

# Public Document Pack



To: All Members of the Council

Town House,  
ABERDEEN, 5 June 2012

## COUNCIL MEETING

The Members of the **COUNCIL** are requested to meet in Council Chamber - Town House on **WEDNESDAY, 13 JUNE 2012 at 10.30am.**

JANE G. MACEACHRAN  
HEAD OF LEGAL AND DEMOCRATIC SERVICES

### B U S I N E S S

- 1 Admission of Burgesses
- 2 Members are requested to resolve that any exempt business on this agenda be considered with the press and public excluded
- 3 Requests for Deputations

### MINUTES OF COUNCIL

- 4(a) Minute of Special Meeting of Council of 4 April 2012 - for approval (circulated separately)
- 4(b) Minute of Meeting of Council of 4 April 2012 - for approval (circulated separately)
- 4(c) Minute of Statutory Meeting of Council of 16 May 2012 - for approval (circulated separately)

- 4(d) Minute of Meeting of Urgent Business Committee of 19 April 2012 - for approval  
(Pages 1 - 2)

### **MINUTES OF STANDING COMMITTEES**

- 5(a) Pamphlet of Minutes (circulated separately)

### **BUSINESS STATEMENT, MOTIONS LIST AND OTHER MINUTES**

- 6(a) Business Statement (Pages 3 - 8)

- 6(b) Motions List (Pages 9 - 12)

### **REFERRALS FROM COMMITTEES**

- 7 None to date

### **GENERAL BUSINESS**

- 8(a) UK City of Culture 2017 - Report by Chief Executive (Pages 13 - 20)

- 8(b) Aberdeen Prison Visiting Committee - Appointment of Replacement Member - Report by Director of Corporate Governance (Pages 21 - 24)

- 8(c) Draft Statement of Accounts 2011/12 - Report by Director of Corporate Governance (Pages 25 - 34)

**Members are requested to note that the draft annual accounts will be circulated separately**

- 8(d) Draft Pension Fund Financial Statements 2011/12 - Report by Director of Corporate Governance (Pages 35 - 42)

**Members are requested to note that the draft accounts (Appendix A) will be circulated separately**

- 8(e) Appointments - Report by Chief Executive (to follow)

### **MOTIONS**

- 9(a) Councillor Townson

“Council agrees to develop a youth employment strategy for Aberdeen in consultation with relevant public and private organisations.”

9(b) Councillor McCaig

“Council notes with concern the decision by the UK Government to close the Remploy site in Aberdeen, given the work being done to establish a social enterprise hub at the site, and instructs the Director of Enterprise, Planning and Infrastructure to enter into discussions with Remploy UK and the UK Government over the possibility of purchasing the Remploy building on St Machar Road using the Common Good Account which would allow the work to establish a social enterprise hub to continue.”

9(c) Councillor Greig

“That this Council produces a report with recommendations for identifying any possible financial sources and fundraising opportunities in order to create a permanent commemoration in the city of the Diamond Jubilee and of the Queen’s reign.”

### QUESTIONS

10(a) Councillor McCaig (Pages 43 - 46)

- (1) Does the Convener of Finance and Resources agree with his party colleague Councillor Ramsay Milne who was quoted in the Evening Express on Tuesday 15 May saying, ‘If we are to apply a TIF a better use would be the AWPR’? If so can he give an indication of how Tax Increment Finance would be used to fund such a project, and given that the economic benefit of the AWPR is set to be felt across the whole of the North East, where would the ‘red line’ be drawn for the purposes of collecting the incremental Non-Domestic Rates?
- (2) Does the Convener of Finance and Resources wish to see the AWPR funded through TIF?
- (3) To the Convener of Finance and Resources - is the administration obliged by statute to pay Conveners £28,410 per annum or is this the maximum amount payable?
- (4) Can the Convener of Finance and Resources confirm that the salary paid to administration Conveners is £28,410 and that that is a greater amount than was paid to administration Conveners last year, which I believe to have been £26,990. If this is correct would he consider this increase in pay to be a pay rise?
- (5) Given that the pay cut that was taken by all Conveners (5%) and Vice-Conveners (reduction to £21,000) with the exception of the former Convener of Audit and Risk, is the Council Leader aware that this saved the Council £12,079, and would he like to reconsider his statement that the pay cut was an ‘empty populist gesture’ as he was quoted in the press saying?
- (6) Can the Council Leader confirm what the lowest salary paid by this Council to a full time employee was last financial year, and this financial year following the introduction of the living wage?

**BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE**

11 None to date

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## URGENT BUSINESS COMMITTEE

ABERDEEN, 19 April, 2012 - Minute of Meeting of the URGENT BUSINESS COMMITTEE. Present:- Councillor McCaig, Convener; and Councillors Adam (substituting for Councillor Crockett), Allan, Boulton (substituting for Councillor Farquharson), Dean, Dunbar, Malone (substituting for Councillor Cormack), May, West, Young and Yuill.

**The agenda and reports associated with this minute can be found at:-**

<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=334&MId=2504&Ver=4>

## DETERMINATION OF URGENT BUSINESS

1. In terms of Standing Order 28(3)(vi), and in accordance with Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973, the Committee was informed that it had to determine (1) that the item on the agenda was of an urgent nature; and (2) that the Committee required to consider the item and take a decision thereon.

### **The Committee resolved:-**

to agree that the item was of an urgent nature and required to be considered this day.

## DETERMINATION OF EXEMPT BUSINESS

2. The Committee was requested to determine that the item on the agenda contained exempt information as described in Schedule 7(A) of the Local Government (Scotland) Act 1973.

### **The Committee resolved:-**

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the following item of business so as to avoid disclosure of exempt information of the classes described in paragraphs 6 and 9 of Schedule 7(A) of the Act.

## WOODEND HOUSE, 254 QUEEN'S ROAD - OUTCOME OF MARKETING - EPI/12/115

3. The Committee had before it a report by the Director of Enterprise, Planning and Infrastructure which advised of the marketing of Woodend House, 254 Queen's Road, the offers subsequently received and the proposal for its disposal.

### **The report recommended:-**

- (a) that the offer submitted by Ledingham Chalmers, on behalf of their client, be accepted;
- (b) that the Head of Finance be instructed to obtain First Minister approval for the future sale of the property on the basis of the offer to be accepted; and

- (c) that the Head of Legal and Democratic Services be instructed to conclude missives for the sale of the property, incorporating various qualifications necessary to protect the Council's interests.

**The Committee resolved:-**

to approve the recommendations.

- **CALLUM McCAIG, Convener.**

**COUNCIL  
BUSINESS STATEMENT**

13 JUNE 2012

Please note that this statement contains a note of every report which has been instructed for submission to Council. All other actions which have been instructed by the Council are not included, as they are deemed to be operational matters after the point of decision.

| <u>No.</u> | <u>Minute Reference</u>           | <u>Council/Committee Decision</u>   | <u>Update</u>  | <u>Lead Officer(s)</u>                              | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|-----------------------------------|---|--|---|-------------------|-----------------------------------|
| 1.         | Council<br>16.12.09<br>Article 19 | <p><u>50m Swimming Pool</u></p> <p>The Council approved a number of recommendations regarding design and procurement issues relating to the 50m Pool. The Council agreed that the management of the project be transferred to Aberdeen Sports Village subject to (a) the provision of further legal and financial advice in respect of any potential risks to the Council; and (b) the other partners confirming their financial contribution to the project.</p> <p>The Council requested that Aberdeen Sports Village provide the Council with a report within four months on how they planned to drive the project forward. This is still awaited.</p> | <p>Please see <u>Appendix for full information.</u></p> <p>The Education, Culture and Sport Committee of 2 June 2011 approved the following recommendations:-</p> <p>(d) to approve funding of up to £8 million and this be met from the Non-Housing Capital Programme for the construction of a 10 lane pool subject to:</p> <p>(iii) officers reaching an agreement with partners in regard to the use of the facilities in light of the potential migration of swimming clubs to the new facility; and</p> <p>(iv) officers reaching an agreement on a Transfer Agreement Document, which</p> | Director of Enterprise, Planning and Infrastructure | 24.03.10          |                                   |

