The Guardian Lecture: Title to be confirmed**
Iwan Thomas
Chaired by Karen Algie, Falkirk Council
- 12.30 – 13.30 Lunch and exhibition
- 13.30 – 15.00 **The Herald Debate**
Chaired by Ian McWhirter, political columnist, the Sunday Herald
Panelists TBC but include Dean Shoemith, PPMA President
Hosted by (tbc)
- 15.00 – 15.30 Afternoon Tea and exhibition in the conservatory
- 15.30 – 16.30 **Title to be confirmed**
Harry Burns, Chief Medical Officer for Scotland
Chaired by (to be confirmed)

Friday 6th November

- 09.30 – 10.20 **Title to be confirmed**
Vicky Jack – mountaineer
Chaired by Martin Rose, East Ayrshire Council
- 10.20 – 10.40 Morning coffee and exhibition in the conservatory
- 10.40 – 11.30 **The Equality Act and related developments**
Paul McMahon, Partner, Harper MacLeod
Chaired by (to be confirmed)
- 11.30 – 12.20 **Lessons from MacRoberts' employment case files: a review of approaches which worked...and those which didn't!**
Stephen Miller, Partner and Head of Employment Law, MacRoberts.
Chaired by incoming vice president once known
- 12.20 – 12.30 Prize draw from the exhibition and closing remarks, Vice President, SPDS

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	28 th September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Access from the North Proposals (“Third Don Crossing”), Compulsory Purchase Order.
REPORT NUMBER:	EPI/10/225

1. PURPOSE OF REPORT

- 1.1 To advise the Committee of the extent of land to be acquired through compulsory purchase order (CPO) to facilitate the construction of the Access from the North Proposals (“Third Don Crossing”).

2. RECOMMENDATION(S)

2.1 It is recommended that the Committee:

- a) notes the contents of this report;
- b) resolves to make an Order in terms of the draft Compulsory Purchase Order attached to this Report and authorise the Head of Legal and Democratic Services to implement the statutory procedures following on from the making of the Order;
- c) approves delegated powers to the Head of Legal & Democratic Services and the Head of Asset Management & Operations, in consultation with the Convenor, to purchase land required for the scheme by a negotiated process in advance of a CPO assuming such purchases represent Market Value and are within the scheme budget;
- d) authorises Officers to seek Scottish Minister approval for the transfer of required land from the Housing Revenue Account to the Roads account at Market Value, subject to the approval of the Housing and Environment Committee;
- e) authorises transfer of required land from the Common Good account to the Roads account at current market value;
- f) notes that officers will provide regular updates to Committee in relation to progress with land acquisition against budget;
- g) authorises the issuing of a guidance document to parties whose properties are affected by the scheme which outlines the CPO process and its implications.

3. FINANCIAL IMPLICATIONS

- 3.1 Land acquisition will be funded from the project's capital budget allocation. The transfer of Housing and Common Good Land will take place in future financial years.

4. OTHER IMPLICATIONS

- 4.1 Resources from both Enterprise Planning & Infrastructure and Legal & Democratic Services will be required to complete the land acquisitions required to implement the scheme. EP&I's Asset Policy Team's term contractor will act as land agent for land purchase negotiations.
- 4.2 The scheme is currently subject to an application for planning permission.

5. BACKGROUND/MAIN ISSUES

- 5.1 Following submission of a report to the Environment and Infrastructure Committee (22nd March 2007) and subsequently the Resources Management Committee (29th March 2007), Full Council (25th April 2007) approved progression of a CPO whilst appointed agents continued to negotiate with affected owners.
- 5.2 Subsequent to this approval, the Reporter to the Public Local Inquiry on the finalised Aberdeen Local Plan recommended that the project should not be included in the then new Local Plan since it had inconsistencies with transportation and planning policy. As a result of this, progress on the land acquisition for the project was temporarily suspended.
- 5.3 Since then the scheme has now been included in numerous Council policies such as the Aberdeen City and Shire Structure Plan, the Regional Transport Strategy and the Local Transport Strategy. Following the introduction of these policy updates a new Planning Application was submitted in January 2010.
- 5.4 It is now intended to fulfil the outstanding remit to progress the land acquisition required to construct this project. As before, it is proposed to progress the CPO whilst negotiations are carried out with land owners to purchase land by agreement, where possible. Current indications are that it is likely that a CPO will be necessary to acquire some of the land. The Council's Asset Policy Team has instructed Ryden LLP, to act as land agent on behalf of Aberdeen City Council.
- 5.5 Additionally, some land needs to be transferred from the Housing Revenue Account to the Roads Account. Land held on the HRA requires Scottish Minister approval to be transferred to the General

Services Account. The HRA is ringfenced and any transfer has to be at Market Value. This report also seeks approval for appropriate officers to seek Scottish Minister approval for transfer of required land between the Housing and Roads accounts.

- 5.6 Similarly, there is a need to transfer some land from the Common Good account to the Roads account. Land that has been registered as Common Good land requires Committee approval for alternative uses. Again, any transfer of land is required to be at Market Value. The Market Value of Common Good Land will be determined by the Council's external valuation contractor.
- 5.7 Given that some land owners may not be fully aware of the implications of the use of a CPO it is proposed to issue a guidance document outlining the process and its implications. A copy of this document in draft is attached in Appendix B.

6. IMPACT

- 6.1 The proposal to promote the CPO is in accordance with the Council's Community Plan where it assists in the delivery of the aim to "maintain and improve the range of transport choices available to, from and within the city".
- 6.2 The promotion of the CPO will facilitate the construction of the scheme, make a significant contribution to the achievement of outcomes 10, 12 and 14 within the Single Outcome Agreement which, in a local context, seek to improve sustainable travel options.
- 6.3 Vibrant, Dynamic and Forward Looking states, under transport, the desire to "Improve Aberdeen's transport infrastructure – including delivering the Third Don Crossing and addressing other "pinch points" in the city's roads network". The promotion of the CPO is considered a prerequisite of constructing the scheme.

7. BACKGROUND PAPERS

- 7.1 A report approved by Council on 29 November 2009 provides background information on the scheme.
- 7.2 Reference is made to the Compulsory Purchase Order 2010 plan; 1/R/R4669/CPO/1, a copy of which is appended to this report (Appendix A).
- 7.3 Reference is made to the leaflet produced by Asset Management on the compulsory purchase process, a copy of which is appended to this report (Appendix B).

7.4 Reference is made to Article 11 of the Minute of Meeting of Aberdeen City Council on 25th April 2007. The report advised Members of the likely need for the promotion of a Compulsory Purchase Order (CPO) to facilitate the acquisition of land required for the purpose of progressing the third River Don crossing aspect of the access from the North proposals. The Council resolved to authorise the appropriate officers to progress the CPO.

8. REPORT AUTHOR DETAILS

Laura Howie
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(Note: Appendix A will be issued immediately prior to Committee meeting.)



ABERDEEN
CITY COUNCIL

**ACCESS FROM THE NORTH PROPOSALS
("THIRD DON CROSSING")**



A GUIDE TO THE COMPULSORY PURCHASE PROCESS AND
COMPENSATION

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SECTION 4 CONTACT DETAILS

SECTION 1 INTRODUCTION

- 1.1 This brochure provides guidance on the statutory procedures which Aberdeen City Council (“the Council”) follows for the compulsory purchase of land and the payment of compensation for same, in relation to any scheme promoted under the relevant legislation by the Council, as roads authority, for the construction of a new road or the improvement of an existing road. The proposed new access road, popularly known as “The Third Don Crossing”, from Bridge of Don across the River Don is such a scheme. The Council do not need to purchase property for a scheme on a compulsory basis if owners are willing to sell their properties to the Council voluntarily on terms which are acceptable to both parties. This guidance applies only where the Council is exercising compulsory powers to purchase property. It will be of most interest to those who have businesses or property which are directly affected by a scheme. In terms of the relevant legislation, the Council is the acquiring authority responsible for promoting the Compulsory Purchase Order for the Third Don Crossing Ryden LLP (Commercial Property Consultants) in Aberdeen have been appointed by the Council to deal, on the Council’s behalf, with negotiations for land acquisition and the assessment of compensation for any land compulsorily acquired.
- 1.2 The law and procedure relating to compulsory purchase and compensation is complex. Of necessity the information set out in this brochure is a simplification and cannot cover every circumstance that may arise. The information contained in this brochure is not intended to be a complete guide to the law and carries no legal force. However, it aims to provide an understanding of the compulsory purchase procedure and the principles to be applied in assessing compensation.
- 1.3 This guidance should not be regarded as a substitute for professional advice. If any interest you have in a business or property is affected by the scheme, the Council recommends that you seek advice from a professionally qualified person such as a surveyor or solicitor. They can advise you on the rights that you have and act on your behalf if appropriate. Whilst the Council will not meet the costs of your obtaining general professional advice, it will meet the fees of any professionally qualified person you appoint to negotiate the amount of compensation you will receive for the compulsory purchase of your property in line with a set scale. If you are in any doubt as to whether your professional costs will be met you should consult a professional advisor.
- 1.4 The Council’s Environment & Infrastructure technical specialists are responsible for the design and development of the road scheme.

SECTION 2 COMPULSORY PURCHASE PROCESS

COMPULSORY PURCHASE PROCEDURE

Outline of Procedure

- 2.1 Where the Council has proposals to construct a new road or improve an existing road, it commissions design and development work, including environmental impact assessments to bring the proposals to reality. Once this initial design and development work has been completed to the level necessary to enable the Council to determine the proposed line of the road, the Council is in a position to identify the extent of the property required for the scheme.
- 2.2 Where the Council intends to purchase property on a compulsory basis, they promote and make a Compulsory Purchase Order (“CPO”). The CPO identifies the land and rights over land (which for simplicity are referred to in this guidance as “property”) required for the scheme by reference to a schedule and a map. The owners and occupiers are identified as accurately as possible and their details are included in the schedule. Each owner and occupier listed in the schedule, together with certain other parties as required by statute, will be served with the relevant notices under the statutory procedure along with explanatory literature.
- 2.3 The Council advertises in the local press the making of the CPO. Public exhibitions may be held and information on the scheme may be available on an internet website.
- 2.4 The assessment of compensation is covered in Section 3.

Individual Notices

- 2.5 The Council must serve notice on certain parties specified by statute, including every owner and tenant (except for tenants for a month or less) of any property comprised in the CPO, stating the effect of the CPO. If the name or address of any party, eg an owner of a piece of property, is not known and there is no person on the property to which the notice may be delivered, notices are posted on the property.
- 2.6 The content of both the press notice and the individual notices is very similar, and each will:
 - State that a CPO has been made.
 - Specify the manner in which objections to the CPO may be lodged.
 - Say where in the locality the CPO and map may be inspected.

Objections

- 2.7 This guidance is about the CPO procedure and compensation issues only. Any other statutory orders, which may be published, and any Environmental Statement published, follow their own statutory procedures, which are set out fully in the notices accompanying their publication.
- 2.8 Anyone who wishes to object to the CPO must do so in writing to the Scottish Ministers at the address given and by the date specified in the press and in the individual CPO notices which have been served. This objection period is normally, and cannot be less than, 21 days and runs from the date of service of individual notices or of the first date of publication of the press notice.
- 2.9 There is no specific format for an objection to the CPO other than it must be in writing.
- 2.10 Following the period for objections, the Scottish Ministers will consult the Council on any written objections received by them. Only objections relating solely to matters of compensation will be disregarded.
- 2.11 The Scottish Ministers will liaise with all objectors and the Council with a view to resolving the objections.
- 2.12 If this process does not result in all objections being withdrawn or otherwise resolved it is normal for those objections to be considered at a Public Local Inquiry (PLI) arranged by the Scottish Government.

Public Local Inquiry (PLI)

- 2.13 The PLI is held before a Reporter appointed by the Scottish Government. The Reporter determines how the inquiry is to proceed. Generally he or she will try to keep proceedings informal whilst ensuring that all parties are able to have their say in an organised and orderly manner to ensure that the case for and against the compulsory purchase of property is fully tested.

Site visit

- 2.14 The Reporter will visit the site before, during or after the close of the PLI. Objectors are entitled to attend and the arrangements for the visit will be announced. However, the Reporter will not discuss the merits of the case on the visit.

PLI Costs

- 2.15 The costs incurred by people in attending or being represented at the PLI are generally only met by the Council where their property is included in the CPO, they object, and the hearing into their objection results in their property being removed or partly removed from the CPO. Where only part of their property is removed from the CPO, only part of their costs is normally met.

Post Inquiry Procedure

- 2.16 After the close of the inquiry, the Reporter will produce a report for the Scottish Government setting out his or her conclusions and putting forward recommendations.

Decision

- 2.17 After considering the Reporter's recommendations, the Scottish Ministers will decide whether or not to confirm the CPO.
- 2.18 The Scottish Ministers may make a decision, which is contrary to the Reporter's recommendations.
- 2.19 When the Scottish Ministers have reached their decision, they will inform the objectors and any other person who appeared at the inquiry and asked to be notified. The decision letter will set out the reasons for the decision. Any party can request a copy of the Reporter's report.

Compulsory Purchase Order (CPO) post confirmation

- 2.20 If the Council has decided not to proceed with the compulsory purchase that brings an end to the matter. If the Council decides to proceed with the compulsory purchase then those parties specified by statute, including each owner listed in the schedule to the CPO, will be served with the relevant notices under the statutory procedure along with explanatory literature outlining the effects of the CPO and a form for claiming compensation. At the same time the Council will advertise the confirmation of the CPO in a notice in the press.
- 2.21 The date of publication of the above mentioned notice is relevant in terms of the timetable for the following two actions:
- For you to mount a legal challenge against the validity of the CPO. The time limit for this is 6 weeks. The challenge can only be made by way of a formal Court action. There is therefore a need to act very quickly. If you think there are valid grounds for challenge, you should take legal advice.
 - For the Council to take title to and possession of your property. Details relating to this are contained in the following sections.
- 2.22 Following completion of the statutory procedure the next stage is for the Council to take title to and possession of the property included in the CPO.

- 2.23 There are a number of different methods of achieving this. The Council normally proceed by way of what is called a General Vesting Declaration (“GVD”).
- 2.24 The GVD cannot be executed until 2 months after the publication of the notice referred to at 2.20 and 2.21 above. This notice will have included notification of the Council’s intention to proceed by way of a GVD. The Council will serve a notice of the making of the GVD on the affected parties. The notice will specify a date, which must be at least 28 days away, when the Council will take title and entry to, and possession of, the property.

Short Tenancies

- 2.24 Tenancy agreements are normally included in the GVD process. However this is not the case for a short tenancy. A short tenancy is a lease for less than a year or from year to year. The Council cannot purchase a short tenancy by the GVD route. There are several alternative procedures open to the Council and the method chosen will depend on the individual circumstances of the short tenancy in question. Alternatively, the Council may decide that the best course of action is to let the tenancy run its course.

RELATED PROCEDURES

Severance

- 2.25 Where part of your property is included in the CPO and GVD, and you consider the effect on the remainder of the property is particularly severe, then you may be entitled to serve a notice of objection to severance. If successful the Council would be required to purchase the whole of your property. There is a strict 28-day time limit for formally objecting to severance. That period runs from the date you are served with the notice that the Council has made the GVD. If you are concerned about severance you should consult your professional advisor.

Blight

- 2.26 Blight is a procedure whereby you can require the Council to buy your property without going through the whole CPO process. In certain limited circumstances a property may be blighted as a result of the CPO. Your property could also be blighted by the scheme over and above the CPO, for example by road orders. The rules governing when a property is blighted are complex. If you think your property may be blighted then you should consult your professional advisor.

Voluntary purchase as an alternative to compulsory purchase

- 2.29 Notwithstanding the fact that the Council is exercising compulsory powers of purchase for the scheme nothing prevents them at any time from purchasing property for the scheme on a voluntary basis. Where the purchase proceeds on a voluntary basis, the terms, including the price, must be agreed. In those circumstances the compensation provisions explained in this brochure do not apply.

SECTION 3 COMPENSATION

INTRODUCTION

- 3.1 This Section provides guidance on compensation which is payable for property compulsorily purchased for the scheme. It includes guidance for both business and residential owners and occupiers. This guidance is not intended to be a complete guide. The statutory provisions and case law that govern the eligibility for and assessment of compensation is complex. It is stressed again that you should seek advice from a professionally qualified person such as a surveyor or solicitor.
- 3.2 Where the Council do not purchase any of your property, compensation may still be payable for the effects of the actual construction of the scheme as following its completion. General guidance on this will be available at the relevant time.
- 3.3 Ryden LLP will assess the level of compensation and will discuss same with you or your professional advisor.

COMPENSATION WHEN PROPERTY IS PURCHASED

General Principles

- 3.4 The assessment of compensation will depend on individual circumstances. The underlying principle is to put you, in financial terms, so far as money can do so, in the same position as if your property had not been taken from you. Basically, the assessment of compensation will take into account the value of your property and the value of related effects (known as Severance, Injurious Affection and Disturbance). However, the level of compensation is assessed without any increase or decrease in value attributable to the scheme itself.
- 3.5 The amount of compensation payable cannot exceed your total financial loss. There is a duty on you to mitigate that loss.

Value of Property

- 3.6 There are 6 basic rules for assessing the value of property compulsorily purchased. These rules are set out in an Act of Parliament. A brief summary of the rules is set out below.

Rule 1

- 3.7 In assessing the compensation, no addition to or reduction from the value of the property is made to reflect the fact that it is being compulsorily purchased. The purchase of the property is assumed to be an open market transaction between willing parties.

Rule 2

- 3.8 The value of the property is based upon what the property might be expected to realise if sold in the open market to a willing seller.
- 3.9 In most circumstances the open market value will be based on the existing use of the property, provided proper consents are in place.
- 3.10 The property may have potential for development if planning permission for that development could be obtained. If the Council accept the property has development potential then this will be taken into account in assessing compensation.
- 3.11 If the Council do not accept that your property has development potential then you can apply to your local planning authority for a Certificate of Appropriate Alternative Development. This will determine whether or not your proposed development would have received planning permission had the scheme not gone ahead. The rules governing such an application are linked to planning law and are complex and outwith the scope of this guidance. You should refer any query on this aspect to your professional advisor or your local planning authority.

Rule 3

- 3.12 This rule applies in specialist circumstances where certain uses of property can only be undertaken by a statutory authority. In assessing compensation no account is taken of these special circumstances.

Rule 4

- 3.13 Any increase in the value of property which is attributable to a use of the property which is unlawful or detrimental to the health of the occupants of the premises or to public health, is not taken into account.

Rule 5

- 3.14 It may not be possible to arrive at a market value where the property to be purchased is (and but for the CPO would continue to be) devoted to a purpose for which there is no general demand or market (eg a church). In such circumstance, compensation may be assessed on the basis of how much it would cost to reinstate the facility elsewhere.

Rule 6

- 3.15 The provisions of Rule 2 do not affect the assessment of compensation for disturbance or any other matter not directly based on the value of the property. The compensation you receive, therefore, may not only reflect the open market value of your property, but may also take into account the value of related effects, as described in the following paragraphs.