| <u>No.</u> | <u>Minute Reference</u> | <u>Council/Committee Decision</u> | <u>Update</u>  | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|-------------------------|-----------------------------------|--|------------------------|-------------------|-----------------------------------|
|            |                         |                                   | <p>will formalise the transfer of responsibility for the delivery and operational phases of the 50 metre pool project to ASV Limited.</p> <p>(f) to instruct officers to report back to the next appropriate meeting of the Council in regard to the progress on the negotiations on items d(iii) and (iv) above.</p> <p>A progress report was considered by Council on 6 October 2011, which dealt with the above matters, as well as the latest position regarding negotiations with Aberdeenshire Council. Council approved the recommendations contained within the report and instructed officers to arrange a meeting of the 50m Pool Project Working Group as soon as possible.</p> <p>The request for a report from Aberdeen Sports Village on how they planned to drive the project forward (as referred to in the Council Decision column on the previous page) has been</p> |                        |                   |                                   |

| <u>No.</u> | <u>Minute Reference</u>           | <u>Council/Committee Decision</u>   | <u>Update</u>   | <u>Lead Officer(s)</u>   | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|-----------------------------------|---|---|--|-------------------|-----------------------------------|
|            |                                   |   | <p>superseded by events given that construction works have begun.</p> <p><b>It was recommended to Council in December 2011 that this item be removed from the Business Statement in view of the above information; however Council agreed to retain the item in order that members could be kept informed of discussions with Aberdeenshire Council regarding their funding contribution.</b></p> <p>At the Council meeting on 4 April 2012, the Council requested that an update be provided on the impact if Aberdeenshire Council did not proceed with a financial contribution to the 50m Pool.</p> |  |                   |                                   |
| 2.         | Council<br>30.06.10<br>Article 16 | <p><b><u>The City Garden Project - Quarterly Progress Report</u></b></p> <p>The Council agreed to receive quarterly progress reports on the matter.</p> |   | Director of Enterprise, Planning and Infrastructure<br><br>Project Director, Economic and Business Development | 22.08.12          |                                   |

| <u>No.</u> | <u>Minute Reference</u>          | <u>Council/Committee Decision</u>   | <u>Update</u>   | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|----------------------------------|---|---|------------------------|-------------------|-----------------------------------|
| 3.         | Council<br>09.02.12<br>Article 4 | <p><b><u>Common Good Budget - 2012/13</u></b></p> <p>The Council, in approving the recommendations contained within the report with some minor amendments, agreed, amongst other things, to:-</p> <p>(i) instruct the Head of Finance to undertake a review of the level of cash balances that should be retained for a long term financial strategy, and report back to Council at an appropriate time; and</p> <p>(ii) instruct the Head of Finance to report back to Council on a proposed 5 year budget, taking account of the cash balance strategy to be adopted.</p> | <p>An internal audit report on the Common Good has recently been finalised and this recommendation is very closely aligned to the findings and recommendations contained therein. The audit report recommendations are to be completed by 31 December 2012 in order to be in place to inform the next budget setting process. A report will therefore be prepared for Council prior to the end of the calendar year in relation to this item.</p> | Head of Finance        | 13.06.12          |                                   |
| 4.         | Council<br>09.02.12<br>Article 5 | <p><b><u>Non Housing Capital Programme 2012/13 - 2014/15 Budgets</u></b></p> <p>The Council instructed officers to bring a report to a suitable meeting of Council on the alternative funding sources identified within the report with a full options appraisal of each stream, noting that it was likely that such an appraisal would also look at a combination of these sources as funding mechanisms going forward.</p>  | <p>Work is being undertaken by the Finance team and it is expected that a report will be available for the next cycle of meetings, with an initial report being presented to the Finance and Resources Committee on 4 October 2012.</p> <p><b>Recommended that this item be transferred to the Finance and Resources Committee Business Statement.</b></p>  | Head of Finance        | 13.06.12          | 04.10.12                          |

| <u>No.</u> | <u>Minute Reference</u>          | <u>Council/Committee Decision</u>   | <u>Update</u> | <u>Lead Officer(s)</u>                | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|----------------------------------|---|---------------|---------------------------------------|-------------------|-----------------------------------|
| 5.         | Council<br>09.02.12<br>Article 8 | <u>Local Authority Trading Company (LATC)</u><br>The Council agreed, amongst other things, that a Transition Plan be submitted to Council in autumn 2012 seeking final approval to transfer staff and services to the LATC. |               | Director of Social Care and Wellbeing | 10.10.12          | 22.08.12                          |

## APPENDIX

### ITEM 1 - 50m SWIMMING POOL

At its meeting of 27 April 2011, the Council agreed to delegate authority to the Education, Culture and Sport Committee to make all necessary decisions at its meeting on 2 June 2011, in order to keep the project on track, and that officers report accordingly.

The Education, Culture and Sport Committee of 2 June 2011 approved the recommendations contained within the report, as outlined below, and added an additional recommendation at d(v) "subject to officers receiving clarification from Aberdeenshire Council that their revenue funding contribution remains intact".

#### **The report recommended:-**

that the Committee -

- (a) note the content of the report;
- (b) note that the development cost, based on the most economically advantageous tender for the 10 lane option is £21,918,104 and for the 8 lane option is £21,638,104 compared to the previously reported estimated costs of £23,347,259 for the 10 lane option and £22,726,794 for the 8 lane option;
- (c) note that the total funding available from the other partners as detailed in section 5.3 of the report has increased from the previous total of £10 million reported to Council on 15 December 2010 to £14 million. This being the result of the University of Aberdeen increasing their contribution from £5 million to £8 million and Aberdeen Sports Village Ltd. (ASV Limited) agreeing to underwrite the shortfall of £1 million for the 10 lane option to ensure that the funding package can be secured. The remaining balance of external funding coming from a £5 million grant from **sportscotland**;
- (d) agree to approve funding of up to £8 million and this be met from the Non-Housing Capital Programme for the construction of a 10 lane pool subject to:
  - (i) the Corporate Asset Group, on behalf of the Corporate Management Team, managing the overall spend of the Non-Housing Capital Programme in 2011/12 to stay within approved spending limits and to take into account the future capital demand for this project in the budget process for 2012/13 and 2013/14;
  - (ii) the revenue support for the ongoing costs of the project being capped at £250,000 per annum at 2010/11 prices with a review of future indexation once the facility is nearing completion of the construction phase;
  - (iii) officers reaching an agreement with partners in regard to the use of the facilities in light of the potential migration of swimming clubs to the new facility; and
  - (iv) officers reaching agreement on a Transfer Agreement Document, which will formalise the transfer of responsibility for the delivery and operational phases of the 50 metre pool project to ASV Limited.
- (e) note that the most economically advantageous tender for the 50 metre pool project was submitted by Contractor A, and subject to the Committee agreeing to approve funding on the basis of recommendation (d), to instruct officers to arrange, in conjunction with Aberdeen University and Aberdeen Sports Village Ltd., to appoint Contractor A as the Principal Contractor, based on their tender figure for the 10 lane option which results in an overall development cost of £21,918,104;
- (f) **to instruct officers to report back to the next appropriate meeting of the Council in regard to the progress on the negotiations on items d(iii) and (iv) above; and**
- (g) to note that the provision of a 50 metre pool has been included within the scope of the Water Management Plan currently underway, and will also be included within the report to Committee, due on 15 September 2011. The Committee should be aware that historically there has been a recognition that the city has a greater number of swimming pools for the size of population than elsewhere. **sportscotland** is providing support to model the existing water provision and future needs. The recommendations will also take full account of the reducing revenue and capital budgets and the costs associated with the 50 metre pool and are likely to include a reduction in the number and range of facilities.

At its meeting on 17 August 2011, the Council agreed that the above information be added back in to the business statement, and noted that a report would be submitted to the meeting on 6 October 2011.