Value of related effects

SEVERANCE AND OTHER INJURIOUS AFFECTION

- 3.16 Severance is where only part of your property is purchased for the scheme. Compensation may be payable for the adverse physical effects the severance has on the remainder of your property, eg the purchase of part of your property may result in the loss of access to the remainder.
- 3.17 In circumstances where you consider the effects of severance on the remainder of your property are particularly severe, then you may be entitled to serve a notice of objection to severance. If successful the Council would be required to purchase the whole of your property. There is a strict 28-day time limit for formally objecting to severance. That period runs from the date you are served with the notice that the Council have made the GVD. If you are concerned about severance you should consult your professional advisor.
- 3.18 Injurious affection can also arise where only part of your property is purchased for the scheme. Compensation may be payable for any injurious affection, the term used to describe the adverse effects (such as noise and vibration) the scheme and its construction can have on the remainder of your property.
- 3.19 Any claim for severance or other injurious affection must be consistent with the remainder of the claim. If you claim compensation based on the potential your property would have had for development that may have an effect on any claim for severance and injurious affection.
- 3.20 There may be instances where the scheme does not have an adverse effect on your remaining property. On the other hand the scheme may increase the value of your remaining property. In such circumstances, any compensation will take into account any increase in value of your remaining property.
- 3.21 The compulsory purchase of your property may involve in costs or expenses such as removal expenses, loss of goodwill, loss of profits, professional fees etc. These items are generally referred to as disturbance. Any disturbance would be included in your overall compensation but any disturbance element of the claim must be consistent with the remainder of the claim. Compensation will normally only include a payment for disturbance if the value of the property is based on existing use and not its development potential.

Residential Disturbance

- 3.22 In the case of a residential property you can claim reasonable costs and expenses if you have to leave that property. The claim can include the costs associated with purchasing a replacement property (but not the purchase price of the property itself) and the costs of moving into the property. Examples of additional items, which may be claimed, are legal fees and surveyor's fees.

Business Disturbance

- 3.23 In the case of a business property depending upon the particular circumstances of the purchase, disturbance compensation may be based on either the costs of relocating the business or extinguishing the business. Normally you would be expected to relocate your business. If this is not possible it may be necessary for the business to close, in which case compensation will be based on the cost of the total extinguishment of the business.
- 3.24 There may be circumstances where the costs of relocating the business are greater than the value of the business. In these circumstances there is a case that can be made that compensation is based on extinguishment, as no prudent businessman would incur the costs of relocating the business. However each case must be looked at on its own merits.
- 3.25 If you relocate your business you may be entitled to claim the reasonable costs and expenditure arising, including for example, removal expenses, legal fees, surveyor's fees and architect's fees.

Individual Assessment

- 3.26 Every loss will be considered on its merits. The onus is on you to justify your claim. It is up to you to prove that you should be compensated. Accordingly, it is of the utmost importance that you keep a detailed record of losses sustained and costs incurred in connection with the compulsory purchase of your property. You should keep all relevant documentary evidence such as receipts, invoices and fee quotes.

OTHER ISSUES

Loans

- 3.27 If a loan is secured over your property the lender is entitled to be compensated. All or part of your compensation may need to be paid to the lender to redeem all or part of your loan.

Home Loss Payment

- 3.28 If you are actually living in the property you may be entitled to a home loss payment in addition to any other compensation due. The home loss payment is an additional sum to reflect and recognise your distress and discomfort at being compelled to move out of your home.

Farm Loss Payment

- 3.29 If you are occupying an agricultural unit and are displaced from that unit, you may be entitled to a farm loss payment in addition to any other compensation due. The farm loss payment recognises that as a result of a move to unfamiliar land, you may be faced with temporary losses of yield.

Planning Permission after Acquisition

- 3.30 If during the period of ten years after the purchase of your property by the Council, planning permission is granted for the additional development of that property, you may be entitled to additional compensation to reflect any increase in the value of your property.

Advance Payment of Compensation

- 3.31 It is not unusual for final compensation to take a considerable time to be agreed. You are entitled to request an advance on your compensation. The Council are obliged to make the payment within three months of receipt of the request provided they have taken possession of the property.
- 3.32 The level of advance payment is normally 90% of either the agreed compensation, or where there is no agreement, the Council's estimate. If there are outstanding loans on the property then the advance payment may be reduced.

Interest

- 3.33 Simple interest, at a prescribed rate, is payable from the date the Council takes possession of your property until the compensation is paid.

Lands Tribunal for Scotland

- 3.34 If the amount of compensation payable for the compulsory purchase of your property is not agreed, then it can be referred to the Lands Tribunal for Scotland for determination.

SECTION 4 CONTACT DETAILS

- 4.1 If having read this brochure you are still unclear about the compulsory purchase process and compensation and require further explanation, or simply wish to discuss any particular aspect in more detail, please get in touch with:

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Location Plan Not to Scale



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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Property Asset Management Plan Update 2010
REPORT NUMBER:	EPI/10/251

1. PURPOSE OF REPORT

Update members of the progress made since the approval of the Property Asset Management Plan in 2009. The attached document also includes a review of the Council's Tenanted Non-Residential Property (TNRP), which is an appendix to the main document.

2. RECOMMENDATION(S)

PAMP Update 2010

- a) The Finances & Resources Committee appoint an elected member with responsibility for promoting Asset Management and participating in the Corporate Asset Group.
- b) Approve the Property Asset Management Plan Update 2010.

Tenanted Non Residential Portfolio Review

- 1) The Head of Asset Management & Operations is instructed to report to the next Finance & Resources Committee on the potential disposal of Shops and Ground Lease (Shops).
- 2) The Head of Asset Management & Operations is instructed, in conjunction with the Head of Finance, to prepare a schedule of property reviews with a view to completing within 18 months and to report on these reviews to the appropriate Finance & Resources Committee meetings.

3. FINANCIAL IMPLICATIONS

There are no immediate financial implications flowing from this Report. However the recommendations in the review of Tenanted Non-Residential Property may lead to assets being identified for disposal. This links in with the Corporate Business Plan options for Enterprise, Planning & Infrastructure relating to the tactical disposal of assets.

4. OTHER IMPLICATIONS

Staff resources will have to be identified to undertake the detailed property reviews. All other work associated with the PAMP will be undertaken by the new Asset Management Team.

5. BACKGROUND/MAIN ISSUES

The Council's first Property Asset Management Plan (PAMP) was approved by the Resources Management Committee in June 2009. It is recognised as good practice to update the Property Asset Management Plan on an annual basis. This ensures elected members are kept informed on progress and helps refocus attention on key areas. This update identifies key areas of progress since 2009 as well as highlighting areas for development.

The attached shows the completed Property Asset Management Update 2010. This document was presented at a meeting of the Corporate Asset Group meeting on 10 August and subsequently approved, with minor alterations. The document will also be presented to CMT on the 9 September. Some of the key points/findings from the PAMP Update are as follows:-

Objectives & Priorities

Those stated in the 2009 PAMP remain active but have been amended slightly to reflect the priority based budgeting project and the Council's 5 year Business Plan.

Current Asset Management performance

- 83% of operational assets are rated as suitable
- 83% of operational assets are in satisfactory or good condition
- 69% of operational assets are in both suitable and in satisfactory/good condition.
- 84% of operational assets are publicly accessible
- There is £82 million of required maintenance in our operational assets, equating to £156 per sqm

Key Challenges & Achievements

Challenges – These include the continuing financial challenges and pressures on revenue/capital spending. The further need to rationalise the school estate and adapt to changing school roles. High levels of required maintenance and assets in poor condition. Rising energy costs and targets associated with carbon reduction.

Achievements – These include the completion of four new schools through the 3R's project. The completion of the first Condition Survey

Programme. The use of key performance data in property reviews and subsequent decision making.

Delivery Arrangements

The Corporate Asset Group has been reconstituted with the Head of Asset Management & Operations chairing. Representatives from all Services have been identified and regular meetings take place. The main focus of these meetings is the 5 year Business Plan and the review of the Non-Housing Capital Plan.

Service Asset Management Plans are now being drafted by Services with the completion of this work being targeted for the end of November 2010. These are an essential element of effective Asset Management Planning.

The Council continues to work closely with its public sector partners through the Public Sector Property Group. A shared database is now in place allowing partners to see the location of all public sector assets as well as the key property information associated with them.

Investment Planning

For the current and forthcoming financial year the review of capital projects is being linked with the Priority Based Budgets project and the 5 Year Business Plan. For future years the process will be as follows:-

Report	Key dates
Discussions with Directors / Key Members	June
Completion and submission of Capital Pro forma to SMTs	July
Submission of Capital Business Case to the Corporate Asset Group	September
Report to CMT	October / November
Report to Council as part of overall budget setting process	December
Quarterly reports to Cabinet and Scrutiny Board	July / October / January and May (outturn)

Performance Management

The PAMP 2009 identified that a review of the Council's commercial/investment portfolio was a key priority. Included as an appendix to the PAMP update is a high level review of these assets. Throughout the attached document the commercial/investment portfolio is referred to as Tenanted Non-Residential Property Portfolio (TNRP), which is the recognised terminology for these assets.

The review shows the groups of asset performing well and that should be retained. In addition groups of assets have been identified as performing poorly. Consideration should be given to disposing some of the assets within those groups.

Key Priorities

- Service Asset Management Plans by November 2010
- Suitability Assessments by December 2010
- Full Audit of all Property Data by December 2010
- Implementation of Communications Strategy by September 2010
- Continued Implementation of Capital Prioritisation
- Development of the Property Modules within CAMS by September 2010

6. IMPACT

Corporate - The continued implementation of the Property Asset Management Plan will ensure that the Council is utilising its property portfolios to support Services in implementing the Single Outcome Agreement. The approved property visions and asset objectives already support *Vibrant, Dynamic & Forward Looking*. They will also be reviewed by the Corporate Asset Group to link to the 5 Year Corporate Business Plan.

Public - The TNRP review and it's recommendations may be of interest to the tenants of these assets, developers and investors.


7. BACKGROUND PAPERS


Property Asset Management Plan 2009 (Non-Housing)
Corporate Asset Management Plan Report, Resources Management Committee 16 June 2009
RICS: Public Sector Asset Management Guidance 2008
CIPFA: A Guide to Asset Management & Capital Planning 2008
Audit Scotland: Asset Management in Local Government 2009

8. REPORT AUTHOR DETAILS

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Property Asset Management Plan Update 2010

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1. Background

1.1 Property Asset Management Plan 2009

1.1.1 The Council's first Property Asset Management Plan (PAMP) was approved by the Resources Management Committee in June 2009. Since then effective Asset Management Planning has come to the fore for the Council as the new Services make every effort to meet the current and future financial challenges.

1.2 Context of Update

1.2.1. It is recognised as good practice to update the Property Asset Management Plan on an annual basis. This ensures elected members are kept informed on progress and helps refocus attention on key areas. This update identifies key areas of progress since 2009 as well as highlighting areas for development.

1.2.2. It should be noted that the key document, with its associated strategic policies and procedures is the PAMP 2009.

2. Corporate Property – Objectives and Priorities

2.1 Council's Vision and Asset Objectives

2.1.1 Those stated in the 2009 PAMP remain active and are restated below, with some minor amendments. However these will be reviewed by the Corporate Asset Group to link to the 5 year Business Plan.

2.1.2 To deliver our vision for the City we are focusing on key priorities that we have shaped around:

- The national outcomes set out in the Single Outcome Agreement
- Partnership Agreement 'Vibrant, Dynamic, and Forward Looking'
- Corporate Improvement Plan
- The constant desire to provide efficient, effective and joined up public resources

2.1.3 Within the Council's Single Outcome Agreement we have an aspiration that people who live and work in Aberdeen will:

- be well informed and actively supported to achieve their full potential
- acknowledge, and act on, their shared responsibility to shape the City's future
- support and celebrate cultural diversity, and share a commitment to social justice
- have access to services of a high quality that meet their needs

So that Aberdeen will be a City with a strong, vibrant local democracy and a sense of civic pride.

2.1.4 In effectively managing the Council's financial resources and assets it has further been identified that the aim is to produce a coherent balanced budget which is realistic and reflects the Council's priorities and encourages the efficient and effective use of the Council's resources, by:

Budget Monitoring

- Rigorous monitoring of spend income against budget (revenue; capital; headcount; savings programme)
- Ensure rigorous challenge of monitoring by Officers and Members
- Rigorous monitoring and review of income/charging

Budget Planning

- Develop and observe a budget timetable for planning, consulting and deciding on options necessary to produce a balanced budget
- Develop and continually review projected 2009/10 position

Financial Planning

- Develop and continuously review Medium Term Financial Plan

Use of Resources

- Develop a rigorous programme of change aimed at improving the efficiency of the Council; and ensure that programme is properly resourced and performance managed for complete and timely delivery
- Asset management strategy to be developed and implemented for the effective management of the property portfolio
- Benchmarking information used to improve decisions on effective planning and budget choices.

2.1.5 In order to do this we need to:

- Identify areas where robust asset management can help support the delivery against these priorities
- Develop alignment between asset management and our strategic priorities into property strategies, plans and programmes
- Ensure that our approach to performance management is appropriately focused on priority areas

2.1.6 The above approach is being progressed as part of a priority based budgeting project and will be set out within the Council's 5 year Business Plan by the of 2010.

2.2 Asset Objectives

2.2.1 We have recently developed a vision for our property assets to assist us to deliver the Council's overall vision. The developed vision and property aims for our property assets are still relevant in 2010. They are restated below.

2.2.2 Our approved vision for property assets is:-

“The Council will provide property, working with partners, where appropriate, which supports the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”

2.2.3 In designing our approach to asset management within Aberdeen, in order to deliver our Strategic Priorities, we have identified 5 overarching property aims and objectives that will seek to ensure that the Council's assets are fit for purpose within the current budgetary restraints.

- **Assets must meet the needs of those that use them.** This includes staff, members, visitors, customers and the general public, people with disabilities or special needs and other minority groups. This means creating a comfortable and accessible environment that makes a positive contribution to the use to which the asset is put. It also means asking people what they think about our property assets and responding to their needs.
- **Assets must be economically sustainable.** This means keeping running costs down, prioritising capital spending, proper option appraisal incorporating whole life costing and assessing opportunity costs.

- **Assets must be safe and comply with current legal requirements and any future requirements.** This means ensuring that regular surveys and inspections for asbestos, legionella, fire and health and safety as well as physical conditions surveys and Disability Discriminations Act (DDA) audits are undertaken.
- **Asset must make a strategic impact.** Ensuring that our property decisions are linked to decisions on other Council resources (staff, IT, finance) and that asset management contributes to our strategic priorities and challenges.
- **Assets must be environmentally sustainable.** Monitoring and reducing energy consumption and CO² emissions, ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.

3. Current Asset Management Performance

3.1 Statutory Performance Indicators

3.1.1 The Statutory Performance Indicators (SPI's) submitted for 2009/10 to Audit Scotland were Suitability, Condition and Public Access. In addition the Council also chose to report on Required Maintenance. Although not a statutory indicator it is subject to the same level of audit and is reported in an identical manner.

3.2 Suitability

3.2.1 All primary and secondary schools were assessed during 2009 by using the "Suitability Core Fact" spreadsheets issued by the Scottish Government. As recommended the spreadsheets were completed by the Head Teachers and then consistency checked by appropriate Council officials. The approved "Non-School" suitability form has yet to be rolled across the services but has been used for assessing a handful of assets.

3.2.2 Properties rated A and B are deemed as suitable (performing well and operating efficiently, or performing well but with minor issues), with those properties rated C and D being unsuitable.

3.2.3 The results for 2007/08, 2008/09 and 2009/10 are based on the current operational portfolio during those periods and are as follows:

SUITABILITY	2007/08	2008/09	2009/10
Suitable Schools*	64	63	44
Unsuitable Schools*	4	4	21
Suitable Non-Schools	254	240	236
Unsuitable Non-Schools	44	38	36
Total	366	345	337

*School Nurseries are not part of the School Estate core facts and are classed as Non-Schools.

3.2.4 Suitability as a percentage dropped from 87.8%, to 83.1%. A drop was predicted due to the implementation of the new suitability survey forms. This led to a large number of schools dropping into unsuitable. In addition almost all of the assets removed from this years SPI, due to closure, transfer, etc were graded as suitable. The combined effect resulted in a drop. It is anticipated that the roll out of the non-school form will result in a further drop in next years figure.

3.2.5 All Operational Council properties (excluding schools) will be re-assessed by the end of this calendar year.

3.3 Condition

3.3.1 The first condition survey programme was completed in late 2009. This took around three and half years to complete, with the recommended period being a 5 year cycle. The next programme is underway with the school estate being tackled first.

3.3.2 The surveys will continue to be based on the Scottish Government guidance but with additional notes taken on specific condition issues, which are available for Services use. Properties rated A and B are deemed as being satisfactory (performing as intended and operating efficiently, or performing as intended but showing minor deterioration), with those properties rated C and D being unsatisfactory.

3.3.3 The results for 2007/08, 2008/09 and 2009/10 are based on the current operational portfolio during those periods and are as follows:

CONDITION	2007/08	2008/09	2009/10
Satisfactory Schools*	20	53	58
Unsatisfactory Schools*	48	14	7
Satisfactory Non-Schools	178	212	214
Unsatisfactory Non-Schools	120	66	58
Total	366	345	337

*School Nurseries are not part of the School Estate core facts and are classed as Non-Schools.

3.3.4 Assets in a satisfactory condition as a percentage of floor area rose to 83.8%, with the percentage improving by 9.1%. Improvement is predominately due to the roll out of the 3R's schools. Most notably the closure of the 'C' grade secondary schools, Bankhead Academy and Cults Academy. Further improvement will come from the completion of the remaining 3R's primary schools. In addition the closure of Summerhill Education Centre will also contribute. Further closures resulting from the relocation to Marischal College will not impact on the figure until future years. Improvement will slow in future years, as these significant capital projects reach completion. The lack of investment in maintenance in previous years will potentially start to show through and the overall maintenance backlog may continue to grow.

3.4 Overall Property Performance

3.4.1 The updated Property Appraisal Grids are shown below using a combination of the Condition and Suitability SPI data for 2009/10 to show the percentage of buildings and number which are performing well in both Suitability and Condition. The data for 2008/09 is shown alongside for comparison.

Suitability Grade	D	0	4	4	0
	C	1	33	15	0
	B	17	121	40	1
	A	33	63	5	0
Per Building	A	B	C	D	
	Condition Grade				
2009/10 – All Properties					

Suitability Grade	D	0	3	6	0
	C	1	17	15	0
	B	13	124	43	2
	A	27	80	14	0
Per Building	A	B	C	D	
	Condition Grade				
2008/09 – All Properties					

Suitability Grade	D	0	1.2	1.2	0
	C	0.3	9.8	4.4	0
	B	5.0	35.9	11.9	0.3
	A	9.8	18.7	1.5	0
As a %	A	B	C	D	
	Condition Grade				
2009/10 – All Properties					

Suitability Grade	D	0	0.9	1.7	0
	C	0.3	4.9	4.4	0
	B	3.8	35.9	12.5	0.6
	A	7.8	23.2	4.0	0
As a %	A	B	0.9	1.7	
	Condition Grade				
2008/09 – All Properties					

Suitability Grade	D	0	1	0	0
	C	0	20	0	0
	B	3	25	7	0
	A	4	5	0	0
Per Building	A	B	C	D	
	Condition Grade				
2009/10 – Schools					

Suitability Grade	D	0	1	0	0
	C	0	2	1	0
	B	0	26	8	0
	A	3	21	5	0
Per Building	A	B	C	D	
	Condition Grade				
2008/09 – Schools					

Suitability Grade	D	0	1.5	0	0
	C	0	30.8	0	0
	B	4.6	38.4	10.8	0
	A	6.2	7.7	0	0
As a %	A	B	C	D	
	Condition Grade				
2009/10 – Schools					

Suitability Grade	D	0	1.5	0	0
	C	0	3	1.5	0
	B	0	38.8	11.9	0
	A	4.5	31.3	7.5	0
As a %	A	B	C	D	
	Condition Grade				
2008/09 – Schools					

3.4.2 The 2010 grids show 69.4% of the portfolio (comprising 234 properties) is in a satisfactory position, which is in good/satisfactory condition and high/medium suitability. This is less than the figure of 70.7% reported in 2009. The decrease is due to the assessment of the schools through the Core Fact Guidance. It is desirable for all properties to be either amber or green, however there has been no real progress in reducing the number of assets coloured red.