**COUNCIL  
MOTIONS LIST  
13 JUNE 2012**

**Please note that this statement tracks all Notices of Motion (relevant to Council) submitted by members, until the point of disposal. The motion will remain on the statement until the Council has agreed to remove it.**

| <u>No.</u> | <u>Motion</u>  | <u>Date of Council Meeting</u> | <u>Decision of Council</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 Former Lord Provost Peter Stephen</u><br>"That this Council, with its local and national cultural partners, explores the potential of bidding for the accolade of UK City of Culture in 2017, instructing officers to research the social and economical benefits of submitting a bid, and to scope the financial requirements needed to prepare such a bid." | 14.12.11                       | To approve the motion and instruct officers to report back to a future Council meeting.   | A report is on the agenda.                   | Head of Communities, Culture and Sport     | 13.06.12        | No   |
| 2.         | <u>Motion by Councillor McCaig</u><br>"In recognition of his successful football career, including his position as the Scotland national team's joint top goal scorer with thirty  | 04.04.12                       | To instruct officers to report to a future meeting on the process of nominating candidates for Freedom of the City, detailing the relevant implications and merits of this nomination as well as the other two nominations submitted. |  | Head of Service, Office of Chief Executive | 22.08.12        | No   |

| <u>No.</u> | <u>Motion</u>  | <u>Date of Council Meeting</u> | <u>Decision of Council</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> |
|------------|--|--------------------------------|---|--|--|-----------------|--|
|            | goals and as the only Scottish footballer to have been crowned European Footballer of the Year, Council agrees to bestow the Freedom of the City on Denis Law.”  |                                |   |  |  |                 |  |
| 3.         | <u>Motion by Former Councillor Hunter</u><br>“That Council confers the Freedom of the City upon Paul Lawrie for his services to golf and to the city and for his charitable work.”   | 04.04.12                       | To instruct officers to report to a future meeting on the process of nominating candidates for Freedom of the City, detailing the relevant implications and merits of this nomination as well as the other two nominations submitted. |  | Head of Service, Office of Chief Executive | 22.08.12        | No   |
| 4.         | <u>Motion by Former Lord Provost Peter Stephen</u><br>“That the Council confers the Freedom of the City on Professor Paul Mealor of the University of Aberdeen. Professor Mealor is well known having written the music for the hit song by the Military Wives which topped the music charts | 04.04.12                       | To instruct officers to report to a future meeting on the process of nominating candidates for Freedom of the City, detailing the relevant implications and merits of this nomination as well as the other two nominations submitted. |  | Head of Service, Office of Chief Executive | 22.08.12        | No   |

| <u>No.</u> | <u>Motion</u>   | <u>Date of Council Meeting</u> | <u>Decision of Council</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> |
|------------|---|--------------------------------|----------------------------|--|---------------------------------------|-----------------|--|
|            | in December 2011 - this has brought huge credit to the city and the university, focussing on the military background which the UK are currently involved in." |                                |                            |  |                                       |                 |  |

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## ABERDEEN CITY COUNCIL

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|                 |                                      |
|-----------------|--------------------------------------|
| COMMITTEE       | <b>Council</b>                       |
| DATE            | <b>13<sup>th</sup> June 2012</b>     |
| LEAD OFFICER    | <b>Valerie Watts Chief Executive</b> |
| TITLE OF REPORT | <b>UK City of Culture 2017</b>       |
| REPORT NUMBER:  | <b>ECS/12/030</b>                    |

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### **1. PURPOSE OF REPORT**

This report presents information on the potential social and economic benefits of a proposed bid for UK City of Culture 2017, and the financial requirements to prepare a bid, as requested by the Lord Provost's Motion to Council 14/12/2011.

A bid from Aberdeen for UK City of Culture represents a significant commitment to and investment in the city and its citizens, through the life changing experience of culture and participation, to bring lasting benefits beyond the City of Culture year itself.

The bid for UK City of Culture, if successful, would begin a four year process of step-change to transform the city through developing opportunities to engage in cultural experiences and to raise the city's profile as a great place to live, work, study and visit.

### **2. RECOMMENDATION(S)**

That the Council:

- i. Instructs officers to prepare and submit a bid for UK City of Culture 2017;
- ii. Instructs officers to further research the potential social and economic benefits of UK City of Culture status for Aberdeen City;
- iii. Instructs officers to work with local and national cultural partners on themes to structure the bid;
- iv. Approves the financial cost details in tables 1 and 2 and refer to the Finance and Resources Committee to identify funding;
- v. Delegates powers, as appropriate, to scope and recruit a bid development team;
- vi. Instructs officers to update Council regularly on progress;
- vii. Instructs officers to commence discussion with potential investors to ascertain financial support;
- viii. Instructs officers to commission, as appropriate, research to support the bid development

- ix. Consider identifying an appropriate cultural champion to provide leadership and act as a figurehead

### 3. FINANCIAL IMPLICATIONS

The main resource implications for Aberdeen City Council in developing a bid would be:

**Costs subject to confirmation from Finance:**

Table 1: Culture Bid Development Team

| Post                          | Proposed Grade | 18 Month Estimated Cost (Inclusive of Oncosts) | Schedule for Finance Committee approval |
|-------------------------------|----------------|--|---|
| Bid Manager                   | G16            | £100,000                                       | June 21st                               |
| Artistic Programme Manager    | G15            | £85,000  | October 4th                             |
| Funding/International Officer | G14            | £67,000  | October 4th                             |
| Marketing/Comms Officer       | G14            | £67,000  | October 4th                             |
| Cultural Policy Officer       | G14            | £67,000  | June 21st                               |
| Admin Officer                 | G11            | £45,000  | June 21st                               |
| Total                         |                | £431,000                                       |   |

Table 2: Budget for approval at Finance and Resources Committee June 21st

|  |         |
|--|---------|
| Office IT and Telephone (at a cost of £3200 per officer) | £19,200 |
| Public Engagement Activity                               | £15,000 |
| PR and Comms   | £10,000 |
| Developmental Programming                                | £50,000 |
| Total  | £94,200 |

#### Additional support

- Dedicated staff time to support the bid team as required across all directorates
- The existing contribution to culture and sport commissioned services and staff time
- The current council investment in cultural and sports grants valued at £479,029 in 2011/12 will support the community based cultural organisations to achieve the step change required

#### External support

- Creative Scotland has committed additional financial support of £250,000 to support the bid thematic development. This funding will also support required research.

- Previous bidding cities have received additional support from their respective national tourism and events bodies; research suggests that this may be the case for Aberdeen bidding for the UK City of Culture 2017 title.
- External staff and in kind support from cultural partners in Scotland's cities, the local Universities, the national performing companies and local cultural organisations.
- The proposed bid team includes an officer with a specific remit to raise funds from external partners to support the bid development and programme.

The recruitment of the Bid Development Team would be an incremental process. The initial appointment would be a Bid Manger with a proven track record of leading, developing and delivering an equivalent accolade bid proposal. Their experience would shape the Bid Development Team structure.

The estimated costs of delivering a UK City of Culture programme in 2017 will be included in the draft initial bid, and be brought to a future Finance and Resources Committee for consideration.

#### **4. OTHER IMPLICATIONS**

There no other implications relating to this report at this time.

#### **5. BACKGROUND/MAIN ISSUES**

##### **5.1 UK City of Culture Award**

- 5.1.1** In July 2009 the Department for Culture Media and Sport (DCMS) launched the 'UK City of Culture' (UKCoC) competition. The inaugural competition stemmed from the success of the European Capital of Culture Programme, most notably Liverpool in 2008. The winner of the first UKCoC in 2013, from a shortlist including Sheffield, Birmingham and Norwich, was Derry ~ Londonderry. On 27 February 2012, the Department for Culture, Media and Sport announced the United Kingdom Government's intention to hold a competition for UKCoC 2017. The opening of the competition is expected to be announced in the summer to coincide with the 2012 Olympic celebrations. Aberdeen will then have an opportunity to bid for the title.

The phased bidding process is expected to be completed by winter 2013 with the final stage of the competition held in Derry towards the end of their year as UK City of Culture 2013.

##### **5.2 Social and Economic Benefits**

- 5.2.1** Initial research, with a view to Aberdeen applying to become UK City of Culture in 2013, found that developing a bid for a major title such as the UKCoC or European Capital of Culture (ECoC) can bring substantial social and economic benefits to a City. This research clearly illustrated that the process of developing a bid, provided it is developed in partnership and can successfully bring the whole City together, can provide the catalyst for lasting change.

Aberdeen was unable to prepare a viable bid for UK City of Culture status in 2013 and the Council withdrew from the bidding process. At Council on 19<sup>th</sup> December 2009, Committee agreed to: 'Approve the recommendation to defer any potential bid in 2013 and endorses officers and partners to develop proposals for a potential bid for 2017'.

Feedback received from the DCMS on the outline bid from officers was positive, with recognition that Aberdeen had both the infrastructure and expertise to deliver a quality bid in the future.

The research conducted by officers also found that the respective Cities all used the platform of a 'City of Culture' as a key driver in delivering visions for the short, medium and long-term. It is notable that for all Cities the development of a bid was firmly placed within a wider strategic vision. The clear message was that while culture was one of several key areas of development required to establish and maintain a thriving City, it did not sit alone and was capable of providing a catalyst for development across a range of social and economic agendas. Bidding for UKCoC 2017 therefore needs to be considered in the wider context of Aberdeen City Council's Business Plan as a potential driver for reaching solutions for key objectives.