3.5 Public Access

3.5.1 The Public Access SPI is a well established reporting tool. This has aided services in the identification of assets requiring investment, with work being carried out through the Corporate Property Replacement/Renewal programme. It should be noted that accessible does not mean that the building is fully adapted to all needs of disabled people.

3.5.2 The results for 2007/08, 2008/09 and 2009/10 are shown as follows:

PUBLIC ACCESS	2007/08	2008/09	2009/10
No. required to be compliant	156	155	152
No. of compliant buildings	121	125	128
%	77.6	80.6	84.2

3.5.3 The Public Access SPI figure has continued to improve with an increase of 3.6% compared to 2008/09. The increase was mainly obtained through the reopening of buildings which were assessed as accessible and the refurbishment of Kingswells Nursery for Adventure Aberdeen. Enhancement works were also carried out at a number of properties already assessed as accessible in conjunction with other improvements.

3.6 Running Costs/Energy Consumption/Carbon Emissions

3.6.1 The establishment of Asset Management & Operations within Enterprise, Planning & Infrastructure has enabled much closer collaborative working between asset management, energy management, maintenance & design to ensure that every opportunity is taken to improve the condition, suitability and operational cost of every building.

3.6.2 Gas, Electric and Water costs have been moved to electronic billing, which in conjunction with closer scrutiny has helped identify inconsistencies and potentially incorrect charging. Future work will see the use of Unique Property Reference Numbers (UPRN's) will make data matching far more efficient.

3.6.3 We are now moving to a position where running costs will be easily obtained, compared and reviewed. This will allow us to consider methods of assessing individual assets as well as benchmark effectively against other local authorities.

3.6.4 Our property assets contribute considerably to the Council's carbon emissions. As such we must recognise the importance of managing these assets effectively and their role in meeting the targets set out in the Carbon Management Programme (CMP). Our statutory obligations in terms of the Carbon Reduction Commitment (CRC) also need to be linked back to our property decision making. The CRC presents financial incentives but also the possibility of financial penalties.

3.6.5 Every effort is being made to ensure that work flowing from the PAMP supports the goals associated with carbon emissions.

3.7 Required Maintenance

- 3.7.1 As part of the SPI process, Required Maintenance was included for the first time. This is widely recognised as a core performance indicator and is included in CIPFA's Scottish Benchmarking indicators. A total figure of £82 million was calculated with the costs being £156/sqm. These are high but not unexpected as the 2009 Property Asset Management Plan indicated that the required maintenance figure was around £80 million (which excluded Fire Risk/Asbestos costs). A target of £146/sqm has been set for next year.
- 3.7.2 The breakdown against Service and property type is shown in **Appendix 1**. It should be noted that these figures are for properties that were open at that time of the data submission.

4. Key Challenges and Achievements

4.1 External Change

4.1.1 The financial challenges identified in the 2009 PAMP have been felt keenly in Aberdeen. There is now even more pressure on both capital and revenue expenditure, and highlights the importance of asset management throughout the Council. Underperforming or underutilised properties (either investment or operational) must be identified and challenged to ensure that the Council's overall property portfolio is as efficient as possible.

4.2 Key Asset Management Challenges

4.2.1 The challenges still are:-

- **School estate rationalisation:** The overall school estate strategy articulates with the Aberdeen City of Learning Strategy which will be presented to Committee in September. Stakeholder Engagement on the secondary school estate is currently underway and a further report will be presented to committee in October, 2010. This is likely to recommend a reduction in the number of secondary schools in the city as well as promote a longer term strategy to bring all schools up to a standard equivalent to that of the schools being delivered under the 3Rs programme. This is intended to address issues of under and over-occupancy, condition and suitability. The educational benefits of larger schools and a longer strategy taking account of housing allocations under the structure plan are integral to the effective management of the estate.
- **Class size and falling roll:** Falling school rolls are a key aspect of planning the pattern and provision of school places to ensure that surplus places are removed in order to make local authority education provision cost effective and demonstrate best value. Maintaining high numbers of surplus places results in a disproportionate amount of the available budget being expended on buildings, management and administration compared to investment in quality teaching and learning provision. The risk associated with falling rolls for individual schools is a negative impact on their ability to raise educational standards and the long term future of the school. There are also significant curricular issues associated with secondary schools where the roll is small. Particularly in the middle and upper school, subject choice is limited and some schools have had to make alternative consortium arrangements to attempt to offer a wider subject choice.
The limits on class sizes placed on primary schools P1 and secondary schools S1 and S2 (for English and Maths) have required school capacities to be revisited and further review is required if the Council is to be proactive in ascertaining its schools' capacities to understand the potential wishes of the Scottish Government of progressing towards class sizes of 18 for P1 to P3. Scottish Government intends to bring forward legislation to align the variety of regulations which determine maximum class sizes at different stages, with the overall intention to reduce these in order to improve pupils' educational experience.

- **Asset Alignment:** Alignment of services to customer needs is paramount and this creates a significant challenge in ensuring that our asset portfolio is aligned to changing service delivery models, supporting transformation and at the same time delivering efficiency gains to reinvest in services.
- **Required Maintenance:** This currently stands at £82m, with a budget spend for revenue maintenance of around £4.13m and £7.78m from the Non-Housing Capital Programme identified for 2010/11. The amount the Council allocates to maintenance of buildings makes reducing the required maintenance figure very challenging. Property rationalisation can lead to improvements and more effective targeting of spending, however there is still a real danger that our properties will continue to deteriorate faster than we can repair them.
- **Building Condition:** From our survey programmes it can be seen that 83.8% of the operational portfolio is classed as either in good or satisfactory condition. A further 16.16% is classed as poor and is showing major defects and/or not operating as intended. A very small proportion is categorised as bad and is life expired.
The tenanted non-residential property (i.e. the commercial portfolio) is not part of the current programme of condition surveys. As a result no detailed information is available; however the properties for the most part are in decline and require investment.
- **Planned Maintenance:** Maintenance associated with statutory obligations (including cyclical) and imminent health & safety risks are given priority. Remaining budget is limited and goes to essential maintenance. Other than cyclical maintenance, which accounts for 10% - 15% of the maintenance budget, there are no planned maintenance programmes in place.
- **Disability Discrimination Act (DDA):** We now have accessibility audits in place for all publicly accessible buildings and from these it can be seen that approximately 84% of these are DDA compliant.
- **Office Accommodation:** Ongoing work to ensure that there is appropriate office accommodation and supporting facilities for all Council employees, recognising the challenges from “New Ways of Working”. The Corporate Asset Group has taken on the responsibility for the strategic management of the Council’s corporate office accommodation. A review of the offices linked to the Marischal College project has established a clear future for each associated asset.
- **Energy Consumption:** This remains a key issue and the Council is committed to reducing carbon emissions. Data quality and availability has improved significantly over the last year. This will allow us to assess our current position and take appropriate steps from there.
- **Water consumption:** Another key operating cost that the Council is seeking efficiencies through. As with Energy Consumption improvements in data will allow us to assess the current position and take appropriate steps from there.
- **Best Value:** The Corporate Improvement Plan was prepared to enable the Council to undertake the required improvements highlighted by the Audit of Best Value and Community Planning. The development of this Property Asset Management Plan along with the associated detailed analysis of the Council’s property portfolio will assist in ensuring that operational assets can be better utilised for the delivery of Council services.

- **Commercial Estate:** An important area of asset management is the tenanted non-residential portfolio, commonly known as the commercial estate. A high level review has been carried out with follow up work to be programmed. The Council must ensure that these assets are performing well and tie in with Council policies.

4.3 Key Asset Management Achievements

- The completion of two new secondary schools and two primary schools through the Schools 3R's project.
- Completion of 60% of the Energy Performance Certificate (EPC) Programme and the medium/long term plan being built around this work
- The use of key performance data in property reviews and subsequent decision making
- The completion of the first Condition Survey Programme
- The going 'Live' of Uniform (part of the CAMS project)
- Alignment of Operational Assets against new Services (See **Appendix 2**)

5. Delivery Arrangements

5.1 Embedding Asset Management

5.1.1 After initial successes the progress of Asset Management slowed during the period immediately following the restructuring of the Council's services. With key officials moving on and responsibilities being redistributed this was inevitable. However, following the appointment of key officials and Services recognising the importance of Asset Management Planning, progress is now being made rapidly.

5.2 Service Asset Management Planning

5.2.1 Services have been given a timescale for completing the Service Asset Management Plans' (SAMP'S) of November 2010. It was agreed that the abbreviated SAMP be used as recommended in the 2009 PAMP. Officials within each Service have been identified for coordinating the completion of these documents.

5.3 Corporate Property Officer

5.3.1 Under the new organisational structure the previous post holding this position was removed. The Head of Asset Management & Operations has selected the post of General Manager, Asset Management to fulfil this role. A member of staff has been matched into this post. The duties of this role will largely remain unaltered.

5.4 Asset Management Team (Function)

5.4.1 This team will report to the Asset Management Manager, who in turn reports to the General Manager, Asset Management. Consideration is being given to expanding the team to cope with the rapidly growing workload and in future to link the other 'assets' to produce an overall Corporate Plan including Roads, Fleet, Green Spaces and ICT.

5.5 Engagement of Elected Members

5.5.1 The 2009 AMP identifies the need to appoint an elected member who will champion Asset Management within the Council. The Finances & Resources Committee of 28 September 2010 is being requested to appoint an elected member to participate in the Corporate Asset Group. The Corporate Asset Group will give consideration to the engagement of all the other elected members.

5.6 Corporate Asset Group

5.6.1 The implementation of the new organisational structure meant that the membership of the existing group required to be reviewed. The Head of Asset Management & Operations chairs the reconstituted group. With the following Service representatives:-

- Head of Finance, Corporate Governance
- Head of Environment Services, Housing & Environment

- Head of Regeneration and Housing Investment
- Head of Service, Office of Chief Executive
- Head of Customer Service and Performance
- Operational Support Manager, Social Care and Wellbeing
- Head of Educational Development, Policy and Performance
- General Manager, Asset Management

5.6.2 The group are currently meeting on a fortnightly basis to coincide with the work on the 5 year Business Plan and the review of the Non-Housing Capital Plan.

5.7 Partnership & Collaboration

5.7.1 The Council continues to work closely with its public sector partners through the Public Sector Property Group (PSPG). A shared database is now in place allowing partners to see the location of all public sector assets as well as the key property information associated with them. New working subgroup's have recently been set up to look at Shared Services amongst partners; a key subgroup is Asset Management Planning which is to be led by officers of the City Council.

6. Investment Planning

6.1 Capital Prioritisation Approach

6.1.1 Addressing a major weakness identified in the PAMP 2009, the Finance & Resources Committee agreed in 28 January 2010 to the introduction of a new Capital Prioritisation Process, allowing all future capital bids to be developed and reviewed corporately.

6.1.2 The Capital Prioritisation Process and Procedures seeks to regularise all future bids for capital funding including improving the monitoring of capital projects and the post evaluation of completed projects. Improvements include the proposal that the Corporate Asset Group become responsible for:-

- Initial review of the proposed scheme and sources of finance for each scheme;
- Priority re-scoring of Capital Bids
- Approval or rejection of Capital Bids where the criteria is not met;
- Timescales for the preparation of reports to members;
- Consultation on the preparation of reports to members;
- Review proposed new emergency in year schemes, and make recommendations to the Corporate Management Team and Council for the inclusion of such new schemes in the Capital programme
- Review and challenge slippage and variance in the Capital Programme
- Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate.

6.1.3 Staff within Enterprise Planning & Infrastructure will in the near future take specific responsibility for the following areas of work:-

- Monthly progress of each scheme, with comments relating to expenditure to date, anticipated completion date and projected outturn position to be provided to the Head of Finance;
- Review closure and outcomes of completed capital schemes;
- Quarterly monitoring of expenditure of all capital schemes within the Capital Programme, and the preparation of quarterly update reports to the Corporate Management Team and elected members;
- Review of proposed new emergency in-year schemes, and make recommendations to the Corporate Asset Group for the inclusion of such schemes in the programme
- In conjunction with the Head of Finance a detailed review of the appropriate source of finance for each scheme;
- Review and challenge slippage and variances in the Capital Programme;
- Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate.

6.1.4 One of the main changes is the introduction of a clear Options Appraisal process which will include Whole Life Costing. The Appraisal process for larger projects will

be based upon the “Green Book” which is HM Treasury’s Option Appraisal for all Capital Projects. Furthermore Whole Life Costing will ensure that the long term revenue costs are evaluated, allowing the Council to consider potentially approving an option which whilst costing more initially, from a capital point of view, may have significant reduced revenue costs through out its projected life.

- 6.1.5 For the current and forthcoming financial year the review of capital projects is being linked with the Priority Based Budgets project and the 5 Year Business Plan. For future years the process will be as follows:-

Report	Key dates
Discussions with Directors / Key Members	June
Completion and submission of Capital Pro forma to SMTs	July
Submission of Capital Business Case to the Corporate Asset Group	September
Report to CMT	October / November
Report to Council as part of overall budget setting process	December
Quarterly reports to Cabinet and Scrutiny Board	July / October / January and May (outturn)

6.2 Capital Receipts

- 6.2.1 £3.404 million in capital receipts were achieved in 2009/10, £1.024 of which related to the sale of Common Good assets and the rest was General Services. No target was set for 2009/10. The target for General Services Account in 2010/11 has been set at £2.5 million.

7. Performance Management

7.1 Performance Management

- 7.1.1 The authority continues to be a member of the Scottish Benchmarking Group which is run by Chartered Institute of Public Finance and Accountancy (CIPFA). We are now entering a third year of inputting data, which will start to make it possible to assess long term trends.
- 7.1.2 The benchmarking figures for 08/09 have been inputted where data was available, with the 09/10 module set to be available shortly. It is anticipated that improvements in data quality and working relationships will allow the Asset Management Plan Team to compile data for the vast majority of the indicators.
- 7.1.3 Regular reporting will be provided to the Corporate Asset Group as the Benchmarking Group's National return is published.

7.2 Surplus Property & Disposal Procedures

- 7.2.1 The lack of forward planning within services with regards to properties continues to impact on the management of surplus property and disposals. Insufficient thought is put to the costs of holding vacant assets and in some cases are effectively abandoned by departing services. This leads to a re-active rather than pro-active Estates Service the consequences of which create security issues, dilapidation/obsolescence issues, unnecessary costs (e.g. energy and rates) and leads to difficulties in handing the assets. Handover forms have been created to assist services in effective handover and they are gradually being adopted by Services.
- 7.2.2 The SAMP's as described in section 5.2.1 are key in alleviating some of the issues surrounding surplus/vacant assets. The reconfiguration of the Corporate Asset Group will also enhance communications between Services and ensure that the vacation of buildings is planned in advance.
- 7.2.3 The process of selling assets is problematic and can leads to long vacant periods at many stages of the process. The Property Transaction Protocol recently introduced, is being reviewed to increase efficiency along with the regular review of other elements of the process and compliance monitoring to dovetail with the introduction of Uniform.
- 7.2.4 The status of assets declared surplus as a result of Service reviews are show in Appendix 5.

7.3 Programme of Property Reviews

- 7.3.1 Limited progress in the last year apart from assisting Education, Culture and Sport with the Learning Estate Strategy and Community Learning Hubs. The office accommodation review has been incorporated within the regular Reports on the development of Marischal College and the consolidation of the Council's corporate offices primarily in Marischal College, Kittybrewster and Balgownie 1, continuing to

recognise the need to relocate from the leased City Centre accommodation as soon as practical.

7.4 Tenanted Non-Residential Portfolio

- 7.4.1 The PAMP 2009 identified that a review of the Council's Tenanted Non-Residential Property Portfolio (TNRP) was a key priority. An initial overview of this review is attached as **Appendix 3** (which includes a summary of the property groupings).
- 7.4.2 The review shows that large groupings of assets are performing well and should be retained. However, there are groups of assets that are not performing well and that consideration should be given to disposing some of the assets within those groups. Subject to approval a follow up report will be produced identifying these poor performing assets and the reasons for recommending their disposal.
- 7.4.3 A further recommendation is that the Property Investment Manager liaises with the Head of Finance to agree a programme of detailed performance assessments. This will ensure that priorities are based around the Council's policies in terms of revenue income and capital receipts.

7.5 TNRP Customer Questionnaire

- 7.5.1 A customer satisfaction questionnaire was recently circulated to tenants. 212 questionnaires were issued in total to the main commercial tenants. This does not equate to the number of properties due mainly to the number of tenants who have more than one property leased from the Council. Forty nine (23%) completed forms were returned.
- 7.5.2 The questions were intended to establish the tenants' opinion on the service provided by the section. Results of the questionnaire are shown in **Appendix 4**. Key findings were:-
- Positive
- **91% thought the service provided was excellent or good**
 - **91% had a positive experience of being a Council tenant**
 - **93% rated the rent invoicing and collection process as excellent or good**
 - **95% thought the section was fair and reasonable in its dealings in the role as landlord**
- Negative
- **86% thought the speed at which their queries are dealt with was unacceptable or poor**
- 7.5.3 The results are in the main very pleasing, in particular the positive outcomes shown above. It is perhaps difficult to reconcile such positive responses with 86% of respondents feeling that the speed at which their queries were dealt with were

unacceptable or poor. This clearly is an area of concern. It may be that the question was not well phrased and that the response reflects time taken (for example) to complete repairs, which is not wholly within the Team's control, rather than to instruct repairs or advise tenants that repairs are instructed. Consideration will be given to shorten any perceived delay in replying to tenants, though it may prove necessary to make expectations of action more realistic.

7.5.4 Most of the negative comments related to specific issues or incidents. There was very little in the negative comments which could be the basis of a trend, with the possible exception that a number of tenants were unsure as to their initial point of contact within the section. This is in part the product of staff turnover. Efforts will be taken to address that gap. It is intended to issue a 'Tenants' Handbook' which would include contact details, and these details would be updated as and when required in response to staff changes.

7.5.5 From the findings the following actions have been identified:-

- Complete Tenant Handbook by end of 2010
- Ensure all tenants are advised of timescales associated with their queries and expectations are managed accordingly
- Programme a further questionnaire for 2013

8. Key Priorities 2010 – 2012

8.1 Key Priorities

- 8.1.1 Future Corporate Property Asset Management Plans will have to continue to show clearly the linkages between the Financial Plan and the utilisation of property (in both capital and revenue terms). This will be reflected not only with the management of the Capital Prioritisation Process but also in the development and implementation of SAMP's, which are fundamental in the development of Asset Management throughout the City Council.
- 8.1.2 At this stage therefore, it is not possible to set out the complete investment requirement in the property portfolio due to the need to fully develop/analyse SAMP's and the fact that there is not yet complete data on the overall estate.
- 8.1.3 As there are still some concerns over the reliability of sections of data e.g. running costs the AMP Team should continue to audit relevant property related data to help inform the future investment strategy of the Council.
- 8.1.4 Based on current condition data alone there is a required need of some £82m to maintain the existing building stock and does not allow for any investment in new buildings.
- 8.1.5 The Council have a large and valuable asset base which is used to deliver services and outcomes for the communities in Aberdeen. Any improvement in the strategic operational management of these assets could have a real impact on the financial resources available to the Council as well as to other public sector bodies which collaborate with the Council in Community Planning or in order to secure cross-public sector efficiencies in pursuance of the Scottish Government's Efficient Government agenda.
- 8.1.6 How the Council manage their assets will impact upon the ability to deliver key aims and objectives and it is therefore vital that asset management plans are effectively integrated with the rest of policy decision making and corporate service planning activities and fully complement and integrate with the financial management processes of the Council.
- 8.1.7 Asset Management Planning should be embraced to ensure the proper management and monitoring of assets but also as a tool for robust and sound investment decision making.
- 8.1.8 Asset Management is a key element of achieving and demonstrating Best Value. The appropriate use of assets in the right location can make the difference between good and poor service delivery. Effective asset management should ensure that the front line services provided by the Council are delivered from the most effective and efficient property portfolio.
- 8.1.9 The Council is fully signed up to the principles of asset management, however it is not possible at this time to accurately set out the investment requirement in the property portfolio for the aforementioned reasons. In addition there is also a considerable amount of work to be done to put in place the necessary systems and

processes that are required for the Council to fully embrace strategic asset management.

8.1.10 To be fully effective this Property Asset Management Plan is dependant on the output from the SAMP's, which have yet to be developed. This is now being done as a matter of some urgency, supervised by the Corporate Asset Group.

8.1.11 Corporate Asset Management System (CAMS) – The implementation of the property modules is now at an advanced stage and all relevant staff have received training. Work is ongoing to bring the data in line with the obsolete system and staff continue to work with software suppliers to resolve issues. Early indications are that the new system will improve existing processes and create ways of working more effectively.

8.1.12 The updated priority areas are as follows:-

Priority Area	Revised Start Date	Revised Completion Date
Service Asset Management Plans	July 2010	November 2010
Suitability Assessments	September 2010	December 2010
Refocusing Corporate Asset Group	May 2010	Complete July 2010
Commercial Property Review (High Level Review)	March 2010	Complete August 2010
Full Audit of all Property Data	None	December 2010
Implementation of Communications Strategy	July 2010	September 2010
Implementation of Capital Prioritisation	August 2010	Ongoing
Development of the Property Modules within CAMS	None	September 2010

9. Glossary of Terms

ACROYNM	TITLE	SUMMARY
	Audit Scotland	Statutory body providing services to the Auditor General fro Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.
CIPFA	Chartered Institute of Public Finance & Accountancy	Accountancy body for public services, whether in the public or private sectors.
CAMS	Corporate Asset Management System	Software being implemented and developed within a variety of Council services.
CMP	Carbon Management Plan	Document setting out the Councils plans to reduce carbon emissions.
CRC	Carbon Reduction Commitment	UK wide mandatory carbon trading scheme.
EPC	Energy Performance Certificate	Statutory document that requires to be produced for public buildings that have a floor area above 1000sqm.
PSPG	Public Sector Property Group	Sub-group of the North East Scotland Joint Public Sector Group.
PAMP	Property Asset Management Plan	Strategic document covering the management of all property assets.
SAMP	Service Asset Management Plan	Asset Management Plan looking specifically at individual services and their requirements.
SPI	Statutory Performance Indicators	Suite of National Performance Indicators administered by Audit Scotland.
TNRP	Tenanted Non-Residential Property	Assets not held for operational purposes and leased to third parties. Excludes housing including Staff Houses.
UPRN	Unique Property Reference Number	A UK wide numbering system that gives every asset a unique number.

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Appendix 1 - Required Maintenance Costs per Service

Service	Total	Total GIFA	Cost per Sqm	Total as %	Property Grouping	Required Maintenance Per Grouping
Corporate Governance	£181,490	1878	£97	0.22	Depots/Stores/Workshops Offices	£0 £181,490
Education Culture & Sport	£68,710,816	408122	£168	83.36	Community Centres Depots/Stores/Workshops Education non-schools Leisure Facilities Aberdeen Performing Arts Libraries Museums & Galleries Offices Schools Sport Aberdeen Remaining Sports Facilities	£5,528,786 £555,200 £362,255 £5,013,200 £1,435,080 £685,375 £1,132,875 £12,000 £52,977,620 £870,725 £137,700
Enterprise Planning & Infrastructure	£7,565,350	65943	£115	9.18	Depots/Stores/Workshops Multi-Storey Car Parks Offices	£219,785 £1,233,260 £6,112,305
Housing & Environment	£4,015,118	25275	£159	4.87	Crematoria Depots/Stores/Workshops Homes/Hostels/Day Care Offices Public Conveniences	£10,950 £3,207,325 £113,720 £557,983 £125,140
Social Care & Wellbeing	£1,953,885	28469	£69	2.37	Community Centres Depots/Stores/Workshops Homes/Hostels/Day Care Offices	£35,165 £344,400 £1,188,715 £385,605
	£82,426,659	529687	£156	100		£82,426,659

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS		POSTCODE	UPRN	PROPERTY TYPE	STATUS
CHAPEL STREET MULTI-STOREY CAR PARK	CHAPEL STREET		AB10 1SS	9051121584	CAR PARK (MULTI-STOR	OPERATIONAL
WEST NORTH STREET MULTI-STOREY CAR PARK	MULTI-STOREY CAR PARK WEST NORTH STREET		AB25 1DQ	9051311662	CAR PARK (MULTI-STOR	OPERATIONAL
DENBURN MULTI-STOREY CAR PARK	SPA STREET		AB25 1QB	9051311584	CAR PARK (MULTI-STOR	OPERATIONAL
THE BUSH PETERCULTER ROADS DEPOT	THE BUSH DEPOT		AB14 0UX	9051001420	DEPOT	OPERATIONAL
CAR PARK WARDENS OFFICES/WORKSHOP	54 FREDERICK STREET		AB24 5HY	9051312942	OFFICE	OPERATIONAL
OFFICE 54 FREDERICK STREET	54 FREDERICK STREET		AB24 5HY	9051084292	OFFICE	OPERATIONAL
KING STREET, 27/29 SUITE 7A, 08A & 8B	ARCHIBALD SIMPSON HOUSE		AB24 5AA	Input Required	OFFICE	OPERATIONAL
PARK AND RIDE BRIDGE OF DON	EXHIBITION AVENUE	27/29 KING STREET	AB23 8BL	9051312765	OFFICE	OPERATIONAL
PARK AND RIDE - KINGSWELLS	BUILDING AND LAND	PARKWAY EAST BRIDGE OF DON	AB15 8PJ	9051312766	OFFICE	OPERATIONAL
FORMER LIGHTING DEPOT BANKHEAD AVENUE	FORMER LIGHTING GARAGE	PARK AND RIDE	AB21 9HB	9051313155	DEPOT	OPERATIONAL
DEPOT BUCKSBURN (FORMER LIGHTING)	BANKHEAD AVENUE	BANKHEAD AVENUE	AB21 9HB	9051119639	DEPOT	OPERATIONAL
SITE 33 (TULLOS DEPOT) CRAIGSHAW CRESCENT	DEPOT	CRAIGSHAW CRESCENT	AB12 3AN	9051077077	DEPOT	OPERATIONAL
GARLOGIE STORE	DEPOT		AB32 6SX	151108885	DEPOT	OPERATIONAL
COUNCIL OFFICE (TOWN HOUSE)	TOWN HOUSE	CASTLE STREET	AB11 5BQ	9051310235	OFFICE	OPERATIONAL
TOWN HOUSE	CASTLE STREET		AB10 1BD	9051313203	OFFICE	OPERATIONAL
OFFICES (UPPER FLOORS) 74-76 SPRING GAR	74-76 SPRING GARDENS		AB25 1GN	9051312389	OFFICE	OPERATIONAL
OLD ABERDEEN HOUSE	OLD ABERDEEN HOUSE	DUNBAR STREET	AB24 3UJ	9051089752	OFFICE	OPERATIONAL
CROWN HOUSE	CROWN STREET		AB11 6HA	9051062470	OFFICE	OPERATIONAL
SUMMERHILL EDUCATION CENTRE	STRONSAY DRIVE	MASTRICK	AB15 6JA	9051020056	COMMUNITY EDUCATIO	OPERATIONAL
ST NICHOLAS HOUSE	ST NICHOLAS HOUSE	BROAD STREET	AB10 1BW	9051312764	OFFICE	OPERATIONAL
WOODHILL HOUSE RCC BUILDING ONLY	WESTBURN ROAD		AB16 5GA	9051312847	OFFICE	OPERATIONAL
BALGOWNIE 1 ABERDEEN CITY COUNCIL	BALGOWNIE 1	CONFERENCE WAY	AB23 8AQ	9051312691	OFFICE	OPERATIONAL
MARISCHAL COLLEGE	MARISCHAL COLLEGE	BROAD STREET	AB10 1AP	9051310464	OFFICE	VACANT (OPERATIONAL)
OFFICES (UPPER FLOORS) 74-76 SPRING GAR	74-76 SPRING GARDENS		AB25 1GN	9051312389	OFFICE	OPERATIONAL
FREDERICK ST B.C.	FREDERICK STREET B.C.	FREDERICK STREET	AB24 1HY		BUSINESS CENTRE	VACANT (OPERATIONAL)

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS	POSTCODE	UPRN	PROPERTY TYPE	STATUS
CREMATORIUM (JESSIEFIELD)	SKENE ROAD	AB15 8PJ	9051124415	CREMATORIUM	OPERATIONAL
DUTHIE PARK WORKSHOPS	DUTHIE PARK WORKSHOPS	AB11 7WE	9051312698	DEPOT	OPERATIONAL
BUILDING & WORKS DEPOT AUCHINYELL TCE	BUILDING & WORKS DEPOT AUCHINYELL TERRACE	AB10 7DT	9051028910	DEPOT	OPERATIONAL
DEPOT CAIRNWELL DRIVE	DEPOT CAIRNWELL DRIVE	AB16 5ND	9051021846	DEPOT	OPERATIONAL
BUILDING & WORKS DEPOT MANSEFIELD PLACE	BUILDING & WORKS DEPOT MANSEFIELD PLACE	AB11 8JU	9051092466	DEPOT	OPERATIONAL
BUILDING & WORKS DEPOT MARCHBURN CRES	BUILDING & WORKS DEPOT MARCHBURN CRESCENT	AB16 7NJ	9051024611	DEPOT	OPERATIONAL
BUILDING & WORKS DEPOT MIDDLEFIELD PLACE	BUILDING & WORKS DEPOT MIDDLEFIELD PLACE	AB24 4PB	9051037405	DEPOT	OPERATIONAL
B & W DEPOT SILLERTON LANE	BUILDING & WORKS DEPOT SILLERTON LANE, KING	AB12 5DF	9051310805	DEPOT	OPERATIONAL
BUILDING & WORKS DEPOT SCHOOL ROAD	BUILDING & WORKS DEPOT SCHOOL ROAD	AB24 1TU	9051312027	DEPOT	OPERATIONAL
CLEANSING DEPOT SILLERTON LANE	CLEANSING DEPOT SILLERTON LANE	AB12 5DF	9051054751	DEPOT	OPERATIONAL
CLEANSING SUB DEPOT GILCOMSTON LAND, MINISTER LA	CLEANSING SUB DEPOT GILCOMSTON LAND	AB10 1TA	9051312240	STORE	OPERATIONAL
CLEANSING SUB DEPOT SPA STREET	CLEANSING SUB DEPOT SPA STREET	AB25 1QB	9051312863	DEPOT	OPERATIONAL
CLEANSING SUB DEPOT VICTORIA STREET	CLEANSING SUB DEPOT VICTORIA STREET	AB21 7BJ	9051312399	DEPOT	OPERATIONAL
CLEANSING SUB-DEPOT	WEST NORTH STREET	AB25 1DQ	9051312395	STORE	OPERATIONAL
NORTH LOIRSTON FARM	NORTH LOIRSTON FARM	AB12 3LJ	9051312038	DEPOT	OPERATIONAL
JOHNSTON GARDENS	JOHNSTON GARDENS	AB15 7XG	9051312037	DEPOT	OPERATIONAL
HAZLEHEAD DEPOT	HAZLEHEAD DEPOT	AB15 8BJ	9051312695	DEPOT	OPERATIONAL
HAZLEHEAD CREMATORIUM DEPOT	HAZLEHEAD CREMATORIUM	AB15 8PT	9051312383	DEPOT	OPERATIONAL
ST PETER'S CEMETERY, KING STREET	ST PETER'S CEMETERY, KING STREET	AB24 3BX	9051312901	DEPOT	OPERATIONAL
LINKSFIELD DEPOT GOLF ROAD	LINKSFIELD DEPOT, GOLF	AB24 5QA	9051317156	DEPOT	OPERATIONAL
TRINITY CEMETERY, ERROLL STREET	TRINITY CEMETERY	AB24 5PP	9051312779	DEPOT	OPERATIONAL
HILTON SPORTS CENTRE, HILTON DRIVE	HILTON SPORTS CENTRE	AB24 4ND	9051312121	STORE	OPERATIONAL
STEWART PARK ANDERSON ROAD	STEWART PARK ANDERS	AB24 4NZ	9051312852	DEPOT	OPERATIONAL
GROVE CEMETERY, MUGIEMOSS ROAD	GROVE CEMETERY, MUGI	AB21 9NP	9051312778	DEPOT	OPERATIONAL
BANKHEAD AVENUE	BANKHEAD AVENUE	AB21 9EG	9051313208	DEPOT	OPERATIONAL
SPRINGHILL FARM	SPRINGHILL FARM, SPRIN	AB21 9SR	9051119804	DEPOT	OPERATIONAL
NEWHILLS CHURCHYARD CEMETERY	KINGSWELLS TO TYREBA	AB21 9SQ	9051312968	DEPOT	OPERATIONAL
SEATON PARK DON STREET	SEATON PARK, DON STRE	AB24 1RQ	9051311610	DEPOT	OPERATIONAL
NELLFIELD CEMETERY, GREAT WESTERN ROAD	NELLFIELD CEMETERY	AB10 6DH	9051312849	DEPOT	OPERATIONAL
DEPOT, UNION TERRACE GARDENS	UNION TERRACE GARDEN	AB10 1NN	9051312402	DEPOT	OPERATIONAL
RUTHRIESTON OUTDOOR SPORTS CENTRE DEPOT	RUTHRIESTON SPORTS C	AB10 6QU	9051312408	DEPOT	OPERATIONAL
ALBURY SPORTS CENTRE	OFFICE/BOTHY/TOOLSTO	AB11 6TN	9051312853	STORE	OPERATIONAL
DEPOT WESTBURN PARK WESTBURN ROAD	BOTHY/SHEDS/GARAGES	AB25 3DE	9051312394	DEPOT	OPERATIONAL
VICTORIA PARK, WATSON STREET	VICTORIA PARK,	AB25 2QB	9051312780	DEPOT	OPERATIONAL

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS	POSTCODE	UPRN	PROPERTY TYPE	STATUS
STORE	44 - 56 PORTAL CRESCENT	AB24 2SP	9051313205	DEPOT	OPERATIONAL
DEPOT SHARED, DENMORE GARDENS	DENMORE GARDENS BRIDGE OF DON	AB22 8LQ	9051089904	DEPOT	OPERATIONAL
ACCOMMODATION ASSESSMENT UNIT, 77/79 BON-ACCORD STREET	ACCOMMODATION ASSES 77-79 BON-ACCORD STR	AB11 6ED	9051312807	HOSTEL	OPERATIONAL
HOSTEL (ACCOMODATION ASSESSMENT UNIT)	95 BON-ACCORD STREET	AB11 6ED	9051061879	HOSTEL	OPERATIONAL
165/167 CROWN STREET ACCOMMODATION ASSESSMENT	165 / 167 CROWN STREET	AB11 6HT	9051312806	HOSTEL	OPERATIONAL
MORTUARY	QUEEN STREET	AB10 1AN	9051312406	MORTUARY	OPERATIONAL
MASTRICK HOUSING OFFICE	SPEY ROAD	AB16 6SF	9051024522	OFFICE	OPERATIONAL
LOGIE HOUSING OFFICE	2A LOGIE PLACE	AB16 7TP	9051036805	OFFICE	OPERATIONAL
LOCAL HOUSING OFFICE - 20A SANDILANDS DRIVE	20A SANDILANDS DRIVE	AB24 2QA	9051050599	OFFICE	OPERATIONAL
LOCAL HOUSING OFFICE - 37A BEDFORD AVENUE	37A BEDFORD AVENUE	AB24 3YN	9051073655	DEPOT	OPERATIONAL
TILLYDRONE HOUSING OFFICE	FORMARTINE ROAD	AB24 2OX	9051073072	OFFICE	OPERATIONAL
COUNCIL OFFICE ESTATE CARETAKER'S OFFICE	27B SANDILANDS DRIVE	AB24 2QE	9051050719	DEPOT	OPERATIONAL
COUNCIL OFFICE ESTATE CARETAKER'S OFFICE	20A LOGIE AVENUE	AB24 7TS	9051038071	DEPOT	OPERATIONAL
PUBLIC CONVENIENCE MULTI-STORY CAR PARK	CHAPEL STREET	AB10 1SS	9051311630	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE MULTI-STORY CAR PARK	DENBURN COURT	AB25 1PU	9051311631	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE (FOOTDEE)	BEACH ESPLANADE	AB11 5DX	9051311636	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE LOWER PROMENADE	LOWER PROMENADE	AB24 5NS	9051311638	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE ST NICHOLAS HOUSE	UPPERKIRKGATE	AB10 1AJ	9051311637	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE MULTI-STORY CAR PARK	WEST NORTH STREET	AB25 1DQ	9051311639	DEPOT	OPERATIONAL
PUBLIC CONVENIENCE AUTOMATIC PC	AUTOMATIC PUBLIC CON	AB12 5XJ	9051311633	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE, NORTH DEESIDE ROAD, AB14 0UL	AUTOMATIC PUBLIC CON	AB14 0UL	9051122476	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE, NORTH DEESIDE ROAD, AB15 9SX	AUTOMATIC PUBLIC CON	AB15 9SX	9051311632	PUBLIC CONVENIENC	OPERATIONAL
JOHNSTON GARDENS PUBLIC CONVENIENCE	VIEWFIELD ROAD	AB15 7XG	9051313211	PUBLIC CONVENIENC	OPERATIONAL
KITTYBREWSTER DEPOT	KITTYBREWSTER DEPOT	AB24 3LJ	9051312773	OFFICE	OPERATIONAL
KITTYBREWSTER DEPOT CONTRACTING SERVICE	POWIS TERRACE	AB25 3QB	NPUR REQUIRED	DEPOT	OPERATIONAL
ALLENVALE CEMETERY	ALLENVALE CEMETERY	AB10 7FF	9051317151	DEPOT	OPERATIONAL
DEPOT WATCHMAN BRAE	DEPOT	AB21 9WB	9051125383	DEPOT	OPERATIONAL
PUBLIC CONVENIENCE SKENE STREET	PUBLIC CONVENIENCE SK	AB10 1QP	9051312386	PUBLIC CONVENIENC	OPERATIONAL
STRATHBURN STREET DEPOT	STRATHBURN STREET DE	AB12 3LJ	9051312404	DEPOT	OPERATIONAL
SPRINGBANK CEMETERY DEPOT	SPRINGBANK CEMETERY	AB15 7YH	9051312041	DEPOT	OPERATIONAL
COMMON ROOMS, 8 LOGIE PLACE	COMMON ROOMS	AB16 7TP	9051035533	COMMUNITY EDUCAT	OPERATIONAL
STORE, HAZLEHEAD CRESCENT	STORE, HAZLEHEAD CRE	AB15 8EX	9051312415	STORE	OPERATIONAL
DEPOT SPA STREET - WARDENS BOTHY	CLEANSING SUB DEPOT	AB25 1QB	9051312388	DEPOT	OPERATIONAL
150 GALLOWGATE	COMMON ROOMS	AB25 1DT	Input Required	COMMUNITY EDUCAT	OPERATIONAL