- 5.2.2** The rationale and aims for a City to develop a bid to become a 'City of Culture', while exclusive to each City, can generally be grouped under the wide terms of 'social' or 'economic'. For Cities such as Liverpool, European Capital of Culture alongside Stavanger in 2008, these objectives were explicit. Working under strategic themes the bid aimed to, amongst other things, enable an inclusive and dynamic community and to achieve long-lasting cultural and economic benefits for the City and its future generations. A series of specific targets included access to education and learning, celebrating the City's unique heritage and diversity, increase tourism and ultimately ensuring the City became an attractive place to live, to invest and to visit, then followed. While the legacy of the year is still in its relative infancy, the immediate impacts have been hugely positive.

While the scale and scope of Liverpool would be difficult to replicate, smaller Cities have shown the ability to use a City of Culture bid to make significant progress on delivering their vision for the future. This has included providing a focus to tackle a range of challenges, many of which can be related to those facing Aberdeen. On a social level there have been examples of Cities utilising a 'City of Culture' bid to both highlight and have an impact on issues such as social inequality, closing the poverty gap, improving educational performance, health improvement and

connecting disparate cultures and communities. This has been delivered through a range of means both at bid and delivery stages of the project. The profile and focus of a 'City of Culture' bid can galvanise a community: cities have shown that a collective ethos can galvanise a City to work towards a shared goal. The most recent example of this is perhaps the successful UKCoC 2013 bid by Derry-Londonderry which utilised the process to bring communities together to celebrate and create a narrative about a City in which they are deeply proud to live and work.

- 5.2.3 The tourism, leisure and creative industries have a proven track record of resilience in difficult economic times: also the potential to play a role in the regeneration, health and well being of communities and areas. Both Liverpool and Derry-Londonderry focused on the potential skills and training opportunities that came with the development of a bid. To achieve the UKCoC title will require a creative approach to contracting and procurement of variable scale, and within that process there is the potential to harness a mix of 'Social Clauses' and 'Community Benefits' package that can ensure a lasting positive legacy for Aberdeen's Regeneration areas and beyond. The Games Legacy for Glasgow's 2014 Commonwealth Games provides for a range of such benefits.

There is evidence that developing a bid can bring a wide range of lasting economic benefits. Research is conclusive in terms of immediate and tangible benefits, while less tangible and longer terms benefits are also now becoming apparent. The Liverpool Culture Company reported that the economic benefit of the title was £800 million. Derry-Londonderry's bid estimated that UK City of Culture could lead to additional Gross Value Added (GVA) of £40 million between 2010 and 2013, as well as 2,800 net additional workplace jobs by 2020. The experience of others implies that there are significant benefits, even for those locations which are unsuccessful, such as Birmingham and Durham, evidencing benefits in profile, tourism and infrastructure.

The majority of Cities who have developed bids point to a marked increase in tourism and subsequently related employment. In part, this can be attributed to the profile and perception change provided by the 'City of Culture'. This change in perception can also provide a huge catalyst for long-term change. Glasgow used the EUCoC as a platform for its hugely successful 'smiles better' campaign. Cities have also approached the 'City of Culture' process as a method to drive forward the quality of life agenda. With Cities competing on a global level to attract and retain investment and people, 'City of Culture' titles have focused on how an improved cultural offering can play a pivotal role.

- 5.2.4 It is clear that the UKCoC or similar competition provides a focus which, if harnessed correctly, has the potential to help transform a City. Crucially, successful Cities shown it must also relate strongly to a wider regeneration plan for its future and that it cannot be viewed as the sole answer. It is a process which demands that the citizens of a City work together to use culture as a real driver which will lead to a lasting positive change for each and every one of its residents and visitors.

## **5.3 Next steps**

- 5.3.1 Preparations must start immediately with the appointment of the bid team to enable the development of a robust bid document. This is clear from the 2013 UKCoC feasibility work undertaken by officers and feedback from the DCMS. Aberdeen has the potential to develop a strong proposal for UK City of Culture 2017. The city will need to be ambitious and innovative to be successful.

Experience in other cities has shown that the role of Elected Members as champions for a bid is critical for success. It is important to identify a cultural champion early in the process to provide clear leadership for the city and its partners.

A steering group needs to be established to oversee all aspects of a potential bid. The composition of this group has not yet been determined; however experience from other successful Cities shows a need to have representation from a wide range of key stakeholders. This steering group will have a strategic overview, with an operational group responsible for practical aspect of the research. An initial stakeholders and cultural partners information session on the UKCoC 2017 was held in March 2012 and was met with unanimous support for the bid process.

The steering group and bid team will develop, through community and partner engagement, the key themes that will underpin the City of Culture bid. This will build on some existing developments, including links with Argentina regarding community arts development and arts education, twinning, international loans of artwork and collaboration with other creative cities including Ghent, Eindhoven and Stavanger.

The bid team will develop the existing knowledge exchange with Derry-Londonderry to inform the bid,

It will be important for the success of this initiative to take a corporate approach to realise any potential benefits through any other planned developments, for example transportation links, planning gain and community benefits.

Although the bidding process requires leadership from the Council, the bid requires engagement with all interested stakeholders. The team will need to develop existing and new partnerships to realise the potential opportunities, for example building on the recent AB+ cultural conference and relationships with Creative Scotland, Arts and Business Scotland and local businesses.

## **6. IMPACT**

The scope of this opportunity encompasses culture in its widest sense including Arts, Sport, Technology, Education, Tourism and Heritage.

The report links to Outcome 13 in the Single Outcome Agreement - We take pride in a strong, fair and inclusive national identity.

The bid development will provide opportunities for community engagement within schools and communities to enable citizens to actively shape what the City of Culture can mean for them. This will provide opportunities for innovative approaches to budgeting and decision making to transform local communities. This will link to the city's Learning Strategy, support the experiences and outcomes of Curriculum for Excellence and impact on the outcomes of the city's Anti-poverty Strategy.

The report also has a significant impact on our ability to support the delivery of the city's Cultural Strategy, 'Vibrant Aberdeen'. This strategy is aspirational in its outlook, ambitious in its plans for improving the Cultural life of the city, and the social and economic benefits associated with the arts and cultural activity. The strategy enhances the city's strong Cultural tradition and develops the cultural life and tourism for the benefit of practitioners, residents and visitors.

## **7. BACKGROUND PAPERS**

UK City of Culture, Education, Culture and Sport Committee 24 November 2009  
'Cracking the Cultural Code' - Derry /Londonderry 2013 Bid Proposal

## **8. REPORT AUTHORS DETAILS**

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## ABERDEEN CITY COUNCIL

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|                 |  |
|-----------------|--|
| COMMITTEE       | Council  |
| DATE            | 13 June 2012   |
| DIRECTOR        | Director of Corporate Governance                                       |
| TITLE OF REPORT | Aberdeen Prison Visiting Committee – Appointment of Replacement Member |
| REPORT NUMBER   | CG/12/066  |

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### 1. PURPOSE OF REPORT

This report intimates the requirement to find and select one replacement Aberdeen City Council appointee on the Visiting Committee.

### 2. RECOMMENDATION

That the Council appoint Ms Rae Ingham as the remaining external member to the Aberdeen Prison Visiting Committee.

### 3. FINANCIAL IMPLICATIONS

Democratic Services has traditionally supplied a Committee Services Officer to act as Clerk to Aberdeen Prison Visiting Committee. This has been done gratis on account of what is usually the relatively low workload implications.

However, the Cabinet Secretary on 5 December 2011, announced his decision to disband Visiting Committees. On the basis of the latest update from the Minister, it is anticipated that Visiting Committees will be disbanded as of 1 April 2013, and the new service will begin. Therefore the services of Democratic Services will no longer be required from then on.

### 4. SERVICE & COMMUNITY IMPACT

The value judgements underpinning the existence of Visiting Committees are outlined in Section 6.

### 5. OTHER IMPLICATIONS

None.

## 6. REPORT

### 6.1 **Background**

- 6.1.1 Many elected members will be familiar with the role of Prison Visiting Committees which, very broadly, act on behalf of the First Minister as independent observers concentrating on the conditions in prisons and, in particular, the treatment of prisoners.
- 6.1.2 Some form of independent oversight of prisons in Scotland has existed for well over a century. The modern context of the Visiting Committee is a sophisticated one which assumes harmony between the Committee and the Governor but, ultimately, provides for the possibility that the Committee might not be satisfied by remedial action taken by the Governor in response to its concerns, and for the referral of difficulties to the First Minister.
- 6.1.3 Ideally, the Governor welcomes the involvement and participation of the Visiting Committee in the strategic planning process but, ultimately, the Committee has no veto on value judgements reached in the course of that process. However, the absence of ultimate managerial responsibility does not entail lack of real influence.
- 6.1.4 Every member of a Visiting Committee has the right to enter the establishment at any time, and to have access to every part of it and to every prisoner. This right must of course be exercised with common sense, and with due regard to the routines of the establishment. A visiting rota is arranged, with a minimum of two members visiting every fortnight. These rota visits are at the heart of the Committee's moral and legal purpose.

### 6.2 **Current Position**

- 6.2.1 The Aberdeen Committee is supported by the City Council. The statutory rules for Aberdeen stipulate that the Council needs to appoint four representatives (whereas for the Peterhead Committee we are obliged to appoint only three). All four Aberdeen appointments can be external members but at the very least (in any mixture of external members and Councillors) external members must not be outnumbered.
- 6.2.2 As members will recall the Council on 16 May 2012, the Council agreed to appoint Councillors Allan and Forsyth and Ms Eileen Lawson to the Visiting Committee. This left one external member still to be appointed.

### 6.3 **Appointments Required**

- 6.3.1 On the basis of the current position detailed above, the Council now needs to make one external member appointment to the Committee.
- 6.3.2 Although some broad civic experience is desirable, and some knowledge of the justice system preferable, any new appointment with commitment to the role is eminently suitable, and the Scottish Prison Service and the Association of Visiting Committees provide a wide range of training opportunities for new members. Previous experience suggests that Community Councils and the Civic Forum will not yield many expressions of interest here, reflecting perhaps the

likelihood that many people would find entering a prison to be a daunting prospect.

6.3.3 One note of interest has been received for the vacant position from Ms Rae Ingham. Ms Ingham has a wealth of knowledge of the justice system, and in particular of counselling and rehabilitation services both within the city and on a national basis. She has worked with a variety of organisations providing counselling and also assisting prisoners on their transition back into the community. In addition, she has dedicated a vast number of years helping the homeless in Aberdeen and continues her work in this area today. On the basis of her knowledge and experience, it would seem that Ms Ingham would be an ideal candidate for the vacancy; therefore it is recommended that Council appoint Ms Ingham as the remaining external member on the Visiting Committee.

## 7. AUTHORISED SIGNATURE

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## 8. REPORT AUTHOR DETAILS

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## 9. BACKGROUND PAPERS

No background papers were used as a point of departure for writing this report.

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## ABERDEEN CITY COUNCIL

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| <b>COMMITTEE:</b>       | Council                             |
| <b>DATE:</b>            | 13 June 2012                        |
| <b>DIRECTOR:</b>        | Stewart Carruth                     |
| <b>TITLE OF REPORT:</b> | Draft Statement of Accounts 2011/12 |
| <b>REPORT NUMBER:</b>   | CG/12/075                           |

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide to elected members a copy of the Council's draft 2011/12 Statement of Accounts, which are subject to audit.
- 1.2 The Council is required by statute to annually present a set of draft accounts to Audit Scotland by 30 June and for elected members to receive a copy of these draft accounts by this due date.
- 1.3 This report provides an overview of the year-end financial position and the resources of the Council as at 31 March 2012, and will be followed by a report to Finance and Resources Committee on 21 June 2012 on the full year outturn for the Council,

### 2. RECOMMENDATION(S)

- 2.1 It is recommended that the Council:
  - a) note the Draft Statement of Accounts, and financial performance of the various Council accounts contained therein, which will be submitted to Audit Scotland by 30 June 2011;
  - b) note the overall positive outturn that has been achieved in 2011/12 and the surplus against budget that provides opportunities for the Council to continue to strengthen its balance sheet and financial position;
  - c) agree to set aside the full value of debt owed by the AECC Group to the Council to enable the most appropriate and tax efficient mechanism to be put in place during 2012/13 and thereby remove the debt burden from AECC;
  - d) agree that the Head of Finance and Head of Legal and Democratic Services be given delegated power to enter into and carry out the necessary transactions in connection with removal of the debt burden and the transfer of assets, as previously agreed by Council in December 2010;

- e) note that in accordance with the relevant strategies to maintain revenue balances the Council's objective of retaining recommended levels of uncommitted balances has been achieved;
- f) approve the various transfers between Council accounts and earmarking of sums against the General Fund, Housing Revenue Account and Common Good as at 31 March 2012 as detailed in paragraphs 5.3.16 and 5.3.20, including the sum of £557,000 from the 2011/12 budget surplus to support the Council's City of Culture 2017 bid; and
- g) note that the audited Statement of Accounts will be presented to the Audit and Risk Committee, along with the external auditor's report to members in the Autumn, and will come back to a Council meeting thereafter.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications of the Draft Financial Statements are detailed throughout the body of the report. Particular attention should be drawn to the 2011/12 year end working balances that exist on the three main accounts, the General Fund, the Housing Revenue Account and the Common Good, which show the extent of commitments set against the fund balances held. These details can be seen at section 5.3.20 below.

### **4. OTHER IMPLICATIONS**

- 4.1 Every organisation has to manage the risks inherent in the operation of services on the scale of the Council. The financial risks are minimised by the regular review of financial information by Services and corporately by Members. This report forms part of the end of year reporting cycle and seeks to clarify the overall operating conditions and outcomes that have resulted in the past year.

### **5. REPORT**

- 5.1.1 There is a statutory requirement that an abstract of the accounts for each financial year be submitted to the Controller of Audit not later than 30 June in the next financial year.
- 5.1.2 In effect this means that Financial Statements for 2011/12, which are prepared in accordance with the relevant Accounting Codes of Practice, require to be submitted by 30 June 2012 to Audit Scotland.
- 5.1.3 There is also a requirement that the draft accounts be provided to Elected Members by 30 June each year.

5.1.4 For ease of reference the report is broken down into the following sections:

- 5.2 Link between the Statement of Accounts & General Fund Position
- 5.3 Revenue
- 5.4 Capital
- 5.5 Inspection and Audit of Accounts

## **5.2. Link between Statement of Accounts & General Fund Position**

5.2.1 In the 2007 Budget the Chancellor announced that there would be a requirement for Local Authorities to adopt International Financial Reporting Standards from 2010/11.

5.2.2 The Statement of Accounts have been prepared in accordance with the International Financial Reporting Standard (IFRS) based *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12(the Code)*, The Statement of Accounts are also based on the *Service Reporting Code of Practice 2011/12 (SeRCOP)*.

5.2.3 In reading the Statement of Accounts members are asked to note the difference between the figures shown in the Comprehensive Income and Expenditure Statement and the actual performance of the Council against which it can be measured by the Council Tax payer, which is presented in the Movement in Reserves Statement.

5.2.4 The figure to be aware of is the one described in the Movement in Reserves Statement as “(Increase) / Decrease in the Year”, which is the actual movement on the individual Funds.

5.2.5 The importance of the difference cannot be over emphasised, the reason being that the Comprehensive Income and Expenditure Statement shows the financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. It takes account of the requirements of IFRS based accounting standards.

5.2.6 The impact of compliance with accounting standards is that many accounting entries are made which remove the obvious linkage between the figures presented in the Comprehensive Income and Expenditure Statement and the way in which the Council is required to account for itself within a framework of raising Council Tax.

5.2.7 The main differences are that in the Comprehensive Income and Expenditure Statement capital investment is accounted for as fixed assets are consumed, rather than as investment is financed; and retirement benefits are charged as future benefits are earned, rather than as amounts become payable to pension funds and pensioners.

5.2.8 The General Fund Balance compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. It is upon this basis that the regular monitoring reports are prepared for Members' consideration during the year.

### 5.3. Revenue

5.3.1 Members are requested to draw their attention to the Explanatory Foreword in the Statement of Accounts which summarises the financial position of the Council across its various accounts and provides commentary on the performance of the Council during the Financial Year.

5.3.2 All of the figures are subject to the external audit process.

5.3.3 In summary, the actual performance against budget of the Council was:

|                         | 2011/12<br>Budget<br>£'000 | 2011/12 Actual<br>(Surplus) /<br>Deficit<br>£'000 | (Favourable) /<br>Adverse<br>Movement<br>£'000 |
|-------------------------|----------------------------|---|--|
| General Fund            | 0                          | (3,909)   | (3,909)  |
| Housing Revenue Account | 0                          | (420)   | (420)  |
| Common Good             | 268                        | (714)   | (982)  |

5.3.4 The actual movement on the reserves for the year is influenced by use of reserves and balances in year and transfers between accounts.