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS	POSTCODE	UPRN	PROPERTY TYPE	STATUS
PUBLIC CONVENIENCE STEWART PARK	PUBLIC CONVENIENCE ST HILTON ROAD	AB24 4NZ	9051311938	PUBLIC CONVENIENC	OPERATIONAL
VICTORIA PARK TOILETS	VICTORIA PARK (APC) WATSON STREET	AB25 2QB	9051312397	PUBLIC CONVENIENC	OPERATIONAL
PUBLIC CONVENIENCE SEATON PARK (APC)	DON STREET SEATON	AB24 1RQ	9051317173	PUBLIC CONVENIENC	OPERATIONAL
UNIT 12 WELLHEADS TERRACE	WELLHEADS INDUSTRIAL DYCE	AB21 7GF	9051121257	FACTORY - ADVANCE	OPERATIONAL
URQUHART TRADE CENTRE UNIT 5	109 URQUHART ROAD	AB24 5NH	9051311942	PREMISES (COMMER	OPERATIONAL
LOCAL HOUSING OFFICE (UNIT 4) CORNHILL	FORESTERHILL ROAD CORNHILL	AB16 5UT	9051312416	OFFICE	OPERATIONAL
SHOP - 33 RICHMOND STREET	33 RICHMOND STREET ABERDEEN	AB25 2TS	9051068123	DEPOT	OPERATIONAL
HAZLEHEAD PARK, PUBLIC CONVENIENCE	HAZLEHEAD PARK, PUBLIC CONVENIENCE		9051312412	PUBLIC CONVENIENC	OPERATIONAL
DUTHIE PARK PUBLIC CONVENIENCE	DUTHIE PARK (APC) RIVERSIDE DRIVE		9051311608	PUBLIC CONVENIENC	OPERATIONAL
ABERDEEN SEAFOOD PARK (UNIT 4)	ABERDEEN SEAFOOD PARK PALMERSTON ROAD	AB11 5RP	9051080122	FACTORY - ADVANCE	OPERATIONAL
ABERDEEN SEAFOOD PARK (UNIT 5)	ABERDEEN SEAFOOD PARK POYNERNOOK ROAD	AB11 5RP	9051080123	FACTORY - ADVANCE	OPERATIONAL
ABERDEEN SEAFOOD PARK (UNIT 7)	ABERDEEN SEAFOOD PARK POYNERNOOK ROAD	AB11 5RP	9051080125	FACTORY - ADVANCE	OPERATIONAL
ABERDEEN SEAFOOD PARK (UNIT 13)	ABERDEEN SEAFOOD PARK PALMERSTON ROAD	AB11 5RP	9051080130	FACTORY - ADVANCE	OPERATIONAL
SHOP - 3 FINNAN PLACE	3 FINNAN PLACE ABERDEEN	AB11 8RG	9051094736	OFFICE	OPERATIONAL
FARM (LOCHINCH)	LOCHINCH FARM REDMOSS ROAD	AB12 3LL	9051317163	FARM	OPERATIONAL
ZOOLOGICAL PARK (PETS CORNER)	HAZLEHEAD ZOO	AB15 8BJ	9051123963	LEISURE FACILITY	OPERATIONAL
EMERGENCY PLANNING OFFICES	1 QUEENS GARDENS	AB15 4YD	9051045700	OFFICE	OPERATIONAL
PLANT NURSERY	HAZLEDENE ROAD	AB15 8LD	9051123941	NURSERY GARDENS	OPERATIONAL
HAZLEHEAD GOLF COURSE STORE	HAZLEHEAD GOLF COURSE	AB15 8BD	9051317789	STORE	OPERATIONAL
DUTHIE PARK STORE	DUTHIE PARK POLMUIR ROAD	AB11 7TH	9051317791	STORE	OPERATIONAL

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS		POSTCODE	UPRN	PROPERTY TYPE	STATUS
BALNAGASK COURT	16 BALNAGASK COURT	TORRY	AB11 8TZ	9051123066	HOSTEL	OPERATIONAL
CHILDRENS HOME	2 GILBERT ROAD	BUCKSBURN	AB21 9AJ	9051013755	CHILDREN'S HOME	OPERATIONAL
KINCORTH CHILDRENS HOME	41 FAULDS GATE	KINCORTH	AB12 5QX	9051057534	CHILDREN'S HOME	OPERATIONAL
FERGUS HOUSE	FERGUS PLACE	DYCE	AB21 7DD	9051124200	HOME FOR THE ELDERLY	OPERATIONAL
DEESIDE FAMILY CENTRE	DEESIDE FAMILY CENTRE	GIRDLENESS ROAD	AB11 8TG	9051093745	FAMILY CENTRE	OPERATIONAL
HILLYLANDS - COMMUNITY SPECIAL	2 CROFT ROAD	MASTRICK	AB16 6RB	9051105529	DAY CENTRE - LEARNING DISABILIT	OPERATIONAL
THE QUARRY CENTRE	35 CUMMINGS PARK CRESCENT		AB16 7AS	9051036968	FAMILY CENTRE	OPERATIONAL
CHOICES (WESTBURN RES. CENTRE)	116 WESTBURN ROAD		AB25 2QA	9051048339	DAY CENTRE - PHYSICALLY HANDIC	VACANT (OPERATIONAL)
DEESIDE FAMILY CENTRE	DEESIDE FAMILY CENTRE	GIRDLENESS ROAD	AB11 8TD	9051128185	OFFICE	OPERATIONAL
BALNAGASK DAY CARE CENTRE	PROVOST HOGG COURT		AB11 9NF	9051095083	DAY CENTRE - ELDERLY	OPERATIONAL
LINKSFIELD DAY CENTRE	8 LINKSFIELD PLACE		AB24 5QQ	9051086964	DAY CENTRE - ELDERLY	OPERATIONAL
WILLIAMSON FAMILY CENTRE	MASTRICK CLOSE	MASTRICK	AB16 6XZ	9051021845	FAMILY CENTRE	OPERATIONAL
CULTER POP IN CENTRE	315 NORTH DEESIDE ROAD	PETERCULTER	AB14 0UL	9051000467	COMMUNITY EDUCATION CENTRE	OPERATIONAL
TILLYDRONE DAY CENTRE	PENNAN ROAD	TILLYDRONE (FAMILY C	AB24 2UD	9051073414	FAMILY CENTRE	OPERATIONAL
ST FITTICKS HOUSE	36 CROMBIE ROAD	TORRY	AB11 9QQ	9051080918	GROUP HOME	OPERATIONAL
CRAIGTON ROAD DAY CARE CENTRE	CRAIGTON ROAD		AB15 7XW	9051031053	DAY CENTRE - ELDERLY	OPERATIONAL
NEW ROSEWELL HOUSE	194 KINGS GATE		AB15 6DP	9051021310	HOME FOR THE ELDERLY	OPERATIONAL
BALNAGASK HOUSE	NORTH BALNAGASK ROAD		AB11 8LQ	9051094729	HOME FOR THE ELDERLY	OPERATIONAL
CHILDRENS HOME	THE WILLOWS CHILDRENS	WILLOWBANK ROAD/HA	AB11 6YU	9051129639	CHILDREN'S HOME	OPERATIONAL
KAIM COURT, 24 PITMEDDEN TERRA	KAIM COURT	24 PITMEDDEN TERRAC	AB10 7HR	9051312967	HOSTEL	OPERATIONAL
HOUSE (SOCIAL WORK) 11 CRAIGEN	11 CRAIGENDARROCH PLACE		AB16 5SE	9051022737	GROUP HOME	OPERATIONAL
181 NORTH BALNAGASK ROAD	181 NORTH BALNAGASK ROAD	TORRY	AB11 8LN	9051093714	GROUP HOME	OPERATIONAL
GROUP HOME	8 MARCHBURN ROAD	ABERDEEN	AB16 7NN	9051025912	GROUP HOME	VACANT (OPERATIONAL)
HOUSE (SOCIAL WORK) 57 LONG WA	57 LONG WALK ROAD	MASTRICK	AB16 5QL	9051023166	GROUP HOME	OPERATIONAL
STOCKET PARADE HOSTEL	16 STOCKET PARADE		AB16 5QN	9051035164	GROUP HOME	OPERATIONAL
DOMINIES ROAD HOSTEL	1-3 DOMINIES ROAD & 26A	ABERDEEN	AB16 5ED	9051035583	HOSTEL	VACANT (OPERATIONAL)
CRAIGIELEA CHILDRENS CENTRE	CRAIGIELEA CHILDRENS (CRAIGTON ROAD		AB15 7UU	9051030902	CHILDREN'S HOME	OPERATIONAL
SOCIAL WORK OFFICES	80 SPRING GARDEN (UNIT 3)		AB25 1GN	9051119438	OFFICE	OPERATIONAL
ADOPTION & FOSTERING TEAM	77-79 KING STREET	ABERDEEN	AB24 5AB	9051084001	OFFICE	OPERATIONAL
BURNSIDE CENTRE	MASTRICK DRIVE	MASTRICK	AB16 6UE	9051130240	DAY CENTRE - LEARNING DISABILIT	VACANT (OPERATIONAL)
MASTRICK AREA SOCIAL WORK OFF	GREENFERN ROAD	MASTRICK	AB16 6SH	9051024499	OFFICE	OPERATIONAL
KINCORTH AREA OFFICE	FAULDS ROAD	FAULDS ROW	AB12 5NP	9051057478	OFFICE	OPERATIONAL
OFFICES 1ST & 2ND FLOORS EXCHE	EXCHEQUER HOUSE	3 EXCHEQUER ROW	AB11 5BW	9051082841	OFFICE	OPERATIONAL
TORRY NEIGHBOURHOOD CENTRE	OFFICE TORRY NEIGHBOURHOOD	OSCAR ROAD	AB11 8ER	9051128496	OFFICE	OPERATIONAL

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS		POSTCODE	UPRN	PROPERTY TYPE	STATUS
HORIZONS REHABILITATION CENTRE	2 EDAY WALK	SUMMERHILL	AB15 6LN	9051312898	HEALTH CENTRE	OPERATIONAL
COMMUNITY SERVICES WORKSHOP	11 WILLOWDALE PLACE	ABERDEEN	AB24 5AQ	9051083646	WORKSHOP	OPERATIONAL
HOUSES 6 - 12 BACK HILTON ROAD	6 - 12 BACK HILTON ROAD	ABERDEEN	AB25 3ST	9051069502	GROUP HOME	OPERATIONAL
ROSEHILL HOUSE	ROSEHILL HOUSE	202 ASHGROVE ROAD	AB16 5EH	9051035386	DAY CENTRE - LEARNING DISABILIT	OPERATIONAL
KIRKGATE HOUSE UPPERKIRKGATE	KIRKGATE HOUSE	ST NICHOLAS CENTRE	AB10 1BA	9051312401	OFFICE	OPERATIONAL
SOCIAL WORK OFFICES 137 GALLOWGATE	G/F OFFICE SUITE	137 GALLOWGATE	AB25 1BU	9051084905	OFFICE	OPERATIONAL
KINGSWOOD COURT DAY CARE CENTRE	KINGSWOOD COURT	INVERCAULD ROAD	AB16 5RX	9051023305	DAY CENTRE - ELDERLY	OPERATIONAL
CHILDRENS HOME KINGSFIELD	532 KING STREET	ABERDEEN	AB24 5SS	9051089793	CHILDREN'S HOME	OPERATIONAL
4 MILTONFOLD	4 MILTONFOLD COURT	BUCKSBURN	AB21 9DS	9051013437	OFFICE	OPERATIONAL
25 CLOVERHILL CRESCENT, GROUP	25 CLOVERHILL CRESCENT	BRIDGE OF DON	AB22 8RP	9051099979	GROUP HOME	OPERATIONAL
UNITS 3/4 WELLHEADS ROAD	FARBURN INDUSTRIAL ES	DYCE	AB21 7HG	9051121508	FACTORY - ADVANCE	OPERATIONAL
ADVANCE FACTORY UNIT 3 CROMBIE	UNITS 3 & 4 CROMBIE ROAD	TORRY	AB11 9QQ	9051310554	FACTORY - ADVANCE	OPERATIONAL
PHOENIX CLUB DAY CNTR FOR DISAB	NORTH BALNAGASK ROAD	TORRY	AB11 8LQ	9051094735	YOUTH CENTRE	NON OPERATIONAL
ASHGROVE FAMILY CENTRE	GILLESPIE PLACE	ASHGROVE	AB25 3BE	9051049934	FAMILY CENTRE	OPERATIONAL
SEATON FAMILY CENTRE	SEATON PLACE EAST	SEATON	AB24 1XE	9051313210	FAMILY CENTRE	VACANT (OPERATIONAL)

Appendix 2 - Operational Properties Aligned to Services

PROPERTY NAME	ADDRESS	POSTCODE	UPRN	PROPERTY TYPE	STATUS
PETERCULTER AREA OFFICE	102 NORTH DEESIDE ROAD PETERCULTER	AB14 0QB	9051001961	OFFICE	OPERATIONAL
BUCKSBURN AREA OFFICE	23 INVERURIE ROAD BUCKSBURN	AB21 9LJ	9051013052	OFFICE	OPERATIONAL
MASTRICK IND EST	UNIT 1A WHITEMYRES AVENUE MASTRICK	AB16 6HQ	9051313209	PREMISES (COMMERCIAL)	OPERATIONAL
TAXI INSPECTION DEPOT	38 POWIS TERRACE	AB24 3LJ	9051312772	DEPOT	OPERATIONAL
RECORDS STORAGE FACILITY WHITEMYRES	WHITEMYRES AVENUE	AB16 6HQ	9061021832	PREMISES (COMMERCIAL)	OPERATIONAL
WOODHILL HOUSE RCC BUILDING ONLY	WESTBURN ROAD	AB16 5GA	9051312847	OFFICE	OPERATIONAL

Appendix 3

Tenanted Non-Residential Property Review

High Level Review of Property Groupings

July 2010

1. Background

This report is a review of the financial performance of the tenanted non-residential property (TNRP) portfolio presently held by the City Council. The definition of TNRP within the Royal Institute of Chartered Surveyors document "Local Authority Asset Management Best Practice: TNRP" is as follows:-

"Tenanted Non-Residential Property' (TNRP) covers local authority assets which are let to third parties (other than housing stock), such as retail spaces, offices, industrial, warehousing and farms. CIPFA define such assets as 'operational' or 'non-operational'; also known as 'commercial' or 'investment' property"

This report does not include assets held on Common Good, they will be assessed separately in conjunction with the appropriate Finance Manager. The remaining non-operational properties described in this report have an aggregate Asset Valuation at 31 March, 2010 of £73.9 million approx. They also produce an aggregate revenue income for the City Council of circa £5.6 million approx.

The Property Asset Management Plan approved in 2009, identifies the completion of the review as a Key priority, with a completion date set in 2010. It also emphasizes the importance of demonstrating that these assets represent best use of resources and expertise and that their rate of return is assessed. Ultimately the TNRP portfolio can be a sensible use of resources but it must support the Council's strategies and the need to balance revenue/capital expenditure.

Furthermore it is widely recognised as good practice to review TNRP portfolios and how well they link with performance management. Quite simply the Council needs to assess why they hold these assets, do they need to continue to hold these assets and do they represent value for money.

This report does not go into detail of each asset and has been carried out with view to identifying high level data which can be used to prioritise more detailed reviews of the groupings. Any further work will require to be carried out in conjunction with the Head of Finance so that the Council's future revenue and capital spending is taken into account.

2. Our TNRP Portfolio

2.1 The Councils TNRP is broken down as follows:-

Asset Type	Number	Category
Children's Homes	2	Social
Civic Amenity Sites	4	Social
Club Rooms	1	Social
Electricity Sub-Station Sites	15	Economic Development
Garages (Lock Up)	3	Social
Gas Governor Sites	8	Economic Development
Group Homes	17	Social
Halls	1	Social
Health Centres	2	Social
Hostels	2	Social
Leisure Facilities	8	Social
Outdoor Sports Facilities	9	Social
Refuse Tips	2	Social
Sites - Ground Lease (Amenity)	53	Social
Sites – Ground Lease (Garage),	37	Social
Sports Centres	2	Social
Stores	4	Social
Advertising Sites	10	Investment
Business Centres	2	Investment
Car Parks	12	Investment
Factories (Advance)	87	Investment
Farms/Grazing	13	Investment
Fishings	1	Investment
Land for Future Development	3	Investment
Offices	7	Investment
Premises (Industrial)	23	Investment
Public Houses	6	Investment
Shops	106	Investment
Site for Golf Course or Clubhouse	4	Investment
Sites - Ground Lease (Misc.)	9	Investment
Sites - Ground Lease (Industrial)	64	Investment
Sites – Ground Lease (Shop)	18	Investment
Sites – Ground Lease (Shopping Centre)	2	Investment
Telecom. Sites	7	Investment

2.2 Each property Asset Type on the above table has been put into three basic categories, namely:-

- a) - **Investment** properties are those held with the primary aim of providing the City Council with revenue income;
- b) - **Economic Development** properties are those held with the primary aim of fostering economic development by providing

property leasing opportunities for the benefit of new, start-up businesses; and

c) - **Social** properties are those held with the primary aim of providing property leasing opportunities for the benefit of local communities.

In the remainder of this report, the Asset Types that aren't specifically discussed are:- Children's Homes, Civic Amenity Sites, Club Rooms, Electricity Sub-Station Sites, Garages (Lock Up), Gas Governor Sites, Group Homes, Halls, Health Centres, Hostels, Leisure Facilities, Outdoor Sports Facilities, Refuse Tips, Sites – Ground Lease (Amenity), Sites – Ground Lease (Garage), Sports Centres and Stores.

The reasons for excluding these are that they are either leased to third parties for the provision of non-commercial services (e.g. Children's Homes) or are de minimis (e.g. Sites Ground Lease {Amenity}). That isn't to say that some of these Asset Types don't have substantial capital values. In order to realise these, however, the City Council would require to make a decision to discontinue their present uses at the end of their existing leases (e.g. Group Homes, Halls) rather than continue their present use. In the context of this report, however this would have a relatively minor financial effect.

The Asset Types that are further discussed here and potentially would have an early realisable capital value in their present use are:- Advertising Sites, Business Centres, Car Parks, Factories (Advance), Farms/Grazing, Fishings, Land for Future Development, Offices, Premises Industrial, Public Houses, Shops, Sites for Golf Course or Clubhouses, Sites - Ground Lease (Misc.), Sites - Ground Lease (Industrial), Sites - Ground Lease (Shop), Site Ground Lease (Shopping Centre) and Telecom Sites.

3. General Comments on Performance of Assets

Appendix A summarises the performance of each asset group. Assets have not been assessed on an individual basis, so generalisations have been made. In some cases this will mean that significant differences between individual assets will not be evident.

Advertising Sites – (Current aggregate Asset Valuation = £379,600, Current aggregate rents = £71,088). These are often marginal sites that, if they weren't used for the erection of advertising hoardings, wouldn't have an obvious alternative use that could generate revenue income or a capital receipt. There might be reasons why the City Council doesn't want to sell individual sites, e.g. road improvements, but potentially individual sites might be of interest to the advertising Companies who currently lease them. Because of the national recession the demand for these sites isn't as strong as it might have been, a few years ago.

Recommendation

Retain and programme detailed review.

Business Centres - (Current aggregate Asset Valuation = £866,000 Current aggregate rents £88,021) No significant investment has taken place in these properties in the last 10 years. There is a need to investigate whether or not these properties are fulfilling the functions for which they were originally developed.

Recommendations

Ongoing review to be completed at an early date.

Car Parks – (Current aggregate Asset Valuation = £773,600, Current aggregate rents = £68,441). This consists of 12 sites, which is a mix of car parks, garage sites and individual car park spaces. They produce a reasonable aggregate rental and, in many cases, they wouldn't have an obvious alternative use. In capital terms these leases wouldn't have an obvious appeal to an institutional investor but might be more appealing to their present tenants.

Recommendation

Retain and programme detailed review.