5.3.5 For the Common Good, transactions relating to proper accounting practice are applied to reflect the actual change in value from year to year. This represents the sale of fixed assets and the revaluation of the investment properties that comprise the Common Good.

5.3.6 In relation to the General Fund a budget surplus was achieved of £3.9m following the review of all year end transactions and the requirement for the Council to retain provisions and set aside funds to support projects already subject to committee decisions.

5.3.7 The budget surplus is being recommended for use to provide resources to support the Council's bid for City of Culture in 2017 (£557,000) and to contribute to making provision for the non-repayment of debts owed by the AECC.

5.3.8 Following the conversion of £2 million of loan value to preference shares proper accounting practice is to recognise these at fair value, rather than historical cost. The value that the Council has put on these shares is £nil and has therefore made an adjustment in the General Fund to charge the value reduction.

5.3.9 The balance that AECC owes the Council therefore stands at £26.2 million and this is repayable in 2017 and 2021. Based on historical performance and on the basis that the recently prepared business plan for the AECC does not take into account repayment of the debt nor does it prepare AECC for making repayments it is considered highly likely that the loans will not be repaid. The normal accounting treatment that should be applied in this circumstance is that a provision is created to recognise the value that the Council believes is uncollectable, this principle is applied to all of the Council debts not just those outstanding from AECC. A specific provision for £26.2 million has therefore been created in the Council accounts.

5.3.10 This does not actually remove the debt burden from AECC, however it is recommended that the Council put in place the most appropriate and tax efficient mechanism during 2012/13 that thereby removes the debt burden from AECC. Due to the specific nature of the relationship between the Council and AECC both parties are seeking specialist tax and accounting advice.

5.3.11 A proportion of the budget surplus on the General Fund (£3.351 million) for 2011/12 has been utilised to enable the provision to be created.

5.3.12 The actual movement on the various Council accounts is as follows:

|                            | 2011/12<br>Actual<br>(Surplus) /<br>Deficit<br>£'000 | 2011/12<br>Changes in<br>Provisions<br>£'000 | 2011/12<br>Change in<br>Earmarked<br>Reserves<br>£'000 | AECC<br>Debt<br>Provision<br>£'000 | 2011/12<br>Accounting<br>Transactions<br>£'000 | Actual<br>(Favourable)<br>/ Adverse<br>Movement<br>on Account<br>£'000 |
|----------------------------|--|--|--|------------------------------------|--|--|
| General Fund               | (3,909)  | (10,474)                                     | (6,773)  | 28,200                             | -  | 7,044  |
| Housing Revenue<br>Account | (420)  | -  | -  | -                                  | (126)  | (546)  |
| Common Good                | (714)  | -  | -  | -                                  | (5,956)  | (6,670)  |

5.3.13 The balance on the various accounts (prior to earmarking sums) at 31 March 2012 can therefore be summarised as:

|                         | 1/4/12<br>Balance<br>£'000 | Movement<br>in Year<br>£'000 | Transfers<br>£'000 | 31/3/12<br>Balance<br>£'000 |
|-------------------------|----------------------------|------------------------------|--------------------|-----------------------------|
| General Fund            | (35,466)                   | 7,044                        | -                  | (28,422)                    |
| Housing Revenue Account | (6,877)                    | (546)                        | 420                | (7,003)                     |
| Common Good *           | (67,183)                   | (6,670)                      | -                  | (73,853)                    |

\* The Common Good figures shown represent the value of investment properties held plus cash balances. The value of cash balances at 31 March 2012 is £7.051 million.

5.3.14 The transfers column referred to in the table above reflects a transfer approved by the Finance and Resources Committee in March 2012. This transfer was made to the General Fund, but is not shown in the above table against the General Fund as the sum was then transferred to the Capital Fund.

5.3.15 The Council can operate a Capital Fund, under the Local Government (Scotland) Act 1975 and make specific withdrawals – to pay for capital expenditure or the repayment of loan debt principal. It may also receive contributions from the sale of property and any other sums as directed by the Council.

5.3.16 In 2011/12 a value of £8.273 million has been transferred to the Capital Fund in order to mitigate future capital risks and to capture funding allocated as part of the budget for financial year 2011/12. It is recommended that the Council approve this transfer as part of the year end closure of the accounts.

5.3.17 The balance on the Capital Fund as at 31 March 2012 is £19.892 million.

5.3.18 The earmarking of the account balances is important to ensure that the funds associated with specific projects and for specific purposes are recognised and set aside for that use. Each year the Council has set aside funds in this way.

5.3.19 The General Fund, Housing Revenue Account and Common Good all have balances that require to be earmarked and these fall into specific categories – financial risks; specific contingent risks; unspent grant income; specific projects; and for the Devolved Education Management scheme.

5.3.20 A summary of the recommended earmarked sums as at 31 March 2012, included in the draft Statement of Accounts is shown in the table below

(note, commitments on the Common Good are set against its cash balances):

|  | General<br>Fund<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Common<br>Good<br>£'000 |
|--|--------------------------|--|-------------------------|
| <b>Balance as at 31/3/12</b>           | <b>(28,422)</b>          | <b>(7,003)</b>                         | <b>(7,051)</b>          |
| Earmarked Sums                         |                          |  |                         |
| Contingent Risks:                      |                          |  |                         |
| De-risk contingent liabilities         | 2,843                    |  |                         |
| Central Heating Leases                 |                          | 322                                    |                         |
| Unspent Grant Income:                  |                          |  |                         |
| Various grants received not yet spent  | 843                      |  |                         |
| Specific Projects:                     |                          |  |                         |
| Energy Efficiency Fund                 | 277                      |  |                         |
| Queens Links Reinstatement Fund        | 102                      |  |                         |
| City Development Company               | 1,345                    |  |                         |
| 'The Green' Townscape Project          | 507                      |  |                         |
| Roads Maintenance                      | 129                      |  |                         |
| Business Plan Service Options          | 4,164                    |  |                         |
| TIF Business Case                      | 300                      |  |                         |
| Social Care OT Store                   | 171                      |  |                         |
| Clashieknowe Project                   | 200                      |  |                         |
| Waste Strategy                         | 75                       |  |                         |
| Mobile Working                         | 85                       |  |                         |
| Zero Waste                             | 734                      |  |                         |
| Windfarm Start Up                      | 100                      |  |                         |
| City Of Culture Bid                    | 557                      |  |                         |
| Scottish Secure Tenancy                |                          | 250                                    |                         |
| Repairs & Maintenance                  |                          | 2,172                                  |                         |
| Greenfern Development                  |                          |  | 289                     |
| Devolved Education Management          |                          |  |                         |
| Schools                                | 2,400                    |  |                         |
| Community Education Centres            | 2,300                    |  |                         |
| <b>Total Earmarked balance</b>         | <b>17,132</b>            | <b>2,744</b>                           | <b>289</b>              |
| <b>Total Uncommitted balance</b>       | <b>(11,290)</b>          | <b>(4,259)</b>                         | <b>(6,762)</b>          |
| <b>Recommended uncommitted balance</b> | <b>(11,290)</b>          | <b>(3,866)</b>                         | <b>(4,945)</b>          |

5.3.21 Recommended uncommitted balances are presently defined as:

- General Fund - the approved level is 2.5% of net (2012/13) revenue expenditure,
- Housing Revenue Account – 5% of (2012/13) gross expenditure;
- Common Good – cash balances should be maintained by using the Consumer Price Index (CPI) to annually uplift a sum previously approved by the Council.

5.3.22 It is recommended that the earmarked balance, as detailed at 5.3.20, is approved and set aside as at 31 March 2012.

#### **5.4. Capital**

5.4.1 Capital expenditure is undertaken by the Council having regard to the Prudential Code for Finance in Local Authorities and considerations, in all years, of affordability and sustainability.

5.4.2 Total capital expenditure in 2011/12 was £69.6 million, of which £37.7 million was spent on the Housing (HRA) programme and £31.9 million on the General Fund programme

5.4.3 The main service elements within the General Fund Capital programme comprise approximately £2 million on ICT and data projects, £3.8 million on infrastructure improvements to Roads & Transportation and £11.9 million on Corporate Accommodation projects, including £7.4 million on Marischal College. The remaining balance of £17.2 million being spent on various other capital projects

5.4.4 Examples of some of the main projects undertaken in 2011/12 included work on Marischal College, the data centre, equipment for the new schools, roads resurfacing works, 'Ness' and 'Hill of Tramaud' landfill sites and vehicles. Specific housing related projects included the construction of new affordable housing, extra care adaptations, and the modernisation programme.