Factories-Advance - (Current aggregate Asset Valuation = £11,623,250, Current aggregate rents = £1,330,065). The majority are in Dyce and have been strong performers over many years, with minimal voids and good rental growth that doesn't seem to be affected by the fact that some of them are very old-fashioned, by modern standards. There is a need to investigate if capital expenditure (as a spend to save) might not accelerate growth.

Recommendation

Retain and programme detailed review.

Farms - (Current aggregate Asset Valuation = £860,790, Current aggregate rents = £33,860). Farms are retained for their development potential, with rental income being low. It is therefore difficult to assess their performance.

Recommendation

Retain and programme detailed review.

Fishings - (Current Asset Valuation = £34,000, Current rent = £1,750). These are Fishing rights to part of the River Dee.

Recommendation

Retain and programme detailed review.

Land for Future Development - (Current aggregate Asset Valuation = £2,176,000 Current aggregate rents = £0). This is a small grouping of potential development sites; it may be that some of them will fall into the Development Company proposals. As such, any analysis of their present revenue performance is probably inappropriate, at this point.

Recommendation

Retain and manage these properties, in the short-term and pursue all options to promote their change of use to a financially more lucrative alternative.

Offices – (Current aggregate Asset Valuation = £4,660,475, Current aggregate rents = £392,495). Even within the grouping these properties are remarkably varied. As a packaged portfolio they provide a reasonable investment portfolio. Two of these properties are more esoteric and may not be suitable for disposal.

Recommendation

Retain and programme detailed review.

Premises Industrial – (Current aggregate Asset Valuation = £9,661,100, Current aggregate rents = £727,089). This includes a variety of assets including a number of buildings in Dyce which perform well. There are assets within this groupings which do not perform so well. So it may be able to identify assets for potential disposal.

Recommendation

Retain and programme detailed review.

Public Houses - (Current aggregate Asset Valuation = £1,223,800, Current aggregate rents = £82,501). These are pubs and the sites on which pubs are built, leased on a variety of short-term and long-term leases. There are a few good properties on the list, producing good secure rental income, which might be of interest to an institutional investor, or the sitting tenants, if the City Council was ever minded to contemplate their sale.

Recommendation

Retain and programme detailed review.

Shops - (Current aggregate Asset Valuation = £6,042,500 Current aggregate rents = £671,705) A large number of these shops are located in Council House schemes, where as part of their original planning, the statutory predecessor of the City Council determined to create parades of shops for the local community. For many years, this worked well and the shops were fully let with conventional mixes of tenants (e.g. butcher, baker, grocer, newsagent etc.) In the last 15 – 20 years, however, as retail spending patterns have changed in Britain, the conventional shop tenants have largely ended their leases, moved out or ceased trading altogether and left the shops to be leased by a more varied, unconventional mix of new tenants.

Advising on these properties is difficult. On one hand their management takes up a lot of staff time. Many of the scheme shops are in poor trading locations with low rents, second-rate tenants (from the point of view of rental income security), a greater tendency to voids and little or no rental growth. On the other hand, the City Council's retained contractor for valuation services, Messrs. Ryden, Chartered Surveyors, are sceptical that, in present market conditions, anyone would want to purchase these parades of shops, or small shopping centres (or if they did, would make us low capital offers).

To gauge the interest in such assets it would seem reasonable to carry out a "market testing" exercise. For example, if we offered to sell our parade of six tenanted shops at Summerhill Drive, (Current aggregate Asset Valuation = £135,800, Current aggregate rents = £25,950) we would gain a direct insight into the strength or weakness of present market conditions, that would help us to decide on future strategy.

The few exceptions to this are Belmont Street shops a group of shops in George Street, (which are categorised as sounder, more secure leases) and four cafes on the Beach Esplanade (which are always fully let and produce good revenue income).

Recommendations

Report to Finance & Resources Committee with a list of shops to be disposed and a phased programme for their disposal.

Sites for Golf Course or Clubhouses - (Current aggregate Asset Valuation = £362,000, Current aggregate rents = £31,410). These are long-term ground

leases to Golf Clubs. The sites don't have obvious alternative, more financially lucrative, uses and their modest aggregate rentals are the best presently achievable, in the circumstances. In view of the current depressed capital value for golf courses (and arguably the over-supply of golf courses in the Aberdeen area), it's hard to see that these properties would be of interest to an institutional investor, though the potential purchase of the ground leases may be of interest to the Clubs themselves.

Recommendation

Retain and programme detailed review.

Sites - Ground Lease (Miscellaneous) - (Current aggregate Asset Valuation = £7,537,00, Current aggregate rents = £492,649) There are a few valuable sites on the list, specifically at the Beach and the Exhibition Centre, which produce a good revenue return. Whether the City Council would ever contemplate selling sites at either location, for strategic reasons, is another question. The A.E.C.C. site is included in the Development Company's proposals.

Recommendation

Retain and programme detailed review.

Sites - Ground Lease (Industrial) - (Current aggregate Asset Valuation = £20,873,100, Current aggregate rents = £1,126,980). These ground leases have earned the City Council many millions, in revenue income, over the years and there's every reason to expect them to go on providing strong, secure revenue income into the future.

Sites held on the Property Account, includes sites in Cotton Street, Crombie Road and the Bridge of Don that again gives us strong, secure revenue income. In capital terms, these ground leases might form part of a potential portfolio offer, but this would need further investigation.

The City Council's interest in the sites of the Science and Energy/ Science & Technology Parks is a good asset where the ground rent received is directly linked to the number of sub-leases granted by the tenant/ developer. Apart from the potential value of this property asset to an institutional investor it may have an extra "marriage" value to the current tenant/ developer.

Recommendation

Retain and programme detailed review.

Site Ground Leases (Shop) - (Current aggregate Asset Valuation = £943,500, Current aggregate rents = £83,691). The majority of these sites are within Housing schemes and can be viewed in the same way as the shops above.

Recommendation

Report to Finance & Resources Committee with a list of sites to be disposed and a phased programme for their disposal.

Site Ground Lease (Shopping Centre) – (Current aggregate Asset Valuation = £5,680,000, Current aggregate rents = £398,419).

These are the ground leases for the Bon Accord and St. Nicholas Centres. Revenue income is calculated by a formula in which the aggregate rentals paid by individual shop tenancies in the two Shopping Centres is the main component.

Scottish Retail Partnership expressed an interest in purchasing the Council's interest in the past but it never progressed. At present, shopping centre investments look a lot less attractive to institutional investors than they did a couple of years ago. This potential sale might be worth further investigation but my advice would be retaining the revenue income, at least at present, is the more attractive option.

Recommendation

Retain and programme detailed review.

Telecom Sites - (Current aggregate Asset Valuation = £180,400, Current aggregate rents = £30,975). As per Advertising Sites.

Recommendation

Retain and programme detailed review.

4. Future Strategy

Due to the extensive and varied make-up of the Council's portfolio it is difficult to draw up a strategy which encompasses all the different property types. It is for that reason that it is recommended that specific strategies are prepared.

There are however other non property factors which require to be determined, which will have major influences on these strategies. These include;-

- a) The Investment Portfolio's relationship with the emerging Development Company.
- b) The desire of the Council to maximise either its revenue or capital streams.
- c) The extent of additional capital that can be identified to strengthen the portfolio's performance.
- d) The need to explore how the portfolio can be utilised, working in partnership with third parties including possible joint ventures.
- e) Recognising the current economic environment with the associated potential difficulties in disposing of property assets.

5. Recommendations

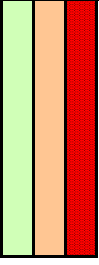
From this high level analysis there are three key tasks that have been identified:-

- 1) Report to the Finance & Resources Committee in early course on the potential disposal of Shops and Ground Lease (Shops).
- 2) Quickly agree a programme of review in conjunction with the Head of Finance, with a view to completing within 18 months.
- 3) Report to the Finance & Resources Committee on the findings of the review.

Appendix A - Tenanted Non-Residential Property Review 2010

Note: This spreadsheet should be read in conjunction with the Commercial Property Review. The categorisation of different aspects of Asset Types as "Poor", "Medium" or "Good" is a "broad brush" assessment. Within each Asset Type there may be individual property leases where the assessment doesn't apply.

Good =
Medium =
Poor =



Asset Types	Asset Value 2010	Revenue Income	Ease of Management	Rental Growth Prospects	Development Potential	Marketability	Recommendations
Advertising Sites (8)	£379,600	£71,088					Retain & Review
Business Centres (2)	£866,000	£88,021					Review Ongoing
Car Parks (12)	£773,600	£68,441					Retain & Review
Factories (Advance) (87)	£11,623,250	£1,330,065					Retain & Review
Farms (13)	£860,790	£33,860					Retain & Review
Fishings (1)	£34,000	£1,750					Retain & Review
Land for Future Development (3)	£2,176,000	£0		N/A			Retain & Review
Offices (7)	£4,660,475	£392,495					Retain & Review
Premises (Industrial) (23)	£9,661,100	£727,089					Retain & Review
Public Houses (6)	£1,223,800	£82,501					Retain & Review
Shops (106)	£6,042,500	£671,705					Report on Disposal
Site for Golf Course or Clubhouse (4)	£362,000	£31,401					Retain & Review
Sites - Ground Lease (Misc.) (9)	£7,537,000	£492,649					Retain & Review
Sites - Ground Lease (Industrial) (64)	£20,873,100	£1,126,980					Retain & Review
Sites - Ground Lease (Shop) (18)	£943,500	£83,691					Report on Disposal
Sites - Ground Lease (Shopping Centre) (2)	£5,680,000	£398,419					Retain & Review
Telecom. Sites (7)	£180,400	£30,975					Retain & Review
Asset Value	The Capital Valuation as assessed in the 2010 Asset Valuation.						
Revenue Income	The revenue income at the time of 2010 Asset Valuation.						
Ease of Management	Good, Medium and Poor is an assessment of the amount of time and effort expended by officers in managing these properties. Good means a property that doesn't need much management intervention other than lease terminations, rent reviews etc. Medium means a property that needs some management intervention. Poor means a property that requires a lot of management time.						
Rental Growth Prospects	A professional assessment of future rental growth based on passing rent, review patterns, current estimated rental value and recent market trends.						
Development Potential	Good, Medium and Poor is an assessment of the potential alternative uses which may lead to improved asset performance.						
Marketability	A professional assessment of the liquidity of the asset when compared with the rest of the property sector i.e. likely market demand and ease of sale.						
Recommendations	A summary of the report recommendations.						

Question Section A	Response	Total	Percentage
1. How often do you contact the Asset Policy (Non Housing) Section			
	Less	29	63%
	Monthly	5	11%
	6 Monthly	9	20%
	More	3	7%
		46	
2. For what purpose have you contacted the Asset Policy (Non Housing) Section			
	Invoicing	10	16%
	Repairs	22	36%
	Lease Terms	17	28%
	Other	12	20%
	Broken locks, Break ins, Untidy Yard	61	
3. How do you generally contact the Asset Policy (Non Housing) Section			
	Telephone	38	69%
	Fax	1	2%
	Email	13	24%
	Letter	3	5%
	Visit	55	
	Stuart's weekly attendance		
4. Do you know whom to contact regarding the property including tel. no. / fax no. / email / address			
	Yes	39	83%
	No	8	17%
	not notified of changes	47	
5. What is your opinion of the day to day service that you receive?			
	Excellent	9	20%
	Good	32	71%
	Unsatisfactory	3	7%
	Poor	1	2%

45

6. What is your opinion of the speed at which your queries are dealt with?

Excellent	0	0%
Good	6	14%
Unsatisfactory	32	74%
Poor	5	12%
	43	

7. What is your overall experience of being a Council tenant?

Excellent	5	11%
Good	37	80%
Unsatisfactory	3	7%
Poor	1	2%
	46	

8. Are you aware of all your responsibilities as tenant in terms of the lease?

Yes	43	93%
No	3	7%
	46	

9. What is your opinion of the rent invoicing and collection process?

Excellent	8	21%
Good	28	72%
Unsatisfactory	3	8%
Poor	0	0%
	39	

10. What is your opinion of the service provided by the Asset Policy (Non Housing) in meeting your business' requirements

Excellent	6	13%
Good	38	83%
Unsatisfactory	1	2%
Poor	1	2%
	46	

11. What is your overall opinion of the Asset Policy (Non Housing) Section of Aberdeen City Council as a landlord? in its dealings with you?

Excellent	6	14%
Good	35	81%
Unsatisfactory	1	2%
Poor	1	2%
	43	

12. Do you consider that the Asset Policy (Non Housing) Section in the role as your landlord is fair and reasonable

Yes	40	95%
No	2	5%
Not had a lot of dealings	42	

13. Where would you look for commercial premises to let?

Nowhere else

14. Do you use the Council's website and if so what for?

Yes	11	27%
No	30	73%
Council contractor in daily contact	41	

Section B

1. Where did you hear about the Council's commercial premises?

Advert

2. What is your opinion of the help and information you received from officers in dealing with your initial search for premises?

Excellent	3	30%
Good	7	70%
Unsatisfactory	0	0%
Poor	0	0%
	10	

3. Were officers polite and courteous in dealing with your enquiry?

Excellent	5	50%
Good	5	50%
Unsatisfactory	0	0%
Poor	0	0%
	10	

4. What is your opinion of the time taken between your enquiry and your taking entry to the premises?

Excellent	4	44%
Good	4	44%
Unsatisfactory	1	11%
Poor	0	0%
	9	

5. Now that you are in occupation, do you feel that officers supplied enough information to enable a smooth transition to occupancy?

Excellent	4	40%
Good	6	60%
Unsatisfactory	0	0%
Poor	0	0%
	10	

6. How would you rate your satisfaction with the process from start to finish?

Excellent	4	40%
Good	6	60%
Unsatisfactory	0	0%
Poor	0	0%
	10	

7. During the initial period of your tenancy did you require any support from the Asset Policy (Non Housing) Section? If 'yes' what is your opinion of the support given?

Appendix 4 - TNRP Questionnaire Results

No	4	40%
Yes	6	60%
	10	

Excellent	1	25%
Good	3	75%
Unsatisfactory	0	0%
Poor	0	0%
	4	

8. Did you encounter any particular problems in respect of the leasing process? If 'yes', please provide details below.

Yes	0	0%
No	9	100%
	9	

9. Do you consider that improvements could be made to the overall process, which would help future prospective tenants? If 'yes', please provide details below.

Yes	1	11%
No	8	89%
	9	

Appendix 5 – Surplus Assets Summary

Property Address	Date Surplus	Current Activity
20 Whinhill Road	Feb 06	Sold for £925,000 on 15 March 2010
Bon Accord Baths	Mar 08	Currently on Market - Little active interest. To be reviewed.
Summerhill Academy	N/A	Preferred bidder approved. Subject of Report to Committee on 28 September 2010.
2 West Craibstone Street	28/11/08	Under Offer
11 Fonthill Terrace	25/09/08	Sold for £430,000 on 12 August 2010.
Carden School	Feb 10	Availability has been circulated. Option appraisal is being undertaken.
Woodlands Special School	08/10/09	Ground Lease interest only on relatively restrictive terms. Currently under review.
58 Polmuir Road	25/11/08	Sold for £405,500 on 06 September 2010.
Former Ruthrieston Depot	19/08/08	Under Offer
Former Johnston Gardens East Depot	05/02/09	Under Offer - Awaiting planning consent
54/55 Springbank Terrace	05/05/09	Under Offer - Awaiting planning consent
Victoria House	26/02/08	Authority to transfer to HRA. To be considered by Housing & Environment Committee on 24 August 2010. Thereafter, if authority is obtained from that Committee, approval from Scottish Minister is required.
Former Public Toilet, Old Aberdeen	19/11/08	Authority to market. Closing date of 03 August 2010. Subject of Report to Committee on 28 September 2010.
17 Affleck Street	26/08/08	Under Offer
Former Leadsid Road Community Hall	21/11/06	Authority to market. Awaiting resolution of tenancy issue for adjoining property to facilitate joint marketing.
St Peter's Nursery	08/10/09	Authority to market. Closing date of 03 August 2010. Subject of Report to Committee on 28 September 2010.
Croft House	27/05/09	Transfer to HRA approved. Currently awaiting Scottish Minister approval.

Aberdon House	27/05/09	Transfer to HRA approved. Currently awaiting Scottish Minister approval.
Weavers Shed	08/10/09	Awaiting advice of Head of Legal on access difficulties and title.
Former Broadhill Depot	08/10/09	Demolition costs being considered at present.
Hazlehead Lodge	08/10/09	Options for future use under consideration given location within Park.
105 - 107 Urquhart Road	21/12/07	Planning Brief approved by the Development Sub-Committee on 17 June 2010. Subject of a Bulletin Report to Committee on 28 September 2010.
Park House, Westburn Road	Feb 07	Lease to CLAN approved 11 May 2010 with occupancy of site taken by them on 01 August 2010.
Causeywayend Primary School	01/03/10	Draft Planning Brief completed. Awaiting submission to appropriate meeting of Development Sub-Committee.
Victoria Road Primary School, Torry	08/10/09	HRA confirmation that no longer interested. Currently under consideration by City Development Company.
26-38 Union Street	N/A	Sale of airspace. Applicant has requested time extension. Unlikely to proceed.
Tarves Road, Bridge of Don.	Not surplus	Option with developer subject to new Local Development Plan. Extension to option being considered.
Hilton Nursery School	08/10/09	Surplus asset only part of building. Decision to be made on adjoining site (CLDC). Part of building leased to NHS, discussions have been initiated on relocation.
St Fitticks (Kirkhill) Farmhouse	Oct. 99	Number of options under consideration including HRA use and marine study centre.
Former Grove Cemetery Lodge	28/01/10	Approval to market, however, resolution of issues concerning establishment of boundaries and of the adjoining Operational Properties currently being pursued.

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ABERDEEN CITY COUNCIL

COMMITTEE	FINANCE & RESOURCES
DATE	28 th September 2010
DIRECTOR	STEWART CARRUTH
TITLE OF REPORT	LEGAL SERVICES – ARRANGEMENTS FOR EXTERNAL PROVISION OF SERVICES
REPORT NUMBER:	CG10/176

1. PURPOSE OF REPORT

This report seeks approval of Committee to extend the Council's contract for the provision of external legal services with Brodies LLP for a six-month period to allow future delivery of these services to be considered and re-tendered for as appropriate.

2. RECOMMENDATIONS

It is recommended that the Committee:-

(a) Approves the extension of the external legal services contract with Brodies LLP for a six-month period from 1st October 2010 to 31st March 2011.

(b) Notes that a further report will be submitted to Committee prior to inviting future tenders for the approval of estimated expenditure to be incurred.

3. FINANCIAL IMPLICATIONS

The original contract with Brodies LLP was fully tendered. The estimated cost of a six-month's extension of the contract is likely to be in the region of £400,000 based on costs over the last two years. This will be managed to ensure a limited amount of new work is referred and that the majority of costs will represent work in progress.

The services to date have been funded from various sources, including allocation of fees against project budgets, from unfilled staff positions and offset against Capital receipts.

4. OTHER IMPLICATIONS

The use of external legal agents reduces the corporate risk to the Council and provides assistance in more complex legal transactions and specialized areas of the law.

5. BACKGROUND/MAIN ISSUES

The Council entered into a contract for the provision of external legal services with Brodies LLP in October 2005 for a period of five years. No specific volume of work is guaranteed to the provider and the services are called upon on an as-and-when-necessary basis depending on the extent/complexity of the transaction.

Legal and Democratic Services, like other services, are currently engaged in the Priority Based Budgeting exercise. It is thought prudent to examine the preferred options emerging from this exercise prior to undertaking a further tendering exercise. Furthermore, given the timescales required to re-tender services, a six-month extension to the existing contract is required whilst future delivery is assessed.