5.4.5 The majority of costs were funded from a combination of finance through net borrowing (£19.5 million), the proceeds from the sale of assets (£4.7 million), and income from grants and contributions (£21.7 million), with the remainder being contributions from the revenue accounts (housing - £23.4 million; general fund - £0.3 million).

#### **5.5. Inspection and Audit of the Accounts**

5.5.1 Following submission of the draft accounts, upon being so requested by Audit Scotland, a notice of inspection will be placed in the press giving at least 14 days' public notice of the commencement of the period during which the accounts and other documents will be available for public inspection. The accounts and other documents require to be made available for a period of not less than 15 full days during ordinary business hours.

5.5.2 It is anticipated as in previous years, following the required timetable and notices, that the draft accounts will be available for public inspection in late July/early August.

5.5.3 It should be noted that the unaudited accounts are prepared according to the requirements of the IFRS based Code of Practice on Local Authority Accounting (the Code) and as a result are more complex and detailed than monitoring reports provided to Committee throughout the year.

5.5.4 An analysis of the accounts will be presented to the Audit and Risk Committee and Council once the audit process has been completed, along with the external auditor's report. The audit process is scheduled for completion by 30 September 2012.

## **6. IMPACT**

6.1 It is the aim of the Council to maintain working balances to a level that provides sufficient scope to deal with unexpected or unforeseen events in order that this does not have a detrimental and immediate impact on service delivery. At its meeting of 10 February 2011 the Council agreed that a sum, equivalent to 2.5% of net revenue expenditure, approximately £11.3 million, be maintained by the Council.

## **7. REPORT AUTHOR DETAILS**

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## **8. BACKGROUND PAPERS**

Draft Financial Statements for Financial Year 2011/12;  
Redetermination letters received from the Scottish Government;  
Previous reports to Finance and Resources Committee on General Fund

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## ABERDEEN CITY COUNCIL

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|-------------------------|---|
| <b>COMMITTEE:</b>       | Council   |
| <b>DATE:</b>            | 13 June 2012                                    |
| <b>DIRECTOR:</b>        | Stewart Carruth                                 |
| <b>TITLE OF REPORT:</b> | Draft Pension Fund Financial Statements 2011/12 |
| <b>REPORT NUMBER:</b>   | CG/12/077                                       |

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide to elected members a copy of the Pension Fund's draft 2011/12 Statement of Accounts, (Appendix A).
- 1.2 Following the introduction of new statutory requirements in 2011, the Pension Fund is now required annually to present a set of draft Pension Fund accounts to Audit Scotland by 30 June separate from the accounts prepared by the City Council.
- 1.3 It has been agreed with external audit that work with regard to the Pension Fund accounts will be carried out during the month of June ahead of the submission of the draft accounts to Audit Scotland at the end of June. This report provides an overview of the year-end financial position and the assets of the Pension Fund and Transport Fund as at 31 March 2012.

### 2. RECOMMENDATION(S)

- 2.1 It is recommended that the Council:
  - a) note the Draft Statement of Accounts, and financial performance of the North East Scotland Pension Fund and Transport Fund contained therein, which will be submitted to Audit Scotland by 30 June 2012;
  - b) note that the audited Financial Statements will be presented to the Pensions Panel, by external audit in the Autumn.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The financial implications of the Draft Financial Statements are detailed throughout the body of the report.

## 4. OTHER IMPLICATIONS

- 4.1 Every organisation has to manage the risks inherent in the operation of services on the scale of the Pension Funds. These risks are minimised by the regular review of financial information by the Head of Finance and corporately by the Pensions Panel. This report forms part of the end of year reporting cycle and seeks to clarify the overall operating conditions and outcomes that have resulted in the past year.

## 5. REPORT

- 5.1.1 There is a statutory requirement that an abstract of the accounts for each financial year be submitted to the Controller of Audit not later than 30 June in the next financial year.
- 5.1.2 In effect this means that Financial Statements for 2011/12, which are prepared in accordance with the relevant Accounting Codes of Practice, require to be submitted by 30 June 2012 to Audit Scotland.
- 5.1.3 For ease of reference the report is broken down into the following sections:

- 5.2. Accounting Requirements
- 5.3. Accounts
- 5.4. Annual Report Requirements
- 5.5. Inspection and Audit of Accounts

### 5.2. Accounting Requirements

The Pension Funds financial statements should be prepared in accordance with proper accounting practices set out in the *Code of practice on local authority accounting in the UK* (the Code).

The Code requires authorities to account for pension funds in accordance with *IAS26 Retirement benefit plans*. IAS26 provides guidance on the form and content of the financial statements prepared by pension funds. It compliments *IAS19 Employee Benefits* which deals with the determination of the costs of retirement benefits in the financial statements of employers.

### 5.3. Accounts

- 5.3.1 Members are requested to draw their attention to the Explanatory Foreword in the Statement of Accounts which summarises;
- the statutory framework of the North East Scotland Pension Fund and Transport Fund,
  - the scheme membership,
  - its accounting policy with regard to the Fund's investments

5.3.2 The purpose of the Funds is to provide a sustainable and affordable final-salary pension to its members, both present and future.

5.3.3 The aim of Aberdeen City Council as the administering authority is to:

- Maintain employer contributions as near constant as possible and at reasonable cost to the taxpayers, scheduled and admitted bodies, having regard to the benefits being paid and those due to be paid at a future date;
- to manage employers' liabilities effectively through regular review of contributions and additional contributions for early retirements which lead to a strain on funding;
- to encourage membership;
- to ensure that sufficient resources are available to meet all liabilities as they fall due;
- to maximise the returns from investments within reasonable risk parameters;
- to achieve excellent customer care;
- to continually improve service delivery

5.3.4 The financial statement reflects the income and expenditure of the Fund's and the value of the Funds investment assets. The key items of note are detailed at Appendix B.

5.3.5 As at 31 March 2011 the funding position as assessed by the scheme actuary was 88% funded for the North East Scotland Fund and 95% funded for the Transport Fund. The 2011 triennial valuation set the employer contribution rate for all admitted and scheduled bodies for the period to 2012 to 2015. Throughout the valuation process the actuary sought to maintain stability of employer contribution rates with the average employer combined rate set for the North East Scotland Pension Fund at 19.3% of pensionable payroll for each of the three years 2012 to 2015. The Transport Fund as a closed fund has agreed a specific funding programme with the single scheme employer First Aberdeen.

5.3.6 The Funds saw an increase in asset value over the 12 month period to 31 March 2012 for the North East Scotland Pension Fund of £51 million and £4 million for the Transport Fund. Full details of the investment performance of the funds will be given in the Pension Fund Annual Report.

#### **5.4. Annual Report Requirements**

5.4.1 Local authorities responsible for administering a pension fund (administering authorities) forming part of the Local Government Pension Scheme (LGPS) are required by a recent amendment to the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 to publish a pension fund annual report from 2010/11.

5.4.2 The annual report is a publication separate from the authorities own statutory accounts and contains financials statements in respect of each pension fund maintained by an authority. Authorities are required to publish the annual report by 1 December.

5.4.3 In addition to the financial statements and notes, the report is required to contain;

- A report about the management and financial performance of the funds during the year, a report explaining the authority's investment policy and reviewing the performance during the year of the investments of each fund, and a report of the arrangements made during the year for the administration of the funds
- A statement by the actuary of the level of funding disclosed by their valuation
- The governance compliance statement, funding strategy statement, and statement of investment principles (or details where these can be obtained)
- The extent to which levels of performance set out in the pension fund administration strategy have been achieved
- Any other material which the authority considers appropriate

5.4.4 The Pension Fund Annual report is currently being drafted and will accompany the Final Statement of Accounts, when presented to the Pensions Panel later in the year.

#### **5.5. Inspection and Audit of the Accounts**

5.5.1 The audit of the Pension Fund accounts is not subject of a separate audit appointment. The appointed auditor to the City Council (the administering authority) will be required to issue a separate audit opinion on the abstract relating to the Pension Funds.

5.5.2 The deadlines that apply to the Pension Funds financial statements (as an abstract) are the same as those for the main accounts of the City Council i.e. they must be prepared and submitted for audit by 30 June. The audit deadline set by the Accounts Commission of 30 September also applies. As stated above authorities are required to publish the Pension Funds annual report by 1 December.

## **6. IMPACT**

- 6.1 The Pension Funds, administered by Aberdeen City Council, are managed for the benefit of members of the local government pension scheme and investment decisions are taken in line with their investment strategy.