It should also be noted that the Head of Legal and Democratic Services has engaged in preliminary discussions with her counterparts in Aberdeenshire and Moray Councils, Police and Fire, with a view to preparing a tender notice which would include these bodies. It is envisaged that a contract for the provision of legal services for a number of public bodies would lead to a reduction in rates to be charged by a provider.

6. BACKGROUND PAPERS

NONE

7. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources	DATE 28.09.10
DIRECTOR	Gordon McIntosh	
TITLE OF REPORT	Property Services – Contract Extension and re-tender	
REPORT NUMBER:	EPI/10/242	

1. PURPOSE OF REPORT

This report updates the Committee on the current provision of valuation and other property services, advises on the proposed re-tendering exercise for these replacement of services and seeks an extension to the current contract to tie in with the Council asset valuation cycle and to meet the timescales for contract re-tendering.

2. RECOMMENDATION(S)

It is recommended that the Committee :-

- a) Approves the extension of the Property Valuation Services Contract with Ryden LLP from 1 December 2010 until 30 March 2011. The current contract allows an extension to November 2011 if required.
- b) Note the position with regard to the re-tendering of services. The post of Head of Service Resource Development and Delivery will now be undertaken by the Head of Asset Management and Operations.

3. FINANCIAL IMPLICATIONS

A budget is found for each valuation exercise currently instructed on an instruction by instruction basis, these being a mixture of capital and revenue costs from Asset Management and Service budgets.

The extension of the current contract to 30 March 2010 will align the contract with the most significant piece of work this being the five yearly (quinquennial) asset valuation exercise.

4. SERVICE & COMMUNITY IMPACT

The continued appointment of an external property consultant will enable the Asset Policy (non-housing) section to support other services in ensuring the efficient use of Property Assets.

5. OTHER IMPLICATIONS

Whilst a degree of work can be outsourced to the consultant, significant staff time is required to properly instruct, manage and monitor the consultants.

The use of external property consultants reduces the corporate risk to the Council when compared with advice from internal staff. This should be considered against the risks associated with internal staff having a lower level of market interaction and potentially, over a period of time, a weakened skill set when external consultants are used. These issues continue to be monitored and have been considered as part of the priority based budgeting exercise.

6. REPORT

On 12 November 2009 a report was presented to the Finance and Resources Committee entitled 'External Property Valuation Consultants – EPI/09/103'. The Committee resolved to:-

- (a) Approves the extension of the Property Valuation Services Contract with Ryden LLP for a 12 month period from 1 December 2009 to 30 November 2010.
- (b) Authorises the Head of Resources Development and Delivery to undertake tender exercises, in consultation with the Head of Procurement and the City Solicitor, for the appointment of one or more external consultants to provide various property services to the Council as detailed in this Report.

Since this report was approved there has been an ongoing restructuring of the Asset Management and Operations and alternative delivery options for a number of functions have been considered. Detailed discussions have also been advanced with the Council's Central Procurement Unit and other Local Authorities with regard to models for outsourcing property services.

The outcome of these deliberations is that it is now recommended that the most cost effective solutions to engaging new consultants would be via single tendering exercise rather than the 3seperate exercises (Rating, Asset Valuation and General Property Services) identified in the previous report. It is considered that a single tendering exercise conducted in 3 lots is the best course of action. One external contractor will be instructed to undertake the Rating Revaluation Appeals, one contractor will be appointed for the next 4 years Asset Valuation and a framework agreement will be put in place for up to 5 external contractors for general property advice.

The most significant revenue cost implication relates to the Quinquennial Asset Valuation. Procurement legislation states that the maximum period for a framework agreement is 4 years except in exceptional circumstances. In terms

of the current cycle 2010/11 represents the HRA account which is independent of the other cycles. As such if the Asset Valuation exercise was to be tendered for a 4 year period the most appropriate year to exclude in 2010/11. According the most obvious timescale to tender for this is for the financial year 2011/12 for a 4 year period.

Based on the above a revised procurement timetable has been discussed. This will be by way of a 2 step process involving and initial Pre-tender Questionnaire (PTQ) followed by and Invitation to tender (ITT). It is the intention of officers to issue the tender documents during September with final submissions in December, evaluation in January, allowing commencement in April 2010.

Consideration has also been given to utilising other property services Frameworks including the appointment of the District Valuer (Valuation Office Agency - VOA) and the Buying Solutions framework agreement. It is felt that the VOA does not offer the full range of services required and the fee agreements attached to Buying Solutions are deemed to be higher than current market rates, with limited local contractor participation. If required these other frameworks could be used on a case by case basis.

The appointment of Rating Advisors to appeal against the 2010 revaluation was previously discussed as being a joint instruction with Aberdeenshire Council. This along with other aspects of the Contract is still being considered by the 'Shire'. In the meantime Valuation Notices have been served on all properties which have seen significant rises in some asset categories. At this stage Council staff have submitted a block appeal on all Council occupied properties until such time as advisors are instructed.

In relation to the extension of current arrangements Ryden LLP were appointed from 1 December 2007 to 30 November 2009. The contract allows the Council to extend the contract for a maximum of two, 12-month periods i.e. for a total maximum period of 2 years and their first extension was from December 2009 to November 2010. It is proposed to extend now until 30 March 2011. Officers remain satisfied with the service delivered by Ryden, although it is necessary to re-tender future service provision in order to comply with the public contracts (Scotland) Regulations 2006 and in order to secure best value.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Supply & Delivery of Vehicles & Items of Plant – Permission to Procure & Award
REPORT NUMBER:	CG/10/161

1. PURPOSE OF REPORT

To obtain approval to:

- i) Conduct a tendering exercise for the Supply and Delivery of Vehicles and Items of Plant and to award contracts as a result of the tendering exercise.

2. RECOMMENDATION(S)

It is recommended that the Committee approve:

- i) The Central Procurement Unit (CPU) conducting a competitive tendering exercise in line with the Council's Standing Orders, Financial Regulations and EU Procurement Legislation for the Supply and Delivery of Vehicles and Items of Plant.

3. FINANCIAL IMPLICATIONS

This will be a joint tender between Aberdeen City and Aberdeenshire Councils.

The value of the tender for the supply and delivery of vehicles and items of plant is estimated to be in the region of £ 700,000. All contracts resulting from the tendering exercise will be run over a period of 2 years,

The costs can be met from the existing Service Capital Expenditure Budget. Should the Service Capital Expenditure Budget increase/decrease for any reason during the contractual period, the purchases anticipated as a result of the tendering exercise will be adjusted to reflect any such budget change(s).

4. OTHER IMPLICATIONS

The Fleet Services Replacement Programme 2010-2012 has been previously approved by Committee and the proposed vehicles and items of plant to be purchased from this exercise form part of this programme.

If this tendering exercise does not progress and the vehicles and items of plant are not purchased to replace those earmarked on the programme then higher maintenance costs will be incurred. This in turn would have downtime implications as not all of the fleet would be operating to full capacity. In turn additional costs would be accrued through hiring vehicles and plant items whilst maintenance and repairs are undertaken.

5. BACKGROUND/MAIN ISSUES

Aberdeen City Council and Aberdeenshire Council currently purchase a large proportion of their vehicles and items of plant requirements through existing Scotland Excel national contractual arrangements and/or existing contracts within the two Councils. This particular tendering exercise is required to source vehicles and items of plant which do not fall under any of the existing Scotland Excel contracts or any existing current contracts within Aberdeen City and Aberdeenshire Councils.

There will be a joint collaborative tender between Aberdeen City Council and Aberdeenshire Council with both Councils implementing the contracts that flow from the tendering exercise. This approach reflects the need to purchase similar vehicles and items of plant giving both Councils the added benefits derived by undertaking larger scale contracts.

The requirement will be advertised in accordance with EU Procurement Legislation and the Council's Standing Orders on Procurement & Contracting.

6. IMPACT

This report links to the Interim Business Plan 2010-2013 as we continue to strive for best value for money and to maximize efficiency in service delivery.

The report also accords to the Carbon Management Plan 2010-2015 as we strive to reduce carbon emissions when refreshing our fleet.

The Climate Change (Scotland) Act 2009 has set challenging targets to reduce carbon emissions by 42% by 2010 and 80% by 2050. The First Minister announced the launch of the Low Carbon Vehicle Procurement Support Scheme at the 2020 Climate Change Conference on 16 June

2010. This procurement exercise will see Aberdeen City Council complying with the recommendations of the Green Fleet Review that was completed by the Energy Saving trust in July 2010, namely to improve fuel and mileage management.

This report has no direct implications in relation to Equalities & Human Rights Impact Assessment.

7. BACKGROUND PAPERS

N/A

8. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Roads and Quarry Material Testing Services – Permission to Procure & Award
REPORT NUMBER:	CG/10/162

1. PURPOSE OF REPORT

To obtain approval to:

- i) Conduct a tendering exercise for the provision of Roads and Quarry Materials Testing Services and to award a contract as a result of the tendering exercise.

2. RECOMMENDATION(S)

It is recommended that the Committee approve:

- i) The Central Procurement Unit (CPU) conducting a competitive tendering exercise in line with the Council's Standing Orders, Financial Regulations and EU Procurement Legislation for the provision of Roads and Quarry Material Testing Services.

3. FINANCIAL IMPLICATIONS

This will be a joint tender between Aberdeen City and Aberdeenshire Councils.

The value of the tender for Aberdeen City Council is in the region of £ 45,000 pa which equates to an estimated contract value of £180,000, spread over a 4 year contact period.

The costs can be met from the existing Service Revenue Budgets.

4. OTHER IMPLICATIONS

This report has no other implications.

5. BACKGROUND/MAIN ISSUES

In accordance with the British Standards Institute (BSI) Quality Management System it is a requirement that all materials are tested periodically.

The materials fall within 5 main categories: Aggregates; Asphalt; Concrete; Road Pavement Surfaces; Soils and Stabilised Soils.

There will be a joint collaborative tender between Aberdeen City Council and Aberdeenshire Council with both Councils implementing the contract that flows from the tendering exercise. This approach reflects the services that are presently in place giving both Councils the added benefits derived by undertaking a larger scale contract.

The requirement will be advertised in accordance with EU Procurement Legislation and the Council's Standing Orders.

6. IMPACT

This report links to the Interim Business Plan 2010-2013 as we continue to strive for best value for money and to maximize efficiency in service delivery.

This report has no direct implications in relation to Equalities & Human Rights Impact Assessment.

7. BACKGROUND PAPERS

N/A.

8. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Cash in Transit Services 2010-2013 – Award of Contract
REPORT NUMBER:	CG/10/160

1. PURPOSE OF REPORT

- 1.1 To advise Committee of the recent tender exercise for the provision of Cash in Transit Services for Aberdeen City Council and to seek approval to award the contract to the preferred bidder.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Council approve the award of the contract for Cash in Transit Services, for a period of 3 years, commencing on 1 October 2010, to Loomis UK Ltd.

3. FINANCIAL IMPLICATIONS

- 3.1 The total cost of the resulting contract for Aberdeen City Council will be £ 330,264.90 over the 3 year contract period.
- 3.2 The current level of expenditure for the Council is £137,164.04 per annum. Compared to the new contract, annual savings of £27,075.40 will be made.
- 3.3 The costs can be met from the existing Service Revenue Budgets. Furthermore, the identified savings will be allocated to appropriate Services and these budgets will be reduced accordingly.

4. OTHER IMPLICATIONS

- 4.1 The savings will be partly accrued through a reduction in the number of cash uplifts from particular sites which also saves staff time in the processing of monies.
- 4.2 The cash uplift rota for the pay and display machines has been re-assessed to reduce the amount of collections where it is permissible to do so. In turn this also reduces the logistical costs of the provider which are factored back to us.

5. BACKGROUND/MAIN ISSUES

- 5.1 The agreement with the Council's current Cash in Transit Services provider expires on 30 September 2010 and a new tender exercise was led by the Central Procurement Unit (CPU) to cover future needs.
- 5.2 The Council has a mandatory requirement to ensure that all monies being stored and banked by Services are accounted for accordingly in a clear and robust manner. An onsite cash safe option slightly increases cash uplift charges but in turn allows for a reduced number of collections leading to a reduced overall uplift charge for sites with the safes. The tender specification required tenderers to demonstrate safe option capability or similar innovations which could provide for a reduced overall cash handling charge combined with an improvement in cash storage and security.
- 5.3 All tenderers were required to be members of the British Security Industry Association with BS7858, Security and Screening Vetting accreditation.
- 5.4 This is a joint tender between Aberdeen City Council and Aberdeenshire Council with both Councils implementing the contract that flows from this procurement process. This approach reflects what is presently in place giving both Councils the added benefits derived by undertaking a larger scale contract.
- 5.5 The requirement was advertised in accordance with EU Legislation and the Council's Financial Regulations. Only two tender responses were received from interested bidders and this was expected as the marketplace is very limited. A comprehensive evaluation was led by the CPU with representatives from both Aberdeen City Council and Aberdeenshire Council participating.
- 5.6 The two received bids were from Loomis UK Ltd and G4S Cash Solutions UK Ltd. Both firms have branches in Aberdeen.
- 5.7 The undernoted table shows the evaluation criteria and weightings used to assess the bids. The bid received from G4S Cash Solutions UK Ltd did not address the requirements of the specification in full and was therefore non-compliant. The offer received from Loomis UK Ltd returned an overall evaluation score of 84.71%.

Criteria	Percentage
Overall Price	50%
Ability to meet service requirements stated in the Specification	35%
Minimised operational impact of implementation/transfer arrangements	10%
Evidence of quality of service from Service Quality & Qualification Questionnaire	5%
Total Percentage	100%

6. IMPACT

- 6.1 This report links to the Interim Business Plan 2010-2013 as we continue to strive for best value for money and to maximize efficiency in service delivery.
- 6.2 This report has no direct implications in relation to Equalities & Human Rights Impact Assessment.

7. BACKGROUND PAPERS

N/A

8. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 th September 2010
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Estates Management Contracts
REPORT NUMBER:	CG/10/158

1. PURPOSE OF REPORT

This report seeks the approval of the Committee to conduct tender exercises, participate in collaborative procurements, and undertake mini-competitions under pre-tendered frameworks for the provision of Estates Management contracts.

2. RECOMMENDATION(S)

It is recommended that the Committee approve:

(i) The Central Procurement Unit (CPU) in conjunction with colleagues from Enterprise, Planning & Infrastructure conducting competitive tendering exercises in line with Council Standing Orders, Financial Regulations and EU Procurement Legislation. Wherever possible taking part in procurements on a collaborative basis for the provision of Estates Management services using both framework contracts and direct contracts as required.

3. FINANCIAL IMPLICATIONS

The annual budget figure for the Council's current provision of these Estates Management requirements is £2.805 million per annum currently (for a full breakdown please see table 1 in Section 5 Background/Main Issues). Market research indications are that the provision of these requirements will be met in full within the current budget allocation. Joint tendering with other North East public bodies and the harmonisation of specifications with other Councils will potentially achieve savings if critical economies of scale can be achieved on relevant contracts. The duration of the majority of subsequent contracts will be for a minimum of 3 years with the Council and other public bodies having the option to extend for at least a further 12 months.

4. OTHER IMPLICATIONS

There are no EHRIA implications, as any Service delivery to accompany the goods will be delivered as it has previously.

5. BACKGROUND/MAIN ISSUES

The details of the current contracts and annual spends follow in Table 1. See below.

In some cases the Council currently have three current contracts (due to previous Neighbourhood Service Delivery) and the proposals are to merge these into one city wide contract.

TABLE 1					
CONTRACT NO	WORK TYPE	AREA	CURRENT CONTRACT START DATE	CURRENT CONTRACT END DATE	ESTIMATED ANNUAL EXPENDITURE
6166	Roof Repairs	North	01 October 2006	30 September 2011	£ 650,000
6600	Roof Repairs	Central	01 April 2007	31 March 2011	
6329	Roof Repairs	South	01 April 2006	31 March 2011	
6562	Glazing Repairs	North	01 January 2007	31 December 2010	£ 400,000
6247	Glazing Repairs	Central	01 January 2006	31 December 2010	
6164	Glazing Repairs	South	01 July 2006	30 June 2011	
6326	Refrigeration Plant Maintenance	North	01 April 2006	31 March 2011	£ 60,000
6167	Refrigeration Plant Maintenance	Central	01 October 2006	30 September 2011	
6601	Refrigeration Plant Maintenance	South	01 April 2007	31 March 2011	
6327	Lift Plant Maintenance	North	01 April 2006	31 March 2011	£ 100,000
6814	Lift Plant Maintenance	Central	01 December 2008	30 November 2011	
6602	Lift Plant Maintenance	South	01 April 2007	31 March 2011	
6168	Legionella Prevention	North	01 July 2006	30 June 2011	£ 130,000
6563	Legionella Prevention	Central	01 January 2007	30 June 2011	
6629	Legionella Prevention	South	01 July 2007	30 June 2011	
6444	Fire Fighting Equipment	North	01 July 2006	30 June 2011	£ 45,000
6564	Fire Fighting Equipment	Central	01 January 2007	31 March 2011	
6248	Fire Fighting Equipment	South	01 April 2006	31 March 2011	
6249	Emergency Lighting/Fire Alarms	North	01 April 2006	31 March 2011	£ 175,000
6442	Emergency Lighting/Fire Alarms	Central	01 Sept 2007	30 June 2011	
6565	Emergency Lighting/Fire Alarms	South	01 January 2007	31 March 2011	
6169	Boiler Plant/Automatic Controls	North	01 October 2006	30 September 2011	£ 850,000
6603	Boiler Plant/Automatic Controls	Central	01 April 2007	31 March 2011	
6328	Boiler Plant/Automatic Controls	South	01 April 2006	31 March 2011	

TABLE 1					
CONTRACT NO	WORK TYPE	AREA	CURRENT CONTRACT START DATE	CURRENT CONTRACT END DATE	ESTIMATED ANNUAL EXPENDITURE
6642	Cremator Maintenance	South	11 July 2007	30 June 2010	£ 80,000
6250	Public Clocks	Central	01 January 2006	31 December 2010	£ 5,000
6605	Patient Handling Equipment	City Wide	01 July 2007	30 June 2012	£ 10,000
6246	Portable Appliance Testing	North	01 April 2006	31 March 2011	£ 100,000
6441	Portable Appliance Testing	Central	01 July 2006	30 June 2011	
6566	Portable Appliance Testing	South	01 January 2007	31 March 2011	
6604	Fixed Appliance Testing	North	01 April 2007	31 December 2010	£ 100,000
6630	Fixed Appliance Testing	Central	01 July 2007	31 December 2010	
6567	Fixed Appliance Testing	South	01 January 2007	31 December 2010	
6574	Asbestos Removal	City Wide	01 January 2007	31 December 2010	£ 100,000

Initial work has been undertaken on identifying spend levels, current contractual arrangements and collaborative opportunities with other public sector partners in the Chief Executives Forum (Procurement Sub-Group). It is, therefore, intended to tackle the following Estates Management procurements collaboratively:

1. Refrigeration Plant Maintenance & Repair
2. Lift Plant Maintenance & Repair
3. Legionella Preventative Maintenance
4. Fire Fighting Equipment Maintenance & Repair
5. Emergency Lighting/Fire Alarms Maintenance & Repair
6. Boiler Plant/Automatic Controls Maintenance & Repair
7. Portable Appliance Testing
8. Fixed Appliance Testing

The following contracts will thereafter require to be tendered through national approved contractors list called Constructionline:

1. Roof Repairs
2. Glazing Repairs
3. Cremator Maintenance
4. Public Clocks Maintenance & Repair
5. Patient Handling Equipment Maintenance & Repair
6. Asbestos Removal

It is intended to utilise both direct contracts and framework contracts to allow the maximum flexibility for the Council in procuring from a number

of suppliers; allowing access to a choice of suppliers (to ensure the continuity of service provision), whilst also allowing economies of scale to be generated to gain improved pricing.