## **7. REPORT AUTHOR DETAILS**

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## **8. BACKGROUND PAPERS**

Draft Financial Statements for Financial Year 2011/12

**INCOME**

Income from Pension Funds contributions has risen for both funds; this rise comes mainly from the higher employer contributions. Employee contributions are less than last year due to the reduction in number of contributing members.

Investment income has marginally increased for both funds, with higher income from equity holdings as detailed in the notes to the accounts.

**EXPENDITURE**

Pensions payable have increased for both funds. This is in line with the increase in the number of retired members, as per the membership information stated in the notes to the accounts.

Fund Administration costs for the North East Scotland Pension Fund have risen over the year due to significant costs associated with the 2011 actuarial valuation and work associated with scheme employers.

Investment management expenses have decreased from £8.8 million for 2010/11 to £5.4 million. This decrease is due to the reduction in performance fees paid to asset managers during the year.

**NET ASSETS**

Net increase in Assets for the North East Scotland Pension Fund for 2011/12, were £51,375,000 and broken down as follows:

Main Fund

|   |               |
|---|---------------|
| Change in Market Value  | (£6,354,000)  |
| Realised Gains  | (£16,155,000) |
| Net income from Contributions Receivable and Benefits Payable | £35,229,000   |
| Investment Income   | £44,068,000   |
| Investment management expenses of                             | (£5,431,000)  |

## Transport Fund

Net increase in Assets for the Transport Fund for 2010 / 2011, were £4,445,000 and broken down as follows:

|   |            |
|---|------------|
| Change in Market Value  | (£346,000) |
| Realised Gains  | £3,690,000 |
| Net income from Contributions Receivable and Benefits Payable | (£650,000) |
| Investment Income   | 1,762,000  |
| Investment management expenses of                             | (£11,000)  |

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## Questions to Council

- (1) Does the Convener of Finance and Resources agree with his party colleague Councillor Ramsay Milne who was quoted in the Evening Express on Tuesday 15 May saying, 'If we are to apply a TIF a better use would be the AWPR'? If so can he give an indication of how Tax Increment Finance would be used to fund such a project, and given that the economic benefit of the AWPR is set to be felt across the whole of the North East, where would the 'red line' be drawn for the purposes of collecting the incremental Non-Domestic Rates?

### **Answer:-**

**I can confirm that my colleague Councillor Ramsay Milne and I agree on most things and his knowledge on matters relating to Tax Incremental Finance is exemplary. It is disappointing to note that the former Council Leader is so out of touch with his own Scottish Government's position on Tax Incremental Finance and, in order to assist, I have reproduced the following information from the Scottish Government's own web site to help him and his colleagues better understand this matter. "When a public project such as a new road system is constructed within a specific area, increases in the value of the land as well as new property and business investment can occur. Resultant increased site value and investment generates increased tax revenues. These increased tax revenues (whether domestic or business property) are the 'tax increment'. In Scotland, extra public revenues would come from Non Domestic Rates (NDR) raised." It is my clear understanding that the AWPR is a new road system.**

**It would in all probability be better for the former Council Leader to ask the Scottish Executive the second part of his question as he may find that their response mirrors that of Councillor Milne's. Again, for the former Council Leader's knowledge and understanding, I have taken the liberty of reproducing the following from the Scottish Government's web site. "Local authorities are encouraged to propose their own TIF schemes, but these will need to be supported through the development of a Business Case which should detail the justification for utilising TIF to deliver investment within the proposed area, the basis for the selection of the chosen enabling infrastructure and why it is believed this infrastructure will deliver the growth and additionality envisaged."**

**I am positive the former Council Leader agrees that it was the Scottish Labour Party that first proposed the AWPR as it recognised the economic benefits to Aberdeen. I am positive that Aberdeenshire Council would wish to explore any proposal that benefits the building of the AWPR and I confirm that I intend to ask my Labour colleague and one of Aberdeenshire Council's COSLA representative Councillor Alison Evison to seek out the views of Aberdeenshire Council on Councillor Ramsay Milne's helpful suggestion.**

Councillor McCaig has requested that the above question be placed on the agenda as he considers that it only partly answers his question and stated "referring me to ask my question of someone else because they will agree with Councillor Milne isn't an answer to my question, and I would be grateful for the Convener's view on how a TIF funding for the AWPR would work in particular where the 'red line' would be, he is after all responsible politically for the city's finances. Furthermore, it would seem to be more than slightly unedifying of someone in the Convener's position to engage in personalisation when answering a question asked in good faith. Perhaps it would be worth the Convener reflecting on this fact should he be asked further questions of a factual nature."

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- (2) Does the Convener of Finance and Resources wish to see the AWPR funded through TIF?

**Answer:-**

**What I want to see is the AWPR being built. The SNP Scottish Government has for the last 5 years dragged their feet on this issue. Many of Aberdeen's citizens will remember that the first task the SNP Government did in 2007 was to announce a one year delay to the AWPR. Some citizens will remember that Alex Salmond stated that he would look at the feasibility of starting the northern stretch of the AWPR route while the debate about the southern stretch was ongoing. Unfortunately for our City, the Scottish Government backtracked from this commitment. As Convener of Finance and Resources, I will be required to look at all options of how this Council delivers on its legal obligation to fund its share of the AWPR. At this stage of proceedings I rule nothing in and nothing out**

Councillor McCaig has requested that the above question be placed on the agenda as he wishes further clarity from the Convener.

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- (3) To the Convener of Finance and Resources - is the administration obliged by statute to pay Conveners £28,410 per annum or is this the maximum amount payable?

**Answer:-**

**Can I refer the former Council Leader to the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 as amended and to agenda item 5 paragraph 7.3 of the Statutory Council meeting held on Wednesday 16<sup>th</sup> May 2012. Can I remind the former Council Leader and his colleagues that SNP Senior Councillors up and down the length and**

**breadth of Scotland are receiving allowances comparable with Senior Councillors in Aberdeen.**

Councillor McCaig has requested that the above question be placed on the agenda as he considers that the answer does not answer the question and tries to divert from the fact by answering questions about other local authorities.

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- (4) Can the Convener of Finance and Resources confirm that the salary paid to administration Conveners is £28,410 and that that is a greater amount than was paid to administration Conveners last year, which I believe to have been £26,990. If this is correct would he consider this increase in pay to be a pay rise?

**Answer:-**

**Can I remind the former Council Leader of the inspiring, but ineffectual in terms of number of seats gained at the Local Elections 2012, speech of Councillor James Kiddie at the last Council meeting before the election as to why the SNP supported the Scottish Labour Party's position on no outsourcing of jobs following the report on the ADM Project. I note, unlike Councillor Kiddie, the former Council Leader is not a member of a Trade Union and I would ask the former Leader of the Council seeks guidance from Councillor Kiddie as to why it is never a good idea to take a reduction in pay.**

**In respect of the substantive point Senior Councillor allowances are recommended by the Scottish Local Authorities Remuneration Committee to the Scottish Government and then approved or otherwise by them. The current scales of these allowances were set in 2009 and remain in force today I would confirm that the allowances taken by conveners this year are comparable with allowances taken by the Administration he supported.**

Councillor McCaig has requested that the above question be placed on the agenda as he considers that Councillor Young is answering a question that appears not to be the one he asked. He would therefore like an answer to the question he asked and stated that for clarity his question was about pay rises, not pay cuts.

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- (5) Given that the pay cut that was taken by all Conveners (5%) and Vice-Conveners (reduction to £21,000) with the exception of the former Convener of Audit and Risk, is the Council Leader aware that this saved the Council £12,079, and would he like to reconsider his statement that the pay cut was an 'empty populist gesture' as he was quoted in the press saying?

**Answer:-**

**No**

Councillor McCaig has requested that the above question be placed on the agenda as he believes the Council Leader has only answered one part of his question.

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- (6) Can the Council Leader confirm what the lowest salary paid by this Council to a full time employee was last financial year, and this financial year following the introduction of the living wage?

**Answer:-**

**During financial year 2011/2012 the lowest hourly rate paid to a Council employee was £6.76 which was equivalent to £13,006 per year for a full time employee.**

**During this financial year 2012/2013 the lowest hourly rate paid to a Council employee is £7.20 which is equivalent to £13,853 per year for a full time employee.**

**These figures exclude employees on supported placements and apprentices who may be paid lower hourly rates.**

Councillor McCaig has requested that the above question be placed on the agenda as he would like more detail from the Council Leader on the pay of apprentices and employees on protected placements.