6. IMPACT

This service is required to ensure the continued maintenance of the Council's estate and they support best value and continuity of Council systems and services.

7. BACKGROUND PAPERS

There are no applicable background papers.

8. REPORT AUTHOR DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 th September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	North Territory Hub Programme
REPORT NUMBER:	EPI/10/227

1. PURPOSE OF REPORT

The purpose of this report is to provide an update to Members following on from a report presented Elected Members of the Budget Monitoring Board of 10th September 2009 (Article 4 refers) on the North Territory hub programme.

This report seeks to update Members on the procurement process to select a private sector development partner to join with the North Territory participants and the Scottish Futures Trust (SFT) to improve efficiency and provide better value for money in delivering community infrastructure projects in the North Territory.

2. RECOMMENDATION(S)

- (a) That Elected Members note the satisfactory progression of the North Territory procurement process to identify a Private Sector Development Partner; and,
- (b) Agree that the outcome of the North Territory procurement process be reported to Elected Members of the Enterprise, Planning & Infrastructure Committee on 9th November 2010 to decide on the level of participation the Council wishes to take in the hub.

3. FINANCIAL IMPLICATIONS

Other than through the development of new projects under the hub initiative, no new financial implications are identified for Aberdeen City Council at present. Management of the procurement process and taking forward initial schemes in the procurement stage has been met from within the resources allocated to the hub North Territory Programme Board. The costs for working capital and shareholder equity at the formation of the hubco will also be met from budget allocated to the North Territory hub Programme Board.

4. OTHER IMPLICATIONS

None at this stage.

5. BACKGROUND/MAIN ISSUES

Introduction

- 5.1 The 'hub' programme is being developed by the Scottish Futures Trust (SFT) on behalf of the Scottish Government, as a means of improving the planning, procurement and delivery of infrastructure in support of community services. The commercial/contractual structure of hub will be broadly similar to NHS LIFT in England (albeit developed to better align with Scottish circumstances and developing best practice in the field of public sector procurement).
- 5.2 hub is a procurement vehicle supporting a long term programme of investment in community infrastructure for local authorities, NHS Boards and other public sector bodies across Scotland. It will provide a mechanism for supporting the efficient services through delivering assets more effectively through a single partner, with continuous improvement leading to better value for money. The opportunity for a private sector delivery partner is to be part of a systematic approach to infrastructure planning and delivery in the North Territory over an extended time period.
- 5.3 Public sector organisations across the North hub territory will work in partnership with each other and a private sector delivery partner in a joint venture delivery company called 'hubco'. 'hubco' will take a strategic, long-term planning approach to the procurement of infrastructure to support the delivery of community services. It is envisaged that "hubco" will provide a mechanism for delivering and managing assets more effectively with continuous improvement leading to better value for money.
- 5.4 Continuous improvement (relating to, for example, improved project delivery times year on year) will be measured through detailed key performance indicators, with which the 'hubco', including the selected private sector development partner, is obliged to comply.
- 5.5 While projects will mostly be new buildings (ranging from, for example, GP practices to large combined community, health and sports centres), 'hubco' projects can also include refurbishment and asset management services of existing infrastructure dependent upon the needs and requirements of individual 'hubco' participants.

North Territory Hub

- 5.6 The SFT is co-ordinating the roll-out of hub across five designated territories in Scotland: North, South East, South West, West and East

Central. Each Territory has a population of about 1 million people and each is co-terminous with constituent NHS Board and Local Authority boundaries. Appendix 1 to this report provides a graphical representation of each of the respective Territory areas and of the respective public sector participants.

- 5.7 The logic of having such large Territories is that there is likely to be a significant and sustained pipeline of projects required in each. The size of the Territories means that there are a significant number of public bodies in each and hence the hub structure has been developed so that bodies can participate at different levels.
- 5.8 The North Territory is one of two pathfinder areas in Scotland announced by the Cabinet Secretary for Finance and Sustainable Growth, John Swinney MSP, the other being South East. The North Territory pathfinder expects to bring forward infrastructure projects worth approximately £445 million in the North Territory over the next ten years to support the delivery of community services such as health, education and social care.
- 5.9 The North Territory comprises eighteen public sector bodies including five NHS Boards (Grampian, Highland, Orkney, Shetland, and Western Isles), eight Local Authorities (Aberdeen City, Aberdeenshire, Argyll and Bute, Eilean Siar, Highland, Moray, Orkney and Shetland Islands Councils) two regional Police forces (Grampian Police and Northern Constabulary, two regional Fire and Rescue services (Grampian Fire and Rescue Service and Highlands & Islands Fire and Rescue Service) and the Scottish Ambulance Service.
- 5.10 By virtue of the decision of Elected Members of the Budget Monitoring Board (10th September 2009, Article 4 refers) Aberdeen City Council has signed a Memorandum of Understanding (MoU) to act as a participant in the North Territory hub Programme. The Council is represented on the Territory Programme Board by the Director of Enterprise, Planning & Infrastructure acting as the Council's Senior Responsible Officer (SRO).
- 5.11 This commitment to the North Territory hub MoU was made on the understanding that this involved no financial commitment by the Council at the time. While this remains the case, the Council will be asked to decide on the level of participation in the hubco it wishes to take. The anticipated costs for public sector organisations to become participant shareholders in hubco will be met from budget allocated to the North Territory hub Programme Board and not from individual participants.
- 5.12 The Council, and other North Territory Participants, will have the option to access the services with 'hubco' for the development/procurement/construction of identified projects through the Territory Partnering Agreement. In addition the Council can

decide to subscribe and become a 'hubco' shareholder by making a capital investment into the 'hubco' for which it is anticipated that a competitive investment return will be received.

- 5.13 Should this option not be chosen, the Council would not benefit from any investment returns that may accrue and neither would it have any direct input into the direction and operation of the hubco partnership. The anticipated costs for public sector organisations to become participant shareholders in hubco will be met from budget allocated to the North Territory hub Programme Board and not from individual participants.
- 5.14 A final recommendation about whether the Council should become a Participant shareholder in 'hubco', based upon the outcome of the North Territory procurement exercise, will be presented to Elected Members of the Council's Enterprise, Planning & Infrastructure Committee on 9th November 2010 for decision.

Procurement & Selection of Private Sector Development Partner

- 5.15 The North Territory Participants, through the Programme Board, are currently engaged in an Official Journal of the European Union (OJEU) competitive dialogue procurement process. The aim of the procurement exercise is to identify a Private Sector Development Partner with whom to partner for an initial period of 20 years with an option to extend for a further 5 years where agreed between 'hubco' and one or more of the Territory Participants.
- 5.16 The procurement process seeks to identify a private sector development partner who can bring the best combination of project development, supply chain management and funding capabilities for new facilities and the experience to provide management of the ongoing maintenance of operational buildings if this is required. Demonstration of these skills with a strong partnering ethos is being sought.
- 5.17 For the selected private sector development partner, the hub programme within the North Territory will provide an attractive investment opportunity. The selected Private Sector Development Partner will have the opportunity to form a long term relationship with key local organisations in the North of Scotland tasked with public service delivery to communities – such as local authorities, health boards, the fire, ambulance and police services.
- 5.18 By working closely with the public sector partners, 'hubco' will be expected to deliver improvements in the way that projects are developed and delivered and the supply chain is managed, including better design, lower construction and maintenance costs and the increased speed of delivery of new community infrastructure facilities.

- 5.19 These improvements will be monitored through the value for money demonstration process for new projects and by measuring performance against contractually binding Key Performance Indicators and continuous improvement targets.
- 5.20 This continuous improvement is achievable due to the long term nature of the relationship and by all parties working in partnership – the public sector organisations, hubco itself and hub Co's supply chain. The hubco is expected to drive this process and provide a key link between a series of projects which may each involve different public sector clients.
- 5.21 Three bidders have been selected through a pre-qualification stage and have now completed the competitive dialogue stage in the process. The three bidders were invited to submit their final tenders on 30th July 2010 and these are due to be returned on 10th September 2010.
- 5.22 The three bidders are:
- 5.22.1 **Alba Community Partnerships** - Cyrill Sweett Investments Limited and Miller Corporate Holdings Limited;
- 5.22.2 **Space** - Galliford Try & Fulcrum Infrastructure Management Ltd & Davis Langdon LLP; and,
- 5.22.3 **Amber Blue** - Amber Infrastructure Limited & International Public Partnerships Limited, Robertson Capital Projects Ltd and Forth Holdings Ltd & FES Ltd.
- 5.23 A preferred bidder will be identified by the North Territory hub Programme Board on 29th October 2010 and approvals from the participant organisations, including Aberdeen City Council, will then be sought to reach the programmed Financial Close by 13th December 2010.

North Territory Project Pipeline

- 5.24 For the first 10 years of any partnership with hubco, hubco will have an exclusive right to develop proposals for (and, subject to meeting certain criteria, deliver through its supply chain) certain projects. This exclusivity applies differently to participant groups as detailed below and can be removed if defined performance criteria are not met by hubco.
- 5.24.1 **NHS projects:** all front-runner projects specifically named at the point the partnering agreement is signed; all primary/community health facilities with a capital value exceeding £750,000; and any other projects specifically allocated to hubco;

- 5.24.2 **Local Authority, Police and Fire Authority projects:** all front-runner projects specifically named and accepted at the point the territory partnering agreement is signed; any other projects specifically allocated and accepted by hubco;
- 5.24.3 **Joint NHS/Authority projects:** all projects with a capital value exceeding £750,000 involving primary/community health facilities where the NHS is lead procurer; and any other projects specifically allocated to hubco.
- 5.25 The Participants in the North hub Territory have submitted individual projects which have been used to form a proposed project pipeline which hubco may then deliver through one of the following options. It should be noted that the pipeline has been presented as an indication of the number, scale and type of projects which hubco must be capable of delivering, and does not represent any commitment against these schemes. It is clearly understood by all bidders that the public sector participants in the North Territory hub programme are currently reviewing priorities which will influence future investment programmes.
- 5.25.1 **Design and Build** contract (or build only for projects which have already reached design development) under a capital cost option; or
- 5.25.2 **Design, Build, Finance and Maintain** under a revenue cost option (the structure has flexibility to adapt to situations where the land is to be transferred to or otherwise owned by hubco, as well as the more "standard" position of land retained by the public sector).
- 5.26 If the hubco fails to satisfy the public sector partners' identified and prescribed requirements, then the right is reserved for the Participants to procure through other means. This exclusivity arrangement will be withdrawn if hubco performance is poor based on agreed targets for performance and continuous improvement.
- 5.27 A capital enabling fund of £30m has been made available to support the hub programme on a national basis. This fund is for use by Participants across Scotland for project development such as site acquisition and demolition works.
- 5.28 Revenue funding of £1.4m is also available specifically to assist the North Territory hub Programme with set up and ongoing running costs associated with hub over the first five years of operation.
- 5.29 The project pipeline for the North Territory hub Programme includes four front runner projects which have been identified as opportunities

for the hubco to develop and deliver these early in the Delivery Plan. The front runner projects are as follows:-

- Woodside Medical Group (NHS Grampian);
- Aberdeen Health Village (NHS Grampian);
- Tain Replacement Health Centre (NHS Highland); and,
- Ardseileach Core and Cluster Resettlement (CN Eilean Siar)

5.30 Capital enabling funds of £6.5M were approved for the North Territory hub Programme at the meeting of the hub National Programme Board on 21st January 2010.

Hubco corporate structure

5.31 The hub structure will encompass both private project finance and traditionally publicly funded developments. The equity and working capital of hubco will be split among the private sector development partner, the North Territory Participants and the Scottish Futures Trust (60%, 30% and 10% respectively).

5.32 A Shareholders Agreement will be signed by the private sector development partner, the North Territory Participants and the Scottish Futures Trust which regulates the respective rights and responsibilities of each party and sets out the matters in relation to which hubco must first obtain the consent of each category of shareholder.

5.33 A hub Territory Partnering Agreement among the Participants and hubco will set out the rights and obligations of the parties, including the provision of partnering services by hubco to the Participants and the exclusivity provisions granted by some of the Participants to hubco.

5.34 Details of the proposed Shareholders Agreement, the associated Territory Partnering Agreement and details arising from the North Territory OJEU procurement process will be reported to Members of the Enterprise, Planning & Infrastructure committee in the next committee cycle as the North Territory hub initiative gains Participant approvals in November 2010.

Conclusion

5.35 The North Territory hub programme offers a significant opportunity for delivery of high quality cost effective public services through a long term partnership approach with a Private Sector Development Partner in conjunction with other public sector partners in the North of Scotland.

5.36 By working closely with an identified Private Sector Development Partner, hubco will be expected to deliver improvements in the way

that projects are developed and delivered and the supply chain is managed, including better design, lower construction and maintenance costs and the increased speed of delivery of new facilities.

6. IMPACT

Corporate - The North Territory hub programme is a procurement model to assist the City Council and its partners across the North of Scotland in the effective delivery of joint services through community assets in conjunction with a Private Sector Development Partner. By focusing on joint delivery, hub is expected to act as a driver for the development of joint planning and joint asset management throughout the public sector.

In this regard the hub operating model is closely aligned with the Scottish Government's Shared Services agenda and the conclusions within its recently published review of Public Services in addition to the Council's ongoing efforts to develop a 5 year costed business plan.

Public - The hub programme is being developed by the Scottish Futures Trust, on behalf of the Scottish Government, as a means of improving the planning, procurement and delivery of infrastructure in support of community services, such as health, education and social care. This is of direct interest to the public as the North Territory hub initiative aims to assist public agencies to work together with their respective communities to plan and deliver better services which make a real difference to people's lives at best value.

The hubco will be required to operate an equalities and diversity policy to ensure that it will not unlawfully discriminate either directly or indirectly on such grounds as race, colour, ethnic or national origin, disability, sex or sexual orientation, religion or belief, or age or otherwise unlawfully discriminate within the meaning and scope of The Equalities Act 2010 or other relevant or equivalent legislation, or any statutory modification or re-enactment thereof.

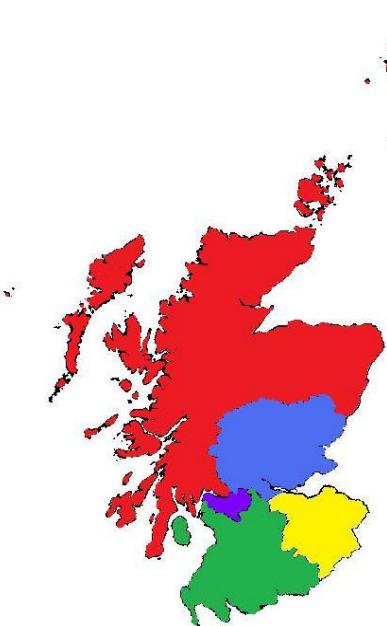
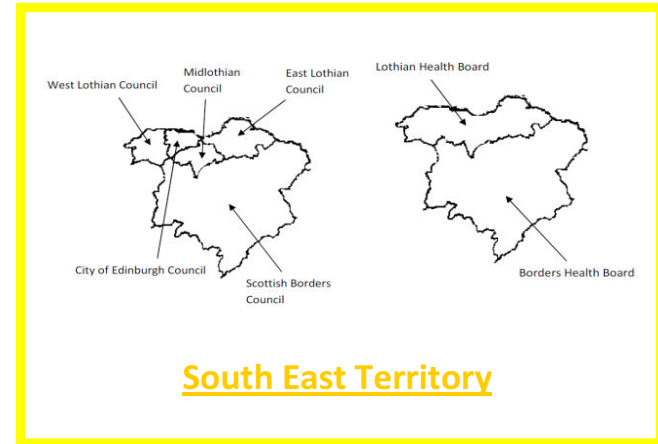
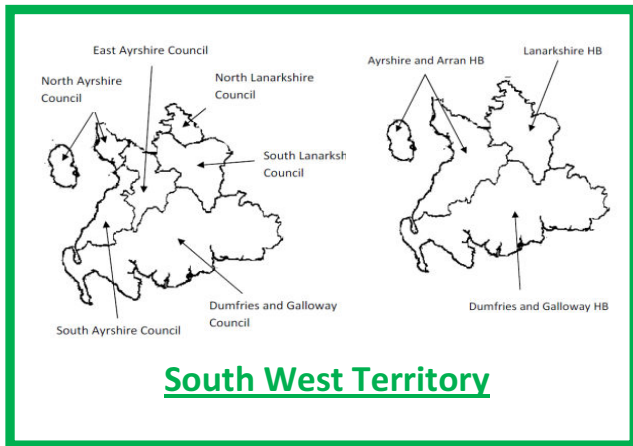
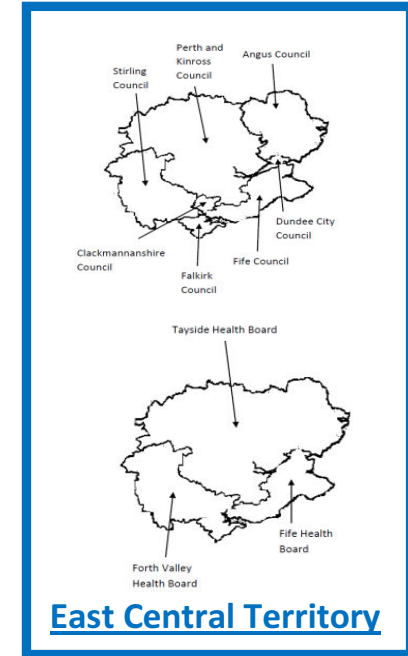
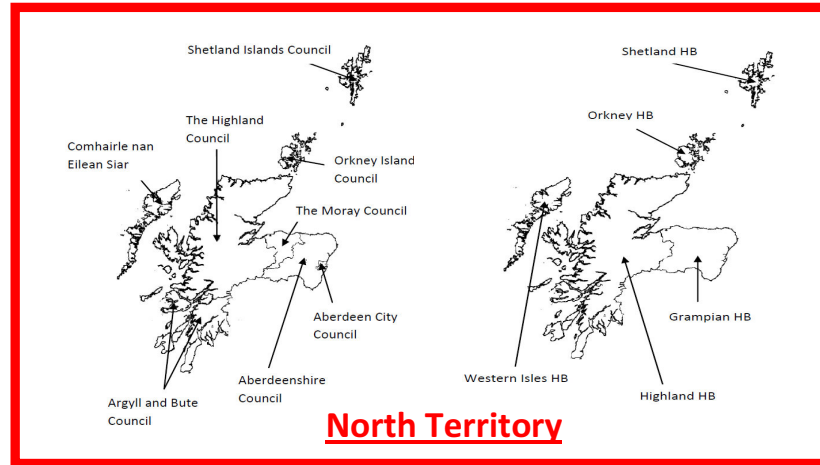
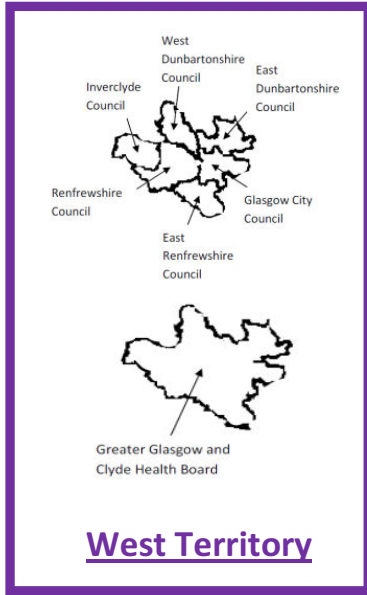
7. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

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APPENDIX 1 – hub Territories



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